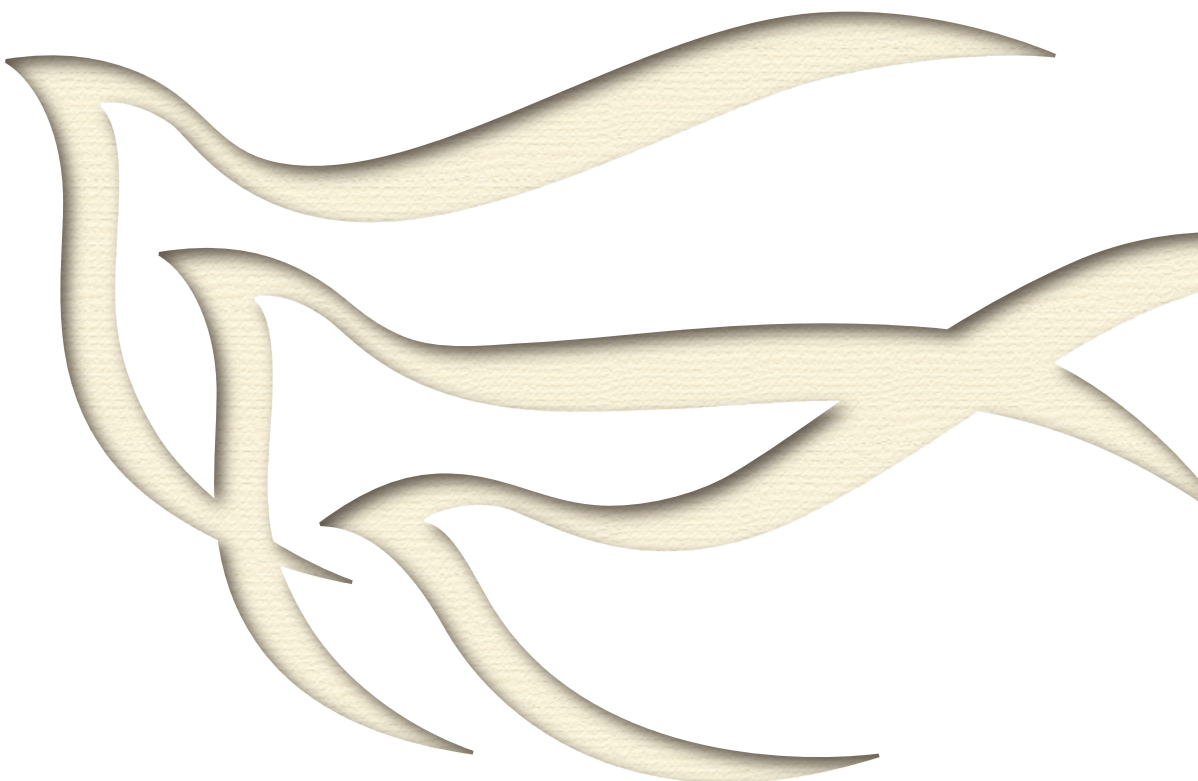




Matsumoto KiYoshi
Holdings



Corporate profile 2011

There is no rank higher than No. 1

Matsumoto KiYoshi Holdings Co., Ltd.
Management Philosophy of the Group

1st for You.

We will always...
Treat all of our customers with respect,
Provide them with the help and advice
they need to maintain and improve
their health and beauty,
Strive to be the friendliest drugstore.



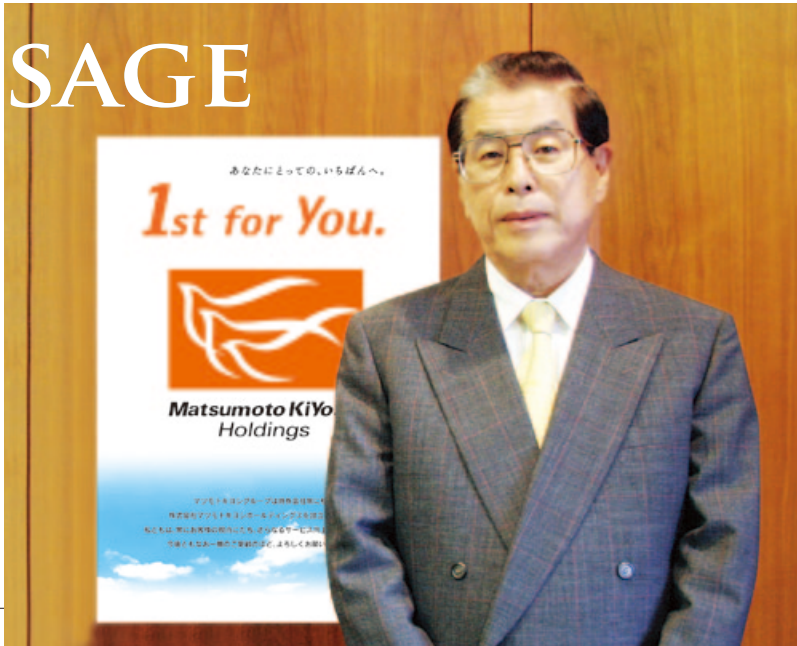
- The logo of Matsumotokiyoshi Holdings shows three fully grown birds in dynamic flight.
- The three birds in our logo represent our three-fold commitment to further growth: listening attentively to our customers, helping them improve their health and beauty, and achieving the further growth of our group.

TOP MESSAGE

MESSAGE FROM THE TOP EXECUTIVE

松本南海雄

Namio Matsumoto
Chairman and President,
Matsumotokiyoshi Holdings Co., Ltd.



Matsumotokiyoshi Group Aims for More Than 2,000 Stores by March 2016, To Achieve a 10% Share in Japan

“1st for You” is the management philosophy of Matsumotokiyoshi Holdings Co., Ltd., and it has inspired our drive for sustained growth and enhanced corporate value since our incorporation on October 1, 2007.

In this, our fifth fiscal year in operation, the group continues to expand its business network, and is now composed of 15 companies (including nine retail operating companies), plus 15 licensed franchise companies and six business partners, all under the leadership of Matsumotokiyoshi Co., Ltd.

At the end of March 2011 the retail operating companies had drugstores in 44 prefectures in Japan — a total of 1,213 stores spread throughout the country. These companies’ various management structures demonstrate different levels of profitability, and their profit structures face challenges that differ by location and store type. In April 2011, when I took the position of president of Matsumotokiyoshi Holdings again, I knew we must push forward resolutely to resolve such challenges promptly.

As president, I will work extra hard to ensure we strengthen ties among group members and develop a framework that brings out the strength of the group as a whole. We will do this by pursuing two major policy objectives: reform of our business structure, and reform of the mindsets and behavior patterns of our staff.

Matsumotokiyoshi, the core company in our group, is essential to our objective of bringing greater cohesiveness to the group. We will ensure it continues in the tradition of its founder by remaining true to its original ideals and spirit. Kiyoshi Matsumoto’s slogan, “Innovation Free from Conventional Thinking,” can be transformed into reality by Kiyoo Matsumoto, a man of outstanding leadership qualities who I have appointed president of the company.

During fiscal 2012 (ended March 31, 2012), we will continue our efforts to expand our business as the undisputed leader in the market, and to maintain a stable revenue base under our new management structure.



