

# Merchandising

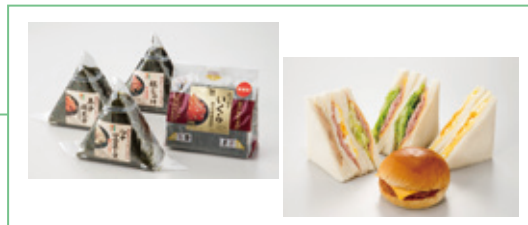
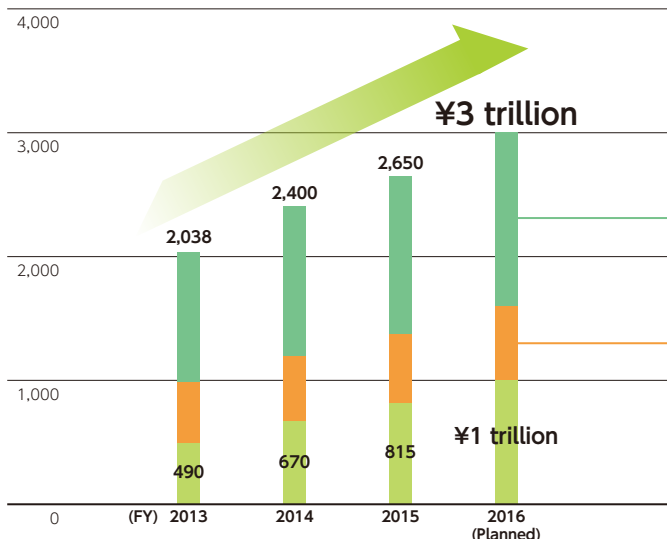
## Group Merchandising Initiatives

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)



## Addressing Regional Characteristics

The Seven & i Group is offering customers new ways to receive products to respond to their needs in detail and promotes product development in line with regional preferences.

For example, SEJ has evolved the relationship between stores and the Head Office since its foundation, finely categorizing product development and operations structures to incorporate regional characteristics into merchandising and store operations.

## 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 FOR PRIVATE-BRAND PRODUCTS



#### ○Seven Premium

- Quality on par with or exceeding that of national brands
- Reasonable pricing lower than actual prices for national-brand items

#### ○Seven Gold

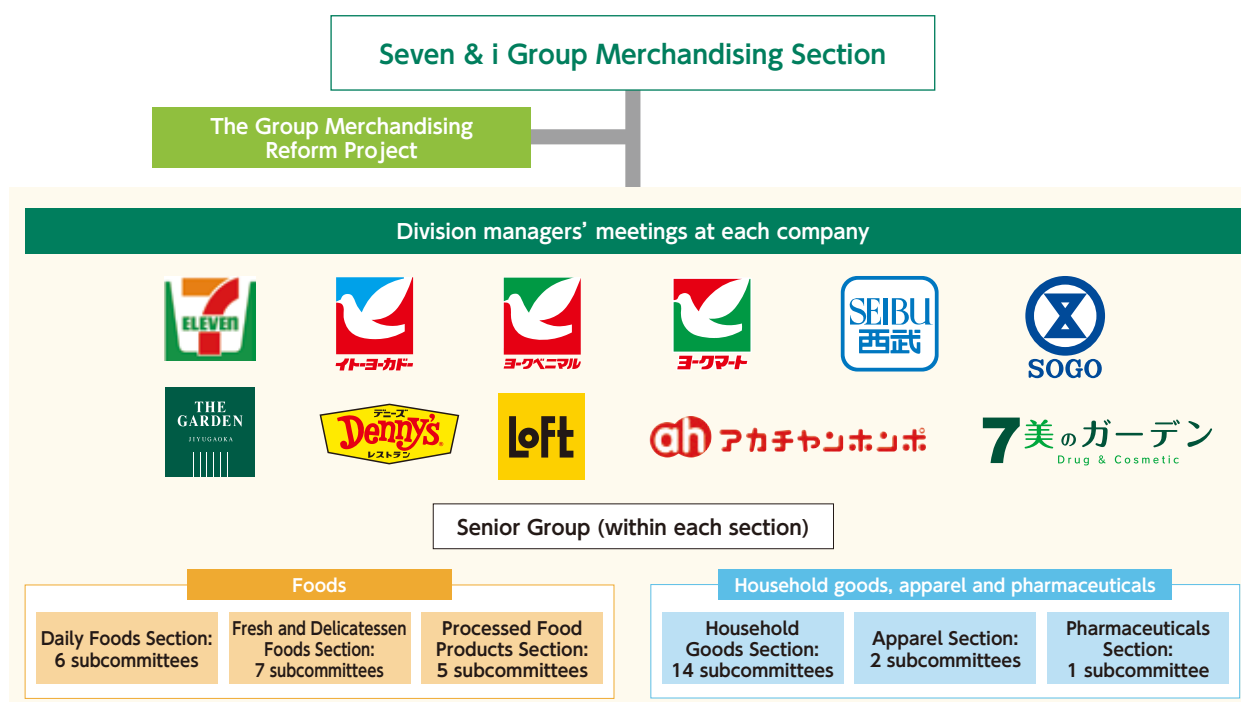
- The *Seven Gold* products in the *Seven Premium* brand are developed to meet the needs of those who wish to try something a little more tasty as a luxury
- Equal to or better than the quality of products from specialty stores and popular stores
- A reasonable price

#### ○Seven Lifestyle

- Miscellaneous goods offered under the concept of "Adding Higher Quality to Everyday Lives"
- A lineup paying careful attention to details of design and ingredients

## Product Development Process

Product development staff in Seven & i Group companies are organized into six sections and 35 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 SEJ   |
|      | 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  | Launched 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<br>Sweeping overhaul of product content, logo, and packaging   |
| 2012 | May   | Started sales of miscellaneous goods private-brand <i>Seven Lifestyle</i>  |
|      | July  | Started 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   |
| 2013 | May   | Launched <i>Golden Bread</i>   |
| 2014 | Aug.  | Started sales of eco-friendly <i>Seven Premium</i> products using timber from forest thinning and recycled PET bottle film           |

### PROMOTING RENEWAL OF SEVEN PREMIUM

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

Through the "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.

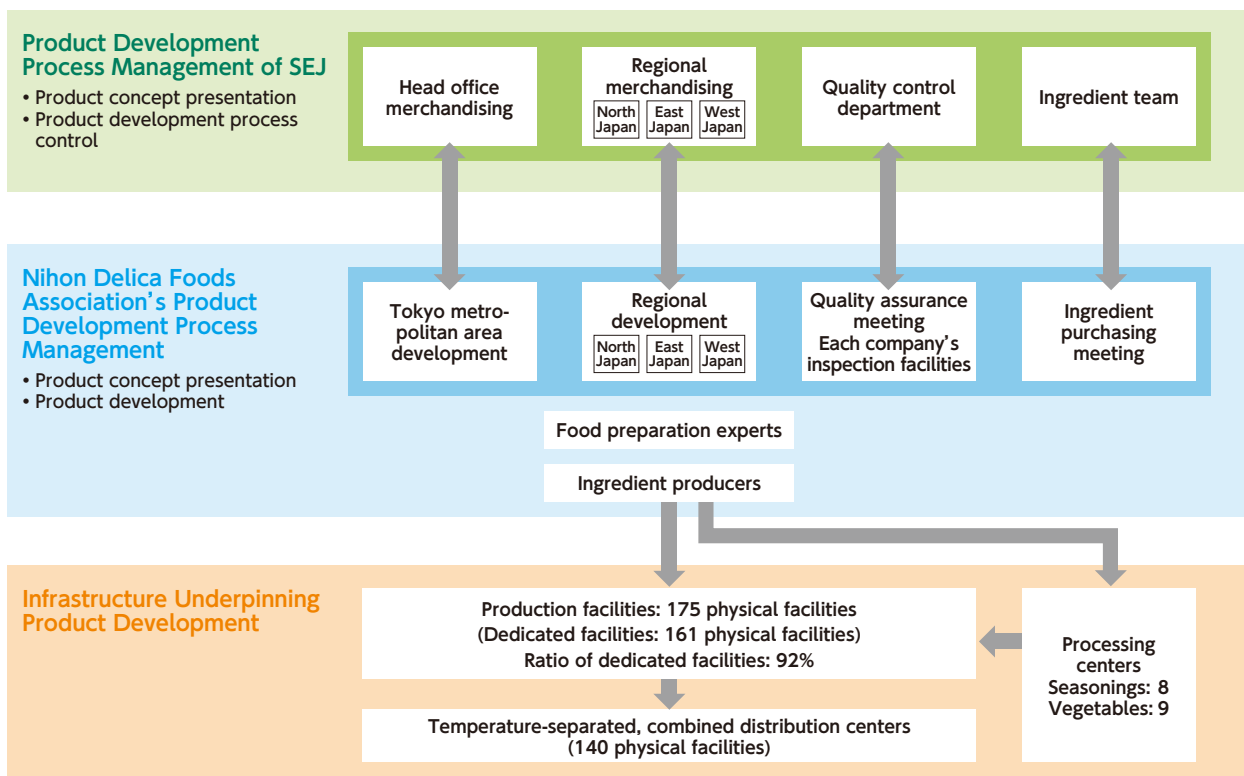
### PRODUCTS THAT SELL OVER ¥1 BILLION PER YEAR



