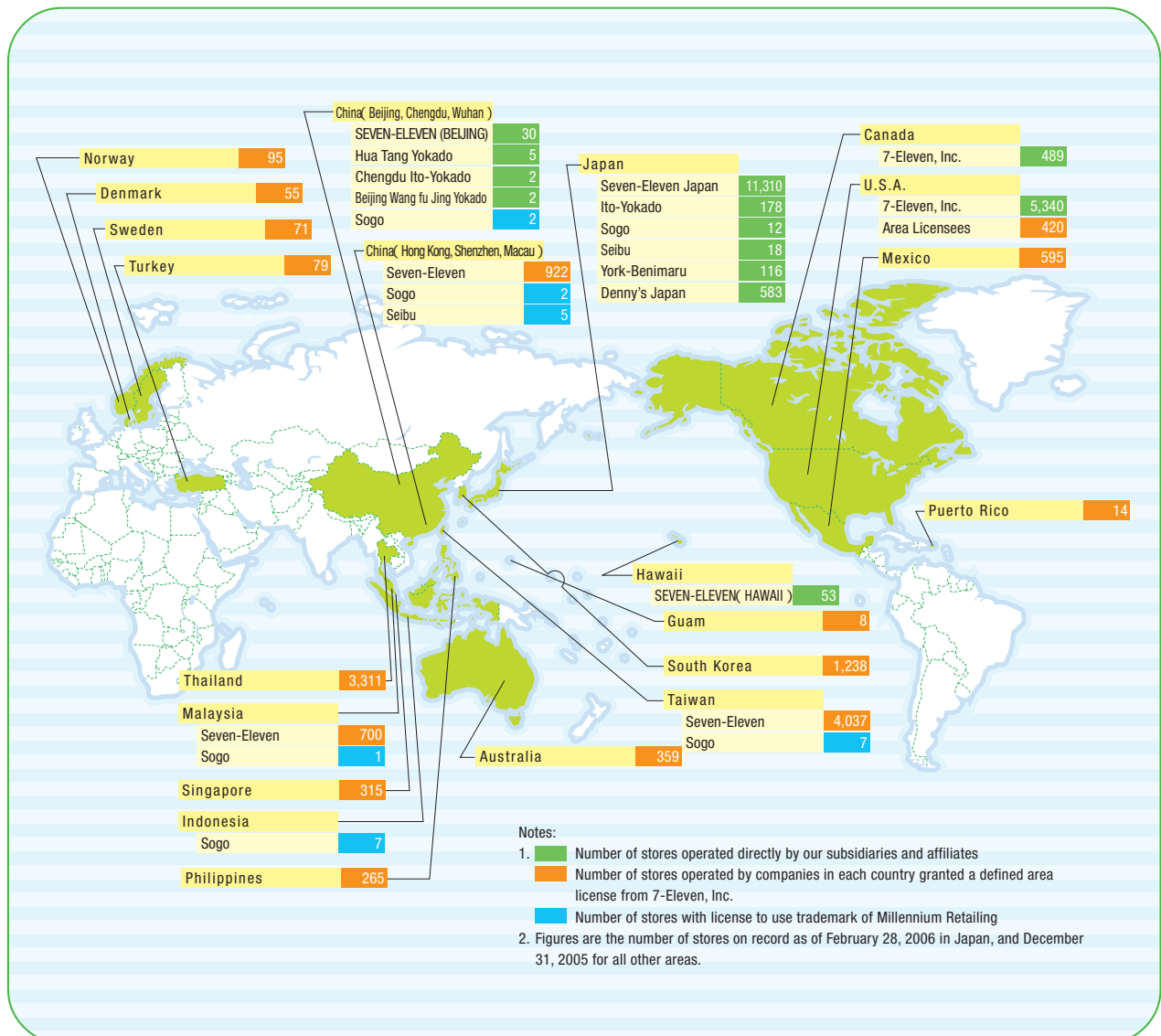


- **Total Number of Stores Worldwide: Approximately 31,000**  
- of Which the Number of Convenience Stores: 29,706
- **Number of Customer Store-Visits Worldwide per Day: 26 million**  
- of Which the Number of Customer Store-Visits in Japan per Day: 13.7 million

Japan plays a central role in Seven & i Holdings' worldwide network of convenience stores, superstores, department stores, supermarkets, restaurants, and other activities.



## World-Class Sales

- Seven & i Holdings is maintaining vigorous investment in improving existing businesses and in new business opportunities.

Revenues from operations came to 3,895.7 billion yen, and net sales were 3,437.3 billion yen in FY2006.