Corporate Data (as of June 30, 2011)

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

Chairman and President	Namio Matsumoto	Director	Kenichi Oyama	Executive Officer	Yukio Koyama
Senior Managing Director	Kazuo Narita	Standing Corporate Auditor	Tetsuo Omori	Executive Officer	Kunio Yamazaki
Senior Managing Director	Kiyoo Matsumoto	Corporate Auditor	Satoru Suzuki	Executive Officer	Eiichi Kitajima
Advisor	Tetsuo Matsumoto	Corporate Auditor	Kenji Morohoshi	Executive Officer	Takashi Matsumoto
Director	Koichi Nezu	Executive Officer	Toshio Hayata	Executive Officer	Hidesato Hiramatsu
Director	Masahiro Oya	Executive Officer	Takao Watanabe	Executive Officer	Shingo Obe
Director	Ryoichi Kobayashi	Executive Officer	Eiji Komatsu		

Primary Objectives

Further Business Expansion, and a Stable Revenue Base

Fundamental Management Policies of Matsumotokiyoshi Holdings

“1st for You” is the management philosophy of our group. We base our efforts on this philosophy, creating new value and offering conscientious services for good health and enjoyable living in two sectors important to our customers — their health and beauty.

Our group of companies also responds to the needs of the aging population of Japan, helping customers promote their own well-being, and contributing to local healthcare as family drugstore.

Matsumotokiyoshi Holdings: Management Growth Benchmarks

Our group’s long-term goal is to have a 10% share of the Japanese drugstore market by March 2016, with 2,000 stores under our group’s umbrella. To achieve this goal, our mid-term business objectives are group sales of 600 billion yen by March 2013 and a return on equity (ROE) exceeding 10%, in order to enhance corporate value and ensure sustainable growth.

Our group will strengthen its revenue base to generate stable profits even in the current difficult business environment, aiming to achieve sustainable growth in profits, thereby maximizing group corporate value.

ROE for the consolidated fiscal year ended March 2011 was 6.9%.

Overview of Results for Fiscal 2011 (ended March 2011); Challenges in the Current Fiscal Year

By the end of the last fiscal year (end of March 2011), the Japanese economy was experiencing an upswing, but the situation was still bleak for employment and incomes, and personal consumption remained weak. In addition, the March 11, 2011 Great East Japan Earthquake, reported to be the worst ever observed

since measurements began in Japan, caused tremendous damage to the Tohoku and Kanto regions and severely impacted economic activity.

The adverse business environment and disasters caused consumers to pull back from spending and created conditions where the future is unclear, and because of these factors the situation for the drugstore market in Japan remains difficult.

Against this backdrop, our group is promoting various measures based on the customer perspective. These include enhancing our counseling service system, promoting MK customer products (private brand products) that appeal to price-sensitive consumers, ensuring an attractive and varied product selection, and conducting efficient, effective sales promotion activities.

With regard to our business performance, record-breaking heat in summer and cold in winter boosted the sale of seasonal goods. Major products in demand throughout the year, such as combination cold remedies and products to combat increased airborne pollen levels, experienced significant growth, ensuring increases in revenues and profits.

A total of 78 stores were newly opened by group member companies, including our first drugstores in two prefectures, Tokushima and Yamaguchi. Drugstore renovations, a major policy measure, were done in 104 stores, and 41 stores were closed, some under a “scrap and build” policy. Thus, at the end of March 2011 the group had a total of 1,213 stores, in 43 prefectures in Japan. In February 2011 we signed a franchise agreement with Yasui Co., Ltd. (headquartered in Ichikawa-shi, Chiba, and in March 2011 we signed a letter of agreement with Kirindo Co., Ltd. (headquartered in Osaka-shi, Osaka) for the mutual provision of jointly developed private brand products.

It is forecast that at the end of March 2012 the consumer environment will still be experiencing difficulties, but our group intends to respond to this situation by enhancing its collaborative strengths and achieving its overall potential through management system restructuring.

Mid- to Long-term Group Strategies

The group will move forward with management reforms in the following two areas, to ensure a solid revenue base that can generate stable profits.

1. Reform of our business structure

We intend to shift to a new revenue model for our drugstore business, enhancing our potential for further revenues and thoroughly rationalizing operations.

We will also continue our efforts to strengthen drugstore competitiveness and bring fundamental improvements to profitability by, for example, developing a new suburban-type drugstore format. At the same time, we will reform our profit structure, mainly through comprehensive cost reductions and elimination of waste. We will also modify our management practices to facilitate the generation of more profits.

2. Reform of the mindsets and behavior patterns of our staff

We will draw on the pioneering spirit our company has exhibited while in leading the drugstore market, creating value greater than even customers expect.

We will restructure our management system and bring youthful vigor to corporate units, in order to adapt quickly to changes in the business environment and create an innovative corporate culture that is always ready to take up new challenges. We recognize the importance of employee satisfaction, since it encourages them to provide even higher quality services to our customers, so we will encourage greater dynamism in our corporate units and promote the development of workplaces where employees feel even more that their jobs are meaningful.

Challenges the Group Must Tackle

We will tackle the following major challenges that face the group.

1. Fundamental improvements in drugstore business revenues

We will offer full support for the promotion of good health so that illness has a hard time taking hold. By emphasizing prevention before illness strikes, and rapid detection and early treatment if it does strike, we will help people promote their own physical and mental health, and serve as family drugstores.

(1) Expand market share by attracting new customers in these ways:

- ① Develop a suburban-type drugstore format that combines the right balance of professionalism, convenience and effectiveness
- ② Develop a new pharmacy format that is clearly superior, in ways only Matsumotokiyoshi can demonstrate
- ③ Proactively open new drugstores with a view to achieving our vision of the future, and promote mergers and acquisitions and franchise agreements
- ④ Promote the development of family drugstores that are rooted in the community, and strengthen ties with local medical institutions
- ⑤ Study and research overseas growth markets, with a view to taking advantage of new business opportunities.

(2) Maintain the loyalty of our customers and increase our customer base in these ways:

- ① Develop areas of dominant influence that optimize the entire living zones of customers
- ② Provide products and services truly needed by customers
- ③ Develop marketing formats that focus on individual small communities, adapting flexibly and rapidly to the unique characteristics of each of those communities
- ④ Provide conscientious, attentive, friendly services

Priority challenges



2. Improvements in our profit structure (promotion of low-cost management policies)

By thoroughly pursuing rationalization and efficiency in our operations, we will strengthen our cost-competitiveness and establish a sturdy business foundation capable of ensuring high revenues.

We will take these steps to reduce variable costs:

- ① Reduce buying costs by taking advantage of economies of scale
- ② Reduce product prices by developing high value-added private brand lines
- ③ Reduce distribution costs by centralizing distribution hubs and restructuring distributions systems

And, to reduce fixed costs, we will strengthen ties within the group, in order to streamline and rationalize back offices, as well as achieve system integration. These measures will slash the inefficiencies and costs of the group as a whole.

3. Human resource training; revitalization of corporate units

We will promote improvements in the way managers and employees view their work and perform on the job, and boost the ability of corporate units to create new value for customers. These efforts will concentrate on:

- ① Proactive recruitment and promotion of up-and-coming young people
- ② Training the next generation of leaders, enabling them to take the company to new heights
- ③ Fostering a corporate culture that values uninhibited innovation

