Securities Code No. 3382
May 11, 2010

To Our Shareholders:

8-8, Nibancho, Chiyoda-ku, Tokyo
Seven & i Holdings Co., Ltd.
Noritoshi Murata, President and Representative Director

CONVOCATION NOTICE OF THE 5TH ANNUAL SHAREHOLDERS' MEETING

You are invited to attend the 5th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

Shareholders who do not plan to attend the meeting may exercise their voting rights by one of the following methods. You are kindly requested to examine the Shareholders' Meeting Reference Materials set out below, and exercise your voting right by 5:30 p.m. on May 26, 2010 (Wednesday).

[Exercise of voting rights in writing]

You are kindly requested to indicate your vote for or against the proposed actions on the enclosed Voting Instructions Form, and to return the completed Voting Instructions Form to the Company so that the Company receives the completed Voting Instructions Form by the above deadline.

[Exercise of voting rights by electronic method (via the Internet, etc.)]

After referring to Exercise of Voting Rights by Electronic Method on pages 78 to 79, please exercise your right to vote by electronic method on or before the deadline identified above.

Best regards

Notes

1. Date: 10:00 a.m., May 27, 2010 (Thursday)

2. Place: Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo), First Floor Conference Room

(Please refer to the map to the Annual Shareholders' Meeting site at the end of this document.)

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

(1) Reporting on the substance of the Business Report, the substance of the consolidated financial statements for the 5th fiscal year (from March 1, 2009 to February 28, 2010), and the results of audits of the consolidated financial statements by the accounting auditor and the Board of Corporate Auditors.

(2) Reporting on the substance of the financial statements for the 5th fiscal year (from March 1, 2009 to February 28, 2010).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

Item No. 2: Election of fifteen (15) directors.

Item No. 3: Election of five (5) corporate auditors.

Item No. 4: Entrusting to the Company's Board of Directors determination of the subscription requirements for the share subscription rights, as stock options for stock-linked compensation issued to the executive officers of the Company, as well as the directors and executive officers of the Company's subsidiaries.

4. Matters to be Determined upon Convocation

(1) Please be advised that if you redundantly exercise your voting right both in writing and by electronic method, the Company will only deem your exercise by electronic method valid. Also, please be advised that if you exercise your voting right multiple times by electronic method, the Company will only deem the substance of your final exercise to be valid.

(2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form, the Company will deem that you indicated your approval of the proposal.

(3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

End

When you attend the Annual Shareholders' Meeting, please submit the enclosed Voting Instructions Form at the reception desk.

Any change in either of the Shareholders' Meeting Reference Materials, Business Report, Financial Statements, and Consolidated Financial Statements will be posted on the Company's website (http://www.7andi.com/st.html).

Accompanying Documents (Extract)

Business Report (March 1, 2009 to February 28, 2010)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 5th fiscal year, the operating environment in the retail industry became even more challenging. Employment conditions worsened and incomes declined, and as a result consumers were increasingly focused on protecting their standards of living and on economizing. In consumer spending, while the effects of government economic policies were seen in demand for certain products, daily necessities, such as apparel, food, and lifestyle sundries, recorded marked declines in market prices. Consumer spending remained sluggish.

In this setting, the Group implemented initiatives targeting further strengthening of operations and new business development. In June 2009, we established Seven Health Care Co., Ltd., which operates drug stores, as a joint venture with AIN PHARMACIEZ INC. In December 2009, for the purpose of fostering the joint use of management resources in such areas as ticket sales, we entered a business and capital alliance with PIA CORPORATION.

We also implemented measures targeting increased Group synergy effects. We worked to bolster development and sales of our *Seven Premium* private-brand products, and in November 2009 we began sales of products developed through global merchandising initiatives, in which Group companies in Japan and overseas work together. Also, in existing businesses, the Group took steps to strengthen product lineups and sales areas that are aligned with customer needs. On the other hand, to respond to the challenging business environment, the Group worked to improve profitability by cutting costs. Nonetheless, the substantial worsening in the operating environment in the 5th fiscal year had a significant influence on the Company and Group companies.

Consequently, our consolidated results in the 5th fiscal year were as follows.

Revenues from operations were ¥5,111.2 billion (down 9.5% YOY), due primarily to a substantial decline in unit prices of gasoline in North America and to a decline in revenues due to the appreciation of the yen, which together had an effect of about ¥340.0 billion.

In operating income, higher income was recorded in financial services, but conditions in the retail industry were generally challenging, principally in Japan. Consequently, operating income was ¥226.6 billion (down 19.6% YOY) and ordinary income was ¥226.9 billion (down 18.7% YOY).

Net income was ¥44.8 billion (down 51.4% YOY), due to ¥39.1 billion in amortization of goodwill related to department store operations, which was recorded as a special loss.

Overview of business by segment

An overview of business by segment in the 5th fiscal year is as follows.

(i) Convenience store operations

In Japan, in accordance with the area dominance store-opening strategy, which is the basic strategy for opening stores, Seven-Eleven Japan Co., Ltd. increased store openings in urban areas and aggressively moved ahead with the relocation of stores to favorable locations. We also bolstered business development in new locations. For example, in November 2009, through a business alliance with Keihin Electric Express Railway Co., Ltd. (Keikyu), we began to open 7-Eleven stores in Keikyu stations. In addition, in December 2009 we began to open stores in a new region, Ishikawa Prefecture. Consequently, the number of domestic stores reached 12,753 stores in 38 prefectures at the end of the 5th fiscal year, an increase of 455 stores from a year earlier. We opened a record high 966 stores during the year. In merchandising, we bolstered the lineup of *Seven Premium* products and revised the prices of certain daily sundries. We also advanced initiatives targeting the realization of close by convenient stores, such as beginning sales of economically priced boxed lunches and chilled boxed lunches that offer extended consume by dates while maintaining quality. Nonetheless, sales were weak due to the fact that a year had passed since the introduction of *taspo* IC cards, to the influence of unseasonable summer weather, and to the continued worsening of business conditions.

In North America, 7-Eleven, Inc., focused on opening new stores and on converting existing stores to franchise stores. In addition, in December 2009 7-Eleven, Inc., acquired 58 stores operated by New England Pantry in the Boston area. Consequently, as of the end of December 2009 the number of stores in North America was 6,389, an increase of 193 stores, including 4,649 franchise stores (up 429 stores YOY). Net sales declined due to a substantial drop in gasoline prices and to the appreciation of the yen. Nonetheless, 7-Eleven, Inc., continued to focus on the development and sale of fast food products and private-brand products, and in addition, an increase in the retail price of cigarettes had a positive effect. Consequently, on a dollar basis, merchandise sales at existing stores in the United States increased year on year.

In China, SEVEN-ELEVEN (BEIJING) CO., LTD., had 92 stores as of the end of December 2009 (up 20 stores YOY). Two of those stores are in Tianjin. In addition, in April 2009 SEVEN-ELEVEN CHINA Co., Ltd., began to develop stores through area licensees (companies with a license to operate 7-Eleven stores in a limited region) in Shanghai. In each of these areas, the stores met the needs of local customers and recorded favorable sales.

Due to a substantial decline in unit prices of gasoline for 7-Eleven, Inc., and because the appreciation of the yen year on year—up ¥9.83—was reflected in the exchange rate used to consolidate the accounts of 7-Eleven, Inc., revenues from operations in convenience store operations were ¥1,968.5 billion (down 14.7% YOY), and operating income was ¥183.8 billion (down 13.8% YOY). Operating income includes an increase in amortization of goodwill related to 7-Eleven, Inc., accompanying a change in accounting standards of ¥7.2 billion and the adverse effect of the appreciation of the yen, which was about ¥3.7 billion.

In June 2009, Seven-Eleven Japan Co,. Ltd. received a cease and desist order from the Fair Trade Commission for activities that violate the provisions of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Article 19 (Paragraph 14 [Abuse of Dominant Bargaining Position], Item 4 of Designation of Unfair Trade Practices). We apologize for the considerable concern caused to shareholders by this incident. The Group is taking the content of the cease and desist order very seriously, and we will work to ensure thorough compliance with laws and regulations and do our utmost to prevent a recurrence.

(ii) Superstore operations

In domestic superstore operations, Ito-Yokado Co., Ltd., had 174 stores at the end of the fiscal year (down 1 store YOY). Four stores were opened, including a store specializing in food, while five stores were closed, principally stores in rural areas. In addition, we reached a total of 11 stores under a new lifestyle support discount store format—THE PRICE. Moreover, we began to build sales areas utilizing the Group's specialty stores. In August 2009, for example, in an alliance with AIN PHARMACIEZ INC., we opened Seven Bi no Gardens drug stores in Ito-Yokado stores. In merchandising, we focused principally on developing original products in apparel and on responding to the trend toward eating at home and on providing economically priced fresh foods in food. Nonetheless, sales were weak, because consumers were increasingly focused on protecting their standards of living and on economizing, and because market prices for food and other frequently purchased items declined.

In domestic food supermarket operations, York-Benimaru Co., Ltd., had 164 stores as of the end of the 5th fiscal year (up 8 stores YOY), principally in the Tohoku region, and York Mart Co., Ltd., had 62 stores (up 2 stores YOY) in the Tokyo metropolitan area. In response to the trend toward eating at home, we bolstered our fresh foods and aggressively sold *Seven Premium* products. In addition, we implemented campaigns to stimulate consumption. Nonetheless, the economic environment centered on the Tohoku region became even more challenging, and sales were weak, especially from summer onward.

In China, as of the end of December 2009, we had 9 superstores (up 1 store YOY) and one food supermarket in Beijing, and 4 superstores (up 1 store YOY) in Chengdu, Sichuan Province. Sales continued to be especially favorable in Chengdu.

Consequently, revenues from operations in superstore operations were ¥2,016.5 billion (down 5.1% YOY) and operating income was ¥14.1 billion (down 42.7% YOY) because sales remained weak, though we worked to cut substantial costs, principally at Ito-Yokado Co., Ltd.,.

(iii) Department store operations

In department store operations, in order to bolster the operational foundation and management constitution, in August 2009 three companies—Millennium Retailing, Inc., Sogo Co., Ltd., and THE SEIBU DEPARTMENT STORES, LTD.—merged, with Sogo Co., Ltd., as the surviving company. The name of Sogo Co., Ltd., was changed to Sogo & Seibu Co., Ltd., which then completed an absorption-type merger with Robinson Department Store Co., Ltd., in September 2009. By taking such steps as changing from the previous company-based organization to a region-based organization centered on major stores, we established a framework for increased management efficiency and enhanced store competitiveness. Moreover, we are implementing initiatives targeting further strengthening of asset efficiency. To that end, we closed Sogo Shinsaibashi at the end of August 2009 and SEIBU Sapporo at the end of September 2009, and have also decided to close SEIBU Yurakucho in December 2010.

In major stores, we took steps to invigorate sales areas and bolster sales capabilities through aggressive store reforms, centered on the flagship SEIBU Ikebukuro, the flagship store of Sogo & Seibu Co., Ltd. In suburban stores, we increased store competitiveness through the establishment of multipurpose commercial facilities that transcend the frameworks of the department store format. For example, in September 2009, at SEIBU Higashi Totsuka, we introduced shopping center-style management utilizing leading specialty stores. Moreover, we implemented initiatives targeting improvement in consumer sentiment, such as stepping up extra point campaigns and other special events. As a result of these management strengthening initiatives, sales followed a moderate recovery trend in the second half of the year. For the full year, however, the economic slump and declining market prices had a significant influence, and conditions were difficult, especially for

high-priced items, such as apparel, fine arts, and jewelry.
Consequently, revenues from operations in department store operations were ¥922.8 billion (down 7.1% YOY) and operating income was ¥1.3 billion (down 92.5% YOY) because the sales were sluggish, though we worked to cut costs.

(iv) Food services operations

In Japan, as we moved ahead with cost cuts targeting improved profitability, in the restaurant division, we closed 84 restaurants, principally unprofitable restaurants. In merchandising, meanwhile, we implemented initiatives to increase customer numbers, such as strengthening development of economically priced menu items and instituting joint sales promotions with Seven-Eleven Japan Co., Ltd. In addition, we took steps to enhance our response to regional needs, such as introducing regional menu items and shifting to a store-by-store approach to weekday lunch menu items. Nonetheless, the operating environment in the restaurant industry became even more challenging, and results were also influenced by unseasonable summer weather. Consequently, sales were sluggish.
In China, Seven & i Restaurant (Beijing) Co., Ltd., opened its first restaurant in July 2009.
Consequently, revenues from operations in food services operations were ¥86.4 billion (down 15.9% YOY) and operating loss was ¥2.7 billion, an improvement of ¥0.2 billion from the previous year as a result of thorough efforts to cut costs.

