

Seven & i Holdings Co., Ltd.

Financial Results Presentation for the Second Quarter of FY 2011

October 8, 2010

Seven & i Holdings Co., Ltd.

### Overview of Consolidated Financial Results

(Billions of yen)

	10/8 Results				
	Amount	YOY	Change from previous year	Compared to the plan	Change from the plan
Revenues from operations	2,559.1	100.5%	+ 12.7	100.0%	(0.8)
Operating income	119.3	101.0%	+ 1.1	97.8%	(2.6)
Ordinary income	119.4	100.8%	+ 0.9	98.7%	(1.5)
Net income	62.4	142.9%	+ 18.7	113.5%	+ 7.4

## Operating Income by Business Segment

(Billions of yen)

	10/8 Results			09/8 Results	
	Amount	YOY	Change from previous year	Amount	YOY
Convenience stores	102.5	103.5%	+ 3.5	98.9	89.9%
Superstores	3.4	128.4%	+ 0.7	2.6	16.6%
Department stores	(1.0)	-	(2.2)	1.1	15.3%
Food services	0.3	-	+ 0.9	(0.6)	-
Financial services	15.1	96.8%	(0.5)	15.6	114.0%
Others	(0.4)	-	(1.1)	0.6	65.2%
<b>Operating income</b>	<b>119.3</b>	<b>101.0%</b>	<b>+ 1.1</b>	<b>118.1</b>	<b>79.8%</b>

## Special Factors Affecting Operating Income

(Billions of yen)

	10/8 Results
<b>Operating income</b>	<b>119.3</b>
Decrease in depreciation and amortization expenses for Department store operations	+ 1.5
Decrease in amortization of goodwill for Department store operations	+ 1.2
Decrease in pension expenses	+ 1.0
<b>sub-total (positive effects)</b>	<b>Approx. + 3.8</b>
SEJ: Additional expenses due to shouldering 15% of the costs in disposing unsold items	(3.0)
SEI: Change in accounting standard (recording franchisee profit on SG&A)	(1.8)
Yen appreciation (4.23 yen appreciation)	(0.7)
<b>sub-total (negative effects)</b>	<b>Approx. (5.5)</b>
<b>Special factors total</b>	<b>Approx. (1.7)</b>
<b>Operating income after adjusting for special factors</b>	<b>Approx. 121.0</b>

## Major Special Gain / Loss

(Billions of yen)

	09/8 Results	10/ 8 Results	Change
<b>Special gain</b>	<b>1.6</b>	<b>8.5</b>	<b>+ 6.9</b>
<b>Gain on donations received</b>	<b>-</b>	<b>7.0</b>	<b>+ 7.0</b>
<b>Special loss</b>	<b>17.6</b>	<b>12.6</b>	<b>(4.9)</b>
<b>Impairment loss</b>	<b>9.0</b>	<b>4.3</b>	<b>(4.7)</b>

## Consolidated Financial Results Forecast

(Billions of yen)

	11/2 Plan			
	Amount	YOY	Change from previous year	Difference from previous plan
<b>Revenues from operations</b>	<b>5,140.0</b>	<b>100.6%</b>	<b>+ 28.7</b>	<b>(60.0)</b>
<b>Operating income</b>	<b>240.0</b>	<b>105.9%</b>	<b>+ 13.3</b>	<b>-</b>
<b>Ordinary income</b>	<b>237.0</b>	<b>104.4%</b>	<b>+ 10.0</b>	<b>-</b>
<b>Net income</b>	<b>100.0</b>	<b>222.8%</b>	<b>+ 55.1</b>	<b>-</b>

