

March 24, 2005

**FALCO biosystems Ltd.**

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Chairman and President: Hiroharu Akazawa

(Stock code: 4671, Second Section, Tokyo Stock Exchange and Osaka Securities Exchange)

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**Notice of Organizational and Personnel Changes**

We announce that the Board of Directors resolved at a regular meeting held March 22, 2005 to conclude a stock swap agreement with Prot Co., Ltd. (HQ: Kyoto); as a result, our dispensing pharmacy business will be composed of five subsidiaries.

A special meeting of the Board of Directors was held today, and they resolved to make the following organizational and personnel changes effective April 1, 2005.

1. Organizational change

The "Planning Division of Dispensing Pharmacy Business" will be newly established to control our five dispensing pharmacy subsidiaries, and centralize the subsidiaries' management resources, human resources, hiring, education, and training. The division will make effective use of each subsidiary's resources, and plan and make proposals for the overall dispensing pharmacy business going forward.

2. Personnel change (new appointment)

Masayuki Sunakawa, General Manager, Planning Division of Dispensing Pharmacy Business