(v) Financial services operations

At Seven Bank, Ltd., we took steps to further enhance the convenience of our ATM services one by one, such as by stepping up ATM installations both in-house and outside the Group, and expanding tie-ups with financial institutions to enable the use of IC cards and PIN change services, thereby bolstering security. As a result, as of the end of the 5th fiscal year Seven Bank had as many as 14,570 installed ATMs (up 815 ATMs YOY), and the average daily transaction volume per ATM during the 5th fiscal year increased to 114.4 transactions (up 0.4 transaction YOY). We also launched a new financial service—the provision of consumer loans—from January 2010.
IY Card Service Co., Ltd., continued to focus on credit card operations. We worked to develop the *nanaco* electronic money operations inside and outside the Group, and to expand services, such as point exchange programs with companies outside the Group. As a result, substantial gains were recorded in both the number of *nanaco* cards issued and the number of stores at which *nanaco* could be used. At the end of the 5th fiscal year, about 9.8 million *nanaco* cards had been issued (up 2.3 million cards YOY), and *nanaco* could be used at about 31,000 stores (up 8,000 stores YOY).
Consequently, revenues from operations in financial services operations were ¥110.4 billion (down 11.6% YOY), due to a change in accounting standards at a leasing company. However, due primarily to favorable results at Seven Bank, Ltd., operating income was ¥30.1 billion (up 18.3% YOY).

(vi) Others

Seven Culture Network Co., Ltd., which took over the community school operations of Ito-Yokado and THE SEIBU DEPARTMENT STORES, commenced a new service integrating community school and travel operations. From September 2009, we began initiatives using Group infrastructure, such as sales of tickets for one-day events handled by Seven Culture Network Co., Ltd., at certain 7-Eleven stores in the greater Tokyo area.

In IT operations, we worked to provide new services that draw on the Group's management resources. In December 2009, Seven & Y Corp. changed its name to Seven Net Shopping Co., Ltd. In addition, we launched *Seven Net Shopping* services, which is a new Internet shopping site integrating the Group's real stores and the Internet.

Consequently, in other operations revenues from operations were ¥33.6 billion (down 4.0% YOY) and operating income was ¥0.5 billion (down 72.6% YOY).

Sales by segment

Business segment	Sales (Millions of yen)	Percentage of total (%)
Convenience stores	1,546,720	34.0
Superstores	1,981,108	43.5
Department stores	909,645	20.0
Food services	84,917	1.9
Financial services	7,560	0.2
Others	19,915	0.4
Total	4,549,867	100.0

(Notes)

1. Total store sales of Seven-Eleven Japan Co., Ltd., a subsidiary of the Company, were ¥2,784.9 billion. The amount above for convenience store sales includes only sales from corporate stores. If franchised store sales (total store sales less corporate store sales) are added, total sales would be ¥7,207.6 billion.

2. The amounts of sales in the table above are after the elimination of transactions among consolidated subsidiaries.

(2) Capital expenditures and fund-raising

Total capital expenditures in the 5th fiscal year were ¥211.1 billion. The funds required for these expenditures were appropriated from previously issued unsecured bonds and from funds on hand.

Business segment	Capital expenditures (Millions of yen)
Convenience stores	104,936
Superstores	65,379
Department stores	19,734
Food services	752
Financial services	15,543
Others	3,702
Corporate (shared)	1,140
Total	211,189

(Notes)

1. The amounts above include guaranty deposits and advances for store construction.

2. The amount for corporate (shared) is the Company’s capital expenditure.

(3) Trends in assets and profit/loss in the 5th fiscal year and the most recent three fiscal years

(i) Trends in the corporate group’s assets and profit/loss

Item	2nd fiscal year (March 1, 2006 to February 28, 2007)	3rd fiscal year (March 1, 2007 to February 29, 2008)	4th fiscal year (March 1, 2008 to February 28, 2009)	5th fiscal year (March 1, 2009 to February 28, 2010)
Revenues from operations	Millions of yen 5,337,806	Millions of yen 5,752,392	Millions of yen 5,649,948	Millions of yen 5,111,297
Net income	Millions of yen 133,419	Millions of yen 130,657	Millions of yen 92,336	Millions of yen 44,875
Net income per share	Yen 142.90	Yen 137.03	Yen 100.54	Yen 49.67
Total assets	Millions of yen 3,809,192	Millions of yen 3,886,680	Millions of yen 3,727,060	Millions of yen 3,673,605
Net assets	Millions of yen 1,969,149	Millions of yen 2,058,038	Millions of yen 1,860,672	Millions of yen 1,793,940
Net assets per share	Yen 1,999.77	Yen 2,081.85	Yen 1,975.95	Yen 1,905.97

(Notes)

Net income per share is calculated on the basis of the average number of shares issued during the 5th fiscal year, excluding the number of treasury stock. Net assets per share is calculated on the basis of the total number of shares issued at the end of the 5th fiscal year (the number of shares excluding the number of treasury stock).

(ii) Trends in assets and profit/loss by segment

Business segment	Item	2nd fiscal year (March 1, 2006 to February 28, 2007)	3rd fiscal year (March 1, 2007 to February 29 2008)	4th fiscal year (March 1, 2008 to February 28, 2009)	5st fiscal year (March 1, 2009 to February 28, 2010)
		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Convenience stores	Revenues from operations	2,249,648	2,395,701	2,308,690	1,968,555
	Operating income	206,090	201,032	213,367	183,837
	Total assets	1,221,548	1,295,164	1,267,179	1,104,209
Superstores	Revenues from operations	1,882,935	2,109,049	2,125,029	2,016,558
	Operating income	29,170	34,058	24,742	14,178
	Total assets	1,118,593	1,129,181	1,160,128	1,096,598
Department stores	Revenues from operations	988,357	1,025,354	993,877	922,847
	Operating income	26,772	25,764	18,335	1,366
	Total assets	811,465	781,267	704,695	612,326
Food services	Revenues from operations	121,683	113,980	102,711	86,420
	Operating income (loss)	931	(4,231)	(2,948)	(2,741)
	Total assets	78,638	69,204	58,206	24,636
Financial services	Revenues from operations	100,295	117,955	124,866	110,444
	Operating income	24,547	21,071	25,485	30,152
	Total assets	896,116	916,729	1,055,492	1,175,963
Others	Revenues from operations	32,340	36,653	35,079	33,669
	Operating income	1,621	2,488	2,069	567
	Total assets	11,830	16,580	21,543	16,770

(4) Corporate reorganization measures, etc.

(i) Integration of publishing-related operations in Seven & i Netmedia Co., Ltd.

To strengthen the Group's publishing-related operations, the following absorption-type demerger was implemented as one facet of efforts to consolidate these operations.

・Seven & i Netmedia Co., Ltd., through an absorption-type demerger effective March 1, 2009, took control over the publishing-related operations of Ito-Yokado Co., Ltd., and Seven-Eleven Japan Co., Ltd., and acquired the shares of SEVEN & i Publishing Co., Ltd., that were held by Ito-Yokado Co., Ltd., and Seven-Eleven Japan Co., Ltd.

(ii) Integration of community school operations in Seven Culture Network Co., Ltd.

To strengthen the Group's community school operations, the following absorption-type demerger was implemented as one facet of efforts to consolidate these operations.

・Seven Culture Network Co., Ltd., through an absorption-type demerger effective March 1, 2009, took control over the community arena operations of Ito-Yokado Co., Ltd., and the Ikebukuro Community College operations of THE SEIBU DEPARTMENT STORES, LTD. (absorbed by Sogo & Seibu Co., Ltd., on August 1, 2009).

(iii) Consolidation of Department Store Operations in Sogo & Seibu Co., Ltd.

To strengthen the Group's department store operations, the following absorption-type mergers were implemented as one facet of efforts to consolidate these operations.

・Sogo & Seibu Co., Ltd., (previously Sogo Co., Ltd.) merged with Millennium Retailing, Inc., and THE SEIBU DEPARTMENT STORES, LTD., through an absorption-type merger effective August 1, 2009.

・Sogo & Seibu Co., Ltd., merged with Robinson Department Store Co., Ltd., through an absorption-type merger effective September 1, 2009.

(iv) Acquisition of shares of PIA CORPORATION by the Company

On December 1, 2009, the Company, Seven & i Netmedia Co., Ltd. and Seven-Eleven Japan Co., Ltd. concluded a memorandum of understanding with PIA CORPORATION and reached a basic agreement regarding a capital and business tie up. In accordance with a "stock subscription agreement" of the same date, PIA CORPORATION allocated 2,798,800 new shares—1,409,400 to the Company, 704,700 to Seven & i Netmedia Co., Ltd, and 684,700 to Seven-Eleven Japan Co., Ltd.—through a third-party allocation on December 18, 2009. Through this acquisition, the Company acquired 20% of PIA CORPORATION's voting rights, on a consolidated basis, and accordingly PIA CORPORATION became an equity-method affiliate of the Company.

(v) Integration of Food Supermarket Operations in York-Benimaru Co., Ltd.

To strengthen the Group's food supermarket operations, the following absorption-type merger was implemented as one facet of efforts to consolidate these operations.

・York-Benimaru Co., Ltd., merged with FUJIKOSHI CO., LTD., through an absorption-type merger effective February 28, 2010.

(5) Status of major subsidiaries (as of February 28, 2010)

(i) Status of major subsidiaries

Business segment	Company name	Paid-in capital	Percentage voting rights (%)
Convenience stores	Seven-Eleven Japan Co., Ltd.	¥17,200 million	100.0
	7-Eleven, Inc. (U.S.)	US$11 thousand	100.0
Superstores	Ito-Yokado Co., Ltd.	¥40,000 million	100.0
	York-Benimaru Co., Ltd.	¥9,927 million	100.0
Department stores	Sogo & Seibu Co., Ltd.	¥10,000 million	100.0
Food services	Seven & i Food Systems Co., Ltd.	¥3,000 million	100.0
Financial services	Seven Bank, Ltd.	¥30,503 million	47.8

(Note)
The percentage voting rights in 7-Eleven, Inc., and Seven Bank, Ltd., are indirect holdings.

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 81 consolidated subsidiaries and 15 equity-method affiliates.

(iv) Technical assistance

Seven-Eleven Japan Co., Ltd., has concluded a technical assistance agreement with 7-Eleven, Inc., for the purpose of introducing Seven-Eleven convenience store chain management know-how.

(6) Issues to be resolved

The operating environment in the retail industry is expected to remain challenging. While there have been improvements in corporate profitability and employment conditions seen in certain sectors, the industry as a whole has yet to see a full recovery. In this environment, the Company and its operating companies will work to strengthen internal systems by revaluating cost structures throughout all operations while engaging in measures to create new value, and will aim to improve the Group's profitability through the leveraging of Group synergies in ways that transcend format boundaries.

Among the Groupwide initiatives that we are implementing is increasing the development and sales of private-brand products as well as promoting the integration of the procurement of raw materials and other necessary products, and measures to strengthen the Group's global merchandising capabilities by leveraging strong sales capabilities and strong infrastructure. Additionally, in regard to financial service operations, such as ATM operations and credit card operations, as well as such fields as Internet sales and IT services, we will focus our efforts on establishing a common infrastructure throughout the Group so that these businesses can leverage synergies with other existing operations.

As part of the Group's efforts to develop new business, in March 2010 we began an equity-based relationship with Tower Records Japan Inc. In the same month, we reached an agreement to begin a comprehensive business partnership between SEVEN & i FINANCIAL GROUP CO., LTD., the consolidated subsidiary with overall responsibility for the Group's financial services operations, and Credit Saison Co., Ltd., a credit card company.

In the domestic convenience store business, in addition to opening new stores in favorable locations, we have been stepping up openings of small stores in such locations as stations, hospitals, and schools. In merchandising, we have been working to improve the quality of fast food products. In response to changes in society, such as the aging of the population and the increase in working women, we have been working to develop close by convenient stores, and have been bolstering our lineup of products that are used frequently in everyday life, such as *Seven Premium* private-brand products. Also, by enabling stores to sell various tickets, we are working to improve the convenience of our services.

In regard to overseas convenience store operations, 7-Eleven, Inc., of the United States, will focus on advancing new store openings and conversion to franchise stores, and at the same time will take steps to aggressively activate existing stores, such as introducing new facilities in order to increase sales of fast food products. Moreover, in China the Group will continue to extend store operations in Beijing and Tianjin, and will proceed with preparations for store development in new regions.

