

[Translation]

March 27, 2014

To whom it may concern

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Notice Regarding Change in the Number of Shares Per Unit, Consolidation of Shares,
and Change in the Number of Shares Authorized

J. FRONT RETAILING Co., Ltd. (the “Company”) resolved at a meeting of its Board of Directors held today to submit a proposal for a change in the number of shares per unit (from 1,000 shares to 100 shares), a consolidation of shares (at a rate of one share for every two shares), and a change in the number of shares authorized (from 2 billion shares to 1 billion shares) to the Company’s 7th general shareholders meeting to be held on May 22, 2014, as described below.

A resolution regarding the submission of a proposal for the partial revision of the articles of incorporation regarding these matters and the consolidation of shares to the general shareholders meeting is to be made at the meeting of the Board of Directors to be held on April 10, 2014.

1. Change in the number of shares per unit

(1) Reason for change in the number of shares per unit

Under their “Action Plan for Consolidating Share Trading Units,” Japan’s stock exchanges seek to standardize the stock trading units of all the listed domestic corporations at 100 shares.

In consideration of this background and the Company’s status as an enterprise listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, the Company has decided to change its number of shares per unit to 100 shares, taking the view that consolidating trading units improves convenience for investors and other market users.

(2) Details of change in the number of shares per unit

The Company will change the number of common shares per unit from 1,000 shares to 100 shares.

The trading unit of the Company's common shares will be changed from 1,000 shares to 100 shares at the Tokyo Stock Exchange and Nagoya Stock Exchange on August 27, 2014.

(3) Conditions for change in the number of shares per unit

Conditional on approval and adoption at the 7th general shareholders meeting to be held on May 22, 2014, of the proposal for the partial revision of the articles of incorporation in connection with this "Change in the number of shares per unit" and "3. Change in the number of shares authorized" below, and the proposal for "2. Consolidation of shares" below.

2. Consolidation of shares

(1) Reason for consolidation of shares

The Company intends to change the number of common shares per unit to 100 shares as described in "1. Change in the number of shares per unit" above. In accordance with this change, and in consideration of other factors including the stock investment unit level considered desirable by Japan's stock exchanges (at least ¥50,000 and less than ¥500,000) and stock price fluctuation in the medium- and long-term, the Company also intends to adjust the stock investment unit for its shares to an appropriate level. For these purposes, the Company has decided to carry out a consolidation of its shares (at a rate of one share for every two shares).

While this consolidation of shares will be carried out at the rate of one share for every two shares of the Company's issued shares as described in "(2) Details of consolidation of shares" below, the fullest consideration will be given to the rights of the shareholders before this consolidation of shares, such as their voting rights, and the convenience of trading the Company's shares on the market. For these reasons, this consolidation of shares is conditional on the approval and adoption of the proposal for the partial revision of the articles of incorporation regarding "1. Change in the number of shares per unit" (change from 1,000 shares to 100 shares) above and "3. Change in the number of shares authorized" below, and the ratio of this consolidation of shares has been set at a higher level (50%) than the ratio of the said change in the number of shares per unit (10%).

(2) Details of consolidation of shares

- (i) Class of stock to be consolidated: Common stock
- (ii) Consolidation ratio: Consolidates every two shares to one share

(iii) Decrease in number of shares (the decrease in the number of shares may fluctuate in the future)

Total number of issued shares before consolidation (as of February 28, 2014)	536,238,328
Decrease in number of shares after consolidation	268,119,164
Total number of issued shares after consolidation	268,119,164

(3) Decrease in number of shareholders

The composition of shareholders based on the shareholders' register as of February 28, 2014, is as follows.

	Number of shareholders (%)	Number of shares held (%)
Total	68,665 (100%)	536,238,328 (100%)
Less than two shares	351(0.51%)	351(0.00%)
Two shares or more	68,314 (99.48%)	536,237,977 (99.99%)

If the consolidation of shares is conducted based on the above composition of shareholders, 351 shareholders that own one share only (number of shares owned: 351 shares) will lose their status as shareholders.

