

February 6, 2018

To Whom It My Concern:

Company Name: Family Mart UNY Holding Co., Ltd.
Representative: Koji Takayanagi, Representative Director and President
(Code No.: 8028, Tokyo Stock Exchange and
Nagoya Stock Exchange , 1st Section)

Notice on Making UCS Co., Ltd. (Code: 8787) a Wholly Owned Subsidiary of Our Consolidated Subsidiary through Share Exchange

Family Mart UNY Holding Co., Ltd. (the “Company”, “our”) hereby announces that our consolidated subsidiary, UNY CO., Ltd. (“UNY”) and our consolidated sub-subsidiary, UCS CO., LTD. (“UCS”) has executed a share exchange agreement to conduct a share exchange under which UNY would become the sole parent company of UCS and UCS would become a wholly owned subsidiary of UNY. Details may be found in the separate attachment.

1. Overview of UNY

(1) Company Name	UNY Co., Ltd.
(2) Head Office	1, Amaikegotanda-cho, Inazawa, Aichi, Japan
(3) Name and Title of Representative	Norio Sako, Representative Director and President
(4) Business Description	General retail chain store covering clothing, food, housing and leisure
(5) Capital	10,000 million yen

2. Overview of UCS

(1) Company Name	UCS CO., LTD.
(2) Head Office	1, Amaikegotanda-cho, Inazawa, Aichi, Japan
(3) Name and Title of Representative	Hideki Goto, Representative Director and President
(4) Business Description	Credit card business and and insurance, lease business
(5) Capital	1,610.89 million yen

3. Future outlook

The effect of this transaction on the consolidated business results of the Company is expected to be insignificant.

END

(Attachment)

Disclosed statement by UNY and UCS

“Notice on Making UCS Co., Ltd. a Wholly Owned Subsidiary of UNY Co., Ltd. by Share Exchange”

February 6, 2018

To Whom It My Concern:

Company Name: UNY Co., Ltd.
Representative: Norio Sako,
Representative Director and President

Company Name: UCS Co., Ltd.
Representative: Hideki Goto,
Representative Director and President
(Code : 8787 Tokyo Stock Exchange JASDAQ)

Notice on Making UCS Co., Ltd. a Wholly Owned Subsidiary of UNY Co., Ltd. by Share Exchange

We would like to make an announcement that UNY Co., Ltd. (“UNY”) and UCS Co., Ltd. (“UCS”) agreed through their resolution of the Board of Directors and executed a share exchange agreement today to exchange shares of UCS (“Share Exchange”) to make UNY the sole parent company of UCS and UCS a wholly owned subsidiary of UNY.

The Share Exchange is planned to take effect on May 1, 2018. UNY will not obtain the approval by a resolution of its general meeting of shareholders through procedures for a simplified share exchange pursuant to the provision of Article 796, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended from time to time; the same shall apply hereinafter), and UCS is planning to obtain the approval by a resolution of its special shareholders’ meeting on April 6, 2018. Shares of UCS will be delisted from JASDAQ (Standard) of Tokyo Stock Exchange, Inc. (“TSE”) as of April 25, 2018 (the last trading day will be April 24, 2018).

1. Purpose of Making UCS a Wholly Owned Subsidiary by Share Exchange

(1) Background and Purpose behind deciding to go forward with the Share Exchange for UNY

UNY’s operation, as a group company of its parent company FamilyMart UNY Holdings Co., Ltd. (“UFHD”) , includes regional commercial complexes with entertainment, small-scale shopping malls with specialty stores, and general supermarkets selling daily necessities, a with its slogan “general retailer chain store covering clothes, food, housing, and leisure.”

Competition within the general retail market to which UNY belongs is expected to intensify, due to factors such as market shrink caused by aging population and dwindling birthrate, expansion of large shopping malls by competitors in main business areas including the Tokai region, and new market entries by drug stores and discount stores. Therefore, UNY must strengthen its collaboration with UCS to maintain existing customers by utilizing knowhow and information from financial service business and to expand customer base by implementing flexible and agile promotional activities.

UFHD also has a plan to strengthen its financial service business, and it will start a new entity called UFI FUTECH Co.,Ltd. to handle the business including electronic money, credit and point, and will actively promote synergy effect for the financial service business within the group and implementing measures including privatization of Pocketcard Co., Ltd. (a group company operating credit-card business) and effective use of electronic money, point card, and customer ID. With respect to the relationship with UCS, we will open up our electronic money “uniko” to be used in all FamilyMart in Japan starting in the spring of 2018.

Furthermore, considering the difficult business environment in the general retail market described above, UNY accepted capital participation by Don Quijote Holdings Co., Ltd. (“Don Quijote HD”) in November 2017 and has started to look for revenue-making opportunities, including its plan to have some of current UNY stores managed by UNY and Don Quijote and introduce them as new-category joint-name stores. In addition to this, we plan to build a

new business strategy using cards through UCS.

