

October 11, 2018

This document is an English translation
of a statement written originally in Japanese.
The Japanese original should be considered
as the primary version.

ITOCHU Corporation

(Code No. 8001, Tokyo Stock Exchange, First Section)

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**Announcement in Relation to Planned Commencement of Tender Offer and Transfer of Shares Accompanying
Change in Subsidiaries by a Subsidiary (FamilyMart UNY Holdings Co., Ltd. (Code No. 8028))**

ITOCHU Corporation (hereinafter referred to as “ITOCHU”) announces as attached that FamilyMart UNY Holdings Co., Ltd. (First Section of the Tokyo Stock Exchange and First Section of the Nagoya Stock Exchange, Code No. 8028; hereinafter referred to as “FamilyMart UNY HD”), a subsidiary of ITOCHU, has decided at the meeting of its board of directors held today in relation to (i) a fully-owned subsidiary of FamilyMart UNY HD acquiring the shares of common stock of Don Quijote Holdings Co., Ltd. (First Section of Tokyo Stock Exchange, Code No. 7532) by tender offer (hereinafter referred to as the “Tender Offer”) in accordance with the Financial Instruments and Exchange Act (Act No.25 of 1948, as amended) and (ii) the execution of the share purchase agreement for the transfer of all shares (hereinafter referred to as the “Transfer”) of UNY CO., LTD., a subsidiary of FamilyMart UNY HD.

Although the impact of the Tender Offer and the Transfer on ITOCHU’s consolidated business results in the fiscal year ending March 31, 2019 is currently under close examination, the forecast of net profit attributable to ITOCHU of 500 billion yen revised on October 1, 2018 remains unchanged at this moment.

(Attachment)

The disclosure document released by FamilyMart UNY HD;

“Announcement of Planned Commencement of Tender Offer for Shares in Don Quijote Holdings Co., Ltd. (Code No. 7532) and Transfer of Shares Accompanied by Changes to Subsidiary”



October 11, 2018

To Whom It May Concern

Company Name: FamilyMart UNY Holdings Co., Ltd.
(Code No. 8028; First Sections of Tokyo Stock
Exchange and Nagoya Stock Exchange)
Name of Representative: Koji Takayanagi, Representative Director and President
Contact: Hiroshi Iwasaki, General Manager of Corporate
Communications Office (TEL.+81-3-3989-7338)

Announcement of Planned Commencement of Tender Offer for Shares in Don Quijote Holdings Co., Ltd. (Code No. 7532) and Transfer of Shares Accompanied by Changes to Subsidiary

FamilyMart UNY Holdings Co., Ltd. (“**FamilyMart UNY HD**” or the “**Company**”) gives notice as follows of the resolution at the meeting of its board of directors held today in relation to (i) the Company’s fully-owned subsidiary (the “**Tender Offeror**”) acquiring the shares of common stock (the “**Target Company Shares**”) of Don Quijote Holdings Co., Ltd. (First Section of the Tokyo Stock Exchange, Code No. 7532; the “**Target Company**”) by tender offer (the “**Tender Offer**”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”) and (ii) the execution of the share purchase agreement (the “**Share Purchase Agreement**”) for the transfer of all shares (the “**Transfer**”) of UNY CO., LTD. (“**UNY**”), a consolidated subsidiary of FamilyMart UNY HD.

The details of the Tender Offeror are undetermined at present. The details will be announced after they are determined.

The Tender Offer is scheduled to be implemented promptly if the conditions have been satisfied including (i) the Target Company’s board of directors has resolved to express an opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution.* As of today, FamilyMart UNY HD aims to make the Tender Offeror commence the Tender Offer in early November 2018. The Target Company gave its opinion as of today at the Target Company’s board of directors meeting held today that the Target Company supports the Tender Offer if it is commenced, and the Target Company Shares are scheduled to remain listed even after the Tender Offer. Therefore, the board of directors resolved to leave the decision of whether the Target Company shareholders should tender their shares in the Tender Offer to the Target Company shareholders. However, the Tender Offer is scheduled to commence on the condition of certain matters set out above, and as of today, certain details regarding the Tender Offer, including the details of the Tender Offeror are not settled. Therefore, the Target Company’s board of directors plans to make another resolution expressing its opinion of the tender offer at the time the Tender Offer commences. Further, the procedures, etc. the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “**Anti-monopoly Act**”) have not been completed as of today, but it is expected to be completed before commencement of the Tender Offer or without delay after commencement of the Tender Offer at the latest. If there are any changes to that forecast, the timing of commencement of the Tender Offer may be postponed or the period of purchase under the Tender Offer (the “**Tender Offer Period**”) extended.

In addition, FamilyMart UNY HD and the Target Company confirm that they will maintain the listing of the Target Company Shares, even after completion of the Tender Offer, and the listing of the Target Company Shares on the First Section of the Tokyo Stock Exchange is expected to be maintained, even after the Tender Offer.

* In addition to (i) above, the following are conditions to the implementation of the Tender Offer:

- (ii) no actions, suits or proceedings seeking prohibition or restriction of the commencement of the Tender Offer are pending with a judicial or administrative agency, etc., and there is no determination, etc. made by a judicial or administrative agency, etc. prohibiting or restricting the commencement of the Tender Offer,
- (iii) there are no unannounced material facts (meaning material facts set out in Article 166, Paragraph 2 of the Act) and no facts relating to a tender offer (meaning facts set out in Article 167, Paragraph 2 of the Act) in relation to the Target Company, and
- (iv) no events that may have a material adverse effect on the businesses, financial conditions, management conditions or cash flow, or forecasts thereof, of the Target Company or its subsidiaries or affiliates, and no material changes in the domestic or overseas stock markets or other market environments, financial environments, or economic environments have occurred.

The Transfer and the Tender Offer are separate and independent transactions and are not conditions for the other transaction. Therefore, even if all or part of either transaction is not completed as planned, the other transaction may be implemented.

In addition, after implementation of the Transfer and the Tender Offer, the Company intends to move forward with considering a review of the holding company structure, such as changing the Company's name and the reorganization of the Company group, in preparation for the annual shareholders meeting to be held in May 2019. We will announce once a decision is made on that matter.

I. Planned Commencement of the Tender Offer

1. Purpose of the Tender Offer, etc.

(1) Purpose of the Tender Offer

FamilyMart UNY HD resolved at its board of directors meeting held today to cause the Tender Offeror to implement the Tender Offer for the Target Company Shares for the purpose of entering into the Share Purchase Agreement (for details of the Share Purchase Agreement, please refer to “(3) Material Agreements, etc. Related to the Tender Offer” and “II. Transfer of Shares Resulting in Changes in the Subsidiary” below) today between FamilyMart UNY HD and the Target Company, and to make the Target Company an equity method affiliate of FamilyMart UNY HD (the “**Transaction**”) and on the condition that certain matters, such as that the Target Company resolve at a meeting of its board of directors to express an opinion that it supports the Tender Offer and that it will not make any resolution to withdraw that resolution or make any resolution that contradicts that resolution, are satisfied before commencement of the Tender Offer.

As of today, the Target Company Shares are listed on the First Section of the Tokyo Stock Exchange, but due to FamilyMart UNY HD carrying out the Tender Offer for the purpose of making the Target Company an equity method affiliate, the maximum number of shares to be purchased through the Tender Offer is scheduled to be 32,108,700 shares^{*1} (Ownership Ratio:^{*2} 20.17% (rounded to the nearest two decimal places; same in the following calculations of percentages)). The maximum number of shares to be purchased is the minimum number of shares necessary for FamilyMart UNY HD to decisively make the Target Company an equity method affiliate, and is the number calculated taking into consideration the number of units of issued stock acquisition rights of the Target Company and the issuance of stock acquisition rights in the future based on the volume of stock acquisition rights issued in the past three years. If the Tender Offeror acquires 32,108,700 shares of the Target Company Shares through the Tender Offer, FamilyMart UNY HD will hold 20% or more of the number of voting rights of all shareholders of the Target Company.^{*3} If the total number of shares certificates, etc. that are offered for sale in response to the Tender Offer (the “**Tendered Share Certificates**”) exceeds the maximum number of shares to be purchased (32,108,700 shares (scheduled)), all or part of that excess portion will not be purchased, and delivery and other settlement with respect to the purchase of share certificates, etc. will be handled on a proportionate basis, which is provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance on

Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “**Ordinance**”). On the other hand, there is no scheduled minimum number of shares to be purchased through the Tender Offer. Therefore, if the total number of Tendered Share Certificates is equal to or less than the maximum number of shares to be purchased (32,108,700 shares (scheduled)), all of the Tendered Share Certificates will be purchased.

