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Seven & i Holdings and Toyota Financial Services Work toward the Establishment of a New Company to Provide Operating-Cash (Change) Services

-- A step toward the provision of new financial services that offer security, safety, low cost, and convenience --

Seven & i Holdings (Chiyoda-ku, Tokyo; Chairman and CEO, Toshifumi Suzuki) has entered detailed discussions with Toyota Financial Services Corporation (Nagoya, Aichi Prefecture; President, Hideto Ozaki) regarding the joint establishment of a new company in spring 2007 and the launch of new financial services operations. The services under consideration include an operating cash service for small and medium-sized retail and service businesses.

The new operation will entail the provision of new services through the use of original change counting/dispensing machines. These services will meet the cash needs of the approximately 3.4 million general business enterprises in Japan, including retail stores and restaurants/bars.

Methods of payment are diversifying, and electronic settlement methods are becoming increasingly popular for small payments. In this environment, Seven & i Holdings decided to launch its own electronic money, *nanaco*, in spring 2007, and the Company will also work to meet the needs for operating cash, such as change, faced by small and medium-sized retail and service businesses. Through this integrated range of initiatives, Seven & i Holdings will establish a comprehensive support system for small payments and cash handling.

In considering the launch of this business, Seven & i Holdings will move quickly to form a department to handle preparations for new business establishment and to obtain the participation of Toyota Financial Services. In this way, the Company aims to create a new financial services company that can securely, safely, inexpensively, and conveniently provide operating cash (change).

I. Background and Objectives

[Background]

<Existing Service Suppliers>

- Due to cost increases and branch network consolidations, the number of locations at which financial service institutions are providing operating-cash services is declining.

<Customers>

- There are 3.4 million retail and restaurant/bar businesses in the domestic market.
- It has become more difficult for small and medium-sized retail and service businesses that handle cash to procure the coins and bills needed for their operating-cash needs. As a result, these businesses need to exert considerable effort and expense to get change.

<Seven-Eleven Stores>

- The use of Seven Bank ATMs for sales remittance has reduced cash management risk, while cash (change) preparation requires considerable effort and expense.

[Objectives]

<Seven & i Holdings>

- This business, which will be positioned as the Group's one of the second financial services businesses after Seven Bank, will further expand the Group's financial services products and enhance the Seven-Eleven store network.
- By providing service 24 hours a day, 365 days a year, we will further increase convenience for customers, meet market needs for change, and develop latent needs.

<Toyota Financial Services>

- Synergies with the QUICPay payment service and traditional cash (change) settlement will result in comprehensive strengthening of services.
- Diverse financial services linked with the Seven & i Holdings network will be provided.

- Financial service operations will contribute to the public welfare.

II. Overview and Key Features of New Service

1. Change Counting/Dispensing Service

- Change counting/dispensing machines will be installed in Seven-Eleven stores.
(Advanced, highly efficient, small-sized change counting dispensing machines will be developed in-house.)
- Fee-based services will be provided to small businesses 24 hours a day, 365 days a year

2. Change Delivery Service

(1) Small businesses, such as retail shops and restaurants/bars

- Change packs will be delivered to retail stores and restaurants/bars.

(2) Seven-Eleven stores

- Change packs will be delivered to Seven-Eleven stores.

Key Features

- This service will combine the operational know-how of Seven-Eleven stores, the ATM business know-how of Seven Bank, and the financial know-how of Toyota Financial Services.
- Low-cost services integrating finance (cash), distribution (logistics), and safety (security) will be provided.
- With service provided 24 hours a day, 365 days a year, the new service will complement the services of financial institutions.

III. Items to be Considered

1. Formulation of specific preparations and development plans for the two services--change counting/dispensing services and change delivery services.

2. Ownership of the new company *(Details about ownership percentages will be provided at a later date.)

- Seven & i Holdings
- Toyota Financial Services
- Seven Bank