

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

### Store Opening Policy by Store Format

Format	Store brand	Store development
Convenience store	 Seven-Eleven	<ul style="list-style-type: none"> <li>· Formed market dominance mainly in residential areas in the 1990s and in urban areas after 2000</li> <li>· Implement scrap-and-build strategy for revitalizing existing stores</li> <li>· Expand small-type convenience stores in addition to the openings of standard roadside type stores</li> <li>· Store network encompassed 38 prefectures at the end of February 2010</li> </ul>
Superstore	 Ito-Yokado	<ul style="list-style-type: none"> <li>· Formed market dominance primarily in the Kanto region</li> <li>· Many stores have a floor space of over 10,000 square meters at present, in accordance with the large-scale retail store openings trend</li> <li>· Convert some existing stores to the food centered discount store "THE PRICE" and urban-style home centers "Seven Home Center"</li> </ul>
Shopping center	 Ario	<ul style="list-style-type: none"> <li>· Operate seven mall-type shopping centers primarily in the Kanto region at the end of February, 2010</li> <li>· With Ito-Yokado as the anchor tenant, attract over 100 tenants</li> </ul>
Supermarket	 York-Benimaru  York Mart	<ul style="list-style-type: none"> <li>· York-Benimaru formed market dominance in the Southern Tohoku and Northern Kanto regions</li> <li>· York Mart formed market dominance primarily in the Southern Kanto region</li> <li>· Aim for a 300-store network through aggressive store opening strategy in the market dominance</li> </ul>
Department store	 Sogo  Seibu  Robinson's	<ul style="list-style-type: none"> <li>· Sogo, Seibu and Robinson will conduct collaborative store operations centered on key stores</li> <li>· Key stores (five stores) are Ikebukuro, Yokohama, Chiba, Kobe and Hiroshima</li> <li>· Conducting large-scale renovation for key stores and conversion of store format to multi-purpose commercial facilities for suburban stores</li> </ul>
Restaurant	 Denny's	<ul style="list-style-type: none"> <li>· Formed market dominance primarily in the Kanto region</li> <li>· Implement scrap-and-build strategy for roadside stores</li> </ul>
Specialty store	 Akachan Honpo  LOFT	<ul style="list-style-type: none"> <li>· Operate stores primarily in shopping centers in 27 prefectures at the end of February, 2010</li> <li>· Operate 14 stores in Ito-Yokado, one store in Ario, and one store in Seibu</li> <li>· Operate stores primarily in department stores and shopping centers in 22 prefectures at the end of February, 2010</li> <li>· Operate 11 stores in Seibu, five stores in Sogo, and one store in Ario</li> </ul>

## 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 FY2010



Performance Overview










Retailers in the World

Domestic Retail Environment

Group Business Strategy

### Store Network

(As of February 28, 2010)

									
Hokkaido	815	12	—	—	—	1	8	4	1
Tohoku	895	11	121	—	—	1	21	4	2
Kanto	5,416	119	43	62	6	7	367	40	24
Chubu	2,060	19	—	—	—	3	100	9	7
Kinki	1,423	11	—	—	2	3	27	14	12
Chugoku	832	2	—	—	2	—	2	3	5
Shikoku	—	—	—	—	1	—	—	1	1
Kyushu	1,312	—	—	—	—	—	—	3	3
Total	12,753	174	164	62	11	15	525	78	55

Major Group Companies' Data

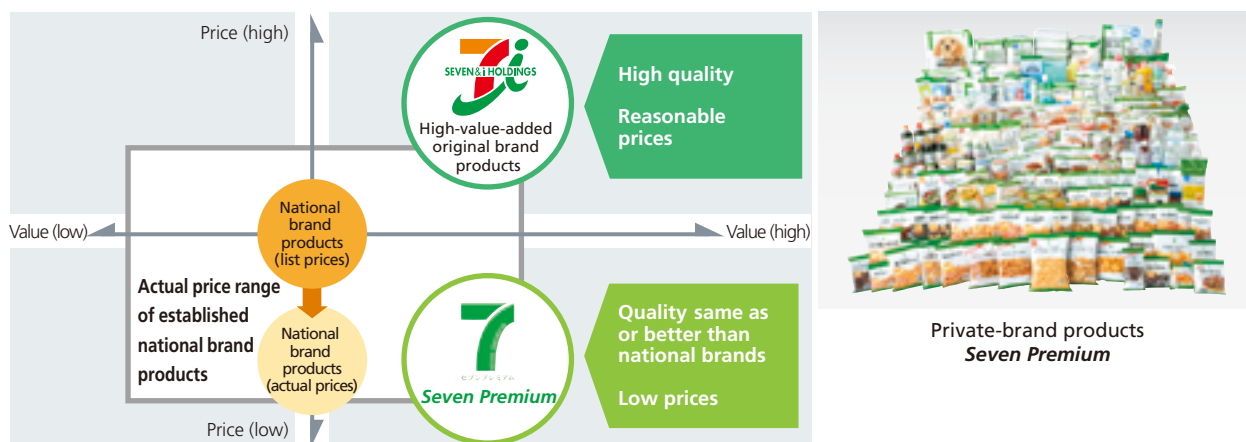
Domestic Market Share

Corporate Data

# Merchandising

## Group Merchandising Initiatives

### Positioning of Private-Brand Products

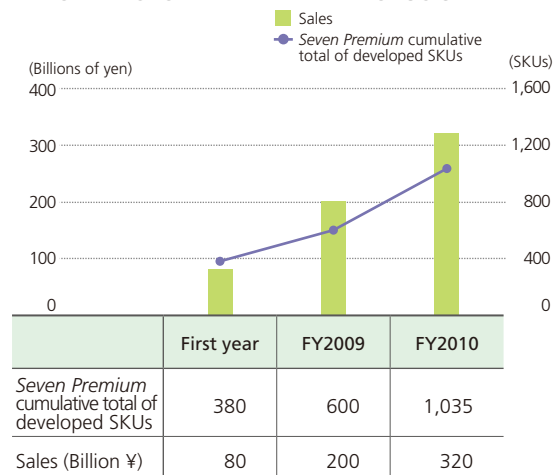


### Implementation of the Merchandising Strategy

#### Development of *Seven Premium* private-brand products

November 2006:	Launched "The Group Merchandising Project"
May 2007:	Started sales of <i>Seven Premium</i> at superstores and supermarkets <b>Number of SKUs: 49</b>
August:	Started sales at Seven-Eleven
November:	Started sales of household goods
March 2008:	Started sales of processed fresh foods
May:	First anniversary of <i>Seven Premium</i> sales <b>Cumulative total of developed SKUs: 380</b>
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
May:	Second anniversary of <i>Seven Premium</i> sales <b>Cumulative total of developed SKUs: 690</b>
July:	Launch of the "Premium Life Enhancement Committee", a website community for product development that invites customers to participate
November:	Started sales of wine simultaneously in Japan and North America as the Group's first private brand product for the global market
May 2010:	Third anniversary of <i>Seven Premium</i> sales <b>Cumulative total of developed SKUs: 1,100</b>

#### PERFORMANCE OF PRIVATE BRAND PRODUCTS



Note: First year represents the period from May 2007 to May 2008.

