

**August 20, 2001**

ABC Co., Ltd.

President:

Shares traded: Tokyo Stock Exchange, 1st Section (Code No. )

Contact: General Manager, Finance Division

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### **Notification of Business Alliance with DEF Co., Ltd.**

The Board of Directors of ABC Co., Ltd., at its August 20, 2001 meeting, approved the formation of a business alliance with DEF Co., Ltd. Details of the alliance are as follows.

#### **1. Reason for the alliance**

ABC specializes in the wholesaling and retailing of processed food products, mainly in the Tokyo area. DEF is the largest supermarket chain in Mie Prefecture, boasting outstanding name recognition and customer support in this region. This company has 17 stores, four of which are operated by a subsidiary, that sell mainly groceries.

ABC and DEF both believe that current conditions in Japan's grocery wholesaling and retailing industry offer many excellent opportunities for growth. The companies are convinced that the joint implementation of a distinctive merchandise policy is the best way to earn even more support from customers in their respective home regions. This common awareness led to the decision to form a comprehensive alliance covering all aspects of operations including purchasing, sales, OEM supply agreements, new product development and executive conferences. ABC believes that joining forces with a prominent partner, rather than acting alone, is a much more effective way to procure merchandise from suppliers in Japan and overseas. This alliance is therefore expected to allow ABC to implement its merchandise policy even more effectively.

The alliance will begin in September 2001 with the joint operation of the grocery portion of the two companies' merchandise divisions. Sales of merchandise jointly procured outside Japan are to begin by the end of 2001. Furthermore, ABC has much to learn from DEF. This partner's many strengths include considerable expertise in perishable groceries, an aggressive management team that shares a common set of values, a highly motivated workforce, and skill in locating new products and the joint marketing. ABC therefore believes that this alliance will be beneficial to both parties.

ABC plans to form agreements with other companies that share the same objectives. The company aims to create a new type of management style, one that can reliably transform ties with other companies into meaningful relationships.

#### **2. Scope of business alliance**

A Business Alliance Project Team will be formed to determine how to implement the alliance. While specific matters will be decided at a later date, discussions will focus on the following points:

- a. Implementation of a joint merchandise policy
- b. Joint operation of the two companies' grocery merchandise divisions
- c. Joint sales of strategic products

- d. Joint development of new products
- e. Cooperation in improving operating efficiency

### 3. Profile of DEF Co., Ltd.

- Name DEF Co., Ltd.
- Businesses Department stores, grocery retailing, other retailing
- Established June 1973
- Head office
- President
- Capital ¥ thousand
- Employees 356
- Major shareholders xxx (75%)  
Employee Stock Ownership Plan (25%)
- Relationship with ABC  
None regarding capital or human resources as of August 20, 2001

### ● Financial Highlights

Years ended Feb. 28/29 Item	(FY 26) 1999	(FY 27) 2000	(FY 28) 2001	(FY 29) 2002 (F)
Net Sales				
Current income				
Net income				
Net income per share (¥)				
Total assets				
Shareholders' equity				

Note: Units: Millions of yen, Net income per share: Yen,

### 4. Alliance schedule

- August 20, 2001 Approval by Board of Directors
- September 1, 2001 Formation of Business Alliance Project Team

Note: The timing of the start of joint operations is to be determined at a later date.

### 5. Outlook

ABC is making no revisions to its estimates for the current fiscal year at this time. Revisions, if needed, will be released once the specific nature of the business alliance is clear and it becomes possible to formulate estimates of how the alliance will affect operating results.

### Business Forecasts

Years ending March 31	2002	2003	( Non-cons results ) 2001
Net sales			
Current income			
Net income			
Dividend per share			

Note: Figures in parentheses show the contributions of the business alliance.

## **Inquiries**

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**DEF Co., Ltd.**

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