

1 September 2003

To: Shareholders

From: C Two-Network Co., Ltd. (the *Company*)
1-17, Toranomom 4-chome, Minato-ku, Tokyo
Representative Director and President Kazusa Sakurai

Notice to Convene an Extraordinary General Meeting of Shareholders

An extraordinary general meeting of shareholders of the Company (the *Meeting*) will be held as described below, and we would be grateful if you could attend the Meeting.

Please note that, even if you cannot attend the Meeting, you will be able to exercise your voting rights by submitting the required document. Therefore, if you cannot attend the Meeting, please read through the reference material attached hereto and prepare the voting right exercise form enclosed herein (by indicating on the form whether you vote for or against the agenda and affixing your seal thereon) and send us such executed form.

Information regarding the Meeting:

1. Date and time: 16 September 2003 (Tuesday)
From 4 p.m.
2. Place: New building of Toranomom Pastoral 5F,1-1, Toranomom 4-chome, Minato-ku, Tokyo
3. Purpose of the Meeting

Matters to be resolved

- (1) Establishment of 100% parent company by statutory share transfer (*kabushiki iten*); and
- (2) Election of 4 Directors.

* Please note that the summary of (1) above is set out in the attached document titled "Reference Documents for Exercise of Voting Rights" (pages 3 through 23).

If you choose to attend the Meeting, we would appreciate it if you could submit the voting right exercise form enclosed herein at the reception desk (at the site of the Meeting) on the day of the Meeting.

REFERENCE DOCUMENTS FOR EXERCISE OF VOTING RIGHTS

1. Number of all the voting rights owned by the shareholders: 96,422
2. Agenda and relevant information

Agenda 1 (Establishment of 100% parent company by statutory share transfer (*kabushiki iten*))

- (1) Why does it have to be a statutory share transfer?

The Company has undergone a smooth growth and development in the market with the wholesale business (which we have conducted since our incorporation in 1947) and the retail business (which we started from 1994) as our core businesses. However, the management environment surrounding the Company has changed greatly due to the restructuring in the retail industry and the entry of large foreign-invested companies into the market.

Under such circumstances, during the period from 11 June 2003 to 10 July 2003, a tender offer to purchase common shares in the Company was conducted on a friendly basis by Tesco Holdings B.V. (the *Tender Offer*). Tesco Holdings B.V. is a company in which Tesco PLC indirectly owns 100% of the issued shares. Tesco PLC is the UK's leading retailer and Tesco PLC and other companies of its group (collectively, "the *Tesco Group*") currently operate in 10 countries in Europe and Asia, having more than 2000 stores of various types. The Tender Offer was conducted in order to achieve a new expansion of business in the Japanese retail market as a part of its international expansion, which is one of the Tesco Group's growth strategies. The Company decided that the Tender Offer would contribute to the Company's future expansion of business and improvement of business results and, therefore, expressed its support for the Tender Offer on 10 June 2003.

As a result of the Tender Offer, the Tesco Group acquired 9,132,300 shares (approximately 94.54% of all the issued shares in the Company), which made the Company a member of the Tesco Group. We believe, however, that, in order to provide products and service that properly meet the needs of the customers and gain more support from the customers in a management environment that changes from day to day, it would be important to strengthen the Company's business cooperation with the Tesco Group and make further efforts to achieve a speedy decision-making process and efficient management. In order to achieve such goal, we would like to propose an establishment of a 100% parent company by a statutory share transfer (*kabushiki iten*), which is provided for in Article 364 of the Commercial Code (the *Statutory Share Transfer*). By implementing the Statutory Share Transfer, we will establish a new company (Cheshunt Japan Holdings K.K., hereinafter referred to as "the *Parent Company*") as the 100%

parent company of the Company. In establishing the Parent Company, one common share in the Parent Company will be allotted for every 500 common shares in the Company. Therefore, any shareholder who owns 500 or more common shares in the Company prior to the Statutory Share Transfer will become a shareholder of the Parent Company. On the other hand, with respect to any shareholding of less than 500 common shares in the Company, such shares will become a “fractional number” in respect of shares in the Parent Company, and the Parent Company will sell the newly issued shares in the Parent Company representing such “fractional number”, as the Parent Company will provide in its articles of incorporation that it will not adopt the “fractional share” system, and the Parent Company will pay you the proceeds in proportion to the shares you own. In relation to such sale of shares in the Parent Company, the Tesco Group has indicated that it intends to purchase such shares in the Parent Company at a price to be determined on the basis of, but not more than, the purchase price for the Tender Offer (¥3,400 per one share in the Company), on condition that court approval required under Paragraph 2, Article 220 of the Commercial Code is obtained (if necessary).