With these things in mind, UNY had multiple discussions with UCS since November 2017 on each company's ideal future self and synergy effect upon UNY and UCS by UCS becoming a wholly owned subsidiary. As a result, they came to an agreement that by joining their forces, strengthening synergy effect, and creating a structure to enable UCS to make agile judgment, they can increase their corporate value and that by UCS becoming a wholly owned subsidiary, they can not only increase the corporate value of UCS but also of UNY. Therefore, they agreed to the Share Exchange and executed the share exchange agreement through the resolution of Board of Directors of UNY on February 6, 2018.

(2) Background and Purpose behind deciding to go forward with the Share Exchange for UCS

Since its establishment in May 1991, UCS had customers of UNY group companies as its core customer base, sought to expand revenue-making opportunities outside UNY group, and contributed to increase of corporate value of UNY group as UNY's major subsidiary. It provided convenience for customers through its core businesses including comprehensive credit purchase brokerage and loan and management electronic money. It also diversified its business by conducting sales of general and life insurance, lease business, mail-order travel business, and so on. Also, it operates business with UNY including various point policies and campaigns and holds an important position within UNY's sales promotion strategy.

Furthermore, regarding the credit card market to which UCS belongs, although certain expansion in credit card and electronic money markets is expected due to accelerated cashless transactions, competition in the market is expected to intensify due to the restriction on the total loan amount under the Money Lending Act, aging population and dwindling birthrate, and entries of new competitors from different businesses attributable to multiple available payment methods, and maintaining the existing business measures may cause growth opportunity to be missed and eventually cause the business to be shrunk. Therefore, in order to overcome the current difficulties and achieve further growth, UCS must focus on maintaining with UNY existing customers of UNY as core customer base, as well as promoting new services and measures with quick and agile decision-making such as those listed in (i) through (v) of (3) "Management Policy after Share Exchange" that might not be the best items for short-term returns but possible for mid- to long-term growth.

As stated in (1) "Background and Purpose behind deciding to go forward with the Share Exchange for UNY" with the plan to have some of current UNY stores introduced as new-category joint-name stores, UCS plans to eliminate a potential conflict of interest between UNY and minority shareholders of UCS due to the Share Exchange, expand customer base by making active investments to enable wider use of credit card and electronic money in UNY stores including new-category stores, which can be achieved by measures such as active implementation of sales promotion programs toward UNY's customers including the new-category stores by creating a structure to enable agile decision making based on mid- to long-term perspective of UCS who may experience a short-term profit loss but can expect a mid- to long-term profitability improvement afterwards, and acquire new revenue-making opportunities.

With these things in mind, as stated in (1) "Background and Purpose behind deciding to go forward with the Share Exchange for UNY" UCS had multiple discussions with UNY since November 2017 on each company's ideal future self and synergy effect upon UCS and UNY by UCS becoming a wholly owned subsidiary, and UCS independently analyzed pros and cons of privatization and impact on stakeholders. As a result, they came to an agreement that by joining their forces, strengthening synergy effect, and creating a structure to enable UCS to make agile judgment, they can not only increase the corporate value of UCS but also of UNY. Therefore, they agreed to the Share Exchange and executed the share exchange agreement through the resolution of Board of Directors of UCS on February 6, 2018.

(3) Management Policy after Share Exchange

As stated above, in order to make timely decisions appropriate for business environment, maximize synergy effect for UNY and UCS, expand businesses to new service areas for mid- to long-term growth, and increase corporate values of the companies, it is very beneficial for UCS to eliminate a potential conflict of interest between UNY and minority shareholders of UCS due to the Share Exchange, and create a structure to enable agile decision-making based on UCS's mid- to long-term perspective and close communication between UCS and UNY. By the Share Exchange,

UNY and UCS plan to strengthen the following efforts:

(i) Expansion of customer base of UNY and UCS with Management Resources and Information

By considering a new loyal customer program integrating UNY's IDPOS information and UCS's accumulated financial service business knowhow and information and actively promoting stronger marketing measures using points, UNY and UCS believe their customer base can be expanded.

(ii) Mid- to Long-Term Reinforcement of Financial Services for Future Technological Innovation

Becoming a wholly owned subsidiary of UNY will enable UCS to conduct mid- to long-term reinforcement of financial services such as system investment for new technological innovation necessary for cashless transactions and change in payment methods together with UNY in the general retail market.

(iii) Collaboration Promotion with UFHD Group

By actively considering and promoting collaboration in the financial service area including electronic money, credit, point, and ID, and in the marketing area among UFHD Group companies, UNY and UCS, UCS's growth can be achieved.

(iv) Reinforcement of Corporate Structure by Low-Cost Operation

Improved services and expansion of customer base listed above help operate at low cost and lead to reinforcement of corporate structures of UNY and UCS.

(v) Efficient Allocation of Human and Financial Management Resources between UNY and UCS

Efficient allocation of human and financial management resources becomes possible, and it is expected to lead to improvement of effective use of mutual human resources and capital efficiency.