*1 The maximum number of shares to be purchased in the Tender Offer (32,108,700 shares (scheduled)) is the number of shares equivalent to 20.00% (20.30% of the number of voting rights of all shareholders of the Target Company) of 160,561,427 shares, which is:

- (a) the total number of issued shares (158,193,160 shares) as of June 30, 2018 stated in the 38th Annual Securities Report submitted by the Target Company on September 26, 2018 (the “**Target Company Annual Securities Report**”) plus
- (b) the number of Target Company Shares (979,200 shares) that are the object of stock acquisition rights as of June 30, 2018 (9,791 units) *less* the reduced number of stock acquisition rights resulting from the exercise (3 units) and extinguishment (9 units) of the stock acquisition rights (total 12 units) reported by the Target Company as the source of fluctuations from July 1, 2018 until October 10, 2018 (i.e., 9,779 units), plus
- (c) the number of Target Company Shares granted (300 shares) for the stock acquisition rights exercised (3 units) as above and a fixed number of shares taking into consideration the possibility of a new issuance of the stock acquisition rights in the future (1,393,400 shares), less
- (d) the number of treasury shares held by the Target Company as of June 30, 2018 (4,633 shares).

However, the eventual maximum number of shares to be purchased will be determined before commencement of the Tender Offer based on the most recent value that can be obtained at the time of commencement of the Tender Offer.

*2 “Ownership Ratio” means the ratio of shares owned to 159,168,027 shares, which is:

- (a) the total number of issued shares (158,193,160 shares) as of June 30, 2018 stated in the Target Company Annual Securities Report plus
- (b) the number of Target Company Shares (979,200 shares) that are the object of stock acquisition rights as of June 30, 2018 (9,791 units) *less* the reduced number of stock acquisition rights resulting from the exercise (3 units) and extinguishment (9 units) of the stock acquisition rights (total 12 units) reported by the Target Company as the source of fluctuations from July 1, 2018 until October 10, 2018 (i.e., 9,779 units), plus
- (c) the number of Target Company Shares granted (300 shares) for the stock acquisition rights exercised (3 units) as above, less
- (d) the number of treasury shares held by the Target Company as of June 30, 2018 (4,633 shares).

*3 Meaning the number of voting rights of all shareholders as of June 30, 2018 detailed in the Target Company Annual Securities Report.

According to the “Announcement of Acquisition of Shares of UNY CO., LTD. (Changes in the Subsidiary, etc.) and Expression of Opinion regarding Planned Commencement of Tender Offer for Shares in Don Quijote Holdings Co., Ltd. by a Wholly-Owned Subsidiary of FamilyMart UNY Holdings, Co., Ltd.” released today by the Target Company (the “**Target Company Press Release**”), the Target Company gave its opinion as of today at the Target Company’s board of directors meeting held today that the Target Company supports the Tender Offer if it is commenced, and the Target Company Shares are scheduled to remain listed even after the Tender Offer. Therefore, the board of directors resolved to leave the decision of whether the Target Company shareholders should tender their shares in the Tender Offer to the Target Company shareholders.

Further, the Target Company resolved at the board of directors meeting held today to change the trade name to Pan Pacific International Holdings Corporation. For details of partial amendments to the Articles of Incorporation for that change in trade name, please refer to the “Announcement Regarding Partial Amendments to

the Articles of Incorporation to Change Trade Name, and Change in Officers” released today by the Target Company.

- (2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer
- (i) Purpose and Background of the Tender Offer

FamilyMart UNY HD’s predecessor FamilyMart Co., Ltd. (the “**Former FamilyMart**”) listed its shares on the Tokyo Stock Exchange in December 1987. In September 2016, a business integration through an absorption-type merger was implemented with UNY Group Holdings Co., Ltd. (at that time, listed on the First Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange), whereby the Former FamilyMart was the surviving company, and the Former FamilyMart became a pure holding company. The trade name was also changed to FamilyMart UNY Holdings Co., Ltd. FamilyMart UNY HD forms a corporate group, which consists of a total of 61 companies (i.e., FamilyMart UNY HD, 35 subsidiaries, and 25 affiliates and jointly controlled entities) (as of August 31, 2018) and has been running a convenience store business (the “**CVS Business**”) with a focus on FamilyMart Co., Ltd. (“**FamilyMart**”), a general merchandise store business (the “**GMS Business**”) with a focus on UNY, and businesses associated with those businesses.

The CVS Business has a network of approximately 17,000 stores in Japan. A change of brand from “Circle K Sunkus” to “FamilyMart” is taking place, and is expected to be completed in November 2018. In addition, three major reforms (namely, “ready-made meal structural reforms,” “marketing reforms,” and “operational reforms”) are going ahead, and efforts are being made to further demonstrate the results of the integration.

Under the GMS Business, retail stores that adapt to the needs of customers in each region, such as general merchandise business “APiTA” and supermarket “PIAGO,” are deployed and managed, with the purpose of further enriching the livelihood of customers.

Meanwhile, the Target Company listed its shares on the Tokyo Stock Exchange in June 1998. The Target Company was established in September 1980 as JUST CO., LTD. for the purpose of wholesale sales and retail sales of commodities, but in order to sell first-rate goods to consumers at a cheaper price, in March 1989, the Target Company opened the Don Quijote Fuchu Store—its first store—in Fuchu city in Tokyo, and the main business format changed from wholesale to retail, and since the Target Company changed its trade name to Don Quijote Co., Ltd. in September 1995, the Target Company has rolled out 379 stores in Japan, 37 stores in the United States, and 2 stores in Singapore (as of June 30, 2018), focusing on discount stores where the “Don Quijote” brand plays a lead role. The Target Company became a pure holding company through a company split in December 2013, and changed its trade name to Don Quijote Holdings Co., Ltd. The Target Company currently constitutes a corporate group made up of 52 consolidated subsidiaries, 18 non-consolidated subsidiaries, 2 equity method affiliates, and 3 non-equity method affiliates (as of June 30, 2018), and operates retail business with the main business of developing and operating discount stores, such as “Don Quijote,” “Picasso,” and “MEGA Don Quijote,” and tenant leasing business that leases parts of stores that it owns to tenants.

The retail industry in Japan is continuing to experience a difficult business environment, being affected by a shrinking in market size due to the decline in the total population, the market becoming more harshly competitive with the increase in various business sectors such as an expansion of the e-commerce market, the continuing consumers’ cost consciousness, and labor shortages at stores and in logistics. In addition, consumer needs are becoming increasingly diverse and the selectiveness of consumers is becoming increasingly intense. In these circumstances, the retail business requires creation of attractive stores, diversification of sales channels, more superior product development and procurement, and competitive price setting, as well as more efficient management, such as making store operation efficient and streamlining sales channels.

