



Millennium Retailing Group and Seven & I Holdings Business Tie-up and Business Integration

December 26, 2005



Summary



Benefits of Business Tie-up and Business Integration

For Seven & I Holdings:

I) Construct and reinforce strong and minimum headquarters functions

- Make business units concentrate on day-to-day business only
- Innovative management measures

II) Innovate and revitalize the GMS industry

- Meet the challenges in improving the business model in the general merchandise store (GMS) industry and speed up its revival

III) Increase business opportunities

- Promote business innovation through information-sharing
 - Card business
 - Specialty retail business
 - Geographic marketing

III) Promote the joint development of large commercial complexes, such as shopping centers

- Tenant Leasing
- Sales promotion/planning
- Customer services
- Support operations

For Millennium Retailing Group:

I) Secure a stable shareholder

- Focus on business promotion and innovation through stabilized management and control

II) Accelerate the improvement of financial strength

- Consider a multidimensional approach with back up of group's high credit

III) Increase business opportunities

- Promote the joint development of large commercial complexes
- Facilitate shared services with a focus on specialized support operations

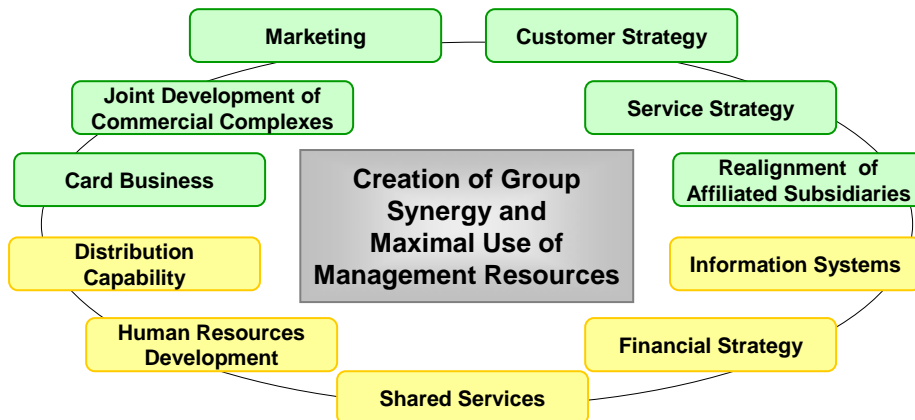
IV) Strengthen brand equity

- Enhance brand equity by establishing a management foundation
- Secure the confidence of consumers



Business Tie-up Areas Currently Expected

Tie-up Areas in Business Functions



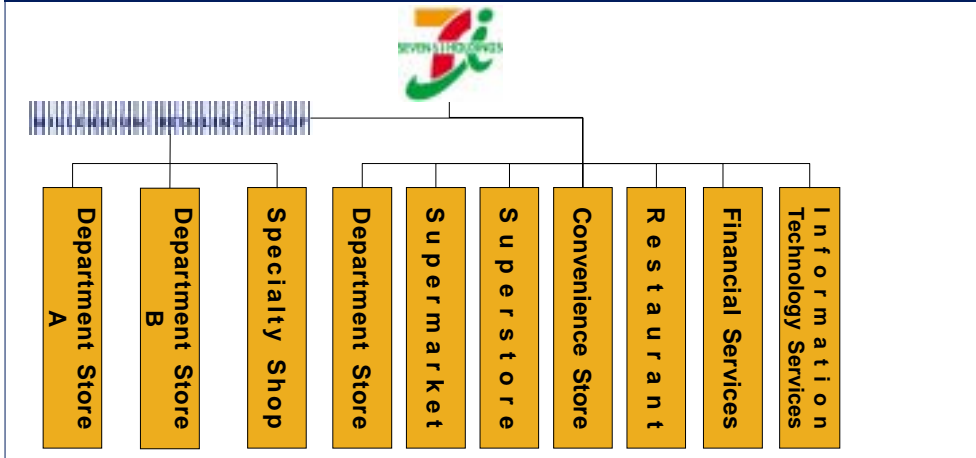
Tie-up Areas in Support Functions



Basic Organizational Framework Based on Medium- to Long-Term Perspectives (1)

