October 6, 2016

To whom it may concern,

Company Name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka
President & Representative Director
(Code No. 3382/First Section of the Tokyo Stock Exchange)

Notice Regarding Three-Year Medium-Term Plan

Seven & i Holdings Co., Ltd. (the "Company") aims to realize the medium- to long-term enhancement of its enterprise value and achieve sustainable growth by strengthening its role and function as a holding company, providing support and guidance for group companies, and promoting an optimal allocation of resources under the new management team approved at the 11th Annual Shareholders' Meeting held on May 26, 2016.

Under these circumstances, we passed a resolution at our board of directors' meeting held today to approve a three-year medium-term plan beginning on fiscal year 2018, as follows:

1. Group Management Policy

The Company has put together the Seven & i Group (the "**Group**") management policy as follows, based on the principle we have had since our foundation ("We aim to be a sincere company that all stakeholders trust.") and our management slogan that we have consistently maintained since 1982 ("Responding to Change while Strengthening Fundamentals.").

Goals	▪ Stay close during the life stages and phases of customers, and enhance amenity in their daily lives through product and service offers.
	▪ Be a hospitable company indispensable to the community.
Tasks	▪ Utilize all resources, including business partners and technological innovation.
	▪ Pursue the absolute value of products and services, and maximum customer satisfaction.

2. New Direction in Group Management

Our management has reached a decision that it is imperative to promote the "selection and concentration" of each geographic area and business category in order to enhance our medium- to long-term enterprise value and achieve sustainable growth, while continuing to focus on comprehensive product and service development at the Japanese level as a whole. Based on this management decision, we have executed a memorandum of understanding on a capital and business alliance with H2O Retailing Corporation ("H2O"), which aims to achieve a dominant market share in the Kansai area, with the goal of realizing the reallocation of resources, particularly in the department store operation that is facing continued difficulties (for details, please see the "Notice Regarding Memorandum of Understanding on Capital and Business Alliance with H2O Retailing Corporation" released today.

3. Outline of Medium-Term Plan, and Numerical Target

(1) Priority Measures in the Three-Year Medium-Term Plan

(1) Strengthening of growth businesses	- Growth Strategy of Seven-Eleven Japan - Store expansion strategy by 7-Eleven, Inc. maintaining quality
(2) Improvement of structural reform businesses	- Achievement of stable growth, including re-development of real estate led by the Company
(3) Synergy effects	- Strengthen private-brand products - Expand the Omni-Channel Strategy by the entire group
(4) Selection and concentration	- Alliance with the H2O Group, including the transfer of the department store operation in the Kansai area, etc.

(2) FY2020 Consolidated Numerical Target

(1) Operating income	450.0 billion yen. Comparison with the FY2017 plan: Growth businesses: +38.0 billion yen; Structural reform businesses: +38.0 billion yen; Synergies: +13.0 billion yen; Financial services: +8.0 billion yen, etc.
(2) ROE	- 10%.

(3) Financial Strategy Financial Strategy

(1) Capital expenditures	- Allocating heavily in growth investment (consider acquisitions for the North American convenience store business) - Re-energizing existing stores in the structural reform businesses (The consolidated capital expenditure is, in terms of size, expected to peak in FY2017.)
(2) Financing	- AA rating should be maintained - Procure interest-bearing debt if financing under a growth strategy is required - D/E ratio of approximately 0.5 is acceptable, as is expected to grow in Financial services
(3) Shareholder returns	- Maintain the consolidated dividend payout ratio at 40% - Adopt a flexible capital policy in light of a balance with investments in growth businesses

4. Specific Strategy

(1)Review of the Omni-Channel Strategy

We have promoted the Omni-Channel Strategy by focusing on the e-commerce business. At this time, however, we have reviewed the strategy from our customers' perspective. The Group has more than 22 million customers visiting our stores per day. We will provide each customer with an identification number (the "**ID**") which will be used in common by all the group companies. The ID, for instance, will enable us to recognize how each customer uses the services of our entire group, and will thereby allow us to provide our customers with loyalty points based on the way they use our services, or to otherwise offer services which will be even more welcome by the customers than before. We intend to pursue quality in our services through all of our channels, by combining information on how each of our customers uses our group companies through such efforts, and we have re-defined the Omni-Channel Strategy as our group's customer strategy as stated above.

