(Translation for reference purposes only)

Stock code: 8267

April 26, 2019

AEON CO., LTD.
1-5-1 Nakase, Mihama-ku
Chiba-shi, Chiba
Director, President and Representative Executive Officer: Motoya Okada

To the Shareholders of AEON CO., LTD.:

Notice of the 94th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 94th Ordinary General Meeting of Shareholders of AEON CO., LTD., which will be held as described below.

For those who will be attending the meeting in person, we request that you submit the enclosed Form for Exercising Voting Rights to a receptionist at the meeting venue. Those who are unable to attend may vote by mail or on the Internet. Please cast your vote by 6:00 p.m. on Tuesday, May 28, 2019 after reviewing the enclosed Reference Documents for the General Meeting of Shareholders.

[For those attending the meeting]

Please bring the completed Form for Exercising Voting Rights to the meeting (no signature or affixing of seal necessary).
Please bring this document as well, as it contains the agenda for the meeting.

[For those voting by mail]

Those voting in writing should indicate “for” or “against” for each agenda item and return the completed Form for Exercising Voting Rights by postal mail to reach us by 6:00 p.m. on Tuesday, May 28, 2019.

[For those voting on the Internet]

Please access the online voting site and follow the on-screen instructions. The deadline for online voting is 6:00 p.m. on Tuesday, May 28, 2019.

In the event of duplicate votes, one cast on the Internet and the other cast by mail, the Company shall consider the vote arriving on the later day to be valid. However, if such duplicate votes arrive on the same day, the Company shall consider the vote cast on the Internet to be valid.

(Translation for reference purposes only)

94th Ordinary General Meeting of Shareholders

1. Date and Time: 10:00 a.m., Wednesday, May 29, 2019

2. Place: Makuhari Messe International Exhibition Halls, Hall No. 6
2-1 Nakase, Mihama-ku, Chiba-shi, Chiba

3. Objectives of Meeting

Matters to be reported: 1. Business Report, Consolidated Financial Statements and Nonconsolidated Financial Statements for the 94th business year (from March 1, 2018 to February 28, 2019)

2. Reports of the Independent Auditors and Audit Committee on audit results for the Consolidated Financial Statements

Matters to be resolved:

Agenda: Election of eight (8) members of the Board of Directors

---

Notes:

1. *This English version is a translation of points summarized from an original notice written in Japanese. When discrepancies in interpretation arise, the content of the Japanese notice shall take precedence.*
2. *The financial statements shown in this English-language notice are summaries of financial statements that are prepared in Japanese.*
3. *The Company's financial statements are prepared on the basis of generally accepted accounting principles in Japan.*
4. *Please note that Internet voting is not available to such persons as those who are not residents of Japan and who have appointed a custodian in Japan for handling of their shares according to the Rules for the Handling of Shares of the Company.*
5. *AEON CO., LTD.'s ordinary share issue* *Local code: 8267*
SEDOL# 6480048 JP
ISIN# JP 3388200002

[Electronic Voting Platform for Institutional Investors]

Institutional shareholders, including standing proxies such as master trust banks, who have applied in advance to the ICJ Proxy e-Voting Platform Service (the Platform Service) offered by ICJ Inc., a joint venture established by Tokyo Stock Exchange, Inc., Japan Securities Dealers Association and Broadridge Financial Solutions, Inc., are entitled to use the Platform Service to exercise their votes, in addition to the above-described means of voting on the Internet.

(Translation for reference purposes only)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Items

Agenda: Election of eight (8) members of the Board of Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, management submits the following nominees for the election of eight (8) Directors based on a resolution of the Nomination Committee. Of the eight (8) nominees, five (5) of them, constituting a majority, are candidates for the post of outside director. All candidates for outside director satisfy the conditions for independent director as stipulated by the Tokyo Stock Exchange. Furthermore, the Company stipulates the following items as conditions of eligibility for director. All candidates for director fulfill these conditions.

[Election criteria for inside directors]

1. The inside director shall have the personality and insight appropriate for being a director.
2. The inside director shall have sufficient experience and knowledge in the Company's business as well as in the Group's business and outstanding ability for business judgment and execution.
3. The inside director shall be an executive officer of the Company, or chairman or president of one or more subsidiaries, who is able to take responsibility for the basic policy, strategic planning, and business execution of the Company and Group, and fulfill accountability for the Board of Directors; provided however, that this shall not be applied when electing inside directors who do not concurrently serve as an executive officer.

[Election criteria for outside directors]

1. The outside director shall subscribe to the Company's basic principles, code of conduct, etc.
2. The outside director shall have extensive experience as a chief executive officer or other corporate executive, or shall have comparable experience, knowledge and insight.
3. The outside director shall be able to make judgments independently of the Company's management.
4. The outside director shall be able to participate in most of the Company's Board of Directors' meetings and in the committees to which he or she is assigned.

* In relation to outside directors, in addition to the above items, they must fulfill the independence criteria mentioned below.

[Independence criteria for outside directors]

The Company's outside director shall satisfy the conditions stated below to maintain his or her independence.

1. The outside director does not presently serve, or has not served for the past ten (10) years as executive director, executive officer, manager, employee (hereafter referred to as "Executing Person") of the Company or its subsidiaries.
2. The subject person is someone to whom the conditions stated below are not presently applicable, or have not been applicable for the past three (3) years:

(1) Major shareholder of the Company (those who directly or indirectly hold 10% or more of voting rights), or its Executing Person.

(2) Partner of the independent auditors of the Company or employees who conduct the Company's audit.

(3) Executing Person of the Company's principal creditors (creditors who have lent to the Aeon Group an amount that exceeds 2% of the Aeon Group's consolidated total assets).

(4) Executing Person of the Company's major vendors (vendors where the amount of Aeon Group transaction exceeds 2% of their annual consolidated sales in the most recent business year of the said vendors).

(5) Attorney at Law, certified public accountant, certified public tax accountant or other consultant who receives remuneration in the amount exceeding 10 million yen annually from the Aeon Group other than the Director's remuneration.

(6) Executing Person of a nonprofit organization where donation from the Aeon Group exceeds 10 million yen and where the amount of such donation exceeds 2% of the organization's total revenue or ordinary profit.

(7) Spouse or a relative within the second degree of kinship of 1. and (1) through (6) above.

* Provided, however, if any of the items (1) through (7) above is applicable, and if it is judged that the said person is substantially independent in view of personality, insight etc., then the Company may propose him or her as a candidate for outside director on the condition that explanation is publicly made.

(Translation for reference purposes only)

■ Candidates for Director

Candidate no.	Name	Positions and areas of responsibility in the Company (*1)		Attendance at Board of Directors meeting during 94th business year
1	Hiroshi Yokoo	Director; Chairman of the Board	Reelection Non-executive	100% (8/8)
2	Motoya Okada	Director; Nomination Committee member; Compensation Committee member; President and Representative Executive Officer, and Group CEO	Reelection	100% (8/8)
3	Akinori Yamashita	Director; Executive Vice President and Executive Officer, CFO, Business Management	Reelection	87.5% (7/8)
4	Yukako Uchinaga	Director; Chairman of the Nomination Committee; Audit Committee member	Reelection Outside Independent	100% (8/8)
5	Toru Nagashima	Director; Chairman of the Compensation Committee; Audit Committee member	Reelection Outside Independent	100% (8/8)
6	Takashi Tsukamoto	Director; Audit Committee member; Compensation Committee member	Reelection Outside Independent	100% (8/8)
7	Kotaro Ohno	Director; Chairman of the Audit Committee; Nomination Committee member	Reelection Outside Independent	100% (8/8)
8	Peter Child	Director; Nomination Committee member; Compensation Committee member	Reelection Outside Independent	100% (7/7) (*2)

*1 Positions and areas of responsibilities of candidates for director are at the time of the sending of this notice.

*2 The attendance shown for Peter Child is his attendance after he assumed office as director on May 23, 2018.

Outside — Candidates for outside director

Independent — Independent director to be notified to the Tokyo Stock Exchange

Non-executive — Among inside directors (directors other than outside directors), candidates for non-executive directors who do not have a concurrent position as executive officer, manager, employee, or executive director of the Company or its subsidiaries

(Translation for reference purposes only)

1. Hiroshi Yokoo

Reelection | Candidate for Non-executive director

Date of birth	Dec. 27, 1950	**Number of the Company's shares owned:** 17,400 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Apr. 1974 Joined the Company Apr. 1989 Appointed Director of Ministop Co., Ltd. May 2000 Appointed Representative Director and President of Ministop Co., Ltd. May 2008 Appointed Chairman of Ministop Co., Ltd. Aug. 2008 Appointed Executive Officer and CEO of Strategic Small-sized Store Business of the Company Mar. 2010 Appointed Executive Officer, CEO of Strategic Small-sized Store Business, and CEO of Merchandising and Merchandising Reform of the Company May 2014 Appointed Director and Chairman of the Board of the Company (current position)	
	(Significant concurrent positions outside the Company) Outside Director of YAMAYA CORPORATION	
Conflicts of interest	No conflict of interest exists between the Company and Hiroshi Yokoo.	

2. Motoya Okada

Reelection

Date of birth	Jun. 17, 1951	**Number of the Company's shares owned:** 2,505,296 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Mar. 1979 Joined the Company May 1990 Appointed Director of the Company Jun. 1997 Appointed President and Representative Director of the Company May 2003 Appointed Director, President and Representative Executive Officer of the Company Mar. 2012 Appointed Director, President and Representative Executive Officer, and Group CEO of the Company (current position)	
	(Significant concurrent positions outside the Company) Director and Advisor of Aeon Mall Co., Ltd. Director and Advisor of Aeon Retail Co., Ltd. Director and Advisor of Daiei, Inc. Director and Advisor of United Super Markets Holdings Inc. Director of Welcia Holdings Co., Ltd. Outside Director and Advisor of TSURUHA HOLDINGS INC. Outside Director of KUSURI NO AOKI HOLDINGS CO., LTD.	
Conflicts of interest	No conflict of interest exists between the Company and Motoya Okada.	

3. Akinori Yamashita

Reelection

Date of birth	Jan. 1, 1954	**Number of the Company's shares owned:** 20,630 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Apr. 1977 Joined the Company May 2004 Appointed Executive Officer of the Company May 2007 Appointed Managing Director of Daiei, Inc. Sep. 2013 Appointed Executive Officer, Chief Officer of Finance of the Company Mar. 2014 Appointed Senior Managing Executive Officer, CEO of Financial Services Business and Chief Officer of E-money Business of the Company Jun. 2014 Appointed President and Representative Director of Aeon Financial Service Co., Ltd. Jun. 2014 Appointed Director of Aeon Bank Ltd. Mar. 2016 Appointed Executive Vice President and Executive Officer, CFO of the Company Mar. 2016 Appointed Chairman and Representative Director of Aeon Retail Co., Ltd. May 2016 Appointed Director, Executive Vice President and Executive Officer, CFO of the Company Mar. 2017 Appointed Director, Executive Vice President and Executive Officer, CFO, Business Management of the Company (current position)	
	(Significant concurrent positions outside the Company) Director of AEON Stores (Hong Kong) Co., Limited	
Conflicts of interest	No conflict of interest exists between the Company and Akinori Yamashita.	

(Translation for reference purposes only)

4. Yukako Uchinaga

Reelection	Number of years served as outside director: **6 years**	Candidate for outside director	Candidate for independent director

Date of birth	Jul. 5, 1946	**Number of the Company's shares owned:** 0 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Jul. 1971 Joined IBM Japan Apr. 1995 Appointed Director of IBM Japan Apr. 2004 Appointed Senior Managing Director of IBM Japan Apr. 2007 Appointed President of Japan Women's Innovative Network (J-Win) (current position) Jun. 2007 Appointed Director of Benesse Corporation Apr. 2008 Appointed Director and Executive Vice Chairman of Benesse Corporation Apr. 2008 Appointed Chairman of the Board, CEO & President of Berlitz Corporation Apr. 2013 Appointed Honorary President of Berlitz Corporation May 2013 Appointed Outside Director of the Company (current position) Jun. 2013 Appointed Outside Director of HOYA CORPORATION (current position) Sep. 2013 Appointed President and Representative Director of Globalization Research Institute (current position) Mar. 2014 Appointed Outside Director of DIC Corporation Jun. 2018 Appointed Outside Director of Teijin Limited (current position)	
	(Significant concurrent positions outside the Company) President of Japan Women's Innovative Network (J-Win) President and Representative Director of Globalization Research Institute Outside Director of HOYA CORPORATION Outside Director of Teijin Limited	
Reason for nomination as a candidate for outside director	Yukako Uchinaga has extensive experience with IT business and expert knowledge thereof, as well as profound knowledge in the area of diversity. We are recommending her election as outside director to benefit from the guidance that she would be able to provide in promoting the soundness and efficiency of management.	
Conflicts of interest	No conflict of interest exists between the Company and Yukako Uchinaga.	

