

<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382

May 3, 2017

To Our Shareholders,

8-8, Nibancho, Chiyoda-ku, Tokyo
Seven & i Holdings Co., Ltd.
Ryuichi Isaka, Representative Director and President

CONVOCAATION NOTICE OF THE 12TH ANNUAL SHAREHOLDERS' MEETING

You are invited to attend the 12th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

Shareholders who do not plan to attend the meeting may exercise their voting rights by one of the following methods. You are kindly requested to examine the Shareholders' Meeting Reference Materials set out below, and exercise your voting right by 5:30 p.m. on May 24, 2017 (Wednesday).

[Exercise of voting rights in writing]

You are kindly requested to indicate your vote for or against the proposed actions on the enclosed Voting Instructions Form, and to return the completed Voting Instructions Form to the Company so that the Company may receive the completed Voting Instructions Form by the above deadline.

[Exercise of voting rights by electronic method (via the Internet, etc.)]

After referring to Information about Exercising Your Voting Rights by the Electronic Method on page 87, please exercise your right to vote by electronic method on or before the deadline identified above.

Best regards,

Notes

- 1. Date:** 10:00 a.m., May 25, 2017 (Thursday)
- 2. Place:** Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo),
Conference Room

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

- (1) Reporting on the substance of the Business Report, the substance of the Consolidated Financial Statements for the 12th fiscal year (from March 1, 2016 to February 28, 2017), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board.
- (2) Reporting on the substance of the Financial Statements for the 12th fiscal year (from March 1, 2016 to February 28, 2017).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

Item No. 2: Election of thirteen (13) Directors.

Item No. 3: Election of one (1) Audit & Supervisory Board Member.

Item No. 4: Entrusting to the Company's Board of Directors determination of the subscription requirements for the share subscription rights, as stock options for stock-linked compensation issued to the executive officers of the Company, as well as the Directors and executive officers of the Company's subsidiaries.

4. Matters Determined for Convocation

- (1) Please be advised that if you redundantly exercise your voting right both in writing and by electronic method, the Company will only deem your exercise by electronic method valid. Also, please be advised that if you exercise your voting right multiple times by electronic method, the Company will only deem the substance of your final exercise to be valid.
- (2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form, the Company will deem that you indicated your approval of the proposal.
- (3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

End

When you attend the Annual Shareholders' Meeting, please submit the enclosed Voting Instructions Form at the reception desk. In addition, please assist us in conserving resources by bringing with you this Convocation Notice.

Any changes in the Shareholders' Meeting Reference Materials, Business Report, Financial Statements, or Consolidated Financial Statements will be posted on the Company's website (<http://www.7andi.com/st.html>).

Free samples will not be provided at Annual Shareholders' Meetings. Your understanding would be appreciated in this regard.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings.

It is proposed that retained earnings will be appropriated as described below:

For shareholder return, our basic policy is to provide a return of profits in line with profit growth. The Company will aim to maintain its target consolidated payout ratio of 40% and further improve it for dividends per share. With respect to retained earnings, the Company will implement a flexible capital policy while considering a suitable balance with investment in our growth business.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 12th fiscal year be paid as follows in consideration of the performance for the 12th fiscal year and the future business development, etc.

(1) Type of dividend property

It is proposed that the dividend property will be paid in monetary terms.

(2) Matters concerning the allocation of dividend property and the aggregate amount thereof

It is proposed that the amount of allocation will be ¥45 per share of the Company's common stock.

In such a case, the aggregate amount of dividends shall be ¥39,799,125,450.

Therefore, the annual dividends for the 12th fiscal year, including interim dividends of ¥45, shall be ¥90 per share.

(3) Date on which the dividends from retained earnings become effective

It is proposed that the dividends from retained earnings become effective on May 26, 2017.

Item No. 2: Election of thirteen (13) Directors.

The terms of office of all thirteen (13) current Directors expire upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect thirteen (13) Directors.

This proposal was approved at the Board of Directors meeting after its details were supported by the "Nomination and Compensation Committee," an advisory committee to the Board of Directors chaired by an independent Outside Director.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
1	<p>Ryuichi Isaka (October 4, 1957) * 15,112 shares <u>Reappointment</u> Term of office: 8 years and 0 months</p>	<p>Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. (incumbent) May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2006: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Representative Director and President of Seven-Eleven Japan Co., Ltd. Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd. Director of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company (incumbent) May 2016: Representative Director and President of the Company (incumbent) Executive Officer and President of the Company (incumbent) (Important Concurrent Positions) * Director of Seven-Eleven Japan Co., Ltd. * Director of 7-Eleven, Inc.</p>
<p>[Reasons for Election] He has broad knowledge of group management cultivated as a director of the Company and its Group companies, and the Company is aiming for maximization of enterprise value of its Group companies. Because we would like him to utilize his knowledge for maximization of enterprise value of the Group companies through swift generation of new business, and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
2	<p>Katsuhiro Goto (December 20, 1953) * 14,640 shares <u>Reappointment</u> Term of office: 11 years and 8 months</p>	<p>July 1989: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Ito-Yokado Co., Ltd. May 2003: Executive Officer of Ito-Yokado Co., Ltd. May 2004: Managing Director of Ito-Yokado Co., Ltd. Managing Executive Officer of Ito-Yokado Co., Ltd. Sept. 2005: Director of the Company Chief Administrative Officer (CAO) of the Company Mar. 2006: Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company) Managing Executive Officer of Ito-Yokado Co., Ltd. May 2006: Director of Ito-Yokado Co., Ltd. Managing Executive Officer of the Company Director of Millennium Retailing, Inc. Aug. 2009: Director of Sogo & Seibu Co., Ltd. Apr. 2011: Senior Officer of the System Planning Department of the Company Nov. 2014: Head of the Information Management & Security Office of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company (incumbent) May 2016: Representative Director and Vice President of the Company (incumbent) Executive Officer and Vice President of the Company (incumbent) In charge of Administrative Divisions and Omni-Channel of the Company (Important Concurrent Positions) Not applicable.</p>
<p>[Reasons for Election] He has broad knowledge related to management administration cultivated as a director of the Company and its Group companies, and the Company is aiming for advancement of group functions and for implementation of the Omni-Channel Strategy, etc. Because we would like him to utilize his knowledge for advancement of group functions (integration of the Company's administrative divisions, aiming to provide high value-added services, and to reduce costs), and for the Omni-Channel Strategy, etc., as new strategies, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
3	Junro Ito (June 14, 1958) * 3,173,003 shares <u>Reappointment</u> Term of office: 8 years and 0 months	Aug. 1990: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. Jan. 2007: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Director of the Company (incumbent) Executive Officer of the Company Senior Officer of the Corporate Development Department of the Company Apr. 2011: Senior Officer of the CSR Management Department of the Company May 2015: Audit & Supervisory Board Member of York-Benimaru Co., Ltd. (incumbent) May 2016: In charge of Group Corporate Support of the Company July 2016: Senior Officer of the Corporate Support Department of the Company Dec. 2016: Managing Executive Officer of the Company (incumbent) Head of the Corporate Development Office of the Company (incumbent) Mar. 2017: Director of Ito-Yokado Co., Ltd. (incumbent) (Important Concurrent Positions) * Director of Ito-Yokado Co., Ltd. * Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
[Reasons for Election] He has broad knowledge related to ESG (Environment, Social, Governance) cultivated as a director of the Company and its Group companies. Because we would like him to utilize his knowledge for the enhancement of corporate value including non-financial aspects, and for the smooth execution of group management, which the Company is aiming for, we would like to request his election as a Director.		
4	Katsutane Aihara (August 6, 1956) * 3,000 shares <u>New appointment</u>	Feb. 1989: Joined Seven-Eleven Japan Co., Ltd. Jan. 2006: Senior Officer of CVS System, the System Planning Department of the Company Mar. 2014: Executive Officer of the Company (incumbent) Senior Officer of the System Planning Department of the Company Senior Officer of the System Strategy Office of the Company July 2016: Senior Officer of the Group ICT Planning Department of the Company (incumbent) Dec. 2016: In charge of System of the Company (incumbent) (Important Concurrent Positions) Not applicable.
[Reasons for Election] He has broad knowledge related to system cultivated as an executive officer of the Company. Because we would like him to utilize his knowledge for reinforcement of the information system of the Group companies, we would like to request his election as a Director.		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
5	Kimiyoshi Yamaguchi (November 8, 1957) * 0 shares <u>New appointment</u>	Apr. 1981: Joined THE SEIBU DEPARTMENT STORES, LTD. (currently Sogo & Seibu Co., Ltd.) May 2011: Executive Officer of the Company (incumbent) Senior Officer of the Public Relations Center of the Company (incumbent) Dec. 2016: In charge of Corporate Communication of the Company (incumbent) (Important Concurrent Positions) Not applicable.
[Reasons for Election] He has broad knowledge related to corporate communications cultivated as an executive officer of the Company. Because we would like him to utilize his knowledge for the Group companies' entry into new businesses, we would like to request his election as a Director.		
6	Kazuki Furuya (January 13, 1950) * 12,600 shares <u>Reappointment</u> Term of office: 1 year and 0 months	May 1982: Joined Seven-Eleven Japan Co., Ltd. May 2000: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2004: Managing Director of Seven-Eleven Japan Co., Ltd. Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2006: Director of Seven-Eleven Japan Co., Ltd. May 2007: Senior Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Director and Vice President of Seven-Eleven Japan Co., Ltd. May 2016: Representative Director and President of Seven-Eleven Japan Co., Ltd. (incumbent) Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of Seven-Eleven Japan Co., Ltd. * Director and Chairman of 7-Eleven, Inc.
[Reasons for Election] He has broad knowledge of franchise business cultivated as a director of our Group companies, and the Company is aiming for advancement of group functions. Because we would like him to utilize his knowledge for advancement of group functions (pursuit of merchandising synergy in supply, logistics, product development and sales, etc.), we would like to request his election as a Director.		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
7	Takashi Anzai (January 17, 1941) * 7,000 shares <u>Reappointment</u> Term of office: 11 years and 8 months	Apr. 1963: Joined the Bank of Japan Dec. 1994: Executive Director of the Bank of Japan Nov. 1998: Representative Director and President of The Long-Term Credit Bank of Japan, Limited Aug. 2000: Counsel of Ito-Yokado Co., Ltd. Apr. 2001: Representative Director and President of IY Bank Co., Ltd. (currently Seven Bank, Ltd.) Sept. 2005: Director of the Company (incumbent) June 2010: Representative Director and Chairman of Seven Bank, Ltd. (incumbent) (Important Concurrent Position) * Representative Director and Chairman of Seven Bank, Ltd.
[Reasons for Election] He has broad knowledge of monetary policy cultivated at the Bank of Japan, etc. Because we would like him to utilize his knowledge for enhancement of monetary and fiscal policy of the Company, we would like to request his election as a Director.		
8	Zenko Ohtaka (March 1, 1940) * 1,518,769 shares <u>Reappointment</u> Term of office: 11 years and 8 months	Apr. 1958: Joined Benimaru Shoten Co., Ltd. (currently York-Benimaru Co., Ltd.) Oct. 1963: Managing Director of York-Benimaru Co., Ltd. May 1984: Senior Managing Director of York-Benimaru Co., Ltd. May 1994: Director and Vice President of York-Benimaru Co., Ltd. May 2000: Representative Director and President of York-Benimaru Co., Ltd. May 2003: Chief Operating Officer (COO) of York-Benimaru Co., Ltd. Sept. 2005: Director of the Company (incumbent) Mar. 2015: Representative Director and Chairman of York-Benimaru Co., Ltd. (incumbent) Chief Executive Officer (CEO) of York-Benimaru Co., Ltd. Mar. 2017: Director of Ito-Yokado Co., Ltd. (incumbent) (Important Concurrent Position) * Representative Director and Chairman of York-Benimaru Co., Ltd. * Director of Ito-Yokado Co., Ltd.
[Reasons for Election] He has broad knowledge of the superstore business and merchandising cultivated as a director of the Company and its Group companies, and the Company is aiming for synergistic effects and the development of new merchandising opportunities. Because we would like him to utilize his knowledge for pursuit of the synergistic effects, and for the development of new merchandising opportunities irrespective of differences in business conditions, we would like to request his election as a Director.		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
9	<p>Joseph M. DePinto (November 3, 1962) * 6,000 shares <u>Reappointment</u> Term of office: 2 years and 0 months</p>	<p>Sept. 1995: Joined Thornton Oil Corporation June 1999: Senior Vice President and Chief Operating Officer (COO) of Thornton Oil Corporation Mar. 2002: Joined 7-Eleven, Inc. Manager of 7-Eleven, Inc. Apr. 2003: Vice President and General Manager of Operations of 7-Eleven, Inc. Dec. 2005: Representative Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. (incumbent) Aug. 2010: Director of Brinker International, Inc. (incumbent) May 2015: Director of the Company (incumbent) (Important Concurrent Positions) * Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. * Director of Brinker International, Inc.</p>
<p>[Reasons for Election] He has broad knowledge of franchise business cultivated as a director of our American Group companies. Because we would like him to utilize his knowledge for providing advice to the Board of Directors from an international perspective and for promotion of global management of the Company, we would like to request his election as a Director.</p>		
10	<p>Scott Trevor Davis (December 26, 1960) * 1,600 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 11 years and 8 months</p>	<p>Apr. 1990: Full-time researcher, The Japan Institute of Labor Apr. 1993: Lecturer, Department of Business Administration, Faculty of Economics, Gakushuin University Apr. 2001: Professor, International Business Administration Department, International School of Economics and Business Administration, Reitaku University May 2004: Outside Director of Ito-Yokado Co., Ltd. Sept. 2005: Outside Director of the Company (incumbent) Mar. 2006: Outside Director of Ito-Yokado Co., Ltd. (newly incorporated company) Mar. 2006: Outside Audit & Supervisory Board Member of Nissen Co., Ltd. (current Nissen Holdings Co., Ltd.) Apr. 2006: Professor, Department of Global Business, College of Business, Rikkyo University (incumbent) Mar. 2011: Outside Director of Bridgestone Corporation (incumbent) June 2014: Outside Director of Sompo Japan Nipponkoa Holdings, Inc. (current Sompo Holdings, Inc.) (incumbent) (Important Concurrent Position) * Professor, Department of Global Business, College of Business, Rikkyo University * Outside Director of Bridgestone Corporation * Outside Director of Sompo Holdings, Inc.</p>
<p>[Reasons for Election] He has international and technical knowledge at a high level cultivated from teaching for many years as a professor of international management, etc. Because we would like him to utilize his broad high level knowledge, etc. for our company management, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
11	<p>Yoshio Tsukio (April 26, 1942) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Term of office: 3 years and 0 months</p>	<p>Aug. 1988: Professor, Department of Architecture, School of Engineering, Nagoya University</p> <p>Apr. 1989: Visiting Professor, Unit 5, Institute of Industrial Science, University of Tokyo</p> <p>Apr. 1991: Professor, Department of Industry Mechanical Engineering, Faculty of Engineering, University of Tokyo</p> <p>Apr. 1999: Professor, Graduate School of Frontier Science, University of Tokyo</p> <p>Dec. 2002: Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications</p> <p>Apr. 2003: President and Representative, Tsukio Research Institute (incumbent)</p> <p>June 2003: Professor Emeritus, University of Tokyo</p> <p>May 2014: Outside Director of the Company (incumbent) (Important Concurrent Position) * President and Representative, Tsukio Research Institute</p>
<p>[Reasons for Election]</p> <p>He has knowledge and experience from his long term work as a specialist in media policy. Because we would like him to utilize his broad high level knowledge and experience, etc. for our company management, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
12	<p>Kunio Ito (December 13, 1951) * 0 shares Reappointment Outside Director Independent Director Term of office: 3 years and 0 months</p>	<p>Apr. 1992: Professor, Faculty of Commerce and Management, Hitotsubashi University Aug. 2002: Dean, Graduate School of Commerce and Management, Faculty of Commerce and Management, Hitotsubashi University Feb. 2004: Associate Chancellor & Director, Hitotsubashi University June 2005: Outside Director of Akebono Brake Industry Co., Ltd. (incumbent) Dec. 2006: Professor, Graduate School of Commerce and Management, Hitotsubashi University Apr. 2008: MBA Course Director, Graduate School of Commerce and Management, Hitotsubashi University Senior Executive Program Director, Graduate School of Commerce and Management, Hitotsubashi University June 2012: Outside Director of Sumitomo Chemical Company, Limited (incumbent) June 2013: Outside Director of Kobayashi Pharmaceutical Co., Ltd. (incumbent) May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director of Toray Industries, Inc. (incumbent) Jan. 2015: Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University (incumbent) Apr. 2015: Research Professor, Graduate School of Commerce and Management, Hitotsubashi University (incumbent) Mar. 2016: Chair of the Nomination and Compensation Committee of the Company (incumbent) (Important Concurrent Position) * Research Professor, Graduate School of Commerce and Management, Hitotsubashi University * Outside Director of Akebono Brake Industry Co., Ltd. * Outside Director of Sumitomo Chemical Company, Limited * Outside Director of Kobayashi Pharmaceutical Co., Ltd. * Outside Director of Toray Industries, Inc.</p>
<p>[Reasons for Election] He has technical knowledge of accounting and management, etc. from his long term work as a professor. Because we would like him to utilize his abundant experience as an outside director of other companies and his appropriate supervisory functions, etc. for our company management, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
13	<p>Toshiro Yonemura (April 26, 1951) * 0 shares</p> <p>Reappointment Outside Director Independent Director</p> <p>Term of office: 3 years and 0 months</p>	<p>Apr. 1974: Joined the National Police Agency</p> <p>Aug. 2005: Vice Superintendent General, Tokyo Metropolitan Police Department</p> <p>Aug. 2008: Superintendent General, Tokyo Metropolitan Police Department</p> <p>June 2011: Outside Audit & Supervisory Board Member, Jowa Holdings Company, Limited</p> <p>Dec. 2011: Deputy Chief Cabinet Secretary for Crisis Management</p> <p>Feb. 2014: Special Advisor to the Cabinet</p> <p>May 2014: Outside Director of the Company (incumbent)</p> <p>June 2014: Outside Director, Jowa Holdings Company, Limited (current UNIZO Holdings Company, Limited) (incumbent)</p> <p>Mar. 2016: Member of the Nomination and Compensation Committee of the Company (incumbent)</p> <p>(Important Concurrent Position) * Outside Director of UNIZO Holdings Company, Limited</p>
	<p>[Reasons for Election]</p> <p>He has worked consecutively at important positions as Superintendent General, Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management etc. Because we would like him to utilize his broad high level experience and insight, etc. for our company management, we would like to request his election as an Outside Director.</p>	

(Notes)

1. The Company established the Nomination and Compensation Committee with an independent Outside Director as the Chair to be an advisory committee to the Board of Directors to deliberate on the nomination and compensation, etc. of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers (hereinafter, “officers”) and to utilize the knowledge and advice of outside officers for ensuring objectivity and transparency in the procedures for deciding the nomination and compensation of officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination and Compensation Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure correct procedures by the committee as an advisory committee to the Board of Directors.
2. “New appointment” indicates new candidates for Directors and “Reappointment” indicates reappointed candidates for Directors.
3. “Outside Director” indicates candidates for Outside Directors and “Independent Director” indicates candidates for Directors as independent officers as stipulated by the Tokyo Stock Exchange.
4. “Term of office” refers to the term of office as of the conclusion of this Annual Shareholders’ Meeting.
5. Mr. Takashi Anzai concurrently holds the office of Representative Director and Chairman of Seven Bank, Ltd., which engages in transactions falling within the types of business of the Company. There is no special relationship of interest between the other each candidates and the Company.
6. Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura satisfy the requirements for nomination for the office of Outside Director. In addition, Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators of the Company or the specified relation business associates of the Company.
7. In November 2015, improper accounting practices were exposed at Akebono Brake Industry Co., Ltd., where Mr. Kunio Ito has served as an outside director, and an investigation was conducted by an investigation committee. As a result of the investigation, the effects on results were found to be minor, and no revisions were made to the company’s financial statements. Although Mr. Kunio Ito was not aware of the incident in question in advance, he made proposals regarding establishing internal controls and strengthening compliance functions on a regular basis at the company’s meetings of the Board of Directors, and has provided advice to prevent a reoccurrence after the matter in question was exposed; thus, he has fulfilled his duties as an outside director.
8. The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts. If the reappointments of the candidates for Outside Director are approved, the Company intends to continue its liability limitation agreement with each of

them.

9. Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
10. The brief personal history, etc. of each of the above candidates is as of April 14, 2017.

Item No. 3: Election of one (1) Audit & Supervisory Board Member

Mr. Tadao Hayakawa resigned from his position as an Audit & Supervisory Board Member on July 15, 2016. As a result, there are currently four (4) Audit & Supervisory Board Members of the Company.

In this regard, the Company requests that the number of Audit & Supervisory Board Members be increased by one (1) person to strengthen and enhance the audit system.

This proposal was approved at the Board of Directors meeting after its details were supported by the “Nomination and Compensation Committee,” an advisory committee to the Board of Directors chaired by an independent Outside Director. The Audit & Supervisory Board’s prior consent was obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, and important concurrent positions
Noriyuki Habano (February 10, 1958) * 5,500 shares <u>New appointment</u>	Mar. 1980: Joined Ito-Yokado Co., Ltd. Jan. 2006: Senior Officer of the Group Communication, the Public Relations Center of the Company May 2008: Executive Officer of the Company Senior Officer of the Society and Culture Development Department of the Company Sept. 2008: Executive Officer of Ito-Yokado Co., Ltd. Sept. 2014: Senior Officer of the Auditing Office of the Company (incumbent) Oct. 2014: Audit & Supervisory Board Member of York Mart Co., Ltd. (incumbent) (Important Concurrent Positions) * Audit & Supervisory Board Member of York Mart Co., Ltd.
[Reasons for Election] He has broad knowledge related to the overall operations of the Group cultivated as a Senior Officer of the Auditing Office of the Company. Because we would like him to contribute to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, creation of mid- to long-term enterprise value, and respond to social trust, we would like to request his election as an Audit & Supervisory Board Member.	

(Notes)

1. The Company established the “Nomination and Compensation Committee” with an independent Outside Director as the Chair to be an advisory committee to the Board of Directors to deliberate on the nomination and compensation, etc. of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers (hereinafter, “officers”) and to utilize the knowledge and advice of outside officers for ensuring objectivity and transparency in the procedures for deciding the nomination and compensation of officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination and Compensation Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure correct procedures by the committee as an advisory committee to the Board of Directors.
2. “New appointment” indicates new candidate for Audit & Supervisory Board Members.
3. There is no special relationship of interest between the above candidate and the Company.
4. The brief personal history, etc. of the above candidate is as of April 14, 2017.

Item No. 4: Entrusting to the Company's Board of Directors determination of the subscription requirements for the share subscription rights, as stock options for stock-linked compensation issued to the executive officers of the Company, as well as the Directors and executive officers of the Company's subsidiaries.

Pursuant to Articles 236, 238, and 239 of the Companies Act, we ask that you kindly approve as follows the allotment of share subscription rights without contribution as stock options to the executive officers of the Company as well as the Directors (excluding Outside Directors) and executive officers of the Company's subsidiaries, as well as entrusting the determination of the subscription requirements to the Company's Board of Directors.

1. The reasons why it is necessary to solicit parties who will subscribe for the share subscription rights on particularly favorable terms

In connection with the compensation system for the executive officers of the Company as well as the Directors and executive officers of the Company's major subsidiaries, the severance payment system has already been abolished and a performance-linked compensation system has been introduced. We decided to issue share subscription rights without requiring payment of monies, that is, without consideration to the executive officers of the Company as well as the Directors (excluding Outside Directors) and executive officers of the Company's subsidiaries. The purpose of this grant is to further promote their motivation to contribute to the enhancement of the mid- to long-term continuous business performance and enterprise value, and to arouse morale by causing the executive officers of the Company as well as the Directors (excluding Outside Directors) and executive officers of the Company's subsidiaries to not only enjoy the benefits from rises in the share price but also to bear the risks from declines in the share price.

2. Substance and maximum number of share subscription rights for which subscription requirements may be determined pursuant to the matters determined at this Annual Shareholders' Meeting

(1) Maximum number of share subscription rights for which subscription requirements may be determined pursuant to the entrustment by way of a resolution of this Annual Shareholders' Meeting

The maximum number of share subscription rights for which the Board of Directors will be authorized to determine the subscription requirements based on the entrustment by way of a resolution of this Annual Shareholders' Meeting shall be 1,350.

(2) Cash payment for the share subscription rights

No cash payment will be required for the share subscription rights for which the Board of Directors will be authorized to determine the subscription requirements based on the entrustment by way of a resolution of this Annual Shareholders' Meeting.

(3) Substance of the share subscription rights

(i) Class and number of shares to be acquired upon exercise of the share subscription rights

The number of shares to be acquired upon exercise of one (1) share subscription right (the "Subject Share Number") shall be one hundred (100) common stock of the Company, and the maximum total number of shares acquired upon the exercise of the share subscription rights shall be 135,000 shares.

The Subject Share Number will be adjusted by the following calculation formula if the Company engages in a share split, allotment of shares without contribution, or consolidation of shares after the date of allotment of the share subscription rights. Such adjustment shall be made only with respect to the number of shares that are the subject of the share subscription rights that have not been exercised as of such time, and any fraction under one (1) share resulting from such adjustment shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split/consolidation

In addition to the above, if any inevitable event arises where the number of shares must be adjusted after the date of allotment, the Company will adjust the number of shares as necessary to a reasonable extent.

(ii) Amount of property contributed upon the exercise of the share subscription rights

The property to be contributed upon the exercise of the share subscription rights shall be in pecuniary form, and the above amount shall be one (1) yen (which is the amount to be paid in per share acquired upon exercising the share subscription rights) multiplied by the Subject Share Number.

(iii) Period during which the share subscription rights are exercisable

Such period shall be from the last day in February in the year following the date of allotment of the share subscription rights until the 30th anniversary of the date following such date of allotment.

(iv) Matters regarding capital and capital reserve that shall be increased when shares are issued upon the exercise of the share subscription rights

a. The increased amount of capital upon the issuance of shares by the exercise of the share subscription rights shall be one half of the maximum amount of increases of capital, etc., calculated in accordance with Article 17, Paragraph 1 of the Companies Accounting Regulations (“*Kaisha Keisan Kisoku*”). Any fractional amount of less than one (1) yen resulting from such calculation shall be rounded up.

b. The increased amount of the capital reserve upon the issuance of shares by the exercise of the share subscription rights shall be the amount of the maximum amount of the increases of capital, etc., mentioned in a. above, after subtracting the increased amount of capital prescribed in a. above.

(v) Restriction on acquisition of the share subscription rights by transfer

An acquisition of the share subscription rights by way of transfer requires the approval of the Board of Directors of the Company.

(vi) Events and conditions for the Company’s acquisition of the share subscription rights

a. The Company may acquire the share subscription rights without contribution on a date separately determined by the Board of Directors if (i) a proposal for approval of a merger agreement whereby the Company becomes the dissolving company, (ii) a proposal for approval of a company split agreement or company split plan whereby the Company becomes the splitting company, or (iii) a proposal for approval of a share exchange agreement or share transfer plan whereby the Company becomes the wholly owned subsidiary has been approved at a shareholders’ meeting of the Company (or resolved by the Board of Directors where a shareholders’ meeting resolution is not necessary).

b. The Company may acquire the share subscription rights without contribution if the share subscription right holder becomes unable to exercise the share subscription rights for any reason such as ceasing to fall under the conditions for exercising rights indicated in (ix) below.

c. The Company may acquire the share subscription rights without contribution if the share subscription right holder violates the provisions of the share subscription rights allotment agreement.

(vii) Treatment upon restructuring transaction

If the Company is to engage in a merger (limited only to cases where the Company becomes the dissolving company due to merger), absorption-type split, incorporation-type split, share exchange, or share transfer (collectively, the “Restructuring Transaction”), it shall for each case, respectively, deliver the share subscription rights of the stock companies (“*kabushiki*

kaisha”) listed under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the “Restructuring Company”) to the share subscription right holders of the share subscription rights remaining as of the effectuation of the Restructuring Transaction (the “Remaining Share Subscription Rights”) pursuant to the following conditions. In such a case, the Remaining Share Subscription Rights will be extinguished. However, the foregoing shall be limited to cases where it is indicated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan to the effect that the share subscription rights of the Restructuring Company will be delivered in accordance with the following conditions.

a. Number of share subscription rights of the Restructuring Company to be delivered

The same number as the number of share subscription rights held by the share subscription right holder of the Remaining Share Subscription Rights as of the effectuation of the Restructuring Transaction shall be delivered, respectively.

b. Class of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights

The above shares shall be the common stock of the Restructuring Company.

c. Number of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights

This will be determined analogously as (i) above, taking into consideration the conditions, etc., of the Restructuring Transaction.

d. Amount of property contributed upon the exercise of the share subscription rights

The amount of property contributed upon the exercise of share subscription rights to be delivered shall be the amount obtained by multiplying the adjusted exercise price after the restructuring by the number of shares that are the subject of the share subscription rights, taking into consideration the conditions, etc., of the Restructuring Transaction.

e. Period during which the share subscription rights are exercisable

The above period shall be from the later of the commencement date of the period indicated in (iii) above during which the Remaining Share Subscription Rights are exercisable and the date of effectuation of the Restructuring Transaction, until the last date of the period indicated in (iii) above during which the Remaining Share Subscription Rights are exercisable.

f. Matters regarding capital and capital reserve that shall be increased when shares are issued upon the exercise of the share subscription rights

The above matters shall be determined analogously as (iv) above.

g. Restriction on the acquisition of the share subscription rights by transfer

An acquisition of the share subscription rights by way of transfer requires the approval by a resolution of the Board of Directors of the Restructuring Company (if the Restructuring Company is not a Company with a Board of Directors, then determination by its Directors).

h. Events and conditions for the Restructuring Company’s acquisition of the share subscription rights

The above events and conditions shall be determined analogously as (vi) above.

i. Conditions for exercising the share subscription rights

The above conditions shall be determined analogously as (ix) below.

(viii) Rounding off of fractions

Any fraction under one (1) share in the number of shares to be delivered to the share subscription right holders shall be rounded off.

(ix) Conditions for exercising the share subscription rights

a. A share subscription right holder may only exercise the share subscription rights

within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.

b. Notwithstanding the provisions in a. above, in the event that a proposal for approval of a merger agreement whereby the Company becomes the dissolving company or a proposal for approval of a share exchange agreement or share transfer plan whereby the Company becomes a wholly owned subsidiary has been approved at a shareholders' meeting of the Company (or resolved by the Board of Directors where the resolution of the shareholders' meeting is not necessary), then the share subscription right holder may only exercise the share subscription rights within thirty (30) days from the day following the day on which the proposal is approved.

c. Notwithstanding the provisions in a. above, in the event that the share subscription right holder is a Director or executive officer of a company that is a subsidiary of the Company, and that company later ceases to be a subsidiary of the Company (including but not limited to the event that this change results from a Restructuring Transaction or assignment of shares), then the share subscription right holder may only exercise the share subscription rights within thirty (30) days from the day following the day on which the company ceases to be a subsidiary of the Company.

d. The share subscription right holder must exercise all of the allotted share subscription rights at one time.

e. If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in f. below.

f. Other conditions shall be as set forth in the "Share Subscription Rights Allotment Agreement" entered into between the Company and the share subscription right holders pursuant to the resolution of the Board of Directors.

(x) Other details of the share subscription rights

Details of (i) through (ix) above and items other than (i) through (ix) above shall be determined by the Board of Directors, which determines the subscription requirements of the share subscription rights.

End

Attached Documents

Business Report (March 1, 2016 to February 28, 2017)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 12th fiscal year, the operating environment in the retail industry underwent a gentle recovery, due in part to the government's economic stimulus measures and other factors. In terms of consumer spending, the outlook remains uncertain, and customers are becoming even more selective with their purchasing.

In this setting, under the slogan, "Responding to Change while Strengthening Fundamentals," the Group studied changes in the social environment and customer psychology to work on developing high value-added products and products that match regional tastes, and improve its customer service.

As regards the Group's Seven Premium private-brand products and Group companies' original products, we worked to improve quality further and propose new value by promoting the development of new products and implementing proactively a renewal of existing products. Sales of Seven Premium products were ¥1,150.0 billion in the 12th fiscal year (up 14.9% YOY) and sales of the Group's original products including Seven Premium were ¥3,200.0 billion (up 6.7% YOY).

Under its Omni-Channel Strategy, the Group strengthened its product line-up in the integrated Group portal site "omni7." Furthermore, the Group changed from a strategy of approaching a large number of unspecified customers, mainly through e-commerce, to a strategy of focusing on the 22.0 million customers that visit Group stores in Japan each day, and started developing a smartphone app that enables use of a shared points program for Group companies, and so forth.

Consequently, our consolidated results in the 12th fiscal year were as follows.

Revenues from operations were ¥5,835.6 billion (down 3.5% YOY). Although revenues from operations in financial services operations increased, there was a negative impact of ¥210.9 billion by the yen's appreciation in line with foreign exchange rate fluctuations. In addition, the Group recorded declines in revenues from operations in superstore operations, department store operations, and mail order services operations.

Operating income was ¥364.5 billion (up 3.5% YOY), mainly due to strong results in convenience store operations, superstore operations, and financial services operations, despite a negative impact of ¥7.5 billion due to foreign exchange rate fluctuations, and ordinary income was ¥364.4 billion (up 4.1% YOY), both reaching record highs for the sixth consecutive year. Net income attributable to owners of parent was ¥96.7 billion (down 39.9% YOY), mainly due to the recording of special losses, including impairment losses on stores in superstore operations and department store operations, as well as impairment loss of goodwill related to department stores.

Group sales, which include the total store sales of Seven-Eleven Japan Co., Ltd., and 7-Eleven, Inc., were ¥10,621.5 billion (down 0.8% YOY).

Overview of business by segment

An overview of business by segment in the 12th fiscal year is as follows.

(i) Convenience store operations

Revenues from operations in convenience store operations were ¥2,550.6 billion (down 4.7% YOY), and operating income was ¥313.1 billion (up 3.0% YOY).

In Japan, Seven-Eleven Japan Co., Ltd. had 19,422 stores (up 850 stores YOY) at the end of the 12th fiscal year. In terms of stores, we aggressively relocated to new sites in a drive to increase quality. We also undertook a rigorous review of our standards for new store openings. In terms of products, we achieved brisk sales by carrying out an aggressive renewal of basic products such as sandwiches and fryer products along with taking steps for further enhancement of quality. As a result of these initiatives, the rate of growth in sales at existing stores recorded positive growth for the 55th consecutive month since August 2012. Total store sales in Japan, which comprise corporate and franchised store sales, were ¥4,515.6 billion (up 5.2% YOY).

In North America, as of the end of December 2016, 7-Eleven, Inc. had 8,707 stores (up 207 stores YOY). In terms of stores, we moved forward with store openings in urban areas, and closed some existing and acquired stores, focusing on profitability. In addition, in July 2016 7-Eleven, Inc. acquired stores from CST Brands, Inc. of US, and in September it started conducting a phased acquisition of stores from Imperial Oil Limited of Canada. In terms of products, we continued to focus on the development and sales of fast food products and 7-Select private-brand products. In addition, we saw strong growth of sales of soft drinks and alcohol drinks. As a result of these initiatives, the rate of growth in merchandise sales at existing stores in the United States on a local currency basis in the 12th fiscal year exceeded the rate in the previous fiscal year. However, total store sales, which comprise corporate and franchised store sales, were ¥2,735.1 billion (down 7.3% YOY) because of the impact of foreign exchange rate fluctuations.