- Adding these figures with Sogo Co., Ltd. (Sogo) and THE SEIBU DEPARTMENT STORES, LTD. (Seibu), which were not included in our income statement, and York-Benimaru Co., Ltd., which was accounted for using the equity method, for FY2006, gives combined revenues from operations of 5,168.3 billion yen and net sales of 4,689.1 billion yen.

- On Target for Worldwide Top 10 Ranking by FY2007.

Note: Income statements for Sogo, Seibu, and York-Benimaru will be consolidated and reported in the income statements of Seven & i Holdings from FY2007.

## Retailers Worldwide Ranking

	Company	Country	Sales (Billions of yen)	Growth*1 (%)	Main Categories	Fiscal Year
1	Wal-Mart Stores Inc.	U.S.A.	30,804.0	11.3	SuC / DS / CLUB / SM	2005 / 01
2	Carrefour SA	France	9,752.1	3.1	HM	2004 / 12
3	Home Depot Inc.	U.S.A.	7,894.2	12.8	HC / HDS	2005 / 01
4	Metro AG	Germany	7,570.0	5.3	SM / CC	2004 / 12
5	Royal Ahold NV	Netherlands	6,978.4	(7.3)	SM	2004 / 12
6	Tesco plc	UK	6,726.7	10.3	SM	2005 / 02
7	Kroger Co.	U.S.A.	6,094.9	4.9	SM / SuC	2005 / 01
8	Sears Holdings Corporation	U.S.A.	6,026.4*2	(4.1)	GMS / DS	2004 / 12
9	REWE Handelsgruppe	Germany	5,475.4	4.1	SM	-
10	Costco Wholesale Corp.	U.S.A.	5,195.6	13.1	CLUB	2004 / 08
11	ITM Entreprises SA	France	5,099.5	(1.0)	SM	2004 / 12
12	Target Corp.	U.S.A.	4,933.7	11.6	DS / SuC	2005 / 01
13	Groupe Casino	France	4,876.7	0.6	SM	2004 / 12
14	Aldi Einkauf GmbH & Co OHG	Germany	4,641.9	(1.2)	DS	2004 / 12
15	Schwarz Group (Lidl & Schwarz)	Germany	4,597.7	51.5	DS	2004 / 12
16	Albertson's Inc.	U.S.A.	4,308.9	13.6	SM	2005 / 01
17	Edeka Gruppe	Germany	4,236.5	0.3	SM	2004 / 12
18	Walgreen Co.	U.S.A.	4,050.9	15.4	DgS	2004 / 08
19	Groupe Auchan SA	France	4,032.2	4.7	HM	2004 / 12
20	Lowe's Companies Inc.	U.S.A.	3,938.1	18.2	HC	2005 / 01

\*1 The growth percentages are calculated on a local currency basis in each country.

\*2 Sales for Sears' Holdings is forecast.

Rate of exchange — US \$1 = ¥108.0

Category abbreviations: CC=Cash and Carry; CLUB=(Membership) Club; DgS=Drugstore; DS=Discount Store; GMS=General Merchandise Store; HC=Home Improvement Center; HM=Hypermarket; SM=Supermarket; SuC: SuperCenter

Source: Chain Store Age

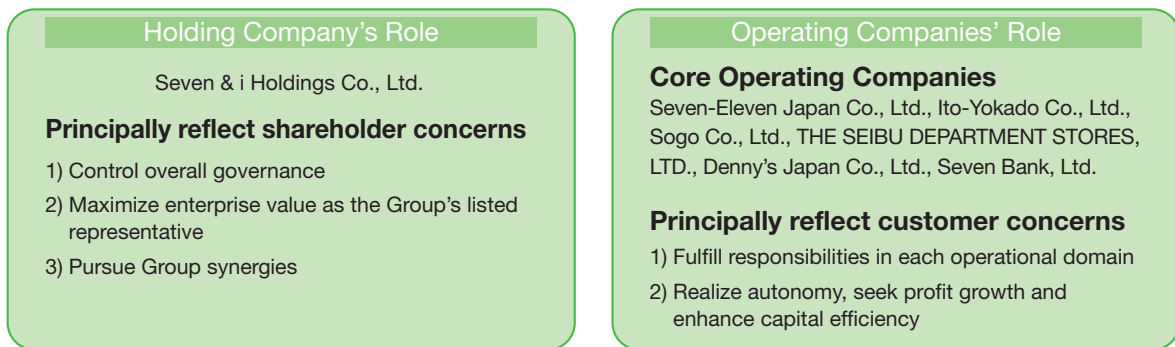
## ■ Establishment of Holding Company to Maximize Enterprise Value

On September 1, 2005, Seven & i Holdings was established through the stock transfer method as the holding company for Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., and Denny’s Japan Co., Ltd.

