



Matsumoto KiYoshi
Holdings

C o r p o r a t e p r o f i l e

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**Matsumoto KiYoshi
Holdings**

Matsumoto KiYoshi Holdings, Co., Ltd.

Management Philosophy
of the Group

1st for You.

Treat all of our customers with respect.

**Provide all of our customers with the help and advice
they need to maintain and improve their health and beauty.**

Strive to be the friendliest drugstore.

The three birds in our logo represent our three-fold commitment to further growth: listening attentively to our customers, helping them to tune their health and beauty, while achieving the further growth of our group.



Corporate Data (As of July 1, 2010)

Corporate Name	Matsumotokiyoshi Holdings Co., Ltd.
Address	9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8511
Phone	(81) 47-344-5110
Incorporated	October 1, 2007
Common Stock	21.086 billion yen
Book Closing	March 31
Lines of Business	Management of subsidiaries, purchase and sale of products
Issued Shares	53,579,014

Top Message



President and COO
Masashi Yoshida

Chairman and CEO
Namio Matsumoto

Towards Our Goal of Increasing Total Group Sales to One Trillion Yen and Number of Stores to 2,000 by FY March 2016

This group has 15 companies, including 9 retailing operating companies led by Matsumotokiyoshi, as well as 14 licensed franchise companies, and 6 business partner companies. We are striving for further expansion of our business network.

Matsumotokiyoshi Holdings is responsible for formulating management strategies and supervising their implementation for the entire group to ensure that each operating company can focus on its own sales and service activities. This system enables each company to conduct itself as a community-oriented, customer-friendly business that meets all of the needs of each customer in a caring, supportive manner.

In keeping with advances in medical technology, and the growing segment of the elderly population, the cost spent on medical expenses in Japan is on an upward trend. This is not only a problem faced by this country, but by all advanced nations. The Japanese economy has been in a difficult situation under due to the influence of the global recession triggered by the US financial crisis.

In this environment, there is anxiety over employment and wages. Trends towards protective lifestyles and cutting down on spending are building. Medical expenses in the country are growing faster than increases in national income, meaning that the economic burden of medical expenses is mounting.

Reforms in the medical system, such as cutting costs and improving efficiency, are considered necessary to solve these economic problems.

This group plans to play a role in supporting medicine by promoting awareness of the concept of self-medication. Last year, the Pharmaceutical Affairs Law was amended for the first time in 50 years. Up to now, our Group has aimed to provide user-friendliness and professionalism, and we are working to enhance our corporate system and make it one that meets customer needs in a diversified local society.

With the addition of Midoriyakuin Co., Ltd., Nakajima Family Pharmacy Co., Ltd. and Lovedrugs Co., Ltd. as our Group's operating companies, as of April 2010, our Group has greatly expanded and now has a presence in 42 prefectures, for a grand total of 1,176 outlets. In the past three years, we have secured our foothold aimed at further growth by making each step a careful and deliberate one.

This year will be one in which we take a significant step forward, using the results we have so far attained to develop more dramatically

In order to provide our customers with a lifestyle that is beautiful, healthy and fun, we aim to be a "community-oriented, family drugstore that has the trust of its customers."

Chairman and CEO	Namio Matsumoto	Director	Norio Yuasa	Executive Officer	Eiji Komatsu
President and COO	Masashi Yoshida	Standing Corporate Auditor	Tetsuo Omori	Executive Officer	Yukio Koyama
Senior Managing Director and CFO	Kazuo Narita	Corporate Auditor	Satoru Suzuki	Executive Officer	Kunio Yamazaki
Senior Managing Director	Kiyoo Matsumoto	Corporate Auditor	Kenji Morohoshi	Executive Officer	Eiichi Kitajima
Advisor	Tetsuo Matsumoto	Corporate Auditor	Masato Taimura	Executive Officer	Takashi Matsumoto
Director	Koichi Nezu	Executive Officer	Toshio Hayata	Executive Officer	Soichiro Okushima
Director	Masahiro Oya	Executive Officer	Takao Watanabe	Executive Officer	Hidesato Hiramatsu
Director	Ryoichi Kobayashi	Executive Officer	Hajime Yabe	Executive Officer	Shingo Obe

Group Strategy

Aiming for Enhanced Corporate Value

The basic management philosophy of Matsumotokiyoshi Holdings

MKHD Group seeks to promote self-medication based on the idea of “protecting one’s health on one’s own.” By serving as a community drugstore, we believe that we can contribute to society.

Another of our group’s philosophies is “1st for you,” which was the ideal of our founder, Kiyoshi Matsumoto, when he first began his business.

Based on these philosophies, our entire group strives to look at our business from the standpoint of our customers, and utilize a high degree of specialization to obtain the trust and satisfaction of consumers by meeting their needs to be “healthy and beautiful.”

Matsumotokiyoshi Holdings goals and management index

The long-term goal of the group is to achieve net sales of 1 trillion yen by FY March 2016, with a group-wide total of 2,000 drugstores. These figures are based on a market forecast of 10 trillion yen by 2015. Our goal is to capture 10% of the market. We also aim for enhancement in sustainable corporate value, and to this end our management index goal is to exceed ROE 10%.

Overview of FY March 2010 and issues covered this period

In 2009, the Japanese economy was influenced by the global recession. A steep decline in corporate profits meant restrictions on infrastructure investment, and had a detrimental effect on employment and wages. Although there was some sun shining on a few industries at the end of the fiscal year, the path ahead remained far from transparent, and consumer spending continued to be restrained.

The same situation held true for the drugstore industry. Consumers are still feeling the need to protect their lifestyles and cut down on spending, and we find ourselves in the midst of fierce price-cutting competition that overlaps different industries. At the same time, changes in drug sales according to amendments to the Pharmaceutical Affairs Law have thrown retailers

together for even more severe competition.