In China, as of December 31, 2016, we had 219 stores in Beijing, 82 stores in Tianjin, and 67 stores in Chengdu.

(ii) Superstore operations

Revenues from operations in superstore operations were ¥2,025.5 billion (down 1.7% YOY), and operating income was ¥22.9 billion (up 216.6% YOY).

Domestic superstore Ito-Yokado Co., Ltd. had 171 stores at the end of the 12th fiscal year (down 11 stores YOY). In terms of stores, we opened 4 new stores consisting of 3 Shokuhinkan stores and “SEVEN PARK ARIO KASHIWA.” We also proceeded with business structural reforms including a revision of sales areas through the tenant mix and the closure of 15 stores. In terms of products, we provided product lineups tailored to individual stores and regional tastes as well as bolstering our sales of differentiated products such as “Seven Premium.” The rate of growth in sales at existing stores in the 12th fiscal year declined year on year, but profitability improved significantly due to the reduction of sales promotion costs, an improvement in the gross profit margin, and optimization of apparel inventory levels.

In domestic food supermarket operations, York-Benimaru Co., Ltd. had 213 stores as of the end of the 12th fiscal year (up 8 stores YOY), principally in the southern Tohoku region, and York Mart Co., Ltd. had 78 stores (up 2 stores YOY) mainly in the Tokyo metropolitan area. York-Benimaru Co., Ltd. strengthened the sales of fresh food, and expanded its lineup of prepared foods to respond to demand for ready-to-serve and easy meals through its subsidiary Life Foods Co., Ltd., aiming to differentiate itself with an uncompromising approach to product safety, security, flavor, and quality. As a result of these initiatives, the rate of growth in sales at existing stores in the 12th fiscal year rose year on year.

AKACHAN HONPO CO., LTD., which sells baby and maternity products, had 106 stores at the end of the 12th fiscal year (up 3 stores YOY).

In terms of superstores in China, as of December 31, 2016, we had 6 stores in Chengdu, and 2 stores in Beijing.

(iii) Department store operations

Revenues from operations in department store operations were ¥852.1 billion (down 3.7% YOY), and operating income was ¥3.6 billion (down 4.2% YOY).

Sogo & Seibu Co., Ltd. had 19 stores at the end of the 12th fiscal year (down 4 stores YOY). In sales, we reinforced the high-quality customer service that is the hallmark of department stores, while enhancing our total advisory service functions with specialist sales staff such as beauty advisors. However, the rate of growth in sales at existing stores in the 12th fiscal year declined year on year, reflecting lackluster sales growth mainly in apparel. In terms of stores, we closed 4 stores – Sogo Kashiwa store, SEIBU Asahikawa store, Seibu Yao store, and Seibu Tsukuba store – by February 28, 2017 in line with our business structural reforms. In addition, in October 2016 we called for voluntary retirement in order to correct the number of employees.

THE LOFT CO., LTD., which operates miscellaneous goods specialty stores, had 109 stores at the end of the 12th fiscal year (up 7 stores YOY).

(iv) Food services operations

Revenues from operations in food service operations were ¥82.5 billion (down 1.5% YOY), and operating income was ¥0.5 billion (down 43.8% YOY).

Seven & i Food Systems Co., Ltd. operated 815 restaurants at the end of the 12th fiscal year (down 36 restaurants YOY), including 386 restaurants (down 3 restaurants YOY) operated by its restaurant division. In restaurant operations for the 12th fiscal year, the rate of growth in consolidated net sales at existing restaurants declined year on year due to sluggish customer numbers, despite a trend of recovery in sales per customer.

(v) Financial services operations

In financial services operations, revenues from operations were ¥201.9 billion (up 4.9% YOY), and operating income was ¥50.1 billion (up 0.9% YOY).

As of the end of the 12th fiscal year, the number of installed ATMs of Seven Bank, Ltd. had increased to 23,353 (up 965 ATMs YOY), due mainly to the aggressive opening of stores by Seven-Eleven Japan Co., Ltd. Furthermore, the average daily transaction volume per ATM during the 12th fiscal year was 95.6 transactions (down 3.6 transactions YOY), mainly due to some affiliated banks implementing transaction fees on customers and a change in consumer sentiment resulting from the Bank of Japan's policy of "Quantitative and Qualitative Monetary Easing with Yield Curve Control," which involves the adoption of negative interest rates. However, the total number of transactions during the year increased from the previous fiscal year due to the increase in the number of installed ATMs.

In our card operating companies, Seven CS Card Service Co., Ltd. saw a decrease in transaction volume by the closing of certain Sogo & Seibu Co., Ltd. stores and others, but Seven Card Service Co., Ltd. performed strongly with transaction volumes increasing in both the credit card and the electronic money operations.

(vi) Mail order services operations

Revenues from operations in mail order services operations were ¥139.2 billion (down 12.3% YOY), and an operating loss of ¥15.0 billion was incurred, up ¥6.6 billion from the loss incurred in the previous fiscal year.

The Company pressed ahead with structural reforms by making Nissen Holdings Co., Ltd. a wholly-owned subsidiary through a share exchange of its wholly-owned subsidiary Seven & i Net Media Co., Ltd. on November 1, 2016. Nissen Holdings Co., Ltd. changed its year-end reporting date from December 20 to the end of February starting from the 12th fiscal year, making this year a 14-month reporting period.

(vii) Others

Revenues from operations in others were ¥57.4 billion (down 6.8% YOY), and operating income was ¥4.6 billion (down 16.7% YOY).

(viii) Eliminations and Company-related

In the Omni-Channel Strategy being undertaken by the Group, Group-wide costs such as system-related maintenance costs and software-related depreciation costs are included in Eliminations and Company-related (adjustments). The Eliminations and Company-related segment reported an operating loss of ¥15.3 billion, up ¥4.8 billion from the loss incurred in the previous fiscal year.

Revenues from operations by segment

Business segment	Revenues from operations (Millions of yen)
Convenience stores	2,550,640
Superstores	2,025,534
Department stores	852,174
Food services	82,562
Financial services	201,932
Mail order services	139,226
Others	57,424
Eliminations and Company-related	(73,805)
Total	5,835,689

(Notes)

1. Group sales, which include the chain store sales of Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc., were ¥10,621.5 billion.
2. Eliminations and Company-related is a total of eliminated inter-segment transactions and revenues from operations of the Company.

(2) Capital expenditures and fundraising

Total capital expenditures in the 12th fiscal year were ¥384.1 billion. The funds required for these expenditures were appropriated from loans from the financial institutions and from funds on hand.

Business segment	Capital expenditures (Millions of yen)
Convenience stores	273,072
Superstores	50,630
Department stores	15,195
Food services	2,081
Financial services	26,070
Mail order services	1,864
Others	4,830
Corporate (shared)	10,373
Total	384,119

(Notes)

1. The amounts above include guaranty deposits and advances for store construction.
2. The amount for corporate (shared) is the Company's capital expenditures.

(3) Trends in assets and profit/loss in the 12th fiscal year and the most recent three fiscal years

(i) Trends in the corporate group's assets and profit/loss

Item	9th fiscal year (March 1, 2013 to February 28, 2014)	10th fiscal year (March 1, 2014 to February 28, 2015)	11th fiscal year (March 1, 2015 to February 29, 2016)	12th fiscal year (March 1, 2016 to February 28, 2017)
Revenues from operations	Millions of yen 5,631,820	Millions of yen 6,038,948	Millions of yen 6,045,704	Millions of yen 5,835,689
Net income attributable to owners of parent	Millions of yen 175,691	Millions of yen 172,979	Millions of yen 160,930	Millions of yen 96,750
Net income per share	Yen 198.84	Yen 195.66	Yen 182.02	Yen 109.42
Total assets	Millions of yen 4,811,380	Millions of yen 5,234,705	Millions of yen 5,441,691	Millions of yen 5,508,888
Net assets	Millions of yen 2,221,557	Millions of yen 2,430,917	Millions of yen 2,505,182	Millions of yen 2,475,806
Net assets per share	Yen 2,371.92	Yen 2,601.23	Yen 2,683.11	Yen 2,641.40

(Notes)

1. As the Company applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and other accounting standards, the presentation of "Net income" has been changed to "Net income attributable to owners of parent" from the 12th fiscal year.
2. Net income per share is calculated on the basis of the average number of shares issued during the fiscal year, excluding the number of treasury stock. Net assets per share is calculated on the basis of the total number of shares issued at the end of the fiscal year (the number of shares excluding the number of treasury stock).

(ii) Trends in assets and profit/loss by segment

Business segment	Item	9th fiscal year (March 1, 2013 to February 28, 2014)	10th fiscal year (March 1, 2014 to February 28, 2015)	11th fiscal year (March 1, 2015 to February 29, 2016)	12th fiscal year (March 1, 2016 to February 28, 2017)
		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Convenience stores	Revenues from operations	2,529,694	2,727,780	2,675,890	2,550,640
	Operating income	257,515	276,745	304,110	313,195
	Total assets	1,630,826	1,927,221	1,982,681	2,105,931
Superstores	Revenues from operations	2,009,409	2,012,176	2,060,516	2,025,534
	Operating income	29,664	19,340	7,234	22,903
	Total assets	1,000,318	1,040,068	1,047,824	1,004,561
Department stores	Revenues from operations	871,132	875,027	884,716	852,174
	Operating income	6,590	7,059	3,832	3,672
	Total assets	501,856	495,961	485,700	431,589
Food services	Revenues from operations	78,566	80,980	83,839	82,562
	Operating income	604	44	917	515
	Total assets	22,398	26,307	25,200	26,399
Financial services	Revenues from operations	158,826	178,221	192,487	201,932
	Operating income	44,902	47,182	49,697	50,130
	Total assets	1,798,059	1,871,705	1,929,839	1,925,815
Mail order services	Revenues from operations	--	185,802	158,732	139,226
	Operating income (loss)	--	(7,521)	(8,451)	(15,097)
	Total assets	103,437	105,717	81,941	56,610
Others	Revenues from operations	50,492	53,897	61,582	57,424
	Operating income	2,166	3,669	5,559	4,632
	Total assets	169,602	207,073	186,078	179,884

(Note)

The results of “mail order services” in the 9th fiscal year were consolidated only in the balance sheets because February 28, 2014 is the deemed acquisition date.

(4) Corporate reorganization measures, etc.

Acquisition of all of Nissen Holdings Co., Ltd.’s shares to make it a wholly owned subsidiary of the Company

The Company had come to the conclusion that by making the Company’s subsidiary Nissen Holdings Co., Ltd., into a wholly owned subsidiary of the Company, it would become possible to improve efficiency of, and speedily and decisively carry out fundamental business structural reform of the corporate management of the entire Group, while at the same time, execute reorganization and rehabilitation of the Nissen Holdings Group. Accordingly, a share exchange with an effectuation date of November 1, 2016 was carried out, whereby Seven & i Net Media Co., Ltd. became the wholly owning parent and Nissen Holdings Co., Ltd., became the wholly owned subsidiary resulting from the share exchange. This share exchange was carried out according to the method of a triangular share exchange, whereby the shares allocated in exchange for Nissen Holdings Co., Ltd.’s shares were not the shares of Seven & i Net Media Co., Ltd. but the common shares of the Company, which is the wholly owning parent of Seven & i Net Media Co., Ltd.

(5) Status of major subsidiaries (as of February 28, 2017)

(i) Status of major subsidiaries

Business segment	Company name	Paid-in capital	Capital contribution ratio (%)
Convenience stores	Seven-Eleven Japan Co., Ltd.	¥17,200 million	100.0
	7-Eleven, Inc. (U.S.)	US\$13 thousand	100.0
Superstores	Ito-Yokado Co., Ltd.	¥40,000 million	100.0
	York-Benimaru Co., Ltd.	¥9,927 million	100.0
Department stores	Sogo & Seibu Co., Ltd.	¥10,000 million	100.0
Food services	Seven & i Food Systems Co., Ltd.	¥3,000 million	100.0
Financial services	Seven Bank, Ltd.	¥30,572 million	45.8
Mail order services	Nissen Holdings Co., Ltd.	¥11,873 million	100.0

(Notes)

1. The capital contribution ratio in 7-Eleven, Inc., Seven Bank, Ltd., and Nissen Holdings Co., Ltd. is indirect holdings.
2. The status of specified wholly owned subsidiaries as of the last day of the 12th fiscal year is as follows.

Name of specified wholly owned subsidiaries	Address of specified wholly owned subsidiaries	Book value of shares of specified wholly owned subsidiaries held by the Company and its wholly owned subsidiaries (Millions of yen)	Total assets of the Company (Millions of yen)
Seven-Eleven Japan Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	680,212	1,845,861
Ito-Yokado Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	583,513	

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 149 consolidated subsidiaries and 26 equity-method affiliates.

(6) Issues to be resolved

(i) Outlook for the coming fiscal year

Effective the fiscal year ending February 28, 2018, the Group has enhanced to manage its segments based on the management approach, geared to promote the Medium-Term Management Plan.

The seven business segments that have been reported up until now; namely, “convenience store operations,” “superstore operations,” “department store operations,” “food services operations,” “financial services operations,” “mail order services operations,” and “others”; have been reorganized into seven new business segments: “domestic convenience store operations,” “overseas convenience store operations,” “superstore operations,” “department store operations,” “financial services,” “specialty store operations,” and “others.” The major changes are as follows. Management of convenience store operations, which are the Group’s core area of business growth, has been separated into domestic operations and overseas operations, due to the different nature of the business environments. In addition, the segment “specialty store operations” has been established to replace “food services operations” and “mail order services operations,” and the specialty store operations that had been split up among each business segment, have been grouped together under this segment.

With respect to the outlook for the 13th fiscal year, although the Japanese economy is expected to recover gradually amid continued improvement in the employment and personal income environment, along with the effect of the government’s measures, the future trend of consumer spending is expected to remain uncertain. Furthermore, the impact of uncertainties in overseas economies and fluctuations in financial and capital markets should also be considered.

In this environment, under the basic policy, “Sincere and Trust,” “Responding to Change while Strengthening Fundamentals,” in October 2016 the Group announced its Medium-Term Management Plan, targeting consolidated operating income of ¥450.0 billion and ROE of 10% for the fiscal year ending February 29, 2020. In the 13th fiscal year, we will steadily execute our strategies for the first year of the three-year Medium-Term Management Plan through to the fiscal year ending February 29, 2020.

Moreover, the 13th fiscal year will mark the 10th anniversary of the Group’s shared Seven Premium private-brand products, which were launched in May 2007. We will use this occasion to springboard a further leap forward based on our three policies of “further quality improvement,” “new value creation,” and “challenging new fields.” Looking ahead, we will aggressively renew our existing products and undertake new development of “Seven Premium Fresh,” with the three fresh food categories of “fruit and vegetables,” “fresh meat and eggs,” and “fresh fish,” among others. As a result of these initiatives, plans also call for ¥1,320.0 billion in sales (up 14.8% YOY) of the Group’s shared Seven Premium private-brand products in the fiscal year ending February 28, 2018.

Furthermore, under its Omni-Channel strategy, the Group will construct mechanisms aimed at strengthening CRM strategies (Customer Relationship Management strategies) that capture all purchasing data by combining real with IT. The Group is working to introduce a shared points program from Group companies and a new smartphone apps designed to enhance communication with the customer such as by providing detailed personalized sales promotions to individual customers.

In domestic convenience store operations, Seven-Eleven Japan Co., Ltd. will grasp as growth opportunities the various changes in the social structure, which include the aging population, an increase in single-person households, a decline in the number of retail stores and an increase in working women. In order to fulfill the expected role of a convenience store, Seven-Eleven Japan will target the further evolution of its stores into “close-by, convenient stores” and continue its challenge of transformation with franchised store owners. Meanwhile, the employment environment in Japan is becoming more adverse, impacted by an increase in the minimum wage, an increase in the jobs-to-applicants ratio, and a widening of the scope of people eligible for social insurance. In

this environment, Seven-Eleven Japan Co., Ltd. has decided to conduct 1% special discount on Seven-Eleven franchise royalty fees from September 2017, aiming to provide an environment that allows franchised store owners to concentrate on proactive store management, and as a measure to encourage future new owners to become franchisees. In addition, in order to improve the work efficiency of store employees and increase the quality of customer services, we will introduce commercial dishwashers to wash sales equipment for counter products such as fryer products. We will also work on development of a new store layout to adapt to changes in the sales composition of merchandise. In store openings, we will aggressively promote relocation to improve the quality of existing stores, while continuing to rigorously examine our new store opening standards. Furthermore, in terms of products, we will work to further increase the quality of fast food products, and we will also focus on developing new products that capture the customers' latent needs, and on developing products that match the preferences of consumers in each region. As part of the above, we have developed new machines for "SEVEN CAFÉ" that can make high-quality cafe latte in addition to the existing products, and we will introduce these machines to all stores by the end of the fiscal year ending February 28, 2018 and aim to further expand sales.

In overseas convenience store operations, 7-Eleven, Inc. will continue to focus on the development and sale of fast food products and 7-Select private-brand products. At the same time, we will continue to open new stores in areas where we have a dominant presence and convert corporate stores to franchised stores. The Board of Directors resolved on April 6, 2017 that 7-Eleven, Inc. will acquire part of the convenience store business and gasoline retail business from U.S. company Sunoco LP. In response to this, 7-Eleven, Inc. will expand its store network and offer greater convenience, while also improving profitability. Only the capital expenditure and the number of stores associated with the business acquisition has been factored into the consolidated financial results forecast for the fiscal year ending February 28, 2018.

