

# Notice of Convocation of the 36th Ordinary General Meeting of Shareholders

**Date and Time:**

10 a.m., Thursday, May 25, 2017

**Venue:**

“Fuji” Hall on the 3rd Floor, Hotel Metropolitan,  
6-1, Nishi-Ikebukuro 1-chome, Toshima-ku, Tokyo

**Resolution Items:**

**No. 1:** Partial Amendments to the Articles of Incorporation

**No. 2:** Election of Eleven Directors

**No. 3:** Election of One Corporate Auditor

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Please note that the distribution of souvenirs for attending shareholders has been discontinued from this year.

We appreciate your understanding.

FamilyMart UNY Holdings Co., Ltd.

Securities Code: 8028

To All Shareholders

Isamu Nakayama  
Representative Director  
FamilyMart UNY Holdings Co., Ltd.  
1-1, Higashi-Ikebukuro 3-chome,  
Toshima-ku, Tokyo, Japan

## Notice of Convocation of the 36th Ordinary General Meeting of Shareholders

Dear Shareholder:

This is to inform you that the Ordinary General Meeting of Shareholders (“Meeting”) of FamilyMart UNY Holdings Co., Ltd. (the “Company”) for the 36th Term will be held as described below and to request your attendance at the Meeting.

In the event that you are unable to attend the Meeting, please see the “Reference Document for the General Meeting of Shareholders” provided below; you may exercise your voting rights either in writing or via the Electromagnetic Methods as further set forth below.

### Exercise of Voting Rights in Writing or via Electromagnetic Methods (the Internet, etc.)

#### Exercise of voting rights in writing

Please indicate your approval or rejection of the respective resolution items on the Voting Rights Exercise Form enclosed herewith, and return the form so that it arrives no later than 6 p.m. on Wednesday, May 24, 2017.

#### Exercise of voting rights via electromagnetic methods (the Internet, etc.)

Please refer to the “Exercise of Voting Rights via the Internet” enclosed herewith and register your approval or rejection of the respective resolution items on the website (<http://www.web54.net>), etc., by 6 p.m. on Wednesday, May 24, 2017.

1. Date and Time: 10 a.m., Thursday, May 25, 2017
2. Venue: “Fuji” Hall on the 3rd Floor, Hotel Metropolitan,  
6-1, Nishi-Ikebukuro 1-chome, Toshima-ku, Tokyo
3. Agenda:  
Reporting Items:
  1. Report on the business report, consolidated financial statements and the Audit Results Reports of the Accounting Auditors and the Board of Corporate Auditors for the consolidated financial statements for the 36th fiscal year (from March 1, 2016, through February 28, 2017)
  2. Report on the financial statements for the 36th fiscal year (from March 1, 2016, through February 28, 2017)

Resolution Items:

**No. 1:** Partial Amendments to the Articles of Incorporation

**No. 2:** Election of Eleven Directors

**No. 3:** Election of One Corporate Auditor

Notes:

1. When you attend the Meeting, please present the enclosed Voting Rights Exercise Form at the reception desk.
2. If you exercised your voting rights both via the Internet, etc., and in writing, only your vote exercised via the Internet, etc. shall be counted. If you exercised your voting rights via the Internet, etc. more than once, only your last vote shall be counted.
3. Notes to the Consolidated Financial Statements and Notes to the Financial Statements are provided on the Company's website, pursuant to the provisions of applicable laws and regulations as well as Article 15 of the Company's Articles of Incorporation, and therefore are not included in this Convocation Notice.
4. This Convocation Notice does not include a complete set of the Consolidated Financial Statements and the Financial Statements audited by the Company's Corporate Auditors and Accounting Auditors in preparing their Audit Results Reports.
5. Should any revisions be made to the business report, Consolidated Financial Statements, Financial Statements and/or Reference Document for the General Meeting of Shareholders, such changes will be posted on the Company's website.

Company's website  
<http://www.fu-hd.com/>

Please note that the distribution of souvenirs for attending shareholders has been discontinued from this year. We appreciate your understanding.
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**This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

## 1. Current Situation of the Corporate Group

### (1) Progress and Results of Operations

During the fiscal year ended February 28, 2017, the Japanese economy was on a path of gradual recovery, on the whole, mainly due to the improved employment situation and a rise in wages. Meanwhile, there seems to be consumers' deep-rooted orientation to thriftiness and an upturn in consumer confidence was delayed, causing conditions in the retail industry to remain challenging.

Under these circumstances, effective September 1, 2016, the Group conducted an absorption-type merger whereby the Company is the surviving company and UNY Group Holdings Co., Ltd. ("UNY Group Holdings") was the absorbed company ("Absorption-Type Merger"), as well as an absorption-type demerger whereby the Company was the demerged company, and Circle K Sunkus Co., Ltd. ("Circle K Sunkus"; of which the trade name was changed to FamilyMart Co., Ltd. as of September 1, 2016), which was a former wholly-owned subsidiary of UNY Group Holdings, is the succeeding company ("Absorption-Type Demerger"; the Absorption-Type Merger and the Absorption-Type Demerger are collectively called the "Management Integration"). As the Company's convenience store business was succeeded by Circle K Sunkus, the Group shifted to a holding company model where the Company is the holding company.

The Group intends to improve its corporate value by consolidating the management resources of these companies and providing customers with original value through the Management Integration.

As a result, total operating revenues of the Company and its consolidated subsidiaries for the year under review increased by 109.3% year over year to ¥894,994 million, operating income increased by 15.0% to ¥56,047 million and ordinary income increased by 14.4% to ¥59,336 million. However, profit attributable to owners of parent decreased by 9.8% to ¥19,007 million on a consolidated basis.

Operating results by business segment were as follows. In line with the Management Integration, the business segments have been changed from the previous "Domestic business" and "Overseas business" to "Convenience store business" and "General merchandise store business."

#### (i) Convenience store business

Guided by the strategic theme of "Fun & Fresh," which aims to focus on the value of "Joyful and New," and to create a wholly integrated value chain that include partners in other industries, FamilyMart Co., Ltd. thoroughly endeavors to improve "quality" for customer in terms of products, operations and development to be a leading company in the retail industry in respect of quality.

#### Merchandise

As for merchandise, we are continuing to promote structural reforms in our production of *Nakashoku* (ready-to-eat meals) for improvements in quality for the customer, such as the renovation of sandwiches, rice balls and FAMIMA PREMIUM Chicken. In this way, we make efforts to develop original products and improve their quality. To better address diversifying household needs, we have considerably expanded the assortment of delicatessen products such as "FamiDelica" cool *Sozai* (prepared dishes), prepared dishes storable at room temperature such as chicken steak and frozen food dishes since September 2016. In addition, during the period from June 2016 through February 2017, we continuously held the "FAMICHIKI Great Thanks Festival" to celebrate the 10th anniversary of FAMICHIKI's debut. We are making ceaseless efforts to enhance our ready-to-eat meals, and their sales exceeded those for the previous fiscal year.

Since September 2016, we enhanced the integration of various products including ready-to-eat meals between FamilyMart and Circle K Sunkus brands, completing the product integration process to the FamilyMart brand at the end of February 2017. We intend to further accelerate the structural reforms for ready-to-eat meals to provide customers with enhanced high-quality products.

#### Promotion

As for sales promotion, we implemented the "Famima Festa", which was held four times a year in April, July, October 2016 and January 2017, as well as the "Campaign Celebrating the Integration", which was held in line with the foundation of the new company in September 2016. In addition, in March, July, November and December 2016 we ran "Select Sale," which featured discounts of hot-

selling items selected from various categories. All of these events contributed to improved sales.

#### Store Operation

In store operation, we have made efforts with franchisees to create customer-first stores, improve the sales floor quality and enhance store assets. We also have implemented stricter QSC (Quality, Service, Cleanliness) inspections to achieve our goal of being the No. 1 convenience store chain in terms of quality and have committed to radically improving the volume of ready-to-eat meals and strengthening the leadership capabilities of our supervisors. Furthermore, we started implementing a new franchise contract package in September 2016, under which part of the waste loss and utilities costs of each store will be subsidized and a support fund for store management will be provided, to cope with environmental changes in store operation such as the gradual increase in store expenses and labor shortage. As of February 28, 2017, the changeover to the new package was made at approximately 9,000 stores. We aim to increase daily turnover and improve the level of store management by leveraging the implementation of this new franchise contract package.

#### Store Development

In store development, we are promoting strategic build-and-scrap (B&S) and build-and-build (B&B) policies using an approach to engage in store opening activities that will ensure the sound growth of a network that exceeds 10,000 stores. Brand conversion from “Cocostore” to “FamilyMart” aggregated 364 stores, including 259 stores that were converted during the fiscal year under review. Concerning the brand conversion from “Circle K Sunkus” to “FamilyMart,” we simultaneously opened three stores—the FamilyMart Harumi Center Building, FamilyMart Showa Shiotsuke-dori 1-chome and FamilyMart Osaka Business Park stores—on September 1, 2016, achieving a successful brand conversion subsequently. The conversion of the branding was completed at a total of 829 stores as of February 28, 2017, which exceeded the number previously planned.

#### Domestic Area Franchisers

At our domestic area franchisers, the number of franchisees of Okinawa FamilyMart Co., Ltd. has exceeded 300 and that of Minami Kyushu FamilyMart Co., Ltd. has exceeded 400 due to the brand conversion from Cocostore to FamilyMart. Consequently, our operating base has been fortified in the respective regions.

#### Other Domestic Businesses

In other domestic business operations, SENIOR LIFE CREATE Co., Ltd.’s home delivery of *bento* boxed lunches for seniors performed favorably with a monthly record of more than two million meals in July 2016. In the future, we will strive for an environment enabling active lifestyles for senior citizens through the provision of food.

#### Overseas Business

In the overseas business area, our basic business format is the joint venture model, in which the Company participates in corporate management through joint capital investment with local partners. We strive to maximize our profit income and dividend income from these joint companies and ensure stable royalty income through the provision of know-how and support activities associated with licensing.

In Taiwan, we promoted opening stores integrated with different types of business such as a drug store, a supermarket and a restaurant, in which Japanese know-how is effectively utilized. We also promoted structural reforms involving our ready-to-eat meals, renewed fast-food products and introduced new products. Through these measures, daily turnover performed favorably. In Thailand, we reinforced lineups of ready-to-eat meals and fast-food products, such as chilled boxed lunches, sandwiches and rice balls. In addition, management improvement measures are successfully being promoted evidenced by measures such as the renovation of store facilities including the full remodeling of stores and sales promotion taking advantage of “The 1 Card” boosting daily turnover. In China, daily turnover exceeded that of the previous year mainly due to the utilization of TV commercials and point cards as well as the enhanced lineup of ready-to-eat meals, which led to an increase in the number of customers. We are striving to further improve profits with measures such as expanding the store network. In Malaysia, in November 2016 we opened the FamilyMart Wisma Lim Foo Yong store, the first Malaysian store in Kuala Lumpur, resulting in the opening of a total of four stores as of February 28, 2017.

The total number of stores operated in Japan was 18,125 (including 1,124 stores operated by five domestic area franchisers) as of the end of the fiscal year ended February 28, 2017. The total number of stores operated overseas in Taiwan, Thailand, China, Vietnam, Indonesia,

Philippines and Malaysia was 6,375 and the aggregate number of FamilyMart chain stores worldwide totaling both domestic and overseas stores was 24,500 as of the same date.

As a result, total operating revenues of the convenience store business segment increased by 13.6% year over year to ¥485,814 million, whereas profit attributable to owners of parent decreased by 55.5% to ¥9,384 million.

UNY Co., Ltd. vows to stay true to its mission of “delivering the greatest satisfaction each day to our customers” post integration, and implemented various initiatives by striving to be a retail business that is familiar to and trusted by customers in the regions where it operates to realize its corporate vision of being a “new life-style creation retail business.” During the fiscal year under review, we continuously made our best efforts on three specific initiatives toward the realization of the “new life-style creation retail business”:

- “1. Pursuing customer satisfaction through quality products that is more valuable than the price thereof”;
- “2. Providing customers with new discoveries through our weekly plans and proposals at sales floors”;
- and
- “3. Aiming to make sales floors more attractive by increasing product lineups and introducing popular tenants.”

## (ii) General merchandise store business

### Merchandise

For our products, since September 2016, we have added 12 low-salt type items to the Style ONE “Healthy” private label series focusing on health. The Daisy Lab, engaged in product development by female staff from a woman’s perspective, launched four “*Kodawari Makura*” pillow items that were co-developed with female staff at Nishikawa Living Inc. in December 2016.