I. At the Business Tie-up and Management Integration Stage

Modest organizational integration holding the status quo of both groups



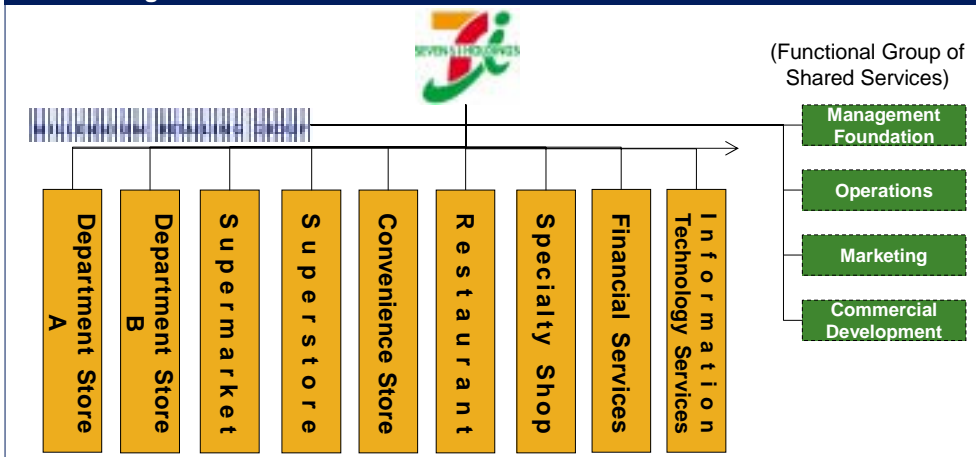
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Basic Organizational Framework Based on Medium- to Long-Term Perspectives (2)

II. In 3–5 Years:

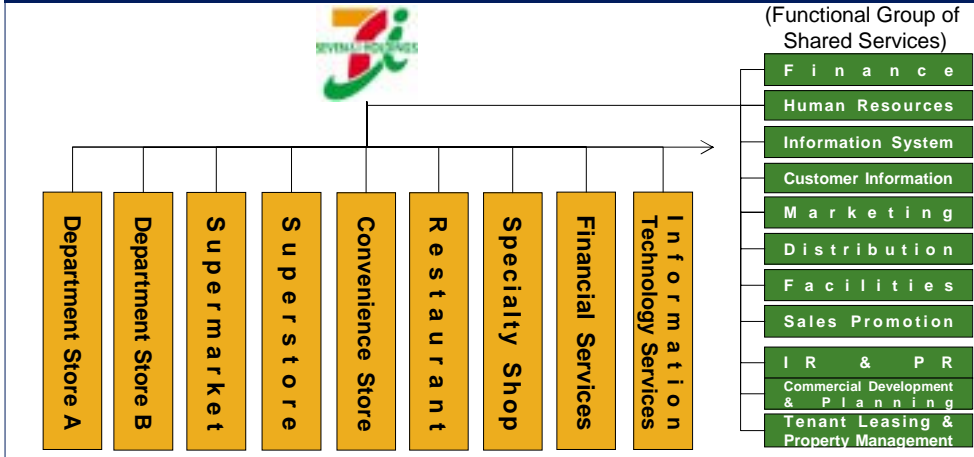
The business support system shall be strengthened through a realignment and consolidation of functions.



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Basic Organizational Framework Based on Medium- to Long-Term Perspectives (3)

III. From 5 Years Onward: The optimal allocation of management resources will promote the establishment of a group management system.



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Four Challenges in Improving Group Value

I) Making the best use of group assets

II) Becoming a global Full-line retail group that goes beyond the existing retail format/ category and meets customer demands

III) Building brand equity, given the originality of each group company
-Shared strategy, independent brand, and personnel exchange

IV) Continuous management innovations
-Creating a new, innovative management measures

Maximize Group Enterprise Value
Create a Global and New "Total Life Style Industry"

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FYI



Time Schedule

2005

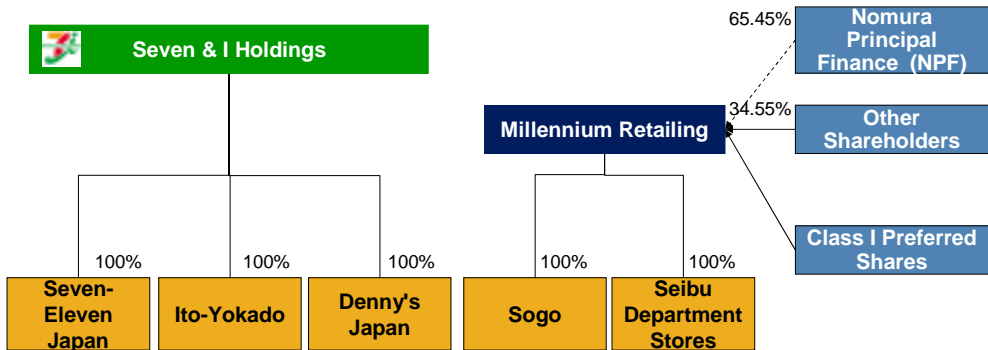
- **December 26** Entered into a basic agreement with Millennium Retailing
Concluded a share sale/ purchase agreement with Nomura
Principal Finance (NPF)

