

# Store-Opening Policy

## Group Store-Opening Strategy

The Seven & i Group develops stores in several formats within an area. Since each format has its own customer motivation factor and catchment area, the Group can achieve a high density store-opening strategy across the different formats.

### Market Concentration Strategy

Our fundamental strategy for openings in Group companies is market concentration. This involves opening a high concentration of stores within one area.

#### Effects of Market Concentration Strategy

- Greater familiarity with customers
- Efficient construction of production bases
- Effective sales promotions
- Efficient construction of distribution structures
- Improved efficiency in guiding franchised stores
- Prevent entry by competitors

### Market Concentration Strategy by Store Format



### Store-Opening Policy by Store Format

Format	Store brand	Store development
Convenience store	Seven-Eleven	<ul style="list-style-type: none"> <li>• Formed market concentration 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>• In addition to the standard roadside-type stores, extended store openings in special locations, including train station buildings, business sites and schools</li> <li>• From November 2010, provision of support for store openings by franchisees who will operate two or more stores</li> <li>• Store network encompassed 40 prefectures as of February 28, 2013. Start to open its stores in Kagawa Prefecture and Tokushima Prefecture in the Shikoku region from March 2013</li> </ul>
Superstore	Ito-Yokado	<ul style="list-style-type: none"> <li>• Formed market concentration primarily in the Kanto region</li> <li>• Implemented store structure reform to make efficient use of key specialty stores both inside and outside of the Group</li> </ul>
Shopping center	Ario	<ul style="list-style-type: none"> <li>• Operate 14 shopping centers primarily in the Kanto region</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 concentration in the Southern Tohoku and Northern Kanto regions</li> <li>• York Mart formed market concentration primarily in the Southern Kanto region</li> <li>• Aim for a 300-store network through aggressive store opening strategy in the market concentration areas</li> </ul>
Department store	SEIBU Sogo	<ul style="list-style-type: none"> <li>• Develop two department store brands, SEIBU and Sogo</li> <li>• Seven key stores are Ikebukuro, Yokohama, Chiba, Kobe, Hiroshima, Shibuya and Omiya</li> <li>• According to their characteristics, stores are classified into "key stores," "regional leader stores" or "suburban stores"</li> <li>• Open small-sized department stores in Ario and Ito-Yokado stores</li> </ul>
Restaurant	Denny's	<ul style="list-style-type: none"> <li>• Operate stores in 16 prefectures nationwide, primarily in the Kanto region</li> </ul>
Specialty store	Akachan Honpo Loft	<ul style="list-style-type: none"> <li>• Operate stores primarily in shopping centers in 27 prefectures</li> <li>• Open 35 stores primarily in Ito-Yokado, Ario and other stores operated by Group companies</li> <li>• Operate stores primarily in department stores and shopping centers in 23 prefectures</li> <li>• Open 28 stores in SEIBU, Sogo, Ito-Yokado, Ario, and other stores operated by Group companies</li> </ul>

Note: The number of stores and store development areas are as of February 28, 2013.

## Store Network in Japan

Seven & i HLDGS. focuses on the business factors that will make each and every store a success, creating stores to suit regional characteristics, rather than simply expanding the number of stores.

### ■ Total Sales of Major Group Companies by Prefecture for FY2013



Seven-Eleven



Ito-Yokado's Ario



York-Benimaru



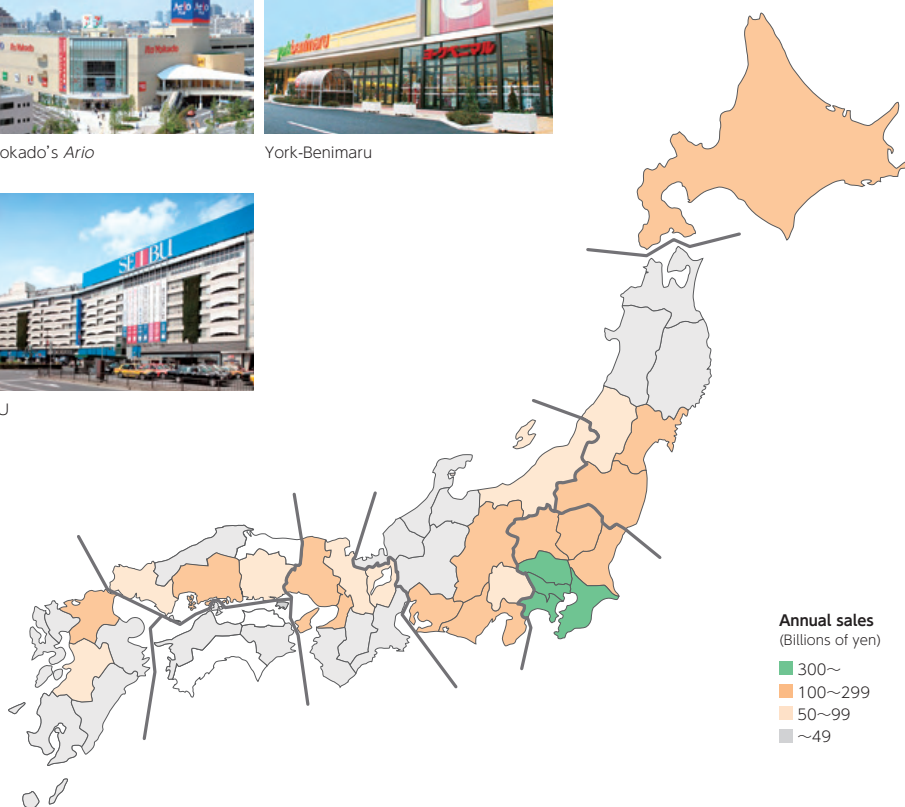
Sogo



SEIBU












Denny's



### ■ Domestic Store Network

(No. of Stores as of February 28, 2013)

					 			
Hokkaido	881	12	-	-	1	7	4	2
Tohoku	988	10	134	-	1	19	3	4
Kanto	6,241	121	50	71	13	342	47	44
Chubu	2,581	17	-	-	2	85	13	10
Kinki	1,798	11	-	-	5	21	16	13
Chugoku	961	3	-	-	1	2	5	5
Shikoku	-	-	-	-	1	-	1	2
Kyushu	1,622	-	-	-	-	-	3	2
Total	15,072	174	184	71	24	476	92	82

# Merchandising

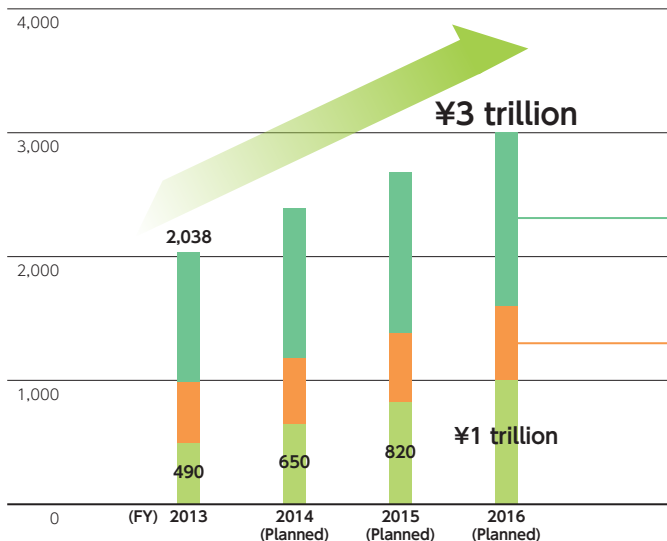
## Group Merchandising Initiatives

The Seven & i Group is aiming to further increase both sales and income. One strategy is to pursue benefits of scale, such as private brand product development and consolidated Group purchasing of merchandise and raw materials. Another focus is on building a distribution system that is totally optimized.

