

To Our Shareholders and Investors



Toshifumi Suzuki
Chairman and Chief Executive Officer



Noritoshi Murata
President and Chief Operating Officer

In the fiscal year ended February 28, 2009, the Company's operating environment remained challenging, with a decline in consumer sentiment accompanying sluggish business conditions. In this setting, we implemented innovative reforms and restructuring measures and took steps to raise profitability. Operating companies worked to increase profitability in existing businesses, while Groupwide initiatives included the development and sales of private-brand products transcending the Group's internal business formats. Targeting the generation of new business opportunities, we established SEVEN-ELEVEN CHINA Co., Ltd., which will develop convenience stores through area licensees, with the objective of enhancing the network of 7-Eleven stores in China. Also, with the objective of fostering new business development in the IT/services segment, we established Seven & i Netmedia Co., Ltd., and Seven Culture Network Co., Ltd. Moreover, to establish a foundation for future drug-related operations, we established a business and capital tie-up with AIN PHARMACIEZ INC., a major dispensing pharmacy company.

As a result of these initiatives, revenues from operations declined 1.8%, to ¥5,649.9 billion, and operating income was up 0.3%, to ¥281.9 billion. Net income was down 29.3%, to ¥92.3 billion.

By business segment, in revenues from operations, domestic convenience store operations and financial services recorded favorable results, and in superstore operations, the new consolidation of Akachan Honpo Co., Ltd., had the effect of increasing revenues. However, the exchange rate that is used in the consolidation of accounts from convenience store operations in North America reflected the appreciation of the yen, which had the effect of decreasing revenues from operations by about ¥240.0 billion. In operating income, the results of domestic superstore operations and department store operations declined, but favorable results were recorded in convenience store operations and financial services. As a result, operating income increased.

Year-end dividends were ¥29 per share, an increase of ¥2 per share from initial forecasts. Together with interim dividends of ¥27 per share, annual dividends were ¥56 per share, an increase of ¥2 per share from the previous year.

In the fiscal year ending February 28, 2010, the operating environment is expected to remain difficult. In this setting, we will focus on our top management objective of maximizing Group enterprise value. To achieve that goal, in addition to enhancing profitability in existing businesses, we will work to further expand synergy effects by promoting the shared utilization of the strengths of each Group company. Moving forward, we will continue to endeavor to meet the expectations of shareholders and investors, with each employee taking an innovative approach to resolving new challenges, and to ensure that we are a leader in terms of customer satisfaction. We would like to ask for your continued support in the years ahead.

June 2009

A handwritten signature in black ink that reads "Toshifumi Suzuki".

Toshifumi Suzuki
Chairman and Chief Executive Officer

A handwritten signature in black ink that reads "Noritoshi Murata".

Noritoshi Murata
President and Chief Operating Officer