

Store-Opening Policy

Group Store-Opening Strategy

The Company develops stores in several formats and therefore opens stores of various sizes. Each format is clearly defined in terms of its motivations for store visits and has a different scope of trade as its base of operations. Accordingly, Seven & i Holdings can achieve a higher density level in its store-opening strategy.

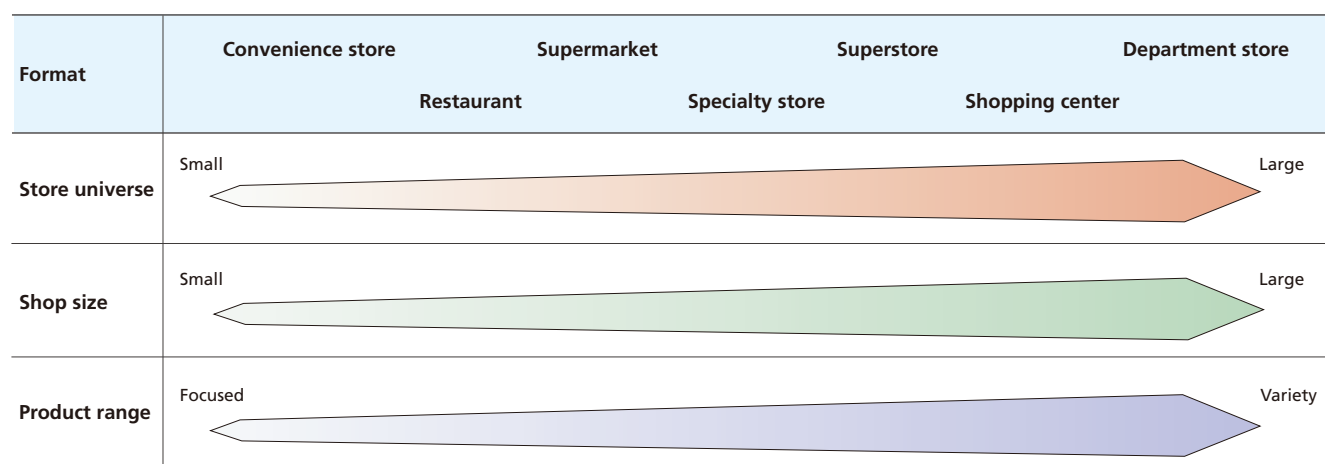
■ Area dominance strategy

Our fundamental strategy is market dominance, whereby a high concentration of stores is positioned within one region.









Effects of area dominance strategy

- Greater familiarity with customers
- Effective sales promotions
- Improved efficiency in guiding franchised stores
- Efficient construction of production basis
- Efficient construction of distribution structure
- Preventing entry by competitors

■ Dominance strategy by format



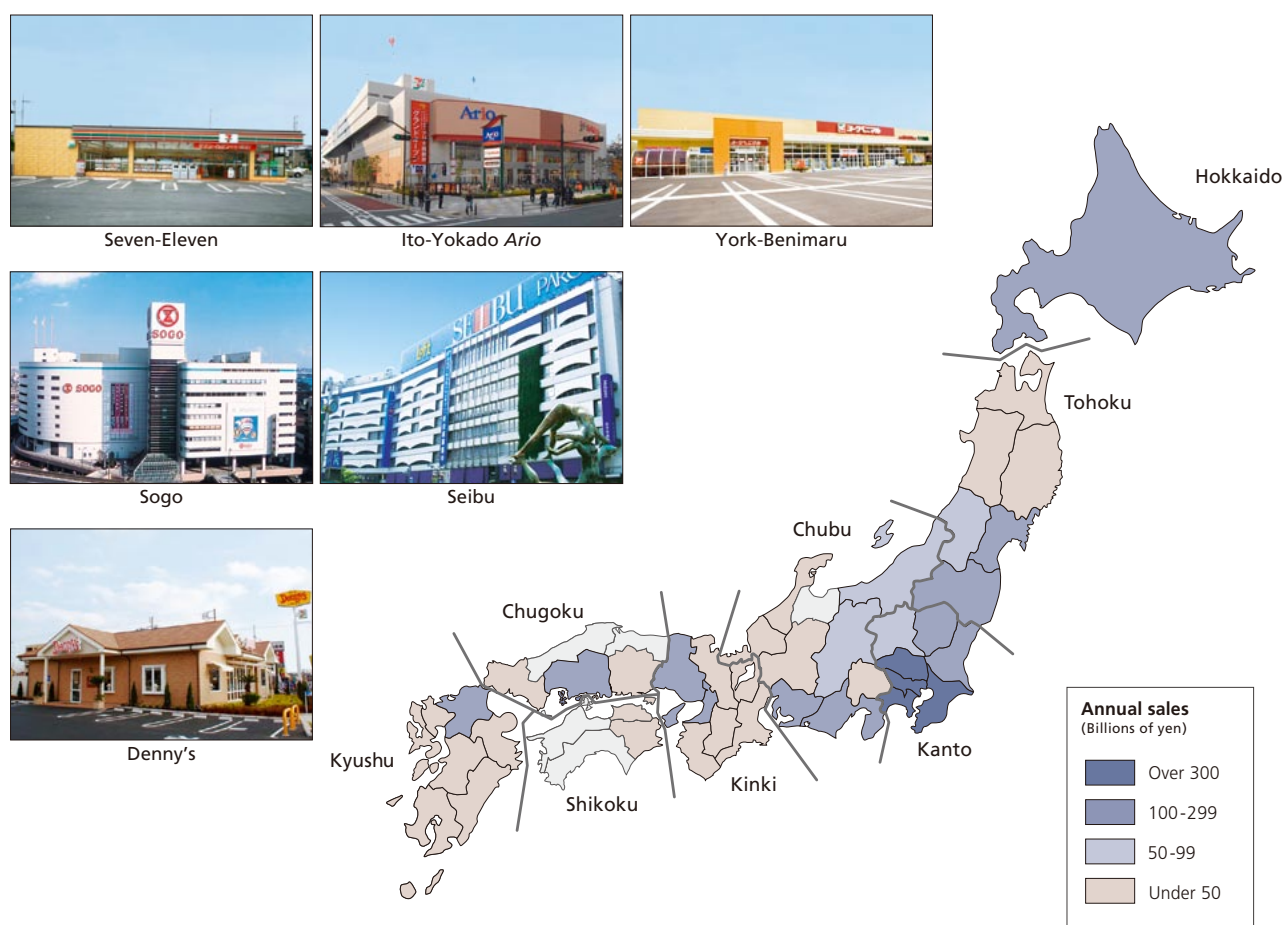
■ Store opening policy of principal group companies

| | | | |
|-------------------|---|---------------|--|
| Convenience store |  | Seven-Eleven | <ul style="list-style-type: none"> · Formed market dominance mainly in residential areas in the 1990s and in urban areas after 2000 · Implement scrap-and-build strategy for revitalizing existing stores · Develop store network in 34 prefectures at the end of February 2008 |
| Superstore |  | Ito-Yokado | <ul style="list-style-type: none"> · Formed market dominance primarily in the Kanto region · Many stores have a floor space of over 10,000 square meters at present, in accordance with the large-scale retail store openings trend |
| Shopping center |  | Ario | <ul style="list-style-type: none"> · Operate six mall-type shopping centers primarily in the Kanto region at the end of February, 2008 · With Ito-Yokado as the anchor tenant, attract over 100 tenants |
| Supermarket |  | York-Benimaru | <ul style="list-style-type: none"> · Formed market dominance in the Tohoku and Kanto regions · Aim for a 200-store network through aggressive store opening strategy |
| |  | York Mart | <ul style="list-style-type: none"> · Formed market dominance primarily in the Kanto region · Reinforce market dominance through aggressive store opening strategy |
| Department store |  | Sogo | <ul style="list-style-type: none"> · Operate stores primarily in the Kansai and Kanto regions · Major stores (annual sales over ¥50 billion per store) are Yokohama, Chiba and Kobe |
| |  | Seibu | <ul style="list-style-type: none"> · Operate stores primarily in the Kanto region (3 stores in Tokyo) and local cities · Major stores (annual sales over ¥50 billion per store) are Ikebukuro and Shibuya |
| Specialty store |  | LOFT | <ul style="list-style-type: none"> · Operate stores primarily in department stores and shopping centers in 22 prefectures at the end of February, 2008 · Operate 11 stores in Seibu and five stores in Sogo |
| |  | Akachan Honpo | <ul style="list-style-type: none"> · Operate stores primarily in shopping centers in 25 prefectures at the end of February, 2008 · Operate five stores in Ito-Yokado and one store in Ario |
| Restaurant |  | Denny's | <ul style="list-style-type: none"> · Formed market dominance primarily in the Kanto region · Implement scrap-and-build strategy for roadside stores |

Store Network in Japan










Seven & i Holdings focuses on the business factors that will make each and every store a success, not on simply expanding the number of stores.

