

[Translation]

October 26, 2004

Name of Listed Company: Yamanouchi Pharmaceutical Co., Ltd. (the "Company")

NOTICE OF REVISION OF THE BUSINESS RESULTS FORECAST

1. Revised business results forecast for the Fiscal Year ending March 31, 2005

The Company revised as follows its consolidated and non-consolidated business forecasts for the six months ended September 30, 2004 and the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005) made public on May 13, 2004 when it announced its business results for the fiscal year ended March 31, 2004:

<Consolidated Business Results Forecast for the Fiscal Year ending March 31, 2005>

Six Months ended September 30, 2004 (April 1, 2004 - September 30, 2004)

	Net Sales	Operating Income	Ordinary Income	Net Income
	(¥ mil.)	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	211,000	43,500	45,000	20,000
Revised forecast (B)	220,200	55,400	56,500	20,000
Increase or decrease (B)-(A)	+9,200	+11,900	+11,500	0
Percentage increase or decrease (%)	+4.4	+27.4	+25.6	0
Reference: Results for the six months ended September 30, 2003	239,200	48,083	47,941	28,962

Fiscal Year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net Sales	Operating Income	Ordinary Income
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	428,500	93,500	96,500
Revised forecast (B)	440,000	98,000	99,500
Increase or decrease (B)-(A)	+11,500	+4,500	+3,000
Percentage increase or decrease (%)	+2.7	+4.8	+3.1
Reference: Results for the fiscal year ended March 31, 2004	511,207	100,960	98,362

A full-year forecast for the net income will be disclosed when the settlement of accounts for the six months ended September 30, 2004 is announced on November 4, 2004 after more accurately estimating the expenses that will arise from the merger with Fujisawa Pharmaceutical Co., Ltd. with effect on April 1, 2005 (scheduled).

Note:

The foregoing are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, pricing and product

initiatives of competitors, the inability of the Company or its subsidiaries or affiliates to market existing and new products effectively, interruptions in production, infringements of the intellectual property rights of the Company or its subsidiaries or affiliates and the adverse outcome of material litigation.

<Non-Consolidated Business Results Forecast for the Fiscal Year ending March 31, 2005>

Six Months ended September 30, 2004 (April 1, 2004 - September 30, 2004)

	Net Sales	Operating Income	Ordinary Income	Net Income
	(¥ mil.)	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	172,000	43,500	44,000	23,000
Revised forecast (B)	173,000	50,500	50,800	22,700
Increase or decrease (B)-(A)	+1,000	+7,000	+6,800	-300
Percentage increase or decrease (%)	+0.6	+16.1	+15.5	-1.3
Reference: Results for the six months ended September 30, 2003	175,055	48,436	49,109	30,827

Fiscal Year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net Sales	Operating Income	Ordinary Income
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	345,000	91,500	92,500
Revised forecast (B)	343,000	92,000	92,000
Increase or decrease (B)-(A)	-2,000	+500	-500
Percentage increase or decrease (%)	-0.6	0.5	-0.5
Reference: Results for the fiscal year ended March 31, 2004	345,426	89,246	89,681

A full-year forecast for the net income will be disclosed when the settlement of accounts for the six months ended September 30, 2004 is announced on November 4, 2004 after more accurately estimating the expenses that will arise from the merger with Fujisawa Pharmaceutical Co., Ltd. with effect on April 1, 2005 (scheduled).

Note:

The foregoing are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, pricing and product initiatives of competitors, the inability of the Company to market existing and new products effectively, interruptions in production, infringements of the Company's intellectual property rights and the adverse outcome of material litigation.

2. Principal Reasons for the Revision

(1) Net sales

- Sales of Harnal (tamsulosin), a treatment for functional symptoms of benign prostatic hyperplasia, and related bulk royalty income are expected to exceed the earlier forecast both for the six months ended September 30, 2004 and fiscal year ending March 31, 2005.

- (2) Operating and ordinary income
- Gross profits on sales for the six months ended September 30, 2004 and fiscal year ending March 31, 2005 will exceed the earlier forecast as a result of increases in net sales on a consolidated basis.
 - Selling, general and administrative expenses including R&D expenses for the six months ended September 30, 2004 are expected to be lower than the earlier forecast.
- (3) Net income
- Net income is expected to be almost the same as the earlier forecast both on a consolidated and non-consolidated basis, since the increase in net income mentioned in (2) above will be offset by nonrecurring depreciation of patent rights(¥10.5 billion) as an extraordinary expense for the six months ended September 30, 2004.

The revisions of the business results forecasts reported above partly reflect the favorable influence of foreign exchange fluctuations.

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