



September 29, 2017

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

FamilyMart UNY Holdings Co., Ltd.

(Code No. 8028, Tokyo Stock Exchange and Nagoya Stock Exchange, 1st Section)

Representative Director and President: Koji Takayanagi

**Announcement in Relation to Commencement of Joint Tender Offer Bid for Share Certificates of  
Pocket Card Co., Ltd. (Code No. 8519) by a Wholly Owned Subsidiary of FamilyMart**

As announced in the press release, “Announcement in Relation to Commencement of Joint Tender Offer Bid for Share Certificates of Pocket Card Co., Ltd. (Code No. 8519) by a Wholly Owned Subsidiary of FamilyMart” dated August 3, 2017, and “Announcement in Relation to Determination of Tender Offeror in Joint Tender Offer Bid for Share Certificates of Pocket Card Co., Ltd. (Code No. 8519) by a Wholly Owned Subsidiary of FamilyMart,” dated today, FamilyMart Co., Ltd. (Head office: Toshima-ku, Tokyo; President & Chief Executive Officer: Takashi Sawada; hereinafter referred to as “FamilyMart”), a wholly owned subsidiary of FamilyMart UNY Holdings Co., Ltd. (hereinafter referred to as “FamilyMart UNY Holdings”), has determined that BSS Co., Ltd. (Head Office: Toshima-ku, Tokyo; President & Chief Executive Officer: Hiroaki Tamamaki; hereinafter referred to as “BSS”), a wholly owned subsidiary of FamilyMart, and GIT Corporation (Head office: Minato-ku, Tokyo; Representative Director and President: Kazuhiro Nakano; hereinafter referred to as “GIT”), a wholly owned subsidiary of ITOCHU Corporation (Code No. 8001, Tokyo Stock Exchange, 1st Section; hereinafter referred to as “ITOCHU”), which is the largest shareholder of FamilyMart UNY Holdings, will jointly acquire common shares of Pocket Card Co., Ltd. (Code No. 8519, Tokyo Stock Exchange, 1st Section) through a tender offer (hereinafter referred to as “Tender Offer”) as stipulated in the Financial Instruments and Exchange Act (Act No.25 of 1948; including revisions thereafter).

FamilyMart, BSS, ITOCHU and GIT have confirmed that the prerequisites for the implementation of the Tender Offer have been met, including the completion of necessary procedures and handling in accordance with competition laws in Japan and any foreign country overseas. BSS, a wholly owned subsidiary of FamilyMart, has determined to implement the Tender Offer jointly with GIT on October 2, 2017 the date of commencement. For further details, see the attachment.

1. Outline of FamilyMart Co., Ltd.

(1)Name	FamilyMart Co., Ltd.
(2)Location	3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo
(3)Title and Name of Representative	Takashi Sawada, President & Chief Executive Officer
(4)Business Lines	Convenience store business
(5)Capital	¥8,380 million (as of September 29, 2017)

## 2. Outline of BSS Co., Ltd.

(1)Name	BSS Co., Ltd.
(2)Location	3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo
(3)Title and Name of Representative	Hiroaki Tamamaki, President & Chief Executive Officer
(4)Business Lines	Acquisition of ownership of share certificates of Pocket Card Co., Ltd. etc.
(5)Capital	¥10 million (as of September 29, 2017)

## 3. Future outlook

The effect of the Tender Offer on the business results of FamilyMart UNY Holdings for the fiscal year ending February 2018 is expected to be insignificant.

This statement is a disclosure by FamilyMart UNY Holdings in accordance with the Securities Listing Regulations, and also a release in accordance with Article30-1-4 of the Order for Enforcement of the Financial Instruments and Exchange Act, based on the request of BSS (Tender Offeror) to FamilyMart and FamilyMart UNY Holdings.

(Attachment)

Disclosed statement by ITOCHU, GIT, FamilyMart and BSS

“Announcement in Relation to Commencement of Joint Tender Offer Bid for Share Certificates of Pocket Card Co., Ltd. (Code No. 8519)”



September 29, 2017

ITOCHU Corporation

(Code No. 8001, Tokyo Stock Exchange, 1st Section)

Representative Director and President: Masahiro Okafuji

GIT Corporation

President and Representative Director: Kazuhiro Nakano

FamilyMart Co., Ltd.

President and Chief Executive Officer: Takashi Sawada

BSS Co., Ltd.

President and Representative Director: Hiroaki Tamamaki

**Announcement in Relation to Commencement of Joint Tender Offer Bid for Share Certificates of  
Pocket Card Co., Ltd. (Code No. 8519)**

As announced in the press release “Announcement in Relation to Commencement of Joint Tender Offer Bid for Share Certificates of Pocket Card Co., Ltd. (Code No. 8519)” dated August 3, 2017 (hereinafter referred to as the “Tender Offerors’ Press Release”), ITOCHU Corporation (hereinafter referred to as “ITOCHU”), GIT Corporation (hereinafter referred to as “GIT”), ITOCHU’s wholly owned subsidiary, and FamilyMart Co., Ltd. (hereinafter referred to as “FamilyMart”) decided that GIT and a wholly owned subsidiary of FamilyMart would jointly obtain the common shares (hereinafter referred to as the “Target Company’s shares”) of Pocket Card Co., Ltd. (hereinafter referred to as the “Target Company”) by way of a tender offer bid (hereinafter referred to as the “Tender Offer”) if conditions such as the fact that the required procedures have been completed and the necessary steps have been taken based on the competition laws of Japan and any foreign country concerned have been satisfied.

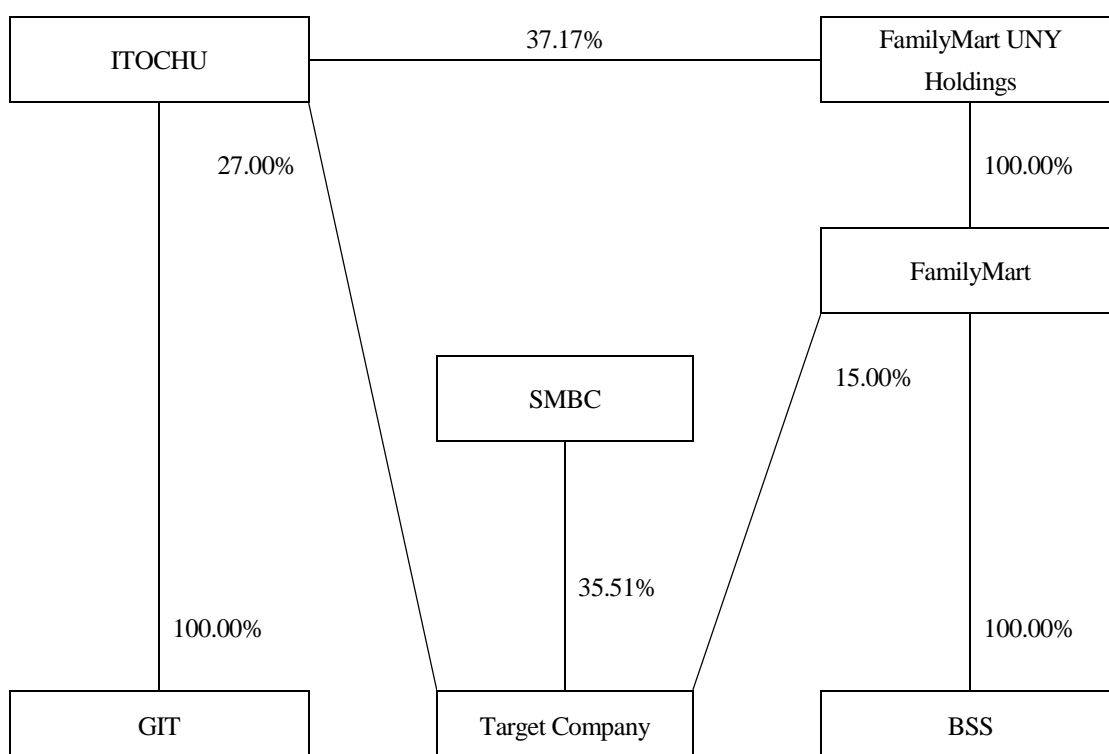
FamilyMart has decided that BSS Co., Ltd. (hereinafter referred to as “BSS”), a wholly owned subsidiary of FamilyMart, (GIT and BSS will be collectively referred to as the “Tender Offerors”) will implement the Tender Offer jointly with GIT, and the prerequisites for the implementation required for the Tender Offerors to commence the Tender Offer have been met, including the completion of necessary procedures and handling in accordance competition laws in Japan and any foreign country overseas, ITOCHU, FamilyMart, and the Tender Offerors therefore announced today that they have decided to commence the Tender Offer on October 2, 2017 as detailed below.

## 1. Objectives of the Tender Offer

### (1) Outline

GIT is a joint-stock company of which all issued shares are owned by ITOCHU. As of today, ITOCHU owns 21,130,000 shares of the Target Company (Ownership Ratio (Note 1): 27.00%) listed on the First Section of the Tokyo Stock Exchange (hereinafter referred to as the “TSE 1st Section”), and the Target Company is ITOCHU’s equity method affiliate. BSS is a joint-stock company of which, as of today, all issued shares are owned by FamilyMart. FamilyMart, a wholly owned subsidiary of ITOCHU’s equity method affiliate FamilyMart UNY Holdings Co., Ltd. (hereinafter referred to as “FamilyMart UNY Holdings”), owns 11,739,000 shares of the Target Company (Ownership Ratio: 15.00%) and the Target Company is its equity method affiliate.

See the diagram below for the capital relationships of the parties (Ownership Ratio of each company).



As GIT and ITOCHU, the parent company of GIT (hereinafter referred collectively as “ITOCHU, etc.”), and FamilyMart announced in the Tender Offerors’ Press Release, ITOCHU and FamilyMart signed a shareholder agreement dated August 3, 2017 (hereinafter referred to as the “Shareholder Agreement”) with Sumitomo Mitsui Banking Corporation (hereinafter referred to as “SMBC,” which currently owns 27,788,000 shares of the Target Company with an Ownership Ratio of 35.51%). Based on the Shareholder Agreement, ITOCHU, etc., FamilyMart, and BSS (FamilyMart and BSS will be hereinafter collectively referred to as “FamilyMart, etc.”) acquire all shares of the Target Company, excluding those owned by ITOCHU and FamilyMart, those owned by SMBC (hereinafter referred to as the “Non-target Shares”), and treasury stocks owned by the Target Company, (hereinafter referred to as the “Tender Offer Target Shares”), thereby limiting the Target Company’s shareholders to all or a subset (Note 2) of the five companies, including ITOCHU, etc., FamilyMart, etc., and SMBC, and delist the Target Company (hereinafter, the shareholders of the Target Company followed by the delisting shall be collectively referred to as the “Major Shareholders”). Subsequently, as part of the series of transactions to make the Ownership Ratios of the voting rights of ITOCHU, etc., FamilyMart, etc. and SMBC 46%, 34%,

and 20%, respectively (collectively referred to as the “Final Voting Rights Ratio”) (hereinafter, the “Transactions”), GIT and FamilyMart had planned to jointly acquire the shares of the Target Company through the Tender Offer if the conditions for the commencement of the Tender Offer, including 1. that the board of directors of the Target Company approved the Tender Offer, adopted a resolution to express an opinion endorsing the Tender Offer and would recommend that the shareholders of the Target Company tender their shares in the tender offer, and have not adopted any resolution to revoke or that contradicts with such a resolution; 2. the required procedures have been completed and the necessary steps have been taken based on the competition laws of Japan and any foreign country concerned and any waiting period has elapsed if having a such waiting period is applicable; 3. no petition, litigation, or proceeding to request that a judicial or administrative body prohibit or limit the commencement of the Tender Offer or the performance of other Transactions has been filed, and 4. there is no undisclosed material fact concerning the Target Company (i.e. the “Material Fact” specified in paragraph (2) of Article 166 of the Financial Instruments and Exchange Act (Act No. 25 of 1948 and any subsequent revision; hereinafter referred to as the “Law”)) or any fact concerning the tender offer (i.e. the “Fact Concerning Tender Offer, etc.” specified in paragraph (2) of Article 167 of the Law). Following the publication of the Tender Offerors’ Press Release, the Tender Offerors have worked to complete the required procedures and take the necessary steps based on the competition laws of Japan and all foreign countries concerned. Further, they have received a notification dated September 11, 2017 from the Japan Fair Trade Commission stating that in Japan, a cease and desist order for the share acquisition through the Tender Offer would not be issued, and a notification dated September 13, 2017 from the Ministry of Commerce of the People’s Republic of China stating that in China, no further examination would be held. This completed all the required procedures and necessary steps based on the competition laws of Japan and any foreign country concerned, and the other preconditions described above were satisfied; the Tender Offerors therefore decided today to commence the Tender Offer on October 2, 2017. Note that the Final Voting Rights Ratio has been determined after consultation between the three companies ITOCHU, FamilyMart and SMBC.

(Note 1) The “Ownership Ratio” is the ratio (rounded off to the second decimal place) of the Target Company’s shares against the number of shares (78,250,440 shares), which is calculated by subtracting the number of shares owned by the Target Company as of May 31, 2017, according to the Target Company’s 1<sup>st</sup> Quarter Earnings Briefing (1,073,404 shares), from the total number of issued shares as of May 31, 2017, (79,323,844 shares) according to the Earnings Briefing for the 1<sup>st</sup> Quarter of the term ending February 2018 (the Target Company’s 1<sup>st</sup> Quarter Earnings Briefing) announced on July 14, 2017 by the Target Company. (Numbers are rounded to two decimal places; the same applies hereinafter for the Ownership Ratio.) The ownership ratios of ITOCHU against FamilyMart UNY Holdings in the diagram above represent the percentages (rounded off to two decimal place) of the shares of FamilyMart UNY Holdings owned by ITOCHU (47,076,396 shares) in the number of shares (126,639,465 shares) of FamilyMart UNY Holdings derived by subtracting the number of shares of treasury stock (72,848 shares) held by FamilyMart UNY Holdings as of May 31, 2017, which were stated in the 1<sup>st</sup> Quarter (IFRS Consolidated) Earnings Briefing of FamilyMart UNY Holdings for the 1<sup>st</sup> Quarter of the term ending February 2018 (hereinafter referred to as the “FamilyMart UNY Holdings’ 1<sup>st</sup> Quarter Earnings Briefing” announced by FamilyMart UNY Holdings on July 11, 2017, from the total number of shares outstanding (126,712,313 shares) as of May 31, 2017 stated in the 1<sup>st</sup> Quarter Earnings Briefing of FamilyMart UNY Holdings.

(Note 2) Depending on the number of the Subscribed Share Certificates (as defined below) in the Tender Offer and the details of the Delisting Procedures (as defined below; the same applies hereinafter), as a result of the Delisting Procedures, the number of shares of the target company’s stock held by GIT or BSS may become a fraction constituting less than one share, and GIT or BSS may cease to be a shareholder of the Target Company due to holding a fraction constituting less than one share.

Where the procedures are taken to validate the Tender Offer and implement the subsequent acquisition of all the Tender Offer Target Shares by the Target Company or Major Shareholders as part of the transactions (for further details, refer to “(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition,” hereinafter

referred to as the “Delisting Procedures”), the Target Company will acquire (hereinafter referred to as the “Acquisition of Treasury Stock,” Note 2, 3) the part of the Target Company’s shares owned by SMBC (hereinafter referred to as the “Shares Sold by SMBC,” Note 1) so that SMBC’s shares of the voting rights will be 20% if the Delisting Procedures are effective, and so it would be subsequently.

(Note 1) The number of Shares Sold by SMBC will be calculated by subtracting ① the number of shares equivalent to 20% of the voting rights of all the Target Company’s shareholders after the acquisition of the Treasury Stocks from ② the total number of the Target Company’s shares owned by SMBC immediately before acquiring the Treasury Stocks (if the number of shares is not a whole number, it will be rounded up after the decimal point).

If the Delisting Procedures are taken by means of the merger of shares (defined in “(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition,” the ratio of the Merger of Shares will remain undetermined as of today. However, the number of the Target Company’s shares owned by shareholders of the Target Company who do not undertake the Tender Offer (excluding the Target Company and Major Shareholders) will be arranged to be fractional, so that only Major Shareholders will effectively own the Target Company’s Shares (excluding the Target Company’s Treasury Stocks).

