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March 4, 2013  
AEON CO., LTD.

## **Notice Concerning Share Acquisition of Peacock Store (conversion into wholly-owned subsidiary)**

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Aeon Co., Ltd. (“Aeon”) announced that it has entered into a stock transfer agreement with J. Front Retailing (“JFR”) to acquire all outstanding common shares held by JFR in Peacock Store. Aeon plans to convert Peacock Store into a wholly-owned subsidiary. The details of the deal are as follows.

### **1. Purpose of stock acquisition**

Aeon is at present carrying out a three-year Medium-term Management Plan (FY2011-FY2013) which encompasses the entire Aeon group. Under this plan, one common group strategy for rapid growth is a shift to urban markets where population is expected to increase. Aeon is making Group-wide efforts to promote this growth strategy, positioning the three major metropolitan areas of Tokyo, Chukyo, and Hanshin, and Japan’s government-designated cities as key target areas.

The plan to make Peacock Store a wholly-owned subsidiary is realized on the back of Aeon’s goal to fortify the expansion of its supermarket business in urban areas and JFR’s plans to focus its management resources primarily in the department store business.

Peacock Store has 82 stores in the three major metropolitan areas Aeon has designated as key target areas. Aeon believe that the acquisition of Peacock Store will allow the Group to accelerate the expansion of its supermarket business in urban markets.

Aeon will ~~to~~ utilize Peacock Store’s knowhow, mainly its lineup of imported foods and high value-added products, at each supermarket chain in the Aeon group, while Peacock Store will take advantage of Aeon’s infrastructure, including Aeon’s private brand Topvalu, Aeon’s e-money WAON, and product procurement functions. The group will promote the development of stores that are appealing to customers through the effective integration of both management resources.

### **2. Overview of Peacock Store**

- (1) Name: Peacock Store
- (2) Address: 1-7-1 Shinbashisuji, Chuo-ku, Osaka
- (3) President: Masaichi Higuchi
- (4) Business profile: supermarket operator
- (5) Capital: ¥2.55 billion
- (6) Establishment: April 5, 1951
- (7) Major shareholders and ownership ratio: J. Front Retailing 100%

(8) Relationship between the listed company and the target	Capital	There are no capital relationships that exist between Aeon and Peacock Store that require mentioning herein. There are also no capital relationships between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Human resources	There are no personnel relationships that exist between Aeon and Peacock Store that require mentioning herein. There are also no personnel relationships between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Business transactions	There are no business transactions that exist between Aeon and Peacock Store that require mentioning herein. There are also no business transactions between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Applicability of the related party	N/A

(9) Earnings results and financial position for a three-year period at Peacock Store

	FY2/10	FY2/11	FY2/12
Net assets	¥7,007mn	¥6,802mn	¥3,076mn
Total assets	¥42,603mn	¥39,605mn	¥34,271mn
Net assets per share	¥298.18	¥289.47	¥130.89
Sales	¥123,258mn	¥118,462mn	¥112,627mn
Operating income	¥1,409mn	¥261mn	¥423mn
Ordinary income	¥1,175mn	¥114mn	¥312mn
Net income	¥187mn	¥-205mn	¥-3,733mn
Net income share (EPS)	¥7.99	¥-8.73	¥-158.88
Dividend per share	¥0	¥0	¥0

3. Overview of seller

- (1) Name: J. Front Retailing Co., Ltd.
- (2) Location: 6-10-1 Ginza, Chuo-ku, Tokyo
- (3) Representative director: Tsutomu Okuda, chairman of the board and CEO
- (4) Business profile: Business planning and management of subsidiaries and group companies that carry out department store operations and related businesses
- (5) Capital: ¥30 billion
- (6) Establishment: September 3, 2007
- (7) Consolidated net assets: ¥382,683 million (as of November 30, 2012)
- (8) Consolidated total assets: ¥1,034,236 million (as of November 30, 2012)
- (9) Major shareholders and ownership ratio (as of August 31, 2012)
  - Japan Trustee Services Bank, Ltd (trust account) 6.84%
  - Master Trust Bank of Japan, Ltd. (trust account) 5.65%
  - Nippon Life Insurance Company 5.34%
  - J. Front Retailing Kyoei Supplier Shareholding Association 2.91%
  - The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.66%
  - The Dai-ichi Life Insurance Company 2.13%
  - Tokio Marine & Nichido Fire Insurance Co., Ltd. 1.56%
  - Employee Shareholding Association of J. Front Retailing 1.47%
  - Japan Trustee Services Bank, Ltd. 1.19%

(The Sumitomo Trust and Banking Company, Ltd. beneficiary trust account, Sumitomo Mitsui Banking Corporation retirement benefit trust account)

SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS 1.14%

(Standing proxy: The Hongkong and Shanghai Banking Corporation Ltd, Tokyo branch)

(10) Relationship between the listed company and the target	Capital	There are no capital relationships that exist between Aeon and Peacock Store that require mentioning herein. There are also no capital relationships between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Human resources	There are no personnel relationships that exist between Aeon and Peacock Store that require mentioning herein. There are also no personnel relationships between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Business transactions	There are no business transactions that exist between Aeon and Peacock Store that require mentioning herein. There are also no business transactions between the related parties and companies of Aeon and those of Peacock Store that require mentioning herein.
	Applicability of the related party	N/A

#### 4. Number of acquired shares, acquisition price, and shareholding around the time of acquisition

- (1) Number of shares held prior to acquisition 0 shares  
(Voting rights: 0)  
(Ownership ratio: —%)
- (2) Acquired shares: 23,500,000 shares  
(Voting rights: 23,500,000)  
(Ownership ratio: 100%)
- (3) Number of shares held after acquisition 23,500,000 shares  
(Voting rights: 23,500,000)  
(Ownership ratio: 100%)
- (4) Acquisition price: ¥1.3 billion (estimate)

\*The number shares indicated in (2) and (3) is the number of shares as of March 4, 2013.

#### 5. Share transfer method

On the acquisition date (scheduled for April 1, 2013), Aeon is to acquire all of the shares J. Front Retailing owns in Peacock Store for a price of ¥13.0 billion (estimate). Moreover, on the same day, Aeon is to acquire an estimated ¥17.0 billion in outstanding debt held by J. Front Retailing Office Support for loans extended to Peacock Store. Aeon is to pay a total of ¥30.0 billion to J. Front Retailing for the acquisition of shares and loans receivable. We note that prior to the acquisition date, Peacock Store is to raise its capital (capital increase of ¥2.0 billion) and the secondary offerings will be sold, in full, to J. Front Retailing.

In tandem with the capital increase, Peacock Store will issue 1,000,000 new shares to J. Front Retailing. These are to be added to the number of shares disclosed in items (2) and (3) above.

#### 6. Schedule

- (1) Share transfer contract date: March 4, 2013
- (2) Share acquisition date: April 1, 2013 (tentative)

#### 7. Outlook

The impact of this acquisition deal to consolidated earnings in FY2/14 will be minimal.