# Merchandising

## Original Daily Food Product Development by SEJ

### Food Product Development System

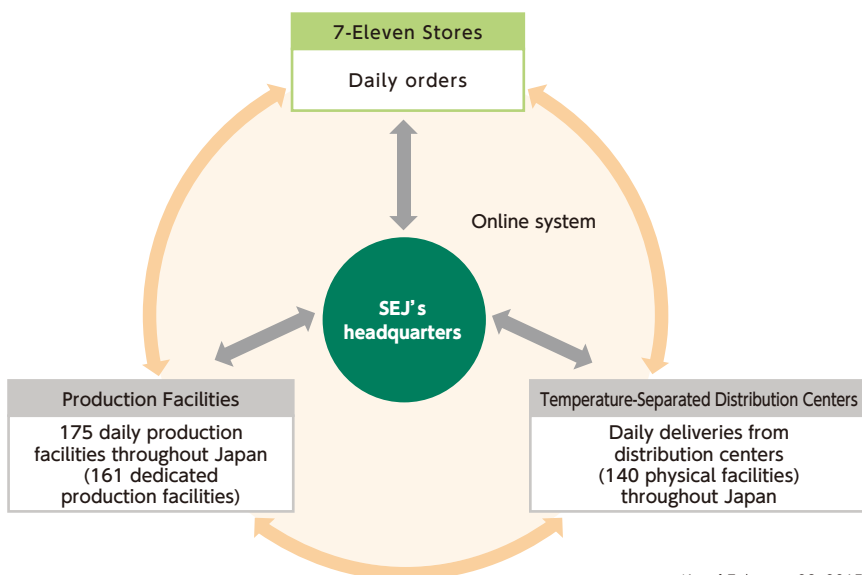


Notes: 1. Nihon Delica Foods Association (NDF) was formed in 1979 mainly by vendors of rice-based products. NDF currently has approximately 80 member companies that engage in the vendor businesses of rice-based products, sandwiches, delicatessen items, noodles, and Japanese pickles. Members jointly develop 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, 2015.

### 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 SEJ, allowing us to distinguish ourselves from the competition in terms of product development, hygiene, and quality control.



Original daily food products

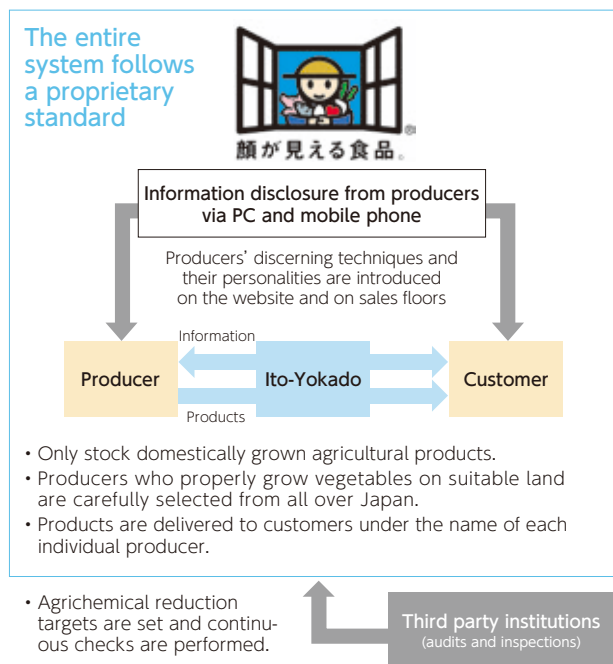
(As of February 28, 2015)

## Initiatives to Ensure Safety and Reliability

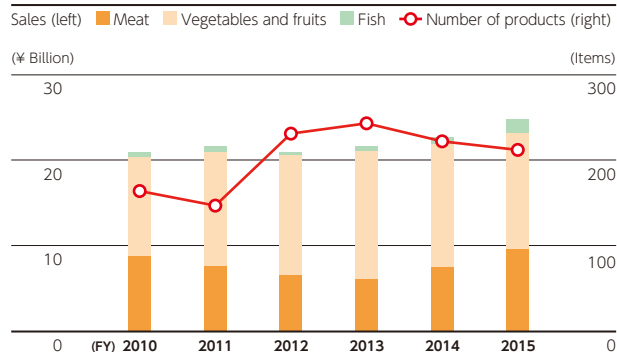
### ■ “Fresh Foods with Traceability” Initiatives

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, and solidifying its relationship with stakeholders by enhancing open disclosure.

#### TRACEABILITY SYSTEM (VEGETABLES AND FRUIT)



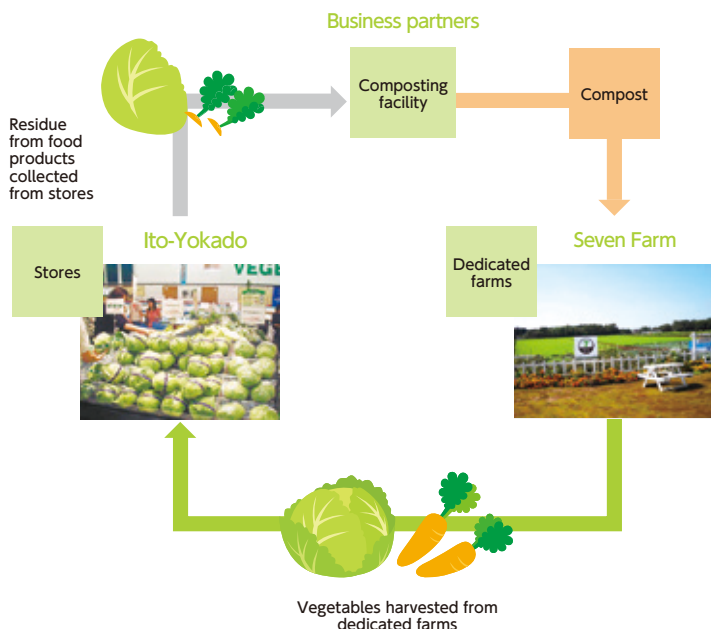
#### SALES OF “FRESH FOODS WITH TRACEABILITY” PRODUCTS AND NUMBER OF PRODUCTS



### ■ 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. Seven Farms practice environmental agriculture. As of February 28, 2015 there were 10 Seven Farms throughout Japan covering a total of 200 hectares. Ito-Yokado plans to expand them to cover 250 hectares in the fiscal year ending February 28, 2016.