### ■ Reasons for Establishing the Holding Company

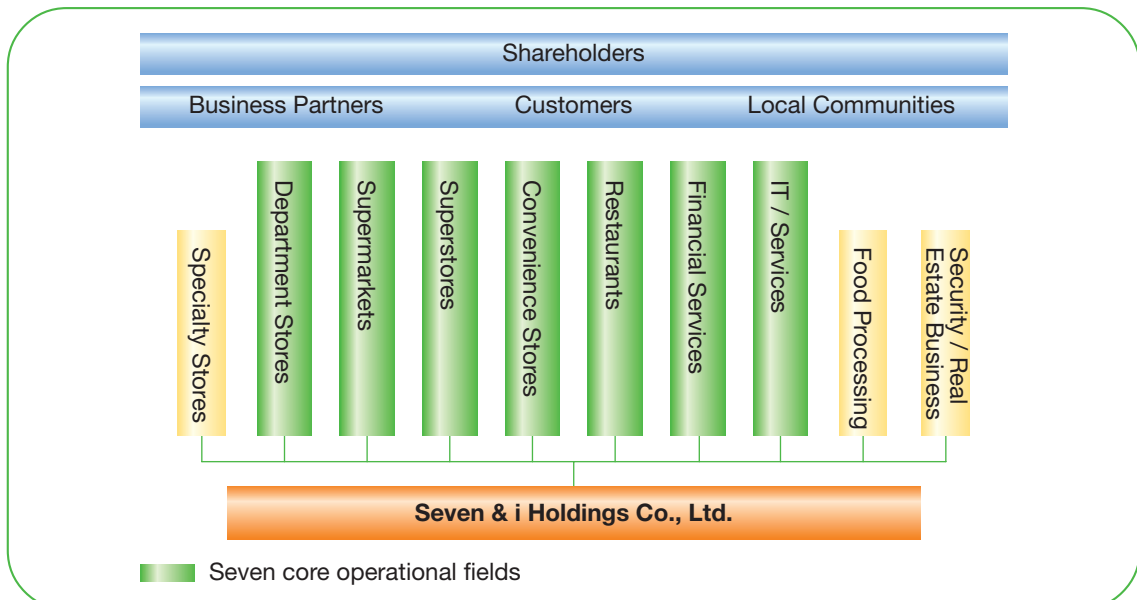
- Maximize the Group’s Enterprise Value
  - Pursue synergy benefits overriding operating companies’ boundaries
  - Reduce costs by integrating administrative functions
- Strengthen Corporate Governance
  - Clarify the autonomy and self-responsibility of operating companies
  - Deploy management resources appropriately based on monitoring

### ■ Role Allocation between the Holding Company and the Operating Companies



### ■ The Business Areas of Seven & i Holdings

- As part of the objective of creating “a New Comprehensive Lifestyle Industry,” the Company identified seven core operational fields when the Company was established.



## ■ Strengthening the Core Operational Fields

**Seven & i Holdings has implemented the measures identified at its establishment to strengthen its presence in core operational fields.**

### ■ Convenience Stores

- Made 7-Eleven, Inc. of the United States into a wholly owned subsidiary, November 2005
  - Aiming to increase profitability, 7-Eleven, Inc. is making store renovations, accelerating the scrap and build of stores, bolstering fast food operations, such as the improvement of quality and product lineup, and strengthening production and distribution systems
  - Strategic objective of constructing global convenience store network with Seven-Eleven Japan at its core

### ■ Superstores

- Reform apparel merchandising in superstores
- Develop mall-type shopping centers "Ario," a new store format
- Introduced a revised cost structure

### ■ Department Stores

- Business tie-up with Millennium Retailing, Inc., which owns Sogo and Seibu in January 2006
  - Acquired 100% of the shares of Millennium Retailing, Inc. in June 2006.
- As a result, we are
- Strengthening group presence in department store operations
  - Bringing customer service management know-how to the whole Group
  - Making product information on apparel available for Groupwide product development

