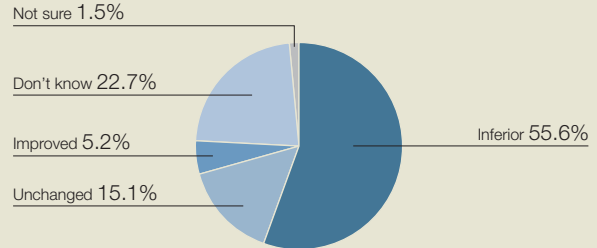











Contributing to Local Communities






The importance of person-to-person communication and cooperation in local communities is being reconsidered as the nuclear family phenomenon and the transformation to a low birthrate /aging population continue apace. Retailers are now being asked not only to provide goods and services to people in local communities, but also to comport themselves as good corporate citizens by contributing to community development. Seven & i Holdings believes that contributing to local communities is one of our most important missions, and we join with our local communities in efforts to improve community life. We are pleased to have been commended in particular for our efforts to cooperate in making communities safer and in providing support during crises.

How does your “local community education capacity” compare to when you were a child?

▶ Ministry of Education, Culture, Sports, Science and Technology: “Survey of Local community Education Capacity” (2005)
 ※ Survey of parents and guardians of elementary and junior high school students



Stakeholder interests and concerns	Group efforts * Items accompanied by a logo are efforts specially noted for that company
Support for children's education	<p>We create hands-on business learning experiences for children and students in local communities, using the special characteristics of the retail and food service business to provide the experience of customer service and store management.</p> <ul style="list-style-type: none">  We participate in the Student City program, which creates a virtual town inside a school.  We have “Children’s Libraries” for encounters with good books.  Our Sogo Yokohama store sponsors public picture exhibitions for pre-school, elementary, and junior high school students in Kanagawa Prefecture.  We provide support for local sporting events such as dodgeball tournaments and marathons.  We send staff to give special lessons at local elementary schools upon request.
Preventing smoking and alcohol consumption by youth	<p>We clearly segregate sales areas for alcohol and tobacco by using posters and POP displays, and check ID cards to confirm age.</p> <ul style="list-style-type: none">  We have improved our facilities and sales methods so as to prevent youth from purchasing or browsing adult magazines.
Creating safe and secure communities	<p>In addition to holding explanatory meetings when opening new stores as required by the Large-Scale Retailers Location Law, we also implement safety and crime prevention measures taking local opinions and demands into consideration.</p> <ul style="list-style-type: none">  We implement our “Safety Station Program” nationwide.
Disaster relief for local communities	<p>We operate donation drives for relief funds at our stores nationwide when disaster strikes local communities, and maintain close contact with stricken areas so as to provide relief supplies.</p> <ul style="list-style-type: none">  We have contracts with helicopter transport companies to provide relief supplies to disaster areas.  We continue to revise our emergency response based upon forecasts of the extent of damage in the event of a major earthquake in the Tokyo metropolitan area or on the Japanese eastern seaboard.

 Seven-Eleven  Ito-Yokado  Millennium Retailing, Inc.  York-Benimaru  Denny's

Support for Children's Education

We offer programs such as “hands-on learning” and “food service education” for customer service and retail management capitalizing on our retail and food service business experience.

The Ministry of Education, Culture, Sports, Science and Technology encourages the creation of opportunities for children to gain a variety of work and social experience, so

that they can develop the ability and the willingness to choose their own future path. Children can gain an understanding of themselves and their potential if they are provided chances for meaningful life and social experience.

Seven & i Holdings concurs with this approach, and we seek to cooperate in providing hands-on work experience through our Seven-Eleven, Ito-Yokado, Sogo, Seibu, York-Benimaru, and Denny's stores. We would like all children and students in our local communities to have the opportunity to learn from us about customer service and store management.



Seven-Eleven

We participate in the Student City program, which creates a virtual town inside a school.

Seven-Eleven participates in the Student City program sponsored by Junior Achievement*, an American non-profit organization. A replica “city” is created within the elementary school, with such businesses as a bank, convenience store, sporting goods shop, and city hall, and students are given the opportunity to experience both the consumer and the company employee roles. The goal of the program is to teach children about their role in society, economic structures, the use of money, and the experience of work.