■ Total sales of principal Group companies by prefecture for FY2008



■ Principal Group companies' store network

(As of May 31, 2008)

| |  |  |  |  |  |  |  |  |  |
|----------|---|---|---|---|---|--|---|---|---|
| Hokkaido | 814 | 13 | — | — | — | 2 | — | 4 | 2 |
| Tohoku | 854 | 12 | 110 | — | — | 1 | 20 | 3 | 1 |
| Kanto | 5,179 | 117 | 41 | 60 | 6 | 7 | 408 | 33 | 22 |
| Chubu | 1,855 | 21 | — | — | — | 3 | 116 | 6 | 4 |
| Kinki | 1,306 | 11 | — | — | 3 | 3 | 28 | 14 | 10 |
| Chugoku | 785 | 2 | — | — | 2 | — | — | 3 | 1 |
| Shikoku | — | — | — | — | 1 | — | — | 1 | — |
| Kyushu | 1,220 | — | — | — | — | — | — | 5 | 2 |
| Total | 12,013 | 176 | 151 | 60 | 12 | 16 | 572 | 69 | 42 |

Private-Brand Product "Seven Premium"

Seven & i Holdings has annual sales of 3.8 trillion yen in food products. Leveraging this sales power, in addition to existing value-added original brand products, the Group started sales of competitively priced *Seven Premium* brand products that were jointly developed with Group companies in May 2007.

■ Positioning of private-brand products



■ Direction of *Seven Premium*

Step 1: Development of Private-Brand Products

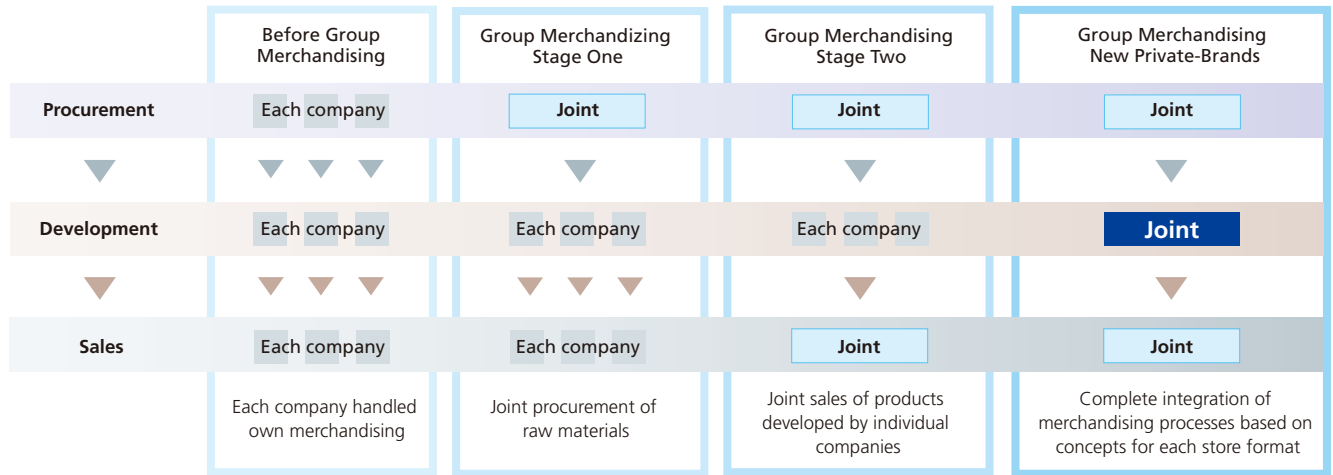
| | | |
|----------------|--|---|
| November 2006: | "The Group Merchandising Reform Project" was launched | Comprising 11 subcommittees, 26 teams and 72 merchandisers and buyers |
| May 2007: | Started sales of <i>Seven Premium</i> at superstores and supermarkets Number of SKUs: 49 | |
| August: | Started sales at Seven-Eleven | |
| November: | Started sales of household goods | Launched household goods subcommittee |
| March 2008: | Started sales of processed fresh foods | Launched fresh foods subcommittee |
| May: | First anniversary of <i>Seven Premium</i> sales Cumulative total of developed SKUs: 380 | Food section: Comprising 21 subcommittees, 64 teams and 77 merchandisers and buyers Household goods section: Comprising 4 subcommittees, 10 teams and 34 merchandisers and buyers Full-time project staff: 15 |

Step 2: Integrated Procurement by the Group

Step 3: Distribution Strategy

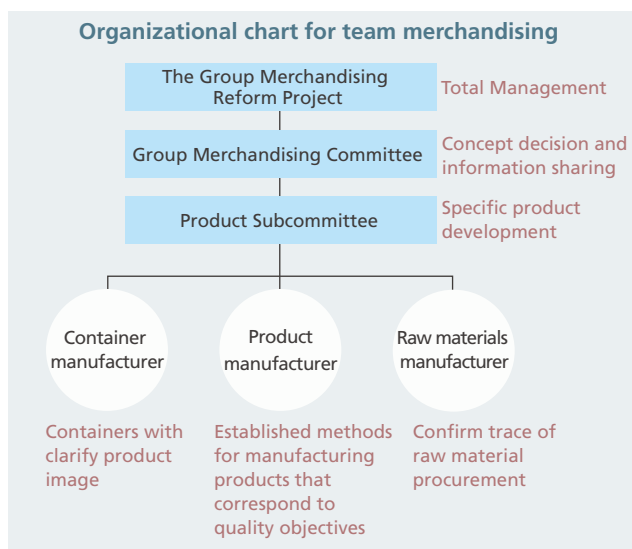
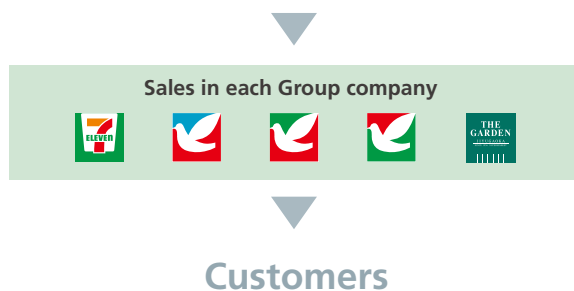
■ Product development policies

- Establish a development system that extends to the merchandising processes such as material procurement, manufacturing, distribution, and sales by sharing information within the Group and leveraging the Group's exceptional development methods
- The operating company with the greatest strengths in that field will be responsible as the development leader in each category
- Establish brands unique to each store format based on differences in customer motivation for store visits