### ■ Supermarkets

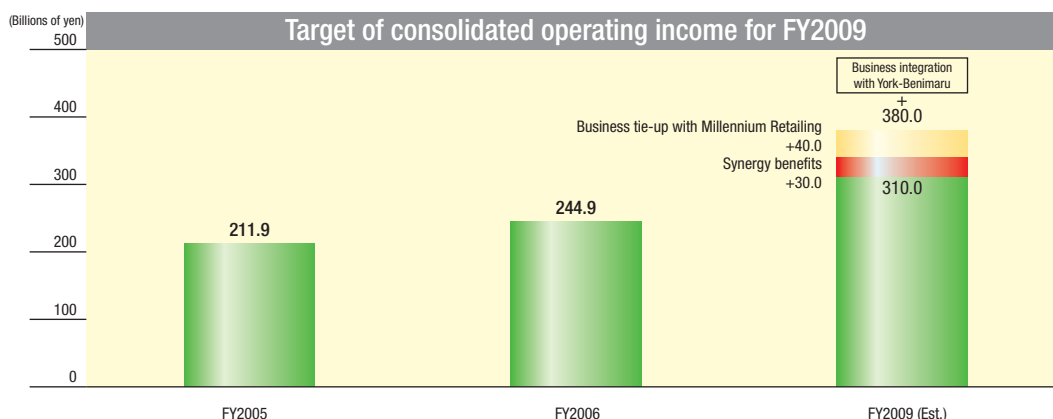
- Converting York-Benimaru into a wholly owned subsidiary (completion planned for September 2006)
  - Decided to make York-Benimaru, which has a network of supermarkets centering on the Tohoku area, a wholly owned subsidiary
  - We will share local retailing know-how in purchasing and product development among all Group companies

### ■ Financial Services

- Decision taken on our own electronic money "iataca"; issue date Spring 2007 (forecast)
  - Services are planned to begin at Seven-Eleven stores in Japan
  - Plan to offer a user-point service at the same time

### ■ IT / Services

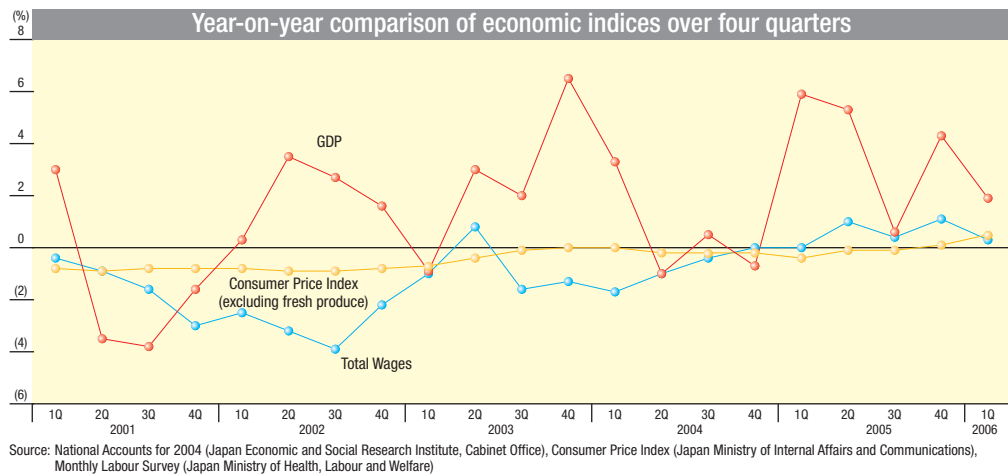
- Converted Seven and Y Corporation into a subsidiary, February 2006.
  - Made Seven and Y, which is engaged in Internet sales of books and other products, a subsidiary



Note: Consolidated operating income for FY2005 shows the consolidated results of the former Ito-Yokado.

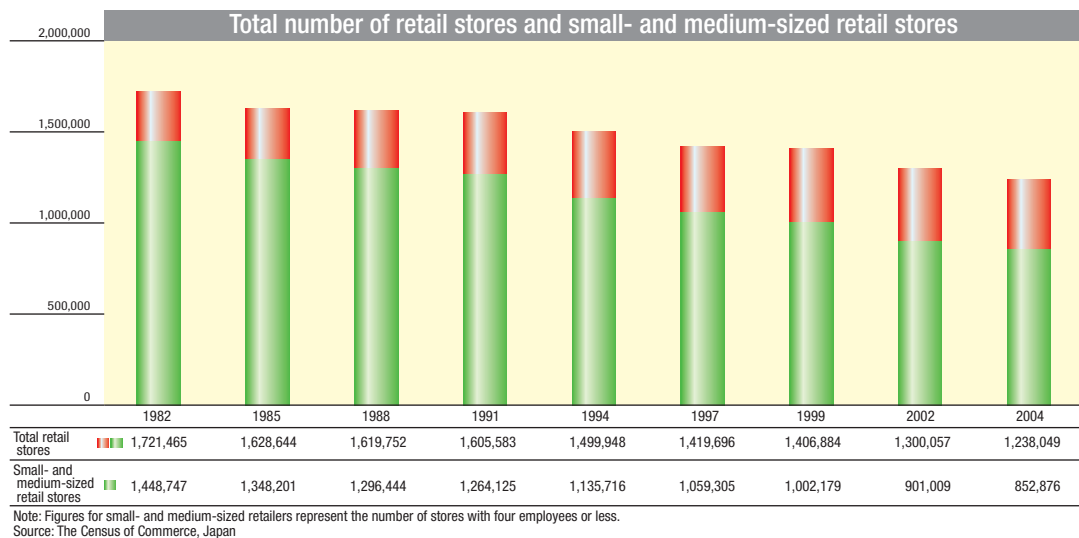
## Operating Environment for the Retail Industry

