

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 catchment areas. Accordingly, Seven & i Holdings can achieve a higher density level in its store-opening strategy across the different format of stores.

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 bases
- Efficient construction of distribution structure
- Preventing entry by competitors

Dominance Strategy by Store Format

Format	Convenience store	Supermarket	Superstore	Department store	
	Restaurant	Specialty store	Shopping center		
Catchment area	Small				Large
Store size	Small				Large
Product line	Focused				Variety

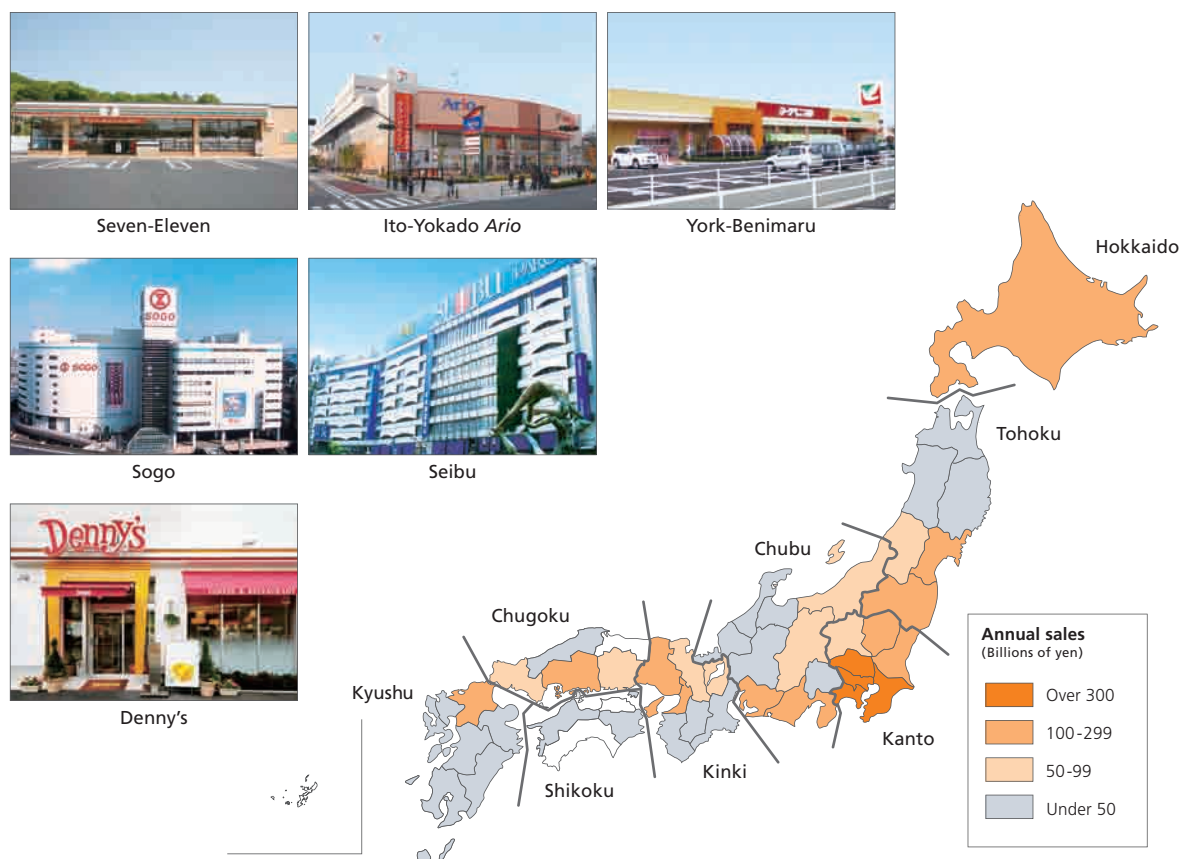
Store Opening Policy by Store Format

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 · Expand small-type convenience stores in addition to the openings of standard roadside type stores · Store network encompassed 37 prefectures at the end of February 2009
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 · Convert some existing stores to the food centered discount store "THE PRICE" and urban-style home centers "Seven Home Center"
Shopping center	Ario	<ul style="list-style-type: none"> · Operate seven mall-type shopping centers primarily in the Kanto region at the end of February, 2009 · With Ito-Yokado as the anchor tenant, attract over 100 tenants
Supermarket	York-Benimaru York Mart	<ul style="list-style-type: none"> · York-Benimaru formed market dominance in the Southern Tohoku and Northern Kanto regions · York Mart formed market dominance primarily in the Southern Kanto region · Aim for a 300-store network through aggressive store opening strategy in the market dominance
Department store	Sogo Seibu	<ul style="list-style-type: none"> · Operate stores primarily in the Kansai and Kanto regions · Key stores (annual sales over ¥50 billion per store) are Yokohama, Chiba, and Kobe · Operate stores primarily in the Kanto region (three stores in Tokyo) and local cities · Key stores (annual sales over ¥50 billion per store) are Ikebukuro and Shibuya.
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
Specialty store	Akachan Honpo LOFT	<ul style="list-style-type: none"> · Operate stores primarily in shopping centers in 27 prefectures at the end of February, 2009 · Operate nine stores in Ito-Yokado, and one store in Ario · Operate stores primarily in department stores and shopping centers in 22 prefectures at the end of February, 2009 · Operate 12 stores in Seibu, five stores in Sogo, and one store in Ario

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 Major Group Companies by Prefecture for FY2009



■ Major Group Companies' Store Network

(As of February 28, 2009)

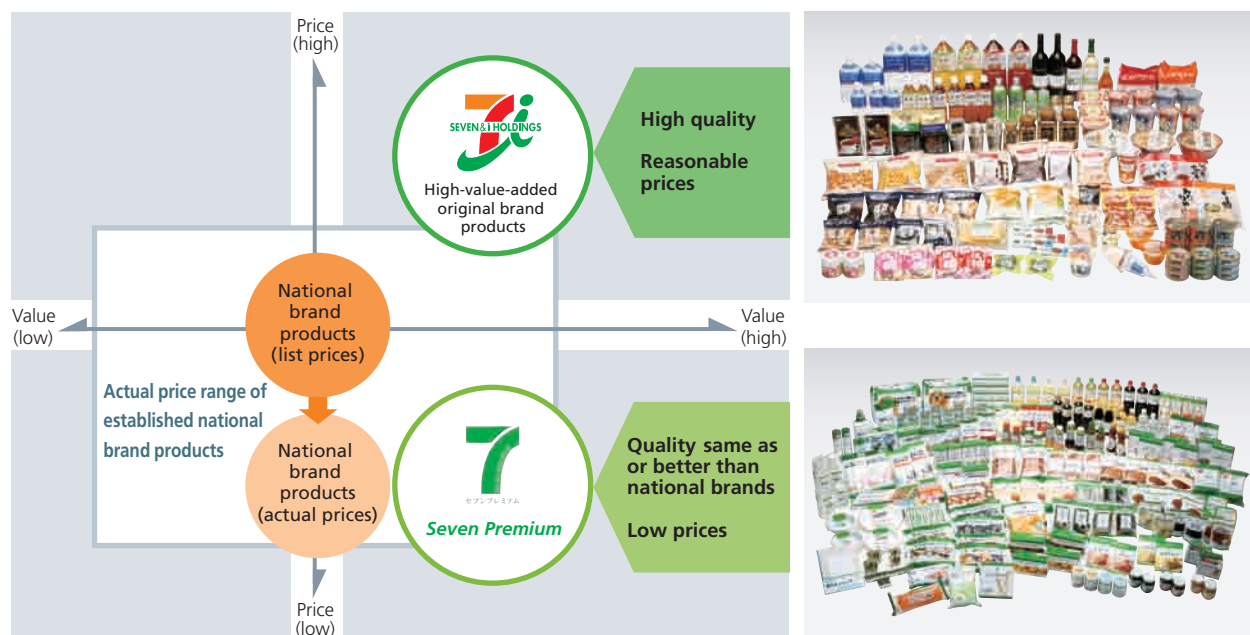
(As of February 28, 2019)

