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For Immediate Release

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Disposal of treasury stock by third-party allotment

PARCO Co., Ltd. (“PARCO”) announced today that it had resolved to dispose of treasury stock by means of third-party allotment. The details are as follows.

1. Overview

(1) Date of disposal	Aug. 4, 2011
(2) No. of shares being disposed of	96,500 shares
(3) Price per share	¥664 per share
(4) Total funds being procured	¥64,076,000
(5) Disposal method	Third-party allotment
(6) Allottee	The Sumitomo Trust & Banking Co., Ltd. (Trust Account) (Re-entrustee: Japan Trustee Services Bank, Ltd. (Trust Account))

2. Purpose and reasons

On June 29, 2011, PARCO resolved to introduce the “ESOP Trust Utilizing Employee Shareholding Association” (“the Plan”), and today PARCO decided the details of the Plan. The aim is to incentivize PARCO Group employees to improve earnings performance, while also revitalizing the Employee Shareholding Association.

For an overview of the Plan, please refer to the press release of July 6 entitled “PARCO decides details of ESOP Trust Utilizing Employee Shareholding Association.” The allottee for the disposal of treasury stock is The Sumitomo Trust & Banking Co., Ltd. (Trust Account), which is being established for the introduction of the Plan.

Under the Plan, the allottee intends to outsource the administration of (re-entrust) the trust assets to Japan Trustee Services Bank, Ltd.

3. Amount, use and anticipating timing of use of funds procured

(1) Amount of funds being procured (estimated net amount after expenses etc.)

¥64,076,000



(2) Specific use of the funds

The disposal of treasury stock is for the purpose of the introduction of the Plan. The increase in on-hand liquid assets resulting from this disposal of treasury stock will be appropriated for working capital.

The funds will be managed in PARCO's bank account until they are used for the above purpose.

4. View on reasonableness of use of funds

PARCO believes that the planned use of the funds procured is reasonable, as it will contribute to the operation of the company's business and improve its financial position.

5. Reasonableness of disposal terms and conditions

(1) Basis for and details of calculation of amount to be paid

The amount to be paid per share is set at ¥664, which is the average closing price, rounded down to the nearest yen, of PARCO's shares on the Tokyo Stock Exchange for the period from April 6, 2011 to July 5, 2011 (the business day before the resolution to dispose of treasury stock).

PARCO believes that choosing the average share price over a given period rather than the share price at a particular point in time removes extraordinary factors such as the impact of temporary share price fluctuations, and therefore is a highly objective and reasonable basis for calculation of the amount to be paid.

The amount to be paid per share of ¥664 represents a 0.9% discount to the closing price (¥670) of PARCO's shares on the business day before the resolution to dispose of treasury stock (July 5, 2011), a 5.4% premium on the average closing price (¥630) rounded down to the nearest yen for the past one month (June 6, 2011 – July 5, 2011), and a discount of 7.0% to the average closing price (¥714) rounded down to the nearest yen for the past six months (January 6, 2011 – July 5, 2011). PARCO therefore believes that the price is not especially favorable to the company.

(2) Basis for assessing that the number of shares being disposed and level of share dilution are reasonable

As for the number of shares being disposed, part of PARCO's treasury stock that is expected to be acquired by the PARCO Group Employee Shareholding Association over a five-year period the future is being disposed of to The Sumitomo Trust & Banking Co., Ltd. (Trust Account) (Re-entrustee: Japan Trustee Services Bank, Ltd. (Trust Account)). The level of share dilution is low, with a share dilution ratio of 0.12% compared to the total number of voting rights (823,359) as of February 28, 2011. Therefore, PARCO assesses that the level of share dilution is reasonable.

Furthermore, as the PARCO stock being allotted through the treasury stock disposal will be periodically sold to the Employee Shareholding Association based on a predetermined plan, PARCO believes that the impact on the market for its stock will be immaterial.