In superstore operations, we have been instituting measures to increase our sales capabilities in order to improve profitability and cut costs. Ito-Yokado Co., Ltd., has been substantially revising the product lineups of stores based on the size of their sales areas and the characteristics of the regions in which they operate, as well as promoting the remodeling of sales areas at the Group's specialty stores. Moreover, we are working to reduce the procurement cost of products, including those imported from overseas, in order to strengthen profit bases. In food supermarkets, the Group will continue measures targeting the reorganization and consolidation of food supermarket operations, with York-Benimaru Co., Ltd., as the core operating company.

In department store operations, we will continue the implementation of structural reforms, for the purpose of concentrating management resources and increasing asset efficiency. The three-year remodeling project at our flagship store, SEIBU Ikebukuro, is scheduled for completion in the fiscal year ending February 28, 2011, which marks it 70th anniversary. Accordingly, we plan to evolve this store from a standard department store into a store that will serve as a model for next-generation department stores that offer customers with new lifestyles. In stores located outside of Tokyo, we will work to increase the number of stores that, using the success of the SEIBU

Higashi Totsuka store as an example, transcend the boundaries of conventional department stores to function as integrated shopping centers, thus increasing their competitiveness. Also, in order to increase asset efficiency, in December 2010 we will close the SEIBU Yurakucho store.

At this point, the Company has not finalized its basic policy on persons who control the Company's decisions on financial matters and business policies (Article 118, Paragraph 3 of the Ordinance for Enforcement of the Companies Act). However, we aim to maximize the enterprise value of the Company and the Group through such means as further improving performance and bolstering corporate governance, and we believe that appropriate measures are needed for dealing with large-scale acquisitions of the Company's shares that could damage the enterprise value of the Company and the Group. We will continue to carefully consider our basic policy on this issue with consideration for developments in legal systems, court decisions, and social trends.

We would like to ask for the further support of our shareholders in the years ahead.

(7) Scope of principal businesses (as of February 28, 2010)

The Group is centered on the retail industry and comprises 98 companies (including the Company itself), with the Company as a pure holding company. The Group's principal business activities are convenience store operations, superstore operations, department store operations, food services operations, and financial services operations.

Business segments, names of major Group companies, and numbers of companies are as follows. This segmentation is the same as that used in the segment information section.

Business segments	Names of major Group companies
Convenience Store Operations (39 companies)	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN CHINA Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (HAWAII), INC. WHP Holdings Corporation*1 White Hen Pantry, Inc. Pantry Select, Inc. TOWER BAKERY CO., LTD.*2
Superstore Operations (17 companies)	Ito-Yokado Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd. IY Foods K.K. Seven Health Care Co., Ltd.*5 Seven Farm Tomisato Co., Ltd.*2,7
Department Store Operations (14 companies)	Sogo & Seibu Co., Ltd.*6 THE LOFT CO., LTD. SHELL GARDEN CO., LTD. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. K.K. Sky Plaza Kashiwa*2 K.K. K.S. Building*2 CHIBA SENCITY CORPORATION*2 K.K. Kashiwa Ekimae Building Kaihatsu*2 K.K. Omiya Sky Plaza*2
Food Services (2 companies)	Seven & i Food Systems Co., Ltd. Seven & i Restaurant (Beijing) Co., Ltd.*3
Financial Services (7 companies)	Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION K.K. York Insurance

	Seven Cash Works Co., Ltd. SEVEN & i Financial Center Co., Ltd. SEVEN & i FINANCIAL GROUP CO., LTD.
Others (18 companies)	SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Netmedia Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. Seven Internet Lab Co., Ltd.*4 K.K. Terre Verte SEVEN & i Life Design Institute Co., Ltd. Seven Net Shopping Co., Ltd.*8 Mall & SC Development Inc. S-WILL Co., Ltd. Seven Culture Network Co., Ltd. I ing Co., Ltd.*2 Susukino Jujigai Building K.K.*2 PIA CORPORATION*2,9

(Notes)

*1. WHP Holdings Corporation is the holding company of White Hen Pantry, Inc., and Pantry Select, Inc.

*2. TOWER BAKERY CO., LTD., Seven Farm Tomisato Co., Ltd., K.K. Sky Plaza Kashiwa, K.K. K.S. Building, CHIBA SENCITY CORPORATION, K.K. Kashiwa Ekimae Building Kaihatsu, K.K. Omiya Sky Plaza, I ing Co., Ltd., Susukino Jujigai Building K.K., and PIA CORPORATION are affiliates and other companies are consolidated subsidiaries.

*3. On March 2, 2009, Seven & i Restaurant (Beijing) Co., Ltd., was established as a consolidated subsidiary of the Company.

*4. On March 24, 2009, Seven Internet Lab. Co., Ltd., was established as a consolidated subsidiary of the Company.

*5. On June 1, 2009, Seven Health Care Co., Ltd., was established as a consolidated subsidiary of the Company.

*6. Millennium Retailing, Inc., Sogo Co., Ltd., and THE SEIBU DEPARTMENT STORES, LTD., were merged on August 1, 2009, and the surviving company, Sogo Co. Ltd., changed its name to Sogo & Seibu Co., Ltd. Also, Sogo & Seibu Co., Ltd., merged with Robinson Department Store Co., Ltd., through an absorption-type merger on September 1, 2009. Accordingly, the business results for Robinson Department Store Co., Ltd. are not included under superstore operations from the third quarter of the fiscal year ending February 28, 2010.

*7. On August 6, 2009, due an increase in capital in Seven Farm Tomisato Co., Ltd., the Company now owns a greater share of Seven Farm Tomisato Co., Ltd., therefore it has been reclassified as an affiliate.

*8. On December 7, 2009, Seven and Y Corp. changed its trade name to Seven Net Shopping Co., Ltd.

*9. On December 18, 2009, PIA CORPORATION became an affiliate of the Company.

(8) Principal business locations (as of February 28, 2010)

(i) The Company

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo

(ii) Principal subsidiaries

(Convenience stores)

Seven-Eleven Japan Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 613 stores

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 1,740 stores

(Note) The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2009.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 174 stores

York-Benimaru Co., Ltd.

- Head office: 18-2, 2-chome, Asahi, Koriyama, Fukushima
- Corporate stores: 164 stores

(Department stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 28 stores

(Food services)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 892 stores

(Note) The number of corporate stores is the total number of stores for the restaurant division, the contract food division, and the fast food division.

(Financial services)

Seven Bank, Ltd.

- Head office: 6-1, 1-chome, Marunouchi, Chiyoda-Ku, Tokyo

(9) Status of employees (as of February 28, 2010)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Convenience stores	21,581 employees	2,436 employees (decrease)
Superstores	20,078 employees	781 employees (increase)
Department stores	7,835 employees	190 employees (decrease)
Food services	1,650 employees	28 employees (increase)
Financial services	546 employees	36 employees (increase)
Others	728 employees	106 employees (increase)
Corporate (shared)	396 employees	3 employees (increase)
Total	52,814 employees	1,672 employees (decrease)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and the Group employ 86,449 part-time employees (monthly average number of employees following conversion to standard 8-hour workdays).
3. The number of employees for corporate (shared) is the number of employees of the Company.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	279 employees	1 employee (increase)	45 years 1 month	18 years 11 months
Females	117 employees	2 employees (increase)	35 years 9 months	13 years 4 months
Total or average	396 employees	3 employees (increase)	42 years 4 months	17 years 3 months

(Notes)

1. The number of employees of the Company is principally composed of employees who have transferred from Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., and Denny's Japan Co., Ltd. (merged into Seven & i Food Systems Co., Ltd., on September 1, 2007, through an absorption-type merger), and the average number of years of continuous service is the total of the number of years worked at each company.
2. In addition to the number of employees listed above, the Company employs 16 part-time workers (monthly average number of employees following conversion to standard 8-hour workdays).

(10) Status of major lenders (as of February 28, 2010)

Lender	Amount borrowed (Millions of yen)
Mizuho Corporate Bank, Ltd.	102,970
Sumitomo Mitsui Banking Corporation	87,358
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	57,378

(11) Other important items regarding the current state of the corporate group

None.

2. Items Regarding Shares (as of February 28, 2010)

(1) Number of shares authorized to be issued: 4,500,000,000 shares

(2) Number of shares issued: 906,441,983 shares

(Notes)
The number of shares issued includes 2,965,800 treasury stock.

(3) Number of shareholders: 105,067

(4) Major shareholders (Top 10)

Name of Shareholders	Number of shares (thousand shares)	Percentage of shares held (%)
Ito-Kogyo Co., Ltd.	68,754	7.6
Japan Trustee Services Bank, Ltd. (Trust account)	39,042	4.3
The Master Trust Bank of Japan, Ltd. (Trust account)	33,593	3.7
The Dai-ichi Mutual Life Insurance Company	20,865	2.3
Nippon Life Insurance Company	20,664	2.3
Masatoshi Ito	19,331	2.1
MITSUI & CO., LTD.	16,222	1.8
Deutsche Bank Trust Companies Americas	16,160	1.8
State Street Bank and Trust Company 505225	15,848	1.8
Mizuho Securities Co., Ltd.	13,209	1.5

(Note)

1. Percentage of shares held is calculated using the total number of shares, excluding treasury stock.
2. The Dai-ichi Mutual Life Insurance Company became a public company on April 1, 2010.

3. Items Regarding Share Subscription Rights

(1) Overview, etc., of the share subscription rights held by directors or corporate auditors of the Company as compensation for the performance of their duties (as of February 28, 2010)

Name of share subscription rights issue		1st share subscription rights issue	2nd share subscription rights issue
Date of resolution for issue		July 8, 2008	July 8, 2008
Number of the share subscription rights		159	264
Class and number of shares to be acquired upon exercise of the share subscription rights		15,900 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	26,400 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥307,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From May 1, 2009 To August 6, 2028	From August 7, 2009 To August 6, 2038
Exercise conditions		(Note) 1	(Note) 1
Directors or corporate auditors' ownership status	Directors (excluding outside directors)	Number of the share subscription rights: 159 Class and number of corresponding shares: 15,900 ordinary shares Number of directors holding the share subscription rights: 4	Number of the share subscription rights: 219 Class and number of corresponding shares: 21,900 ordinary shares Number of directors holding the share subscription rights: 6

Name of share subscription rights issue	3rd share subscription rights issue	4th share subscription rights issue
Date of resolution for issue	May 28, 2009	May 28, 2009
Number of the share subscription rights	240	352
Class and number of shares to be acquired upon exercise of the share subscription rights	24,000 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	35,200 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights	¥204,500 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights	¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period	From February 28, 2010 To June 15, 2029	From February 28, 2010 To June 15, 2039
Exercise conditions	(Note) 2	(Note) 2

Directors or corporate auditors' ownership status	Directors (excluding outside directors)	Number of the share subscription rights: 240 Class and number of corresponding shares: 24,000 ordinary shares Number of directors holding the share subscription rights: 6	Number of the share subscription rights:352 Class and number of corresponding shares: 35,200 ordinary shares Number of directors holding the share subscription rights: 7

(Note)

1. Exercise conditions are as follows:

(i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a director or executive officer of the Company, or as a director or executive officer of the Company's subsidiaries.

(ii) If a share subscription right holder passes away, his/her heir may exercise such right. The conditions for exercising the share subscription right by the heir shall be as set forth in the agreement referred to in (iii) below.

(iii) Other conditions shall be as set forth in the "Agreement for First Allotment of Share Subscription Rights" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

(Note)

2. Exercise conditions are as follows:

(i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a director or executive officer of the Company, or as a director or executive officer of the Company's subsidiaries.

(ii) Regardless of the condition set forth in (i) above, in the event that a general meeting of shareholders (if a resolution of the general meeting of shareholders is not required, then in the event that the Board of Directors) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights within thirty (30) days from the day following the day on which the resolution was approved.

(iii) If the share subscription right holder is a director or corporate officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.

(iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.

(v) If a share subscription right holder passes away, his/her heir may exercise such right. The conditions for exercising the share subscription right by the heir shall be as set forth in the agreement referred to in (vi) below.