In this strict business environment, FamilyMart UNY HD and the Target Company have a minimal competitive relationship in the retail business due to a different business focus for both company groups, and due to anticipated cooperative business and mutual complementary outcomes that leverage each company’s management

resources, and distinctive strengths and know-how beyond the limits of the group, FamilyMart UNY HD and the Target Company commenced consideration of a business alliance between the companies on June 13, 2017. After that, FamilyMart UNY HD and the Target Company entered into a basic agreement on August 24, 2017 as a result of discussing the details of an alliance, including collaboration in the retail business, joint product development and procurement, streamlining of distribution functions, and collaboration on overseas markets and new business developments. At that time, the two companies decided that, in addition to promoting the business alliance, in order to accelerate the growth of GMS Business of FamilyMart UNY HD and to consequently improve the corporate value of UNY over the medium- to long-term, it is important for the Company to make use of the broad customer base including younger generations that are considered the Target Company's strength, its time-spending-type retail format with a lot of amusement features (not just the purchasing of products, but also stores where customers can enjoy spending their time with a sense of amusement), and its know-how on operating stores overnight and addressing inbound customer needs, while further enhancing UNY's existing strengths in its food and other business segments. They also concluded to improve the corporate value of the Target Company by incorporating into the group UNY, which has a large presence in Nagoya and the surrounds (which is considered one of the principal business regions in the future) and a member base to the scale of 5 million people, with families playing a lead role, and thus determined to not only cooperate through a business alliance, but also build a close partnership including a capital alliance. On August 31, 2017, FamilyMart UNY HD and the Target Company entered into a business alliance agreement, and on November 21, 2017, FamilyMart UNY HD transferred 40% of the 100% of UNY shares that it held to the Target Company.

In accordance with that business alliance agreement, UNY and the Target Company engaged in the development of stores using a joint name with the Company for six existing APiTA and PIAGO stores. After combining those six stores with UNY's food business, an existing strength, and the Target Company's know-how regarding time-spending-type stores with amusement features as a strength over the period from February through March 2018, those six stores were newly opened, after changing the store format to "MEGA Don Quijote UNY." In the six-month period from March through August 2018 (after their conversion), those six stores saw cumulative sales go from 6.8 billion yen in the same period of the previous year to 13.2 billion yen (an increase of 190%), and the cumulative average number of customers a day in the six stores went from approximately 20,000 people to approximately 32,000 people (an increase of 160%), showing considerable growth.

Recently, approximately one year passed since the commencement of the business alliance between FamilyMart UNY HD and the Target Company. FamilyMart UNY HD (which has confirmed the sound growth of UNY stores that converted their store format over the six months since their conversion through cooperation with the Target Company, which has strengths in know-how regarding the operation of large-scale retail stores) and the Target Company decided, as a result of discussions that commenced and continued from late August 2018 on how to structure the UNY capital relationship, that by creating a deeper partnership between the Target Company and UNY by UNY becoming a wholly-owned subsidiary of the Target Company and realizing further improvement of store operations and streamline and measures to swiftly respond to diversifying customer needs, it would be possible to further improve UNY's corporate value. Today, FamilyMart UNY HD and the Target Company decided that FamilyMart UNY HD transfer to the Target Company all remaining UNY shares held by FamilyMart UNY HD, and entered into the Share Purchase Agreement. For details, please refer to "(3) Material Agreements, etc. Related to the Tender Offer", and "II. Transfer of Shares Resulting in Changes in the Subsidiary" below. The plan and specific details of the business alliance after implementing the Tender Offer are scheduled to be discussed with the Target Company hereafter.

Further, in relation to the necessary funds for the Transfer, the Target Company will, in addition to funds on hand and borrowings from financial institutions, procure funds through hybrid financing in consideration of avoiding a reduction in capital efficiency through a share dilution and maintaining and improving financial soundness, and does not plan to procure funds by issuing new shares. While hybrid financing is a liability and does not cause dilution of shares, it is also the procurement of funds with a similar nature and characteristics to capital, such as the optional deferment of interest, a very long repayment period, and subordination in liquidation

proceedings and bankruptcy proceedings. The Target Company anticipates that a rating agency (i.e., Japan Credit Rating Agency, Ltd.) will give authorization for a certain percentage of the amount procured through hybrid financing to be handled like capital.

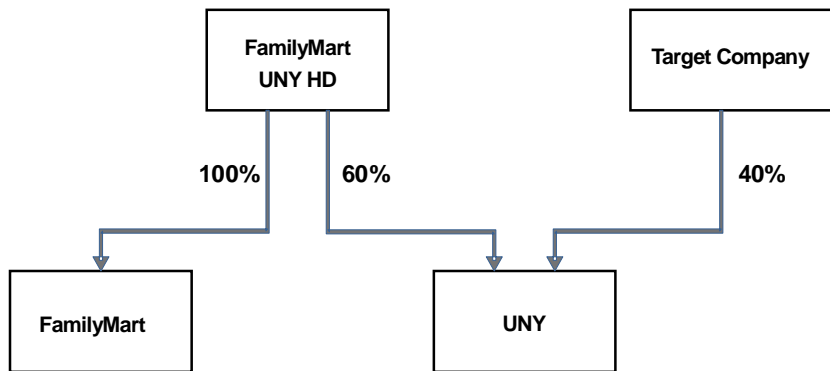
In addition, the cooperation between FamilyMart UNY HD and the Target Company is not limited to FamilyMart UNY HD's GMS Business, and collaboration is also implemented for the CVS Business. Specifically, in June 2018, FamilyMart Tachikawa Minami-dori, FamilyMart Otori Jinja Mae, and FamilyMart Setagaya Kamata 3-Chome were opened after renovation as joint test stores that take on the product lineup, shop formation, and management techniques of Don Quijote stores and seek the "enjoyment of shopping." The current promising results, such as better daily turnover than before the opening after renovation, have been achieved by expanding products that are both companies' strengths.

From here on, the environment surrounding the retail trade will become even more relentless through a reduced market scale resulting from a decrease in the total population and increased levels of labor costs due to labor shortages at stores and in distribution, and in a situation where the trend of selective consumption by consumers is becoming stronger, there is a greater need to provide consumers with more attractive products at more competitive prices. Therefore, more efficient operation, such as creation of attractive stores and diversification of sales outlets and more superior product development and procurement, and the effective application of management resources must be realized to a certain extent. In order to achieve that, FamilyMart UNY HD considers it essential to make some advances through the existing business alliance, and to further strengthen and unify its relationship with the Target Company group (including the new relationship with UNY) by investing the Target Company and making it an equity method affiliate, and nurture a distribution group that has a strong presence. The total sales of the Target Company, UNY, and FamilyMart is at the level of 4.7 trillion yen, and with future sharing of each company's strengths and know-how, they will continue to go beyond its line of business, and by moving forward with joint product development, procurement, and sales outlets, competitiveness will increase, and earning power will strengthen. In addition, the goal will be to move forward with the collaboration in fields such as formulation of a customer base, such as data marketing, and financial services, and to provide more attractive products and services that meet the needs of the customer. Moreover, a joint overseas expansion is also being considered, with the investigation into utilizing the overseas network of FamilyMart UNY HD's parent company, ITOCHU Corporation, together with FamilyMart UNY HD and the Target Company group.

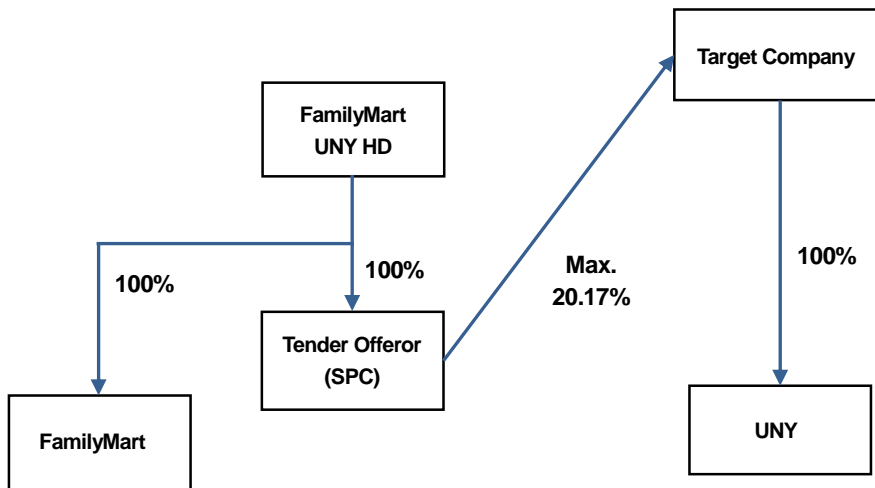
Based on that background, in early September 2018, FamilyMart UNY HD proposed to the Target Company the implementation of the Tender Offer, for the purpose of making the Target Company an equity method affiliate of FamilyMart UNY HD, which FamilyMart UNY HD carefully consulted on and considered with the Target Company. As a result of that consideration, FamilyMart UNY HD decided to make the Tender Offeror acquire 32,108,700 shares of the Target Company Shares (Ownership Ratio: 20.17%) as the maximum number of shares to be purchased through the Tender Offer for the Target Company Shares for the purpose of making the Target Company an equity method affiliate.