								
Hokkaido	821	12	—	—	—	2	8	4
Tohoku	872	12	114	—	—	1	25	3
Kanto	5,262	117	42	60	6	7	417	35
Chubu	1,932	21	—	—	—	3	113	7
Kinki	1,352	11	—	—	3	3	30	15
Chugoku	805	2	—	—	2	—	2	3
Shikoku	—	—	—	—	1	—	—	1
Kyushu	1,254	—	—	—	—	—	—	4
Total	12,298	175	156	60	12	16	595	72

Merchandising

Group Merchandising Initiatives

■ Positioning of Private-Brand Products



■ Implementation of the Merchandising Strategy

Step 1: Development of *Seven Premium* private-brand products

November 2006:	Launched "The Group Merchandising Project"	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	Launched household goods subcommittee
November:	Started sales of household goods	Launched fresh foods subcommittee
March 2008:	Started sales of processed fresh foods	
May:	First anniversary of <i>Seven Premium</i> sales Cumulative total of developed SKUs: 380	Appointed full-time project staff for NB strategy, ingredient procurement and distribution strategy
January 2009:	Received the "Most Excellent Award, Nikkei Award" of the 2008 Nikkei Superior Products and Services Awards	
February:	Started sales at Seibu Ikebukuro department store	Food section: Comprising 21 subcommittees, 64 teams and 78 merchandisers and buyers Household goods section: Comprising 3 subcommittee, 11 teams and 34 merchandisers and buyers Full-time project staff: 19
May:	Second anniversary of <i>Seven Premium</i> sales Cumulative total of developed SKUs: 690	

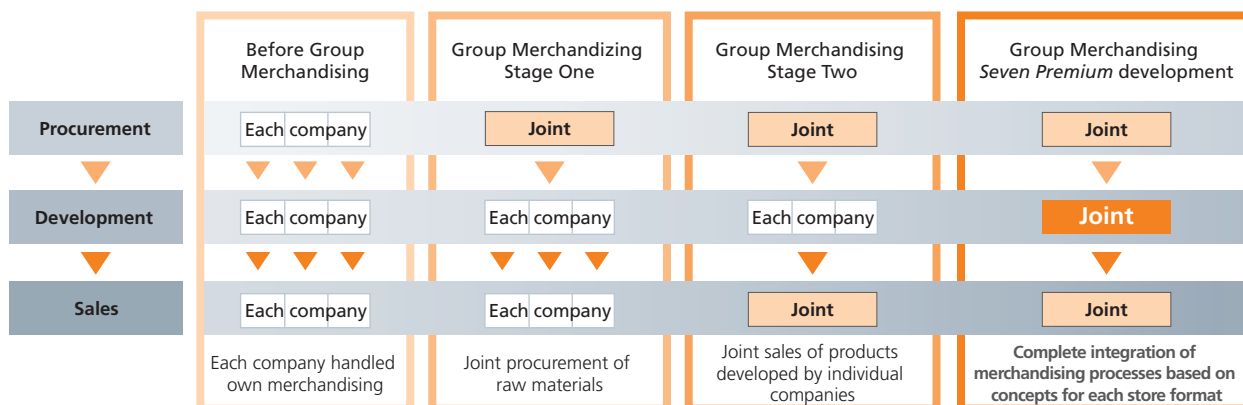
Step 2: Integrated product procurement by the Group

- Unified management of raw materials for each company
- Consolidation of product-use raw materials
- Strengthening of joint purchasing

Step 3: Distribution strategy

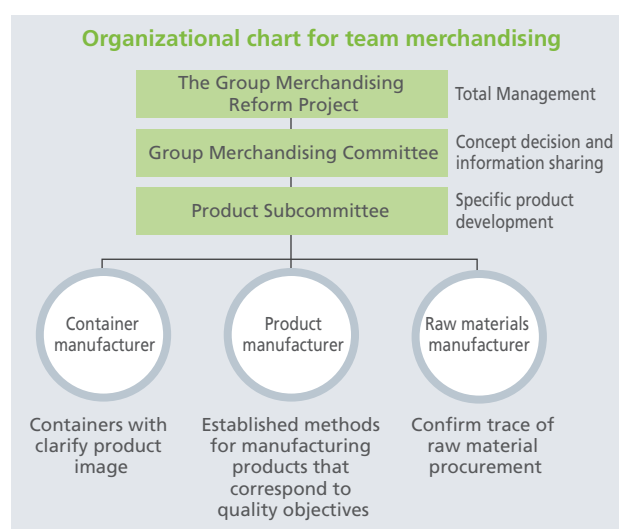
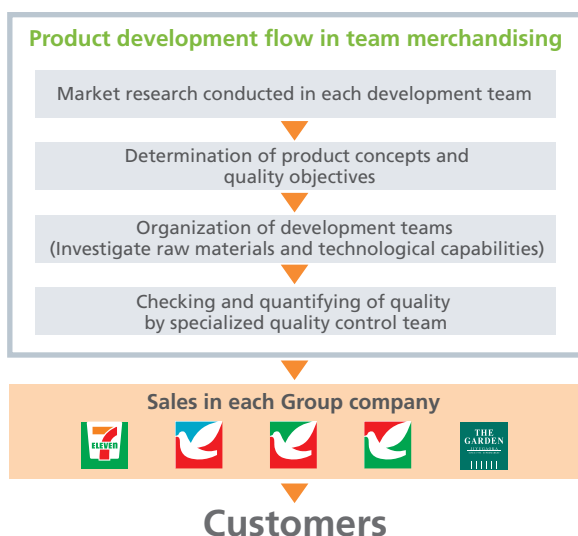
Product Development Policies

- 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 24 subcommittees and 75 teams (as of May 2009), and product developments in each subcommittee are jointly conducted with manufacturers.