**\*Major reasons for difference from previous plan in revenues from operations by (60.0) billion yen**

**Re-examination of currency exchange rate (1\$=90 yen ⇒ 1\$=88yen): Approx.(33.0) billion yen**

**Re-examination of net sales: Superstores (10.0) billion yen, Department stores (10.0) billion yen**

### Consolidated Financial Results Forecast:

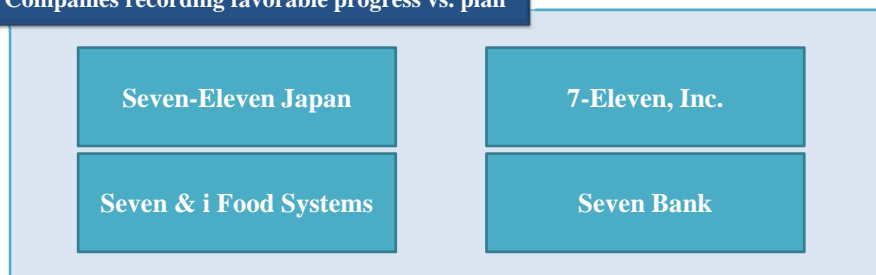
#### Operating Income by Business Segment

(Billions of yen)

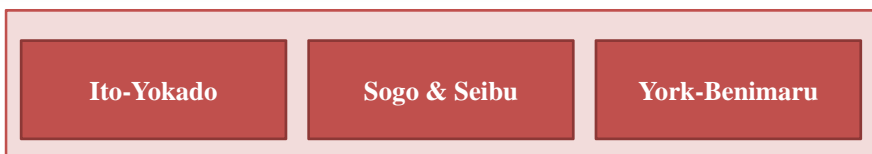
	11/2 Plan			
	Amount	YOY	Change from previous year	Difference from previous plan
Convenience stores	189.0	102.8%	+ 5.1	+ 3.5
Superstores	18.5	130.5%	+ 4.3	(3.5)
Department stores	7.0	512.2%	+ 5.6	-
Food services	(0.5)	-	+ 2.2	-
Financial services	27.5	91.2%	(2.6)	+ 1.0
Others	(0.5)	-	(1.0)	(1.0)
Operating income	240.0	105.9%	+ 13.3	-

### Group Management Strategy: Evaluation on 1st Half Results

#### Companies recording favorable progress vs. plan



#### Companies with weak results



**Group Management Strategy:**  
**Focus Business Strategy in 2nd Half—Convenience Store Operations**

(Billions of yen)

	11/2 Plan				10/8 Results	
	Amount	YOY	Change from previous year	Change from previous plan	Amount	YOY
Convenience store operations	189.0	102.8%	+ 5.1	+ 3.5	102.5	103.5%

**(Operating income by major operating company)**

Seven-Eleven Japan	161.5	103.4%	+ 5.2	+ 3.5	90.0	104.0%
7-Eleven, Inc.	34.9	101.4%	+ 0.4	-	16.0	101.5%

**(Major operating companies' initiatives in 2nd half)**

Seven-Eleven Japan	<ul style="list-style-type: none"> <li>• Make further progress in meal solutions</li> <li>• Enhance area-dominance strategy through high-quality store openings and prepare for store openings in new areas (Kagoshima prefecture)</li> <li>• Continue to implement cost reductions</li> </ul>
7-Eleven, Inc.	<ul style="list-style-type: none"> <li>• Promote development and boost sales of fast food and private-brand products</li> <li>• Enhance area-dominance strategy and promote conversion of directly operated stores to franchised stores</li> </ul>

**Group Management Strategy:**  
**Focus Business Strategy in 2nd Half—Superstore Operations**

(Billions of yen)

	11/2 Plan				10/8 Results	
	Amount	YOY	Change from previous year	Change from previous plan	Amount	YOY
Superstore operations	18.5	130.5%	+ 4.3	(3.5)	3.4	128.4%

**(Operating income by major operating company)**

Ito-Yokado	5.0	284.4%	+ 3.2	(5.0)	(3.2)	-
York-Benimaru	8.5	90.4%	(0.9)	(1.8)	4.0	81.1%

**(Major operating companies' initiatives in 2nd half)**

Ito-Yokado	<ul style="list-style-type: none"> <li>• Store initiatives: Advance sales-area reorganization and develop small-scale urban-type supermarkets</li> <li>• Merchandising initiatives: Cut cost of products, restructure apparel merchandising</li> <li>• Reduction of SG&amp;A expenses: Additional reduction of about ¥4.0 billion in 2nd half from the previous plan. Reduction of about ¥10.0 billion annually</li> </ul>
York-Benimaru	<ul style="list-style-type: none"> <li>• Pursue higher quality</li> <li>• Reduction of SG&amp;A expenses: Additional reduction of about ¥1.0 billion from the previous plan</li> </ul>