(Note 2) Although the number of Shares Sold by SMBC remains undetermined as of today, ITOCHU, FamilyMart and SMBC agreed in the Shareholder Agreement that:

- ① The total acquisition price of the Shares Sold by SMBC in the Acquisition of Treasury Stock shall be the price calculated by multiplying the purchase price in the Tender Offer (hereinafter referred to as the “Purchase Price in the Tender Offer”) by the number of Shares Sold by SMBC (provided, however, that in the event that the merger or split of the Target company’s shares is undertaken after the completion of the Tender Offer and until the Acquisition of Treasury Stock, it shall be the number of shares before such merger or split); and
- ② In the event that a fraction constituting less than one share arises in the total number of the Target company’s shares owned by the Target Company’s shareholders (including the number of treasury stocks owned by the Target Company) through the Delisting Procedures, the total acquisition price and other adjustments in the Acquisition of Treasury Stock will be discussed to the extent that the acquisition price per share of the Shares Sold by SMBC in the Acquisition of Treasury Stock (in the event that the merger or split of the Target company’s shares is made after the completion of the Tender Offer and until the Acquisition of Treasury Stock, it means one (1) share of the Shares Sold by SMBC before such merger or split would be effective) does not exceed the Purchase Price in the Tender Offer.

In the case of ② above, the percentage of the total number of shares in the Target Company held by SMBC in the total number of shares outstanding of the Target Company may increase if a fraction constituting less than one share in the total number of the Target Company’s shares is rounded down through the Delisting Procedures. Thus, the number of the Target Company’s shares that would be acquired by the Target Company to maintain the Ownership Ratio of the voting rights of SMBC in the Target Company at 20% after the Delisting Procedures take effect may be larger than that in the case when there is no fraction constituting less than one share in the total number of the Target Company’s shares. The parties therefore agreed to hold discussions on the total value of the Acquisition of Treasury Stock and other adjustments.

(Note 3) The acquisition of Treasury Stock will be conducted within the monetary amount that the Target Company can afford to allocate. However, the Target Company will not reduce capital, capital reserved or profit reserved for the purpose of the Treasury Stock Acquisition.

As described above, ITOCHU and Family Mart signed the Shareholder Agreement dated August 3, 2017 with SMBC to undertake the Tender Offer. Therein, they agreed that no tender offer will be made in respect to the 27,788,000 non-target shares owned by SMBC (Ownership Ratio: 35.51%). They also agreed that a series of transactions would be performed to make the ownership ratio of Major Shareholders' voting rights against the Target Company a final voting right ownership ratio, and where the Tender Offer becomes valid and when Delisting Procedures are taken the Shares Sold by SMBC will be sold after the procedures become effective in accordance with the Acquisition of Treasury Stocks.

The Tender Offerors set neither an upper nor a lower limit on the intended tender offers to provide the Target Company's shareholders with broad opportunities to sell, and therefore all subscribed share certificates (hereinafter referred to as the "Subscribed Share Certificates") can be available for a tender offer.

The Tender Offerors assume that the ownership ratio of the voting rights of ITOCHU, etc. and FamilyMart, etc. against the Target Companies after the Transactions will eventually be 46% and 34%, respectively. Accordingly, if the total number of subscribed share certificates, etc. is 15,771,806 or less, GIT and BSS shall undertake one half each of the subscribed share certificates, etc. (however, any fraction shall be rounded up for the planned number of share certificates, etc. that GIT undertakes and rounded down for the number of share certificates, etc. that BSS undertakes); if the total number of subscribed share certificates, etc. is over 15,771,806, GIT and BSS shall each undertake half of them, and BSS shall undertake all of the subscribed share certificates in excess of 15,771,806.

If the Major Shareholders fail to acquire all the Target Shares, they will implement delisting procedures as a part of the transactions after the Tender Offer (for further details, please refer to "(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition")

As of August 3, 2017, the Target Company has announced an opinion regarding the joint Tender Offer for its share certificates by ITOCHU's wholly owned subsidiary GIT and FamilyMart's wholly owned subsidiary (hereinafter referred to as the "Target Company August 2017 Press Release"). According to the Target Company, 1. the transactions including the Tender Offer are expected to increase the corporate value of the Target Company; 2. the Tender Offer price and other conditions for the Tender Offer are reasonable for the shareholders of the Target Company; and 3. the fairness of the Tender Offer procedures is maintained and the Target Company understands that the Tender Offer is intended to give the Target Company's shareholders a reasonable opportunity to sell their shares. The Target Company resolved at the Target Company's board of directors meeting held on August 3, 2017, as the opinion of the Target Company as of August 3, 2017, that it will agree with the Tender Offer if the Tender Office commences, encourage the Target Company's shareholders to make a bid for the Tender Offer, and again express its opinion on the Tender Offer at the point when the Tender Offer is commenced.

According to the Target Company's announcement dated today, "Notice of Opinion Statement of GIT, a Wholly Owned Subsidiary of ITOCHU Corporation, and BSS Co., Ltd., a Wholly Owned Subsidiary of FamilyMart Co., Ltd., Concerning Joint Tender Offer of the Shares of Pocket Card Co., Ltd." (hereinafter referred to as the "Target Company September 2017 Press Release"; this and the Target Company August 2017 Press Release will be collectively referred to as the "Target Company Opinion Statement Press Releases"), the board of directors of the Target Company re-examined the Tender Offer at the meeting held today, taking into account the changes in the business environment that have taken place since the meeting of the board of directors of the Target Company held on August 3, 2017, and concluded that no factors suggesting the need to change the decisions on the Tender Offer were present, and thus the board adopted a resolution to express its approval of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the tender offer.

For details of the above decision-making process of the board of directors, please refer to the following section "① Background and purpose of the decision to undertake the Tender Offer and the decision-making process" under "(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer."

The above Target Company's board of directors meeting resolution is said to be made based on the grounds and reasons provided in "① Background and purpose of the decision to undertake the Tender Offer and the decision-making process"

under “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer,” and by way of the arrangements provided in “(e) Unanimous approval of directors who do not have interests in the Target Company and unanimous approval of corporate auditors who do not have interests in the Target Company,” under “(ii) Measures to ensure the fairness of Tender Offer price and avoid conflicts of interest and measures to ensure the fairness of Tender Offer” in the section “② Background of the calculation” under “(4) Basis of calculation of the Tender Offer price” in section “2. Outline of the Tender Offer” as follows.

**(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer**

**① Background and purpose of the decision to undertake the Tender Offer and the decision-making process**

ITOCHU, the sole parent company of GIT, was listed on the Osaka Stock Exchange (hereinafter referred to as “OSE”) and the Tokyo Stock Exchange (hereinafter referred to as “TSE”) in July 1950. The ITOCHU group consists of 207 consolidated subsidiaries and 101 equity method affiliated companies (as of March 31, 2017). Through domestic and overseas business networks, the ICT & Financial Business Company, the Machinery Company, the Energy & Chemicals Company, the General Products & Realty Company, the Food Company, the Metals & Minerals Company and the Textile Company make efforts to offer various commodities and services that support peoples’ daily lives. To this end, the group is engaged in the upper stream of the operation, or raw materials handling, through to the lower stream of the operation, or wholesale, thereby developing a diversified business.

ITOCHU launched its mid-term business plan “Brand-new Deal 2017” (3-year plan for the period FYE 2016-2018), in which it raised two basic business policies: ① “Strengthen Our Financial Position” and ② “Build Solid Earning Base to Generate ¥400 billion Level Net Income.” ② describes ITOCHU’s intention to further expand the business platforms and areas in China and Asia based on strategic alliance with CITIC Limited/Charoen Pokphand Group Company Limited and also revenue infrastructure by leveraging its strength/competitive edge in non-resource areas. In financing/insurance area, one of non-resource areas, retail financing businesses are being promoted. Extensive customer bases and platform functions are fully mobilized to develop and expand financing services both in Japan and abroad.

In line with these business strategies, the Japanese retail financing businesses are promoted particularly by strengthening the financing businesses related to FamilyMart, thus focusing on expanding ITOCHU’s business profits.

GIT was founded on October 29, 2014 as a wholly owned subsidiary of ITOCHU, and has been operating as a general partner of GIT Limited Partnership (hereinafter referred to as “GIT Fund”) since the start of GIT Fund’s investment period on December 1, 2014. By mainly targeting investment projects for which it can utilize its knowledge regarding the business domain of ITOCHU, the GIT Fund previously made investments in two companies engaged in manufacturing business; and it continues activities aimed at further investment going forward.

FamilyMart, the wholly owned parent company of BSS, operates convenience stores (hereinafter referred to as “CVS”), and it pursues convenience for customers and embraces the business slogan “A combination of you and FamilyMart.” It also proposes “A rich yet simple mind” and aims to create our customers’ ideal CVS chain.

In the Japanese CVS businesses, the Company seeks to increase the growth potential and profitability of all member stores by actively continuing to open stores and implementing marketing and operational measures. Toward fiscal year 2020, FamilyMart has set the strategic theme “Fun & Fresh” for further growth while focusing on proposing a next-generation CVS store that creates new lifestyles.

To pursue the advantages of scale and synergy by leveraging management resources intensively and expanding the network of stores, FamilyMart integrated the CVS businesses with Circle K Sunkus Co., Ltd. (hereinafter referred to as “Circle K Sunkus”) on September 1, 2016. As a result of this, FamilyMart holds one of the largest CVS networks in Japan (market share of 33% (Note)) with 18,038 stores nationwide (including 4,286 Circle K



Sunkus brand stores) as of the end of May 2017. The Company is now seeking to build the leading business platform in the industry by switching the brand from Circle K Sunkus to FamilyMart at an early stage.

Based on these strategic initiatives, the Company will move to upgrade its user-friendliness by implementing a cashless settlement system and more extensive financial services.

(Note) The percentage represented by the 18,038 FamilyMart stores out of the 54,999 total convenience stores in Japan (Source: "Convenience store statistics investigation monthly report" by Japan Franchise Association) as of the end of May 2017 (decimal places rounded off).

For overseas CVS businesses, FamilyMart leverages its unique knowhow accumulated through Japan-originated CVS activities mainly in Asia and its localized merchandise development and assortment, thereby increasing stores and sales. As of the end of May 2017, FamilyMart has 6,486 overseas stores in Taiwan, Thailand, China, Vietnam, Indonesia, the Philippines and Malaysia. The combined total of Japanese and overseas stores is 24,524 (including 4,286 Circle K Sunkus brand stores).

FamilyMart belongs to the ITOCHU group consisting of ITOCHU and its affiliated companies, and it receives advisory support from the group concerning the merchandise supply structure in Japanese and overseas CVS businesses.

BSS was founded in March 1986 as a wholly owned subsidiary of what was then Circle K Japan Co., Ltd. (the predecessor of Circle K Sunkus; hereinafter referred to as "Circle K"), operating the contracted development of information systems for Circle K. BSS has been a wholly owned subsidiary of FamilyMart as a result of the CVS business integration of FamilyMart and Circle K Sunkus, had operated Circle K stores and contracted inventory management until August 2017 and has changed the business lines to the acquisition of ownership of share certificate of Target Company etc. since September 2017.

Currently, the Target Company is engaged in "Famima T card" (Note) businesses, including credit card, financing and insurance agency operations. The Target Company emphasizes that it has developed an individualized face-to-face sales approach through its distributive credit business, leveraged a joint development channel shared with its strategic partner, the ITOCHU Group, and benefits from the nationwide FamilyMart convenience store network (18,038 stores including 4,286 Circle K Sunkus brand stores). With this sales strength, it continues to offer high value-added services to customers.

(Note) In this press release, "Famima T Card" shall refer to credit cards issued by the Target Company in coordination with FamilyMart which include a function to accrue "T Points" under the point service provided by Tpoint Japan Co., Ltd.

The Target Company was founded as Nichii Credit Service Co., Ltd. on May 25, 1982. The shareholder at the time was a subsidiary of Nichii Trading Co., Ltd. (now AEON RETAIL Co., Ltd.). It had extended the scope of its businesses starting from the individual installment payment/credit card and financing businesses, and it changed its trade name to MYCAL CARD INC. in March 1994. In September 1996, it registered stock with the Japan Securities Dealers Association for over-the-counter trading. In July 1998, it was listed on the Second Section of the TSE and OSE. In February 2000, it was listed on the First Sections of the TSE and OSE (It delisted its shares from the OSE in May 2010).

On April 25, 2001, through the tender offer by Sanyo Shinpan Finance Co., Ltd. (now SMBC Consumer Finance Co., Ltd.; hereinafter referred to as "Sanyo Shinpan") (Note 1), the Target Company became a subsidiary of Sanyo Shinpan, which was converted from a subsidiary of MYCAL Co., Ltd. (Trade name changed from Nichii Co., Ltd.; now AEON RETAIL Co., Ltd.; hereinafter referred to as "MYCAL"). Thereafter, on December 10, 2001, it changed the company name to Pocket Card Co., Ltd.

In mid-April 2003, the Target Company formed a capital and business alliance with ITOCHU and ITOCHU Finance Corp. (hereinafter referred to as “ITOCHU Finance”) with the aim of strengthening competitiveness in the retail sector through the full mutual utilization of the ITOCHU Group’s wide-ranging networks, strong brand power and extensive product planning capability and the Target Company’s customer management capabilities and customer acquisition abilities as a distribution-type card company, and in early May of that year, it allocated its shares (680,000 shares; 2.29% of the number of shares (29,696,081) obtained by subtracting the number of treasury stocks owned by the Target Company (684,141) from the issued number of shares as of February 28, 2003 (30,380,222)) to ITOCHU by way of third party allocation. Then, of those shares, the shares owned by MYCAL (6,227,800 shares; 20.97% of the above number of shares) were assigned to ITOCHU Finance in mid-April of that year. In late June of 2003, ITOCHU entered into a shareholders’ agreement (hereinafter referred to as the “Year 2003 Agreement”) with ITOCHU Finance and Sanyo Shinpan. In late February of 2004, the Target Company, planning to expand the outsourcing business (fee business) it had been proceeding with the development of at the time, was assigned shares in Famima Credit Corporation (a joint corporation between ITOCHU and FamilyMart; hereinafter referred to as “Famima Credit”), and in turn formed a capital and business alliance with Famima Credit by way of third party allocation.

(Note 1) Sanyo Shinpan became a consolidated subsidiary of Promise Co. (hereinafter referred to as “Promise”) on September 25, 2007 as a result of the tender offer by Asahi Enterprise, Co. (hereinafter referred to as “Asahi Enterprise”), which is Promise’s wholly owned subsidiary. As a result, the Target Company became a subsidiary of Promise and Asahi Enterprise as well as Sanyo Shinpan. Subsequently, on December 26, 2007, Sanyo Shinpan became a wholly owned subsidiary of Promise as a result of the share swaps by means of cash consideration, with Asahi Enterprise the wholly owning parent company and Sanyo Shinpan the wholly owned subsidiary. Meanwhile, as a result of the board reshuffle on June 11, 2010, it was deemed that there was no substantial controlling interest, and the Target Company became an equity method affiliate of Promise, Asahi Enterprise and Sanyo Shinpan from their subsidiary. Thereafter, on October 1, 2010, the absorption type merger was implemented, wherein Sanyo Shinpan and Asahi Enterprise were extinct companies and Promise was the surviving company. On the other hand, in mid-July, 2004, Promise started a business tie-up with Mitsui Sumitomo Financial Group (hereinafter referred to as “SMFG”) by issuing new shares by way of third party allocation to SMBC. Due to a tender offer by SMFG’s wholly owned subsidiary SMBC targeting the shares of Promise on December 7, 2011, Promise became a subsidiary of SMFG and SMBC. On April 1, 2012, the share exchanges were performed so that SMFG became the wholly owning company while Promise became the wholly owned subsidiary. Thereafter, on July 1, 2012 it changed its trade name to the current SMBC Consumer Finance Co., Ltd. On March 31, 2011, SMBC acquired all the shares of the Target Company owned by Promise (Ownership Ratio as of March 2011: 41.9% (Note 2)) through a negotiation transaction.

(Note 2) The “Ownership Ratio as of March 2011” represents the ratio of the number of Target Company’s shares transferred by Promise to SMBC (24,834,000 shares) against 59,199,348 shares, which was obtained by subtracting the number of treasury stocks owned by the Target Company (1,071,096 shares) from the number of issued shares (60,270,444 shares) as of February 28, 2011, which was provided in “Earnings briefing for the period ending February 2011 J-GAAP (Consolidated)” published by the Target Company on April 12, 2011 (the number was rounded up after the second decimal point). Please see “Agreement on Management Integration between Pocket Card Co., Ltd. and Famima Credit Corporation” published by the Target Company on February 21, 2011 for the details.

