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September 26, 2012
AEON CO., LTD.

Our present situation in China and policy for the future

To the damage that our JUSCO Hungdao Store suffered in recent demonstrations in China, we have received warm messages of encouragement and thoughtful expressions of concerns from many customers in Japan and abroad. We would like to express our deepest appreciation for their support and thoughts with us. It is extremely regrettable that our store is suffered from the damage. In fact this store of Qingdao Aeon Dongtai Co., Ltd., a Chinese subsidiary of Aeon Co, Ltd., is operated by local people including the store manager. Furthermore, many local customers appreciate its convenience and good service and love shopping in the store every day. It is our sincere wish that such incidents will never take place again in the future.

During and in the wake of the demonstrations against Japan, we temporarily closed some of our stores in China because the safety of customers and employees is our top priority. All our stores in China except JUSCO Hungdao Store have already come back to normal operations. Fortunately, none of our customers or employees suffered any damages or injuries. Meanwhile, detailed investigation is currently underway to assess the damage to the JUSCO Hungdao Store. With many local customers expressing their wish to shop at the store again, all the employees of the store are single-mindedly striving for the resumption of store operations as soon as possible.

In China, the Aeon Group has steadily developed its operations since its first entry in the market in 1985 with the establishment of JUSCO Stores (Hong Kong) Co., Ltd. Currently, we operate in four regions of Hong Kong, Beijing and Tianjin, Qingdao, and Guangzhou with 89 stores in general merchandise stores, supermarkets, convenient stores, and other store formats. In addition, we are also engaged in shopping center development, financial services, specialty store operation, and other service businesses, employing approximately 13,000 local Chinese people across the group.

For the Aeon Group, China and ASEAN markets are the focus of our growth strategy in accordance with one of our group-wide strategies, "shift to Asian markets", specified in our three-year Medium-term Management Plan starting from fiscal 2011. Accordingly, our China Headquarters began operations in March 2012 to strengthen our management platform in China, facilitating our strategy for growth, store development, product development, recruiting and human resources development and other necessary practices to spur the growth of our businesses in China.

This strategy "shift to Asian markets" will never change. The Aeon Group will continue and even accelerate its consolidated efforts toward further growth in China and ASEAN markets.

In addition to business activities, we have been actively engaged in environmental protection and social contribution initiatives since the early 1990s. Our tree-planting projects to conserve the country's rich natural environment are among major examples. Started with a project in the Badaling area along the Great Wall in 1998, led by Aeon Environmental Foundation, we have planted a total of 1.15 million trees to date in China.

We also implement various initiatives to promote international cultural and interpersonal exchange. Under the Teenage Ambassador Program, one of Aeon 1% Club programs started in 1995 initially as a program with Hong Kong, we have invited high school students from Qingdao, Guangzhou, and other regions in China, to develop friendships between Japan and China. Through the Aeon Scholarship, we have provided financial support to more than 1,500 personally funded students from seven Chinese universities.

Under our unchanging philosophy, "pursuing peace, respecting humanity, and contributing to local communities-with the customer's point of view as its core," we at Aeon will continue to strive to even better serve to our customers and help them enrich their lives.