2. Overview of the Share Exchange

(1) Schedule of the Share Exchange

Date of endorsement of share exchange agreement at the Board of Directors (both parties)	February 6, 2018
Contract date of share exchange agreement (both parties)	February 6, 2018
Designation of securities under supervision (UCS)	February 6, 2018 (tentative)
Publication of record date of special shareholders' meeting (UCS)	February 7, 2018 (tentative)
Record date of special shareholders' meeting (UCS)	February 28, 2018 (tentative)
Resolution of special shareholders' meeting (UCS)	April 6, 2018 (tentative)
Designation of delisted stock (UCS)	April 6, 2018 (tentative)
Last trading date (UCS)	April 24, 2018 (tentative)
Delisting (UCS)	April 25, 2018 (tentative)
Implementation date (effective date)	May 1, 2018 (tentative)
Cash distribution	End of July, 2018 (tentative)

(Note 1) UNY will not obtain the approval by a resolution of its general meeting of shareholders through procedures for a simplified share exchange pursuant to the provision of Article 796, Paragraph 2 of the Companies Act.

(Note 2) Implementation date (effective date) of the Share Exchange is subject to change upon the parties' agreement.

(2) Share Exchange Method

It is a share exchange with cash consideration to make UNY the sole parent company of UCS and UCS a wholly

owned subsidiary of UNY. The Share Exchange is planned to take effect on May 1, 2018. UNY will not obtain the approval by a resolution of its general meeting of shareholders through procedures for a simplified share exchange pursuant to the provision of Article 796, Paragraph 2 of the Companies Act, and UCS is planning to obtain the approval by a resolution of its special shareholders' meeting on April 6, 2018.

(3) Allocation

UNY is planning to grant UCS's shareholders (except UNY) 1,830 yen for each common share of UCS ("Share Exchange Value") (total of 6,419,413,080 yen) owned by them at the time immediately before the timing of acquisition of all of UCS's issued and outstanding shares (excluding 15,299,700 shares owned by UNY as of February 6, 2018) by UNY through the Share Exchange in accordance with the share exchange agreement and pursuant to the provision of Article 768, Paragraph 1, Item 2 of the Companies Act (the timing, "Base Time").

UCS is to cancel all of its shares to be held by UCS (124 shares as of February 6, 2018) immediately prior to the Effective Date of the Share Exchange in accordance with the resolution of the Board of Directors of UCS to be held by the day before the Effective Date of the Share Exchange.

(Note) If a condition for calculation base changes significantly, the Share Exchange Value may be revised upon discussion by the parties.

(4) Disposition of Share Acquisition Right and Bonds with Share Acquisition Right
Not applicable

3. Grounds for Allotment of Shares for the Share Exchange

(1) Grounds and Reasons for Allotment

As described under (4) "Measures to Ensure Fairness" and (5) "Measures to Avoid Conflicts of Interest" below, in order to ensure the fairness of the allocation of the Share Exchange and other elements of the Share Exchange; UNY commenced its full-scale consideration by selecting The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") as its third-party calculation organization and TMI Associates as its legal advisor.

On the other hand, upon receiving a proposal of this Share Exchange, as described under (4) "Measures to Ensure Fairness" and (5) "Measures to Avoid Conflicts of Interest" below, in order to ensure the fairness of the Share Exchange Value and other elements of the Share Exchange; UCS commenced its consideration of the Share Exchange proposed by UNY by selecting KPMG FAS Co., Ltd. ("KPMG FAS") as its third-party calculation organization and Mori Hamada & Matsumoto as its legal advisor.

First of all, with respect to the Share Exchange Value, as UNY is an unlisted company and allocating shares of UNY which has no liquidity is not appropriate, the allocation was decided to be done in monetary payment.

Further, with respect to the amount to be allocated in this Share Exchange, after an initial proposal was made from UNY to UCS on January 12, 2018, as described under (5) (i) "UCS's Obtainment of a Written Report from an Independent Third-Party Committee" below UCS conducted careful consideration until the end of January based on the results of the analysis of the share value of UCS and relevant opinions received from the Third-Party Committee established for this Share Exchange and its third-party calculation organization KPMG FAS, and thereafter sincerely negotiated with UNY multiple times.

As a result, as described under (4) "Measures to Ensure Fairness" and (5) "Measures to Avoid Conflicts of Interest" below, as a result of careful deliberation at the Board of Directors of UCS based on the Calculation of Share Value dated February 5, 2018 received from KPMG FAS and a report described under (5)(i) "UCS's Obtainment of a Written Report from an Independent Third-Party Committee" below, the agreed amount of 1,830 yen as Share Exchange Value as mentioned in 2. (3) "Allocation" above is an amount among the presented calculation results in the above-mentioned Calculation of Share Value by KPMG FAS and is an amount which is above the upper limit of the calculation amount based on the Market Value Method and also is above the median of the range of the calculation results based on the DDM Method and taking into account various conditions to this Share Exchange and how the below described premium of 20.4% of the average closing price of the UCS common stocks at the TSE on February 5,