In addition, as detailed above, FamilyMart UNY HD also decided on the Transfer. The capital relationship between FamilyMart, the Target Company, and UNY after implementation of the Tender Offer and the Transfer is as follows.

Currently



After the Transfer and the Tender Offer



Further, according to the Target Company Press Release, the decision-making process and reasons that led to the Target Company supporting the Tender Offer are as follows.

After the Target Company executed the business alliance agreement with FamilyMart UNY HD on August 31, 2017, the Target Company continued to search out collaboration opportunities beyond the boundaries of the business categories of the discount store business, GMS Business, and CVS Business.

After that, the Target Company and UNY engaged in the development of stores using a joint name for six existing APiTA and PIAGO stores. As a result, after combining those six stores with UNY's food business, an existing strength, and the Target Company's know-how regarding time-spending-type stores with amusement features as a strength over the period from February through March 2018, those existing types of UNY stores were newly opened, after changing the store format to "MEGA Don Quijote UNY." In the six-month period from March through August 2018 (after their conversion), those six stores saw cumulative sales go from 6.8 billion yen in the same period of the previous year to 13.2 billion yen (an increase of 190%), and the cumulative average number of customers a day in the six stores went from 20,000 people to 32,000 people (an increase of 160%), showing considerable growth. The results of the combined stores this time show that further strengthening of the collaboration with UNY using the case this time as a model case is promising.

In addition, the cooperation between the Target Company and FamilyMart UNY HD is not limited to the GMS Business, and collaboration is also being implemented for the CVS Business. In June 2018, three joint test stores in the FamilyMart model were opened in Tokyo metropolitan area, with a good command of know-how for a product lineup that meets the needs of the area and attractive selling spaces in compact displays, and seeking the "enjoyment of shopping" of a physical store, and achieved the current promising results such as increasing daily

turnover compared to before the reopening after renovation resulting from the offering of products that are both companies' strengths.

As detailed above, the Target Company and FamilyMart UNY HD created a successful model in the collaboration between both companies through the business alliance from August 31, 2017.

However, taking a bird's-eye-view of the retail industry as a whole, extensive changes in the operating environment are about to arrive, due to the impact of the further emergence of e-commerce and the continued decrease in birthrates and aging population. In order to survive this tough environment, the Target Company considers it indispensable to strengthen its systems to respond to sudden changes in the future by the Target Company, UNY, and FamilyMart creating an economic bloc on the scale of third place in domestic retail with total sales of 4.7 trillion yen (calculated based on investor relation materials of other companies in the retail business; the total amount of FamilyMart's non-consolidated (including franchise store sales) and UNY's non-consolidated total operating revenue was 3,728.8 billion yen in fiscal year ended February 28, 2018; the Target Company's consolidated sales were 941.5 billion yen in the fiscal year ended June 30, 2018), and continuing to go beyond their line of business by sharing each company's strengths and know-how.

Based on this background, in early September 2018, FamilyMart UNY HD proposed to the Target Company to implement the Tender Offer, for the purpose of making the Target Company an equity method affiliate of FamilyMart UNY HD, and the Target Company, FamilyMart UNY HD, and UNY carefully consulted on and considered an appropriate organizational format for the three companies from the point of view of demonstrating their synergy to the greatest extent. As a result, the Target Company has concluded that it would be indispensable to the continued improvement of the Target Company's corporate value to go beyond the current business alliance with FamilyMart UNY HD to become an equity method affiliate of FamilyMart UNY HD, and, while sharing FamilyMart UNY HD's and its parent company's (ITOCHU Corporation) management resources, to further solidify the collaboration between the two companies and to work to strengthen their ability to grow and earning power as a single entity.

(ii) Management Policy After the Tender Offer

FamilyMart UNY HD intends to strengthen its collaboration with the Target Company while keeping the Target Company's independence of management even after the Tender Offer. In addition, regarding the management structure and members of the board of directors of the Target Company after the Tender Offer, there are plans to dispatch at least one director from FamilyMart UNY HD to the Target Company, but other than that, no decision has been made at present (including other matters relating to personnel), and it will be discussed in the future.

Further, in addition to the director candidate that the Target Company is planning to accept from FamilyMart UNY HD, the Target Company resolved at its board of directors meeting held today to make Mr. Takao Yasuda, the founder of the Target Company, the Target Company's candidate for part-time director. For details of the change in a director, please refer to the "Announcement Regarding Partial Amendments to the Articles of Incorporation to Change Trade Name, and Change in Officers" released today by the Target Company.

(3) Material Agreements, etc. Related to the Tender Offer

FamilyMart UNY HD has entered into the Share Purchase Agreement today with the Target Company. For details, please refer to "II. Transfer of Shares Resulting in Changes in the Subsidiary" below.

(4) Measures Implemented in Connection with the Tender Offer

As of today, the Tender Offeror has taken the measures described below in connection with the Tender Offer.

(i) Obtaining a Stock Valuation Report from an Independent Third-party Valuation Firm by FamilyMart UNY HD

When determining the purchase price per share of the Target Company Shares in the Tender Offer (the

“**Tender Offer Price**”), in order to ensure the fairness of the Tender Offer Price, FamilyMart UNY HD requested that Nomura Securities Co., Ltd. (“**Nomura Securities**”), a financial advisor to FamilyMart UNY HD, calculate the equity value of the Target Company Shares as a third-party valuation firm independent from FamilyMart UNY HD and the Target Company. Nomura Securities is not a related party of FamilyMart UNY HD or the Target Company and does not have any significant interest in the Tender Offer. FamilyMart UNY HD has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

Nomura Securities calculated the equity value of the Target Company Shares using the average market price method and the discounted cash flow method (the “**DCF Method**”), and FamilyMart UNY HD received the stock valuation report (the “**Stock Valuation Report**”) from Nomura Securities on October 10, 2018.

For an outline of the Stock Valuation Report, please refer to “(i) Basis for Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “2. Outline of the Tender Offer, etc.” below.

(ii) Advice from a Legal Advisor and Financial Advisors Independent from the Target Company

In order to ensure the transparency and fairness of the decision-making process, etc. of the Target Company’s board of directors concerning the Tender Offer, the Target Company has appointed Nagashima Ohno & Tsunematsu as outside legal counsel, and Mizuho Bank, Ltd. and SMBC Nikko Securities Inc. as outside financial advisors, and received advice regarding the decision-making method, process, and other matters of note with respect to the Target Company’s board of directors in relation to the Tender Offer.

(iii) Approval of All Directors of the Target Company (Including Audit and Supervisory Committee Members)

Based on the grounds detailed in “(i) Purpose and Background of the Tender Offer” in “(2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer” above, the Target Company resolved by consensus of all directors (including audit and supervisory committee members) at the meeting of its board of directors held today to support the Tender Offer if the Tender Offer commences as the opinion of the Target Company as of today. In addition, at that board of directors meeting of the Target Company, the resolution was also made to leave the decision of whether the Target Company’s shareholders should tender their shares in the Tender Offer to the Target Company shareholders, taking into account that it is recognized as sufficiently reasonable for the Target Company shareholders to choose to hold the Target Company Shares after the Tender Offer due to the plan to keep the Target Company Shares listed even after the Tender Offer and a maximum number of shares to be purchased in the Tender Offer having been established.

Further, at today’s board of directors meeting for the above resolution, all 13 directors of the Target Company (including 4 outside directors) participated and came to the resolution by consensus of all directors (including audit and supervisory committee members).