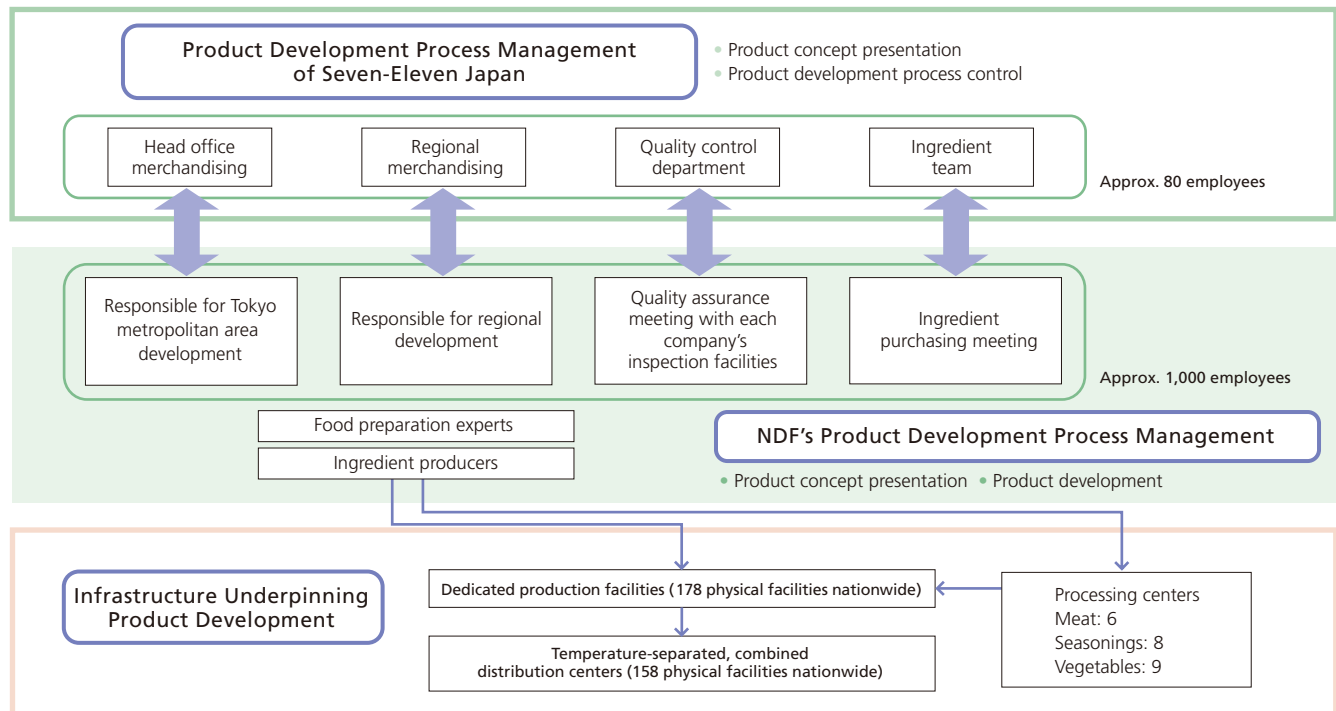
■ Development process

We developed *Seven Premium* through team merchandising with manufactures and suppliers. In the fields of processed foods, daily foods, processed fresh foods and household goods products, Group Merchandising Committee has been organized 25 subcommittees and 74 teams (as of May 2008), and product developments in each subcommittee are jointly conducted with manufacturers.



Original Daily Food Products Development by Seven-Eleven Japan

Food product development system



Notes 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop products, manage quality, procure ingredients, and implement environmental measures.

2. Figures for the development system, number of dedicated production facilities, combined distribution centers, and processing centers are as of February 29, 2008.

Supply system for original daily food products

Original daily food products are made in specialized facilities operated by independent collaborating companies and are delivered to Seven-Eleven stores from combined distribution centers that have multiple temperature-specific zones. The production facilities and temperature-separated combined distribution centers serve only Seven-Eleven Japan, allowing us to distinguish ourselves from the competition in terms of product development, hygiene, and quality control.



(As of February 29, 2008)



Rice-based items



Delicatessen items



Sandwiches

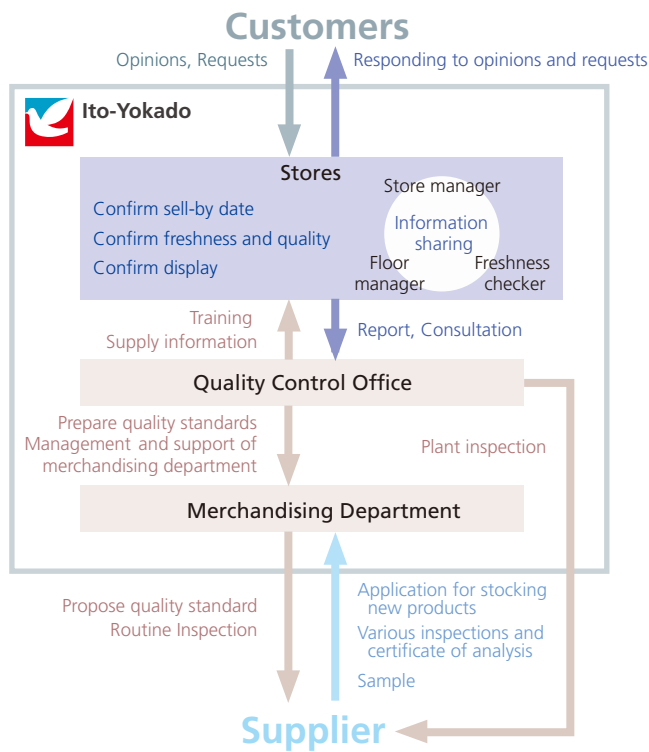


Oven-fresh bread

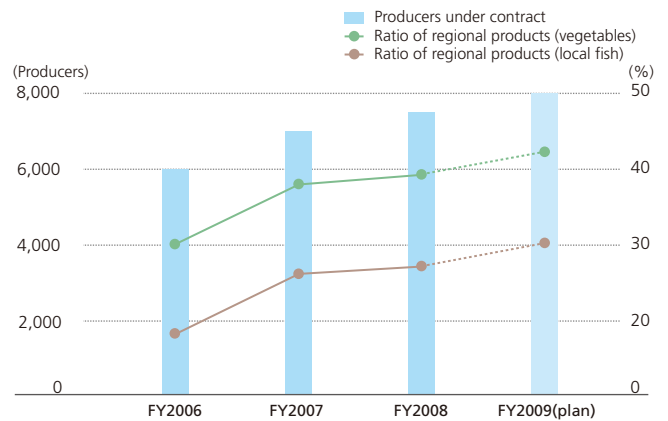
Food Safety Initiatives for Ito-Yokado

■ Quality control system

Ito-Yokado rigorously inspects product ingredients and freshness at every stage from procurement to sales. If a defective product is detected after sales, Ito-Yokado responds immediately and takes steps to prevent its spread. To deliver the freshest products, Ito-Yokado contracts with local farmers and attempts to expand its selection of regional products.



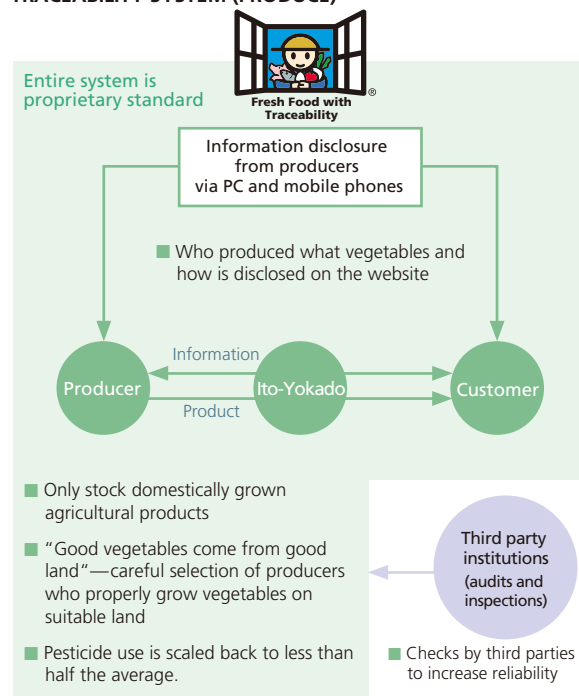
PROGRESS WITH REGIONAL PRODUCTS



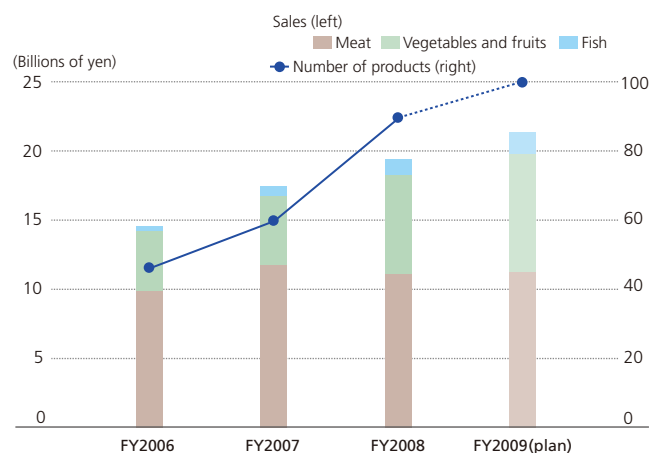
■ "Fresh foods with traceability" initiatives

In order to respond to demand for more reliable food products, Ito-Yokado emphasizes the importance of giving customers a clear understanding about the place of production, production methods and distribution channels (traceability). This example is from the "Fresh foods with traceability" product series, a product brand designed by Ito-Yokado. Ito-Yokado works to provide safety food to customers through the standardization of production methods and quality standards, increasing reliability through the introduction of inspections by third parties and solidifying its relationship with stakeholders by enhancing open disclosure.

