

February 27, 2012

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## **Notification on Structural Reform in Sugi Pharmacy Group**

The Board of Directors' Meeting of Sugi Holdings Co., Ltd. on February 27, 2012 has decided that a structural reform should be implemented for Sugi Pharmacy Group as follows.

### **■ Purposes and outline of structural reform**

#### **(1) Improvement and reinforcement of group management promotion framework and reorganization of subsidiary operation framework**

\* For the purpose of quick decision-making and construction of a low-cost group management framework, functions concerning planning, administrative headquarters, products, store development, etc. should be thoroughly transferred to Sugi Holdings Co., Ltd. In addition, to reinforce the Group's sales capabilities and competitiveness, the subsidiaries should be specialized in sales activities. To this end, the subsidiaries should have authorities in sales and store management.

\* To respond to the above changes, Sugi Pharmacy Co., Ltd., one of our core subsidiaries, will separate the current Sales Headquarters into three Sales Control Division in Kanto, Chubu and Kansai area, which will also become profit management units. This separation is to construct an organizational management system to properly and quickly meet our customers' needs, as well as for the purpose of fostering the Group's managerial leaders for the future.

\* Through the incorporation of medical business section, named Medical Sales Control Division, into the Sales Headquarters to integrate the dispensing business and the sales business (Non dispensing business), the synergy effects should be maximized and the stores should be more efficiently managed. At the same time the stores and the sales floors should be improved to represent Sugi Pharmacy's original strong points.

#### **(2) Establishment of Group Management Conference to develop and expand and improve the Group for the reinforcement of the management promotion framework**

\* The Group Management Conference should be held to reinforce the Group's policy making and promotion functions.

#### **(3) Building up a system for preparation and re-creation of operations for more efficient and effective management of merchandising cycles**

\* To reinforce the sales capabilities and build up a low-cost operation management framework, a section should be established to prepare and re-invent operations related to merchandising cycles under the direct control of the president of Sugi Holdings Co., Ltd. Furthermore, the future information system and distributions should be reviewed for their improvement and re-invention of related operations.

**(4) Review on investigation and deliberation system for new store development issues to reinforce store development capabilities**

\* The Area Development Conference should be established for reinforcing the virtual capabilities of investigating and deliberating new store development issues, and for strengthening the market and site investigation capabilities.