The Target Company had to adjust its businesses under drastic changes in the business environment due to the demand of interest refunds and the amendment of the Moneylending Control Act. In the midst of such a tough business environment, the Target Company struggled to further develop and strengthen its business tie-up with Famima Credit, with which it maintained a good business relationship through the processing business (Note 1),

and to improve sustainable corporate value by merging each operational strength. Accordingly, on March 31, 2011, the Target Company conducted a share exchange through cash consideration wherein the Target Company was the wholly owning parent company and Famima Credit was the wholly owned subsidiary. Moreover, a third party allocation was performed (Note 2) for ITOCHU and ITOCHU ENEX Co., Ltd. (hereinafter referred to as “ITOCHU Enex”), a subsidiary of ITOCHU, and FamilyMart, who were investors in Famima Credit with equity ratios of 32.5% and 30.1%, respectively. In late February, 2011, ITOCHU acquired the Target Company’s shares owned by its subsidiary, ITOCHU Finance, while on March 31, 2011, SMBC acquired the Target Company’s shares owned by its affiliate, Promise. As a result of these transactions, the Ownership Ratio as of July 2011 (Note 4) in the Target Company of ITOCHU and its subsidiary (ITOCHU Enex, Note 3), FamilyMart and SMBC became 27.00%, 15.00% and 35.51%, respectively. Each of them has held the Target Company as equity method affiliate. Later, on September 15, 2012, the Target Company performed an absorption type merger with Famima Credit. (The series of transactions from the share exchange between the Target Company and Famima Credit conducted on March 31, 2011 as referred to above to the absorption type merger of the Target Company with Famima Credit conducted on September 15, 2012 is hereinafter referred to as the “reorganization of Famima Credit.”) On February 21, 2011, ITOCHU, FamilyMart and SMBC signed a Shareholder Agreement (hereinafter referred to as the “Year 2011 Agreement”), and the “Year 2003 Agreement” was terminated in March 2011. In addition to this series of transactions, the roles played by ITOCHU, FamilyMart and SMBC as presented later in this announcement to expand the business and enhance the corporate value of the Target Company, a prohibition on transferring or otherwise disposing of the shares of the Target Company held by the parties, as well as the power to nominate candidate offices based on the equity ratios of each party, among other matters, are stipulated in the Year 2011 Agreement (Note 5).

(Note 1) The “processing business” refers to a business associated with application screening, card issuance, sales processing and other tasks.

(Note 2) In the third party allocation conducted on March 31, 2011, 5,749,400 shares were allocated to ITOCHU (ratio of the allocated shares to the number of shares (59,199,348 shares) obtained by subtracting the number of treasury stocks owned by the Target Company (1,071,096 shares) from the total number of issued shares as of February 28, 2011 (60,270,444 shares): 9.71%), 11,739,000 shares (19.83%) were allocated to FamilyMart and 1,565,000 shares (2.64%) were allocated to ITOCHU ENEX.

(Note 3) On February 13, 2014, ITOCHU acquired the Target Company’s shares owned by ITOCHU Enex.

(Note 4) The “Ownership Ratio as of July 2011” represents the ratio of the Target Company’s shares against 78,252,680 shares, which was obtained by subtracting the number of the Target Company’s treasury stocks (1,071,164 shares) from the number of issued shares (79,323,844 shares) as of May 31, 2011, which was provided in the “Earnings Briefing for the 1st Quarter for the period ending in February 2012 J-GAAP (Consolidated)” published by the Target Company on July 13, 2011. (The number was rounded up after the third decimal point.)

(Note 5) In the shareholder agreement, an agreement was reached regarding the means of implementing the Transactions, but it was stipulated that if that agreement conflicted with the provisions of the Year 2011 Agreement, that the agreement in the shareholder agreement would take precedence. Further, it was agreed in the shareholder agreement that the Year 2011 Agreement would terminate at the point the Final Voting Rights Ratio was achieved.

ITOCHU, FamilyMart and SMBC regard the reorganization of Famima Credit as a strategic joint business, and each of them has provided its management resources and expertise, thereby supporting the Target Company’s proactive initiatives aiming for business expansion and corporate value improvement. The main role of each company is as follows:

(i) ITOCHU

Provide its expertise in financial businesses and business operation. Obtain members by taking advantage of the ITOCHU group's diverse value chains (Note). Continue supporting the Target Company's operations to raise its corporate value and earning power.

(Note) A "value chain" refers to a sequential chain of value that includes upstream raw material and resource development, mid-stream manufacturing and processing, and downstream retailing.

(ii) FamilyMart

Recruit members of Famima T Card under the business tie-up between FamilyMart and the Target Company and support their marketing by leveraging its own FamilyMart store network in Japan. Moreover, carry out storage operations in FamilyMart stores and provide an infrastructure function.

(iii) SMBC

Focus on a unique credit card company whose main sales foundation is distributive systems such as convenience store channels and incorporate it as an equity method affiliate, thereby further strengthening SMFG's credit card business. Provide the Target Company with its extensive expertise on financial services and management and support them to strengthen the financial structure by reducing procurement costs through a main bank's diverse financing means.

On the other hand, through the creation of high value-added services closely linked with daily lives, the Target Company has positioned management that contributes to the realization of more enriched lives for customers as a basic management policy. Placing credit-based purchasing services and financing as the core of its businesses, the Target Company has promoted a growth strategy through enhanced coordination with SMBC, ITOCHU and FamilyMart.

In its three-year medium-term management plan beginning in FYE 2017, which was announced in April 2016, the Target Company laid out four key challenges: ① further strengthening the Famima T Card business; ② the stable expansion of existing businesses; ③ enhancing competitiveness in services and operation; and ④ reinforcing its structure to achieve sustained growth. The Target Company has pursued initiatives aimed at achieving these challenges.

In the immediate future, amid signs of a reduction in interest refund requests, business performance is continuing to improve on the strength of continually expanding installment payment balances for shopping purchases and expanded loan claim balances due to a tapering off of the decline in cash advance balances. In particular, for the Famima T Card business that drives growth of the Target Company, the Target Company has plans to further bolster its efforts, such as by expanding solicitation of Famima T Card membership at convenience stores converted from Circle K Sunkus to FamilyMart, and by tackling new financial services through joint ventures with ITOCHU and FamilyMart.

In the credit card industry to which the Target Company belongs, the market scale is currently expanding as the scope of credit card payment is extended and E-commerce grows. Moreover, the government and businesses are jointly promoting a cashless economy toward the 2020 Tokyo Olympic and Paralympic Games, so the market growth appears to be sustainable. Besides, the business environment is changing in favor of the Target Company. Although a request for interest refunds has been a business challenge since 2006, its impact it appears to have calmed down, and the business environment is improving. Along with the deregulation of financial institutions, the credit card business is undergoing a rapid industrial reorganization seeing crossover mergers, tie-ups with banks and new entrants from different industries. The advancement of financial technology is so dramatic, and diverse initiatives including Apple Pay, other contactless payment services and Dongle-type payment devices are being implemented. These are ongoing. Coupled with the shrinkage of the domestic market due to the low birth rate and longevity, the competition in the industry is expected to become more intense.

Under the financial stresses derived from the legislation of the amended Money Lending Business Act, rapidly shrinking market for cash borrowing on credit, and overpayment issues, the Target Company was tackling the

improvement of the financial base through the business tie-up with SMBC. As these problems start to settle down, the Target Company believes that it is crucial to offer unique and high value-added products and services to further increase its corporate value. The majority of the operating revenue of the Target Company comes from the Famima T Card business, and FamilyMart holds one of the largest CVS networks in Japan after the brand conversion from Circle K Sunkus to FamilyMart took place. Against this backdrop, this operation is becoming a core business for them. Accordingly, the Target Company considers that it is imperative to form a structure that enables it to offer unique products and services as soon as possible through the strengthened tie-up with ITOCHU and FamilyMart, thereby developing the business beyond the existing growth model.

Specifically, ITOCHU expects that the Target Company will expand its corporate value and strengthen earnings power through the provision of expertise related to financial businesses, the acquisition of new members utilizing the diverse value chains maintained by the ITOCHU Group and through continued support in operational aspects.

FamilyMart expects that to provide assistance with marketing using its own domestic network of FamilyMart stores in soliciting Famima T Card members in coordination with the Target Company, and to provide storage services and infrastructure functions at FamilyMart stores.

In response to this situation, ITOCHU and FamilyMart started to discuss and review the Target Company's growth strategy in early October 2016. In late November 2016, ITOCHU and FamilyMart came to understand the following:

- The credit card market is now experiencing an inflow of a number of new entrants who are IT-savvy. For the Target Company to build a business structure to offer unique products and services, implement a growth strategy in a prompt manner and upgrade its corporate value, it will be necessary to delist the Target Company and form a management structure that is capable of prompt, flexible decision-making;
- With SMBC's cooperation in terms of capital and compliance, ITOCHU and FamilyMart will increase the voting rights ratio in the Target Company;
- This will enable ITOCHU and FamilyMart to provide active support to the Target Company's management and provide an environment that enables the Target Company to closely and effectively utilize the business resources of ITOCHU and FamilyMart such as ITOCHU's domestic and overseas business networks and the one of the largest CVS networks in Japan held by FamilyMart.

Subsequently, in early March 2017, ITOCHU and FamilyMart started to discuss and review how to increase the ratio of their voting rights against the Target Company and delist the Target Company by limiting its shareholders to the Major Shareholders only. Consequently, in late March 2017, ITOCHU and FamilyMart, along with SMBC, came to share the following understanding.

By delisting the Target Company through this transaction, with the Major Shareholders being the sole shareholder, and then increasing the ratio of the voting rights ownership of ITOCHU and FamilyMart against the Target Company, the following initiatives and engagements can be expected, and medium and long-term growth strength and earning power can be further enhanced, thus increasing the corporate value of the Target Company.

- (i) Leverage the management resources of ITOCHU and FamilyMart and make the business tie-up even closer

ITOCHU, FamilyMart and SMBC believe that a higher ratio of voting rights on the part of ITOCHU and FamilyMart, etc. against the Target Company will enable us to:

- obtain new members through a recruiting caravan that makes use of FamilyMart stores that are increasing along with the brand conversion from Circle K Sunkus,
- strengthen the recruitment structure by taking advantage of the FamilyMart store networks and infrastructure function such as advertising activities at a popular in-store eat-in space, and
- further promote the use of cards and accelerate collaboration with external companies by expanding/strengthening customer service with more coordinated tie-ups.

ITOCHU, FamilyMart and SMBC also believe that a higher ratio of voting rights on the part of

ITOCHU, etc., which is a proven expert in financial business and business running and a holder of extensive internal/external business networks and its active management support of the Target Company will enable us to:

- further strengthen the support structure by encouraging the dispatch of directors and personnel exchanges, and
- expedite work on the development of the new financial business employing the Target Company's function and FamilyMart's infrastructure function by making use of ITOCHU's business network and expertise.

(ii) Accelerate the implementation of the management strategy

For the Target Company to explore and develop a new business area in a dynamic and highly competitive credit card business, it is essential to build a maneuverable management structure that is able to carry out flexible decision-making. ITOCHU, FamilyMart and SMBC believe that if the Major Shareholders become the sole shareholder of the Target Company through this transaction, it will be possible to build a flexible and maneuverable management structure that pays respect to the Target Company's initiatives while formulating and implementing highly flexible operational measures.

For the Target Company to pursue a card company that is selected by customers in the ever-intensifying competition in the credit card business, ITOCHU, FamilyMart and SMBC believe it is necessary to take medium and long-term measures without being preoccupied with short-term profit. Specifically, ITOCHU, FamilyMart and SMBC are considering the running of various promotional measures aimed at gaining card members and encouraging usage, and making use of ITOCHU's network to expand new co-branded cards. These efforts are expected to incur an initial cost burden. It is expected that the Target Company will be involved with new businesses peripheral to the existing card operations while taking medium to long-term approaches including advance investment in fintech-related technologies. Such a move may not necessarily be appreciated by a capital market on a short-term basis. ITOCHU, FamilyMart and SMBC therefore believe that it is essential to create a flexible decision-making process by making the Major Shareholders the sole Target Company shareholder.

Based on the above insight, ITOCHU and FamilyMart made an initial proposal to the Target Company in early April 2017 whereby the Target Company would be delisted with the Major Shareholders as the sole shareholder, and deliberation and review would be commenced specifically regarding the plan so as to hold the ratio of voting rights on the part of the Major Shareholder against the Target Company as the final voting right ratio.

Thereafter, from early May 2017 to early July 2017, ITOCHU and FamilyMart conducted an acquisition audit (hereinafter referred to as "Due Diligence") of the Target Company. Following the advice provided by their financial advisor, Nomura Securities Co., Ltd. (hereinafter referred to as "Nomura Securities") and by their legal advisors Nishimura & Asahi and Mori Hamada & Matsumoto, ITOCHU and FamilyMart conducted an initial review on the rights and wrongs of this transaction, the conditions and the transaction approaches, including the significance/objectives and management policy for the period following this transaction.

Based on the above considerations, in early June 2017, ITOCHU and FamilyMart concluded that the measures such as the delisting of the Target Company, making the Major Shareholders the sole shareholder and holding the Major Shareholders' voting rights ratio against the Target Company as the Final Voting Rights Ratio would further strengthen the tie-up between ITOCHU and FamilyMart and the Target Company, thus achieving the improved corporate value of the Target Company. As a result of the series of transactions including the Tender Offer, ITOCHU and FamilyMart reached an agreement on the matters of delisting the Target Company with the Major Shareholders as the sole shareholder, holding the Major Shareholders' voting rights ratio as the Final Voting Rights Ratio and the outline of the management policies to be implemented beyond the transaction. ITOCHU and FamilyMart, based on the premise that they will acquire the Target Shares through the Tender Offer to the Target Shares, proposed the objectives and significance to the Target Company as well as the procedures and outline of the

conditions as of June 7, 2017.

ITOCHU and FamilyMart discussed the specific implementation procedures of the transaction, the acquisition price of the Target Shares and other conditions with SMBC on several occasions from early May to early July 2017. In the process of the above discussions, SMBC proposed a measure to make its ownership ratio of voting rights 20% in early June 2017. It made the following suggestion: Of SMBC's own Target Shares, the Shares Sold by SMBC that would make its voting rights ratio 20% will be acquired by the Target Company as its treasury stock. To ensure that the above is carried out, the procedure for acquiring treasury stocks (hereinafter referred to as the "Acquisition of Treasury Stock") was proposed (Note). In addition, the conditions for the expected price for the Acquisition of Treasury Stock (hereinafter referred to as the "Acquisition Price of Treasury Stock") were proposed and brought to review.

(Note) SMBC proposed the Acquisition of Treasury Stock to set the voting rights ratio to 20% against Target Company. This proposal was made because:

- it is considered to be rational for the level of capital after the acquisition of treasury stock as a capital policy, taking the Target Company's growth strategy after the delisting into consideration;
- SMBC could obtain due consideration for its support of the Target Company as an affiliate and expectations of future growth predicated on continued shareholdings; and
- initially, when SMBC expected that there was a divergence in the expected level of acquisition prices for shares of the Target Company between SMBC, ITOCHU and FamilyMart, considering that due to taxation the parts regarded as consent dividends would be treated as dividend income related to the shares of affiliated companies if the shares were sold by shareholders retaining over a third of the issued shares by accepting the acquisition of treasury stock.

ITOCHU and FamilyMart understand that SMBC came to this conclusion based on the above judgement that the setting of appropriate consideration and the acquisition of the Shares Sold by SMBC as treasury stock is more rational than a tender offer to the Target Shares by a third party other than the Target Company and preferable to SMBC and SMFG, the wholly owning parent company of SMBC, and its shareholders.

Thereafter, the Acquisition Price of Treasury Stock was negotiated. In late June 2017, SMBC proposed to ITOCHU and FamilyMart that it would implement the Treasury Stock Acquisition after delisting the Target Company to ensure that the Target Company would acquire all the Shares Sold by SMBC safely. On the same occasion, SMBC proposed the final Acquisition Price of Treasury Stock. ITOCHU and FamilyMart carefully reviewed the proposal as well as the rights and wrongs of continued negotiations regarding the transaction. They found that the transaction should be performed quickly, safely and surely and brought forward to the stage where the tie-up between ITOCHU, FamilyMart and the Target Company will be closer, because this development is an important factor for increasing the corporate value of ITOCHU, FamilyMart and the Target Company, and the Tender Offer under better terms drawn from this upgraded corporate value would benefit minor Target Company shareholders. They also found as follows:

- If the Target Company only acquired the Shares Sold by SMBC at the Acquisition Price of Treasury Stock, such acquisition would be considered appropriate from the viewpoint of a capital policy based on a growth strategy after the delisting of the Target Company; and
- It is better to ascertain the number of Subscribed Share Certificates and the Target Company's issued shares after the delisting takes effect (after subtracting the number of the Target Company's treasury stock at the time) and follow up by the Target Company's Treasury Stock acquisition for securing the intended Final Voting Rights Ratio quickly and smoothly.

Accordingly, they reached an agreement with SMBC in respect of the Acquisition Price of Treasury Stock, at 1,072 yen per share, based on the premise that the Target Company would acquire the Shares Sold by SMBC in early July, 2017 through a treasury stock acquisition after the Delisting Procedure takes effect.