In addition, the Tender Offer is scheduled to commence on the condition of certain matters that a resolution is made at the Target Company’s board of directors meeting that the Target Company will express an opinion that it supports the Tender Offer, and there is no resolution to withdraw that resolution or any resolution that contradicts that resolution. However, as of today, certain details regarding the Tender Offer, including the details of the Tender Offeror are not settled. Therefore, the Target Company’s board of directors plans to make another resolution expressing its opinion of the Tender Offer at the time the Tender Offer commences.

Further, FamilyMart UNY HD does not intend to delist the Target Company Shares through the Tender Offer, and FamilyMart UNY HD plans to keep the Target Company Shares listed, even after the Tender Offer. Therefore, the Target Company has resolved to make a resolution to keep a neutral position and reserve its decision in relation to the validity of the Tender Offer Price. As such, the Target Company has not independently obtained a stock valuation report from a third-party calculation organization for the Tender Offer, and has not examined the appropriateness of the Tender Offer Price.

(5) Schedule for Additional Acquisition of Share Certificates, etc. After the Tender Offer

As detailed in “(1) Purpose of the Tender Offer” and “(2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer” above, through the Tender Offer, FamilyMart UNY HD plans to hold 20% or more of the number of voting rights of all shareholders of the Target Company, and to make the Target Company an equity method affiliate of FamilyMart UNY HD.

If FamilyMart UNY HD cannot acquire 20% of the number of voting rights of all of the Target Company’s shareholders through the Tender Offer, it intends to additionally acquire the Target Company Shares by means of a market transaction or similar action in light of market trends and other circumstances. However, the details have not been decided at this point in time. As part of that additional acquisition, the Tender Offeror is considering borrowing the Target Company Shares from the Target Company’s largest major shareholder DQ WINDMOLEN B.V. (number of shares owned: 23,407,000 shares (Ownership Ratio: 14.71%); the “**Lender**”) in accordance with the results of the Tender Offer and holding the voting rights to those shares. Further, if the Tender Offeror carries out that borrowing, the Tender Offeror intends to return the shares to the Lender after acquiring the Target Company Shares as needed by means of a market transaction or similar action after executing that borrowing.

(6) Likelihood of Delisting and Reasons Therefor

The Target Company Shares are listed in the First Section of the Tokyo Stock Exchange as of today, and are not intended to be delisted through the Tender Offer. FamilyMart UNY HD intends to conduct the Tender Offer through the Tender Offeror with the maximum number of shares to be purchased being 32,108,700 shares* (Ownership Ratio: 20.17%). Therefore, the Target Company Shares are expected to remain listed on the Tokyo Stock Exchange after the completion of the Tender Offer.

* The maximum number of shares to be purchased in the Tender Offer (32,108,700 shares (scheduled)) is the number of shares equivalent to 20.00% (20.30% of the number of voting rights of all shareholders of the Target Company) of 160,561,427 shares, which is:

- (a) the total number of issued shares (158,193,160 shares) as of June 30, 2018 stated in the Target Company Annual Securities Report plus
- (b) the number of Target Company Shares (979,200 shares) that are the object of stock acquisition rights as of June 30, 2018 (9,791 units) *less* the reduced number of stock acquisition rights resulting from the exercise (3 units) and extinguishment (9 units) of the stock acquisition rights (total 12 units) reported by the Target Company as the source of fluctuations from July 1, 2018 until October 10, 2018 (i.e., 9,779 units), plus
- (c) the number of Target Company Shares granted (300 shares) for the stock acquisition rights exercised (3 units) as above and a fixed number of shares taking into consideration the possibility of a new issuance of the stock acquisition rights in the future (1,393,400 shares), *less*
- (d) the number of treasury shares held by the Target Company as of June 30, 2018 (4,633 shares).

However, the eventual maximum number of shares to be purchased will be determined before commencement of the Tender Offer based on the most recent value that can be obtained at the time of commencement of the Tender Offer.

2. Outline of the Tender Offer, etc.

(1) Outline of the Target Company

(i) Name	Don Quijote Holdings Co., Ltd.
(ii) Location	2-19-10 Aobadai, Meguro-ku, Tokyo
(iii) Name and Title of Representative	President and CEO (Representative Director) Koji Ohara Senior Managing Director and CAO (Representative Director) Naoki Yoshida
(iv) Description of Business	A holding company engaged in corporate planning and management of group

	Activities	companies, entrusted management of subsidiaries, management of real estate, etc.
(v)	Capital	22,436 million yen
(vi)	Date of Incorporation	September 5, 1980
(vii)	Consolidated net assets	312,495 million yen *As of the end of June 2018
(viii)	Consolidated total assets	807,057 million yen *As of the end of June 2018
(ix)	Major Shareholders and Ownership Percentages	CREDIT SUISSE AG HONG KONG TRUST A/C CLIENTS FOR DQ WINDMOLEN B. V. (14.80%) LA MANCHA HOLDINGS PTE LTD (6.38%) Japan Trustee Services Bank, Ltd. (Trust Account) (5.48%) Anryu Shoji Co., Ltd (5.23%) The Master Trust Bank of Japan, Ltd. (Trust Account) (3.96%) STATE STREET BANK AND TRUST COMPANY 505001 (3.76%) THE BANK OF NEW YORK MELLON 140044 (2.38%) Yasuda Scholarship Foundation (2.28%) STATE STREET BANK AND TRUST COMPANY 505225 (2.04%) JAPAN POST BANK Co., Ltd. (1.71%) *As of the end of June 2018
(x)	Relationship Between the Listed Companies and the Target Company	
	Capital Relationship	No capital relationship of note between the two companies
	Personnel Relationship	No personnel relationship of note between the two companies
	Business Relationship	No business relationship of note between the two companies
	Status as Related Parties	Not Applicable

(2) Schedule, etc.

The Tender Offer is scheduled to be implemented promptly if the condition has been satisfied that (i) the Target Company's board of directors has resolved to express an opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution.* If the aforementioned conditions have been satisfied, FamilyMart UNY HD plans to cause the Tender Offeror to promptly commence the Tender Offer based on a schedule where the Tender Offer Period is a period of 20 to 30 business days, and as of today, FamilyMart UNY HD aims to make the Tender Offeror commence the Tender Offer in early November 2018. Further, the procedures, etc. under the Anti-monopoly Act have not been completed as of today, but it is expected to be completed before commencement of the Tender Offer or without delay after commencement of the Tender Offer at the latest. If there are any changes to that forecast, the timing of commencement of the Tender Offer may be postponed or the Tender Offer Period extended.

* In addition to (i) above, the following are conditions to the implementation of the Tender Offer:

- (ii) no actions, suits or proceedings seeking prohibition or restriction of the commencement of the Tender Offer are pending with a judicial or administrative agency, etc., and there is no determination, etc. made by a judicial or administrative agency, etc. prohibiting or restricting the commencement of the Tender Offer,
- (iii) there are no unannounced material facts (meaning material facts set out in Article 166, Paragraph 2 of the Act) and no facts relating to a tender offer (meaning facts set out in Article 167, Paragraph 2 of the Act) in relation to the Target Company, and
- (iv) no events that may have a material adverse effect on the businesses, financial conditions, management conditions or cash flow, or forecasts thereof, of the Target Company or its subsidiaries or affiliates, and no material changes in the domestic or overseas stock markets or other market environments, financial environments, or economic environments have occurred.

(3) Tender Offer Price

6,600 yen per share of common stock

(4) Basis for Calculation of the Tender Offer Price

(i) Basis for Calculation

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, FamilyMart UNY HD requested that Nomura Securities, a financial advisor to FamilyMart UNY HD, calculate the equity value of the Target Company Shares as a third-party valuation firm independent from FamilyMart UNY HD and the Target Company.