### Promotion and Store Marketing

In marketing, we conducted special campaigns in commemoration of the foundation of the new company, “GO! GO! Guam,” a lottery to win a Guam tour at all the APITA/PIAGO stores in September 2016, and the “APITA Car Festa,” where TOYOTA’s popular car models were available at attractive prices at 46 APITA stores in Aichi, Mie and Gifu prefectures. In addition, with the aim of nurturing new businesses that create synergies with general supermarket stores, we opened the “*Yuyu Culture Center*” inside the APITA Inazawa store in September 2016. Furthermore, effective from October 2016, we expanded the service area and the contract coverage type for *Smaden*<sup>®</sup>, an electric power provision service based on optimum pricing in response to the liberalization of electricity retailing, increasing and further expanding affordable services.

### Store Development

As for development, we reopened the APITA Kanazawabunko store after its full renovation in September 2016. APITA Kanazawabunko intends to be a store that stands by local residents with enhanced “merchandise,” “price” and “service” under the concept of “Life-enriching store where you can find value day to day.” As part of UNY’s revitalization measures through enhanced investment in existing stores promoted from the fiscal year under review, we newly opened the directly managed sales floor of the APITA Obu store in October 2016 after its full renovation as a renovated model of medium-sized APITA stores. We introduced a new sales area for prepared dishes and sweets on the food sales floor and expanded the lineups of apparel and household goods in pursuit of “providing lifestyle proposals and the quality of a half-department store.”

### Sales at Existing Stores

As for sales at existing stores, sales of apparel for autumn and winter were weak from September to October 2016 during the third quarter mainly due to the adverse effects of the lagging autumnal rain front, typhoons and unusually high temperatures. Meanwhile, sales of beverages and ice cream performed well in the foodstuff field during the quarter. In November 2016, sales of apparel for winter performed favorably along with the decline in temperatures, and sales of foodstuffs were pushed upward due to higher market prices in fruits and vegetables. In the fourth quarter, sales of apparel and household goods were stagnant primarily for seasonal goods partly due to higher temperatures, whereas sales of cosmetics and toys featuring Christmas festivity were favorable. As for foodstuff although sales of year-end season products such as crabs and health-related goods were successful, sales of processed meat products and Japanese-produced beef were affected by high market prices and remained sluggish. Overall sales were stable centering on fruits and vegetables and prepared dishes throughout the period.

The store count of UNY Co., Ltd. was 210 as of February 28, 2017, with one new opening and seven closures during the year under review.

## Other Businesses

UCS Co., Ltd. promoted comprehensive credit purchase intermediation in the credit card business by implementing a bonus point campaign targeting UCS card members celebrating the foundation of FamilyMart UNY Holdings. UCS Co., Ltd. and also worked to increase transaction volume through coupons and promotion campaigns with affiliated member stores such as restaurants and amusement facilities. In addition, in view of a new credit policy, we enhanced the promotion of revolving repayments to cardholders. Meanwhile, in the financing business, conditions remained challenging for transaction volume and outstanding balances due to the prolonged effect of the revisions to the Money Lending Business Act. With respect to an e-money service, we worked to increase transaction volume by expanding the scope of point conversion from other businesses into “uniko” points, in addition to promotion campaigns such as “uniko” charge campaigns and giving out discount coupons. In the insurance and leasing business, the life insurance business performed steady mainly at insurance counters although the non-life insurance business for corporations was challenging in the insurance agency business field.

As a result, total operating revenues of the general merchandise store business segment was ¥410,564 million and profit attributable to owners of parent was ¥9,028 million.

(unit: Millions of yen)

Business Segment	Total Operating Revenues	Profit Attributable to Owners of Parent
Convenience store business	485,814	9,384
General merchandise store business	410,564	9,028

### (2) Capital Expenditures

During the fiscal year under review, our corporate group conducted capital expenditures totaling ¥90,399 million primarily for store investments, such as new store openings and the renovation of existing stores in the convenience store business. The breakdown of our capital expenditures by business segment was as shown in the table below.

(unit: Millions of yen)

Business Segment	Amount Invested
Convenience store business	85,223
General merchandise store business	5,176
Corporate (Common)	0
Total	90,399

Note: The amount in the “Corporate (Common)” line item refers to capital expenditures disbursed by the Company.

The breakdown of the capital expenditures in the convenience store business was ¥49,166 million for new openings, repairs and renovation of stores, etc.; ¥19,339 million for leasehold deposits for store leases; and ¥16,718 million for investments related to information systems. The breakdown of the capital expenditures in the general merchandise store business was ¥4,695 million for new openings, repairs and renovations of stores, etc.; ¥106 million for leasehold deposits for store leases; and ¥374 million for investments related to information systems.

### (3) Funding

The funds required for the capital expenditures in Item (2) above, etc., were financed via loans payable to financial institutions and through the issuance of corporate bonds, as well as from funds on hand.

The Company issued unsecured corporate bonds totaling ¥40.0 billion on February 22, 2017.

### (4) Our Tasks Ahead

The business environment surrounding the retail industry remains challenging in Japan due to changes in the social environment including the dwindling birthrate and an aging population and the intensifying competition beyond the framework of business categories. In addition, customer needs have diversified and the creation of products or services deriving from new ideas is required. Moreover, the call for corporate social responsibility for the provision of safe and secure foods and an appropriate response to environmental issues has been intensifying.

Under such circumstances, to win out through such a harsh competitive environment, the Group is determined to aggressively pursue opportunities for further growth through the provision of original value by consolidating management resources of the Group.

(i) Convenience store business

In the domestic convenience store business, we will endeavor to early complete the brand conversion to “FamilyMart.” We will also pursue advantages of scale and create synergies in all aspects, including the reinforcement of product development and procurement capabilities, the consolidation of infrastructure such as distribution centers and the integration of information systems. As for merchandise, we will further improve product competitiveness and conduct large-scale capital expenditures in plants manufacturing ready-to-eat meals and other facilities. In marketing, we will streamline our operating structure and enhance the utilization of IT technology to reduce the operational burden in store operation. As for store development, we will focus on structural reforms to strengthen our development capability to prevent the emergence of unprofitable stores.

In the overseas business, we will further reinforce our operations in Asia, centering on the emerging countries.

As for new businesses, in the healthcare and nursing field, we will develop products and services focused on health and reinforce and expand home delivery service rooted in local communities. In the finance business, we will develop financial services that take advantage of our convenience stores and establish next-generation payment schemes.

Meanwhile, the Company received a recommendation from the Japan Fair Trade Commission (JFTC) as of August 25, 2016, based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (“Subcontract Act”). This recommendation was issued based on the JFTC’s judgment that certain actions of the Company violated the Subcontract Act. Based on the contract with subcontractors to which the Company consigned the production of private-label products that are sold at its stores (“Subcontractors”), the Company received money from Subcontractors for expenses on sales promotion at store opening, color photo ledger production expenses and sales price reduction; the Company made the Subcontractors pay transfer fees for transferring such money to the Company’s account; and the Company miscalculated such transfer fees relative to some of such Subcontractors and deducted amounts larger than the actual transfer fees from their subcontract proceeds, all of which were judged as violations of the provisions of the Subcontract Act (Article 4, Paragraph 1, Item 3).

Since July 1, 2016, the Company has not requested Subcontractors to pay the aforementioned monies. Concerning the monies indicated in the JFTC recommendation, the Company returned them to the Subcontractors by August 25, 2016.

We took the recommendations gravely and have duly notified all officers and employees on the content thereof. Moreover, we held internal training sessions regarding compliance with the Subcontract Act.

Furthermore, we intend to improve our compliance and prevent a recurrence of similar events with measures such as the review of the overall compliance system, the establishment of a point of contact at the Company to receive reporting from Subcontractors and revisions to the relevant internal regulations, as well as the execution of regular internal audits regarding the Subcontract Act.

(ii) General merchandise store business

In the general merchandise store business, we will exert further synergies through the organic combination of group-wide trade channels and the accumulated business know-how while developing new store formats and utilizing our procurement capability and services in the convenience store business with a focus on the Nagoya metropolitan area.

We will pursue the growth of the general merchandise store business based on two growth strategies: an offensive growth strategy to increase and enforce profitable stores and a defensive growth strategy of which the core theme is the improvement of the profitability structure.

As for the offensive growth strategy, we will promote the renovation of existing stores; enhance the lineups of prepared dishes via direct management; provide lifestyle proposals without the segregation of apparel and household goods; and pursue “selection and concentration” for the assortment of goods. By implementing these measures, we will improve our ability to attract customers in view of by-store circumstances. Furthermore, we will create stores compatible with changes in the business environment to promote the in-house function to identify prospective tenants and firmly establish prototype stores.

As for the defensive growth strategy, we will concentrate management resources by executing the closures of unprofitable stores and the disposition of unprofitable businesses.

## (5) Changes in Operating Results and Financial Position of the Corporate Group

(unit: Millions of yen unless otherwise indicated)

Fiscal Term \ Category	33rd Term (Year ended February 2014)	34th Term (Year ended February 2015)	35th Term (Year ended February 2016)	36th Term (Year ended February 2017)
Total operating revenues	345,603	374,430	427,676	894,994
Ordinary income	47,315	42,520	51,888	59,336
Profit attributable to owners of parent	22,611	25,672	21,067	19,007
Net income per share (yen)	238.19	270.45	221.94	171.74
Total assets	588,136	666,244	730,295	1,643,923
Total equity	265,458	284,829	295,229	534,492
Equity per share (yen)	2,686.37	2,872.40	2,987.34	4,104.88

Note: The Management Integration was executed with September 1, 2016 as the effective date.

## (6) Status of Important Subsidiaries

Company Name	Capital (unit: Millions of yen)	Percentage of Voting Rights Held by the Company (%)	Main Business
FamilyMart Co., Ltd.	8,380	100.00	Convenience store business
UNY Co., Ltd.	10,000	100.00	General merchandise store business
UCS Co., Ltd.	1,610	81.35	Credit card business

Notes:

- The percentage of voting rights held by the Company (%) includes indirect shareholdings.
- Pursuant to the Management Integration, FamilyMart Co., Ltd. (formerly Circle K Sunkus Co., Ltd.), UNY Co., Ltd., and UCS Co., Ltd., have been included in the category of Important Subsidiaries.
- The status of the specific wholly owned subsidiary as of the end of the fiscal year under review was as follows:

Name of the Specific Wholly Owned Subsidiary	Address Thereof	Carrying Value of the Specific Wholly Owned Subsidiary's Stock at the Company and the Wholly Owned Subsidiaries	Total Assets of the Company
FamilyMart Co., Ltd.	1-1, Higashi-Ikebukuro 3- chome, Toshima-ku, Tokyo	¥448,826 million	¥918,059 million

(7) Status of Significant Business Combinations

- (i) In September 2016, the Company conducted an absorption-type merger, whereby the Company was the surviving company and UNY Group Holdings was the absorbed company.
- (ii) In September 2016, the Company conducted an absorption-type demerger, whereby the Company following the absorption-type merger in (i) above was the demerged company and Circle K Sunkus was the succeeding company.
- (iii) In March 2016, the Company conducted an absorption-type demerger, whereby the Company was the succeeding company and Hokkaido FamilyMart Co., Ltd. was the demerged company, and rights and obligations pertaining to the all convenience store business of the latter were succeeded by the Company.
- (iv) Due to the transfer of all shares held by the Company in Sagami Corporation in October 2016 in association with the tender offer made by AG2 Investment Limited Partnership, the Company has excluded Sagami Corporation from the scope of consolidated subsidiary.
- (v) Due to the transfer of all shares held by the Company in Palemo Co., Ltd. in October 2016 in association with the tender offer made by Endeavour United Partners 3 Investment Partnership, the Company has excluded Palemo Co., Ltd. from the scope of consolidated subsidiary.
- (vi) In December 2016, the Company conducted an absorption-type demerger, whereby FamilyMart Co., Ltd., a wholly owned subsidiary of the Company, was the demerged company and Cocostore Retail Co., Ltd. was the succeeding company, and the latter succeeded part of rights and obligations under the convenience store business of FamilyMart.
- (vii) In December 2016, Nagai Co., Ltd., which was a consolidated subsidiary of the Company, conducted a business transfer in which it transferred part of its food manufacturing business to Kanemi Co., Ltd.; the rights and obligations regarding the business other than the transferred business were succeeded by a newly incorporated company through an incorporation-type demerger implemented by Nagai and a transfer of business; and the shares in said newly incorporated company were transferred to UNY Co., Ltd. Further, Nagai Co., Ltd. was liquidated as of February 2017.
- (viii) Due to the transfer of all shares held by the Company in UNY (Cayman Islands) Holding Co., Ltd., a wholly owned subsidiary of the Company, in December 2016, to ALLIED CHEER INVESTMENT LIMITED, the Company has excluded UNY (Cayman Islands) Holding Co., Ltd. and its ex-wholly owned subsidiary UNY (SHANGHAI) TRADING Co., Ltd. from the scope of consolidated subsidiaries.
- (ix) In March 2017, the Company conducted an absorption-type demerger, whereby Circle K Shikoku Co., Ltd. and Sunkus Nishi-Shikoku Co., Ltd., both wholly owned subsidiaries of FamilyMart Co., Ltd., were the demerged companies and FamilyMart Co., Ltd. was the succeeding company, and FamilyMart Co., Ltd. succeeded part of the rights and obligations of the convenience store business of Circle K Shikoku Co., Ltd. and Sunkus Nishi-Shikoku Co., Ltd. Further, Circle K Shikoku Co., Ltd. and Sunkus Nishi-Shikoku Co., Ltd. were dissolved as of February 2017.