Please note that the shares in the Company will be delisted from the Tokyo Stock Exchange as a result of the Statutory Share Transfer. Furthermore, as the Parent Company does not intend to list its shares, you would not be able to sell your shares in the open securities market after you become a shareholder of the Parent Company as a result of the Statutory Share Transfer.

We would also like to mention that the Tesco Group strongly wishes to make the Company into its wholly-owned subsidiary by acquiring 100% of the issued shares in the Company. Therefore, the Tesco Group has indicated that, at a reasonable time after the Statutory Share Transfer takes place, they would like to purchase from the Parent Company all the shares in the Company at a price to be determined on the basis of, but no more than, ¥3,400 per one share. If such transfer of shares takes place, the dissolution and liquidation of the Parent Company may take place. If such liquidation takes place, you would, as a shareholder of the Parent Company, receive distribution of residual assets in proportion to the shares you own. The question as to whether such series of transactions will take place or not will be determined by a resolution of the board of directors of the Parent Company and a resolution of the general meeting of shareholders of the Parent Company.

In order to ensure a smooth process of making the Company into its wholly-owned subsidiary, the Tesco Group intends to purchase your shares in the Parent Company at a reasonable time after you acquire such shares as a result of the Statutory Share Transfer. For such purchase of shares in the Parent Company by the Tesco Group, the purchase price per one share in the Parent Company is expected to be

determined on the basis of, but no more than, the purchase price for the Tender Offer, which was ¥3,400 per one share in the Company.

(2) Description of the Statutory Share Transfer

(i) Articles of incorporation of the Parent Company to be established

The content of the articles of incorporation of the Parent Company will be as set out in the attached document titled “Articles of Incorporation of Cheshunt Japan Holdings K.K.” (pages 16 through 23).

(ii) Types and number of shares to be issued by the Parent Company upon the Statutory Share Transfer and matters relating to the allocation of shares to shareholders

The Parent Company will issue 19,319 common shares upon the Statutory Share Transfer and allocate to the shareholders of the Company one common share in the Parent Company for every 500 common shares that the shareholders own in the Company.

Furthermore, as the Parent Company will not adopt the “fractional share” system (as provided for in Article 6 of the attached document titled “Articles of Incorporation of Cheshunt Japan Holdings K.K.”) pursuant to Paragraph 3, Article 220-2 of the Commercial Code, any share of less than one whole share will not be registered or recorded in the fractional share register as a fractional shares. Therefore, as any shareholding of less than 500 common shares in the Company will be treated as a shareholding of less than one whole share of the Parent Company for the purpose of the above-mentioned allocation: with respect to any shareholding of less than 500 common shares in the Company, the Company will sell the newly issued shares in the Parent Company and pay you the proceeds in proportion to the number of such shares you own.

(iii) Amount of capital and capital reserve of the Parent Company to be established

The amount of capital of the Parent Company will be ¥19,319,000 and the amount of capital reserve will be equivalent to the amount calculated by deducting such amount of capital from the amount of net assets of the Company existing as of the date of the Statutory Share Transfer.

(iv) Matters relating to the payment of statutory share transfer adjustment money to the shareholders of the Company which will become the wholly-owned subsidiary of the Parent Company

There will be no payment of statutory share transfer adjustment money in relation to the Statutory Share Transfer.

(v) Timing of Statutory Share Transfer

1 November 2003

However, the Company may change the timing if necessary in relation to the progress of the procedures of the Statutory Share Transfer.

(vi) Matters regarding the maximum limit of dividends or interim dividends to be distributed prior to the day of the Statutory Share Transfer

The Company will not pay any dividend or interim dividend.

