



January 9, 2007

Announcement of Establishment of Seven & i Food Systems Co., Ltd.

The Company decided at the Board of Directors' meeting held today that Seven & i Food Systems Co., Ltd. be established as a wholly-owned subsidiary of the Company. Details are provided below.

1. Objectives of the Establishment

<Fortification and enlargement of restaurant business area>

For the purposes of gaining group synergy effect in the restaurant business area of the Company group, 3 companies in the same business area (Denny's Japan Co., Ltd., Famil Co., Ltd., and York Bussan K.K.) shall be integrated and reorganized, and in preparation thereof, a mid-sector holding company scheduled to be the wholly-owning parent company of the 3 companies above, shall be established as a wholly-owned subsidiary of the Company.

2. Major Business Plans

- (1) Fortification and enlargement of the business segment by integration of the 3 companies
 - . Restaurants: revitalization of existing stores and development of new store format responding to different commercial areas (small-scale stores and specialized stores)
 - . Meal provision service: active development outside the group (provision of meals to corporations, public facilities, etc.)
 - . Fast foods: development of new types of stores and active opening of such stores (specialized stores)
- (2) Sharing of know-how in becoming a multi-store format company in restaurant business (creation of compound effect)
 - . Opening of compound stores by integration of restaurant business: opening of stores combining restaurants and fast foods, opening of compound stores with companies engaged in other business operations within the group, etc.
- (3) Promotion of efficiency by concentration of functions (acceleration of integration effect and group synergy)
 - . Promotion of personnel exchanges and common utilization of merchandises.
 - . Promotion of efficiency by concentration of general executive and administrative offices.

3. Company Outline

Name: Seven & i Food Systems Co., Ltd.
Location: 8-8, Nibancho, Chiyoda-ku, Tokyo
Establishment: January 10, 2007

Stated capital: 10million yen
 Fiscal year end: End of February
 Number of shares to be issued at the establishment: 200 shares
 President: Noritoshi Murata (the current President and Representative Director of the Company)

4. Schedule

January 10: Establishment of Seven & i Food Systems Co., Ltd.
 March 1: The 3 companies of Denny's Japan Co., Ltd., Famil Co., Ltd. and York Bussan K.K. shall be made into wholly-owned subsidiaries of Seven & i Food Systems Co., Ltd.
 September 1: It is anticipated that Seven & i Food Systems Co., Ltd. will merge the 3 companies of Denny's Japan Co., Ltd, Famil Co., Ltd and York Bussan K.K.(estimate)

Reference: Outline of the Restaurant Business Segment(Fiscal year ending February, 2006)

	Denny's Japan Co., Ltd.	Famil Co., Ltd.	York Bussan K.K.
Business representative	Kenichi Asama	Ryuichi Hasegawa	Mitsutoshi Tabata
Year of establishment	November, 1973	November, 1972	May, 1975
Major area of operation	Management of the restaurant "Denny's"	Management of the restaurant "Famil" and meal provision service business	Management of the fast food restaurant "POPPO"
Business year end	End of February	End of February	End of February
Number of stores	583 stores "Denny's"	116 stores "Famil", Located inside Ito-Yokado 216 company cafeterias (outside corporations included)	Located inside Ito-Yokado 138 fast food stores "POPPO", 7 franchised stores
Total number of employees:			
Full-time	1,494	360	87
Part-time	10,063	2,204	1,383
Stated capital	7,125 million yen	500 million yen	40 million yen
Major shareholders and their percentage holdings	Seven & i Holdings Co., Ltd. (100.0%)	Ito-Yokado Co., Ltd. (100.0%)	Ito-Yokado Co., Ltd. (100.0%)
Revenues from operations	94,560 million yen	18,647 million yen	10,853 million yen