#### Food section:

Comprising 19 subcommittees, 26 teams and 90 merchandisers and buyers

#### Household goods section:

Comprising 4 subcommittee, 12 teams and 43 merchandisers and buyers

**Full-time project staff: 19**

#### Integrated product procurement by the Group

- Uniform management of raw materials for each company and consolidation of product-use raw materials
- Strengthening of joint purchasing

#### Global strategy

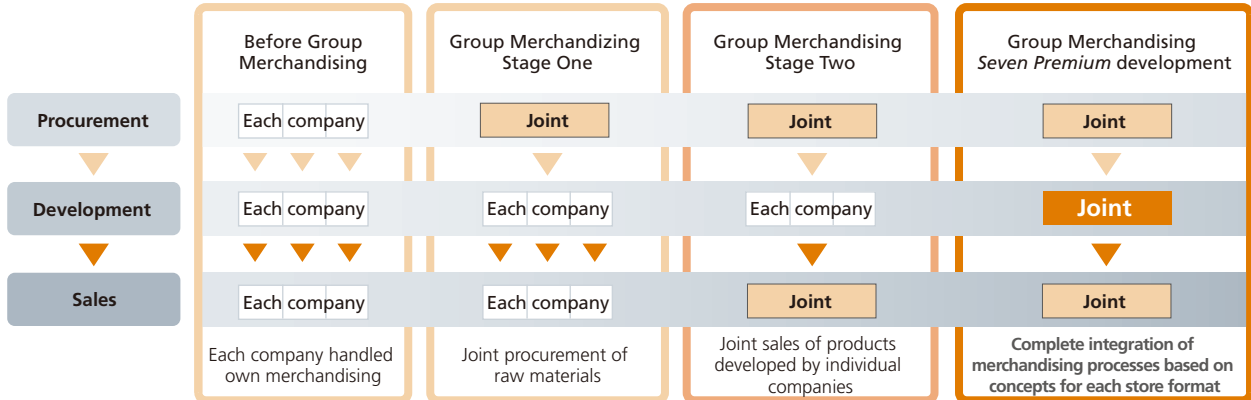
- Reinforcing product development to overseas and pursuing global synergies: Joint procurement of products and raw materials between Group companies

#### Distribution strategy

- Establishment of total optimization of distribution system
- Systematizing the Group's distribution section

## 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



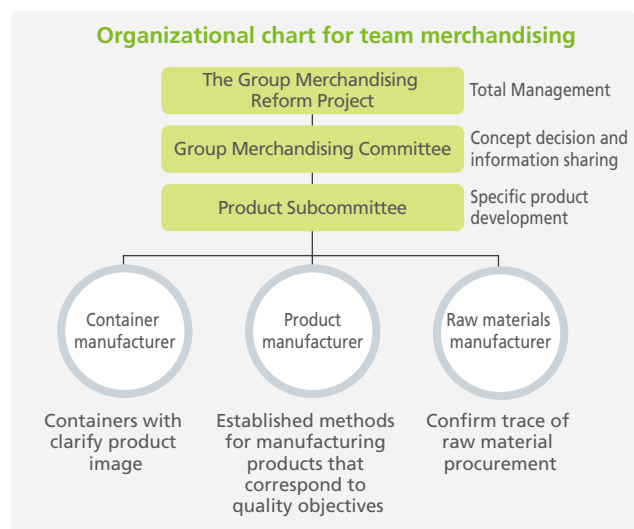
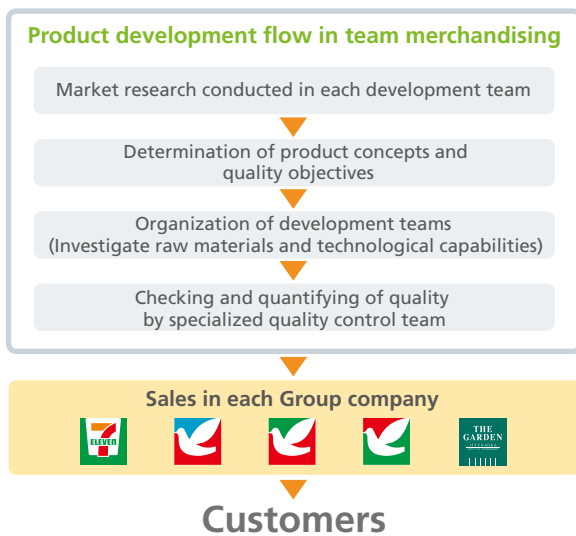
Performance Overview

Retailers in the World

## 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 23 subcommittees and 38 teams (as of May 2010), and product developments in each subcommittee are jointly conducted with manufacturers.

