



## **Concepts behind Establishing a Holding Company via Demerger**

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**November 27, 2007** — During fiscal 2008, AEON Co., Ltd. implemented a policy for transitioning to a new corporate structure, spinning out Group headquarters functions and operating company functions into a separate legal entity.

Prior to the reorganization, AEON Co., Ltd. had maintained group headquarters functions and operating company functions (GMS as main focus) as an operating holding company, clarifying the various functional roles in stages.

Each Group business has been assigned an EC (Executive Committee) Chair in order to strengthen management functions by business. At the same time, the Company initiated a structural reorganization during the second half of the current fiscal year, clearly defining the Group management and AEON Co., Ltd. GMS business management responsibilities/ executive system and other functions.

During fiscal 2008, the last stage of these initiatives called for separating AEON Co., Ltd. into two separate legal entities, one holding company responsible for Group headquarters functions and one operating company responsible for GMS operations. AEON believes that having each company focus on their new charge will result in greater overall Group value.

The “holding company” is designed to create Group synergies from a global standpoint, providing Group headquarters functions (overall Group strategic planning, monitoring, external communications, etc.), specialized functions (finance, legal, HR, etc.), and common functions (procurement, IT, logistics, etc.) in order to maximize overall Group corporate value.

The “operating company” is designed to maximize the value of each individual company business, securing and providing localization and business expertise.

AEON will determine further details regarding the establishment of the holding company via demerger in the future.

We will disclose such matters as they are determined.

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