(vi) Other conditions shall be as set forth in the "Agreement for First Allotment of Share Subscription Rights" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

(2) Overview, etc., of the share subscription rights granted to employees, etc., during the 5th fiscal year as compensation for the performance of their duties

<table>
<tr><td colspan="2">Name of share subscription rights issue</td><td>4th share subscription rights issue</td></tr>
<tr><td colspan="2">Date of resolution for issue</td><td>May 28, 2009</td></tr>
<tr><td colspan="2">Number of the share subscription rights</td><td>945</td></tr>
<tr><td colspan="2">Class and number of shares to be acquired upon exercise of the share subscription rights</td><td>94,500 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)</td></tr>
<tr><td colspan="2">Amount to be paid for the share subscription rights</td><td>No payment is required in exchange for the share subscription rights</td></tr>
<tr><td colspan="2">Value of property to be contributed upon exercise of the share subscription rights</td><td>¥100 per subscription right
(¥1 per share)</td></tr>
<tr><td colspan="2">Exercise period</td><td>From February 28, 2010
To June 15, 2039</td></tr>
<tr><td colspan="2">Exercise conditions</td><td>(Note)</td></tr>
<tr><td rowspan="2">Status of grants to employees, etc.</td><td>Employees of the Company (excluding those concurrently serving as directors or corporate auditors of the Company)</td><td>Number of the share subscription rights: 176
Class and number of corresponding shares: 17,600 ordinary shares
Number of recipients: 14</td></tr>
<tr><td>Directors, corporate auditors, and employees of subsidiaries (excluding those concurrently serving as directors, corporate auditors, or employees of the Company)</td><td>Number of the share subscription rights: 769
Class and number of corresponding shares: 76,900 ordinary shares
Number of recipients: 85</td></tr>
</table>

(Note)

(i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a director or executive officer of the Company, or as a director or executive officer of the Company’s subsidiaries.

(ii) Regardless of the condition set forth in (i) above, in the event that a general meeting of shareholders (if a resolution of the general meeting of shareholders is not required, then in the event that the Board of Directors) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights within thirty (30) days from the day following the day on which the resolution was approved.

(iii) If the share subscription right holder is a director or corporate officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.

(iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.

(v) If a share subscription right holder passes away, his/her heir may exercise such right. The conditions for exercising the share subscription right by the heir shall be as set forth in the agreement referred to in (vi) below.

(vi) Other conditions shall be as set forth in the "Agreement for First Allotment of Share Subscription Rights" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

4. Items Regarding the Company's Directors and Corporate Auditors

(1) Directors and corporate auditors (as of February 28, 2010)

Position in the Company and area of responsibility	Name	Important concurrent positions
Representative Director and Chairman and Chief Executive Officer (CEO)	Toshifumi Suzuki	Representative Director and Chairman and Chief Executive Officer (CEO) of Seven-Eleven Japan Co., Ltd. Representative Director and Chairman and Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. Representative Director and Chairman of 7-Eleven, Inc. Representative Director and Chairman of SEVEN-ELEVEN (HAWAII), INC. Executive Vice President of Tohan Corporation
Representative Director and President and Chief Operating Officer (COO)	Noritoshi Murata	
Director and Chief Financial Officer (CFO)	Tadahiko Ujiie	Representative Director and President of SE CAPITAL CORPORATION Representative Director and President of SEVEN & i Financial Center Co., Ltd. Representative Director and President of SEVEN & i FINANCIAL GROUP CO., LTD. Director of Seven Bank, Ltd.
Director and Chief Administrative Officer (CAO)	Katsuhiro Goto	Representative Director and President of Seven & i Netmedia, Co., Ltd. Director of Ito-Yokado Co., Ltd. Director of Sogo & Seibu Co., Ltd.
Director	Tsuyoshi Kobayashi	
Director	Junro Ito	
Director	Atsushi Kamei	Representative Director and President and Chief Operating Officer (COO) of Ito-Yokado Co., Ltd. Director of Sogo & Seibu Co., Ltd.
Director	Ryuichi Isaka	Representative Director and President and Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd.
Director	Akihiko Hanawa	Representative Director and President of Seven & i Food Systems Co., Ltd.
Director	Kunio Yamashita	Representative Director and President of Sogo & Seibu Co., Ltd.
Director	Takashi Anzai	Representative Director and President of Seven Bank, Ltd.
Director	Zenko Ohtaka	Representative Director and President and Chief Operating Officer (COO) of York-Benimaru Co., Ltd.
Director	Noritaka Shimizu	President of Aichi Public University
Director	Scott Trevor Davis	Professor of the Department of Global Business, College of Business, Rikkyo University

Position in the Company and area of responsibility	Name	Important concurrent positions
Director	Ikujiro Nonaka	Xerox Distinguished Professor in Knowledge, Haas School of Business, University of California, Berkeley Emeritus Professor of Hitotsubashi University Emeritus Scholar of The Drucker School, Claremont Graduate University
Standing Corporate Auditor	Ikuo Kanda	Corporate Auditor of Ito-Yokado Co., Ltd. Corporate Auditor of York-Benimaru Co., Ltd. Corporate Auditor of York Mart Co., Ltd.
Standing Corporate Auditor	Hisashi Seki	Corporate Auditor of Seven-Eleven Japan Co., Ltd.
Corporate Auditor	Yoko Suzuki	Attorney at Law
Corporate Auditor	Hiroshi Nakachi	Certified Public Accountant
Corporate Auditor	Megumi Suto	Dean of the Waseda Graduate School of Finance, Accounting and Law, and Director of the Waseda Center for Finance Research

(Note)

1. Directors Noritaka Shimizu, Scott Trevor Davis, and Ikujiro Nonaka are outside directors as per Article 2, Item 15 of the Companies Act.
2. Corporate auditors Yoko Suzuki, Hiroshi Nakachi, and Megumi Suto are outside corporate auditors as per Article 2, Item 16 of the Companies Act.
3. Standing corporate auditor Ikuo Kanda and corporate auditors Hiroshi Nakachi and Megumi Suto have the following expertise with regard to finance and accounting.

・Ikuo Kanda was engaged in operations related to accounting and the settlement of accounts for more than ten (10) years in operational and administrative department of Ito-Yokado Co., Ltd.

・Hiroshi Nakachi is a certified public accountant.

・Megumi Suto has served on the FSA's Financial System Council, and on the MOF's Council on Customs, Tariff, Foreign Exchange and Other Transactions.

4. On March 30, 2010, the Company designated all outside directors and all outside corporate auditors as independent Board members in accordance with the Tokyo Stock Exchange's regulations, and accordingly a report was submitted to the Tokyo Stock Exchange.
5. Executive officers of the Company as of February 28, 2010 were as follows:

Position	Name
Chief Executive Officer (CEO)	Toshifumi Suzuki
Chief Operating Officer (COO)	Noritoshi Murata
Chief Financial Officer (CFO)	Tadahiko Ujiie
Chief Administrative Officer (CAO)	Katsuhiro Goto
Managing Executive Officer	Minoru Inaoka
Executive Officer	Tsuyoshi Kobayashi
Executive Officer	Junro Ito
Executive Officer	Masao Eguchi
Executive Officer	Yoshihiro Tanaka
Executive Officer	Tomio Nishikawa
Executive Officer	Katsuhisa Konuki
Executive Officer	Yasuo Takaha

Executive Officer	Kazuo Otsuka
Executive Officer	Takafumi Kanemitsu
Executive Officer	Kunio Takahashi
Executive Officer	Akihiko Shimizu
Executive Officer	Masayuki Sato
Executive Officer	Akira Miyakawa
Executive Officer	Kazuyo Soda

(2) Compensation of directors and corporate auditors

(i) Aggregate compensation paid for the 5th fiscal year

Classification	Number of persons	Aggregate amount of compensation (Millions of yen)
Directors (of which, outside directors)	16 (3)	275 (31)
Corporate auditors (of which, outside corporate auditors)	5 (3)	66 (27)
Total	21	342

(Notes)

1. Included above is one (1) director who retired upon the conclusion of the 4th Annual Shareholders' Meeting, held on May 28, 2009.
2. The aggregate amounts of compensation shown above do not include the compensation paid as employees to directors who serve concurrently as employees.
3. It was resolved at the 1st Annual Shareholders' Meeting, held on May 25, 2006, that the annual amount of compensation paid to directors shall not exceed ¥1,000 million (not including compensation paid as employees) and that the annual amount of compensation paid to corporate auditors shall not exceed ¥100 million.
4. The aggregate compensation shown above includes:

・¥49 million added to the allowance for bonuses to directors and corporate auditors corresponding to the 5th fiscal year.

・¥49 million as stock options for stock-linked compensation issued to six (6) directors (excluding outside directors).

(ii) Aggregate compensation of outside directors and corporate auditors from consolidated subsidiaries

During the 5th fiscal year, the aggregate compensation paid to outside directors and outside corporate auditors from subsidiaries of the Company at which they hold concurrent positions is less than ¥1 million.

(3) Items related to outside directors and corporate auditors

(i) Relationship between the Company and other companies at which outside directors and corporate auditors hold concurrent positions

There is no special relationship between the Company and other companies at which outside directors and corporate auditors hold concurrent positions.

(ii) Main activities during the 5th fiscal year

・Attendance and remarks in meetings of the Board of Directors and Board of Corporate Auditors

(Outside directors)

The Board of Directors met thirteen (13) times during the 5th fiscal year. Noritaka Shimizu attended thirteen (13) of those meetings, Scott Trevor Davis attended thirteen (13), and Ikujiro Nonaka attended thirteen (13). The three (3) outside directors gave advice and made proposals to ensure the suitability and appropriateness of the Board's decision-making, primarily by expressing their opinions—mainly from the perspective of management and administration for Mr. Shimizu, management and administration and corporate social responsibility for Mr. Davis, and organizational and management theory for Mr. Nonaka.

(Outside corporate auditors)

The Board of Directors met thirteen (13) times during the 5th fiscal year, and Yoko Suzuki attended thirteen (13) of those meetings, Hiroshi Nakachi attended eleven (11), and Megumi Suto attended thirteen (13). The Board of Corporate Auditors met seventeen (17) times during the 5th fiscal year, and Ms. Suzuki attended seventeen (17) of those meetings, Mr. Nakachi attended fifteen (15), and Ms. Suto attended seventeen (17). The three (3) outside corporate auditors asked questions and expressed their opinions as appropriate—primarily from a legal perspective for Ms. Suzuki, account and tax perspective for Mr. Nakachi, and a corporate governance perspective for Ms. Suto.

・Exchanges of opinions with directors, etc.

The outside directors and corporate auditors, in addition to meetings of the Board of Directors, met regularly and as necessary with representative directors and directors, etc., and directly exchanged opinions regarding the Company’s management, corporate governance, etc. The outside corporate auditors also visited the places of business of major subsidiaries and exchanged opinions with the directors and corporate auditors, etc., of operating companies.

Through these activities, outside directors investigated operational execution, and outside corporate auditors performed audits of operational execution and accounting practices.

(iii) Summary of the liability limitation agreement

The Company has concluded contracts with the outside directors and outside corporate auditors as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage to those stipulated in Article 423, Paragraph 1 of the Companies Act.

These contracts limit the amount of their liability for compensation to the minimum legally stipulated amounts.

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA & Co.

(2) Amount of compensation

	Amount paid (Millions of yen)
Amount of compensation for services as accounting auditor for the 5th fiscal year	675
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	699

(Notes)

Aggregate amounts of compensation for the 5th fiscal year are shown because under the audit contract concluded between the Company and the accounting auditor, the amounts of the accounting auditor's compensation for audits as per the Companies Act and for audits as per the Financial Instruments and Exchange Act are not clearly separated and cannot therefore practically be separated.

(3) Non-audit operations

The Company also pays KPMG AZSA & Co. as compensation for advisory operations related to internal controls for financial reporting, which are operations (non-audit operations) other than those designated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

In the event the reasons stipulated in Article 340, Paragraph 1 of the Companies Act become applicable to the accounting auditor, the Board of Corporate Auditors will consider the dismissal of that accounting auditor, and if dismissal is deemed appropriate, the accounting auditor will be dismissed based on the unanimous agreement of the Board of Corporate Auditors. In the event the Board of Directors determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in accounting auditor, the Board of Directors will obtain the consent of the Board of Corporate Auditors and propose a resolution for the non-reappointment of the accounting auditor to a shareholders' meeting.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

The Board of Directors has approved the following regarding "the development of systems for ensuring that the execution of duties by the directors comply with laws, regulations, and the *Articles of Incorporation* and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation," as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by directors and employees is compliant with laws, regulations, and the *Articles of Incorporation*

(i) All Group companies shall comply with the *Corporate Creed* and the *Corporate Action Guidelines*. In order to continue to be trusted and known for integrity, all Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Compliance Committee; operate help lines; promote fair trade; and reevaluate the *Corporate Action Guidelines* and the guidelines of each company. In these ways, compliance shall be further enhanced.

(ii) All Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.

(iii) The Auditing Office, which is independent from operating departments, will audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.

(iv) Corporate auditors will ensure that the execution of duties by directors is compliant with laws, regulations, and the *Articles of Incorporation* and work to raise the effectiveness of the supervisory function.

(2) Systems for the storage and control of information related to the execution of duties by directors

(i) In accordance with laws, regulations, and the Information Control Regulations, all Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as the minutes of shareholders' meetings, the minutes of Board of Directors' meetings (including digital records, same hereafter), circular decision-making documents, and other documents and information necessary to secure appropriate operational execution.