By fiscal 2016, we aim to achieve annual sales of ¥3 trillion for Seven & i Group original products, of which *Seven Premium* is to contribute ¥1 trillion.

### SEVEN & i GROUP ORIGINAL PRODUCTS SALES PLAN

■ *Seven Premium* ■ Original products of Group companies excluding SEJ  
■ SEJ original products  
(¥ Billion)



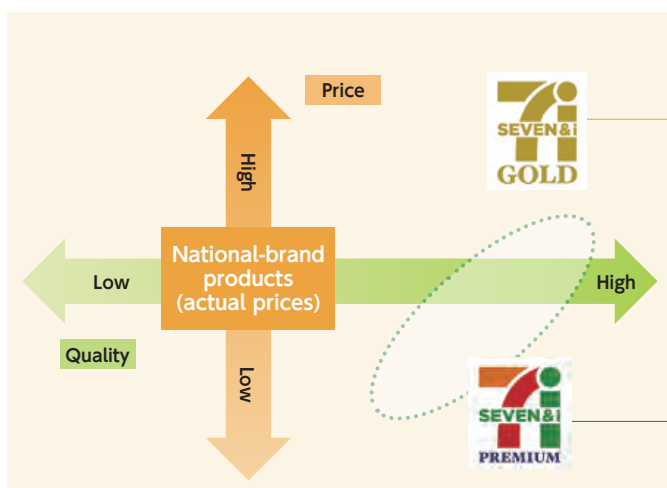
\* SEJ: Seven-Eleven Japan



## Seven Premium

Under its private brand *Seven Premium*, the Group has developed products for Seven-Eleven Japan including rice-based products, sandwiches, noodles, and others. Leveraging the methods for original product development that we have cultivated along the way, we are developing by concentrating the infrastructure, product development expertise, and sales capabilities of our Group companies.

### POSITIONING AND CONCEPT FOR PRIVATE BRAND PRODUCTS



Seven Premium

#### Seven Gold

- Equal or better the quality of products from specialty stores, popular stores
- Prices are perceived as very reasonable considering the taste and quality
- Secure sufficient profit

#### Seven Premium

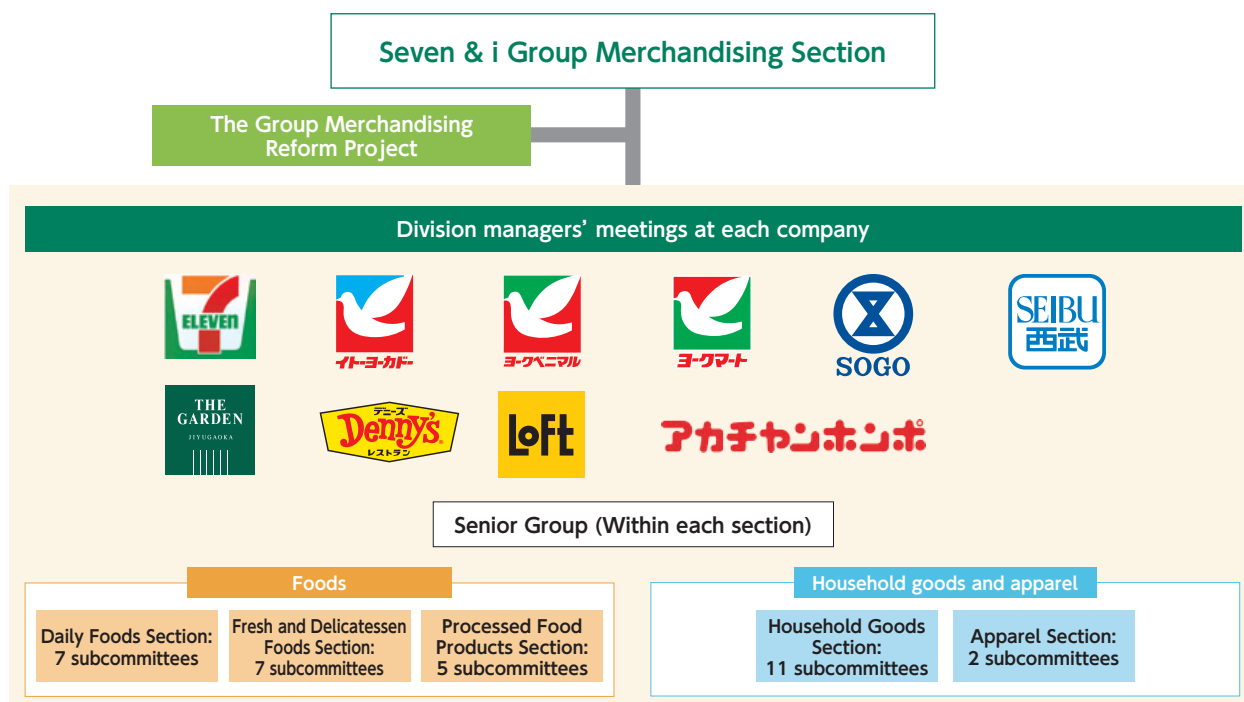
- Quality on par with or exceeding national brands
- Priced 20%-30% lower than national brand actual prices
- Secure sufficient profit

Seven Key Points of *Seven Premium*

- 1) Safe and reliable
- 2) Delicious
- 3) Regional flavors
- 4) Cutting-edge technologies
- 5) Universally designed
- 6) Health conscious
- 7) Reasonably priced

## Product Development Process

Product development staff in Seven & i Group companies are organized into five sections and 32 subcommittees to conduct joint product development with product manufacturers.



## Development of Seven Premium

2006	Nov.	Launched "The Group Merchandising Reform Project"
2007	May	Started sales of <i>Seven Premium</i>
	Aug.	Started sales at Seven-Eleven Japan
	Nov.	Started sales of household goods
2008	Mar.	Started sales of processed fresh foods
2009	Jan.	Received the "Most Excellent Award, Nikkei Award" at the 2008 Nikkei Superior Products and Services Awards
	Feb.	Started sales at SEIBU Ikebukuro
	July	Launch of the "Premium Life Enhancement Committee," a website community for product development that invites customers to participate
	Nov.	Started sales of wine simultaneously in Japan and North America as the Group's first private brand product for the global market
2010	Sept.	Started sales of <i>Seven Gold</i>
2011	Mar.	Launched a new brand strategy Sweeping overhaul of product content, logo, and packaging
2012	May	Started sales of miscellaneous goods private brand <i>Seven Lifestyle</i>
	July	Started of sales of apparel
	Nov.	Launched private brand beer product developed by a major Japanese brewer
	Dec.	Announced <i>Seven Premium</i> sales target for fiscal 2016 of ¥1 trillion

### PROMOTING RENEWAL OF SEVEN PREMIUM

Around 50% of *Seven Premium*'s higher selling existing products are renewed each year.

Through "Premium Life Enhancement Committee" a website community for product development that invites customers to participate, we research customers' opinions and create test products and conduct monitoring trials until we are satisfied. This process enables us to develop products that offer high quality at an agreeable price.

