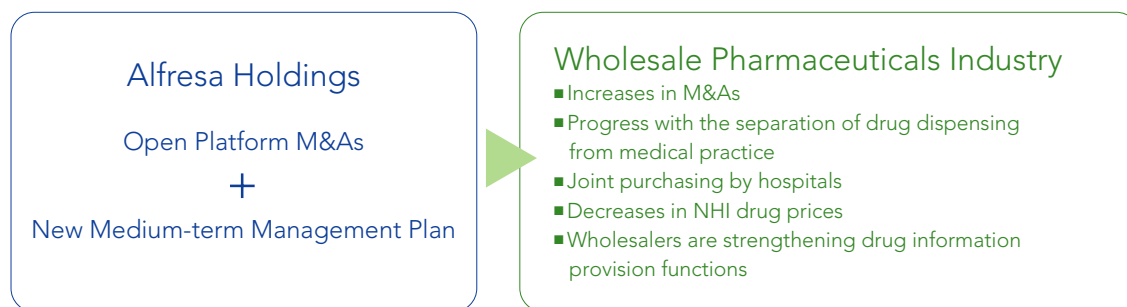


Main Priorities of the New Medium-term Management Plan: Strengthen Group-wide Management and Enhance Profitability

Background to Formulating the Plan



Aiming to Build a System That Can Maximize Group-wide Synergies

The Alfresa Group is presently pursuing an Open Platform M&A strategy to enlarge the scale of its organization. One of the Alfresa Group's defining characteristics is its integration model, which respects the individuality of participating companies and seeks to make full use of their strengths in local communities. In this context, the Alfresa Group recognizes maximizing Group-wide synergies as a key management issue.

Strengthen Corporate Governance

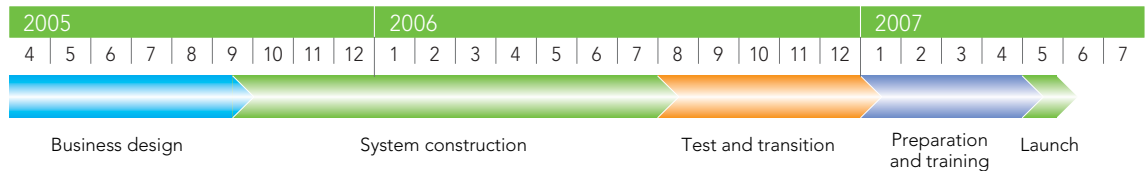
To establish a Group-wide corporate governance system and robust management base, the Alfresa Group is taking steps to build the necessary infrastructure for all Group companies to adhere to the same management policies. Measures include organizing and holding Group Conferences and promoting exchanges among directors of Group companies. Furthermore, an Advisory Board has been newly established that comprises external advisors who advise and offer proposals to the Board of Directors.

The Alfresa Group has also established a CSR Promotion Committee to effectively promote CSR management.

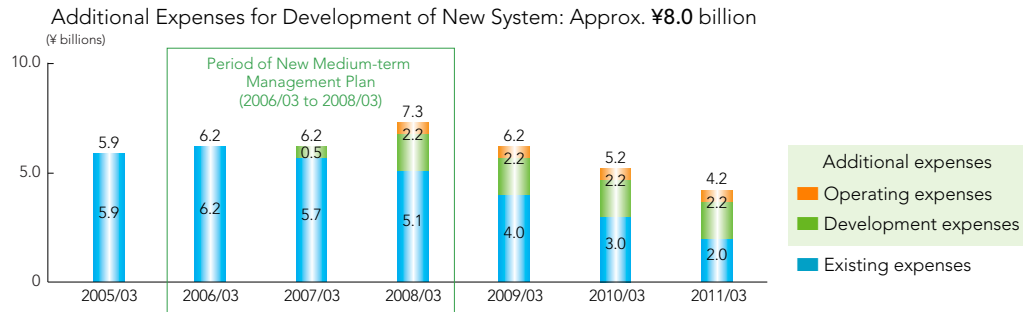
Construct a New Backbone Information System

The construction of a backbone information system that can be shared by Group companies is the key to fostering a sense of unity and increasing operating efficiency across the Alfresa Group. This new system has been under development since April 2005 and is scheduled to come online in May 2007. Although the expenses for the development of this system are projected at approximately ¥8.0 billion, costs related to existing systems will gradually decrease in subsequent years and the Alfresa Group expects a reduction in system-related expenses to start appearing in 2008 onwards. Over the medium and long terms, this will most likely lead to improvements in profitability.