Considering this severe situation, the MKHD Group has secured our foothold aimed at further growth by focusing on income certainty of the past three years. Among all the more-or-less identical drug retailers, the competition has increased and the industry market has grown segmented. So we need further implementations to ensure market share. It has become clear that in order to nurture the loyalty of consumers, we must establish our businesses in their communities and meet their needs. Sales promotional measures and efficiency are also required, as are systems for offering counseling and reasonably priced MK Customer Brand (private brand) products. In the matter of expansion, we have not put complete priority on the number of opening new stores. Instead, we consider how promising stores are in terms of future profitability, and have taken steps to close some locations. The result this term was 63 new stores and 55 closed, for a total of 1,117 stores for the group as a whole as of March 31, 2010.

Looking back on our business records, the first quarter was blessed with comparatively good weather and temperatures. The second quarter, however, was influenced by climate as well as changes in drug sales according to amendments to the Pharmaceutical Affairs Law; sales of seasonal pharmaceutical and cosmetic products were sluggish. This, combined with trends towards protective lifestyles and cutting down on spending due to a continued poor economic climate, made for severe results. During this period, however, the outbreak of the new influenza meant increased sales in masks, gargle, disinfectant solutions, and anti-bacterial products, which contributed to sales performance.

Climactic factors, however, continued to influence sales, and influenza in the first half of the year led to a general fear of getting the disease in the second half. Prevention measures at home were substituted by receiving medical treatment at hospitals or clinics during a cold season in the third/fourth quarter, and sales of products to relieve cold symptoms were down drastically at drugstores. Another contributing factor was a much lighter hay fever season than usual (according to both yearly averages and year-on-year comparisons).

FY 2010 is taking an economic turn for the better. Both government and private-sector economists have mentioned brighter

forecasts for growth. The MKHD Group, which has spent the last three years in preparation for this opportunity, is anticipating a good year ahead.

Mid-and-long term Group Strategy

MKHD Group aims for maximum group synergy and more efficient and speedy group management. Our mid-and-long term strategy for achieving our management index goal consists of the following three undertakings.

1. Capturing 10% of the drugstore market

To optimize earnings in our main business (the drugstore market), we must plow even deeper into this dominant area and expand our group share. This is how we plan to get ahead in a state of competition fueled by rapid oligopolization (industry restructuring) and new entrants from outside this industry.

2. Pioneering new users, areas and channels

Along with planning products and services that more completely meet the diverse needs of consumers, we plan to pioneer and expand new customer segments, areas and sales channels, and broaden the base of our market.

3. Creating a new business model

With the objective of stable, long-term profits, we are working on the creation of a new business model. We are developing products and services that will not only “satisfy,” but “inspire” our customers. Our new values will lead to customer benefits.

Group Tasks

The group as a whole will take on the following priority tasks.

1. Strengthening and expanding the scale of the drugstore business

In recent years, the drugstore industry has gone through dramatic operational changes due to deregulations, new entrants from outside the industry, and rapid industry restructuring. On the other hand, we are also experiencing a lower birth rate, an aging population and a decline in the population as a whole.

In the midst of this, we aim to continue our role as a family drugstore, as well as to deal flexibly in products and services meeting high-level needs for beauty and health-related fields, such as medicine and assisted living.

At the same time, we hope to make the most of the total power

of our group and aim for further growth. Our axis will be new direct-operated stores, expansion in licensed franchise companies, and strategic M&A to achieve a drugstore business on a larger scale, making use of scale merit and synergic effects. The results will be a system that will optimize our competitiveness. Specifically, (1) scale merit will allow attractive prices that satisfy the customer, (2) PB product development and sales power will be backed up by group capacity, (3) a high degree of specialization will offer total solutions for beauty and health, (4) convenience and a full line-up of attractive products will make us stores that are the closest and most reliable for our customers, (5) we will deal with the matter of providing our customers with cordial service that shows them how important they are to us.

2. Developing stores with new business platforms and strengthening our expansion system

As the population ages and people become more conscious of beauty and health, customer needs are constantly diversifying. Our group is developing new types of stores based on location and customer needs. We will use this to offer customers products and services that will be of value to them.

At present we are working on the following store formats: (1) working in tandem with other businesses, our convenient, health-oriented new-type stores will offer customers a healthier and more pleasant lifestyle. (2) Medi + Matsukiyo stores will make effective use of small spaces characteristic of the medical field. (3) H&B Place, our new type of stores, will operate under the concept of “inner and outer beauty.” ((2) and (3) will be deployed by Matsumotokiyoshi.)

The market in Japan will most likely shrink as the birthrate falls and the population shrinks. In such a situation, overseas expansion will be vital. We are conducting surveys and doing research on how MKHD Group companies can most efficiently and effectively move onto the global stage.

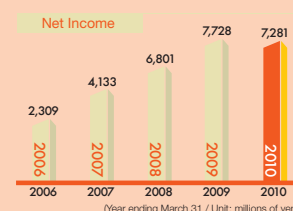
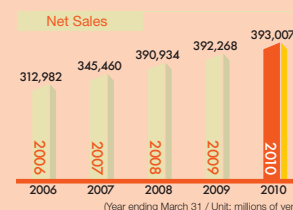
3. Research and development on the vertical integrated business model

The environment surrounding MKHD Group is ever more severe. To beat the competition, we must be supported by customers and develop a system for increasing profit. We aim to optimize not only the operations of our group companies, but all of the businesses that are a part of the supply chain that delivers our products into the hands of our customers.

President and COO
Yoshida Masashi

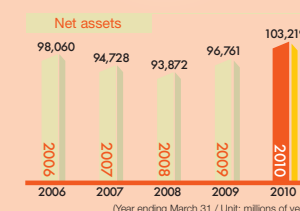
1 Trillion Yen by March 2016

Group Target for Total Net Sales of
1 Trillion Yen for FY2016!