TRACEABILITY SYSTEM (PRODUCE)



SALES OF "FRESH FOODS WITH TRACEABILITY" PRODUCTS AND NUMBER OF PRODUCTS

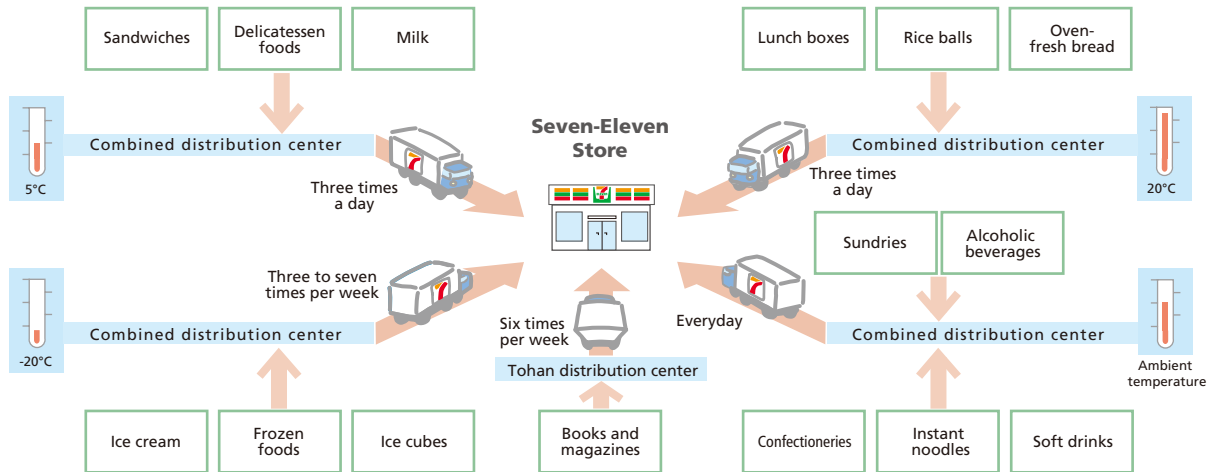


Distribution Systems

■ Combined delivery system

Group companies employ a combined distribution system for greater efficiency. The combined distribution system is a rationalized system that allows products from different suppliers and manufacturers to be delivered to stores on the same truck. The combined distribution centers are operated by third parties.

TEMPERATURE-SEPARATED COMBINED DISTRIBUTION SYSTEM OF SEVEN-ELEVEN JAPAN



(As of February 29, 2008)

| | Number of distribution centers | Number of physical facilities |
|---------------------|--------------------------------|-------------------------------|
| 5°C | 63 | 5°C 16 |
| 20°C | 64 | 20°C 17 |
| | | Share 47 |
| -20°C | 31 | 31 |
| Subtotal | 158 | 111 |
| Ambient temperature | — | 47 |
| Total | — | 158 |

Note: The number of distribution centers is based on the number of product categories handled.

■ Processing centers and perishables distribution centers

Seven-Eleven Japan

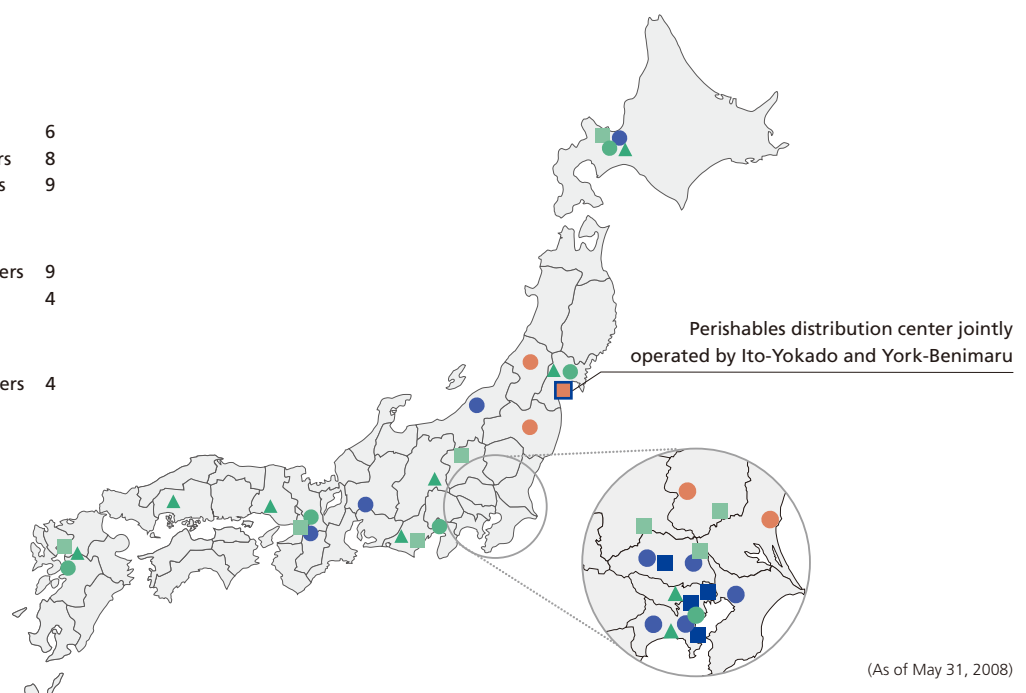
- Meat processing centers 6
- Seasonings packaging centers 8
- ▲ Vegetable processing centers 9

Ito-Yokado

- Perishables distribution centers 9
- Produce centers 4

York-Benimaru

- Perishables distribution centers 4

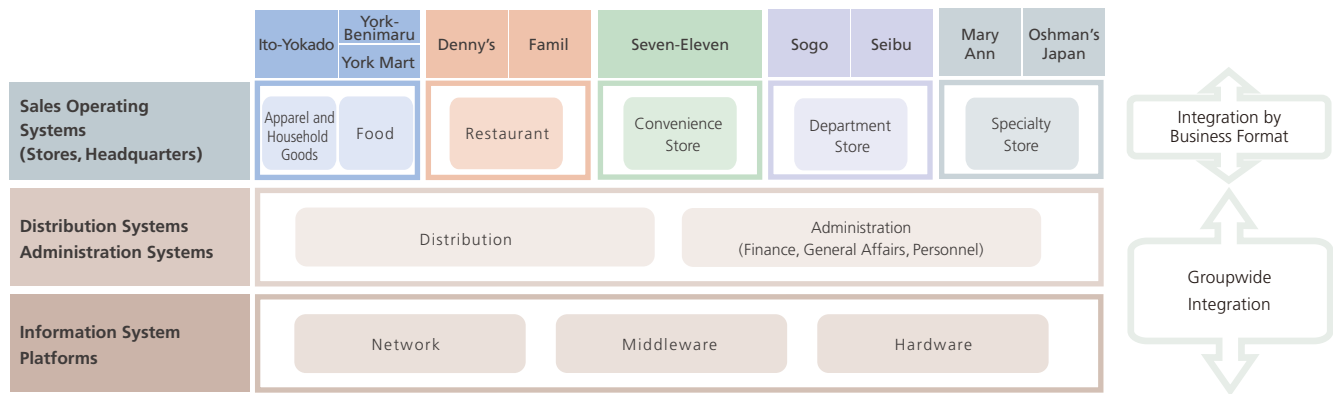


(As of May 31, 2008)