Seven Premium Product Categories

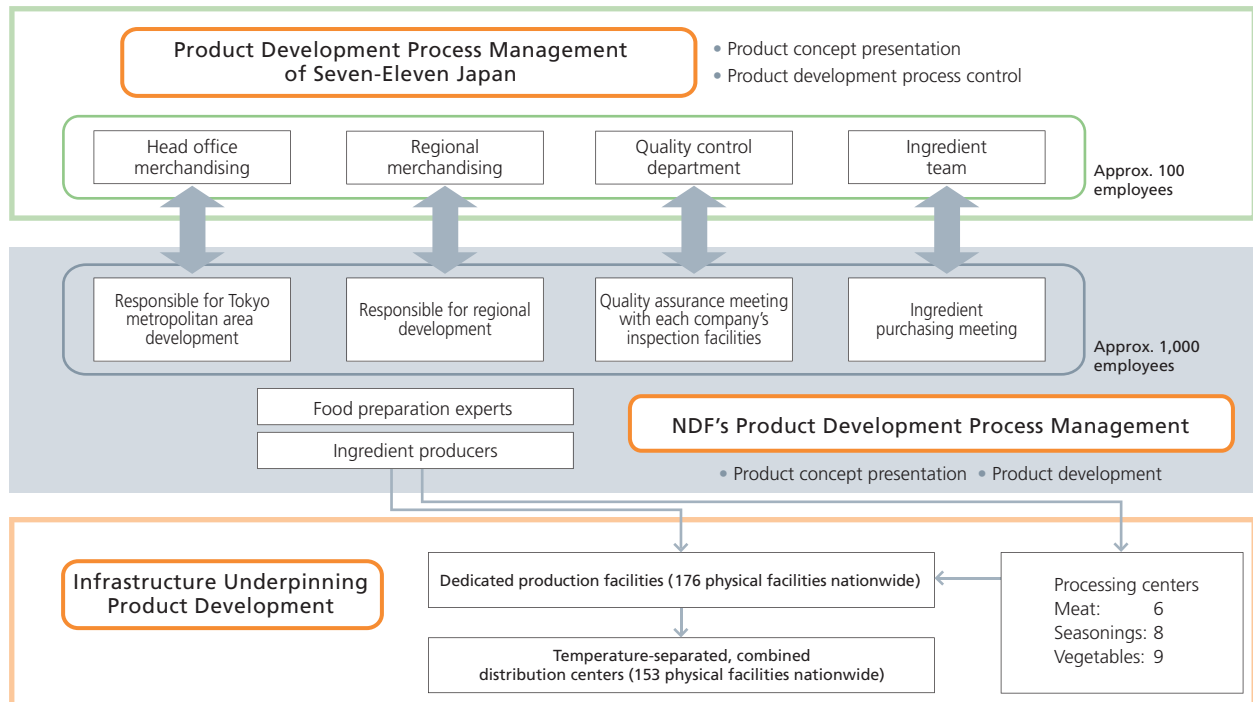


(As of May 31, 2009)

Merchandising

Original Daily Food Products Development by Seven-Eleven Japan

Food Product Development System

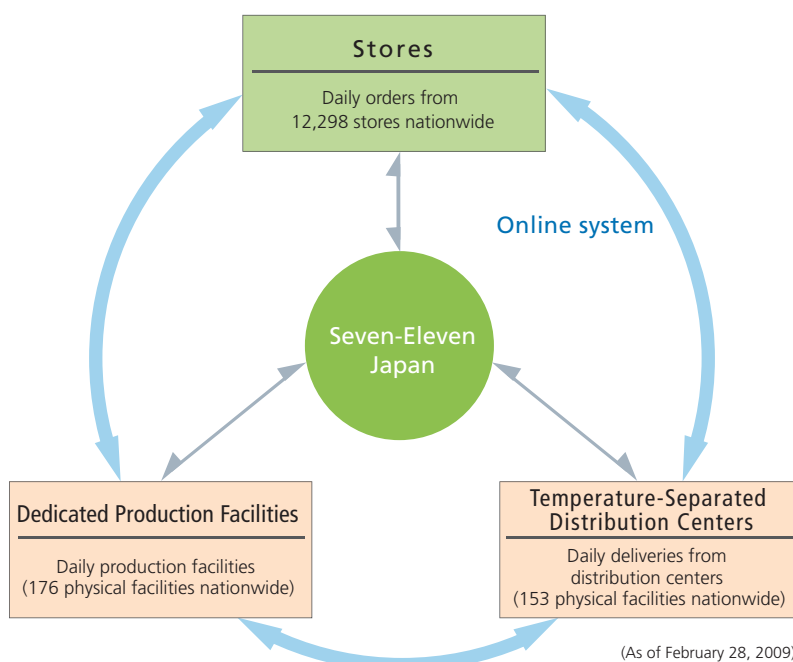


Notes 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop 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 28, 2009.

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 28, 2009)

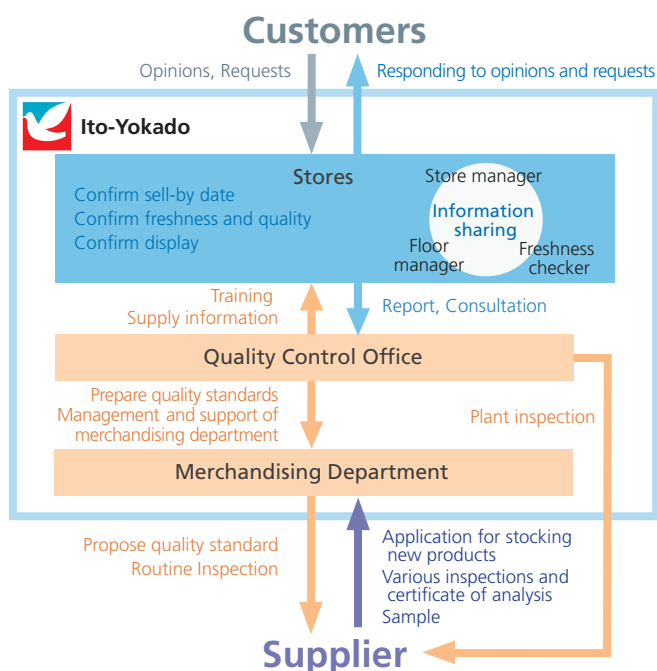


Examples of original daily food products

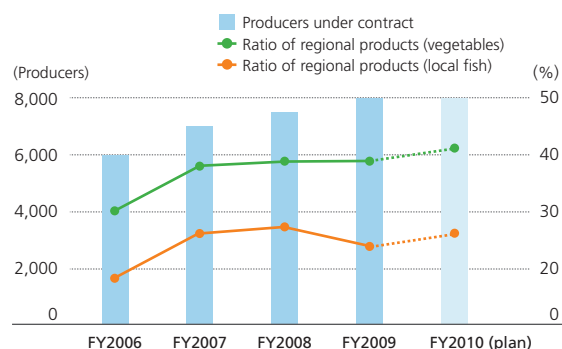
Food Safety Initiatives for Ito-Yokado

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.



