

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.

• Market Concentration Strategy

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

Effects of area market concentration 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

• Market Concentration 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

(As of February 28, 2011)

Format	Store brand	Store development
Convenience store	 Seven-Eleven	<ul style="list-style-type: none"> · Formed market concentration mainly in residential areas in the 1990s and in urban areas after 2000 · Implement scrap-and-build strategy for revitalizing existing stores · In addition to the standard roadside-type stores, extended store openings in special locations, including train station buildings, business sites and schools · From November 2010, provision of support for store openings by franchisees who will operate two or more stores · Store network encompassed 39 prefectures as of February 29, 2012. Began launching stores in Akita Prefecture from May 2012
Superstore	 Ito-Yokado	<ul style="list-style-type: none"> · Formed market concentration 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 · Implemented store structure reform to make efficient use of key specialty stores both inside and outside of the Group
Shopping center	 Ario	<ul style="list-style-type: none"> · Operate 13 shopping centers primarily in the Kanto region · With Ito-Yokado as the anchor tenant, attract over 100 tenants
Supermarket	 	<ul style="list-style-type: none"> · York-Benimaru formed market concentration in the Southern Tohoku and Northern Kanto regions · York Mart formed market concentration primarily in the Southern Kanto region · Aim for a 300-store network through aggressive store opening strategy in the market concentration
Department store	  	<ul style="list-style-type: none"> · Sogo, The Seibu Department Stores and Robinson Department Stores conduct collaborative store operations centered on key stores · Seven key stores are Ikebukuro, Yokohama, Chiba, Kobe, Hiroshima, Shibuya and Omiya · According to their characteristics, stores are classified into "key stores," "regional leader stores" or "suburban stores" · Opened small-sized department stores in Ario Malls and Ito-Yokado stores
Restaurant	 Denny's	<ul style="list-style-type: none"> · Formed stores in 16 prefectures nationwide, primarily in the Kanto region · Developed new-type store operations as "Benten-An" and "Gooburg" primarily in the metropolitan areas
Specialty store	 	<ul style="list-style-type: none"> · Operate stores primarily in shopping centers in 27 prefectures · Operate 35 stores primarily in Ito-Yokado, Ario and other stores operated by Group companies · Operate stores primarily in department stores and shopping centers in 23 prefectures · Operate 28 stores in Seibu, Sogo, Ito-Yokado, Ario, and other stores operated by Group company

►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 FY2012



•Domestic Store Network

(As of February 29, 2012)

								
Hokkaido	844	12	–	–	1	8	4	2
Tohoku	949	10	129	–	1	20	3	3
Kanto	5,873	120	47	68	13	347	43	37
Chubu	2,331	17	–	–	3	86	11	9
Kinki	1,632	11	–	–	5	23	18	13
Chugoku	907	3	–	–	2	2	4	5
Shikoku	–	–	–	–	1	–	1	2
Kyushu	1,469	–	–	–	–	–	3	2
Total	14,005	173	176	68	26	486	87	73

Profile

Performance
Overview

Retailers in
the World

Domestic
Retail
Environment

Group
Business
Strategy

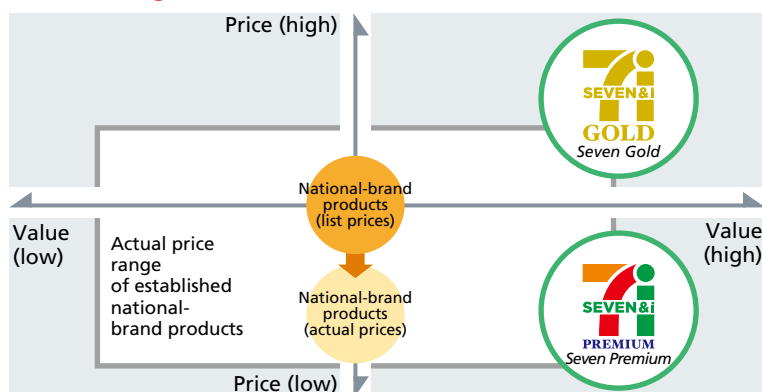
Major Group
Companies'
Data

Corporate
Data

Merchandising

► Group Merchandising Initiatives

• Positioning of Private-Brand Products



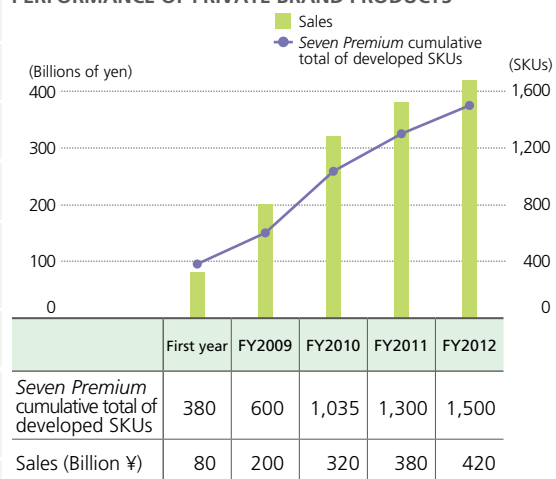
Seven Premium

• Implementation of the Merchandising Strategy

Development of Seven Premium private-brand products

November 2006:	Launched "The Group Merchandising Reform Project"
August 2007:	Started sales at Seven-Eleven Japan
November:	Started sales of household goods
March 2008:	Started sales of processed fresh foods
January 2009:	Received the "Most Excellent Award, Nikkei Award" of the 2008 Nikkei Superior Products and Services Awards
February:	Started sales at Seibu Ikebukuro
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
June 2010:	Started sales of 31 Seven Premium products developed by Group companies in China
September:	Started sales of Seven Gold
March 2011:	Launched a new brand
May 2012:	Started sales of perishable foods

PERFORMANCE OF PRIVATE BRAND PRODUCTS



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

<Product Development Structure>

Food section:

Comprises 22 subcommittees, 27 teams and 111 merchandisers and buyers

Household goods section:

Comprises 11 subcommittees, 11 teams and 36 merchandisers and buyers

Clothes section:

Comprises 2 subcommittees, 2 teams and 12 merchandisers and buyers

Full-time project staff: 26

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

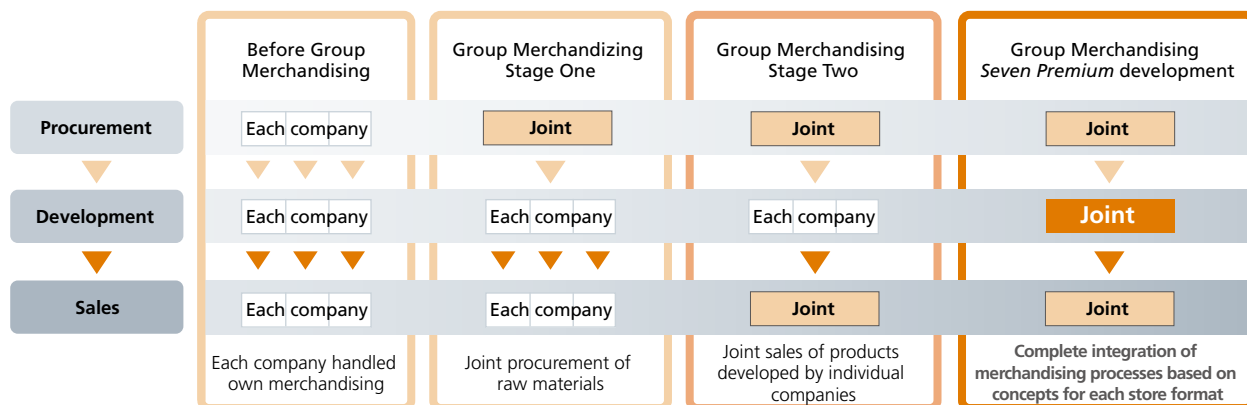
- Establishment of the supply structure required for overseas expansion involving area licensees
- Promotion of Groupwide joint procurement of raw materials and products
- Sharing of information on global production regions

Distribution strategy

- Establishment of total optimization of distribution system

•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



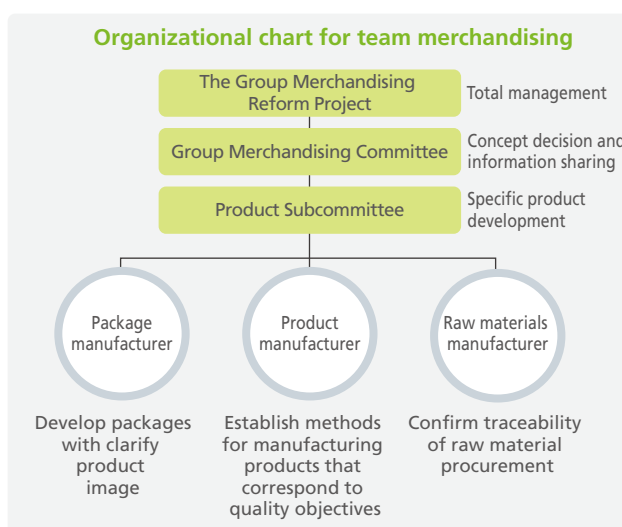
Profile

Performance Overview

•Development Process

We developed *Seven Premium* through team merchandising with manufactures and suppliers. In the fields of processed foods, daily foods, processed fresh foods, household goods and apparel products, Group Merchandising Committee has been organized 35 subcommittees and 51 teams (as of May 2011), and product developments in each subcommittee are jointly conducted with manufacturers.