Target for the Year Ending March 2016:

2,000 Stores



Chairman and CEO
Namio Matsumoto

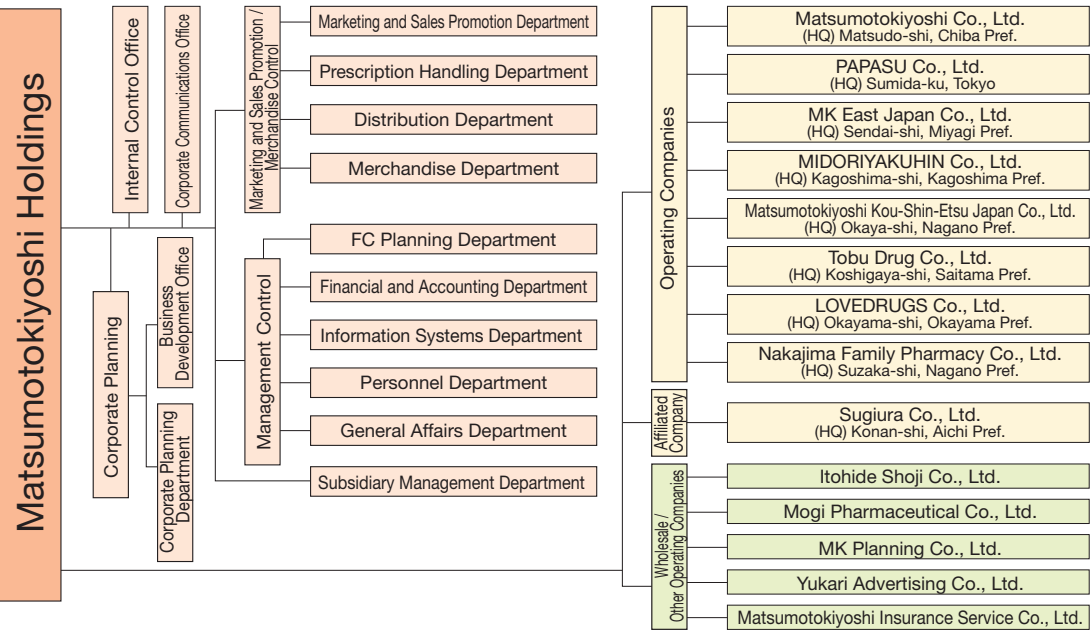
Group Network

Our network of stores covers 42 prefectures in Japan.

Matsumotokiyoshi Holdings aspires be a Family Drugstore.

Organization Chart

(As of April 1, 2010)



Instructions given by area

Hokkaido and Tohoku Region	Kansai Region
Kanto Region	Chugoku Region
Tokai Region	Shikoku Region
Koushinetsu Region	Kyushu and Okinawa Region
Hokuriku Region	



Matsumoto KiYoshi Holdings, Co., Ltd.

Total Number of Stores: 1,176 (As of April 1, 2010)

Group Companies

Matsumotokiyoshi Co., Ltd.
9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8501
Phone: (81) 47-344-5111

MK East Japan Co., Ltd.
3-6-4 Ichiban-cho Aoba-ku Sendai-shi, Miyagi 980-0811
Phone: (81) 22-268-1780

Matsumotokiyoshi Kou-Shin-Etsu Japan Co., Ltd.
1-4-18 Akahane, Okaya-shi, Nagano 394-0002
Phone: (81) 266-22-8496

LOVEDRUGS Co., Ltd.
1-20-32 Fukutori-Nishi, Okayama-shi, Okayama 702-8031
Phone: (81) 86-265-4161

MK Planning Co., Ltd.
3-5 Shinmatsudo, Matsudo-shi, Chiba 270-0034
Phone: (81) 47-349-7300

Mogi Pharmaceutical Co., Ltd.
1-8-2 Yushima, Bunkyo-ku, Tokyo 113-8573
Phone: (81) 3-3813-2271

Yukari Advertising Co., Ltd.
1461 Shikoda, Kashiwa-shi, Chiba 277-0862
Phone: (81) 4-7148-3333

Affiliated Company

Sugiura Co., Ltd.

170 Kawahigashi, Wada-cho, Konan-shi, Aichi 483-8014
Phone: (81) 587-54-1938

PAPASU Co., Ltd.
4-8-3 Yokokawa, Sumida-ku, Tokyo 130-0003
Phone: (81) 3-5610-8811

MIDORIYAKUHI Co., Ltd.
8-8 Toukai-cho, Kagoshima-shi, Kagoshima 891-0115
Phone: (81) 99-269-5188

Tobu Drug Co., Ltd.
9-6 Gamou Asahi-cho, Koshigaya-shi, Saitama 343-0842
Phone: (81) 48-990-7051

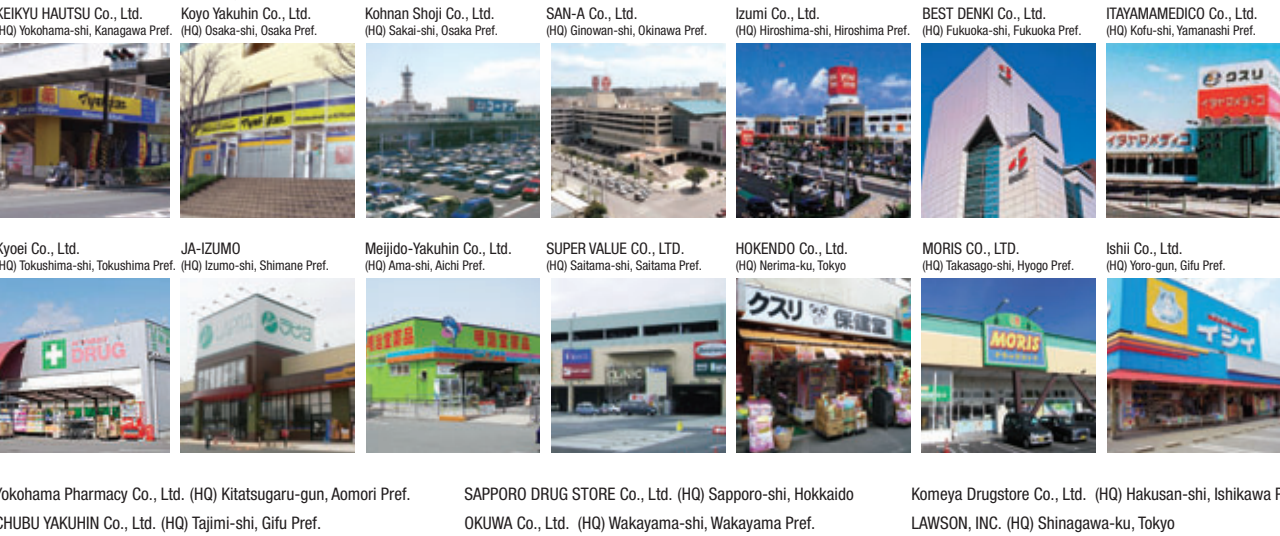
Nakajima Family Pharmacy Co., Ltd.
2-7-12 Sumisaka, Suzaka-shi, Nagano 382-0099
Phone: (81) 26-248-4980