In superstore operations, Ito-Yokado Co., Ltd. will steadily conduct business structural reforms as announced in the Medium-Term Management Plan in October 2016, including closing 8 stores, reducing directly operated sales floor space, and increasing the share of food. Additionally, York-Benimaru Co., Ltd. will rigorously differentiate its fresh foods and delicatessen items by forming an alliance with subsidiary Life Foods Co., Ltd., and continue to strengthen its lineup of products that meet regional needs, while invigorating existing stores and continuing to open stores under its market concentration strategy.

In department store operations, Sogo & Seibu Co., Ltd. will concentrate their management resources in flagship stores, mainly in the Tokyo metropolitan area, which is the largest consumer market. We will also proceed to enhance food sales floor space with a view to increasing the frequency of customer visits under our new Tokyo suburban-type department store model.

In specialty store operations, Seven & i Food Systems Co., Ltd. will aggressively strive to introduce "Drink Bar" to increase customer numbers and improve operation efficiency at Denny's, and work to improve profitability by enhancing customer service capabilities. Nissen Holdings Co., Ltd. will dramatically downsize its general catalog mail order sales business, and concentrate management resources in the large-sized products business, which has higher priority. On April 6, 2017, Nissen Co., Ltd., a subsidiary of the Nissen Holdings Co., Ltd. opened the plus-size fashion e-commerce mall "alinoma" which will host stores from many leading brands.

(ii) Management issues

The Company aims to achieve continued growth and expansion by concentrating the business infrastructure and know-how accumulated across every field that is essential for distribution services while realizing greater utilization of Group synergies through the promotion of diversity, etc. In addition, by implanting a corporate culture among both frontline operations and corporate management of amassing originality and ingenuity, we strive to be a strong distribution service group that constantly provides new value to society while maximizing its corporate value.

To achieve these goals, we have put forth the following action plan.

- I. Concentrate management resources with a focus on core growth areas of convenience store operations in Japan and North America.
- II. Promote “selection and concentration” of each geographic area and business category
 - i. Conclusion of Memorandum of Understanding on Capital and Business Alliance with H₂O RETAILING CORPORATION; examination of the succession of department stores of Sogo & Seibu Co., Ltd. in the Kansai region; and concentration of management resources on flagship stores in the Tokyo metropolitan area, which is the largest consumer market.
 - ii. Ito-Yokado Co., Ltd.: Begin examining placing priority in the Tokyo metropolitan area and food operations
- III. Adopt a perspective of property development in revival of GMS and department stores
- IV. Review the Omni-Channel strategy: Prioritize customer lifetime value from the standpoint of the customer’s strategy

Furthermore, in our pursuit of Group synergies, we are challenging a new kind of merchandising which surpasses the differences in the business categories of the individual operating companies in the development of the Group’s shared private-brand products, Seven Premium. By sharing information within the Group centered on these initiatives, we will work to make costs more efficient, while increasing the precision of our merchandising and capturing greater economies of scale.

At this point, the Company has not finalized its basic policy on persons who control the Company’s decisions on financial matters and business policies (Article 118, item 3 of the Ordinance for Enforcement of the Companies Act). However, we aim to maximize the enterprise value of the Company and the Group through such means as further improving performance and bolstering corporate governance, and we believe that appropriate measures are needed for dealing with large-scale acquisitions of the Company’s shares that could damage the enterprise value of the Company and the Group. We will continue to carefully consider our basic policy on this issue with consideration for developments in legal systems, court decisions, and social trends.

(iii) Initiatives aimed at reforming “working styles”

The Company is proceeding with initiatives to support various working styles in order to enable the approximately 150 thousand employees working in the entire Group to experience job satisfaction in their work. We are promoting the creation of environments where employees can actively participate, such as by curbing long working hours, expanding systems that support flexible working styles, and enhancing systems that provide support for child rearing by allowing employees to continue work while rearing children or caring for family members. In addition, we are promoting changes in conventional ways of thinking that can lead to further improvements in productivity by raising employees’ motivation toward work.

Furthermore, we will regularly hold meetings of the “Work Satisfaction Improvement Committee” to share information on the progress of improvement measures by each Group company and any challenges that arise for them, and promote improvement activities based on the implementation status and results at each company and carry out initiatives aimed at raising awareness among all employees about work-life balance and getting them to put these ideas into

practice.

(iv) CSR initiatives

In order to realize the Corporate Creed of “We aim to be a sincere company that our customers trust,” the Company, acting primarily through the CSR Management Committee, promotes CSR activities while striving for thorough compliance by ensuring everyone is informed of the Seven & i Group Corporate Action Guidelines.

In particular, amid the expansion of the Group’s business fields and a growing diversification of relevant social issues and needs, the Company has identified “five material issues” through conversation with our stakeholders. The Company, while utilizing the strengths of the Group, is pursuing various initiatives formulated according to these five material issues, such as providing shopping support as a social infrastructure, reducing environmental burden in stores, and promoting diversity.

Furthermore, in June 2016, the Company established the Social Value Creation Subcommittee under the CSR Management Committee. Through this subcommittee, for a sustainable development, the Group is working to strengthen initiatives related to CSV (Creating Shared Value), which aim to create value from business operations that benefits both society and the Group.

Five material issues

- Providing social infrastructure for an aging society and declining population
- Providing safety and reliability through products and stores
- Non-wasteful usage of products, ingredients and energy
- Supporting the active role of women, youth and seniors across the Group and in society
- Building an ethical society and improving resource sustainability together with customers and business partners

(7) Scope of principal businesses (as of February 28, 2017)

The Group is centered on the retail industry and comprises 176 companies (including the Company itself), with the Company as a pure holding company. The Group's principal business activities are convenience store operations, superstore operations, department store operations, food services operations, financial services operations, and mail order services operations.

Business segments, names of major Group companies, and numbers of companies are as follows. This segmentation is the same as that used in the segment information section.

Business segments	Names of major Group companies
Convenience stores (87 companies)	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN (CHINA) Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. SEVEN-ELEVEN (CHENGDU) Co., Ltd. SEVEN-ELEVEN HAWAII, INC. SEJ Asset Management & Investment Company SHAN DONG ZHONG DI CONVENIENCE CO., LTD.* ¹ TOWER BAKERY CO., LTD.* ¹
Superstores (27 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York Mart Co., Ltd. K.K. Sanei Oshman's Japan Co., Ltd. AKACHAN HONPO CO., LTD. Seven Bi no Garden Co., Ltd. IY Foods K.K. Life Foods Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Seven Farm Co., Ltd. DAIICHI CO., LTD.* ¹ Tenmaya Store Co., Ltd.* ¹
Department stores (13 companies)	Sogo & Seibu Co., Ltd. THE LOFT CO., LTD. SHELL GARDEN CO., LTD. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD.
Food services (1 company)	Seven & i Food Systems Co., Ltd.
Financial services (9 companies)	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. SEVEN & i Financial Center Co., Ltd. FCTI, Inc.

Business segments	Names of major Group companies
Mail order services (17 companies)	Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO., LTD. GE Nissen Credit Co., Ltd.* ¹
Others (21 companies)	Seven & i Net media Co., Ltd. Seven Net Shopping Co., Ltd. SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi SEVEN & i Asset Management Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. Trube Ltd. Seven & i Create Link., Ltd.* ² Seven Culture Network Co., Ltd. Barneys Japan Co., Ltd. I ing Co., Ltd.* ¹ PIA Corporation* ¹ Tower Records Japan Inc.* ¹ BALS CORPORATION* ¹

(Notes)

*1 SHAN DONG ZHONG DI CONVENIENCE CO., LTD., TOWER BAKERY CO., LTD., DAIICHI CO., LTD., Tenmaya Store Co., Ltd., GE Nissen Credit Co., Ltd., I ing Co., Ltd., PIA Corporation, Tower Records Japan Inc., and BALS CORPORATION are affiliates.

*2 On November 30, 2016, Mall & SC Development Inc. changed its name to Seven & i Create Link., Ltd.

(8) Principal business locations (as of February 28, 2017)

(i) The Company

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo

(ii) Principal subsidiaries

(Convenience stores)

Seven-Eleven Japan Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 445 stores

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 1,699 stores

(Note)

The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2016.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 171 stores

York-Benimaru Co., Ltd.

- Head office: 18-2, 2-chome, Asahi, Koriyama, Fukushima
- Corporate stores: 213 stores

(Department stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 19 stores

(Food services)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Main office: 4-5, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 815 stores

(Financial services)

Seven Bank, Ltd.

- Head office: 6-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo

(Mail order services)

Nissen Holdings Co., Ltd.

- Head office: 26 Nishikujoinmachi, Minami-ku, Kyoto

(9) Status of employees (as of February 28, 2017)**(i) Status of employees of the corporate group**

Business segment	Number of employees	Change from the previous fiscal year-end
Convenience stores	25,421 employees	1,260 employees (increase)
Superstores	17,104 employees	421 employees (decrease)
Department stores	6,131 employees	77 employees (decrease)
Food services	1,387 employees	29 employees (decrease)
Financial services	1,550 employees	18 employees (decrease)
Mail order services	1,173 employees	108 employees (decrease)
Others	1,371 employees	82 employees (increase)
Corporate (shared)	575 employees	30 employees (increase)
Total	54,712 employees	719 employees (increase)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and its Group companies employ 86,490 part-time employees (monthly average based on a 163-hour working month).
3. The number of employees for corporate (shared) is the number of employees of the Company.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	422 employees	27 employees (increase)	45 years 7 months	19 years 6 months
Females	153 employees	3 employees (increase)	39 years 10 months	15 years 9 months
Total or average	575 employees	30 employees (increase)	44 years 1 month	18 years 6 months

(Notes)

1. Most of the Company's employees have been transferred from Group companies. The average number of years of continuous service is the total of the number of years of continuous service at each company.
2. In addition to the number of employees listed above, the Company employs 22 part-time workers (monthly average based on a 163-hour working month).

(10) Status of major lenders (as of February 28, 2017)

Lender	Amount borrowed (Millions of yen)
Sumitomo Mitsui Banking Corporation	167,476
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	150,452
Mizuho Bank, Ltd.	87,694

(11) Other important items regarding the current state of the corporate group

None.

2. Items Regarding Shares (as of February 28, 2017)

(1) Number of shares authorized to be issued: 4,500,000,000 shares

(2) Number of shares issued: 886,441,983 shares

(Note)

The number of shares issued includes 2,016,973 treasury stock.

(3) Number of shareholders: 91,787

(4) Major shareholders (Top 10)

Name of shareholders	Number of shares (Thousand shares)	Percentage of shares held (%)
Ito-Kogyo Co., Ltd.	68,901	7.8
The Master Trust Bank of Japan, Ltd. (Trust account)	45,605	5.2
Japan Trustee Services Bank, Ltd. (Trust account)	39,933	4.5
Nippon Life Insurance Company	17,672	2.0
Masatoshi Ito	16,799	1.9
Nomura Securities Co., Ltd.	16,656	1.9
MITSUI & CO., LTD.	16,222	1.8
Japan Trustee Services Bank, Ltd. (Trust account 4)	12,176	1.4
State Street Bank and West Client - Treaty 505234	11,480	1.3
Japan Trustee Services Bank, Ltd. (Trust account 7)	11,165	1.3

(Note)

Percentage of shares held is calculated using the total number of shares, excluding treasury stock.

3. Items Regarding Share Subscription Rights

(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 28, 2017)

Name of share subscription rights issue		1st share subscription rights issue	2nd share subscription rights issue
Date of resolution for issue		July 8, 2008	July 8, 2008
Number of share subscription rights		159* ¹	958* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		15,900* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	95,800* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥307,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From May 1, 2009 to August 6, 2028	From August 7, 2009 to August 6, 2038
Exercise conditions		* ³	* ³
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 18 Class and number of corresponding shares: 1,800 common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 121 Class and number of corresponding shares: 12,100 common stock Number of Directors holding the share subscription rights: 7

Name of share subscription rights issue		3rd share subscription rights issue	4th share subscription rights issue
Date of resolution for issue		May 28, 2009	May 28, 2009
Number of share subscription rights		240* ¹	1,297* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		24,000* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	129,700* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥204,500 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2010 to June 15, 2029	From February 28, 2010 to June 15, 2039
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 41 Class and number of corresponding shares: 4,100 common stock Number of Directors holding the share subscription rights: 2	Number of share subscription rights: 150 Class and number of corresponding shares: 15,000 common stock Number of Directors holding the share subscription rights: 6

Name of share subscription rights issue		5th share subscription rights issue	6th share subscription rights issue
Date of resolution for issue		May 27, 2010	June 15, 2010
Number of share subscription rights		211* ¹	1,144* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		21,100* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	114,400* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥185,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2011 to June 16, 2030	From February 28, 2011 to July 2, 2040
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 38 Class and number of corresponding shares: 3,800 common stock Number of Directors holding the share subscription rights: 2	Number of share subscription rights: 136 Class and number of corresponding shares: 13,600 common stock Number of Directors holding the share subscription rights: 6

Name of share subscription rights issue		7th share subscription rights issue	8th share subscription rights issue
Date of resolution for issue		May 26, 2011	May 26, 2011
Number of share subscription rights		259* ¹	1,280* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		25,900* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	128,000* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥188,900 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 29, 2012 to June 15, 2031	From February 29, 2012 to June 15, 2041
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 63 Class and number of corresponding shares: 6,300 common stock Number of Directors holding the share subscription rights: 3	Number of share subscription rights: 150 Class and number of corresponding shares: 15,000 common stock Number of Directors holding the share subscription rights: 5

Name of share subscription rights issue		9th share subscription rights issue	10th share subscription rights issue
Date of resolution for issue		June 5, 2012	June 5, 2012
Number of share subscription rights		270* ¹	1,261* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		27,000* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	126,100* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥216,400 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2013 to July 6, 2032	From February 28, 2013 to July 6, 2042
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 76 Class and number of corresponding shares: 7,600 common stock Number of Directors holding the share subscription rights: 4	Number of share subscription rights: 140 Class and number of corresponding shares: 14,000 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue		11th share subscription rights issue	12th share subscription rights issue
Date of resolution for issue		July 4, 2013	July 4, 2013
Number of share subscription rights		249* ¹	1,105* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		24,900* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	110,500* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥345,700 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2014 to August 7, 2033	From February 28, 2014 to August 7, 2043
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 70 Class and number of corresponding shares: 7,000 common stock Number of Directors holding the share subscription rights: 4	Number of share subscription rights: 129 Class and number of corresponding shares: 12,900 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue		13th share subscription rights issue	14th share subscription rights issue
Date of resolution for issue		July 3, 2014	July 3, 2014
Number of share subscription rights		240* ¹	1,028* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		24,000* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	102,800* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥388,500 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2015 to August 6, 2034	From February 28, 2015 to August 6, 2044
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 64 Class and number of corresponding shares: 6,400 common stock Number of Directors holding the share subscription rights: 4	Number of share subscription rights: 113 Class and number of corresponding shares: 11,300 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue		15th share subscription rights issue	16th share subscription rights issue
Date of resolution for issue		July 7, 2015	July 7, 2015
Number of share subscription rights		281* ¹	1,018* ²
Class and number of shares to be acquired upon exercise of the share subscription rights		28,100* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	101,800* ² common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥533,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 29, 2016 to August 5, 2035	From February 29, 2016 to August 5, 2045
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 96 Class and number of corresponding shares: 9,600 common stock Number of Directors holding the share subscription rights: 5	Number of share subscription rights: 116 Class and number of corresponding shares: 11,600 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue	17th share subscription rights issue	18th share subscription rights issue	
Date of resolution for issue	July 7, 2016	July 7, 2016	
Number of share subscription rights	165* ¹	868* ²	
Class and number of shares to be acquired upon exercise of the share subscription rights	16,500* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	86,800* ² common stock of the Company (with one share subscription right corresponding to 100 shares)	
Amount to be paid for the share subscription rights	¥361,300 per subscription right	No payment is required in exchange for the share subscription rights	
Amount of property contributed upon exercise of the share subscription rights	¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)	
Exercise period	From February 28, 2017 to August 3, 2036	From February 28, 2017 to August 3, 2046	
Exercise conditions	* ⁴	* ⁴	
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 151 Class and number of corresponding shares: 15,100 common stock Number of Directors holding the share subscription rights: 6	Number of share subscription rights: 73 Class and number of corresponding shares: 7,300 common stock Number of Directors holding the share subscription rights: 2

(Notes)

*1. The total number of share subscription rights at the time of granting them to Directors of the Company is shown.

*2. The total number of share subscription rights at the time of granting them to executive officers of the Company and Directors and executive officers of the Company's subsidiaries is shown.

*3. Exercise conditions are as follows:

- (i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.
- (ii) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in (iii) below.
- (iii) Other conditions shall be as set forth in the "Agreement for First Allotment of Share Subscription Rights" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

*4. Exercise conditions are as follows:

- (i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.
- (ii) Regardless of the condition set forth in (i) above, in the event that a Shareholders' Meeting of the Company (if a resolution of the Shareholders' Meeting is not required, then in the event that the Board of Directors of the Company) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the resolution was approved.
- (iii) If the share subscription right holder is a Director or executive officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.
- (iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.
- (v) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for

exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in (vi) below.

(vi) Other conditions shall be as set forth in the “Share Subscription Rights Allotment Agreement” entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

(2) Overview, etc. of the share subscription rights granted to employees, etc. during the 12th fiscal year as compensation for the performance of their duties

Name of share subscription rights issue		18th share subscription rights issue
Status of grants to employees, etc.	Employees of the Company (excluding those concurrently serving as Directors or Audit & Supervisory Board Members of the Company)	Number of share subscription rights: 163 Class and number of corresponding shares: 16,300 common stock Number of recipients: 13
	Directors, Audit & Supervisory Board Members, and employees of subsidiaries of the Company (excluding those concurrently serving as Directors, Audit & Supervisory Board Members, or employees of the Company)	Number of share subscription rights: 632 Class and number of corresponding shares: 63,200 common stock Number of recipients: 92

(Note)

The overview of the details of the 18th share subscription rights issue is as shown above in “(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 28, 2017).”