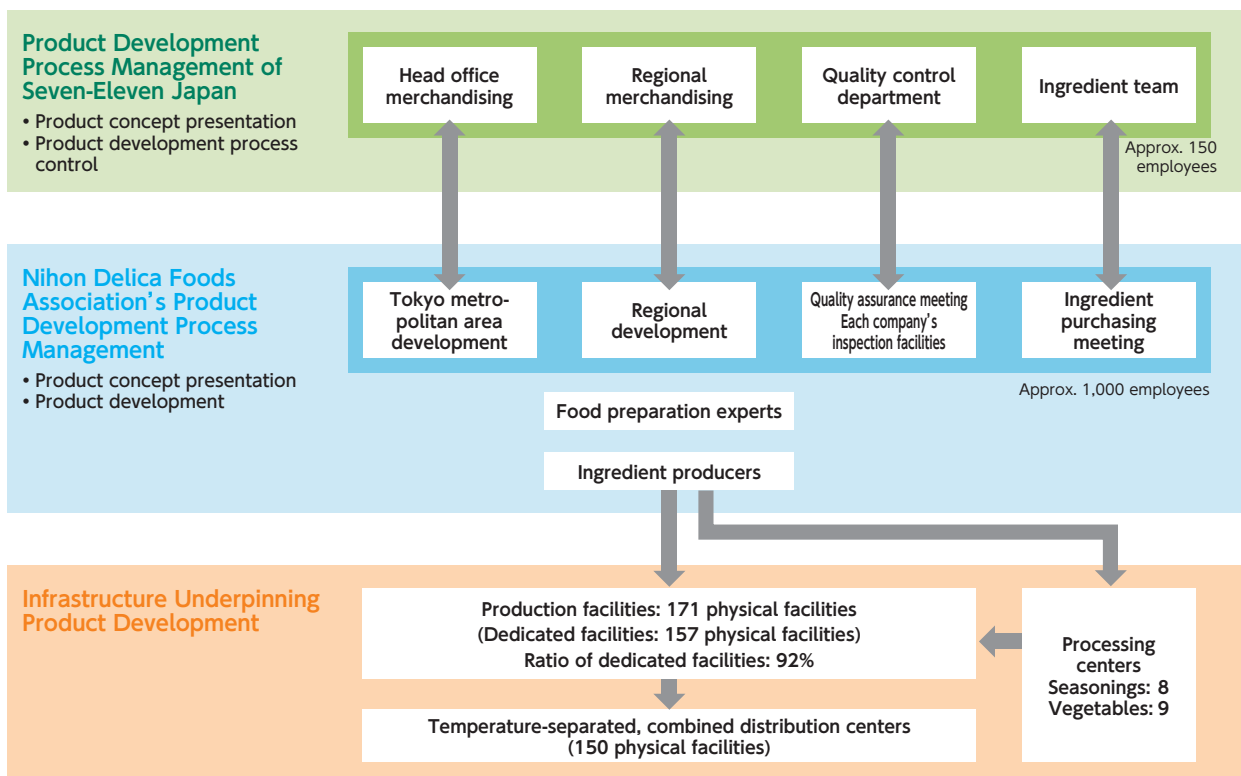
### PRODUCTS THAT SELL OVER ¥1 BILLION PER YEAR

Daily food products	Beverages and alcohol
52 SKU	23 SKU
	
Confectionery	Processed food products
9 SKU	8 SKU
	
<b>Total 92 SKU</b>	

# Merchandising

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

### Food Product Development System

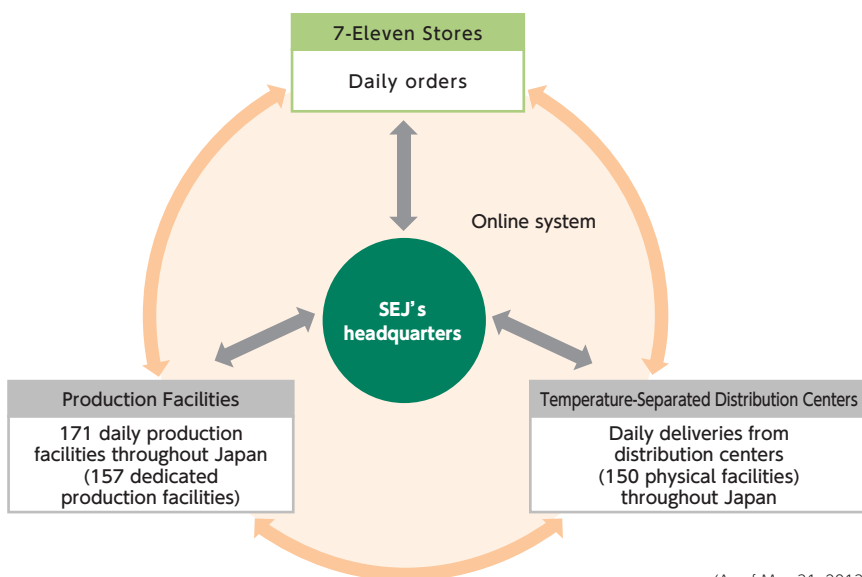


Notes: 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop 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 May 31, 2013.

### 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-separated 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.



Original daily food products

(As of May 31, 2013)

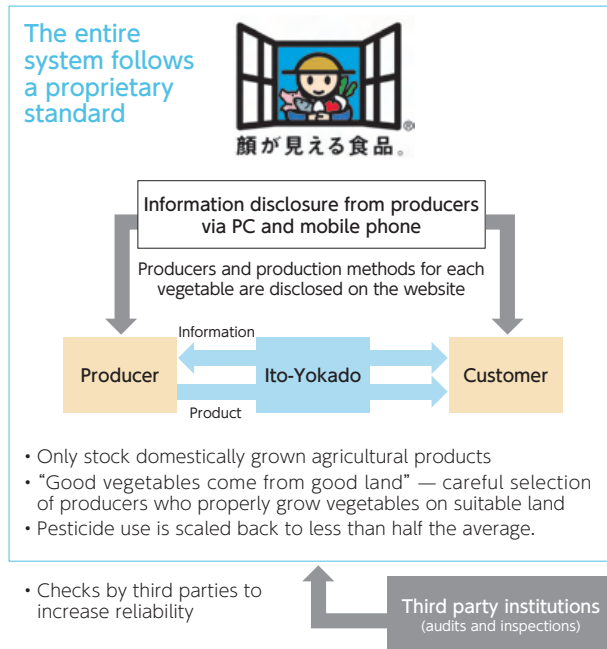


## Initiatives to Ensure Safety and Reliability

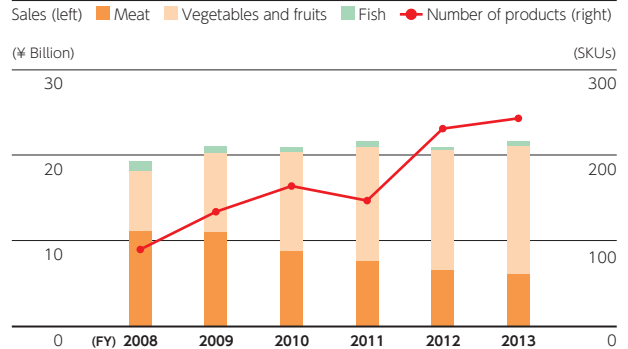
### ■ “Fresh Foods with Traceability” Initiatives

In response to demands 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). The below example is from the “Fresh foods with traceability” product series, a product brand designed by Ito-Yokado. Ito-Yokado works to provide safe food to customers by standardizing production methods and quality standards, increasing reliability by introducing third-party inspections such as inspection for radioactive contamination, etc., and solidifying its relationship with stakeholders by enhancing open disclosure.