Nomura Securities calculated the equity value of the Target Company Shares using the average market price method and the DCF Method on the assumption that the Target Company is a going concern, as a result of considering calculation methods to be applied among several methods to evaluate the equity value, with the view that the equity value of the Target Company Shares should be evaluated from multiple viewpoints after reviewing the financial condition of the Target Company and trends in the market price of the Target Company Shares. FamilyMart UNY HD then received the Stock Valuation Report dated October 10, 2018 from Nomura Securities. Nomura Securities is not a related party of FamilyMart UNY HD or the Target Company and does not have any significant interest in the Tender Offer. FamilyMart UNY HD has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

According to Nomura Securities, the ranges of the per-share-value of the Target Company Shares calculated using the above methods are as follows:

Average market price method:	5,365 yen to 6,050 yen
DCF Method:	5,352 yen to 7,953 yen

The analysis under the average market price method demonstrates that the range of the per-share-value of the Target Company Shares is between 5,365 yen and 6,050 yen, on the basis that the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on the record date was 6,050 yen, a simple average of the closing prices on the previous five business days was 5,746 yen (rounded to the nearest whole number; same applies in the calculation of the simple average of the closing price below), a simple average of the closing prices in the previous one month was 5,610 yen, a simple average of the closing prices in the previous three months was 5,365 yen, and a simple average of the closing prices in the previous six months was 5,498 yen, with October 10, 2018 as the record date.

The analysis under the DCF Method demonstrates that the range of the per-share-value of the Target Company Shares is between 5,352 yen and 7,953 yen, as a result of analyzing the corporate value and the equity value of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future in accordance with the Target Company's future profit prediction in or after the fiscal year ending June 30, 2019 with a certain discount rate, considering various factors such as the business plan from the fiscal year ending June 30, 2019 through the fiscal year ending June 30, 2023 provided by the Target Company and confirmed by FamilyMart UNY HD, recent trends in performance, and information publicly available.

Further, it is difficult to specifically calculate the synergy effects expected from performance of the Transactions and the Transfer at this point in time. Therefore, they are not included in the business plan that is the basis of the above calculations using the DCF Method. However, it is assumed that UNY will become the Target Company's wholly-owned subsidiary through the Transfer.

Based on the calculation details and results stated in the Stock Valuation Report, and comprehensively taking into account the results of the due diligence of the Target Company implemented from early September 2018 to early October 2018, whether or not the Target Company's board of directors supports the Tender Offer, trends in the market price of the Target Company Shares, the premiums added in share pricing in past cases of tender offers for share certificates, etc. by parties other than issuers, and the outlook for tenders for the Tender Offer, FamilyMart UNY HD decided today that the Tender Offer Price would be 6,600 yen.

The Tender Offer Price is the amount obtained by adding a premium of 9.09% to 6,050 yen (rounded to two decimal places; the same applies to the value (%) of the premium on the following share prices), which is the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on October 10, 2018, which is the business day immediately prior to the announcement date of the Tender Offer, 17.65% to 5,610 yen, which is the simple average of closing prices in the month prior to the same date, 23.02% to 5,365 yen, which is the simple average of closing prices in the three months prior to the same date, and 20.04% to 5,498 yen, which is the simple average of closing prices in the six months prior to the same date, respectively.

(ii) Background of Calculation

Process of Determining the Tender Offer Price

In early September 2018, FamilyMart UNY HD proposed that the Target Company become an equity method affiliate by tender offer to strengthen both companies' relationship, and in early September 2018, FamilyMart UNY HD appointed Nomura Securities as a financial advisor and third-party valuation firm independent from FamilyMart UNY HD and the Target Company, and Mori Hamada & Matsumoto as legal advisor, while the Target Company appointed Nagashima Ohno & Tsunematsu as legal advisor independent from FamilyMart UNY HD and the Target Company, in order to establish a structure for consultation and negotiation of the Tender Offer.

Subsequently, FamilyMart UNY HD conducted due diligence on the Target Company from early September 2018 to early October 2018. By early October 2018, FamilyMart UNY HD and the Target Company came to share the view that making the Target Company an equity method affiliate of FamilyMart UNY HD and further strengthening the relationship between the two companies and nurturing a distribution group that has a strong presence would have the potential to further joint product development, procurement, and sales promotion, promote collaboration in data marketing and financial services, as well as development of fields overseas, and enhance the corporate value of both companies over the medium- to long-term. After that, on October 9, 2018, FamilyMart UNY HD made a proposal to the Target Company regarding an outline of the conditions of the Tender Offer, including the Tender Offer Price of 6,600 yen. Then, FamilyMart UNY HD, at the board of directors meeting held today, decided to implement the Tender Offer for the purpose of making the Target Company an equity method affiliate, and determined the Tender Offer Price of 6,600 yen against the background described below.

(A) Name of the Third Party Requested for Opinion on the Calculation

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, FamilyMart UNY HD requested that Nomura Securities, a financial advisor, calculate the equity value of the Target Company Shares as a third-party valuation firm independent from FamilyMart UNY HD and the Target Company, and the Stock Valuation Report was received from Nomura Securities on October 10, 2018. FamilyMart UNY HD has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

(B) Outline of the Opinion

Nomura Securities calculated the equity value of the Target Company Shares using the average market price method and the DCF Method, and the following are the ranges of the per-share-value of the Target Company Shares calculated using each of those methods.

Average market price method:	5,365 yen to 6,050 yen
DCF Method:	5,352 yen to 7,953 yen

(C) Process of Determination of the Tender Offer Price Based on the Opinion

Based on the calculation details and results stated in the Stock Valuation Report, and comprehensively taking into account factors such as the results of the due diligence of the Target Company, whether or not the Target

Company's board of directors supports the Tender Offer, trends in the market price of the Target Company Shares, the premiums added in share pricing in past cases of tender offers for share certificates, etc. by parties other than issuers, and the outlook for tenders for the Tender Offer, FamilyMart UNY HD decided at the board of directors meeting held today that the Tender Offer Price would be 6,600 yen. For details, please refer to "(i) Basis for Calculation" above.

(iii) Relationship with the Valuation Firm

Nomura Securities (valuation firm), a financial advisor to FamilyMart UNY HD is not a related party of FamilyMart UNY HD or the Target Company and does not have any significant interest in the Tender Offer.

(5) Number of Share Certificates, etc. Scheduled to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
32,108,700 shares (Scheduled)	—	32,108,700 shares (Scheduled)

- *1 If the total number of Tendered Share Certificates is equal to or less than the maximum number of shares to be purchased (32,108,700 shares (scheduled)), all of the Tendered Share Certificates will be purchased. If the total number of Tendered Share Certificates exceeds the maximum number of shares to be purchased (32,108,700 shares (scheduled)), all or part of that excess portion will not be purchased, and delivery and other settlement with respect to the purchase of share certificates, etc. will be handled on a proportionate basis, which is provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Ordinance.
- *2 Shares of less than one unit are also subject to the Tender Offer. If shareholders exercise their right to request that the Target Company repurchase their shares of less than one unit in accordance with the Companies Act (Act No. 86 of 2005, as amended), the Target Company may purchase those shares during the Tender Offer Period pursuant to the procedures under laws and regulations.
- *3 The treasury shares held by the Target Company will not be purchased through the Tender Offer.
- *4 It is possible that the stock acquisition rights might be exercised before the last day of the Tender Offer Period, and in such case, the Target Company Shares issued or delivered by that exercise are subject to the Tender Offer.