4. Items Regarding the Company's Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (as of February 28, 2017)

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Representative Director and President	Ryuichi Isaka	Member of the Nomination and Compensation Committee of the Company Director of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
Representative Director and Vice President	Katsuhiro Goto	Member of the Nomination and Compensation Committee of the Company
Director	Junro Ito	Head of the Corporate Development Office of the Company Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
Director	Kunio Takahashi	In charge of Financial and Accounting Management of the Company Senior Officer of the Finance Planning Department of the Company Representative Director and President of SEVEN & i Asset Management Co., Ltd. Representative Director and President of SEVEN & i Financial Center Co., Ltd. Director of Sogo & Seibu Co., Ltd.
Director	Akihiko Shimizu	Senior Officer of the Accounting Department of the Company Director of Seven Bank, Ltd. Audit & Supervisory Board Member of York Mart Co., Ltd.
Director	Kazuki Furuya	Representative Director and President of Seven-Eleven Japan Co., Ltd. Director and Chairman of 7-Eleven, Inc.
Director	Takashi Anzai	Representative Director and Chairman of Seven Bank, Ltd.
Director	Zenko Ohtaka	Representative Director and Chairman of York-Benimaru Co., Ltd.
Director	Joseph M. DePinto	President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Director of Brinker International, Inc.
Director	Scott Trevor Davis	Professor of the Department of Global Business, College of Business, Rikkyo University Outside Director of Bridgestone Corporation Outside Director of Sompo Holdings, Inc.
Director	Yoshio Tsukio	Representative Director, Tsukio Research Institute
Director	Kunio Ito	Chair of the Nomination and Compensation Committee of the Company Research Professor, Graduate School of Commerce and Management, Hitotsubashi University Outside Director of Akebono Brake Industry Co., Ltd. Outside Director of Sumitomo Chemical Company, Limited Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Director of Toray Industries, Inc.
Director	Toshiro Yonemura	Member of the Nomination and Compensation Committee of the Company Outside Director of UNIZO Holdings Company, Limited

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Masao Eguchi	Observer of the Nomination and Compensation Committee of the Company Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.
Audit & Supervisory Board Member	Yoko Suzuki	Attorney at Law Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.
Audit & Supervisory Board Member	Tsuguoki Fujinuma	Observer of the Nomination and Compensation Committee of the Company Certified Public Accountant Outside Director of SUMITOMO LIFE INSURANCE COMPANY
Audit & Supervisory Board Member	Kazuko Rudy (Real name: Kazuko Kiriyaama)	Representative Director of WITAN ACTEN Co., Ltd. MBA course Visiting Professor of Ritsumeikan University Graduate School of Management Outside Director of TOPPAN FORMS CO., LTD.

(Notes)

1. The Company established the “Nomination and Compensation Committee” with an independent Outside Director as the Chair to be an advisory committee to the Board of Directors to deliberate on the nomination and compensation, etc. of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers (hereinafter, “officers”) and to utilize the knowledge and advice of outside officers for ensuring objectivity and transparency in the procedures for deciding the nomination and compensation of officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination and Compensation Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure correct procedures by the committee as an advisory committee to the Board of Directors.
2. Mr. Tadao Hayakawa resigned from his position as a Standing Audit & Supervisory Board Member on July 15, 2016.
3. Mr. Yasuhiro Suzuki resigned from his position as a Director on December 30, 2016. Furthermore, Mr. Yasuhiro Suzuki was also an Executive Officer of the Company and the Senior Officer of the ICT Platform Planning Department and the Group ICT Planning Department at that time. Mr. Yasuhiro Suzuki also resigned from his position as a Representative Director and Director of Seven & i Net Media Co., Ltd. on May 20, 2016.
4. Representative Director and President Ryuichi Isaka resigned from his position as a Representative Director of Seven-Eleven Japan Co., Ltd. on May 19, 2016.
5. Representative Director and Vice President Katsuhiro Goto resigned from his position of Director of Sogo & Seibu Co., Ltd. on May 18, 2016 and Director of Ito-Yokado Co., Ltd. on May 19, 2016.
6. Director Scott Trevor Davis resigned from his position as an Outside Audit & Supervisory Board Member of Nissen Holdings Co., Ltd. on March 17, 2016.
7. Directors Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are Outside Directors.
8. Standing Audit & Supervisory Board Member Masao Eguchi resigned from his position as an Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd. on August 15, 2016.
9. Audit & Supervisory Board Member Tsuguoki Fujinuma resigned from his positions of Outside Director of Nomura Holdings, Inc. on June 22, 2016, Outside Director of Nomura Securities Co., Ltd. on June 22, 2016, Outside Corporate Auditor of SUMITOMO CORPORATION on June 24, 2016, and Outside Corporate Auditor of Takeda Pharmaceutical Company Limited on June 29, 2016.
10. Audit & Supervisory Board Members Yoko Suzuki, Tsuguoki Fujinuma, and Kazuko Rudy are Outside Audit & Supervisory Board Members.
11. Standing Audit & Supervisory Board Member Masao Eguchi and Audit & Supervisory Board Member Tsuguoki Fujinuma have the following expertise with regard to finance and accounting:
 - Standing Audit & Supervisory Board Member Masao Eguchi was engaged in operations relating to finance and accounting in the Accounting Management Headquarters of Seven-Eleven Japan Co., Ltd. for a total period of ten (10) years or more.
 - Audit & Supervisory Board Member Tsuguoki Fujinuma is a certified public accountant.

12. All Outside Directors and Outside Audit & Supervisory Board Members are independent Directors or Audit & Supervisory Board Members in accordance with the rules of the Tokyo Stock Exchange.
13. The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.
14. Executive officers of the Company as of February 28, 2017 were as follows:

Position	Name
Executive Officer and President	Ryuichi Isaka
Executive Officer and Vice President	Katsuhiko Goto
Managing Executive Officer	Junro Ito
Executive Officer	Kunio Takahashi
Executive Officer	Akihiko Shimizu
Managing Executive Officer	Atsushi Kamei
Managing Executive Officer	Takuji Hayashi
Managing Executive Officer	Tsuneo Okubo
Executive Officer	Masataka Tosaya
Executive Officer	Kazuyo Sohda
Executive Officer	Katsutane Aihara
Executive Officer	Seiichiro Sato
Executive Officer	Shinobu Matsumoto
Executive Officer	Hisataka Noguchi
Executive Officer	Kimiyoshi Yamaguchi
Executive Officer	Fumihiko Nagamatsu
Executive Officer	Ken Shimizu
Executive Officer	Shigeki Kimura
Executive Officer	Yuji Kaneko

(2) Compensation, etc. of Directors and Audit & Supervisory Board Members

(i) Policies and procedures in determining the compensation of Directors and Audit & Supervisory Board Members

The Company has established a basic policy on compensation of Directors and Audit & Supervisory Board Members by resolution of the Board of Directors as follows.

《Policy on Compensation of Directors and Audit & Supervisory Board Members》

1. Basic approach to compensation of Directors and Audit & Supervisory Board Members

In regard to the compensation of Directors and Audit & Supervisory Board Members, the Company emphasizes compensation that is linked with financial results and enterprise value. To further increase the motivation and morale to contribute to improved financial results and increased enterprise value continuously over the medium to long term, and to secure highly capable human resources who will support enhanced corporate governance through appropriate oversight and auditing of operational execution, the Company provides compensation levels and systems commensurate with responsibilities.

2. Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of Directors and Audit & Supervisory Board Members is decided within the following compensation limit determined at the Shareholders' Meeting.

○Directors: Not more than ¥1 billion per year (not including employee salaries paid to Directors who serve concurrently as employees)

(Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

Upper limit of the total issue value for stock options for stock-linked compensation share subscription rights for Directors awarded under their compensation limit: ¥200 million per year

(Resolved at the 3rd Annual Shareholders' Meeting held on May 22, 2008)

○Audit & Supervisory Board Members: Not more than ¥100 million per year

(Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

3. Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee to ensure objectivity and transparency in the procedures for deciding the compensation of officers, etc (referring in this policy to Directors, Audit & Supervisory Board Members, and executive officers). The committee's chair and a half of its members are independent Outside Directors.

4. Compensation of Directors

○System for compensation of Directors

The basic components of compensation of Directors are fixed monthly compensation and performance-based compensation (bonuses and stock options for stock-linked compensation). The compensation system is based on the position of each Director.

The compensation of Directors does not include amounts paid as salaries for employees to Directors who serve concurrently as employees.

The compensation of Outside Directors, who are independent from business execution, consists only of fixed monthly compensation. Outside Directors are not paid performance-based compensation (bonuses and stock options for stock-linked compensation).

○Method of determining compensation of Directors

Through deliberations by the Nomination and Compensation Committee, the amount of compensation of Directors is determined in accordance with the evaluation of each Director's function and degree of contribution, as well as with the Group's results.

5. Compensation of Audit & Supervisory Board Members

○System for compensation of Audit & Supervisory Board Members

With an emphasis on further strengthening the independence of Audit & Supervisory Board Members from management, the compensation of Audit & Supervisory Board Members consists only of fixed monthly compensation. Audit & Supervisory Board Members are not paid performance-based compensation (bonuses and stock options for stock-linked compensation).

○Method of determining compensation of Audit & Supervisory Board Members

The compensation of Audit & Supervisory Board Members is determined through discussions by the Audit & Supervisory Board Members.

6. Abolition of severance payments to Directors and Audit & Supervisory Board Members

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and no severance payments will be paid to Directors and Audit & Supervisory Board Members.

(ii) Aggregate amount of compensation, etc. regarding the 12th fiscal year

Classification of Directors/Audit & Supervisory Board Members	Number of eligible Directors/Audit & Supervisory Board Members	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Fixed compensation	Performance-based compensation	
				Bonus	Stock options for stock-linked compensation
Directors (excluding Outside Directors)	12	223	137	31	54
Outside Directors	4	48	48	—	—
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	29	29	—	—
Outside Audit & Supervisory Board Members	3	33	33	—	—

(Notes)

1. The Directors (excluding Outside Directors) include two (2) Directors who resigned having completed his term of office at the conclusion of the 11th Annual Shareholders' Meeting held on May 26, 2016 and one (1) Director who resigned on December 30, 2016.
2. The Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) include one (1) Audit & Supervisory Board Member who resigned on July 15, 2016.
3. The aggregate amounts of compensation, etc. of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
4. It was resolved at the 1st Annual Shareholders' Meeting, held on May 25, 2006, that the annual amount of compensation paid to Directors shall not exceed ¥1 billion (not including amounts paid as salaries for employees) and that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥100 million.
5. Stock options for stock-linked compensation were issued to six (6) Directors (excluding Outside Directors).

(iii) Aggregate amount of compensation, etc. of Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries

During the 12th fiscal year, the aggregate amount of compensation, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members for their services as executives from subsidiaries of the Company at which they hold concurrent executive positions is ¥3 million.

(3) Items related to Outside Directors and Outside Audit & Supervisory Board Members

(i) Standards for the independence of Outside Directors and Audit & Supervisory Board Members

The Company emphasizes diversity in its Directors and Audit & Supervisory Board Members, including in Outside Directors and Audit & Supervisory Board Members, and strives to secure highly capable external human resources who will support enhanced corporate governance. Accordingly, the Company has adopted the following standards for independence of Outside Directors and Audit & Supervisory Board Members, considering that it is better to judge each candidate from the essential perspective of whether they have any potential conflict of interest with general shareholders.

1. Independence standards for Outside Directors and Audit & Supervisory Board Members

(1) Fundamental approach

Independent Directors and Independent Audit & Supervisory Board Members are defined as Outside Directors and Outside Audit & Supervisory Board Members who have no potential conflicts of interest with general shareholders of the Company.

In the event that an Outside Director or an Outside Audit & Supervisory Board Member is likely to be significantly controlled by the management of the Company or is likely to significantly control the management of the Company, that Outside Director or Outside Audit & Supervisory Board Member is considered to have a potential conflict of interest with general shareholders of the Company and is considered to lack independence.

(2) Independence standards

In accordance with this fundamental approach, the Company uses the independence standard established by the financial instruments exchange as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members.

2. De minimis thresholds for information disclosure regarding the attributes of independent Outside Directors and Outside Audit & Supervisory Board Members as negligible (in the most-recent business year of the Company)

- With regard to transactions, “less than 1% of the non-consolidated operating revenue of the Company in the most recent accounting period”
- With regard to donations, “less than ¥10 million”

(ii) Relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions

There are no special relationships between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions, except for the following two (2) companies.

- Nissen Holdings Co., Ltd., at which Director Scott Trevor Davis held a concurrent position, is a subsidiary of the Company through indirect equity holdings. Furthermore, Director Scott Trevor Davis resigned from his position as an Outside Audit & Supervisory Board Member of Nissen Holdings Co., Ltd. on March 17, 2016.
- Ito-Yokado Co., Ltd, at which Audit & Supervisory Board Member Yoko Suzuki holds a concurrent position, is a subsidiary of the Company through 100% direct equity holdings.

(iii) Main activities during the 12th fiscal year

- Attendance and remarks at meetings of the Board of Directors and the Audit & Supervisory Board

(Outside Directors)

Name	Attendance at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Directors
Scott Trevor Davis	12/13	92.3%
Yoshio Tsukio	13/13	100.0%
Kunio Ito	13/13	100.0%
Toshiro Yonemura	12/13	92.3%

These Outside Directors gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing their opinions. Mr. Scott Trevor Davis expressed opinions mainly from the perspective of management and administration and corporate social responsibility (CSR), Mr. Yoshio Tsukio from the perspective of media policy, Mr. Kunio Ito from the perspective of accounting and management theory, and Mr. Toshiro Yonemura from the perspective of crisis management.

(Outside Audit & Supervisory Board Members)

Name	Attendance at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Directors	Attendance at the meetings of the Audit & Supervisory Board	Attendance rate at the meetings of the Audit & Supervisory Board
Yoko Suzuki	13/13	100.0%	19/19	100.0%
Tsuguoki Fujinuma	13/13	100.0%	19/19	100.0%
Kazuko Rudy	13/13	100.0%	19/19	100.0%

These Outside Audit & Supervisory Board Members asked questions and expressed their opinions as they deemed appropriate. Ms. Yoko Suzuki expressed opinions mainly from a legal perspective, Mr. Tsuguoki Fujinuma from a specialized finance and accounting perspective, and Ms. Kazuko Rudy from a marketing theory perspective.

- Exchanges of opinions with Directors, etc.

The Outside Directors and Outside Audit & Supervisory Board Members have meetings with Representative Directors, Directors, and Standing Audit & Supervisory Board Members, etc., on a regular and as-needed basis in addition to meetings of the Board of Directors, and exchanged frank opinions regarding the Company's management, corporate governance, etc. The Outside Directors and Outside Audit & Supervisory Board Members also visited the places of business, etc. of major subsidiaries and exchanged opinions with the Directors and Audit & Supervisory Board Members, etc. of operating companies.

Through these activities, Outside Directors supervised operational execution, and Outside Audit & Supervisory Board Members performed audits of operational execution and accounting practices.

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 12th fiscal year	778
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	807

(Notes)

1. Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc. for services as an accounting auditor for the 12th fiscal year.
2. The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.

(3) Non-audit operations

The Company shall compensate the accounting auditor for advisory services given regarding the Omni-Channel services.

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

In the event any of the reasons stipulated in the items in Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Company's Audit & Supervisory Board will consider the dismissal of that accounting auditor, and if dismissal is deemed appropriate, the accounting auditor will be dismissed based on the unanimous agreement of the Audit & Supervisory Board Members. In the event the Company's Audit & Supervisory Board determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in the accounting auditor, the Company's Audit & Supervisory Board will make a decision to propose a resolution for the non-reappointment of the accounting auditor to a shareholders' meeting.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

1. Corporate Philosophy

The Company created its “Corporate Creed” as follows. The Corporate Creed is the Group’s universal principle, and it comprehensively symbolizes the Group’s corporate philosophy. It is of paramount importance because it forms the fundamental basis of the Group’s management.

“Corporate Creed”

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

2. Basic views on corporate governance

The Company considers corporate governance to be a system for sustainable growth by creating and maintaining a sincere management structure and continuously increasing the Group’s corporate value over the medium to long term in both financial and non-financial (ESG) aspects. It is designed to earn the trust and longstanding patronage of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees, based on the Corporate Creed.

The Company’s mission as a holding company is to strengthen corporate governance and maximize the Group’s corporate value. It will sincerely strive to achieve this mission through the provision of support, oversight, and optimal resource allocation to its operating companies.

3. The resolution of the Board of Directors

The Company has adopted the following resolutions regarding “the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation and by the corporate group comprised of the corporation and its subsidiaries,” as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by the Company’s and its subsidiaries’ Directors and employees is compliant with laws, regulations, and the Articles of Incorporation

- (i) The Company and its Group companies shall comply with the “Corporate Creed” and the “Corporate Action Guidelines,” etc. In order to continue to be trusted and known for integrity, the Company and its Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Company’s CSR Management Committee; operate help lines; promote fair trade; and disseminate the Corporate Action Guidelines and the guidelines of each company. In these ways, compliance shall be further enhanced.
- (ii) The Company and its Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.
- (iii) The Company’s internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.
- (iv) The Company’s and its Group companies’ Audit & Supervisory Board Members will ensure

that the execution of duties by their respective companies' Directors is compliant with laws, regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

(2) Systems for the storage and control of information related to the execution of duties by the Company's Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries' Directors

- (i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as minutes of shareholders' meetings, minutes of Board of Directors' meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.
- (ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company's Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.
- (iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

(3) The Company's and its subsidiaries' regulations and systems for loss risk management

- (i) In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.
- (ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.
- (iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) The Company's and its subsidiaries' systems for ensuring the efficiency of the execution of duties by Directors

- (i) The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the regulations of decision-making authority, etc. In this way, the Company and its

Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.