#### TRACEABILITY SYSTEM (VEGETABLES AND FRUIT)



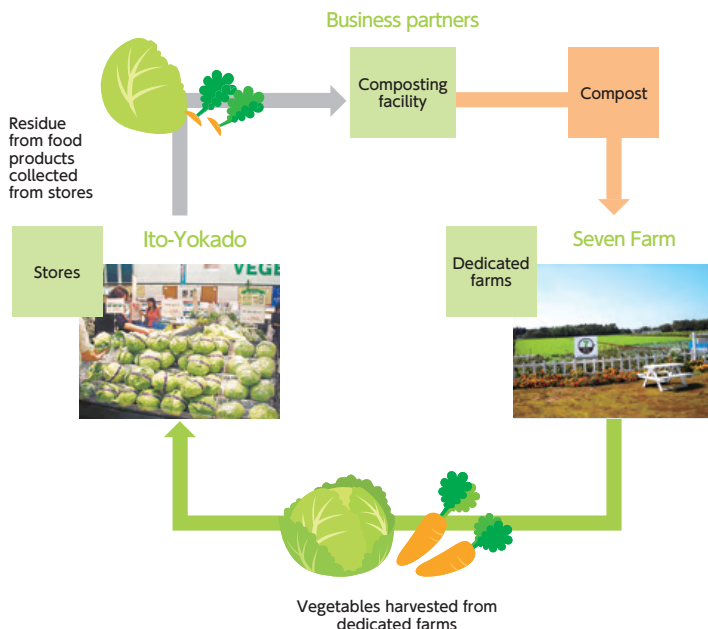
#### SALES OF “FRESH FOODS WITH TRACEABILITY” PRODUCTS AND NUMBER OF PRODUCTS



### ■ Environmental Agriculture: Seven Farm

At Ito-Yokado, food residue from the stores is composted and used to grow vegetables at dedicated “Seven Farms.” The vegetables harvested from these farms are sold in local Ito-Yokado stores. As of April 30, 2013, Seven Farms were practicing sustainable agriculture on a total of 50 hectares spread across seven locations throughout Japan. In fiscal 2014, the plan is to increase the number of farms to 10.

#### SUSTAINABLE FOOD PRODUCT RECYCLING SYSTEM



#### SEVEN FARM LOCATIONS (as of April 30, 2013)



# Shopping Support

## Delivery Services to Meet the Changing Needs of Society

### Meal Delivery Service *Seven-Meal*

This is an original SEJ service for delivering merchandise such as daily lunch sets and delicatessen food sets, each produced under the direction of a nutritionist. From May 2012, the service has been revised, so that delivery is free for orders of ¥500 or over, and costs ¥120 per delivery for smaller orders.

#### How to Place and Receive Orders Using *Seven-Meal*

Order

Order in store, by phone or fax, or through the Internet



Receive Order

Pick-up in 7-Eleven store or receive at home (delivery)



### Seven Raku-Raku Delivery Service

This service uses electric mini-cars called COMS, which have a low environmental impact, to deliver merchandise ordered over the phone or purchased in store to customers' homes or workplaces. The new service was launched in July 2012.

The service was introduced to 350 stores by April 30, 2013 and we plan to expand it to 1,000 stores during fiscal 2014.

The *Seven Raku-Raku Delivery Service* received the Most Outstanding Nikkei MJ Award at the 2012 Nikkei Outstanding Product and Service Awards.



### Mobile Sales Service *Seven Anshin Delivery*

The SEJ mobile sales service is designed to support elderly folk who cannot travel far to go shopping, or people who live in areas where there are no shops close by. The light trucks used in the service are custom-made for SEJ and equipped to operate in four different temperature bands: ambient temperature, 20°C, 5°C, and -20°C.

The service was launched in May 2011, and as of February 28, 2013 there were over 30 trucks in operation.



### Ito-Yokado's *Net Supermarket*

Ito-Yokado stores manage *Net Supermarket*. Stores receive orders from customers in their catchment area over the Internet, and fresh products from the stores are delivered in as little as three hours, for the same price as in the stores.

Ordered via PC/  
mobile phone



Select ordered  
items from  
sales floor

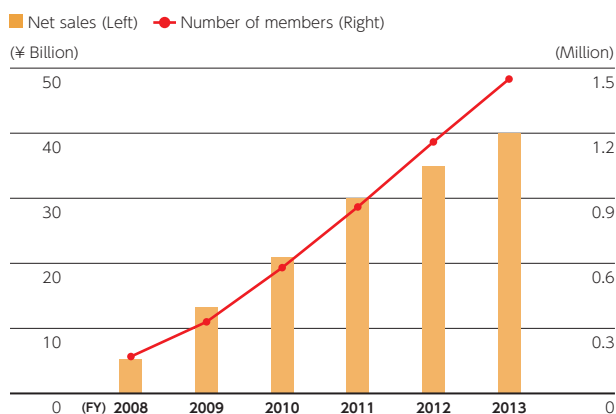


Items packed  
in back room



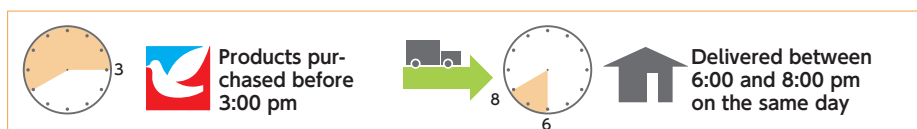
Delivered to  
customer

Service launched	March 2001
Items handled	Approx. 30,000 items (food, household goods, underwear, miscellaneous goods for kids, etc.)
Delivery fee	¥315 (including tax, free above set value of purchases)
Delivery schedule	10 shipments/day (excluding some stores)
Sales recognition	Posted as sales of Ito-Yokado
Net sales	¥40.0 billion (FY2013)
Number of members	1,450 thousand (as of Feb. 28, 2013)



### Ito-Yokado's *Yellow Camel Easy Porter Service*

At the price of ¥315 per case, the service offers same-day home delivery of goods that customers purchase at Ito-Yokado.



# Group Environment

## Energy Conservation at Stores

The Seven & i Group are implementing measures to curtail CO<sub>2</sub> emissions accompanying an increase in the number of stores and their expanding range of products and services. Measures include installing the latest energy-saving equipment and introducing renewable energy at stores. Seven & i HLDGS. estimated the total CO<sub>2</sub> emissions of nine major domestic companies in fiscal 2018, using emissions in fiscal 2012 as the base year. We have set a target of reducing the estimated total CO<sub>2</sub> emissions figure for fiscal 2018 by around 10% from the fiscal 2012 level.

### ■ Seven-Eleven Japan's (SEJ) Eco-Friendly Stores

SEJ has been actively opening eco-friendly stores. These stores are built using a prefabrication method which significantly reduces the number of steel frames used compared with the conventional construction method, along with installation of solar panels and skylight windows for bringing in sunlight. The stores also incorporate LED lights and water heating that uses exhaust heat from refrigerators and freezers. The number of eco-friendly stores was 490 as of February 28, 2013.

