

May 30, 2003

Dear Sirs:

Sankyo Outsources Its Main Business System to NEC, Nexsolution and JRI
- New Information Strategy and Stable System Operation for Business Reform -

We are pleased to announce that Sankyo Co., Ltd. (main office: Chuo-ku, Tokyo President: Tetsuo Takato [hereafter, Sankyo]) recently awarded a full outsourcing contract on its Comprehensive Information System and Help Desk Business to NEC Corporation (main office: Minato-ku, Tokyo President: Akinobu Kanasugi [hereafter, NEC]), NEC Nexsolution Co., Ltd. (main office: Minato-ku, Tokyo President: Hideo Matsumoto [hereafter, NEC Nexsolution]) and The Japan Research Institute, Ltd. (main office: Chiyoda-ku, Tokyo President: Shunichi Okuyama [hereafter, Japan Research Institute]). The outsourced business comprises the operation and control of the Comprehensive Information System (SAP R/3) used for such key operations as personnel management, accounting, production management, sales and distribution; and the Help Desk Business including the maintenance of related applications and responses to queries regarding system or PC use. Operations based on this contract have already started.

The full outsourcing of Sankyo's internal information system and Help Desk Business is aimed at promoting the internal use of IT (information technology); preparing new corporate information strategies; improving the company's ability to develop information systems; enhancing its service quality; and streamlining system operation.

The internal information system is operated at the SAP R/3 Outsourcing Center, dedicated to the system, in the Tokyo Center of Japan Research Institute.

The objectives of Sankyo's outsourcing plan are as follows:

1. Preparing information strategies for promoting IT use; and improving the ability of system planning

Conventionally, Sankyo's information system department has been tied to such routines as the operation and monitoring of the internal information system and responses to queries from staff on PC operation. The outsourcing will enable the department to pursue business of higher added value, such as the preparation of information strategies for promoting IT use and the improvement of the corporate ability to plan and develop new information systems. Thus, the department will be able to contribute more significantly to fulfilling managerial tasks, in streamlining management and launching business based on new models.

2. Creating an integrated data center; and improving system safety, stability and availability

The outsourcing also allows Sankyo to integrate its conventionally dispersed data centers into a single center controlled by Japan Research Institute. The new center, safeguarded against earthquakes, power failures and crimes, permits centralized system operation, and thus helps maintain high reliability in case of natural disasters or security problems. In

addition, the outsourcing enables year-round and round-the-clock system operation, for it improves system availability by expediting restoration in the event of failure. These benefits contribute to developing business globally, and improving customer service quality.

3. Improving the efficiency of system operation and control through the introduction of SLA (Service Level Agreement)

One year before starting full-fledged operations based on the contract, NEC, NEC Nexsolution and Japan Research Institute began framing a SLA (Service Level Agreement) through close cooperation with Sankyo. The SLA assures the contents and quality of services related to outsourcing by specifying such items as the interval of system monitoring and measures taken in the event of failure. The SLA with Sankyo comprises a comprehensive SLA defining the quality of outsourcing as a whole; and an individual SLA defining individual services. These features permit the correct determination of the contractors' performance in providing services, and the joint evaluation and improvement of such performance by Sankyo and the contractors; and thereby help improve the overall service quality, and the efficiency of system operation and control.

The present outsourcing involves entrusting the three contractors with the operation of SAP R/3, SAP's integrated main business system introduced by Sankyo as a means of reforming its business; and other related systems.

Among the reasons why the contractors were awarded the outsourcing contract are: (1) that Sankyo has judged that the contractors have an excellent ability to analyze the pharmaceutical business; (2) that they use a clear SLA regarding system operation; (3) that data center equipment operated by them is highly reliable; and (4) that in the event of failure, they can quickly restore the system using many maintenance centers in Japan.

With the recent intensification of competition among corporations, an increasing number of companies have adopted outsourcing schemes that enable them to operate and control their business systems safely and smoothly. Such schemes represent a measure for enhancing customer satisfaction and exploring new businesses that create higher added values.

To answer these needs in the market, NEC offers such outsourcing services as system operation, system control support, document delivery and data storage. These services are based on the company's center equipment safeguarded against security problems and natural disasters. The awarding of the outsourcing contract by Sankyo will spur NEC further in its efforts to expand its outsourcing business, and provide solutions for the business reform plans of client companies.

NEC Nexsolution offers electronic services called "Nexsourcing" tailored to the managerial tasks of clients. The services range from the full outsourcing of business in a specific field to the overall management reform of a client company or organization. The outsourcing business of Sankyo, also based on Nexsourcing, is a milestone in Nexsolution's effort to develop its outsourcing services in the SAP field. The company

aspires to be a better electronic service partner that works closely with its client to ensure the success of the latter's business.

Japan Research Institute provides the R/3 Professional Outsourcing Services that encompass the entire system lifecycle, from system planning and development to operation and maintenance. The company applies to these services the know-how on the development and operation of SAP R/3 that it has accumulated over many years. In the present outsourcing plan of Sankyo, Japan Research Institute renders services related to the system operation and application maintenance of a SAP R/3 system. The company thereby helps the client reduce its information system TCO, improve its information strategies and focus on its core business.

Please refer to the following as to contact information.

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Yours sincerely,

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