Shareholders that own shares less than one unit may demand that the Company purchase their shares less than one unit pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act. Furthermore, these shareholders may demand that the Company sell them a number of shares that will, when added to the number of their shares less than one unit, constitute the number of shares per unit, pursuant to the provisions of Article 194, Paragraph 1 of the same Act and Article 9 of the Company's articles of incorporation.

(4) Handling of fractional shares

If the consolidation of shares results in the creation of fractions of less than one share, pursuant to the provisions of Article 235 of the Companies Act, the Company will sell a number of shares equivalent to the total of these fractional shares or purchase them as treasury shares, and distribute the proceeds from the said sale or purchase to shareholders who owned the fractional shares in proportion to the ratio of fractional shares they owned.

(5) Adjustments to number and exercise price of shares underlying stock acquisition rights

In accordance with this consolidation of shares, the number of shares underlying stock acquisition rights granted by the Company and the exercise price for each such share will be adjusted as follows from September 1, 2014.

		Before adjustment	After adjustment
Fourth Stock Acquisition Rights (granted September 3, 2007)	Number of underlying shares	1,400	700
	Exercise price per share	¥691	¥1,382
Fifth Stock Acquisition Rights (granted September 3, 2007)	Number of underlying shares	1,000	500
	Exercise price per share	¥1	¥1

* In accordance with a share transfer carried out on September 3, 2007, the Fourth Stock Acquisition Rights were delivered in lieu of stock acquisition rights granted by The Daimaru, Inc. (resolution at the general meeting of shareholders on May 26, 2005), and the Fifth Stock Acquisition Rights were delivered in lieu of stock acquisition rights granted by Matsuzakaya Co., Ltd. (resolution at the general meeting of shareholders on May 25, 2006).

(6) Conditions for consolidation of shares

Conditional on approval and adoption at the 7th general shareholders meeting to be held on May 22, 2014, of the proposal for the partial revision of the articles of incorporation in connection with “1. Change in the number of shares per unit” above and “3. Change in the number of shares authorized” below, and the proposal for this “Consolidation of shares.”

3. Change in the number of shares authorized

(1) Reason for change in the number of shares authorized

In accordance with the decrease in the total number of issued shares due to “2. Consolidation of shares” above, the Company will reduce the number of shares authorized using the same ratio as the consolidation (one for two) in order to set the number of shares authorized at a reasonable level.

(2) Details of change in the number of shares authorized

Number of shares authorized before change	2,000,000,000
Number of shares authorized after change	1,000,000,000

(3) Conditions for change in the number of shares authorized

Conditional on approval and adoption at the 7th general shareholders meeting to be held on May 22, 2014, of the proposal for the partial revision of the articles of incorporation in connection with “1. Change in the number of shares per unit” above and this “Change in the number of shares authorized,” and the proposal for “2. Consolidation of shares” described above.

4. Schedule of change in the number of shares per unit, consolidation of shares, and change in the number of shares authorized

March 27, 2014	Meeting of the Board of Directors for resolution
April 10, 2014 (plan)	Meeting of the Board of Directors for resolution to call shareholders meeting
May 22, 2014 (plan)	General shareholders meeting for resolution
August 26, 2014 (plan)	Last trading date with units of 1,000 shares
August 27, 2014 (plan)	First trading date with units of 100 shares
September 1, 2014 (plan)	Effective date of change in the number of shares per unit
September 1, 2014 (plan)	Effective date of consolidation of shares
September 1, 2014 (plan)	Effective date of change in the number of shares authorized

5. Others

In accordance with the matters described in this release, the Company intends to make a partial revision of the articles of incorporation. The contents of the revision will be disclosed promptly once they have been determined.

END

Appendix: (Reference) Questions and Answers Regarding Change in the Number of Shares Per Unit and Consolidation of Shares

(Reference)

Questions and Answers Regarding Change in the Number of Shares Per Unit
and Consolidation of Shares

Q1. What is meant by a change in the number of shares per unit and what is the Company's purpose in making this change?