Retailers in the World

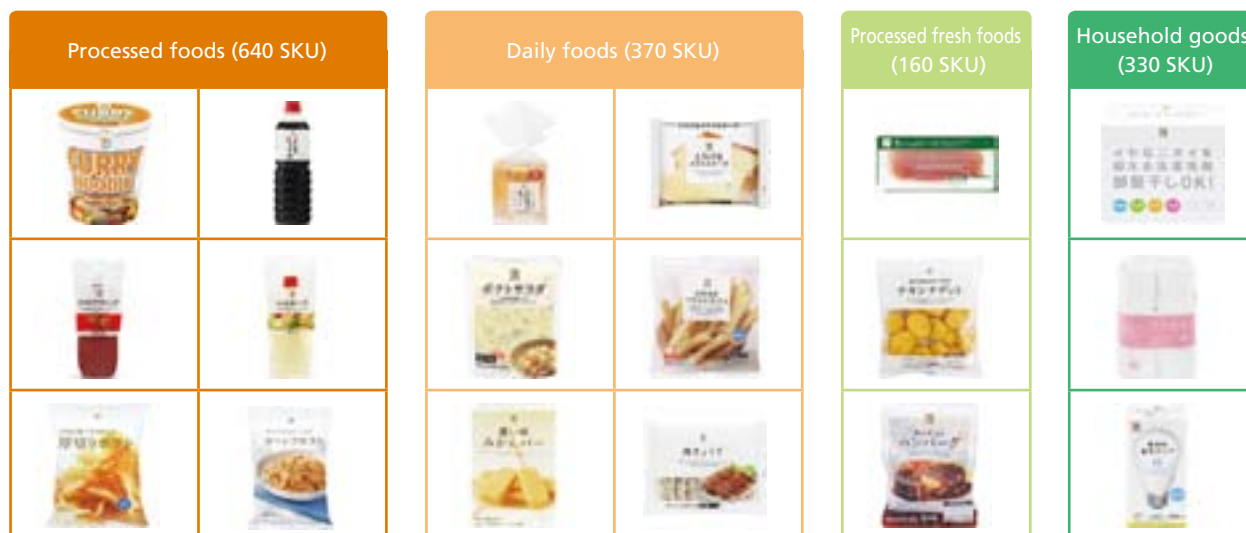


Domestic Retail Environment

Group Business Strategy

Major Group Companies' Data

•Seven Premium Product Categories



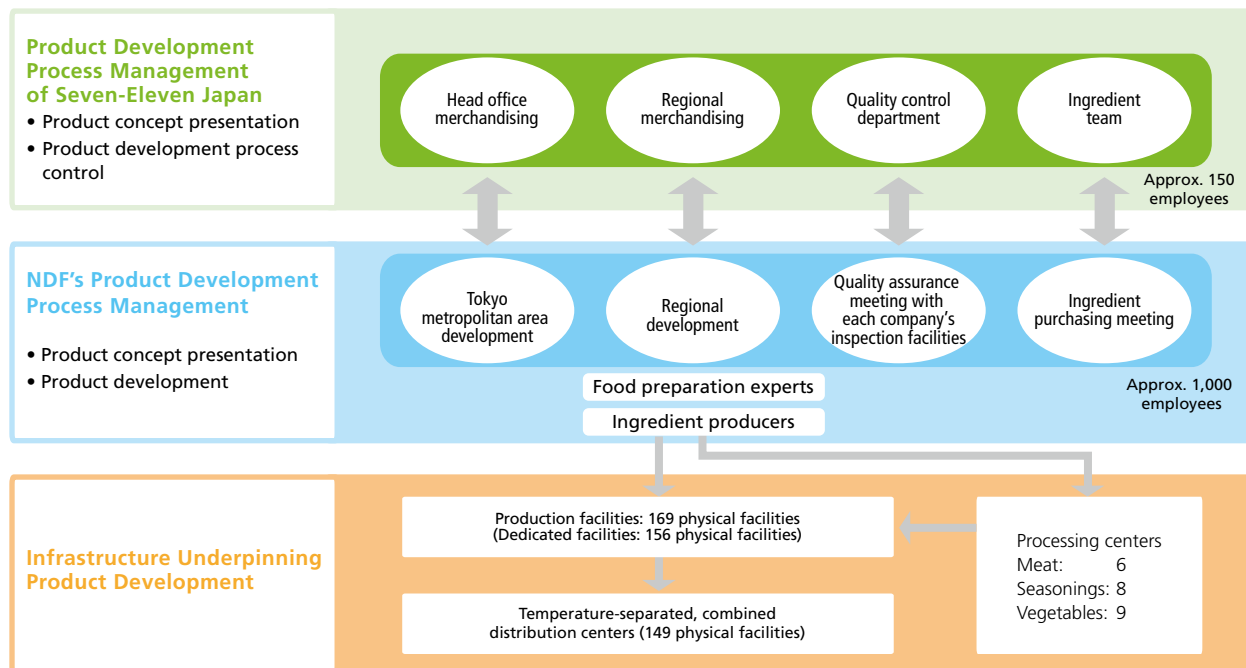
(As of February 29, 2012)

Corporate Data

Merchandising

►Original Daily Food Products Development by Seven-Eleven Japan

•Food Product Development System

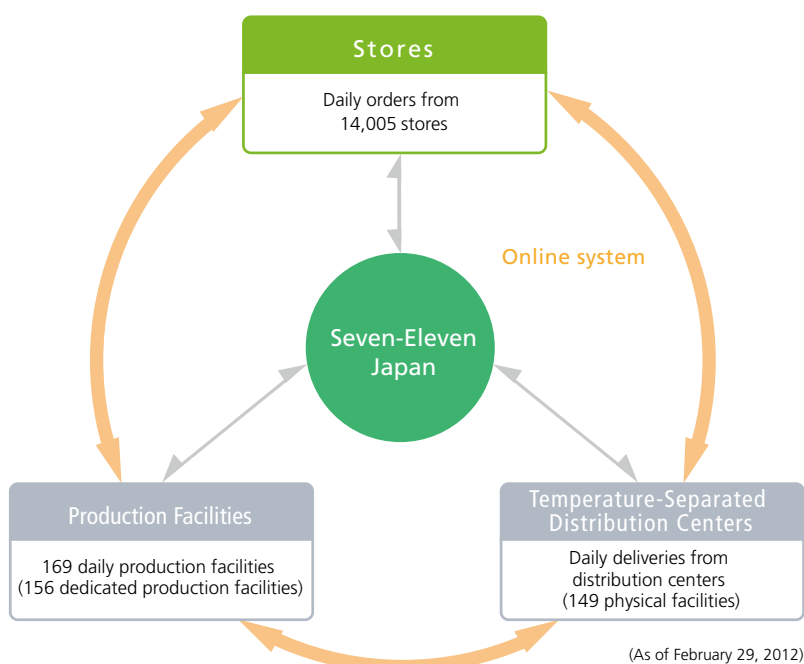


Notes 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop 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 29, 2012.

•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 7-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.

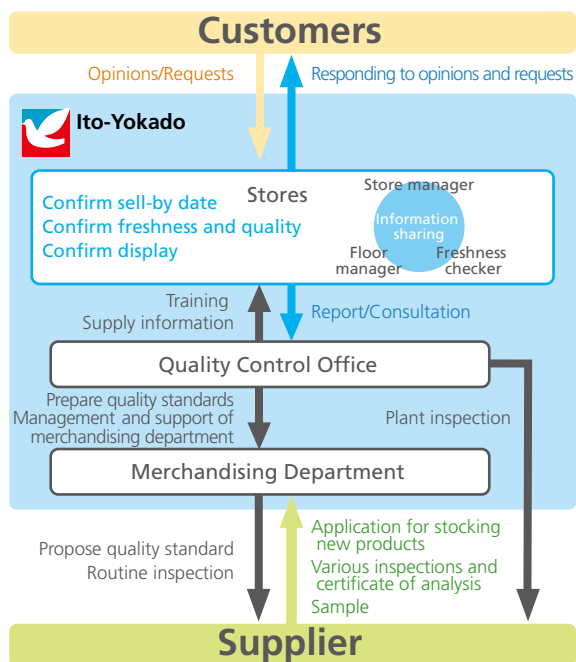


Examples of original daily food products

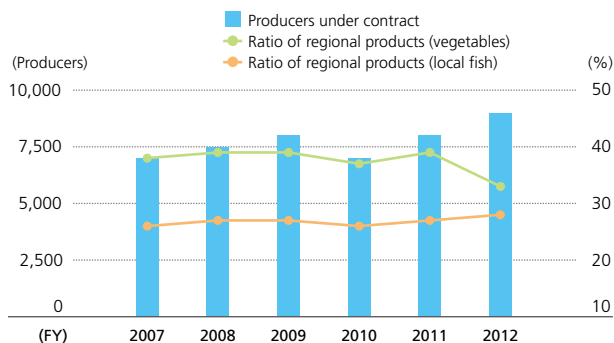
► Food Safety Initiatives for Ito-Yokado

