

TO OUR SHAREHOLDERS AND INVESTORS



Toshifumi Suzuki
Chairman and Chief Executive Officer



Noritoshi Murata
President and Chief Operating Officer

In September 2007, we will reach the second anniversary of the establishment of Seven & i Holdings Co., Ltd., which was founded with the mission of creating “a new, comprehensive lifestyle industry” that provides new value to meet emerging needs. Since our establishment, we have worked to maximize enterprise value by strengthening and expanding our operational areas and by leveraging synergies. To those ends, we have efficiently and rapidly implemented a range of initiatives to bolster the Group management system.

As a result of such efforts, we recorded substantial gains in revenues and profits in the fiscal year ended February 2007. Revenues from operations increased 37.0%, to ¥5,337.8 billion; operating income rose 17.1%, to ¥286.8 billion; and net income rose 51.7%, to ¥133.4 billion. Unseasonable weather throughout the year, including a cool summer and a record-setting warm winter, had an adverse effect on the activities of our operating companies. Nonetheless, our existing operations recorded solid results. Moreover, substantial contributions to revenues and profits were made by newly consolidated subsidiaries, with Millennium Retailing, Inc., fully consolidated from the fiscal year under review and York-Benimaru Co., Ltd., consolidated from the second half of the fiscal year under review. This performance is attributable not only to our efforts to strengthen and expand our operational areas but also to the strong support that we have received from our shareholders and investors since the establishment of Seven & i Holdings. We are deeply grateful for that support.

Accordingly, in consideration of the higher revenues and profits that we recorded in the past fiscal year, we decided to raise the year-end dividend by ¥2.00 per share from our original plan, to ¥27.00 per share. As a result, together with the interim dividend of ¥25.00 per share, our annual dividend amounted to ¥52.00 per share.

The Company will continue working to strengthen the competitiveness of its operating companies. Without limiting ourselves to traditional business practices, we will strive to create stores from the viewpoint of the customer as we take on the challenge of promoting innovation in retailing in a broad range of areas, including products, services, and customer service. We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2007

A handwritten signature in black ink that reads "Toshifumi Suzuki". The signature is written in a cursive, flowing style.

Toshifumi Suzuki
Chairman and Chief Executive Officer

A handwritten signature in black ink that reads "Noritoshi Murata". The signature is written in a cursive, flowing style.

Noritoshi Murata
President and Chief Operating Officer