5. Toru Nagashima

Reelection	Number of years served as outside director: **3 years**	Candidate for outside director	Candidate for independent director

Date of birth	Jan. 2, 1943	**Number of the Company's shares owned:** 0 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Apr. 1965 Joined Teijin Limited Jun. 2000 Appointed Director of Teijin Limited Jun. 2001 Appointed Managing Director of Teijin Limited Nov. 2001 Appointed President & Representative Director COO of Teijin Limited Jun. 2002 Appointed President & Representative Director CEO of Teijin Limited Jun. 2008 Appointed Chairman of the Board of Teijin Limited Jun. 2011 Appointed Outside Director of SEKISUI CHEMICAL CO., LTD Mar. 2013 Appointed Outside Director of Kao Corporation Jun. 2013 Appointed Senior Advisor of Teijin Limited Aug. 2015 Appointed Director of Japan Corporate Governance Network (current position) May 2016 Appointed Outside Director of the Company (current position) Jun. 2016 Appointed Audit & Supervisory Board Member (external) of Daikin Industries, Ltd. (current position) Apr. 2018 Appointed Honorary Advisor of Teijin Limited (current position)	
	(Significant concurrent positions outside the Company) Honorary Advisor of Teijin Limited Audit & Supervisory Board Member (external) of Daikin Industries, Ltd. Director of Japan Corporate Governance Network	
Reason for nomination as a candidate for outside director	Toru Nagashima has extensive experience and wide-ranging insight in global corporate management. We are recommending his election as outside director to benefit from the guidance that he would be able to provide in promoting the Company's global management and in enhancing corporate governance.	
Conflicts of interest	No conflict of interest exists between the Company and Toru Nagashima.	

(Translation for reference purposes only)

6. Takashi Tsukamoto

Reelection	Number of years served as outside director: **2 years**	Candidate for outside director	Candidate for independent director

Date of birth	Aug. 2, 1950	**Number of the Company's shares owned:** 0 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Apr. 1974	Joined The Dai-Ichi Kangyo Bank, Ltd. (now Mizuho Bank, Ltd.)
	Apr. 2002	Appointed Executive Officer of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
	Mar. 2003	Appointed Managing Executive Officer of Mizuho Financial Group, Inc.
	Apr. 2004	Appointed Managing Executive Officer of Mizuho Corporate Bank, Ltd.
	Mar. 2006	Appointed Executive Managing Director of Mizuho Corporate Bank, Ltd.
	Apr. 2007	Appointed Deputy President of Mizuho Corporate Bank, Ltd.
	Apr. 2008	Appointed Deputy President & Executive Officer of Mizuho Financial Group, Inc.
	Jun. 2008	Appointed Deputy President of Mizuho Financial Group, Inc.
	Apr. 2009	Appointed President of Mizuho Financial Group, Inc.
	Jun. 2011	Appointed Chairman of Mizuho Financial Group, Inc.; President & CEO of Mizuho Bank, Ltd.
	Jul. 2013	Appointed Chairman of Mizuho Bank, Ltd.
	Apr. 2014	Appointed Senior Advisor of Mizuho Financial Group
	Jun. 2016	Appointed Chairman of The Japan-British Society (current position)
	Jul. 2016	Appointed Outside Director of Asahi Mutual Life Insurance Company (current position)
	Apr. 2017	Appointed Honorary Advisor of Mizuho Financial Group (current position)
	May 2017	Appointed Outside Director of the Company (current position)
	Jun. 2017	Appointed Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd. (current position)
	Jun. 2017	Appointed Outside Director of Internet Initiative Japan Inc. (current position)
	(Significant concurrent positions outside the Company) Honorary Advisor of Mizuho Financial Group Outside Director of Asahi Mutual Life Insurance Company Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd. Outside Director of Internet Initiative Japan Inc. Chairman of The Japan-British Society	
Reason for nomination as a candidate for outside director	Takashi Tsukamoto has served as a corporate manager at a major financial institution, has been internationally active in the financial field, and has rich insights and extensive experience related to overall management. We are recommending his election as outside director to maintain and enhance the transparency and soundness of overall management, and to enhance corporate governance.	
Conflicts of interest	No conflict of interest exists between the Company and Takashi Tsukamoto.	

7. Kotaro Ohno

Reelection	Number of years served as outside director: **2 years**	Candidate for outside director	Candidate for independent director

Date of birth	Apr. 1, 1952	**Number of the Company's shares owned:** 0 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Apr. 1976	Appointed Public Prosecutor of Tokyo District Public Prosecutors Office
	Dec. 2001	Appointed Deputy Secretary-General of Cabinet's Task Force on Judicial Reform
	Aug. 2005	Appointed Director-General of the General Affairs Department of Supreme Public Prosecutors Office
	Jul. 2007	Appointed Director-General of the Criminal Affairs Bureau of Ministry of Justice
	Jul. 2009	Appointed Vice-Minister of Justice
	Aug. 2011	Appointed Superintending Prosecutor of Sendai High Public Prosecutors Office
	Jul. 2012	Appointed Superintending Prosecutor of Tokyo High Public Prosecutors Office
	Jul. 2014	Appointed Prosecutor-General
	Sep. 2016	Retired as Prosecutor-General
	Nov. 2016	Appointed Special Counsel of Mori Hamada & Matsumoto (current position)
	May 2017	Appointed Outside Director of the Company (current position)
	Jun. 2017	Appointed President of International Civil and Commercial Law Centre Foundation (current position)
	Jun. 2017	Appointed Outside Audit & Supervisory Board Member of Komatsu Ltd. (current position)
	Jun. 2017	Appointed Outside Audit & Supervisory Board Member of ITOCHU Corporation (current position)
	(Significant concurrent positions outside the Company) Special Counsel of Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member of Komatsu Ltd. Outside Audit & Supervisory Board Member of ITOCHU Corporation President of International Civil and Commercial Law Centre Foundation	
Reason for nomination as a candidate for outside director	Kotaro Ohno is an attorney at law who has successively filled posts of Vice-Minister of Justice, Superintending Prosecutor and Prosecutor-General. Therefore, he has rich experience and insights in legislation and legal compliance. We are recommending his election as outside director to benefit from the guidance that he would be able to provide in the area of promoting legal compliance management.	
Conflicts of interest	No conflict of interest exists between the Company and Kotaro Ohno.	

8. Peter Child

Reelection	Number of years served as outside director: **1 year**	Candidate for outside director	Candidate for independent director

Date of birth	Mar. 25, 1958	**Number of the Company's shares owned:** 0 shares
Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company	Sep. 1976	Joined United Kingdom Atomic Energy Authority
	Jun. 1980	Joined Michelin Tyre Company
	Jan. 1984	Joined McKinsey & Co., London
	Aug. 1987	Appointed Manager of McKinsey & Co., Los Angeles
	Aug. 1988	Appointed Partner of McKinsey & Co., London
	Aug. 1990	Appointed Senior Partner of McKinsey & Co., Paris
	Apr. 2007	Appointed Senior Partner of McKinsey & Co., London
	Mar. 2015	Appointed Senior Partner of McKinsey & Co., Hong Kong
	May 2018	Appointed Outside Director of the Company (current position)
Reason for nomination as a candidate for outside director	Peter Child has expertise in the retail sector gained primarily from serving as a leader of consumer goods and retail group at McKinsey & Co. We are recommending his election as outside director to benefit from the guidance that he would be able to provide in the area of promoting global management of the Company.	
Conflicts of interest	No conflict of interest exists between the Company and Peter Child.	

(Note 1) Number of years served as outside director is the number of years as of the end of this General Meeting of Shareholders.

(Note 2) As stated in page 4, the Company sets forth election criteria for inside director. As shown by the details listed in the career summaries, etc., Hiroshi Yokoo, Motoya Okada, and Akinori Yamashita each possess suitable experience and knowledge of the Group's business operations and fulfill all the requirements of the said criteria, and accordingly, the Company has nominated them as candidates.

(Note 3) The Company is registered as a member of Japan Women's Innovative Network (J-Win), an NPO of which Yukako Uchinaga is President. The annual corporate membership fees plus any other monies paid to Japan Women's Innovative Network represent less than 0.1% of the Company's total consolidated SG&A expenses.

(Note 4) Although Takashi Tsukamoto successively held the posts of Executive Officer, Executive Managing Director, and President & CEO at Mizuho Bank, Ltd. from 2002 to 2013, more than five years have passed since he retired from the said bank in 2013, and currently he is not involved in the business execution of Mizuho Bank, Ltd. Also, Mizuho Bank, Ltd. is one of the primary lenders to the Company, but it is not a business connection that has a significant effect on the Company's decision making. The balance of borrowings of the Company from Mizuho Bank, Ltd. as of the end of the most recent business year is less than 2% of the consolidated total assets.

(Note 5) The Company is registered as a corporate member of International Civil and Commercial Law Centre Foundation of which Kotaro Ohno is President. In addition, the Company has transactions with Mori Hamada & Matsumoto of which Kotaro Ohno is Special Counsel. The monies paid to each of the said companies represent less than 0.1% of the Company's total consolidated SG&A expenses.

(Note 6) Peter Child has served as Senior Partner at multiple branch offices of McKinsey & Co., and the Company has transactions with the said company. The monies paid to McKinsey & Co. represent less than 0.1% of the Company's total consolidated SG&A expenses.

(Note 7) With respect to the responsibilities stipulated under Article 423, paragraph 1 of the Companies Act, the Company has entered into agreements with each of its outside directors, Yukako Uchinaga, Toru Nagashima, Takashi Tsukamoto, Kotaro Ohno, and Peter Child which limit the liability of these directors for damage to the Company. These agreements state that, when outside directors carry out their duties in good faith and with no serious negligence, their liability to compensate the Company is limited to 15,000,000 yen or to an amount stipulated by applicable laws and regulations, whichever is higher, and that they are exempt from an outside director's obligation to compensate the Company for any amounts that exceed these limits. The Company also plans to enter into the agreements with each of the elected outside directors upon the approval of this proposal.

(Translation for reference purposes only)

ATTACHED DOCUMENTS

Business Report for Fiscal 2018

(March 1, 2018 – February 28, 2019)

1. Consolidated Business Review

As for the management environment in which AEON CO., LTD. ("AEON" or the "Company") operated, although Japanese economy showed signs of moderate recovery, consumers continued to have more cautious spending habits and the competitive landscape has become increasingly intense across industries and lines of business. Moreover, citizen's lives and AEON's domestic retail store operations were substantially affected by climate change in the form of heat waves and a mild winter, as well as torrential rains and occurrences of earthquakes and other such disasters. On the other hand, the Shopping Center Development Business and the Financial Services Business performed strongly amid progress made toward business expansion in China and the ASEAN region, which continue to experience substantial economic growth, and operating results have been steadily improving with respect to the International Business. As a result, consolidated operating revenue, operating profit and ordinary profit all increased.

Common Group Strategy

AEON acts as a corporate group with its ever-lasting innovative spirit as it pursues sustainable management practices seeking growth of the Group from a long-term perspective balanced with the achievement of social sustainability. In March 2018, the Company announced its Aeon Decarbonization Vision 2050 and accordingly declared its resolve to reduce the total emissions of CO_2 and other greenhouse gases associated with the Group's stores to zero by 2050. AEON will work together with all of its stakeholders, including customers and business partners, to realize a decarbonized society.

In the year under review, the Company promoted Group-wide structural reforms towards new growth. In October 2018, AEON entered into basic agreements for mergers of subsidiaries which operate the Supermarket Business in six regions of Japan comprising Hokkaido, Tohoku, Tokai and Chubu, Kinki, Chugoku and Shikoku, and Kyushu, as part of efforts to shift to regional markets as stated in the Aeon Group's medium-term management policies for the year 2020. In the Chugoku and Shikoku regions, Maxvalu Nishinihon Co., Ltd., Marunaka Co., Ltd., and Sanyo Marunaka Co., Ltd., which are implementing the business integration, entered into a share exchange agreement ahead of other regions, and started operating under a new integrated system in March 2019. The integrated companies to be created in each region will aim to become the companies contributing the most to their local communities, while responding to the

diversification of food preferences, such as preferences for low-priced food, healthy food, and local food, and also responding to greater time pressures, intensification of competition surrounding increasingly borderless food markets, and changes in the labor environment. Also in October 2018, AEON entered into a capital and business alliance agreement with Fuji Co., Ltd., which engages in business particularly in the Chugoku and Shikoku regions. Sharing a common philosophy of contributing to people's lives and local communities, the two companies aim to form the leading business alliance in the said regions by pursing synergies in various areas.

In addition, in order to accelerate its Shift to Digital Markets by actively leveraging the world's advanced expertise in e-commerce, AEON undertook equity investment in Boxed, a U.S.-based startup company that has highly automated logistics systems and capabilities for proposing advanced customer solutions that utilize artificial intelligence, and SIGNA Sports United GmbH, a company that operates Europe's leading sports e-commerce platform. In terms of agricultural products, AEON promoted the procurement of products produced in line with global standards. As part of this, AEON became the first retailer in Asia to procure and offer products with a "GGN (GLOBALG.A.P. Number)" label, which indicates the agricultural products are supplied from GLOBALG.A.P.-certified producers. GLOBALG.A.P. is an international certification that is provided to the farms committed to food safety and sustainable production process management.