Since February 2012, SEJ has introduced an air conditioning system using geo-heat at four stores on a trial basis. Geo-heat provides a stable source of natural energy.



### FY2013 Reduction Effect from Each Installation

	Number of stores	Reduction in electricity consumption (thousand KWh)	Reduction in CO <sub>2</sub> emissions (t)
Solar panels	6,500	15,103	8,443
LED lights	11,256	29,534	16,510
Total	-	-	24,953

### Reduction Effect per Store

• Stores built using the prefabrication method	CO <sub>2</sub> emissions	(5.8) t
• Eco-friendly stores	Electricity consumption	(30)%
• Stores using geo-heat air conditioning system	Electricity consumption and CO <sub>2</sub> emissions	(30)%

### ■ Ito-Yokado

Ito-Yokado has been opening eco-friendly stores by introducing energy-saving equipment when opening new stores or remodeling existing ones. At the Ario Washinomiya store, which opened in November 2012, Ito-Yokado installed solar panels on the south-facing walls of the store and on the rooftop of the covered parking facility. Electricity generated by the solar panels is used as a source of power for the store's lights. LED lights were also installed at this store. Moreover, the store has wall gardens, a roof garden and other greenery consisting of grass, ivy and other plants covering an area of about 3,600 m<sup>2</sup>.

Besides new stores, Ito-Yokado is actively incorporating LED lights for use as basic and interior lights primarily at stores.



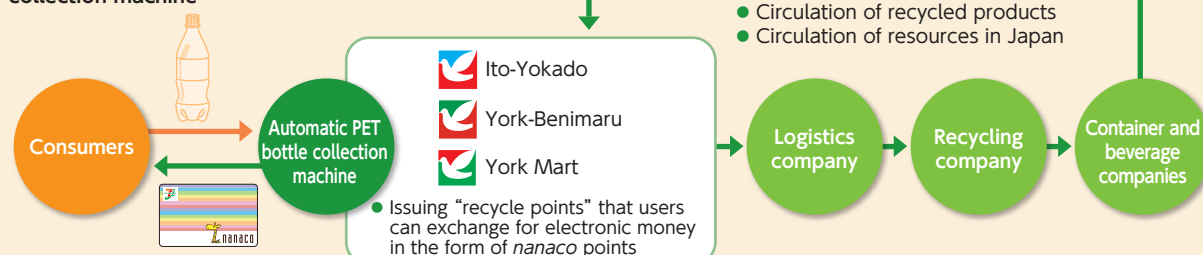
### Reduction Benefits at Ario Washinomiya Store

	Reduction in electricity consumption (thousand KWh)	Reduction in energy consumption (t)	Reduction in CO <sub>2</sub> emissions (t)
Solar panels	205	-	95
LED lights	1,144	-	530
High-efficiency air conditioning	-	9,927	533

### Automatic Plastic Bottle Collection and Recycling System Installed at Stores

Since March 2012, Seven & i Group have introduced a new plastic bottle collection and recycling system at stores. The system is a first of its kind among large-scale retailers in Japan.

### PET bottle recycling system using an automatic collection machine



### Participating Stores (As of March 31, 2013)

Ito-Yokado	87 stores
York-Benimaru	50 stores
York Mart	61 stores



# Global Strategy

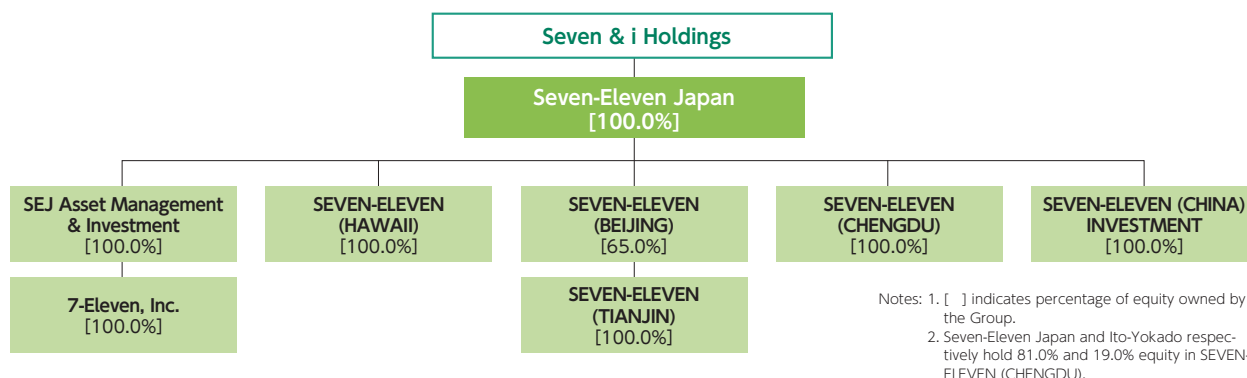
## Capital Relationships in the Group's Convenience Store Operations

Seven & i Holdings' subsidiaries and affiliates operate 7-Eleven convenience stores in Japan, North America, Central and South America and China (Beijing, Tianjin, Chengdu, and Qingdao). In countries and regions where the Company has no local subsidiaries, leading corporate groups operate 7-Eleven stores as area licensees.

To strengthen its business framework for expanding operations and increasing earnings in North America, the Company established SEJ Asset Management & Investment Company.

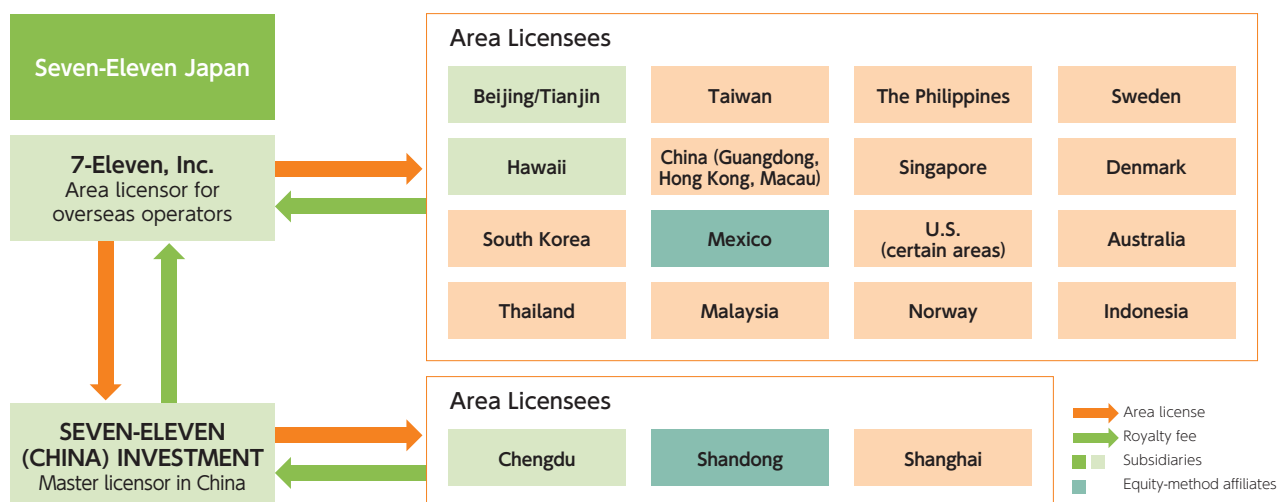
Moreover, to strengthen its business in China, the Company changed the business name and business objective of master licensor SEVEN-ELEVEN CHINA Co., Ltd., and increased its capital investment, to enable it to control operations and invest directly in subsidiaries as SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.