Development Schedule



System-related Expenses



Targets of the New Medium-term Management Plan

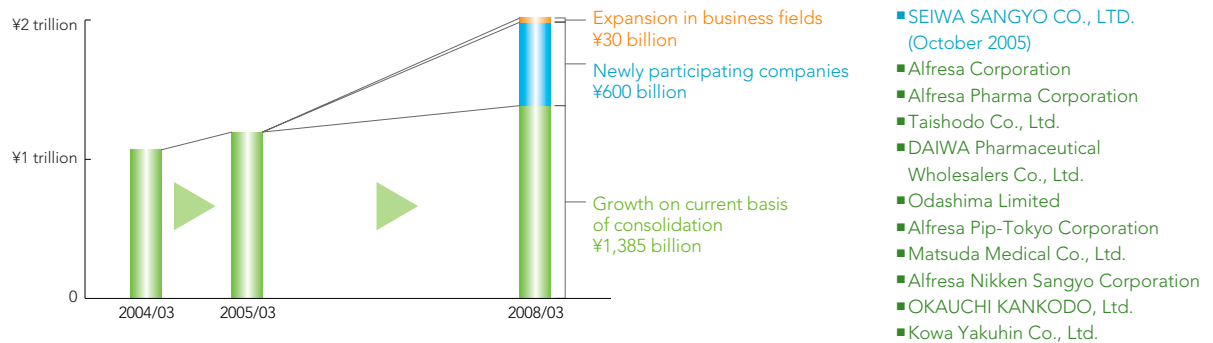
The numerical targets of the new medium-term management plan are as follows:

Group-wide net sales	¥2 trillion
Consolidated net sales on the current basis of consolidation	¥1,385 billion
Net income margin	1%
ROE	10%
Total employee productivity	¥187 million per man-year

Higher Net Sales

The Alfresa Group is targeting consolidated net sales of ¥1,385 billion for the fiscal year ending March 31, 2008 on the current basis of consolidation. We plan to continue increasing the number of Group companies through M&As and expanding business domains. Targeted Group-wide net sales, including the sales of newly participating companies, have been set at ¥2 trillion. We believe this level of net sales is essential to establishing a strong presence in Japan's wholesale pharmaceuticals industry, which serves a market estimated to be worth approximately ¥7 trillion.

Achieving Group-wide Net Sales of ¥2 Trillion



Medium-term Earnings Plan (Consolidated)

Plan	2006/03			2006/03 (revised)			2007/03			2008/03		
	Share Plan	Change (%)	Y-o-Y (%)	Share Plan	Change (%)	Y-o-Y (%)	Share Plan	Change (%)	Y-o-Y (%)	Share Plan	Change (%)	Y-o-Y (%)
Net Sales	¥1,293	-	8.2	¥1,340	-	12.1	¥1,317	-	1.9	¥1,385	-	5.2
Gross Profit	106	8.22	8.5	110	8.24	12.8	112	8.53	5.6	117	8.44	4.1
SG&A Expenses	96	7.40	4.7	100	7.45	9.2	96	7.27	0.1	96	6.96	0.6
Operating Income	11	0.82	62.2	11	0.80	63.1	17	1.25	55.7	21	1.48	24.2
Net Income	7	0.57	130.7	8	0.56	133.9	10	0.77	36.5	14	1.01	38.6

* This medium-term earnings plan was released on April 12, 2005.