2018 1,520yen which is the immediate business date prior to the announcement of this Share Exchange (rounded to the nearest hundredth), 24.2 % to the simple average closing price of the past one month 1,473 yen (from January 9, 2018 to February 5, 2018) (rounded to the nearest hundredth), 28.4 % to the simple average closing price of the past three months 1,425 yen (from November 6, 2017 to February 5, 2018) (rounded to the nearest hundredth), 27.8 % to the simple average closing price of the past six months 1,432 yen (from August 7, 2017 to February 5, 2018) (rounded to the nearest hundredth) are added, such amount can be determined to be reasonable and as contributing to the interest of the UCS's shareholders; and thus at the Board of Directors meeting held today, a resolution to carry out the Share Exchange using the said Share Exchange Value under the method described below under (5) (ii) "Unanimous Approval of Directors and Corporate Auditors, excluding interested Directors of UCS" was passed.

Further, as described under (4) "Measures to Ensure Fairness" and (5) "Measures to Avoid Conflicts of Interest" below, as a result of careful deliberation by UNY based on the Calculation of Share Value dated February 5, 2018 received from BTMU, the agreed amount of 1,830 yen as Share Exchange Value as mentioned in 2. (3) "Allocation" above was determined to be a reasonable amount and as contributing to the interest of the UNY's shareholders; and thus a resolution to carry out the Share Exchange using the said Share Exchange Value was passed today at the Board of Directors meeting.

Based on the resolutions passed at each Board of Directors meeting, UNY and UCS executed a Share Exchange Agreement dated today.

JPY 1.830 yen as the Share Exchange Value includes the addition of the following premiums: 20.4% of the average closing price of the UCS common stocks at the TSE on February 5, 2018 1,520 yen which is the immediate business date prior to the announcement of this Share Exchange (rounded to the nearest hundredth), 24.2% to the simple average closing price of the past one month 1,473 yen (from January 9, 2018 to February 5, 2018) (rounded to the nearest hundredth), 28.4 % to the simple average closing price of the past three months 1,425 yen (from November 6, 2017 to February 5, 2018) (rounded to the nearest hundredth), 27.8% to the simple average closing price of the past six months 1,432 yen (from August 7, 2017 to February 5, 2018) (rounded to the nearest hundredth).

In the event a significant change to the various conditions which is used as the grounds of the calculation of the allocation of the Share Exchange occurs, such change may be made upon discussion between the two companies.

(2) Matters regarding the Calculation

(i) Name of Calculation Organization and Relationship with the Listed Company

BTMU which is the third party calculation organization of UNY and KPMG FAS which is the third party calculation organization of UCS are both calculation organization independent from UNY and UCS and are not considered as related parties of UNY nor UCS and have no significant interests which should be noted in relation to the Share Exchange.

(ii) Outline of Calculation

BTMU performed the share value analysis of UCS by using the Market Value Analysis as it is listed on JASDAQ and a market price exists (February 2, 2018 was used as the calculation record date, and the closing price of common shares of UCS on JASDAQ as of the calculation record date, and simple average share prices for the recent one, three, and six-month period to the calculation record date were used as the basis of the analysis), the Comparable Company Analysis as analogizing of the share price using the comparable company analysis is possible as there are several similar listed companies which are comparable to UCS, and the dividend discount model analysis in order to reflect the evaluation of the status of the future business activities ("DDM Analysis").

Under each of the above methods, the ranges of share value per UCS's share are as follows.

Valuation Method	Range of Share Value per Share
Market Value Analysis	1,423 yen~1,506 yen
Comparable Company Analysis	1,221 yen~1,773 yen

DDM Analysis	1,696 yen~2,250 yen
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In calculating the share value, BTMU used information provided by UCS and with respect to information publicly available, such information was generally used as is. It was assumed that all those materials, information and the like which were used are all accurate and complete and there are no facts undisclosed to BTMU which may give a significant impact on the calculation of the share value. Independent verification on the accuracy and completeness has not been done. Also it is assumed that assets or liabilities of UCS (including contingent liabilities) have not been independently evaluated or assessed. The calculation of the share value by BTMU reflects the information and economic conditions as of calculation record date and it is further assumed that the financial projection of UCS which became the basis of the calculation was reasonable examined or prepared based on the best possible projection and judgment currently made available by UCS. With respect to the financial projection of UCS, there are no fiscal years where significant profit increase or decrease is anticipated. Further, this financial projection is based on the assumption of the Share Exchange being implemented. As UNY has received explanation of the evaluation method of UCS's share value in relation to the Share Exchange, assumptions, background information of the calculation from BTMU, UNY has confirmed the reasonableness of the above calculation results performed by BTMU.