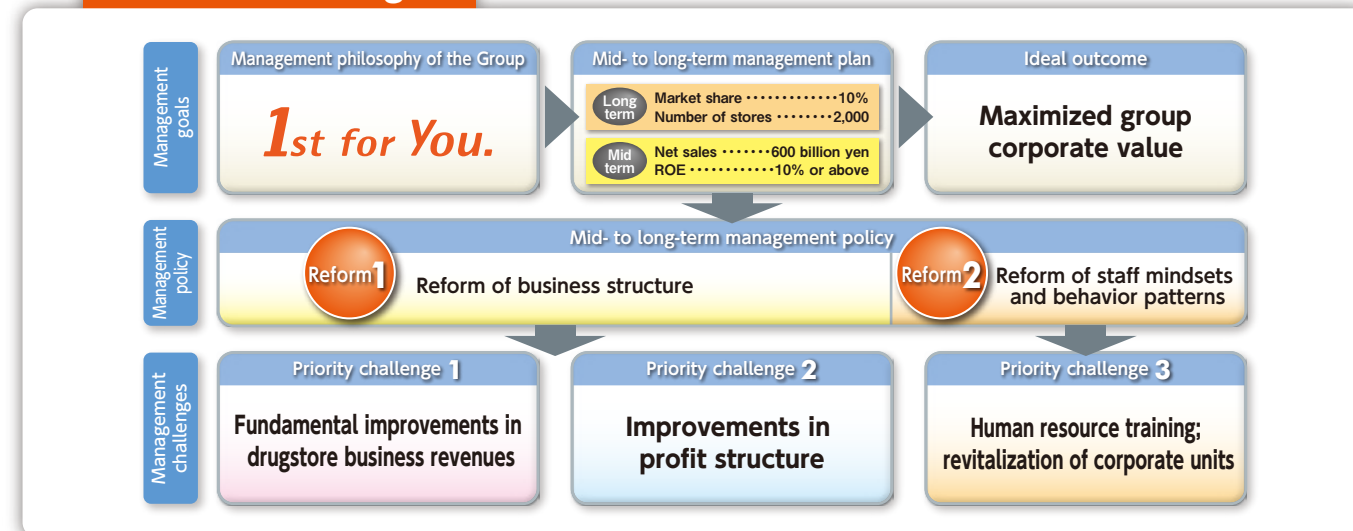
To maintain sustainable growth, we must attract and keep talented human resources who will drive that growth.

Our group will promote a wide range of efforts aimed at transforming workplaces into places where work is viewed as a form of personal development. Improving employee satisfaction will lead to an improvement in the quality of our services, which in turn will lead to greater customer satisfaction.

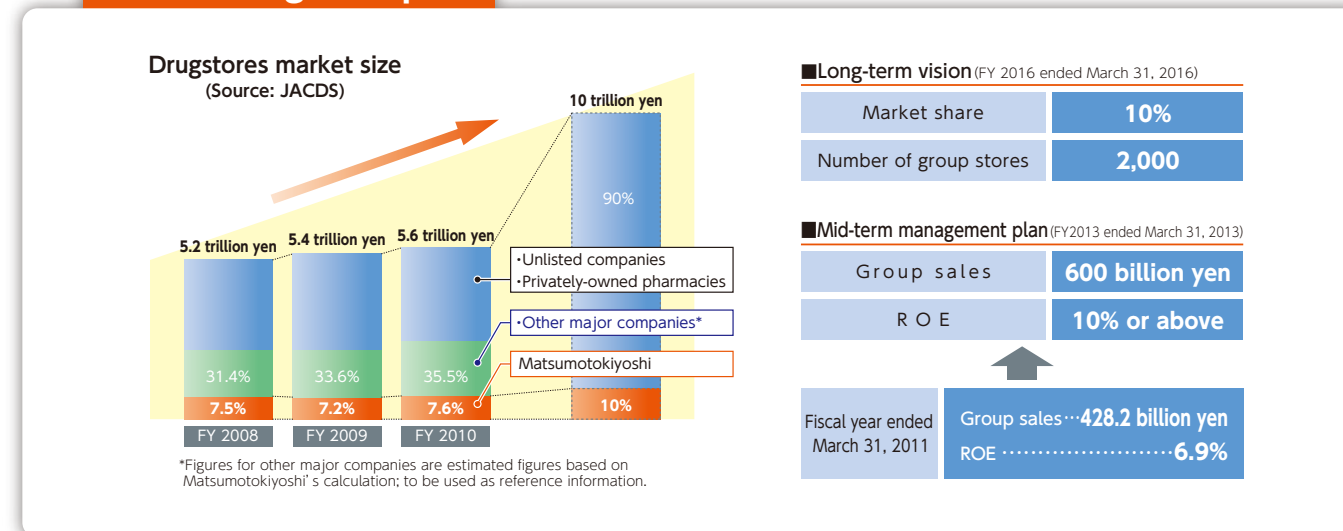


Matsumotokiyoshi Holdings Headquarters Annex
Shinmatsudo-ekimae store is annexed to the building on the first floor (opened April 28, 2011).

Outline of Strategies



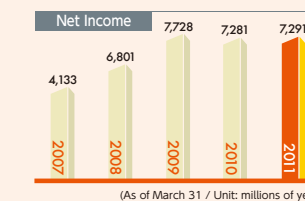
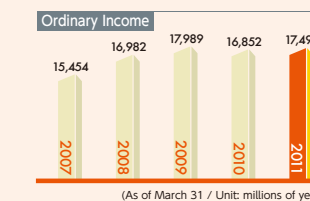
Mid- to long-term plan



Target for FY 2016, ended March 31, 2016

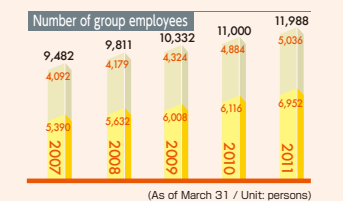
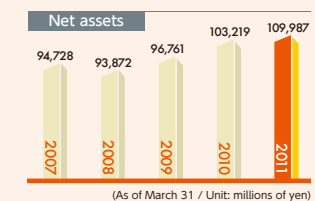
10% market share

Group aims to achieve a 10% market share.



Target for FY 2016, ended March 31, 2016

2,000 stores



History

Matsumotokiyoshi Holdings: From Early Beginnings to Current Growth

Matsumotokiyoshi Holdings Co., Ltd. has roots going back to the company Matsumotokiyoshi, which was founded in 1932 in the Kogane district of the city of Matsudo, Chiba Prefecture (not far from Tokyo). The founder's name was Matsumoto Kiyoshi (it is from him we get our corporate name). The store he opened as an independent business was called Matsumoto Pharmacy. His philosophy did not follow the business concepts current at the time — the ideals he embraced for his business were sincerity and empathy, and from these ideals came two slogans, Consideration for Customers, and Good Products at Better Prices. Customer satisfaction was the base he built on, and when he went to the United States and learned about chain store practices, he had the ingredients he needed to grow his business. More recently, in August 1990, the company began the public offering of over-the-counter shares. Then in August 1999 the company was listed in the First Section of the Tokyo Stock Exchange. Today, the company maintains its Number One ranking in drugstore sales in Japan.

This phenomenal growth was triggered by the opening of a drugstore geared for a truly urban environment. That was in July 1987, and the place was the trendy Ameyoko district of Ueno, Tokyo. Matsumotokiyoshi drugstores always aim to attract customers by supporting them in their pursuit of good health and beauty, offering a tremendously wide range of products in retail outlets where shopping is a pleasure. Our goal has been to have our stores in every part of Japan. The Matsumotokiyoshi Group began expanding in 2001 through a business tie-up with top community-based business enterprises. Since then, by pursuing business partnerships and capital alliances, and by establishing new companies, our group has grown to 15 companies, including nine retail operating companies. As of March 2011, our network of drugstores extends into 44 prefectures in Japan. Matsumotokiyoshi Holdings Co., Ltd. was established as a holding company in October 2007 through a share transfer, and we will ensure that our company continues to grow.

Timeline

1932 Establishment of Matsumotokiyoshi
Kiyoshi Matsumoto founds Matsumoto Pharmacy as a privately-run enterprise at 44 Kogane, Matsudo City (December 26).



1954 From private enterprise to incorporated body
Drugstore Matsumotokiyoshi incorporated (January), with a view to future growth.

1987 Pioneer urban drugstore
Innovative Ueno Ameyoko Store opens (July). It was a "friendly and accessible drugstore that offered consultations," which "aimed to make customers cheerful and bring them greater health and beauty."



1990 Public offering of over-the-counter shares
The Company receives approval from the Japan Securities Dealers Association to register its shares on the over-the-counter market (August).

