



June 12, 2007

To whom it may concern:

Company name: Seven & i Holdings Co., Ltd.
 Representative: Noritoshi Murata, President and Representative Director
 (Code No. 3382/First Section of the Tokyo Stock Exchange)

Basic Agreement Concluded for Subsidiary's Acquisition of the Stock of Akachan Honpo Co., Ltd.

At a meeting on June 12, 2007, the board of directors of Ito-Yokado Co., Ltd. (Ito-Yokado), a wholly owned subsidiary of Seven & i Holdings Co., Ltd. (Seven & i Holdings), approved the conclusion of a basic agreement for the acquisition of the stock of Akachan Honpo Co., Ltd. (Akachan Honpo), in connection with a capital and operational tie-up, which includes making the company into a subsidiary, as follows.

1. Reason for stock acquisition

Aiming to become a new, comprehensive lifestyle industry, the Company has sought to maximize the Group's corporate value through the operating companies under its control since its establishment in September 2005. As part of those efforts, the Company decided to make Akachan Honpo a subsidiary through Ito-Yokado.

Akachan Honpo primarily sells maternity, baby, and children's products. Guided by the basic philosophy of providing relaxation, enjoyment, and happy, fulfilling lifestyles, Akachan Honpo works to offer customers more affordable, better products that are safe, reliable and have outstanding functionality. Based on the establishment of Akachan Honpo as a subsidiary, the Company will formulate a new growth scenario. Through the capital and operational tie-up between Ito-Yokado and Akachan Honpo, the Company will seek Group synergies that further heighten corporate value.

2. Overview of new subsidiary

- | | |
|--|---|
| (1) Name: | Akachan Honpo Co., Ltd. |
| (2) Representative: | President, Representative Director: Hiroshi Ohara |
| (3) Head office location: | 3-21, Minami-Honmachi 3-chome, Chuo-ku, Osaka |
| (4) Date of establishment: | February 27, 1941 |
| (5) Principal business activities: | Sales of maternity, baby, and children's products |
| (6) Fiscal year-end: | December 31 |
| (7) Number of employees: | 1,073 (as of May 31, 2007) |
| (8) Number of stores: | 69 (as of May 31, 2007) |
| (9) Capital: | ¥680 million |
| (10) Number of shares issued: | 1,900,000 shares |
| (11) Major shareholders and their holdings: | |
| Akachan Honpo Management Research Co., Ltd.: | 1,439,086 shares (75.74%) |
| Akachan Honpo Co., Ltd. (treasury stock): | 129,514 shares (6.82%) |
| Hiroshi Ito: | 37,746 shares (1.99%) |
| Hiroshi Ohara: | 32,000 shares (1.68%) |

(12) Business results in previous two fiscal years

(Millions of yen)

	Fiscal year ended December 2005	Fiscal year ended December 2006
Revenues from operations	89,906	84,537
Operating income	349	(1,593)
Ordinary income	647	(1,604)
Net income	(722)	(3,208)
Total assets	45,808	42,904
Net assets	10,275	7,097

3. Stock acquired from

Name	Akachan Honpo Management Research Co., Ltd.
Representative	Shigemi Ohara, President and CEO
Head office	6-4, Kuwazu-cho 5-chome, Higashi Sumiyoshi-ku, Osaka
Principal business activities	Business planning, Surveys, and research for infant products
Relationship with Seven & i Holdings	No significant relationship

4. Number of shares to be acquired, acquisition price, and shareholdings before and after the acquisition

(1) Shareholdings before the acquisition: — shares (shareholding: — %) (voting rights: — %)

(2) Number of shares to be acquired: 1,180,324 shares (acquisition price: ¥1,180.324 million)

(voting rights: 66.67%)

(3) Shareholdings after the acquisition: 1,180,324 shares (shareholding: 62.12%) (voting rights: 66.67%)

(4) Note: The information above regarding the number of shares to be acquired, the acquisition price, and shareholdings before and after the acquisition refers to Ito-Yokado, a wholly owned subsidiary of Seven & i Holdings. Seven & i Holdings will not directly own shares of Akachan Honpo.

5. Details of the capital and operational tie-up

Please refer to the appended notification: “Basic Agreement for Capital and Operational Tie-Up.”

