To Our Shareholders and Investors

Toshifumi Suzuki
Chairman and Chief Executive Officer

Seven & i Holdings extends its heartfelt sympathy to all those who have suffered as a result of the Great East Japan Earthquake. We would like to thank our shareholders and investors for their encouragement, and to apologize for causing them concern.

Certain of the Group's stores, principally in the Tohoku region, were damaged by the earthquake. However, to fulfill our mission as a retail group by continuing to provide customers with products that are indispensable in daily life, everyone at the Group worked together to implement countermeasures on an emergency basis. As a result, almost all of the Group's stores have returned to the operating schedules that were followed prior to the earthquake.

In accordance with our social mission as a retail group, our stores in the disaster-stricken area were able to recover store operations rapidly. This is attributable to the hard work of the franchisees of Seven-Eleven Japan and employees of the Group and to the strong relationships of trust with our many business partners, who supported our recovery efforts. The corporate culture and relationships with stakeholders that the Group has cultivated represents an irreplaceable asset for the Group, and I believe that they will be a key source of growth for the Group in the years ahead.

Consolidated Business Results

In the fiscal year ended February 28, 2011, the operating environment in the retail industry remained sluggish. With corporate profits following a recovery trend, there were some signs of improvement in consumer spending. Nonetheless, prices continued to fall at a moderate pace, centered on frequently purchased items, such as food and sundries.

In this setting, on a consolidated basis, the Company's revenues from operations rose 0.2%, to ¥5,119.7 billion. Operating income was up 7.4%, to ¥243.3 billion, and net income increased 149.5%, to ¥111.9 billion.

Sales were sluggish in domestic superstore and department store operations, and the appreciation of the yen had the effect of reducing revenues. Nonetheless, higher gasoline prices in convenience store operations in North America led to the overall gain in revenues from operations. The increase in operating income was due primarily to higher income in domestic convenience store operations. The substantial improvement in net income resulted from the increase in operating income as well as an increase in special gains and a decrease in special losses, such as amortization of goodwill and impairment loss related to stores.

For the year under review, annual dividends were ¥57.00 per share, an increase of ¥1.00 per share from initial plans.

Group Initiatives

In the year under review, the Group worked to further strengthen its existing businesses and to develop new businesses.

To further strengthen our existing businesses, we took steps to bolster development and sales capabilities of our *Seven Premium* private-brand products. We also began sales of *Seven Gold* private-brand products, which offer quality one level above *Seven Premium*. Furthermore, we expanded product sales with Global Merchandising initiatives that utilized economies of scale and the infrastructure of the Group in Japan and overseas. In the field of food, we implemented joint procurement activities for raw materials and products, leveraging the Group's informationcollection and sales capabilities. Moreover, in sales promotions, for the first time we conducted a sales campaign that linked all of the Group's major operating companies in Japan. In these ways, we aggressively implemented initiatives that transcend the industry's traditional frameworks to leverage Group synergies.

Targeting the development of new businesses, we have taken steps to strengthen our card operations, which constitute a common Group infrastructure. For example, our card operations within department stores, which had been handled by a credit card company outside the Group, have now been brought into the Group. In this way, we have made progress with preparations for the expansion of an integrated point program system and other services.

Each operating company also worked to strengthen its ability to create product lineups and sales areas that are aligned with customer needs and strove to increase profitability through cost reductions. Further information about each operating segment is provided in the Review of Operations section on pages 22-29 and the Management's Discussion and Analysis section on pages 39-40.

Outlook

In regard to consolidated results forecasts for the fiscal year ending February 29, 2012, in addition to the direct effect of the Great East Japan Earthquake on stores and products, there could also be significant fluctuations in consumer sentiment due to events that might occur in the future. The consolidated results forecasts in these materials incorporate the amount of those effects that was anticipated as of April 7, 2011.

In the fiscal year ending February 29, 2012, we are forecasting revenues from operations of ¥4,600.0 billion, down 10.2%; operating income of ¥248.0 billion, an increase of 1.9%; and net income of ¥87.5 billion, down 21.8%. A change in accounting methods at 7-Eleven, Inc., convenience store operations in North America, is expected to have the effect of reducing revenues from operations by ¥545.0 billion, and the earthquake is expected to have the effect of reducing revenues from operations by ¥144.0 billion. In addition, the earthquake is expected to have the effect of reducing operating income by ¥38.1 billion. We also expect to record a special loss of ¥26.0 billion for earthquake-related damage losses and a special loss of ¥24.0 billion due to the adoption of Accounting Standards for Asset Retirement Obligations. Further information regarding consolidated results forecasts is provided in the Influence of the Great East Japan Earthquake and the Group's Response section on pages 20-21.

In the future, to meet the expectations of shareholders and investors, we will draw on the creativity of each individual employee in order to take on new challenges. In addition, we will further enhance the combined strength of Group companies. In these ways, we will continue striving to be number one in customer satisfaction. We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2011

Toshifumi Suzuki

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Chairman and Chief Executive Officer