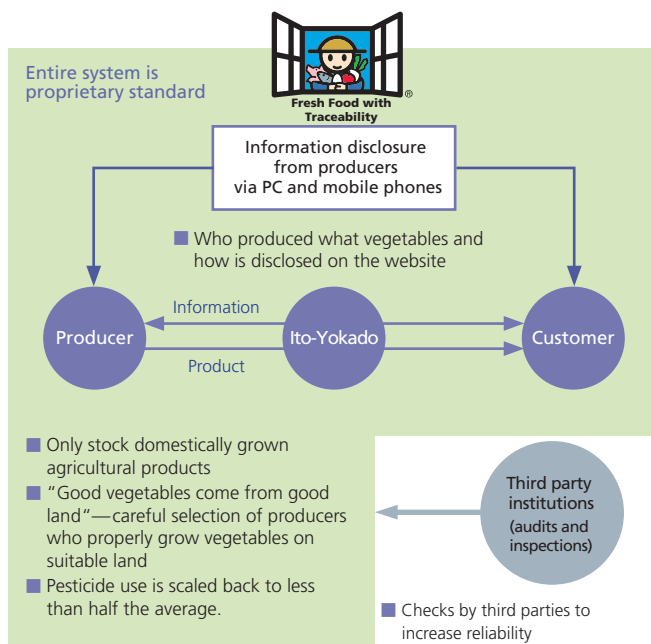
PROGRESS WITH REGIONAL PRODUCTS



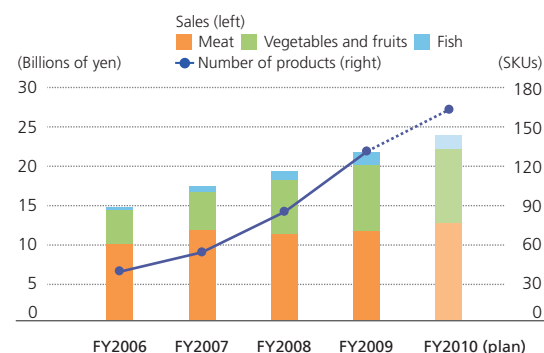
"Fresh Foods with Traceability" Initiatives

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 (VEGETABLES AND FRUITS)



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

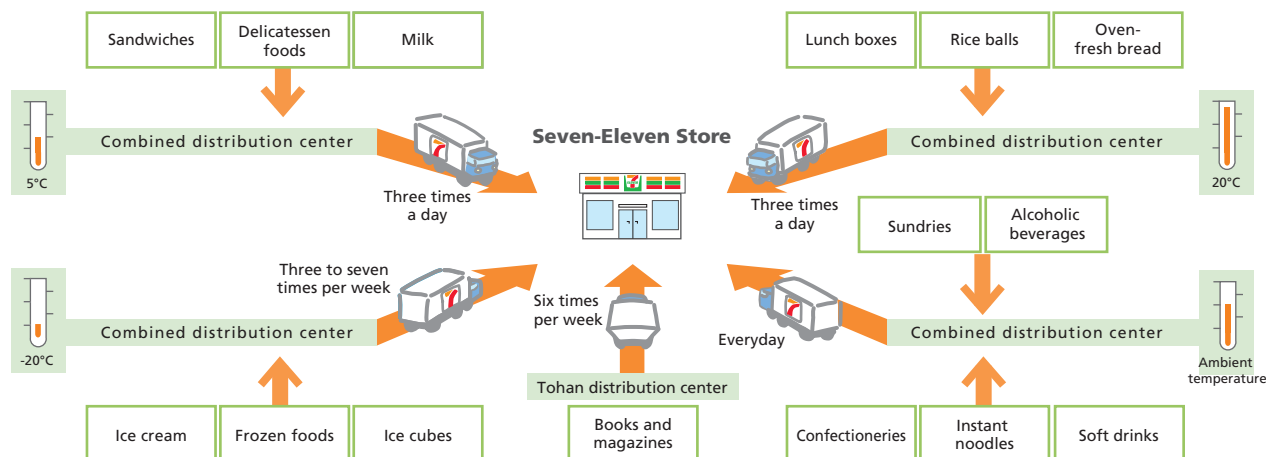


Distribution Systems

Combined Delivery System

Group companies adopt 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

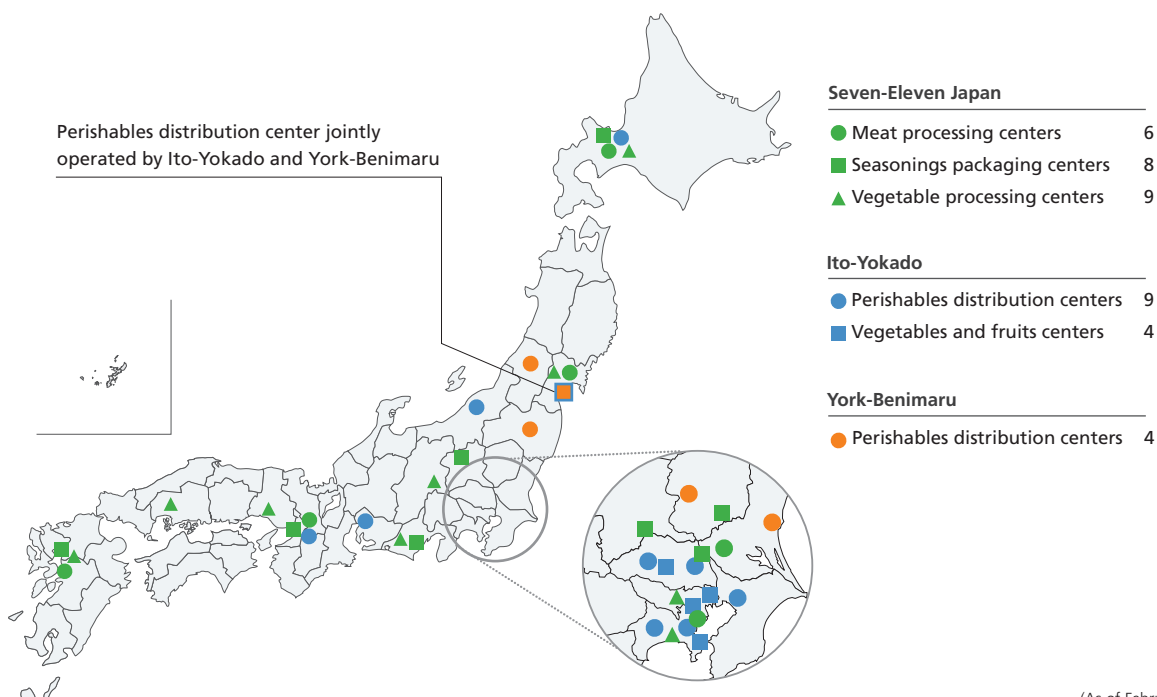


(As of February 28, 2009)

	Number of distribution centers	Number of physical facilities
5°C	64	5°C 16
20°C	65	20°C 17
		Share 48
-20°C	25	25
Subtotal	154	106
Ambient temperature	—	47
Total	—	153

Note: The number of distribution centers represents the distribution centers counted by product categories where multiple product categories were handled in one distribution center.