## (8) Major Operating Bases

## (i) Head Office and Others

the Company	Head office	Toshima-ku, Tokyo
Subsidiaries	FamilyMart Co., Ltd.	Toshima-ku, Tokyo
	UNY Co., Ltd.	Inazawa-shi, Aichi
	UCS Co., Ltd.	Inazawa-shi, Aichi

## (i) Number of Stores Engaged in the Convenience Store Business

Company Name	Brand or Prefecture	Number of Chain Stores
FamilyMart Co., Ltd.	FamilyMart stores	12,089
	Circle K Sunkus stores	4,912
Total number of stores operated by FamilyMart Co., Ltd.		17,001
Minami Kyushu FamilyMart Co., Ltd.	Miyazaki	123
	Kagoshima	282
Okinawa FamilyMart Co., Ltd.	Okinawa	318
JR KYUSHU RETAIL, INC.	Fukuoka and four other prefectures	183
Circle K Shikoku Co., Ltd.	Ehime and four other prefectures	155
Sunkus Nishi-Shikoku Co., Ltd.	Ehime and Kochi	63
Total number of stores operated by domestic area franchisers		1,124
Total number of stores operated in Japan		18,125
Taiwan FamilyMart Co., Ltd.	Taiwan	3,071
Central FamilyMart Co., Ltd.	Thailand	1,138
Shanghai FamilyMart Co., Ltd.	China	1,150
Guangzhou FamilyMart Co., Ltd.	China	215
Suzhou FamilyMart Co., Ltd.	China	169
Hangzhou FamilyMart Co., Ltd.	China	115
Chengdu FamilyMart Co., Ltd.	China	64
Shenzhen FamilyMart Co., Ltd.	China	57
Wuxi FamilyMart Co., Ltd.	China	69
Beijing FamilyMart Co., Ltd.	China	21
DONGGUAN FamilyMart Co., LTD.	China	15
VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED FAMILYMART VIETNAM JOINT STOCK COMPANY	Vietnam	122
PT. FAJAR MITRA INDAH	Indonesia	70
Philippine FamilyMart CVS, Inc.	Philippines	95
Maxincome Resources Sdn. Bhd.	Malaysia	4
Total number of stores operated overseas		6,375
Aggregate number of FamilyMart chain stores worldwide		24,500

## (iii) Number of Stores Engaged in the General Merchandise Store Business

Company Name	Prefecture	Number of Stores
UNY Co., Ltd.	Aichi and 19 other prefectures	210
99 ICHIBA Co., Ltd.	Tokyo and Kanagawa	82
UNY (HK) CO., LTD.	Hong Kong	3

(9) Status of Employees

Employees of the Corporate Group

Business Segment	Number of Employees
Convenience store business	9,897 (5,726)
General merchandise store business	6,008 (21,508)
Corporate (Common)	42 (11)
Total	15,947 (27,245)

Note: The number of employees does not include part-timers or temporary workers. The average yearly number of part-timers and temporary workers is indicated in parentheses.

(10) Status of Major Borrowings from Bank

(unit: Millions of yen)

Lender's Name	Amount of Borrowings
Mizuho Bank, Ltd.	34,783
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	30,744
Sumitomo Mitsui Banking Corporation	30,000
Sumitomo Mitsui Trust Bank, Limited	21,000
Resona Bank, Limited	10,000

## 2. Shares of the Company

- (1) Total number of shares authorized to be issued 250,000,000
- (2) Total number of issued shares 126,712,313  
(including treasury stock of 36,590 shares)
- (3) Number of shareholders 30,298
- (4) Major shareholders

Shareholder Name	Number of Shares Held (Thousands)	Percentage Ownership (%)
ITOCHU Corporation	43,933	34.68
The Master Bank Trust of Japan, Ltd. (Trust account)	15,730	12.41
Japan Trustee Services Bank, Ltd. (Trust account)	7,822	6.17
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,061	2.41
NTT DOCOMO, INC.	2,930	2.31
Nippon Life Insurance Company	2,510	1.98
BNP Paribas Securities (Japan) Limited	2,078	1.64
Goldman Sachs Japan Co., Ltd.	1,763	1.39
STATE STREET BANK WEST CLIENT-TREATY 505234	1,603	1.26
Trust & Custody Services Bank, Ltd. (Investment deposits received account)	1,350	1.06

### Notes:

- The percentage ownership above is calculated on the basis of the number of shares issued and outstanding (126,675,723 shares) after subtracting the number of shares of treasury stock from the total number of issued shares.
- In the Large Shareholding Report dated September 20, 2016, the Company was notified that Mitsubishi UFJ Trust and Banking Corporation and its joint holders (a total of three companies) held 6,532,679 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2017, could not be confirmed.
- In the Amendment to Large Shareholding Report dated September 23, 2016, the Company was notified that BlackRock Japan Co., Ltd. and its joint holders (a total of six companies) held 6,086,329 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2017, could not be confirmed.
- In the Amendment to Large Shareholding Report dated November 7, 2016, the Company was notified that Sumitomo Mitsui Trust Bank, Limited and its joint holders (a total of three companies) held 9,321,757 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2017, could not be confirmed.
- In the Large Shareholding Report dated February 22, 2017, the Company was notified that Mizuho Securities Co., Ltd. and its joint holder (a total of two companies) held 6,477,802 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2017, could not be confirmed.
- In the Amendment to Large Shareholding Report dated March 22, 2017, the Company was notified that Nomura Securities Co., Ltd. and its joint holders (a total of three companies) held 11,180,534 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2017, could not be confirmed.

### 3. Corporate Officers

(1) Directors and Corporate Auditors (as of February 28, 2017)

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Representative Director and President	Junji Ueda	Chairman of Business Integration Promotion Committee
Representative Director and Executive Vice President	Norio Sako	Vice Chairman of Business Integration Promotion Committee Representative Director and President of UNY Co., Ltd.
Representative Director and Executive Vice President	Isamu Nakayama	Vice Chairman of Business Integration Promotion Committee Representative Director and Chairman of FamilyMart Co., Ltd.
Director	Toshio Kato	Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company Director of FamilyMart Co., Ltd.
Director	Jiro Koshida	Senior Managing Executive Officer and General Manager of Corporate Management Division of the Company Director of UNY Co., Ltd. Director of UCS Co., Ltd.
Director	Kunihiro Nakade	Managing Executive Officer, General Manager of Finance Division, General Manager of Business Investigation Department, and Chairman of Investment and Loan Committee of the Company Director of FamilyMart Co., Ltd.
Director	Jun Takahashi	Senior Managing Officer, General Manager of General Affairs and Human Resources Division, Chairman of Corporate Social Responsibility Committee, and Chairman of Risk Management & Compliance Committee of the Company Director of UNY Co., Ltd.
Director	Akihiro Watanabe	Representative Director of GCA Corporation Visiting Professor at the Graduate School of Business Administration of Kobe University Outside Director of Qualicaps Co., Ltd. Outside Director of Maruho Co., Ltd.
Director	Takashi Saeki	Adviser and Member of the Board of TOHO GAS Co., Ltd. Outside Director of Central Japan Railway Company Outside Corporate Auditor of The Ogaki Kyoritsu Bank, Ltd.
Standing Corporate Auditor	Yasuhiro Baba	Corporate Auditor of FamilyMart Co., Ltd. Corporate Auditor of UNY Co., Ltd.
Standing Corporate Auditor	Akira Ito	
Corporate Auditor	Mika Takaoka	Professor of the College of Business, Rikkyo University Outside Director of TSI HOLDINGS CO., LTD. Outside Director of MOS FOOD SERVICES, INC. Outside Director of Kyodo Printing Co., Ltd.
Corporate Auditor	Shuji Iwamura	Advisor to NAGASHIMA, OHNO & TSUNEMATSU Outside Corporate Auditor of Riken Corporation Outside Corporate Auditor of Canon Electronics Inc. Outside Corporate Auditor of HOKKAIDO BANK, LTD.
Corporate Auditor	Naotaka Nanya	Outside Corporate Auditor of CKD Corporation

Notes:

- Directors Akihiro Watanabe and Takashi Saeki are outside directors as set forth in Article 2, Item 15, of the Companies Act.
- Standing Corporate Auditor Yasuhiro Baba and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya are outside corporate auditors as set forth in Article 2, Item 16, of the Companies Act.
- Directors Akihiro Watanabe and Takashi Saeki and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya are

independent directors and auditors as per the regulations of the relevant Financial Instruments Exchange.

4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Directors Akihiro Watanabe and Takashi Saeki and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations.
5. The Company has no significant transactional relationships with GCA Corporation, Kobe University, Qualicaps Co., Ltd., or Maruho Co., Ltd. The Company has a transactional relationship with GCA Corporation involving a small volume of consulting service consignment.
6. The Company has no significant transactional relationships with TOHO GAS Co., Ltd. or Central Japan Railway Company. The Ogaki Kyoritsu Bank, Ltd. is a lender to the Company.
7. The Company has no significant transactional relationships with Rikkyo University, TSI HOLDINGS CO., LTD., MOS FOOD SERVICES, INC., or Kyodo Printing Co., Ltd.
8. The Company has no significant transactional relationships with NAGASHIMA, OHNO & TSUNEMATSU, Riken Corporation, Canon Electronics Inc. or HOKKAIDO BANK, LTD.
9. The Company has no significant transactional relationships with CKD Corporation.
10. Junji Ueda, Representative Director and President, resigned from his post as Representative Director on February 28, 2017, and has assumed office as Director and Advisor of the Company on March 1, 2017.
11. Directors who resigned from their posts as of August 31, 2016 are as follows (as of August 31, 2016).

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Director	Takashi Sawada	Senior Managing Executive Officer and Assistant to President of the Company Director and Chairman of Revamp Corporation
Director	Toshinori Honda	Senior Managing Executive Officer General Manager of Merchandising Division, General Manager of Logistics & Quality Control Division, General Manager of Overseas Area Franchising Product Department, and Chairman of Ready-to-eat Meals Structural Reform Committee of the Company President and Representative Director of Clear Water Tsunan, Co., Ltd.
Director	Masaaki Kosaka	Managing Executive Officer General Manager of International Business Division and General Manager of International Business Department of the Company Representative Director and President of FamilyMart China Holdings Co., Ltd.
Director	Akinori Wada	Managing Executive Officer General Manager of Store Development Division of the Company
Director	Yukihiko Komatsuzaki	Managing Executive Officer General Manager of Corporate Planning Division, General Manager of Project Promotion Office, and Chairman of Cost Structure Reform Committee of the Company
Director	Hiroaki Tamamaki	Managing Executive Officer General Manager of New Business Development Division of the Company Outside Director of Pocketcard Co., Ltd.

12. Corporate Auditor Noriki Tanabe resigned from his post at the conclusion of the 35th Ordinary General Meeting of Shareholders held on May 26, 2016.

(2) Amounts of Remuneration to Directors and Corporate Auditors

(i) Total amount of remuneration relating to the fiscal year under review

Category	Number of Persons	Total Amount of Remuneration (unit: Millions of yen)
Directors	17	331
(including Outside Directors)	(3)	(12)
Corporate Auditors	7	46
(including Outside Corporate Auditors)	(5)	(27)
Total	24	378
	(8)	(40)

Notes: 1. The number and amount above includes two directors and two corporate auditors who retired as of the close of the 35th Ordinary General Meeting of Shareholders held on May 26, 2016, as well as six directors who retired as of August 31, 2016.

2. In addition to the above, for Directors and Corporate Auditors of the Company who concurrently serve as officers of subsidiaries, officers' remuneration is provided to them by such subsidiaries.

(ii) Total amount of remuneration received by outside officers from subsidiaries

During the fiscal year under review, outside officers of the Company who concurrently serve as officers of subsidiaries received a total amount of remuneration of ¥12 million.

(3) Outside Officers

(i) Relationship between the organizations where important positions are concurrently held by our outside officers and the Company

The relationships between the organizations where important positions are concurrently held by our outside officers and the Company are as described in (1) above.