(vii) Name of directors of the Parent Company to be established

Name (date of birth)	Brief business history (including assumption of office as representative of other companies)	Number of shares that such person owns in the Company
Kazusa Sakurai (Born on 2 February 1968)	1990: Joined the Company 1997: Became manager of the president's office of the Company 1998: Assumed office as director (and chief of president's office) of the Company Assumed office as director (and chief of administrative department) of the Company 2000: Assumed office as director (and vice president in charge of finance and management planning) of the Company 2001: Assumed office as representative director (and president) of the Company (current position)	--
Jonathan Scott Wheway (Born on 26 August 1966)	1984: Joined Tesco Stores Ltd. 1993: Various regional management roles in the UK and Ireland 1998: Assumed office as Operations Director of Tesco Stores Ltd. 2001: Assumed office as Strategic Change Director of Tesco Stores Ltd. (current position)	--
Christopher John Robinson (Born on 27 March 1969)	1991: Joined Unilever Plc 1994: Senior auditor at International Audit Dept of Unilever Plc 1998: Finance Manager of Tesco Stores Ltd. 2001: Assumed office as Finance Director of Tesco Stores Malaysia Sdn Bhd (current position)	--

* There is no special relationship between the Company or Cheshunt Japan Holdings K.K. (the Parent Company to be established) and the person who will assume the office as director of the Parent Company upon the Statutory Share Transfer

(viii) Name of statutory auditors of the Parent Company to be established

Name (date of birth)	Brief business history (including assumption of office as representative of other companies)	Number of shares that such person owns in the Company
Michael Risk (Born on 11 November 1951)	1973: Joined Tesco Stores Ltd. 1989: Divisional Director of Financial Planning of Tesco Stores Ltd. 1990: Group Audit Director of Tesco Stores Ltd. 1996: Assumed office as Director of Internal Audit of Tesco Stores Ltd. (current position)	--

* There is no special relationship between the Company or Cheshunt Japan Holdings K.K. (the Parent Company to be established) and the person who will assume the office as statutory auditor of the Parent Company upon the Statutory Share Transfer

(ix) Matters relating to the remuneration for directors and statutory auditors of the Parent Company to be established

The Parent Company will not pay any remuneration to its directors and statutory auditors (who are set out in (vii) and (viii) above).

(x) Matters regarding joint establishment

The Statutory Share Transfer is not a method in which the Parent Company is established jointly with another company.

(xi) Matters regarding the appointment of an accounting auditor of the Parent Company to be established

As described in (iii) above, Article 2 of the “Law concerning Special Rules of the Commercial Code in respect of Auditing, etc. of Corporations (*kabushiki kaisha*)” (this law relates to the requirement to appoint an accounting auditor) will not apply to the Parent Company, as the amount of its capital will be ¥19,319,000, which makes it a “small company”. Therefore, there will be no appointment of any accounting auditor.

(3) Explanation regarding allocation of shares required under Item 2, Paragraph 1, Article 366 of the Commercial Code

The Statutory Share Transfer involves only the Company, and is not a statutory share transfer that would result in the establishment of a 100% parent company jointly with another company.

The Company, as a listed company, has undergone two share-splits for the benefit of the shareholders. However, in light of the fact that shares in the Company will be delisted as a result of the Statutory Share Transfer and the Parent Company does not intend to list its shares, we have come to the conclusion that it is not necessary to consider this point. Rather, considering the fact that, contrary to the Company, which has conducted activities as a listed “business company”, the Parent Company to be established by the Statutory Share Transfer will only operate as a private “holding company”, if the number of shareholders having voting rights in the Parent Company is of a great number, the work required for handling matters relating to shares will be too great, and it would not be possible to achieve efficiency in respect of such share-related work, which would hinder the effort to achieve an efficient management. Therefore, in order to mitigate the Parent Company’s burden for handling matters relating to shares and consequently achieve efficiency in respect of share-related work and management, we came to the conclusion that the appropriate way would be to allocate one common share in the Parent Company for every 500 common shares in the Company.

- (4) Balance sheet (Item 3, Paragraph 1, Article 366 of the Commercial Code) and profit and loss statement (Item 5 of the same paragraph)

The balance sheet and the profit and loss statement of the Company (which will become the wholly-owned subsidiary of the Parent Company) are as follows.