**Group Management Strategy:**  
**Focus Business Strategy in 2nd Half—Superstore Operations**

**Initiatives to achieve plan in the 2nd half: Ito-Yokado**

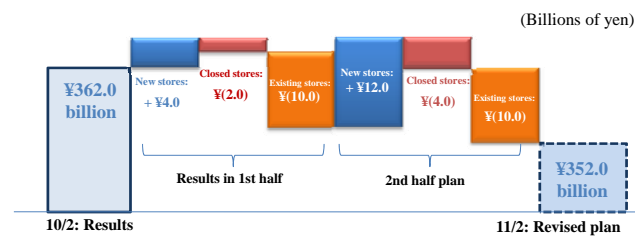
**Pricing policy**

- **Prices:** Individual store management and bolstering of value added products
- **Merchandise gross profit margin:** Improve by cutting cost of products, and bolstering performance of private-brand products

(Food)	1st half	2nd half	Full year
Per-product price	99.4%	100.4%	99.9%
Merchandise gross profit margin	(0.4)%	+ 0.1%	(0.2)%

**Reduction of SG&A expenses**

- Reduce SG&A expenses by ¥10.0 billion yen through additional reduction in 2nd half



**Group Management Strategy:**  
**Focus Business Strategy in 2nd Half - Department Store Operations**

(Billions of yen)

	11/2 Plan				10/8 Results	
	Amount	YOY	Change from previous year	Change from previous plan	Amount	YOY
Department store operations	7.0	512.2%	+ 5.6	-	(1.0)	-

**(Operating income by major operating company)**

Sogo & Seibu	10.0	178.1%	+ 4.3	-	0.3	8.9%
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**(Major operating company's initiatives in 2nd half)**

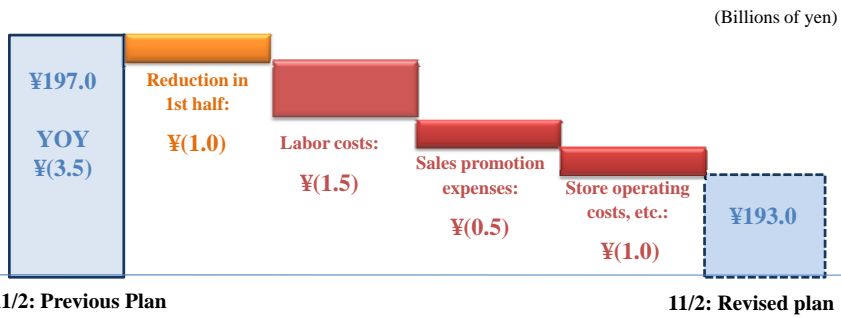
- |              |                                                                                                                                                                                                                                                                                        |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sogo & Seibu | <ul style="list-style-type: none"> <li>• Store initiatives: Expand effects of remodeling and format conversion</li> <li>• Reduction of SG&amp;A expenses: Additional reduction of ¥3.0 billion in 2nd half from the previous plan. Reduction of about ¥4.0 billion annually</li> </ul> |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Group Management Strategy:  
Focus Business Strategy in 2nd Half—Department Store Operations**