(ii) Major activities during the fiscal year under review

Name	Position	Major Activities
Akihiro Watanabe	Outside Director	The attendance rate of Akihiro Watanabe as an Outside Director was 78% for the meetings of the Board of Directors held after his appointment during the year under review. He appropriately questioned or remarked at the meetings mainly from a professional viewpoint based on his abundant experience as a specialist in the M&A field and accounting (Certified Public Accountant in Japan and the United States) and as a corporate manager of a listed corporation.
Takashi Saeki	Outside Director	The attendance rate of Takashi Saeki as an Outside Director was 92% for the meetings of the Board of Directors held after his appointment during the year under review. He appropriately questioned or remarked at the meetings mainly from a professional viewpoint based on his abundant experience as a corporate manager of a listed corporation and an Outside Director of another corporation.
Yasuhiro Baba	Outside Corporate Auditor	The attendance rate of Yasuhiro Baba as a standing Corporate Auditor was 100% for the meetings of both the Board of Directors and the Board of Corporate Auditors held after his appointment during the year under review. He appropriately questioned or remarked at the meetings mainly based on his abundant experience and knowledge as a responsible official in the field of accounting and finance of another corporation. He also attended important meetings, such as the Management Meeting; read through important documents, such as the <i>Ringisho</i> (draft plan circulated to obtain permission); and conducted visiting audit to subsidiaries and associated companies. Furthermore, he endeavors to smoothly conduct meetings of the Board of Corporate Auditors as the Chairman thereof.
Mika Takaoka	Outside Corporate Auditor	The attendance rate of Mika Takaoka was 91% for the meetings of the Board of Directors and 92% for those of the Board of Corporate Auditors held during the year under review. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist in the field of economics and business administration based on her research activities at a university.
Shuji Iwamura	Outside Corporate Auditor	The attendance rate of Shuji Iwamura was 95% for the meetings of the Board of Directors and 92% for those of the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist in corporate governance and compliance mainly based on his experience and knowledge as a prosecutor and a lawyer.
Naotaka Nanya	Outside Corporate Auditor	The attendance rate of Naotaka Nanya was 92% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held after his appointment during the year under review. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist mainly based on his experience and knowledge as a lawyer and an Outside Corporate Auditor of another corporation.

Note: As described in “1. Current Situation of the Corporate Group (4) Our Tasks Ahead,” during the terms of Akihiro Watanabe as Director and Yasuhiro Baba, Mika Takaoka and Shuji Iwamura as Corporate Auditors of the Company, respectively, the Company received recommendations as of August 25, 2016, from the Japan Fair Trade Commission based on the Subcontract Act. Although none of the above persons was aware of these violations prior to their revelation, they had ordinarily been making comments about thorough legal compliance at such meetings as the Board of Directors meetings. In addition, after the revelation of these violations, each of outside officers has been fulfilling his/her duties such as providing advice and opinions regarding issues such as determining the causes of such violations and prevention of the recurrence.

#### 4. Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of Remuneration, etc.

	Amount paid (unit: Millions of yen)
Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review	64
Sum of other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	287

Notes: 1. The audit agreement entered into by the Accounting Auditors and the Company does not distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the “Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review” set forth above is the sum of these two categories of remuneration.

2. Among the important subsidiaries, UCS Co., Ltd. receives independent audits by Certified Public Accountants or auditing firms different from the Accounting Auditors of the Company.

3. Reason why the Board of Corporate Auditors agreed on the amount of remuneration, etc. paid to the Accounting Auditors  
The Board of Corporate Auditors agreed on the amount of remuneration, etc. paid to the Accounting Auditors as prescribed in the rules stated in Article 399, Paragraph 1, of the Companies Act after confirming and considering their audit plan, the execution of their duties in the prior fiscal year and the appropriateness of the remuneration.

(3) Content of the Nonaudit Services

Nothing applicable

(4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditors

The Board of Corporate Auditors will, by unanimous vote, dismiss the Accounting Auditors if any circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act takes place and the Board of Corporate Auditors determines that the Accounting Auditors should be dismissed.

In addition, in case the Board of Corporate Auditors decides that the Accounting Auditors should be dismissed or should not be reappointed due to reasons such as difficulties in ensuring the appropriateness and reliability of the audits by it, the Board of Corporate Auditors will decide on the content of a proposal to submit to the meeting of shareholders relating to the dismissal or non-reappointment of the Accounting Auditors.

## 5. Corporate Systems and Guidelines as well as the Operation of such Systems

- (1) Outline of the Systems to Ensure Compliance of the Directors' Execution of Duties with Laws, Regulations, and the Articles of Incorporation, as well as the Propriety of Other Business Operations of the Company and of the Corporate Group
- (i) Systems to ensure compliance of the execution of duties by Directors, Executive Officers and employees with laws, regulations, and the Articles of Incorporation of the Company and the respective group companies
  - 1) The Board of Directors' meetings of the Company shall be held once every month, in principle, and, at the meetings, the Representative Director, etc. are required to report on the progress of their duties being executed. To enhance the auditing function, the Company shall take the necessary measures to ensure the effectiveness of the audits conducted by the Corporate Auditors, whereas the Corporate Auditors shall examine whether the independence of the Accounting Auditors is being strictly maintained.
  - 2) The Company shall establish the Risk Management & Compliance Committee which is directly controlled by the President as an organization to control the compliance-related activities of the entire Group. The Risk Management & Compliance Committee shall regularly report on the streamlining and operation of the group-wide compliance systems to the Board of Directors. The Company shall also establish the Legal Department as a dedicated department for compliance-related disseminating activities. Furthermore, the Company shall promote thorough compliance by appointing responsible staff at major group companies.
  - 3) The Company shall formulate the FamilyMart UNY Group Code of Conduct and the Compliance Rules. Directors, Executive Officers, and employees of the Group shall be required to comply with such rules, etc.
  - 4) The Company shall establish the Audit Office, which is directly controlled by the President. The Audit Office shall conduct regular audits to evaluate the Company's ethical and legal compliance, etc.
  - 5) An internal reporting system and other necessary systems shall be adopted and a point of contact for the provision of information shall be established internally and externally by the Company and the respective group companies to promote the systems to rectify violations of compliance or prevent infringements. Furthermore, the rules, etc. regarding Internal Reporting System shall prohibit any disadvantageous treatment against any person who does internal reporting on account of such report, and Directors, Executive Officers, and employees of the Group shall be required to comply with such rules.
  - 6) To eliminate and ban relations with antisocial forces, the Company and the respective group companies shall declare internally and externally that they ban relations with such antisocial forces and take necessary measures to this end. Furthermore, the Company and the respective group companies shall endeavor to properly deal with such antisocial forces as a unified organization by strengthening collaboration with external bodies such as police and lawyers, etc. as well as with industrial organizations and local communities.
- (ii) Rules and other systems regarding loss risk management of the Company and the respective group companies
  - 1) The Company shall establish the Risk Management & Compliance Committee, which is directly controlled by the President, as an overall risk management organization to control the management of various risks that the Company and the respective group companies might face in the future. The Risk Management & Compliance Committee shall regularly report on the streamlining and operation of the group-wide risk management systems to the Board of Directors. The Company shall also establish the Legal Department as a dedicated department to promote and thoroughly conduct risk management activities. Furthermore, the Company shall promote thorough risk management by appointing responsible staff at major group companies.
  - 2) The Company shall formulate the Risk Management Rules. Risks that the Company and the respective group companies might encounter are regularly analyzed and evaluated to determine risk factors to be addressed selectively following the integration of various risks of the entire Group. Thus, the Company shall streamline rules regarding the system and methods for minimizing the effects of the risks concerned.
  - 3) The Company shall establish the Investment and Loan Committee as an advisory body to conduct preliminary reviews of important investment and loan subjects at the Company and the respective group companies, and shall submit its view on such subjects to the Management Meeting.
  - 4) The Audit Office shall regularly conduct audits regarding the status of risk management, etc.
  - 5) The Company and the respective group companies shall streamline the Risk Management Rules, a business continuity plan (BCP), etc., to take emergency responsive measures to fulfill their mission to customers even in the event of large-scale disasters and other emergencies.
- (iii) Systems to ensure propriety of our financial reporting

The Company shall establish the Internal Control Rules regarding Financial Reporting, whereas the Company and the respective group companies shall develop the necessary systems with regard to the streamlining, operation and evaluation of internal controls regarding financial reporting within the Group for the purpose of ensuring the appropriateness and reliability of the financial reporting on a consolidated basis. The Audit Office shall regularly conduct audits on our systems to ensure the propriety of the financial reporting of

the company.

(iv) Systems to ensure efficient execution of Directors' duties of the Company and the respective group companies

- 1) The Company shall establish a Management Meeting as an advisory body for decision making on the execution of important business affairs, which is presided over by the President, and make decisions regarding the execution of business affairs at the Company and the respective group companies through rapid and careful deliberations.
- 2) The Company shall adopt an executive officer system, with which the execution of business affairs can be made more efficient by delegating such execution to the Executive Officers to the extent possible.
- 3) At the Company and the respective group companies, the Board of Directors shall determine the scope of job responsibility for each Director and establish the Rules on Operational Approvals, Functional Authority and Responsibility to clarify the functional authority and responsibility, etc. of the respective Directors for more appropriate execution of business affairs.

(v) Systems to keep and manage information pertaining to the execution of duties by Directors

The Company shall establish and maintain its document-handling rules compliant with relevant laws and regulations with regard to the preparation, preservation, and management, etc. of information stated or recorded in important documents for approval (including electronic media), such as minutes of important meetings, including those of the Board of Directors and the Management Meeting; *Ringisho*; and authorized documents. Moreover, the Company shall put in place a system to allow Directors, Corporate Auditors, and other concerned parties to inspect the above documents.

(vi) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and group companies

- 1) The Company shall dispatch Directors and/or Corporate Auditors to the respective group companies, as the case may be, to monitor their management and promote appropriateness of their business operations while respecting their independence.
- 2) The Company shall provide the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. In addition, the Company shall strive to ensure the propriety of business operations based on the Basic Policy by entering into management guidance agreements with major group companies.
- 3) The Company shall clarify guidelines for business administration, etc., in the Management Rules regarding Associated Companies; determine the decisions on important managerial matters at the respective group companies as matters that require the Company's prior approval; determine matters that need to be reported to the Company; oblige the respective group companies to report such matters to the Company; and receive reports therefrom, as required.
- 4) The Company shall support the respective group companies to streamline and operate their internal control systems with regard to major internal control items while respecting their independence, and control such operations depending on individual circumstances. The Company shall also make the respective group companies formulate various rules depending on actual business conditions thereof for the purpose of streamlining systems in accordance with such rules, and provide education and training thereto so that the internal control systems of the entire Group can be streamlined.
- 5) Audit departments of the respective group companies and the Company's Audit Office shall collaborate with each other and the Corporate Auditors of the respective group companies and the Company's Board of Corporate Auditors shall have regular liaison meetings for regular exchanges of information and the combined or interlocked execution of measures to streamline the group-wide internal control systems.
- 6) The Audit Office of the Company shall conduct audits of the respective departments of the Company. The Audit Office shall also monitor and give advice regarding the establishment of appropriate internal controls at the Company and the respective group companies by conducting or controlling audits of the respective group companies. Furthermore, the Audit Office shall regularly report the established status of the group-wide internal controls to both the Board of Directors and the Board of Corporate Auditors.

(vii) Employees in cases where a Corporate Auditor requests the Company to dispatch employees to support his/her duties

The Company shall establish the Corporate Auditors' Secretariat and appoint several dedicated employees thereto to assist in the execution of the Corporate Auditor's duties. A Corporate Auditor may give directions or orders to such employees in respect of matters required for audit duties.

- (viii) Independence from Directors for employees who are to assist the Corporate Auditors in the execution of their duties and assurance of effectiveness of their instructions

Employees who assist the Corporate Auditors in the execution of their duties shall obey only the directions or orders given by the Corporate Auditor concerned in carrying out their duties and shall not take directions or orders from any Directors, Executive Officers, and/or other employees. With regard to the exercise of authority over personnel affairs, including personnel ratings, personnel changes, and disciplinary measures, the Company shall discuss with the Corporate Auditors in advance, and shall exercise such authority only after the Company has obtained the consent of the Corporate Auditors.

- (ix) Systems to help Directors and employees, etc. of the Company and the respective group companies report to the Corporate Auditors and other systems relating to reporting to the Corporate Auditors

- 1) The Corporate Auditors of the Company shall attend the Board of Directors' meetings; attend other important meetings, such as those of the Management Meeting; receive explanations from the Directors, Executive Officers and employees; and examine associated materials.
- 2) The Directors, Executive Officers, and employees of the Company shall periodically report to the Corporate Auditors the results of the internal audit, the status of the execution of the internal reporting system, competitive transactions, and self-dealing transactions, etc.
- 3) The Directors, Executive Officers, and employees of the Company, as well as the Directors, Corporate Auditors, and employees of the respective group companies, shall, either directly or through the department in charge, swiftly report to the Corporate Auditors of the Company if they discover facts that could cause significant damage to or have a material impact on the Company or any of the respective group companies. Furthermore, the Corporate Auditors may from time to time request that a relevant Director or others at the Company or the respective group companies make a report to such Corporate Auditors if necessary.
- 4) Following the rules such as the Internal Reporting Policy Provisions, an individual who makes a report to the Corporate Auditors shall not receive any disadvantageous treatment due to the fact that he or she reported the issue. The Directors, Executive Officers, and employees involved must abide by this rule.