1994 Opens first suburban-type Drugstore
First roadside-type Drugstore opens in Kaga, Kashiwa City (March).



1995 Company achieves largest sales in the Japanese drugstore market (March).
(Sales: 101,778 millions of yen / 216 stores)



1996 TV commercials start (April).



1999 Company listed on the First Section of the Tokyo Stock Exchange (August).



2001 Group expansion strategy starts.
Company commences business partnership with outstanding local companies.



Number of drugstores reaches 500 (March).

2002 Celebrates 70th year since establishment (January).



Point card services start (April).

2003 Business partnership/capital alliance established with Tobu Drug Co., Ltd. (December).



2005 New type of franchise package starts.
Keikyu Hautsu Store opens (August).



2007 Holding company Matsumotokiyoshi Holdings Co., Ltd. established (October).

2016 Target of achieving 10% share in the drugstore market, with 2,000 stores by fiscal year ended March 31, 2016.

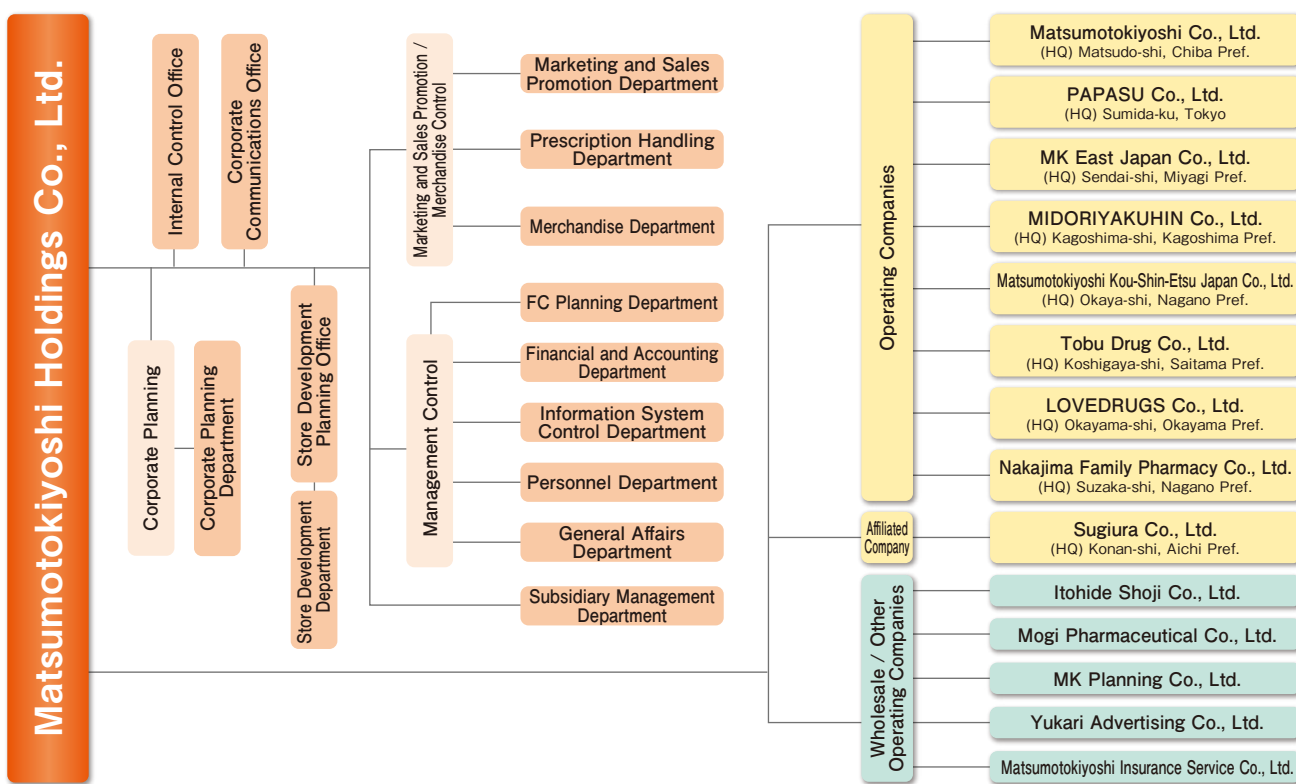


Number of stores (Unit: number of stores) Net sales (Unit: millions of yen) Note: Figures for 2007 and thereafter indicate number of stores of Matsumotokiyoshi Holdings.

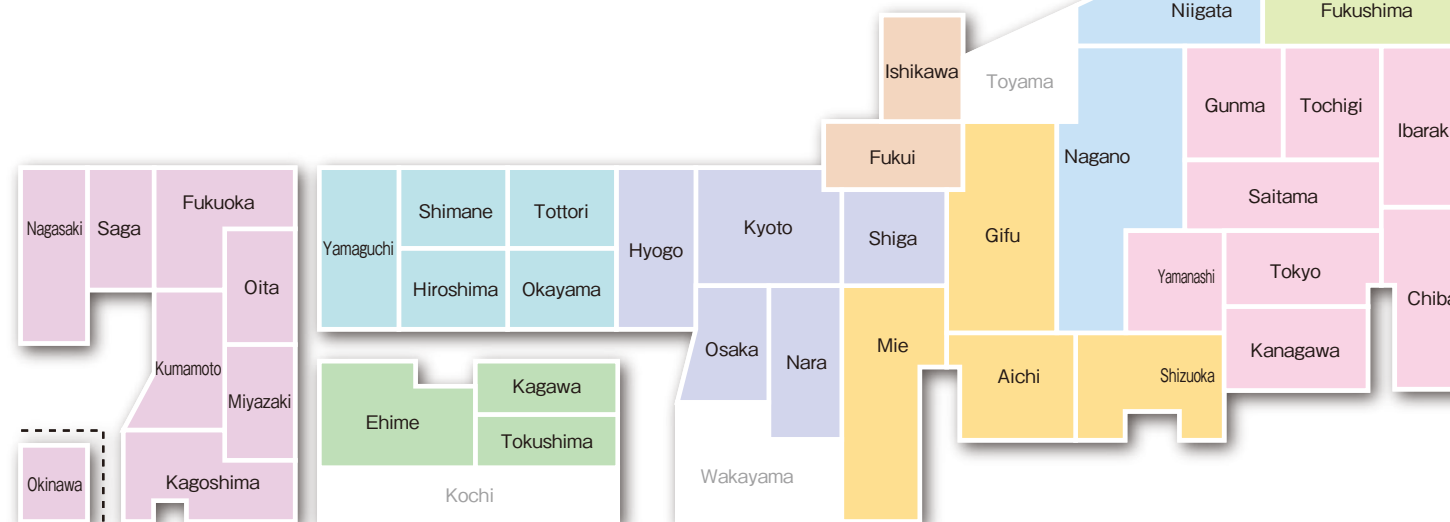
Group Network

Our network of stores covers 44 prefectures in Japan.
The Matsumotokiyoshi Group's family drugstores

Organization Chart



- Hokkaido and Tohoku Region
Hokkaido/Aomori/Akita/Iwate/Miyagi/Yamagata/Fukushima
- Kanto Region
Ibaraki/Tochigi/Gunma/Saitama/Chiba/Tokyo/Kanagawa/Yamanashi
- Tokai Region
Gifu/Shizuoka/Aichi/Mie
- Koushinetsu Region
Niigata/Nagano
- Hokuriku Region
Ishikawa/Fukui
- Kansai Region
Shiga/Kyoto/Nara/Osaka/Hyogo
- Chugoku Region
Tottori/Shimane/Okayama/Hiroshima/Yamaguchi
- Shikoku Region
Kagawa/Ehime/Tokushima
- Kyushu and Okinawa Region
Fukuoka/Saga/Nagasaki/Oita/Miyazaki/Kumamoto/Kagoshima/Okinawa



Matsumoto KiYoshi Holdings Co., Ltd.