In order to gather and consider the necessary information to calculate the share value of UCS, KPMG FAS received explanation upon obtaining information on the current business and future forecast from the management of UCS and based on such information, calculation of share value of UCS was performed. Among the various share value calculation method, based on the understanding that evaluation of the share value of UCS from multiple aspects is appropriate, KPMC FAS used the Market Value Method as UCS stocks are listed on the TSE and market prices exist. Also, the dividend discount model method was taken by KPMG FAS to calculate the share value of UCS in order to reflect the evaluation of the status of the future business activities (a share value analysis method where the capital adequacy ratio necessary to maintain the stable business is assumed, and it will be supposed that an interest exceeding the internally reserved amount necessary to maintain such capital adequacy ratio is available for allotment to shareholders and the share value is analyzed by discounting to the current value, "DDM Method"). The share value per UCS's stocks calculated by KPMG FAS based on each of the above methods, are as follows.

Valuation Method	Range of Share Value per Share
Market Value Method	1,425 yen~1,520 yen
DDM Method	1,404 yen~1,858 yen

Under the Market Value Method, the share value of one UCS stock was analyzed to be within the range of 1,425 yen to 1,520 yen based on 1,520 yen which is the closing price of UCS stocks in the TSE JASDAQ (standard) market was used as of the Record Date February 5, 2018 which is the immediate business day prior to the announcement of the Share Exchange, 1,473 yen which is the simple average share prices for the recent one-month period, 1,425 yen which is the simple average share prices for the recent three-month period three, and 1,432 yen which is the simple average share prices for the recent six-month period.

Under the DDM Method, the share value of one UCS stock was analyzed to be within the range of 1,404 yen to 1,858 yen based on the business plan of UCS from the FY ending February 2018 to the FY ending February 2021 as well as the trend in the business results to date, the interest belonging to shareholders which UCS is anticipated to generate after the fourth quarter of the FY ending February 2018 was discounted to the current share value by applying the discount ratio based on shareholder's equity cost. The discount ratio used was 9.6~10.8% and for the calculation of the value to continue, PA (Perpetuity Assumption) method was used, and 1.7% was used as perpetuity growth rate. The specific figures of the UCS business plans used as the basis of the calculation by KPMG FAS under the DDM Method are as follows. In the following financial forecast, there are no fiscal years where significant profit increase or decrease is anticipated. Further, the reduction of the listing fees by delisting the UCS common

shares has been reflected on the relevant financial forecast, but the impact of other effects of various measures after this transaction made on the financial forecast cannot be specifically estimated at this point so have not been reflected.

(Unit: million yen)

	FY ending Feb. 2018(Note)	FY ending Feb. 2019	FY ending Feb. 2020	FY ending Feb. 2021
Net Sales (revenue)	5,430	21,642	22,888	24,254
Ordinary Income	1,190	4,208	4,508	4,808
Net Income	638	2,705	2,905	3,105

(Note) The three month period from December 2017 to February 2018

In calculating the share value of UCS stocks, KPMG FAS used information provided by UCS, information gathered through hearing, and with respect to information publicly available, such information was generally used as is. It was assumed that all those materials, information and the like which were used are all accurate and complete and there are no facts undisclosed to KPMG FAS which may give a significant impact on the calculation of the share value of UCS stocks. Independent verification on the accuracy and completeness therefor has not been done. Also KPMG FAS has not conducted any independent appraisal, evaluation or assessment on the assets or liabilities of UCS (including unrecorded assets and liabilities, and other contingent liabilities) which include analysis and evaluation of individual assets and liabilities, and also have not requested appraisal, evaluation or assessment to third-party calculation organization. The calculation of the share value of UCS stocks by KPMG FAS reflects the information and economic conditions as of February 5, 2018 and it is further assumed that the business plan of UCS used for the evaluation by KPMG FAS under the DDM method was reasonably prepared based on the best possible projection and judgment currently made available by the management of UCS.

As UCS has received explanation of the evaluation method of UCS's share value in relation to the Share Exchange, assumptions, background information of the calculation from KPMG FAS, UCS has confirmed the reasonableness of the above calculation results performed by KPMG FAS.

(3) Prospect of Delisting and Such Reasons

As a result of the Share Exchange, as of the effective date thereof (scheduled to be May 1, 2018), UCS will become the wholly-owned subsidiary of UNY and the UCS stocks are planned to be delisted as of April 25, 2018 (the last trading date will be April 24, 2018). After the delisting, shares of common stock of UCS can no longer be traded in the TSE.

As described under 1. "Purpose of Making UCS a Wholly Owned Subsidiary by Share Exchange" above, the purpose of the Share Exchange is to eliminate a potential conflict of interest with minority shareholders of UCS, mid to long term and agile decision making by UCS, and to enable close communication among UCS, UFHD Group and UNY. As a result of UNY becoming a wholly-owned subsidiary of UCS in relation to the Share Exchange, UCS stocks are planned to be delisted in accordance with the TSE's delisting standard.

After the delisting, UCS stocks may no longer be traded on JASDAQ but for the UCS shareholders excluding UNY, taking into account that UNY is an unlisted company, allotment of the amount (Share Exchange Value) indicated under (1) "Grounds and Reasons for Allotment" above, is scheduled in accordance with the number of shares held and as also described under (1) "Grounds and Reasons for Allotment", taking into consideration that the Share Exchange Value is an amount derived by adding a certain level of premium to the market price of the UCS stocks, it is understood as appropriate consideration was provided to the impact on the minority shareholders.

