August 3, 2020

To whom it may concern:

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

# Notice Regarding Acquisition of Shares and Other Interests Related to the Convenience Store Business and Other Business of U.S. Company Marathon Petroleum Corporation by a Subsidiary

Seven & i Holdings Co., Ltd. ("the Company") hereby announces that its Board of Directors resolved to approve the execution of an agreement by and between the Company's consolidated subsidiary, 7-Eleven, Inc. (location of head office: Texas, U.S.A., President and CEO: Joseph M. DePinto) and U.S. company Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (the "Transaction") and that 7-Eleven, Inc. executed the agreement relating to the Transaction as of today, details of which are as follows.

## I. Purposes of the Transaction

Based on our ethos of coexistence and co-prosperity, the Company constantly pursues growth opportunities, striving to deliver the best value to all stakeholders, including shareholders and customers. At the same time, the Company views the following four areas as the core of the group's growth strategy: (1) its overseas convenience store business; (2) its food product strategy for the Tokyo metropolitan area; (3) its environmental declaration; and (4) its digital strategy. In particular, the growth of the Company's convenience store business centered around 7-Eleven, Inc. in the North America market, where solid economic growth is expected, is positioned as an important growth engine for our group, and we have been proactively leveraging the positive effects of acquisitions, expansion of our store network and optimization of our supply chain.

7-Eleven, Inc. which is leading the Company's North American business and the group's global expansion, operates 9,802 stores as of the end of March 2020, and is focused on increasing revenue by increasing product strength and expanding its store network through implementation of the Company's "Six Point Plan" growth strategy: (1) Deliver a consistent customer experience; (2) Modernize food and beverage experience; (3) Optimize the Product Offering; (4) Digitally transform convenience; (5) Modernize the store base; and (6) Grow the store base. At the same time, MPC operates a high-quality and relatively large-scale network of convenience stores and gasoline stations mainly under the Speedway brand with approximately 3,900 locations in the U.S. as of the end of December 2019 that highly complement the locations of stores of 7-Eleven, Inc.

By carrying out the Transaction, we intend to achieve the following objectives.

1. Strategic Expansion of Store Network

As the Company believes that the expansion of the store network in the North America market, where the share of major players is still low, will support the mid- to long-term growth of 7-Eleven, Inc., the Company is continuously exploring promising investment opportunities. Upon consummation of the Transaction, 7-Eleven, Inc. will have stores in 47 of the 50 most populated metro areas in the U.S., and will establish itself as the clear industry leader in the North American convenience store market, which has significant growth potential. In addition, the Company strongly believes that through the substantial expansion of the Company's business portfolio through the North American convenience store business, the group's management resources will be further concentrated in the convenience store business, which is a pillar of the group's growth strategy, accelerating the entire group's long-term growth strategy. By combining the powerful 7-Eleven brand that has been cultivated thus far with Speedway's solid brand, we will add economies of scale in the U.S., and furthermore, by utilizing the product strength and operational know-how of the business cultivated by 7-Eleven, Inc. in the U.S. to increase product sales and improve gross product margin, we expect that it will be possible to further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

2. Financial Effect

We expect to achieve significant synergies while maintaining financial flexibility and a robust balance sheet. We anticipate synergies of approximately 475-575 million U.S. dollars (on a run-rate basis) by the end of the third fiscal year after completion of the Transaction, and a tax savings of approximately 3 billion U.S. dollars in total (net present value) by the end of the 15th fiscal year after completion of the Transaction due to beneficial tax treatment in the U.S. Furthermore, the Company plans to increase investment efficiency by using sale and leaseback transactions concerning stores acquired by 7-Eleven, Inc. pursuant to the Transaction. Following the Transaction, both the operating profit and EBITDA of the business of the Company group in the U.S. are expected to be more than double those of 7-Eleven, Inc. in 2019.

3. ESG Leadership

In May 2019, the Company group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the "GREEN CHALLENGE 2050", the Company's environmental declaration. The Company group is committed to achieving the declaration's four themes: (1) reducing $CO_2$ emissions to achieve a carbon-free society; (2) measures to realize a circular economy with respect to plastics; (3) measures for food loss and recycling; and (4) sustainable procurement to achieve a society that coexists with nature. The Company group, including 7-Eleven, Inc. has set clear targets to achieve by 2030 and for the next-generation of society in 2050 with respect to the missions and duties of the Company group. Following the Transaction, the Company group, including 7-Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence.

7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce $CO_2$ emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

The parties will also execute an agreement which provides that MPC will supply fuel to the acquired stores for the next 15 years.

## II. Details of the Transaction

### 1. Outline of the Transaction

The outline of the purchase and sale agreement concerning the target business is as follows. Acquisition of the shares and other interests is subject to satisfaction of the conditions precedent to close the Transaction, including the completion of procedures under U.S. antitrust laws.

| | | |
|---|---|---|
| (1) | Parties to the agreement | Sellers: Five companies including the companies that operate the retail businesses of MPC.<br>Purchaser: 7-Eleven, Inc. |
| (2) | Target shares and other interests | Shares and other interests, held by MPC, of the companies which operate, mainly under the "Speedway" brand, the convenience store business and the fuel retail business (excluding business with direct dealers and certain other businesses) in the U.S. (the "Target Companies").<br>The sellers will consolidate the convenience store business and the fuel retail business (excluding business with direct dealers and certain other businesses) into the Target Companies prior to the completion of the Transaction. |
| (3) | Acquisition price | 21,000 million U.S. dollars (2,217,600 million yen*)<br>The acquisition price will be adjusted based on the cash amounts and indebtedness as well as increases or decreases of working capital at closing. |