We participated in a Student City set up in a Shinagawa-ku, Tokyo elementary school in FY2005. A replica Seven-Eleven store was set up inside the school, and 1,933 students were able to experience customer service and store management methods. We created a manual, “Working At A Store (how to create a customer-friendly store), to accompany this program, and distributed it to all participating children.

* Junior Achievement

This is a private American non-profit organization set up by businessmen in 1919. This organization currently provides children at schools in 120 countries with free educational programs and materials that teach how to succeed in society.



Replica store set up in a Student City inside a school



Ito-Yokado

We encourage encounters with good books through our “Children’s Libraries” and “Little Fairy Tale Grand Prize.”

Ito-Yokado began putting Children’s Libraries in our stores in 1978, so that children would be able to increase their encounters with good books with ease in a familiar place. Children’s Libraries are currently found at 10 of our stores, and we stock each location with around 8,000 picture books and stories chosen by a specialist in children’s literature. The libraries are entirely free to everyone, and it is easy to become a member irrespective of age or address. Each library is staffed by a dedicated librarian, and storytelling sessions and handicraft meetings are held occasionally.

Along with the Little Fairy Tale Grand Prize, the Children’s Library program has met with great public acclaim. In November 2005 these programs won the Grand Prize at the Mecenat Awards for Children’s Culture 2005* sponsored by the Association for Corporate Support of the Arts.

* The Little Fairy Tale Grand Prize, which is a project co-hosted with The Mainichi Newspapers, started in 1983. PR posters announcing the contest are in stores and applications are taken while it is underway. The contest was held for the 23rd time in FY2006.

We have started “Eating Education” at our stores to improve proper awareness about eating.

Growing lifestyle diversity has in recent years been accompanied by an increase in lifestyle-related diseases and imbalances in the growth and nutrition of children. Ito-Yokado started up its Eating Education campaign in 2006 to get customers to begin thinking about healthy lifestyles, as part of our efforts to meet our responsibilities as a superstore in local communities. Currently we hold Ito-Yokado Eating Education Day on the 19th every month, with all sorts of events at our stores. The theme of these events is “Including Vegetables and Fruit,” and we distribute recipes and information about topics such as choosing good vegetables, storage, and preparation. We also offer demonstrations showing preparation of simple menus, fresh juice, etc.



Ito-Yokado Eating Education Day held on the 19th every month, with all sorts of events.



Customers



Business Partners



Local Communities



Employees



Environment





Millennium Retailing, Inc.

Sogo and Seibu Department Stores are actively involved in local activities.

The Sogo Yokohama store began sponsoring the Kanagawa / Yokohama Children's Art Grand Prize in 2003, accepting pictures drawn by pre-school, elementary and junior high school students from Kanagawa Prefecture. The event is jointly sponsored by Kanagawa Newspapers and the Sogo Art Museum. There are no limits to the themes or composition of the artworks entered, and the pictures entered by the children are always rich in individual creation, having 2,838 entries at the 4th annual competition in August 2006.



206 works entered are selected by our panel for display at the Sogo Art Museum. There was also an award ceremony held on September 2, 2006 in The Sogo Yokohama store, with presentations by specialists.



York-Benimaru

We provide support for local sporting events.

We have been sponsoring the York-Benimaru Dodgeball Cup for 3rd to 6th-grade elementary school students with the cooperation of the Fukushima Prefecture Dodgeball Association and the Japan Dodgeball Association since 1993, with the goal of promoting sports opportunities for youth in local communities. This competition is renowned as the Fukushima tournament of the All Japan Dodgeball Championships, with the winning team representing Fukushima Prefecture at the finals.

We have also been co-sponsors with SB Foods of the York-Benimaru / SB Foods Cup Kids Fun Marathon every year since 1989. This competition is aimed at contributing to the sound and healthy physical and mental development of elementary school students in Fukushima Prefecture through marathon racing. 701 elementary school students participated in FY2005.



