

August 6, 2007

Corporate Name: Alfresa Holdings Corporation
Representative: Arata Watanabe, Representative Director & President
Code: 2784 (1st Section, Tokyo Stock Exchange;
1st Section, Osaka Securities Exchange)
Contact: Shunichi Miyake, Executive Officer,
General Manager of Financial Planning Department
(E-mail: ir@alfresa.com)

Corporate Name: CS YAKUHIN CO., LTD.
Representative: Hirobumi Kimata, President
(unlisted)
Contact: Yoshiaki Murofushi,
General Manager of Management Planning Office

Notice of Conclusion of Stock Exchange Agreement between Alfresa Holdings Corporation and CS YAKUHIN CO., LTD.

At its Board of Directors meeting held on August 6, 2007, Alfresa Holdings Corporation, in accordance with the Basic Agreement concerning Management Integration which was concluded on May 14, 2007 for making CS YAKUHIN CO., LTD. a wholly-owned subsidiary of Alfresa Holdings Corporation through a stock exchange, approved the stock exchange agreement and concluded the agreement on the same day.

1. Overview of Stock Exchange

(1) Schedule of Stock Exchange

Board of Directors meeting to resolve the stock exchange	August 6, 2007
Conclusion of stock exchange agreement	August 6, 2007
Extraordinary general meeting of shareholders to approve the stock exchange	August 27, 2007 (CS YAKUHIN CO., LTD., scheduled)
Scheduled date of stock exchange (effective date)	October 1, 2007 (scheduled)
Date of delivery of stock certificates	Mid-November 2007 (scheduled)

Pursuant to Article 796, Paragraph 3 of the Company Law, Alfresa Holdings Corporation will proceed with the stock exchange without any approval at the general meeting of shareholders.

(2) Stock Exchange Ratio

Company	Alfresa Holdings Corporation (Parent company)	CS YAKUHIN CO., LTD. (Wholly owned subsidiary)
Stock exchange ratio	1	0.7

Notes: 1. Stock allocation ratio

For each share of CS YAKUHIN CO., LTD., 0.7 share of Alfresa Holdings Corporation will be allocated.

If there is any fraction less than one share in the number of shares to be allocated, shares of Alfresa Holdings Corporation equivalent to the total of the fraction (if the total includes fractions of a share, such fractions shall be omitted) shall be sold and the proceeds thereof shall be granted to the concerned shareholders according to such fraction pursuant to the provisions of Article 234 of the Company Law.

2. Number of new shares to be issued in the stock exchange, etc.

Common stock: 1,254,820 shares

(3) Basis for Calculation of Stock Exchange Ratio, etc.

1. Basis and background of calculation

As a means of ensuring the fairness of calculation of the stock exchange ratio for this stock exchange, both companies individually sought the expert opinion of third party financial institutions concerning the calculation of the stock exchange ratio. Alfresa Holdings Corporation and CS YAKUHIN CO., LTD. requested GCA Co., Ltd. and Nikko Cordial Securities Inc., respectively, to calculate the stock exchange ratio.

With respect to the stock value of Alfresa Holdings Corporation, GCA Co., Ltd. adopted the market price method, a market approach in which calculations are made, with August 1, 2007 as the base date of evaluation, based on the average stock prices of two weeks and one month retroactive from the base date of evaluation, as well as the average stock price from the day following May 14, 2007, the day on which financial results for the fiscal year ended March 2007 were announced, to the base date of evaluation. GCA Co., Ltd. also adopted the income approach of discounted cash flow method (hereinafter "DCF method"). As for the stock value of CS YAKUHIN CO., LTD., calculations were done by using the stock price multiple method, a market approach based on the stock price multiple of similar publicly held companies, and the income approach of the DCF method. The profit plan under the DCF method for Alfresa Holdings Corporation and CS YAKUHIN CO., LTD. does not anticipate a significant change in profit.

The results of calculation of the number of allocated shares of Alfresa Holdings Corporation for each share of CS YAKUHIN CO., LTD. by each method are as shown below.

	Evaluation range of stock exchange ratio
Market price method, stock price multiple method	0.585 – 0.715
DCF method	0.510 – 0.713

In calculating the stock exchange ratio, GCA Co. Ltd., in principle, has used information supplied by the parties and publicly disclosed information, and has assumed the fairness and completeness of all such information used. GCA Co., Ltd. did not verify the accuracy and completeness thereof on its own. Regarding the financial forecasts provided by the parties, GCA Co., Ltd. has assumed that the forecasts have been reasonably prepared based on the best currently available estimates and judgment of management of the parties.

Nikko Cordial Securities Inc. calculated the stock value of Alfresa Holdings Corporation by adopting the market price method. As for the stock value of CS YAKUHIN CO., LTD., Nikko Cordial Securities Inc. employed the similar public company comparison method and the DCF method. The results of calculation of the number of allocated shares of Alfresa Holdings Corporation for each share of CS YAKUHIN CO., LTD. by each method are as shown below.

	Evaluation range of stock exchange ratio
Similar public company comparison method	0.534 – 0.672
DCF method	0.672 – 0.793

Alfresa Holdings Corporation and CS YAKUHIN CO., LTD., based on the results of calculation of the stock exchange ratio by GCA Co., Ltd. and by Nikko Cordial Securities Inc. respectively, reached an agreement by consultation among the parties and decided on the aforementioned stock exchange ratio.

In the event of material changes in the terms and conditions that constitute the basis of calculation, the stock exchange ratio may be changed by consultation between the parties.

