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August 1, 2012
AEON CO., LTD.

Japan Fair Trade Commission's Investigation Results on Beer Trading and Aeon's Official Comments

The Japan Fair Trade Commission ("FTC") announced results of investigation on Aeon Co., Ltd. ("Aeon") with regard to beer trading on August 1, 2012. Summary of the results as well as Aeon's official comments on this matter is as follows:

1. As a result of the FTC's investigation, Aeon has confirmed with the FTC that there was no evidence that beer trading between Aeon and its wholesalers might have caused difficulties to business operations by other liquor retailers in areas around Aeon stores.
2. With regard to the violation of the antimonopoly law (abusive use of advantageous position), the FTC notified Aeon its judgement that no violation acts have been acknowledged due to the following reasons:
 - (i) Aeon always has a policy to sincerely accept negotiations for a price increase when reasons for requesting price increases and basis behind such requests are clearly provided, including for the cases of tax increase, higher prices of raw ingredients, instructions by government agencies, etc.
 - (ii) As details of rebates paid by beer manufacturers, etc. to wholesalers had not been revealed to Aeon, the Company was not in the position to make a judgement on whether or not sales prices set by wholesalers were substantially lower than costs required for the supply of products.
 - (iii) When wholesalers requested to increase sale prices in line with a decline in rebates paid by beer manufacturers to liquor retailers between 2007 and 2008, beer manufacturers and wholesalers did not provide Aeon with sufficient explanations on reasons behind rebate-cuts, etc.
 - (iv) Although it did not accept the increase in delivery prices, Aeon did not impose disadvantageous conditions unilaterally as proved by the facts that Aeon continued discussions with wholesalers, strived to cut logistics costs and expanded trading of other products, etc.
3. The FTC requested to Aeon to have sufficient discussions with wholesalers in cases where requests for the change of trading conditions are made by wholesalers in the future. On this point, the FTC also acknowledges the fact that Aeon has held sufficient discussions with wholesalers in the past. Therefore, Aeon will continue to negotiate with wholesalers in the future regardless of requests by the FTC.
4. As a result of the FTC's investigation on Aeon with regard to the violation of the antimonopoly law (abusive use of advantageous position) related to beer trading, Aeon ended up spending a substantial amount of time and labor due to the preparations of materials and interviews. The FTC's interviews took close to eight to nine hours a day, which seemed beyond the bounds of limits socially deemed reasonable. Therefore, Aeon lodged a strong protest to the FTC today with regard to this investigation method.

Staying true to its unchanging "Customers-first" philosophy as a social mission of retailers, Aeon Co., Ltd. will continue to strive to reduce costs through streamlining of logistics processes and maximize product value in order to play the "role on behalf of consumers" by procuring and providing products and services needed by customers.

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