#### SUSTAINABLE FOOD PRODUCT RECYCLING SYSTEM



#### SEVEN FARM LOCATIONS (As of February 28, 2015)



# 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 SEJ



### PROCESSING CENTERS AND PERISHABLES DISTRIBUTION CENTERS

#### Seven-Eleven Japan

|                              |   |
|------------------------------|---|
| Seasonings packaging centers | 8 |
| Vegetable processing centers | 9 |

#### Ito-Yokado

|                                  |    |
|----------------------------------|----|
| Perishables distribution centers | 13 |
| Vegetables and fruits centers    | 4  |

#### York-Benimaru

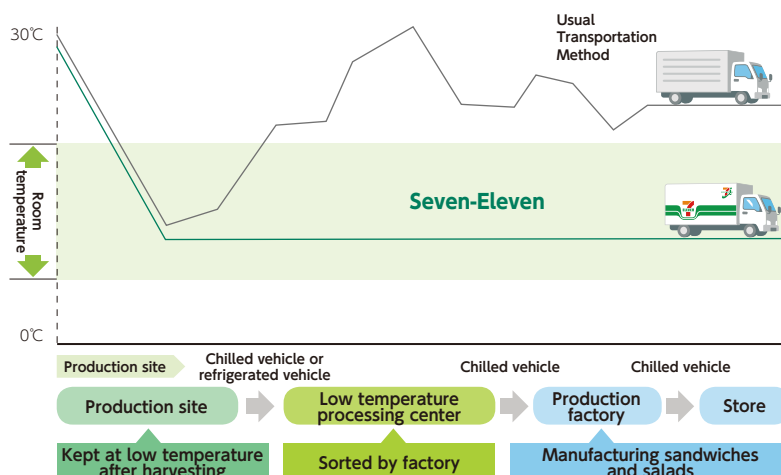
|                                  |   |
|----------------------------------|---|
| Perishables distribution centers | 6 |
|----------------------------------|---|

(As of February 28, 2015)

|                     | Number of distribution centers | Number of physical facilities |
|---------------------|--------------------------------|-------------------------------|
| 5°C                 | 68                             | 5°C 11                        |
| 20°C                | 69                             | 20°C 12                       |
|                     |                                | Shared 57                     |
| -20°C               | 18                             | 18                            |
| Subtotal            | 155                            | 98                            |
| Ambient temperature | -                              | 42                            |
| Total               | -                              | 140                           |

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

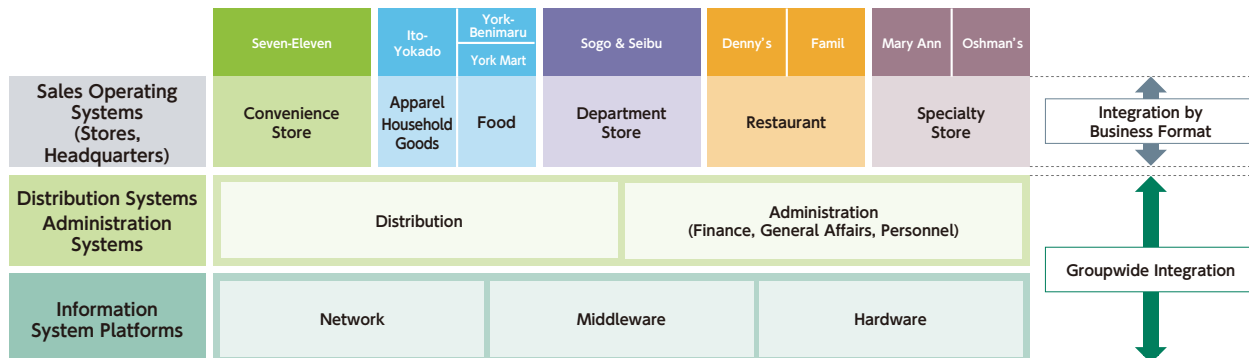
We have implemented a cold chain (refrigerated distribution network) for transporting and processing vegetables in a fresh condition straight after they are harvested. The harvested vegetables are put into cold storage on the spot, and kept at a consistently managed temperature in their journey in the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

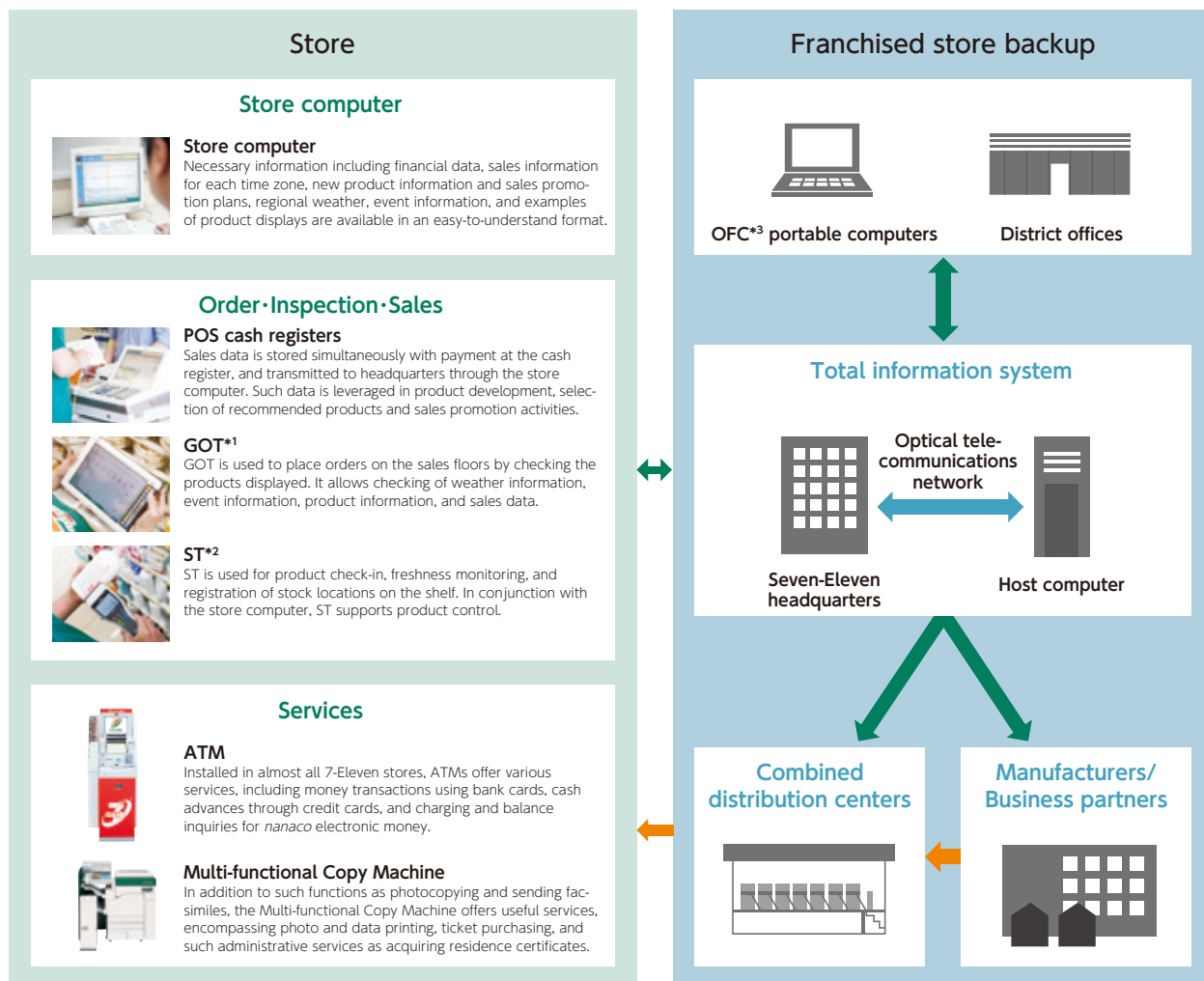
### CONCEPT CHART OF SYSTEM INTEGRATION



## Sixth-Generation Total Information System for SEJ

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) is used for ordering at the sales area.

