

To whom it may concern:

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Notice Regarding Construction of the New Distribution Centers of Toho Holdings' Subsidiary

TOHO HOLDINGS CO., LTD. (hereinafter "TOHO HOLDINGS") is pleased to announce that its wholly owned subsidiary, TOHO PHARMACEUTICAL CO., LTD. (Headquartered in Setagaya-ku, Tokyo; Hiroyuki Kono, President and Representative Director; hereinafter "TOHO PHARMACEUTICAL"), has decided to construct two new distribution centers. An outline of the plan is as follows:

1. Purpose of the construction

With respect to the existing distribution centers of TBC Omiya and TBC Higashi-Osaka, TOHO PHARMACEUTICAL, which is engaged in the pharmaceutical wholesaling business, has decided to construct two new distribution centers that will be equipped with further improved traceability in response to the growth in sales in the near future and the expansion of direct delivery systems to customers as well as implementing disaster countermeasures based on lessons from the Great East Japan Earthquake. The TOHO HOLDINGS Group will make efforts to realize through the construction of these two new distribution centers the ever-more accurate, speedy and stable supply of pharmaceuticals under the Group corporate slogan of "Total commitment to good health."

2. Outline of new distribution centers

Name	TBC Saitama (Provisional name)	TBC Hanshin (Provisional name)
Place	Shobumachi, Kuki city, Saitama ward (Many of the numbers have not yet been finalized.)	7-86, Konoike, Itami city, Hyogo ward
Site area	28,502.48 m ²	31,214.08 m ²
Building space	12,031.07 m ²	11,798.06 m ²
Total floor space	33,928.10 m ²	28,761.25 m ²
Structure	Three-story RCSS structured building	Two-story steel structured building (Partly three-story)
Maximum shipping capacity	40 billion yen / monthly	25 billion yen / monthly
Number of product lines	30,000 items	25,000 items
Product lines	Pharmaceutical, OTC, Medical equipment, Medical supplies, Reagent	
Coverage area	Saitama, Ibaraki, Tochigi, Gunma, Niigata, Aomori, Iwate, Akita (Miyagi, Fukushima, Yamagata)	Osaka, Hyogo, Kyoto, Shiga, Nara, Wakayama, Aichi, Gifu, Mie
Expected date of the start of construction	March, 2012	April, 2012
Expected date of the completion	March, 2013	February, 2013

3. Characteristics of new distribution centers

(1) TBC Saitama (Provisional name)

① Challenge to unmanned processing

TBC Saitama (provisional name) will implement piece picking using multi-axis robots (40% of the total amount of piece picking work), realizing the automation of work equivalent to that carried out by 60.7 persons. It will also achieve the automation of packing using palletizing robots.

② Implementation of direct delivery from the Center with piece picking according to each customer

The Center will ensure labor saving in the work for delivery of the products at sales offices.

(2) TBC Hanshin (Provisional name)

① Equipped with functions as a distribution center for reagents

TBC Hanshin (provisional name) will also introduce equipment that will make it possible to replace the functions of the existing WILL Heiwajima (distribution center for reagents).

② Reverse sequence picking by delivery route

TBC Hanshin (provisional name) will achieve labor saving by automating picking and the cargo loading of folding containers in the reverse sequence from the final place of delivery.

(3) Common characteristics

① Further improvement of highly accurate shipping

The new distribution centers aim to achieve a shipping accuracy of “Seven 9s” by improving on the “Six 9s” (namely, 99.99994%), which has been achieved so far at the existing distribution centers.

② Complete traceability

With the introduction of the Warehouse Management System* that incorporates the know-how developed at the distribution centers of TOHO PHARMACEUTICAL, traceability to customers will be secured through the management of the lot numbers of pharmaceuticals and their expiry dates, aiming to provide customers with product safety and assurance of supply.

* Warehouse Management System

This refers to a management system that centrally controls a series of distribution tasks within the warehouse to improve efficiency in the management operations.

③ Comprehensive measures against natural disasters and to ensure security

With the duplexing of the host computer and the Warehouse Management System, the installation of an uninterruptible power supply system and periodical practice of disaster exercises, etc., the Company has established a system that will ensure a stable supply of pharmaceuticals if a natural disaster occurs.

4. Effects of the new distribution centers

(1) As for the productivity of TBC Saitama (provisional name), it aims to achieve a monthly shipping volume per person of 250 million yen value, two times that of TBC Tokyo.

(2) Both of the new distribution centers have made it their goal to reduce the distribution work of the sales office by 20% and to increase the productivity of the persons in charge of delivery by 10% by shifting to the full implementation of shipping according to each customer and person in charge of shipping as well as traceability.

(3) TBC Saitama (provisional name) aims to achieve a reduction in the required stock levels, including those for customers deposited in our sales office by 10%, equivalent to about 2,000 million yen value.

5. Capital Investment (Land, Structure, Distribution Equipment, System, etc.)

(1) TBC Saitama (Provisional name)

Total 9.9 billion yen (Land: 1.4 billion yen, Buildings and equipment: 8.5 billion yen)

(2) TBC Hanshin (Provisional name)

Total 7.4 billion yen (Land: 2.8 billion yen, Buildings and equipment: 4.6 billion yen)

* The amounts mentioned above may be altered in the course of future examination.

6. Schedule (Plan)

(1) TBC Saitama (Provisional name)

Start of construction: March, 2012 Completion: March, 2013 Operation: August, 2013

(2) TBC Hanshin (Provisional name)

Start of construction: April, 2012 Completion: February, 2013 Operation: May, 2013