A number of shares per unit is the number of shares constituting one voting right at the shareholders meeting pursuant to the Companies Act, and is used at stock exchanges as the trading unit for shares. At present the number of shares per unit for the Company is 1,000 shares, but this will become 100 shares with this change in the number of shares per unit.

Under their "Action Plan for Consolidating Share Trading Units," Japan's stock exchanges seek to standardize the stock trading units of all the listed domestic corporations at 100 shares.

In consideration of this background and the Company's status as an enterprise listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, the Company has decided to change its number of shares per unit to 100 shares, taking the view that consolidating trading units improves convenience for investors and other market users.

Q2. What is meant by a consolidation of shares and what is the Company's purpose in making this consolidation?

A consolidation of shares is an action pursuant to the Companies Act in which a company puts multiple shares together, thereby reducing the number of its shares. In this case, the Company intends to consolidate its shares at a rate of one share for every two shares in line with a change in its number of shares per unit to 100 shares.

The purpose of this consolidation is to adjust the stock investment unit for its shares to an appropriate level in line with the change in its number of shares per unit, and in consideration of other factors including the stock investment unit level considered desirable by Japan's stock exchanges (at least ¥50,000 and less than ¥500,000) and stock price fluctuation in the medium- and long-term.

Q3. Will the consolidation of shares have an impact on the asset value of the Company's shares?

Before and after the implementation of the consolidation of shares, there will be no change in the Company's assets or capital. Therefore, apart from other factors such as stock market fluctuations, there will be no change in the asset value of the Company's shares owned by its shareholders in theory. The reason for this is that, although the number of shares of the Company owned by its shareholders following the consolidation of shares will be half the number of such shares before the consolidation, net assets per share will be double the level it had been before the

(Reference)

consolidation.

The stock price will also be doubled by the consolidation of shares, in theory.

Q4. What will happen to the dividends received by shareholders?

Although the number of shares of the Company owned by its shareholders will be halved by the consolidation of shares, the Company intends to set a level for dividends per share in consideration of the consolidation ratio (every two shares consolidated into one share) after the effective date of the consolidation of shares. Therefore, apart from other factors such as fluctuations in business results, there will be no change in the total amount of dividends received by shareholders resulting from the consolidation of shares. However, no dividends will be received for any fractional shares created by the consolidation of shares.

The Company plans to announce its dividend forecast for the fiscal year ending February 28, 2015, on April 10, 2014.

Q5. What will happen to the numbers of shares and voting rights owned by shareholders?

The numbers of shares and voting rights owned by shareholders will be as follows before and after the effective date of the change in the number of shares per unit and the consolidation of shares (September 1, 2014).

	Before changes take effect		After changes take effect		
	Number of shares	Number of voting rights	Number of shares	Number of voting rights	Fractional shares
Example 1	3,225	3	1,612	16	0.5
Example 2	1,400	1	700	7	None
Example 3	1,000	1	500	5	None
Example 4	482	None	241	2	None
Example 5	179	None	89	None	0.5
Example 6	1	None	None	None	0.5

If the consolidation of shares results in the creation of fractions of less than one share (such as in Examples 1, 5 and 6), the Company will sell all of these fractional shares in a block or purchase them all as treasury shares, and pay the proceeds from the said sale or purchase to shareholders who owned the fractional shares in proportion to the ratio of fractional shares they owned. Furthermore, in the case of a shareholder owning only one share before the effective date (such as in Example 6), all shares owned by the said shareholder will become fractional shares through the consolidation of shares, causing the said shareholder to lose his or her status as a shareholder.

The Company plans to pay the proceeds from the above-mentioned sale or purchase of fractional shares in around the mid-November 2014.

(Reference)

Q6. Is there a way of ensuring that fractional shares are not created?