All Japan Dodgeball Championships Award Ceremony



York-Benimaru / SB Foods Cup Kids Fun Marathon



Denny's

We send staff to give special lessons at local elementary schools upon request.

Denny's provided special lessons for students at Oji Elementary School in Kita-ku, Tokyo, to tell them about what kind of work restaurant staff perform and stories about the restaurant manager's experiences on the job. The school had told us that they wanted "to give the children opportunities to think about what kind of work they might want to do in the future," so we talked with the teachers about what sort of program to offer. The staff performing the lessons brought glasses and trays to the classrooms, and taught the children about customer service and setting tables.

The children were also given simple explanations about changes in Japanese food culture and the importance of eating healthy food and getting balanced nutrition. We see these special lessons as one way we can make a contribution to local communities, and we plan to extend the program to other regions. We are also taking an active approach toward encouraging field trips to our restaurants, and in FY2005 we welcomed 286 students from 98 elementary and junior high schools. We had already received requests from 78 schools as of August 2006.



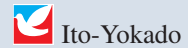
Special lessons at Oji Elementary School in Kita-ku, Tokyo



Hands-on learning about customer service

Close Up

We cooperate in business training for local government and school employees.



In 1983 Ito-Yokado was informed by local governments and school faculty associations that they “believe local government employees would provide better customer service, and school faculty would offer more effective guidance to students, if they experienced the hardships of running a private-sector business.” We have since responded by offering business training to local government employees and school faculty.

In FY2005 Headquarters was involved in the training of approximately 130 persons from

government offices in Koshigaya City, Hachioji City, Kita-ku, and Koto-ku, and from school faculties in Kanagawa Prefecture, Hachioji City, Tokyo, Koto-ku, and Edogawa-ku.



Business training format (trainee at right)
Photo provided by The Economic Information Center

Preventing Smoking and Alcohol Consumption by Youth

We clearly segregate sales areas for alcohol and tobacco, and check ID cards to confirm purchaser age.

Seven & i Holdings’ main operating companies (Seven-Eleven, Ito-Yokado, Millennium Retailing, Inc., and York-Benimaru) sell tobacco and alcoholic beverages. All of our stores are frequented by minors under the age of 20, and we work hard to prevent their purchasing of these products.

We clearly segregate the sales areas for alcohol and tobacco, using posters and other media.

Seven-Eleven, Ito-Yokado, Millennium Retailing, Inc., and York-Benimaru use POP displays distributed by member organization, posters, and in-store announcements to segregate the sales areas for alcohol and tobacco in our “Prevent Sales to Youth” PR campaign.



POP display in the sales corner for alcoholic beverages



Cash register display

We check IDs for age at time of purchase.

Seven-Eleven, Ito-Yokado, Millennium Retailing, Inc., York-Benimaru, and Denny’s strictly prohibit any sales of tobacco or alcoholic beverages to minors. Customers that appear to be minors are asked for ID to confirm their age, and if unable to prove that they are over 20 cannot purchase these products.



We have improved our facilities and sales methods so as to prevent youth from purchasing or browsing adult magazines.

Seven-Eleven has implemented the Japan Franchise Chain Association Guidelines for preventing from purchasing adult magazines or video game software. The rules are as follows:

- 1) We do not carry publications designated or labeled objectionable by city or prefectural governments.
- 2) Adult publications not covered by the above that are prohibited from sale to minors (under age 18) are sealed to prevent browsing.
- 3) Adult publications on display in stores shall be placed on racks separate from other magazines, in an area marked “Off Limits To Minors Under 18.”
- 4) Age will be confirmed by ID so as to prevent sales to or browsing by minors (under age 18).



Sales corner for adult

Customers



Business Partners



Local Communities



Employees



Environment



Creating Safe and Secure Communities

We maintain contacts with local residents and governments in implementing our crime prevention measures, and also work to prevent school truancy.

The opening of stores, be they large-scale operations like Ito-Yokado, Sogo, or Seibu Department Stores or small retailers and restaurants, has a profound impact on the living environment of local communities. Seven & i Holdings therefore seeks to create safe and secure communities by complying with the Large-Scale Retailers Location Law, incorporating safety measures for the areas surrounding our stores that incorporate the desires of people in the community, implementing crime prevention measures in cooperation with police and local authorities, and taking measures to prevent school truancy.