Itohide Shoji Co., Ltd.
44 Kogane, Matsudo-shi, Chiba 270-0014
Phone: (81) 47-348-3600

Matsumotokiyoshi Insurance Service Co., Ltd.
3-2-3 Kashiwa, Kashiwa-shi, Chiba 277-0005
Phone: (81) 4-7160-2770

Franchise Stores and Business Partners

(As of April 1, 2010)



Matsumotokiyoshi Co., Ltd.



Kanto Region 541 Stores
Tokai Region 21 Stores
Kansai Region 48 Stores
Chugoku Region 7 Stores
Shikoku Region 2 Stores
Kyushu and Okinawa Region 38 Stores

Total of 657 Stores throughout Japan

PAPASU Co., Ltd.



Tokyo 125 Stores
Chiba Pref. 1 Store

Total of 126 Stores in Kanto Region

MK East Japan Co., Ltd.



Hokkaido and Tohoku Region 14 Stores
Kanto Region 75 Stores
Hokuriku and Koushinetsu Region 10 Stores

Total of 99 Stores in Eastern Japan

MIDORIYAKUHI Co., Ltd.



Northern Kyushu Region 50 Stores
Southern Kyushu Region 87 Stores
Okinawa Pref. 7 Stores

Total of 144 Stores in Kyushu Region

Matsumotokiyoshi Kou-Shin-Etsu Japan Co., Ltd.



Niigata Pref. 21 Stores
Nagano Pref. 39 Stores
Fukushima Pref. 1 Store

Total of 61 Stores in Tohoku and Koushinetsu Region

Tobu Drug Co., Ltd.



Saitama Pref. 18 Stores
Chiba Pref. 5 Stores
Tokyo 7 Stores

Total of 30 Stores in Kanto Region

LOVEDRUGS Co., Ltd.



Okayama Pref. 37 Stores
Hiroshima Pref. 2 Stores
Hyogo Pref. 6 Stores

Total of 45 Stores in Chugoku and Kansai Region

Nakajima Family Pharmacy Co., Ltd.



Niigata Pref. 1 Store
Nagano Pref. 13 Stores

Total of 14 Stores in Koushinetsu Region



Matsumotokiyo Co., Ltd.

9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8501
Phone: (81) 47-344-5111



President, Toshio Hayata


**Aiming to be a family drugstore rooted in the community,
one that everyone can count on.**

**“1st for you.” We aim to provide the most sincere service to
all of our customers throughout Japan!**


Matsumotokiyo, the core of the MKHD Group, was established in 1932 by Kiyoshi Matsumoto, father of the current CEO of MKHD. In 1987, our first urban drugstore was opened in Ueno’s Ameyoko Store, followed by the Ikebukuro Higashiguchi store and Shibuya Part 1 Store. TV commercials at the time led to the Matsukiyo nickname, and today our stores bring in customers, both in urban areas and our larger suburban-style locations. We aim to make new Matsumotokiyo fans by letting customers know that we put them first through efforts to increase their satisfaction. We are rapidly opening up new stores, a sign of company growth, and adding personal touches to all aspects, making our outlets both highly specialized and convenient.

Business Contents


Convenience for Customers



Expanding the number of stores open 24 hours a day.
8 stores in urban commercial areas currently operate around the clock.
(As of March 31, 2010)



Electronic money and UnionPay cards accepted
More and more stores are equipped to accept Edy and other electronic money sources and cards.



Shop at Matsumotokiyo on the Internet and by mobile phone
Learn about health foods, cosmetics, sundries and food products not carried in stores but available online at www.e-matsukiyo.com/

Store expansion

Total of 657 Stores throughout Japan

Western Japan 116 Stores

Eastern Japan 541 Stores

Store Models

Matsumotokiyo deploys stores in various locations, in different forms, and according to customer segments.

Stores Designed for Downtown Areas

A number of stores are located in downtown areas, right next to department stores and other commercial facilities. These multi-segment stores include our flagship store, Ginza 5th Store, as well as Shinjuku 3-chome, and Ikebukuro Part 2 Store.



Ginza 5th Store ▶

Stores designed for station buildings


We also have stores built next to major train stations and that are tenants in station buildings. These are “health & beauty” stores that feature the traditional Matsumotokiyo sign with a modern touch.



Lalaport Iwata Store ▶

Pharmacies next to Hospitals and Medical-mall Type Drugstore/Pharmacies

We also run prescription pharmacies located right outside general hospitals. At these pharmacies pharmacists with expertise fill prescriptions and serve the customers. Some of our prescription pharmacies are placed next to Medical malls which are located in the same buildings of doctor’s clinics. These medical-mall type pharmacies deal with cosmetics, health foods, OTC medical products and others as well as prescription drugs.



Hamamatsu Chuo Store ▶

Suburban Drugstores

Suburban drugstores are large and come equipped with parking facilities. The range of products meets the daily lifestyle needs of its customers, with medical products, cosmetics, health foods, as well as other food items and sundry goods.