• 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



Profile

Performance Overview

Retailers in the World

Domestic Retail Environment

Group Business Strategy

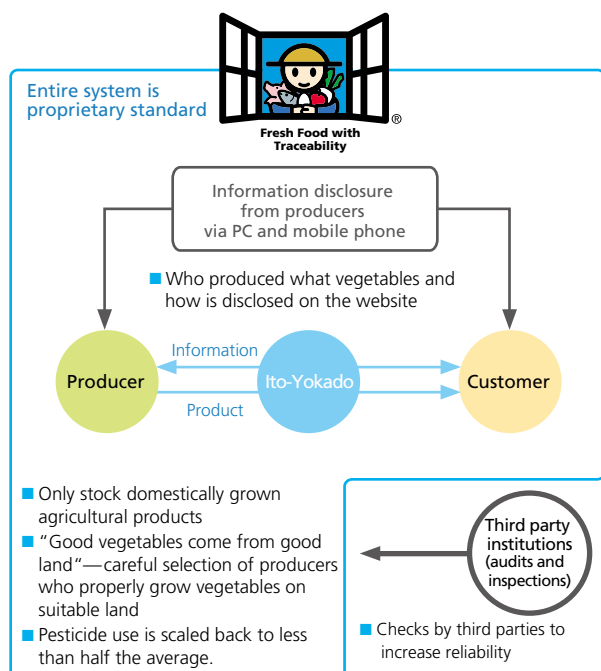
Major Group Companies' Data

Corporate Data

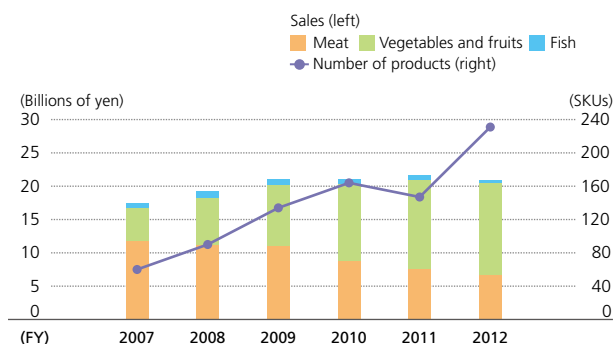
• "Fresh Foods with Traceability" Initiatives

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

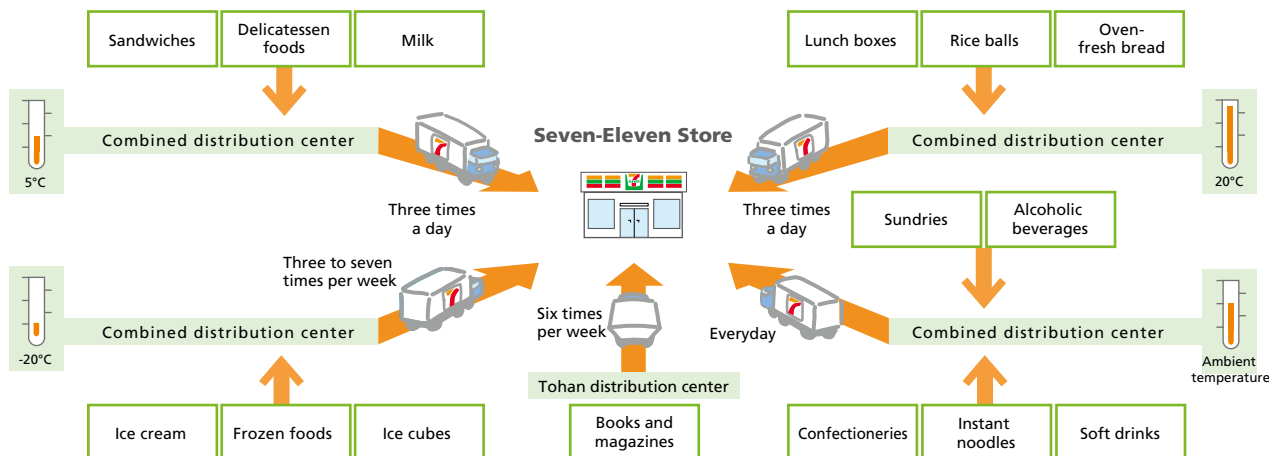


Distribution Systems

• 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

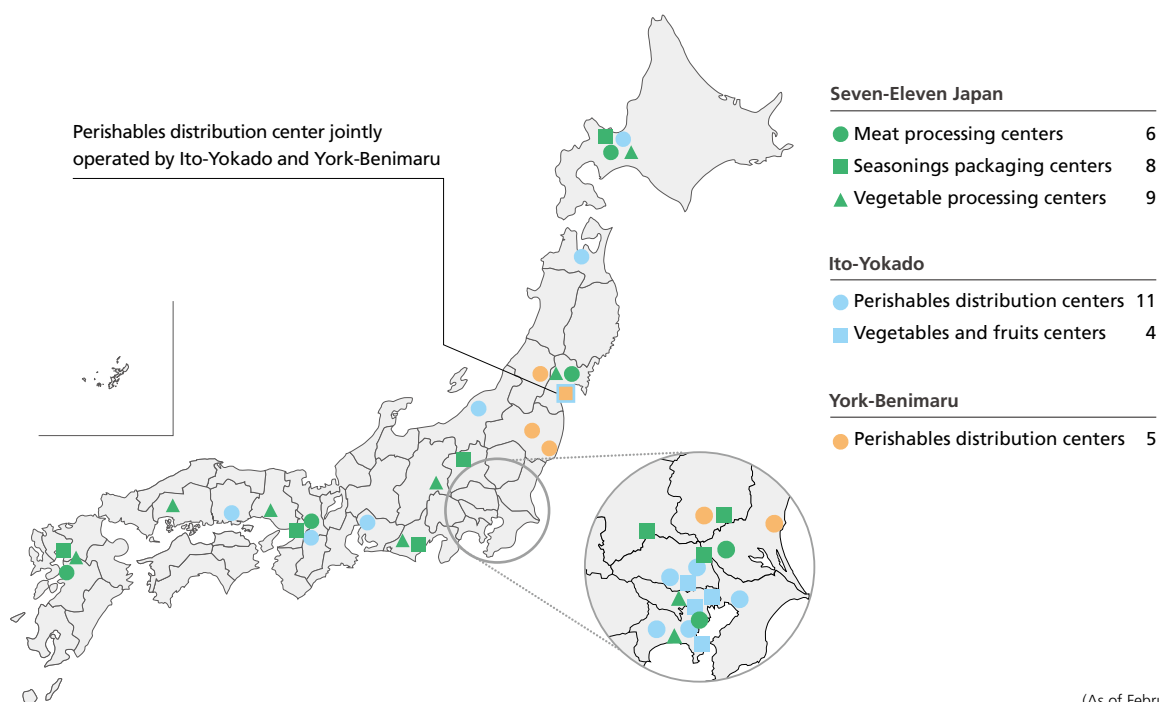


(As of February 29, 2012)

	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



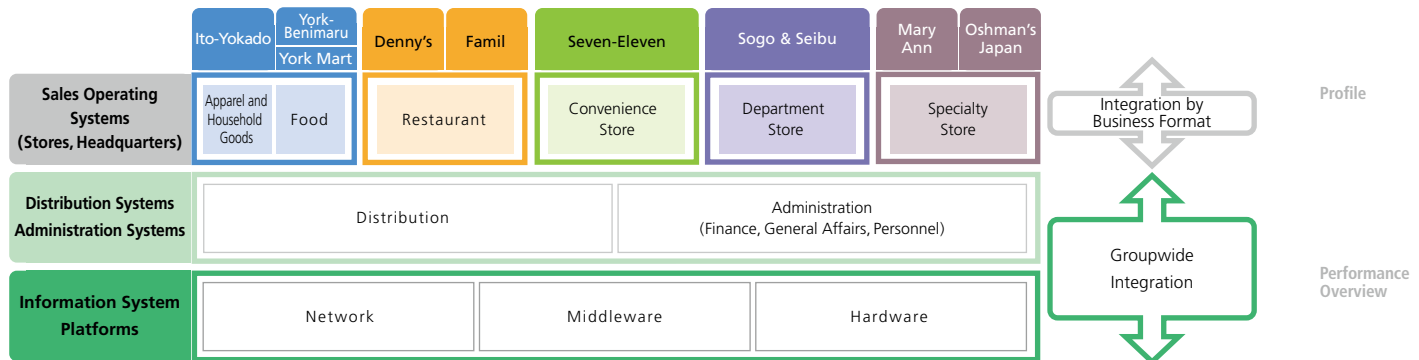
(As of February 29, 2012)

Information Systems

•System Integration

In order to realize group synergies and upgrade administrative functions, Seven & i Holdings promotes integration between hardware and networks, which form the basis of its systems. In addition, sales administration systems are integrated by business categories.