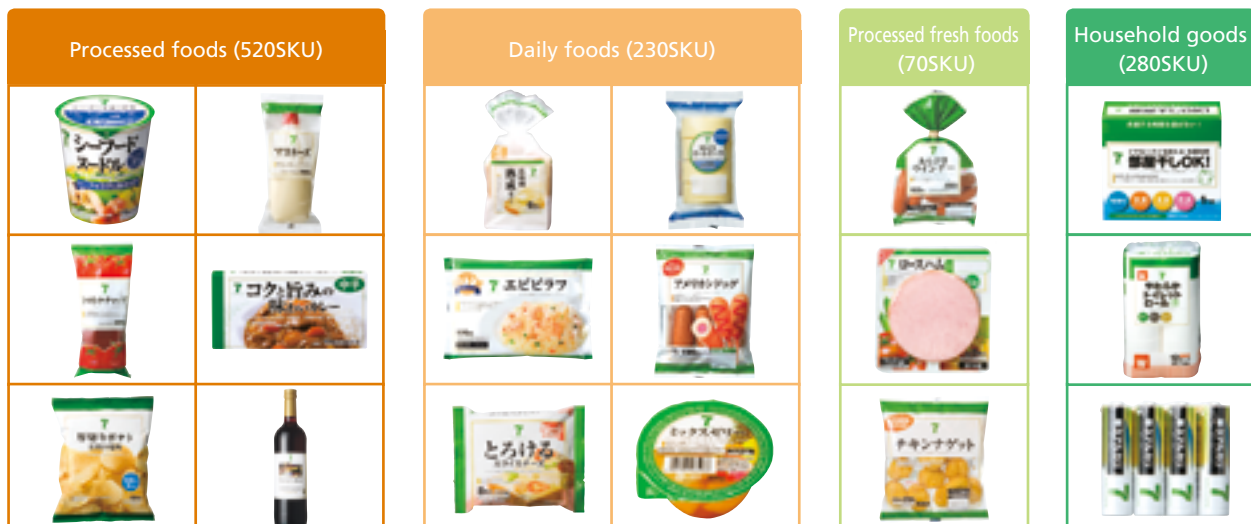
Domestic Retail Environment



Group Business Strategy

Major Group Companies' Data

## Seven Premium Product Categories



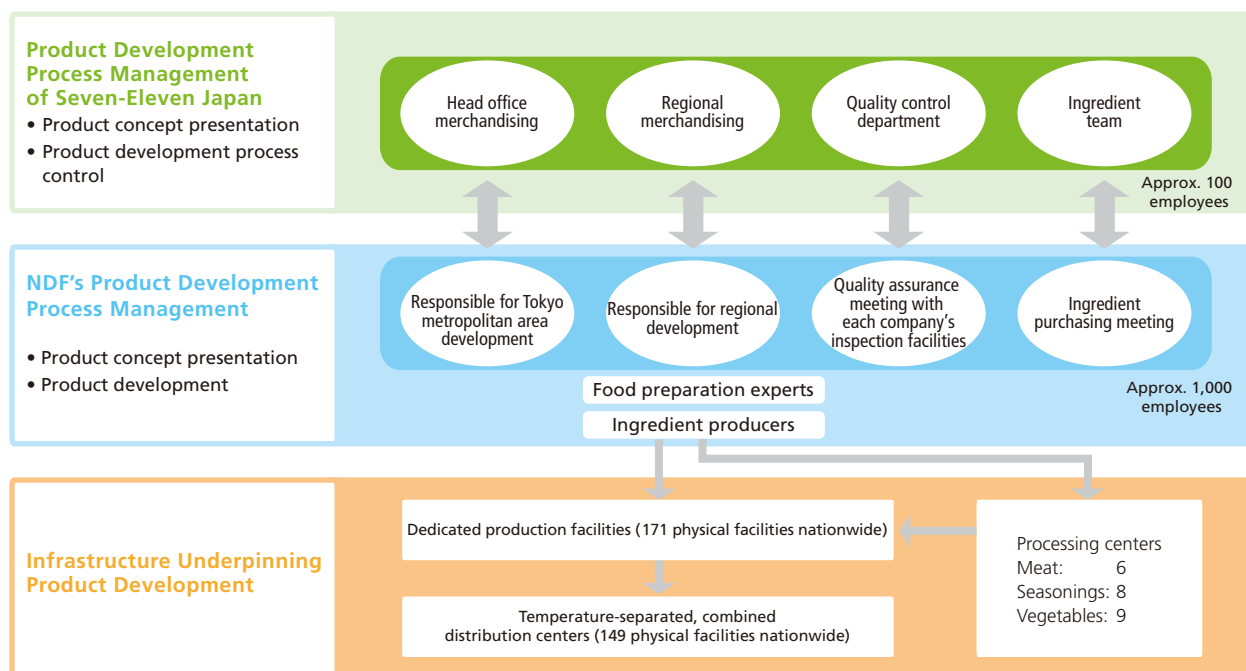
Domestic Market Share

Corporate Data

# Merchandising

## Original Daily Food Products Development by Seven-Eleven Japan

### Food Product Development System

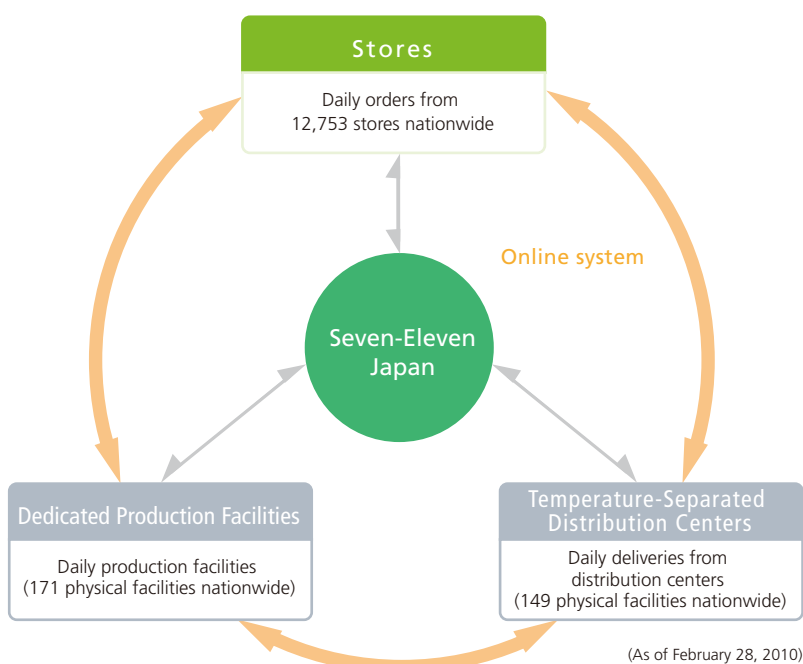


Notes 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop 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, 2010.

### 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.

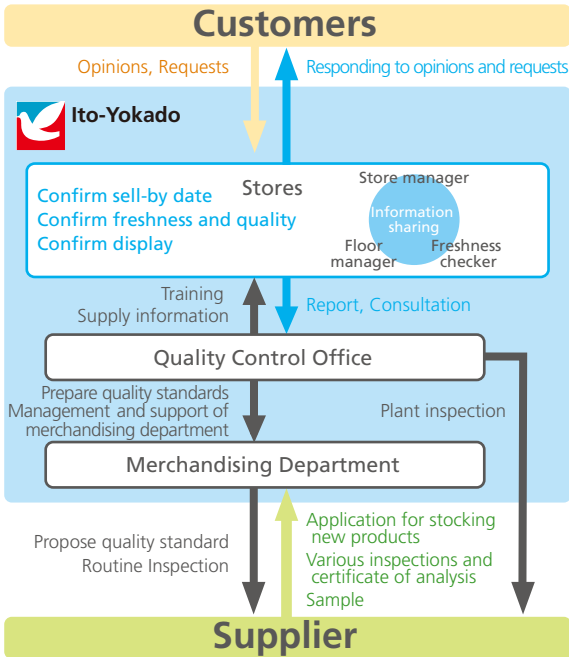


Examples of original daily food products

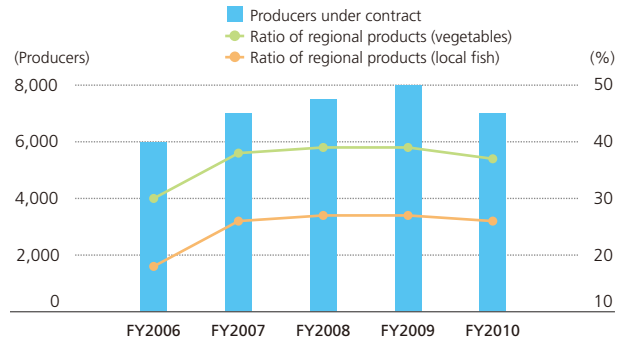
## Food Safety Initiatives for Ito-Yokado

### 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.



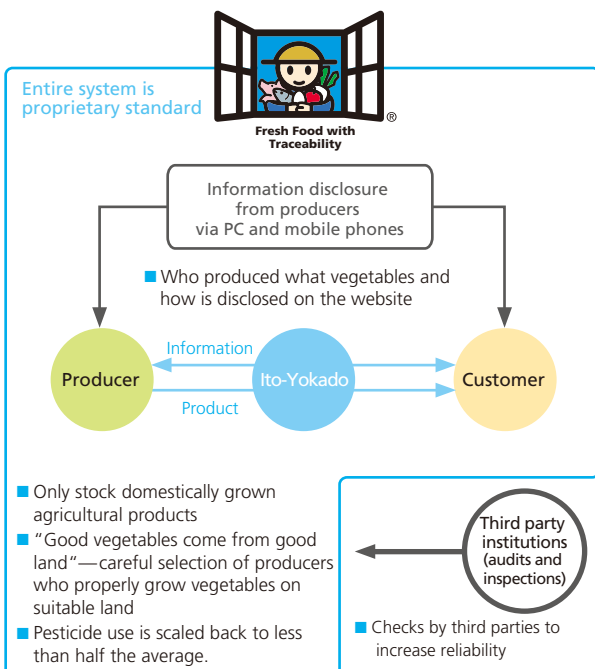
### PROGRESS WITH REGIONAL PRODUCTS



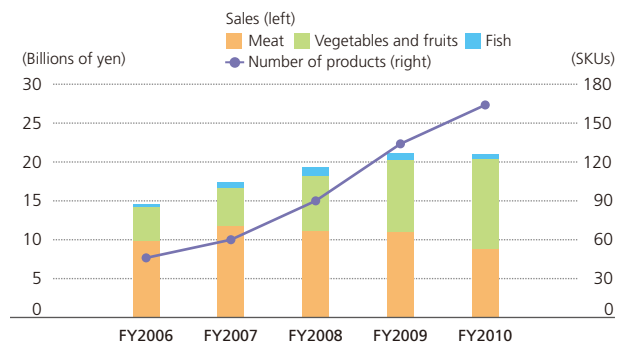
### "Fresh Foods with Traceability" Initiatives