- (ii) To secure the sustained growth of the Company, the Company's Board of Directors shall make decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as periodic reports from the Company's Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.
- (iii) The Company's Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

(5) The Company's Systems for ensuring the appropriateness of financial reporting

- (i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.
- (ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.
- (iii) Directors, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

(8) Systems for reporting to the Company's Audit & Supervisory Board Members

- (i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company
Directors and employees of the Company shall promptly report to the Audit & Supervisory

Board Members when matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation committed by a Director or an employee are found.

- (ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company

When matters that could cause significant damage to the Group companies, or malfeasances or violations of laws, regulations, or the Articles of Incorporation in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report to the Audit & Supervisory Board Members of the Company through the information management supervisor of the Company.

In addition, Directors and employees of the Group companies may report to the help lines, which should function as public-interest reporting mechanisms, at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like and acts that could cause the Group to lose confidence of society are found in the operations of the Group companies, and the CSR Management Committee of the Company shall provide regular reports to the Representative Director and President and to the Audit & Supervisory Board Members concerning the operation of the help lines.

(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made

The Company shall establish provisions in the internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made, and shall appropriately enforce such provisions.

(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

(11) Other systems for ensuring that the Company's Audit & Supervisory Board Members can conduct their activities effectively

- (i) The Company's Audit & Supervisory Board Members shall meet regularly with the Representative Director and President, and exchange opinions concerning important audit matters.
- (ii) The Company's Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.
- (iii) The Company's Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.
- (iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

4. Summary of operational status of systems for ensuring appropriate operations

(1) Status of the Company's corporate governance

The Company's Board of Directors is composed of 13 Directors (of whom four are independent Outside Directors). The Executive Officer system has been adopted for prompt decision making and operations under a rapidly changing management environment. The Board of Directors is responsible for formulating business strategies and supervising operations, and 19 Executive Officers, including those who also serve as Directors, execute business operations. The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area, etc. are clearly and appropriately defined in the regulations of decision-making authority, etc. In this way, the Company avoids administrative duplication and conducts flexible decision-making and administrative execution. The Company's Board of Directors held 13 meetings during the 12th fiscal year, and made decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as reports from the Company's Directors and people responsible for operating divisions, the Company addressed important management issues, including investigating and re-evaluating the efficiency and soundness of administrative execution.

The Audit & Supervisory Board is composed of 4 members (of whom three are independent Outside Audit & Supervisory Board Members), and monitors management based on the Audit & Supervisory Board Member system. In addition to attending Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Directors and periodically interview Directors regarding the status of business execution, and they investigate the status of business operations and assets of the Company and its operating companies based on the audit plan. In addition, they share information with operating companies' Directors and Audit & Supervisory Board Members and strictly audit the Directors' performance of duties. Further, the Audit & Supervisory Board Members exchange information with the accounting auditor to maintain close ties with them with respect to accounting audits.

The Outside Directors and Outside Audit & Supervisory Board Members provide advice and suggestions to ensure the validity and appropriateness of decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

(2) Initiatives at internal auditing divisions

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the "operational auditing staff" and the "internal control evaluation staff," which are independent internal auditing divisions. The "operational auditing staff" have an oversight function to verify and provide guidance on internal auditing, including the status of the maintenance and operation of the compliance systems, by core operating companies or to directly audit them, and an internal auditing function for auditing the holding company, Seven & i Holdings, and the "operational auditing staff" perform these operations. The "internal control evaluation staff" evaluate internal controls regarding the financial reporting of all Group companies.

(3) Mutual cooperation among the internal auditing divisions, Audit & Supervisory Board Members' audits, and accounting audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding tri-partite meetings. In

the meeting, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members) receive reports from the auditing firm on, among other matters, the performance of accounting audits, and reports from the Auditing Office on, among other matters, the performance of internal audits, respectively, and request explanations as deemed necessary.

Further, the Company periodically holds reporting sessions for accounting audits, which are attended by Representative Directors and other officers, as well as the Standing Audit & Supervisory Board Members and the Auditing Office, etc. In the sessions, they receive reports from the auditing firm on the accounting audits, and confirm, among other matters, the results of the accounting audits.

Furthermore, the Standing Audit & Supervisory Board Members and the Auditing Office hold meetings, basically once a month. In the meetings, the Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc., and also proactively exchanges opinions with the Standing Audit & Supervisory Board Members regarding, among other matters, priority matters that should be examined in order to improve the quality of audits. With these efforts, the two parties aim to ensure comprehensive sharing of audit information between each other.

In the Audit & Supervisory Board meetings and other meetings, the Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, inter alia, the status of the reporting session for accounting audits and the contents of the meeting with the Auditing Office, respectively described above, and thereby share and discuss issues to be addressed and the like. Further, by providing the Auditing Office and the auditing firm with feedback on the matters thus discussed, the Standing Audit & Supervisory Board Members aim to ensure that (i) audits by the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members; (ii) internal audits; and (iii) accounting audits are linked with each other in a timely manner.

Further, the Auditing Office reports on the performance and the results of internal audits in the Audit & Supervisory Board meetings from time to time, and provides explanations in response to questions and so on from the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members).

At each audit, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm receive reports and materials, etc. from the internal control divisions, and request explanations as deemed necessary, and the internal control divisions cooperate in the appropriate performance of these audits.

(4) Efforts of each committee

The Company has established the “CSR Management Committee,” “Risk Management Committee,” “Information Management Committee,” and “Group Synergy Committee,” which report to the Representative Director. Each committee cooperates with the operating companies to determine Group policies and to manage and supervise their dissemination and execution with an eye to strengthening corporate governance.

●CSR Management Committee

The Company has established the CSR Management Committee for the purpose of promoting, administrating and leading the CSR activities of the entire Group. To achieve these objectives, the “Corporate Ethics and Culture Subcommittee,” “Consumer Affairs and Fair Business Practices Subcommittee,” “Environment Subcommittee” and “Social Value Creation Subcommittee” have been established as group-wide cross-organizational bodies under the CSR Management Committee tasked with the examination and execution of concrete measures. Specifically, the activities of these subcommittees are carried out with the objective to realize more thorough practice of compliance, contribute to solving social issues relating to stakeholders through operating activities, and work for the sustainable growth and development of both society and the Group.

Furthermore, the Company has established a help line operated by external third-party bodies to provide a point of contact for internal reporting from the Group employees and business partners as part of the internal controls of the whole Group. The CSR Management Committee is tasked with appropriately reporting and confirming the help lines' operational status at the meeting of the Board of Directors.

- Risk Management Committee

In accordance with the “basic rules for risk management,” the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.

The Risk Management Committee regards all phenomena that threaten continuation of our businesses and hinder sustainable growth as risks, and works to strengthen comprehensive and integrated risk management.

In the 12th fiscal year, the committee worked to reduce the Company's overall risk by taking steps to strengthen risk management even further. Specifically, the committee worked to promote and support initiatives to identify the inherent risk issues for each Group company and resolve them, by enhancing collaboration with the Company's divisions responsible for each risk, and strengthening the system for sharing feedback regarding risk related information with operating companies.

- Information Management Committee

The Information Management Committee is in charge of initiatives to strengthen corporate governance and information security based on gathering and managing information.

In the 12th fiscal year, the committee continued initiatives carried on from the previous fiscal year and worked at strengthening information collection and management systems. While gathering important information from each company in an appropriate and timely manner, and revamping the system for the cooperative framework for dealing with this, the committee centrally manages this information and strengthens the system for reporting that information without omission or delay to management and relevant divisions.

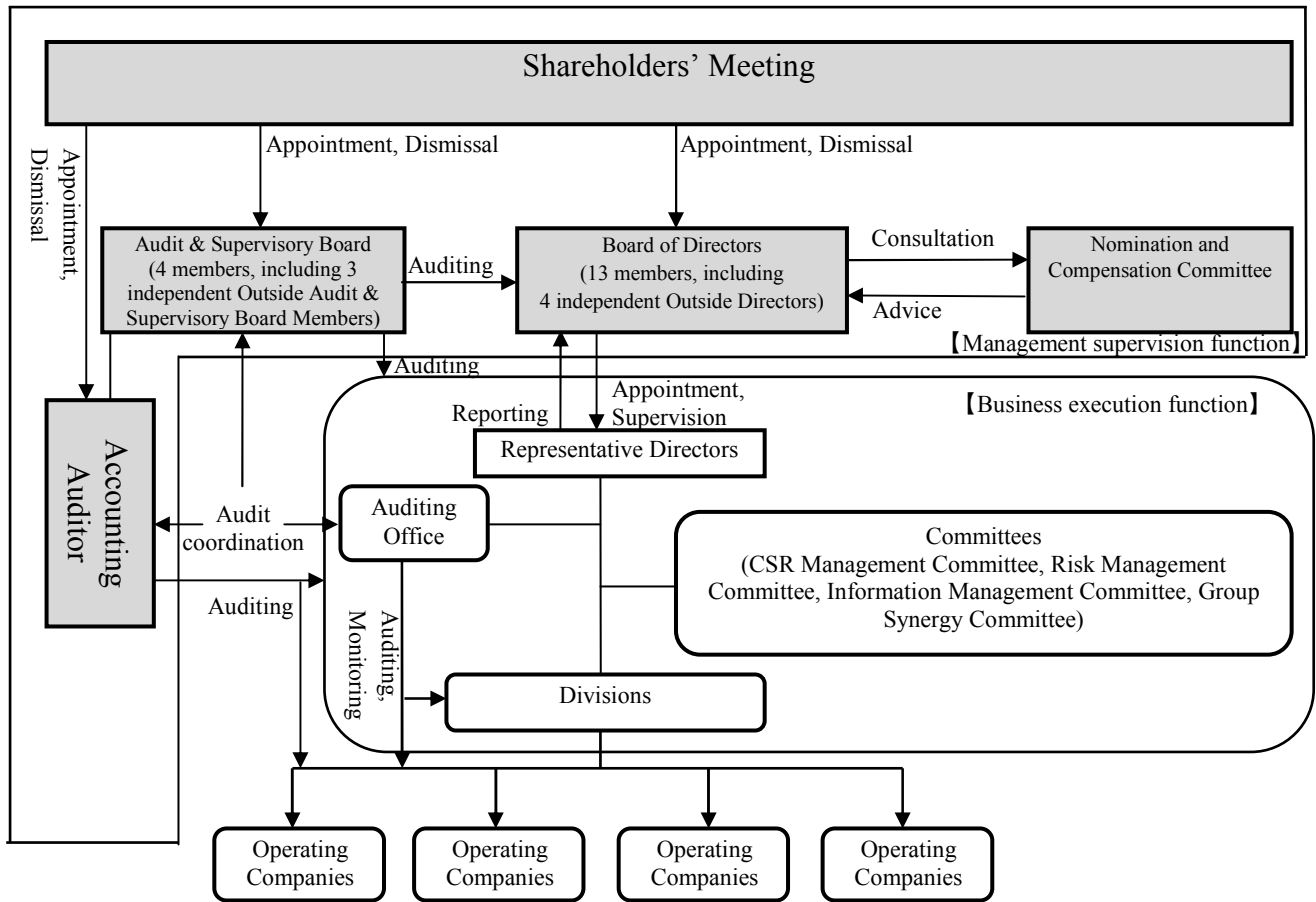
Furthermore, so that we can raise social awareness toward personal information protection and assure the safety and peace of mind of customers who use the Group's integrated portal sight “omni7,” the committee took steps to ensure business sites within the Group that handle customers' personal information in relation to “omni7” acquired the international information security management certification (the ISMS certification) (ISO 27001), strengthened security at business sites and increased the number of certified business sites in the Group as required. In addition, the committee formulated information security standards to be achieved by the Group, and has taken steps to further bolster security by promoting the deployment of these standards at Group companies based on methods using the PDCA cycle for the ISMS certification.

- Group Synergy Committee

The Group Synergy Committee is composed of subcommittees that discuss common themes throughout the Group. For example, by sharing and utilizing the know-how in areas such as “product development” and “promotion” that each operating company has cultivated, the Group creates safe, reliable, and useful products and services of high quality led by our private-brand “Seven Premium” products. Making use of the scale merit brought about for the Group, significant cost reductions have also been attempted through collaborative purchasing of commercial and materials, equipment and more.

Corporate Governance System

The Company's corporate governance system is as follows:



(Notes)

1. In this Business Report, the final numbers that are described have been rounded down, and amounts less than the stated numbers have been omitted. Except that, unless otherwise noted, percentages have been rounded to one decimal place, and net income per share and net assets per share have been rounded to the nearest number as stated.
2. Consumption tax, etc., is accounted for using the tax-excluded method.

CONSOLIDATED BALANCE SHEET (as of February 28, 2017)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	2,274,403	Current liabilities	1,947,618
Cash and bank deposits	1,222,101	Notes and accounts payable, trade	415,349
Notes and accounts receivable – trade	347,838	Short-term loans	150,376
Trade accounts receivable – financial services	91,052	Current portion of bonds	50,000
Merchandise and finished goods	189,193	Current portion of long-term loans	64,301
Work in process	31	Income taxes payable	34,462
Raw materials and supplies	3,238	Accrued expenses	131,871
Prepaid expenses	49,113	Deposits received	188,798
ATM-related temporary payments	98,710	ATM-related temporary advances	46,072
Deferred income taxes	30,239	Allowance for sales promotion expenses	21,409
Other	247,866	Allowance for bonuses to employees	14,159
Allowance for doubtful accounts	(4,983)	Allowance for bonuses to Directors and Audit & Supervisory Board Members	311
Non-current assets	3,234,485	Allowance for loss on future collection of gift certificates	1,807
Property and equipment	2,007,829	Provision for sales returns	77
Buildings and structures	865,439	Deposits received in banking business	538,815
Furniture, fixtures and equipment	311,762	Call money	20,000
Vehicles	288	Other	269,804
Land	768,926	Non-current liabilities	1,085,463
Lease assets	12,735	Bonds	349,996
Construction in progress	48,677	Long-term loans	433,814
Intangible assets	495,935	Deferred income taxes	49,080
Goodwill	270,055	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	939
Software	72,416	Net defined benefit liability	9,163
Other	153,463	Deposits received from tenants and franchised stores	55,327
Investments and other assets	730,720	Asset retirement obligations	77,640
Investments in securities	188,162	Other	109,502
Long-term loans receivable	15,315	TOTAL LIABILITIES	3,033,082
Long-term leasehold deposits	396,707	NET ASSETS	
Advances for store construction	389	Shareholders' equity	2,247,056
Net defined benefit asset	44,628	Common stock	50,000
Deferred income taxes	25,261	Capital surplus	409,095
Other	64,064	Retained earnings	1,793,035
Allowance for doubtful accounts	(3,808)	Treasury stock, at cost	(5,074)
		Total accumulated other comprehensive income	89,000
		Unrealized gains (losses) on available-for-sale securities, net of taxes	28,467
		Unrealized gains (losses) on hedging derivatives, net of taxes	23
		Foreign currency translation adjustments	56,391
		Remeasurements of defined benefit plan	4,117
		Subscription rights to shares	2,594
		Non-controlling interests	137,154
		TOTAL NET ASSETS	2,475,806
TOTAL ASSETS	5,508,888	TOTAL LIABILITIES AND NET ASSETS	5,508,888

CONSOLIDATED STATEMENT OF INCOME (March 1, 2016 to February 28, 2017)

(Millions of yen)

Item	Amount	
Revenues from operations		5,835,689
Net sales		4,646,370
Cost of sales		3,602,038
Gross profit on sales		1,044,331
Operating revenues		1,189,318
Gross profit from operations		2,233,650
Selling, general and administrative expenses		1,869,077
Operating income		364,573
Non-operating income		
Interest and dividends income	6,446	
Equity in earnings of affiliates	2,062	
Other	4,288	12,797
Non-operating expenses		
Interest expenses	6,262	
Interest on bonds	2,496	
Other	4,205	12,964
Ordinary income		364,405
Special gains		
Gain on sales of property and equipment	3,487	
Compensation income for expropriation	9	
Other	915	4,411
Special losses		
Loss on disposals of property and equipment	18,369	
Impairment loss on property and equipment	49,108	
Amortization of goodwill	39,300	
Restructuring expenses	25,637	
Other	18,831	151,248
Income before income taxes		217,569
Income taxes – current	117,686	
Income taxes – deferred	(10,939)	106,746
Net income		110,822
Net income attributable to non-controlling interests		14,072
Net income attributable to owners of parent		96,750

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2016 to February 28, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2016	50,000	527,474	1,717,771	(5,688)	2,289,557
Cumulative effects of changes in accounting policies		(116,446)	59,221		(57,224)
Restated balance	50,000	411,028	1,776,993	(5,688)	2,232,333
Increase (decrease) for the year					
Cash dividends			(80,890)		(80,890)
Net income attributable to owners of parent			96,750		96,750
Purchase of treasury stock				(2,276)	(2,276)
Disposal of treasury stock		132		857	989
Changes in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders		(2,033)		2,033	-
Other		(31)	182	(0)	150
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	-	(1,933)	16,042	614	14,723
Balance at February 28, 2017	50,000	409,095	1,793,035	(5,074)	2,247,056

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income			
Balance at March 1, 2016	20,655	33	70,927	(8,900)	82,716	2,995	129,912	2,505,182
Cumulative effects of changes in accounting policies			5,900		5,900			(51,324)
Restated balance	20,655	33	76,827	(8,900)	88,616	2,995	129,912	2,453,857
Increase (decrease) for the year								
Cash dividends								(80,890)
Net income attributable to owners of parent								96,750
Purchase of treasury stock								(2,276)
Disposal of treasury stock								989
Changes in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders								-
Other								150
Net changes of items other than shareholders' equity	7,812	(10)	(20,436)	13,018	384	(400)	7,241	7,224
Net increase (decrease) for the year	7,812	(10)	(20,436)	13,018	384	(400)	7,241	21,948
Balance at February 28, 2017	28,467	23	56,391	4,117	89,000	2,594	137,154	2,475,806

Notes to Consolidated Financial Statements

Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Items relating to scope of consolidation

Status of consolidated subsidiaries

(i) Number of consolidated subsidiaries: 149

(ii) Names of major consolidated subsidiaries:

Seven-Eleven Japan Co., Ltd.