Total Number of Stores
1,226
(As of June 30, 2011)

Group Company

MK Planning Co., Ltd.
3-5 Shimatsudo, Matsudo-shi, Chiba 270-0034 Japan
Phone: +81-47-349-7300

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

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

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

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

Affiliated Companies

Sugiura Co., Ltd.
ヘルスバンク
170 Kawahigashi, Wada-cho, Konan-shi, Aichi 483-8014 Japan
Phone: +81-587-54-1938

Group Company

マツモトキヨシ
Matsumotokiyoshi Co., Ltd.
9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8501 Japan
Phone: +81-47-344-5111
Kanto Region.....562 Chugoku Region.....12
Tokai Region.....30 Shikoku Region.....5
Kansai Region.....58 Kyushu and Okinawa Region.....42

ぱぱす
PAPASU Co., Ltd.
4-8-3 Yokokawa, Sumida-ku, Tokyo 130-0003 Japan
Phone: +81-3-5610-8811
Tokyo.....133
Chiba Pref.....1

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 Japan
Phone: +81-22-268-1780
Hokkaido and Tohoku Region...26
Kanto Region.....64
Hokuriku and Koushinetsu Region...10

株式会社 ミドリ薬品
MIDORIYAKUHI Co., Ltd.
8-8 Tokai-cho, Kagoshima-shi, Kagoshima 891-0115 Japan
Phone: +81-99-269-5188
Northern Kyushu Region...45
Southern Kyushu Region...85
Okinawa Pref.....6

マツモトキヨシ 甲信越販売
Matsumotokiyoshi Kou-Shin-Etsu Japan Co., Ltd.
1-4-18 Akahane, Okayama-shi, Nagano 394-0002 Japan
Phone: +81-266-22-8496
Niigata Pref.....21
Nagano Pref.....40
Fukushima Pref.....1

トブドラッグ
Tobu Drug Co., Ltd.
9-6 Gamou Asahi-cho, Koshigaya-shi, Saitama 343-0842 Japan
Phone: +81-48-990-7051
Saitama Pref.....20
Chiba Pref.....5
Tokyo.....7

くすりラブ
LOVEDRUGS Co., Ltd.
1-20-32 Fukutomi-Nishi, Okayama-shi, Okayama 702-8031 Japan
Phone: +81-86-265-4161
Okayama Pref.....34
Hiroshima Pref.....1
Hyogo Pref.....5

ナカジマ
Nakajima Family Pharmacy Co., Ltd.
2-7-12 Sumisaka, Suzuka-shi, Nagano 382-0099 Japan
Phone: +81-26-248-4980
Niigata Pref.....1
Nagano Pref.....12

Franchise Stores and Business Partners

(As of June 30, 2011)



Always ready to meet the next challenge,
all employees sharing common goals,
working for further growth within
a new corporate culture



Matsumotokiyoshi Co., Ltd.

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



President, **Kiyoo Matsumoto**

The next-generation Matsumotokiyoshi: A leading company in every sense of the word

The original company Matsumotokiyoshi was founded in 1932 by a man called Matsumoto Kiyoshi (family name: Matsumoto). Today it is the core enterprise within the Matsumotokiyoshi group, leading the way with the greatest sales in the Japanese drugstore market. This growth is due partly to the speed with which the group has opened new drugstores as the market grew. We are moving forward with two other policy measures in rectifying our position as a leading company — we are returning to our roots by aiming to achieve things no-one has attempted before, and we are considering deeply what it means to be better than the competition, and are acting accordingly. The management philosophy of Matsumotokiyoshi Holdings is “1st for You,” and the “You” now means all stakeholders, including customers, employees and shareholders. We are always considering what we should do for our stakeholders, and will continue to take them as our point of reference when making decisions and moving forward.

What it takes to be a leading company in every sense of the word

We have adopted the following three management policies to help us meet every challenge, with all employees sharing common goals as we work for further corporate growth.

- 1 We intend to keep our position as a leading company by maintaining our Number One ranking in sales volume in Japan, and by aiming for Number One ranking in ordinary profit ratios as well.
- 2 We are developing a new corporate culture and fostering a spirit of uninhibited innovation among corporate units. In this way we will regain the spirit that guided our predecessors when our company was first established.
- 3 Drawing strength from our position as the core company of the Matsumotokiyoshi Group, we will work hard to acquire a 10% share of the Japanese drugstore market.

Our business objectives

As one member of Matsumotokiyoshi Holdings, our company Matsumotokiyoshi interprets the basic management philosophy of the Group as follows:

We have expanded the meaning of “You” of the management philosophy, “**1st for You.**”
In this case, “You” means all stakeholders who are directly or indirectly involved in our business.

Customers	▶ We are proud to bring satisfaction to customers by supporting their pursuit of good health and beauty.
Employees	▶ We want our employees to find satisfaction in their work, and to achieve personal growth as contributing members of society.
Client enterprises	▶ We are promoting the development of the company together with client enterprises and all people and organizations we have business relations with.
Local communities	▶ Through our activities as a corporate entity we contribute to the well-being of local communities.
Shareholders	▶ We share profits with shareholders. These are the ways we work for our many stakeholders.

Business Contents

Matsumotokiyoshi Store Model

Matsumotokiyoshi opens stores in various locations, in different forms and according to specific customer bases.



Urban-type drugstores Example: Ginza 5th Store



Suburban-type drugstores Example: Ageo Store



Prescription pharmacies Example: Shinmatsudo Dispensary



Matsumotokiyoshi mail order website (nickname: “e! Matsumotokiyoshi”)
Offers a wide-ranging lineup of products, including some only available on the website.
<http://www.e-matsukiyo.com/>



Stores with long opening hours
9 urban-style stores currently operate around the clock.

Providing the latest information

Matsumotokiyoshi caters to customers' needs with various information tools.



Matsumotokiyoshi mobile site



Mobile membership

More convenience with
contactless wallet phones



Point Application
(can be used on cell phones and smartphones)



Mobile site Tokumo
(offers discount coupons)



Free paper Digimaga
(published on the 1st of every month)



Newspaper flyers
They can also be viewed on the
Matsumotokiyoshi corporate website.

Focus

The entire building renovated into a facility with products focusing on total beauty



Shibuya Part 2 Store
(opened after renovation on December 10, 2010)



Pharmaceutical and health food products floor



Counseling cosmetics floor



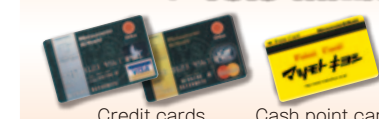
Nail salon



Self-care beauty corner

Matsumotokiyoshi Members Card

Membership: **15.3 million**



Credit cards Cash point card

Store expansion

Eastern Japan
562 stores

Western Japan
147 stores

Total of
709 stores
throughout Japan

New stores

Expansion of our drugstore network to cover
44 prefectures across Japan



Tokushima-station Clement Plaza Store (opened June 11, 2010)
First store in Tokushima Prefecture



Seamall est Store (opened December 7, 2010)
First store in Yamaguchi Prefecture

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



PAPASU Co., Ltd.

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



President, **Koichi Nezu**

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.

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



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 Japan
Phone: +81-22-268-1780



President, **Keiichi Okano**

Retail outlets rooted in communities in Hokkaido and 12 prefectures in eastern Japan

Hearing the words “Thank you” makes us happy.
In order to truly put the customer first, we know we must provide services that take the perspective of each individual customer into account and offer consulting services that are based on our professional knowledge of health and beauty. These are the ways we will continue to raise customer satisfaction. The many “Thank you” we hear make employees feel their work is even more meaningful. This prompts all of us employees to strive every day for an even higher level of professional services, as we assist customers in their pursuit of health and beauty.

