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**Notification on Discontinuation of a Plan (Takeover Defense Plan) to Counter  
a Large-Scale Acquisition of the Company's Shares**

Sugi Holdings Co., Ltd. (the "Company") introduced a plan to counter a large-scale acquisition of the Company's shares (the "Plan") after obtaining approval through a resolution at the Annual Shareholders' Meeting held on May 29, 2008. The Plan will remain in effect until the conclusion of the Company's 29th Annual Shareholders' Meeting, scheduled to be held on May 26, 2011.

The Company is pleased to announce that the Board of Directors at its meeting held today resolved not to extend the Plan on and after the above time limit as follows.

Details

Because the Company considered that a large-scale acquisition of the Company's shares conducted in accordance with certain reasonable rules would contribute to increasing its corporate value and protecting the common interests of all shareholders, the Company introduced the Plan, which stipulates procedures to implement countermeasures, while establishing certain rules on the provision of information in case an offer is made for a large-scale acquisition of the Company's shares.

In addition, the Company has been engaged in the following efforts to increase its corporate value and protect the common interests of all shareholders.

- (i) The Company tries to establish a business model under which it can assist not only customers and patients visiting its drugstores, but also patients being treated at home and their family and, eventually, all customers and patients living in the regional society by expanding its business domain into "drugstores that provide comprehensive medical services to local communities." The drugstores offer home health care services in cooperation with medical experts in each local community, such as visits by its drugstore's pharmacists to patients' homes and medical institutions to deliver pharmaceutical products and medical supplies.
- (ii) To secure and foster capable human resources who can contribute to the regional society as "drugstores that provide comprehensive medical services to local communities," the Company actively recruits employees and upgrades its educational programs including professional education for pharmacists and beauty advisors, education for store managers, and education for part-time employees by using the Pharmaceutical Training Center (in Tokyo, Nagoya, and Osaka) and Training Center for store managers (in Saitama, Gunma, and Osaka).

- (iii) The Company strives to strengthen its management base and raise operational efficiency by implementing organizational changes to centralize the group companies' business administrative functions in the Company by reviewing the structure to oversee its group companies' operations and by enhancing the group's corporate governance and control and the compliance structure.

Under such circumstances, the Company has been carefully reviewing the treatment of the Plan, which will remain in effect until conclusion of the Company's 29th Annual Shareholders' Meeting, scheduled to be held on May 26, 2011. Consequently, the Board of Directors at its meeting held today resolved not to extend the Plan, because it concluded that the current regulations on a tender offer would be able to fulfill the purpose of introducing the Plan to some extent, and steady implementation of the above-mentioned efforts would lead to increasing corporate value and protecting the common interests of all shareholders.