BALANCE SHEET

(As of 31 March 2003) thousands of yen

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	10,390,484	Current liabilities	5,978,257
Cash / deposits	6,940,986	Notes payable	7,891
Trade accounts receivable	996,845	Trade accounts payable	4,092,591
Products	1,620,075	Other accounts payable	380,872
Stored goods	2,000	Accrued expenses	110,688
Prepaid expenses	141,369	Accrued corporate tax	999,207
Deferred tax assets	137,904	Accrued consumption tax	114,101
Other accounts receivable	527,842	Deposits received	143,721
Other current assets	24,799	Unearned income	3,070
Bad-debt reserves	- 1,340	Employee bonus reserve	126,112
Fixed assets	4,973,496	Fixed liabilities	501,575
Tangible fixed assets	2,142,880	Long-term liabilities	50,373
Buildings	731,638	Deposits received	451,201
Structures	15,812	Total liabilities	6,479,833
Machinery	26,267		
Vehicles and delivery equipments	1,364		
Equipment	160,395		
Land	1,207,401		
Intangible fixed assets	200,727		
Software	46,085		
Software (temporary a/c)	146,485		
Other intangible fixed assets	8,156		
Investments	2,629,888		
Investment securities	113,691		
Shares in subsidiaries	6,000		
Capital contribution	144,885		
Bankruptcy claims, etc.	23,178		
Long-term prepaid expenses	101,347		
Leasehold deposits	2,094,191		
Deferred tax assets	153,919		
Other investments	15,852		
Bad-debt reserves	- 23,178		
Total assets	15,363,980		
		Shareholders' Equity	
		Item	Amount
		Capital	352,757
		Capital surplus	766,782
		Capital reserve	766,782
		Retained earnings	8,050,703
		Retained earnings reserve	43,129
		Voluntary reserve	1,667,702
		Reserve for reduced value entry of replacement assets	67,702
		Other reserve	1,600,000
		Unappropriated profit	6,339,871
		(profit for the term included in above)	(2,045,316)
		Treasury shares	- 286,096
		Total shareholders' equity	8,884,147
		Total liabilities and shareholders' equity	15,363,980

PROFIT AND LOSS STATEMENT

(From 1 April 2002 to 31 March 2003) thousands of yen

	Item	Amount	
Ordinary profit/loss	(Operating profit/loss)		
	Operating income		
	Sales amount		54,344,066
	Operating expenses		
	Sales cost	41,009,232	
	Marketing cost and general administrative expense	9,426,546	50,435,779
	Operating profit		¥3,908,287
	(Non-operating profit/loss)		
	Non-operating income		
	Interest income	10,161	
	Dividend income	24	
	Rent income	37,300	
Other non-operating income	23,220	70,707	
Non-operating expenses			
Interest expense	1,173		
Foreign exchange loss	15,671		
Other non-operating expenses	5,824	22,669	
Ordinary profit		3,956,324	
Extraordinary profit/loss	Extraordinary profit		
	TK investment	12,728	
	Reversal of bad-debt reserve	2,960	
	Receiving fixed assets as “gift”	116,814	132,502
	Extraordinary loss		
	Sale of fixed assets	1,613	
	Retirement of fixed assets	43,552	
	Loss from valuation of investment securities	422,309	
	Loss from investment business partnership	24,201thousands	
	Loss from withdrawal of stores	15,994	507,671
Pre-tax profit for the term			3,581,156
Corporate tax, residence tax, business tax			1,725,841
Corporate tax adjustment amount			- 190,002
Profit for the term			2,045,316
Profit deferred from preceding term			4,294,554
Unappropriated profit for the term			6,339,871

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Principles

(1) Standards and method of valuation of securities

Shares in affiliates: cost method by moving average method.

Other securities: (Securities with market value)

Market value method based on the market price, etc. as of the date of settlement of accounts (any difference that arises from such valuation will be treated by the method of full amount direct transfer into capital and the sales cost will be treated by the moving average method).

(Securities without market value)

Cost method by moving average method.

(2) Standards and method of valuation of inventories

Products: cost method by retail method (however, cost method by moving average method shall be taken for MD Department's MD Center).

Stored goods: last purchase method.

(3) Method of depreciation of fixed assets

Tangible fixed assets: constant percentage method

Useful life and residual value is based on the provisions of the Corporate Tax Law. However, the straight line method is taken for buildings (excluding attached facilities /equipment) acquired on or after 1 April 1998.