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



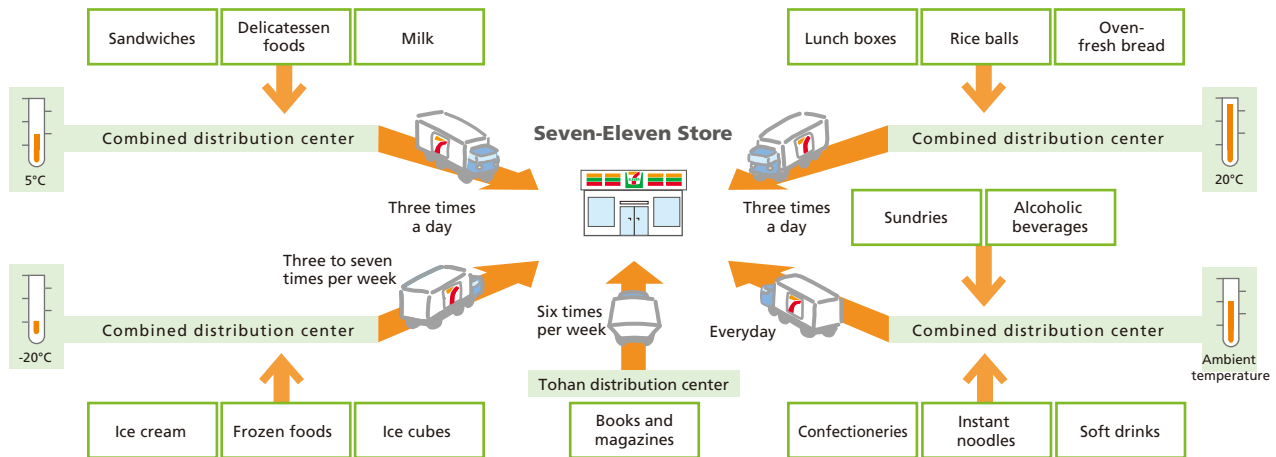


# Distribution Systems

## 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

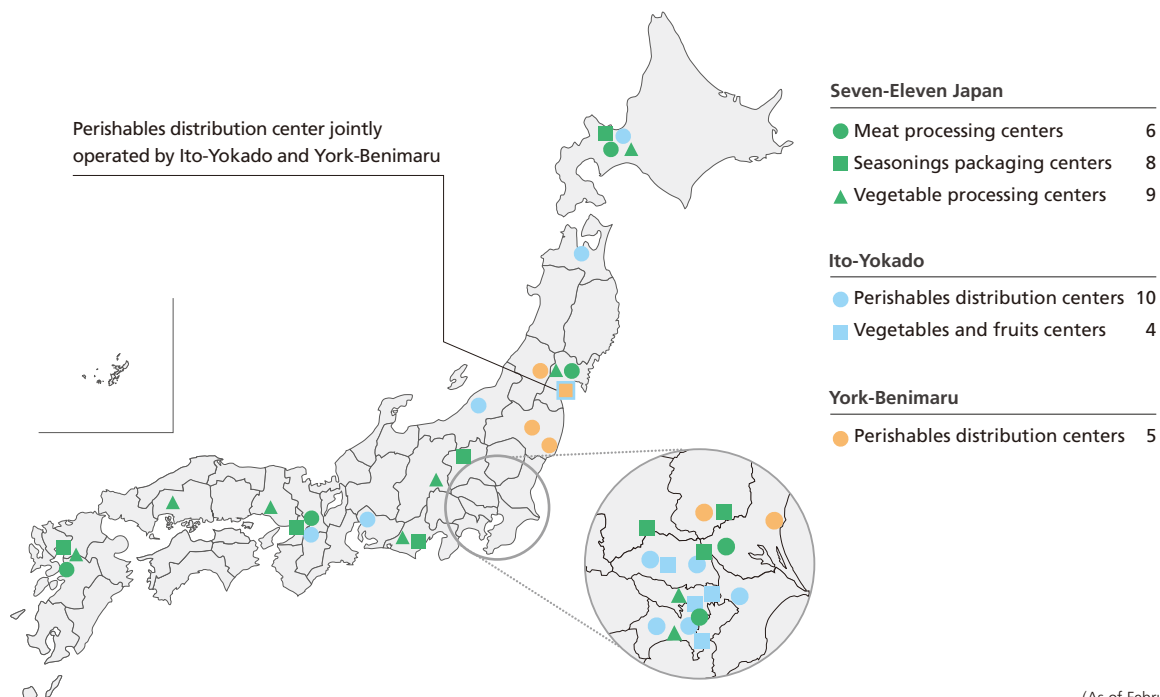


(As of February 28, 2010)

	Number of distribution centers	Number of physical facilities
5°C	66	5°C 16
20°C	67	20°C 17
		Share 50
-20°C	17	17
Subtotal	150	100
Ambient temperature	—	49
Total	—	149

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, 2010)