(Translation for reference purposes only)

Financial highlights

Years ended February 28 (2017, 2018 and 2019) and February 29 (2016)	2016	2017	2018	2019
Operating revenue (Millions of yen)	8,176,732	8,210,145	8,390,012	8,518,215
Operating profit (Millions of yen)	176,977	184,739	210,273	212,256
Ordinary profit (Millions of yen)	179,674	187,351	213,772	215,117
Profit attributable to owners of parent (Millions of yen)	6,008	11,255	24,522	23,637
Earnings per share (Yen)	7.19	13.44	29.23	28.11
Total assets (Millions of yen)	8,225,874	8,750,856	9,452,756	10,049,680
Net assets (Millions of yen)	1,819,474	1,862,410	1,916,737	1,875,364
Net assets per share (Yen)	1,364.57	1,349.79	1,371.60	1,299.32

Business segment information

Business segment	Operating revenue (Millions of yen)	YOY (%)	Operating profit (Millions of yen)	YOY (%)
GMS Business	3,080,630	100.0	11,515	102.3
SM Business	3,235,064	99.8	25,195	82.0
Health & Wellness Business	793,962	111.7	26,269	100.9
Financial Services Business	436,565	107.0	70,839	101.5
Shopping Center Development Business	360,259	107.3	55,590	107.9
Services & Specialty Store Business	768,548	101.2	19,762	90.1
International Business	437,567	104.5	3,414	1,468.0
Reportable Segments Total	9,112,598	101.7	212,586	100.5
Other Operations	16,895	93.7	196	–
Total	9,129,493	101.7	212,783	100.8
Adjustment	(611,277)	–	(526)	–
Consolidated	8,518,215	101.5	212,256	100.9

(Note) The main activities in each business segment are as follows:

GMS Business

General merchandise stores (GMS), specialty stores selling packaged lunches and household dishes

SM Business

Supermarkets, discount stores, convenience stores, small-scale supermarkets

Health & Wellness Business

Drugstores, pharmacies, etc.

Financial Services Business

Credit card business, fee business, banking business

Shopping Center Development Business

Development and leasing of shopping centers

Services & Specialty Store Business

Comprehensive facility management services, amusement services, food services, specialty stores selling family casual apparel, women's apparel, footwear, etc.

International Business

Retail stores in the ASEAN region and China

Other Operations

Mobile marketing business, digital business, etc.

(1) Review of Operations

Retailing and Services

- In the GMS Business, Aeon Retail Co., Ltd. opened 8 new stores and implemented revitalization initiatives at 29 stores, in order to promote development of large specialty store sales floors featuring large eat-in spaces along with the Kids Republic specialty store for babies and children, the Glam Beautique health and beauty specialty store, and other such retailers. In addition, AEON has also been promoting initiatives that address changing lifestyles and needs of its customers in part by launching full-scale operations of its in-store pickup service, which enables customers to pick up merchandise at stores, after having ordered and paid for it on Aeon's online shopping site. In Aeon Hokkaido Corporation, store operations were affected by the Hokkaido Eastern Iburi Earthquake and power outages in every region of Hokkaido in September, but working in conjunction with its business partners still managed to meet its customers' needs in wake of the disaster by enlisting the entire Aeon Group in procuring emergency supplies of food products and other items, and quickly resuming operations.

- In the SM Business, United Super Markets Holdings Inc. and its consolidated subsidiaries continued integration of product purchasing of certain lines and expanded joint merchandise planning and joint procurement. They also reduced systems costs and otherwise strove to cut costs largely through joint procurement of materials. Each Maxvalu company has been endeavoring to enhance competitive strengths through efforts that have involved creating product selections and sales floors tailored to the needs of local customers, and expanding offerings of local and regional products with a focus on fresh foods.

- In the Health & Wellness business, Welcia Holdings Co., Ltd. ("Welcia Holdings") and its consolidated subsidiaries actively implemented the Welcia Model—built on the four pillars of drugstore and pharmacy, counseling, late-night operations, and nursing—such as in revitalizing existing stores and enjoyed strong sales at existing stores as a result of an expansion of stores operating during late-night hours, and an increase in stores offering prescription drugs. Welcia Holdings also actively promoted product development with health as the key development theme and initiatives geared to enhancing customer convenience through efforts that involved selling packaged lunches and ready-to-eat meals and expanding its receiving agent service.

- In the Services & Specialty Store Business, Aeon Fantasy Co., Ltd. ("Aeon Fantasy") has enjoyed a growth in sales partly on account of the popularity of its original limited edition prizes among other prizes on offer in an online crane-type game that is a new business and partly because of the success of the original limited edition prizes of Aeon Fantasy that are

being developed and promoted through collaborations with popular YouTubers. Aeon Delight Co., Ltd. has been working toward the early recovery of disaster stricken areas by providing services such as building restoration work and extraordinary cleaning when earthquakes, typhoons and other natural disasters strike.

Financial Services

In the Financial Services Business, the number of active cardholders and shopping transaction volume increased as a result of initiatives that included issuing various new credit cards and awarding reward points in collaboration with Aeon Group retail stores. The business achieved revenue gains with the help of increases in deposits and housing loans, along with a steadily rising balance of asset management products, an area of particular emphasis. The Company has also begun promoting new card-less services including the introduction of an app that makes it possible to complete some transactions simply by waving a smartphone near an Aeon Bank ATM. Overseas, the Financial Services Business achieved strong operating results largely due to steady progress achieved in implementing cost controls, along with efforts to develop new customer segments including that of affluent individuals particularly in Hong Kong, Thailand, and Malaysia.

Shopping Center Development

In the Shopping Center Development Business, Aeon Mall Co., Ltd. (“Aeon Mall”) completed floor expansion of 2 existing shopping centers, refurbishment of 6 shopping centers, and also opened 4 new shopping centers, including the new format mall THE OUTLETS HIROSHIMA. In overseas operations, positioned as a future growth driver, Aeon Mall opened 2 new shopping centers in China and 1 new shopping center in the ASEAN region. Meanwhile, Aeon Mall’s overseas operations shifted to positive earnings amid a scenario where all of the 7 shopping centers in the ASEAN region and 10 of the 17 shopping centers in China, which have opened during the period up until the previous fiscal year, turned a profit. As a result of such growth in Japan and overseas, Aeon Mall achieved record-high levels for operating revenue and profits.

International

In the International Business, AEON VIETNAM CO., LTD. expanded development of products including those developed in-house differentiated to meet local needs as well as organic vegetables and imported food products, and also actively set up sales floors for social occasions and community events. In Malaysia, operating results have improved by sales promotions in response to changes in the nation’s tax code that have included abolishment of the goods and services tax (GST), which is akin to Japan’s consumption tax. In China, profitability improved due to successes that included strong food sales driven by day-of-week promotions, in addition to early preparation for the Lunar New Year sales season. At AEON Stores (Hong Kong) Co., Limited, the

company’s results were driven by strong performance of flagship stores which were completely refurbished in the Aeon Style format in 2016.

(2) Environmental and Social Initiatives

To promote business management that is founded on its basic principle of respect for human rights, AEON revised the Aeon Human Rights Policy in October 2018. The revised policy clearly states our commitment to upholding the United Nations Guiding Principles on Business and Human Rights and that this applies to all stakeholders involved with AEON's business activities, including business partners. Moreover, we have set out our intention to build a process to assess and improve the impact of our business activities on human rights, and to realize a society in which human rights are respected. Furthermore, in conjunction with revising the Aeon Human Rights Policy, we also revised and amended the priority issues for society in the Aeon Sustainability Principle.

Aeon Sustainability Principle

Aeon aims to realize a sustainable society and Group growth based on our basic principle of "pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view at its core."

From the dual perspectives of "environment" and "society," we will think globally and advance projects locally as we actively pursue initiatives alongside stakeholders.

Priority Issues for Environment	• Realization of a decarbonized society • Conservation of biodiversity • Better use of resources	**Priority Issues for Society**	• Creating products and stores that meet society's expectations • Implementing fair business practices based on respect for human rights • Collaborating with communities

Toward the realization of a sustainable society

- In its initiatives to realize a decarbonized society, AEON established Aeon Decarbonization Vision 2050 and an interim CO_2 reduction target to be achieved by 2030 (reduction of 35% compared to 2010 levels) in March 2018. We declared our intention to reduce the total volume of CO_2 and other greenhouse gas emissions from our stores to zero, as well as our commitment to working with all stakeholders towards decarbonization, including customers using our stores and the business partners throughout the supply chain including product manufacturing and distribution. In addition, we are the first large-scale retail company in Japan to join the RE100 global initiative for businesses committed to operating with 100% renewable energy.

- In our initiatives to preserve biodiversity, we are promoting procurement of products produced in line with global standards, such as ASC-certified products (aquaculture products), MSC-certified products (natural fishery products), and FSC-certified products (forestry products), under the Aeon's Sustainable Procurement Policy and the Sustainable Procurement Goals for 2020. In June 2018, we formulated the Aeon Policy on the Carrying of Eel and

launched the world's first fishery improvement project for eel in Indonesia to help realize sustainable procurement.

- The cumulative total of trees planted by the Group's tree planting activities, which have continued since 1991 in Japan and overseas, and the AEON Environmental Foundation's activities, has exceeded 11.92 million.

- In efforts to make better use of resources, under the Aeon Group Food Waste Reduction Targets the Group is aiming to halve food waste by 2025 and roll out a food resource recycling model in 10 or more locations throughout Japan by 2020, and it has started working on establishing promotional organizations in each region.

- In regard to efforts to collaborate with communities, as activities to support various groups that contribute to the community with the customers, the Group is continuing to put effort into the promotion of the "Aeon Happy Yellow Receipt Campaign" that contributes goods accordingly at a value of 1% of the total amount of the yellow receipts placed in boxes for specific organizations, and into the expansion of Gotouchi (Regional) WAON cards, which involves a portion of the money used by these WAON cards going toward the development of local communities. Also, the Group worked to conclude comprehensive agreements with local authorities in regions throughout Japan, with goals including supporting safe and secure communities, revitalizing local regions, and improving services for local citizens.

- The AEON Environmental Foundation was established in 1990 under our basic principle of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core." Since then, the foundation's main activities have included assisting and supporting groups involved in tree planting and environmental activities all around the world, commending groups and individuals who have contributed to biodiversity preservation and related activities, providing education to develop environmentally aware human resources, and undertaking joint projects with universities, governments, academic research institutes, and international specialist organizations around the world. The foundation will continue to actively pursue various environmental activities going forward.

- The major companies of the AEON Group contribute 1% of their pre-tax profit to the AEON 1% Club Foundation from a desire to "support society using profits received from customers." The foundation's activities are centered around the sound upbringing of children who will lead the next generation, the promotion of international friendship and goodwill, and sustainable development of the local community. Since its establishment in 1989 the foundation has received approximately 26.9 billion yen in support.

Support activities for disaster-stricken areas

We have carried out various initiatives toward realizing local (hometown) revitalization as the next stage after restoration support after the Great East Japan Earthquake, under the slogan of "Nigiwai Tohoku — Join Hands and Foster the Power of Hometown." In Project Aeon Joining Hands, a program that has been ongoing for 10 years involving the concerted efforts of labor and management to support the reconstruction, the number of employee volunteers has exceeded 300,000. Moreover, in tree-planting activities, the Sendai Area Coastal Defense Forest Planting project conducted in March 2019 achieved its target of 300,000 trees. Looking ahead, we will focus even more on activities under the Aeon Future Co-creation Program, through which we will continue volunteer and tree planting activities while aiming for the revival of a sustainable community through community-exchange support activities.

Promoting diversity and health management

AEON aims to be a company capable of responding to social change and diversification of consumer needs. We are promoting diversity management, which respects the differences in values and perspectives between individual employees and enables diverse human resources to play active roles.

Since our foundation, we have held the belief that human resources are the most important of all management resources, and we have constantly taken steps to share best practices within the Group for enabling diverse human resources to stay healthy and demonstrate their capabilities, to promote awareness reforms among management, and to expand on-site childcare facilities at our business sites. These efforts have been recognized with our designation as a "Health and Productivity Management Organization (White 500)" in February 2019, for a third consecutive year, as well as our selection as a Nadeshiko Brand company for our concerted effort as a TSE-listed enterprise that is outstanding in terms of encouraging the empowerment of women in the workplace, in March 2019, for a second consecutive year.