(As of February 28, 2013)



## 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.



## Number of 7-Eleven Stores Worldwide

### TRANSITION OF NUMBER OF 7-ELEVEN STORES

(Stores)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Japan	10,826	11,310	11,735	12,034	12,298	12,753	13,232	14,005	15,072
U.S. and Canada	5,799	5,829	6,050	6,088	6,196	6,389	6,610	7,149	8,118
South Korea	1,179	1,238	1,421	1,750	1,995	2,186	3,145	5,249	6,986
Thailand	2,861	3,311	3,785	4,279	4,778	5,270	5,790	6,276	6,822
Taiwan	3,680	4,037	4,385	4,705	4,800	4,744	4,750	4,801	4,852
China	808	952	1,105	1,358	1,512	1,670	1,711	1,792	1,919
Others	2,574	3,029	3,354	3,699	4,159	4,684	5,055	5,713	5,990
Total	27,727	29,706	31,835	33,913	35,738	37,696	40,293	44,985	49,759

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.

## ■ 7-Eleven Store Operators around the World

Country or region	Operator	Number of stores
South Korea	Korea-Seven Co. Ltd. [Lotte Group]	6,986
Thailand	C. P. ALL Public Company Ltd. [Charoen Pokphand Group]	6,822
Taiwan/China (Shanghai)	President Chain Store Co. Ltd. [Uni-President Enterprise Corp.]	4,936
China (Guangdong, Hong Kong, Macau)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	1,544
Mexico	7-Eleven Mexico S.A. de C. V.	1,498
Malaysia	7-Eleven Malaysia Sdn Bhd	1,407
The Philippines	Philippine Seven Corporation [President Chain Store Corporation]	829
Australia	7-Eleven Stores Pty. Ltd.	595
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	570
Norway/Sweden/Denmark	Reitan Servicehandel	547
U.S.	Garb-Ko, Inc.	368
	Resort Retailers, Inc.	
	Southwest Convenience Stores, Inc.	
Indonesia	PT Modern Putraindonesia	117
China (Shandong)	SHAN DONG ZHONG DI CONVENIENCE CO., LTD.	4

Notes: 1. The number of stores is as of December 31, 2012.  
2. Company names in brackets are those of the corporate groups affiliated with the companies listed.  
3. SHAN DONG ZHONG DI CONVENIENCE CO., LTD., operates 7-Eleven in Shandong, China as an affiliate of Seven-Eleven Japan.  
4. 7-Eleven Mexico S.A. de C.V. operates 7-Eleven in Mexico as an affiliate of 7-Eleven, Inc.

## ■ Support Program for Existing Area Licensees

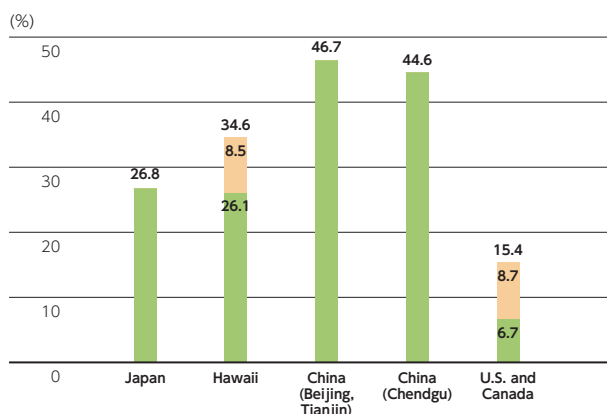
To enhance the value of the 7-Eleven brand, SEJ and Seven-Eleven, Inc., Master Licensor, have developed a program based on SEJ's years of experience in Japan to improve the operation level of area licensees around the world. The support program has started for area licensees who have signed the support program agreement.

### Contents of support program

1. Provide support and advice of business process for store operations, etc.
  - Methodologies for quality improvement of existing products and development of new product by putting focus on fast food
  - Methodologies of store operations by each location and counseling skill of operation field consultants
  - Comprehensive support for site selection of store development, logistics, construction & equipment and IT system, etc.
2. Establish a model store
  - Remodel an existing store and execute enhanced product assortment and display, as well as friendly service based on SEJ's experience
  - Rollout successful cases of a model store to other existing stores and develop a new store model
3. Management candidate training at SEJ
  - Accept trainees from three departments which are Store Operations, Merchandising and Store Development
  - Conduct class room training and on-the-job training at each department

## ■ Sales of Fast Food of 7-Eleven in the World

### FAST FOOD SALES AS A PERCENTAGE OF TOTAL SALES FOR FY2013



U.S. and Canada



China (Beijing)

Notes: 1. ■ Represents counter-served drinks such as Slurpees and coffee.  
2. Percentages for Hawaii, U.S. and Canada are calculated using merchandise sales.  
3. The end of the financial year for overseas subsidiaries is December 31.

# Global Strategy

## Operations in China

In China the Seven & i Group is developing convenience stores, superstores, and restaurants. We also share information across business sectors and jointly develop products. Moreover, to further strengthen our operations in China, we changed the business name and purpose of our master licensor in China, SEVEN-ELEVEN CHINA Co., Ltd. and increased its capital. The change has enabled it to control operations and invest directly in its subsidiaries as SEVEN ELEVEN (CHINA) INVESTMENT CO., LTD.

In our superstore business, we established Ito-Yokado (China) Investment Co., Ltd., to oversee business and allow direct investment in its subsidiaries.

(As of December 31, 2012)

	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. 65.0% Beijing Wang fu jing Department Store Group Co., Ltd. 25.0% China National Sugar & Alcohol Group 10.0%
SEVEN-ELEVEN (CHENGDU) Co., Ltd.	Convenience store	Dec. 2010	Mar. 17, 2011	U.S \$30,000 thousand	Seven-Eleven Japan Co., Ltd. 81.0% Ito-Yokado Co., Ltd. 19.0%
SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.	Investment company in China business and Seven-Eleven's master licensor in China*	July 2012	–	CNY250 million	Seven-Eleven Japan Co., Ltd. 100.0%
SEVEN-ELEVEN (TIANJIN) CO., LTD.	Convenience store	Nov. 2012	Nov. 2012	CNY28 million	SEVEN-ELEVEN (BEIJING) CO., LTD. 100.0%
SHAN DONG ZHONG DI CONVENIENCE CO., LTD.	Convenience store	Nov. 2012	Nov. 2012	CNY120 million	Zhongdi Group Co., Ltd. 65.0% Seven-Eleven Japan Co., Ltd. 35.0%
Hua Tang Yokado Commercial Co., Ltd.	Superstore	Sept. 1997	Apr. 28, 1998	U.S \$65,000 thousand	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	U.S \$23,000 thousand	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%
Ito-Yokado (China) Investment Co., Ltd.	Investment company in China business	July 2012	–	U.S.\$30 million	Ito-Yokado Co., Ltd. 100.0%
Seven & i Restaurant (Beijing) Co., Ltd.	Restaurant	Feb. 2009	July 21, 2009	CNY100 million	Seven & i Food Systems Co., Ltd. 75.0% Beijing Wang fu jing Department Store Group Co., Ltd. 15.0% China National Sugar & Alcohol Group 10.0%

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

## Sales Trend

(¥ Million)

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Hua Tang Yokado	13,640	14,493	16,809	20,585	26,514	33,901	36,369	31,932	30,008	28,477	27,902
Chengdu Ito-Yokado	7,980	8,099	12,707	15,611	19,682	26,690	36,738	41,192	48,048	50,672	53,513
SEVEN-ELEVEN (BEIJING)	–	–	–	882	1,997	3,563	4,686	5,204	5,874	7,754	11,273
Wang fu jing Yokado	–	–	–	963	1,436	1,660	2,054	1,458	1,295	1,217	1,511
SEVEN-ELEVEN (CHENGDU)	–	–	–	–	–	–	–	–	–	517	1,909
Exchange rates (CNY1=)	¥15.04	¥13.98	¥13.06	¥13.57	¥14.62	¥15.51	¥14.85	¥13.72	¥12.90	¥12.32	¥12.72

Notes: 1. Sales exclude value added tax.

