



## Revised Projections of Operating Results

January 7, 2008 —

- Based on our latest operating results, we have made the following revisions to projections of operating results for the FYE February 2008 (February 21, 2007 through February 20, 2008) originally announced in “Interim Financial Report (Kessan Tanshin)” on October 4, 2007.

<Projected Operating Results for the Current Consolidated Period>

(February 21, 2007 through February 20, 2008)

(Units: ¥millions)

	Operating Revenues	Operating Income	Ordinary Income	Net Income
Projection (Original) (A)	Excess of 5,250,000	200,000~ 210,000	205,000 ~ 215,000	70,000~ 76,000
Projection (Revised) (B)	Excess of 5,135,000	167,000~ 172,000	177,000 ~ 182,000	60,000~ 63,000
Increase/ Decrease (△) (B-A)	△115,000	△ 33,000 ~ △38,000	△ 28,000 ~ △33,000	△ 10,000 ~ △13,000
% Increase/ Decrease (△)	△2.2%	△ 16.5%~△ 18.1%	△ 13.7%~△ 15.3%	△ 14.3%~△ 17.1%
Increase/ Decrease (△) vs. Prior Period	310,225	△ 22,728 ~ △17,728	△11,303~△ 6,303	2,344~ 5,344
% Increase/ Decrease (△) vs. Prior Period	Excess of 6.4%	△ 12.0%~△ 9.3%	△6.0%~ △3.3%	4.1%~ 9.3%

Prior Period Actual (FYE Feb. 2007)	4,824,775	189,728	188,303	57,656
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- The following two points are the main factors behind the revised projections of operating results.

**(1) Downturn at The Talbots (U.S.)**

Due to a downturn in late September mid-season sales, The Talbots (U.S.) casual apparel sales failed to grow as planned. Cumulative comparative store sales growth for nine months was 94.6% compared to the same quarter in the prior year, with a drop-off in Operating Income of ¥7.9 billion. The Company has taken a conservative view of operations for the remaining fourth quarter of the fiscal year.

In addition, The Talbots (U.S.) made the decision on January 4, 2008 to exit the kid's and men's apparel business by September 2008, concentrating solely on their core business in ladies' apparel.

**(2) Marginal improvement in non-consolidated AEON Co., Ltd. profits**

During the current period, AEON has made strategic investments to generate future growth, including investment in IT for MYCAL Corp., preparations for the launch of AEON Bank Ltd., the launch of "WAON" E-money, and others. AEON projected that a change in accounting standard and the enforcement of the New Money Lending Law would have an effect on Operating Income, and that such would compensate for factors working to reduce both non-consolidated AEON Co., Ltd. income as well as overall Group income. However, improvements to non-consolidated AEON income is now expected to be more modest than originally projected.

\* The projections above are based on the information available as of the day of this announcement; actual results may vary from projections due to various factors.

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