It is possible to avoid becoming subject to the fractional share treatment by using the system under which you may demand that the Company purchase from you shares less than one unit, or sell to you fractional shares prior to the effective date of the consolidation of shares (September 1, 2014). For details of these procedures, you are kindly requested to contact the securities company with which you have an account or, if you do not have a securities company account, to contact the below-mentioned administrator of shareholders' register (account management institution for the special account).

Pursuant to the provisions of the Company's share handling regulations, demands for the Company to sell fractional shares to you will not be accepted during the ten business days up to and including August 31 (or the final day of February) and other periods judged necessary by the Company.

Q7. The consolidation of shares will create shares less than one unit. Will it be possible to demand that the Company purchase or sell shares in connection with shares less than one unit after the consolidation of shares?

It will be possible for shareholders to use the system under which you may demand that the Company purchase from you or sell to you shares in connection with shares less than one unit even after the consolidation of shares. For the details of these procedures, you are kindly requested to contact the securities company with which you have an account or, if you do not have a securities company account, to contact the below-mentioned administrator of shareholders' register (account management institution for the special account).

Q8. What will happen to the stock investment unit (the minimum investment amount)?

Taking the example of the closing price on the Tokyo Stock Exchange yesterday (March 26, 2014), which was ¥668, the stock investment unit before the change in the number of shares per unit and the consolidation of shares would be as follows:

Before: ¥668/share x 1,000 shares = ¥668,000

Assuming this stock price, the stock investment unit after the change in the number of shares per unit and the consolidation of shares would be as follows, in theory:

After: ¥1,336/share x 100 shares = ¥133,600

(Reference)

* As a result of the consolidation of shares the stock price will be double the previous price, in theory. On the other hand, as a result of the change in the number of shares per unit, the number of shares per one unit will be 10% of the previous number.

As a consequence of the above, following the change in the number of shares per unit and the consolidation of shares, in theory, the amount at which the Company's shares may be traded on the market will be 20% of the previous amount.

Q9. What is the specific schedule?

The schedule (plan) is as follows:

April 10, 2014	Meeting of the Board of Directors for resolution to call shareholders meeting
May 22, 2014	General shareholders meeting for resolution
August 26, 2014	Last trading date with units of 1,000 shares (final trading date with rights at end of the half-year period)
August 27, 2014	First trading date with units of 100 shares (the impact of the consolidation of shares will be reflected in the share price)
September 1, 2014	Effective date of change in the number of shares per unit and consolidation of shares
Around mid-November 2014	Payment of proceeds from sale (or purchase) of fractional shares

Q10. Do shareholders have to carry out any procedures?

There are no particular procedures that shareholders have to carry out.

Q11. What will happen to the shareholder benefit program?

The Company plans to change the shareholder benefit program to enable shareholders owning at least 100 shares of the Company as of the record date (the final day of February or August 31 of each year) to use the program after the change in the number of shares per unit and the consolidation of shares. The details of this change will be announced at a later date.

Shareholders owning at least 1,000 shares of the Company as of February 28, 2014, will be able to continue using the current shareholder benefit program as before. Therefore, for "Daimaru and Matsuzakaya shopping courtesy cards" and "PARCO shopping coupons" to be sent in around mid-May 2014, the said shareholders will be able to use the cards and coupons until May 31, 2015. Furthermore, shareholders newly owning at least 1,000 shares of the Company as of August 31, 2014, will be sent cards and coupons under the current shareholder benefit program, which they

(Reference)

will be able to use until May 31, 2015, in around mid-November.

*** Contact for inquiries regarding change in number of shares per unit, consolidation of shares and other procedures relating to shares**

Please direct inquiries regarding the change in the number of shares per unit and the consolidation of shares, notifications of changes of address or designations of method for dividend receipt, and inquiries regarding the systems for demanding that the Company purchase your shares less than one unit or sell to you fractional shares, or other procedures regarding shares, to the securities company with which you have an account or, if you do not have a securities company account, to the below-mentioned administrator of shareholders' register (account management institution for the special account).

(Inquiries)

Administrator of shareholders' register (account management institution for the special account)

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