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September 12, 2012
AEON CO., LTD.

Structural Reform of Aeon's Financial Service Business

Aeon Credit Service Co., Ltd. ("Aeon Credit Service") (head office: Chiyoda-ku, Tokyo, President and CEO: Kazuhide Kamitani), and Aeon Bank Ltd. ("Aeon Bank") (head office: Koto-ku, Tokyo, Representative Director and CEO: Takamitsu Moriyama) have resolved at their respective board of directors meetings today to execute a management integration agreement (the "Management Integration Agreement") in relation to the integration of management of both companies (the "Management Integration"), and as part of the Management Integration to execute a share exchange agreement (the "Share Exchange Agreement") in relation to the share exchange on the scheduled effective date of January 1 2013, where Aeon Credit Service is the wholly-owning parent, and Aeon Bank the wholly-owned subsidiary (the "Share Exchange").

In the Management Integration Agreement, Aeon Credit Service and Aeon Bank also agreed to execute a company split, where, in sum, on the scheduled effective date of April 1, 2013, Aeon Credit Service will transfer the business rights/obligations related to Aeon's credit card business to Aeon Bank (exclusive of any rights/obligations as agreed separately by related parties) (the "Absorption-type Split 1"). The two companies further agreed to another company split, and Aeon Credit Service will transfer the rights/obligation related to other businesses to a new wholly-owned subsidiary ("New Aeon Credit Service") (the "Absorption-type Split 2"; referred to as "Absorption-type Split" together with Absorption-type Split 1). Through the Share Exchange and Absorption-type Split, Aeon Credit Service will become a holding company (bank holding company) which will own subsidiaries that operate credit card, banking, and other businesses; and change the company name to Aeon Financial Service Co., Ltd. ("Aeon Financial Service").

The Management Integration is subject to shareholders' approval at the general shareholder meetings of Aeon Credit Service and Aeon Bank, and receipt of necessary legal approval from related authorities.

1. Background and purpose of the structural reform

Aeon Credit Service achieved the performance recovery through promoting the transformation of its business structure by expanding fee businesses such as the electric money and bank agency services, and by strengthening the business development in the 11 foreign countries/regions. However, with the competition intensified further by new entrants such as IT companies and mobile phone companies, a new growth strategy is considered essential.

Since the foundation in 2007, Aeon Bank has worked in cooperation with Aeon Group companies including Aeon Credit Service, increased deposit accounts by taking advantage of "Aeon Card Select", a card combining bank card, credit card and electric money, and strengthened housing loans, and expanded branch offices and ATM networks. As a result, Aeon Bank's single year financial results turned to profitability for the fiscal year ended in March 2012. However, in order to achieve sustainable and stable growth going forward, we recognize the necessity of reinforcing the bank's revenue base, thereby improving the corporate value further.

In order to provide more convenient financial services from customer's point of view, it is considered essential, to establish a comprehensive financial group that does not exist at other financial institutions through structural reform by combining retail and financial service businesses with a focus on credit, banking, insurance, and electric money businesses.

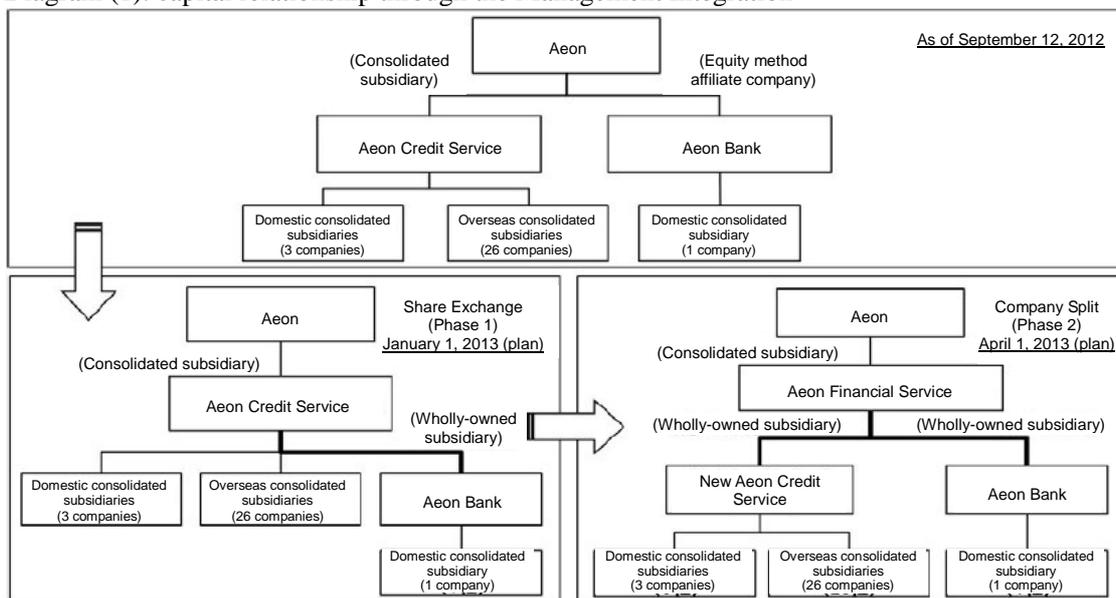
Taking such background into consideration, the two companies as financial service provider coming from the retail industry, are committed to maximize customer satisfaction through the Management Integration providing "safe, secure, economical, and convenient" financial products/services by fusing information on customer transaction and financial asset.

Additionally, the two companies are aiming to establish an efficient organization structure that functions well globally by strengthening human resources development.

2. The structure subsequent to the structural reform

The structure subsequent to the structural reform is shown in the diagram (1): capital relationship through the Management Integration. Affiliate companies of Aeon Credit Service and Aeon Bank under equity method are omitted from the diagram.

Diagram (1): capital relationship through the Management Integration



(Note) Share transfers for the existing Aeon Credit Services' overseas consolidated subsidiaries will follow regulations in their respective countries, and decision, order, judgment, and request of the relevant authorities. There is a possibility that Aeon Financial Services will maintain the ownership of the relevant shares.

3. Basic strategies of the Management Integration

Through the Management Integration, Aeon Credit Service and AEON Bank are committed to increasing corporate value by creating synergies taking advantage of strengths of both companies, and by accelerating the two companies' growth strategies under the leadership of the holding company (bank holding company).

[Policies for synergy creation]

- (1) The two companies will consolidate the lending business into Aeon Bank to utilize the bank's funding function, and aim to offer stable lending with lower interest rates by introducing credit standards that makes use of the household income and financial asset information.
- (2) The two companies will achieve more effective database marketing by utilizing information provided by Aeon Bank in combination with the analysis of Aeon Card application and purchasing information, thereby offering suitable products/services in accordance with customers' life events.
- (3) The establishment of Aeon Financial Service, a bank holding company, will enable New AEON Credit Service to strengthen its business development in emerging countries in Asian region further.
- (4) Under the holding company structure, while consolidating overlapping divisions and improving efficiency by shifting human resources to sales division, the two companies will endeavor to enhance further the customer service capability, efficiency of operations, and compliance/governance structures that have been developed to date.