Tokiwadaira Store ▶

Developing New Types of Store

Medi + Matsukiyo

New store models in Kanto and Kansai make efficient use of small spaces

Utilizing new store formats to meet diversified customer needs. By deploying stores in stations and nearby areas, we bring in new customers attracted by convenience and a family drugstore they can depend on.



Toei Gotanda Store ▶

H & B Place

For Complete Advice on Health and Beauty

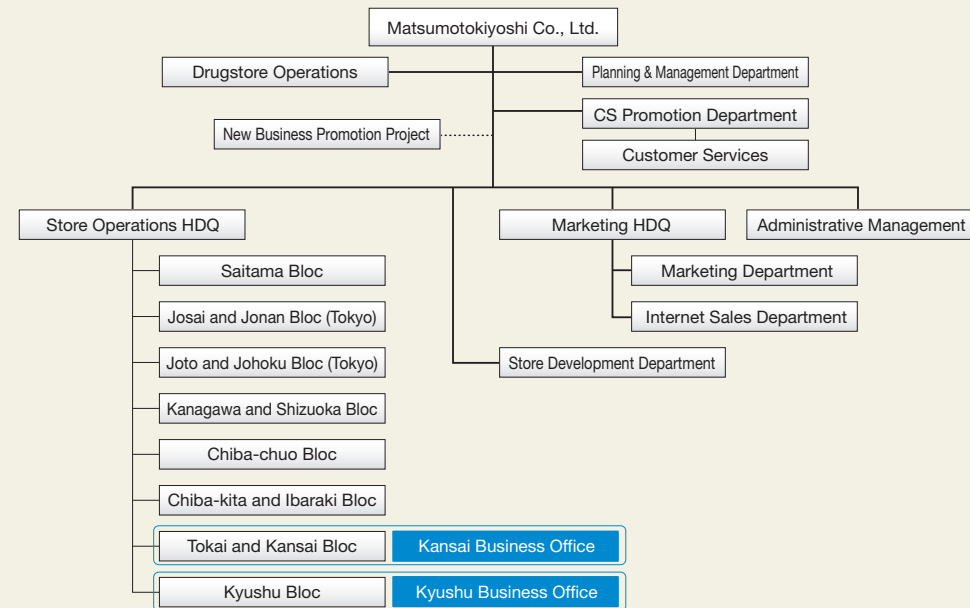
Matsumotokiyo is producing a new kind of store where beauty specialists and senior nutritionists provide women with advice on how to stay beautiful, inside and out.



Colette Mare Minatomirai Store ▶

Aiming to run a chain of drugstores rooted in the community

As of April 2010, the chain has been divided into 8 regional blocs as a way to come closer to the customer’s point of view in each area.





PAPASU Co., Ltd.

4-8-3 Yokokawa, Sumida-ku, Tokyo 130-0003
Phone: (81) 3-5610-8811



President, **Koichi Nezu**

Our drugstores have the top share of the market in Tokyo.
With community roots going back 20 years, we aspire to be
a “store convenient for life in town” trusted by our customers.

Our goal is to expand our group share throughout Tokyo.

Our motto is “to stand in the shoes of our customers when conducting business and to create stores loved by them.” Our ultimate goal is to be the company with the No.1 rate of customer satisfaction in the 21st century.

Customer satisfaction is a never-ending pursuit. In addition to continuous improvement, we will also make efforts to become a unique company where employees feel satisfaction from their work. It is our desire to contribute to local communities as advisors for self-medication.

Business Contents

Drugstores



Drugstores are the core business of PAPASU and provide a wide variety of products at reasonable prices based on the various lifestyles of our customers. In this way, we contribute to the betterment of society.

Pharmacies



Aiming to become “family pharmacies” for our customers, our businesses contribute to society through our abundant expertise, careful handling of prescriptions, professional advice, and sincere, heartfelt service.

Store expansion



株式会社 **エムケイ東日本販売**

MK East Japan Co., Ltd.

3-6-4 Ichiban-cho, Aoba-ku, Sendai-shi, Miyagi 980-0811
Phone: (81) 22-268-1780



President, **Keiichi Okano**

Always bearing in mind the smiles of our customers,
we do our best to provide people in the community with health
and more abundant lifestyles.

Deploying stores rooted in the community in the 13 prefectures of eastern Japan.

“Hearing the words ‘thank you’ makes us happy.”

To carry out our policy of putting the customer first, we provide services based on the their perspectives, and provide expert advice on health and beauty. All of us who work for MK East Japan get a sense of satisfaction every time we are able to help customers and hear the words “Thank you.” As professionals in the service industry, we constantly strive to attain higher levels of skills to assist customers to be healthier and more beautiful.

Business Contents

Drugstores



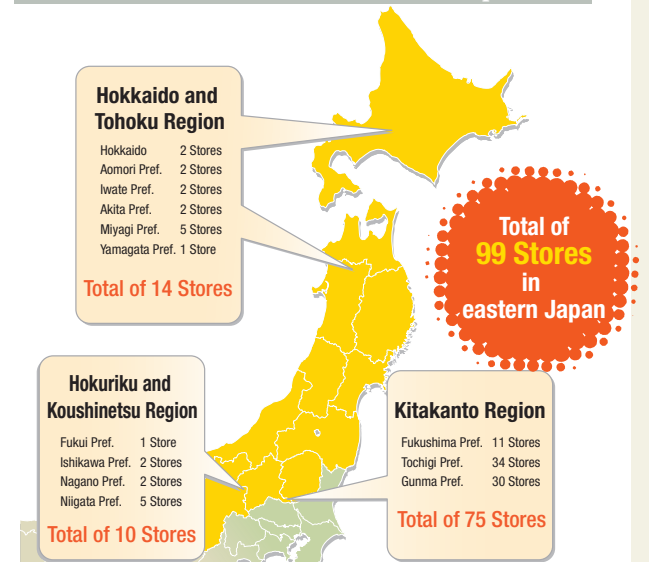
Our stores sell a wide range of products and offer advice based on the needs of customers. Through our consulting sales service we are improving our standing as trusted stores in our communities.