(3) Corporate Governance

Corporate governance reforms

The Company continually works to reform its corporate governance in an effort to create a foundation for continuous enhancement of corporate value. Recognizing the importance of incorporating independent opinions from an unbiased position and perspective in corporate management, we have invited outside officers since the foundation of our predecessor Company, JUSCO Co., Ltd. In response to the revision of the law in 2003, the Company adopted a "Company with Committees (currently: Company with a Nomination Committee and Other Committees)" system, making it an early adopter. This governance system ensures transparency of management by separating the management supervision function and business execution function of the Board of Directors and realizes fair corporate management. The Company has taken steps to further enhance the functions of this governance structure by appointing a non-executive director as the Chairman of the Board and appointing outside directors as the chairpersons of the Nomination Committee, Compensation Committee, and Audit Committee. Furthermore, since 2009, over half of the directors have been outside directors, further increasing transparency and fairness of management. In addition, in 2016 the Group formulated and announced its Basic Policy on Corporate Governance, which presents the Group's basic stance on corporate management and corporate governance. Looking ahead, we will continue to undertake reforms for optimizing the corporate governance system.

♦ Corporate governance highlights

	2000–	2001–	2003–	2007–	2008–	2009–	2013–	2016–	2017–	2018–
Trade name	JUSCO Co., Ltd.	Aeon Co., Ltd. (since Aug. 2001)								
Organization form	Operating holding company				Pure holding company (since Aug. 2008)					
Corporate governance system	Company with a Board of Directors		Company with a Nomination Committee and Other Committees (since May 2003)							
Committees	–		Nomination Committee (Chairman: outside director)							
			Compensation Committee (Chairman: outside director)							
			Audit Committee (Chairman: outside director)							
Number of Directors	23		8	7	7	9				
(Of which, outside directors)	– (Note)		4 (half of directors)	3	3	5 (more than half of directors)				
(Of which, female directors)							1			
(Of which, foreign nationals)										1
Operations of the Board of Directors, etc.								Assessment of the effectiveness of the Board of Directors		
								Outside Directors' Meeting		
Policies and code of conduct	Aeon Basic Principles (1989–)									
			Established Aeon Code of Conduct							
								Established Basic Policy on Corporate Governance		

(Note) The outside director system was introduced with the revision of the Commercial Code in 2003. Aeon had already invited outside officers prior to this.

Outside directors' activity report

The outside directors are appointed from among corporate managers and people with abundant experience and expert knowledge in specialized fields such as IT, corporate strategy, or legal affairs to ensure that the Board of Directors can adequately demonstrate its supervisory function. In addition, outside directors include female directors and foreign nationals in recognition of the importance of diversity in perspectives, including gender and internationality. Furthermore, to enable wide-ranging discussion from an independent perspective on medium- to long-term issues pertaining to the increase of corporate value, the Company holds meetings attended only by outside directors. At these meetings, the outside directors speak openly about issues that AEON needs to address, and periodic consultations between the outside directors and the CEO are later held to discuss the results of such discussions. Furthermore, the Company is actively expanding venues for discussion and activity outside of Board of Directors meetings, including policy deliberation meetings for formulation of medium-term management plans and progress reports, as well as overseas business visits and tree-planting activities.

Report on efficacy of the Board of Directors

The Board of Directors meets to discuss not only regularly submitted agenda items such as the results of quarterly reporting periods, but also AEON's medium- to long-term and essential issues, such as the status of Group governance, medium-term management plan monitoring, and ESG initiatives. The execution side listens carefully to various opinions and issues raised by the outside directors, while conducting its own discussions with frank and active exchanges of opinions. Furthermore, to enhance the efficacy of the Board of Directors, the Company conducts questionnaire surveys and interviews with each director. The results are discussed by the Board of Directors to identify issues that form the basis for improvements.

In the fiscal year under review, the Board of Directors discussed medium- to long-term issues for the Aeon Group; progress, execution management, and supervision of the medium-term management plan; and strengthening the holding company functions and Group governance. Improvements from the previous fiscal year and management and supervision of measures were confirmed to have been adequately performed. As a result, all evaluation items received high evaluations overall, and the Board of Directors was confirmed to be functioning adequately, with vigorous discussions conducted by both internal and outside directors as well as by executive officers.

The Board of Directors will continue to promote the necessary measures for performing its supervisory function to the fullest extent in an effort to further strengthen corporate governance.

2. Prospective Challenges for the Aeon Group

In recent years, customers' preferences and needs are becoming more and more diversified, showing an increasing interest in ethical consumption concerned with the global environment and regional community in addition to the health-conscious and low-cost trends, while at the same time the presence of companies mainly engaged in e-commerce is gaining more strength, and competition is intensifying.

In this type of environment, as "a corporate group with its ever-lasting innovative spirit," to respond to changes in our customers as quickly as possible, in the Aeon Group Medium-term Management Policy (2018–2020), designed to prepare AEON for 2020, the "Shift to Regional Markets," "Shift to Digital Markets," and "Shift to Asian Markets" are included as reform directives, and by promoting the "Investment Shift" that supports said shifts, we will continue our reforms aimed at becoming the No. 1 company in each region and field.

(1) Major Initiatives for Group-wide Structural Reforms

1) Shift to regional markets

In addition to changes in customers' needs, such as a growing penchant for fresh, local, natural, and organic produce, as well as the intensifying competitive environment from different industries and business categories, to respond to changes in the labor environment including personnel shortages, we are moving forward with the management integration of our Supermarket Business in the six regions in Japan.

Through the management integration, the operating companies in each region will be able to invest in stores, distribution, product development, and digital technology, advancing a fundamental reform of the existing supermarket business model and aiming to become the Supermarket Business that makes the greatest regional contribution. Furthermore, by advancing sustainable growth, we will capture the No. 1 market share in each region.

2) Shift to digital markets

In addition to strengthening our e-commerce businesses by building brand new online supermarkets in the Tokyo metropolitan area and marketplaces that handle regional products from throughout Japan, we will build an independent AEON platform using common platforms such as customer data held by Group companies, payment, and IT system, while aiming to acquire new sources of profit. We will also work to provide new value and increase convenience for customers, and to improve the productivity of our operations.

Furthermore, in addition to the investments that we have made thus far in e-commerce companies, the US's Boxed and Germany's SIGNA Sports United GmbH, by continuing to

invest in IT venture companies and to collaborate with advanced companies, we will pursue the acquisition of cutting-edge technologies and knowhow and further accelerate the shift to digital markets.

3) Shift to Asian markets

To respond to the rapid market changes taking place in the entire Asian region, including the shift to digital markets and the shift to borderless customer needs, in addition to further growth acceleration in China and the ASEAN countries, while establishing the same GMS format as in Japan and promoting the shift to digital markets including e-commerce, we will build an environment in which products can be freely distributed within the region. Furthermore, we will work to improve the quality of our global human resources by developing outstanding human resources in each country and promoting networking among them.

Furthermore, by concentrating the investment of our management resources in areas for which particularly high growth is forecasted, such as Vietnam, we aim to make our overseas businesses comprise 50% of operating revenue and operating profit in the near term.

(2) Reforms of Organizational Structure

To accelerate the execution speed of the above three shifts, in FY2019, in addition to newly assigning three Executive Vice Presidents and Representative Executive Officers to each of the shifts, we will take further measures to strengthen our platform by newly assigning officers in charge of distribution and ICT, thereby promoting the delegation of authority and clarifying responsibilities to build an organizational system that resolves management issues and achieves management objectives with a sense of speed.

3. Overview of AEON and the Aeon Group (as of February 28, 2019)

(1) Main Business of the Aeon Group

The Aeon Group comprises the Company (a pure holding company), 293 consolidated subsidiaries and 29 equity-method affiliates. The Group is engaged in various business operations, including the Group's core retail store operations together with businesses such as Financial Services, Shopping Center Development and Services.

(2) Number of Stores of Aeon Group Businesses

1) Head Office
   1-5-1, Nakase, Mihama-ku, Chiba-shi, Chiba

2) Number of stores by format

Format	Number of stores	Format	Number of stores	Format	Number of stores
General merchandise stores	583	Home centers	122	Drugstores	2,250
Supermarkets	2,166	Department stores	1	Other retail	1,015
Supercenters	27	Convenience stores	5,449	Financial services	640
Discount stores	587	Specialty stores	4,039	Other services	2,070
				Total	18,949

(3) Financing and Investment by the Aeon Group

Focused on the Shopping Center Development Business, which continues to demonstrate growth, the Aeon Group directed capital spending to investment in new stores in growth markets in Asia and on the refurbishment of existing domestic retail stores, as well as on the digital field including e-commerce. Total capital spending on such projects as stores and digital initiatives amounted to 495.6 billion yen, which was financed by internal cash flows and new borrowings.

(4) Share-related Information

1) Number of shares authorized: 2,400,000,000 shares

2) Number of shares issued: (including treasury shares) 871,924,572 shares

3) Minimum share-trading unit: 100 shares

4) Number of shareholders at year-end: 767,999

5) Ten largest shareholders:

Name	Number of shares held (Thousands of shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,151	6.20
Mizuho Bank, Ltd.	33,292	3.96
Japan Trustee Services Bank, Ltd. (Trust Account)	33,118	3.93
AEON Environmental Foundation	21,657	2.57
The Cultural Foundation of Okada	21,164	2.51
Mitsubishi Corporation	20,422	2.43
The Norinchukin Bank	18,133	2.15
Japan Trustee Services Bank, Ltd. (Trust Account #5)	14,872	1.77
Employees' stockholding association	12,355	1.47
Japan Trustee Services Bank, Ltd. (Trust Account #7)	11,881	1.41

(Note 1) Calculations of ratio of shares held exclude treasury shares (30,145,261 shares) and have been rounded.

(Note 2) The number of shares held by Mizuho Bank, Ltd. includes its contribution of 9,378 thousand shares to the retirement benefit trust (the holder of said shares, as listed in the shareholder registry, is "Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.").

(Translation for reference purposes only)

(5) Directors of the Company

1) Directors

Board of Directors

Name	Area of responsibility	Significant concurrent positions outside the Company
Hiroshi Yokoo	Chairman of the Board	Outside Director, YAMAYA CORPORATION
Motoya Okada	Nomination Committee member; Compensation Committee member	
Yoshiki Mori		
Akinori Yamashita		
Yukako Uchinaga	Chairman of the Nomination Committee; Audit Committee member	President, Japan Women's Innovative Network (J-Win) (NPO) President and Representative Director, Globalization Research Institute Outside Director, HOYA CORPORATION Outside Director, DIC Corporation Outside Director, Teijin Limited
Toru Nagashima	Chairman of the Compensation Committee; Audit Committee member	Honorary Advisor, Teijin Limited External Corporate Auditor, Daikin Industries, Ltd. Director, Japan Corporate Governance Network
Takashi Tsukamoto	Audit Committee member; Compensation Committee member	Honorary Advisor, Mizuho Financial Group Outside Director, Asahi Mutual Life Insurance Company Outside Audit & Supervisory Board Member, Furukawa Electric Co., Ltd. Outside Director, Internet Initiative Japan Inc. Chairman, The Japan-British Society
Kotaro Ohno	Chairman of the Audit Committee; Nomination Committee member	Special Counsel, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Komatsu Ltd. Outside Audit & Supervisory Board Member, ITOCHU Corporation President, International Civil and Commercial Law Centre Foundation
Peter Child	Nomination Committee member; Compensation Committee member	

Executive officers

Position	Name	Area of responsibility and significant concurrent positions outside the Company
President and Representative Executive Officer	Motoya Okada	Group CEO
		Director and Advisor, Aeon Mall Co., Ltd.
		Director and Advisor, Aeon Retail Co., Ltd.
		Director and Advisor, Daiei, Inc.
		Director and Advisor, United Super Markets Holdings Inc.
		Director, Welcia Holdings Co., Ltd.
		Outside Director and Advisor, TSURUHA HOLDINGS INC.
		Outside Director, KUSURI NO AOKI HOLDINGS CO., LTD.
Executive Vice President and Representative Executive Officer	Yoshiki Mori	Group COO
		Chairman and Representative Director, Daiei, Inc.
		Chairman and Representative Director, AEON KYUSHU CO., LTD.
Executive Vice President	Akinori Yamashita	CFO
		Chief Officer of Business Management
		Director, AEON Stores (Hong Kong) Co., Limited
Executive Vice President	Shinya Wako	Chief Officer of Management Strategy
		Director, Aeon Retail Co., Ltd.
		Director, Daiei, Inc.
Executive Officer	Akio Yoshida	Chief Officer of Shopping Center Development Business
		President and Representative Director, Aeon Mall Co., Ltd.
Executive Officer	Soichi Okazaki	Chief Officer of GMS Business
		President and Representative Director, Aeon Retail Co., Ltd.
Executive Officer	Motohiro Fujita	Chief Officer of SM Business
		President and Representative Director, United Super Markets Holdings Inc.
Executive Officer	Yuki Habu	Chief Officer of China Business
		President and Representative Director, AEON Stores (Hong Kong) Co., Limited
Executive Officer	Eiji Shibata	Chief Officer of Merchandising
		Executive Vice President and Representative Director, Aeon Retail Co., Ltd.
Executive Officer	Masaki Suzuki	Chief Officer of Financial Services Business
		Chairman, Aeon Financial Service Co., Ltd.
Executive Officer	Ippei Nakayama	Chief Officer of Services & Specialty Store Business
		Chairman, Aeon Delight Co., Ltd.
		Chairman and Representative Director, Taka:Q Co., Ltd.
Executive Officer	Kahori Miyake	Chief Officer of CSR & Communication
Executive Officer	Hidenori Osano	Chief Officer of IT
Executive Officer	Hiroyuki Watanabe	Human Resources and Administration, Administration & Risk Management
		Director, Aeon Financial Service Co., Ltd.
		Director, Aeon Bank Ltd.
Executive Officer	Takehiko Saitoh	Chief Officer of Digital Business

(Note 1) In addition to their positions as directors, Motoya Okada, Yoshiki Mori and Akinori Yamashita concurrently hold positions as executive officers. Area of responsibility and significant concurrent positions are stated under the Executive Officer summary.