Seven-Eleven

We work to maintain the safety of our local communities through our local Safety Stations (community bases for safety and security).

Seven-Eleven stores are open 24 hours a day, seven days a week. Our lights are on even in the middle of the night, and our employees are always there. These special characteristics of our business are put to use in our service as community bases for safety and security through our Safety Station Program.

The main focus of the Safety Station Program is crime prevention and supporting the sound development of young people, while it also includes cooperation in reporting accidents and calling ambulances, preventing school truancy, and various other community safety measures. Of particular note in recent years is the increase in the number of women and children taking refuge in our stores. In FY2005, Seven-Eleven store staff provided help in many cases in which women took refuge after having been followed by suspicious men, and they also assisted lost children to get home.

The Safety Station Program will continue to an important function of our stores, so we can remain a convenience store that our customers love.



Safety Station Poster at the entrance to our store



Ito-Yokado

We hold explanatory meetings in areas where we have stores, and cooperate in building safe communities.

Ito-Yokado files a report with the authorities when opening a new store in compliance with the items for consideration (maintenance of the living environment of the surrounding area) stipulated in the Large-Scale Retailers Location Law. We also hold explanatory meetings during the planning stages for our new stores in consideration of local residents. These meetings provide opportunities for hearing opinions and demands concerning local affairs, youth development, and truancy prevention.

The items discussed at the explanatory meeting held in March 2006 for the Ario Kameari store included safety measures for pedestrians on area roads, noise and vibration from construction, cooperation in youth development and anti-truancy, etc. This led us to do a traffic projection survey and get guidance from local authorities and police so as to establish convenient and safe pathways to the Ario Kameari mall for local residents. We also created environmental noise standards for noise suppression not only during construction, but also during store operations.

Similar explanatory meetings were set up for other new stores (Yotsukaido Store, Ario Soga, Misato Store, Ario Sapporo, Ario Kawaguchi), and we will continue to take the views of local residents into consideration in operating and outfitting our stores.



Elevator at a pedestrian overpass



Escalator running next to the steps



Pedestrian overpasses for avoiding vehicular traffic

Disaster Relief for Local Communities

We have concluded support agreements with local governments in all regions for provision of supplies and restoration of disaster-stricken areas.

Seven & i Holdings operates donation drives for relief funds at our stores nationwide when disaster strikes local communities, and maintains close contact with stricken areas so as to provide relief supplies. Seven-Eleven has concluded crisis relief supply agreements with 16 local governments (as of August 2006), and has also concluded agreements with eight local governments in the Tokyo area, as well as with the Kansai Council, for support for residents requiring shelter during disasters. Ito-Yokado has concluded similar agreements with 52 local governments in areas where its stores are located (as of February 2006), while York-Benimaru has support agreements with eight local governments in Fukushima, Miyagi, and Yamagata (as of August 2006) guaranteeing necessary relief supplies during disasters. York-Benimaru also began participating in the Abukuma River Flood Drills sponsored by the Ministry of Land, Infrastructure and Transport and Fukushima Prefecture. This program is for practicing actions to be taken as an emergency response when the river overflows its banks.

Sogo and Seibu Department Stores have also been expanding support agreements by request of local governments, Seibu has maintained an agreement with Shizuoka Prefecture since 1996 for relief supplies. Denny's has been looking into creating agreements for disaster shelter support with eight cities and prefectures. Such agreements would provide for temporary use of Denny's restaurants for shelter, water, and sanitation needs in the event of an emergency in which problems with the transportation infrastructure make it impossible for people to return home.

We will continue to revise the regional restoration support and relief supply system of the entire group by referring to earthquake forecasting provided by the government and research institutions, and we will strengthen the equipment and facilities of each store. We will seek to reopen for business as soon as possible after disaster strikes, so as to be able to provide the goods and services needed by residents of stricken areas.

Seven-Eleven

We have contracts with helicopter transport companies to provide relief supplies to disaster areas.