7-Eleven, Inc.

Ito-Yokado Co., Ltd.

York-Benimaru Co., Ltd.

Sogo & Seibu Co., Ltd.

Seven & i Food Systems Co., Ltd.

Seven Bank, Ltd.

Nissen Holdings Co., Ltd.

Consolidated subsidiaries increased by thirty-five (35)

Following the establishment of companies by the subsidiary of 7-Eleven, Inc. and other transactions.

Consolidated subsidiaries decreased by six (6)

Following the liquidation of Seven Farm Tsukuba Co., Ltd. and four (4) subsidiaries of Nissen Holdings Co., Ltd., and the sale of one (1) subsidiary of Nissen Holdings Co., Ltd.

2. Items relating to application of the equity method

- (1) Number of non-consolidated subsidiaries to which the equity method was applied: None
- (2) Number of affiliates to which the equity method was applied: 26

Names of major affiliates:

PRIME DELICA CO., LTD.

PIA Corporation

- (3) Items regarding procedure for applying the equity method
 - (i) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.
 - (ii) When an affiliate is in a net loss position, the Company's share of such loss is reduced from its loan receivable from the affiliate.

3. Items relating to accounting period of consolidated subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of such dates and for such period are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd. etc. is March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

During the 12th fiscal year, 11 consolidated subsidiaries in mail order services changed the dates of their fiscal year-ends from December 20 or 31 to the end of February. The accounting period for the 12th fiscal year is from December 21, 2015 or January 1, 2016 to February 28, 2017.

4. Items relating to accounting policies

(1) Valuation basis and method for major assets

(i) Valuation basis and method for securities

Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Available-for-sale securities are classified into two (2) categories, where: (a) the fair value is available; and (b) the fair value is not available.

(a) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(b) Securities whose fair value is not available are valued mainly at cost, determined using the moving-average method.

(ii) Valuation basis and method for derivatives

Derivative financial instruments are valued at fair value.

(iii) Valuation basis and method for inventories

Merchandise:

Inventories of domestic consolidated subsidiaries (excluding mail order services) are stated mainly at cost determined by the retail method with book value written down to the net realizable value. Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined mainly by the weighted average cost method) for mail order services and foreign consolidated subsidiaries. Some consolidated subsidiaries applied the moving-average method.

Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(2) Depreciation and amortization of significant assets

(i) Property and equipment (excluding lease assets)

Depreciation of property and equipment is computed using the straight-line method.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years in most cases.

(iii) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(3) Methods of accounting for significant allowance

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses with respect to general receivables.

(ii) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used at the end of the 12th fiscal year in accordance with the sales promotion point card program.

(iii) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(iv) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(v) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for collection of gift certificates recognized as income after remaining uncollected for certain periods from their issuance. The amount is calculated using the historical results of collection.

(vi) Provision for sales returns

Provision for sales returns is provided at the amount estimated future loss due to sales returns at the end of the 12th fiscal year. The amount is calculated using the historical results of collection.

(vii) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid at the end of the fiscal year in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, among which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits:

In calculating retirement benefit obligation, the method for allocating the estimated total retirement benefits for the end of the 12th fiscal year is conducted on a benefit formula basis.

(ii) Amortization method of the actuarial difference and the prior service cost:

Actuarial differences are amortized on a straight-line basis over the period of ten (10) years from the fiscal year following the fiscal year in which they arise, which is shorter than the average remaining years of service of the eligible employees.

Prior service costs are amortized on a straight-line basis over the periods of five (5) years or ten (10) years, which are shorter than the average remaining years of service of the eligible employees.

(5) Significant hedge accounting methods

(i) Hedge accounting

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of interest rate swap contracts is deferred until the related gains and losses on the hedged items are recognized.

However, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method, and interest rate swap contracts are accounted for by specific hedging when they meet certain criteria for the method.

(ii) Hedge instruments and hedged items

(a) Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary liability

(b) Hedge instruments – Interest rate swap

Hedged items – Loans payable

(iii) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, reducing financing costs, and optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for short-term trading or speculative purposes.

(iv) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate swap contracts that meet specific hedging criteria.

(6) Other significant matters that serve as the basis for preparation of the Consolidated Financial Statements

(i) Goodwill and negative goodwill

Goodwill and negative goodwill which are generated before March 1, 2011 are amortized mainly over a period of twenty (20) years on a straight-line basis, or recognized as income or expenses immediately if immaterial.

Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(ii) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Foreign currency translation adjustments" and "Non-controlling interests."

(iii) Accounting for franchised stores in convenience store operations

Seven-Eleven Japan Co., Ltd. and its U.S. consolidated subsidiary, 7-Eleven, Inc., recognize franchise commission from their franchised stores as revenues and include it in "Operating revenues."

(iv) Accounting for consumption taxes and excise tax

Regarding the Company and its domestic consolidated subsidiaries, the Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(v) Application of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have applied a consolidated taxation system.

Notes concerning changes in accounting policies

(Application of Accounting Standard for Business Combinations and other accounting standards)

From the 12th fiscal year, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter, "the business combinations accounting standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter, "the consolidated financial statements accounting standard"), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter, "the business divestitures accounting standard"). The accounting standards reflect a switch in methodology with respect to recording differences

arising from changes in equity in a subsidiary by the Company in cases in which control continues as capital surplus, and recording acquisition-related costs as expenses for the fiscal year in which they are incurred. For business combinations occurring after the beginning of the 12th fiscal year, the Company has switched to a method in which revisions to the distribution of the cost of the acquisition due to the finalization of provisional accounting treatment are reflected in the consolidated financial statements applicable to the fiscal year in which the date of the business combination falls. Additionally, the Company has made changes in the presentation of net income, etc. and the presentation of a switch from minority interests to non-controlling interests.

Regarding application of the above mentioned accounting standards, pursuant to pass-through handling procedures stipulated in Article 58-2(3) of the business combinations accounting standard, Article 44-5(3) of the consolidated financial statements accounting standard, and Article 57-4(3) of the business divestitures accounting standard, the cumulative monetary effect at the beginning of the 12th fiscal year arising from the retroactive application of the new accounting policies to all past periods are added or subtracted from capital surplus and retained earnings.

As a result of this change, at the beginning of the 12th fiscal year, goodwill and capital surplus decreased by ¥51,324 million and ¥116,446 million, respectively, while foreign currency translation adjustments and retained earnings increased by ¥5,900 million and ¥59,221 million, respectively. Additionally, operating income and ordinary income increased by ¥4,149 million and income before income taxes increased by ¥17,037 million for the 12th fiscal year.

Notes concerning changes in method of presentation

(Consolidated Statements of Income)

“Amortization of goodwill” which was previously included in “Other” of Special losses in the previous fiscal year is separately presented for the 12th fiscal year because the amount is more significant.

Supplementary Information

(Effects of change in the corporation tax rate, etc.)

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Taxes, etc.” (Act No. 13 of 2016) were promulgated on March 31, 2016. The “Act for Partial Revision of the Act for Partial Revision of the Consumption Tax Act, etc. for the Purpose of Fundamental Changes in the Taxation System Securing Stable Financial Resources for Social Welfare” (Act No. 85 of 2016) and the “Act for Partial Revision of the Act for Partial Revision of the Local Tax Act and the Local Allocation Tax Act, etc. for the Purpose of Fundamental Changes in the Taxation System Securing Stable Financial Resources for Social Welfare” (Act No. 86 of 2016) were promulgated on November 28, 2016. Consequently, the corporate tax rate, etc. will be reduced from the fiscal years beginning on or after April 1, 2016.

As a result, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities were changed from 32.3% to 30.9%, pertaining to temporary differences that are expected to be settled in the fiscal year beginning on March 1, 2017 and the fiscal year beginning on March 1, 2018, and to 30.6%, pertaining to temporary differences that are expected to be settled in the fiscal year beginning on or after March 1, 2019.

As a result of this change in the tax rate, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by ¥1,863 million, the amount of income taxes-deferred increased by ¥2,022 million and unrealized gains (losses) on available-for-sale securities increased by ¥46 million, remeasurements of defined benefit plan increased by ¥111 million, and unrealized gains (losses) on hedging derivatives increased by ¥0 million.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts for which those assets are pledged as collateral

(1) Assets pledged as collateral

Buildings and structures:	¥6,420 million
Land:	¥4,111 million
Investments in securities:	¥73,876 million
Long-term leasehold deposits:	¥4,758 million
Total	¥89,167 million

(2) Debts for which above assets are pledged as collateral

Short-term loans: ¥5,200 million

Long-term loans:

(including current portion of long-term loans):

¥9,811 million

Deposits received from tenants and franchised stores:

¥37 million

In addition, buildings (¥370 million) and land (¥1,368 million) are pledged as collateral for the loans (¥2,943 million) of affiliates.

Investments in securities (¥2,512 million) are pledged as collateral for exchange settlement transactions. Long-term leasehold deposits (¥55 million) is pledged as collateral under the Building Lots and Buildings Transaction Business Law. Long-term leasehold deposits (¥1,335 million) are pledged as collateral under the Installment Sales Law.

In addition, in accordance with the Act on Financial Settlements, long-term leasehold deposits (¥232 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥1,861,414 million

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees are ¥114 million.

4. Loan commitment

Certain finance-related subsidiaries conduct a cash loan business. Unused credit balance related to loan commitment in the cash loan business is as follows.

Credit availability of loan commitment:	¥870,462 million
Outstanding balance:	¥42,556 million
Unused credit balance	¥827,905 million

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. Those subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds and others held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds and others to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds and others (including whose redemption at maturity is less than one (1) year) are recorded in “Investments in securities” in the Consolidated Balance Sheet due to the substantive nature of the restrictions.

Notes to Consolidated Statement of Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of March 1, 2016	Number of shares increased	Number of shares decreased	As of February 28, 2017
Common stock	886,441	–	–	886,441

2. Items relating to total number of treasury shares

(Thousands of shares)

Type	As of March 1, 2016	Number of shares increased	Number of shares decreased	As of February 28, 2017
Common stock	2,290	519	770	2,039

(Notes)

- The 519 thousand increase in the number of shares of common stock in treasury stock was due to an increase of 514 thousand shares resulting from the acquisition of the Company's shares from the stock market by its consolidated subsidiary (Seven & i Net Media Co., Ltd.) and an increase of 5 thousand shares resulting from the purchase of odd-lot shares.
- The 770 thousand decrease in the number of shares of common stock in treasury stock was due to a decrease of 467 thousand shares resulting from a share exchange in conjunction with the conversion of a consolidated subsidiary (Nissen Holdings Co., Ltd.) into a wholly-owned subsidiary, a decrease of 46 thousand shares resulting from the sale on the stock market, a decrease of 256 thousand shares resulting from the exercise of stock options, and a decrease of 0 thousand shares resulting from the sale of odd-lot shares.

3. Items relating to cash dividends

(1) Dividend payments, etc.

Resolution	Type	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 26, 2016; Annual Shareholders' Meeting	Common stock	41,114	46.50	February 29, 2016	May 27, 2016
October 6, 2016; Board of Directors' meeting	Common stock	39,798	45.00	August 31, 2016	November 15, 2016
Total		80,912			

(2) Dividends whose record date is within the 12th fiscal year but to be effective during the 13th fiscal year

At the Annual Shareholders' Meeting to be held on May 25, 2017, the following proposal for resolution will be presented for matters concerning common stock dividends.

- Total amount of cash dividends: ¥39,799 million
- Dividend per share: ¥45.00
- Record date: February 28, 2017
- Effective date: May 26, 2017

Plans call for the dividends to be paid from retained earnings.

4. Items relating to share subscription rights at the end of the 12th fiscal year

Category	Breakdown of share subscription rights	Class of shares to be acquired upon exercise of the share subscription rights	Number of shares to be acquired upon exercise of the share subscription rights
The Company	1st share subscription rights issue	Common stock	1,800 shares
	2nd share subscription rights issue	Common stock	31,500 shares
	3rd share subscription rights issue	Common stock	4,100 shares
	4th share subscription rights issue	Common stock	43,100 shares
	5th share subscription rights issue	Common stock	3,800 shares
	6th share subscription rights issue	Common stock	46,100 shares
	7th share subscription rights issue	Common stock	6,300 shares
	8th share subscription rights issue	Common stock	68,300 shares
	9th share subscription rights issue	Common stock	7,600 shares
	10th share subscription rights issue	Common stock	74,500 shares
	11th share subscription rights issue	Common stock	7,000 shares
	12th share subscription rights issue	Common stock	74,800 shares
	13th share subscription rights issue	Common stock	6,400 shares
	14th share subscription rights issue	Common stock	74,300 shares
	15th share subscription rights issue	Common stock	9,600 shares
	16th share subscription rights issue	Common stock	83,900 shares
	17th share subscription rights issue	Common stock	13,700 shares
	18th share subscription rights issue	Common stock	83,800 shares
Consolidated subsidiary (Seven Bank, Ltd.)	1st share subscription rights issue (1)	Common stock	120,000 shares
	2nd share subscription rights issue (1)	Common stock	133,000 shares
	2nd share subscription rights issue (2)	Common stock	9,000 shares
	3rd share subscription rights issue (1)	Common stock	342,000 shares
	4th share subscription rights issue (1)	Common stock	356,000 shares
	4th share subscription rights issue (2)	Common stock	55,000 shares
	5th share subscription rights issue (1)	Common stock	299,000 shares
	5th share subscription rights issue (2)	Common stock	40,000 shares
	6th share subscription rights issue (1)	Common stock	179,000 shares
	6th share subscription rights issue (2)	Common stock	20,000 shares
	7th share subscription rights issue (1)	Common stock	161,000 shares

Category	Breakdown of share subscription rights	Class of shares to be acquired upon exercise of the share subscription rights	Number of shares to be acquired upon exercise of the share subscription rights
	7th share subscription rights issue (2)	Common stock	28,000 shares
	8th share subscription rights issue (1)	Common stock	115,000 shares
	8th share subscription rights issue (2)	Common stock	27,000 shares
	9th share subscription rights issue (1)	Common stock	278,000 shares
	9th share subscription rights issue (2)	Common stock	72,000 shares

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group gives priority to safety, liquidity, and efficiency and limits the management of such funds to management through deposits with banks. The Group mainly raises funds through bank loans and bond issuance.

The Group's risk management is conducted pursuant to the "basic rules for risk management," stipulating which departments have overall control of each type of risk and which departments have overall control of general risk.

The Group reduces credit risk relating to notes and accounts receivable, trade, and leasehold deposits by continuously monitoring the credit ratings of business partners while undertaking due date control and balance control for each business partner. Also, marketable securities are mainly negotiable certificates of deposit, while investments in securities are mainly shares and government bonds. In relation to these securities, the Group periodically checks market values and the financial standing of issuers while continuously reviewing the status of securities holdings in light of the Group's relationship with business partner companies.

The Group uses forward exchange contracts to hedge the risk of currency exchange rate fluctuations in relation to certain notes and accounts payable, trade, that are denominated in foreign currencies. Further, among loans, short-term loans and commercial paper are mainly for fund raising related to sales transactions, while long-term loans and bonds are mainly for fund raising related to capital investment. In relation to these loans, the Group undertakes comprehensive asset-liability management (ALM). For certain long-term loans with variable interest rates, the Group uses interest rate swap contracts to hedge the risk of interest rate fluctuations. In addition, the Group uses derivative instruments to mitigate the risk of fluctuations in interest rates and currency exchange rates as well as to optimize cash flows for future interest payments. The Group does not hold or issue derivative instruments for short-term trading or speculative purposes.

2. Items relating to the market values of financial instruments

The amounts recorded on the Consolidated Balance Sheet on February 28, 2017, the market values, and the difference between these amounts are as follows. Furthermore, notes have been omitted for minor items. Also, the following table does not include items for which market values are very difficult to determine. (Please see page 76 note 2.)

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and bank deposits	1,222,101	1,222,101	–
(2) Notes and accounts receivable, trade	347,838		
Allowance for doubtful accounts* ¹	(2,993)		
	344,845	348,385	3,539
(3) Investments in securities	145,458	148,292	2,833
(4) Long-term leasehold deposits* ²	302,134		
Allowance for doubtful accounts* ³	(443)		
	301,691	316,473	14,781
Total assets	2,014,097	2,035,252	21,155
(1) Notes and accounts payable, trade	415,349	415,349	–
(2) Deposits received in banking business	538,815	539,337	522
(3) Bonds* ⁴	399,996	408,000	8,003
(4) Long-term loans* ⁵	498,116	495,895	(2,220)
(5) Deposits received from tenants and franchised stores* ⁶	28,453	28,037	(415)
Total liabilities	1,880,731	1,886,620	5,889
Derivative instruments* ⁷	164	164	–

(Notes)

*1. Net of allowance for doubtful accounts for notes and accounts receivable, trade.

*2. Including current portion of long-term leasehold deposits.

*3. Net of allowance for doubtful accounts for long-term leasehold deposits.

*4. Including current portion of bonds.

*5. Including current portion of long-term loans.

*6. Including current portion of deposits received from tenants and franchised stores.

*7. Net credit or liabilities arising from derivative instruments are shown.

Notes

1. Items relating to the method of calculation of the market value of financial instruments and derivative instruments

Assets

(1) Cash and bank deposits

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

(2) Notes and accounts receivable, trade

For notes and accounts receivable, traded with short settlement periods, the relevant book values are used because market values and book values are almost equivalent. The market value of items with long settlement periods is the present value, which is calculated by discounting the total of principal and interest by the corresponding yield on government bonds over the remaining period, making allowance for credit risk.