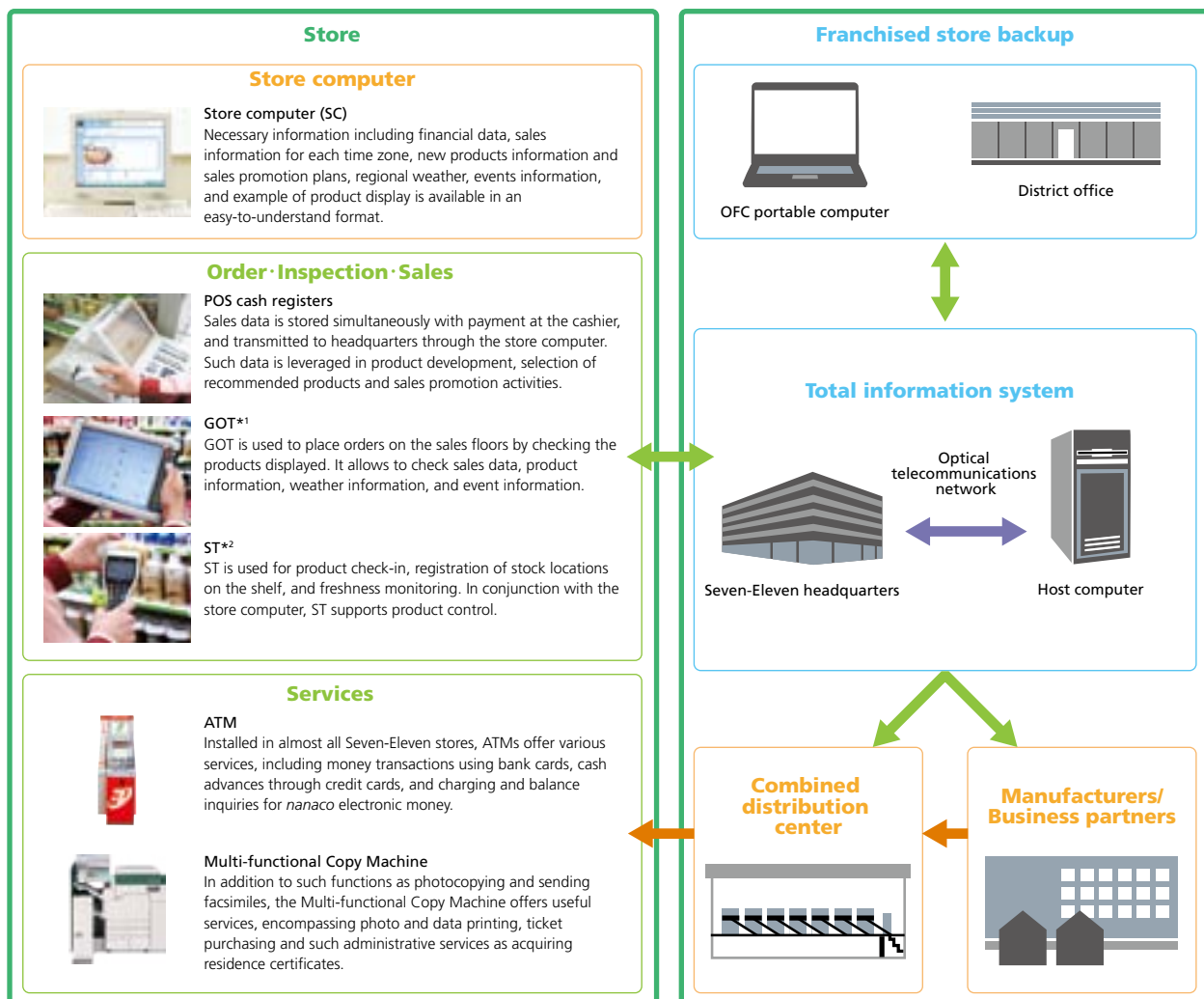
CONCEPT CHART OF SYSTEM INTEGRATION



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

With its proprietary information system to realize "item-by-item management," Seven-Eleven Japan has built one of the world's largest information systems, which links stores, the head office, combined distribution centers, and business partners, maximizing store management efficiency and earnings.

Seven-Eleven Japan's information system has two host computers installed in Japan, providing the Company with secure continuous store operations and backup in the event of contingencies such as natural disaster or other situations should one of the host computers be not fully operable.



*1 Graphic 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

→ Distribution → Network

Financial Services

•Group Card Business

Group companies have issued over 32 million cards at present, and we are accelerating a card strategy that helps members to utilize Group company stores. In addition, to expand the use of credit cards and electronic money at Group company stores, we will make Groupwide efforts to develop shared point services linked to credit card transactions as well as the establishment and promotion of card service strategies for the entire Group.

(As of May 31, 2012)

Card name	Operator	Number of card issued	Credit function	Stores with point service							
nanaco	Seven Card Service	16.36 million	▲*2	■	■	■*3	■*3	■*4	■	■*5	
Seven Card*1		3.22 million	●	□	■		■	□	□	□	
Ito-Yokado Point Card		7.02 million	—		■						
Millennium CARD SAISON	Seven CS Card Service	3.12 million	●								
CLUB ON CARD SAISON				□	□		□	■	□	□	
Member's Card	Akachan Honpo	1.72 million	—								■

Notes:

1. The number of cards issued is as of February 29, 2012.

2. The number of Seven Cards issued represents active members.

*1 IY Card changed its name and its card design to Seven Card from issuance in July 2011.

*2 Credit functions can be used once the cardholder becomes a Seven Card and QUICPay member.

*3 Available from May for York Mart and store by store from April for York-Benimaru

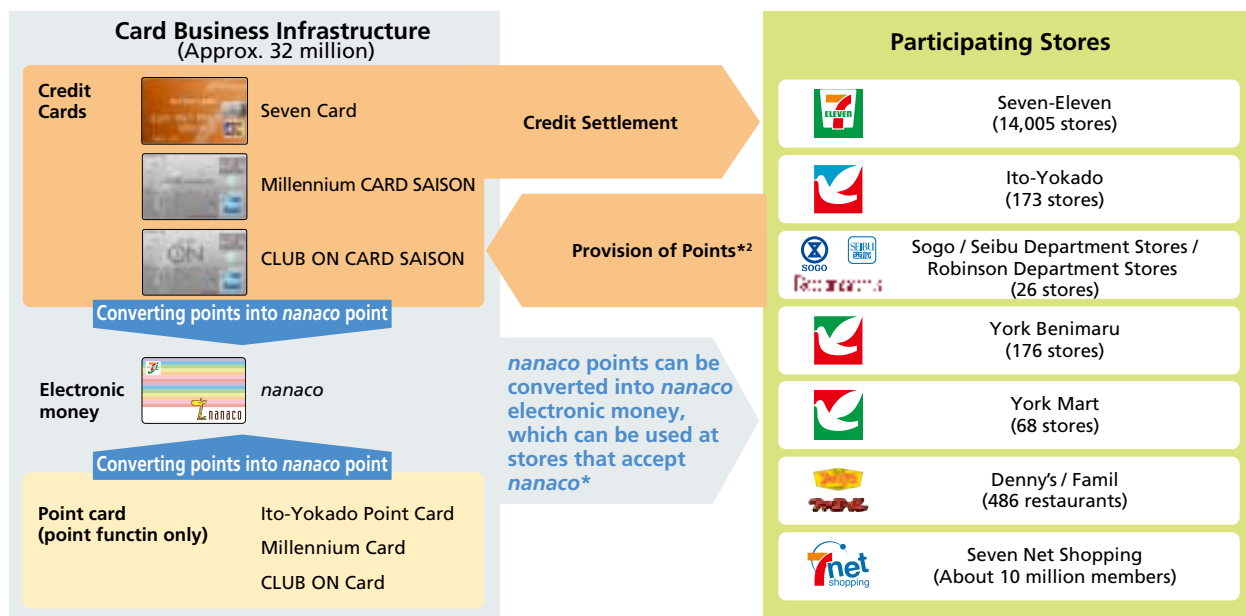
*4 Applicable only in foods sections

*5 The nanaco point service system requires registration before points are received.

■ indicates stores with existing point services.
□ indicates stores which preferential points are granted for credit card transactions through Seven & i Point Service.

