

October 15, 2013

To whom it may concern:

TOHO HOLDINGS CO., LTD.
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(Tokyo Stock Exchange Securities Code: 8129)
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Notice regarding the Start of Operations at the New Distribution Center TBC Sapporo and
Sapporo Call Center

TOHO PHARMACEUTICAL CO., LTD. (headquartered in Setagaya-ku, Tokyo; Hiroyuki Kono, President and Representative Director; hereinafter, "TOHO PHARMACEUTICAL"), a wholly-owned subsidiary of TOHO HOLDINGS CO., LTD., hereby announces that "TBC Sapporo" constructed in Sapporo-shi, Hokkaido, as a new distribution center for prescription pharmaceuticals, etc., together with the "Sapporo Call Center," built on the premises of the distribution center, both started operation on October 15, 2013 as detailed below.

1. Purpose of the construction

As top priority measures to achieve the goals of the Medium-term Management Plan, "Total Commitment to Good Health 14-16," the Company aims to proactively advance "integrated reform in sales and distribution" including a review of distribution center supply systems, centralization of indirect operations at call centers, overall staff optimization, etc., thereby restructuring order receipt, distribution, and delivery operations across the board.

2. Outline of TBC Sapporo (including the Sapporo Call Center)

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|-------------------------------|---|
| (1) Name : | TBC Sapporo |
| (2) Place : | 4-2-2-1, Yonesato, Shiroishi-ku, Sapporo-shi, Hokkaido
TEL. +81-11-876-2700
FAX. +81-11-876-2740 |
| (3) Site area : | 11,570.28 m ² |
| (4) Building space : | 5,360.39 m ² |
| (5) Total floor space : | 15,659.79 m ² |
| (6) Structure : | RCSS structure, Three-story building |
| (7) Number of product lines : | About 17,000 items |
| (8) Product lines : | Pharmaceuticals, over-the-counter (OTC) pharmaceuticals, medical equipment, medical materials, reagents and others. |
| (9) Coverage area : | (Product supply) Hokkaido (whole area) |

(Call center reception) Hokkaido, Tohoku, Kanto, Koshinetsu

- (10) Maximum shipping capacity : 7 billion yen / monthly
- (11) Operator's seats : 200 seats

3. Characteristics of TBC Sapporo

(1) Reverse sequence picking by delivery route

TBC Sapporo recovers used foldable containers following the delivery route in reverse in order to improve delivery efficiency.

(2) Further improvement of highly accurate shipping

TBC Sapporo aims 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.

(3) 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.

(4) 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 emergency-power-generating equipment 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. Characteristics of Sapporo call center

- (1) Improved reception quality through the use of automatic speech recognition and CTI (Computer Telephony Integration) systems
- (2) Reduced call charges through the use of IP centrex
- (3) Transfer of work conventionally conducted by office workers at sales branches to the call center through a new workflow system
- (4) Three centers in Sapporo, Tokyo, and West Japan work together to implement the BCP (Business Continuity Plan)