- (x) Policies on prepayment or procedures for amortization of the expenses incurred in executing duties as a Corporate Auditor and other processing of expenses and liabilities incurred in executing such duties

In the event that a Corporate Auditor makes a claim to the Company in connection with the execution of his/her duties such as prepayment of expenses, the Company shall promptly process the invoices for such expenses through the internal system unless the Company has proved that such expenses are not necessary for the execution of the duties of such Corporate Auditor.

- (xi) Other systems to ensure effective audits by the Corporate Auditors

- 1) The Corporate Auditors of the Company shall periodically meet the Representative Director to receive reports from the Representative Director on managerial issues, various risks surrounding the Company, and other subjects, and to exchange opinions with the Representative Director. Meanwhile, the Corporate Auditors shall receive reports about the method and results of the accounting audit from the Accounting Auditors and reports about the internal audit from the Audit Office.
- 2) Any Corporate Auditor may delegate research to or seek advice from independent outside experts if it is deemed necessary in connection with an audit.

- (2) Overview of Status of System to Ensure Propriety of Business Operations

An overview of the situation regarding the above corporate systems from March 1, 2016, through February 28, 2017 is as follows:

- (i) Internal Control System

The Company has the Risk Management & Compliance Committee as an advisory body to the President, and the Committee reviews the establishment (streamlining and operation) of internal controls based on the Basic Policy. The Standing Corporate Auditor also attends the Committee to deliver his/her opinion.

- 1) Compliance

The Risk Management & Compliance Committee monitors the status of compliance by receiving reports from the Compliance Committee at each company. The respective group companies continuously execute various measures including education and training activities for officers and employees and the establishment of an internal reporting system and a point of contact for consulting.

Pursuant to the shift to a holding company of the Company in September 2016, the Company formulated the FamilyMart UNY Group Code of Conduct and has disseminated it to all officers and employees of the entire Group. All officers and employees have submitted a written oath regarding their ethical and regulatory compliance. The Code stipulates the blocking of relations with

antisocial groups.

In addition, in December 2016, the internal reporting system, which had been practiced at UNY Group Holdings Co., Ltd., was extensively developed as FamilyMart UNY Group's Internal Reporting System to promote the system to rectify violations of compliance or prevent infringements.

2) Risk management

The Risk Management & Compliance Committee monitors the status of risk management by receiving reports from the Risk Management Committee at each group company. The respective group companies regularly analyze and evaluate various risks and independently conduct risk management regarding the risks concerned.

The Company has established the Investment and Loan Committee, which reviews important investment and loan subjects at the Company and the respective group companies.

3) Status of important meetings

The Company's Board of Directors comprises nine Directors (including two Outside Directors) and five Corporate Auditors (including four Outside Corporate Auditors). Twenty-three (23) meetings of the Board of Directors were held during the fiscal year under review, where they made decisions regarding important matters affecting the Company's business operations and performed supervision of duties. In addition, the Management Meeting, which advises on decisions regarding important matters affecting business operations of the respective group companies, was held twenty (20) times. Furthermore, meeting minutes are properly created and recorded and information is stored and managed appropriately.

4) Group companies management system

The Company dispatches Directors and/or Corporate Auditors and provides the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. The Company also has entered into management guidance agreements with major operating companies to promote group-wide improvement of propriety in operations.

In addition, we determine matters that require the Company's prior approval and matters that need to be reported to the Company in the Management Rules regarding Associated Companies, and conduct deliberations on significant matters pertaining to the subsidiaries in the Company's Board of Directors meetings and in the Management Meeting, etc.

Furthermore, with respect to risk management, we have taken actions such as the establishment of the Risk Management & Compliance Committee and compliance education at each group company. Based on the status of such actions, the Company conducts education and training regarding compliance and risk management, etc. at group companies and provides training materials to the group companies, and further provides advice and guidance on the improvement of relevant rules and the streamlining of the systems. With these measures, the Company promotes the internal control systems including those at the group companies. The Company has entered into management guidance agreements with the major operating companies.

5) Internal audit

The Audit Office (which is directly controlled by the President), monitors the status of audits on compliance, risk management, the propriety of financial reporting (J-SOX) of the Company and the respective group companies, and conducts audits on the internal control systems based on the Basic Policy.

(ii) Effectiveness of auditing by Corporate Auditors

The Board of Corporate Auditors of the Company consists of five Corporate Auditors (including four Outside Corporate Auditors) and held thirteen (13) meetings during the fiscal year under review. The Corporate Auditors receive reports on significant audit-related matters and discuss and resolve such matters. Two dedicated employees are placed at the Corporate Auditors' Secretariat to assist the duties of the Corporate Auditors.

Pursuant to the audit plan established at the Board of Corporate Auditors, every Corporate Auditor attends the Board of Directors' meetings and the Standing Corporate Auditor attends the Management Meeting, the Risk Management & Compliance Committee, and other important meetings. Meanwhile, the Corporate Auditors enhance the effectiveness of their auditing by checking documents regarding important approvals and holding regular meetings with the Representative Directors (monthly), etc. In addition, the Corporate Auditors receive reports, etc. regarding the status of the internal reporting system, etc., and further hold regular meetings with the Audit Office (monthly) to exchange information and receive reports on the results of its audits. Furthermore, the Corporate Auditors are provided opportunities to receive reports regarding the progress of the accounting audit and the results of auditing on the subsidiaries from the

Accounting Auditors, and discuss significant items, etc. with the Accounting Auditors.

The Corporate Auditors of the Company regularly conduct “Group Corporate Auditors’ Liaison Conferences” (semiannually) with the Corporate Auditors of the group companies and share information such as the auditing policy through training and discussions, as well as ensure the enhanced dissemination of group-wide internal controls.

(3) Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations)

(i) Basic policy regarding persons who control the Company’s decisions on financial matters and business policies

The Company believes that the persons who control the Company’s decisions on financial matters and business policies should contribute to the ensuring and enhancing of the corporate value of the Group (the Company and its subsidiaries) and the common interests of the shareholders.

The Group engages in the franchised convenience store business, the general merchandising store business and peripheral businesses. Under the corporate philosophy of the Group, the Company aims to continuously improve earnings while solidifying trust relationships with stakeholders, such as shareholders, franchisees, business partners, employees, and local communities.

It is indispensable for the management of the Group to have a broad range of know-how and experience regarding its franchising business and retail business and to sufficiently understand relations, etc. with these stakeholders in Japan and overseas. Indeed, they are the resources that the Group has nurtured since its foundation and our business operations derive from these resources.

Accordingly, the Company believes that it would be inappropriate for persons who might be considered to cause impairment to the corporate value of the Group or the common interests of the shareholders as derived from the aforementioned resources established among the stakeholders including the shareholders to control the Company’s decisions on financial matters and business policies.

The Company also believes that the corporate value of the Group and common interests of the shareholders should be protected if such persons, as mentioned below, were to conduct or propose to make a large-scale purchase of the Company’s shares in cases where 1) the corporate value of the Group or the common interests of the shareholders might be significantly damaged by the purchaser’s objective in making the purchase or its subsequent management policies; 2) there is a possibility that the shareholders might be effectively compelled to sell their shares; 3) the Company is not given a reasonable period to propose alternative plans; 4) the purchaser does not provide the shareholders with reasonably sufficient information to examine the conditions to judge the purchase proposal; 5) the purchase terms and conditions (e.g., value and type of compensation, purchase timing, legality of the purchase method, and probability of the execution of the purchase) are insufficient or improper in view of the primary values of the Group; and/or 6) the purchaser has the intent of destroying relations with or among stakeholders, which are vital to maintain and increase the corporate value of the Group.

(ii) Initiatives to help realize the Basic Policy

1) Basic management policies

Under the corporate philosophy of “Everyday Fun and Fresh,” the Company aims to be a corporation most close to and deeply trusted by customers through efforts to provide customers with everyday lives full of fun and freshness and satisfying every customer’s feelings by continuously creating new value.

2) Medium- to long-term management strategies

The business environment surrounding the retail industry remains challenging in Japan due to changes in the social environment including the dwindling birthrate and an aging population and the intensifying competition beyond the framework of business categories. In addition, customer needs have diversified and the creation of products or services deriving from new ideas is required. Moreover, the call for corporate social responsibility for the provision of safe and secure foods and an appropriate response to environmental issues has been intensifying.

Under such circumstances, to win out through such a harsh competitive environment, the Company is determined to aggressively pursue opportunities for further growth through the provision of original value by consolidating management resources by the Management Integration.

(iii) The judgment of the Board of Directors that the above initiatives are deemed to comply with the Basic Policy and they do not impair the common interests of the Company's shareholders or aim to protect the positions of any of the Company's officers, and the reason for such judgment at the Board of Directors of the Company

The above initiatives aim to maintain and improve earnings and return profits to the shareholders by maximally utilizing the Company's resources established among the stakeholders including the shareholders, and contribute to ensuring and enhancing the corporate value and the common interests of the shareholders.

Consequently, the Board of Directors believes that the above initiatives comply with the Basic Policy, and they do not impair the common interests of the Company's shareholders or aim to protect the positions of any of the Company's officers.

(4) Policy Regarding Decision on Cash Dividends, etc.

The Company considers returning its profits to the shareholders to be an important management policy. The Company abides by a fundamental policy of stably distributing consolidated performance growth-based results on a continuing basis with regard to cash dividends. The Company's payout ratio target will be 40% on a consolidated basis for the next several years.

The Company intends to acquire treasury stock as required to carry out a flexible capital policy if necessary. The Company strives to reinforce its management and improve business performance by applying its internal reserves to further enhance its financial capabilities, open new stores, renovate existing stores, and invest strategically in new fields.

Regarding the above, at the Board of Directors meeting held on March 29, 2017, the following was resolved as a new policy.

The Company considers returning its profits to the shareholders to be an important management policy. The Company abides by a fundamental policy of stably distributing consolidated performance growth-based results on a continuing basis with regard to cash dividends. The Company's payout ratio target will be 40% on a consolidated basis. Provided, however, that the lower limit of the expected annual dividend per share for the fiscal year ending February 28, 2018 shall be ¥112.

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Note: Amounts above a unit are rounded down in the Business Report.

## Consolidated Balance Sheet

(As of February 28, 2017)

(Unit: Millions of yen)

Account Name	Amount	Account Name	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>549,771</b>	<b>Current Liabilities</b>	<b>610,922</b>
Cash and cash deposits	178,279	Accounts and notes payable—trade	215,295
Accounts and notes receivable—trade	108,661	Short-term bank loans	2,873
Due from franchised stores	39,816	Current portion of long-term borrowings	12,855
Marketable securities	2,569	Commercial papers	96,000
Merchandise	48,068	Due to franchised stores	10,548
Prepaid expenses	19,429	Current portion of long-term lease obligations	20,239
Deferred tax assets	9,589	Other payables	56,238
Other receivables	86,351	Accrued expenses	11,896
Other current assets	57,419	Income taxes payable	4,495
Allowance for doubtful receivables	(413)	Deposits received	150,435
		Provision for bonuses	4,575
<b>Non-current Assets</b>	<b>1,094,152</b>	Provision for point card certificates	1,948
<b>Property and Store Facilities</b>	<b>593,754</b>	Other current liabilities	23,519
Buildings and structures	266,178	<b>Non-current Liabilities</b>	<b>498,507</b>
Furniture and fixtures	112,089	Bonds payable	40,000
Land	191,749	Long-term borrowings	236,862
Other	23,736	Long-term lease obligations	83,812
<b>Intangible Assets</b>	<b>159,263</b>	Net defined benefit liability	14,644
Software	15,405	Provision for loss on interest repayments	5,157
Goodwill	88,612	Asset retirement obligations	46,836
Goodwill attributable to individual stores	2,090	Leasehold deposits refundable	53,281
Other	53,155	Other long-term liabilities	17,912
<b>Investments and Other Assets</b>	<b>341,134</b>	<b>Total Liabilities</b>	<b>1,109,430</b>
Investment securities	60,431	<b>(Equity)</b>	
Net defined benefit asset	2,954	<b>Shareholders' Equity</b>	<b>512,429</b>
Deferred tax assets	17,761	Common stock	16,658
Leasehold deposits receivable	240,144	Capital surplus	236,195
Other assets	25,155	Retained earnings	260,016
Allowance for doubtful receivables	(5,313)	Treasury stock	(441)
		<b>Accumulated Other Comprehensive Income</b>	<b>7,413</b>
		Unrealized gain on available-for-sale securities	8,327
		Deferred losses on hedges	(618)
		Foreign currency translation adjustments	450
		Remeasurements of defined retirement benefit plans	(746)
		<b>Non-controlling Interests</b>	<b>14,649</b>
		<b>Total Equity</b>	<b>534,492</b>
<b>Total Assets</b>	<b>1,643,923</b>	<b>Total Liabilities and Equity</b>	<b>1,643,923</b>

Note: Amounts above one presentation unit are rounded down.