2. All companies' fiscal year-ends are on December 31.



Chengdu Ito-Yokado



Hua Tang Yokado



SEVEN-ELEVEN (BEIJING)



SEVEN-ELEVEN (CHENGDU)

## Seven & i HLDGS. Internet Strategy

Seven & i HLDGS. is aiming to achieve a new omni-channel retail format that meets the needs of today's world. We aim to achieve a seamless integration of the Internet with the Group's various strengths—namely, its business network consisting of approximately 17,000 stores in Japan, its customer services capabilities and product expertise, its business infrastructure based on advanced information and distribution systems, and the powerful product development capabilities that have created *Seven Premium* and other Group brand products.

### 1. A Dual Internet-Format Model

In Internet shopping, we have a system where customers can pick up their merchandise from a 7-Eleven store. In addition to this, Seven & i HLDGS. is developing two models for Internet-shopping formats. One is "mail order sales-type" services, where the merchandise is delivered from dedicated warehouses to locations throughout Japan, as well as "delivery-type" offerings, in which nearby stores such as Seven-Eleven or Ito-Yokado, serve as distribution bases for delivering products to customers. In the "mail order sales-type" business we will start operation of an approximately 50,000 m<sup>2</sup> distribution center featuring state-of-the-art equipment in June 2013. The new center will enable us to accelerate delivery times and increase our product assortment.

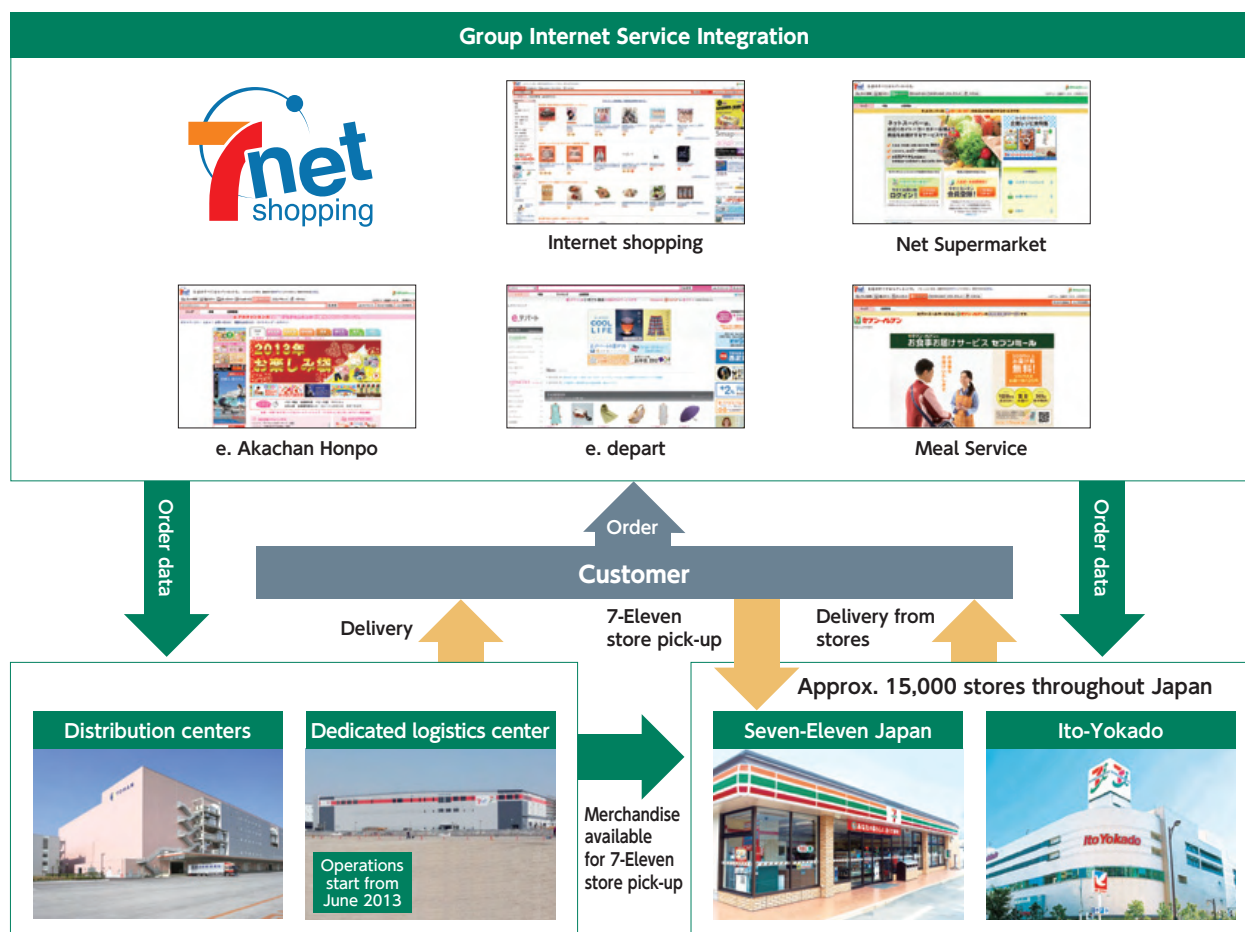
### 2. Integrating Group Internet Services

In July 2012, the mail order websites of each Group company were integrated with the *Seven Net Shopping* service, to offer customers one-stop access to all Group company Internet services. We will focus on the website functionality and design, as well as the merchandise lineup and distribution aspects to create a seamlessly integrated online shopping experience that offers customers a wide range of easy-to-use services.

### 3. Wi-Fi Service *Seven Spot*

We have developed a Wi-Fi hotspot service, *Seven Spot*, using fiber optic broadband services installed at approximately 13,000 Group stores. The service provides high speed Internet access, as well as delivering special, limited digital content and money-saving services in an effort to draw in customers.

Today we use Wi-Fi as part of our IT infrastructure, but looking ahead, we plan to utilize it to guide customers into an omni-channel shopping experience where our real stores link seamlessly with our Internet store.



# Distribution Systems

## Combined Delivery System

Seven & i 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 in the same truck. The combined distribution centers are operated by third parties.