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

\*3 OFC: Operations Field Consultants



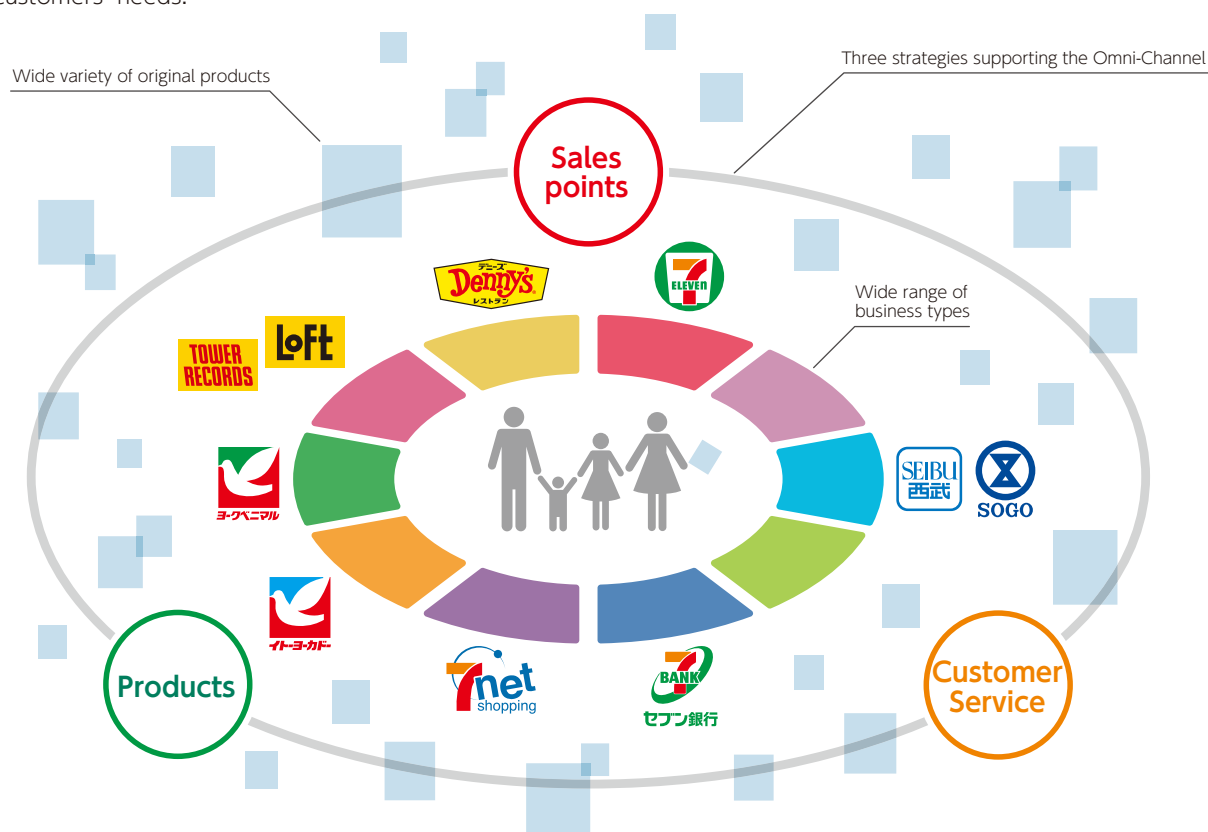
# Omni-Channel Strategy

## ■ Omni-Channel

Omni-Channel refers to a retail format for providing all customers with a seamless shopping experience of ordering, payment, and receiving products by integrating various sales channels such as real stores and online stores. The Seven & i Group has been promoting its Omni-Channel Strategy since the second half of the fiscal year ended February 28, 2014.

## ■ Omni-Channel Conceptual Diagram

By merging real-store and Internet-based services, the Group aims to advance its sales, products, and customer service to realize the world's ultimate omni-channel retail format for providing services that meet individual customers' needs.



## ■ Group Strengths

- A globally unique network of approximately 19,000 stores including convenience stores, supermarkets, super-stores, department stores, and even specialty stores
  - Extremely high customer contact with approximately 20.5 million customer visits per day at stores in Japan
  - A system for teaming up with external trading partners to develop original products
- The Group will promote a unique omni-channel retail format that leverages these distinctive strengths.

## ■ The Group's Vision for the Omni-Channel

The key is in our customer strategy of creating new shopping experiences

- Develop new, high-quality products centered on private brands
- High-quality customer service at over 19,000 customer contact points
- Provide opportunities to buy anytime, anywhere

## ■ Project Creation for Plan Implementation

Management from Seven & i HLDGS. and major Group companies take responsibility for leading each project, creating a framework to drive forward the Omni-Channel Strategy.

| Project                    | Theme  |
|----------------------------|--|
| 1. Products                | Development of innovative, high quality private brands and product information conveying value and appeal        |
| 2. Stores and distribution | Receipts and returns accepted at stores, customer sales via tablet devices, and same-day deliveries              |
| 3. Internet and membership | Common identity, customer-focused loyalty programs and settlement services, and individualized product proposals |
| 4. Security                | Security qualification acquisition, customer base management, and supervision and audit systems                  |

## Progress with the Omni-Channel Strategy

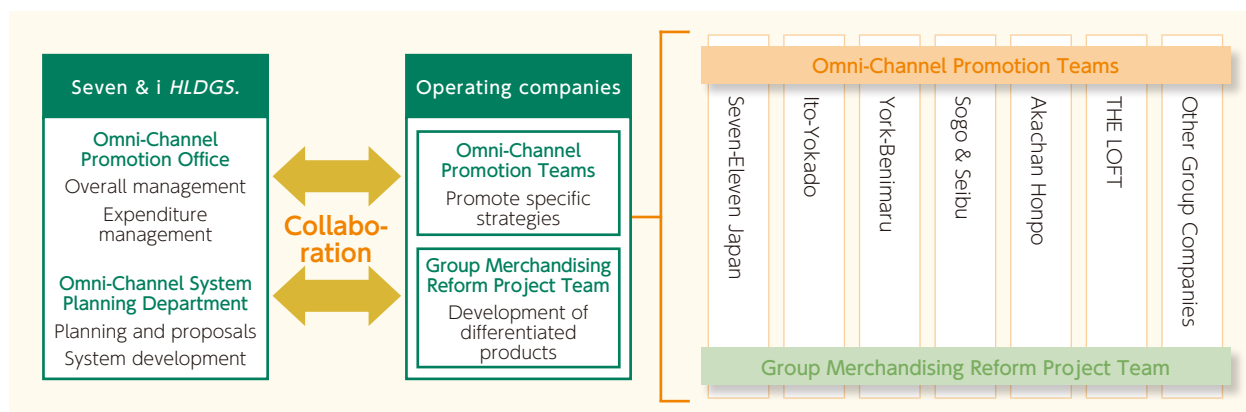
The Seven & i Group is promoting the Omni-Channel Strategy as its "2nd growth stage." The Omni-Channel is intended to contribute to the entire Group's earnings, with Seven & i HLDGS. bearing the cost of the development investment and operational expense of the integrated system and each operating company bearing the costs of distribution and its website operation expenses and the like to elicit an ambitious spirit.

### ● Establishment of Omni-Channel Promotion Teams

Seven & i HLDGS. has established a department responsible for promoting the Omni-Channel Strategy not only at the parent company, Seven & i HLDGS., but at all major Group companies. Group companies will bond tightly and promote the strategy throughout the entire Group.

