

April 5, 2011
For immediate release

Registered Company Name: Aeon Credit Service Co., Ltd.
President and CEO: Kazuhide Kamitani
Stock Listing: Tokyo Stock Exchange, First Section (Code No.: 8570)
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Notification of Recording of Extraordinary Loss

AEON Credit Service Co., Ltd. (the Company) has resolved at a Board of Directors meeting held on April 5, 2011 to record an extraordinary loss on both a consolidated and non-consolidated basis for the fiscal year ended February 20, 2011 (February 21, 2010 – February 20, 2011). Details are as follows.

1. Main Content of the Extraordinary Loss

(1) Change in the Point Program

The Company's point program previously had a single point redemption deadline (December 20) for all cardmembers. In the new program, the point redemption period has been changed to the cardmember's date of birth. As a result, the Company recorded an extraordinary loss on provision for point card certificates of ¥2,793 million, the amount of the increase in the estimated future redemption cost resulting from the change in the point program redemption deadline.

(2) Loss on Retirement of Software

During the fiscal year, the Company made investments in systems to accelerate the transformation of its business structure, including the launch of a comprehensive financial services portal site (*Kurashi-no-Money Site*), in response to the Money Lending Business Law and revision of the Installment Sales Law, and to accommodate expanding transaction volume. As part of this, the Company reviewed existing software investments, carried out lump-sum depreciation of software that was replaced or renewed, and recorded an extraordinary loss for the write-off of software totaling ¥1,786 million.

As a result of the above, total extraordinary loss was ¥4,995 million on a non-consolidated basis and ¥4,620 million on a consolidated basis with the addition of loss from the valuation of stock of a subsidiary company.

2. Recording of Extraordinary Income (for reference)

As announced in the February 18, 2011 news release, the Company has transferred all of its shareholdings in its consolidated subsidiary AEON Insurance Service Co., Ltd. (AIS) to AEON BANK, Ltd. (ABK), as explained below.

AIS has been working to expand its business operations as a subsidiary through means such as bolstering insurance sales via retail insurance outlets in AEON shopping centers, direct mail and the Internet.

On the other hand, in the non-bank sector, where the operating environment has continued to intensify in recent years, the Company has been steadily working to change its business structure by establishing new earnings sources including the e-money business, bank agency business and credit guarantee business, in addition to strengthening the competitiveness of its credit card business.

Under these circumstances, the Company has examined various possibilities for the positioning of AIS in order to expand its bank agency and credit guarantee businesses, which are the new earnings sources it will be emphasizing from a perspective of creating a structure for the comprehensive financial business of the AEON Group that most efficiently utilizes the Company's management resources.

It was determined that the transfer of all AIS shares to ABK will contribute to changing the Company's business structure by creating comprehensive financial outlets that provide one-stop credit, banking and insurance product services, and by extending the Company's guarantee business through an increase in the amount of ABK's unsecured loan products from AIS. Based on this determination, the Company sold its AIS shares.

As a result, extraordinary income on profit from the sale of stocks of a subsidiary company was ¥4,632 million on a consolidated basis and ¥5,260 million on a non-consolidated basis.

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