Moreover, the Acquisition Price of Treasury Stock is at the level of a comparable premium (50.77% of the 711 yen closing price of the Target Shares in the TSE 1st Section on August 2, 2017, the business day proceeding the announcement date of the Tender Offer (rounded up to three decimal places; hereinafter the same for calculation of premiums) even when compared to examples of past tender offers undertaken for the purpose of delisting, and as the amount exceeds 1,050 yen, the highest price attained by the Target Shares over the past ten years (from 2007 through August 3, 2017, on which the Tender Offerors' Press Release was announced) on the TSE 1st Section, and since for the publicly traded company ITOCHU as well as FamilyMart, a wholly owned subsidiary of the publicly traded company FamilyMart UNY Holdings, managing to conduct the Tender Offer as the Tender Offerors with a price exceeding this price would be difficult to adopt even considering their relationship with their own shareholders, with respect to the Tender Offer price, ITOCHU and FamilyMart agreed to propose to the Target Company the same price (Note 1) as the Acquisition Price of Treasury Stock (Note 2). While for its part, it is economically rational for SMBC to dispose of the Target Company's shares for higher consideration, ITOCHU and FamilyMart pursued negotiations with SMBC, which has the same conflicts of interest as seller as a minority shareholder in the Transactions, as described above, and as a result, the Acquisition Price of Treasury Stock was agreed upon. The Tender Offer price is the same amount as the Acquisition Price of Treasury Stock, and ITOCHU and FamilyMart believe that the price adequately reflects the interests of all of the Target Company's shareholders with the exception of SMBC.

In light of the developments described above, ITOCHU and FamilyMart formally proposed the Tender Offer and terms of the Transactions including the acquisition of treasury stock to the Target Company on July 10, 2017.

(Note 1) However, if the shares of the Target Company are consolidated or split during the period after completion of the Tender Offer up to the acquisition of treasury stock, an amount that adjusts the Tender Offer price based on the ratios, etc. of the share consolidation or split will be regarded as the same amount as the Acquisition Price of Treasury Stock. For the details of the Acquisition Price of Treasury Stock, please refer to the abovementioned "(1) Outline."

(Note 2) For details concerning the determination of the Tender Offer price, see "① Basis of calculation" and "② Background of calculation" in "(4) Basis of calculation of the Tender Offer price" under "2. Outline of the Tender Offer."

Thereafter, from early July 2017, ITOCHU, FamilyMart and the Target Company entered into detailed negotiations and consideration over the Tender Offer and the terms of the Transactions including the Acquisition Price of Treasury Stock. On August 1, 2017, the negotiations reached the conclusion that it is desirable to increase the ratio of voting rights belonging to ITOCHU, etc. and FamilyMart, etc. by delisting the Target Company and making the major shareholders the sole shareholders of the Target Company through this transaction. On August 3, 2017, ITOCHU, etc. and FamilyMart, etc. decided that the Tender Offer would be carried out for the purpose of delisting the Target Company.

Subsequently, the due procedures and arrangements required by competition laws in Japan and any foreign country concerned were put in place, ensuring that the Tender Offerors met the requirements for initiating the Tender Offer. Accordingly, ITOCHU and FamilyMart and the Tender Offerors decided to commence the Tender Offer today.

The Target Company's announcement in "Target Company Opinion Statement Press Releases" explained how and why it agreed to the Tender Offer as follows:

- a. The Target Company received an initial proposal from ITOCHU and FamilyMart in early April 2017 recommending that the target be delisted by making the major shareholders the sole shareholders, and that concrete discussions and reviews be commenced to make the ratio of the major shareholders' voting rights the final ratio; and



- b. The Target Company selected PwC Advisory Services LLC (hereinafter referred to as “PwC”) as the financial advisor and third-party valuation firm that is independent of the Target Company, the Tender Offerors, ITOCHU, FamilyMart and SMBC, and selected Torikai Law Office as the legal advisor that is independent of the same parties above;
- c. The Target Company established an independent third party committee as an advisory body to review the proposal for the Target Company on June 9, 2017;
- d. On July 10, 2017, the Target Company received the formal proposal on this transaction including the Tender Offer from ITOCHU and FamilyMart; and
- e. In response to the proposal, the Target Company officially discussed and reviewed the significance, objectives, and management policy beyond this transaction and this transaction’s condition.

The Target Company explained that it had focused on improving its financial structure through the synergy with SMBC before this transaction came up. At the time, it was in financial difficulty, struggling with the rapid shrinking of the cashing business market as a result of the amendment of the Money Lending Control Act and overpayment issues. While its financial difficulties are now settling down, it considers that creative and high value-added products and services need to be offered urgently so that it can further improve its corporate value.

It also stated that the revenue from the Famima T Card business comprised the majority of its operating income, and that brand conversion from Circle-K-Sunkus to FamilyMart was taking place, meaning that FamilyMart now holds the nation’s largest CVS retail network.

It added that this business was becoming more instrumental in its growth strategy, so it is imperative to rapidly establish a structure that enables it to deliver creative products and services through closer synergy with ITOCHU and FamilyMart, thereby developing a business that surpasses the existing growth model.

Specifically, it expects that the cooperation with ITOCHU will continue for the purpose of increasing the number of members and businesses by leveraging ITOCHU’s expertise in financial businesses and business management as well as the ITOCHU Group’s diverse value chain so that the Target Company’s corporate value and earning power will improve.

It also expects FamilyMart to cooperate in its marketing for Famima T Card member recruitment based on the domestic FamilyMart retail network, and to provide the Target Company with a receiving operation and infrastructure functions.

The Target Company understands that in order for it to improve its corporate value in the tough business environment it is facing, it is necessary for it to develop a strategy in a flexible manner with a common viewpoint shared with ITOCHU and FamilyMart, to operate the business with rapid, integrated decision making and to respond proactively to the changing business environment and client needs.

Accordingly, the Target Company reached the conclusion that a developmental structure needs to be established so that rapid decision-making and the management resources of ITOCHU and FamilyMart could be implemented and utilized in a reciprocal manner over corporate demarcation, and that its business needs to be managed in an environment where ITOCHU and FamilyMart collectively hold the majority of voting rights so that the corporate value of each company will develop in a stable and sustainable manner.

The Target Company regards Famima T Card as instrumental for its business strategy, and it believes that it is essential to strengthen the business ties with ITOCHU and FamilyMart to pursue the constant expansion of this card business.

Although medium- and long-term measures with ITOCHU and FamilyMart require advance investment and outlay, it is not certain that such advance investment will lead to the improvement of corporate value (business performance). Indeed, the Target Company does not believe that its business activities and directions are certain to be appreciated by the capital market and that the risk of affecting the target’s share price will be completely ruled out, so it may not be able to deliver results that will live up to shareholders’ expectations.

Based on the above, the Target Company understood and concluded as follows:

- a. ITOCHU and FamilyMart will collectively hold the majority of voting rights as a result of this transaction, including this Tender Offer, and closer and further integrated management will be viable;
- b. It would be beneficial for the Target Company to implement this transaction including the Tender Offer for

the purpose of bypassing the risk that shareholders may have to shoulder and implementing fundamental yet uncertain activities in a flexible and prompt manner; and

The above approach would serve to respond to the changeable business situation and realize the medium- and long-term business strategy.

Moreover, regarding the Tender Offer price in the terms of the Transactions, after receiving the above proposal from ITOCHU and FamilyMart on July 10, 2017, the Target Company was provided with an explanation by Nomura Securities, the financial advisor of ITOCHU and FamilyMart, that ITOCHU and FamilyMart had pursued negotiations with SMBC, the status of which regarding conflicts of interests in the Transactions is the same as that of an independent party, regarding the acquisition price of treasury stock, and that the proposed Tender Offer price was a sufficient price given consideration to a minority shareholder because the Tender Offer price is at the level of a comparable premium compared with the examples of past tender offers and is a price that exceeds 1,050 yen, the highest price attained by the Target Shares over the past ten years (from 2007 through the time of explanation) on the TSE 1st Section. As a result of discussions regarding the Tender Offer price of 1,072 yen per share of common stock, the Target Company came to the conclusion that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their shares.

On that basis, based on the legal advice provided by Torikai Law Office and the content of the calculation statement of the share price of the Target Company (hereinafter referred to as the "Written Share Price Calculation Statement") related to the Target Company's shares and the explanation of the content obtained from by PwC on August 2, 2017, the Target Company considered actions as the Target Company of the proposed Tender Offer and proceeded with the growth and medium-/long-term improvement of corporate value produced by a synergy effect for ITOCHU and FamilyMart, and the Target Company. In addition, the Target Company carefully reviewed and considered the Tender Offer with full consideration of a written report (hereinafter referred to as "August 2017 Written Report") submitted by the above independent third-party committee on August 3, 2017. Based on the August 2017 Written Report provided by the third-party committee, opinions were provided stating that the Transactions were not disadvantageous to the minority shareholders of the Target Company (the details are as described in (c) Establishing an independent third-party committee of the Target Company and obtaining opinions (a written report), in "(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer" in "② Background of the calculation" under "(4) Basis of calculation of the Tender Offer price" in "2. Outline of the Tender Offer."

The Target Company's board of directors carefully reviewed and considered a series of procedures including the Tender Offer and the terms of the Tender Offer in the Target Company's board meeting held on August 3, 2017 based on the content of the Written Share Price Calculation Statement and the legal advice provided by Torikai Law Office, and with full consideration of the content of the August 2017 Written Report obtained from the third-party committee.

As a result, with regard to the opinion of the Target Company on the same day, the Target Company judged in the Target Company's board meeting held on the same day that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity for selling their shares because (i) the Transactions including the Tender Offer improve the Target Company's corporate value, and (ii) the Tender Offer price and the other terms related to the Tender Offer are reasonable for the Target Company's shareholders, and also (iii) the fairness of the procedures related to the Tender Offer is secured. The Target Company resolved to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer if it is commenced, and to express its opinion on the Tender Offer again upon the commencement of the Tender Offer.

The Target Company received a notice from ITOCHU and FamilyMart stating that the Tender Offerors are scheduled to commence the Tender Offer on October 2, 2017 as the commencement date of the Tender Offer on the assumption that the necessary procedures and handling in accordance with competition laws in Japan and any foreign country concerned have been completed, and that the other prerequisites announced in the Tender Offeror's Press Release, and as described in "(c) Establishing an independent third-party committee of the Target Company

and obtaining opinions (recommendation)” in “(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer” in the section “② Background of the calculation” under “(4) Basis of calculation of the Tender Offer price” in the section “2. Outline of the Tender Offer” below, the Target Company requested that the third-party committee established by the Target Company consider whether there are any changes to the content of the written report submitted by the third-party committee to the Target Company’s board of directors as of August 3, 2017, and that if there are no changes, that it report to the Target Company’s board of directors to that effect, and that if there are changes, that it share the opinions after those changes.

As a result of consideration of the inquiry, the third-party committee today submitted a written report (hereinafter referred to as the “September 2017 Written Report”) to the Target Company’s board of directors to the effect that there are no changes in the content of the Written Report submitted on August 3, 2017.

According to the Target Company’s September 2017 Press Release released today, based on the above opinion, the Target Company considered the Tender Offer again in the Target Company’s board meeting held today based on the changes in the environment, etc. after the Target Company’s board meeting on August 3, 2017. As a result, because there were no factors for changing the judgment related to the Tender Offer, it expressed an opinion in favor of the Tender Offer and also resolved that the Target Company recommend the application for the Tender Offer to the Target Company’s shareholders.

For details concerning the decision-making process in each of the above board meetings and the September 2017 Written Report of the third party committee, see “(c) Establishing an independent third-party committee of Target Company and obtaining opinions (recommendation)” and “(e) Unanimous approval of directors who do not have interests in the Target Company and unanimous approval of corporate auditors who do not have interests in the Target Company” under “(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer” in the section “② Background of the calculation” under “(4) Basis of calculation of the Tender Offer price” in section “2. Outline of the Tender Offer,” below.

## **② Management policy beyond the Tender Offer**

If the Tender Offerors are unable to acquire all of the Target Shares in the Tender Offer, they will implement the series of procedures specified in section “(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition” and delist the shares of the Target Company while leaving the Major Shareholders, etc. as the only shareholders of the Target Company. After delisting the shares of the Target Company, the management will shift to a system in which the ratio of voting rights in the Target Company held by the Major Shareholders, etc. will be the Final Voting Rights Ratio through a method determined by ITOCHU, FamilyMart and SMBC in separate consultations, and the Target Company will be an equity method affiliated company of ITOCHU, etc., FamilyMart, etc., and SMBC.

For the management system of the Target Company after the completion of the Transaction, ITOCHU and FamilyMart have agreed in the Shareholder Agreement to the right of ITOCHU, FamilyMart and SMBC to nominate officers for the purpose of taking measures to achieve the effects specified in the above section “① Background and purpose of the decision to undertake the Tender Offer and the decision-making process” in cooperation with SMBC and building an appropriate management system for this purpose. As of today, the officers of the Target Company comprise four officers from SMBC, three officers from the related parties of ITOCHU (including one officer from ITOCHU (Note) and two officers from ITOCHU who are also officers of ITOCHU), two officers from FamilyMart who are also officers of FamilyMart, as well as three outside officers. The parties have agreed under the Shareholder Agreement that after the execution of the Transaction: (1) the total number of the directors of the Target Company shall be five or more (which number excludes the outside directors appointed pursuant to (ii) below), and (i) ITOCHU, FamilyMart and SMBC may nominate candidates for directors in accordance with the ratios of their voting rights in the Target Company (however, ITOCHU may nominate at least two candidates for directors, FamilyMart may nominate at least two candidates for directors and SMBC may nominate at least one candidate for one director), and (ii) if the board of directors of the Target Company requests to

have outside directors, ITOCHU, FamilyMart and SMBC shall nominate candidates for outside directors agreed to upon consultation between them; (2) there shall be one representative director of the Target Company, and whichever of ITOCHU, FamilyMart and SMBC has the highest ratio of voting rights in the Target Company shall nominate the candidate for such representative director; (3) the total number of auditors of the Target Company shall be three (however, ITOCHU, FamilyMart and SMBC may change the number upon agreement), and ITOCHU, FamilyMart and SMBC shall each nominate one candidate for auditor; and (4) ITOCHU, FamilyMart and SMBC have acknowledged that the number of directors and auditors whom ITOCHU, FamilyMart and SMBC have the right to nominate is as described in (1) and (3) above is based on the Final Voting Rights Ratio, and if the ratios of the voting rights of ITOCHU, FamilyMart and SMBC are changed from the Final Voting Rights Ratio, the number of directors and auditors whom ITOCHU, FamilyMart and SMBC have the right to nominate shall be adjusted. The specific timing, candidates, and other details of the officers to be nominated by ITOCHU, FamilyMart and SMBC are yet to be determined. The details of the management system of the Target Company, including these matters, will be determined through consultations with the Target Company following the Tender Offer.

(Note) The officer is from ITOCHU, and this does not include one current director of FamilyMart.

### **(3) Matters concerning important agreements related to the Tender Offer**

ITOCHU and FamilyMart have signed the Shareholder Agreement dated August 3, 2017 with SMBC to undertake the Tender Offer. In the Shareholder Agreement, SMBC agreed not to offer the Non-target Shares in the Tender Offer.

In the Shareholder Agreement, ITOCHU, FamilyMart and SMBC have agreed that ① if the Tender Offer is concluded and ITOCHU, etc. and FamilyMart, etc. are unable to acquire all of the Target Shares, ITOCHU, etc. and FamilyMart, etc. will request that the Target Company undertake the Delisting Procedures and if the Delisting Procedures are requested, that the Target Company undertake all actions necessary for the Delisting Procedures, including the exercise of voting rights for approval, at an extraordinary general meeting of shareholders of the Target Company held for the Delisting Procedures; ② after the Delisting Procedures take effect, SMBC will sell the Shares Sold by SMBC to the Target Company according to the Acquisition of Treasury Stock and undertake all actions necessary for the Acquisition of Treasury Stock, including the exercise of voting rights for approval, at an extraordinary general meeting of shareholders of the Target Company held for the Acquisition of Treasury Stock; and ③ after the completion of the Tender Offer, ITOCHU, etc., FamilyMart, etc. and SMBC will separately agree on the method and conditions for a transfer, split or other transaction of the shares of the Target Company (hereinafter referred to as the “Voting Rights Ratio Adjustment Transaction”) and undertake the Voting Rights Ratio Adjustment Transaction if such transaction is necessary for adjusting the ratios of the voting rights of the Major Shareholders, etc. in the Target Company the Final Voting Rights Ratio, and SMBC will provide all cooperation necessary to undertake the Voting Rights Ratio Adjustment Transaction as SMBC or a director sent from SMBC to the Target Company if the methods and conditions of the Voting Rights Ratio Adjustment Transaction are agreed upon. (In addition, the parties have agreed in the Shareholders Agreement on the right of ITOCHU, FamilyMart and SMBC to nominate officers of the Target Company as described in “② Management policy beyond the Tender Offer” in “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer.”)