(3) Investments in securities

For the market value of shares, exchange prices are used. For bonds, exchange prices or the prices shown by correspondent financial institutions are used. For negotiable certificates of deposit, etc., the relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

(4) Long-term leasehold deposits

The market value of long-term leasehold deposits is the present value, which is calculated by discounting future cash flows—reflecting collectability—by the corresponding yield on government bonds over the remaining period.

Liabilities

(1) Notes and accounts payable, trade

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

(2) Deposits received in banking business

For demand deposits, the market value is regarded as the amount payable (book value) if demands were received on the consolidated balance sheet date. Time deposits are classified according to certain periods, and the market value of time deposits is the present value, which is calculated by discounting future cash flows. The discount rate used for this is the interest rate used when new deposits are received. For time deposits with short remaining periods (within one (1) year), the market value is the relevant book value because the market value approximates the book value.

(3) Bonds

The market value of bonds that have market prices is based on these prices. The market value of bonds that do not have market prices is the present value, which is calculated by discounting the total of principal and interest to reflect the remaining period of the said bonds and an interest rate that allows for credit risk.

(4) Long-term loans

The market value of long-term loans is the present value, which is calculated by discounting the total of principal and interest by the interest rate assumed to be applied if the same loan were to be newly taken.

(5) Deposits received from tenants and franchised stores

The market value of deposits received from tenants is the present value, which is calculated by discounting future cash flows by the corresponding yield on government bonds over the remaining period.

Derivative instruments

These are calculated based on the prices shown by correspondent financial institutions. However, because interest rate swap contracts meeting specific hedging criteria are recognized together with hedged long-term loans, the market value of interest rate swap contracts is included in the market value of the relevant long-term loans. Further, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method.

2. Financial instruments for which market values are very difficult to determine

Classification	Consolidated Balance Sheet (Millions of yen)
Investments in securities* ¹	
Unlisted shares	13,496
Shares of subsidiaries and affiliates	27,362
Other	1,844
Long-term leasehold deposits* ²	108,605
Deposits received from tenants and franchised stores* ²	29,822

(Notes)

*1 These are not included in Assets “(3) Investments in securities” because they do not have market prices, and future cash flows with regard thereto cannot be estimated; therefore, it is very difficult to determine market values.

*2 These are not included in Assets “(4) Long-term leasehold deposits” and Liabilities “(5) Deposits received from tenants and franchised stores” because the timing of repayment cannot be reasonably estimated and it is very difficult to determine market values.

Notes concerning real estate for lease

Notes about real estate for lease have been omitted because the total amount thereof is considered immaterial.

Notes concerning per share information

1. Net assets per share: ¥2,641.40
2. Net income per share: ¥109.42

Notes concerning significant subsequent event

(Material business acquisitions)

The Company announced that its Board of Directors resolved on April 6, 2017 that the Company’s consolidated subsidiary 7-Eleven, Inc. will acquire stores and other assets constituting most of convenience store business and gasoline retail business of U.S. company Sunoco LP. In addition, 7-Eleven, Inc. and Sunoco LP concluded an agreement relating to the acquisition of said business on the same date. An outline of this business acquisition is as follows.

1. Outline of business combination

(1) Name and main business of the acquired company

Name: Sunoco LP

Main business: Operation of fuel wholesale and retail, and convenience store business

(2) Business combination objectives

In accordance with the Medium-Term Management Plan for the Group announced in October 2016, 7-Eleven, Inc. is aiming to achieve average daily merchandise sales per store of \$5,000 and 10,000 stores by the fiscal year ending February 29, 2020, and is working to strengthen its merchandizing capabilities and expand its store network. Sunoco LP has a large number of stores in the State of Texas and the eastern area of the United States, where 7-Eleven, Inc., currently operates stores. By acquiring part of Sunoco LP's convenience store business and gasoline retail business, 7-Eleven, Inc. will expand its store network and offer greater convenience, while also improving profitability. Regarding the stores to be acquired, 7-Eleven, Inc. plans to sign a contract in the future to receive gasoline from Sunoco LP for the next 15 years.

(3) Date of the business combination

August 2017 (Plan)

(4) Form of the business combination

Business acquisition

(5) The acquired company's name after the business combination

No change

2. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	\$3,305.6 million (¥365,996 million)
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Acquisition cost		\$3,305.6 million (¥365,996 million)
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Note: The yen amounts were calculated using the April 5, 2017 rate (US\$1 = 110.72 yen).

3. Details and amounts of main acquisition-related costs

At present, this information is not yet determined.

4. Amount, reason for recognition, and method and period of amortization of goodwill

At present, this information is not yet determined.

5. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination

At present, this information is not yet determined.

Other note

In the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2017)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	70,786	Current liabilities	67,074
Cash and bank deposits	690	Current portion of bonds	20,000
Prepaid expenses	783	Short-term loans payable to subsidiaries and affiliates	31,007
Deferred income taxes	118	Lease obligations	3,053
Accounts receivable, other	26,981	Accounts payable, other	10,238
Income taxes receivable	16,936	Accrued expenses	758
Deposits held by subsidiaries and affiliates	23,956	Income taxes payable	881
Other	1,320	Advance received	217
Non-current assets	1,775,074	Allowance for bonuses to employees	275
Property and equipment	9,322	Allowance for bonuses to Directors and Audit & Supervisory Board Members	30
Buildings and structures	3,110	Other	612
Fixtures, equipment and vehicles	3,439	Non-current liabilities	299,576
Land	2,712	Bonds	269,996
Lease assets	60	Long-term loans payable to subsidiaries and affiliates	16
Intangible assets	27,949	Deferred income taxes	4,640
Software	20,617	Lease obligations	4,895
Lease assets	7,330	Deposits received from tenants	2,093
Other	1	Provision for loss on guarantees	17,932
Investments and other assets	1,737,802	TOTAL LIABILITIES	366,650
Investments in securities	39,957	NET ASSETS	
Stocks of subsidiaries and affiliates	1,622,917	Shareholders' equity	1,461,035
Prepaid pension cost	757	Common stock	50,000
Long-term leasehold deposits	3,384	Capital surplus	1,246,381
Long-term deposits paid in subsidiaries and affiliates	70,000	Capital reserve	875,496
Other	786	Other capital surplus	370,885
		Retained earnings	169,680
		Other retained earnings	169,680
		Retained earnings brought forward	169,680
		Treasury stock, at cost	(5,026)
		Accumulated gains (losses) from valuation and translation adjustments	16,113
		Unrealized gains (losses) on available-for-sale securities, net of taxes	16,113
		Subscription rights to shares	2,061
		TOTAL NET ASSETS	1,479,210
TOTAL ASSETS	1,845,861	TOTAL LIABILITIES AND NET ASSETS	1,845,861

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2016 to February 28, 2017)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividends income	209,935	
Management consulting fee income	4,800	
Commission fee income	3,007	
Other	117	217,860
General and administrative expenses		23,563
Operating income		194,297
Non-operating income		
Interest income	1,372	
Dividend income	565	
Other	64	2,003
Non-operating expenses		
Interest expenses	469	
Interest on bonds	2,496	
Other	4	2,971
Ordinary income		193,329
Special losses		
Loss on valuation of stocks of subsidiaries and affiliates	102,648	
Provision for loss on guarantees	16,380	
Other	3,130	122,159
Income before income taxes		71,169
Income taxes – current	(1,582)	
Income taxes – deferred	(806)	(2,388)
Net income		73,558

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2016 to February 28, 2017)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at March 1, 2016	50,000	875,496	370,759	1,246,255	177,034	177,034	(5,641)	1,467,649
Increase (decrease) for the year								
Cash dividends					(80,912)	(80,912)		(80,912)
Net income					73,558	73,558		73,558
Purchase of treasury stock							(23)	(23)
Disposal of treasury stock			125	125			638	764
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	–	–	125	125	(7,354)	(7,354)	614	(6,613)
Balance at February 28, 2017	50,000	875,496	370,885	1,246,381	169,680	169,680	(5,026)	1,461,035

	Accumulated gains (losses) from valuation and translation adjustments		Subscription rights to shares	TOTAL NET ASSETS	
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments			
Balance at March 1, 2016		10,484	10,484	2,450	1,480,584
Increase (decrease) for the year					
Cash dividends					(80,912)
Net income					73,558
Purchase of treasury stock					(23)
Disposal of treasury stock					764
Net changes of items other than shareholders' equity		5,629	5,629	(389)	5,240
Net increase (decrease) for the year		5,629	5,629	(389)	(1,373)
Balance at February 28, 2017		16,113	16,113	2,061	1,479,210

Notes to Non-Consolidated Financial Statements

Notes concerning matters pertaining to significant accounting policies

1. Valuation basis and method for securities

(1) Stock of subsidiaries and affiliates:

Valued at cost by the moving-average method.

(2) Available-for-sale securities

Fair value is available

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 12th fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

Fair value is not available

Securities whose fair value is not available are valued at cost, determined using the moving-average method.

2. Methods of depreciation for non-current assets

(1) Property and equipment (excluding lease assets):

Amortized using the straight-line method.

(2) Intangible assets (excluding lease assets):

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over a usable period of five (5) years.

(3) Lease assets

For depreciation of leased assets, a useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

3. Methods of accounting for allowances

(1) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(2) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount expected to be paid.

(3) Allowance for accrued pension and severance costs (Prepaid pension cost)

Allowance for accrued pension and severance costs is provided at the amount incurred during the 12th fiscal year, which is based on the estimated present value of the retirement benefit obligation less the estimated fair value of pension plan assets at the end of the 12th fiscal year.

In calculating retirement benefit obligation, the method for allocating the estimated total retirement benefits for the end of the 12th fiscal year is conducted on a benefit formula basis.

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the fiscal year following the fiscal year in which they arise, which is shorter than the

average remaining years of service of the eligible employees.

(4) Provision for loss on guarantees

Provision for loss on guarantees is provided to cover losses related to guarantees offered to subsidiaries and affiliates. The estimated loss amount is recorded, taking into account the financial position and other factors of the guaranteed parties.

4. Other significant items that form the basis of the preparation of financial statements

(1) Accounting method related to retirement benefits

The method for accounting for unrecognized actuarial differences related to retirement benefits differs from that in the Consolidated Financial Statements.

(2) Accounting for consumption taxes, etc.

Consumption taxes, etc., are not included.

(3) Application of the consolidated taxation system

The Company has applied the consolidated taxation system.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment:	¥2,702 million
2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates (excluding items listed elsewhere)	
(1) Short-term receivables:	¥27,529 million
(2) Short-term payables:	¥12,614 million
(3) Long-term payables:	¥6,973 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥217,856 million
General and administrative expenses:	¥3,296 million
(2) Non-operating transactions:	¥18,344 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 2,016,973 shares

Notes regarding tax effect accounting

Deferred tax assets and deferred tax liabilities by cause of occurrence

Deferred tax assets

Allowance for bonuses to employees:	¥85 million
Accrued enterprise taxes and business office taxes:	¥50 million
Subscription rights to shares:	¥631 million
Tax loss carried forward:	¥1,995 million
Valuation loss on subsidiaries' and affiliates' stock:	¥58,940 million
Provision for loss on guarantees:	¥5,491 million
Other:	¥1,083 million
Sub-total:	¥68,278 million
Less: Valuation allowance:	(¥67,339 million)
Total:	¥938 million

Deferred tax liabilities

Prepaid pension cost:	(¥186 million)
Unrealized losses on available-for-sale securities, net of taxes:	(¥5,273 million)
Total:	(¥5,460 million)
Deferred tax assets (liabilities), net:	(¥4,521 million)

(Supplementary Information)

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Taxes, etc.” (Act No. 13 of 2016) were promulgated on March 31, 2016. The “Act for Partial Revision of the Act for Partial Revision of the Consumption Tax Act, etc. for the Purpose of Fundamental Changes in the Taxation System Securing Stable Financial Resources for Social Welfare” (Act No. 85 of 2016) and the “Act for Partial Revision of the Act for Partial Revision of the Local Tax Act and the Local Allocation Tax Act, etc. for the Purpose of Fundamental Changes in the Taxation System Securing Stable Financial Resources for Social Welfare” (Act No. 86 of 2016) were promulgated on November 28, 2016. Consequently, the corporate tax rate, etc. will be reduced from the fiscal years beginning on or after April 1, 2016.

As a result, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities were changed from 32.3% to 30.9%, pertaining to temporary differences that are expected to be settled in the fiscal year beginning on March 1, 2017 and the fiscal year beginning on March 1, 2018, and to 30.6%, pertaining to temporary differences that are expected to be settled in the fiscal year beginning on or after March 1, 2019.

The effect of this change on gain or loss for the 12th fiscal year is immaterial.

Notes concerning non-current assets utilized through leases

Operating leases

Future lease payments

Due within one year:	¥1,224 million
Due after one year:	¥6,337 million
Total:	¥7,561 million

Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

(Millions of yen)

Attribution	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction	Account title	Year-end balance
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100	Financial support Concurrently serving corporate officers	Deposit of funds (Note 1)	517,290	Deposits held by subsidiaries and affiliates	23,956
				Interest on deposits (Note 1)	1,372	Long-term deposits paid in subsidiaries and affiliates	70,000
				Borrowing of funds (Note 1)	381,000	Other current assets	219
				Interest on borrowed funds (Note 1)	403	Short-term loans payable to subsidiaries and affiliates	31,000
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	3,013	Accounts receivable	23,309
				Operational consignment (Note 3)	1,459		
				Tax payment under consolidated taxation	51,475		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,139	Accounts receivable	164
Subsidiary	Nissen Holdings Co., Ltd.	Ownership Indirect: 100		Provision for loss on guarantees	10,739	Provision for loss on guarantees	10,739

(Notes)

1. Transactions are conducted based on interest rates for deposits to subsidiaries and affiliates and loans from subsidiaries and affiliates that are determined reasonably by taking into account market interest rates.
2. Business management fees are determined proportionately according to the size of each subsidiary's business in line with the Group's rules.
3. Operational consignment fees are determined based on negotiations between the relevant parties.
4. The amount of transaction does not include consumption taxes, etc. However, the year-end balance includes consumption taxes, etc.

Notes concerning per share information

1. Net assets per share:	¥1,670.18
2. Net income per share:	¥83.18

Notes concerning significant subsequent event

None.

Other notes

In the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

Information about Methods of Exercising Voting Rights

You may exercise your voting rights using one of the following three methods:

Exercise of voting rights by attending the Annual Shareholders' Meeting

You are kindly requested to exercise your voting rights by submitting the enclosed Voting Instructions Form to the Reception Desk at the Meeting. (You do not need to affix a seal.)

Date

10:00 a.m. Japan Standard Time (JST), May 25, 2017 (Thursday)

Place

Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo), Conference Room

Exercise of voting rights by post

You are kindly requested to indicate your vote for or against the proposed actions on the enclosed Voting Instructions Form, and to return the completed Voting Instructions Form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights by post

The Company must receive the completed Voting Instructions Form by 5:30 p.m. JST, May 24, 2017 (Wednesday)

Exercise of voting rights via the Internet

On the Voting Website (<http://www.evotep.jp/>), enter your "login ID" and "temporary password," which are printed on the enclosed Voting Instructions Form. Follow the instructions on the screen of your personal computer, smartphone or cell phone and input your vote for or against the proposed actions.

Deadline for exercise of voting rights via the Internet

The Company must receive your voting instructions by 5:30 p.m. JST, May 24, 2017 (Wednesday).

- (1) To prevent unauthorized access by third parties other than shareholders and to prevent the falsification of shareholder votes, shareholders voting via the Internet will be asked to change their "temporary password" on the Voting Website.
- (2) A new "login ID" and "temporary password" will be provided with the convocation for each shareholders' meeting.

Information about Exercising Your Voting Rights by the Electronic Method

Please confirm the following items if you exercise your voting rights via the Internet.

- (1) Costs (Internet connection charges, etc.) incurred in accessing the Voting Website (<http://www.evotep.jp/>) will be the responsibility of the shareholder. If a cell phone or other device is used, packet transmission fees and other usage fees for the cell phones and other devices will also be the responsibility of the shareholder.
- (2) Voting rights may be exercised via the Internet until 5:30 p.m. JST on Wednesday, May 24, 2017. However, shareholders are kindly requested to exercise their voting rights early. If you have any questions, please contact the Corporate Agency Department Help Desk.

Voting Website

(1) You can exercise your voting rights via the Internet by accessing the Voting Website designated by the Company (<http://www.evotep.jp/>) from your personal computer, smartphone, or cell phone (“i-mode,” “EZweb,” or “Yahoo! Keitai”)*. (Please note that service is not available between 2:00 a.m. and 5:00 a.m. (JST) each day.)

(2) Depending on certain factors in the shareholder’s Internet usage environment, it might not be possible to exercise voting rights via a personal computer or smartphone. These factors include the use of a firewall, etc., in the Internet connection, the use of anti-virus software, and the use of a proxy server.

(3) To exercise your voting rights by cell phone, please use one of the following services: “i-mode,” “EZweb,” or “Yahoo! Keitai.” To ensure security, cell phones that cannot send TLS-encrypted communications and cell phone information cannot be used to exercise voting rights.

* “i-mode,” “EZweb,” and “Yahoo!” are the trademarks or registered trademarks of NTT DOCOMO INC., KDDI Corporation, and Yahoo! Inc., of the United States, respectively.

For inquiries regarding the system, etc.

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Department Help Desk

Tel: 0120-173-027 (Hours: 9:00 a.m. to 9:00 p.m. JST)

Platform for Electronic Exercise of Voting Rights

In addition to the exercise of voting rights via the Internet as described above, if nominee shareholders, such as trust and custody services banks (including standing proxies), make prior application to use the platform for the electronic exercise of voting rights that is operated by ICJ Inc., which was established by Tokyo Stock Exchange, Inc., etc., such shareholders may use that platform as an electronic method for exercising voting rights in connection with the shareholders’ meeting of the Company.

End

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.