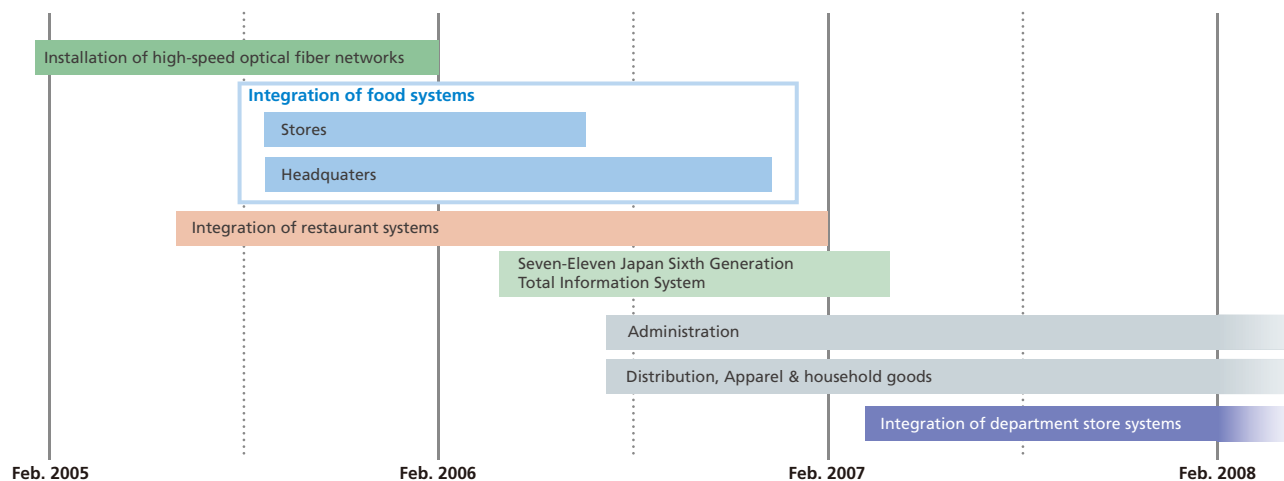
■ System integration

- The systems network is shared groupwide and some hardware is also integrated among Group companies
- Sales operating systems are being integrated by business format
- In March 2008, full-scale system integration of administrative work was started
 - Objective is to realize Group synergies and upgrade administrative work—
 - 1. Reduce personnel by integrating work and systems
 - 2. Improve accuracy and increase efficiency by shifting work online and computerizing

CONCEPT CHART OF SYSTEM INTEGRATION

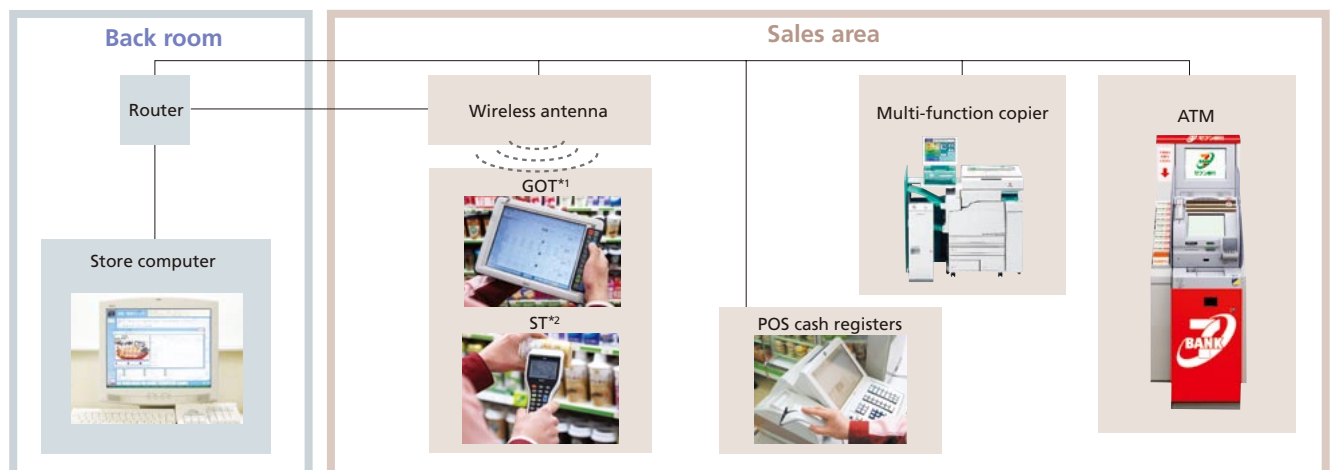


PROGRESS ON INTEGRATION



■ Sixth-Generation Total Information System for Seven-Eleven Japan

By introducing wireless in-store networks, the Sixth-Generation Total Information System can improve productivity and enhance "Store System" functions that support item-by-item management. In addition, POS cash registers equipped with a read/write ability that enables the use of electronic money systems are installed.















* 1. Graphical Order Terminal used for ordering at the sales area

* 2. Scan Terminal used for efficiently scanning products, checking stock location on the shelf, and monitoring freshness

■ Group card business

Group companies have issued a total of 20 million cards at present, and we will enhance the card strategy by expanding services to entire Group.

| Card name | Number issued | Credit function | Point services | Stores with point service | | | | | |
|---|---------------|-----------------|--|--|---|---|---|---|---|
| | | | |  |  |  |  |  |  |
|  nanaco | 5.51million | ▲ ^{*1} | 1 point given for every ¥100 spent | ■ | ■ | | | ■ | |
|  IY Card | 2.95million | ● | 1 point given for every ¥100 spent (Additional 0.5 points given for credit card use) | | ■ | | | | |
|  Point Card | 6.08million | — | 1 point given for every ¥100 spent | | ■ | | | | |
|  Millennium Card | 2.48million | ● ^{*2} | Points equaling 2% of purchase amount given (up to a maximum of 7% of annual purchase amount) | | | ■ | ■ | | |
|  Club ON Card | 2.43million | | | | | | | | |
|  Member's Card | 1.65million | × ^{*3} | 1 point given for every ¥200 spent | | | | | | ■ |

*1. Credit card functions can be used after becoming a IY Card or QUICPay member

*2. Cash payment only cards are also available




*3. Credit cards issued by other companies can be used to make purchases at Akachan Honpo stores

■ Electronic money

On April 23, 2007, Seven & i Holdings launched its *nanaco* original electronic money services, which expand usage at Group stores.

- Prepaid e-money with contactless IC chips
- One *nanaco* point is given for every ¥100 spent, and points can be converted to e-money
- The service can be used with *nanaco* mobile, which is available through cell phones
- IY Card Service Co., Ltd. handles operation and management of the service

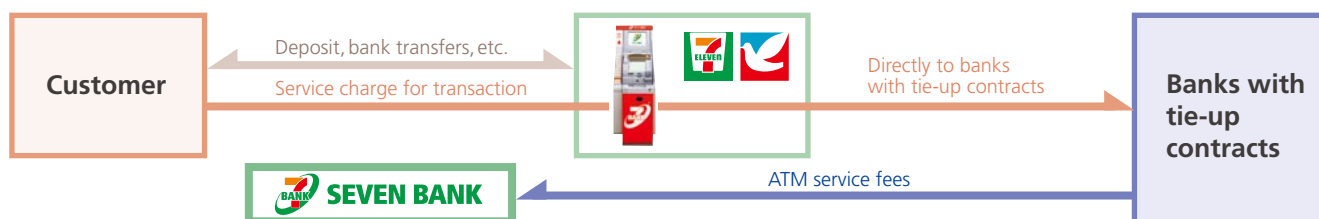


| | | |
|---------------|---|--|
| Usage |  | Group stores: Seven-Eleven (12,013 stores), Ito-Yokado (175 stores), Denny's (568 stores) Outside the Group: 6,917 stores (as of May 31, 2008) |
| Charge method |  | Charging at stores: At the registers of Seven-Eleven and Denny's stores, the Customer Service Counter of Ito-Yokado, and Seven Bank ATMs Credit card charges: <i>nanaco</i> card or <i>nanaco</i> mobile can be charged through the IY card for amounts up to ¥30,000 |
| Point service |  | Earn one point for every ¥100 spent, and the points can be converted to e-money Point partnership with Group company: Seven Bank Point partnership with non-Group company*: JCB |