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

Chiba Pref. 1 store

Tokyo 133 stores

Total of
134 stores
in Tokyo and
Chiba

Focus

Papasu Koto-sengoku Store



This pharmacy moved from its old location in Ishijima and opened anew on April 22, 2011. Many of its daytime customers are older adults, but in the evening lots of housewives come in. Customers tend to use the store to buy what they need for their daily lives. To keep our customers from the former drugstore coming, and to attract new customers who would also come by car, we laid out eight new parking spaces. Papasu's Koto-sengoku Store will continue its efforts to be the most convenient one in the neighborhood, and the one with the friendliest services.

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

Hokkaido and Tohoku Region
Total of 26 stores

Hokkaido 2 Akita Pref. 2
Aomori Pref. 3 Miyagi Pref. 5
Iwate Pref. 2 Yamagata Pref. 1
Fukushima Pref. 11

Kanto Region
Total of 64 stores

Gunma Pref. 30 Tochigi Pref. 34

Hokuriku and Koushinetsu Region
Total of 10 stores

Fukui Pref. 1 Ishikawa Pref. 2
Nagano Pref. 2 Niigata Pref. 5

Focus

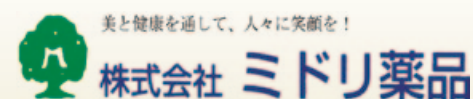
Matsumotokiyoshi Fukushima-minami Store



This store was scheduled to open in the latter part of March 2011, but due to the impact of the Great East Japan Earthquake, it only opened on April 1. It currently has the largest retail floor area (approx. 1,200 square meters) of all of our drugstores. Customers, perhaps tired after shopping, can relax in the pharmacy café (the Excelsior Café), located next to the rest area of the store.

Total of
100 stores
in Eastern
Japan

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



MIDORIYAKUHIN Co., Ltd.

8-8 Toukai-cho, Kagoshima-shi, Kagoshima 891-0115 Japan
Phone: +81-99-269-5188



President, **Takao Watanabe**

Group market share continues to expand, thanks to good locations in areas in Kyushu where people live and congregate

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.

Our goals for our customers: Better health and beauty Everything begins with our customers



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 Japan
Phone: +81-266-22-8496



President, **Yasuharu Iura**

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



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



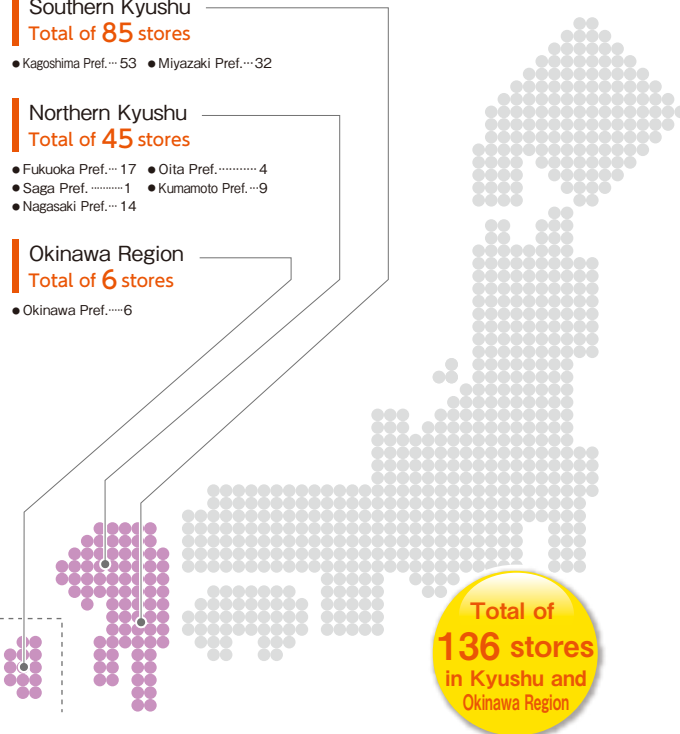
As doctors and pharmacies become separate operations, we have begun operating pharmacies in our drugstores. This allows us to become further specialized and contribute to local medical services as a family drugstore.

Store expansion

Southern Kyushu
Total of **85 stores**
● Kagoshima Pref. 53 ● Miyazaki Pref. 32

Northern Kyushu
Total of **45 stores**
● Fukuoka Pref. 17 ● Oita Pref. 4
● Saga Pref. 1 ● Kumamoto Pref. 9
● Nagasaki Pref. 14

Okinawa Region
Total of **6 stores**
● Okinawa Pref. 6



Focus

MatsumotokiYoshi Tamana Store



This store opened on May 28, 2011 just a 5-minute walk from Tamana Station beside a

major road and residential street in the middle of Tamana, central Kyushu. It is located in a small but popular complex called You Land Tamana, which also houses enterprises centered around the DVD rental outlet Tsutaya, including a Family Mart convenience store and a cram school. Many of the customers are women, and the wide selection offered in the cosmetics section near the entrance does a very good business. It offers everyday low price items and daily consumables with more shelving and display space than ever before, and aims to attract even more customers in the future.

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

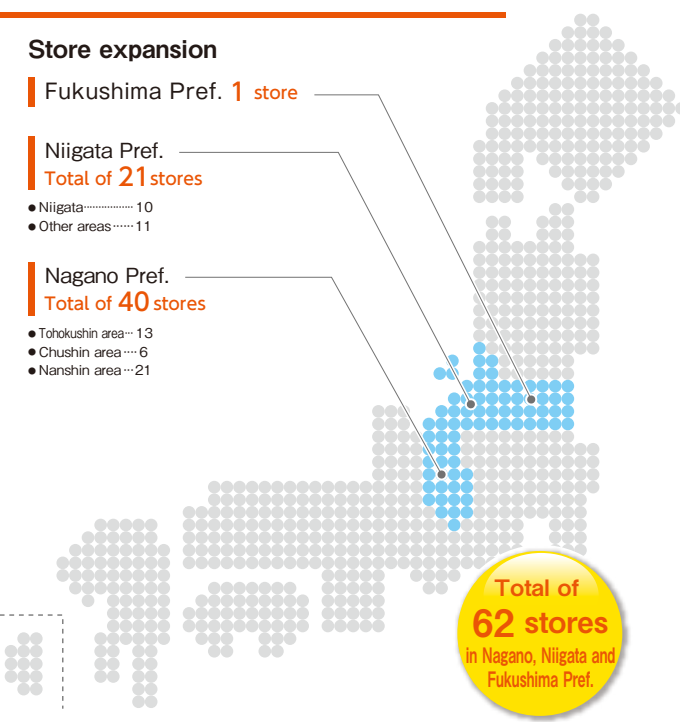
Fukushima Pref. **1 store**

Niigata Pref.
Total of **21 stores**

● Niigata 10
● Other areas 11

Nagano Pref.
Total of **40 stores**

● Tohokushin area 13
● Chushin area 6
● Nanshin area 21



Focus

MatsumotokiYoshi Sado Store



The large island of Sado lies off Honshu in the Sea of Japan, and on that island is the first pharmacy we established since the merger that formed our company. The strength of Kenko Kazoku Drug Corporation lay in medications and cosmetics, while the strength of Max Co., Ltd. lay in food products and miscellaneous goods. We are working at combining the strengths of both former companies. The pharmacy on Sado has many strong competitors, but it is taking advantage of its somewhat spacious size (about 1,150 square meters) to welcome customers with a wide range of products.

Drugstores fully trusted by customers and patients

トウブドラッグ

Tobu Drug Co., Ltd.