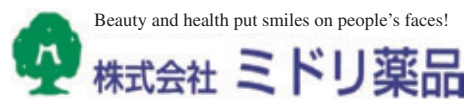
Pharmacies



Deploying pharmacy/drugstores in mainly station buildings, we are aiming to become the best in the community, providing customers with everything from preventive medicine to prescription drugs.

Store expansion





MIDORIYAKUHIN Co., Ltd.

8-8 Toukai-cho, Kagoshima-shi, Kagoshima 891-0115
Phone: (81)99-269-5188



President, **Eichi Momosaki**

**Aiming to be a company that contributes to the community
as a specialist in beauty and health.**

Group share is expanding thanks to the locations in Kyushu main living sphere!

Our motto is “beauty and health put smiles on people’s faces!” We are doing our best to improve our service so that our customers are happy and satisfied, putting smiles on as many faces as possible.

Thinking of our job as offering hospitality and gaining the trust of the communities where we are located, we look at our business from the viewpoint of our customers, and our reward is a word of thanks from them.

Business Contents

Drugstores



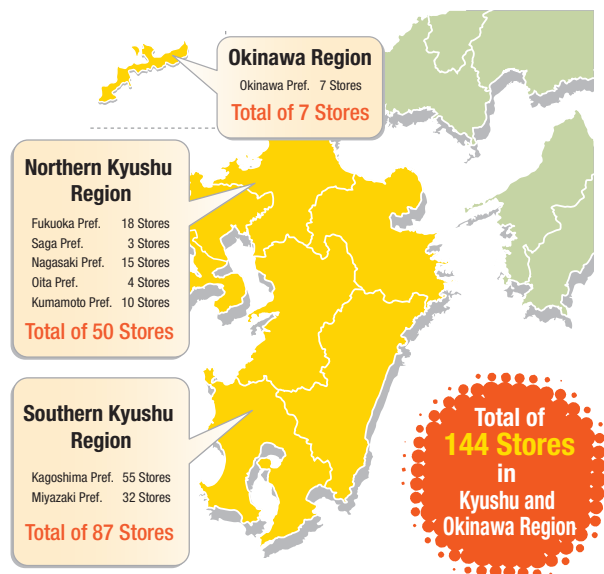
Eager to maintain personal contact with our customers, we do our best to sell medical and cosmetic products after consultation. Our goal is to contribute to the beauty and health of everyone in our communities. We place cash registers at our pharmacy counters to give customers every opportunity to discuss their needs and get advice in our face-to-face sales.

Pharmacies



As doctors and pharmacies become separate operations, we have begun operating pharmacies in our drugstores. This allows us to become further specialized and contribute to local medical services as a family drugstore.

Store expansion



マツモトキヨシ 甲信越販売

Matsumotokiyoshi Kou-Shin-Etsu Japan Co., Ltd.

1-4-18 Akahane, Okaya-shi, Nagano 394-0002
Phone: (81) 266-22-8496



President, **Masayoshi Asada**

**Our theme is “health and beauty.”
Everything begins with our customers.**

Aiming to expand group share in suburbs and residential areas of Nagano and Niigata

In July 2009, Kenko Kazoku Drug Corporation merged with MAX Co., Ltd. to become Matsumotokiyoshi Kou-Shin-Etsu Japan Co., Ltd. The former had a strong base in Nagano, while the latter had most of its stores in Niigata. By combining the two we have been able to utilize the strengths each had in their respective areas to offer our customers even better services. Our stores provide customers with a wide array of products and information in the field of health & beauty, and we continue to work to build even greater consumer trust.

In Nagano, our company has pharmacies to fill prescriptions outside of hospitals, offering the professional know-how of high-level medical institutions. In Niigata, our stores offer an expanded line-up of food and sundry products as we aim to cover the bases in our support of customer lifestyles.

Business Contents

Drugstores



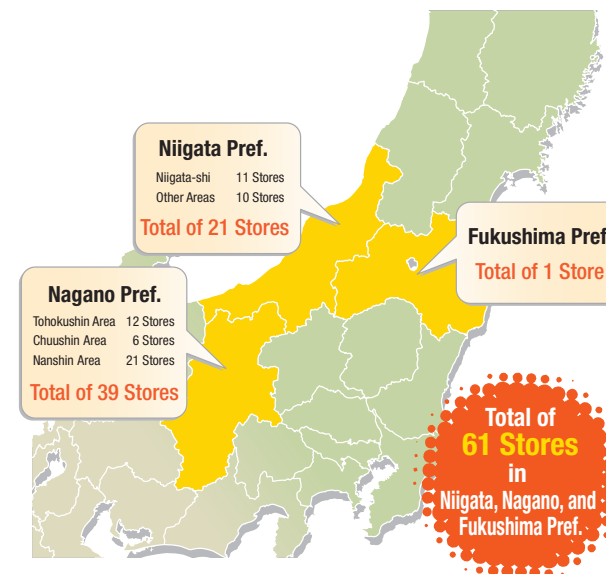
We are promoting our drugstore business according to our company's keywords, “Everyday” and “New discovery”. We provide a wide range of products at reasonable prices based on the daily needs of our customers. We will continue to bring new discoveries to our customers through our products and services.

Pharmacies



The division of medical-related services has been accelerated due to the restructuring of the medical insurance system. The number of prescriptions issued by hospitals has been increasing, so the role of drugstores that fill prescriptions has become more important in our communities. We combine our expertise in handling prescription medications with the convenience of a drugstore to contribute to the healthy lives of our customers.

Store expansion



トウブドラッグ

Tobu Drug Co., Ltd.

9-6 Gamou Asahi-cho, Koshigaya-shi, Saitama 343-0842
Phone: (81) 48-990-7051



President, **Masami Kato**

We aim to be a drugstore that is completely trusted by both customers and patients.