(ii) Departments in charge of disclosure will rapidly and comprehensively collect important information related to all Group companies and conduct accurate, timely disclosure.

(iii) To ensure the appropriate production, storage, management, and timely, accurate disclosure of important administrative documents, and to also conduct integrated information management, with consideration for the safe management of such important information as trade secrets and personal information, all Group companies shall establish, maintain, and operate information management systems, centered on the Information Management Committee; inspect the status of the maintenance and utilization of information management systems; and continue initiatives targeting further improvements. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the corporate auditors.

(3) Regulations and systems for loss risk management

(i) In accordance with risk management regulations, all Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to accurately analyze, evaluate, and investigate risks associated with each business activity, with consideration for changes in the management environment and risk factors.

(ii) In regard to risk management, a system for periodic reporting to the Board of Directors and corporate auditors shall be established, maintained, and utilized. The Board of Directors, directors, and executive officers shall conduct sufficient examination, analysis, and investigation of risks associated with operational execution, and improvement measures shall be implemented rapidly.

(iii) To minimize damages to all Group companies when risk events occur, the Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) Systems for ensuring the efficiency of the execution of duties by directors

(i) The details of the decision-making authority of the directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the regulations of decision-making authority, etc. In this way, all Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.

(ii) To secure the sustained growth of the Company, the Board of Directors shall make decisions on such matters as important management objectives and budget allocations for all Group companies. Through such means as periodic reports from directors and executive officers, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.

(iii) The Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Board of Directors shall be held or resolutions of the Board of Directors shall be executed through documents. Rapid decision-making will be implemented and efficient administrative execution will be promoted.

(5) Systems for ensuring the appropriateness of financial reporting

(i) Centered on the Internal Control Project, which is related to financial reporting, the management system needed to secure appropriateness of financial reporting for all Group companies shall be established, maintained, and operated.

(ii) In regard to issues that are judged to have a high possibility of having a major influence on financial conditions, information shall be shared in an appropriate manner among the directors, corporate auditors, and accounting auditor.

(6) Systems for ensuring the appropriateness of the operations performed by the corporate group comprised of the Company, its parent companies, and subsidiaries

(i) In regard to each of the items (1) to (5) above, the Company shall establish, maintain, and operate management systems for the Group as a whole; notify all Group companies of the general outlines of these systems; and require concrete policy formulations. In addition, the

Company shall provide support and guidance for the internal control activities of all Group companies as necessary.

(ii) All Group companies shall maintain contact with each business segment and will share information with the Company's departments.

(iii) The Auditing Office will audit all Group companies.

(7) Matters related to the provision of support staff for corporate auditors when so requested

The Company shall provide support staff for corporate auditors when so requested.

(8) Matters related to the independence from directors of the support staff for corporate auditors

The selection (including subsequent replacements) of support staff to work exclusively for the corporate auditors shall be subject to the approval of the corporate auditors.

(9) Systems for reporting by directors or employees to corporate auditors and other systems for reporting to corporate auditors

Situations that have the possibility of causing significant damage to the Company as well as malfeasances or violations of laws, regulations, or the *Articles of Incorporation* on the part of directors or employees shall be promptly reported to the corporate auditors. No director or employee providing such reports shall suffer any adverse consequences.

In addition, the Compliance Committee shall provide regular reports to the President and Representative Director and to the corporate auditors concerning the operation of the helplines, which should function as public-interest reporting mechanisms.

(10) Other systems for ensuring that the corporate auditors can conduct their activities effectively

(i) The corporate auditors shall meet regularly with the President and Representative Director and exchange opinions concerning important audit matters.

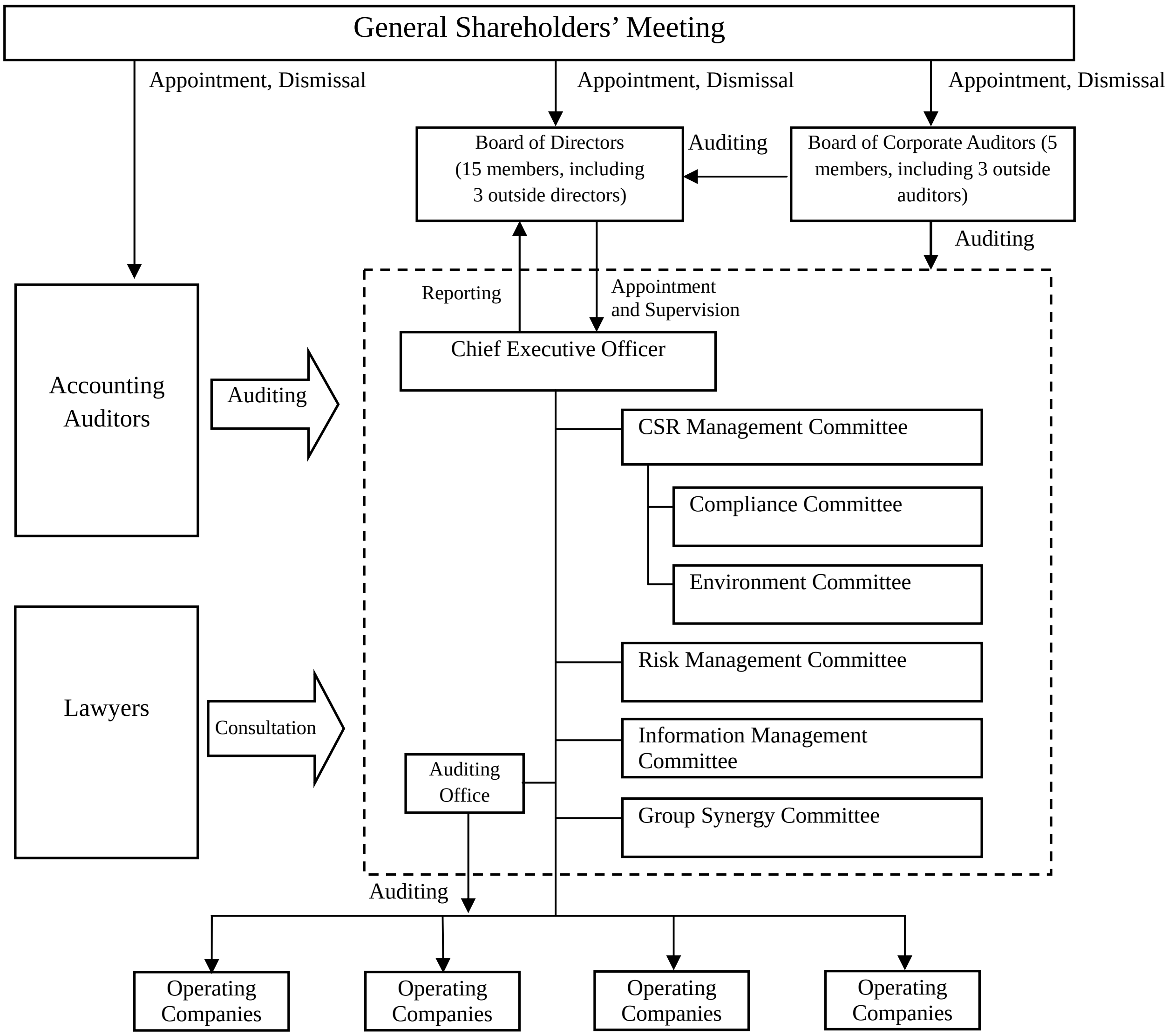
(ii) The corporate auditors shall maintain close contact with the Auditing Office, and may request examinations by the Auditing Office when necessary.

(iii) The corporate auditors shall meet regularly with the corporate auditors of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.

(iv) The corporate auditors may consult with the accounting auditor and with lawyers as needed, and the Company shall bear all of the costs of such consultation.

Corporate Governance System

The Company's corporate governance system is as follows.



(Notes)

1. In this Business Report, amounts less than one full unit have been omitted. However, percentages have been rounded to one decimal place while net income per share and net assets per share have been rounded to a nearest unit.

2. Consumption tax, etc., is accounted for using the tax excluded method.

CONSOLIDATED BALANCE SHEET (as of February 28, 2010)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**1,460,186**	**Current liabilities**	**1,263,370**
Cash and bank deposits	691,633	Notes and accounts payable, trade	292,628
Call loan	16,000	Short-term loans	151,200
Notes and accounts receivable, trade	119,627	Current portion of long-term loans	79,155
Trade accounts receivable – financial services	68,243	Current portion of bonds	20,385
Marketable securities	55,025	Income taxes payable	42,255
Merchandise and finished goods	158,889	Accrued expenses	76,692
Work in process	16	Deposits received	173,937
Raw materials and supplies	2,489	Allowance for sales promotion expenses	13,134
Prepaid expenses	31,606	Allowance for bonuses to employees	14,377
Deferred income taxes	28,360	Allowance for bonuses to directors and corporate auditors	269
Other	292,716		
Allowance for doubtful accounts	(4,421)	Allowance for loss on future collection of gift certificates	4,058
Non-current assets	**2,213,359**		
Property and equipment	**1,195,709**	Deposits received in banking business	185,745
Buildings and structures, net	485,081	Other	209,531
Furniture, fixtures and equipment, net	133,215	**Non-current liabilities**	**616,293**
Vehicles, net	110	Bonds	190,068
Land	520,320	Long-term loans	244,470
Lease assets, net	4,485	Commercial paper	16,208
Construction in progress	52,495	Deferred income taxes	38,343
Intangible assets	**297,531**	Allowance for accrued pension and severance costs	3,493
Goodwill	197,126		
Software	34,767	Allowance for retirement benefits to directors and corporate auditors	2,490
Other	65,638		
Investments and other assets	**720,118**	Deposits received from tenants and franchised stores	55,827
Investments in securities	168,850		
Long-term loans receivable	19,657	Other	65,391
Prepaid pension cost	12,149	**TOTAL LIABILITIES**	**1,879,664**
Long-term leasehold deposits	438,028	**NET ASSETS**	
Advances for store construction	15,507	**Shareholders' equity**	**1,789,065**
Deferred income taxes	26,134	Common stock	50,000
Other	46,693	Capital surplus	576,072
Allowance for doubtful accounts	(6,903)	Retained earnings	1,172,263
Deferred assets	**58**	Treasury stock, at cost	(9,270)
New organization costs	58	**Accumulated losses from valuation and translation adjustments**	**(67,097)**
		Unrealized gains on available-for-sale securities, net of taxes	3,227

		Unrealized losses on hedging derivatives, net of taxes	(549)
		Foreign currency translation adjustments	(69,776)
		Subscriptions to shares	**721**
		Minority interests in consolidated subsidiaries	**71,251**
		TOTAL NET ASSETS	**1,793,940**
TOTAL ASSETS	**3,673,605**	**TOTAL LIABILITIES AND NET ASSETS**	**3,673,605**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2009 to February 28, 2010)

(Millions of yen)

Item	Amount	
Net sales		4,549,867
Cost of sales		3,355,578
Gross profit on sales		**1,194,289**
Other operating revenues		561,429
Gross profit from operations		**1,755,719**
Selling, general and administrative expenses		1,529,052
Operating income		**226,666**
Non-operating income		
Interest and dividends income	6,189	
Equity in earnings of affiliates	1,225	
Other	3,774	11,190
Non-operating expenses		
Interest expenses	6,261	
Interest on bonds	2,243	
Foreign currency exchange losses	213	
Other	2,186	10,905
Ordinary income		**226,950**
Special gains		
Gain on sales of property and equipment	1,168	
Gain on sales of investment securities	574	
Compensation income for withdrawal	395	
Other	671	2,809
Special losses		
Loss on disposals of property and equipment	6,143	
Impairment loss	28,052	
Amortization of goodwill	39,130	
Other	13,330	86,656
Income before income taxes and minority interests		**143,104**
Income taxes – current	**95,684**	
Income taxes – deferred	**(8,955)**	**86,729**
Minority interests in net income of consolidated subsidiaries		**11,499**
Net income		**44,875**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2009 to February 28, 2010)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at February 28, 2009	**50,000**	**576,074**	**1,246,165**	**(9,277)**	**1,862,962**
Increase (decrease) for the year					
Effect of changes in accounting policies applied to foreign subsidiaries			(67,126)		**(67,126)**
Cash dividends			(51,497)		**(51,497)**
Net income			44,875		**44,875**
Purchase of treasury stock				(18)	**(18)**
Sales of treasury stock		(2)		29	**27**
Effect of changes in scope of consolidation			(83)		**(83)**
Decrease resulting from adoption of U.S. GAAP by U.S. subsidiaries			(70)		**(70)**
Other				(4)	**(4)**
Increase (decrease) of items for the year except those included in shareholders' equity					
Net increase (decrease) for the year	**—**	**(2)**	**(73,901)**	**6**	**(73,897)**
Balance at February 28, 2010	**50,000**	**576,072**	**1,172,263**	**(9,270)**	**1,789,065**

	Accumulated gains (losses) from valuation and translation adjustments				**Subscriptions to shares**	**Minority interests in consolidated subsidiaries**	**TOTAL NET ASSETS**
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	**Total accumulated gains (losses) from valuation and translation adjustments**			
Balance at February 28, 2009	**247**	**(622)**	**(77,398)**	**(77,773)**	**391**	**75,092**	**1,860,672**
Increase (decrease) for the year							
Effect of changes in accounting policies applied to foreign subsidiaries							**(67,126)**
Cash dividends							**(51,497)**
Net income							**44,875**
Purchase of treasury stock							**(18)**
Sales of treasury stock							**27**
Effect of changes in scope of consolidation							**(83)**
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries							**(70)**
Other							**(4)**
Increase (decrease) of items for the year except those included in shareholders' equity	2,980	73	7,621	**10,675**	**330**	**(3,840)**	**7,165**
Net increase (decrease) for the year	**2,980**	**73**	**7,621**	**10,675**	**330**	**(3,840)**	**(66,732)**
Balance at February 28, 2010	**3,227**	**(549)**	**(69,776)**	**(67,097)**	**721**	**71,251**	**1,793,940**

Notes to Consolidated Financial Statements

Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

(i) Number of consolidated subsidiaries: 81

(ii) Names of major consolidated subsidiaries:

Seven-Eleven Japan Co., Ltd.
Ito-Yokado Co., Ltd.
Sogo & Seibu Co., Ltd.
Seven & i Food Systems Co., Ltd.
York-Benimaru Co., Ltd.
Seven Bank, Ltd.
7-Eleven, Inc.