### ● Collaboration with the Group Merchandising Reform Project

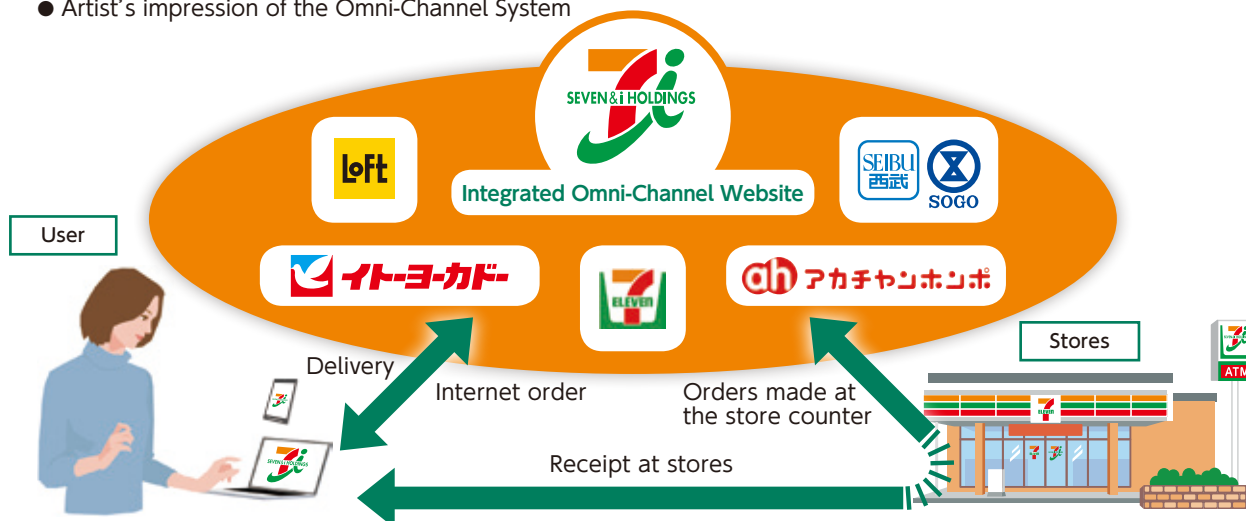
The Omni-Channel Promotion Teams collaborate with the Group Merchandising Reform Project Team, which is comprised of product development staff in each operating company. They develop and propose innovative, high-quality products, centered on private-brand products with high added value to realize an Omni-Channel offering the unique features of the Seven & i Group.



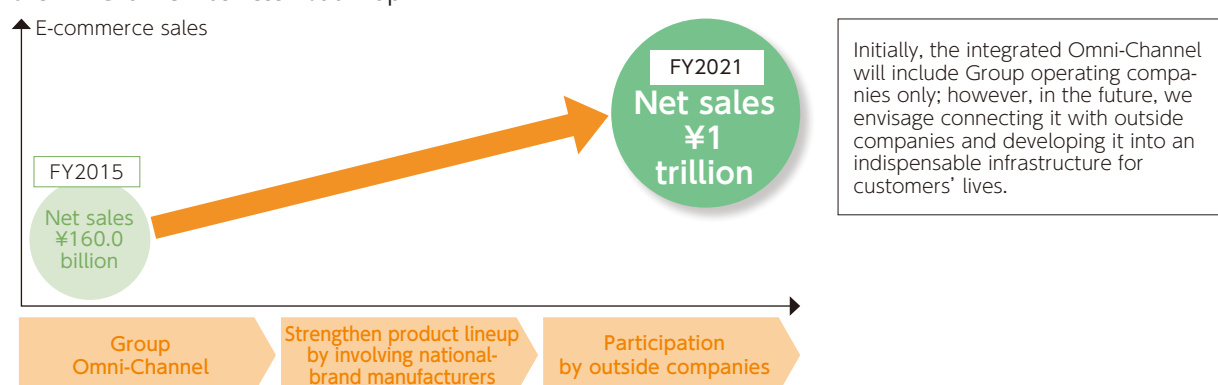
## Full Scale Start of Integrated Omni-Channel Website

The Omni-Channel integrated website will commence full-scale operation in October 2015. In addition to store pick-ups, consideration is being given to an expansion where Seven-Eleven store staff deliver merchandise to customers' homes.

### ● Artist's impression of the Omni-Channel System



### ● Omni-Channel Business Road Map





# 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.

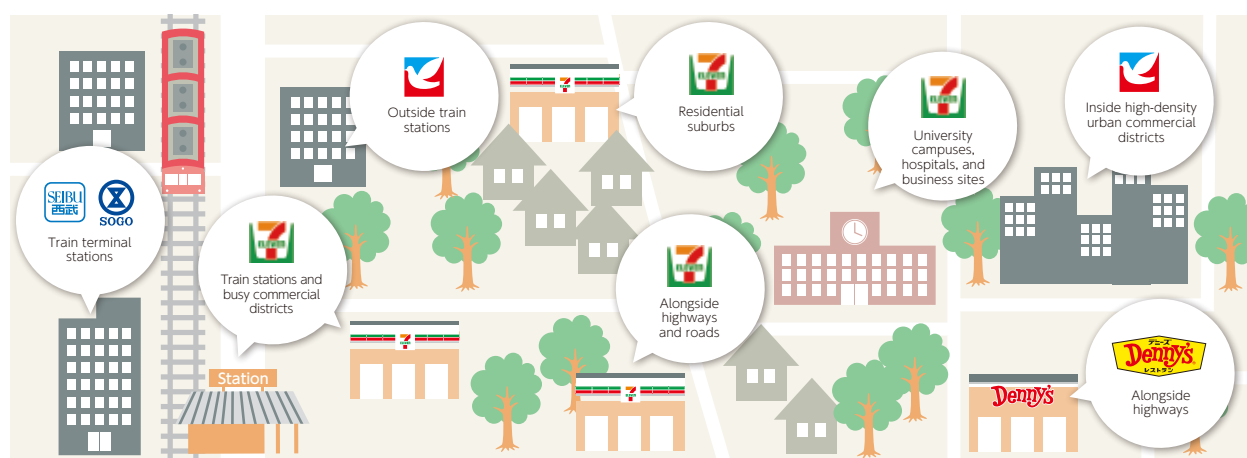
### ■ Market Concentration Strategy

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>• Implemented 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 universities</li> <li>• From November 2010, provision of support for store openings by franchisees who will operate two or more stores</li> <li>• Stores in 43 prefectures as of the end of February 2015. New store openings to commence in Kochi Prefecture from March 2015, Aomori Prefecture from June, and Tottori Prefecture (planned) from October</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 18 shopping centers primarily in the Kanto region (Including GRAND TREE)</li> <li>• Assembled tenants with Ito-Yokado as the anchor tenant</li> </ul>   |
| Supermarket       | York-Benimaru<br>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 over the medium- to long-term through aggressive store opening strategy in the market concentration areas</li> </ul>   |
| Department store  | SEIBU<br>Sogo              | <ul style="list-style-type: none"> <li>• Developed 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<br>THE LOFT  | <ul style="list-style-type: none"> <li>• Operate stores primarily in shopping centers in 30 prefectures</li> <li>• Open 46 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 27 prefectures</li> <li>• Open 39 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, 2015.

## 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 FY2015



Seven-Eleven



Ito-Yokado's Ario



York-Benimaru



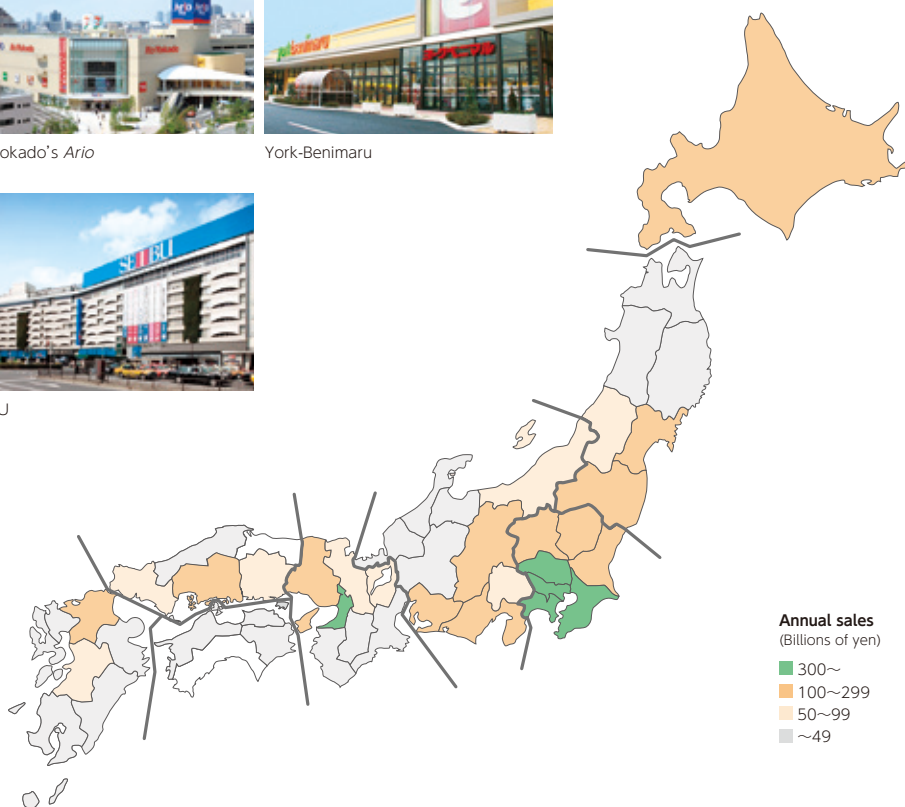
Sogo



SEIBU











Denny's



### ■ Domestic Store Network

(No. of Stores as of February 28, 2015)