Our goal is to expand our group share in the area serviced by Tobu Railway!

Since our company was established in 1967, we have been opening stores mainly in the area serviced by the Tobu Railway. Under the motto “customers first,” we aim to always provide total health care advice, and maintain our focus on the health and beauty of local customers. Our health and beauty consulting is made from a variety of viewpoints, and we aim to be useful, positive and effective. We also have a wide range of products including daily-use goods, which makes us a convenient store that is always involved in the lives of our customers. Our goal is to satisfy our customers and patients through our cheerful assistance.

Business Contents

Drugstores



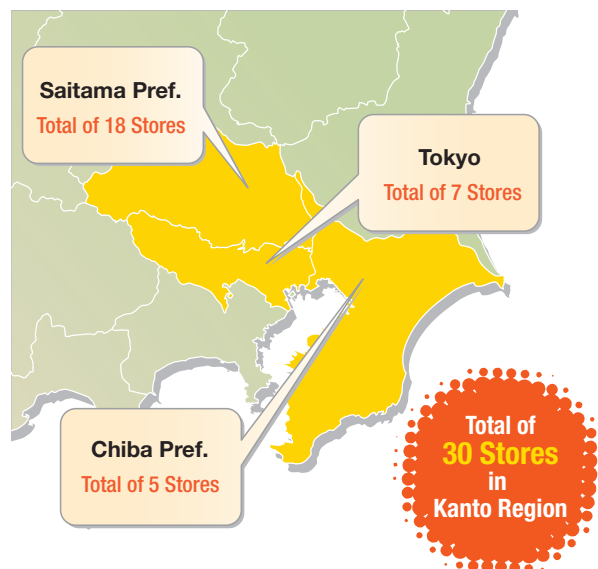
Our chain drugstores have been opened in station buildings, commercial facilities, and residential areas in the area serviced by Tobu Railway in Tokyo, Saitama, and Chiba. After becoming part of the Matsumotoki-yoshi Group in 2004, our stores inside of Tobu Railway stations began using “Matsumotoki-yoshi.”

Pharmacies



We have been opening prescription pharmacies to be able to respond to the complete division of medical treatment and pharmacies. Our prescription pharmacies, which are the largest in the industry, are equipped with state-of-the-art equipment.

Store expansion



LOVEDRUGS Co., Ltd.

1-20-32 Fukutomi-Nishi, Okayama-shi, Okayama 702-8031
Phone: (81) 86-265-4161



President, **Kunio Yamazaki**

Our goal is to obtain the trust of customers and patients and become stores rooted in our communities.

Our aim is to expand group share in the Sanyo area!

Lovedrugs is located mainly in Okayama and other parts of the Sanyo region. Our stores are places where customers can come in and get advice about health and beauty—family drugstores. We do our best to create stores from the customer’s point of view. Working to be as convenient and specialized as possible, we aim to be a company that everyone in the area can appreciate.

Business Contents

Drugstores



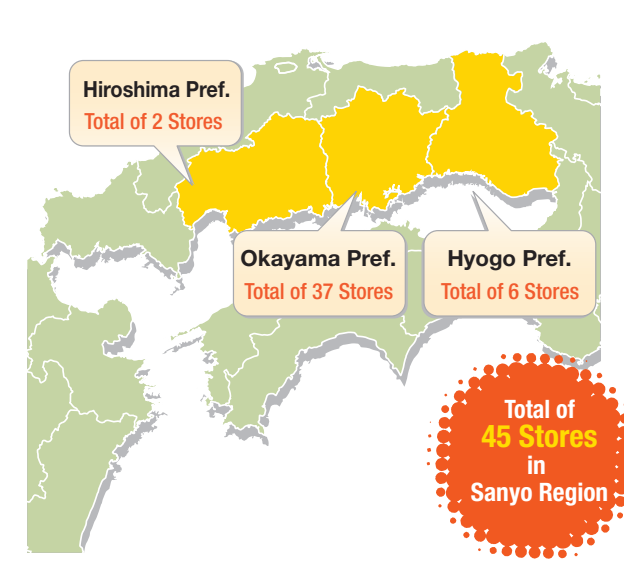
We deploy a suburban chain store located in commercial facilities and residential areas in Okayama, Fukuyama (Hiroshima) and Himeji (Hyogo) areas. We do our best to maintain communication with customers and provide them with good service in order to ensure their satisfaction.

Pharmacies



In the Okayama area, we are deploying pharmacies for medical patients as family drugstores rooted in local communities. We do our best to see things from their point of view so that they will choose Love pharmacies to have their prescriptions filled.

Store expansion





Nakajima Family Pharmacy Co., Ltd.

2-7-12 Sumizaka, Suzaka-shi, Nagano 382-0099
Phone: (81) 26-248-4980



President, Katsuhiko Nakajima

“We’re glad to have it here—this friendly store!”

The important thing is what the store can do to keep its customers satisfied. Products, the store itself, and our staff are all important to accomplish this.

Our aim is to expand group share in the Northern Nagano area!

We are deploying the Matsumotokiyoshi motto “1st for you” in every nook and cranny of our region. We plan to be here ready for tourists who come on vacation. Our stores are stocked with a full line-up of products and staffed by members of the community. To make the most of counseling with pharmacists and OTC-medicine counselor staff, we have been conducting seminars to increase the number of our employees with pertinent licenses and qualifications. On the occasion of our 25th anniversary, we have joined the Matsumotokiyoshi group and are working to increase our specialization in the drugstore business and start up new drugstores complete with pharmacies to fill prescriptions.