### TEMPERATURE-SEPARATED COMBINED DISTRIBUTION SYSTEM OF SEVEN-ELEVEN JAPAN



### PROCESSING CENTERS AND PERISHABLES DISTRIBUTION CENTERS

#### Seven-Eleven Japan

Seasonings packaging centers	8
Vegetable processing centers	9

#### Ito-Yokado

Perishables distribution centers	11
Vegetables and fruits centers	4

#### York-Benimaru

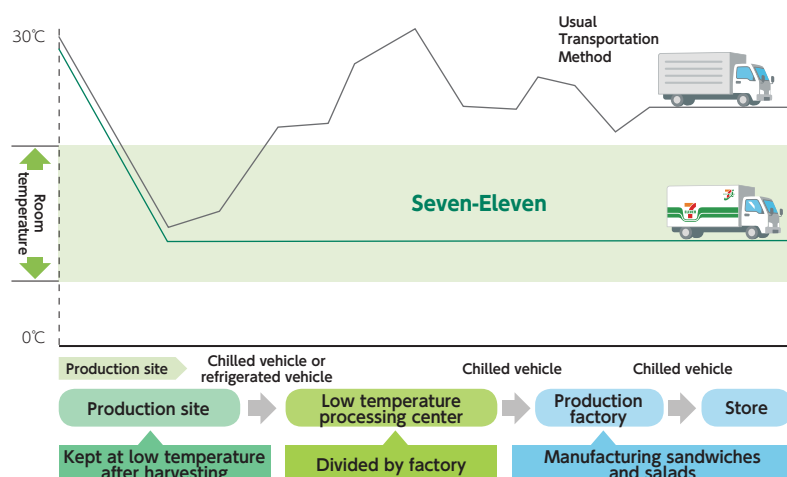
Perishables distribution centers	5
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(As of May 31, 2013)

	Number of distribution centers	Number of physical facilities
5°C	69	5°C 11
20°C	71	20°C 13
		Shared 58
-20°C	18	18
Subtotal	158	100
Ambient temperature	-	50
Total	-	150

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

## Cold Chain



### Freshness Managed from the Field to the Store

We have implemented a cold chain (refrigerated distribution network) for transporting and processing vegetables in a fresh condition straight after they are harvested. The harvested vegetables are put into cold storage on the spot, and kept at a consistently managed temperature in their journey in the delivery vehicle, through the sorting center, and from the production factory to the store.

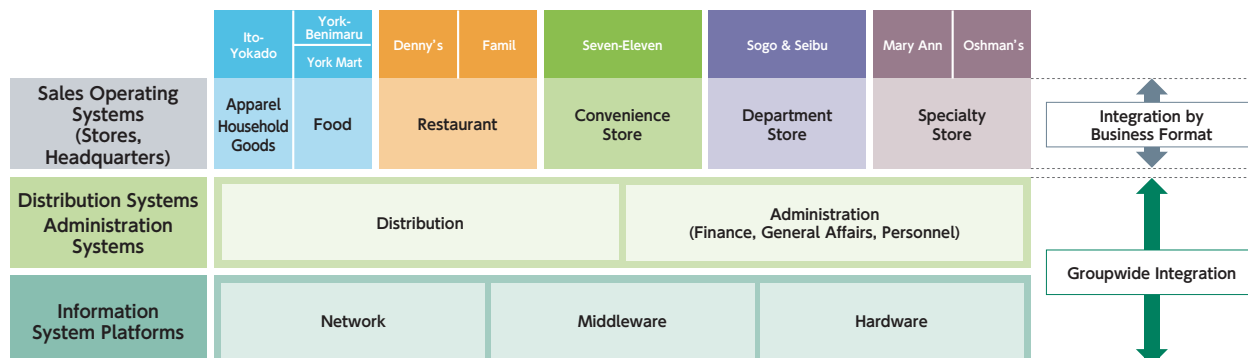


# Information Systems

## System Integration

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

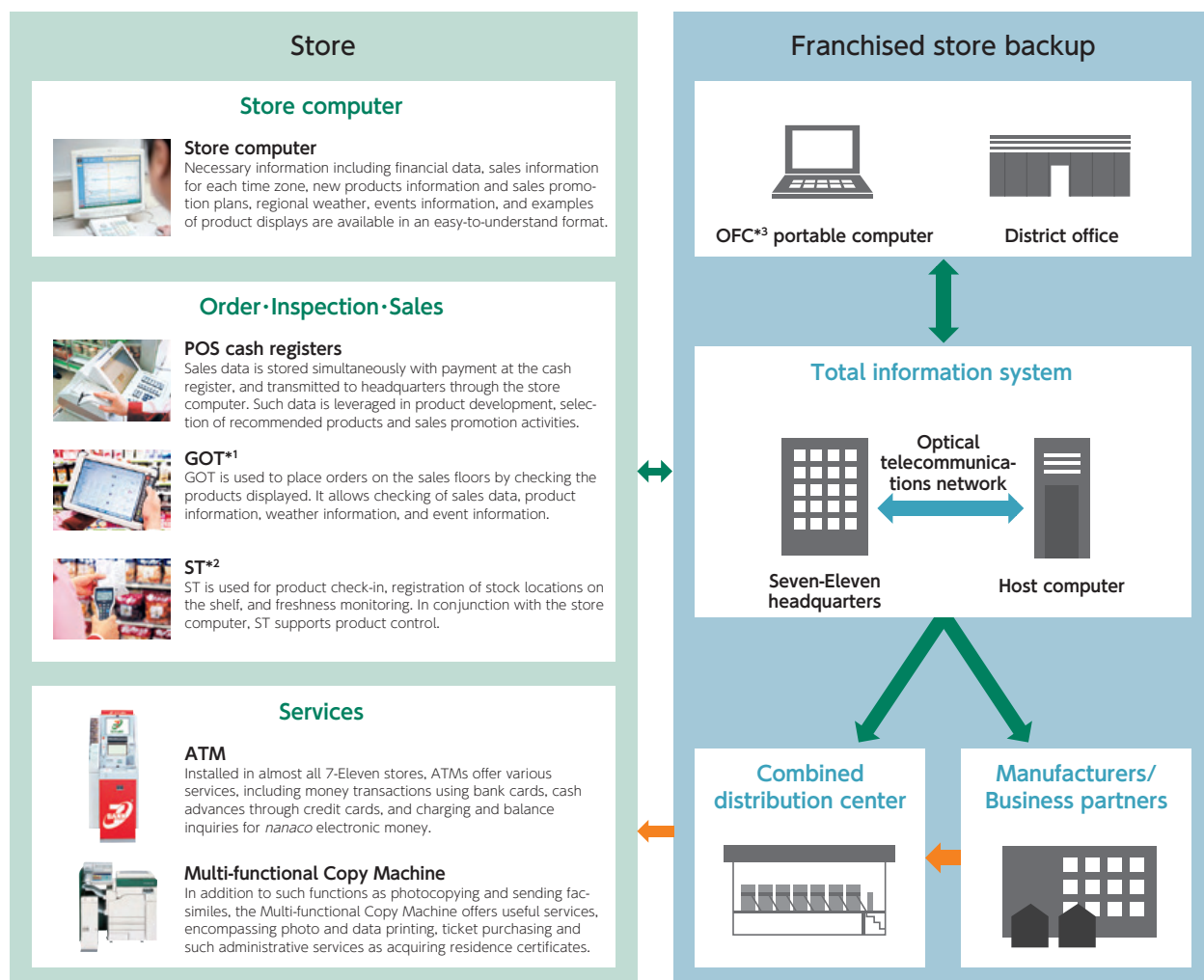
### CONCEPT CHART OF SYSTEM INTEGRATION



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

With its proprietary information system to realize "item-by-item management," SEJ 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.

SEJ'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 (GOT) used for ordering at the sales area.

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

\*3 OFC = Operations Field Consultants