Processing Centers and Perishables Distribution Centers

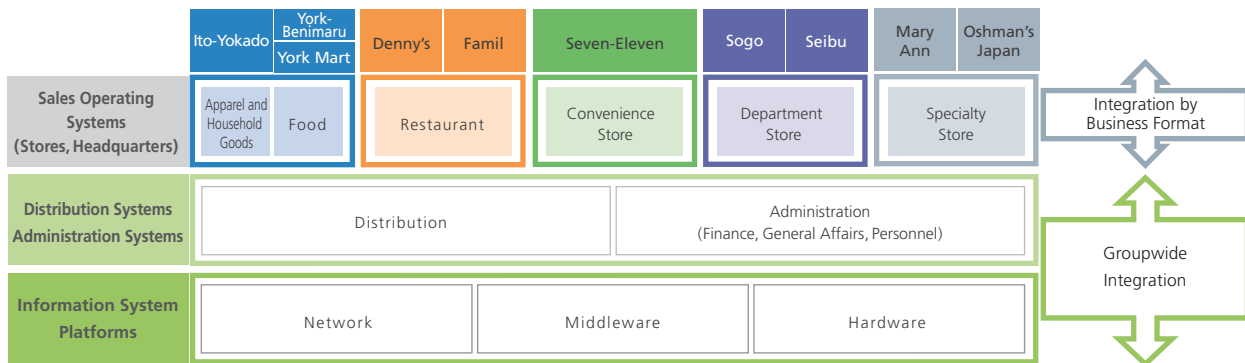


(As of February 28, 2009)

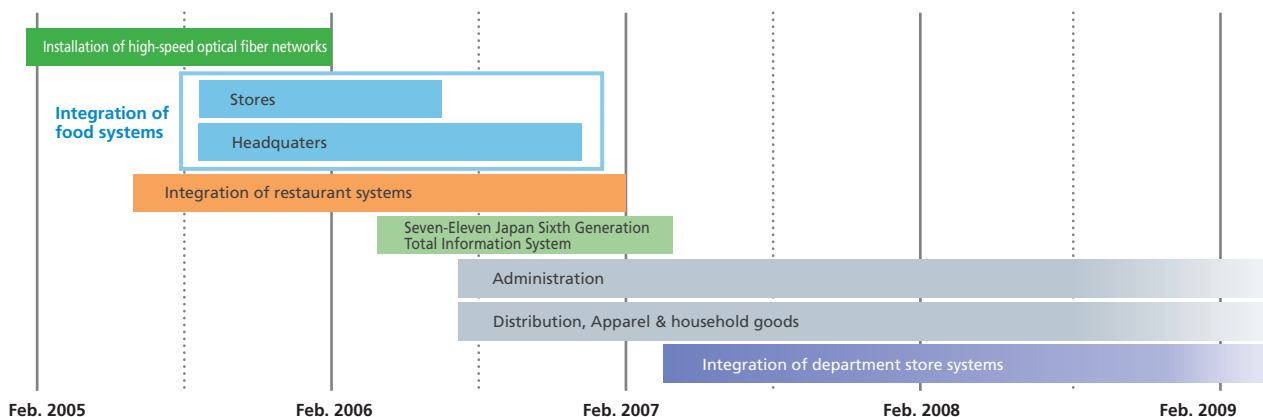
System Integration

- 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

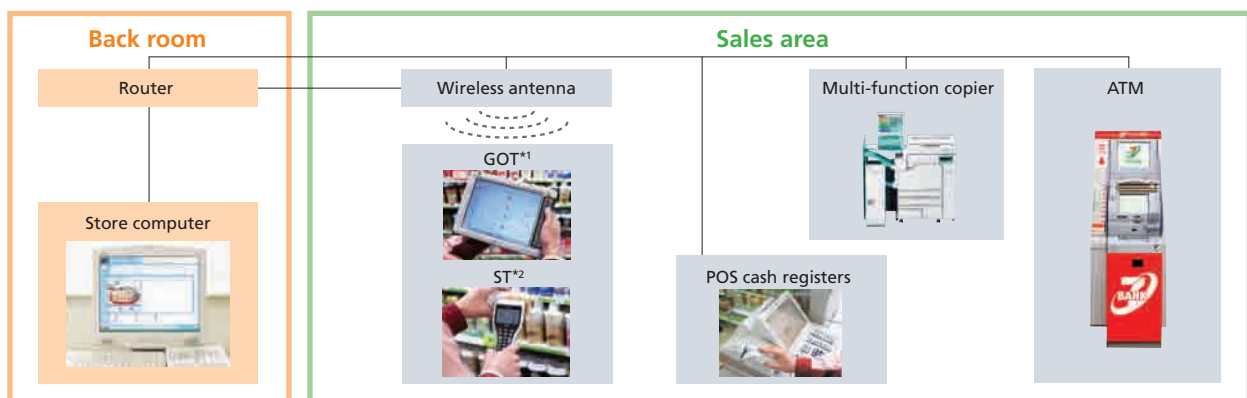


PROGRESS ON INTEGRATION



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

Financial Services

Group Card Business

Group companies have issued a total of 23 million cards at present, and we will enhance the card strategy by expanding services to entire Group.

(As of April 30, 2009)

Card name	Number of card issued	Credit function	Point services	Stores with point service					
									
 nanaco	7.50 million	▲ ^{*1}	1 point given for every ¥100 spent	■	■			■	
 IY Card	2.81 million	●	1 point given for every ¥100 spent (additional 0.5 points given for credit card use)		■				
 Point Card	6.52 million	—	1 point given for every ¥100 spent		■				
 Millennium Card	2.63 million	● ^{*2}	Points equaling 2% of purchase amount given (up to a maximum of 7% of annual purchase amount in the next year)			■	■		
 Club ON Card	2.52 million								
 Member's Card	1.61 million	×	1 point given for every ¥200 spent						■

Notes: 1. The number of card issued is as of February 28, 2009.

2. The number of IY Card issued represents active members.

3. All stores except Seven-Eleven accept payment by credit cards other than those listed above.

*1 Credit card functions can be used once the member becomes an IY Card or QUICPay member.



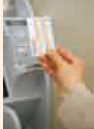
*2 Card with limitation to cash payment are also available.

Electronic Money

On April 23, 2007, Seven & i Holdings launched its *nanaco* original electronic money service. As of April 30, 2009, the number of stores, including Group's Seven-Eleven stores, accepting *nanaco* payment expanded to approximately 23,000.

