

Execution of the Basic Agreement for the Management Integration

October 15, 2015 (Thu.)

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FamilyMart

FamilyMart Co., Ltd.

President

Isamu Nakayama



U G H D

UNY Group Holdings Co., Ltd.

President

Norio Sako

Summary of the Basic Agreement

Transaction Structure

- Same structure as the announcement on March 10, 2015
- FamilyMart and UNY Group to merge and form new HD
- FamilyMart and CKS to form new CVS company
- HQ: HD and CVS (Tokyo), GMS (Inazawa City, Aichi)

Merger Ratio

- Allot 0.138 FamilyMart shares to 1 UNY Group HD share

Integrated Business Plan

- Set business plan for 5 years from the Management Integration
- Agreed framework of key strategies to achieve the business plan

Preparation

- Form new preparation framework
- Discuss and determine key issues, including management structure and CVS brand
- Early restructuring of unprofitable stores

Financial Impact

	Current Period (ending Feb 2016)			Pro Forma (within 5 years)
	FamilyMart	UNY Group HD	Total	New Company
Group Revenues in Japan	¥2.0tn	¥1.8tn	¥3.8tn	¥5tn or larger
Operating Income (Consolidated)	¥46.9bn	¥21.0bn	¥67.9bn	¥100.0bn or larger
Net Income (Consolidated)	¥21.0bn	¥1.5bn	¥22.5tn	¥60.0bn or larger
ROE (Consolidated)	7.5%	0.5%	--	12% or larger
Stores (CVS, GMS, SM in Japan)	11,930 stores	6,712 stores	18,642 stores	20,000 or more stores
Stores (CVS, GMS in Overseas)	5,960 stores	4 stores	5,964 stores	10,000 or more stores

Notes: Financial numbers for the fiscal year ending February 2016.

Expected number of stores as at the end of February 2016, including area franchise stores.

Post-Integration Approaches

CVS

- Integration of CVS brands
- Enhanced procurement
- Enhanced product development
- Integration of infrastructure (e.g. distribution centers)
- Integration of IT systems

GMS / SM

- Focus on Tokai and Kanto area
- Utilization of procurement and service of the CVS business
- Development of new store format
- Cooperation in E-Commerce

Others

- Further utilization of business footprint / formation of new business model

Furthermore, implement fundamental restructuring, including divestiture of unprofitable stores, to maximize profitability

Discussions for the Management Integration

- Form an Integration Committee
(instead of current Integration Preparation Committee)
- Other considerations
 - Group principles
 - Company / group name
 - CVS brand (to be unified)
 - Board / management structure
 - HR

Envisioned Timeline

Execution of the Basic Agreement	October 15, 2015 (Today)
Execution of absorption-type merger agreement and absorption-type demerger agreement	By April 2016 (Scheduled)
AGM (FamilyMart and UNY Group HD) to approve the absorption-type merger and absorption-type demerger	May 26, 2016 (Scheduled)
Last trading day (UNY Group HD)	August 26, 2016 (Scheduled)
Delisting (UNY Group HD)	August 29, 2016 (Scheduled)
Closing / Effective date of the absorption-type merger and absorption-type demerger	September 2016 (Scheduled)

“Leading Global Retail Group in Japan”

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