



NEWS RELEASE

September 15, 2009

Integration of Purchasing and Distribution Divisions of JS Group Companies
JS Supply Corporation will be established on October 1, 2009
Accelerating Synergy Generation to Achieve Medium-term Management Targets

JS Group Corporation (“JS Group”, Head quarter: Chuo-ku, Tokyo; President: Masahiro Sugino) will establish a new company called JS Supply Corporation (Head quarter: Koto-ku, Tokyo, President: Fujio Yoshiike) on October 1, 2009 as a shared service company by integrating purchasing and distribution functions of Tostem Corporation (Head quarter: Koto-ku, Tokyo; President: Yoichiro Ushioda) and Inax Corporation (Head quarter: Tokoname City, Aichi Prefecture; President: Ryuichi Kawamoto).

[Particulars of the Establishment]

JS Group is targeting 5.0 billion yen worth of synergy effect during the year ending March 2011 in order to achieve medium-term management targets by strengthening synergy-generating measures, integrating group companies’ overlapping areas, and mutually using various management resources. JS Group has long considered of establishing a shared service center, which would substitute headquarter functions and service functions that overlap among various group companies.

As a first step, JS Group will establish JS Supply Corporation by integrating purchasing and distribution divisions of Tostem and Inax.

Going forward, we will continue to integrate overlapping functions of group companies in order to achieve medium term target and to improve profitability of the Group. Targeted areas will include human resources and administrative functions, accounting and financial functions, IT functions, and construction and services functions.

Out of the functions mentioned above, Tostem and Inax will integrate part of their IT divisions from October 1, 2009 in order to start integrating the IT systems that would meet the requirements of shared service companies and optimization of housing equipment businesses.

[Objectives of the new company]

By the integration of purchasing and distribution divisions of Tostem and Inax, we expect to save 1.7 billion yen, of which 700 million yen is purchasing cost and 1.0 billion yen is distribution cost.

<Major Policies to Generate Synergies>

Purchasing division:

1. Cost reduction by joint purchasing of similar products
2. Cost reduction by the integration of specification and purchasing conditions
3. Cost reduction by economy of scale

Distribution division:

1. Cost reduction by joint delivery using major delivery routes (Improve loading ratio)
2. Cost reduction by integration of distribution centers and by decrease in fixed costs
3. Integrate local redistribution sites and improve efficiency by joint delivery

[Outline of JS Supply Corporation]

Establishment: October 1, 2009

Company name: JS Supply Corporation

Head quarter: 2-1-1 Ojima, Koto-ku, Tokyo 136-8535

Employees: 1,200 people

Capital stock: 50.0 million yen (100% subsidiary of JS Group Corporation)

Major business: Material purchasing and distribution services of building materials and housing equipment

Board: President Fujio Yoshiike
Director Toshio Otake
Director Akira Tada
Director Yasuo Nagasaka
Director Yoshinobu Kikuchi
Auditor Satoshi Koshida