II. Relationship with appraiser

Neither of the third party financial institution Nikko Cordial Securities Inc. nor GCA Co., Ltd. is a related entity of Alfresa Holdings Corporation or CS YAKUHIN CO., LTD.

(4) Treatment of Stock Acquisition Rights and Bonds with Warrants for Wholly Owned Subsidiary Using Stock Exchange

CS YAKUHIN CO., LTD. does not issue stock acquisition rights and bonds with warrants.

2. Outline of the Relevant Companies in the Stock Exchange (as of March 31, 2007)

(1) Trade name	Alfresa Holdings Corporation (Parent company)	CS YAKUHIN CO., LTD. (Wholly owned subsidiary)
(2) Business	Management of subsidiaries engaged in wholesaling, manufacturing, marketing and export/import of pharmaceuticals, diagnostic reagents, and medical devices/equipment, etc.	Wholesaling of ethical pharmaceuticals, OTC pharmaceuticals, dairy products for infants, quasi-drugs and sundries, etc.
(3) Establishment	September 29, 2003	April 12, 1971
(4) Address of head office	1-1-3 Otemachi, Chiyoda-ku, Tokyo	3-2-26 Marunouchi, Naka-ku, Nagoya, Aichi Prefecture
(5) Title and name of representative	Arata Watanabe, Representative Director & President	Hirobumi Kimata, President
(6) Capital amount	4,020 million yen	890 million yen
(7) Number of issued shares	40,275,353 shares	1,792,600 shares
(8) Net assets	161,391 million yen (consolidated)	6,582 million yen (consolidated)
(9) Total assets	770,207 million yen (consolidated)	68,350 million yen (consolidated)
(10) Fiscal year-end	March 31	March 31
(11) Number of employees	9,159 (consolidated)	734 (consolidated)
(12) Main clients	Alfresa Holdings Corporation engages in the management of subsidiaries and therefore does not have any clients.	Hospitals, clinics, dispensing pharmacies, drugstores, and pharmacies
(13) Major shareholders and holding ratio	Alfresa Holdings Employees Shareholders' Association 4.3% Kunio Fukujin 4.1% Japan Trustee Services Bank, Ltd. (trust account) 2.8% Eisai Co., Ltd. 2.6% Daiichi Sankyo Company, Limited 2.5%	Arakawa Chotaro Corporation 22.8% Atsumi Pharmacy 6.9% Sankyo Co., Ltd. 5.3% TANABE SEIYAKU CO., LTD. 4.7% Amano Enzyme Inc. 4.6%
(14) Main banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., The Shizuoka Bank, Ltd.

(15) Relationship between the parties	Capital relationship	Alfresa Corporation, a wholly owned subsidiary of Alfresa Holdings Corporation, owns 2.5% of the outstanding shares of CS YAKUHIN CO., LTD. and CS YAKUHIN CO., LTD. owns 0.1% of the outstanding shares of Alfresa Holdings Corporation.
	Personnel relationship	Ryuji Arakawa, director of CS YAKUHIN CO., LTD., concurrently serves as director of Alfresa Holdings Corporation (assumed the position on June 28, 2007).
	Business relationship	Not applicable
	Applicability to relevant party	Not applicable

(16) Financial results for the past three years

Fiscal year ended	Alfresa Holdings Corporation (Parent company, consolidated)			CS YAKUHIN CO., LTD. (Wholly owned subsidiary, consolidated)		
	March 2005	March 2006	March 2007	March 2005	March 2006	March 2007
Net sales (in million yen)	1,195,313	1,411,639	1,589,842	119,993	141,937	162,624
Operating income (in million yen)	6,534	14,846	21,987	(14)	207	801
Ordinary profit (in million yen)	10,431	19,405	27,580	239	519	1,157
Net income (in million yen)	3,207	7,073	11,941	(10)	36	410
Net income per share (in yen)	91.81	189.55	301.93	(6.03)	20.44	229.01
Dividends per share (in yen)	50	69	77	-	50	50
Net assets per share (in yen)	3,281.01	3,537.89	3,959.80	3,337.47	3,485.56	3,672.04

3. Status Following Stock Exchange

(1) Trade name	Alfresa Holdings Corporation
(2) Business	Management of subsidiaries engaged in wholesaling, manufacturing, marketing and export/import of pharmaceuticals, diagnostic reagents, and medical devices/equipment, etc.
(3) Address of head office	1-1-3 Otemachi, Chiyoda-ku, Tokyo
(4) Title and name of representative	Arata Watanabe, Representative Director & President
(5) Capital amount	4,230 million yen
(6) Net assets	Currently not yet determined
(7) Total assets	Currently not yet determined
(8) Fiscal year-end	March 31

(9) Outline of accounting procedure

The stock exchange is expected to fall under “acquisition”. At present it is unknown whether there will be goodwill. In the event that goodwill arises, it is due to be amortized over five years using the straight-line method.

(10) Outlook for effect of stock exchange on financial results

As a result of the implementation of the stock exchange, CS YAKUHIN CO., LTD. is due to be a consolidated subsidiary of Alfresa Holdings Corporation as of October 1, 2007. The forecast of financial results for the fiscal year ending March 2008 is as follows.

<Forecast of Financial Results for the Fiscal Year Ending March 2008>

Alfresa Holdings Corporation (consolidated)

Net sales	1,743,000 million yen
Operating income	25,700 million yen
Ordinary profit	31,500 million yen
Net income	16,800 million yen

Note: There are no changes to the forecast of financial results announced on May 14, 2007.