## Consolidated Statement of Income

(March 1, 2016, through February 28, 2017)

(Unit: Millions of yen)

Account Name	Amount	
<b>Operating Revenues</b>		
Commissions from franchised stores	302,888	
Other operating revenues	77,500	380,388
<b>Net Sales</b>		<b>514,606</b>
<b>Total Operating Revenues</b>		<b>894,994</b>
<b>Cost of Sales</b>		<b>380,215</b>
<b>Gross Profit</b>		<b>(134,390)</b>
<b>Operating Gross Profit</b>		<b>514,779</b>
<b>Selling, General, and Administrative Expenses</b>		<b>458,732</b>
<b>Operating Income</b>		<b>56,047</b>
<b>Other Income</b>		
Interest income	2,129	
Dividend income	202	
Equity in earnings of unconsolidated subsidiaries and associated companies	727	
Reversal of allowance for doubtful receivables	719	
Other	3,347	7,126
<b>Other Expenses</b>		
Interest expense	1,821	
Other	2,015	3,836
<b>Ordinary Income</b>		<b>59,336</b>
<b>Extraordinary Income</b>		
Gain on sales of non-current assets	240	
Gain on sales of investment securities	177	
Gain on sales of investments in associated companies	510	928
<b>Extraordinary Losses</b>		
Loss on sales of non-current assets	140	
Loss on disposal of non-current assets	5,198	
Impairment loss	14,286	
Loss on cancellation of land and building lease contracts	2,749	
Loss on disaster	282	
Other	2,013	24,672
<b>Profit before Income Taxes</b>		<b>35,592</b>
Income taxes—current	3,633	
Income taxes—deferred	9,981	13,614
<b>Profit</b>		<b>21,978</b>
Profit attributable to non-controlling interests		2,970
<b>Profit Attributable to Owners of the Parent</b>		<b>19,007</b>

Note: Amounts above one presentation unit are rounded down.

## Consolidated Statement of Changes in Equity

(March 1, 2016, through February 28, 2017)

(Unit: Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, March 1, 2016 (as previously reported)	16,658	17,388	252,139	(8,784)	277,403
Cumulative effect of accounting change		(3,679)	(57)		(3,737)
Balance, March 1, 2016 (as restated)	16,658	13,709	252,082	(8,784)	273,666
Changes in items during the period					
Cash dividends			(10,536)		(10,536)
Profit attributable to owners of the parent			19,007		19,007
Purchase of treasury stock				(210)	(210)
Disposal of treasury stock		0		8,773	8,773
Increase by merger		226,760			226,760
Change in the scope of consolidation			(537)	(219)	(756)
Purchase of shares of consolidated subsidiaries		(4,274)			(4,274)
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	222,486	7,934	8,342	238,763
Balance, February 28, 2017	16,658	236,195	260,016	(441)	512,429

	Accumulated Other Comprehensive Income					Non-Controlling Interests	Total Equity
	Unrealized Gain on Available-for-Sale Securities	Deferred Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Retirement Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance, March 1, 2016 (as previously reported)	7,751	—	590	(2,179)	6,161	11,665	295,229
Cumulative effect of accounting change			(404)		(404)		(4,141)
Balance, March 1, 2016 (as restated)	7,751	—	185	(2,179)	5,756	11,665	291,087
Changes in items during the period							
Cash dividends							(10,536)
Profit attributable to owners of the parent							19,007
Purchase of treasury stock							(210)
Disposal of treasury stock							8,773
Increase by merger							226,760
Change in the scope of consolidation							(756)
Purchase of shares of consolidated subsidiaries							(4,274)
Net changes in items other than shareholders' equity	576	(618)	265	1,433	1,656	2,984	4,641
Total changes in items during the period	576	(618)	265	1,433	1,656	2,984	243,404
Balance, February 28, 2017	8,327	(618)	450	(746)	7,413	14,649	534,492

Note: Amounts above one presentation unit are rounded down.

**Balance Sheet**  
(As of February 28, 2017)

(Unit: Millions of yen)

Account Name	Amount	Account Name	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>143,181</b>	<b>Current Liabilities</b>	<b>157,235</b>
Cash and cash deposits	49,288	Short-term loans payable to subsidiaries and associates	3,620
Short-term loans receivable from subsidiaries and associates	84,800	Current portion of long-term debt	10,777
Prepaid expenses	6	Commercial papers	96,000
Deferred tax assets	191	Other payables	1,214
Other receivables	4,265	Accrued expenses	185
Income taxes receivable	3,746	Deposits received	45,006
Other current assets	882	Provision for bonuses	16
<b>Non-current Assets</b>	<b>774,878</b>	Other current liabilities	416
<b>Intangible Assets</b>	<b>49</b>	<b>Non-current Liabilities</b>	<b>263,008</b>
Other	49	Bonds payable	40,000
<b>Investments and Other Assets</b>	<b>774,829</b>	Long-term borrowings	220,478
Investment securities	1,883	Other long-term liabilities	2,530
Investment in stocks of subsidiaries and associates	548,391	<b>Total Liabilities</b>	<b>420,244</b>
Long-term loans receivable from subsidiaries and associates	207,496	<b>(Equity)</b>	
Deferred tax assets	14,954	<b>Shareholders' Equity</b>	<b>498,291</b>
Leasehold deposits receivable	23	<b>Common Stock</b>	<b>16,658</b>
Other assets	2,410	<b>Capital Surplus</b>	<b>244,149</b>
Allowance for doubtful receivables	(331)	Additional paid-in capital	17,056
		Other capital surplus	227,093
		<b>Retained Earnings</b>	<b>237,704</b>
		Legal reserve	2,668
		Other retained earnings	235,036
		General reserve	219,253
		Retained earnings carried forward	15,782
		<b>Treasury Stock</b>	<b>(221)</b>
		<b>Valuation, Translation Adjustments, and Others</b>	<b>(476)</b>
		<b>Unrealized Gain on Available-for-Sale Securities</b>	<b>148</b>
		<b>Deferred Losses on Hedges</b>	<b>(624)</b>
		<b>Total Equity</b>	<b>497,815</b>
<b>Total Assets</b>	<b>918,059</b>	<b>Total Liabilities and Equity</b>	<b>918,059</b>

Note: Amounts above one presentation unit are rounded down.

## Statement of Income

(March 1, 2016, through February 28, 2017)

(Unit: Millions of yen)

Account Name	Amount	
<b>Operating Revenues</b>		
Commissions from franchised stores	121,863	
Other operating revenues	16,168	138,032
<b>Net Sales</b>		<b>37,171</b>
<b>Total Operating Revenues</b>		<b>175,203</b>
<b>Cost of Sales</b>		<b>26,807</b>
<b>Gross Profit</b>		<b>(10,364)</b>
<b>Operating Gross Profit</b>		<b>148,396</b>
<b>Selling, General, and Administrative Expenses</b>		<b>125,213</b>
<b>Operating Income</b>		<b>23,183</b>
<b>Other Income</b>		
Interest income	1,593	
Dividend income	2,221	
Other	1,330	5,145
<b>Other Expenses</b>		
Interest expense	836	
Bond issuance cost	181	
Other	518	1,536
<b>Ordinary Income</b>		<b>26,791</b>
<b>Extraordinary Income</b>		
Gain on sales of fixed assets	24	
Gain on sales of shares of subsidiaries and associates	510	535
<b>Extraordinary Losses</b>		
Loss on retirement of non-current assets	2,328	
Impairment loss	6,280	
Loss on cancellation of rental contracts	449	
Loss on investments of subsidiaries and associates	517	
Other	990	10,567
<b>Net Income before Income Taxes</b>		<b>16,759</b>
Income taxes—current	313	
Income taxes—deferred	5,926	6,239
<b>Net Income</b>		<b>10,519</b>

Notes: 1. Amounts above one presentation unit are rounded down.

2. The financial results for the fiscal year ended February 28, 2017, represent a sum of those for the first and second quarters of the former FamilyMart Co., Ltd., and those for the third and fourth quarters of FamilyMart UNY Holdings Co., Ltd., after the management integration.

**Statement of Changes in Equity**  
(March 1, 2016, through February 28, 2017)

(Unit: Millions of yen)

	Shareholders' Equity							
	Common Stock	Capital Surplus			Legal Reserve	Retained Earnings		
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus		Other Retained Earnings		Total Retained Earnings
					General Reserve	Retained Earnings Carried Forward		
Balance, March 1, 2016 (as previously reported)	16,658	17,056	332	17,388	2,668	212,753	22,778	238,200
Cumulative effect of accounting change							(478)	(478)
Balance, March 1, 2016 (as restated)	16,658	17,056	332	17,388	2,668	212,753	22,299	237,721
Changes in items during the period								
Provision for general reserve						6,500	(6,500)	—
Cash dividends							(10,536)	(10,536)
Net income							10,519	10,519
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Increase by merger			226,760	226,760				
Decrease by demerger								
Net changes in items other than shareholders' equity								
Total changes in items during the period	—	—	226,761	226,761	—	6,500	(6,516)	(16)
Balance, February 28, 2017	16,658	17,056	227,093	244,149	2,668	219,253	15,782	237,704

Note: Amounts above one presentation unit are rounded down.

(Unit: Millions of yen)

	Shareholders' Equity		Valuation, Translation Adjustments, and Others			Total Equity
	Treasury Stock	Total Shareholders' Equity	Unrealized Gain on Available-for-Sale Securities	Deferred Losses on Hedges	Total Valuation, Translation Adjustments and Others	
Balance, March 1, 2016 (as previously reported)	(8,784)	263,463	7,759	—	7,759	271,222
Cumulative effect of accounting change		(478)				(478)
Balance, March 1, 2016 (as restated)	(8,784)	262,984	7,759	—	7,759	270,743
Changes in items during the period						
Provision for general reserve		—				—
Cash dividends		(10,536)				(10,536)
Net income		10,519				10,519
Purchase of treasury stock	(210)	(210)				(210)
Disposal of treasury stock	8,773	8,773				8,773
Increase by merger		226,760				226,760
Decrease by demerger		—	(6,011)		(6,011)	(6,011)
Net changes in items other than shareholders' equity			(1,599)	(624)	(2,223)	(2,223)
Total changes in items during the period	8,562	235,307	(7,610)	(624)	(8,235)	227,071
Balance, February 28, 2017	(221)	498,291	148	(624)	(476)	497,815

Note: Amounts above one presentation unit are rounded down.

**Attested Copy of the Independent Auditors' Report on the Consolidated Financial Statements**

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

April 10, 2017

To the Board of Directors of FamilyMart UNY Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Masahiro Ishizuka (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Koichi Okubo (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Haruko Nagayama (Seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of February 28, 2017 of FamilyMart UNY Holdings Co., Ltd. (former FamilyMart Co., Ltd.; the "Company"), and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from March 1, 2016, to February 28, 2017, and the related notes.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. (former FamilyMart Co., Ltd.) and its consolidated subsidiaries as of February 28, 2017, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes" referred to in this report are not included in the attached financial documents.

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**Attested Copy of the Independent Auditors' Report**

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

April 10, 2017

To the Board of Directors of FamilyMart UNY Holdings Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,

Certified Public Accountant:

Masahiro Ishizuka (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,

Certified Public Accountant:

Koichi Okubo (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,

Certified Public Accountant:

Haruko Nagayama (Seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of February 28, 2017 of FamilyMart UNY Holdings Co., Ltd. (former FamilyMart Co., Ltd.; the "Company"), and the related statements of income and changes in net assets for the 36th fiscal year from March 1, 2016, to February 28, 2017, and the related notes and the accompanying supplemental schedules.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. as of February 28, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

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## Attested Copy of the Board of Corporate Auditors' Audit Report

(TRANSLATION)

### AUDIT REPORT

Regarding the execution of duties by directors for the 36th fiscal year beginning March 1, 2016, and ending February 28, 2017, the Board of Corporate Auditors of FamilyMart UNY Holdings Co., Ltd. (the "Company"), hereby submits its audit report, which has been prepared after discussions based on audit reports issued by each of the corporate auditors.

#### 1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and Results Thereof

(1) The Board of Corporate Auditors determined auditing policies, assigned tasks and other guidelines, received reports about the progress and results of audits from each corporate auditor. In addition, the Board of Corporate Auditors received the progress on assigned tasks of directors and corporate auditors and asked for explanation as required.

