

**NOTICE TO THE HOLDERS OF THE OUTSTANDING
AEON FINANCIAL SERVICE CO., LTD.
(the “Company”, formerly known as “AEON CREDIT SERVICE CO., LTD.”)
¥15,000,000,000 Zero Coupon Convertible Bonds due 2017 (the “Bonds”)
(ISIN: XS0754950052 Common Code: 075495005)**

NOTICE IS HEREBY GIVEN by the Company to the holders of the outstanding ¥15,000,000,000 Zero Coupon Convertible Bonds due 2017 (ISIN: XS0754950052 Common Code: 075495005) (the “**Bonds**”), of an adjustment of the Conversion Price (as defined in the terms and conditions of the Bonds) of the Bonds as follows:

Reason for the adjustment: Adjustment of Conversion Price pursuant to Condition 5.2.6 and calculated pursuant to Condition 5.2.8 of the terms and conditions of the Bonds, due to a consideration per Share of JPY 1,838 receivable by the Company on its issue of 7,840,000 Shares to non-shareholders and a consideration per Share of JPY 1,838 receivable by the Company on its issue of 7,954,000 Shares to AEON CO., LTD. being less than the Current Market Price per Share on the date in Japan on which the Company fixed such consideration. These issue of the Shares were resolved on 30 August 2016.

Old Conversion Price: ¥1,360.2

New Conversion Price: ¥1,340.9

Effective Date for the new 15 September 2016 (Japan time)
Conversion Price:

Capitalised terms used herein not otherwise defined herein have the meanings set out in the Trust Deed, including the terms and conditions of the Bonds, and the Agency Agreement.

This notice is given by
AEON FINANCIAL SERVICE CO., LTD.

14 September 2016