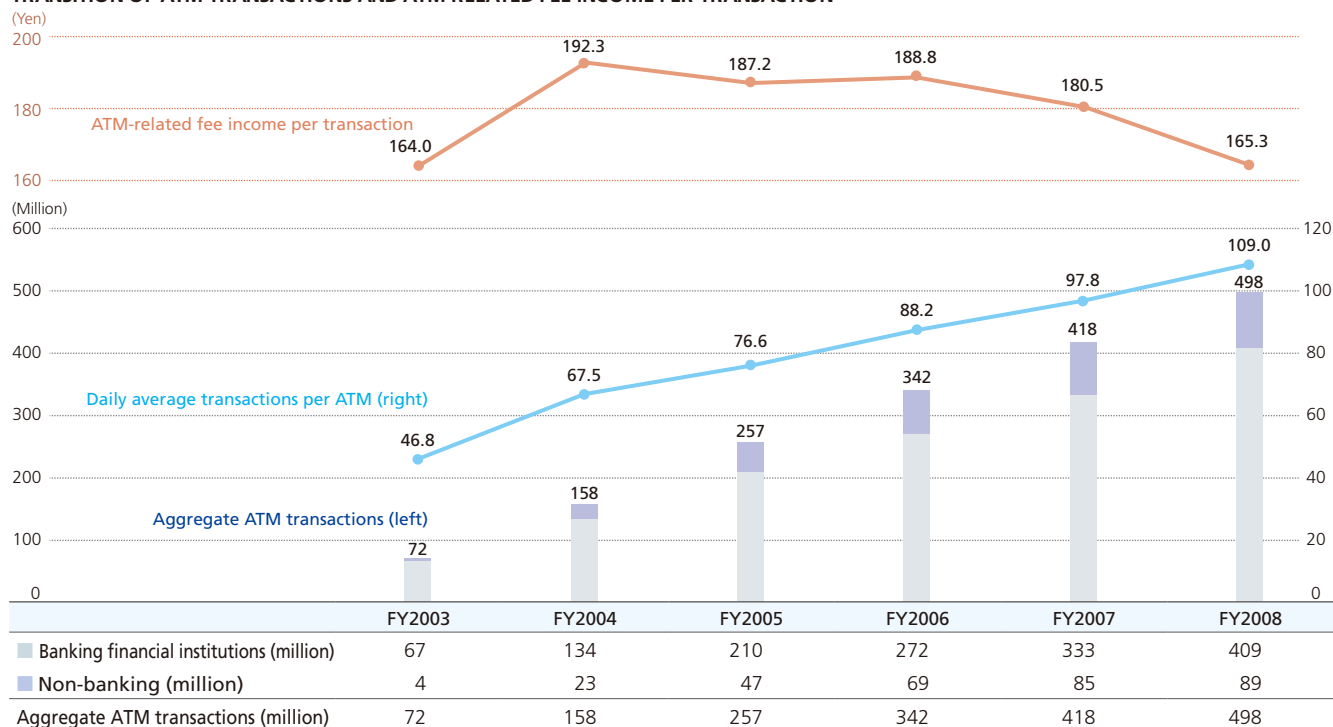
* Through partnerships with companies outside the Group, points from these companies may be converted to e-money

■ ATM services

Centered in Seven-Eleven stores, ATMs had been placed in stores of Group companies. The main source of earnings in this business is the fees from banks with tie-up contracts. The fees are paid to Seven Bank for the use of its ATMs by card holders of these banks.

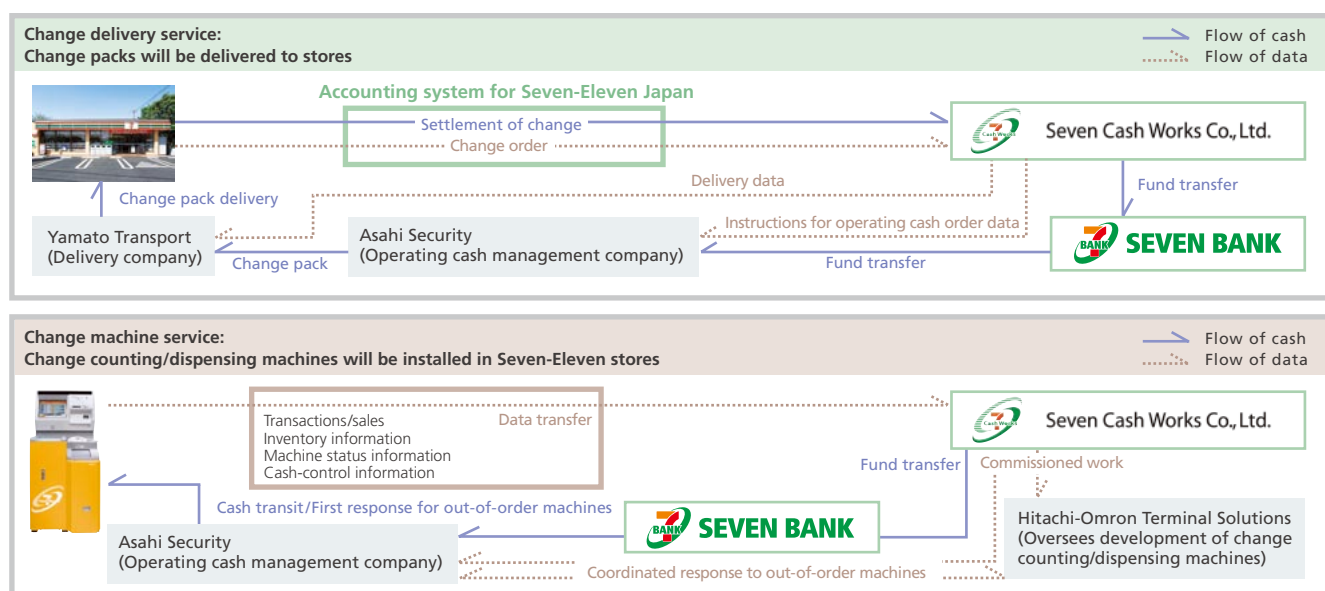


TRANSITION OF ATM TRANSACTIONS AND ATM-RELATED FEE INCOME PER TRANSACTION



■ Operating cash (change) services

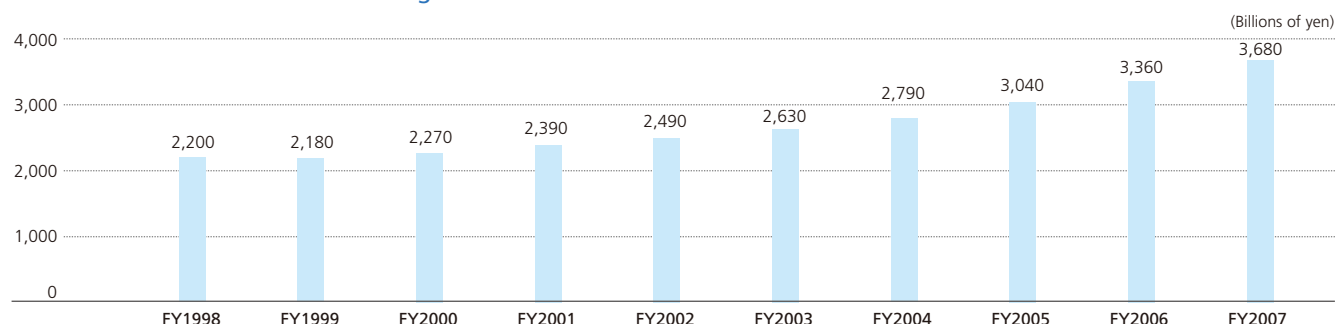
Owing to closing and consolidation of bank branches and to fee-based and higher-priced money exchange services at the banks, Seven Cash Works provides small- and medium-sized retailers and service businesses with operating change delivery service and change machine service.



Group E-Commerce Business

Creating a new sales channel as a modern version of "order-taking" over the Internet, and promoting a variety of IT service businesses with Group companies

Sales trends in the direct marketing sector



Source: The Japan Direct Marketing Association

Group advantage

By utilizing group infrastructure such as high-performance information systems, distribution, and an existing store network of about 13,000 stores, we have materialized original systems for acceptance and payment of orders and a broad, unprecedented lineup of products. Therefore, we can offer services that meet the strong demands of our customers such as improvements in convenience and security and safety.