# Information Systems

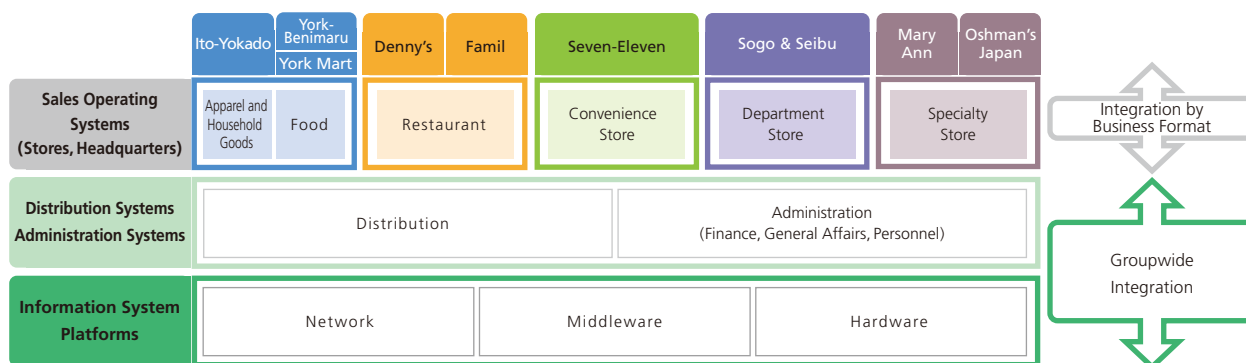
Profile

## 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

Performance Overview

### CONCEPT CHART OF SYSTEM INTEGRATION

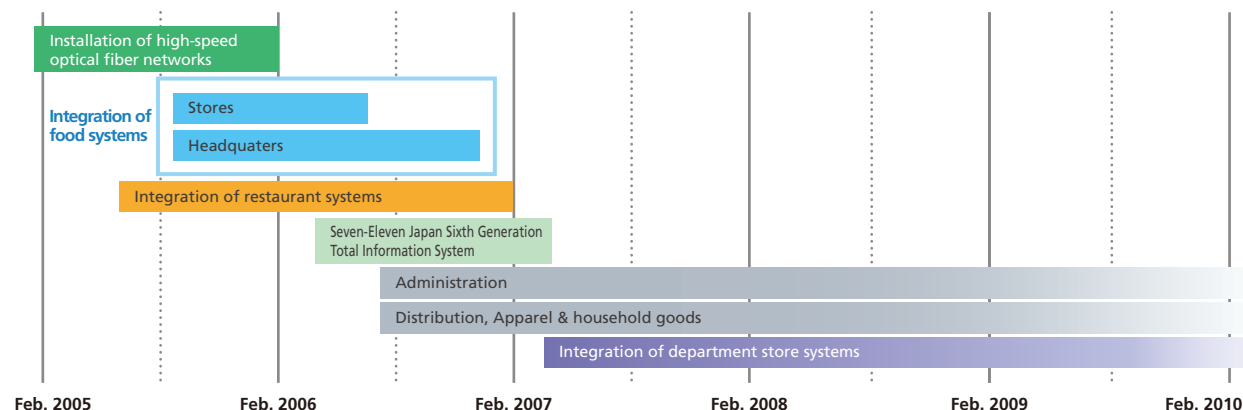


Retailers in the World

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Group Business Strategy

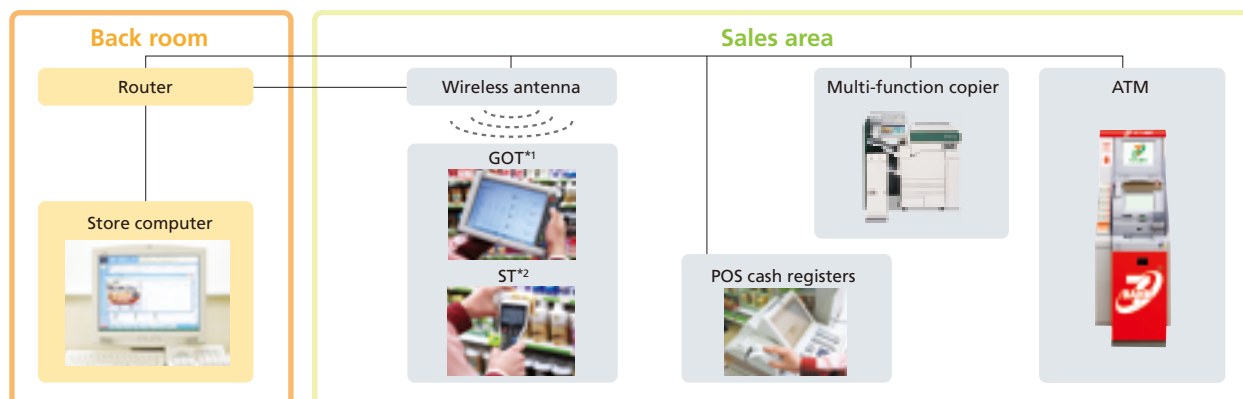
### PROGRESS ON INTEGRATION



Major Group Companies' Data

## 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.



Domestic Market Share

Corporate Data

\*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 over 26 million cards at present, and we will enhance the card strategy by expanding services to the entire Group. In March 2010, SEVEN & i FINANCIAL GROUP CO., LTD. and Credit Saison Co., Ltd. entered into a basic agreement to discuss details of a comprehensive business alliance. A newly established company by Credit Saison, conducting card business between Credit Saison and Sogo & Seibu, will be made a consolidated subsidiary of Seven & i Holdings. We will integrate various cards within the Group to make effective use of them as part of the Group's common infrastructure.

(As of April 30, 2010)

Card name	Number of card issued	Credit function	Point services	Stores with point service					
									
 nanaco	9.80 million	▲ <sup>*1</sup>	1 point given for every ¥100 spent	■	■			■	
 IY Card	2.97 million	●	1 point given for every ¥100 spent (additional 0.5 points given for credit card use)		■				
 Point Card	6.87 million	—	1 point given for every ¥100 spent		■				
 Millennium Card	2.47 million	● <sup>*2</sup>	Points equaling 2% of purchase amount given (up to a maximum of 7% of annual purchase amount in the next year)			■	■		
 Club ON Card	2.44 million								
 Member's Card	1.58 million	×	1 point given for every ¥200 spent						■

Notes: 1. The number of card issued is as of February 28, 2010.

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.

Seven-Eleven Japan stores started to accept payment through IY Card (Visa / JCB) and JCB card from June 2010.

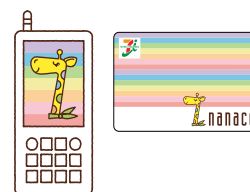
\*1 Credit card functions can be used once the member becomes an IY Card or QUICPay member.




\*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, 2010, the number of stores, including Group's Seven-Eleven stores, accepting *nanaco* payment expanded to approximately 54,800.

- 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		<b>Group stores:</b> Seven-Eleven, Ito-Yokado, Denny's, Famil <b>Outside the Group:</b> 41,471
Charge method		<b>Charging at stores:</b> At the registers of Seven-Eleven, Denny's and Famil; the Customer Service Counter of Ito-Yokado; and Seven Bank ATMs <b>Credit card charges:</b> <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		<b>Given one point for every ¥100 spent, and the points can be converted to e-money</b> <b>Point tie-ups with Group company:</b> Seven Bank <b>Point tie-ups with non-Group company*:</b> The Juroku Bank, Resona Bank, Saitama Resona Bank, The Kinki Osaka Bank, Yahoo Japan, CHIBA BANK, JCB

(as of April 30, 2010)

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

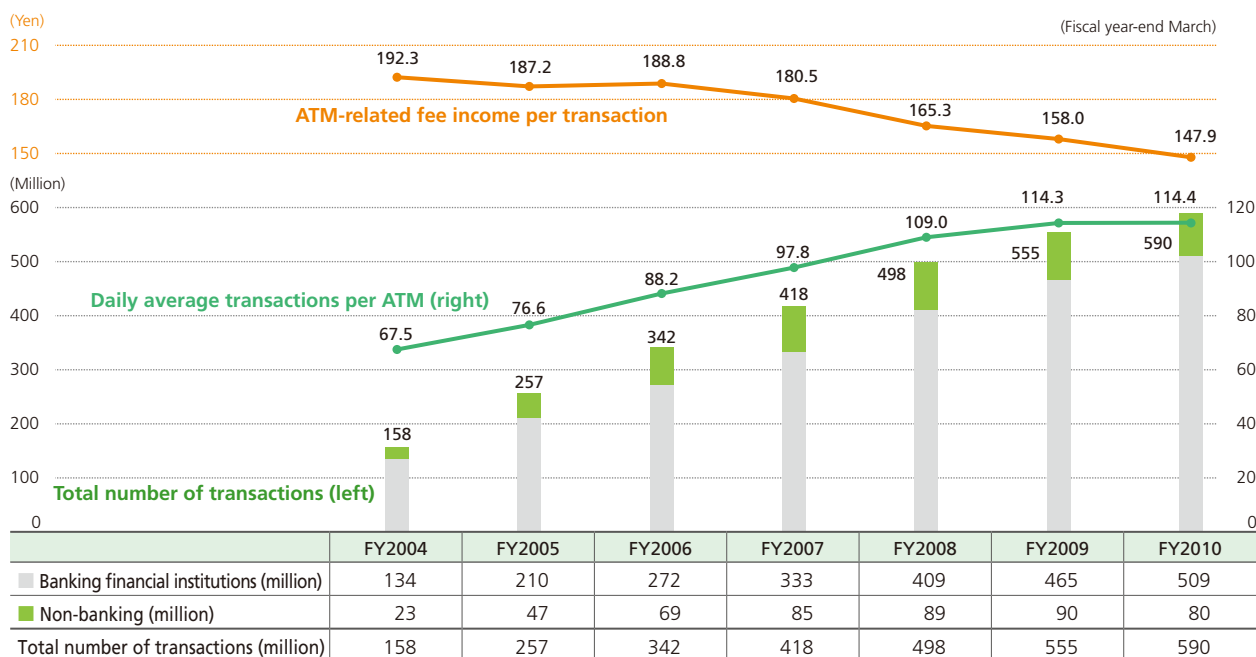
## ATM Services

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.