Consolidated subsidiaries increased by five.

(Establishment)

Seven & i Restaurant (Beijing) Co., Ltd.

Seven Internet Lab Co., Ltd.

Seven Health Care Co., Ltd.

(Acquisition of shares)

New England Pantry, Inc.

New England Pantry of Massachusetts, Inc.

Consolidated subsidiaries decreased by seven.

(Merger)

Millennium Retailing, Inc.

THE SEIBU DEPARTMENT STORES, LTD.

Robinson Department Store Co., Ltd.

MILLENNIUM Casting Inc.

SEJ Finance LLC.

SEJ Service LLC.

FUJIKOSHI CO., LTD.

(2) Names, etc., of major unconsolidated subsidiaries

(i) Name of major unconsolidated subsidiary: 7-Eleven Limited

(ii) Reason for non-consolidation

Its total assets, its sales, the Company’s portion of its net income or loss (as calculated by the equity method), the Company’s portion of its retained earnings (as calculated by the equity method), and the effect on the Company's consolidated financial statements are not considered material.

(3) Special Purpose Corporation

A summary of the Special Purpose Corporation, a summary of transactions using the Special Purpose Corporation, and the amounts of transactions with the Special Purpose Corporation are included in "Special Purpose Corporation."

2. Application of the Equity Method

(1) Number of unconsolidated subsidiaries and affiliates to which the equity method was applied and names of major subsidiaries and affiliates to which the equity method was applied

(i) Number of unconsolidated subsidiaries to which the equity method was applied: None

(ii) Number of affiliates to which the equity method was applied: 15

Major affiliates: PRIME DELICA CO., LTD.
PIA CORPORATION

Affiliates to which the equity method is applied increased by two.

(Acquisition of shares)

PIA CORPORATION

(Additional acquisition of shares)

Seven Farm Tomisato Co., Ltd.

(2) Names, etc., of unconsolidated subsidiaries and affiliates to which the equity method was not applied

(i) Major companies: 7-Eleven Limited

(ii) Reason for not applying equity method:

The Company's portion of its net income or loss (as calculated by the equity method), the Company's portion of retained earnings (as calculated by the equity method), and the effect on the Company's consolidated financial statements are not considered material or significant.

(3) Items of special note in regard to procedures for applying the equity method

(i) The affiliates that have different closing dates are included in the consolidated financial statements based on their respective fiscal year-end.

(ii) The advance to an affiliate that has negative net assets is reduced.

3. Accounting Period of Consolidated Subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of and for the year ended December 31 are used in preparing the consolidated financial statements of the Company. All material transactions during the period from January 1 to February 28 are adjusted for in the consolidation process.
7dream.com changed its fiscal year-end from December 31 to the end of February. As a result, income and loss for the period from January 1, 2009 to February 28, 2010 was consolidated.

The closing date of certain consolidated subsidiaries is March 31. Pro forma financial statements as of February 28 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate consolidation.

4. Summary of Accounting Policies

(1) Valuation basis and method for major assets

(i) Valuation basis and method for securities

Held-to-maturity debt securities: Carried at amortized cost (straight-line method)

Available-for-sale securities

Fair value is available:

Valued at the quoted market price prevailing at the end of the 5th consolidated fiscal year. (Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.)

Fair value is not available:

Valued at cost, determined using the moving-average method.

(ii) Valuation basis and method for derivatives

Derivative financial instruments: Valued at fair value

(iii) Valuation basis and method for inventories

Merchandise:

For domestic consolidated subsidiaries, cost is determined principally by the average retail method (inventories stated in the balance sheet have been written down to book value based on decline in profitability). For foreign consolidated subsidiaries, cost is determined principally by the LIFO method.

Supplies:

Cost is determined principally by the last purchase price method (inventories stated in the balance sheet have been written down to book value based on decline in profitability).

(Change in valuation standards of inventories)

From the 5th consolidated fiscal year, the Company has applied the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 of July 5, 2006, publicly released section), and inventories are now stated mainly at cost determined by the retail method with book value written down to the net realizable value.

Due to this change, valuation loss on beginning inventories included in special losses was ¥1,323 million.

As a result of this change, the impact of operating income and ordinary income both decreased by ¥320 million yen respectively, income before income taxes and minority interests for the period decreased by ¥1,644 million.

(2) Depreciation and amortization of significant assets

(i) Property and equipment (excluding lease assets)

Depreciation of property and equipment is computed generally using the declining-balance method for the Company and its domestic consolidated subsidiaries (except for the domestic consolidated subsidiaries in the department store business) and using the straight-line method for the domestic consolidated subsidiaries in the department store business and foreign consolidated subsidiaries.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method for the Company and domestic consolidated subsidiaries. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years.

(iii) Lease assets

For depreciation of leased assets, useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

Further, finance lease transactions, other than those involving a transfer of ownership, that began prior to February 28, 2009 are accounted for as operating leases.

(3) Methods of accounting for significant allowances

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(ii) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used on the balance sheet date in accordance with the sales promotion point card program. In the department store business, estimated costs of sales for goods to be purchased by coupon tickets issued through the point system are provided for, based on the balance of points at the end of the consolidated fiscal year.

(iii) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for collection of gift certificates recognized as income after certain periods from their issuance. The amount is calculated using the historical results of collection.

(iv) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(v) Allowance for bonuses to directors and corporate auditors

Allowance for bonuses to directors and corporate auditors is provided at the amount expected to be paid.

(vi) Allowance for accrued pension and severance costs (prepaid pension cost)

Allowance for accrued pension and severance costs is provided at the amount incurred during the 5th consolidated fiscal year, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of pension plan assets at the end of the consolidated fiscal year. The excess amount of the estimated fair value of the pension plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences as of the end of the consolidated fiscal year is recorded as prepaid pension cost. Also, certain domestic consolidated subsidiaries and consolidated subsidiaries in the United States provide allowance for accrued pension and severance cost.

Unrecognized actuarial differences are amortized on a straight-line basis over a period of mainly ten (10) years from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is shorter than the average remaining years of service of the eligible employees. Unrecognized prior service costs are amortized on a straight-line basis over the period of mainly five (5) years.

(vii) Allowance for retirement benefits to directors and corporate auditors

Allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy.

The Company and certain consolidated subsidiaries abolished the program of retirement benefits to directors and corporate auditors, and certain consolidated subsidiaries decided to pay it at the time of their resignation.

(4) Significant hedge accounting methods

(i) Hedge accounting:

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of interest rate swap contracts is deferred until the related gains and losses on the hedged items are recognized. However, certain interest rate swap contracts that meet specific hedging criteria are not measured at market value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred.

(ii) Hedge instruments and hedged items:

Hedge instruments	Interest rate swap
Hedged items	Loans payable

(iii) Hedging policies:

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, reducing financing costs, and optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(iv) Assessing hedge effectiveness:

The hedge effectiveness for interest rate swap contracts is assessed quarterly except for those that meet specific hedging criteria.

(5) Other significant matters that serve as the basis for the preparation of consolidated financial statements

(i) Methods of accounting for deferred assets

New organization costs:

Amortized using the straight-line method over five (5) years, or charged to income if immaterial.

(ii) Goodwill and negative goodwill

Goodwill and negative goodwill arising from domestic consolidated subsidiaries is mainly amortized over a period of twenty (20) years on a straight-line basis, or charged to income if immaterial.

The goodwill recognized in applying the equity method was treated in the same manner.

(iii) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the relevant spot exchange rate in effect at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statement of Income.

All balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheet under foreign currency translation adjustments and minority interests in consolidated subsidiaries.

(iv) Accounting for franchised stores in convenience store operations

7-Eleven, Inc., includes the assets, liabilities, net assets, and results of operations of its franchised stores in its consolidated financial statements.

Seven-Eleven Japan Co., Ltd., recognizes franchise fees from its franchised stores as revenue and includes it in other operating revenues.

(v) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statement of Income. The excise tax levied in the United States and Canada is included in the revenues from operations.

5. Valuation of the assets and liabilities of consolidated subsidiaries

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, excluding the portion attributable to minority shareholders, are evaluated using the fair value at the time when the Company acquired control of the respective subsidiaries.

6. Significant changes in accounting policy

(Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")

From the 5th consolidated fiscal year, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 of May 17, 2006) and amended consolidated financial statements as required. As a result, retained earnings at the beginning of the period decreased by ¥67,126 million.

Further, compared with the previous method, operating income, ordinary income, and income before income taxes and minority interests each decreased by ¥7,268 million.

(Adoption of “Accounting Standard for Lease Transactions)

Finance leases, except for those leases under which the ownership of the leased assets was considered to be transferred to the lessee, were accounted for in the same manner as operating leases. However, from the 5th consolidated fiscal year the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised March 30, 2007), and accordingly such transactions are now based on the capital lease method. For depreciation of leased assets for finance lease transactions other than those involving a transfer of ownership, useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

For finance lease transactions other than those involving a transfer of ownership that began prior to the application of the new accounting standards, these finance leases continue to be accounted for as operating leases.

Impact of this application on the Consolidated Statement of Income was immaterial.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts for which those assets are pledged as collateral

(1) Assets pledged as collateral

Buildings and structures:	¥49,904 million
Land:	¥100,573 million
Other intangible assets:	¥10,151 million
Investments in securities:	¥87,034 million
Long-term leasehold deposits:	¥4,298 million
Total	¥251,962 million

(2) Debts for which above assets are pledged as collateral

Short-term loans:	¥3,400 million
Long-term loans (including current portion of long-term loans):	¥184,807 million
Long-term accounts payable, other:	¥994 million
Deposits received from tenants and franchised stores:	¥154 million

In addition, buildings (¥890 million) and land (¥2,032 million) are pledged as collateral for the loans (¥3,802 million) of affiliates and vendors.

Investments in securities (¥27,627 million) are pledged as collateral for exchange settlement transactions. Investments in securities (¥19 million) and long-term leasehold deposits (¥50 million) are pledged as collateral under building lots and building transaction business law.

Long-term leasehold deposits (¥1,586 million) are pledged as collateral under the Installment Sales Law.

In addition, in accordance with the Act on Regulation, etc. on Advanced Payment Certificates, investments in securities (¥586 million) and long-term leasehold deposits (¥383 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment:

¥1,203,470 million

3. Guarantees

Guarantees of borrowings from financial institutions by companies outside the scope of consolidation or by employees are as follows.

Goshogawara Machi Dukuri K.K.:	¥187 million
Employees' housing loans:	¥570 million
Total	¥757 million

4. Loan commitment

IY Card Service Co., Ltd., conducts cashing business which is associated with its credit card business. Unused credit balance related to loan commitment in cashing business is as follows.

Credit availability of loan commitment:	¥480,933 million
Outstanding balance:	¥18,832 million
Unused credit balance	¥462,100 million

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. IY Card Service Co., Ltd. will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in investments in securities in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one (1) year.