	Business relationship	Conducts trust banking business for PARCO		
	Relevant items concerning parties	related	No applicable items	
(14) Business results and financial position over past three years (Unit: million yen unless stated)				
(Consolidated)		FY ended Mar. 2009	FY ended Mar. 2010	FY ended Mar. 2011
Net assets		1,264,052	1,449,945	1,507,095
Total assets		21,330,132	20,551,049	20,926,094
Net assets per share (¥)		¥521.85	¥619.15	¥651.72
Ordinary revenue		1,062,122	859,610	829,365
Ordinary income		29,609	148,147	100,765
Net income		7,946	53,180	83,509
Net income per share (¥)		¥4.74	¥30.17	¥47.11
Dividend per share (common stock) (¥)		¥10.00	¥10.00	¥14.00

Note: PARCO holds 704,413 shares of common stock (0.04% of total issued shares) of Sumitomo Mitsui Trust Holdings, Inc., the parent company of The Sumitomo Trust & Banking Co., Ltd., the planned allottee.

*PARCO has confirmed that the trustee/allottee, its executives and major shareholders do not have any relationship with organized crime groups or other anti-social elements, and has submitted written confirmation of this to Tokyo Stock Exchange Group, Inc.

(2) Reason for selecting the allottee

In line with the introduction of the Plan, PARCO will dispose of treasury stock to a trust account established by the Plan's trustee, The Sumitomo Trust & Banking Co., Ltd. (Re-entrustee: Japan Trustee Services Bank, Ltd. (Trust Account)), based on the trust agreement mentioned above.

(3) Allottee's policy on holding shares

The allottee, The Sumitomo Trust & Banking Co., Ltd. (Trust Account), will re-entrust to Japan Trustee Services Bank, Ltd. (Trust Account) the PARCO shares acquired through PARCO's disposal of treasury stock. Then, in line with the trust agreement, the shares will be held for the purpose of periodic sale of the holdings at market value during the five-year trust period to the Employee Shareholding Association based in principle on a predetermined plan.

If the allottee transfers all or part of the disposed shares in a two-year period from the disposal date (August 1, 2011), the allottee shall immediately report to PARCO in writing the purchaser's name and address, the number of shares transferred, the transfer date, price, reason, methods and so forth. Furthermore, the allottee consents to the fact that PARCO will report the details of that report to the Tokyo Stock Exchange and the details of the report will



be made available for public inspection.

(4) Confirmation that the allottee has the assets necessary for payment

The allottee intends to procure the funds necessary to acquire PARCO stock by means of borrowing. This borrowing will be paid based on a cash loan for consumption contract with limited recourse that is scheduled to be concluded on August 1, 2011, and PARCO has confirmed this from The Sumitomo Trust & Banking Co., Ltd., which will provide the loan to the allottee.

7. Major shareholders and ownership interests after disposal

Before disposal (as of Feb. 28, 2011)		After disposal	
Mori Trust Co., Ltd.	33.22%	Mori Trust Co., Ltd.	33.22%
Aeon Co., Ltd.	10.03%	Aeon Co., Ltd.	10.03%
Credit Saison Co., Ltd.	8.90%	Credit Saison Co., Ltd.	8.90%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.34%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.46%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.10%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.10%
JUNIPER (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2.39%	JUNIPER (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2.39%
BNP PARIBAS SEC SVC LONDON/JAS/ABERDEEN INVESTMENT FUNDS ICVC/AGENCY LENDING (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.67%	BNP PARIBAS SEC SVC LONDON/JAS/ABERDEEN INVESTMENT FUNDS ICVC/AGENCY LENDING (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.67%
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.59%	NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.59%
Mizuho Corporate Bank, Ltd.	1.58%	Mizuho Corporate Bank, Ltd.	1.58%
Sumitomo Mitsui Banking Corporation	1.47%	Sumitomo Mitsui Banking Corporation	1.47%

Note: Major shareholders and their ownership interests after disposal are based on the register of shareholders on Feb. 28, 2011, with consideration given to the number of shares reduced due to the disposal of treasury stock.

8. Impact on earnings

No impact expected on earnings for the fiscal year ending Feb. 29, 2012.