Performance Overview

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

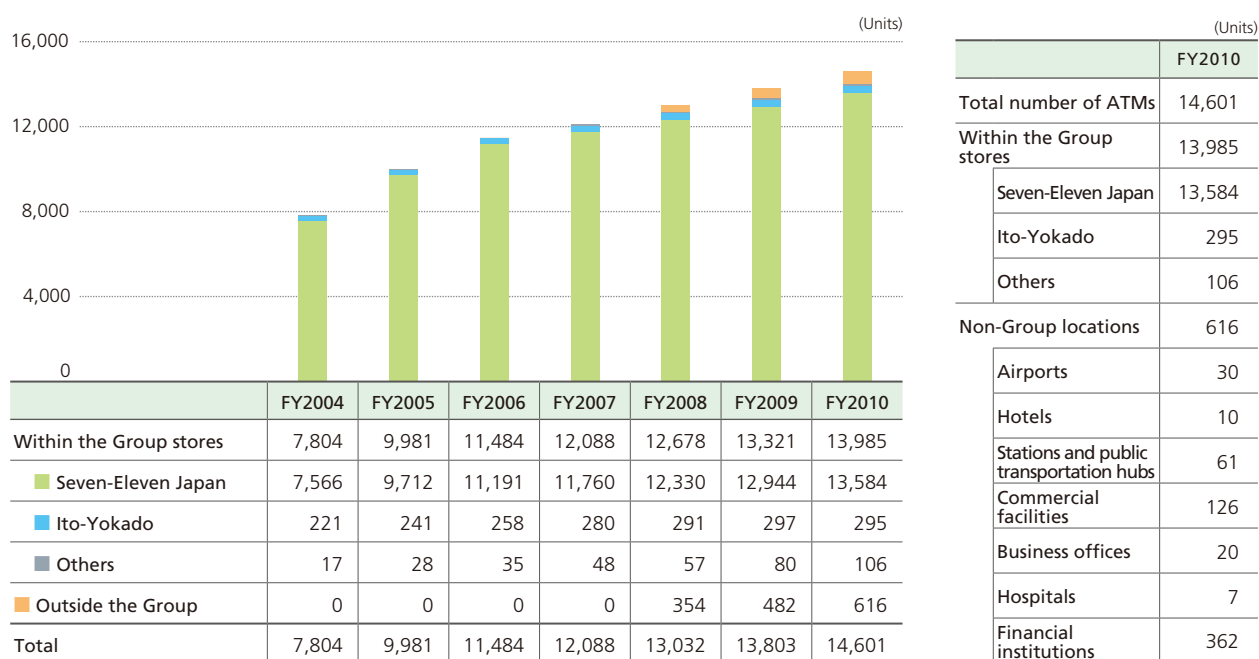


Retailers in the World

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Group Business Strategy

### NUMBER OF ATMS INSTALLED



Major Group Companies' Data

Domestic Market Share

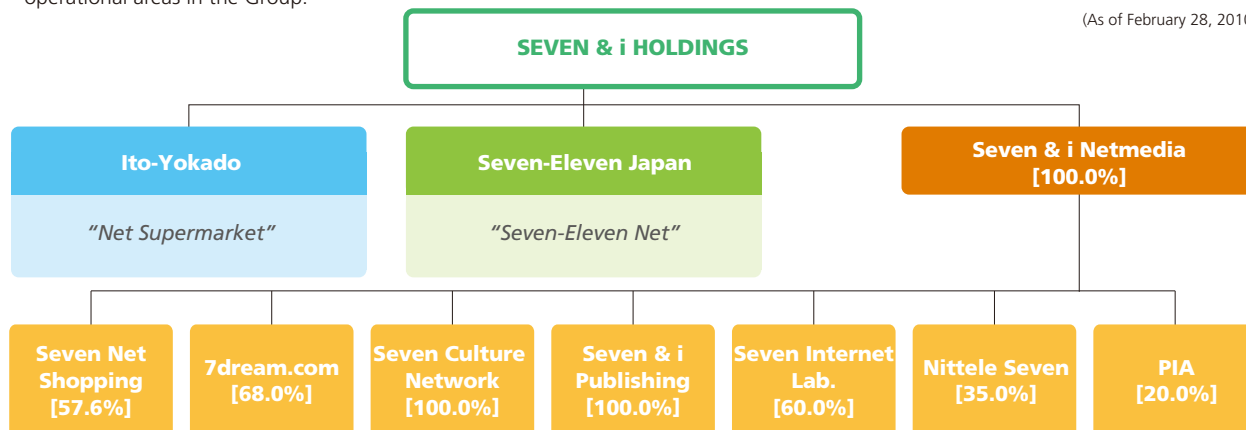
Corporate Data

# IT / Services

## Organization

Seven & i Netmedia, established in July 2008, will act as a core company to implement reorganization and consolidation of IT/Services operational areas in the Group.

(As of February 28, 2010)



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

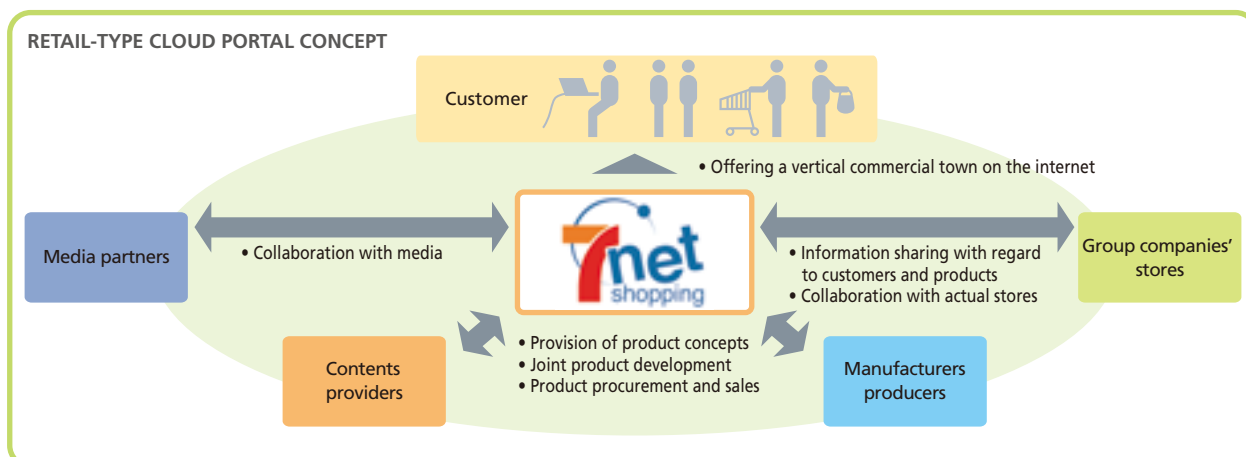
## Business Overview

By utilizing group infrastructure such as high-performance information systems, distribution, and an existing store network of about 14,200 stores, we can offer IT / Services unique to the retail business company that would integrate the Internet and the actual stores.

