

February 17, 2010

MEDIPAL HOLDINGS CORPORATION

Representative: Sadatake Kumakura, Representative Director, President and CEO

Code number: 7459 (1st Section, Tokyo Stock Exchange)

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Notice of Business and Capital Alliance

MEDIPAL HOLDINGS CORPORATION (“MEDIPAL”) resolved at a meeting of its Board of Directors held on February 17, 2010 to form a business and capital alliance with Medical Ikkou Co., Ltd., (“Medical Ikkou”) and has entered into a business and capital alliance agreement. Details are as follows.

1. Reason for Business Alliance

MEDIPAL and Medical Ikkou have decided to form a business and capital alliance with the aim of contributing to the business development and earnings of both companies by exchanging and sharing their accumulated know-how, information and other aspects of business.

2. Overview of Business and Capital Alliance

- (1) The two companies will work together to improve the distribution of pharmaceuticals, including reducing distribution costs.
- (2) The two companies will endeavor to improve management through the close exchange of information.
- (3) Medical Ikkou will provide MEDIPAL and the companies of the MEDIPAL Group with its know-how in the management of dispensing pharmacies.

MEDIPAL has agreed to hold up to 4.5% of Medical Ikkou’s stock.

The two companies plan to discuss and consider specific details of the business and capital alliance at a later date.

3. Overview of Alliance Company

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| (1) Corporate name: | Medical Ikkou Co., Ltd. |
| (2) Head office: | 62, Fujikata 501, Tsu-shi, Mie |
| (3) Representative: | Toshihisa Minamino,
President and Representative Director |
| (4) Main businesses: | Dispensing pharmacies, pharmaceutical wholesale,
health care, real estate |
| (5) Paid-in capital: | ¥917 million (as of December 31, 2009) |
| (6) Date of establishment: | April 17, 1985 |
| (7) Fiscal year end: | February |
| (8) Major shareholders and percentage of total shares held: | |
| | AEON CO., LTD. 25.0% |
| | Minamino Co.,Ltd. 9.5% |
| | Toshihisa Minamino 8.9% |
| | House Foods Corporation 8.8% |

4. Schedule

February 17, 2010

Board of Directors meeting to approve business and capital alliance agreement

February 17, 2010

Signing of business and capital alliance agreement

February 17, 2010

Start of business and capital alliance

5. Effect on Results

The effect of the business and capital alliance on MEDIPAL's consolidated results is currently undetermined. MEDIPAL will promptly make an announcement in the event that any material effect on its consolidated results becomes apparent in the course of determining the specific details of the business and capital alliance.

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