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May 19, 2014
The Maruetsu, Inc.
KASUMI CO., LTD.
AEON CO., LTD.
Marubeni Corp.

Conclusion of Master Agreement for Establishment of the “Supermarket Alliance in the Metropolitan Area”

The Maruetsu Inc. (hereinafter, “Maruetsu”), Kasumi Co., Ltd. (hereinafter, “Kasumi”), Aeon Co., Ltd. (hereinafter, “Aeon”) and Marubeni Corporation (hereinafter, “Marubeni”) reached to an agreement to start concrete discussion towards establishment of a “Supermarket Alliance in the Metropolitan Area” (hereinafter, “Metropolitan SM Alliance”) by Maruetsu, Kasumi, and Maxvalu Kanto Co., Ltd. (hereinafter, “MV Kanto”), a subsidiary of Aeon.

The Metropolitan area is a rapidly evolving market where we observe the most prominent social structure changes, such as increasing single households and double-income households due to aging and an increased number of working women, and thus it generates new customer needs on every day basis. Additionally, with the coming Tokyo Olympic Games in 2020, the market will be one of the richest and the most promising area in Japan that is expected to continue its sustainable growth. City functions in the area will be further developed by more urbanized infrastructure and accelerated private investments, which then spur inflow of population and foreign tourists into the area.

As for SM industry, in addition to the internal competitions, borderless competitions among DS, CVS, drug store, EC, meal delivery, etc. has intensified. At the same time, restructuring of SM industry through M&A has been getting more active recently, and this trend is anticipated to be seen in the Metropolitan area in the near future.

To address the mentioned environmental changes, under the common missions of “Customer-First” and “Contribution to local communities”, 4 companies agreed to start concrete discussion towards becoming No. 1 SM Alliance in the area in terms of quality and scale by means of offering rich diet for customers and that, to achieve the above, we need to innovate SM business with collective efforts through forming SM alliance that is appropriate for the size of the Metropolitan area market.

Maruetsu, Kasumi and MV Kanto will seek further growth of the Alliance and better enterprise value by upgrading existing MD development know-how and networks, such as process centers that they have cultivated over the years as SM companies having its base in the Metropolitan area.

Additionally, Aeon will provide infrastructure etc., such as domestically No.1 Private Brand “Topvalu”, wide scale sourcing ability, global sourcing network, IT/logistics network, financial services (Aeon Card, Aeon’s e-money WAON, ATM), etc., and seek growth of the Alliance and improvement of enterprise value.

Marubeni will, for the promotion of growth of the Alliance and improvement in enterprise value, provide know-how in management distinctive of a trading company, foreign/domestic materials/products info, global MD sourcing network and wholesale function, in order to develop and supply products which fits the diversifying customers’ lifestyle.

The said 4 companies will hereafter proceed onto concrete discussion with an aim of becoming No.1 SM Alliance in Japan. As the first phase, the Metropolitan SM Alliance will found the joint venture merging Maruetsu, Kasumi and MV Kanto by March 2015 targeting to reach one trillion yen sales in the area with 1000 stores by 2020.

NOTE

1. Visions of the Metropolitan SM Alliance

The Metropolitan SM Alliance will respect independence and autonomy of each company and aim to achieve the following visions based on common missions of “Customer-First” and “Contribution to local communities”;

- (1) To become the most reliable group of stores locally by sincerely listening to customers and pursuing the best products and services.
- (2) To provide customers with new values through development and innovation of new business, products, IT system, commissary, that cannot be accomplished by single individual company.
- (3) To become a community where local customers feel ease as a lifeline provider through supporting local communities and governments.
- (4) To promote participation of SM companies with the same visions into the Alliance, maximization of scale merit and creation of flexible and innovative corporate culture, by supporting each company for autonomic growth under supervision of the Joint Venture(JV) and establishment of fair & transparent governance.
- (5) To increase enterprise value by achieving the above and become domestically No. 1 SM Alliance in business size and profitability.

2. The contents of the Alliance’s major projects

The Alliance shall take following approaches with focus;

- (1) To develop new business formats
Developing new small SM/DS exclusive for urban areas and net supermarkets accommodated to the Group’s common strategies, Shift to senior markets and digital markets etc.
- (2) To develop PB products
Developing PB products designed for SM business or customer needs particularly in the Metropolitan area, by utilizing not only know-how in MD development and network that Maruetsu and Kasumi have compiled, but also Marubeni’s MD info / know-how / sourcing network with domestic/foreign suppliers, as well as corporation with Topvalu Co., Ltd.
- (3) To reform supply chain
Achieving innovation in entire commercial distribution/logistics and cost reduction in supply chain by incorporating existing sourcing/distribution infrastructure such as process centers of Maruetsu and Kasumi with those of Aeon Global SCM and Marubeni Group.
- (4) To improve productivity by IT
Improving man-hour productivity and capital productivity by building and utilizing IT system.
- (5) To accelerate store opening
Opening more stores backed by better profitability achieved through the efforts mentioned above.

3. Measure to establish the Metropolitan SM Alliance

Maruetsu, Kasumi and MV Kanto consider establishing a JV by means of stock transfer method. The detail will be determined by the “JV Foundation Preparation Committee (To Be Determined)”

Also, corporate governance and executive board of the JV will be determined upon a discussion among the 4 companies.

