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Notice of Issuance of Convertible Bond-Type Bonds with Stock Acquisition Rights

November 10, 2009 – The President of Aeon Co., Ltd. (“the Company”) has approved the following matters concerning the Company’s Sixth Series Unsecured Convertible Bond-Type Bonds with Stock Acquisition Rights and Seventh Series Unsecured Convertible Bond-Type Bonds with Stock Acquisition Rights, which the Company will issue as decided by the Company’s President on Tuesday, November 10.

[Background to the Issuance of Corporate Bonds with Stock Warrants]

Aeon Co., Ltd. is currently undertaking a variety of growth measures. These include strengthening efforts to implement Aeon Group’s growth strategy of shifting its focus “from new stores to existing stores,” “from large stores to small stores” and “from domestic market to China and Asia,” focusing the capabilities of the entire Group on the high-priority issues of reforming the earnings structure of the Company’s GMS (general merchandise stores) and aggressively developing small stores, and opening shopping centers in China and Asia. In addition, together with maintaining efforts aimed at raising profitability, including increased investment efficiency and thorough expense reductions based on ongoing structural reforms, we are further pursuing optimization of the Group as a whole and accelerating reforms to achieve Group synergy under the pure holding company organization.

The Company will issue the convertible bond-type bonds with stock acquisition rights at this time with the goals of further strengthening the Company’s financial position to respond flexibly to its rapidly changing economic and financial environment and steadily execute the growth strategy the Company is pursuing in Japan and other countries.

Against the backdrop described above, and in light of the recent economic environment and market circumstances, the Company has decided at this time to issue two unsecured convertible bond-type bonds with stock acquisition rights with different conditions.

Details

< Summary of the Issuance >

1. Sum of the Aggregate Amount of the Bonds: ¥100 billion
2. Offering Method: Public offering in Japan
3. Use of Proceeds: Redemption of commercial paper and repayment of loans
4. Schedule:
 - Issuance Resolution Date – Tuesday, November 10
 - Conversion Price Determination Date – Either day between Tuesday, November 17 and Thursday, November 19 (both inclusive)
 - Subscription Period – Between the following business day of the Conversion Price Determination Date and the third business day of the Conversion Price Determination Date (both inclusive)
 - Payment Date – Either day between Wednesday, November 25 and Friday, November 27 (both inclusive), provided, however, that such day is the fifth business day immediately following the Conversion Price Determination Date

5. Other Conditions:

	120% Call Option Attached Unsecured Convertible Bond-Type Bonds with Stock Acquisition Rights (Sixth Series) (with inter-bond pari passu clause)	Unsecured Convertible Bond-Type Bonds with Stock Acquisition Rights (Seventh Series) (with inter-bond pari passu clause)
Aggregate Amount of the Bond	¥50 billion	¥50 billion
Face Value	¥1 million	
Maturity	November 22, 2012	November 22, 2013
Conversion Price	The conversion price will be determined on a day between Tuesday, November 17 and Thursday, November 19 (“Conversion Price Determination Date”), pursuant to multiplying the closing price of the Company’s common stock in regular transactions on the Tokyo Stock Exchange on the Conversion Price Determination Date by a value within a range from 117% to 122% .	The conversion price will be determined on a day between Tuesday, November 17 and Thursday, November 19 (“Conversion Price Determination Date”), pursuant to multiplying the closing price of the Company’s common stock in regular transactions on the Tokyo Stock Exchange on the Conversion Price Determination Date by a value within a range from 120% to 125% .
Bond Interest Rate	Non-interest bearing	0.3%
Interest Payment Date	-	The last day of February and August in each year
Offer Price of the Bonds	¥102.5 per each ¥100 of each bond	
Call Option	With 120% call option provision	-

Note: The Company plans to announce the Conversion Price promptly as soon as it is determined.