|          |  |  |  |  |   |  |  |  |
|----------|---|---|---|---|--|---|---|---|
| Hokkaido | 922   | 11  | –   | –   | 1  | 6   | 4   | 2   |
| Tohoku   | 1,117   | 10  | 144   | –   | 1  | 20  | 4   | 5   |
| Kanto    | 7,005   | 130   | 56  | 76  | 13   | 344   | 45  | 51  |
| Chubu    | 3,035   | 16  | –   | –   | 2  | 84  | 16  | 10  |
| Kinki    | 2,201   | 11  | –   | –   | 5  | 18  | 20  | 15  |
| Chugoku  | 1,078   | 3   | –   | –   | 1  | 2   | 6   | 5   |
| Shikoku  | 226   | –   | –   | –   | 1  | –   | 1   | 3   |
| Kyushu   | 1,907   | –   | –   | –   | –  | –   | 3   | 3   |
| Total    | 17,491  | 181   | 200   | 76  | 24   | 474   | 99  | 94  |

## Shopping Support, etc.

### 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 ¥123 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)



#### ■ Electrically Assisted Bicycles Especially for 7-Eleven Deliveries

To enable more efficient deliveries to customers living within the catchment area, electrically assisted bicycles were introduced in November 2013.

The electrically assisted bicycle fleet numbered approximately 2,100 operational bicycles as of the end of March 2015.

By February 28, 2016, SEJ plans to have increased the number to over 3,000 bicycles.



#### ■ *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 had been introduced at approximately 800 stores as of the end of March 2015.



#### ■ 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, 2015 there were 35 trucks in operation.



#### ■ Activities to Watch Over Senior Citizens

As of the end of March 2015, SEJ has concluded an Agreement to Watch Over Senior Citizens (in individual agreements) with 103 local governments (4 prefectural governments and 99 municipal governments). SEJ and local governments will work together in monitoring activities to create towns that are safe and secure for local communities. SEJ is uniquely positioned to engage in this activity because of its meal delivery service, and it aims to enhance its role as a community base through creation of "close-by, convenient stores."

#### ■ 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 four 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      | ¥324 (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         | ¥50.0 billion (FY2015)  |
| Number of members | 2,000 thousand (as of Feb. 28, 2015)  |

#### ■ Dedicated *Net Supermarket* Stores

In March 2015, Ito-Yokado established the Seven & i *Net Supermarket* Nishi Nippori store to serve as a business base for urban centers where Ito-Yokado has not opened nor could provide a *Net Supermarket* despite high latent needs.

This dedicated *Net Supermarket* store is equipped with specialized equipment and systems that are completely new in the industry, enabling it to handle as many as 2,000 orders daily, approximately 5 times the number of a regular store.

## Group Environment, etc.

### 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 Seven & i Group companies in Japan in the fiscal year ending February 28, 2018, using emissions in the fiscal year ended February 28, 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.

#### SEJ's Initiatives to Conserve Energy

SEJ is introducing energy-conserving equipment such as LED lighting and solar panels. In 2014, it started using LED lights for store illumination with new specifications that reduce power usage by a further 50%. In addition, store wiring distribution boards will be fitted with "smart sensor" meters to enable electricity use to be visualized. Electricity use in the stores can be checked using a computer, which will reveal when and where electricity was used, and how much. This will enable issues with use of equipment and so forth to be identified and corrected, thereby reducing wasteful electricity consumption. SEJ is also opening stores constructed of wood in some areas. Wood construction creates fewer CO<sub>2</sub> emissions from materials procurement through to construction, and less industrial waste when the store is demolished. SEJ is also increasing prefabricated store construction, which greatly reduces the use of reinforced concrete.



#### No. of Stores Where Innovations Have Been Adopted as of February 28, 2015

|               | Solar panels | Changed to LED lights inside stores | Changed to LED lights for reach-in coolers | Changed to LED lights for chilled cases | Wooden construction method | Prefabrication method |
|---------------|--------------|-------------------------------------|--|---|----------------------------|-----------------------|
| No. of stores | 7,182        | 15,423                              | 13,199                                     | 15,454                                  | 154                        | 3,328                 |

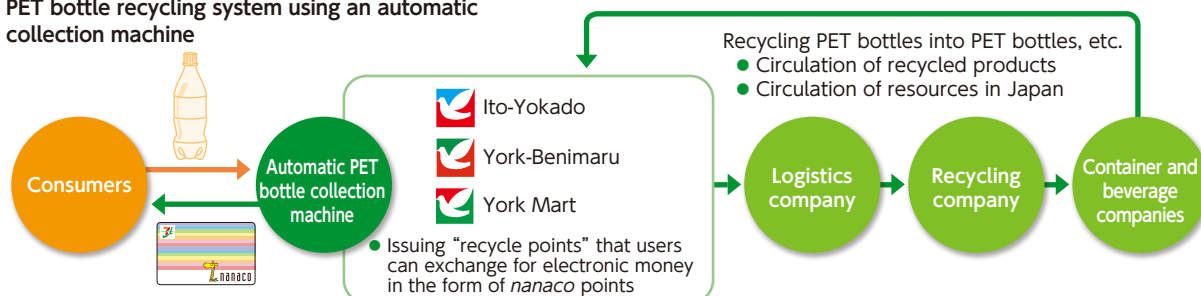
### PET Bottle Recycling Project

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

#### Participating Stores (As of February 28, 2015)

|               |            |
|---------------|------------|
| Ito-Yokado    | 142 stores |
| York-Benimaru | 67 stores  |
| York Mart     | 67 stores  |

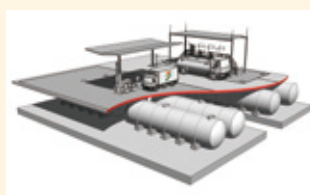
#### PET bottle recycling system using an automatic collection machine



### Large-Scale Disaster Countermeasures

In May 2014, the Seven & i Group completed work on the Sugito Fuel Storage Station, the first for the Japanese retail industry, for use as part of its large-scale disaster countermeasures. Completion of the fuel storage station enables rapid and assured deliveries of emergency supplies and products to disaster-affected areas, evacuation centers, and Seven & i Group stores in the event of a large-scale disaster such as an earthquake with an epicenter directly beneath Tokyo.

As a retail group unlike any other in that it encompasses multiple formats, including convenience stores, superstores, and department stores, the Group will continue to focus on countermeasures for large-scale disasters to strengthen its social infrastructure functions during disasters.