Internet Shopping Business	With Seven Net Shopping as a core operator, this comprehensive Internet shopping service offers five million items in 11 categories.
Store-based Internet Service Business	<p><b>"Net Supermarket"</b> With Ito-Yokado's stores manage as a core operator, fresh products are offered at the same prices as the in-store prices and delivered in the shortest amount of time within three hours after the placement of orders from customers located within its store catchment area.</p> <p><b>"Seven-Eleven Net"</b> By enhancing the supplementation of Seven-Eleven stores' product lineups where it is hard to constantly keep in stock at the real stores, customers can receive and make payments for ordered items at the store front with no delivery charges or service fees.</p>
Information Terminal Service Business	<p>Services and products are offered through information terminal devices such as multi-function copier machine at Seven-Eleven Japan stores.</p> <p><b>Main services offered via multi-function copier machine:</b></p> <ul style="list-style-type: none"> <li>• Photocopy, fax, printing photographs from various media, printing data from customers' home computer via the internet</li> <li>• Ticket sales*, public administration-related services (issuance of residence certificate and seal registration certificate) and other services</li> </ul> <p>*Ticket sales cover movie tickets, various event tickets, seat reserved ticket for sports events and expressway bus services.</p>

## Internet Shopping Business

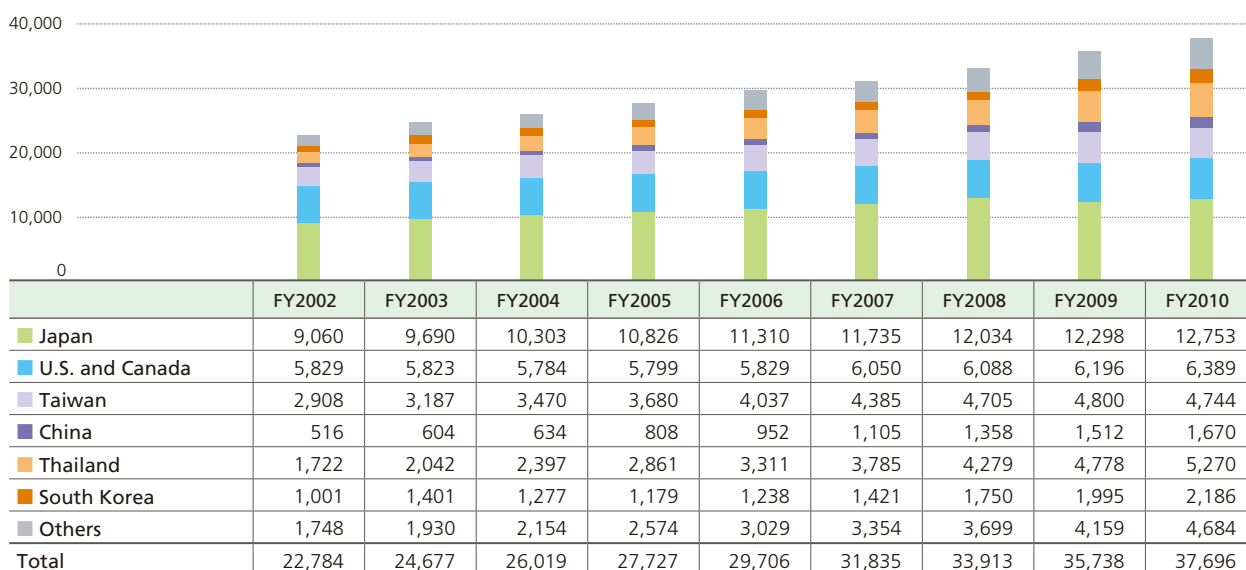
In December 2009, Seven and Y Corp. changed its name to Seven Net Shopping Co., Ltd., and started Group's comprehensive Internet shopping services under the name of "Seven Net Shopping".



## 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. As of the end of December, excluding figures for Japan which are as of the end of February of the following year

### Major Seven-Eleven Store Operators Around the World

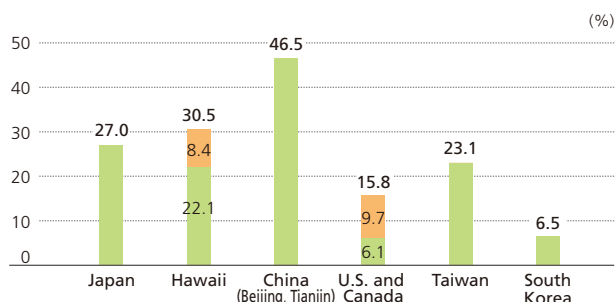
Our consolidated subsidiaries operate stores in Japan, the United States, Canada, China (Beijing, Tianjin), and Hawaii. In other countries and regions, efficient companies operate the stores as area licensees.

Country or Region	Company name	Number of stores
Japan	Seven-Eleven Japan Co., Ltd.	12,753
U.S. and Canada	7-Eleven, Inc.	6,389
China (Beijing, Tianjin)	SEVEN-ELEVEN (BEIJING) CO., LTD.	92
Hawaii	SEVEN-ELEVEN (HAWAII), INC.	55
Thailand	C.P. Seven-Eleven Public Co., Ltd. [Charoen Pokphand Group]	5,270
Taiwan	President Chain Store Corporation [Uni-President Enterprise Corp.]	4,744
South Korea	Korea Seven Co., Ltd. [Lotte Group]	2,186
China (Guang Dong Province, Hong Kong, Macau)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	1,565
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	484
Philippines	Philippine Seven Corporation [President Chain Store Corporation]	446

Notes: 1. Companies in shaded area are subsidiaries.  
2. The number of Japan stores is as of February 28, 2010. Others are as of December 31, 2009.  
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 FY2010



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.

# Global Strategy

## Operations in China

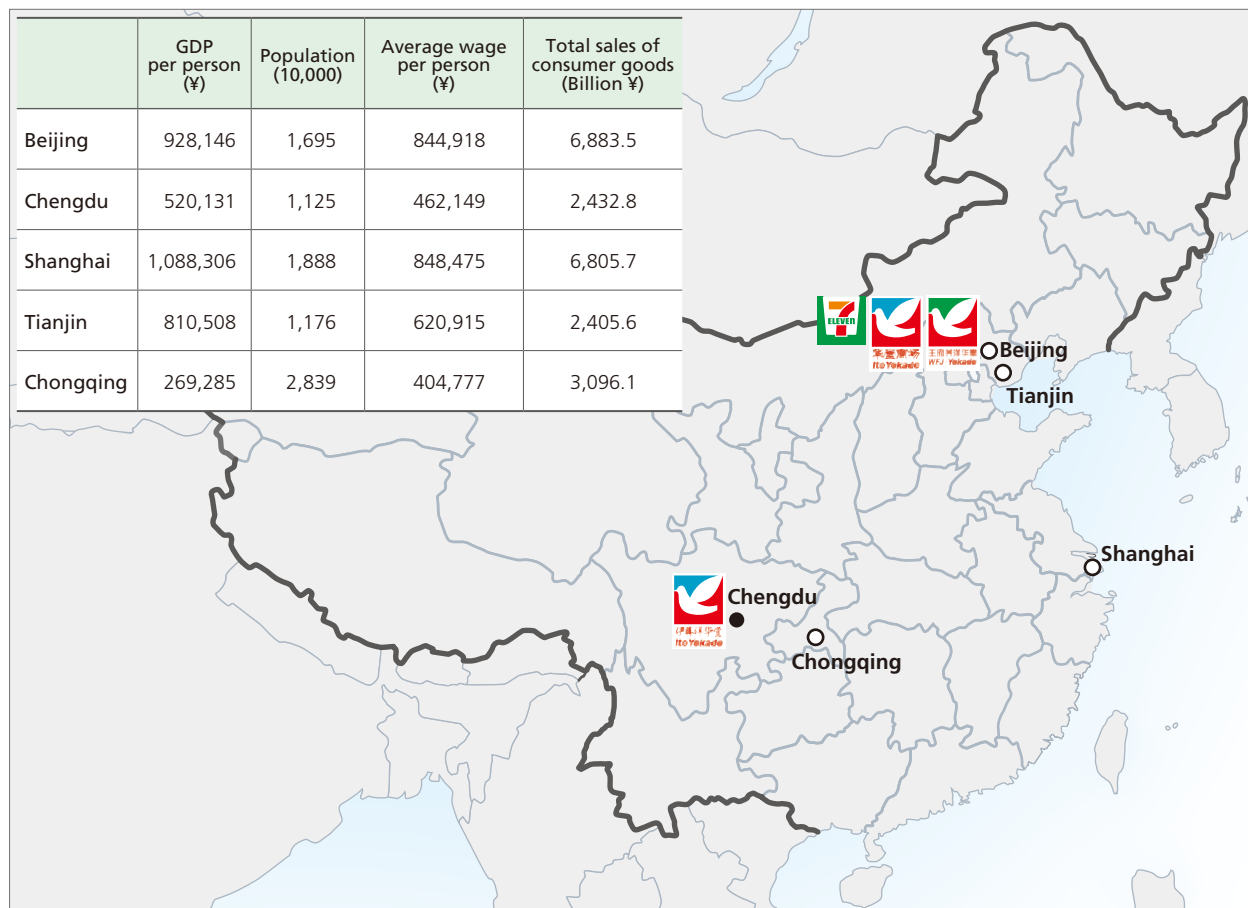
Adhering to our area dominance strategy for opening new stores, we are operating convenience stores, superstores, supermarkets and restaurants in China. Working to enhance synergy effects, we are exchanging information across business formats and starting to develop products jointly.