- 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

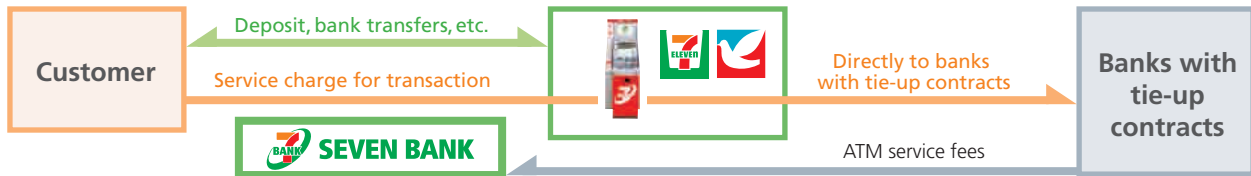


Usage		Group stores: Seven-Eleven, Ito-Yokado, Denny's, Famil Outside the Group: 10,419 stores (as of April 30, 2009)
Charge method		Charging at stores: At the registers of Seven-Eleven, Denny's and Famil; the Customer Service Counter of Ito-Yokado; and Seven Bank ATMs Credit card charges: <i>nanaco</i> card or <i>nanaco</i> mobile can be charged through the IY card (maximum amount of charge: up to ¥30,000)
Point service		Given one point for every ¥100 spent, and the points can be converted to e-money Point tie-ups with Group company: Seven Bank Point tie-ups with non-Group company*: JCB, CHIBA BANK

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

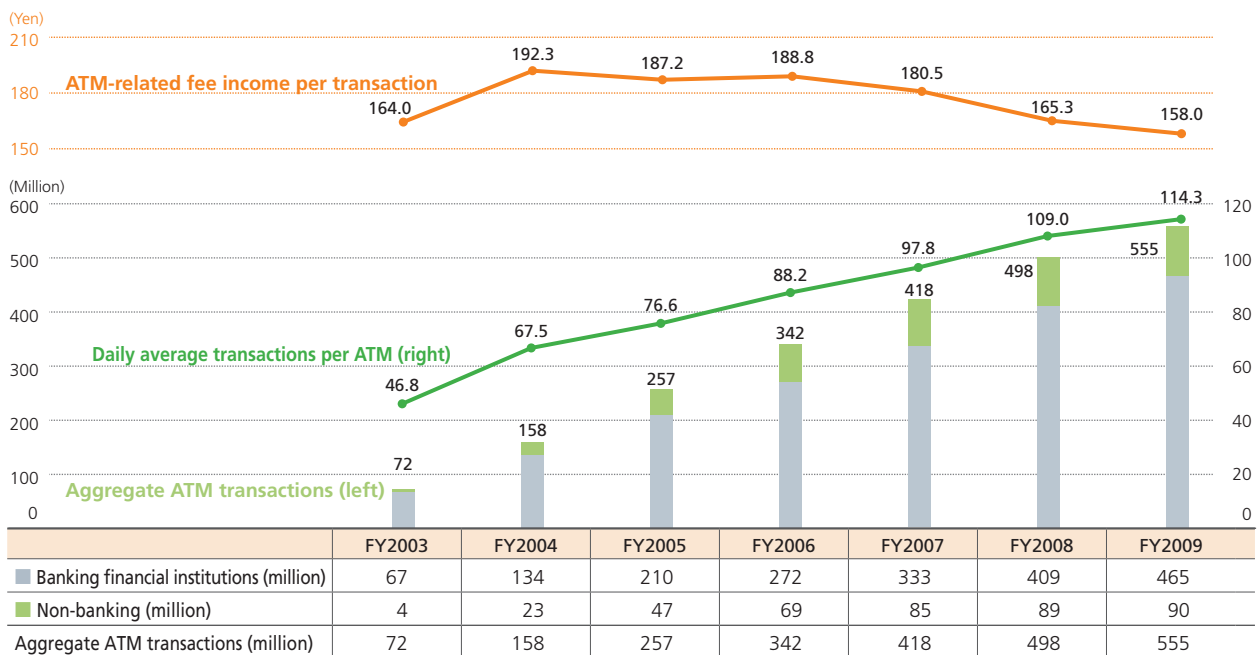
ATM Services

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.



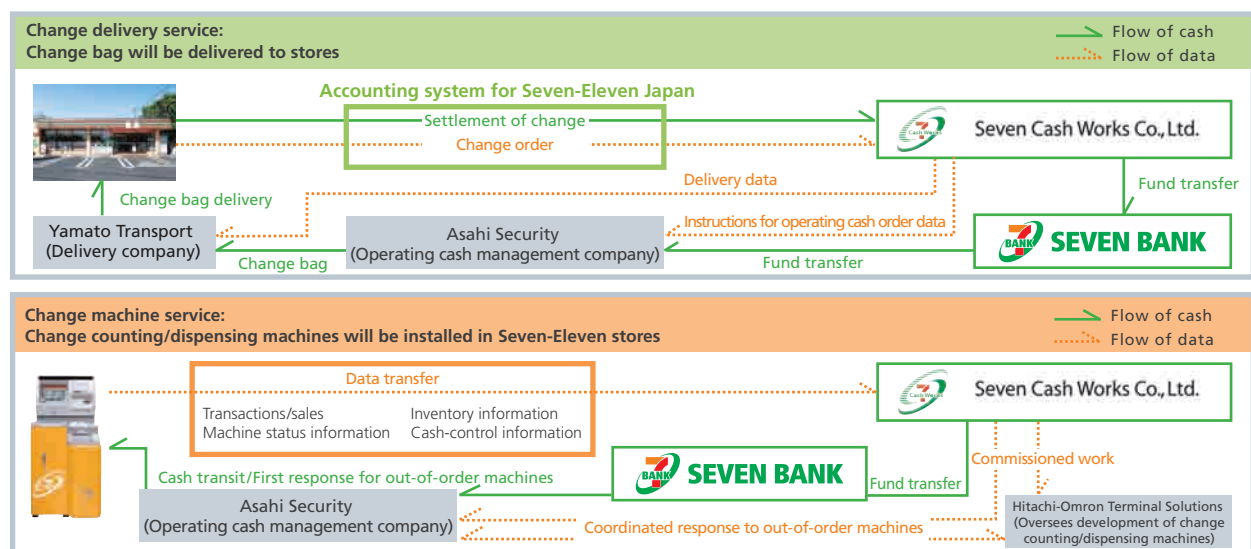
TRANSITION OF ATM TRANSACTIONS AND ATM-RELATED FEE INCOME PER TRANSACTION

(Fiscal year-end March)