(Note 2) Yukako Uchinaga, Toru Nagashima, Takashi Tsukamoto, Kotaro Ohno, and Peter Child are all outside directors as stipulated under the Companies Act. In accordance with the rules of the Tokyo Stock Exchange, the Company has registered the names of all its outside directors as independent directors.

(Note 3) All Audit Committee members are to be independent outside directors (part-time) in the Company in order to maintain full independence of the Audit Committee and conduct highly transparent audit. Furthermore, Internal Audit Office has been set up independent from the business execution department. The Office ensures the effectiveness of the audit by gathering information through attendance of important meetings or interviews with executive officers while also assisting the duties of

the Audit Committee by cooperating with the internal audit of the Group management and independent auditors.

(Note 4) The following personnel changes occurred during the year ended February 28, 2019:

- *April 11, 2018: Takehiko Saitoh was newly elected as Executive Officer, and assumed his position.*
- *May 23, 2018: Ken Sato retired from the position of Director upon the completion of his term.*
  Hideharu Mizuno retired from the position of Executive Officer upon the completion of his term.
  Peter Child was newly elected as Director, and assumed his position.
- *September 20, 2018: Takeharu Takahashi resigned from the position of Executive Officer, Chief Officer of Human Resources and Administration, and Administration & Risk Management.*
- *September 21, 2018: Hiroyuki Watanabe was newly elected as Executive Officer, and assumed his position.*

(Note 5) As a result of a restructuring effective March 1, 2019, the organizational responsibilities for executive officers are now as follows.

Position	Name	Area of responsibility
President and Representative Executive Officer	Motoya Okada	Group CEO
Executive Vice President and Representative Executive Officer	Akio Yoshida	Shopping Center Development Business Digital Business
Executive Vice President and Representative Executive Officer	Soichi Okazaki	GMS Business International Business
Executive Vice President and Representative Executive Officer	Motohiro Fujita	SM Business
Executive Vice President and Executive Officer	Akinori Yamashita	CFO, Business Management
Executive Vice President and Executive Officer	Shinya Wako	Management Strategy
Executive Officer	Yuki Habu	China Business
Executive Officer	Eiji Shibata	Merchandising & Logistics
Executive Officer	Masaki Suzuki	Financial Services Business
Executive Officer	Ippei Nakayama	Services & Specialty Store Business
Executive Officer	Kahori Miyake	CSR & Communication
Executive Officer	Hidenori Osano	Logistics Reform
Executive Officer	Hiroyuki Watanabe	Human Resources and Administration Administration & Risk Management
Executive Officer	Takehiko Saitoh	Internet Business
* Executive Officer	Yasuo Nishitoge	ASEAN Business

An asterisk indicates a first-time executive officer.

2) Items related to outside directors

a. Significant concurrent positions held at other organizations and the relationships between these organizations and the Company

- The organizations in which outside directors hold significant concurrent positions are as shown on page 29.
- The Company is registered as a member of Japan Women's Innovative Network (J-Win), an NPO of which Yukako Uchinaga is Executive Director. The annual corporate membership fees plus any other monies paid to Japan Women's Innovative Network represent less than 0.1% of the Company's total consolidated SG&A expenses.
- Takashi Tsukamoto held the position of President & CEO of Mizuho Bank, Ltd., a group company of Mizuho Financial Group, Inc. at which he now concurrently serves as Honorary Advisor. However, more than five years have passed since his retirement from Mizuho Bank, Ltd. in 2013, and he currently has no involvement with the execution of business at the said bank. Even though the said bank is one of several principal lenders of the Company, it is not a business partner which has a significant impact on the Company's decision making. The Company's borrowings from the said bank at the end of the most recent fiscal year were below 2% of the consolidated total assets of the Company.
- The Company is registered as a corporate member of International Civil and Commercial Law Centre Foundation of which Kotaro Ohno is President. The Company has transactions with Mori Hamada & Matsumoto of which Kotaro Ohno is Special Counsel. However, the monies paid to each of the said companies represent less than 0.1% of the Company's total consolidated SG&A expenses.
- The Company has no special relationship with other organizations in which its outside directors hold concurrent positions.

b. Attendance at Board/committee meetings (attendances/meetings) during the year under review

	Board of Directors	Audit Committee	Nomination Committee	Compensation Committee
Yukako Uchinaga	8/8	8/9	3/3	–
Toru Nagashima	8/8	8/9	–	5/5
Takashi Tsukamoto	8/8	6/6	1/1	5/5
Kotaro Ohno	8/8	9/9	3/3	–
Peter Child	7/7	–	2/2	4/4

(Note) The attendance shown for Peter Child is his attendance after he assumed office as director on May 23, 2018.
For Takashi Tsukamoto, attendance at Nomination Committee refers to attendance until May 23, 2018, while attendance at Audit Committee refers to attendance on and after May 23, 2018, when he assumed the position of Audit Committee Member.

c. Major activities during the year under review

- In addition to her broad experience and expertise in IT sector, Yukako Uchinaga is well versed in diversity-related issues and provided leadership in discussions on matters such as promotion of healthy and efficient business management. Furthermore, as Chairman of the Nomination Committee she led deliberation on agendas for resolutions at the Committee, including nominate directors of the Company.
- Based on his broad experience and wide-ranging insight in global corporate management, Toru Nagashima provided leadership in discussions on matters such as the promotion of global management and enhanced corporate governance. Furthermore, as Chairman of the Compensation Committee he led deliberation on agendas for resolutions at the Committee, including remuneration for directors of the Company.
- Takashi Tsukamoto has deep insight and ample experience as a manager of a major financial institution, and actively participates in discussions relating to maintenance and improvement of transparency and soundness throughout management as a whole, and improvement of corporate governance.
- Kotaro Ohno has ample experience and insight with regard to law and compliance, and actively participates in discussions relating to the promotion of compliance management, etc. Furthermore, as Chairman of the Audit Committee he led deliberation on agendas for resolutions at the Committee, including monitoring the Company's internal control systems and auditing the Company's financial statements.
- Peter Child has expertise in the retail sector gained primarily from serving as a leader of consumer goods and retail group at a world-renowned major consulting firm, and actively participates in discussions relating to matters such as promotion of global management.

3) Summary of agreements limiting liability

- To ensure an ability to attract persons capable of contributing as outside directors, the Company has entered into agreements which limit the liability of each outside director. For damages as set forth in Article 423, paragraph 1 of the Companies Act, these agreements state that, when outside directors carry out their duties in good faith and with

no serious negligence, their liability to compensate the Company is limited to 15 million yen or to an amount stipulated by laws and regulations, whichever is higher; and that they are exempt from an outside director's obligation to compensate the Company for any amounts that exceed these limits.

4) Policies on personal remuneration for directors and executive officers

Remuneration for directors and executive officers of the Company shall be determined by the Compensation Committee where outside directors hold the majority and one serves as chairman for the purpose of high transparency with objectivity.

a. Remuneration policy

The philosophy and objectives of the remuneration structure

- Based on the basic philosophy, as a corporate group with its ever-lasting innovative spirit, the Company's directors and executive officers will contribute to the sustainable growth of the Group, rising to the challenges without fear of risk.
- The Company's directors and executive officers receive remuneration based on their roles as directors and executive officers and degree of achievement of the management target.

Remuneration structure basic policy

i. The remuneration structure shall be highly fair and easy to understand so that it will be understood and endorsed by customers, employees, and shareholders, and shall be decided by a transparent, appropriate process that ensures fairness.

ii. The structure shall link remuneration with the medium- to long-term management strategy and performance of the Group which will create strong incentives toward the execution of the management strategy.

iii. Remuneration levels shall be such that they secure and maintain human resources responsible for the Group's management and lead to motivation.

iv. The remuneration structure and levels shall be revised appropriately as needed based on economic and social conditions and the Group's management environment and performance.

b. Remuneration to directors

i. Basic remuneration shall be paid to directors.

ii. Remuneration to directors shall not be paid for directors who concurrently perform executive duties.

c. Remuneration to executive officers

i. Basic remuneration

It shall be determined in accordance with their individual evaluation within the standard amounts set for each position.

ii. Performance-based remuneration

The percentage weight of the performance-based remuneration of executive officers to the total monetary remuneration (basic remuneration + performance-based remuneration) shall be to the extent from 30% to 50% and the weight shall be higher for ones serving higher positions.

Payment rate for the performance-based remuneration shall be payable at the rate of 100% of the standard amounts when the designated target set at the beginning of the business year has been achieved. The rate shall vary within the range of 0% to 200% based on the financial results of AEON and the evaluation of individual performances for the year in question.

Performance-based remuneration for executive officers shall be composed of corporate performance-based remuneration and personal performance-based remuneration. For Representative Executive Officers, however, such remuneration will be corporate performance-based remuneration only.

a. Corporate performance-based remuneration

It shall be determined by calculating from the multiple based on the degree of achievement in AEON's consolidated performance to the standard amounts set for each position in consideration of the overall performance.

b. Personal performance-based remuneration

It shall be determined by calculating from the multiple based on the performance of each department and the evaluation of the individual performance based on the degree of achievement of the management target to the standard amounts set for each position.

iii. Share compensation-type stock options

Share compensation-type stock options shall be granted in the form of subscription rights to shares for the purpose of enhancing the moral and motivation to continuously improve performance and increase corporate value. Such shall be done by strengthening the linkage between the stock price and performance with the remuneration and sharing with shareholders not only the benefits received when the stock price rises but also the risks when the stock price falls.

The number of subscription rights to shares granted shall be determined based on the performance of the year in question according to the standard number for each position.

5) Total remunerations paid to the Company's directors and executive officers

Concerning the remuneration for executive officers, the Compensation Committee has considered the shortfall with respect to publically announced projections and in order to clarify management responsibility, it has decided to reduce the amount of remuneration as set forth below.

- In regard to performance-based remuneration for the fiscal year under review, no payment will be made to the President and Representative Executive Officer in accordance with point "ii." of "c." in "Policies on personal remuneration for directors and executive officers." Moreover, as for other executive officers, the performance-based remuneration shall be approximately 48% of the prescribed amount.
- The Company plans to provide remuneration through share compensation-type stock options for the fiscal year under review at 50% of the prescribed number of shares in accordance with point "iii." of "c." in the aforementioned policies.
- The basic remuneration of executive officers to be re-elected shall be reduced by approximately 20% for the President and executive officers with titles and by approximately 10% for other executive officers for the three-month period in the fiscal year ending February 29, 2020.

Directors

	Basic remuneration based on Compensation Committee resolutions	Of which, outside directors
Number of persons paid	7	6
Amount paid	121 million yen	75 million yen

Executive officers (incumbent as of the fiscal year-end)

Position	Number of persons	Basic remuneration based on Compensation Committee resolutions	Performance-based remuneration based on Compensation Committee resolutions	Remuneration through share compensation-type stock options	Total
President and Representative Executive Officer	1	46 million yen	– million yen	8 million yen	54 million yen
Other Executive Officers	10	276 million yen	78 million yen	45 million yen	399 million yen
Total	11	322 million yen	78 million yen	53 million yen	454 million yen

(Note 1) Remuneration through share compensation-type stock options for executive officers is projected amounts. The actual amounts will be paid after being resolved at the Compensation Committee meeting and the Board of Directors meeting to be held on May 29, 2019, based on performance during the 94th fiscal period. In regard to the share compensation-type stock options, the subscription rights to shares will be allocated on June 21, 2019. The above amounts to be allocated are calculated based on the closing price of the Company's share on the Tokyo Stock Exchange on or around the last day of February 2019.

(Note 2) In addition to the amounts detailed above, a total of 13 million yen was paid in basic remuneration to one executive officer who resigned during the year under review.

(6) Independent Auditors

1) Name: Deloitte Touche Tohmatsu LLC

The financial statements of the Company's overseas consolidated subsidiaries are audited by other auditing firms.

2) Amount of compensation

i.	Amount of compensation paid for services rendered as independent auditors during the fiscal year under review	116 million yen
ii.	Total cash and other compensation paid by AEON and its subsidiaries to their independent auditors	2,166 million yen

(Note 1) Since the auditing services contract between the Company and the independent auditors does not make a clear distinction between the amounts of remuneration payable to the independent auditors with respect to auditing services rendered under the Companies Act and those amounts payable for auditing services rendered under the Financial Instruments and Exchange Act, the "Amount of compensation paid for services rendered as independent auditors during the fiscal year under review" equals the sum of the amounts for these two categories.