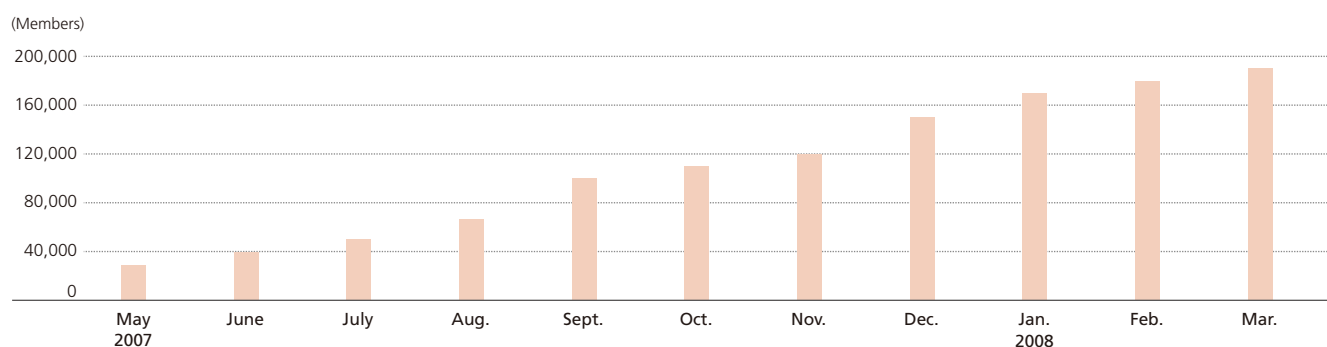
Features of Group's e-commerce business

- 1) Leveraging synergies by sharing the same customer at the real store and through the Internet
- 2) Implementing a system that enables the customer to shop securely by using a real store as a place where orders can be placed and picked up and where payment for the products can be made
- 3) Providing highly reliable services efficiently by utilizing existing infrastructure such as information and distribution systems
- 4) Implementing development of original products and a broad product lineup based on the merchandising capabilities of the Group companies

| | |
|---|---|
| "Seven-Eleven Net" | Promote the attractiveness of the new Seven-Eleven to customers by cooperating with existing stores to provide products that are hard to constantly keep in stock at the real store |
| Ito-Yokado's "Net Supermarket" | With existing stores as the core of the operation, deliver fresh products to customers on the same day or next day after order placement by customers in the catchment area |
| Ito-Yokado's "Internet Supermarket Service" | Nationwide e-commerce system providing the largest lineup of products as an e-commerce business operated by superstore |
| Seven and Y | Online sales of books, magazines and CD/DVD software |
| 7dream.com | Comprehensive shopping site offering everything from food and daily necessities to cars and leisure goods |
| Nittele Seven | Create new sales channel integrating stores and information and provide new convenience to customers by merging media such as television and the Internet with retail operations |

Ito-Yokado's "Net Supermarket"

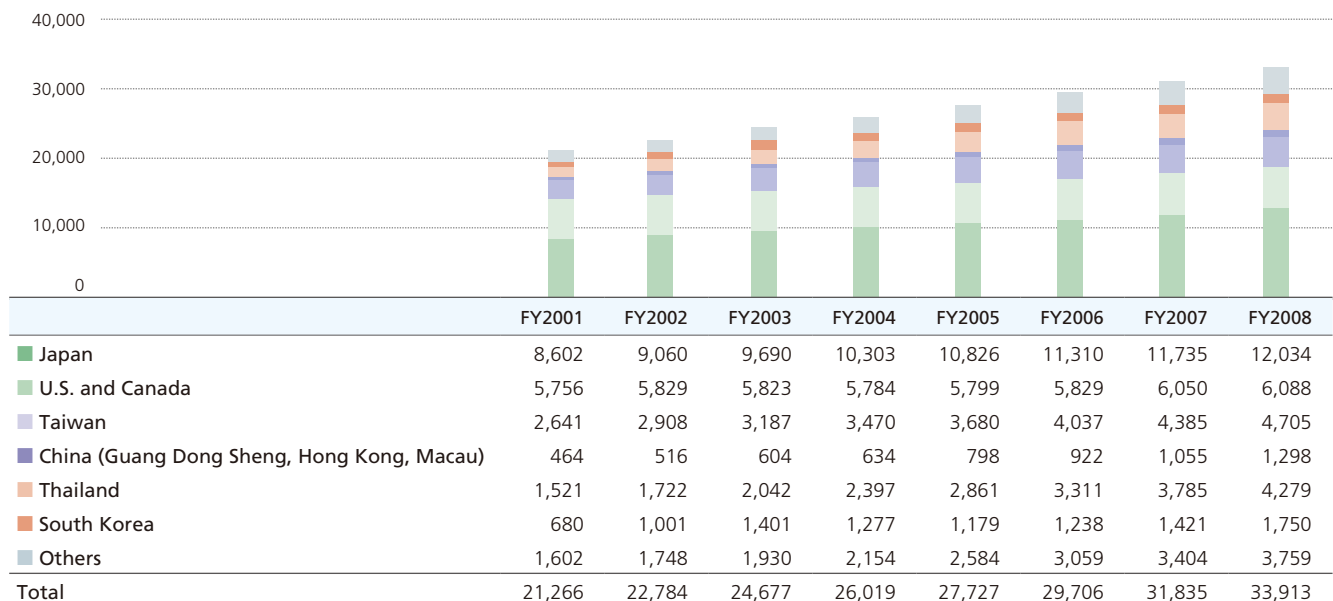
In 2007, Ito-Yokado started full-scale operation of *Net Supermarket* with expansion to 81 stores as of the end of March 2008, covering the entire Tokyo metropolitan area. Gaining a favorable reputation for unprecedented convenience, where the bargain products advertised in the flyer can be purchased, the members are expanding rapidly.



Convenience Store Network that Extends to the World

■ Number of Seven-Eleven stores worldwide

TRANSITION OF NUMBER OF SEVEN-ELEVEN STORES IN THE WORLD



Notes: 1. Figures for the U.S. and Canada are the total number of stores directly managed or franchised by 7-Eleven, Inc.
 2. Figures for Japan are as of February 28 or 29. Other figures are as of December 31.

■ Major Seven-Eleven store operators around the world

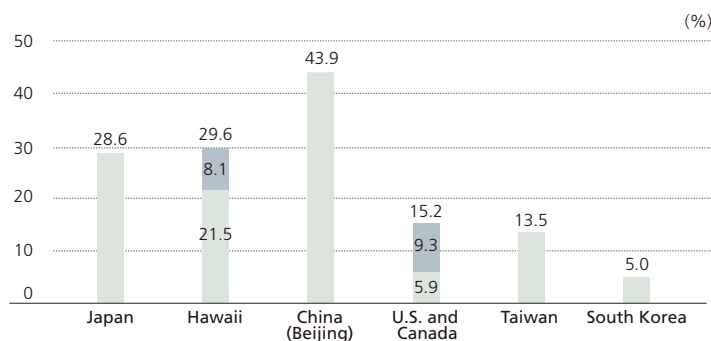
Our consolidated subsidiaries operate stores in Japan, the United States, Canada, China (Beijing), and Hawaii. In other countries and regions, efficient companies operate the stores as area licensees.

| Country or Region | Company name | Number of stores |
|--|---|------------------|
| Japan | Seven-Eleven Japan Co., Ltd. | 12,034 |
| U.S. and Canada | 7-Eleven, Inc. | 6,088 |
| China (Beijing) | SEVEN-ELEVEN (BEIJING) CO., LTD. | 60 |
| Hawaii | SEVEN-ELEVEN (HAWAII), INC. | 56 |
| Taiwan | President Chain Store Corporation [Uni-President Enterprise Corp.] | 4,705 |
| Thailand | C.P. Seven-Eleven Public Co., Ltd. [Charoen Pokphand Group] | 4,279 |
| South Korea | Korea Seven Co., Ltd. [Lotte Group] | 1,750 |
| China (Guang Dong Sheng, Hong Kong, Macau) | The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited] | 1,298 |
| Singapore | Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited] | 415 |
| Philippines | Philippine Seven Corporation [President Chain Store Corporation] | 311 |

Notes: 1. Companies in shaded area are subsidiaries.
 2. The number of Japan stores is as of February 29, 2008. Others are as of December 31, 2007.
 3. Company names in parentheses are the names of the corporate groups affiliated with the companies listed above.

■ Sales of fast food of Seven-Eleven in the world

FAST FOOD SALES AS A PERCENTAGE OF TOTAL SALES FOR FY2008



Notes: 1. Portions of the graph represent such counter-served drinks as Slurpees and coffee.
 2. Percentages for Hawaii, U.S. and Canada are calculated using total sales that exclude gasoline sales.