### Company Overview

(As of December 31, 2009)

	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\$18,000,000	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%
Seven & i Restaurant (Beijing) Co., Ltd.	Restaurant	Feb. 2009	July 21, 2009	50,000,000yuan	Seven & i Food Systems Co., Ltd.	75.0%
					Beijing Wangfujing Department Store Group Co., Ltd.	15.0%
					China National Sugar & Alcohol Group	10.0%

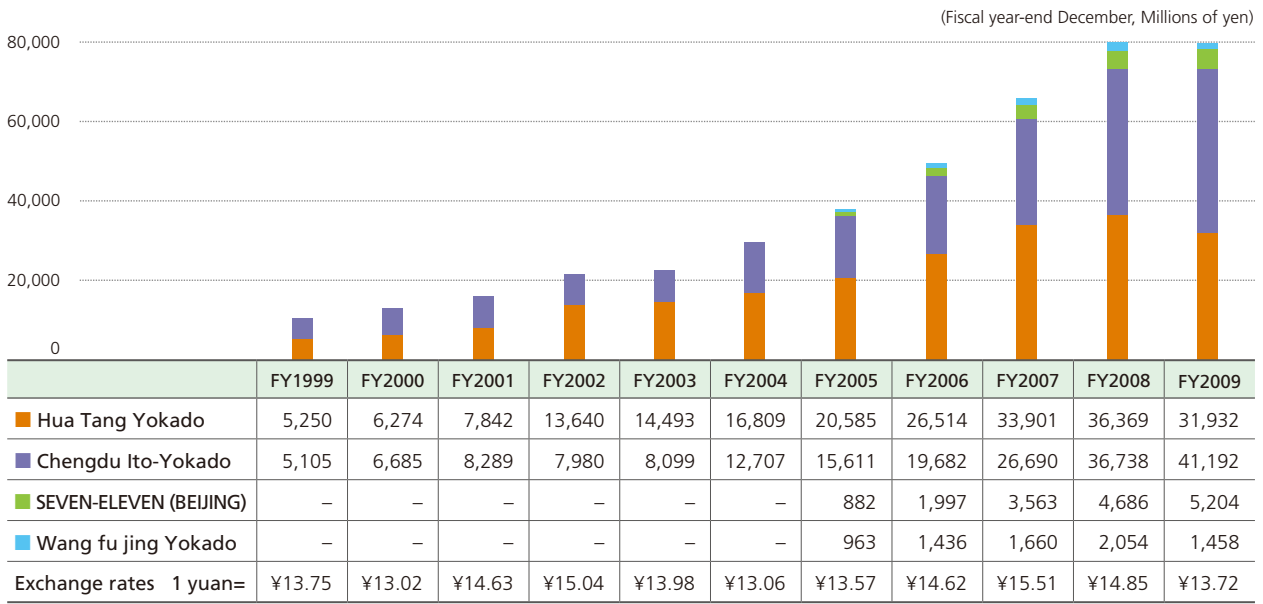
### China Market



Note: Exchange rate: 1 yuan=¥15

Source: National Bureau of Statistics of China (2008)

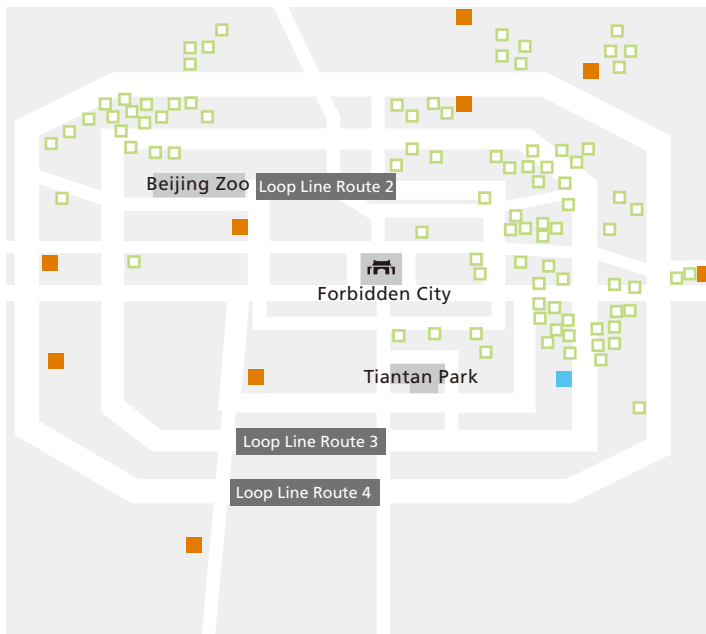
## Sales Trend



Note: Sales exclude value added tax.

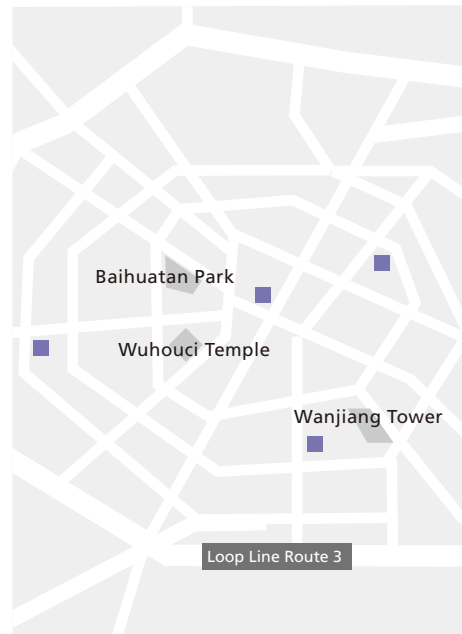
## Store Openings

### Beijing



### Chengdu

(As of December 31, 2009)



SEVEN-ELEVEN: 92 stores



Hua Tang Yokado: 9 stores



Wang fu jing Yokado: 1 store



Chengdu Ito-Yokado: 4 stores