(Note 2) Payments by the Company and its subsidiaries to the independent auditors are for counsel, guidance and other relevant services provided in relation to International Financial Reporting Standards (IFRS), which are defined as services other than those provided under Article 2, paragraph 1 of the Certified Public Accountants Act.

(Note 3) Auditing firms other than the independent auditors of AEON provide auditing services to Aeon Credit Service (Asia) Co., Ltd. and four other major subsidiaries of the Company.

(Note 4) The Company's Audit Committee has confirmed the validity of the audit hours and the estimated amount of remuneration payable to the independent auditors through interviews conducted to independent auditors on the personnel structure, audit plans, audit situation, quality management of audit etc., and opinions received from related divisions on the independence and expertise of the auditing team as well as its work performance. After reviewing, the Audit Committee has agreed with the matters relating to the remuneration of independent auditors.

3) Policy regarding decisions to dismiss or not to reappoint independent auditors

The Company will make such decisions if it is deemed that actions by independent auditors violate or conflict with provisions of the Companies Act or other laws and regulations, or that a significant event has occurred resulting in a loss of trust in independent auditors.

(7) Aeon Group Employees

Business segment	Number of employees (Note 1)	Number of other employees (Note 2)
GMS Business	31,618	97,904
SM Business	28,949	99,962
Health & Wellness Business	9,458	19,814
Financial Services Business	19,242	6,735
Shopping Center Development Business	3,656	1,791
Services & Specialty Store Business	28,610	30,286
International Business	32,096	4,679
Other Business	236	38
Pure Holding Company, etc.	2,874	1,964
Total	156,739	263,173

(Note 1) Figures refer to employees on the full-time payroll of Aeon Group companies (excluding any employees seconded to companies outside the Aeon Group, but including any external workers on temporary loan to Aeon Group companies).

(Note 2) Numbers of other employees represent the average number of part-timers during the term (calculated on the basis of eight working hours/day).

(8) Principal Creditors

Creditors	Amount (Millions of yen)
Mizuho Bank, Ltd.	53,948
The Norinchukin Bank	33,500
Sumitomo Mitsui Banking Corporation	33,500
MUFG Bank, Ltd.	33,400
Sumitomo Mitsui Trust Bank, Limited	26,000
Mizuho Trust & Banking Co., Ltd.	16,000
Resona Bank, Limited	13,000

(9) Group Status

Major subsidiaries

Name	Capital	Voting rights (%)	Main businesses
GMS Business			
AEON Hokkaido Corporation	¥6,100 million	81.31	General merchandise store
AEON KYUSHU CO., LTD.	¥3,159 million	73.85	General merchandise store
Sunday Co., Ltd.	¥3,241 million	77.00	Home center
Aeon Retail, Co., Ltd.	¥100 million	100.00	General merchandise store
SM Business			
United Super Markets Holdings Inc.	¥10,000 million	53.70	Management in supermarket
Maxvalu Chubu Co., Ltd.	¥3,950 million	67.12	Supermarket
Maxvalu Tohoku Co., Ltd.	¥3,693 million	71.49	Supermarket
Maxvalu Tokai Co., Ltd.	¥2,267 million	69.80	Supermarket
Maxvalu Nishinihon Co., Ltd.	¥1,702 million	63.64	Supermarket
Maxvalu Kyushu Co., Ltd.	¥1,612 million	78.39	Supermarket
Maxvalu Hokkaido Co., Ltd.	¥1,176 million	64.86	Supermarket
Ministop Co., Ltd.	¥7,491 million	53.85	Convenience store
Health & Wellness Business			
Welcia Holdings Co., Ltd.	¥7,736 million	50.62	Management in drug store
Financial Services Business			
Aeon Financial Service Co., Ltd.	¥45,698 million	49.87	Bank holding company
AEON CREDIT SERVICE (ASIA) CO., LTD.	HK$269 million	67.13	Financial services
AEON CREDIT SERVICE (M) BERHAD	M$492 million	64.45	Financial services
AEON THANA SINSAP (THAILAND) PLC.	THB250 million	63.12	Financial services
Aeon Bank Ltd.	¥51,250 million	100.00	Banking services
Shopping Center Development Business			
Aeon Mall Co., Ltd.	¥42,313 million	56.15	SC development
Services & Specialty Store Businesses			
Cox Co., Ltd.	¥4,503 million	71.65	Casual apparel specialty store
G Foot Co., Ltd.	¥3,755 million	66.91	Specialty shoe store
Aeon Delight Co., Ltd.	¥3,238 million	55.39	Facilities management services
Aeon Fantasy Co., Ltd.	¥1,759 million	68.61	Amusement services
ZWEI CO., LTD.	¥460 million	68.61	Bridal information services
International Business			
AEON CO. (M) BHD.	M$702 million	51.68	General merchandise store
AEON Stores (Hong Kong) Co., Limited	HK$115 million	60.59	General merchandise store

(Note 1) Voting rights percentages include indirect ownership.
(Note 2) No specified wholly owned subsidiary is present as of the fiscal year-end.

(10) Policy Regarding Decisions on Dividends of Surplus

The policy on returns to shareholders strives to maintain an optimal balance between paying dividends and improving corporate value through medium- to long-term growth as a key management priority. The Company sets dividends in consideration of its consolidated earnings results and strives to reward shareholders appropriately for capital invested.

Specifically, the Company has set a target of maintaining its annual dividend payment at or above the previous year's payment and implementing a dividend payout ratio of 30% as the Group endeavors to increase earnings and return even more to shareholders in coming years.

The Company pays dividends twice a year for the purpose of enhancing the opportunities for profit distribution to shareholders. In accordance with the provisions of Article 459 of the Companies Act, the Board of Directors can resolve the year-end dividend payment from surplus to shareholders.

[Dividends of surplus for the year under review]

Pursuant to a resolution by the Board of Directors at its meeting on April 10, 2019, the year-end dividend payment from surplus for the fiscal year under review is an ordinary dividend of 17 yen per share. The total annual dividend for the fiscal year is 34 yen per share including the interim dividend of 17 yen per share. The starting date for dividend payments (effective date) is Tuesday, May 7, 2019.

(Note 1) The amounts and numbers of shares shown in this Business Report have been rounded down to the appropriate units used in the document.

(Note 2) Figures shown for sales, etc. do not include consumption taxes.

(Translation for reference purposes only)

Consolidated balance sheet

(Unit: Millions of yen, rounded down)

As of February 28, 2019

Assets		Liabilities	
Current assets	**6,006,010**	**Current liabilities**	**6,007,156**
Cash and deposits	852,382	Notes and accounts payable – trade	914,150
Call loans	27,138	Deposits for banking business	3,443,053
Notes and accounts receivable – trade	1,461,616	Short-term loans payable	385,634
Securities	428,657	Current portion of long-term loans payable	230,054
Inventories	598,420	Current portion of bonds	96,312
Deferred tax assets	47,349	Current portion of bonds with subscription rights to shares	29,946
Operating loan	393,914	Commercial papers	92,079
Loans and bills discounted for banking business	1,965,353	Lease obligations	13,908
Other	335,513	Income taxes payable	56,526
Allowance for doubtful accounts	(104,335)	Provision for bonuses	33,078
		Provision for loss on store closing	10,882
Non-current assets	**4,043,669**	Provision for point card certificates	20,943
Property, plant and equipment	**2,790,872**	Notes payable – facilities	68,999
Buildings and structures, net	1,549,236	Other	611,585
Tools, furniture and fixtures, net	224,925	**Non-current liabilities**	**2,167,159**
Land	890,857	Bonds payable	489,661
Lease assets, net	73,515	Long-term loans payable	1,127,742
Construction in progress	51,887	Lease obligations	63,128
Other, net	449	Deferred tax liabilities	41,623
		Liability for directors' retirement benefits	911
Intangible assets	**301,123**	Provision for loss on store closing	2,958
Goodwill	147,727	Provision for contingent liabilities	62
Software	88,989	Provision for loss on interest repayment	3,842
Lease assets, net	27,101	Allowance for loss on redemption of gift coupons	5,154
Other	37,304	Net defined benefit liability	28,311
Investments and other assets	**951,674**	Asset retirement obligations	94,955
Investment securities	231,120	Long-term guarantee deposited	265,622
Net defined benefit asset	19,552	Other	43,184
Deferred tax assets	112,080	**Liabilities**	**8,174,316**
Guarantee deposits	424,362	**Net assets**	
Deposits for stores in progress	2,378	**Shareholders' equity**	**1,047,490**
Other	172,734	Capital stock	220,007
Allowance for doubtful accounts	(10,554)	Capital surplus	302,636
		Retained earnings	561,135
		Treasury shares	(36,290)
		Accumulated other comprehensive income	**46,145**
		Valuation difference on available-for-sale securities	47,391
		Deferred gains or losses on hedges	(2,542)
		Foreign currency translation adjustment	2,155
		Remeasurements of defined benefit plans	(859)
		Subscription rights to shares	**1,960**
		Non-controlling interests	**779,768**
		Net assets	**1,875,364**
Assets	**10,049,680**	**Liabilities and net assets**	**10,049,680**

(Translation for reference purposes only)

Consolidated statement of income

(Unit: Millions of yen, rounded down)

Year ended February 28, 2019	
Net sales	**7,452,464**
Operating revenue from financial services business	**391,363**
Other operating revenue	**674,388**
Operating revenue	**8,518,215**
Cost of sales	**5,392,966**
Operating cost from financial services business	**34,767**
Operating cost	**5,427,734**
Gross profit (loss)	**2,059,497**
Operating gross profit (loss)	**3,090,481**
Selling, general and administrative expenses	**2,878,224**
Operating profit (loss)	**212,256**
Non-operating income	
Interest income	3,257
Dividend income	2,421
Share of profit of entities accounted for using equity	2,532
Income from unredeemed gift coupons	3,725
Penalty income from leaving tenants	2,671
Reversal of allowance for doubtful accounts	773
Gain on collection of fixed leasehold deposits	1,594
Other	10,771
	27,748
Non-operating expenses	
Interest expenses	16,409
Other	8,477
	24,887
Ordinary profit (loss)	**215,117**
Extraordinary income	
Gain on sales of non-current assets	26,258
Insurance income	8,935
Other	3,475
	38,669
Extraordinary losses	
Loss on sale of non-current assets	887
Impairment loss	62,724
Provision for loss on store closing	8,878
Loss on retirement of non-current assets	3,119
Loss on store closing	1,475
Disaster-related loss	7,222
Other	1,394
	85,703
Profit (loss) before income taxes	**168,083**
Income taxes	
Current	89,629
Deferred	(9,800)
	79,829
Profit (loss)	**88,253**
Profit (loss) attributable to non-controlling interests	64,615
Profit (loss) attributable to owners of parent	**23,637**

(Translation for reference purposes only)

Nonconsolidated balance sheet

(Unit: Millions of yen, rounded down)

As of February 28, 2019			
Assets		**Liabilities**	
Current assets	**398,432**	**Current liabilities**	**211,043**
Cash and deposits	35	Short-term loans payable	19,648
Prepaid expenses	97	Current portion of long-term loans payable	44,900
Deferred tax assets	242	Current portion of bonds	20,000
Short-term loans receivable to subsidiaries	372,557	Commercial papers	20,000
Accrued income	12,142	Accounts payable – other	9,163
Accounts receivable – other	13,284	Accrued expenses	2,348
Other	72	Income taxes payable	543
		Accrued consumption taxes	303
Non-current assets	**1,070,432**	Deposits received	93,553
Property, plant and equipment	**14,558**	Provision for bonuses	242
Buildings, net	10,289	Other	341
Structures, net	75	**Non-current liabilities**	**586,949**
Tools, furniture and fixtures, net	209	Bonds payable	151,500
Land	3,984	Long-term loans payable	337,700
		Allowance for investment loss, etc.	93,457
Intangible assets	**1,025**	Deferred tax liabilities	2,073
Rights of trademark	596	Other	2,219
Other	429	**Liabilities**	**797,992**
		Net assets	
Investments and other assets	**1,054,847**	**Shareholders' equity**	**628,383**
Investment securities	126,479	**Capital stock**	**220,007**
Stock of subsidiaries and affiliates	862,478	**Capital surplus**	**316,894**
Investments in capital of subsidiaries and affiliates	100,457	Legal capital surplus	316,894
		Retained earnings	**127,705**
Long-term prepaid expenses	80	Legal retained earnings	11,770
Other	326	Other retained earnings	115,935
Allowance for doubtful accounts	(165)	Reserve for advanced depreciation of fixed assets	4,351
Allowance for investment loss, etc.	(34,808)	General reserve	95,500
		Retained earnings brought forward	16,084
		Treasury shares	**(36,225)**
		Valuation and translation adjustments	**42,107**
		Valuation difference on available-for-sale securities	43,521
		Deferred gains or losses on hedges	(1,414)
		Subscription rights to shares	**381**
		Net assets	**670,871**
Assets	**1,468,864**	**Liabilities and net assets**	**1,468,864**