(2) In compliance with the audit standards and based on the auditing policies, assigned tasks and other guidelines specified by the Board of Corporate Auditors, each corporate auditor has communicated with the directors, the internal auditing department (Audit Office), employees and other relevant personnel to collect information and improve the auditing environment and audited by the following methods:

- i) The corporate auditors attended the meetings of the Board of Directors and other important meetings; received reports about the execution of their duties and requested explanations, as required, from the directors, employees, and other relevant personnel; examined important authorized documents and associated information; and studied business operations and financial positions at the head office and principal offices. With regard to the Company's subsidiaries, each corporate auditor communicated and exchanged information with its directors and corporate auditors and asked explanation as required.
- ii) The corporate auditors have received reports and requested explanations, as required, from the directors, employees, and other relevant personnel with regard to the substance of the resolution adopted by the Board of Directors regarding the improvement of in-house systems, as stipulated by Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act, as well as the established and operational status of the in-house systems ("Internal Control Systems") that have been improved pursuant to the resolution concerned. Such Internal Control Systems are set forth in the aforementioned paragraphs as necessary to ensure compliance of the execution of duties by directors with laws, regulations, and the Articles of Incorporation, as well as to ensure the propriety of other business operations of a *Kabushiki-Kaisha* (joint stock corporation) and other subsidiaries.
- iii) The corporate auditors have studied the substance of the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations).
- iv) The corporate auditors have examined whether the Independent Auditors maintain independence and have done appropriate audits, and have received reports on the execution of their duties and requested explanations, as required, from the Independent Auditors. The corporate auditors have been notified that the Independent Auditors are streamlining the "system to ensure appropriate execution of their duties" (As listed in the Article 131 of the Ordinance on Company Accounting) in accordance with the Standards on Quality Control for Audits (Business Accounting Council, October 28, 2005), etc., and requested explanations, as required

In the manner explained above, the corporate auditors have examined the business report of the Company and its supplementary schedules therefor and the financial statements of the Company and its supplementary schedules therefor, as well as the consolidated financial statements, pertaining to the fiscal term under review.

## 2. Audit Results

- (1) Audit results regarding the Business Report and other documents
  - i) In our opinion, the Business Report and the supplementary schedules therefor fairly represent the Company's conditions in accordance with the related laws and regulations, and the Articles of Incorporation.
  - ii) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any directors with regard to the execution of their duties.
  - iii) In our opinion, the resolution by the Board of Directors regarding the Internal Control Systems is fair and reasonable. We have found no matters to remark with regard to the substance described in the Business Report and the execution of duties by the directors in connection with the said Internal Control Systems.
  - iv) We have found no matters to remark with regard to the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations).
- (2) Audit results regarding the financial statements and the supplementary schedules therefor  
In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.
- (3) Audit results regarding the consolidated financial statements  
In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

As mentioned in the Business Report, the Company received a recommendation from the Japan Fair Trade Commission (JFTC) as of August 25, 2016, based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors ("Subcontract Act"). The Board of Corporate Auditors took the recommendation gravely and confirmed that measures were taken to prevent a recurrence of similar events and enhance legal compliance, such that the Company duly notified all officers and employees on the content of the recommendation and that it held internal training sessions regarding compliance with the Subcontract Act. The Board of Corporate Auditors will continue to monitor and review the Group's efforts to enhance the systems of ensuring compliance to prevent recurrence.

April 11, 2017

Board of Corporate Auditors, FamilyMart UNY Holdings Co., Ltd.

Yasuhiro Baba, Standing Corporate Auditor (Outside Corporate Auditor)  
Akira Ito, Standing Corporate Auditor  
Mika Takaoka, Corporate Auditor (Outside Corporate Auditor)  
Shuji Iwamura, Corporate Auditor (Outside Corporate Auditor)  
Naotaka Nanya, Corporate Auditor (Outside Corporate Auditor)

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## Reference Document for the General Meeting of Shareholders

### No. 1: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

To address future business development and increasingly diverse businesses of the Corporate Group including the Company's subsidiaries, the Company has decided to amend Article 2 (Objectives) of the current Articles of Incorporation.

2. Description of the amendments

The proposed amendments are as follows:

(Underlined portions indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>(Objectives) Article 2 The Company aims to control or manage the business activities of companies (including foreign companies), associations (including foreign equivalents) and any other equivalent business entities that engage in the following lines of business by holding stocks or interests in such entities.</p> <p>1.-29. (provisions omitted)</p> <p style="text-align: center;">(New)</p> <p><u>30.-79.</u> (provisions omitted)</p> <p>(2) (provisions omitted)</p>	<p>(Objectives) Article 2 The Company aims to control or manage the business activities of companies (including foreign companies), associations (including foreign equivalents) and any other equivalent business entities that engage in the following lines of business by holding stocks or interests in such entities.</p> <p>1.-29. (unchanged)</p> <p><u>30. Planning, management, operation and commissioned operation of nursery schools and child-care centers, related consulting and other child care-related businesses</u></p> <p><u>31.-80.</u> (unchanged)</p> <p>(2) (unchanged)</p>

**No. 2: Election of Eleven Directors**

The terms of office of all the current Directors (9 persons) will expire at the conclusion of this Meeting. Accordingly, we propose that eleven (11) Directors, including two (2) Outside Directors, be elected. The candidates for Director are as described below:

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
1	Isamu Nakayama (October 12, 1957) reappointment	<p>April 1981      Joined ITOCHU Corporation</p> <p>April 2004      General Manager of Oilseeds, Oils &amp; Fats Department of ITOCHU Corporation</p> <p>April 2010      Executive Officer and Senior Vice President of Food Company of ITOCHU Corporation</p> <p>April 2012      Managing Executive Officer and Executive Vice President of Food Company and Chief Operating Officer of Provisions Division of ITOCHU Corporation</p> <p>January 2013    President and Executive Officer of the Company</p> <p>May 2013       Representative Director and President of the Company</p> <p>September 2016 Representative Director and Executive Vice President of the Company Vice Chairman of Business Integration Promotion Committee</p> <p>September 2016 Representative Director and Chairman of FamilyMart Co., Ltd. (currently serving)</p> <p>March 2017     Representative Director and Executive Vice President of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director and Chairman of FamilyMart Co., Ltd. Director, UNY Co., Ltd.</p>	4,700

**Reason for choosing the candidate for Director**

Isamu Nakayama has directed the management of the Company with his strong leadership, has built the Company's mid-long term management strategy and has been committed to improving the corporate value of the Company since he assumed his position as Representative Director of the Company. Also, he has fulfilled his duties as a Director, inter alia, he has realized management integration with UNY Group Holdings Co., Ltd. ("Management Integration"), contributed to improving the profitability of the Company's convenience store business. We believe that, for the above reasons, Isamu Nakayama is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
2	Norio Sako (July 16, 1957) reappointment	<p>March 1980      Joined UNY Co., Ltd.*</p> <p>May 2006      Executive Officer of UNY Co., Ltd.</p> <p>May 2008      Director and Executive Officer of UNY Co., Ltd.</p> <p>May 2011      Managing Director and Managing Executive Officer of UNY Co., Ltd.</p> <p>May 2012      Senior Managing Director and Senior Managing Executive Officer of UNY Co., Ltd.</p> <p>February 2013    Director of UNY Group Holdings Co., Ltd.</p> <p>February 2013    Representative Director and President of UNY Co., Ltd. (currently serving)</p> <p>March 2015      Representative Director and President of UNY Group Holdings Co., Ltd.</p> <p>September 2016    Representative Director and Executive Vice President of the Company Vice Chairman of Business Integration Promotion Committee</p> <p>May 2017      Representative Director and Executive Vice President, General Manager of Business Control Division and General Manager of GMS Business Department of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Representative Director and President of UNY Co., Ltd.</p>	7,600

\*This refers to UNY Group Holdings Co., Ltd., which ceased to exist because of the absorption-type merger with the Company as the surviving company and UNY Group Holdings Co., Ltd. as the extinct company, effective September 1, 2016 (hereinafter the “Absorption-Type Merger”).

Reason for choosing the candidate for Director

Norio Sako had served as Representative Director and President of UNY Group Holdings before the Management Integration. Also, he has fulfilled his duties as a Director, inter alia, as a Chairman of the Business Integration Preparation Committee, he has realized Management Integration, contributed to the structural reform of the Company’s general retail business. We believe that, for the above reasons, Norio Sako is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
3	Toshio Kato (March 2, 1961) reappointment	<p>March 1983      Joined the Company</p> <p>September 2000      Deputy General Manager of Store Operation Department, Operation Division of the Company</p> <p>March 2003      Executive Officer and General Manager of Kita- Kanto District of the Company</p> <p>May 2007      Director, Managing Executive Officer, General Manager of Operation Division and Supervisor of Customer Service Office and Franchisee Relations Office of the Company</p> <p>March 2011      Managing Director, Managing Executive Officer, General Manager of Corporate Planning Division and General Manager of Corporate Planning Department of the Company</p> <p>March 2015      Director, Senior Managing Executive Officer, General Manager of Store Operation Division, General Manager of Information Systems Division and Supervisor of Customer Service Office and Franchisee Relations Office of the Company</p> <p>September 2016      Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	2,700

Reason for choosing the candidate for Director

Toshio Kato has served as General Manager of the District Division, Corporate Planning Division, Store Operation Division and Information Systems Division of the Company. Also, after the Management Integration, he has fulfilled his duties as a Director, inter alia, he has formulated and executed management strategies of the Group as General Manager of Corporate Planning Division. We believe that, for the above reasons, Toshio Kato is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
4	Jiro Koshida (December 20, 1954) reappointment	<p>March 1979      Joined UNY Co., Ltd.*</p> <p>May 2006      Executive Officer of UNY Co., Ltd.</p> <p>May 2009      Director and Executive Officer of UNY Co., Ltd.</p> <p>May 2011      Managing Director and Managing Executive Officer of UNY Co., Ltd.</p> <p>May 2012      Senior Managing Director and Senior Managing Executive Officer of UNY Co., Ltd.</p> <p>February 2013      Senior Managing Director and Chief Financial Officer of UNY Group Holdings Co., Ltd.</p> <p>March 2015      Director and Senior Executive Officer of UNY Group Holdings</p> <p>May 2015      Director, Senior Executive Officer, in charge of Secretary, Public &amp; Investor Relations and Finance &amp; Accounting of UNY Group Holdings</p> <p>September 2016      Director, Senior Managing Executive Officer and General Manager of Corporate Management Division of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of UNY Co., Ltd. Director of UCS Co., Ltd.</p>	2,639

\*This refers to UNY Group Holdings Co., Ltd., which ceased to exist because of the Absorption-Type Merger.

Reason for choosing the candidate for Director

Jiro Koshida had served as Director and Senior Executive Officer of UNY Group Holdings before the Management Integration and has engaged in accounting and financing operations for many years. After the Management Integration, he has fulfilled his duties as a Director, inter alia, he has strived for the management of the Group's financial standing and profitability as the General Manager of Corporate Management Division of the Company. We believe that, for the above reasons, Jiro Koshida is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
5	Kunihiro Nakade (December 23, 1957) reappointment	<p>April 1980      Joined ITOCHU Corporation</p> <p>May 2006      General Manager of CFO Office of ITOCHU Corporation</p> <p>May 2010      Chief Financial Officer of Textile Company of ITOCHU Corporation</p> <p>April 2011     Chief Financial Officer and Chief Information Officer of Textile Company of ITOCHU Corporation</p> <p>April 2012     Executive Officer and Deputy General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>April 2015     Managing Executive Officer and General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>May 2016      Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management &amp; Compliance Committee, Chairman of Business Process Improvement Committee, and Chairman of Corporate Social Responsibility Committee of the Company</p> <p>September 2016   Director, Managing Executive Officer, General Manager of Finance Division, General Manager of Business Investigation Department and Chairman of Investment and Loan Committee of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	100

Reason for choosing the candidate for Director

Kunihiro Nakade has engaged in accounting and finance related operations and has held positions such as general manager of the accounting department at ITOCHU Corporation over many years. After the Management Integration, he has fulfilled his duties as a Director, inter alia, he has formulated the Group's financial strategies and strived to enhance its financial base. We believe that, for the above reasons, Kunihiro Nakade is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
6	Jun Takahashi (August 24, 1959) reappointment	<p>June 1989      Joined Circle K Japan Co., Ltd.</p> <p>March 2008    Executive Officer and General Manager of Region Department-IV of Circle K Sunkus</p> <p>May 2010      Director and General Manager of Sales Department of Circle K Sunkus</p> <p>February 2013   Director, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings</p> <p>May 2014      Director, Executive Officer, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings</p> <p>February 2016   Director, Executive Officer, Group Strategic Headquarters Director and Planning &amp; Policy Department Director of UNY Group Holdings</p> <p>September 2016   Director, Senior Managing Officer, General Manager of General Affairs and Human Resources Division, Chairman of Corporate Social Responsibility Committee, and Chairman of Risk Management &amp; Compliance Committee of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of UNY Co., Ltd.</p>	1,756