Business Contents

Drugstores



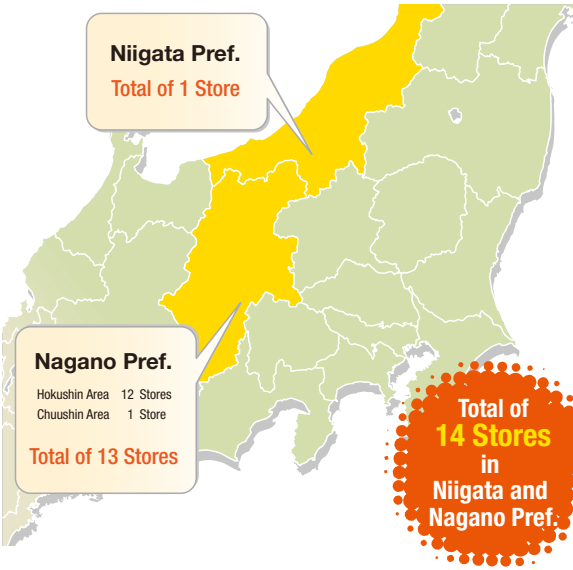
“How can we be of help in the lives of our customers?” Along with the conventional roles of drugstores to keep customers healthy, beautiful and radiant, we are creating new roles: (1) Deploying drugstores in suburban areas, and (2) developing new stores and business forms in residential areas.

Pharmacies



Our job is to be a family drugstore rooted in the local community, and with this in mind, we seek to contribute more to the medical field by providing drugstores equipped with pharmacies. We can establish a system where prescriptions can be filled during longer business hours, thus combining convenience with professionalism and being of greater use to our customers.

Store expansion



Pursing high professionalism

At Matsumotokiyoshi Holdings, our customers are served by specialists.

Pharmacists and OTC-Medicine Counselors

According to the amendments to the Pharmaceutical Affairs Law, OTC drugs are now sorted into three classes; Category 1, Category 2 and Category 3. According to the category, experts with qualifications are required to handle sales. To establish the proper sales environment, our group is hiring more pharmacists and OTC-Medicine Counselors. Through these efforts, we aim to create family drugstores rooted in their communities.

Risk category	Expert	Information provided even when not requested	Deal with the matter when advice is requested
Category 1 Medicines	Pharmacists	Information in writing must be provided	Obligation
Category 2 Medicines	Pharmacists, OTC-Medicine Counselors	Must make effort to inform	
Category 3 Medicines		No requirement <small>(No regulation in amendments to the Pharmaceutical Affairs Law)</small>	

OTC-Medicine Counselors

OTC-Medicine Counselors provide information and give advice as needed regarding Category 2 and Category 3 OTC drugs.



Pharmacists

Pharmacists can handle all pharmaceutical products. Only pharmacists can handle Category 1 OTC drugs, which have a strong effect, and for which written information and advice are legally required.



Because we are specialists--what a specializing store can do.

In order for our group drugstores to be supported by customers as their “family drugstores,” we will put special efforts into training sales staff to provide service worthy of high levels of customer satisfaction.

Education for Pharmacists / OTC-Medicine Counselors is integrated into personnel training system

With amendments to the Pharmaceutical Affairs Law, the role of professionals at drugstores (pharmacists and OTC-medicine Counselors) has become more important. It is necessary for these professionals to improve their knowledge and communication skills for counseling customers. In addition to existing classroom training, enhanced training will make use of in-house communications and e-learning.



Training for Pharmacists

As a part of their training, pharmacists will be provided with knowledge of pharmaceuticals, especially Category 1 OTC drugs, and the latest medical findings. In addition, expert training will be given to pharmacists in charge of prescriptions. We are training pharmacists who will be able to contribute to community healthcare as part of our family drugstores.



Training for OTC Medicine Counselors

Practical training will be improved using case studies so that the knowledge acquired in preparation for the OTC Medicine Counselor test will be more useful in the field. We will provide classroom training and correspondence-based support to candidates for the OTC Medicine Counselor test so that more staff will qualify.



PAPASU Training Center

We have OJT that trains employees both how to deal well with customers, in their important role as points of contact, and how to properly operate cash registers, and so on.



Matsumotokiyoshi Training Center

Our pharmacy training center is equipped with a room that is used to simulate work with medication. This is one of the measures being taken to meet the demand for filling prescriptions. There is also a beauty training center to teach employees to advise customers purchasing beauty products.

Topics



Our MK Customer Private Brand



MK Customer is our original product line developed from the customer's viewpoint to promote self-medication.



Do you already have a Matsumotokiyoshi Members Card?

Matsumotokiyoshi Members Credit Card

- No registration or annual membership fee.
- When members use their Matsumotokiyoshi Members Credit Card anywhere, they receive 1 point for every ¥100 they spend (excluding consumption tax), and when they use the card to purchase products at a Matsumotokiyoshi store, they receive an additional 1 point for every ¥100 of Matsumotokiyoshi cash points (excluding consumption tax) (some products excluded).
- Members can also take advantage of our 24-hour telephone counseling service to get advice about health, medical treatment, and nursing care 365 days a year. When traveling overseas, members are also covered by travel insurance for up to ¥20 million.



Matsumotokiyoshi Cash Point Card

- No registration or annual membership fee.
- Members receive 1 point for every ¥100 they spend (excluding consumption tax) (some products excluded).
- 300 points earn a customer a discount of ¥300 from their total purchase.



There's no rank higher than No. 1.



We'd like to ask you—what or who is No. 1 for you?
Is it the person who is the most considerate,
offers the greatest peace of mind,
and to whom you can talk to about anything?
Is it the drugstore that is closest to you
and the most enjoyable?
It's not easy to be No. 1.
But by doing many different things for you,
one after the other,
we'd like to become your No. 1 partner.
Of course, you can count on us to keep you healthy and
looking good, but we'd like to be the drugstore where good
things begin.
We are the “1st for you.”
We aim to be your No. 1
We want to go from being your “closest Matsumotokiyoshi”
to being your “regular Matsumotokiyoshi”—the one that fills
your prescriptions and takes good care of you.
We at Matsumotokiyoshi Holdings are taking a new step
forward, right in your direction.

1st for You.



Matsumoto KiYoshi
Holdings

Matsumoto KiYoshi Holdings, Co., Ltd.

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