(Translation for reference purposes only)

Nonconsolidated statement of income

(Unit: Millions of yen, rounded down)

Year ended February 28, 2019	
Operating revenue	
Dividends from subsidiaries and affiliates	34,574
Commissions from subsidiaries and affiliates	20,754
Other	1,096
	56,424
Operating gross profit (loss)	**56,424**
Selling, general and administrative expenses	**18,524**
Operating profit (loss)	**37,899**
Non-operating income	
Interest and dividend income	7,109
Other	84
	7,194
Non-operating expenses	
Interest expenses	6,071
Provision of allowance for investment loss, etc.	20,037
Other	1,341
	27,450
Ordinary profit (loss)	**17,643**
Extraordinary income	
Gain on sales of stock of subsidiaries and affiliates	4,125
Other	139
	4,265
Extraordinary losses	
Provision of allowance for investment loss, etc.	1,861
Other	149
	2,011
Profit (loss) before income taxes	**19,897**
Income taxes	
Current	2,045
Deferred	183
	2,229
Profit (loss)	**17,668**

(Translation for reference purposes only)

Reference

Composition of Committee Members and Executive Officers Following Conclusion of General Meeting of Shareholders (Planned)

Committee Members (planned effective date May 29, 2019)

Committee	Name	*Members with * mark are the chairman of the Committee.*
Audit Committee	* Kotaro Ohno, Yukako Uchinaga, Toru Nagashima, Takashi Tsukamoto	
Nomination Committee	* Yukako Uchinaga, Kotaro Ohno, Peter Child, Motoya Okada	
Compensation Committee	* Toru Nagashima, Takashi Tsukamoto, Peter Child, Motoya Okada	

Executive Officers (planned effective date May 29, 2019)

Position	Name	Area of responsibility
President and Representative Executive Officer	Motoya Okada	Group CEO
Executive Vice President and Representative Executive Officer	Akio Yoshida	Shopping Center Development Business Digital Business
Executive Vice President and Representative Executive Officer	Soichi Okazaki	Chief Officer of GMS Business International Business
Executive Vice President and Representative Executive Officer	Motohiro Fujita	SM Business
Executive Vice President and Executive Officer	Akinori Yamashita	CFO, Business Management
Executive Vice President and Executive Officer	Shinya Wako	Management Strategy
Executive Officer	Yuki Habu	China Business
Executive Officer	Eiji Shibata	Merchandising & Logistics
Executive Officer	Masaki Suzuki	Financial Services Business
Executive Officer	Ippei Nakayama	Services & Specialty Store Business
Executive Officer	Kahori Miyake	CSR & Communication
Executive Officer	Hidenori Osano	Logistics Reform
Executive Officer	Hiroyuki Watanabe	Human Resources and Administration Administration & Risk Management
Executive Officer	Takehiko Saitoh	Internet Business
Executive Officer	Yasuo Nishitoge	ASEAN Business

**Plans are to appoint non-executive director Hiroshi Yokoo as Chairman of the Board of the Company.*
**The above are the plans in the event the agenda for the election of members of the Board of Directors is approved in full.*
**The report on the results of the agenda for this General Meeting of Shareholders will be posted on the Company's website together with the results of the exercising of voting rights*
The Company's website: http://www.aeon.info/

(Translation for reference purposes only)

Excerpts of Internet Disclosure Items

● Items Related to the Company's Subscription Rights to Shares

1) Subscription rights to shares delivered as consideration for execution of duties, and held by the Company's directors and executive officers as of the final day of the business year under review

Issues of stock options (Issuance resolution date)	Exercise period	Number of subscription rights to shares	Number of shares subject to the rights	Number of persons holding the rights	Issuing price	Amount of capital contributed upon exercise
No. 4 subscription rights to shares (November 20, 2008)	November 21, 2008 to November 20, 2023	8	800 shares	1	710 yen per share	1 yen per share
No. 8 subscription rights to shares (June 21, 2010)	July 21, 2010 to July 20, 2025	37	3,700 shares	1	885 yen per share	1 yen per share
No. 9 subscription rights to shares (June 21, 2011)	July 21, 2011 to July 20, 2026	37	3,700 shares	1	805 yen per share	1 yen per share
No. 10 subscription rights to shares (June 21, 2012)	July 21, 2012 to July 20, 2027	132	13,200 shares	3	817 yen per share	1 yen per share
No. 11 subscription rights to shares (June 21, 2013)	July 21, 2013 to July 20, 2028	193	19,300 shares	4	1,097 yen per share	1 yen per share
No. 12 subscription rights to shares (June 21, 2014)	July 21, 2014 to July 20, 2029	97	9,700 shares	4	1,064 yen per share	1 yen per share
No. 13 subscription rights to shares (June 21, 2015)	July 21, 2015 to July 20, 2030	94	9,400 shares	4	1,423 yen per share	1 yen per share
No. 15 subscription rights to shares (June 21, 2017)	July 21, 2017 to July 20, 2032	185	18,500 shares	7	1,515 yen per share	1 yen per share
No. 16 subscription rights to shares (June 21, 2018)	July 21, 2018 to July 20, 2033	437	43,700 shares	9	2,176 yen per share	1 yen per share

Conditions for exercising subscription rights to shares (same for all issues)

- The person receiving subscription rights to shares must be an executive officer of the Company (or an executive officer of a Group company whose position is deemed the equivalent of such by the Compensation Committee of AEON) at the time that the rights are exercised. However, even if a person retires from his/her position as

executive officer of the Company, etc., he or she may exercise those rights within a period of five years from the date of his/her retirement.

- When exercising subscription rights to shares, the executive officer must exercise the entire number of the rights in his/her possession and may not exercise them in installments.

2) New deliveries of subscription rights to shares in the business year under review as consideration for execution of duties to employees of the Company and officers and employees of Group subsidiaries and affiliates

a. Employees of the Company (delivered as consideration for execution of duties during the terms of office as Company officers)

Issues of stock options (Issuance resolution date)	Exercise period	Number of subscription rights to shares	Number of shares subject to the rights	Number of persons to whom the rights have been delivered	Issuing price	Amount of capital contributed upon exercise
No. 16 subscription rights to shares (June 21, 2018)	July 21, 2018 to July 20, 2033	24	2,400 shares	2	2,176 yen per share	1 yen per share

Conditions for exercising subscription rights to shares are same as item 1) above.

b. Officers and employees of Group subsidiaries and affiliates

Issues of stock options (Issuance resolution date)	Exercise period	Number of subscription rights to shares	Number of shares subject to the rights	Number of persons to whom the rights have been delivered	Issuing price	Amount of capital contributed upon exercise
No. 16 subscription rights to shares (June 21, 2018)	July 21, 2018 to July 20, 2033	164	16,400 shares	14	2,176 yen per share	1 yen per share

Conditions for exercising subscription rights to shares are same as item 1) above.

● Company Structure and Policies

(1) Basic Concept and Structure of AEON's Corporate Governance and its Implementation Status

1) Basic concept of corporate governance

AEON places its Basic Principles of "pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core" to all of its policies in corporate activities, and has pursued its business based on such policies.

Our ideal corporate governance based in these values is set forth under the Basic Policy on Corporate Governance with the following five basic stances as its core.

i. Value creation through customer orientation and frontline focus

At AEON, we consider realization of a sense of well-being for customers our most important mission. We pursue optimal value creation adapted to changing customer needs by focusing tightly on the frontline of the business, our point of contact with customers, and by always thinking with customers as the starting point.

ii. Respect for people, our most important management resource

By respecting employees, placing importance on diversity, and actively providing education opportunities in keeping with the conviction that people are the most important management resource, AEON aspires to be a company made up of employees who strive for self-growth, are linked by strong bonds, and find their greatest pleasure in contributing to customers.

iii. A posture of developing together with local communities

As a member of local communities and a caring corporate citizen, AEON seeks to develop together with our fellow community members, namely our customers, employees, shareholders, and business partners, and to contribute to the prosperity of local communities, sustainability of the natural environment, and peace.

iv. Sustained growth based on a long-term perspective and ceaseless innovation

To continue to meet the expectations of customers and local communities, AEON strives for sustained growth accompanied by value creation from a long-term perspective and management focused on sustained value enhancement for the entire group by undertaking ceaseless innovation to cope with a changing business environment.

v. Pursuit of transparent, disciplined management

AEON strives for transparent and disciplined management by seeking proactive dialogue with customers and other stakeholders, taking their evaluation seriously, and being self-disciplined at all times.

2) Corporate governance system

AEON pursues "management based on a Basic Principle that incorporates a group-wide perspective," "management that is transparent, sustainable, and stable" and "ceaseless innovation with customers as the core." To put these into practice, AEON has adopted a "company with a nomination committee and other committees system" as the optimal corporate governance system.

Under such system, the Company segregates management oversight and business execution and has instituted a governance system that realizes expeditious management decision-making through delegation of significant authority to executive officers while having established the Nomination Committee, Audit Committee, and Compensation Committee, each consisting of a majority of outside directors, to ensure management transparency and objectivity.

Furthermore, as a pure holding company, AEON is taking initiatives which go beyond the framework of the Group business and of each company and formulating a management policy which the Group is to pursue, optimizing the allocation of management resources and creating synergy across business.

3) Status of the Board of Directors and committees

	Meeting status	Principal roles
Board of Directors	Met 8 times	- Supervision of the performance of duties by directors and executive officers - Decisions on matters that require resolution by the Board of Directors under the provisions of Article 416 of the Companies Act and that cannot be delegated to executive officers
Audit Committee	Met 9 times	- Auditing of the performance of duties by directors and executive officers - Decisions pertaining to the content of motions to be introduced at shareholders' meetings concerning the appointment, dismissal or non-reappointment of independent auditors
Nomination Committee	Met 3 times	- Decisions pertaining to the content of motions to be introduced at shareholders' meetings concerning the appointment or dismissal of directors
Compensation Committee	Met 5 times	- Decisions concerning the content of financial remuneration received by directors and executive officers

(2) Matters Necessary for the Performance of Duties by the Audit Committee, Systems to Ensure That the Execution of Duties by Executive Officers Complies with Laws and Regulations and the Articles of Incorporation, and Other Systems Necessary to Ensure Proper Conduct of the Company's Operations

[Summary of Resolutions by the Board of Directors]

1) Matters related to auditing

The approval of the Audit Committee is required for any personnel changes within the Internal Audit Division, which assists the Audit Committee in its work.

Regular reports are provided to the Audit Committee on the status of internal auditing/control activities covering the Group as a whole and on messages that have been received through the Company's internal notification system, which is accessible by all the Group's employees.

In addition to participating in important meetings, the members of the Internal Audit Division receive reports from executive officers and others on their execution of duties, and pass this information on to the Audit Committee.

2) Preservation and management of information

The minutes of all meetings are prepared by the Secretariat Division, which also stores the minutes; documentation of the decisions reached at the meetings is also stored and managed by the individuals drafting the resolutions.

3) Risk management

AEON has established a post of Administration & Risk Management, which convenes the Risk Management Committee, as well as AEON's risk management system under the Aeon Management Committee (the Group's top-level management body), while the Internal Audit Division monitors its operating status.

AEON is committed to opposing antisocial forces in every aspect of its business. Any related matters are handled at the organizational level, and the Group's readiness in this area is maintained by providing internal regulations and by keeping close relations with investigative and other institutions.

The Company and all its Group member companies are committed to the ongoing construction and development of internal controls related to financial reporting (as required by Japan's Financial Instruments and Exchange Act).

4) System for efficient execution of duties

Job descriptions and the authority allotted to each position within the Company are determined by regulations which spell out responsibilities and authority. In addition to promoting the organized and efficient operation of the Company's business, this structure also functions as a checking mechanism by stipulating which departments may be consulted.

5) Compliance system

The Company has formulated a compliance system in accordance with the latest revisions of laws and regulations that entails the adoption and strict enforcement of the Aeon Code of Conduct, which all of the Group's employees are expected to follow, and periodic training sessions for employees.

6) Management of Group companies

While conducting deliberations on management plans for the Group member companies at reform committees that are organized according to both business and function, the Company operates as a Group head office aimed at promoting integrated management by having its divisions provide guidance on business operations to the individual Group member companies while allowing each company to retain their operational independence and autonomy.

[Management Status]

The Company considers all stakeholders as its partners in management and ensures the transparency and fairness of management while working to practice management that is sustainable and stable. As a structure to support the above, the Company is constantly putting effort into the creation of an internal control system and into enhancing compliance and risk management.

In the audit structure, all Audit Committee members are independent outside directors in order to maintain full independence of the Audit Committee and conduct highly transparent audit. Furthermore, Internal Audit Office has been set up independent from the business execution department. The Office ensures the effectiveness of the audit by assisting the duties of the Audit Committee, which includes conducting internal audits by cooperating with the full-time corporate auditors of the Group companies, the Internal Audit Division and independent auditors, and gathering information through attendance of important meetings or interviews with executive officers, etc.