6. Schedule

June 12, 2007: Conclusion of basic agreement for capital and operational tie-up

First half of July 2007: Conclusion of final agreement for capital and operational tie-up (plan)

Second half of July 2007: Transfer of share certificates (plan)

7. Outlook

The acquisition will have a negligible effect on the consolidated business results of Seven & i Holdings.

June 12, 2007

Akachan Honpo Co., Ltd.
Ito-Yokado Co., Ltd.

Basic Agreement for Capital and Operational Tie-Up

The respective boards of directors of Ito-Yokado Co., Ltd. (Ito-Yokado), and Akachan Honpo Co., Ltd. (Akachan Honpo), approved the conclusion of a basic agreement for a capital and operational tie-up as follows.

1. Summary

Akachan Honpo primarily sells maternity, baby, and children's products. Taking "*more affordable, better products with outstanding functionality*" as its slogan, Akachan Honpo has a basic philosophy of "*providing relaxation, enjoyment, and happy, fulfilling lifestyles*".

In addition to offering a wide range of products to suit infants' growth and lifestyle changes, Akachan Honpo is taking steps to create customer-friendly stores that make shopping more enjoyable and comfortable.

Ito-Yokado tirelessly pursues self innovation to offer customers fresh discoveries every day as well as satisfaction and convenience. Ito-Yokado is undertaking product development that is integrated from planning through to sales in order to cater to the needs of today's customers. At the same time, aiming to give customers a sense that Ito-Yokado is "my store," Ito-Yokado is working to achieve carefully tailored services that cater to the needs of individual customers even more closely. To that end, the company continues to take on the challenge of creating fresh stores by developing lineups of products and services for individual stores that reflect the standpoints of customers in respective regions.

Akachan Honpo and Ito-Yokado have concluded a basic agreement for a capital and operational tie-up because, based on mutual understanding of respective management philosophies, the companies firmly believe that they can share management expertise to provide each other's customers with new products and services and thereby create further corporate value for both companies.

2. Details of the basic agreement

(1) Summary of capital tie-up

Ito-Yokado will acquire 1,180,324 shares from the 1,439,086 shares of common stock of Akachan Honpo held by Akachan Honpo Management Research. As a result, Ito-Yokado will acquire 62.12% (voting rights 66.67%) of Akachan Honpo's issued shares.

(2) Summary of operational tie-up

—Strengthen the base of Akachan Honpo through the utilization of the management resources of Seven & i Holdings, mainly from Ito-Yokado, by dispatching employees and executives, including executive officers from Ito-Yokado

—Further strengthen both companies' merchandising capabilities

- Utilize the original product development capabilities of Akachan Honpo
- Develop and enhance Akachan Honpo's information and distribution networks by utilizing Ito-Yokado's expertise and systems
- Strengthen product purchasing by sharing both companies' business partners

—Include Akachan Honpo as a tenant in Ito-Yokado's store and Ario shopping centers

—Advance database marketing by utilizing both companies' customer bases

3. Overview of Akachan Honpo and Ito-Yokado

Akachan Honpo Co., Ltd.

- | | |
|------------------------------------|---|
| (1) Principal business activities: | Sales of maternity, baby, and children's products |
| (2) Date of establishment: | February 27, 1941 |
| (3) Head office location: | 3-21, Minami-Honmachi 3-chome, Chuo-ku, Osaka |
| (4) Representative: | President, Representative Director: Hiroshi Ohara |
| (5) Capital: | ¥680 million |
| (6) Number of shares issued: | 1,900,000 shares |
| (7) Fiscal year-end: | End of December |

Ito-Yokado Co., Ltd.

(1) Principal business activities: General retail operations

(2) Date of establishment: March 1, 2006

(Note): On March 1, 2006, a corporate demerger resulted in the current Ito-Yokado assuming almost all of the operations of the former Ito-Yokado. The former Ito-Yokado was established on April 1, 1958.

(3) Head office location: 8-8, Nibancho, Chiyoda-ku, Tokyo

(4) Representatives: Toshifumi Suzuki, Chairman and Chief Executive Officer
Atsushi Kamei, President and Chief Operating Officer

(5) Capital: ¥40 billion

(6) Number of shares issued: 400,000,000 shares

(7) Fiscal year-end: End of February

4. Schedule

June 12, 2007: Conclusion of basic agreement for capital and operational tie-up

First half of July 2007: Conclusion of final agreement for capital and operational tie-up (plan)

Second half of July 2007: Transfer of share certificates (plan)