- In the current retail environment, not all companies can grow along with the current economic expansion. Only retailers who can make a difference can continue to grow.
- Seven & i Holdings is pursuing higher sales and profitability in these economic circumstances through its strategy of differentiation, offering new value-added products and services that our competitors can not match.
- Economic Environment
  - The Japanese economy has been improving recently due to increase in capital investments and improvement in employment conditions, along with profit growth of domestic corporations.
  - Consumer spending is beginning to find a way out of deflation, but future increases in tax and social insurance contributions are having a psychological effect, and this is preventing a complete recovery.



## Decreasing Number of Small- and Medium-Sized Stores

- Small- and medium-sized stores have not been able to adapt to more demanding customer needs associated with the shift from a seller's market to a buyer's market, and the number of outlets has fallen from the peak of 1982.

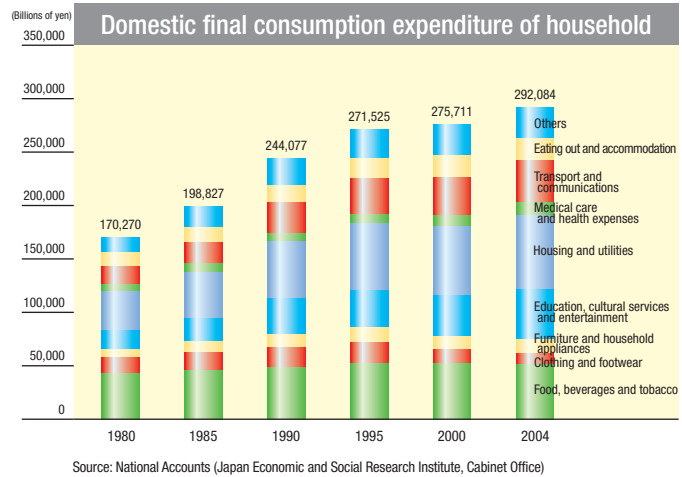


## The Consumer Environment

Retailers need to be flexible in responding to the peculiarities of Japanese consumer behavior and changes in the market.

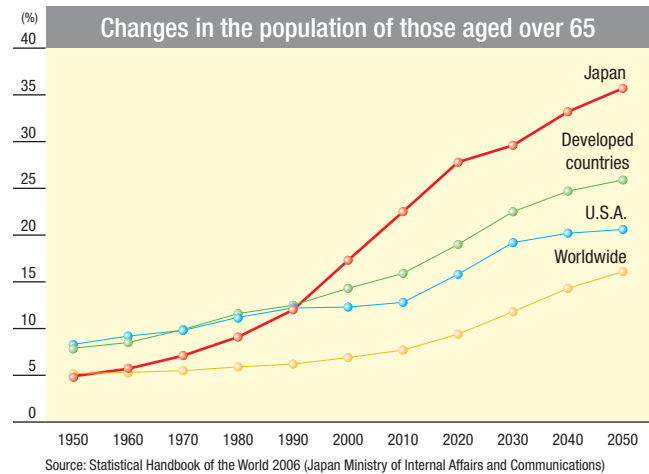
### Consumption Saturation

- As today's consumers have plenty of material goods, consumption priority is shifting from material goods to services.
- While total consumer spending rose by 70% since 1980, spending on "Education, cultural services and entertainment" and "Transport and communications" rose by 150% and 130% respectively.
- For retailers it is no longer sufficient to sell "cheap"; it is crucial that they offer high-quality products and services.



### Low Fertility and Aging Society

- Japan is becoming an aged society with few children at an unequalled and unprecedented speed.
- Many senior citizens are economically well off, and compared to young people, they tend to demand a high level of product quality and service.



### Consumers' Purchasing Patterns

- Looking at annual household income distribution in Japan, households with an annual income of less than 2 million yen account for 2% of the total, while those with an annual income of more than 15 million yen account for 3%.
- With a large number of middle-range income earners, individual consumers in Japan tend to frequent all types of retail stores: convenience stores, superstores, department stores, and specialty stores as the need arises.