Notes to Consolidated Statement of Income

Amount of amortization of goodwill

Valuation loss on subsidiaries' stock was recorded in the Non-Consolidated Statement of Income of the 5th consolidated fiscal year due to the devaluation of Sogo & Seibu's shares, which is a consolidated subsidiary.

Amortization of goodwill was ¥39,130 million related to this matter.

Notes to Consolidated Statement of Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of February 28,2009	Number of shares increased	Number of shares decreased	As of February 28, 2010
Ordinary share	906,441	—	—	906,441

2. Items relating to total number of treasury shares

(Thousands of shares)

Type	As of February 28,2009	Number of shares increased	Number of shares decreased	As of February 28, 2010
Ordinary share	2,982	10	9	2,983

（Note）

1. The increase in treasury shares was principally attributable to the purchase of odd-lot shares.
2. The decrease in treasury shares was principally attributable to the exercise of stock option rights.

3. Items relating to cash dividends

(1) Dividend payments, etc.

Resolution	Type	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 28, 2009; Ordinary general meeting of shareholders	Ordinary share	26,200	29.00	February 28, 2009	May 29, 2009
October 1, 2009; Board of Directors' meeting	Ordinary share	25,297	28.00	August 31, 2009	November 13, 2009
Total	—	51,497	—	—	—

(2) Dividends whose record date is within the 5th consolidated fiscal year but to be effective during the 6th consolidated fiscal year

At the Annual Shareholders' Meeting held on May 27, 2010, the following proposal for resolution will be presented for matters concerning ordinary share dividends.

(i) Total amount: ¥25,297 million
(ii) Dividend per share: ¥28.00
(iii) Record date: February 28, 2010
(iv) Effective date: May 28, 2010

Plans call for the dividends to be paid from retained earnings.

4. Items relating to subscriptions to shares at the end of the 5th consolidated fiscal year

Category	Breakdown of subscription to shares	Type of shares to be issued upon exercise of rights	Number of shares to be issued upon exercise of rights
The Company	First subscription to shares	Common stock	15,900 shares
	Second subscription to shares	Common stock	84,000 shares
	Third subscription to shares	Common stock	24,000 shares
	Fourth subscription to shares	Common stock	129,700 shares
Consolidated subsidiary (Seven Bank, Ltd.)	First subscription to shares (1)	Common stock	157 shares
	First subscription to shares (2)	Common stock	21 shares
	Second subscription to shares (1)	Common stock	171 shares
	Second subscription to shares (2)	Common stock	38 shares

Special Purpose Corporation

1. Summaries of Special Purpose Corporation (“SPC”) and transactions with the SPC

Sogo & Seibu Co., Ltd. (formerly, THE SEIBU DEPARTMENT STORES, LTD.), a consolidated subsidiary of the Company, established a real estate trust comprised of the land, land leasehold right, and part of the buildings of a store and sold the beneficiary right of the trust to Asset Ikesei Corp., an SPC. Concurrently, Sogo & Seibu has entered into a silent partnership arrangement with the SPC with a certain investment. Also, Sogo & Seibu leased back such store properties from the SPC, which has the beneficiary right of the trust. Under these arrangements, the above noted investment is subordinated to all liabilities to other members of the silent partnership and third parties other than members of the silent partnership.

Total assets and liabilities of Asset Ikesei Corp. as of July 31, 2009 (the latest year-end) were ¥128,217 million and ¥128,196 million, respectively.

In addition, Sogo & Seibu neither owned voting rights relating to the investment nor dispatched any officer or employee.

2. Amounts of transactions with the SPC

(Millions of yen)

	Amount and balance of major transactions for the 5th consolidated year	Major items related to income or expenses	
		Description	Amount
Accounts receivable Amount of investment	3,057 5,850	Distribution of profit from the silent partnership	5,588
Rental transaction	—	Rental expenses for Ikebukuro flagship store (Note)	10,800

(Note)

Sogo & Seibu has entered into a rental agreement with the trustee. Rental expenses means the amount which was paid to the trustee based on the rental agreement.

Notes relating to transactions with related parties

Directors and principal individual investors, etc., of the Company

Attribution	**Name**	**Address**	**Capital or investment**	**Business or title**	**Voting rights (held)**
Close relative of the director	**Yasuhiro Suzuki**	—	—	—	**Directly 0.0%**

(Millions of yen)

Business relationship	**Details of transaction**	**Transaction amount**	**Account**	**Year-end balance**
—	**Purchase of subsidiary's shares**	**199**	—	—

(Note)

1. The above amount does not include consumption taxes.
2. The purchase price was determined based on the valuation of a third party.
3. Mr. Yasuhiro Suzuki is the son of Mr. Toshifumi Suzuki, who is Chairman and Representative Director of the Company.

(Additional information)

From the 5th consolidated fiscal year, the Company adopted “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11 of October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13 of October 17, 2006).
Further, there is no change in the scope of disclosure as a result of that adoption.

Notes concerning per share information

1. Net assets per share ¥1,905.97
2. Net income per share ¥49.67

Notes concerning significant subsequent event

Acquisition and cancellation of treasury stock

On April 8, 2010, the Company's Board of Directors approved the acquisition of treasury stock, pursuant to Article 156 of the Companies Act (as applied, mutatis mutandis, pursuant to Article 165, Paragraph 3 thereof), and the cancellation of treasury stock thereby acquired, pursuant to Article 178 of the Companies Act.

(1) Reason for the acquisition of treasury stock

To further enhance returns to shareholders and to achieve greater capital efficiency in management.

(2) Details of the acquisition

(i) Type of shares to be acquired

Seven & i Holdings common stock

(ii) Number of shares to be acquired

Up to 20,000,000 shares, representing 2.21% of issued shares (excluding treasury stock)

(iii) Total amount of acquisition

Up to ¥50 billion

(iv) Period of acquisition

From April 15, 2010 to May 20, 2010

(v) Method of acquisition

Open market purchase

(3) Details of the cancellation

(i) Type of shares to be cancelled

Seven & i Holdings common stock

(ii) Number of shares to be cancelled

20,000,000 shares (planned), representing 2.21% of issued shares prior to cancellation (excluding treasury stock). All of the shares acquired as described above in item (2), will be cancelled.

(iii) Number of issued shares after cancellation of treasury stock

886,441,983 shares (planned)

(iv) Scheduled date of cancellation

June 30, 2010

Other notes

In the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to consolidated financial statements, amounts have been rounded down to the nearest million.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2010)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**97,151**	**Current liabilities**	**272,910**
Cash and bank deposits	362	Short-term loans from a subsidiary	270,004
Prepaid expenses	260	Lease obligations	231
Accounts receivable, other	29,032	Accounts payable, other	830
Deposits held by subsidiaries and affiliates	66,958	Accrued expenses	951
Other	537	Income taxes payable	151
Non-current assets	**1,673,150**	Advance received	180
Property and equipment	**55**	Allowance for bonuses to employees	215
Buildings and structures, net	49	Allowance for bonuses to directors and corporate auditors	49
Furniture, fixtures and equipment, net	5		
Intangible assets	**926**	Other	293
Lease assets, net	926	**Non-current liabilities**	**102,414**
Investments and other assets	**1,672,167**	Bonds	99,968
Investments in securities	9,248	Long-term loans payable to subsidiaries and affiliates	4
Investments in subsidiaries	1,660,408	Lease obligations	751
Prepaid pension cost	180	Deposits received from tenants	1,690
Long-term leasehold deposits	2,308	**TOTAL LIABILITIES**	**375,324**
Other	21	**NET ASSETS**	
		Shareholders' equity	**1,393,351**
		Common stock	**50,000**
		Capital surplus	**1,294,881**
		Additional paid-in capital	875,496
		Other capital surplus	419,384
		Retained earnings	**57,781**
		Other retained earnings	57,781
		Retained earnings brought forward	57,781
		Treasury stock, at cost	**(9,311)**
		Accumulated gains (losses) from valuation and translation adjustments	**992**
		Unrealized gains (losses) on available-for-sale securities, net of taxes	992
		Subscriptions to shares	**633**
		TOTAL NET ASSETS	**1,394,977**
TOTAL ASSETS	**1,770,301**	**TOTAL LIABILITIES AND NET ASSETS**	**1,770,301**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2009 to February 28, 2010)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividends income	140,716	
Management consulting fee income	3,824	
Commission fee income	2,931	147,472
Selling, general and administrative expenses		7,459
Operating income		**140,012**
Non-operating income		
Interest income	8	
Dividends income	189	
Other	70	268
Non-operating expenses		
Interest expenses	2,152	
Interest on bonds	1,682	
Amortization of new organization costs	70	
Other	3	3,909
Ordinary income		**136,372**
Special losses		
Valuation loss on subsidiaries' stock	71,472	71,472
Income before income taxes		**64,899**
Income taxes – current	**6**	
Income taxes – deferred	**(105)**	**(98)**
Net income		**64,998**

STATEMENT OF CHANGES IN NET ASSETS (March 1, 2009 to February 28, 2010)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	**Total shareholders' equity**
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at February 28, 2009	**50,000**	**875,496**	**419,386**	**1,294,883**	**44,281**	**44,281**	**(9,322)**	**1,379,842**
Increase (decrease) for the year								
Cash dividends					(51,497)	(51,497)		**(51,497)**
Net income					64,998	64,998		**64,998**
Purchase of treasury stock							(18)	**(18)**
Sales of treasury stock			(2)	(2)			29	**27**
Increase (decrease) of items for the year except those included in shareholders' equity								
Net increase (decrease) for the year	**—**	**—**	**(2)**	**(2)**	**13,500**	**13,500**	**10**	**13,509**
Balance at February 28, 2010	**50,000**	**875,496**	**419,384**	**1,294,881**	**57,781**	**57,781**	**(9,311)**	**1,393,351**

	Accumulated gains (losses) from valuation and translation adjustments		**Subscriptions to shares**	**TOTAL NET ASSETS**
	Unrealized gains (losses) on available-for-sale securities, net of taxes	**Total accumulated gains (losses) from valuation and translation adjustments**		
Balance at February 28, 2009	**28**	**28**	**342**	**1,380,214**
Increase (decrease) for the year				
Cash dividends				**(51,497)**
Net income				**64,998**
Purchase of treasury stock				**(18)**
Sales of treasury stock				**27**
Increase (decrease) of items for the year except those included in shareholders' equity	963	**963**	**290**	**1,253**
Net increase (decrease) for the year	**963**	**963**	**290**	**14,763**
Balance at February 28, 2010	**992**	**992**	**633**	**1,394,977**

Notes to Non-Consolidated Financial Statements

Notes concerning matters pertaining to significant accounting policies

1. Valuation Basis and Method for Securities

(1) Stock of subsidiaries:

Valued at cost by the moving-average method.

(2) Available-for-sale securities

Fair value is available

Valued at the quoted market price prevailing at the end of the 5th fiscal year. (Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.)

Fair value is not available

Valued at cost, determined using the moving-average method.

2. Methods of Depreciation for Non-Current Assets

Property and equipment (excluding lease assets):

Amortized using the declining-balance method.

Lease assets

For depreciation of leased assets, useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

Further, finance lease transactions, other than those involving a transfer of ownership, that began prior to February 28, 2009 are accounted for as operating leases.

3. Methods of Accounting for Deferred Assets

New organization costs:
Recorded as expenses using the straight-line method (over five (5) years).

4. Methods of Accounting for Allowances

(1) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(2) Allowance for bonuses to directors and corporate auditors

Allowance for bonuses to directors and corporate auditors is provided at the amount expected to be paid.

(3) Allowance for accrued pension and severance costs (prepaid pension cost)

Allowance for accrued pension and severance costs is provided at the amount incurred at the end of the 5th fiscal year, which is based on the projected benefit obligation and estimated fair value of pension plan assets at the end of the 5th fiscal year. The excess amount of the estimated fair value of the pension plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences as of the end of the 5th fiscal year is recorded as prepaid pension cost.

Unrecognized actuarial differences are amortized on a straight-line basis over a period of mainly ten (10) years, which is shorter than the average remaining years of service of the eligible employees, from the fiscal year following the fiscal year in which the differences arise.

5. Other Significant Items that Form the Basis of the Preparation of Financial Statements

Accounting for consumption taxes, etc.

Consumption taxes, etc., are not included.

6. Changes in Accounting Policies

(Accounting standard for lease transactions)

Finance leases, other than those involving a transfer of ownership, were accounted for in the same manner as operating leases. However, from the 5th fiscal year, the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised March 30, 2007), and accordingly such transactions are now based on the capital lease method. For finance lease transactions other than those involving a transfer of ownership that began prior to the application of the new accounting standards, these finance leases continue to be accounted for as operating leases.