Seven-Eleven Headquarters has equipped vehicles that deliver products to stores from distribution centers with digital wireless equipment for smooth provision of relief supplies when disaster strikes. In addition, Seven-Eleven has concluded agreements providing for the dispatch when necessary of helicopters in the event that roads become impassable.



Contracts with helicopter transport companies for relief supplies

Ito-Yokado

We continue to revise our Large-Scale Disaster Response Plan based upon forecasts of the extent of damage in the event of a major earthquake in the Tokyo metropolitan area or on the Japanese eastern seaboard.

Ito-Yokado drew up a Large-Scale Disaster Response Plan in 1998 containing procedures for rescue, store safety, as well as cooperation with and relief efforts for local communities in the event that a large-scale disaster occurs in a region in which we have stores. Consecutive large-scale 6~8 magnitude earthquakes throughout Japan in FY2005 caused us to review and amend this plan, based upon a detailed simulation of the scale of damage likely to be sustained in the event of a major earthquake in the Tokyo area or on the Japanese eastern seaboard*, scenarios considered very likely to occur in the early part of this century. The Plan was amended to identify problems at our stores, precautionary measures, and provides for a manual for actions to be taken in the event of a disaster. There are plans to revise the methods for confirming the safety of employees and the distribution system in the event of a disaster.

* Japanese eastern seaboard earthquake

The Suruga Trough (Eastern Seaboard Trough) on the Suruga Bay seabed is the faultline at the confluence of two tectonic plates. It is expected to be the epicenter for a major "Eastern Seaboard Earthquake" (magnitude 8 or above) in the near future. Scientists understand the mechanisms involved and possess historical data as well as tremor projections, so the chances of foreseeing this earthquake are thought to be good.



Community and Cultural Activities



Seven & i Holdings

Seven & i Holdings strives for community and cultural activities meeting the following standards: 1) They must possess a high degree of social and public benefit, and be understandable across a broad social spectrum; 2) They must be connected to our business; 3) They must be connected to international issues.

Economic support activities, such as donations and charity drives through our operating companies' stores for disasters, for example earthquakes and floods, that shake the foundations of daily life are most important. At the same time, we try to speed up the relief and restoration process as much as possible by maintaining communications with the stricken area, confirming that relief is arriving, and providing relief supplies such as daily necessities to the area if required. In FY2005, such activities included relief for victims of disasters such as Hurricane Katrina in September in the USA, Typhoon 14 in the Kyushu and Chugoku regions of Japan, and the October earthquake in Pakistan.

We plan to review our areas of emphasis and program execution in formulating our "Seven & i Holdings Basic Policy on Community and Cultural Activities," which form the basis of our broad, ongoing contribution to the resolution of social issues.

Major community and cultural activities of Seven & i Holdings

Plan	Time and number of participants
Nagano Olympics Memorial Marathon	Date: April 16, 2006 Number of entries: 6,972
"Earth-Friendly Compositions and Actions"	Entry period: June 1 ~ September 10, 2005 Number entries: 28,732
Saitama International Junior Soccer Tournament	Dates: July 26 ~ 30, 2006 Number of teams: 40 (8 from Saitama, 26 from other parts of Japan, 6 from overseas)

Relief and donation drives in FY2005

Item	Campaign period	Donation amount
USA, Hurricane Katrina	September 3~25, 2005	¥ 33,082,968
Typhoon 14	September 8~25, 2005	¥ 32,679,931
Pakistan earthquake	October 11~30, 2005	¥ 63,497,277



Seven-Eleven

We support environmental non-profit organizations through the Midorino Kikin (Green Fund).

The Midorino Kikin (Green Fund) is a voluntary organization operated jointly by our franchise stores and Headquarters with the goal of community activities. This fund supports environmental non-profit organizations engaged in environmental conservation and preservation through donations from customers through stores and contributions from Seven-Eleven Japan Headquarters.

- Donations made through stores in FY2005: ¥ 320,119,382
- Contribution from Seven-Eleven Headquarters: ¥ 81,178,016



Ito-Yokado

We support landmine removal through the "Abesco Fund" supported by vending machine proceeds.