Specifically, in addition to the existing mass marketing, we will adopt a personal marketing method as our sales promotion method, etc. and aim to realize sales promotion activities which will be highly effective and appreciated by customers. For example, we will develop for each of our group companies an application for smartphones, the penetration level of which is rising year by year. Unifying the management, by using the common ID, of our customer's information who have downloaded the application will enable us to make proposals which will match the preferences of each customer.

Having Akachan Honpo Co., Ltd., which is well-recognized for its sales of baby and maternity products, among other stores, in the Group, we cover all life stages from birth to senior citizens. In addition, our group has a lineup of stores ranging from convenience stores, which are convenient for daily shopping, food supermarkets, superstores, miscellaneous goods specialty stores, to department stores which can meet our customer's special consumption needs. By leveraging this lineup, we aim to be a hospitable group indispensable to the community, which stays close during all the life phases of customers and which can grow with the customers.

Meanwhile, we will also expand the revenue of our e-commerce site "omni7" through sales of attractive products, especially, our self-developed products, by cooperating with real stores to promote the mutual referral of customers.

(2)Growth Strategy of Seven-Eleven Japan

While reorganization is on-going in the convenience store industry in Japan, in terms of the quality of original daily products, one of the biggest differentiating factors in convenience stores, we will pursue the improvement of quality, as well as reliability and safety, utilizing the absolute competitive advantage derived from dedicated manufacturing facilities and other infrastructure. On the other hand, as the business environment is becoming more competitive, we will boldly change our direction in terms of our efforts to enhance the quality of existing stores. More specifically, we decided to our standards for opening new stores higher than before, to change our activation standards for existing stores and to accelerate the closing of stores.

Further, as stated in (1) above, we will strengthen our measures to increase the number of customers through the promotion of the Omni-Channel Strategy.

(3)Growth Strategy of 7-Eleven, Inc. (“SEI”)

In the North American convenience store industry, gasoline majors withdrew from the retail business of operating gas stations accompanied by convenience stores, and the withdrawal triggered a restructuring of the industry by dedicated convenience store chains, which still continues. Under those circumstances, SEI adopted more stringent standards for opening new stores in 2012, clarifying the conversion of its policy from quantity to quality. Through organizational reinforcement, along with the effect of expanding the opening of new stores in urban areas where there are high sales of fast foods, SEI has established a management framework that enables the expansion of new store openings while maintaining quality.

Simultaneously, we aim to achieve a higher average of daily sales by strengthening the product supply infrastructure, by building on the capital investment in Prime Deli Corporation in Texas, U.S.A., a product supplier to SEI by Warabeya Nichiyo Holdings Co., Ltd., the largest supplier of *nakashoku*, i.e., ready-made meals usually purchased in-store and taken home, in our domestic convenience store business.

(4)Promotion of Structural Reform Businesses

Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. have been facing severe business conditions, and it continues to be difficult for them to earn revenue which exceeds capital costs solely by operating their stores alone. Moreover, the aging of store buildings has been accelerating the decline of their revenues.

At Ito-Yokado Co., Ltd., 40 stores will be closed by 2020, considering the status of the operating cash flows, age of the building, and regional characteristics. On the other hand, we will start our real estate revitalization plan that leverages geographical advantages, as exemplified by a number of our stores located extremely close to train stations in the major Tokyo metropolitan area. Through these efforts, we aim to improve the balance sheet and increase the earnings ratio.

Regarding the department store operations, we reached the conclusion that, while department store market reduction is inevitable, the reason for the Group to engage in the department store operations is to have the No. 1 department store in the region in order to cover various aspects of life. Pursuant to that management decision, we, upon the execution of a definitive agreement on the capital and business alliance with H2O, will transfer the department stores business in the Kansai area to H2O, and promote the “selection and concentration” of each geographic area and business category, and concentrate our management resources for department stores on our major stores.

(5)Capital Policy

The Company’s basic policy is to reflect earnings growth in returning profits to shareholders. Due to an improved degree of certainty in our profit growth, at the beginning of this fiscal term, we changed our target consolidated dividend payout ratio from the previous ratio of 35% to 40%. We will maintain this policy, whereas with respect to retained earnings, we will consider adopting a flexible capital policy in light of a balance with investments in growth businesses.