The shareholder of UCS stocks may trade its UCS stocks in the traditional method until the final trade date of April 24, 2018 in the TSE.

(4) Measures to Ensure Fairness

UNY and UCS have implemented the following measures to ensure fairness, as it was deemed necessary to ensure fairness of the Share Exchange considering that UCS is a subsidiary of UNY and UNY already holds 15,299,700 share of common stocks of UCS (the proportion to the total issued share of 18,807,700 shares as of February 6, 2018 is 81.35% (rounded to the nearest thousandth, the same shall applies hereafter for the calculation of shareholding ratio)).

(i) UCS's Obtainment of a Written Report from an Independent Third-Party Committee

UNY selected BTMU, a third-party calculation organization independent from UNY and UCS and obtained the Calculation of Share Value dated February 5, 2018. For a summary of the calculation, refer to (2) "Matters regarding the Calculation" above.

On the other hand, UCS selected KPMG FAS, a third-party calculation organization independent from UNY and UCS and obtained the Calculation of Share Value dated February 5, 2018. For a summary of the calculation, refer to (2) "Matters regarding the Calculation" above.

Neither UNY nor UCS has obtained fairness opinions on the appropriate or fairness of the Share Exchange Value from a financial perspective from their respective third-party calculation organizations.

(ii) Independent Law Firm's Advice

As the legal advisor for the Share Exchange, UNY retained TMI Associates and UCS retained Mori Hamada & Matsumoto to obtain advice from a legal perspective with respect to the methods of Share Exchange, methods and process of various procedures and decision-making respectively. TMI Associates and MORI HAMADA & MATSUMOTO are both independent from UNY and UCS.

(5) Measures to Avoid Conflicts of Interest

Following measures were taken by UCS to avoid conflict of interest, considering that UNY already holds 81.35% (as of November 30, 2017) of the total voting rights of UCS and is a parent company of UCS.

(i) UCS's Obtainment of a Written Report from an Independent Third-Party Committee

On December 27, 2017, UCS established a third-party committee ("Third-Party Committee") so that the Share Exchange can avoid being conducted under unfavorable conditions for minority shareholder of UCS. The Third-Party Committee is comprised of three members, Kazuhisa Fujimoto who is an outside council of UCS and Fumiko Nagatomi and Akio Nagata who are outside auditors of UCS, all members are not interested parties to the controlling shareholder, UNY. Upon reviewing the Share Exchange, the Third-Party Committee was consulted on whether (a) the purpose of the Share Exchange is valid and reasonable, (b) the fairness of the Share Exchange procedures, (c) the fairness and reasonableness of the terms and conditions of the Share Exchange (including the Share Exchange Value), and (d) based on such assumptions, whether the Share Exchange is not disadvantageous to the minority shareholders of UCS or not.

Between December 27, 2017 and February 6, 2018 the Third-Party Committee held a total of 7 meetings, gathered information and carefully reviewed the above consultation matters by holding discussion as necessary. In performing their review, the Third-Party Committee was given explanation by UCS including the purpose of the Share Exchange, background leading to the Share Exchange and conditions and decision making process for the Share Exchange including the Share Exchange Value for the Share Exchange. The Third-Party Committee received explanation regarding the valuation of the Share Exchange Value of the UCS stocks by KPMG FAS. Also from Mori Hamada & Matsumoto who are legal advisors of UCS, the Third-Party Committee received explanation on the details of measures to secure the fairness in terms of Share Exchange procedures, method and decision-making process of UCS's Board of Directors in relation to Share Exchange, and other measures to avoid conflicts of interest.

Under these circumstances and based on the explanation, calculation results and other considered materials, the Third-Party Committee submitted a report dated February 6, 2018 to the UCS Board of Directors as described in

8. (3) “(3) Overview of Opinion that the Transaction is Not Disadvantageous to Minority Shareholders, obtained from Persons without an Interest in Controlling Shareholders” below, wherein they stated that the Share Exchange is not disadvantageous to the UCS minority shareholders.

ii) Unanimous Approval of Directors and Corporate Auditors, excluding Interested Directors of UCS

Among the UCS directors, as Jiro Koshida concurrently serves as a director for both UNY and the parent company of UNY, UFHD, from a perspective to avoid conflict of interest, he did not participate in the deliberation nor resolution regarding the Share Exchange in the UCS Board of Directors meeting and from the UCS side he did not participate in the discussion nor negotiation regarding the Share Exchange with UNY. Also since Takamasa Ogawa was a director of the parent company of UNY, UNY Group Holdings Co., Ltd. (currently UFHD), until May of 2016, from a perspective to avoid conflict of interest, he did not participate in the deliberation nor resolution regarding the Share Exchange in the UCS Board of Directors meeting and from the UCS side he did not participate in the discussion nor negotiation regarding the Share Exchange with UNY. All officers of UCS except Jiro Koshida and Takamasa Ogawa are not officers or employees of UNY, its parent company, subsidiary or affiliated company (excluding UCS) during the last five years.