Intangible fixed assets: straight line method

Useful life is based on the provisions of the Corporate Tax Law. Please note that, with respect to software used by the Company itself, the straight line method is taken on the basis of the period during which the software can be used for internal purposes (5 years).

Long-term prepaid expense: straight line method

Useful life is based on the provisions of the Corporate Tax Law.

- (4) Accounting standards for reserves
- (i) Bad-debt reserves: With respect to general claims, the amount calculated based on the actual bad-debt ratio (if the statutory ratio for the provisional measures under the Corporate Tax Law exceeds such bad-debt ratio, such statutory ratio) is included in the amount of bad-debt reserves. With respect to certain claims (including claims which are suspected of becoming bad-debts), the possibility of collection is considered on a case-by-case basis, and the estimated amount of non-collection is included in the amount of bad-debt reserves.
- (ii) Bonus reserves: In order to prepare for payment of bonus to employees, the amount of the estimated payment of bonus for the term is treated as the amount of the bonus reserves.

(5) Treatment of lease transactions

With respect to finance lease transactions other than those in which the ownership of the leased property transfers to the lessee, the accounting treatment is similar to that of ordinary lease transactions.

- (6) Accounting treatment of consumption tax, etc. is conducted by the tax exclusion method.

(Additional information)

(1) Display of information in the “shareholders’ equity” section

Pursuant to the proviso clause of Article 3 of the Supplementary Rules to the “Enforcement Rules of the Commercial Code” (No.22 Ordinance of the Ministry of Justice dated 29 March 2002), the “shareholders’ equity” section is divided into the following subsections as from this term: capital, capital surplus, retained earnings and treasury shares.

(2) Accounting in respect of treasury shares and reversal of statutory reserve

As from this term, the “Accounting Standards for Treasury Shares and Reversal of Statutory Reserve” (Corporate Accounting Standards No.1) is applied. This has a minor effect upon the profit / loss of the Company.

2. Matters relating to Balance Sheet

- (1) Each of the amounts set out in the balance sheet are rounded down to the nearest thousand yen.

- (2) Monetary claims and liabilities against subsidiaries
- | | |
|----------------------------------|-------------------|
| Short-term monetary claims: | ¥9,167 thousands |
| Short-term monetary liabilities: | ¥10,487 thousands |
- (3) Accumulated depreciation of tangible fixed assets ¥779,859 thousands
- (4) In addition to the fixed assets included in the balance sheet, there are other material fixed assets used under lease agreements, including store equipment and supplies, computer and peripheral equipment.
- (5) Material assets in foreign currency
- | | |
|---|--------------------|
| Cash and deposits (US\$4,644 thousands and EUR 91 thousands): | ¥569,890 thousands |
|---|--------------------|
- (6) Subscription rights (stock option) set forth in Paragraph 1, Article 280-19 of the old Commercial Code
- (i) By a resolution of the ordinary general meeting of shareholders held on 17 June 1999
- | | |
|---------------------------------|--------------------|
| Number of shares to be issued: | 119,250 shares |
| Type of shares to be issued: | Common shares |
| Issue price of relevant shares: | ¥8,890 [per share] |
- (ii) By a resolution of the ordinary general meeting of shareholders held on 16 June 2000
- | | |
|---------------------------------|--------------------|
| Number of shares to be issued: | 120,375 shares |
| Type of shares to be issued: | Common shares |
| Issue price of relevant shares: | ¥9,334 [per share] |
- (iii) By a resolution of the ordinary general meeting of shareholders held on 15 June 2001
- | | |
|---------------------------------|--------------------|
| Number of shares to be issued: | 165,000 shares |
| Type of shares to be issued: | Common shares |
| Issue price of relevant shares: | ¥6,432 [per share] |
- (7) Profit for the term per one share (calculated on the basis of the average of the total number of issued shares during the fiscal term): ¥212.46

3. Matters relating to Profit and Loss Statement

(1) Each of the amounts set out in the profit and loss statement are rounded down to the nearest thousand yen.