An artist's impression of the Sugito Fuel Storage Station complex



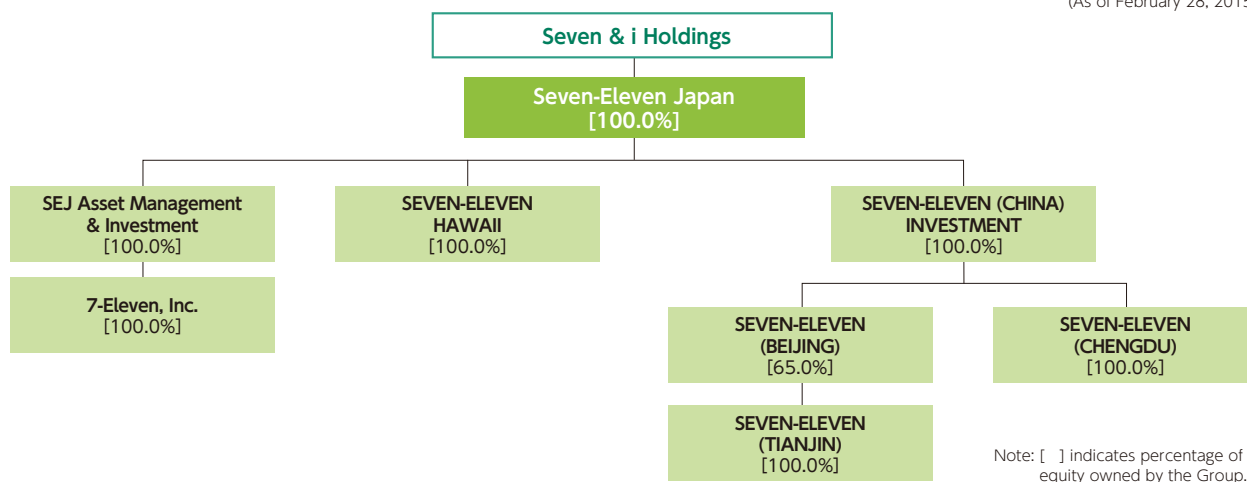
An artist's impression of the Sugito Fuel Storage Station exterior

# Global Strategy

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

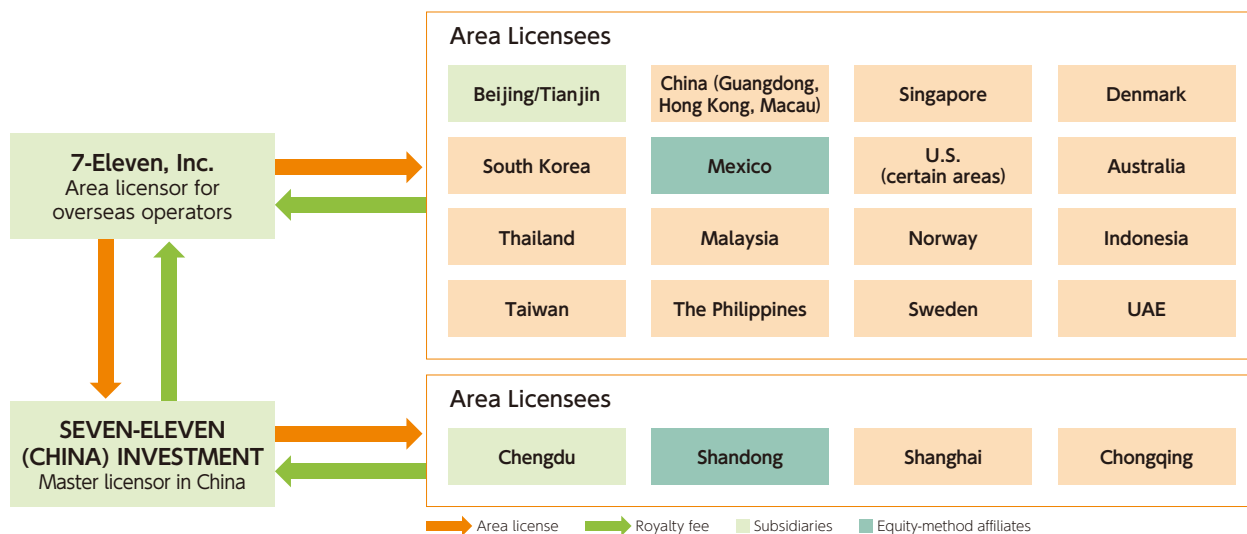
Seven & i Holdings' subsidiaries and affiliates operate 7-Eleven convenience stores in Japan, North and Central America, and China (Beijing, Tianjin, Chengdu, and Qingdao). In countries and regions where the Company has no local subsidiaries, leading corporate groups operate 7-Eleven stores as area licensees.

(As of February 28, 2015)



## Overseas Licensing Scheme

7-Eleven, Inc. is responsible for granting area licenses to overseas operators of 7-Eleven stores excluding Japan and Hawaii. 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)

|                 | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Japan           | 11,735 | 12,034 | 12,298 | 12,753 | 13,232 | 14,005 | 15,072 | 16,319 | 17,491 |
| U.S. and Canada | 6,564  | 6,683  | 6,782  | 6,972  | 7,188  | 7,752  | 8,545  | 8,641  | 8,646  |
| South Korea     | 1,421  | 1,750  | 1,995  | 2,186  | 3,145  | 5,249  | 6,986  | 7,085  | 7,231  |
| Thailand        | 3,785  | 4,279  | 4,778  | 5,270  | 5,790  | 6,276  | 6,822  | 7,429  | 8,127  |
| Taiwan          | 4,385  | 4,705  | 4,800  | 4,744  | 4,750  | 4,801  | 4,852  | 4,919  | 5,040  |
| China           | 1,105  | 1,358  | 1,512  | 1,670  | 1,711  | 1,792  | 1,919  | 2,001  | 2,064  |
| Others          | 2,840  | 3,104  | 3,573  | 4,101  | 4,477  | 5,110  | 5,563  | 6,039  | 6,682  |
| Total           | 31,835 | 33,913 | 35,738 | 37,696 | 40,293 | 44,985 | 49,759 | 52,433 | 55,281 |

Note: 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 |
|-------------------------------------|---|------------------|
| Thailand                            | C. P. ALL Public Company Ltd. [Charoen Pokphand Group]                              | 8,127            |
| South Korea                         | Korea-Seven Co., Ltd. [Lotte Group]   | 7,231            |
| Taiwan/China (Shanghai)             | President Chain Store Corp. [Uni-President Enterprises Corp.]                       | 5,116            |
| Mexico                              | 7-Eleven Mexico S.A. de C.V. [Valso, S.A. de C.V.]                                  | 1,826            |
| Malaysia                            | 7-Eleven Malaysia Sdn Bhd [Berjaya Retail Berhad]                                   | 1,745            |
| China (Guangdong, Hong Kong, Macau) | The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]         | 1,652            |
| The Philippines                     | Philippine Seven Corporation [President Chain Store Corporation]                    | 1,282            |
| Australia                           | 7-Eleven Stores Pty. Ltd.   | 611              |
| Norway/Sweden/Denmark               | Reitan Servicehandel [Reitangruppen AS]   | 538              |
| Singapore                           | Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited] | 493              |
| U.S.                                | Resort Retailers, Inc.<br>Southwest Convenience Stores, Inc.                        | 289              |
| Indonesia                           | PT Modern Sevel Indonesia [PT Modern Internasional Tbk]                             | 187              |
| China (Shandong)                    | SHAN DONG ZHONG DI CONVENIENCE CO., LTD. [Zhong di Group Co., Ltd.]                 | 25               |
| China (Chongqing)                   | New Nine Business Development Co., Ltd. [New Hope Group Co., Ltd.]                  | 10               |
| UAE                                 | SEVEN EMIRATES INVESTMENT L.L.C   | –                |

Notes: 1. The number of stores is as of December 31, 2014.

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

3. Plan to open a store in the U.A.E. in summer 2015.

## ■ 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 products 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 systems, etc.

#### 2. Establish a model store

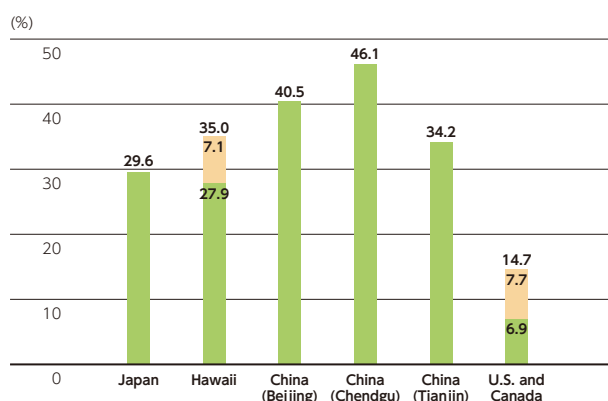
- Remodel an existing store and execute enhanced product assortment and display, as well as friendly service based on SEJ's experience
- Rollout successful cases of a model store to other existing stores, build model areas, and support franchise business management methods.

#### 3. Management candidate training at SEJ

- Accept trainees from three departments which are Store Operations, Merchandising and Store Development
- Conduct classroom 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 FY2015



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. We also share information across business sectors and jointly develop products.

