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**For Immediate Release**

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**Developments relating to proposals from AEON Co., Ltd.**

As announced in a press release of March 29, 2011 entitled “Receipt of proposals from AEON Co., Ltd. and views of PARCO’s Board of Directors on those proposals,” on March 29 PARCO Co., Ltd. (“PARCO”) sent AEON Co., Ltd. (“AEON”) the views of its Board of Directors regarding the proposals<sup>1</sup> received from AEON. Subsequently, PARCO received a letter from AEON on March 30 entitled “Regarding the views of your company’s Board of Directors,” and today PARCO responded to this letter by sending AEON a letter entitled “Views of PARCO’s Board of Directors on your company’s proposals.”

In the letter from AEON on March 30, AEON stated that it would continue to provide explanation about the parts of the “governance proposals”<sup>1</sup> that PARCO still did not understand. However, PARCO’s Board of Directors has already submitted a response to AEON on March 29, 2011 in a letter entitled “Views of PARCO’s Board of Directors on AEON’s Proposals.” This response took into account the item in AEON’s governance proposal that stated that if PARCO did not reply to the proposal by AEON’s imposed deadline of midday on Tuesday March 29, AEON would deem PARCO to have rejected the proposal. Based on this and as a result of close deliberation up until the deadline, PARCO has already provided the conclusion outlined in “PARCO’s views.”<sup>2</sup> Of course, PARCO is not opposed to the continuation of discussions within a reasonable timeframe for the two companies.

It should be noted that AEON asserts that its actions clearly do not fall under the category of “large-scale acquisitive move” under PARCO’s Policy Governing Countermeasures to Large-Scale Acquisitive Moves (Takeover Defense Policy).<sup>3</sup> It gives the following reasons: (1) there were no

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<sup>1</sup> Refers to document received on March 17, 2011 entitled “Building a Cooperative Relationship between PARCO and AEON,” answers received from AEON on March 23, and draft received on March 25 entitled “Second Proposal on Governance of PARCO.”

<sup>2</sup> Refers to PARCO’s letter of March 29, 2011 entitled “Views of PARCO’s Board of Directors on AEON’s Proposals.”

<sup>3</sup> Please refer to PARCO’s press release of April 10, 2008 entitled “Policy Governing Countermeasures to Large-Scale Acquisitive Moves (Takeover Defense Policy).”

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specific negotiations or consultations with Mori Trust Co., Ltd. ("Mori Trust") about the acquisition of PARCO's shares; (2) the proposal to make PARCO an equity-method affiliate is conditional on the prior consent of PARCO's Board of Directors; and (3) AEON has not at the present time made a specific proposal about making PARCO a consolidated subsidiary, and any such proposal would be conditional on the prior consent of PARCO's Board of Directors.

However, with respect to (1), PARCO believes that it is undeniable that AEON's actions fall under the category of "large-scale acquisitive move," because, even if, in a narrow sense, there have been no *specific* negotiations or consultations, at the present time AEON and Mori Trust have gone as far as agreeing on the joint exercise of voting rights. For (2) and (3) also, PARCO must say that these counterarguments are extremely superficial, because a proposal has been made to appoint directors, including the CEO.

PARCO's Special Committee has already determined that it is possible for AEON's actions to be subject to a series of procedures based on PARCO's rules, and plans to carry out further necessary examination on this matter in the future.

PARCO's Board of Directors intends to work to maximize PARCO's corporate value and shareholder value, while basing its efforts on the views of PARCO's shareholders, customers, tenants, employees and other stakeholders. PARCO will continue to disclose matters that should be communicated to stakeholders as soon as they arise.

Note: This press release is an abridged translation of the Japanese-language press release issued by PARCO on March 31, 2011.

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