2006

- **January 31** Transfer shares from NPF
- **Jan.–Mar. 31** Carry out the cash purchase of shares from other
shareholders
- **Early April** Conclude a simplified share exchange agreement
- **June** Execute a share exchange

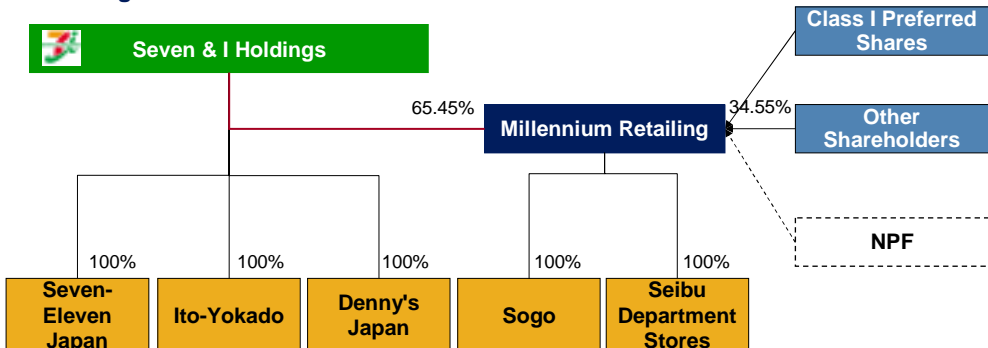
Scheme Summary (1)

Prior to Seven & I Holdings' acquisition of an equity stake in Millennium Retailing



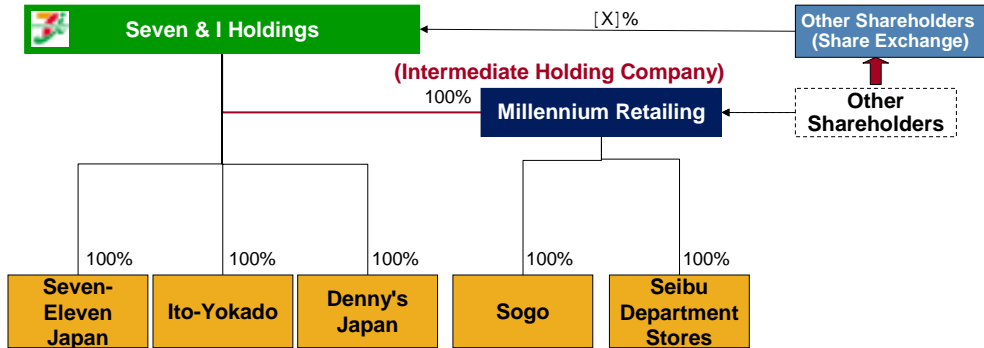
Scheme Summary (2)

Transfer of NPF's equity stake in Millennium Retailing (65.45%) to Seven & I Holdings



Scheme Summary (3)

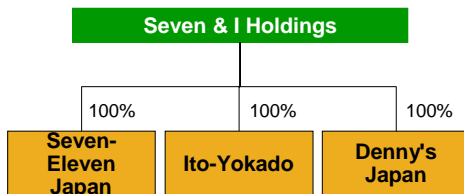
Seven & I Holdings' acquisition of Millennium Retailing shares through a simplified share exchange and cash purchase from other shareholders*



*Class I Preferred Shares are assumed to be converted to common shares of Millennium Retailing and then exchanged to common shares of Seven & I Holdings.

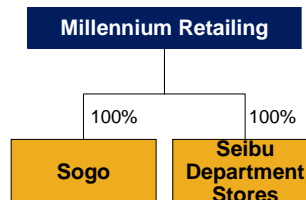
Profile of Two Groups

Seven & I Holdings Co., Ltd.



Seven & I Holdings		
Revenue from operations (02/06E)	¥3,700 billion	
Operating income (02/06E)	¥233 billion	
Number of group employees (as of February 28, 2005)	46,841	
Number of group companies (as of August 31, 2005)	70	
Number of outlets (as of August 31, 2005)	Japan	Overseas
Seven-Eleven Japan	10,985	17,601
Ito-Yokado	180	9
Denny's Japan	583	-

Millennium Retailing, Inc.



	Sogo	Seibu
Revenue from operations (02/06E)	¥462 billion	¥473 billion
Operating income (02/06E)	¥17 billion	¥19.5 billion
Number of employees (as of February 28, 2005)	4,560	4,620
Number of outlets	Japan	18
Overseas (Partnership/Affiliates)	19	5