•Seven & i Point Service

To encourage customers to utilize within Group company stores, we started "Seven & i Point Service"*1 in 2011. With York Mart joining this service in March 2012, we are working to further increase member companies in this system.



Notes: 1. The numbers of card members, stores and Seven Net Shopping members are as of February 29, 2012.

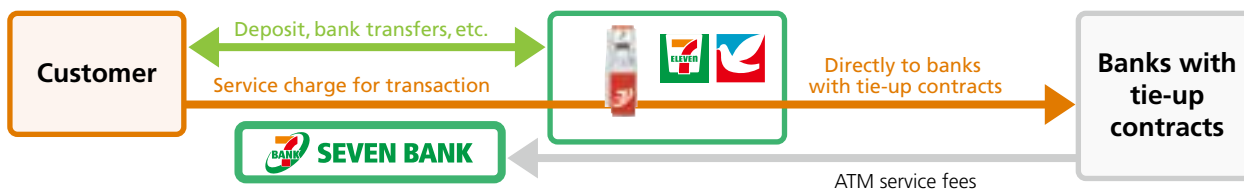
2. They can also be used in the previous way, as points in the issuer's program.

*1 Points collected through the use of Group company credit cards are designated within the "Seven & i Point Service," which gives preferential treatment for points earned from purchases made at Group companies. Points accumulated at Group companies, which are amassed and can be used as nanaco points, fall under the "nanaco point club."

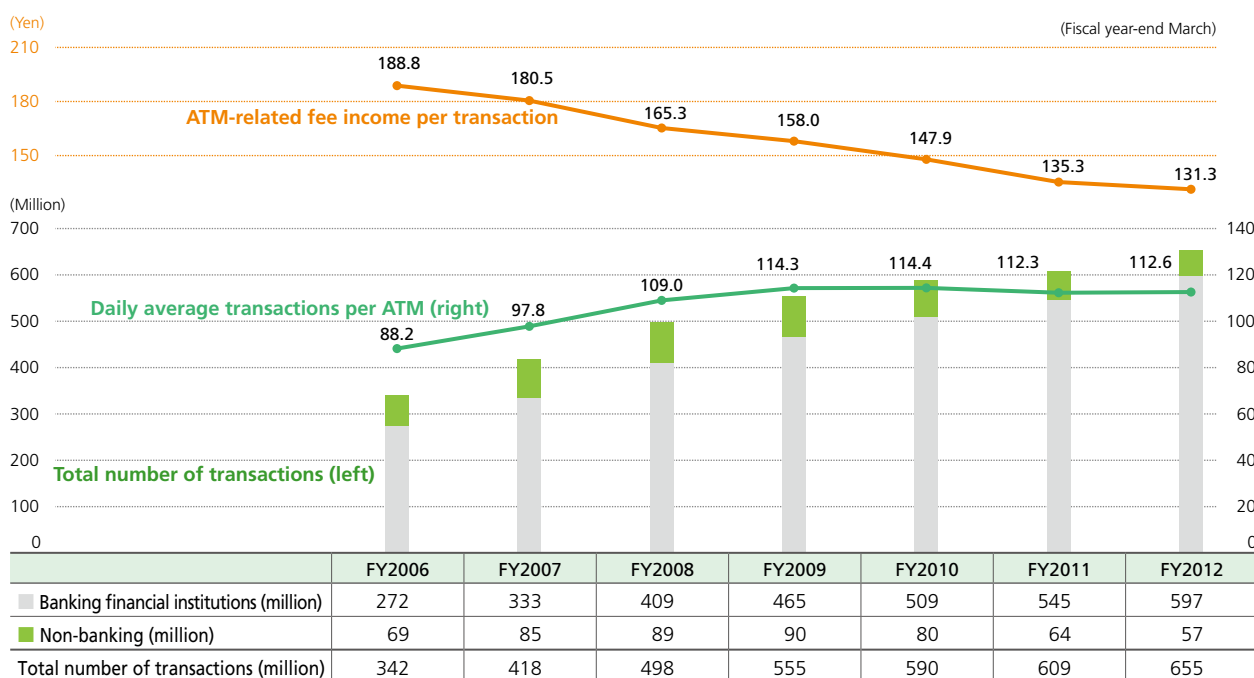
*2 Excluding York-Benimaru Co., Ltd.

• ATM Services

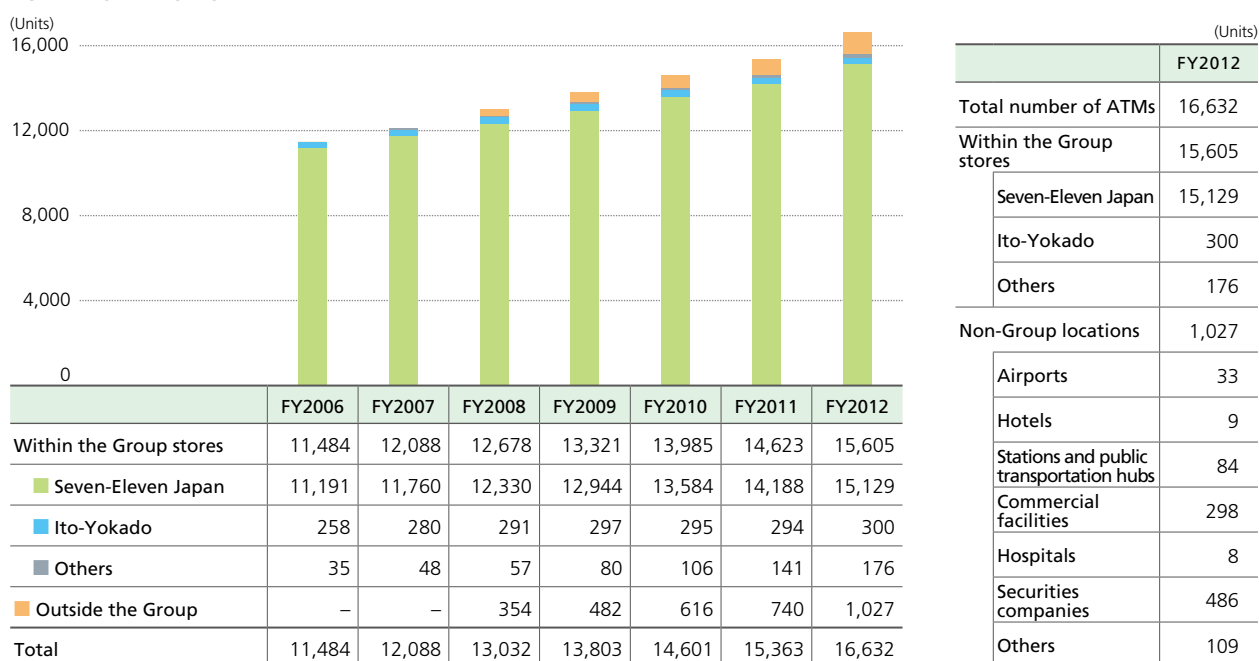
Centered in 7-Eleven stores, ATMs had been placed in stores of Group companies. The main source of earnings in this business is the fees from banks with tie-up contracts. The fees are paid to Seven Bank for the use of its ATMs by card holders of these banks.



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



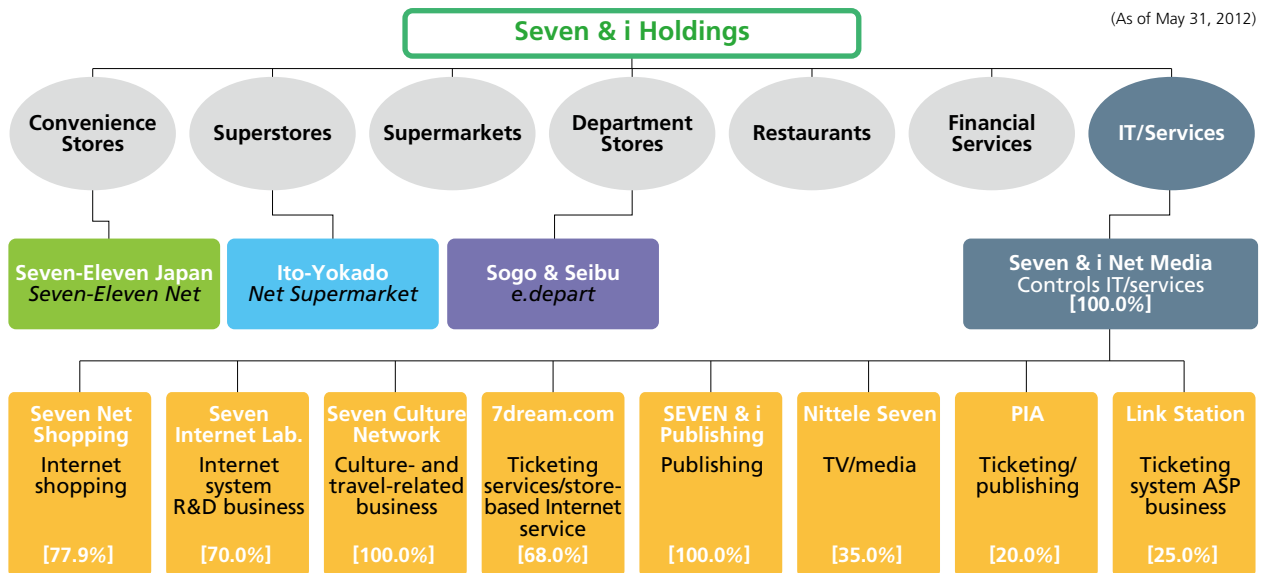
NUMBER OF ATMS INSTALLED



Seven & i Holdings is promoting its IT / Services that integrates the Internet and actual stores. We are taking advantage of the Group's strengths—namely, its business network consisting of approximately 15,600 stores and its business infrastructure based on advanced information and distribution systems.