### 2. Outline of the Target Business

The business to be acquired in the Transaction consists of 24 companies (including companies other than wholly-owned subsidiaries). Because we are unable to accurately disclose the financial condition of each target company separately, for purposes of this outline we disclose the information of one representative company which is as follows.

| | | | |
|---|---|---|---|
| (1) | Name | Speedway LLC | |
| (2) | Location of the head office | Ohio, U.S. | |
| (3) | Representative | President, Timothy T. Griffith | |
| (4) | Details of business | Operation of convenience store business and fuel retail business | |
| (5) | Stated capital | Not applicable | |
| (6) | Date of incorporation | July 18, 1997 | |
| (7) | Large shareholder and its shareholding ratio | MPC Investment LLC (100%) | |
| (8) | Relationship between the listed company and the relevant company | Capital relationship | Not applicable |
| | | Personnel relationship | Not applicable |
| | | Transaction relationship | Not applicable |
| | | Status as a related party | Not applicable |

3. Financial Position and Operating Results of Target Business (unit: million U.S. dollars)

| | | Result for the term ending in December 2017 | Result for the term ending in December 2018 | Result for the term ending in December 2019 |
|---|---|---|---|---|
| (1) | Net Assets | Not applicable | 6,722 | 7,085 |
| (2) | Total Assets | Not applicable | 10,524 | 11,203 |
| (3) | Sales of products | 5,170 | 5,231 | 6,284 |
| (4) | Sales of fuels | 13,866 | 16,715 | 20,273 |
| (5) | Operating income (EBIT) | 667 | 747 | 960 |

4. Outline of the Counterparty to the Business Acquisition

| | | | |
|---|---|---|---|
| (1) | Name | Marathon Petroleum Corporation | |
| (2) | Location of the head office | Ohio, U.S. | |
| (3) | Representative | President and CEO, Michael J. Hennigan | |
| (4) | Details of business | Operation of petroleum refining, transportation and retail business as well as convenience store business | |
| (5) | Stated capital | 649.5 million U.S. dollars (68,587 million yen*) | |
| (6) | Date of incorporation | November 9, 2009 | |
| (7) | Net asset | 42,139 million U.S. dollars (4,449,878 million yen*) | |
| (8) | Total asset | 98,556 million U.S. dollars (10,407,513 million yen*) | |
| (9) | Large shareholder and its shareholding ratio | BlackRock, Inc. (10.7%) | |
| (10) | Relationship between the listed company and the relevant company | Capital relationship | Not applicable |
| | | Personnel relationship | Not applicable |
| | | Transaction relationship | Not applicable |
| | | Status as a related party | Not applicable |

5. Outline of Subsidiary that Will Acquire the Shares and Other Interests

| | | |
|---|---|---|
| (1) | Name | 7-Eleven, Inc. |
| (2) | Location of the head office | Texas, U.S. |
| (3) | Representative | President and CEO, Joseph M. DePinto |
| (4) | Details of business | Operation of convenience store business |

| | | |
|---|---|---|
| (5) | Stated capital | 13 thousand U.S. dollars (1.3 million yen*) |
| (6) | Date of incorporation | May 1999 |
| (7) | Net asset | 7,323 million U.S. dollars (773,308 million yen*) |
| (8) | Total asset | 14,502 million U.S. dollars (1,531,411 million yen*) |

* Converted at the rate of 1 U.S. dollar = 105.60 yen (as of July 31, 2020). The figures other than the acquisition price in 1(3) are as of the end of December 2019.

## III. Key Dates

| | | |
|---|---|---|
| (1) | Execution date of the agreement | August 3, 2020 |
| (2) | Acquisition date (expected) | 1st Quarter 2021 |

Acquisition of the shares and other interests is subject to satisfaction of the conditions precedent to implement the Transaction, including the completion of procedures under U.S. antitrust laws.

## IV. Financing Plan

With regard to the funds necessary for the Transaction, the Company and 7-Eleven, Inc. plan to carry out debt financing, including a bridge loan, taking into account costs, currencies and annual periods (cash and deposits in hand may be used for part of such funds). In the Transaction, it is expected that the debt/EBITDA ratio will temporarily increase and that financial indicators, such as the equity ratio, will temporarily decrease.

After completion of the Transaction, the capacity to generate cash flow is expected to improve. Accordingly, we plan to use consolidated free cash flow as a source of repayment of the obligations and as a result, two years following the Transaction, aim to maintain a financial condition worthy of an “A” credit rating by limiting the Debt/EBITDA ratio to less than 3.

The Company will announce concrete methods for fund raising as soon as they have been determined. At present, the Company does not plan to raise funds through the issuance of new shares (equity financing).

## V. Future Outlook

The Transaction will have a minor impact on the Company’s consolidated financial results for the term ending in February 2021. However, the Transaction will contribute to the improvement of the Company’s financial performance in the mid- and long-term.

Information disclosed in this press release may include forward-looking statements. The statements are based on management's judgment taking into account information available at the time of disclosure and may include various risks and uncertainties as we use certain assumptions in making forward-looking statements. Accordingly, actual numbers and results may differ from the future outlook included in this press release due to various factors such as changes in future business operations and economic conditions.