Reason for choosing the candidate for Director

Before the Management Integration, Jun Takahashi engaged in formulating and executing the strategies of group businesses including the general retail business and the convenience store business at UNY Group Holdings. After the Management Integration, he has fulfilled his duties as a Director, inter alia, as General Manager of the General Affairs and Human Resources Division of the Company, he has strived to enhance and promote the Group's general affairs and human resources management, as well as compliance and risk management. We believe that, for the above reasons, Jun Takahashi is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
7	Koji Takayanagi (November 4, 1951) new appointment	<p>April 1975      Joined ITOCHU Corporation</p> <p>October 1998    General Manager of Crude &amp; Fuel Oil Department of ITOCHU Corporation</p> <p>April 2000      General Manager of Energy Trade Department of ITOCHU Corporation</p> <p>April 2004      Chief Operating Officer of Energy Trade Division of ITOCHU Corporation</p> <p>June 2005      Executive Officer of ITOCHU Corporation</p> <p>April 2008      Managing Executive Officer and President of Chemical, Forest Products &amp; General Merchandise Company of ITOCHU Corporation</p> <p>June 2008      Managing Director of ITOCHU Corporation</p> <p>April 2009      Managing Director, Chief Corporate Planning Officer of ITOCHU Corporation</p> <p>April 2012      Director and Senior Managing Executive Officer of ITOCHU Corporation</p> <p>April 2015      Representative Director, Executive Vice President and President of Food Company of ITOCHU Corporation</p> <p>May 2016      Director of UNY Co., Ltd.</p> <p>March 2017     President and Executive Officer of the Company (currently serving)</p>	—

Reason for choosing the candidate for Director

Koji Takayanagi has held positions as officers such as Chief Operating Officer of various divisions and other officer over many years and has strived to expand the food business as the President of Food Company at ITOCHU Corporation since April 2015. We hope that he will contribute to the management of the Company with his deep knowledge as well as his management experience and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
8	Takashi Sawada (July 12, 1957) new appointment	<p>April 1981      Joined ITOCHU Corporation</p> <p>November 1998      Director and Executive Vice President of FAST RETAILING CO., LTD.</p> <p>February 2003      Founded and assumed role as President and Representative Director of Kiacon Corporation</p> <p>October 2005      Founded and assumed role as Representative Director, President and Chief Executive Officer of Revamp Corporation</p> <p>March 2016      Advisor of the Company</p> <p>April 2016      Representative Director and Chairman of Revamp Corporation</p> <p>May 2016      Director and Chairman of Revamp Corporation (currently serving)</p> <p>May 2016      Director, Senior Managing Executive Officer and Assistant to President of the Company</p> <p>September 2016      Representative Director and President of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017      Executive Vice President and Executive Officer, General Manager of CVS Business Department, Business Control Division of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director and President of FamilyMart Co., Ltd. Director and Chairman of Revamp Corporation</p>	1,100

Reason for choosing the candidate for Director

Takashi Sawada has held positions as an executive officer of retail and management consulting companies. After the Management Integration, he has been serving as Representative Director and President of FamilyMart Co., Ltd. We hope that he will contribute to the management of the Company with his abundant experience as a corporate manager, etc. as well as his deep knowledge in retail business and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
9	Shuichi Takeuchi (July 22, 1962) new appointment	<p>November 1991    Joined Circle K Japan Co., Ltd.</p> <p>March 2011      Executive Officer and General Manager of Region Department-V of Circle K Sunkus</p> <p>May 2012        Director and General Manager of Sales Department of Circle K Sunkus</p> <p>February 2013   Representative Director and President of Circle K Sunkus</p> <p>May 2013        Director of UNY Group Holdings Co., Ltd.</p> <p>September 2016 Director, Senior Managing Executive Officer and General Manager of Integration Promotion Division of FamilyMart Co., Ltd.*</p> <p>January 2017    Director, Senior Managing Executive Officer and General Manager of CKS Sales Promotion Division of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017        Senior Managing Executive Officer and General Manager assistant to CVS Business Department, Business Control Division of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	2,170

\*Circle K Sunkus changed its company name to FamilyMart Co., Ltd. as of September 1, 2016.

Reason for choosing the candidate for Director

Before the Management Integration, Shuichi Takeuchi served as Representative Director and President of Circle K Sunkus. After the Management Integration, as General Manager of the Integration Promotion Division and General Manager of CKS Sales Promotion Division of the said company, he promoted the brand conversion from Circle K Sunkus to FamilyMart. We hope that he will contribute to the management of the Company with his abundant business experience mentioned above as well as deep knowledge and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
10	Akihiro Watanabe (February 18, 1959) reappointment, candidate for Outside Director	<p>May 1982      Joined New York office of Peat Marwick Mitchell &amp; Co. (currently KPMG LLP)</p> <p>July 1990      Partner of Audit Department of KPMG LLP</p> <p>July 1994      Representative Director of KPMG Corporate Finance</p> <p>October 2002    Visiting Professor at the Graduate School of Business Administration of Kobe University (currently serving)</p> <p>April 2004      Founded GCA and assumed role as Representative Director</p> <p>September 2005 Visiting Professor at Hitotsubashi University School of Law (law school)</p> <p>October 2006    Trustee of International Valuation Standards Council</p> <p>March 2008     Founded GCA Savvian Group Corporation (currently GCA Corporation) and assumed role as Representative Director (currently serving)</p> <p>May 2016        Outside Director of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director of GCA Corporation Visiting Professor at the Graduate School of Business Administration of Kobe University Outside Director of Qualicaps Co., Ltd. Outside Director of Maruho Co., Ltd.</p>	—

Reason for choosing the candidate for Outside Director

Akihiro Watanabe is a candidate for Outside Director and for Independent Director as prescribed in financial instruments exchange regulations. He has abundant experience acquired through his involvement in various M&A transactions, such as integrating the management of domestic and foreign companies as well as through his years of experience as an outside director of domestic and foreign companies including the Company. We hope that he can provide valuable opinions and advice based on these experiences and his deep knowledge as an M&A and accounting professional (i.e. certified public accountant in Japan and the United States) and in public company management and nominate him again for Outside Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
11	Takashi Saeki (June 14, 1951) reappointment, candidate for Outside Director	<p>April 1974      Joined TOHO GAS Co., Ltd.</p> <p>June 2004      Director of TOHO GAS Co., Ltd.</p> <p>June 2006      Director, Managing Executive Officer of TOHO GAS Co., Ltd.</p> <p>June 2008      Representative Director, President, and Executive Officer of TOHO GAS Co., Ltd.</p> <p>June 2012      Chairman and Representative Director of TOHO GAS Co., Ltd.</p> <p>May 2014      Outside Director of UNY Group Holdings Co., Ltd.</p> <p>June 2016      Adviser and Member of the Board of TOHO GAS Co., Ltd. (currently serving)</p> <p>September 2016      Outside Director of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations:  Adviser and Member of the Board of TOHO GAS Co., Ltd.  Outside Director of Central Japan Railway Company  Outside Corporate Auditor of The Ogaki Kyoritsu Bank, Ltd.</p>	—

Reason for choosing the candidate for Outside Director

Takashi Saeki is a candidate for Outside Director and for Independent Director as prescribed in financial instruments exchange regulations. He has served as the Outside Director of the Company as well as Adviser and Member of the Board, outside director and outside corporate auditor of other companies, and we hope that he can provide valuable opinions and advice based on these experiences as a corporate manager and his deep management knowledge and nominate him again for Outside Director.

- Notes: 1. Isamu Nakayama also serves as Representative Director and Chairman, and Takashi Sawada also serves as Representative Director and President of FamilyMart Co., Ltd. The Company has transactional relationships of management guidance service, consignment of operations and entrustment of funds with FamilyMart Co., Ltd.
2. Norio Sako also serves as Representative Director and President of UNY Co., Ltd. The Company has transactional relationships of management guidance service, consignment of operations and loan with UNY Co., Ltd.
3. There is no special relationship of interest between the other candidates than those mentioned above and the Company.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Akihiro Watanabe and Takashi Saeki to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability as Director under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations. When Mr. Watanabe and Mr. Saeki are elected as Outside Director, the Company intends to continue the contract with them.
5. The term of office of Akihiro Watanabe since assuming the position of Outside Director of the Company will be one (1) year at the conclusion of this Meeting. The term of office of Takashi Saeki since assuming the position of Outside Director of the Company will be nine (9) months at the conclusion of this Meeting.
6. During the term of office of Akihiro Watanabe as Outside Director of the Company, the Company received a recommendation from the Japan Fair Trade Commission (JFTC) as of August 25, 2016, based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors ("Subcontract Act"). This recommendation was issued based on the JFTC's judgment that certain actions of the Company violated the Subcontract Act. Based on the contract with subcontractors to which the Company consigned the production of private-label products that are sold at its stores ("Subcontractors"), the Company received money from Subcontractors for expenses on sales promotion at store opening, color photo ledger production expenses and sales price

reduction; the Company made the Subcontractors pay transfer fees for transferring such money to the Company's account; and the Company miscalculated such transfer fees relative to some of such Subcontractors and deducted amounts larger than the actual transfer fees from their subcontract proceeds, all of which were judged as violations of the provisions of the Subcontract Act (Article 4, Paragraph1, Item 3). Since July 1, 2016, the Company has not requested Subcontractors to pay the aforementioned monies. Concerning the monies indicated in the JFTC recommendation, the Company returned them to the Subcontractors by August 25, 2016. Although Mr. Watanabe was not aware of these violations prior to their revelation, he had ordinarily been making comments about thorough legal compliance at such meetings as the Board of Directors meetings. In addition, after the revelation of these violations, he has been fulfilling his duties such as providing advice and opinions regarding issues such as determining the causes of such violations and prevention of the recurrence.

**No. 3: Election of One Corporate Auditor**

The term of office of Corporate Auditor Shuji Iwamura will expire at the conclusion of this Meeting. Accordingly, we propose that one (1) Corporate Auditor be elected.

The candidate for Corporate Auditor is as described below. The Board of Corporate Auditors has given prior approval to this proposal.

Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held	
Shuji Iwamura (September 16, 1949) reappointment, candidate for Outside Corporate Auditor	April 1976      Public Prosecutor at the Fukuoka District Public Prosecutors Office	—	
	December 1991      Counsellor for Criminal Affairs Bureau, the Ministry of Justice		
	October 2002      Director of Special Investigation Department at the Tokyo District Public Prosecutor's Office		
	June 2010      Chief Prosecutor of the Sendai High Public Prosecutors Office		
	August 2011      Chief Prosecutor of the Nagoya High Public Prosecutors Office		
	October 2012      Registered as a lawyer (currently serving)		
	October 2012      Advisor of NAGASHIMA OHNO & TSUNEMATSU (currently serving)		
	May 2013      Outside Corporate Auditor of the Company (currently serving)		
	Important Positions Concurrently Held in Other Corporations: Advisor of NAGASHIMA OHNO & TSUNEMATSU Outside Corporate Auditor of Riken Corporation Outside Corporate Auditor of Canon Electronics Inc. Outside Corporate Auditor of HOKKAIDO BANK, LTD.		

Reason for choosing the candidate for Outside Corporate Auditor:

Shuji Iwamura is a candidate for Outside Corporate Auditor and for the Independent Auditor as prescribed in financial instruments exchange regulations. Shuji Iwamura is reappointed as Outside Corporate Auditor because he has served as Outside Corporate Auditor for the Company and other companies and has abundant experience and sophisticated insight as an expert of laws. We expect him to conduct rigorous audits of the Company's management drawing on his abundant experience and sophisticated insight.

Although Mr. Iwamura has not been involved in corporate management in a way other than serving as outside corporate auditor, we believe that, for the above reasons, that he will be able to effectively perform the duties of Outside Corporate Auditor of the Company.

Notes: 1. There is no special relationship of interest between Shuji Iwamura and the Company.

2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Shuji Iwamura to the effect that, if he is without knowledge and is not grossly negligent in performing his duties, his liability under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations. When Mr. Iwamura is elected as Outside Corporate Auditor, the Company intends to continue the contract with him.
3. The term of office of Shuji Iwamura since assuming the position of Outside Corporate Auditor of the Company will be four (4) years at the conclusion of this Meeting.
4. During the term of office of Shuji Iwamura as Outside Corporate Auditor of the Company, the Company received a recommendation from JFTC as of August 25, 2016, based on the Subcontract Act. This recommendation was issued based on the JFTC's judgment that certain actions of the Company violated the Subcontract Act. Based on the contract with the Subcontractors to which the Company consigned the production of private-label products that are sold at its stores, the Company received money

from Subcontractors for expenses on sales promotion at store opening, color photo ledger production expenses and sales price reduction; the Company made the Subcontractors pay transfer fees for transferring such money to the Company's account; and the Company miscalculated such transfer fees relative to some of such Subcontractors and deducted amounts larger than the actual transfer fees from their subcontract proceeds, all of which were judged as violations of the provisions of the Subcontract Act (Article 4, Paragraph1, Item 3). Since July 1, 2016, the Company has not requested Subcontractors to pay the aforementioned monies. Concerning the monies indicated in the JFTC recommendation, the Company returned them to the Subcontractors by August 25, 2016. Although Mr. Iwamura was not aware of these violations prior to their revelation, he had ordinarily been making comments about thorough legal compliance at such meetings as the Board of Directors meetings. In addition, after the revelation of these violations, he has been fulfilling his duties such as providing advice and opinions regarding issues such as determining the causes of such violations and prevention of the recurrence.