•Business Structure

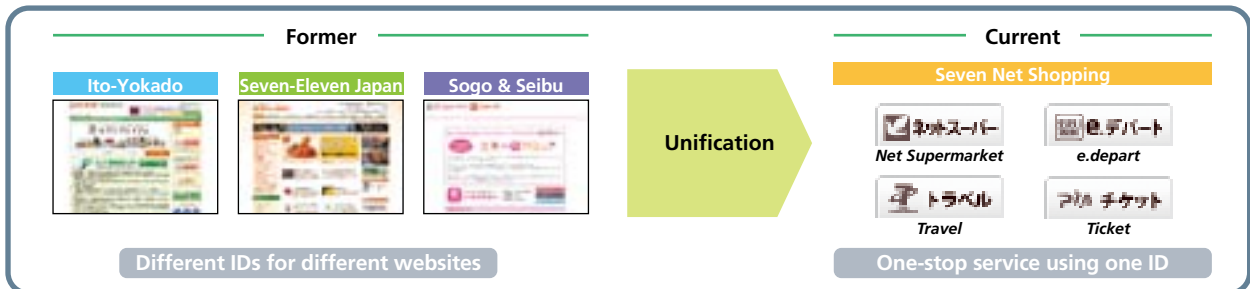
Seven & i Holdings has split the Internet-related operations undertaken by each Group company into three categories: Internet Shopping Business; Store-Based Internet Service Business; and Information Terminal Service Business. Seven & i Net Media, which controls the Group's IT / Services, leads the development and reorganization of business infrastructure required for these operations.



Note: [] indicates the percentage of equity owned by Seven & i Holdings.

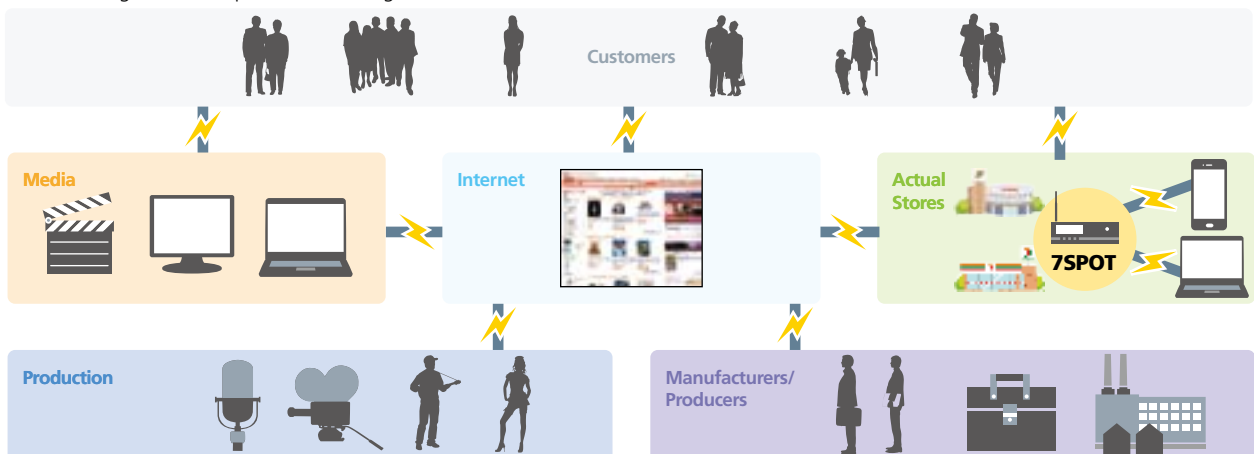
•Group Internet Business

Seven & i Holdings plans to integrate the Internet sites established by different Group companies into one general website, thereby maximizing customer convenience.



•“Social Commerce”: Groups’ Internet Strategy

Seven & i Holdings is promoting its IT / Services based on the concept of “Social Commerce.” Under this concept, all parties—including our customers, suppliers and Group companies—participate in a virtual market and create new ways of Internet shopping through the sharing of their respective knowledge and know-how.



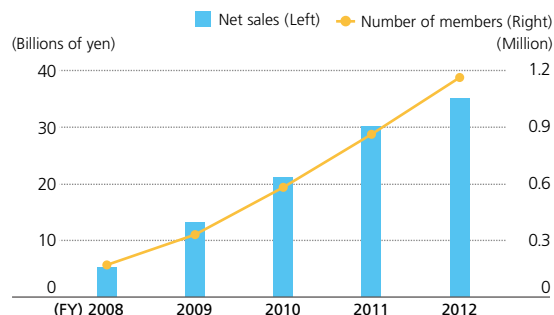
•Ito-Yokado's Net Supermarket

As the first step toward the realization of "Social Commerce," we renewed our "Seven Net Shopping," Internet shopping website in January 2011.



Profile

Service launched	March 2001
Items handled	Approx. 30,000 items (foods, household goods, underwear, miscellaneous goods for kids, etc.)
Delivery fee	¥315 (including tax, free above set value of purchases)
Delivery schedule	Six shipments/day (excluding some stores)
Sales recognition	Posted as sales of Ito-Yokado
Net sales	¥35.0 billion (FY2012)
Number of members	1,160 thousand (as of Feb. 29, 2012)



Performance Overview

Retailers in the World

•Information Terminal Service Business

Services are offered through multi-function copier machine at our Seven-Eleven Japan stores.

Major Services:

- Photo Copy
- Fax
- Digital photo printing
- Internet printing
- Ticketing
- Prepaid services
- Sports promotion lottery ticket service
- Certification/qualification processing
- Cycle-insurance
- Motorcycle liability insurance processing
- Public administration-related services (issuance of residence certificate, seal registration certificate, family register certificate), etc.

*Through the ticketing service, customers can buy not only tickets for movies and events, but also tickets for reserved seats at sports and other events as well as on expressway buses.



Domestic Retail Environment

Group Business Strategy

Major Group Companies' Data

•SevenSpot

Establishing a Wi-Fi environment using an optical broadband service inside the Seven & i Group stores, primarily in Seven-Eleven stores, the SevenSpot service was started on December 1, 2011. In addition to the Group's existing stores as the facilities for ordinary shopping, this offers combined services of both internet and actual-store services as the place to obtain information and contents via the Wi-Fi connection