Note that the Shareholder Agreement provides that ITOCHU and FamilyMart may compel their own wholly owned subsidiaries to conduct the Tender Offer, and incorporates a substitution of terms clause for the necessary substitutions in the event ITOCHU and FamilyMart compel their own wholly owned subsidiaries to conduct the Tender Offer. The details listed above are after this substitution of terms clause has been applied.

### **(4) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer**

As of today, the Target Company is an equity method affiliate, that the total of the Ownership Ratios of the Tender Offerors’ parent companies ITOCHU and FamilyMart as well as SMBC was, already more than two-thirds at 77.52% before commencement of the Tender Offer, and that it is possible a structural conflict of interest state could develop at the Target Company in considering the Transactions including the Tender Offer, and from the perspectives of ensuring the fairness of the Tender Offer price, eliminating arbitrariness in the decision-making process of the Transactions including the

Tender Offer and avoiding conflicts of interest, ITOCHU, FamilyMart and the Target Company, have each undertaken measures such as those listed below. Also note that although the Tender Offerors for their part have not set any so-called Majority of Minority lower limit on the intended tender offers, since the measures described in items (a) through (f) below have been undertaken by the Tender Offeror's parent companies ITOCHU and FamilyMart as well as the Target Company, it is believed that the interests of the minority shareholders of the Target Company have been given adequate consideration.

- (a) Obtaining a stock valuation report from an independent third-party valuation firm by ITOCHU and FamilyMart, etc.
- (b) Obtaining a stock valuation report from an independent third-party valuation firm by the Target Company
- (c) Establishing an independent third-party committee of the Target Company and obtaining opinions (a written report)
- (d) Counsel from an independent law firm for the Target Company
- (e) Unanimous approval of directors who do not have interests in the Target Company and unanimous approval of corporate auditors who do not have interests in the Target Company
- (f) Measures to ensure purchase opportunities from other tender offerors

See the below section “(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer” under “② Background of the calculation” under “(4) Basis of calculation of the Tender Offer price” under “2. Outline of the Tender Offer” for details of the above.

#### **(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition**

As described in the above section “(1) Overview of the Tender Offer,” the Tender Offerors will undertake the Tender Offer for the purpose of making the Major Shareholders, etc. the only shareholders of the Target Company and delisting the Target Company. If the Tender Offerors are unable to acquire all of the Target Shares in the Tender Offer, ITOCHU, etc., FamilyMart, etc. and SMBC intend to implement a series of procedures to make the Major Shareholders, etc. the only shareholders of the Target Company through the following method after the completion of the Tender Offer.

After the completion of settlement for the Tender Offer, ITOCHU and FamilyMart will promptly request the Target Company to consolidate its shares (“Reverse Stock Split”) and hold an extraordinary general meeting of shareholders, whose agenda includes a revision of the Articles of Incorporation to abolish the provision for the number of shares per unit (“Extraordinary General Meeting of Shareholders”), on the condition that the Reverse Stock Split takes effect. ITOCHU, etc., FamilyMart, etc. and SMBC will agree to proposals for such agenda items at the Extraordinary General Meeting of Shareholders. ITOCHU, etc., FamilyMart, etc. and SMBC will not additionally acquire shares of the Target Company from the shareholders of the Target Company (excluding ITOCHU, etc., FamilyMart, etc. and SMBC) when undertaking the Reverse Stock Split after the Tender Offer.

The shareholders of the Target Company who have agreed to the proposal for the Reverse Stock Split at the Extraordinary General Meeting of Shareholders will hold the shares of the Target Company in the number according to the percentage of the Reverse Stock Split approved at the Extraordinary General Meeting of Shareholders on the day when the Reverse Stock Split takes effect. If fractions of a share result from the Reverse Stock Split, the proceeds from, for instance, the sale of the shares of the Target Company equivalent to the total number of such fractions (any fraction of a share in the total number will be rounded down; hereinafter the same applies) to the Target Company or the Major Shareholders, etc. will be paid to the shareholders of the Target Company by following the procedures specified in Article 235 of the Companies Act (Act No. 86 of 2005, including subsequent revisions; hereinafter the same applies) and other relevant laws and regulations. The selling price of the shares of the Target Company in the number equivalent to the total number of such fractions will be calculated so that the amount paid to the shareholders of the Target Company (excluding the Target Company and the Major Shareholders, etc.) who did not subscribe to the Tender Offer as a result of such sale will be the same as the price derived by multiplying the number of the shares of the Target Company held by the shareholders by the Tender Offer price. With the calculation, the shareholders in question will be requested to make a claim to the court for the permission of voluntary sale.

While the ratio of the Reverse Stock Split is undetermined as of the date of this announcement, the number of shares of the Target Company held by the shareholders of the Target Company who did not subscribe to the Tender Offer (excluding

the Target Company and the Major Shareholders, etc.) will be a fraction of a share so that only the Major Shareholders, etc. will hold the Target Shares.

If the Reverse Stock Split is implemented pursuant to the provisions of the Companies Act for the purpose of protecting the rights of minority shareholders related to the Reverse Stock Split, in which the number of shares will have fractions of a share as a result of the Reverse Stock Split, the shareholders of the Target Company may request the purchase of all of the fractions of a share in their own shares at a fair price and request that the court determine the price of the shares of the Target Company pursuant to the provisions of Items 4 and 5 of Article 182 of the Companies Act and other relevant laws. As stated above, the number of the shares of the Target Company held by the shareholders of the Target Company who did not subscribe to the Tender Offer (excluding the Target Company and Major Shareholders, etc.) will be a fraction of a share as a result of the Reverse Stock Split. Any shareholder who opposes the Reverse Stock Split will therefore be able to request that the share price be determined pursuant to the provisions of Items 4 and 5 of Article 182 of the Companies Act and other relevant laws. The purchase price when the above request is made will ultimately be determined by the court.

The above procedures may require a certain amount of time to be implemented depending on the revisions of relevant laws, the status of the interpretation, etc. of relevant laws by the authorities, the shareholding ratios of the Major Shareholders, etc. after the Tender Offer, the status of the shares of the Target Company held by the shareholders of the Target Company other than the Major Shareholders, etc., and other factors. There is also a possibility that the above procedures will be changed to other methods that have mostly the same effects. In such a case, too, a method of ultimately paying money to each shareholder of the Target Company who did not subscribe to the Tender Offer (excluding the Target Company and the Major Shareholders, etc.) will be adopted. The amount of money paid to each shareholder in such a case will be calculated so that it is the same as the price determined by multiplying the Tender Offer price by the number of shares of the Target Company held by each shareholder. The Target Company will announce the specific procedures and timing of implementation in the above case as soon as they are determined.

The Tender Offer is not intended to solicit the approval of the shareholders of the Target Company. In addition, the shareholders of the Target Company are responsible for consulting with a tax practitioner for themselves concerning the handling of tax affairs in the subscription to the Tender Offer or the above procedures.

#### **(6) Likelihood of delisting and the reasons**

The shares of the Target Company are listed on the TSE 1st Section. Because the Tender Offerors have not set a maximum limit for the number of shares to be purchased in the Tender Offer, the shares of the Target Company may be delisted depending upon the results of the Tender Offer after following the prescribed procedures pursuant to the delisting standards of the TSE. Even if the case does not correspond to the delisting standards at the time of the completion of the Tender Offer, the Major Shareholders, etc. plan to undertake a series of procedures to leave the Major Shareholders, etc. As the only shareholders of the Target Company pursuant to applicable laws as stated in the above section “(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition,” and the shares of the Target Company in such a case will be delisted through the prescribed procedures in accordance with the delisting standards of the TSE. The shares of the Target Company will not be traded on the TSE 1st Section after the delisting.

## 2. Outline of the Tender Offer

### (1) Outline of the Target Company

1) Name	Pocket Card Co., Ltd.																				
2) Location	1-5-9 Shiba, Minato-ku, Tokyo																				
3) Title and Name of Representative	Keiichi Watanabe, President and Representative Director																				
4) Business Lines	Brokerage of comprehensive credit purchase Brokerage of individual credit purchase Credit card cash advance Loans Insurance agency business																				
5) Capital	14,374 million yen (as of May 31, 2017)																				
6) Date of Incorporation	May 1982																				
7) Major Shareholders and Percentage of Shareholdings (ratio of the total number of issued common shares as of February 28, 2017)	<table> <tr> <td>Sumitomo Mitsui Banking Corporation</td><td>35.03 %</td></tr> <tr> <td>ITOCHU Corporation</td><td>26.64 %</td></tr> <tr> <td>FamilyMart Co., Ltd.</td><td>14.80 %</td></tr> <tr> <td>Japan Trustee Services Bank, Ltd.</td><td>3.34 %</td></tr> <tr> <td>The Master Trust Bank of Japan Ltd.</td><td>1.57 %</td></tr> <tr> <td>BNP PARIBAS Securities Services Luxembourg/JASDEC/HENDERSON HHF SICAV (standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation)</td><td>1.41 %</td></tr> <tr> <td>Aioi Nissay Dowa Insurance Co., Ltd.</td><td>0.53 %</td></tr> <tr> <td>Goldman Sachs International (standing proxy: Goldman Sachs Securities Co., Ltd. )</td><td>0.51 %</td></tr> <tr> <td>JP Morgan Chase Bank 385640 (standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.)</td><td>0.46 %</td></tr> <tr> <td>UBS AG London A/CIPB Segregated Client Account (standing proxy: Citibank Japan Ltd.)</td><td>0.45 %</td></tr> </table>	Sumitomo Mitsui Banking Corporation	35.03 %	ITOCHU Corporation	26.64 %	FamilyMart Co., Ltd.	14.80 %	Japan Trustee Services Bank, Ltd.	3.34 %	The Master Trust Bank of Japan Ltd.	1.57 %	BNP PARIBAS Securities Services Luxembourg/JASDEC/HENDERSON HHF SICAV (standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation)	1.41 %	Aioi Nissay Dowa Insurance Co., Ltd.	0.53 %	Goldman Sachs International (standing proxy: Goldman Sachs Securities Co., Ltd. )	0.51 %	JP Morgan Chase Bank 385640 (standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.)	0.46 %	UBS AG London A/CIPB Segregated Client Account (standing proxy: Citibank Japan Ltd.)	0.45 %
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8) Relationship between the Listed Companies and the Target Company	<table> <tr> <td>Capital Relationship</td><td>ITOCHU holds 21,130,000 shares (27.00%) of the Target Company. FamilyMart holds 11,739,000 shares (15.00%) of the Target Company.</td></tr> <tr> <td>Personal Relationship</td><td>ITOCHU has assigned Shuichi Kato as an outside director and Kenichi Kijima as an outside auditor to the Target Company. In addition, two employees of ITOCHU are on secondment to the Target Company. FamilyMart has assigned its officers Hiroaki Tamamaki as an outside director and Yasuhisa Saito as an outside auditor to the Target Company. In addition, three employees of FamilyMart are on secondment to the Target Company.</td></tr> <tr> <td>Transactional Relationship</td><td>There are transactions concerning advertising for members and credit fee payment services between FamilyMart and the Target Company. There are transactions concerning point exchange services between ITOCHU and the Target Company.</td></tr> <tr> <td>Status as Related Party</td><td>The Target Company is an equity method affiliate of ITOCHU and FamilyMart and is therefore considered to be a related party of ITOCHU and FamilyMart</td></tr> </table>	Capital Relationship	ITOCHU holds 21,130,000 shares (27.00%) of the Target Company. FamilyMart holds 11,739,000 shares (15.00%) of the Target Company.	Personal Relationship	ITOCHU has assigned Shuichi Kato as an outside director and Kenichi Kijima as an outside auditor to the Target Company. In addition, two employees of ITOCHU are on secondment to the Target Company. FamilyMart has assigned its officers Hiroaki Tamamaki as an outside director and Yasuhisa Saito as an outside auditor to the Target Company. In addition, three employees of FamilyMart are on secondment to the Target Company.	Transactional Relationship	There are transactions concerning advertising for members and credit fee payment services between FamilyMart and the Target Company. There are transactions concerning point exchange services between ITOCHU and the Target Company.	Status as Related Party	The Target Company is an equity method affiliate of ITOCHU and FamilyMart and is therefore considered to be a related party of ITOCHU and FamilyMart												
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Status as Related Party	The Target Company is an equity method affiliate of ITOCHU and FamilyMart and is therefore considered to be a related party of ITOCHU and FamilyMart																				

(2) **Schedule, etc.**

① **Schedule**

Resolution at a board of directors' meeting	September 29, 2017 (Friday)
Announcement of the commencement of the Tender Offer	October 2, 2017 (Monday) An electronic public notice will be posted and a notice of posting will be announced in the Nikkei (Nihon Keizai Shimbun) (To access the electronic public notice: please go to <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Submission of notification of the Tender Offer	October 2, 2017 (Monday)

② **Period of the Tender Offer as of the submission date**

From October 2, 2017 (Monday) until November 14, 2017 (Tuesday) (30 business days)

③ **Possibility of the extension of the Tender Offer period based on the Target Company's request**

Not applicable

(3) **Tender Offer price**

1,072 yen per share of common stock

(4) **Basis of calculation of the Tender Offer price**

① **Basis of calculation**

ITOCHU and FamilyMart requested Nomura Securities, a third-party valuation firm that is independent of ITOCHU, FamilyMart, the Tender Offerors, SMBC, and the Target Company, to calculate the value of the Target Company's shares in August 2017. Nomura Securities is not a party related to ITOCHU, FamilyMart, the Tender Offerors, SMBC, or the Target Company, and nor does it have any significant interest in the Tender Offer.

Upon considering the methods of calculation for the Tender Offer, Nomura Securities estimated the value of the shares of the Target Company using the average market price method since the shares of the Target Company were publicly traded and the comparable company comparison method since the presence of multiple publicly traded companies comparable to the Target Company allowed the estimation of the share value of the Target Company. Nomura Securities also used the dividend discount model (hereinafter referred to as "DDM") method, a technique for analyzing stock value by discounting the profit attributable to shareholders, after considering the internal reserves, etc. necessary to maintain equity capital calculated from an assumed equity ratio required for the stable business operation of the Target Company, to present value based on the cost of capital in order to apply the status of future business activities to the assessment. On August 2, 2017, ITOCHU and FamilyMart received a stock valuation report for the shares of the Target Company (hereinafter referred to as the "Tender Offeror Stock Valuation Report"). ITOCHU and FamilyMart have not received a fairness opinion on the price of the Tender Offer from Nomura Securities.

According to Nomura Securities, the following are the methods used to calculate the share value of the Target Company and the ranges of value per share of the Target Company estimated based on these methods.

Average market price method:	670 yen to 745 yen
Comparable company comparison method:	400 yen to 741 yen
DDM method:	963 yen to 1,304 yen

In the average market price method, Nomura Securities set August 1, 2017, as the record date, and estimated that the range of per-share-value of the Target Company was between 670 yen and 745 yen based on the closing stock price, 713 yen, of the Target Company on the TSE 1st Section on the record date, the simple average of the closing



prices of the previous five days, 724 yen, (rounded off to the nearest yen; the same applies to the following calculations of the simple averages of closing prices in the stock market), the simple average of the closing prices in the previous month, 745 yen, the simple average of the closing prices in the previous three months, 724 yen and the simple average of the closing prices in the previous six months, 670 yen.

In the comparable company comparison method, Nomura Securities calculated the share value of the Target Company through the comparison with financial indicators of market stock prices, profitability, etc., and estimated that the range of the per-share-value of the Target Company was from 400 yen to 741 yen.

In the DDM method, Nomura Securities assumed the equity ratio that the Target Company would need for its stable business operation after February 2018 based on the profitability and investment plans in the business plan for the period between March 1, 2017 and February 28, 2022 prepared by the Target Company, publicly available information, and other factors, calculated the stock value of the Target Company by discounting the profit attributable to shareholders after considering the internal reserves, etc. necessary to maintain equity capital calculated from the assumed equity ratio, and estimated the range of per-share-value of the Target Company to be between 963 yen and 1,304 yen.