Operating Cash (Change) Services

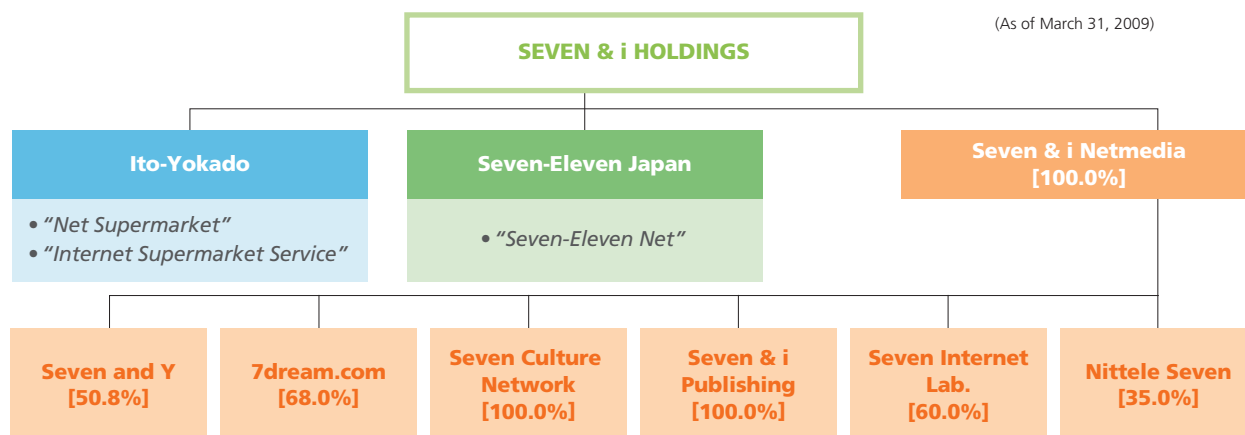
Owing to closing and consolidation of bank branches and to fee-based and higher-priced money exchange services at the banks, Seven Cash Works provides small and medium-sized retailers such as Seven-Eleven franchisees and service businesses with operating change delivery service and change machine service.



Group E-Commerce Business

■ Organization

Centered on Seven & i Netmedia, established in July 2008, we will implement reorganization and consolidation of IT/Services operational areas in the Group.



Note: [] indicates percentage of equity owned by the Company

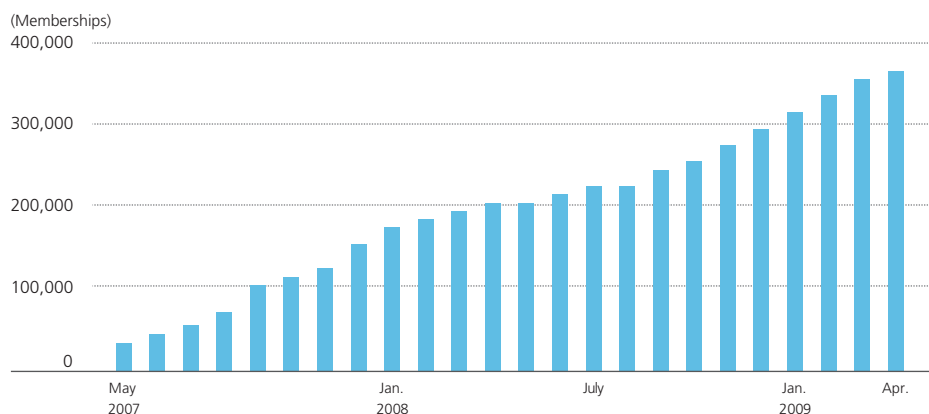
■ Business Overview

By utilizing group infrastructure such as high-performance information systems, distribution, and an existing store network of about 13,800 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 safe security.

"Seven-Eleven Net"	Promote the attractiveness of Seven-Eleven by enhancing the supplementation of existing store's product lineups where it is hard to constantly keep in stock at the real stores.
Ito-Yokado's "Net Supermarket"	With Ito-Yokado's existing stores manage as a core operator, fresh products are delivered to customers on the same day or the next day after the placement of orders by customers in the each store's catchment area.
Ito-Yokado's "Internet Supermarket Service"	Nationwide e-commerce system operated by Ito-Yokado which provides the largest lineup of products as an e-commerce business operated by superstores in Japan.
Seven and Y	Provide online sales of books, magazines and CD/DVD software. The number of memberships is approximately 597 million as of February 28, 2009.
Nittete Seven	Create new sales channel with the integration of the stores and information to provide new convenience to customers by merging media such as television and the Internet with retail operations.

■ Ito-Yokado's "Net Supermarket"

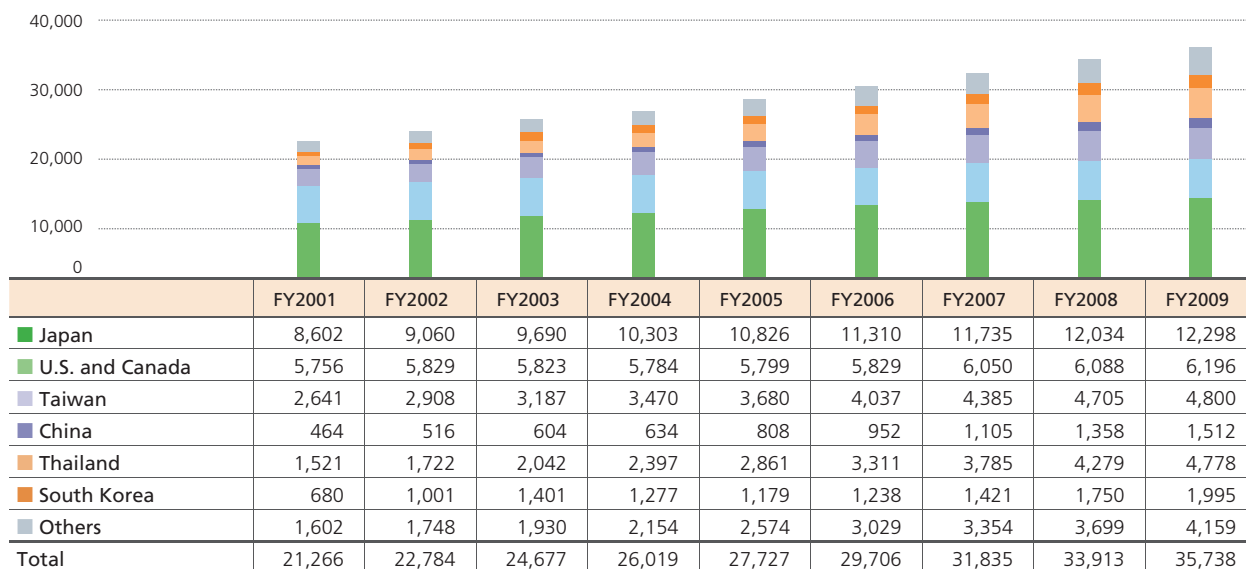
The total trading amount at Ito-Yokado's *Net Supermarkets* for FY2008 was approximately 13 billion yen. As of April 30, 2009, the number of stores offering the *Net Supermarket* service expanded to 96 and covered almost the entire Tokyo metropolitan area. With the availability of purchasing at fyer's discount price, the *Net Supermarket* enjoys a solid reputation among customers for convenience, and its memberships are steadily increasing.