(6) Change in the Ownership Ratio of Share Certificates, etc. as a Result of the Purchase

Number of voting rights pertaining to share certificates, etc. owned by the Tender Offeror before the purchase	0 units	(Ownership Ratio of share certificates, etc. before the purchase) 0%
Number of voting rights pertaining to share certificates, etc. owned by the special related parties before the purchase	Pending	(Ownership Ratio of share certificates, etc. before the purchase) Pending
Number of voting rights pertaining to share certificates, etc. owned by the Tender Offeror after the purchase	321,087 units	(Ownership Ratio of share certificates, etc. after the purchase) 20.17%
Number of voting rights pertaining to share certificates, etc. owned by the special related parties after the purchase	Pending	(Ownership Ratio of share certificates, etc. after the purchase) Pending
Number of voting rights of all shareholders of the Target Company	1,581,706 units	

- *1 The "Number of voting rights pertaining to share certificates, etc. owned by the special related parties before the purchase" and the "Number of voting rights pertaining to share certificates, etc. owned by the special related parties after the purchase" are scheduled to be disclosed following an investigation before commencement of the Tender Offer.
- *2 The "Number of voting rights of all shareholders of the Target Company" is the number of voting rights held

by all shareholders as of June 30, 2018 detailed in the Target Company Annual Securities Report. However, as shares of less than one unit and the Target Company Shares issued or delivered by exercise of the Target Company's stock acquisition rights are the object of the purchase in the Tender Offer, the "Ownership Ratio of share certificates, etc. before the purchase" and "Ownership Ratio of share certificates, etc. after the purchase" are calculated using the number of voting rights (1,591,680 units) regarding the number of shares calculated below (159,168,027 shares) as the denominator:

- (a) the total number of issued shares (158,193,160 shares) as of June 30, 2018 stated in the Target Company Annual Securities Report plus
- (b) the number of Target Company Shares (979,200 shares) that are the object of stock acquisition rights as of June 30, 2018 (9,791 units) *less* the reduced number of stock acquisition rights resulting from the exercise (3 units) and extinguishment (9 units) of the stock acquisition rights (total 12 units) reported by the Target Company as the source of fluctuations from July 1, 2018 until October 10, 2018 (i.e., 9,779 units), plus
- (c) the number of Target Company Shares granted (300 shares) for the stock acquisition rights exercised (3 units) as above, *less*
- (d) the number of treasury shares held by the Target Company as of June 30, 2018 (4,633 shares).

*3 The "Ownership Ratio of share certificates, etc. before the purchase" and the "Ownership Ratio of share certificates, etc. after the purchase" have been rounded to two decimal places.

*4 The "Number of voting rights pertaining to share certificates, etc. owned by the Tender Offeror after the purchase" and the "Ownership Ratio of share certificates, etc. after the purchase" of the Tender Offeror is the number of shares equivalent to 20.17% of 159,168,027 shares, which is:

- (a) the total number of issued shares (158,193,160 shares) as of June 30, 2018 stated in the Target Company Annual Securities Report plus
- (b) the number of Target Company Shares (979,200 shares) that are the object of stock acquisition rights as of June 30, 2018 (9,791 units) *less* the reduced number of stock acquisition rights resulting from the exercise (3 units) and extinguishment (9 units) of the stock acquisition rights (total 12 units) reported by the Target Company as the source of fluctuations from July 1, 2018 until October 10, 2018 (i.e., 9,779 units), plus
- (c) the number of Target Company Shares granted (300 shares) for the stock acquisition rights exercised (3 units) as above, *less*
- (d) the number of treasury shares held by the Target Company as of June 30, 2018 (4,633 shares).

However, the eventual maximum number of shares to be purchased will be determined before commencement of the Tender Offer based on the most recent value that can be obtained at the time of commencement of the Tender Offer.

(7) Purchase Price 211,917,420,000 yen (scheduled)

* The purchase price is calculated by multiplying the number of shares to be purchased in the Tender Offer (32,108,700 shares (scheduled)) by the Tender Offer Price (6,600 yen).

(8) Other Conditions and Methods for Purchase, etc.

Notice of the method of settlement, date of public notice of commencement of the Tender Offer, and other conditions and methods for the purchase, etc. will be announced once they are settled. Nomura Securities is scheduled to be appointed as the tender offer agent.

3. Policies After the Tender Offer and Future Outlook

Please refer to "(2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer", "(5) Schedule for Additional Acquisition of Share Certificates, etc. After the Tender Offer", and "(6) Likelihood of Delisting and Reasons Therefor" in "1. Purpose of the Tender Offer, etc." above for the policies after the Tender Offer.

4. Other Information

(1) Agreements Between the Tender Offeror and the Target Company or its Directors and Company Auditors and Details Thereof

(i) Support of the Tender Offer

As detailed in "(i) Purpose and Background of the Tender Offer" in "(2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer" in "1. Purpose of the Tender Offer, etc." and "(iii) Approval of All Directors of the Target Company (Including Audit and Supervisory

Committee Members)” in “(4) Measures Implemented in Connection with the Tender Offer” above, the Target Company resolved by consensus of all directors (including audit and supervisory committee members) at the meeting of its board of directors held today to, as the opinion of the Target Company as of today, support the Tender Offer if the Tender Offer commences, and leave the decision of whether the Target Company shareholders should tender their shares in the Tender Offer to the Target Company shareholders as the Target Company Shares are scheduled to remain listed even after the Tender Offer. In addition, the Target Company’s board of directors plans to make another resolution expressing its opinion of the Tender Offer at the time the Tender Offer commences because the Tender Offer is scheduled to commence on the condition of certain matters being satisfied, such as a resolution is made at the Target Company’s board of directors meeting that the Target Company will express an opinion that it supports the Tender Offer, and there is no resolution to withdraw that resolution or any resolution that contradicts that resolution, as well as because, as of today, certain details regarding the Tender Offer, including the details of the Tender Offeror are not settled.

Please refer to the Target Company Press Release for details on the resolution by the Target Company’s board of directors.

(ii) Share Purchase Agreement

FamilyMart UNY HD has entered into the Share Purchase Agreement today with the Target Company. For the details, please refer to “II. Transfer of Shares Resulting in Changes in the Subsidiary” below.

(2) Other Information Deemed Necessary for Investors to Determine Whether to Tender their Shares in the Tender Offer

Not applicable

5. Forecast Performance for Current Period

The Company is currently assessing the impact of the Transaction on the Company’s consolidated results in the fiscal year ending February 28, 2019, but if there are matters that should be announced, the Company will promptly announce those matters.

II. Transfer of Shares Resulting in Changes in the Subsidiary

1. Reasons for Share Transfer

Please refer to “(i) Purpose and Background of the Tender Offer” in “(2) Background and Purpose of the Decision to Conduct the Tender Offer; Management Policies After the Tender Offer” in “1. Purpose of the Tender Offer, etc.” in “I. Planned Commencement of the Tender Offer” above. When considering the Transfer, FamilyMart UNY HD appointed Nomura Securities and GCA Corporation as financial advisors independent from FamilyMart UNY HD and the Target Company.

2. Outline of Changing Subsidiary (UNY)

(1)	Name	UNY Co., Ltd.
(2)	Location	1 Amaikegotanda-cho, Inazawa-shi, Aichi, Japan
(3)	Name and Title of Representative	Norio Sako, Representative Director and President
(4)	Description of Business Activities	Operation of a general retail chain offering clothing, food, housing, and leisure goods
(5)	Capital	10,000 million yen (non-consolidated) (as of February 20, 2018)
(6)	Date of Incorporation	February 16, 2012
(7)	Major Shareholders and	FamilyMart UNY Holdings Co., Ltd. 60.0%

Ownership Percentages	Don Quijote Holdings Co., Ltd.	40.0%
(8) Relationship Between the Listed Companies and UNY	Capital Relationship	The Company holds 60.0% of the total number of issued shares of UNY.
	Personnel Relationship	Four directors and two managing executive officers of the Company concurrently serve as directors of UNY, and one corporate auditor of the Company concurrently serves as corporate auditor of UNY. In addition, eight employees of FamilyMart (a subsidiary of the Company) have been seconded to UNY, and nine of UNY's employees have been seconded to the Company.
	Business Relationship	The Company has executed a management agreement and a services agreement with UNY, but both agreements are expected to end following the performance of the Transfer.

(9) Management Performance and Financial Conditions for UNY's Most Recent Three Year Period (Japanese Standards)

Accounting period	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net assets	163,177 million yen	108,785 million yen	90,040 million yen
Total assets	560,255 million yen	505,797 million yen	438,389 million yen
Net assets per share	815,885.71 yen	543,929.31 yen	450,204.06 yen
Sales	716,994 million yen	699,822 million yen	670,649 million yen
Operating profit	10,623 million yen	13,866 million yen	17,977 million yen
Ordinary profit	10,939 million yen	13,925 million yen	16,963 million yen
Net profit (loss)	2,541 million yen	(56,599 million yen)	9,265 million yen
Net profit (loss) per share	12,707.60 yen	(282,996.50 yen)	46,329.98 yen
Dividends per share	—	—	3,387.94 yen

(Note) UNY has not prepared consolidated financial statements. Following is an overview of UNY's major subsidiary, UCS CO., LTD. ("UCS"). UNY and UCS carry out commensurate transactions with each other, and UNY's consolidated business results and consolidated financial position differ greatly to the simple total of UNY's non-consolidated and UCS's non-consolidated financial values. Therefore, UNY's non-consolidated business results and financial position have been listed.