Taking comprehensively into account the results of due diligence of the Target Company performed by ITOCHU and FamilyMart, in addition to the results of the Tender Offeror Stock Valuation Report submitted by Nomura Securities, the premiums provided in share pricing in the past cases of tender offers for share certificates, etc. by parties other than the issuers, approval or disapproval of the board of directors of the Target Company for the Tender Offer, trends in the market price of the Target Company shares in the last six months, etc. and the results of consultations and negotiations with the Target Company, on August 3, 2017, ITOCHU and FamilyMart decided and agreed between the parties that the final Tender Offer price should be 1,072 yen per share. As of today's date, ITOCHU and FamilyMart have confirmed that no material changes have occurred since then in the business conditions of the Target Company or the circumstances associated with the Transactions, among other factors, and have decided not to change the Tender Offer Price.

The per-share price of the Target Company, 1,072 yen, constituting the Tender Offer price is the amount derived from adding a premium of 50.77% to the closing price, 711 yen, of the Target Company shares on the TSE 1st Section on August 2, 2017, the day before the announcement in the Press Release issued by the Tender Offerors, 44.28% to the simple average closing price, 743 yen, of the months prior to August 2, 2017, 48.07% to the simple average closing price, 724 yen, of the three months prior to August 2, 2017, and 59.76% to the simple average closing price, 671 yen, of the six months prior to August 2, 2017.

In addition, the Tender Offer Price of JPY 1,072 per share of the Target Company includes a premium of 0.75% over the closing price of the Target Company's shares of 1,064 yen on the First Section of the TSE on September 28, 2017, which is the business day immediately preceding the announcement date of commencement of the Tender Offer.

## **② Background of the calculation**

### **(i) Process of determining the Tender Offer price**

ITOCHU and FamilyMart held deliberations and examinations with regard to the growth strategy of the Target Company from early October 2016. In early March 2017, they commenced deliberations and examinations with SMBC regarding increasing the ratio of voting rights in the Target Company held by ITOCHU and FamilyMart, and regarding delisting the Target Company by making the Major Shareholders the only shareholders.

In early April 2017, ITOCHU and FamilyMart proposed commencing specific deliberations and examinations as soon as possible, with an eye to delisting the Target Company by making the Major Shareholders the only shareholders, and increasing voting rights in the Target Company held by the Major

Shareholders to a sufficient ratio to make final decisions.

Thereafter, from early May to early July 2017, ITOCHU and FamilyMart carried out due diligence with regard to the Target Company, and sought advice from Nomura Securities, in its capacity as financial advisor to both companies, and from Nishimura & Asahi, in its capacity as legal advisor to ITOCHU and FamilyMart. ITOCHU and FamilyMart proposed examining the feasibility, conditions and method of the Transaction, including the significance and purpose of the Transaction and subsequent management policy, as soon as possible, and on June 7, 2017 submitted an outline of the purpose, significance, method and conditions of the Transaction to the Target Company.

ITOCHU and FamilyMart held deliberations with SMBC on numerous occasions from early May to early July 2017, concerning specific the method of the Transaction, the acquisition price for shares in the Target Company, and other conditions. In early July 2017, an agreement was reached with SMBC that the price for the Acquisition of Treasury Stock would be 1,072 yen, on that condition that SMBC acquires shares subject to sale via Acquisition of Treasury Stock after procedures for the delisting of the Target Company come into effect. Thereafter, ITOCHU and FamilyMart submitted an official proposal regarding the Transaction, including the Tender Offer and Acquisition of Treasury Stock, and related conditions on July 10, 2017.

As a result of repeated negotiations and examinations between ITOCHU, FamilyMart and the Target Company regarding conditions for the Transaction, including prices for the Tender Offer and the Acquisition Price of Treasury Stock, on August 1, 2017 the parties came to the conclusion that through this transaction, the Target Company should be delisted and the Major Shareholders, etc. should be made the only shareholders of the Target Company, and subsequently, the voting rights ratios of ITOCHU, etc. and FamilyMart, etc. in the Target Company should be increased. Therefore, on August 3, 2017, ITOCHU and FamilyMart decided on the date of this document, to undertake the Tender Offer conducted by the Tender Offerors for the purpose of delisting the Target Company and determined the Tender Offer price through the following process.

(a) Obtaining a stock valuation report from an independent third-party valuation firm

ITOCHU and FamilyMart used the Tender Offeror Stock Valuation Report submitted by Nomura Securities, a third-party calculation agent independent of the Tender Offerors, ITOCHU, FamilyMart, SMBC, and the Target Company, as a reference in calculating the Tender Offer price. Nomura Securities is not a related party of the Tender Offerors, ITOCHU, FamilyMart, SMBC, or the Target Company, and does not have any significant interest in the Tender Offer. ITOCHU and FamilyMart have not received a written opinion on the Tender Offer price or the fairness of the Tender Offer price from Nomura Securities.

(b) Outline of the opinion

Nomura Securities used the average market price method, comparable company comparison method, and DDM method to estimate the Target Company's share price, and the following are the ranges of the per-share prices of the Target Company calculated with these methods.

Average market price method:	670 yen to 745 yen
Comparable company comparison method:	400 yen to 741 yen
DDM method:	963 yen to 1,304 yen

(c) Process of determining the Tender Offer price, taking the opinion into account

As stated in the above section “① Basis of calculation” in “(4) Basis of calculation of the Tender Offer price,” ITOCHU and FamilyMart comprehensively considered, in addition to the results presented in the Tender Offeror Stock Valuation Report submitted by Nomura Securities on August 2, 2017, the results of due diligence, premiums provided in share pricing in the past cases of tender offers for share certificates, etc. by parties other than the issuers, approval or disapproval of the board of directors of the Target Company for the Tender Offer, trends in the market price of the Target Company shares in the previous six

months at the time, prospects of subscription to the Tender Offer, etc. and the results of consultations and negotiations with the Target Company. As a result, as of August 3, 2017, ITOCHU and FamilyMart have decided through mutual agreement, that the Tender Offer price should be 1,072 yen per share. As of today's date, ITOCHU and FamilyMart have confirmed that no material changes have occurred since then in the business conditions of the Target Company or the circumstances associated with the Transactions, among other factors, and have decided not to change the Tender Offer Price.

**(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer**

Considering that structural conflicts of interests may occur in the examination of the Transactions including the Tender Offer because, as of today's date, the Target Company is an equity method affiliated company of ITOCHU, FamilyMart and SMBC, and the ownership of ITOCHU, FamilyMart and SMBC, namely the parent companies of the Tender Offerors, exceeds two thirds, or 77.52%, before the implementation of the Tender Offer, ITOCHU, FamilyMart and the Target Company have undertaken the following measures from the perspectives of ensuring the fairness of the Tender Offer Price and removing arbitrariness in the process of decision-making associated with the Transactions including the Tender Offer, as well as avoiding conflicts of interests. Although no lower limits have been established to reflect a so-called Majority of Minority concept in terms of the numbers of shares to be purchased, the Tender Offerors, for their part, believe that adequate consideration has been given to protecting the interests of the minority shareholders of the Target Company because the measures described in items (a) through (f) below have been taken by ITOCHU and FamilyMart, or the parent companies of the Tender Offerors, as well as the Target Company.

**(a) Obtaining a stock valuation report from an independent third-party valuation firm by ITOCHU and FamilyMart**

ITochu and FamilyMart received Tender Offeror Stock Valuation Report dated August 2, 2017, from by Nomura Securities. See the above section “①Basis of calculation” under “(4) Basis of calculation of the Tender Offer price” for details.

**(b) Obtaining a stock valuation report from an independent third-party valuation firm by Target Company**

According to a press release issued by the Target Company in August 2017, the Target Company requested PwC, a financial advisor and third-party valuation firm that is independent of the Target Company, the Tender Offerors, ITOCHU, FamilyMart and SMBC, to calculate the value of the Target Company's shares to ensure the fairness of the decision-making process for the Tender Offer price (1,072 yen per share of the Target Company) presented by ITOCHU and FamilyMart, and it obtained the Written Share Price Calculation Statement on August 2, 2017. Target Company purportedly has not received a fairness opinion on Tender Offer price (1,072 yen per share of Target Company). PwC is not a related party of Target Company, Tender Offerors, ITOCHU, FamilyMart or SMBC and does not have any significant interest in Tender Offer. PwC has reportedly used the market price method since Target Company shares have a market price, based on the idea that the value of Target Company shares should be evaluated multilaterally and on the assumption that Target Company is a going concern, after considering the calculation methods to be selected to determine the value of Target Company shares from multiple stock value calculation methods. PwC has also reportedly used the DDM method, to calculate the per-share value of Target Company. The comparable company comparison method has not been used, supposedly due to limited comparability of Target Company's business and profitability with other companies.

The following are purportedly the ranges of value per share of Target Company estimated based on the above methods

Market price method	:	From 671 yen to 743 yen
DDM method	:	From 786 yen to 1,112 yen

In the market price method, PwC is said to have set August 2, 2017, as the record date for calculating Target Company's share, and estimated that the range of per-share-value of Target Company was between 671 yen and 743 yen based on the closing stock price, 711 yen, of Target Company on the Tokyo Stock Exchange on the record date, the simple average of the closing prices of the previous month, 743 yen, the simple average of the closing prices in the previous three months, 724 yen, and the simple average of the closing prices in the previous six months, 671 yen.

In the DDM method, PwC has reportedly estimated the range of per-share-value of Target Company to be between 786 yen and 1,112 yen by discounting the free cash flow attributable to shareholders, which are expected to be generated in and after the second Quarter of the fiscal year ending February 28, 2018, to present value by a discount rate based on shareholder equity costs, on the assumption of the business plan of Target Company prepared by Target Company (for five years between the fiscal year ending February 28, 2018, and the fiscal year ending February 28, 2022), the latest business trends and current and future earnings forecasts. The discount rate used is 8.5% to 9.7%, with sustainable value calculated based on a sustainable growth rate of 1.6% using the perpetual growth rate method. The financial forecasts based on the business plan of Target Company on the assumption of the DDM method are presented below.

(Millions of yen)

	FY ending Feb., 28, 2018 <sup>(Note 1)</sup>	FY ending Feb., 28, 2019	FY ending Feb., 29, 2020	FY ending Feb., 28, 2021	FY ending Feb., 28, 2022
Operating Revenue	29,261	40,862	42,889	44,486	45,882
Operating Income <sup>(Note 2)</sup>	4,494	8,000	9,302	9,795	10,688
Net Income	2,900	5,345	6,249	6,590	7,325

(Note 1) Nine months from June 2017 to February 2018.

(Note 2) Business years in which significant year-on-year changes in profit are expected are included. More specifically, a large decrease in interest refund-related expenses and a consequent large increase in profit are expected in the fiscal year ending February 28, 2018, and the fiscal year ending February 28, 2019, due to signs of a reduction in claims for interest refunds in the short term. The relevant business plan is not based on the assumption that the Tender Offer will be implemented.

(Note 3) The above financial forecasts reportedly do not include the effects expected from measures taken after Transaction.

The board of directors of the Target Company believes that the Written Share Price Calculation Statement continues to be effective because there have been no major changes in assumptions that may have any impact on the Written Share Price Calculation Statement, even after taking into account the situation for the period from August 3, 2017 on which the meeting of the board of directors was held until today's date.

(c) Establishing an independent third-party committee of Target Company and obtaining opinions (recommendation)

According to the Target Company August 2017 Press Release, on June 9, 2017, the Target Company established a third-party committee consisting of Mr. Shinsuke Matsumoto (attorney at law, Nakamura Tsunoda Matsumoto Law Office) and Mr. Mitsuhiro Hisajima (certified public accountant, Yamada Business Consulting Co., Ltd.), who were outside experts independent of the Target Company and Major Shareholders, and Mr. Kazuo Nagatani (attorney at law, Nagatani & Partners), who was an independent outside director of Target Company (the members of the third-party committee reportedly have not

changed since its establishment) and entrusted the third-party committee to inquire (a) whether the objectives of Transaction were rightful and rational, (b) whether the fairness of the procedures for Transaction was ensured, (c) whether the legitimacy and validity of the conditions of Transaction were guaranteed and (d) whether Transaction was not disadvantageous to the minority shareholders of Target Company (hereinafter referred to as the “Inquiries”) and submit written answers to these questions to the board of directors of Target Company for the purpose of eliminating arbitrariness and ensuring the fairness, transparency and objectivity of the decision-making process of Target Company.

The company reports that the third-party committee held a total of 7 meetings between June 9 and August 1, 2017, and conducted careful deliberations and examination of Inquiries. More specifically, the third-party committee supposedly conducted careful and comprehensive examination particularly of the above inquiries (a) or (b) first based on the materials and information provided by Target Company and Major Shareholders, etc. On the assumption of such examination, on August 3, 2017, the third-party committee purportedly submitted a recommendation for the month of August stating that, as a result of examination and evaluation as described in the following points (i) through (iv), the board of directors of Target Company did not consider the Transaction to be disadvantageous to the minority shareholders of the Target Company.

(i) Appropriateness and reasonableness of the purpose of the Transaction (Inquiries (a))

The Target Company is proceeding with change in the profit structure from the cashing business to the shopping business while the business environment has become stricter due to expansion and spread of debit, pre-paid, electronic money and other payment means other than credit, sharp change in the payment market due to development of fintech and reduction of the domestic market due to the decreasing birthrate and aging population. Famima T Card issued by jointly with FamilyMart is extremely important as the leader in the shopping business of the Target Company. In addition, in the other existing businesses, the ratio of the investees or client companies of ITOCHU and FamilyMart is high.

From the above, it is rational to strengthen the business relationship between ITOCHU and FamilyMart, further stabilize and expand the Famima T Card business, expand the business with Itochu's group companies and defend against competing companies within the group through the Transaction.

In addition, given the expectation of intensifying competition due to expand and spread of payment means other than credit, change in the payment market due to development of fintech and reduction of the domestic market due to the decreasing birthrate and aging population, it is rational to prepare for promotion of new financial service/fintech/overseas business through the Transaction.

The purpose of the Transaction is to secure such synergy, etc. The Transaction is considered to contribute to the maintenance and increase of the future corporate value of the Target Company. The purpose of the transaction is recognized as appropriate and reasonable.

(ii) Fairness of the procedures for the Transaction (Inquiries (b))

For the Transaction, to ensure an opportunity for appropriate judgment by shareholders, the process, etc. for conclusion of the transaction is fully disclosed and the specifics of interests which the directors have in the transaction are fully explained. In addition, the objecting shareholders are granted the right to demand purchase of shares in a squeeze-out after the tender offer. The price in the case of a squeeze-out is the same as the tender offer price. This information will be disclosed by the disclosing materials, etc.

In addition, to exclude arbitrariness from the decision-making process, the actions have been taken, or are planned to be taken, including the following:

- the consultation with the third-party committee of the appropriateness and conditions of Transactions;
- decision-making concerning Transaction that fully reflects the third-party committee's report;
- approval of all directors and auditors who do not have any special interest in the agenda items concerning Transaction;

- obtaining advice from an independent legal advisor on decision-making methods or other items, and disclosure of the name of the legal advisor;
- obtaining Written Share Price Calculation Statement from an independent third-party valuation firm by the Target Company; and
- obtaining the Tender Offeror Stock Valuation Report from an independent third-party valuation firm by ITOCHU and FamilyMart.

No particular unreasonableness was found with regard to the business plan and the calculation methods on which the stock valuation report issued by the independent third-party valuation firm, which the Target Company obtained, was based on, as well as the results of such stock valuation report.

Furthermore, from the perspective of ensuring objective circumstances that secure the appropriateness of the price, it is considered that the measures ensuring purchase opportunities from other tender offerors have been taken, on the ground that the period of offering under the Tender Offer (hereinafter referred to as the “Tender Offer Period”) is set to be 30 business days, which is a relatively long period of time, and the Target Company and the Tender Offerors have not entered into any agreement that restricts other tender offerors making a contact or the like with the Target Company.

Although the Tender Offer will not have a lower limit on the number of shares to be purchased relating to a majority of minority condition, the third-party committee did not conclude that this would necessarily result in Transactions damaging the interests of the minority shareholders because:

- Under Transactions, the fairness of the Tender Offer would be adequately ensured by other measures as considered above; and
- As stated below, the legitimacy and reasonableness of the conditions of Transactions are guaranteed.

In addition, the third-party committee’s opinion with respect to the legitimacy and reasonableness of the Acquisition of Treasury Stock was as follows:

- As stated above, the purpose of Transactions is the maintenance and improvement of the corporate value of the Target Company;
- As stated below, the conditions of Transactions would not be disadvantageous to the minority shareholders since the legitimacy and reasonableness of those conditions are guaranteed; and
- It is not practical to implement a tender offer to treasury stocks by the Target Company instead of the Acquisition of the Treasury Stock. Further, the Final Voting Rights Ratio could be certainly achieved if all of the Target Company’s shares to be sold by SMBC are obtained and also the Target Company would acquire its treasury stocks from SMBC after confirming the number of the Subscribed Share Certificates and the Target Company’s issued shares after the delisting takes effect (after subtracting the number of the Target Company’s treasury stock at the time). Taking these items into considerations, it is obvious that (A) there was no intention of granting the tax advantage solely to SMBC by implementing the Acquisition of Treasury Stock and (B) the Acquisition of the Treasury Stock would not violate or otherwise evade the principle of equal treatment of shareholders, and would not contradict the purport of that principle.

