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FOR IMMEDIATE RELEASE

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

The Board of Directors' Meeting of Sugi Holdings Co., Ltd. on January 21, 2013 has decided that a structural reform should be implemented for Sugi Pharmacy Group as follows.

As announced on September 18, 2012, Sugi Holdings Co., Ltd. (the "Company") will consolidate Japan Co., Ltd. ("Japan") to Sugi Pharmacy Co., Ltd. ("Sugi Pharmacy") on March 1, 2013. Both are the Company's wholly-owned subsidiaries.

In response, the Board of Directors' Meeting of the Company on January 21, 2013 has decided that a structural reform should be implemented for the Sugi Pharmacy Group as follows.

### **<Purposes of structural reform>**

The Company will implement a structural reform on March 1, 2013 for the purpose of "constructing a low-cost group management framework and promoting quick decision-making through the reinforcement of operation cooperation between the Company and Sugi Pharmacy," one of core companies in the Group, as well as "strongly promoting the expansion and evolution of the Group's businesses.

- (1) The Company will comprehensively manage both the business strategy and resources of each group company.
- (2) On the occasion of merging with Japan on March 1, 2013, Sugi Pharmacy will focus on "promoting the construction of a low-cost management framework through the integration of management and systems for both business formats," "improving profitability through evolution of a business format, expansion of stores and decentralization of operations" and "fostering managers who will lead the next generation" by adopting the business unit system under which organizations are decentralized.
- (3) The Company will abolish its executive officer system and review the officer system of both the Company and Sugi Pharmacy to establish a management responsibility system that enables the Company to make quick decisions and take prompt actions.

## **<Outline of structural reform>**

### **The Company**

- (1) Set up organizations that bear the function of strategies and planning, such as Planning, Finance & Accounting and Human Resource, etc.
- (2) Abolish the Store Development Division and set up the Asset Management Division that bears the function of managing store assets and contracts, etc. The Store Development Division that is set up in Sugi Pharmacy bears the function of store development.
- (3) Abolish the Merchandise Division and set up the Merchandise Management Division that bears the function of managing purchases for merchandising business.  
Sugi Pharmacy's Business Unit Merchandise Division and Japan's Business Unit Merchandise Division bear the function of operations for merchandising business, such as business negotiations, etc. Sugi Pharmacy's Merchandise Control Division also bear the function of merchandising business and business negotiations that are common for both business formats of Sugi Pharmacy and Japan.

### **Sugi Pharmacy**

- (1) Set up the Operational Headquarters with Sugi Pharmacy's Business Unit and Japan's Business Unit under it. Set up the Merchandise Control Division and Merchandise Division in both Business Unit.
- (2) Set up the Administration Headquarters with Human Resource Development Division, General Affairs Division, Human Resource Division and Accounting Division under it.
- (3) Set up the Merchandising Control Division with the Merchandise Planning & Management Department and Logistic Department under it.