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



President, **Masami Kato**

Expanding group market share, especially near Tobu Railway stations in Greater Tokyo

Since our company was established in 1967, our main sphere of operations has been near stations on Tobu Railway lines serving Greater Tokyo. Guided by our motto Customers First, we serve as full-fledged healthcare advisors focusing on customers' good health and beauty. Our multi-faceted consulting services are designed to be proactive and effective. In addition to pharmaceuticals we offer a wide range of products, even everyday items, assisting customers in their pursuit of convenience in daily living. Always friendly and positive in outlook, our staff aim for the satisfaction of the customers and patients we meet at our stores.

Earning the trust of customers and patients with professional community-based drugstores



LOVEDRUGS Co., Ltd.

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



President, **Kunio Yamazaki**

Expanding group market share in the Sanyo region

Our drugstores are located mainly in Okayama Prefecture, and in some other parts of the Sanyo region as well. Our constant aim is to serve as family drugstores in local communities, especially for our consulting services promoting good health and a pleasant appearance. So we make sure our family drugstores offer the convenience and professionalism they expect.

We strive hard for even higher levels of customer satisfaction and for employee satisfaction as well — we want our workers to be proud they belong to our company, and to find their work meaningful.

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 Matsumotokiyoshi Group in 2004, our stores inside of Tobu Railway stations began using "Matsumotokiyoshi."

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

Chiba Pref. Total of **5** stores
Saitama Pref. Total of **20** stores
Tokyo Total of **7** stores

Total of **32** stores in Kanto Region

Focus

Tobu Drug Iwatsuki-Honcho Store



We opened this pharmacy on December 10, 2010. We chose a location about 300 meters from Iwatsuki Station on the Tobu Noda railway line to take advantage of its convenience for people living within walking distance from the station. The store has a modest design but offers such a wide array of products that customers are sure to find what they need in everyday living— everything from Over-The-Counter medicines, medical supplies and nutritional supplements to cosmetics, everyday items and some food products. We are regularly expanding our lineup even more.

Business Contents

Drugstores



Our company has developed a suburban-style chain of drugstores located mainly in commercial complexes and residential districts in Okayama, Fukuyama (Hiroshima Pref.) and Himeji (Hyogo Pref.). We value good communication with our customers, and always aim to give them the personalized service they appreciate.

Pharmacies



In the Okayama area, we empathize with patients, taking their point of view into account. Through close, friendly relations with our customers, we can be sure they will continue to choose us.

Store expansion

Hyogo Pref. **5** stores
Okayama Pref. **34** stores
Hiroshima Pref. **1** store

Focus

Love Drugstore Okakita Store



With a number of universities in the neighborhood, including Okayama University and Okayama University of Science, this drugstore is located in a community that is home to many students. In July 2010, we examined customer movement patterns and changed the layout, then added product lines such as liquor, rice, bread and other food products to improve customer convenience. We renovated the space in other ways as well, to encourage customers to visit more often and make it easier for them to move around inside. Since the renovations there has been a significant increase in sales, customer numbers and items purchased, and this pharmacy currently has the largest sales in our network.

Total of **40** stores in the Sanyo region



**“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.**

ナカジマ
Nakajima

Nakajima Family Pharmacy Co., Ltd.

2-7-12 Sumisaka, Suzaka-shi, Nagano 382-0099 Japan
Phone: +81-26-248-4980



President, **Katsuhiko Nakajima**

Expanding group market share mainly in northern Nagano Prefecture

We are practicing the Matsumotokiyoshi Holdings management philosophy, 1st for You, in every area we serve. We stock a wide range of products including MK customer products and our staff have a deep understanding of the needs of local communities. We are proactive in offering seminars to our specialist staff, especially our pharmacists and OTC medicine counselors, helping them become even better equipped to provide professional advice. We are raising the professional expertise of our drugstores and prescription pharmacies and dispensing business, working as a team player within the Matsumotokiyoshi group to develop retail businesses well patronized by the communities they serve.

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

Niigata Pref. **1 store**

Nagano Pref.
Total of 12 stores

● Hokushin area 11
● Chushin area 1



**Total of
13 stores
in Nagano and
Niigata Pref.**

Focus



Nakajima Family Pharmacy Furuma Store

This store is located in a large, densely occupied commercial zone in northern Nagano Prefecture, near outlets that include the well-known Komeri Hard & Green, Shimamura and 7-Eleven chains. The professional services of the pharmacy focus on health and beauty. It is enhancing its food products line to offer customers

greater convenience, and to encourage them to shop in their own community. The store strives daily to provide personalized, dependable and convenient services to all, from older adults to parents coming with small children. It is an eager participant in efforts by Matsumotokiyoshi Holdings to keep expanding its pharmacy network.

CSR

Matsumotokiyoshi Holdings: Corporate Social Responsibility in Action

Matsumotokiyoshi Holdings extends its condolences to the many victims of disasters caused by the Great East Japan Earthquake that struck on March 11, 2011.

To support in their efforts to rebuild their devastated communities, our group of companies donated relief funds and supplies, and collected donations from the general public in our drugstores. Please see below for a description of our efforts in this regard. In response to the ongoing electric energy shortage, we are continuing to conserve energy in our operations. We are also doing what we can to assist people in the stricken areas, so that they can return to their regular lives as quickly as possible.

1. Donation of relief funds

The Matsumotokiyoshi Holdings group of companies has donated a total of 120 million yen to the five prefectures most severely affected by the disasters (Iwate, Miyagi, Fukushima, Ibaraki and Chiba prefectures).

2. Donation of relief supplies

In response to requests for aid from the stricken areas, our group has donated supplies valued at a total of 30 million yen, primarily products required for daily life and sanitation.

3. Collection of donations

Group stores have encouraged the general public to make cash donations in boxes and donations of their Cash Points. A total of 41,533,362 yen raised this way was donated through the Japan Association of Chain Drug Stores (JACDS) to the Japanese Red Cross Society, to be given to afflicted areas.



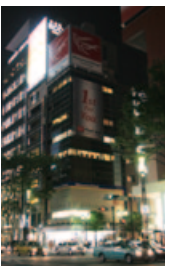
On Monday, April 18, 2011, relief supplies were loaded onto this truck at Matsumotokiyoshi Holdings HQ and delivered directly as a donation to the emergency supply center at Ishinomaki City Hall.

4. Employment support measures

Our group expanded its employment criteria to hire graduates who were not hired at other companies due to the disasters, and to hire other graduates unable to find work elsewhere.

5. Energy conservation

In response to electricity shortages, during our daily operations we are lowering energy consumption as much as our customers find acceptable, and are reducing electricity use at group offices as much as possible without jeopardizing business continuity.



Less illumination at Ginza 5th Store

Relief fund collections in pharmacies and assistance for others in need

Relief funds for flooded Amami district in southern Japan

In response to serious flooding in the Amami district of Kagoshima Prefecture in October 2010, the retail outlets of Matsumotokiyoshi Co., Ltd., MIDORIYAKUHIN Co., Ltd. (Kagoshima Pref.) and about 1,200 other outlets of the group's operating companies throughout Japan collected emergency relief funds.

Collection of donations for Solaputi Kids' Camp

The Solaputi Kids' Camp in Japan offer outdoor experiences and clinical facilities for approximately 200,000 children fighting incurable diseases in Japan. Our group, a member of the Japan Association of Chain Drug Stores (JACDS), is collecting donations for the camp construction to support the efforts of the association.



Donation of type N95 particulate respirators for Foot-and-Mouth Disease Task Force in Miyazaki Prefecture

In July 2010, our group donated type N95 particulate respirators to the Foot-and-Mouth Disease Task Force in Miyazaki Prefecture, to be used by people doing on-site work there and others working in that sector.

Other corporate social responsibility (CSR) activities

Participation in the Kodomo 110-ban child protection program

Kodomo 110-ban is a program established with the cooperation of the police to protect children from becoming victims of crime by providing emergency safe havens where they can go to seek help. Our group's CSR activities include support for this program, and in this way too we contribute to the safety and security of communities, helping them protect children, who are our future. (“Dialing “110” connects the caller to the police.”)



