

January 7, 2014

FOR IMMEDIATE RELEASE

Company name	Sugi Holdings Co., Ltd.
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Notification on Organizational Change at the Company's Subsidiary

The Board of Directors' Meeting of Sugi Holdings Co., Ltd. on January 7, 2014 has decided that the Company will implement an organizational change of Sugi Pharmacy Co., Ltd., a consolidated subsidiary, on March 1, 2014 as follows.

<Purpose and outline of organizational change>

- (1) The organizational change is designed to improve and consolidate businesses and operations for business formats of Sugi Pharmacy Co., Ltd. and Japan Co., Ltd. In addition, the Company will set up "Business Promotion Office" under the direct control of President with the purpose of both "evolving and reorganizing existing stores" and "developing and deploying a new business format."
- (2) The Company will create the Operational Headquarters by consolidating Sugi Pharmacy's Business Unit and Japan's Business Unit with the purpose of "accelerating reorganization and improvement" of existing stores of Sugi Pharmacy Co., Ltd. and Japan Co., Ltd. to "increase the market share in their trade areas" through the enhancement of their dominant strategy and "establishing a low-cost management framework." It will also set up "Merchandise Division," "Sales Planning Division," and "Sales Management Division" within the Operational Headquarters.
- (3) Since the "Merchandising Cycle System," which the Company has been developing and introducing gradually after "reviewing the merchandising operations" in 2013, will become fully operative on March 1, 2014, the Company will set up "Logistic System Recreation Project" under the direct control of Merchandising Control Division to recreate the next generation logistic system based on the Merchandising Cycle System.