Corporate Data

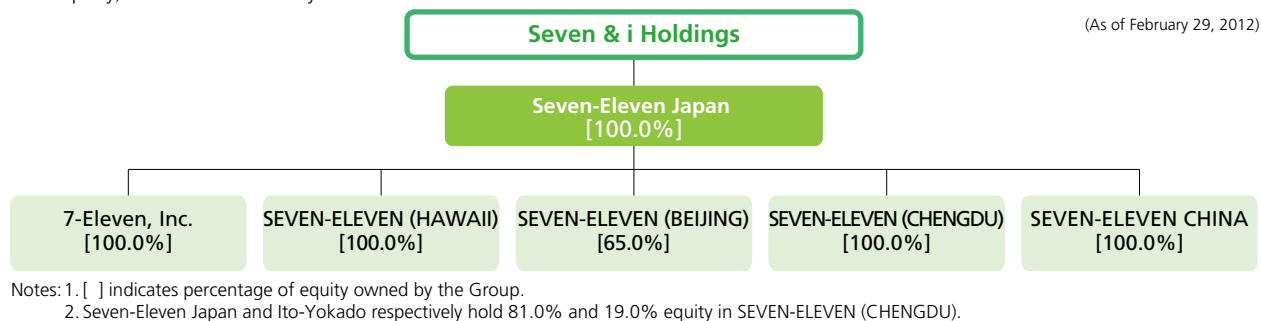


Global Strategy

•Capital Relationships in the Group's Convenience Store Operations

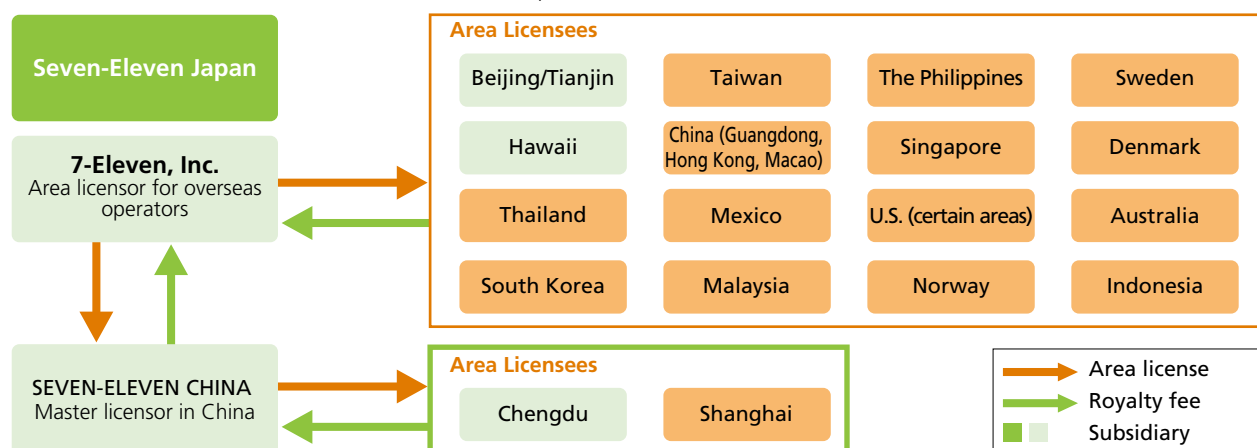
Convenience stores in Japan, the United States, Canada and China (Beijing, Tianjin and Chengdu) are operated by subsidiaries of Seven & i Holdings. Also, 7-Eleven, Inc., which acts as the global area licensor, and SEVEN-ELEVEN (CHINA), which serves as the master licensor in China, are subsidiaries of Seven & i Holdings.

In order to establish a system to proactively expand businesses in China, we changed the company name, business purposes and funding of SEVEN-ELEVEN CHINA Co., Ltd. to undertake the procedure to change the company to a holding company (investment company) so that it can directly invest in its subsidiaries.



•Overseas Licensing Scheme

7-Eleven, Inc. is responsible for granting area licenses to overseas operators of 7-Eleven stores excluding Japan. Royalty fees paid by area licensees are included in other income of 7-Eleven, Inc.



•7-Eleven Store Operators Around the World

In countries and regions not covered by our subsidiaries, leading corporate groups have become our area licensees to operate 7-Eleven stores.

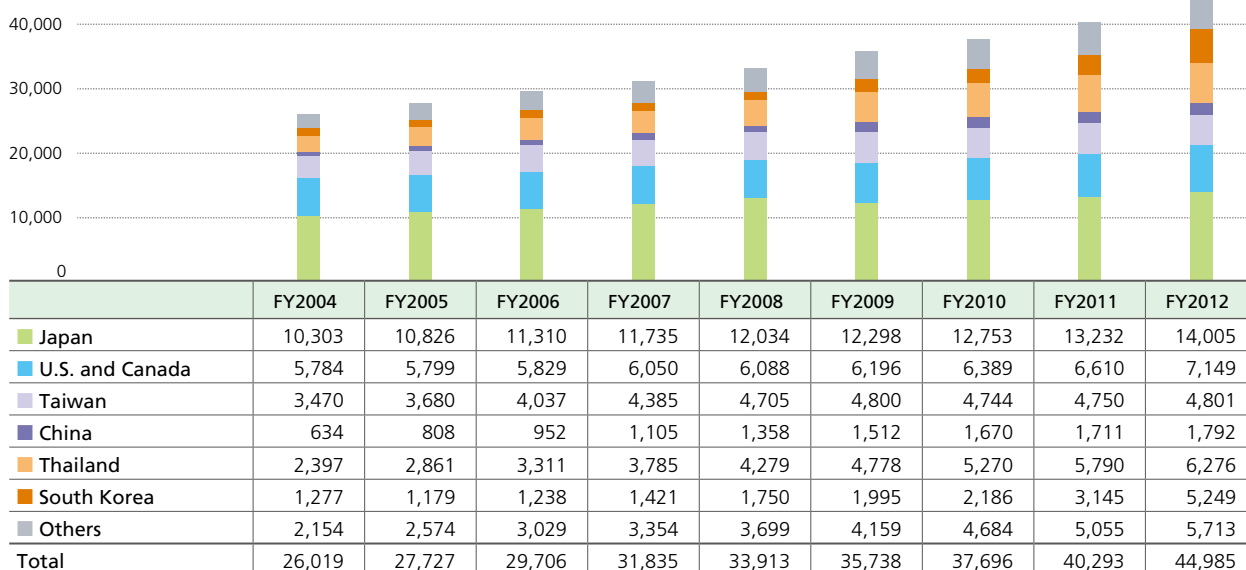
Country or Region	Operator	Number of Stores
Thailand	C. P. ALL Public Company Ltd. [Charoen Pokphand Group]	6,276
South Korea	Korea-Seven Co. Ltd. [Lotte Group]	5,249
Taiwan / China (Shanghai)	President Chain Store Co. Ltd. [Uni-President Enterprise Corp.]	4,895
China (Guangdong, Hong Kong, Macao)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	1,510
Mexico	7-Eleven Mexico S.A. de C. V.	1,351
Malaysia	7-Eleven Malaysia Sdn Bhd	1,328
The Philippines	Philippine Seven Corporation [President Chain Store Corporation]	689
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	561
U.S.	Garb-Ko, Inc.	545
	Handee Marts, Inc.	
	Prima Marketing, LLC	
	Resort Retailers, Inc.	
	Southwest Convenience Stores, Inc.	
Norway/Sweden/ Denmark	Reitan Servicehandel	545
Australia	7-Eleven Stores Pty. Ltd.	579
Indonesia	PT Modern Putraindonesia	57

Notes: 1. The number of stores is as of December 31, 2011.

2. Company names in brackets are those of the corporate groups affiliated with the companies listed.

•Number of Seven-Eleven Stores Worldwide

TRANSITION OF NUMBER OF SEVEN-ELEVEN STORES



Notes: 1. Figures for the U.S. and Canada are the total number of stores directly managed and 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

•Licensee Leadership Summit

Seven-Eleven holds an Licensee Leadership Summit. Management teams of Seven-Eleven store operators worldwide gather and exchange information to improve the quality of management. Through various programs at the summit, we promote "Global Collaboration," the concept of providing business infrastructure to licensees in each country and region.

Global Collaborations



Trademark



Factors Specific to Country or Region

- Product lineups
- Employment
- Payroll systems
- Taxation and financing systems
- Franchise agreements

Factors Common to Global Infrastructure

- Product procurement
- Headquarter organization
- Product category controls
- Quality control processes
- Information sharing processes
- Store operations
- Bookkeeping and inventory systems
- Franchise systems
- Training curriculum
- Store construction
- Gasoline operation
- Logistics systems
- Store renovation processes
- New store development processes
- Product development processes
- Facility maintenance and repair
- Daily foods development team
- Integrated store information systems

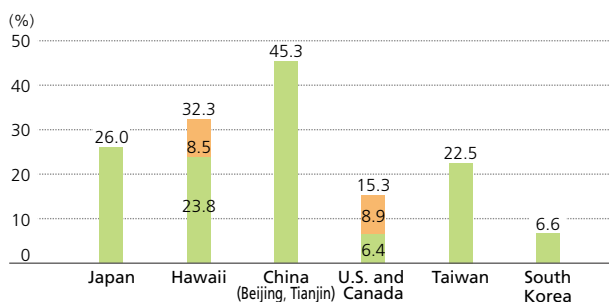
Business infrastructure established by Japan and North America

Sales ↑
Profit ↑

Licensees

•Sales of Fast Food of Seven-Eleven in the World

FAST FOOD SALES AS A PERCENTAGE OF TOTAL SALES FOR FY2012



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 market concentration 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.

Upon the reinforcement of Group operations in China, Seven-Eleven Japan and Ito-Yokado are undertaking the application procedure to establish holding companies (investment companies) to oversee convenience store and supermarket operations in China.