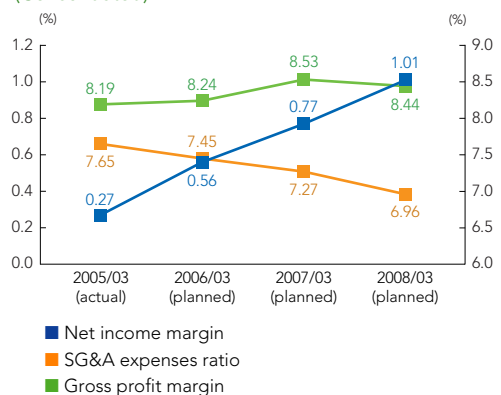
* Revised forecasts for 2006/03 reflect the inclusion of SEIWA SANGYO CO., LTD. into the scope of consolidation. Forecasts for subsequent fiscal years have not been adjusted to reflect this change.

* The year-on-year changes for 2007/03 represent comparisons with unrevised figures for 2006/03.

Enhance Profitability

Ever since the business reorganization of October 2004, expanding transaction volumes have given us more opportunities to win rebates and allowances. The benefits are steadily appearing. Leveraging further economies of scale expected from future M&As, the Alfresa Group aims to enhance profitability. For suppliers, more favorable trading terms will be negotiated. For customers, we will retain profit margins by exerting strengths in areas other than competition based on pricing, such as our full line of products, information, and delivery services.

Establish a Strong Earnings Structure (net income margin: 1%) (Consolidated)



* Figures for 2007/03 onward were announced on April 12, 2005.

🌿 Promote Low-cost Operations

The Alfresa Group will reduce costs by rescaling its workforce to optimal levels, raising the efficiency of its logistics system and taking other actions.

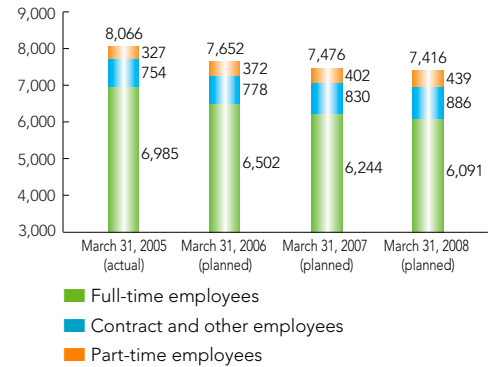
🌿 Rescaling Our Workforce

Personnel expenses will be reduced through a review of employment formats, including reducing the number of full-time employees while raising the percentage of contract and part-time employees. Meanwhile, the Alfresa Group will increase sales staff as needed to expand sales, with the aim of establishing both a low-cost structure and a sharper competitive edge.

🌿 Reduce Logistics Costs

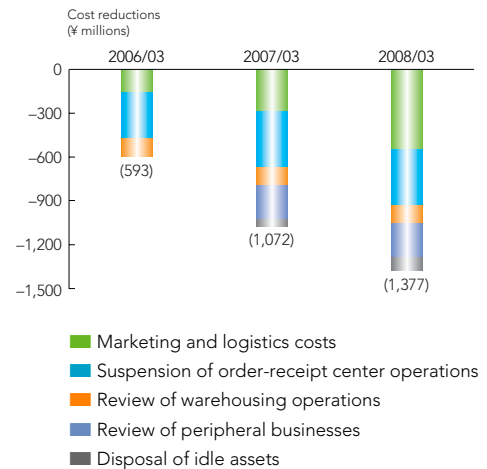
The Alfresa Group will consolidate distribution centers and other facilities at Group companies in overlapping areas and rebuild its system of logistics operations and bases to better match regional characteristics. We will also review warehousing operations through means such as utilizing part-time employees to conduct distribution center operations that are currently outsourced to third parties. Other actions will be to suspend operations at order-receipt centers, reevaluate peripheral businesses and dispose of idle assets. Through these and other measures, the Alfresa Group will work to reduce costs and enhance productivity.

Optimizing Our Workforce



*Headcounts for full-time employees, contract and other employees, and part-time employees are weighted by conversion ratios of 1, 0.5, and 0.2, respectively.
*Figures as of March 31, 2005 include Kowa Yakuhin Co., Ltd., OKAUCHI KANKODO, Ltd., and Alfresa Pip-Tokyo Corporation.

Cost-cutting Measures in the Pharmaceutical Wholesaling Business (excluding personnel costs)



*The above graph shows cumulative cost reductions relative to the fiscal year ended March 31, 2005.