(2) Volume of transactions with subsidiaries

Business transactions (amount of purchases):	¥53,230 thousands
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Volume of transactions for transactions other than business transactions:	¥3,888 thousands
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(3) Detailed statement of assets which were transferred to the Company as “gifts” from Mr Yasushi Inaida

Buildings:	¥100,360 thousands
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Equipment:	¥16,214 thousands
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Others:	¥238 thousands
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ARTICLES OF INCORPORATION

OF

Cheshunt Japan Holdings K.K.

(the "*Company*")

CHAPTER I.

GENERAL PROVISIONS

Article 1. (Trade name)

The name of the Company shall be “[チェサント・ジャパン・ホールディングス株式会社]”, which shall be indicated in English as “Cheshunt Japan Holdings K.K.”.

Article 2. (Purposes)

1. The purposes of the Company shall be to control and manage the business activities of a company (or companies) that engage in the following businesses by owning the shares in such company (or companies):
 - (1) development, production (for others), sale, import and export and import (on behalf of others) of food products such as processed food (including olive oil, pasta, harusame, etc.), frozen food, agricultural products, stock farm products, fishery products, alcoholic beverage, salt, cold beverage, fruit beverage, seasonings, bottled and canned products, dairy products, snacks and sweets;
 - (2) sale and import and export of rice, animal feed and pet food;
 - (3) processing of agricultural products, stock farm products and fishery products, prepared food, frozen food, cold beverage and fruit beverage;
 - (4) sale and import and export of convenience goods, packaging material, cigarettes and books;
 - (5) sale and lease of food product display equipment, vending machine, office equipment, computer and peripheral equipment;
 - (6) planning, development, sale and lease of computer software;
 - (7) mail-order sale;
 - (8) collection, processing and sale of information on flow of various goods;
 - (9) business relating to provision of technical assistance and guidance and investment in relation to management of convenience stores and supermarkets;

- (10) designing and construction, lease and management of supermarkets, shopping centers and retail stores and management consulting business relating thereto;
 - (11) logistics business;
 - (12) management and operation of logistics center and collection and processing of information relating to logistics;
 - (13) logistics consulting business;
 - (14) investment business;
 - (15) obtaining the right to produce or act as a sales agent in Japan with respect to foreign products such as processed food (including olive oil, pasta, harusame, etc.), frozen food, agricultural products, stock farm products, fishery products, alcoholic beverage, salt, cold beverage, fruit beverage, seasonings, bottled and canned products, dairy products, snacks and sweets; and
 - (16) development of menu for restaurant industry and provision and sale of ingredients.
2. The Company may also conduct any and all other business ancillary, or relating, to any of the foregoing.

Article 3. (Location of the head office)

The Company shall have its head office in Minato-ku, Tokyo.

Article 4. (Method of public notice)

Public notice of the Company shall be placed in the Official Gazette (*Kanpo*).

CHAPTER II.

SHARES

Article 5. (Total number of shares authorized to be issued)

The total number of shares authorized to be issued by the Company shall be 77,000 shares, all of which shall be common shares; provided, however, that, if a retirement of shares takes place, the number of shares authorized to be issued shall be reduced accordingly.

Article 6. (Treatment of share less than one whole share)

The Company shall not register or record any share less than one whole share in a fractional share register as fractional share.

Article 7. (Record date)

1. The shareholders of the Company who are registered or recorded in the final shareholders list as of the end of each fiscal year ([30 September]) shall be allowed to execute the right of shareholders at the ordinary general meeting of shareholders of that fiscal year.
2. Notwithstanding the foregoing paragraph, the Company may, if necessary, specify the record date by a resolution of the board of directors and by giving prior public notice.

Article 8. (Transfer agent)

1. The Company shall engage a transfer agent to handle matters relating to the shares in the Company.
2. The transfer agent and the office(s) of the transfer agent handling the relevant work shall be selected and determined by a resolution of the board of directors.
3. The shareholder register and the lost share certificates registry of the Company shall be kept at the office(s) of the transfer agent handling the relevant work, and the Company shall have the transfer agent handle matters relating to shares (including, but not limited to, registration of transfer of shares, registration or cancellation of pledge, designation or cancellation of trust and issuance of replacement share certificates), and shall not handle such matters itself.

Article 9. (Share-handling regulations)

The handling and fee with respect to matters relating to shares (including, but not limited to, registration of transfer of shares, registration or cancellation of pledge, designation or cancellation of trust and issuance of replacement share certificates and registration with the lost share certificates registry) shall be as provided for in the share-handling regulations to be determined by the board of directors, in addition to the provisions of the relevant laws and regulations and these articles of incorporation.