The resolution regarding the Share Exchange proposed at the UCS Board of Directors meeting held today, was unanimously adopted by all five directors excluding Jiro Koshida and Takamasa Ogawa and for the deliberation of the resolution, all three auditors of UCS also participated and they unanimously stated that they do not object to the implementation of the Share Exchange.

4. Overview of Companies Party to the Share Exchange

	Wholly Owning Parent Company	Wholly Owned Subsidiary
(1) Company Name	UNY Co., Ltd.	UCS CO., LTD.
(2) Head Office	1, Amaikegotanda-cho, Inazawa, Aichi, Japan	1, Amaikegotanda-cho, Inazawa, Aichi, Japan
(3) Name and Title of Representative	Norio Sako, Representative Director and President	Hideki Goto, Representative Director and President
(4) Business Description	General retail chain store covering clothing, food, housing and leisure	Credit card business and and insurance, lease business
(5) Capital	10,000 million yen	1,610.89 million yen
(6) Date of Incorporation	February 16, 2012	May 17, 1991
(7) Number of Issued Shares	200,000 shares	18,807,700 shares
(8) End of Fiscal Year	February 20	End of February
(9) Number of Employees	(non-consolidated basis)4,904	(non-consolidated basis)144
(10) Major Customers	general consumers	UNY Co., Ltd.
(11) Principal Banks	—	—
(12) Major Shareholders and Shareholding Ratios	Family Mart UNY Holdings Co., Ltd. 60.0% Don Quijote Holdings Co., Ltd. 40.0% (as of November 30, 2017)	UNY Co., Ltd. 81.35% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)(Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd)1.66% The Tachibana Securities Co., Ltd. 1.50% The Master Trust Bank of Japan ,Ltd.

		(trust account) 1.23% Japan Trustee Services Bank, Ltd. (trust account) 0.88% Yoshiaki Takahashi 0.82% Tadanao Hashimoto 0.57% kabu.com Securities Co., Ltd. 0.52% Central Tanshi Co., LTD. 0.44% Masayuki Yamashita 0.42% (As of August 31, 2017)
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(13) Relationship of the Parties

Capital Relation	UNY is the parent company of UCS, with ownership of 81.35% (15,299,700 shares) of issued and outstanding shares of UCS.
Personnel Relation	One director of UNY is concurrently serving as the director of UCS.
Business Relation	UNY and UCS have executed a merchant agreement and have business such as paying fees depending on the amount used by UCS Card customers.
Whether falling under related parties	UCS is a subsidiary of UNY, and is a related party.

(14) Business results and financial condition in the past three years

Accounting Period	UNY (unconsolidated)			UNY (unconsolidated)		
	FY ended Feb. 2015	FY ended Feb. 2016	FY ended Feb. 2017	FY ended Feb. 2015	FY ended Feb. 2016	FY ended Feb. 2017
Net Assets	163,726	163,177	108,785	22,773	24,665	24,216
Total Assets	550,431	560,255	505,797	137,435	144,611	150,442
Net Assets per share (yen)	818,628	815,885	543,929	1,210.85	1,311.47	1,287.61
Net Sales (revenue)	745,647	757,942	742,033	18,428	19,500	19,997
Operating Income	10,409	10,623	13,866	3,663	3,837	301
Ordinary Income	9,518	10,939	13,925	3,664	3,840	304
Net Income	(3,244)	2,541	(56,599)	2,150	2,333	19
Net Income per share (yen)	(16,221)	12,707	(282,996)	114.34	124.07	1.03
Dividend per share (yen)	-	-	-	20	25	25

(Note 1) As of February 28, 2017, unless otherwise specified

(Note 2) Unit: million yen and rounded down to the nearest million yen, unless otherwise specified

5. Status after the Share Exchange

	Wholly owning parent company
(1) Company Name	UNY Co., Ltd.
(2) Head Office	1, Amaikegotanda-cho, Inazawa, Aichi, Japan
(3) Name and Title of Representative	Norio Sako, Representative Director and President
(4) Business Description	General retail chain store covering clothing, food, housing and leisure
(5) Capital	10,000 million yen
(6) End of Fiscal Year	February 20
(7) Net Assets	Yet to be determined
(8) Total Assets	Yet to be determined

6. Accounting Overview

The Share Exchange is likely to be deemed as business involving entities under common control.

7. Future Outlook

Since UCS is already a subsidiary of UNY, the effects of the Share Exchange on the business results of UNY and UCS are expected to be insignificant.

8. Matters regarding Transactions with Controlling Shareholders

(1) Whether Falling Under a Controlling Shareholder Transaction and Compliance with the Guidelines for Measures to Protect Minority Shareholders

As UNY is already a controlling shareholder of UCS that possesses 81.35% of voting rights of total shareholders of UCS, the Share Exchange is deemed to be a transaction within controlling shareholder for UCS.