**Initiatives to achieve plan in the 2nd half: Sogo & Seibu**

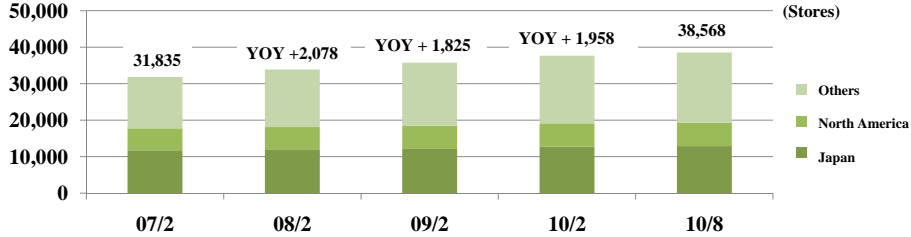
**Reduction of SG&A expenses**

- Reduce SG&A expenses by ¥7.5 billion through additional reduction in 2nd half



**Group Management Strategy: Groupwide Strategy - Global Strategy**

**No. of 7-Eleven stores worldwide**      **Increase number of stores by 6,733 in three and a half years**



**Launch of Global Advancement Project**

Note: Stores except for those in Japan are as of the end of June or December



## Group Management Strategy: Groupwide Strategy - Group Merchandising

### Seven Premium: Results and Plans

	10/2 Results	10/8 Results	11/2 Plan
No. of SKUs	1,035 SKUs	1,200 SKUs	1,300 SKUs
Total sales of private-brand products	¥320.0 billion	¥180.0 billion	¥380.0 billion

### Global Merchandising Product Development

Start of sales	Products	Initial Annual Sales Plan
Nov. 2009	Launch of California wine, <i>YOSEMITE ROAD</i> , in Japan and the U.S. *Launch in China in February 2010.	3.5 million bottles
June 2010	Launch of <i>Seven Premium</i> confectioneries in China (including Guangzhou)	—
Sep. 2010	Launch of <i>Seven Premium</i> coffee in Japan and the U.S.	Coffee beans: 1 million packages Canned beverage: 28 million units
Oct. 2010	Launch of Bordeaux wine, <i>BORDEAUX AOC</i> , in Japan. *Future plans call for the sale of this product in overseas stores, centered on Asia.	2 million bottles

## Group Management Strategy: Groupwide Strategy - Group Merchandising

### Sales of Seven Premium Products in Seven-Eleven Japan (SEJ)

	10/2 Results	10/8 Results	Target composition of sales: <u>10%</u>
Composition of sales	Approx. 4.5%	Approx. 6%	

In 10/8, *Seven Premium* contributed about 6% of total sales, more than sales of rice balls.

At SEJ, these are positioned as key products for the realization of “close by convenient stores,” and we will bolster development and sales of *Seven Premium* products.

**Bolstering Renewal**

Nurture them as differentiated products with clear value

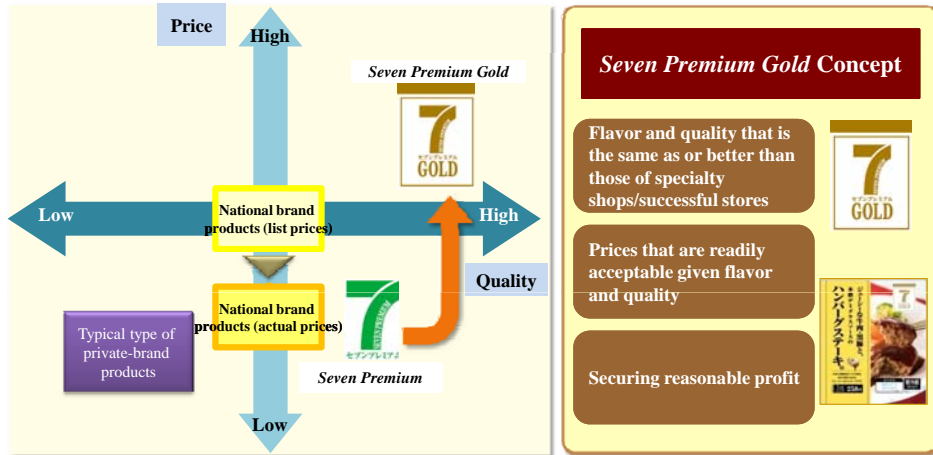
**Seven Premium Gold**

Raise the *Seven Premium* brand by developing new brand products



**Group Management Strategy: Groupwide Strategy—Group Merchandising**

**With *Seven Premium Gold*, provide flavor and quality that is the same as or better than those of specialty shops at readily acceptable prices**



**Seven Premium Gold Concept**

Flavor and quality that is the same as or better than those of specialty shops/successful stores



Prices that are readily acceptable given flavor and quality

Securing reasonable profit

