

May 20, 2010

To whom it may concern:

Company Name : TOHO HOLDINGS CO., LTD.
Representative : Norio Hamada / President and CEO
(Securities Code: 8129 / Tokyo Stock Exchange)
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Notice Regarding the Business Merger between TOHO PHARMACEUTICAL CO., LTD.,
a Wholly Owned Subsidiary of TOHO HOLDINGS CO. LTD.,
and Nansei Pharmaceutical Co., Ltd.

TOHO HOLDINGS CO., LTD. is pleased to announce that the meeting of its Board of Directors held on May 20, 2010, resolved to approve the conclusion of a basic agreement in which TOHO PHARMACEUTICAL CO., LTD., a wholly owned consolidated subsidiary of TOHO HOLDINGS, will make Nansei Pharmaceutical Co., Ltd., which is engaged in the pharmaceutical wholesaling business in Okinawa prefecture, its wholly owned subsidiary effective June 1, 2010 (planned). An outline of this agreement is as follows:

1. Purpose of the Business Merger

The Kyoso Mirai Group, with TOHO HOLDINGS as its core company, is a corporate group engaged in the distribution of pharmaceutical and other medical products. It has been working toward maximizing its group synergy through active use of managerial resources of all member companies under the group slogan, "Total Commitment to Good Health."

Nansei Pharmaceutical Co., Ltd. ("Nansei Pharmaceutical" hereinafter) is a pharmaceutical wholesaler that has been operating in Okinawa prefecture since its foundation in 1977. TOHO PHARMACEUTICAL CO., LTD. ("Toho Pharmaceutical" hereinafter) decided on a business merger to make Nansei Pharmaceutical its wholly owned subsidiary, with the aim of further enhancing its marketing capabilities and maximizing corporate value through the upgrading of the mobility of its distribution functions and the utilization of management resources while carefully maintaining the community-based business infrastructure that Nansei Pharmaceutical has cultivated so far.

In addition, with this business merger, the network of the Kyoso Mirai Group will cover all 47 prefectures in the country.

2. Method of the Business Merger

Toho Pharmaceutical will make Nansei Pharmaceutical its wholly owned subsidiary through the stock transfer method on June 1, 2010 (planned). Nansei Pharmaceutical will increase its capital through a third-party allocation of shares of 80 million yen on June 4, 2010 (planned), in order to increase the company's capital base, and Toho Pharmaceutical will buy all of the new shares. After

the completion of the capital increase, Nansei Pharmaceutical will change its trade name to Okinawa Toho Co., Ltd.

3. Outline of the merged company (Nansei Pharmaceutical)

(As of August 31, 2009)

(1) Company name	Nansei Pharmaceutical Co., Ltd.
(2) Business contents	Pharmaceutical wholesaling business
(3) Establishment	April 4, 1977
(4) Principal place of business	2-5-19 Furujiima, Naha-shi, Okinawa
(5) Corporate representative	Nobuhiko Miyagi
(6) Capital	10 million yen
(7) Number of shares issued	10,000 shares
(8) Net sales	490 million yen
(9) Net assets	13 million yen
(10) Total assets	244 million yen
(11) Fiscal year end	August 31
(12) Major shareholders and equity holdings	Nobuhiko Miyagi: 100%

4. Effects on Business Results

The impact of this business merger on the consolidated operating results for the fiscal year ending March 2011 will be minimal.