(Procedures based on the Company's Code of Conduct)

This third-party allotment does not require the acquisition of an opinion from an independent third party or procedures for confirming the intent of shareholders, which are provided for under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (1) the dilution rate is less than 25% and (2) the disposal does not involve a change in controlling shareholders.

9. Business results and equity finance for past three years

(1) Business results for past three years (consolidated)

(Unit: million yen unless stated)

Consolidated	FY ended Feb. 2009	FY ended Feb. 2010	FY ended Feb. 2011
Net sales	282,509	261,076	264,840
Operating income	9,362	8,601	9,218
Ordinary income	9,171	8,554	8,750
Net income	3,730	4,108	4,400
Net income per share (¥)	¥45.29	¥49.87	¥53.41
Dividend per share (¥)	¥16.00	¥16.00	¥17.00
Net assets per share (¥)	¥917.61	¥954.52	¥993.52

(2) No. of issued and potential shares at present time (as of Feb. 28, 2011)

	No. of shares	Percentage of total issued shares
No. of issued shares	82,475,677 shares	100.00%
No. of potential shares at the current conversion price (exercise price)	18,987,300 shares	23.02%
No. of potential shares at the minimum conversion price (exercise price)	--	--
No. of potential shares at the maximum conversion price (exercise price)	--	--

(3) Recent share prices

(1) Past three years

	FY ended Feb. 2009	FY ended Feb. 2010	FY ended Feb. 2011
Open	¥1,235	703	687
High	1,470	968	878
Low	705	596	560
Close	729	697	814

(2) Past six months

	Jan.	Feb.	Mar.	Apr.	May	June
Open	¥742	785	804	819	698	626
High	795	863	829	841	704	661
Low	732	774	553	659	635	599

Close	781	814	825	691	635	661
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(3) Share price on business day before the resolution to conduct the disposal

	July 5, 2011
Open	¥664
High	671
Low	663
Close	670

(4) Equity finance over the past three years

Issuance of First Unsecured Convertible Bonds with Stock Acquisition Rights Issued by Third-Party Allotment

Payment date	Sept. 9, 2010
Amount of funds procured	¥14,948,000,000 (estimated net amount after expenses etc.)
Conversion price	¥790
No. of issued shares at time of subscription	82,475,677 shares
No. of shares issued through the subscription	--
No. of issued shares after subscription	82,475,677 shares
Allottee	Development Bank of Japan Inc.
No. of potential shares due to subscription	No. of potential shares at initial conversion price (¥790): 18,987,300 shares No. of potential shares at maximum conversion price: -- No. of potential shares at minimum conversion price: --
Current status of conversion (status of exercise)	No. of shares converted (exercised): -- (Balance: ¥15,000,000,000; conversion price: ¥790)
Initial use of funds at time of issuance	(1) ¥10,000 million for acquisition of properties currently leased in the Shopping Complex Business; (2) ¥4,948 million to create a new business base by increasing the number of stores in the Shopping Complex Business
Planned timing for use of funds at time of issuance	(1) Oct. 2010 (2) Dec. 2010
Current status of use	¥10,000 million used to acquire ownership of the land and buildings of the Ikebukuro PARCO annex P'PARCO. The remaining ¥4,948 million is planned to be used in the future

10. Schedule

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|-----|--|---------------|
| (1) | Board of Directors' resolution on introduction of the Plan | June 29, 2011 |
| (2) | Executive Officers' resolution on disposal of treasury stock | July 6, 2011 |
| (3) | Payment date and disposal date | Aug. 4, 2011 |



11. Overview of disposal

(1)	No. of shares being disposed	96,500 shares
(2)	Amount to be paid	¥664 per share
(3)	Total funds being procured	¥64,076,000
(4)	Disposal method	Third-party allotment to The Sumitomo Trust & Banking Co., Ltd. (trust account) (Re-entrustee: Japan Trustee Services Bank, Ltd. (trust account))
(5)	Payment date	Aug. 4, 2011
(6)	Treasury stock after disposal	583 shares

(However, this does not include purchases of fractional unit shares on or after Mar. 1, 2011.)

==Ends==