CHAPTER III.

GENERAL MEETING OF SHAREHOLDERS

Article 10. (Convocation of ordinary general meetings)

1. The ordinary general meeting of shareholders of the Company shall be convened within three (3) months of the day following the last day of each fiscal year. An extraordinary general meeting of shareholders of the Company shall be convened whenever necessary.

Article 11. (Person calling the meeting and chairman of the meeting)

1. Unless otherwise provided for by law, any general meeting of shareholders shall be called by the director and president in accordance with a resolution of the board of directors.
2. Should the president be unable to so act, another director in an order predetermined by the board of directors shall act in his place.

Article 12. (Resolutions)

Unless otherwise provided for by law or by these articles of incorporation, the affirmative votes of a majority of the voting rights of the shareholders present or represented at a general meeting of shareholders shall be required to pass any resolution.

Article 13. (Proxy voting)

1. A shareholder may exercise his vote by proxy through other shareholders who own voting rights in respect of the Company.
2. In a case referred to in the preceding paragraph, the shareholder or its proxy must submit to the Company a document evidencing such proxy for each general meeting of shareholders at which the vote is to be taken.

Article 14. (Minutes of general meetings of shareholders)

A summary of the procedures of the meeting and the results thereof of all general meetings of shareholders shall be set out or recorded in the minutes, and the chairman of the meeting and the directors present at the meeting shall affix their signatures and/or seal impressions and/or their electronic signatures to the minutes.

**CHAPTER IV.
DIRECTORS AND BOARD OF DIRECTORS**

Article 15. (Number of directors)

The Company shall have no more than five (5) directors.

Article 16. (Election of directors)

1. Directors shall be elected by a resolution of the general meeting of shareholders.
2. Directors shall be elected by a majority of the voting rights of the shareholders present at the relevant general meeting of shareholders. The presence of shareholders representing at least one-third of all shareholders shall be required to make a quorum for the election of directors.
3. The election of directors shall not be conducted by cumulative voting.

Article 17. (Term of office of directors)

1. The term of office of a director shall expire upon conclusion of the ordinary general meeting of shareholders for the last fiscal year ended within two (2) years after his assumption of office.
2. The term of office of a director elected to fill a vacancy or to increase the total number of directors shall correspond to the unexpired term of office of the other incumbent directors.

Article 18. (Representative directors and directors with titles)

1. Representative director(s) shall be elected by a resolution of the board of directors.
2. The Company shall determine one (1) director and president and, if necessary, one (1) director and chairman and one (1) or more director and vice president, senior managing director (*senmu*) and managing director (*jomu*), who shall each be elected by a resolution of the board of directors.

Article 19. (Person calling meetings of the board of directors and chairman of the meetings)

1. Unless otherwise provided for by law, any meeting of the board of directors shall be called by the director and president.
2. Should the director and president be unable to so act, another director in an order predetermined by the board of directors shall act in his place.

Article 20. (Notice to convene a meeting of the board of directors)

1. Notice to convene a meeting of the board of directors shall be dispatched to each director at least three (3) days prior to the date set for such meeting; provided, however, that such notice period may be shortened in a case of emergency.
2. With the consent of all the directors, such convocation procedure may be omitted.

Article 21. (Resolution of the board of directors)

1. At any meeting of the board of directors, the presence of a majority of all directors shall be required to make a quorum, and the affirmative votes of a majority of the directors present at any meeting of the board of directors shall be required to pass any resolution.

Article 22. (Minutes of meetings of the board of directors)

A summary of the procedures of the meeting and the results of all meetings of the board of directors shall be set out or recorded in the minutes, and the directors present

at the meeting shall affix their signatures and/or seal impressions and/or electronic signatures to the minutes.

Article 23. (Board regulations)

Matters relating to the board of directors shall be as provided for in the board regulations to be determined by the board of directors, in addition to the provisions of the relevant laws and regulations and these articles of incorporation.

Article 24. (Remuneration for directors)

The remunerations for directors shall be determined by a resolution of the general meeting of shareholders.