• Company Overview

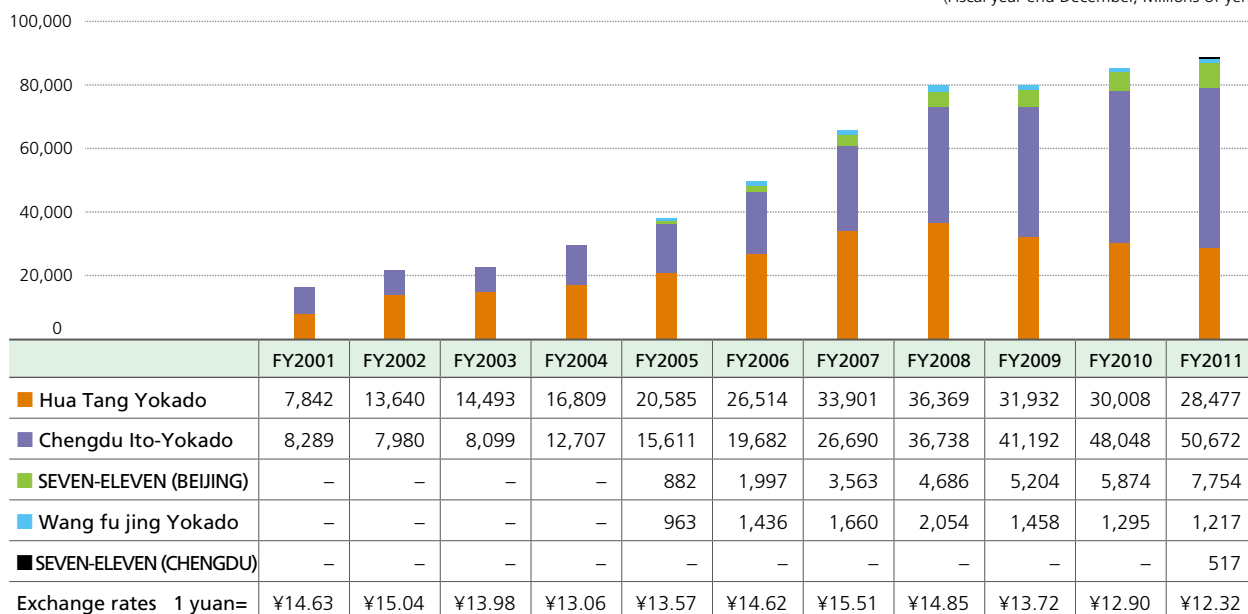
(As of December 31, 2011)

	Business category	Establishment	Opening date of the first store	Capital	Ownership ratio	
SEVEN-ELEVEN (BEIJING) CO., LTD.	Convenience store	Jan. 2004	Apr. 15, 2004	U.S.\$35,000 thousand	Seven-Eleven Japan Co., Ltd. Beijing Wang fu jing Department Store Group Co., Ltd. China National Sugar & Alcohol Group	65.0% 25.0% 10.0%
SEVEN-ELEVEN (CHENGDU) Co., Ltd.	Convenience store	Dec. 2010	March 17, 2011	U.S.\$30,000 thousand	Seven-Eleven Japan Co., Ltd. Ito-Yokado Co., Ltd.	81.0% 19.0%
SEVEN-ELEVEN CHINA Co., Ltd.	Seven-Eleven's master licensor in China*	Apr. 2008	–	50,000 thousand Chinese yuan	Seven-Eleven Japan Co., Ltd.	100.0%
Hua Tang Yokado Commercial Co., Ltd.	Superstore	Sept. 1997	Apr. 28, 1998	U.S.\$65,000 thousand	Ito-Yokado Co., Ltd. ITOCHU Group China Huafu Trade & Development Group Corp.	75.8% 12.3% 12.0%
Chengdu Ito-Yokado Co., Ltd.	Superstore	Dec. 1996	Nov. 21, 1997	U.S.\$23,000 thousand	Ito-Yokado Co., Ltd. China Huafu Trade & Development Group Corp. ITOCHU Group CITYWELL (CHENGDU) DEVELOPMENT CO., LTD.	74.0% 12.0% 9.0% 5.0%
Beijing Wang fu jing Yokado Commercial Co., Ltd.	Supermarket	Nov. 2004	Apr. 30, 2005	U.S.\$18,000 thousand	Ito-Yokado Co., Ltd. Beijing Wangfujing Department Store Group Co., Ltd. York-Benimaru Co., Ltd.	40.0% 40.0% 20.0%
Seven & i Restaurant (Beijing) Co., Ltd.	Restaurant	Feb. 2009	July 21, 2009	100,000 thousand Chinese yuan	Seven & i Food Systems Co., Ltd. Beijing Wang fu jing Department Store Group Co., Ltd. China National Sugar & Alcohol Group	75.0% 15.0% 10.0%

* 1 Excluding Beijing, Tianjin and Hebei, as well as Hong Kong, Macau and Guangdong, which are already covered by the area license granted by 7-Eleven, Inc.

• Sales Trend

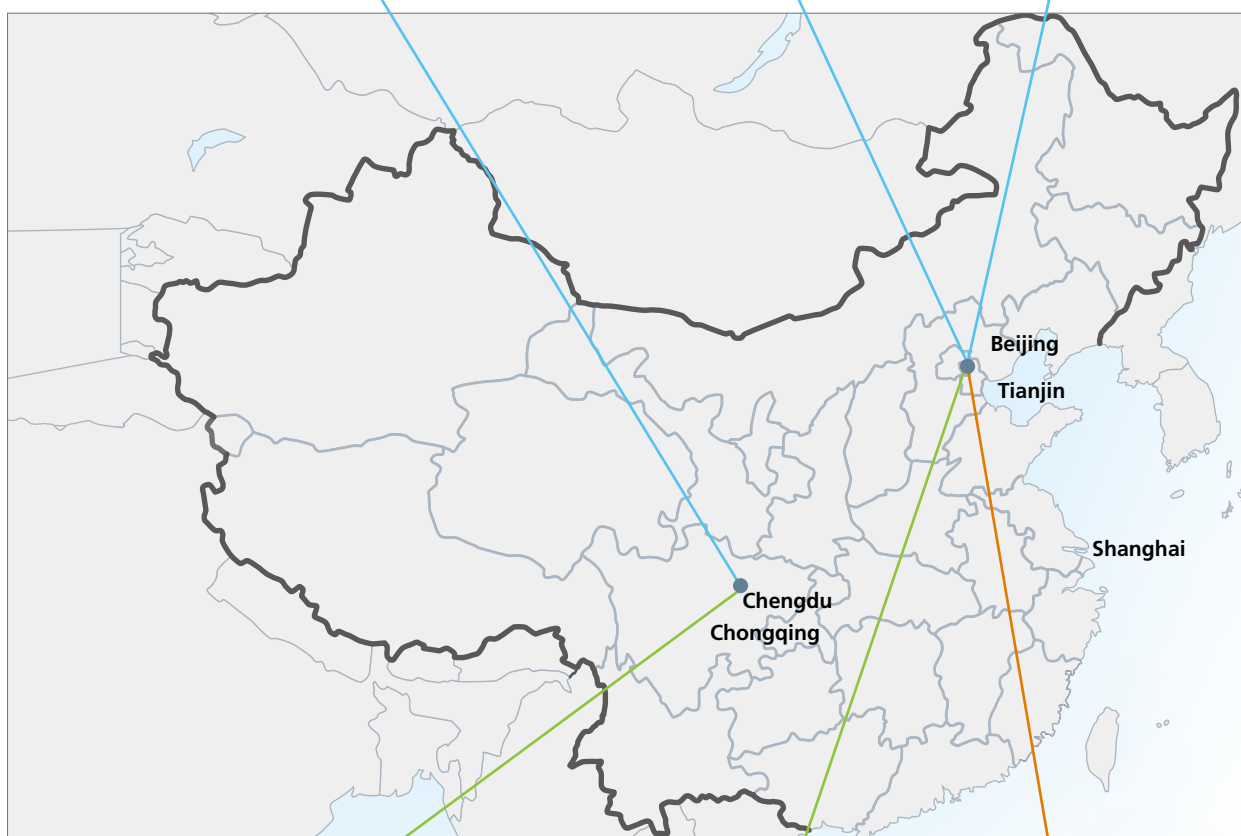
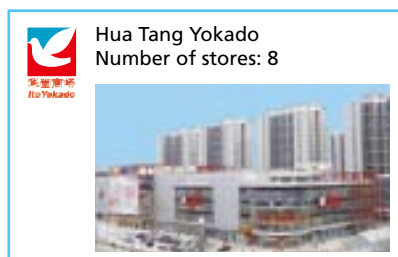
(Fiscal year-end December, Millions of yen)



Note: Sales exclude value added tax.

•Store Expansion

(As of December 31, 2011)



•China Market

	GDP (Billion ¥)		GDP per person (¥)	Population (Thousand)	Average wage per person (¥)	Total sales of consumer goods (Billion ¥)
		(%)				
Beijing	16,936.3	10.3	863,216	19,620	788,186	7,475.2
Chengdu	6,661.6	-	579,774	11,490	579,774	2,901.1
Shanghai	20,599.2	10.3	894,450	23,030	894,450	7,284.6
Tianjin	11,069.4	17.4	852,144	12,990	852,144	3,483.1
Chongqing	6,799.4	-	329,660	28,850	329,660	3,453.7
Qingdao	9,510.7	17.1	889,977	7,640	889,977	2,353.4

Note: Exchange rate: 1 yuan=¥12

Source: National Bureau of Statistics of China (2010)

Profile

Performance Overview

Retailers in the World

Domestic Retail Environment

Group Business Strategy

Major Group Companies' Data

Corporate Data