

December 21, 2011

Aeon Co., Ltd.

We are reaching the end of 2011, a year in which we were witness to a series of tragic incidents, including the Great East Japan Earthquake and tsunami, the ensuing nuclear disaster which resulted in food contamination from radioactive substances released from the nuclear power plant. Asia also experienced massive flooding in Thailand and Cambodia. We would like to express our heartfelt sympathies to all those who have suffered due to these incidents and we pray for the earliest possible recovery of the afflicted areas. We would also like to thank our stakeholders for their kind support in helping us overcome hardships throughout this challenging year.

In fulfilling a key role of a retailer, the Aeon Group has been engaged in a group-wide effort to provide social infrastructure, assigning top priority to quickly resuming operations of its stores and logistics facilities that were devastated by the disaster. In the badly damaged Tohoku region on the day of March 11, only 35% of our stores were able to continue operating following the disaster. By August 10, however, the Aeon Tagajo Store finally reopened and all our stores in the region followed suit and resumed their operations. For the convenience of the people living in areas where no stores are present, we have been using food vans and fostering our online supermarket business. We have also opened temporary stores for the first time in our company's history.

To deal with unstable electricity supplies, the Aeon Group supported people in their efforts to save electricity during the summer by selling energy efficient products, while at the same time working to reduce the total use of electricity at its own stores and offices. Additionally, in response to consumers' concerns about food safety as a result of the accident at the nuclear power plant, we began conducting blanket monitoring for radioactive substances in all black-haired Japanese beef sold under the TOPVALU brand. We have also implemented a number of measures in response to various changes that arose to our business environment as a result this terrible tragedy.

We have been active overseas as well, delivering useful goods in cooperation with other companies and associations and donating money, including that donated by our customers and employees, to Thailand and Cambodia, where people suffered great damage from the flooding. We made an all-out effort to support the early recovery and restoration of the afflicted areas.

In addition to our responses to these unprecedented natural disasters, we also faced economic uncertainties throughout the year, including the financial instability in Europe and the economic stagnancy in the United States. The economic and social environment will also continue to change rapidly during 2012 and well beyond. The Aeon Group has been achieving growth by constantly transforming itself in response to socioeconomic changes, and we will continue to achieve growth by responding to customer needs in a timely and judicious manner

in this ever-changing environment.

The fiscal year ending February 2013 will be the second year of the Aeon Group's Medium-term Management Plan (covering the period from the fiscal year ending February 2012 to the year ending February 2014). Based on our basic principles of "Pursuit of peace, respect for humanity and contribution to local communities, always with the customer's point view as its core," we proudly accept the challenge of shifting our focus to "Asian markets", "urban market", "senior market" and "digitization" in order to achieve self-transformation and further increase our corporate value.

We highly value the support and understanding of all of the friends and stakeholders of the Aeon Group and would like to ask for your continued support and patronage.