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

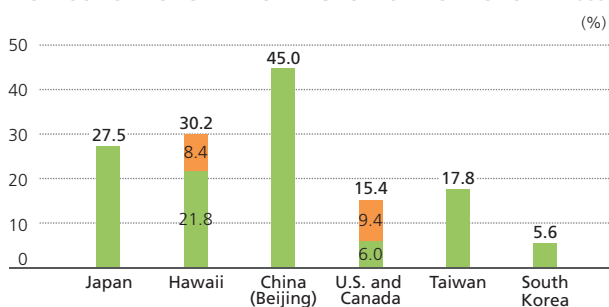
Our consolidated subsidiaries operate stores in Japan, the United States, Canada, China (Beijing), and Hawaii. In other countries and regions, efficient companies operate the stores as area licensees.

Country or Region	Company name	Number of stores
Japan	Seven-Eleven Japan Co., Ltd.	12,298
U.S. and Canada	7-Eleven, Inc.	6,196
China (Beijing)	SEVEN-ELEVEN (BEIJING) CO., LTD.	72
Hawaii	SEVEN-ELEVEN (HAWAII), INC.	57
Taiwan	President Chain Store Corporation [Uni-President Enterprise Corp.]	4,800
Thailand	C.P. Seven-Eleven Public Co., Ltd. [Charoen Pokphand Group]	4,778
South Korea	Korea Seven Co., Ltd. [Lotte Group]	1,995
China (Guang Dong Province, Hong Kong, Macau)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	1,440
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	435
Philippines	Philippine Seven Corporation [President Chain Store Corporation]	368

Notes: 1. Companies in shaded area are subsidiaries.
2. The number of Japan stores is as of February 28, 2009. Others are as of December 31, 2008.
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 FY2009



U.S. and Canada



Beijing, China

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.

Performance Overview

Retailers in the World

Domestic Retail Environment

Group Business Strategy

Major Group Companies' Data

Financial Data of Major Retailers in Japan

Corporate Data

Global Strategy

Operations in China

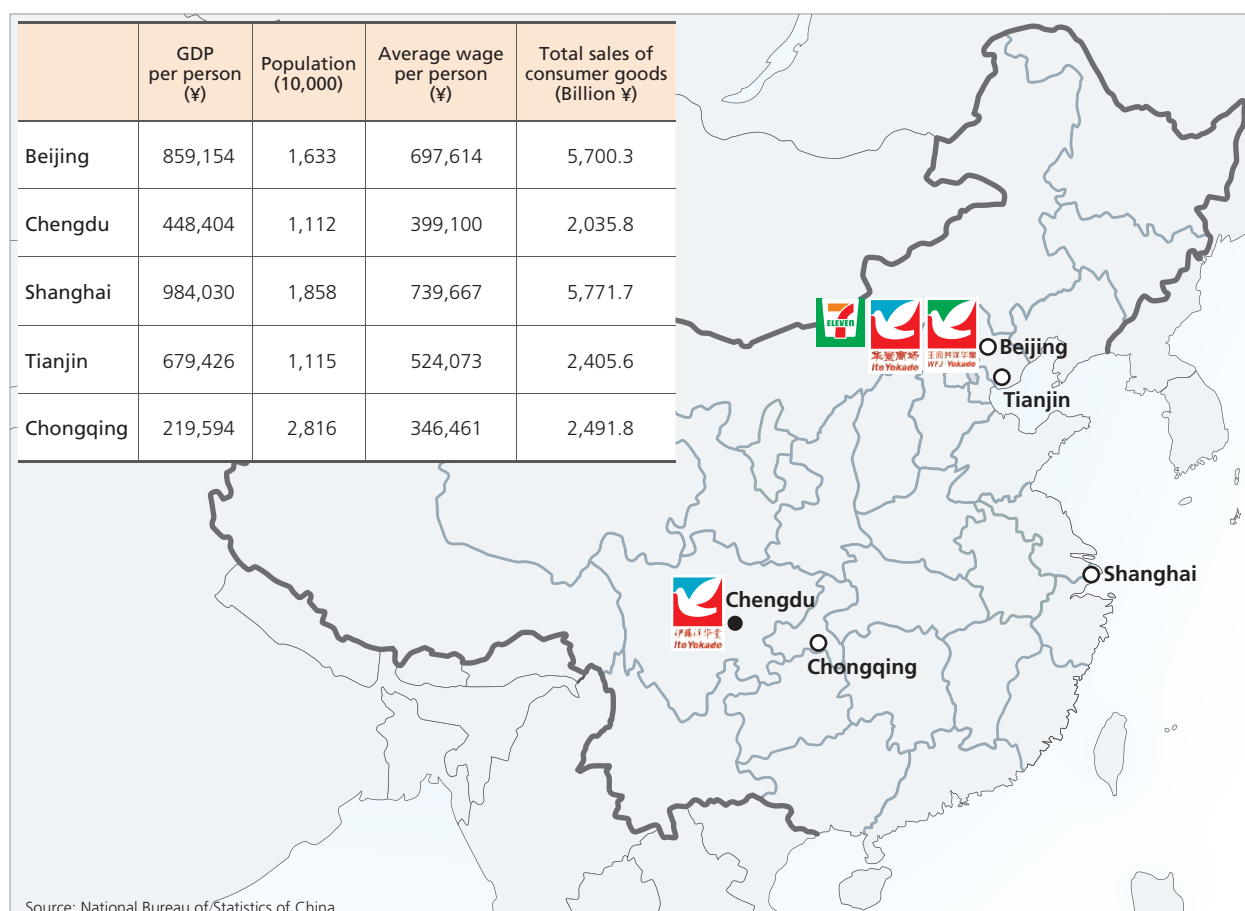
Adhering to our area dominance strategy for opening new stores, we are operating convenience stores, superstores, and supermarkets in China, with a focus on Beijing. Working to enhance synergy effects, we are exchanging information across business formats and starting to develop products jointly.

Company Overview

(As of December 31, 2008)

	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 National Sugar & Alcohol Group	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\$23,000,000	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

(Million ¥)

80,000

(Fiscal year-end December)

60,000

40,000

20,000

0

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Hua Tang Yokado	5,250	6,274	7,842	13,640	14,493	16,809	20,585	26,514	33,901	36,369
Chengdu Ito-Yokado	5,105	6,685	8,289	7,980	8,099	12,707	15,611	19,682	26,690	36,738
SEVEN-ELEVEN (BEIJING)	—	—	—	—	—	—	882	1,997	3,563	4,686
Wang fu jing Yokado	—	—	—	—	—	—	963	1,436	1,660	2,054
Exchange rates 1 yuan=	¥13.75	¥13.02	¥14.63	¥15.04	¥13.98	¥13.06	¥13.57	¥14.62	¥15.51	¥14.85

Note: Sales exclude value added tax.

Store Openings in Beijing