In the compliance structure, AEON has established the Aeon Code of Conduct which summarizes the basic concept and decision-making standards of every day behavior to be shared by the employees. The Code is disseminated among Group's all employees. Furthermore, training for the purpose of enhancing awareness toward compliance and sharing the Aeon's Basic Principles is held on a continuous basis. In addition, AEON has a dedicated office set up to promote the Aeon Group Code of Conduct and to resolve issues pertaining to it. Furthermore, the Aeon Code of Conduct Hotline has been established as an internal notification system, which provides direct contacts with the Company and external contacts, for the prevention and early discovery of violations against laws and regulations and code of ethics.

In regard to whistleblowing related reporting and consultation, in addition to having a system in place to ensure whistleblowers can maintain their anonymity in order to stop them from being unfairly treated for making a report, such incidents of reporting and consultation are examined and confirmed by the relevant department and corrective action and preventive measures are taken, and important cases are reported to each director based on the chain of command for response that has been determined in advance. Further, operational status of the internal notification system is reported to the Audit Committee on a regular basis.

In the information storage management structure, AEON makes an effort in information management and the prevention of leakage of confidential information by establishing various in-house regulations such as "Regulation on internal information management and insider trading control" for the purpose of appropriate storage and management of information along with the prevention of leakage of the aforesaid.

In the risk management structure, a post of Administration & Risk Management has been created, and meetings of the Risk Management Committee are held with the post of Administration & Risk Management as the committee chair. The Risk Management Committee extracts high-priority risks through risk assessment and other ways, and then implements progress management of the measures for the risks and effects of the measures. Furthermore, risk management status and measures are reported and proposed to the Aeon Management Committee. In regard to the system for business continuity planning, the AEON established a Group crisis response management headquarters directly after each of the occurrences of the 2018 Osaka Earthquake in June, the Heavy Rain Event of July 2018, and the 2018 Hokkaido Eastern Iburi Earthquake in September. Aiming to bring about early recovery and restoration, the crisis response management headquarters harnessed the combined force of the Group and implemented response measures to reopen operations. Furthermore, in order to strengthen the support systems for each local region, the Aeon Group has entered into new agreements with

18 local governments and other companies to partake in cooperative activities during large-scale disasters. Also, concerning the business continuity management system ISO22301, 8 companies and 14 stores have newly acquired the certification, bringing the tally to 12 companies and 15 stores that have acquired certification. We anticipate, predict, and preclude risks with the potential for particularly grave impact by assembling interdivisional task forces.

In regard to the construction and development of internal controls related to financial reporting, the Company and all its Group member companies are committed to efforts including clearly describing policies related to the management's preparation of reliable financial reports, and developing a system for transmitting policies and instructions to consolidated subsidiaries involved in preparing financial reports. As for the progress status, it is reviewed by the Internal Audit Office.

In the exclusion of antisocial forces, AEON has established crime prevention rules, etc. which provide specific measures, educating ones responsible through various training programs. Furthermore, for the purpose of acquiring information relating to unreasonable claims from antisocial forces, AEON is a member of the Special Anti-Violence Countermeasures Federation of the Metropolitan Police Department which is an "Institution for Information Management of Unreasonable Claims" and through close cooperation with this federation, AEON handles any related matters at the organizational level.

In the management of the Group member companies, policies and budgets for each business that AEON manages are discussed by each of the business reform committees, etc. and the direction of management is set forth. Particularly important deals are discussed by the Aeon Management Committee where decisions as the holding company are made, and management of policies and numerical progress is conducted. Furthermore, meetings relating to business practice and exchange of information are held by the auditors of major Group member companies in Japan on a regular basis. Group-wide meetings including meetings of General Managers of Internal Audits and meetings of General Managers of General Affairs are held to enhance the promotion of policies and sharing of information to realize the management based on the Basic Principles.

● Basic Policy Regarding Control of Company

1) Outline of contents of basic policy and actions for its realization

AEON is an organization that aims always to put the customer first and has developed its business in the retail and other industries to contribute to more affluent customer lifestyles. AEON adheres to the unchanging ideals of pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core. Within this framework, AEON endeavors to effect measures which lead to customer satisfaction and to a continual enhancement of corporate value. These ideals form the essential core of the corporate value. Also, there are other elements contributing to the formation of AEON's corporate value, beyond continual and long-term growth and cooperating and collaborating with partners and allies. These include various other values, such as ensuring employment, enhancing lifestyles, and conserving the environment and contributing to society.

To execute good business practices and meet the Company's social responsibilities, it is required that these ideals be realized over the long-term. We believe that those who control decisions on the Company's financial and operating policies must be persons capable of sustaining and developing the corporate value as described above.

2) Measures to prevent control detrimental to shareholders' interests

Whilst the Company's shares are listed on financial instrument exchanges (stock exchanges) and can be freely bought and sold, groups intent on pursuing short-term profits may sometimes propose an unfair acquisition that ultimately endangers the interests of shareholders. The Company believes the right to make decisions on whether to accept or reject proposals to acquire the Company rests with its shareholders. Accordingly, when such proposals arise, it believes that the shareholders must be given adequate and accurate information, as well as sufficient time, to make their decisions. Toward this end—and as a means of demanding that prescribed procedures are taken for the provision of sufficient documents and countering proposed acquisitions that it believes would clearly harm the interests of shareholders in general—the Company submitted a proposal for the "Continuance of policy concerning large-scale acquisitions of the Company's shares (takeover defense measures)" among the matters to be resolved at its 93rd Ordinary General Meeting of Shareholders held on May 23, 2018. Shareholder approval for this proposal was received.

This is an "advance notice-type" takeover protection policy, under which the Company requires that any person(s) seeking to purchase 20% or more of the voting rights in the Company respect certain rules of acquisition, including the need to provide the Company

with adequate information. Under these rules, prospective purchasers are required to provide the following, among other information: a general description of the person(s) making the acquisition; the basis for their calculations of the purchase price; the methods of acquisition; the source of funds for the acquisition; and the management policy to be adopted following the acquisition.

When such a prospective purchaser appears on the scene, the Company's Board of Directors shall, in addition to disclosing this fact, immediately establish an independent committee composed of one or more outside experts and its outside directors. Based on the information it has received (when additional information is requested, the deadline for the final reply shall be 60 days from the date on which the declaration of intent is received), the Company shall seek the opinions of said committee and, while giving the utmost weight to its opinions, shall announce the results of its evaluation of the proposed purchase within a prescribed evaluation period (within 60 or 90 days). To further enhance the objectivity of their judgments, the Board of Directors and the independent committee may seek the opinions of other experts on a timely basis. On the other hand, if the purchaser fails to abide by the above-mentioned rules, or if it becomes evident that the shareholders' interests will be harmed because reasons exist to suspect that the purchaser's aim is to demand that the Company buy back the shares at an inflated price, or that its aim is to sell the shares at a profit, the Company's Board of Directors may, without waiting for the passage of the prescribed evaluation period, adopt countermeasures which include the issuance of new stock, the issuance of subscription rights to shares, etc. In addition, when it issues subscription rights to shares with differentiated exercise conditions that restrict the exercise of rights by the prospective purchaser, the Company shall issue such rights with a call option feature to avoid burdening shareholders with onerous procedures. Moreover, as a general rule, decisions on the content and the adoption of countermeasures shall be made by the Board of Directors which, in making such decisions and implementing such measures, shall abide by its duty to employ due care. In exceptional instances, however, the Board of Directors may determine that, in light of the content and effect of such measures, it is necessary to submit the matter to shareholders for their approval, in which case it will seek the approval of shareholders at the Company's General Meeting of Shareholders.

At each stage in this process, the Company shall provide shareholders with sufficient information in a timely manner to enable them to make their decisions.

These takeover defense measures are valid only until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held on May 2021.

3) Determinations by the Board of Directors regarding the consistency of actions noted in item 2) above with the Company's basic policies, etc.

The materials that the Company requires a potential purchaser to provide consist not only of basic information about the purchaser but also information on parties behind the financing, on financing schemes, on items related to the legality of the stock acquisition methods, and on management plans following completion of the acquisition, etc. Disclosing this information will not only concretely demonstrate the attitudes of the purchaser toward AEON's management ideals (the above-mentioned "basic policy") but also, and most importantly, add to the information available to the shareholders in making their decisions.

The Board of Directors therefore believes that the aforementioned policy vis-à-vis prospective large-scale acquisitions is aligned with the Company's basic policy and with the interests of shareholders, and believes that this policy has not been adopted to maintain the status of the Company's directors.

(Translation for reference purposes only)

Consolidated statement of changes in net assets

(Unit: Millions of yen, rounded down)

	Shareholders' equity				
Year ended February 28, 2019	**Capital stock**	**Capital surplus**	**Retained earnings**	**Treasury shares**	**Total shareholders' equity**
Balance as of March 1, 2018	220,007	306,464	574,409	(38,962)	1,061,920
Cumulative effect of changes in accounting policies			(9,971)		(9,971)
Restated balance	220,007	306,464	564,438	(38,962)	1,051,948
Changes during period					
Cash dividends			(26,935)		(26,935)
Profit attributable to owners of parent			23,637		23,637
Purchase of treasury shares				(29)	(29)
Disposal of treasury shares			(4)	2,701	2,697
Change in ownership interest of parent due to transactions with non-controlling interests		(3,828)			(3,828)
Net change in items other than shareholders' equity during period					
Total changes during period	–	(3,828)	(3,302)	2,672	(4,458)
Balance as of February 28, 2019	220,007	302,636	561,135	(36,290)	1,047,490

	Accumulated other comprehensive income							
Year ended February 28, 2019	**Valuation difference on available-for-sale securities**	**Deferred gains or losses on hedges**	**Foreign currency translation adjustment**	**Remeasure-ments of defined benefit plans**	**Total accumulated other comprehensive income**	**Subscrip-tion rights to shares**	**Non-controlling interests**	**Total net assets**
Balance as of March 1, 2018	77,701	(3,013)	13,356	1,597	89,641	1,921	763,254	1,916,737
Cumulative effect of changes in accounting policies							(18,269)	(28,240)
Restated balance	77,701	(3,013)	13,356	1,597	89,641	1,921	744,985	1,888,496
Changes during period								
Cash dividends								(26,935)
Profit attributable to owners of parent								23,637
Purchase of treasury shares								(29)
Disposal of treasury shares								2,697
Change in ownership interest of parent due to transactions with non-controlling interests								(3,828)
Net change in items other than shareholders' equity during period	(30,309)	471	(11,200)	(2,457)	(43,496)	39	34,783	(8,673)
Total changes during period	(30,309)	471	(11,200)	(2,457)	(43,496)	39	34,783	(13,131)
Balance as of February 28, 2019	47,391	(2,542)	2,155	(859)	46,145	1,960	779,768	1,875,364

(Translation for reference purposes only)

Nonconsolidated statement of changes in net assets

(Unit: Millions of yen, rounded down)

	Shareholders' equity					
		Capital surplus		Retained earnings		
Year ended February 28, 2019	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings (Note)	Total retained earnings
Balance as of March 1, 2018	220,007	316,894	316,894	11,770	125,207	136,977
Changes during period						
Cash dividends					(26,935)	(26,935)
Reversal of reserve for advanced depreciation of fixed assets					–	–
Profit					17,668	17,668
Purchase of treasury shares						
Disposal of treasury shares					(4)	(4)
Net change in items other than shareholders' equity during period						
Total changes during period	–	–	–	–	(9,271)	(9,271)
Balance as of February 28, 2019	220,007	316,894	316,894	11,770	115,935	127,705

	Shareholders' equity		Valuation and translation adjustments				
Year ended February 28, 2019	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total Valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance as of March 1, 2018	(38,897)	634,982	73,562	(1,229)	72,333	313	707,628
Changes during period							
Cash dividends		(26,935)					(26,935)
Reversal of reserve for advanced depreciation of fixed assets		–					–
Profit		17,668					17,668
Purchase of treasury shares	(29)	(29)					(29)
Disposal of treasury shares	2,701	2,697					2,697
Net change in items other than shareholders' equity during period			(30,040)	(185)	(30,225)	68	(30,157)
Total changes during period	2,672	(6,599)	(30,040)	(185)	(30,225)	68	(36,756)
Balance as of February 28, 2019	(36,225)	628,383	43,521	(1,414)	42,107	381	670,871

(Translation for reference purposes only)

(Note) Breakdown of "Other retained earnings"

(Unit: Millions of yen, rounded down)

	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	Total
Balance as of March 1, 2018	4,485	95,500	25,221	125,207
Changes during period				
Cash dividends			(26,935)	(26,935)
Reversal of reserve for advanced depreciation of fixed assets	(134)		134	–
Profit			17,668	17,668
Purchase of treasury shares				
Disposal of treasury shares			(4)	(4)
Net change in items other than shareholders' equity during period				
Total changes during period	(134)	–	(9,137)	(9,271)
Balance as of February 28, 2019	4,351	95,500	16,084	115,935