Although there might be an opinion that it would be desirable to offer an opportunity to the minority shareholders who are corporate entities whereby they could enjoy tax advantages by implementing a tender offer to treasury stocks by the Target Company, it was noted that it would be practically difficult to implement such a tender offer to treasury stocks considering the capital adequacy ratio and financing in the future of the Target Company. Thus, the third-party committee concluded that it would not be practical to implement a tender offer to treasury stocks.

Based on the above, the fairness of the procedures for the Transactions was ensured.

### (iii) Guarantee of appropriateness and adequacy of the conditions for the Transaction (Inquiries (c))

Recent precedents held that when a stock company acquires the class share subject to class-wide call at the same price as that for purchase after tender offer according to the procedures generally considered fair, unless any special circumstances large enough to recognize unexpected change in the conditions on which

the transaction is based apply, the court should judge that the acquisition price for the shares above should be the same as the price for purchase, etc. in the tender offer above. The transaction assumed in the precedents above is different from the Transaction. But the same logic will essentially apply. Therefore, in the Transaction, as described in (ii) above, the Tender Offer is considered to be conducted according to the "procedures generally considered fair." Accordingly, the price of the Tender Offer will be fair.

In addition, the negotiation between ITOCHU, FamilyMart and SMBC was conducted several times from early June to early July in 2017. SMBC has the same interests as the seller with those of minority shareholders in the Transaction. The Acquisition Price of Treasury Stock is the price agreed upon as a result of the said negotiations among the independent entities. The price for the Tender Offer, which is the same as the said price, is considered to fully reflect the interests of the shareholders.

In addition, the price for the Tender Offer is one that exceeds the upper limit of the result of the market price method and is close to the upper limit of the result of the DDM method in the Target Company stock valuation report obtained by the Target Company.

The level of the premium of the price for the Tender Offer is 43.6% to the monthly average stock price (746.3 yen) on the basis of July 7, 2017, 52.9% to the three-month average stock price and 64.7% to the six-month average stock price (651.0 yen), above 1,050 yen, the highest stock price of the Target Company in the past ten years (from 2007 through August 3, 2017, which is the reporting date of the August 2017 Written Report) (continuous session), as well as above the average value of the tender offer transactions closing from January 1, 2016 to July 7, 2017 (41% to the monthly average, 45% to the three-month average and 44% to the six-month average), and the median of the same (34% to the monthly average, 40% to the three-month average and 37% to the six-month average). It is on a par with the recent cases.

From the above, it is considered that appropriateness and adequacy is ensured for the price for the Tender Offer, the amount of money paid to the shareholders having fractions less than one share in the Reverse Stock Split in which the same price as that for the Tender Offer will be applied and the Acquisition Price of Treasury Stock.

(iv) Disadvantages of minority shareholders (Inquiries (d))

As described in (i) through (iii) above, no problems are recognized in the Inquiries (a) through (c). Therefore, the Transaction will not cause any disadvantage to the minority shareholders of the Target Company.

Recently, the Target Company reportedly asked the third-party committee established by the Target Company to examine whether or not there was any change to the response that the third-party committee had submitted to the board of directors of the Target Company on August 3, 2017, and, if there was no change, to respond accordingly, or in the case of any change, to state opinions regarding such change to the board of directors of the Target Company. As a result of the examination of these Inquiries, on September 28, 2017, the third party committee submitted the September 2017 Written Report, stating the following opinions, to the board of directors of the Target Company:

(a) With respect to the appropriateness and reasonableness of the purpose of the Transaction, no necessity to change the opinion therefor in the August 2017 Written Report was found, as there were no serious changes in the business conditions of the Target Company, or the business environment surrounding the Transaction, etc.

(b) With respect to the fairness of the procedures for the Transaction:

- Although the Target Company did not plan to obtain a new stock valuation report of the Target Company from PwC, this did not necessarily impair the fairness of the procedures of the Transaction, as it was confirmed that there were no circumstances that would affect the Written Share Price Calculation Statement, based on the following facts:

(i) there were no serious changes in the business environment, or changes in the business conditions of

the Target Company, etc. that might require changes in the business plan of the Target Company;

(ii) although the market price of the Target Company shares increased up to a price slightly lower than the Tender Offer price (1,072 yen) after the announcement of the Transaction on August 3, 2017, it had been stabilized after such increase;

(iii) there was no announcement of important facts.

- Based on this, it was determined that the Target Company took, or would take, the procedures of the Transaction scheduled after August 3, 2017.

- Thus, no necessity to change the opinion with respect to the appropriateness and reasonableness of the purpose of the Transaction in the August 2017 Written Report was found.

(c) No necessity to change the opinion with respect to the appropriateness and adequacy of the conditions for the Transaction in the August 2017 Written Report was found, as (i) there were no changes in the material conditions of the Transaction announced in August 3, 2017, apart from the determination of the commencement date of the Tender Offer and the joint tender offeror, and (ii) there were no serious changes in the business conditions of the Target Company, the business environment surrounding the Transaction, etc.

(d) As stated above, it was determined that the opinion described in items (a) through (c) did not need to be changed. Thus, the third party committee did not find any necessity to change the opinions expressed in the August 2017 Written Report, which states that the Transaction was not disadvantageous to the minority shareholders of the Target Company, based on the following reasons.

(d) Counsel from an independent law firm for Target Company

According to the Press Release stating the Opinions of Target Company, Target Company has appointed Torikai Law Office as an independent outside legal advisor and receives legal advice of the law office for the decision-making process, methods and other matters of note concerning Tender Offer in order to ensure transparency and fairness of the decision-making process, etc. of the board of directors of Target Company in connection with Tender Offer. Torikai Law Office is not a related party of Target Company or Major Shareholders, etc. and does not have any significant interest in Tender Offer.

(e) Unanimous approval of directors who do not have interests in the Target Company and unanimous approval of corporate auditors who do not have interests in the Target Company

According to the Press Release stating the Opinions of the Target Company, the board of directors of the Target Company carefully discussed and examined the series of procedures, including the Tender Offer, and the conditions for the Tender Offer, taking into account the Written Share Price Calculation Statement and the legal advice of Torikai Law Office, while respecting the August 2017 Written Report provided by the third-party committee to the maximum extent, at the meeting of the board of directors held on August 3, 2017.

More specifically, the Press Release reveals that the directors focused on issues (A) to (C) below in their discussion and examination.

(A) Significance and necessity of the Target Company in the Transactions

The competition in the credit card industry, in which the Target Company operates its business, is expected to intensify increasingly. To steadily and continuously increase the corporate value of the Target Company, its business must be operated based on the relationship of ITOCHU and FamilyMart together holding a majority of voting rights, and a flexible management system allowing prompt decision-making must be built after the Target Company's shares are delisted from the stock exchange. The proposal of ITOCHU and FamilyMart to delist the Target Company's shares, leaving the Major Shareholders as the only shareholders of the Target Company and making the voting right ratios of the Major Shareholders in the Target Company the Final Voting Rights Ratio, is reportedly considered significant in the business strategy of the Target Company.



(B) Legitimacy and appropriateness of the conditions for the Transactions

As noted in the above section “(b) Obtaining a stock valuation report from an independent third-party valuation firm by Target Company,” the per-share price of 1,072 yen for the Target Company, which is the Tender Offer price, exceeds the highest share price estimated using the market price method in the Written Share Price Calculation Statement, which was provided by PwC, and is close to the highest price estimated using the DDM method. The Tender Offer price is also above the highest price for the Target Company’s shares reached in the past ten years (from 2007 through August 3, 2017, on which the Target Company August 2017 Press Release was announced) of 1,050 yen (continuous session). It adds a premium of 44.28% to 59.67% to the Target Company’s closing stock price of 711 yen on the TSE 1st Section on August 2, 2017, which was the business day before the August 2017 press release of the Target Company was issued, and the simple averages of closing prices in the month, three months, and six months prior to August 2, 2017. This is allegedly a level comparable to tender offer prices in recent cases of other companies.

Additionally, according to the Press Release stating the Opinions of the Target Company, ITOCHU and FamilyMart held negotiations with SMBC as an independent party, which had an interest in the Transactions as a seller, just as a minority shareholder. These negotiations are said to have resulted in an agreement on the price for the Acquisition of Treasury Stock, and the Tender Offer price in the amount equivalent to the acquisition price is considered to reflect the interests of the Target Company’s shareholders. Consequently, the board of directors of the Target Company considered factors such as the background of the above negotiations, the result of the Written Share Price Calculation Statement and the trends of the Target Company’s stock price in the past ten years, and concluded that the Tender Offer price and the amount of money planned to be the same as the Tender Offer price, which would be paid to the shareholders of the Target Company holding a fraction of a share in the Reverse Stock Split, would not be disadvantageous to the shareholders of the Target Company.

(C) Fairness of the procedures for the Transactions

According to the Press Release stating the Opinions of the Target Company, the Target Company has received legal advice and has held deliberations and examinations to ensure the transparency and fairness of the Transactions as noted in the above sections “(c) Establishing an independent third-party committee of the Target Company and obtaining opinions (recommendation)” and “(d) Counsel from an independent law firm for the Target Company.”

It also considered a tender offer of treasury stock as a substitute for the Acquisition of Treasury Stock, however this would not be realistic from a financial perspective, including the Target Company’s equity ratio and financing. The Target Company therefore reportedly concluded that it would be in its best interest to accept the proposal, including the Acquisition of Treasury Stock, which had been repeatedly deliberated by ITOCHU, FamilyMart, and SMBC.

The Target Company also concluded that the fairness of the Transactions was maintained from a legal perspective, taking into account the legal advice from Torikai Law Office, an independent outside legal advisor, and the August 2017 Written Report provided by the third-party committee.

As a result, Target Company reportedly concluded (i) that the corporate value of Target Company would increase through Transaction including Tender Offer, (ii) that Tender Offer price and other conditions of Tender Offer were rational for the shareholders of Target Company, and that (iii) the fairness of the procedures pertaining to the Tender Offer has been secured, and that the Tender Offer would thus provide the shareholders of Target Company with reasonable opportunities to sell their shares. At the meeting of the board of directors of Target Company held on August 3, 2017, all directors, excluding outside directors, Mr. Shuichi Kato and Mr. Hiroaki Tamamaki, reportedly held a deliberation, and upon unanimous agreement adopted a resolution to the effect that it was the opinion of the Target Company as of the same day that if the Tender Offer was commenced it would express an opinion endorsing the Tender Offer and would

recommend that the shareholders of the Target Company tender their shares in the tender offer, and that it would express an opinion regarding the Tender Offer again at such time as the Tender Offer was commenced.

The Target Company was recently notified by ITOCHU and FamilyMart that the Tender Offerors would commence the Tender Offer on October 2, 2017 if they completed all the required procedures and necessary steps based on the competition laws of Japan and all foreign countries concerned and the other preconditions described in their press release were satisfied. The Target Company reportedly re-examined the Tender Offer, taking into account the third-party committee's opinion that no revisions would be made to the recommendation issued on August 3, 2017, and changes in the business environment since the meeting of the Target Company's board of directors held on August 3, 2017, and concluded that no factors suggested any need to change the decisions regarding the Tender Offer, and the board therefore adopted a resolution to express its approval for the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer (see also the above section “① Background and purpose of the decision to undertake the Tender Offer and the decision-making process” in “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer” under “1. Objectives of the Tender Offer” for the details of the decision process and reasons).

In the above resolutions on August 3 and today, the outside directors of the Target Company, Mr. Shuichi Kato and Mr. Hiroaki Tamamaki, concurrently hold the positions of Chief Operating Officer, Financial and Insurance Services Division of ITOCHU and Director of FamilyMart, and President and Representative Director of BSS respectively. To avoid any suspicion of a conflict of interest and ensure the fairness of the Transaction, they reportedly did not participate in any of the deliberations on agenda items that were related to the Transaction, including the Tender Offer, in the above meeting of the board of directors of the Target Company, and have not participated in any of the consultations and negotiations with ITOCHU and FamilyMart from the position of the Target Company.

Of the four auditors of Target Company, Mr. Shuichi Sano, a full-time auditor, and Ms. Yasuko Yamashita, an independent outside auditor, reportedly attended the above two meetings of the board of directors and expressed no objection to the above resolution. Of the outside auditors of Target Company, Mr. Kenichi Kijima and Mr. Yasutoshi Saito concurrently hold the positions of CFO, ICT & Financial Business Company of ITOCHU, and Senior Executive Officer of FamilyMart, respectively. To avoid the suspicion of a conflict of interest and ensure the fairness of Transaction, they purportedly did not participate in any of the deliberations on agenda items that concerned Transaction, including Tender Offer, in the above meeting of the board of directors of Target Company.

(f) Measures to ensure purchase opportunities from other tender offerors

The Tender Offerors have set the Tender Offer Period at 30 business days, which is longer than the statutorily required minimum period of 20 business days. Tender Offerors plan to set the Tender Offer Period as 30 business days, which is longer than the statutory required shortest period of 20 business days. Tender Offerors intend to provide the shareholders of Target Company with adequate decision-making opportunities by setting a relatively long Tender Offer Period and to ensure opportunities for parties other than Tender Offerors for making competing purchases of Target Company's shares in order to maintain the appropriateness of Tender Offer price.

In addition, the Target Company reportedly has not entered into any agreement with ITOCHU, etc. or FamilyMart in which competing tender offers, etc. are restricted from having contact with the Target Company (such as agreements containing transaction protection clauses prohibiting the Target Company from having contact with competing tender offers, etc.) and has taken care to ensure the fairness of the Tender Offer by setting the above tender offer period and by securing opportunities for competing tender offers, etc.

**(iii) Relationships with the valuation firm**

Nomura Securities, the financial advisor (valuation firm) of ITOCHU and FamilyMart, is not a related party of Major Shareholders, etc. or Target Company and does not have any significant interest in 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
17,593,440 shares	– shares	– shares

(Note 1) No maximum or minimum number of share certificates, etc. to be purchased is specified in Tender Offer, and all tendered shares, etc. will be purchased. As presented in the number of shares to be purchased, the maximum number of share certificates etc. to be purchased will be 17,593,440, derived by subtracting the sum total of the number of shares held by ITOCHU (21,130,000), the number of shares held by FamilyMart (11,739,000), and the number of shares held by SMBC (27,788,000) and the number of treasury shares held by Target Company (1,073,404) from the number of shares outstanding as of May 31, 2017 (79,323,844), indicated in Target Company's summary of financial results for the first Quarter.

(Note 2) Odd-lot shares are also subject to Tender Offer. If shareholders exercise their right to request the purchase of shares less than one unit in accordance with the Companies Act, Target Company may purchase such shares during Tender Offer Period pursuant to the procedures specified by the law.

(Note 3) The treasury shares held by Target Company will not be acquired through Tender Offer.

(Note 4) Through Transaction, Tender Offerors plan to ultimately set the voting rights of ITOCHU, etc. in Target Company to be 46% and the voting rights of FamilyMart, etc. to be 34%. If the total number of tendered shares, etc. is 15,771,806 or below, the total number of tendered shares, etc. will be divided into two and each half will be purchased by GIT and BSS (any fraction of share in the number of shares to be purchased by GIT will be rounded up, and any fraction of a share in the number of shares to be purchased by BSS will be rounded down to the nearest whole share). If the total number of tendered shares, etc. exceeds 15,771,806, 15,771,806 shares will be divided into two and each half will be purchased respectively by GIT and BSS, and the tendered shares, etc. exceeding 15,771,806 shares will be purchased by BSS.

