

## To Our Shareholders



In the year ended March 31, 2009, the Mediceo Paltac Group (Mediceo Paltac Holdings Co., Ltd. and its consolidated subsidiaries) faced a challenging operating environment as economic conditions in Japan rapidly deteriorated, with decreases in consumer spending and capital investment and continued major adjustments in employment. In these conditions, the Mediceo Paltac Group carried out business innovations aimed at building a new, customer-oriented business model that is highly responsive to changes in the market environment and customer needs.

Mediceo Paltac and Alfresa Holdings Corporation had reached a basic agreement to merge on an equal footing effective April 1, 2009, and signed a basic agreement on the merger on October 10, 2008. However, the two companies decided to dissolve the basic agreement upon resolutions of their respective boards of directors on January 9, 2009 because the period for additional review by the Japan Fair Trade Commission would have extended beyond the original planned merger date, making it difficult to realize the merger effects at an early date and posing a significant risk to profits.

In the year ending March 31, 2010, the Mediceo Paltac Group believes that more speed-oriented innovations are essential in addition to business innovations from a medium-to-long-term perspective under its present vision and medium-term management plan. Therefore, we will undertake sweeping business innovations and organizational restructuring. On October 1, 2009, we will shift from an operating holding company system to a pure holding company system, and the company name will change to MEDIPAL HOLDINGS CORPORATION.

I hope that our shareholders will help us accomplish our goals with their continued understanding and support, in expectation of the Mediceo Paltac Group's further growth.

August 2009

A handwritten signature in black ink, appearing to be 'Sadatake Kumakura'.

Sadatake Kumakura  
President and Chief Executive Officer