4. Regarding to Tokyo Stock Exchange (TSE) listing of the JV

Once the transfer of shares is done, Maruetsu and Kasumi should be delisted before the JV is listed on TSE. Shareholders of 3 companies, Maruetsu, Kasumi and MV Kanto will then become those of the JV upon a foundation of the JV. Subsequently, the JV will apply for listing on TSE 1st Section and, once approved, become a listed company.

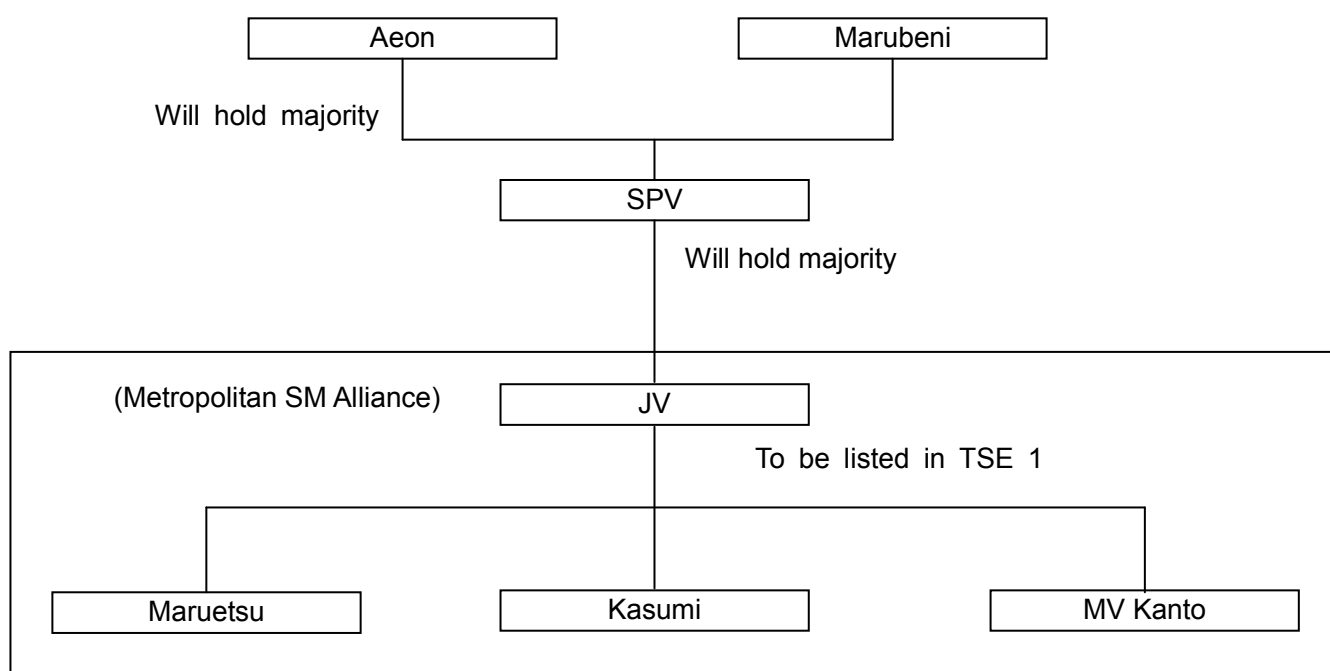
5. Establishment of a Special Purpose Vehicle (SPV) by Aeon and Marubeni

Aeon and Marubeni will consider establishment of a SPV and hold a majority of shares of the JV. In this case, the SPV will be a consolidated subsidiary of Aeon and an equity method affiliate of Marubeni.

6. Schedule

May 19, 2014	Master agreement concluded
June 2014 (TBD)	Establishes “JV foundation preparation Committee”
October 2014 (TBD)	Prepares stock transfer plan and concludes M&A agreement
December 2014 (TBD)	Holds extraordinary shareholders meeting of Maruetsu, Kasumi and MV Kanto
February 2015 (TBD)	Maruetsu and Kasumi delisted
March 2015 (TBD)	Founds the JV and it listed on TSE

【FYI】 Organizations to be involved in the Metropolitan SM Alliance and capital investment flow



END

【Overview of 3 companies】(As of Fiscal Year ended Feb. 2014)

The Maruetsu, Inc.

- ① Address of hdqtrs 5-51-12 Higashi Ikebukuro, Toshima-ku, Tokyo, Japan
- ② Founded on June 16, 1952
- ③ Represented by Makoto Ueda
- ④ Paid-in-capital 37,549 million yen
- ⑤ Annual revenue 319,346 million yen (consolidated base)

- ⑥ employees 3,824 employees (consolidated base)
- ⑦ stores 268 stores

KASUMI CO., LTD.

- ① Address of hdqtrs 599-1 Nishi Ohashi, Tsukuba-city, Ibaraki, Japan
- ② Founded on June 16, 1961
- ③ Represented by Motohiro Fujita
- ④ Paid-in-capital 14,428 million yen
- ⑤ Annual revenue 224,631 million yen (consolidated base)
- ⑥ employees 2,003 employees (consolidated base)
- ⑦ stores 151 stores

MAXVALU KANTO CO., LTD.

- ① Address of hdqtrs 3-21-1 Takasu, Mihama-ku, Chiba-city, Chiba, Japan
- ② Founded on December 4, 2009
- ③ Represented by Kazuhito Takanashi
- ④ Paid-in-capital 100 million yen
- ⑤ Annual revenue 42,744 million yen
- ⑥ employees 287 employees
- ⑦ stores 32 stores