**(6) Changes in the Shareholding Ratio of Share Certificates, etc. as a Result of the Tender Offer**

Number of voting rights represented by share certificates, etc. held by the Tender Offerors before the Tender Offer	None	(Shareholding Ratio of Share Certificates, etc. before the Tender Offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer	606,570 units	(Shareholding Ratio of Share Certificates, etc. before the Tender Offer: 77.52%)
Number of voting rights represented by share certificates, etc. held by the Tender Offerors after the Tender Offer	175,934 units	(Shareholding Ratio of Share Certificates, etc. after the Tender Offer: 22.48%)
Number of voting rights represented by share certificates, etc. held by specially related parties after the Tender Offer	606,570 units	(Shareholding Ratio of Share Certificates, etc. after the Tender Offer: 77.52%)
Number of voting rights held by all shareholders of the Target Company	781,886 units	

(Note 1) The "Number of voting rights represented by share certificates, etc. held by specially related parties before

the Tender Offer” and the “Number of voting rights represented by share certificates, etc. held by specially related parties after the Tender Offer” indicate the total number of voting rights represented by share certificates, etc. (excluding Target Company’s shares held by ITOCHU, FamilyMart, and SMBC and treasury stock held by the Target Company) held by specially related parties (except parties excluded from the specially related parties in the calculation of the Ownership Ratio of Share Certificates, etc. specified in the items under the paragraph (1), Article 27-2 of the Law pursuant to the provisions of item (i) under paragraph (2), Article 3 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Order No. 38 of 1990 and subsequent revisions; hereinafter referred to as the “Cabinet Office Order”) and the Tender Offerors). Since the share certificates, etc. held by specially related parties (excluding treasury stock held by the Target Company) are also subject to the Tender Offer, “the number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer” (excluding the number of voting rights represented by the shares in the Target Company held by ITOCHU, FamilyMart, and SMBC) are not included in the calculation of the “Shareholding Ratio of Share Certificates, etc. after the Tender Offer.”

(Note 2) The “Number of voting rights held by all shareholders of the Target Company” is the number of voting rights held by all shareholders (with one trading unit being 100 shares) as of February 28, 2017 as described in the Target Company’s first Quarter report for the 36th term submitted on July 18, 2017. However, since fractional shares (other than treasury stock less than one unit held by the Target Company) are also included in the scope of the Tender Offer, the “Shareholding Ratio of Share Certificates, etc. before the Tender Offer” and the “Shareholding Ratio of Share Certificates, etc. after the Tender Offer” are calculated with the number of shares as of May 31, 2017 (78,250,440 as described in the Target Company’s financial statements for the first Quarter of FYE 2018) as a denominator after subtracting the number of the Target Company’s treasury stock (1,073,404) from the total number of the Target Company’s issued shares as of May 31, 2017 (79,323,844) as described in Target Company’s financial statements for the first Quarter of FYE 2018; and with the corresponding number of voting rights being 782,504.

(Note 3) The “Shareholding Ratio of Share Certificates, etc. before the Tender Offer” and the “Shareholding Ratio of Share Certificates, etc. after the Tender Offer” have been rounded to two decimal places.

**(7) Tender Offer Cost: 18,860,167,680 yen**

Note: The Tender Offer Cost is the Tender Offer Price (1,072 yen) multiplied by the Number of Shares to Be Purchased (17,593,440 shares).

**(8) Method of settlement**

**① Names and head office locations of financial instruments business operators, banks, etc. in charge of settlement of the Tender Offer, etc.**

Nomura Securities Co., Ltd.

1-9-1 Nihonbashi, Chuo-ku, Tokyo

**② Date of commencement of settlement**

November 21, 2017 (Tuesday)

**③ Method of settlement**

Promptly after the completion of the Tender Offer, a notice of purchase, etc. through the Tender Offer will be sent to the addresses of shareholders, etc. (or standing proxies in the case of non-Japanese shareholders, etc.) tendering their shares. The notice will be sent electronically through the Nomura Net & Call website (<https://netcall.nomura.co.jp>) to shareholders who have approved the receipt of electronic documents, etc. on Nomura Net & Call. Purchases will be made using money. Tendering shareholders, etc. will be able to receive the proceeds from the sale through the Tender Offer by the method specified by them, such as telegraphic transfer, promptly after the date of commencement of the settlement (telegraphic transfers may incur fees).

**④ Method of returning share certificates, etc.**

If all of the tendered shares are not to be purchased based on the conditions specified in the section “②Availability of conditions for cancellation, etc. of Tender Offer, details of such conditions, and method of disclosing cancellation, etc.” under “(9) Other Conditions and Methods of the Tender Offer,” share certificates, etc. to be returned will be returned by reversing the record of the share certificates, etc. to the point immediately before the tender in the Tender Offer Agent’s account for tendering shareholders, etc. promptly after two business days have passed from the last day of the tender offer period (the day of cancellation, etc. of the Tender Offer if the Tender Offer is cancelled, etc.). (If share certificates, etc. are transferred to an account of a tendering shareholder, etc. set to another financial instruments business operator, etc., please check with the head office or any of the nationwide branches of the Tender Offer Agent.)

**(9) Other Conditions and Methods of the Tender Offer**

**① Availability of conditions specified in the items under paragraph (4), Article 27-13 of the Law and details of such conditions**

No upper and lower limits of share certificates, etc. to be purchased have been specified. The Tender Offerors will therefore purchase all of the tendered shares, etc.

**② Availability of conditions for the cancellation, etc. of the Tender Offer, details of such conditions, and the method of disclosing cancellation, etc.**

In the event that any of the facts specified in the sub-items (a) through (i) and (l) through (r) of item (i) and sub-items (a) through (h) and (j) of item (iii), paragraph (1) and items (iii) through (vi), paragraph (2) under Article 14 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, including subsequent revisions; hereinafter referred to as the “Order”) has occurred, the Tender Offer may be cancelled or withdrawn. In the Tender Offer, “facts equivalent to those set forth in sub-item (a) to sub-item (i) inclusive” in sub-item (j) of item (iii), paragraph (1) under Article 14 of the Order refer to the case in which a false statement concerning important matters or the absence of an important, required statement has been discovered in the statutory disclosure documents submitted by the Target Company in the past.

Any intended cancellation, etc. of the Tender Offer will be notified via an electronic public notice and on the Nikkei. Such a cancellation will, however, be announced by the methods specified in Article 20 of the Cabinet Office Order, which will be followed immediately by the above public notice if it is difficult to issue the public notice by the last day of the Tender Offer period.

**③ Availability of conditions for reducing the price of the Tender Offer, etc., details of such conditions, and the method of disclosing the price reduction**

If the Target Company engages in any of the acts specified in paragraph (1) under Article 13 of the Order during the Tender Offer period pursuant to the provision of item (i) under paragraph (1), Article 27-6 of the Law, the price of the Tender Offer, etc. may be reduced in accordance with the standards prescribed in paragraph (1) under Article 19 of the Cabinet Office Order. Any intended reduction of the price of the Tender Offer, etc. will be notified through an electronic public notice and on the Nikkei. Such a price reduction will, however, be announced by the methods specified in Article 20 of the Cabinet Office Order, which will be followed immediately by the above public notice if it is difficult to issue the public notice by the last day of the Tender Offer period. In the event that the price of the Tender Offer, etc. is reduced, the shares, etc. tendered prior to the day of the public notice of such a price reduction will be purchased at the reduced price.

**④ Matters concerning the right of tendering shareholders, etc. to terminate their contract**

Tendering shareholders, etc. may terminate their contract for the Tender Offer at any time during the Tender Offer Period. A tendering shareholder may cancel a contract related to the Tender Offer at any time during the Tender Offer Period. In order to cancel a contract related to the Tender Offer, the tendering shareholder is required to deliver or mail (by post) a written request for cancellation of the contract related to the Tender Offer (“Written Cancellation”) to the head office or a Japanese branch of the tender offer agent that received the application from the tendering shareholder by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, a Written Cancellation must arrive by 15:30 on the last day of the Tender Offer Period.

In order to cancel a contract made via Nomura Home Trade, please conduct the required procedures on the Nomura Home Trade website (<http://hometrade.nomura.co.jp/>) or deliver or mail (by post) a Written Cancellation. If cancellation is made on the Nomura Home Trade website, please conduct the cancellation procedures as specified on the website by 15:30 on the last day of the Tender Offer Period. Regarding cancellation of the contract made via the head office or a Japanese branch of the tender offer agent, it is not possible to conduct the cancellation procedures on the Nomura Home Trade website. In order to cancel a contract made via the head office or a Japanese branch of the tender offer agent, please request a form of Written Cancellation in advance from the head office or a Japanese branch of the tender offer agent and deliver or mail (by post) it to the head office or a Japanese branch of the tender offer agent that received your application for the Tender Offer by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, a Written Cancellation must arrive by 15:30 on the last day of the Tender Offer Period.

In order to cancel a contract made via Nomura Net & Call, please conduct the required procedures on the Nomura Net & Call website (<http://netcall.nomura.co.jp/>) or mail (by post) a Written Cancellation. If cancellation is made on the Nomura Net & Call website, please conduct the cancellation procedures as specified on the website by 15:30 on the last day of the Tender Offer Period. If cancellation is made by mailing (by post) a Written Cancellation, please request a form of Written Cancellation in advance from Nomura Net & Call Customer Support and mail (by post) it to Nomura Net & Call. Also, in this case, a Written Cancellation must arrive by 15:30 on the last day of the Tender Offer Period. The Tender Offerors will not demand compensation for damages or the payment of a penalty from the tendering shareholders, etc., even if the shareholders, etc. terminate their contract. The Tender Offerors will also bear the expenses for returning tendered shares, etc.

#### **⑤ Method of disclosing any change in the conditions, etc. for the Tender Offer**

The Tender Offerors may change the conditions, etc. for the Tender Offer during the Tender Offer period unless it is prohibited by the provisions of paragraph (1), Article 27-6 of the Law and paragraph (2), Article 13 of the Order. Details of any intended change in the conditions for the Tender Offer will be announced through an electronic public notice and on the Nikkei. Such a change, however, will be announced using the methods specified in Article 20 of the Cabinet Office Order, which will be followed immediately by the above public notice, if it is difficult to issue the public notice by the last day of the Tender Offer period. In the event that any of the conditions, etc. for the Tender Offer are changed, the shares, etc. tendered prior to the date of the public notice of such a change will be purchased under the revised conditions.

#### **⑥ Method of disclosing the submission of an amendment**

If an amendment is submitted to the Director-General of Kanto Local Finance Bureau, the matters concerning the information stated in the public notice of the commencement of the Tender Offer in the amendment will be disclosed immediately using the methods specified in Article 20 of the Cabinet Office Order. The explanatory document for the Tender Offer will be immediately revised and delivered to the tendering shareholders, etc. who have already received the original version of the explanatory document. If, however, the revision is considerably minor, a letter providing the reasons for the revision, the revised sentences, and the description after the revision will be prepared and delivered to the tendering shareholders, etc. as the means of making such a revision.

#### **⑦ Method of disclosing the result of the Tender Offer**

The result of the Tender Offer will be announced using the methods specified in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order on the day following the last day of the Tender Offer period.

**⑧ Other**

The Tender Offer shall not, directly or indirectly, be conducted in or targeted at the United States. Moreover, the U.S. postal mail service or any other method or means of interstate or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication) shall not be used to conduct the Tender Offer, and the Tender Offer shall not be conducted through any U.S. stock exchange facility. In addition, no application for this Tender Offer shall be made by any of the abovementioned methods or means through the abovementioned facilities, or from the United States. Further, the tender offer notification relating to this Tender Offer or the related tender documents shall not be sent or distributed to, in or from the United States by mail or any other method. Any application for the Tender Offer that is in violation of any of the abovementioned restrictions, either directly or indirectly, shall not be accepted.

When applying for the Tender Offer, shareholders (or standing proxies in the case of non-Japanese shareholders, etc.) may be required to provide the Tender Offer Agent with representations and warranties stating the following. Tendering shareholders shall not be located in the United States at the time of applying for the Tender Offer or at the time of sending an application form for the Tender Offer. The tendering shareholders shall not, directly or indirectly, receive or send any information (including its copies) related to the Tender Offer to, in or from the United States. The tendering shareholders shall not use, directly or indirectly, in connection with the tendering of shares or the signature and submission of the application form for the Tender Offer, the U.S. postal mail service or any other method or means of interstate or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication) or any U.S. stock exchange facility. The tendering shareholders shall not be those acting as an agent, entrustee or delegate, without discretion, of another person (except where such other person provides the relevant shareholders with all instructions relating to the tender from outside the United States).

**(10) Date of public notice of the commencement of the Tender Offer**

October 2, 2017 (Monday)

**(11) Tender Offer Agent**

Nomura Securities Co., Ltd.

1-9-1 Nihonbashi, Chuo-ku, Tokyo

**3. Policies after the Tender Offer and Future Outlook**

With respect to the Policies after the Tender Offer, please refer to the abovementioned sections “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer,” “(5) Policies for reorganization, etc. after the Tender Offer, items related to so-called two-step acquisition,” and “(6) Likelihood of delisting and the reasons” in “1. Objectives of the Tender Offer.”

**4. Other Information**

**(1) Existence of an Agreement between the Tender Offeror and the Target Company or Directors and Details of Any Such Agreement**

**① Existence of an Agreement between the Tender Offerors and the Target Company or Directors and Details of Any Such Agreement**

According to the Target Company, at the board of directors meeting held on August 3, 2017, the Target Company resolved to express its opinion, as of August 3, 2017, in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer if it is commenced, as well as to express its opinion again on the Tender Offer when it is actually commenced. For details of the process of the said decision-making of the Target Company, please refer to the abovementioned “(e) Unanimous approval of directors who do not have interests in the Target Company and unanimous approval of corporate auditors who do not have interests in the Target Company” in “(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and

measures to ensure the fairness of Tender Offer” in “② Background of the calculation” in “(4) Basis of calculation of the Tender Offer Price” in “2. Outline of the Tender Offer.” According to the Target Company September 2017 Press Release, it still considers as of today’s date that no factors suggest the need to change the decisions regarding the Tender Offer, and at the meeting held today, the board of directors adopted a resolution to express its approval for the Tender Offer again and recommend that the shareholders of the Target Company tender their shares in the Tender Offer. For the details of the decision-making process of the Target Company, please refer to the above section “① Background and purpose of the decision to undertake the Tender Offer and the decision-making process” in “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer” in “1. Objectives of the Tender Offer.”

**② Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer**

Regarding the background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer, please refer to the abovementioned “(2) Background and purpose of the decision to undertake the Tender Offer as well as management policies after the Tender Offer” in “1. Objectives of the Tender Offer.”

**③ Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer**

As for measures to Ensure the Fairness of the Tender Offer Price and Avoid Conflicts of Interests and Measures to Ensure the Fairness of the Tender Offer, please refer to the abovementioned “(ii) Measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interests and measures to ensure the fairness of Tender Offer” in “② Background of the calculation” in “(4) Basis of calculation of the Tender Offer price” in “2. Outline of the Tender Offer.”

**(2) Other information deemed necessary for investors to determine whether or not to participate in the Tender Offer**

[Dividends and shareholder benefits]

The Target Company reported that it resolved to revise its dividend forecast for the fiscal year ending February 2018 announced on April 13, 2017, not to pay both interim and year-end dividends for the said fiscal year, and to abolish its shareholder benefits program after the said fiscal year, subject to the conclusion of the Tender Offer. For details, please refer to the “Announcement in Relation to Revision of Dividend Forecast for the 36th term ending February 2018 and Abolition of Shareholder Benefits Program” released on August 3, 2017 by the Target Company.



**[Solicitation Regulations]**

This press release is intended to publicly announce the Tender Offer and was not prepared for the purpose of soliciting the sale of share certificates and other securities. If you wish to make an offer to sell your shares, please be sure to read the explanatory document for the Tender Offer before making the offer at your own judgment. This press release shall neither be, nor constitute a part of, a solicitation of an offer to sell or an offer to purchase any securities, and neither this press release (or any part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.

**[Future Prospects]**

This press release may contain forward-looking terms such as “expect,” “assume,” “intend,” “plan,” “believe,” and “suppose” to state the future business of ITOCHU and FamilyMart. These terms are based on the business outlook of the Company as of today’s date and may therefore change depending on future conditions. Accordingly, as for the information in this press release, the company shall not be liable to update these terms to reflect actual business results or any changes in various circumstances and conditions.

**[U.S. Regulations]**

The Tender Offer shall not, directly or indirectly, be conducted in or targeted at the United States. Moreover, the U.S. postal mail service or any other method or means of interstate or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication) shall not be used to conduct the Tender Offer, and the Tender Offer shall not be conducted through any U.S. stock exchange facility. In addition, no application for this Tender Offer shall be made by any of the abovementioned methods or means through the abovementioned facilities, or from the United States. Further, the press release relating to this Tender Offer or the related tender documents shall not be sent or distributed to, in or from the United States by mail or any other method. Any application for the Tender Offer that is in violation of any of the abovementioned restrictions, either directly or indirectly, shall not be accepted.

Solicitation for the purchase of securities or any other equivalents shall not be made to U.S. residents or within the United States, and the Company will not accept any such solicitation that is sent from U.S. residents or from within the United States.

**[Other Countries]**

In some countries or regions, the announcement, issuance or distribution of this press release may be restricted by laws and regulations. In such cases, please take note of such restrictions and comply with them. This press release does not constitute an offer for the purchase of shares nor a solicitation of an offer for the sale of shares in relation to the Tender Offer, and is to be considered solely as the distribution of information materials.