Operations in China

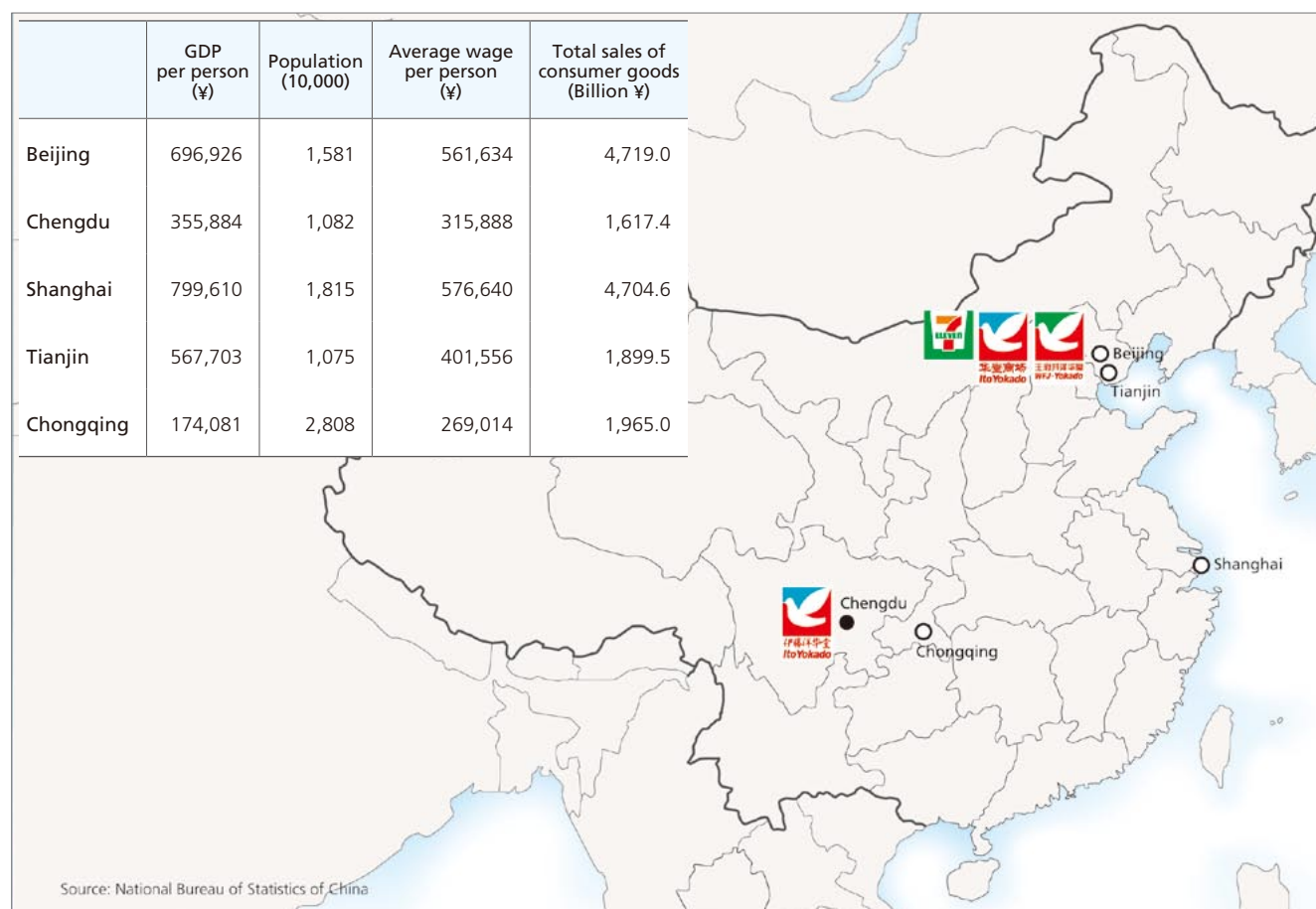
Adhering to our area dominance strategy for opening new stores, we are operating convenience stores, superstores, and supermarkets in China, with a focus on Beijing. Working to enhance synergy effects, we are exchanging information across business formats and starting to develop products jointly.

■ Company overview

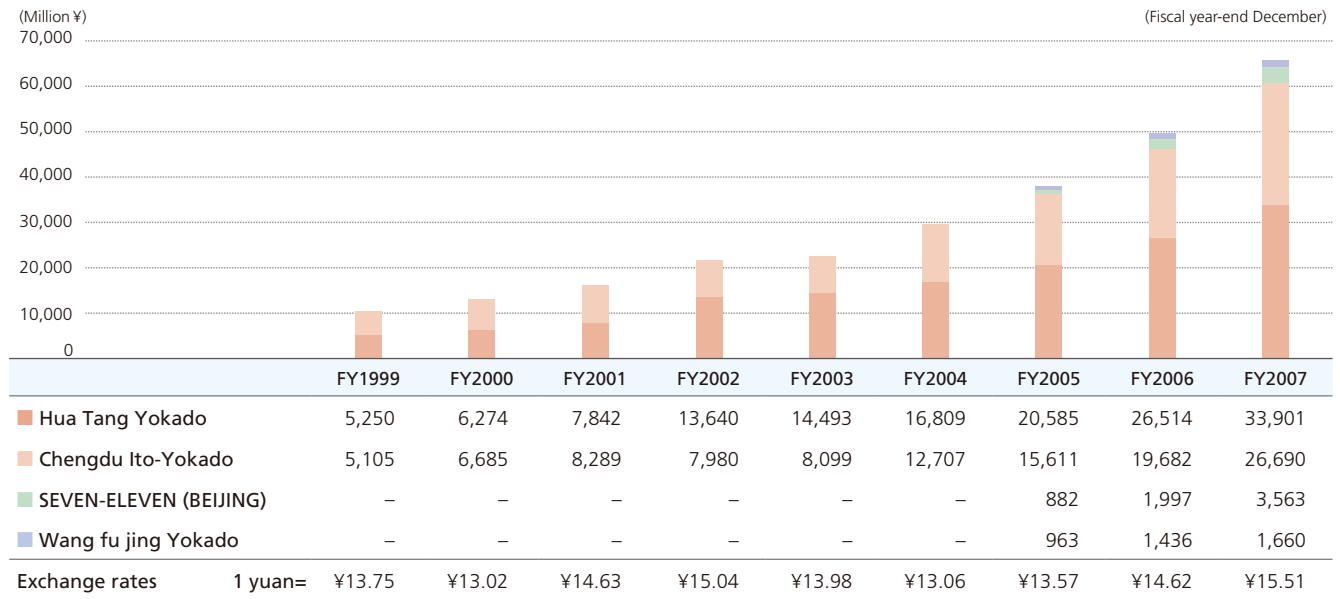
(As of December 31, 2007)

| | Business category | Establishment | Opening date of the first store | Capital | Ownership ratio |
|--|---|---------------|---------------------------------|----------------|---|
| SEVEN-ELEVEN (BEIJING) CO., LTD. | Convenience Store | Jan. 2004 | Apr. 15, 2004 | US\$35,000,000 | Seven-Eleven Japan Co., Ltd. 65.0% |
| | | | | | Beijing Wangfujing Department Store Group Co., Ltd. 25.0% |
| | | | | | China Huafu Trade & Development Group Corp. 10.0% |
| Hua Tang Yokado Commercial Co., Ltd. | Superstore | Sept. 1997 | Apr. 28, 1998 | US\$65,000,000 | Ito-Yokado Co., Ltd. 75.8% |
| | | | | | ITOCHU Group 12.3% |
| | | | | | China Huafu Trade & Development Group Corp. 12.0% |
| Chengdu Ito-Yokado Co., Ltd. | Superstore | Dec. 1996 | Nov. 21, 1997 | US\$17,300,000 | Ito-Yokado Co., Ltd. 74.0% |
| | | | | | China Huafu Trade & Development Group Corp. 12.0% |
| | | | | | ITOCHU Group 9.0% |
| | | | | | CITYWELL (CHENGDU) DEVELOPMENT CO., LTD. 5.0% |
| Beijing Wang fu jing Yokado Commercial Co., Ltd. | Supermarket | Nov. 2004 | Apr. 30, 2005 | US\$12,000,000 | Ito-Yokado Co., Ltd. 40.0% |
| | | | | | Beijing Wangfujing Department Store Group Co., Ltd. 40.0% |
| | | | | | York-Benimaru Co., Ltd. 20.0% |
| SEVEN-ELEVEN CHINA Co., Ltd. | Seven-Eleven's master licensor in China | Apr. 2008 | — | 50,000,000yuan | Seven-Eleven Japan Co., Ltd. 100.0% |

■ China market



Sales trend



Note: Sales exclude value added tax.

Store openings in Beijing

