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AEON CO., LTD.  
Red Cabbage Co., Ltd

September 8, 2014

Notification of the conclusion of a capital alliance agreement (consolidated subsidiary acquisition) with Red  
Cabbage Co., Ltd

Red Cabbage Co., Ltd (president and CEO Ryo Iwashita, hereinafter 'Red Cabbage') and Aeon Co., Ltd (President and CEO Motoya Okada, hereinafter 'Aeon') have concluded a capital alliance agreement and agreed to consolidate Red Cabbage as a subsidiary of Aeon.

The supermarket business in the western part of Yamaguchi and northern Kyushu, where Red Cabbage operates its business, has been in an increasingly severe operating environment given the contraction in customers spending as consumers adopted a more defensive stance toward spending after the consumption tax hike as well as escalating competition across industries and business.

In the midst of such an environment Red Cabbage, which has reached its 30th anniversary since founding, decided that in order to sustain growth, the best course of action would be to enter into an alliance with Aeon, where it aims to streamline its management system and boost its competitive capabilities.

Following the conclusion of the agreement, Aeon dispatches directors and auditors to Red Cabbage for assisting the President and CEO, Ryo Iwashita.

The two companies will now move swiftly to set up an alliance committee to promote the smooth merger of management resources of the two companies; local-based procurement skill of Red Cabbage centered on fresh foods, and management resources, including global procurement capability, Topvalu brand, and WAON e-money, with an aim to supply local people with attractive goods, ranges of products, and services.

Details of the agreement

1. Outline of the capital alliance

Aeon plans to acquire 86.7% of Red Cabbage's shares through a third-party allotment and make Red Cabbage a consolidated subsidiary on September 22, 2014 with an aim to strengthen Red cabbage's financial soundness, and thus promote their growth strategy.

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## 2. Outline of the business alliance

Aeon, Maxvalu Kyushu and Red Cabbage starts discussions on the following areas.

- (1) Introducing of Aeon's private brand products to Red Cabbage
- (2) Joint purchasing of local commercial materials
- (3) Sharing of logistics system
- (4) Exchanging human resources
- (5) Introducing Aeon's non-retail businesses (comprehensive finance services, comprehensive facility management services, etc.)
- (6) Other matters agreed upon by both parties

## 3. Regarding dispatch of directors

After obtaining the approval of the extraordinary meeting of shareholders of Red Cabbage, scheduled for late September, Aeon plans to dispatch three executive directors, two non-executive directors and one non-executive auditor to Red Cabbage from Aeon Group.

## 4. Outline of Red Cabbage Co., Ltd

- (1) Trading name: Red Cabbage Co., Ltd
- (2) Representative: Ryo Iwashita, President and CEO
- (3) Address of head office: 1-9 Yamanota Honmachi, Shimonoseki City, Yamaguchi Prefecture
- (4) Shareholder: Ryo Iwashita (100%)
- (5) Date of establishment: August 1984
- (6) Main business: Food supermarkets
- (7) Fiscal year end: July 20
- (8) Number of employees: 1,689 (of whom 344 are permanent employees)
- (9) Number of stores: 41 (8 in Yamaguchi, 22 in Fukuoka, 7 in Nagasaki, 2 in Saga and 2 in Kumamoto Prefecture)
- (10) Capital: 32 million yen
- (11) Recent operating revenue: 30.7 billion yen

## 5. Impact upon Aeon's business performance this term

The impact that this acquisition will have upon the company's business performance this term will be negligible.