Seminars in taking responsibility for one's own health

Our group is conducting promotional activities to educate the public in ways to maintain their own health, acting in a responsible advisory capacity to suggest how to improve their health and beauty. The program includes always-popular seminars facilitated by reputable experts.



Donation of portion of sales revenues for Pink Ribbon Campaign

Part of the revenues from sales of Lung Ta shampoo, an MK Customer brand product celebrating its second year on the market, were donated by our group to the Pink Ribbon Campaign, which is working to reduce the incidence of breast cancer.



Pursue professionalism

True professionalism, bolstered further by thorough training programs

Because we are specialists... The professional role of our specialist pharmacies

●Pharmacists and OTC Medicine Counselors

Pharmaceutical Affairs Law amendments, which came into force in June 2009, divided Over-The-Counter medicines into three categories (Categories 1, 2 and 3), and established a per-category system designating the specialists qualified to sell them. The amendments were introduced to encourage people to take responsibility for their own health by coping with slight physical ailments on their own, treating minor illnesses on their own, and taking steps to prevent a condition from becoming a lifestyle disease or other serious illness. Promotion of these measures is expected to cut down on the cost of medical care in Japan, which is predicted to rise to 1.4 times the current level by 2025.* When the new system becomes more entrenched, it is predicted that more OTC medicines will be marketed to prevent or at least ameliorate lifestyle diseases and other illnesses, making it possible to switch from prescription medicines to effective OTC ones available at local pharmacies. Our group continues to promote the development of a highly professional, responsive sales environment where our specialists, both pharmacists and OTC Medicine Counselors working at drugstores with local roots, help customers maintain and improve their health.

* Estimates from the Japanese Ministry of Health, Labor and Welfare

Pharmacists

Pharmacists handle all medications, including prescription pharmaceuticals. Category 1 non-prescription medicines (those that have a strong effect) can only be handled by a pharmacist. Pharmacists also provide written information and advice on medications.



OTC Medicine Counselors

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



●Far-reaching training programs

We provide personalized customer services and conduct training programs for sales staff, to ensure customer loyalty in our local Family Drugstores.



Matsumotokiyoshi's human resource training programs:

Produce specialists with a high degree of professionalism
Instill responsibility for the Matsumotokiyoshi pharmacies of tomorrow
Help us keep improving our business performance.

●Responding to diverse customer needs

Our group will continue to open new drugstores that put customer needs and convenience first. We are always keen to offer even more comprehensive services in our prescription pharmacies and dispensing business and are increasing the number of pharmacies with extended business hours.



Prescription pharmacy located near a hospital

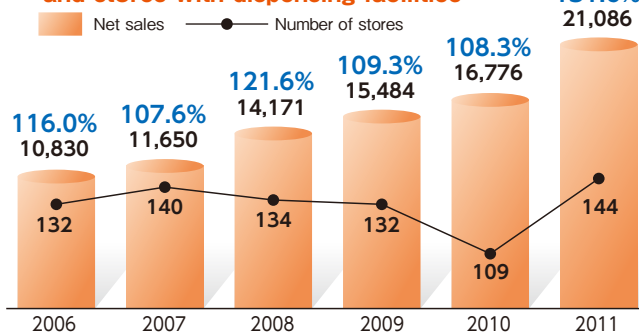


Drugstore with dispensing facility



Prescription reception counter

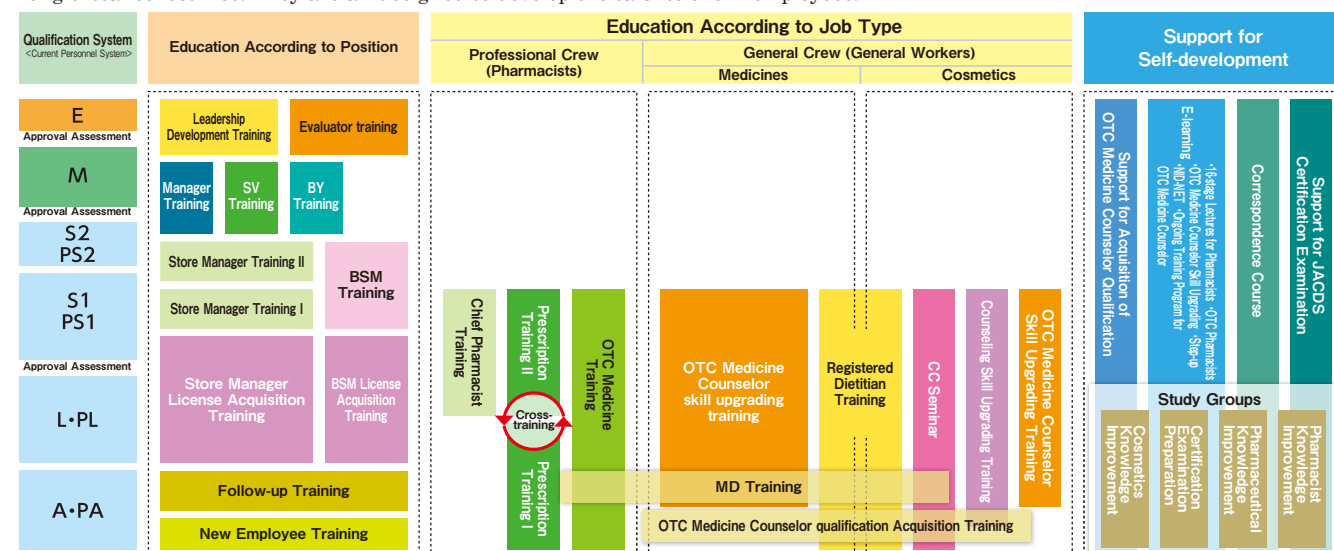
●Number of prescription pharmacies and stores with dispensing facilities



* Net sales figures are the simple aggregate of sales of retail operating companies. * Group companies include Matsumotokiyoshi, PAPASU, MK East Japan (MKE), MIDORIYAKUJIN, Matsumotokiyoshi Kou-Shin-Etsu Japan, Tobu Drug, LOVEDRUGS, and Nakajima Family Pharmacy. * For MKE, sales figures begin from October 2006; for MIDORIYAKUJIN, LOVEDRUGS and Nakajima Family Pharmacy, they begin from April 2010.

●Training to develop even higher levels of professionalism

Our training programs develop employee capacity through profession-specific training, rank-specific training, e-learning, and long-distance lectures. They are all designed to develop the talents of our employees.



As of April 2011

The MK Customer Private Brand

MK Customer is the name for products Matsumotokiyoshi has developed from the viewpoint of the customer to help them take responsibility for their own health.

MK CUSTOMER

MK
CUSTOMER



MK CUSTOMER

Five benchmarks guiding our operations

- 1 Safety and security**
We always strive for safety and security, carefully selecting medicinal ingredients, rigorously checking manufacturing processes, and conducting strict final trials.
- 2 The customer perspective**
We monitor the development of new products, making sure that quality and function are in full concordance with customer perspective.
- 3 Reasonable pricing**
While ensuring high quality, we also keep prices as low as possible. We believe that reasonable pricing is an important business criterion.
- 4 Products for health and beauty**
We develop and recommend the type of products a pharmacy should carry for customers taking responsibility for their own health, especially products conducive to healthy living, and products that respond to customers' needs for an attractive outer appearance and a more healthy inner condition.
- 5 Eco-friendly product development**
We emphasize eco-friendly manufacturing methods and packaging, and the use of ingredients that keep in mind the health of the planet.



Matsumoto KiYoshi
Holdings

Matsumoto KiYoshi Holdings Co., Ltd.

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