Ito-Yokado joined with six beverage manufacturers to establish the "Abesco Fund" (a charity organization funded by profits from vending machines at Ito-Yokado). This fund takes some of the profits from vending machines at certain Ito-Yokado stores to support the efforts international relief groups engaged in landmine removal and other activities. The fund supported the following two organizations in FY2005.

- International NGO "Japan Platform"
Donated ¥5 million for victims of Sumatra tsunami
- Special non-profit organization "Refugee Relief Organization"
Donated ¥3 million for landmine removal in Afghanistan and elsewhere



York-Benimaru

York-Benimaru set up the "York-Benimaru Culture Education Foundation" to nurture an international outlook among the youth living in Fukushima Prefecture. The main work of this foundation is sending Fukushima Prefecture high school students on international study trips. 20 such trips have been made so far, with 506 participants. The foundation also sponsors biannual exchange programs bringing homestay students from Manitoba, Canada to Japan. So far 130 high school and university students have taken part.



Millennium Retailing, Inc.

We support seeing-eye dog training nationwide through donations, fund drives, and in-store campaigns.

Sogo and Seibu Department Stores have each settled ¥100 million fund for seeing-eye dog training nationwide, and each also contributes ¥10 million every year (¥20 million in total) to 9 seeing-eye dog training organizations throughout Japan. The companies have also set up “One-Coin Clubs” for employees to contribute to this program, and also conduct active campaigns in stores, gaining ¥82.774 million in total donations from 2003 through 2005. The companies also join “Meet the Seeing-Eye Dog Campaigns” by using our store space in cooperation with seeing-eye dog organizations in the area of their stores twice a year, so that people can become familiar with seeing-eye dogs.

These seeing-eye dog training support activities have received great acclaim from outside the company, and Sogo and Seibu received the Asahi Newspapers “Third Asahi Corporate Citizen Award” in September 2006 in honor of their social contributions.



Seeing-eye dog in-store donation box

Cultural Facilities Offering Great Entertainment

Sogo and Seibu Department Stores are active in cultural endeavors so as to remain trusted by customers.

Sogo Art Museum (6th Floor, The Sogo Yokohama store)

Inaugurated in September 1985, this was the first registered museum to open inside a department store in Japan. It is a fully-functioning art museum that runs a wide range of programs from domestic and foreign art exhibitions through cultural events. Contributions to cultural life are made through gallery talks by curators and other activities.

- Major exhibitions: Boston Art Museum Exhibition, Ancient Egypt Exhibition, Exhibition of The Japan Art Institute, Kiyomizu Temple Exhibition
- Facility area: 1.069 m² / Ceiling height: 2.45m ~ 3.10m



Sogo Art Museum

Sogo Theater (14th Floor, Sogo's Shinsaibashi Headquarters Store)

The theater was established in 1935 in the (then) Sogo Osaka Store, with the goal of “contributing to local culture,” and it had been a beloved institution. In September 2005 Sogo opened the current theater in its Shinsaibashi Headquarters Store with the goal of restoring this theater to Osaka.

This theater has a state-of-the-art audio and stage lighting system, and has been highly praised for its productions of classical music performances and plays. It has hosted performances by the Scala Chamber Orchestra String Quartet and Kabuki by Nakamura Ganjiro (Present Sakata Tojuro).

- Facility area: 292m² / Seating capacity: 275



Sogo Theater

Yatsugatake Kogen Concert Hall (Yatsugatake Highland)

This concert hall was constructed in September 1988 in Yatsugatake Highland Resort, which includes the Yatsugatake Kogen Uminoguchi Shizengo (2 million tsubo), 1,800 vacation home plots, hotels, etc. It was designed by an architect Junzo Yoshimura with the assistance of world-famous musicians Richter and Toru Takemitsu, and takes great pride in the ideal resonance and audio quality derived from the optimal use of wood. It is a music space that harmonizes with nature and the environment.

- Hall space: 418m² (including corridors) / Seating capacity: 250
- Construction: Wood and RC composite (1F and B1F)



Yatsugatake Kogen Concert Hall

Customers



Business Partners



Local Communities



Employees



Environment

