

C TWO-NETWORK COMPLETES FRE'C ACQUISITION

August 16, 2004
C Two-Network Co., Ltd.

C Two-Network today announced that it has completed the acquisition of Fre'c business as set out in the statement of 27 April 2004. This follows the 25 June 2004 announcement by the IRCJ that it had reached agreement with financial institutions on the restructure of Fre'c's debts.

Yasushi Inaida, non-executive Chairman of C Two-Network said: "I am delighted that the acquisition has been successful. This will give us access to stores that complement the size and location of our existing stores whilst offering opportunities to learn from Fre'c's fresh food operation. We can now look forward to combining the strengths of both C Two and Fre'c to improve the range and service we can offer our customers."

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Notes to Editors:

About C Two-Network

C2 has a long history of distribution of processed foods to independent retailers. In 1994, it expanded on this experience and know-how and entered the Japanese food retail sector. It now controls 76 highly profitable stores mainly in the Tokyo metropolitan area. C Two-Network's focus is on the retailing of packaged foods (grocery and refrigerated) through supermarkets with tenant fresh food operators. In July 2003 C2 was acquired by Tesco. Tesco is the number one retailer in the UK and also operates in other areas of Europe (Republic of Ireland, Hungary, Czech Republic, Slovak Republic, Poland, Turkey) and Asia (Thailand, South Korea, Taiwan and Malaysia), employing nearly 300,000 staff.

About Fre'c

Fre'c ("Fresh and Cost") is a regional privately owned supermarket chain with strength in fresh food. Year end March 2004 sales were JPY26.6 billion. It operates 25 small supermarkets mainly in densely populated residential locations.

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