(February 28, 2015)

|   | 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 (CHINA) INVESTMENT CO., LTD. 65.0%<br>Beijing Wang fu jing Department Store Group Co., Ltd. 25.0%<br>China National Sugar & Alcohol Group 10.0% |
| SEVEN-ELEVEN (CHENGDU) Co., Ltd.          | Convenience store   | Dec. 2010     | Mar. 17, 2011                   | U.S.\$46,000 thousand | SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. 100.0%   |
| SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. | Investment company in China business and Seven-Eleven's master licensor in China* | Sept. 2012    | -                               | CNY250 million        | Seven-Eleven Japan Co., Ltd. 100.0%  |
| SEVEN-ELEVEN (TIANJIN) CO., LTD.          | Convenience store   | Nov. 2012     | Nov. 2012                       | CNY104.6 million      | SEVEN-ELEVEN (BEIJING) CO., LTD. 100.0%  |
| SHAN DONG ZHONG DI CONVENIENCE CO., LTD.  | Convenience store   | June 2012     | Nov. 2012                       | CNY120 million        | Zhongdi Group Co., Ltd. 65.0%<br>Seven-Eleven Japan Co., Ltd. 20.0%<br>SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. 15.0%                                       |
| Hua Tang Yokado Commercial Co., Ltd.      | Superstore  | Sept. 1997    | Apr. 28, 1998                   | U.S.\$65,000 thousand | Ito-Yokado Co., Ltd. 75.8%<br>ITOCHU Group 12.3%<br>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. 75.0%<br>China National Sugar & Alcohol Group 12.0%<br>ITOCHU Corp. 8.0%<br>CITYWELL (CHENGDU) DEVELOPMENT CO., LTD. 5.0%               |
| Ito-Yokado (China) Investment Co., Ltd.   | Investment company in China business  | July 2012     | -                               | U.S.\$30,000 thousand | Ito-Yokado Co., Ltd. 100.0%  |

\* 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)

|                        | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Chengdu Ito-Yokado     | 12,707 | 15,611 | 19,682 | 26,690 | 36,738 | 41,192 | 48,048 | 50,672 | 53,513 | 62,788 | 70,650 |
| Hua Tang Yokado        | 16,809 | 20,585 | 26,514 | 33,901 | 36,369 | 31,932 | 30,008 | 28,477 | 27,902 | 34,015 | 31,814 |
| SEVEN-ELEVEN (BEIJING) | -      | 882    | 1,997  | 3,563  | 4,686  | 5,204  | 5,874  | 7,754  | 11,273 | 14,458 | 17,983 |
| SEVEN-ELEVEN (CHENGDU) | -      | -      | -      | -      | -      | -      | -      | 517    | 1,909  | 3,505  | 4,204  |
| SEVEN-ELEVEN (TIANJIN) | -      | -      | -      | -      | -      | -      | -      | -      | -      | 3,136  | 3,783  |
| Exchange rates (CNY1=) | ¥13.06 | ¥13.57 | ¥14.62 | ¥15.51 | ¥14.85 | ¥13.72 | ¥12.90 | ¥12.32 | ¥12.72 | ¥15.92 | ¥17.18 |

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)



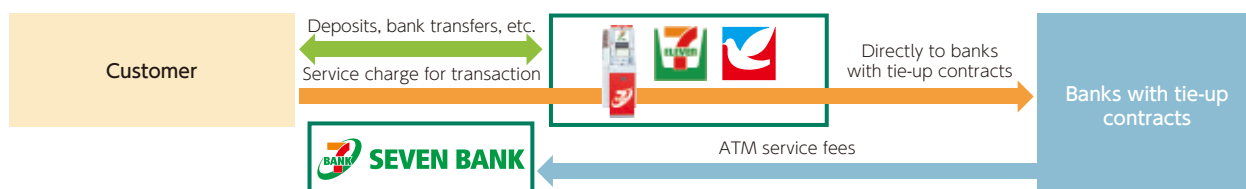
SEVEN-ELEVEN (CHENGDU)

# Financial Services

## Bank Business

### ■ ATM Services

As of the end of March 2015, Seven Bank has tie-up contracts with 594 financial institutions and the like, and ATMs have been installed in 7-Eleven stores and other stores of Group companies in Japan. The main source of earnings in this business is 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.



### ■ International Money Transfer Service

Since March 2011, Seven Bank has offered international money transfer services to meet the needs of foreigners who live in Japan or Japanese people who have families or friends living abroad.

The number of transfers in FY2015 was 633,000, approximately 1.6 times more than the previous fiscal year.

#### Features of Seven Bank's International Money Transfer Service

- (1) Money can be transferred in principle 24 hours a day, every day of the year from a Seven Bank account via an ATM, PC, or mobile phone.
- (2) Simple and reasonable transfer fees.
- (3) Transfers can be received at over 510,000 locations affiliated with Western Union in over 200 countries and regions around the world.
- (4) Money can be received in as little as a few minutes from completion of the transfer.



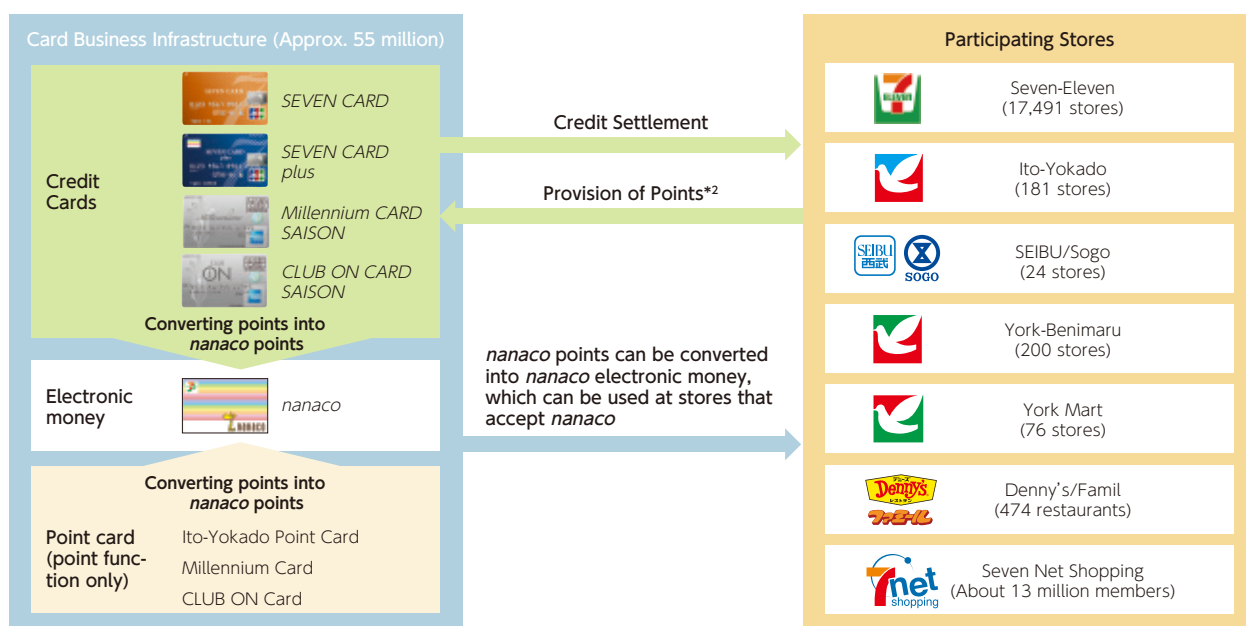
## Card Business

### ■ Group Card Business

The Seven & i Group has issued over 55 million cards, and we are promoting a card strategy that allows members to utilize Group company cards between Group company stores. In addition, to encourage use of credit cards and electronic money at Group company stores, the whole Group is working to develop a shared point service linked to credit card transactions and to promote card service strategies for the entire Group.

### ■ Seven & i Point Service

To encourage customers to utilize Seven & i Group company stores, we started the "Seven & i Point Service"\*1 in 2011.



Notes: 1. The numbers of card members, stores, and Seven Net Shopping members are as of February 28, 2015.

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.