

TO OUR SHAREHOLDERS AND INVESTORS



Toshifumi Suzuki
Chairman and Chief Executive Officer



Noritoshi Murata
President and Chief Operating Officer

We are approaching the third anniversary of the establishment of Seven & i Holdings Co., Ltd., which was founded in September 2005 with the objective of creating new value to meet diversified customer needs. Since our establishment, we have worked together with all Group companies to implement a range of action plans designed to enhance the competitiveness of our existing operations. At the same time, we have developed a financial strategy to advance the Group's structural reforms and implemented a reorganization of operations, centered on new fields of business.

In the fiscal year ended February 29, 2008, revenues from operations rose 7.8%, to ¥5,752.4 billion; operating income was down 2.0%, to ¥281.1 billion; and net income declined 2.1%, to ¥130.7 billion. The solid results posted by our U.S. convenience store operations contributed to the increase of revenues from operations. In addition, contributions were made by subsidiaries that were newly consolidated during the fiscal year—THE LOFT CO., LTD., Akachan Honpo Co., Ltd., and FUJIKOSHI CO., LTD.—and York-Benimaru Co., Ltd., which was consolidated in September 2006, made a full-year contribution during the year under review.

The declines in operating and net income were attributable to expenses associated with upfront investment for the introduction of *nanaco*, higher depreciation and amortization expense associated with an increase in next-generation ATMs, and the continued weak performance of our food services.

In regard to dividends for the year under review, we decided to raise the year-end dividend by ¥2.00 per share from our original plan, to ¥28.00 per share. As a result, together with the interim dividend of ¥26.00 per share, our annual dividend amounted to ¥54.00 per share.

Moving forward, we will continue to respond to our constantly changing operating environment, and will kick-off a new three-year medium-term management plan as our new strategy to maximize enterprise value. Seven & i Holdings will steadily implement the business strategies described in its medium-term management plan and take on the challenge of promoting innovation in retail across a wide range of fields. We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2008

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

Noritoshi Murata
President and Chief Operating Officer