**CHAPTER V.
STATUTORY AUDITORS**

Article 25. (Number of statutory auditors)

The Company shall have no more than two (2) statutory auditors.

Article 26. (Election of statutory auditors)

1. Statutory auditors shall be elected by a resolution of the general meeting of shareholders.
2. Statutory auditors shall be elected by a majority of the voting rights of the shareholders present at the relevant general meeting of shareholders. The presence of shareholders representing at least one-third of all shareholders shall be required to make a quorum for the election of statutory auditors.

Article 27. (Term of office of statutory auditors)

1. The term of office a statutory auditor shall expire upon conclusion of the ordinary general meeting of shareholders for the last fiscal year ended within four (4) years after his assumption of office.
3. The term of office of a statutory auditor elected to fill a vacancy shall correspond to the unexpired term of office of his predecessor.

Article 28. (Remuneration for statutory auditors)

The remunerations for statutory auditors shall be determined by a resolution of the general meeting of shareholders.

CHAPTER VI. ACCOUNTING

Article 29. (Business year)

The business year of the Company shall be from 1 October to 30 September of the following year.

Article 30. (Distribution of dividends)

Dividends shall be paid to the shareholders or pledgees duly registered in the final shareholder register as of the last day of the relevant business year (30 September).

Article 31. (Distribution of interim dividends)

The Company may, by a resolution of the board of directors, effect an interim dividend in accordance with the provisions of Article 293-5 of the Commercial Code (*Interim Dividend*), to the shareholders or pledgees duly registered in the shareholder register as of the last day of the relevant business year (31 March).

Article 32. (Extinguishment of the Company's obligation to pay dividend)

1. The Company shall be released from its obligation to pay dividend if such dividend is not accepted by the shareholder (or pledgee) within three (3) years after the day when they first become payable.
2. No interest shall accrue on unpaid dividends or Interim Dividends.

CHAPTER VI. SUPPLEMENTAL PROVISIONS

Article 33. (Shares to be issued at the time of incorporation)

1. The Company shall be incorporated by a statutory share transfer (*kabushiki iten*), which is provided for in Article 364 of the Commercial Code.
2. The total number of shares to be issued by the Company at the time of incorporation shall be 19,319 shares, all of which shall be common shares.

Article 34. (Initial business year)

The initial business year of the Company shall be from the date of incorporation to 30 September 2004.

Article 35. (Term of office of initial directors and statutory auditors)

Notwithstanding Paragraph 1 of Article 17 and Paragraph 1 of Article 27, the term of office of the initial directors and statutory auditor(s) shall expire upon conclusion of

the ordinary general meeting of shareholders for the last fiscal year ended within one (1) year after their assumption of the respective offices.

Agenda 2 (Election of 4 Directors)

In order to strengthen the management of the Company, the Company requests an election of 4 new directors.

The director candidates are as follows:

No.	Name (date of birth)	Brief business history (including assumption of office as representative of other companies)	Number of shares that such person owns in the Company
1	Jonathan Scott Wheway (Born on 26 August 1966)	1984: Joined Tesco Stores Ltd. 1993: Various regional management roles in the UK and Ireland 1998: Assumed office as Operations Director of Tesco Stores Ltd. 2001: Assumed office as Strategic Change Director of Tesco Stores Ltd. (current position)	--
2	Christopher John Robinson (Born on 27 March 1969)	1991: Joined Unilever Plc 1994: Senior auditor at International Audit Dept of Unilever Plc 1998: Finance Manager of Tesco Stores Ltd. 2001: Assumed office as Finance Director of Tesco Stores Malaysia Sdn Bhd (current position)	--
3	Andrew Thomas Higginson (Born on 10 July 1957)	1980: Joined Unilever Plc 1990: Assumed office as Group Finance Director of Laura Ashley Holdings Plc 1994: Assumed office as Group Finance Director of The Burton Group Plc 1997: Assumed office as Finance Director of Tesco Plc (current position)	--
4	Phillip Andrew Clark (Born on 8 March 1960)	1981: Joined Tesco Stores Ltd. 1994: Assumed office as Store Director of Tesco Stores Ltd. 1998: Assumed office as Supply Chain Director of Tesco Plc (current position) 2000: Assumed office as IT Director of Tesco Plc (current position)	--

* There is no special relationship between the Company and any of the candidates.