Reference

UCS CO., LTD.

(1) Name	UCS CO., LTD.	
(2) Location	1 Amaikegotanda-cho, Inazawa-shi, Aichi, Japan	
(3) Name and Title of Representative	Hideki Goto, President and Representative Director	
(4) Description of Business Activities	Credit card business and insurance lease business	
(5) Capital	1,610 million yen (non-consolidated) (as of February 20, 2018)	
(6) Date of Incorporation	May 17, 1991	
(7) Major Shareholders and Ownership Percentages	UNY Co., Ltd.	100%
(8) Relationship Between the Listed Companies and UCS	Capital Relationship	UNY (a subsidiary of the Company) holds 100% of the total number of issued shares of UCS.
	Personnel	One director of the Company concurrently serves as a director

	Relationship	of UCS.	
	Business Relationship	UNY (a subsidiary of the Company) has entered into a franchise store agreement with UCS, and carries out business such as the payment of a handling fee for the usage amount on cards issued by UCS for customers.	
(9) Management Performance and Financial Conditions for UCS's Most Recent Three Year Period (Japanese Standards)			
Accounting period	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net assets	24,665 million yen	24,216 million yen	26,346 million yen
Total assets	144,611 million yen	150,442 million yen	148,843 million yen
Net assets per share	1,311.47 yen	1,287.61 yen	1,400.83 yen
Operating revenue	19,500 million yen	19,997 million yen	20,103 million yen
Operating profit	3,837 million yen	301 million yen	3,381 million yen
Ordinary profit	3,840 million yen	304 million yen	3,835 million yen
Net profit	2,333 million yen	19 million yen	2,599 million yen
Net profit per share	124.07 yen	1.03 yen	138.24 yen
Dividends per share	25 yen	25 yen	—

3. Outline of Counterparty of Share Transfer

Please refer to “(1) Outline of the Target Company” in “2. Outline of the Tender Offer, etc.” in “I. Planned Commencement of the Tender Offer” above.

4. Number of Shares for Transfer, Transfer Value, and Share Ownership Before and After Transfer

(1) Number of shares owned before change	120,000 shares (Number of voting rights: 120,000 units) (Proportion of voting rights owned: 60.0%)
(2) Number of shares for transfer	120,000 shares (Number of voting rights: 120,000 units)
(3) Transfer value	UNY common stock 28,200 million yen
(4) Number of shares owned after change	0 shares (Number of voting rights: 0 units) (Proportion of voting rights owned: 0%)

5. Schedule

(1) Date of board resolution (FamilyMart UNY HD/Target Company)	October 11, 2018
(2) Agreement execution date	October 11, 2018
(3) Share transfer execution date	January 2019 (scheduled) (Note)

(Note) Subject to the waiting period and the examination period under the Anti-monopoly Act having passed.

6. Future Prospects

The Company is currently assessing the impact of Transfer on the Company's consolidated results in the fiscal year ending February 28, 2019, but if there are matters that should be announced, the Company will promptly

announce those matters.

Reference Consolidated Results Forecast for Fiscal Year Ending February 2019 (March 1, 2018 to February 28, 2019) (Announced July 12, 2018) and Consolidated Results for Previous Period (International Accounting Standards)

	Operating Revenue	Business Income	Profit Before Tax	Net Profit Attributable to Owner of Parent Company	Basic net profit per share
Consolidated performance forecast for current period (Fiscal year ending February 2019)	1,270,200 million yen	77,300 million yen	67,100 million yen	40,000 million yen	316.12 yen
Performance for previous period (Fiscal year ended February 2018)	1,275,300 million yen	66,250 million yen	28,639 million yen	33,656 million yen	265.82 yen

(Note) The above forecast is based on information currently in the Company's possession and certain assumptions deemed reasonable, and are not intended to form a promise by the Company that those forecasts will be achieved. In addition, the actual performance may differ greatly to the above parameters depending on the circumstances.

End of announcement

Solicitation Regulations

This Press Release is to publicly announce the Tender Offer, and was not prepared for the purpose of soliciting a tender for a sale. If you intend to tender an offer to sell shares in the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender Offer in advance, and tender shares at your own discretion. This Press Release is not a tender for or solicitation for a tender for a sale of securities, or a solicitation for a tender for a purchase of securities, and does not constitute a part of the foregoing. In addition, this Press Release (or any part of it) and any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing an agreement.

U.S. Regulations

The Tender Offer will be carried out in compliance with the procedures and information disclosure criteria set out in Japan's Financial Instruments and Exchange Act, and those procedures and criteria are not necessarily the same as the procedures and criteria in the U.S. In particular, Section 13(e) and Section 14(d) of the United States Securities Exchange Act of 1934 (as amended; the "U.S. Securities Exchange Act of 1934") and rules set out under those sections do not apply to the Tender Offer, and the Tender Offer does not act in accordance with those procedures and criteria. In addition, the Tender Offeror and the Target Company are incorporated outside of the U.S. and their directors and company auditors reside outside of the U.S. Therefore, it may be difficult to exercise rights and claims that may be asserted in accordance with U.S. securities-related laws. Further, it is possible that a suit may not be filed in a court outside of the U.S. against any company or its directors or company auditors outside of the U.S. as a result of a breach of a U.S. securities-related law. In addition, there is no guarantee that a company or its subsidiary or affiliate outside of the U.S. may be subject to the jurisdiction of a U.S. court.

All procedures in relation to the Tender Offer are carried out in Japanese, unless specifically stated. All or part of the documents in relation to the Tender Offer will be prepared in English, but if there is any discrepancy between the English and the Japanese documents, the Japanese document will prevail. Financial statements referred to in this Press Release are prepared in accordance with Japan's accounting standards, and are not necessarily the same financial statements for U.S. companies.

The Tender Offeror and its related parties, and the related parties of each financial advisor may, within the scope of ordinary business and within the scope permitted under Japan's laws and regulations related to financial instruments and other applicable laws and regulations, purchase or carry out acts for the purchase of the Target Company's shares through means other than the Tender Offer before commencement of the Tender Offer or during the Tender Offer Period in accordance with the requirements under Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934 for their own or for their customers' accounts. If any information in relation to such purchase is disclosed in Japan, that information will also be disclosed in English on the website of the party that carried out that purchase.

Future Prospects

This Press Release may contain forward-looking terms such as "expect," "assume," "intend," "plan," "believe," and "suppose," including matters in relation to the future business of the Company and other companies. These terms are based on the business outlook of the Company at present and may therefore change depending on the future conditions. Accordingly, the Company is not obligated to update these terms in relation to the information in this Press Release to reflect actual business results or any changes in various circumstances and conditions.

This Press Release includes "forward-looking statements" defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results may greatly differ from explicit or implied predictions stated as "forward-looking statements" due to known and unknown risks, uncertainty, and other factors. The Tender Offeror and related parties, including affiliates, may not promise that explicit or implied predictions, etc. stated as "forward-looking statements" will ultimately be accurate. "Forward-looking statements" stated in this Press Release are prepared based on information held by the Tender Offeror as of the date of this Press Release. The Tender Offeror and related parties, including affiliates, bear no obligation to update or revise those statements to reflect future events or conditions, unless required under law or regulation.

Other Countries

In some countries or regions, the release, issuance, or distribution of this Press Release may be restricted by relevant laws. In that case, please keep such restrictions in mind and comply with them. This Press Release does not constitute a solicitation for a tender for a sale or purchase of share certificates in relation to the Tender Offer, and is deemed solely as a distribution of material for information purposes.