Corporate Governance Report disclosed by UCS on May 19, 2017 includes “Guidelines Concerning the Policy on Protection of Minority Shareholders,” which states that decisions regarding transactions with the parent company and group companies will be made in the same manner as transactions with other companies, and will be reasonably determined by reviewing the contract terms and market standard; and thus it is understood that transactions with the parent company and group companies will not undermine the benefits of the minority shareholders.

As stated in 3. (4) “Measures to Ensure Fairness” and (5) “Measures to Avoid Conflicts of Interest” above, UCS is expected to conduct the Share Exchange by determining the Share Exchange Value subject to implementation of measures to secure fairness and avoid conflict of interest.

Therefore, the Share Exchange is deemed to be in compliance with UCS’s “Guidelines Concerning the Policy on Protection of Minority Shareholders” stated above.

(2) Matters regarding Measures to Ensure Fairness and to Avoid Conflicts of Interest

As stated in (1) “Whether Falling Under a Controlling Shareholder Transaction and Compliance with the Guidelines for Measures to Protect Minority Shareholders” above, as the Share Exchange is deemed as transaction with controlling shareholder for UCS, measures to secure fairness and avoid conflict of interest was determined to be necessary through careful discussion and review on various terms concerning the Share Exchange at the UCS Board of Directors meeting and by further implementing 3 (4) “Measures to Ensure Fairness” and (5) “Measures to Avoid Conflicts of Interest” above, such fairness is ensures and decisions are made upon avoiding conflicts of interest.

(3) Overview of Opinion that the Transaction is not Disadvantageous to Minority Shareholders, obtained from Persons without an Interest in Controlling Shareholders

As stated in 3. (5) “Measures to Avoid Conflicts of Interest” above, UCS established a Third-Party Committee to prevent the Share Exchange from being conducted under disadvantageous terms for minority shareholders of UCS. Upon considering the Share Exchange, the Third-Party Committee was consulted on whether (a) the purpose of the Share Exchange is valid and reasonable, (b) the fairness of the Share Exchange procedures is secured, (c) the fairness and reasonableness of the terms and conditions of the Share Exchange (including the Share Exchange Value) is secured, and (d) based on the assumptions (i) through (iii), whether the Share Exchange is not disadvantageous to the minority shareholders of UCS.

Consequently, the Third-Party Committee submitted to the UCS Board of Directors a report dated February 6, 2018 stating as follows:

- (a) In order to increase the corporate value of UCS, by making UCS a wholly-owned subsidiary of UNY at this time, and creating a structure to enable prompt and agile decision-making based on mid- to long-term perspective, even if achieving the short-term goals as described in (i) through (v) of 1. (3) “Management Policy after Share

Exchange” may be difficult, since there is a need to pursue the measures of new services and efforts which are likely to grow in the mid- to long-term, the purpose of the Share Exchange can be said to be fair and reasonable as increasing the corporate value of UCS.

- (b) Based on establishment of a Third-Party Committee, elimination of directors in a conflict of interest relation from the decision-making process for the Share Exchange, selection of independent advisors, implementation of reasonable measures to eliminate arbitrariness from UCS’s decision making process, and minority shareholders of UCS being ensured an opportunity to make an appropriate decision on the pros and cons of the Share Exchange; fairness of the Share Exchange proceeding is ensured and can be said that consideration is given to the benefit of minority shareholders of UCS.
- (c) Share Exchange Value can be said to be reasonable in view of the calculation results indicated in Calculation of Share Value received from KPMG FAS and market share price of UCS stocks. Also, the standard of the premiums on the market share price added to the Share Exchange Value can be considered to be within the reasonable range when considering the premium standard and the like applied to recent squeeze out cases where the shift of the UCS market share price and the Share Exchange is comparable. With respect to the Share Exchange Value, as a result of sincere negotiation between UCS and UNY under substantial involvement of the Third-Party Committee, a conclusion was reached after a significant compromise by UNY, and from a comprehensive perspective that this amount can be considered to be an amount agreed through negotiation between independent parties, it can be said that the Share Exchange Value is fair and reasonable.
- (d) Based on (a) through (c) above, there are no special issues from the perspective of the impact the Share Exchange will give to the corporate value of UCS and in terms of the procedures of the Share Exchange, consideration is given to minority shareholder of UCS through appropriate and fair procedures, and since the Share Exchange Value is fair and reasonable, with respect to the Third-Party Committee, it can be said that (a) the purpose of the Share Exchange is valid and reasonable, (b) the fairness of the Share Exchange procedures is secured, (c) the fairness and reasonableness of the terms and conditions of the Share Exchange (including the Share Exchange Value) is secured, and (d) the Share Exchange is not disadvantageous to the minority shareholders of UCS.

END

(Reference) Financial Forecast for the Current Year and Results of the Previous Year

U C S (financial forecast published as of December 27, 2017)

(Unit: million yen)

	Net Sales (revenue)	Operating Income	Ordinary Income	Net Income
Forecast for the current FY (ending February 2018)	20,525	4,000	4,000	2,550
Results of the previous FY (ended February 2017)	19,997	301	304	19