Impact of this application on the Consolidated Statement of Income was immaterial.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: ¥62 million

2. Guarantees

Guarantees are as follows:

(1) For loans of subsidiary IY Card Service Co., Ltd.
¥10,000 million

(2) For bonds issued by subsidiary Ito-Yokado Co., Ltd.
¥20,000 million

(3) For electronic money guaranteed by subsidiary IY Card Service Co., Ltd., pursuant to laws stipulating regulations for prepaid vouchers
¥3,647 million

3. Monetary claims and monetary obligations in regard to subsidiaries and affiliates (excludes items listed elsewhere)

(1) Short-term receivables:	¥1,148 million
(2) Short-term payables:	¥1,236 million
(3) Long-term payables:	¥2,419 million

Notes to Non-Consolidated Statement of Income

Items regarding transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥147,471 million
Selling, general and administrative expenses:	¥486 million
(2) Non-operating transactions:	¥2,163 million

Notes to Statement of Changes in Net Assets

Shares of treasury stock at the end of the 5th fiscal year Common stock 2,965,800 shares

Notes regarding tax effect accounting

Deferred tax assets by cause of occurrence

Deferred tax assets	
Allowance for bonuses to employees:	¥87 million
Accrued enterprise taxes and business office taxes:	¥62 million
Subscriptions to shares:	¥257 million
Tax loss carried forward:	¥7,928 million
Valuation loss on subsidiaries' stock:	¥29,089 million
Other:	¥22 million
Sub-total:	¥37,445 million
Less: Valuation allowance:	(¥37,445 million)
Total:	—

Notes concerning non-current assets utilized through leases

1. Finance lease transactions, other than those involving a transfer of ownership, that began prior to February 28, 2009 (finance lease transactions accounted for as operating leases)

(1) As lessee assumed amounts of acquisition cost, accumulated depreciation, and net book value at the end of the 5th fiscal year are summarized as follows:

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Net book value at the end of the 5th fiscal year
Furniture, fixtures and equipment	17	13	4
Software	13,506	9,119	4,386
Total	13,523	9,133	4,390

(2) The future lease payments of finance leases at the end of the 5th fiscal year are summarized as follows:

Due within one year:	¥2,659 million
Due over one year:	¥1,834 million
Total:	¥4,494 million

(3) Lease payments and assumed amounts of depreciation expense and interest expense are as follows:

Lease payments:	¥2,822 million
Assumed depreciation expense:	¥2,705 million
Assumed interest expense:	¥101 million

(4) Method of calculating assumed amounts of depreciation expense

Assumed amounts of depreciation expense are computed using the straight-line method over the lease term assuming no residual value.

(5) Method of calculating assumed amounts of interest expense

Assumed amounts of interest expense are calculated as the difference between the total lease payments and the assumed acquisition cost of the leased property, using the interest method as the method of allocation for each fiscal year.

2. Operating leases

Future lease payments

Due within one year:	¥508 million
Due after one year:	¥1,610 million
Total:	¥2,119 million

Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

(Millions of yen)

Type of entity	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction	Account title	Ending balance
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100%	Financial support Concurrently serving corporate officers	Deposit of funds Interest on deposits Borrowing of funds Interest on borrowed funds	84,277 7 1,080,028 2,135	Deposits — Short-term loans Accrued expenses	66,958 — 270,000 472
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100%	Guaranty of debt Concurrently serving corporate officers	Guaranty of debt for bonds Operational consignment Office sublease	20,000 1,156 871	— Accounts receivable, other Advance received	— 154 68
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100%	Concurrently serving corporate officers	Business management Operational consignment Office sublease	2,166 1,290 881	Accounts receivable, other Advance received	306 77
Subsidiary	IY Card Service Co., Ltd.	Ownership Indirect: 94%	Guaranty of debt Concurrently serving corporate officers	Guaranty of debt for bank loans Guarantees for prepaid vouchers	10,000 3,647	— —	— —

(Notes)

1. The amount of transaction does not include consumption taxes. However, ending balances include consumption taxes.
2. Decisions regarding transaction conditions are made in the same way as general transactions.

(Additional information)
From the 5th fiscal year, the Company adopted the “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11 of October 17, 2006) and the “Guidance on Accounting Standards for Related Party Disclosures” (ASBJ Guidance No. 13 of October 17, 2006).

Further, there is no change in the scope of disclosure as a result of that adoption.

Notes concerning per share information

1. Net assets per share: ¥1,543.31
2. Net income per share: ¥71.94

Notes concerning significant subsequent event

Acquisition and cancellation of treasury stock

On April 8, 2010, the Company’s Board of Directors approved the acquisition of treasury stock, pursuant to Article 156 of the Companies Act (as applied, *mutatis mutandis*, pursuant to Article 165, Paragraph 3 thereof), and the cancellation of treasury stock thereby acquired, pursuant to Article

178 of the Companies Act.

(1) Reason for the acquisition of treasury stock

To further enhance returns to shareholders and to achieve greater capital efficiency in management.

(2) Details of the acquisition

(i) Type of shares to be acquired

Seven & i Holdings common stock

(ii) Number of shares to be acquired

Up to 20,000,000 shares, representing 2.21% of issued shares (excluding treasury stock)

(iii) Total amount of acquisition

Up to ¥50 billion

(iv) Period of acquisition

From April 15, 2010 to May 20, 2010

(v) Method of acquisition

Open market purchase

(3) Details of the cancellation

(i) Type of shares to be cancelled

Seven & i Holdings common stock

(ii) Number of shares to be cancelled

20,000,000 shares (planned), representing 2.21% of issued shares prior to cancellation (excluding treasury stock). All of the shares acquired as described above in item (2), will be cancelled.

(iii) Number of issued shares after cancellation of treasury stock

886,441,983 shares (planned)

(iv) Scheduled date of cancellation

June 30, 2010

Other notes

In the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to non-consolidated financial statements, amounts have been rounded down to the nearest million.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings.
It is proposed that the retained earnings will be appropriated as described below:

The Company's basic policy is to provide a return of profits in line with profit growth. The Company aims to further improve the redistribution of profits while maintaining a target consolidated payout ratio of 35% and its basic annual dividend amount of ¥50. Also, with respect to the internal reserves, the Company will conduct business reorganization by investing in new businesses as well as actively investing in existing businesses based on specific criteria for investment.

Matters concerning year-end dividends
It is proposed that the year-end dividends for the 5th fiscal year be paid as follows in consideration of the performance for the 5th fiscal year and the future business development, etc.

(1) Type of dividend property
It is proposed that the dividend property will be paid in monetary terms.
(2) Matters concerning the allocation of dividend property and the aggregate amount thereof
It is proposed that the amount of allocation will be ¥28 per one (1) ordinary share of the Company. In such a case, the aggregate amount of dividends shall be ¥25,297,333,124.
Therefore, the annual dividends for the 5th fiscal year, including interim dividends of ¥28, shall be ¥56 per share.
(3) Date on which the dividends from retained earnings become effective
It is proposed that the dividends from retained earnings become effective on May 28, 2010.

Item No. 2: Election of fifteen (15) directors.
The terms of office of all fifteen (15) current directors expire upon the conclusion of this Annual Shareholders' Meeting.
Shareholders are therefore requested to elect fifteen (15) directors.
The candidates for director are as follows:

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
1	Toshifumi Suzuki (December 1, 1932) * 5,061,732 shares	Sep. 1963: Joined Ito-Yokado Co., Ltd. Sep. 1971: Director of Ito-Yokado Co., Ltd. Nov. 1973: Senior Managing Director of Seven-Eleven Japan Co., Ltd. Sep. 1977: Managing Director of Ito-Yokado Co., Ltd. Feb. 1978: President and Representative Director of Seven-Eleven Japan Co., Ltd. Apr. 1983: Senior Managing Director of Ito-Yokado Co., Ltd. May 1985: Executive Vice President and Director of Ito-Yokado Co., Ltd. Oct. 1992: Representative Director and President of Ito-Yokado Co., Ltd. Oct. 1992: Representative Director and Chairman of Seven-Eleven Japan Co., Ltd. (incumbent) May 2003: Representative Director and Chairman of Ito-Yokado Co., Ltd. Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. May 2003: Chief Executive Officer (CEO) of Seven-Eleven Japan Co., Ltd. (incumbent) Sep. 2005: Representative Director and Chairman of the Company (incumbent) Chief Executive Officer (CEO) of the Company (incumbent) Mar. 2006: Representative Director and Chairman of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) (Important Concurrent Positions) * Representative Director and Chairman and Chief Executive Officer (CEO) of Seven-Eleven Japan Co., Ltd. * Representative Director and Chairman and Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. * Representative Director and Chairman of 7-Eleven, Inc. * Representative Director and Chairman of SEVEN-ELEVEN (HAWAII), INC. * Executive Vice President of Tohan Corporation

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
2	Noritoshi Murata (February 11, 1944) * 41,340 shares	Oct. 1971: Joined Ito-Yokado Co., Ltd. May 1990: Director of Ito-Yokado Co., Ltd. May 1996: Managing Director of Ito-Yokado Co., Ltd. May 2003: Senior Managing Director of Ito-Yokado Co., Ltd. Senior Executive Officer of Ito-Yokado Co., Ltd. Sep. 2005: Representative Director and President of the Company (incumbent) Chief Operating Officer (COO) of the Company (incumbent)
3	Tadahiko Ujiie (May 22, 1945) * 14,862 shares	Apr. 1980: Joined Seven-Eleven Japan Co., Ltd. May 1990: Director of Seven-Eleven Japan Co., Ltd. May 1997: Managing Director of Seven-Eleven Japan Co., Ltd. May 2001: Senior Managing Director of Seven-Eleven Japan Co., Ltd. May 2003: Senior Executive Officer of Seven-Eleven Japan Co., Ltd. Sep. 2005: Director of the Company (incumbent) Chief Financial Officer (CFO) of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of SE CAPITAL CORPORATION * Representative Director and President of SEVEN & i Financial Center Co., Ltd. * Representative Director and President of SEVEN & i FINANCIAL GROUP CO., LTD. * Director of Seven Bank, Ltd.

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and Important concurrent positions
4	Katsuhiro Goto (December 20, 1953) * 14,040 shares	Jul. 1989: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Ito-Yokado Co., Ltd. May 2003: Executive Officer of Ito-Yokado Co., Ltd. May 2004: Managing Director of Ito-Yokado Co., Ltd. Managing Executive Officer of Ito-Yokado Co., Ltd. Sep. 2005: Director of the Company (incumbent) Chief Administrative Officer (CAO) of the Company (incumbent) Mar. 2006: Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company), Managing Executive Officer of Ito-Yokado Co., Ltd. (newly incorporated company) May 2006: Director of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) Director of Millennium Retailing, Inc. Aug. 2009: Director of Sogo & Seibu Co., Ltd. (incumbent) (Important Concurrent Positions) * Representative Director and President of Seven & i Netmedia Co., Ltd. * Director of Ito-Yokado Co., Ltd. * Director of Sogo & Seibu Co., Ltd.
5	Tsuyoshi Kobayashi (August 12, 1957) * 5,600 shares	Feb. 2004: Joined Seven-Eleven Japan Co., Ltd. Sep. 2005: Executive Officer of the Company (incumbent) Senior Officer of Corporate Planning Department of the Company (incumbent) May 2009: Director of the Company (incumbent) Senior Officer of Overseas Planning Department of the Company (incumbent)
6	Junro Ito (June 14, 1958) *3,173,003 shares	Aug. 1990: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. Jan. 2007: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Director of the Company (incumbent) Executive Officer of the Company (incumbent) Senior Officer of Corporate Planning Department of the Company (incumbent)

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
7	Atsushi Kamei (May 30, 1944) * 22,660 shares	Jan. 1980: Joined Ito-Yokado Co., Ltd. May 1993: Director of Ito-Yokado Co., Ltd. May 1999: Managing Director of Ito-Yokado Co., Ltd. May 2003: Senior Managing Director of Ito-Yokado Co., Ltd. Senior Executive Officer of Ito-Yokado Co., Ltd. Mar. 2006: Senior Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company) Senior Executive Officer of Ito-Yokado Co., Ltd. (newly incorporated company) Sep. 2006: Representative Director and President of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) Chief Operating Officer (COO) of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) Oct. 2006: Director of Millennium Retailing, Inc. May 2007: Director of the Company (incumbent) Aug. 2009: Director of Sogo & Seibu Co., Ltd. (incumbent) (Important Concurrent Positions) * Representative Director and President and Chief Operating Officer (COO) of Ito-Yokado Co., Ltd. * Director of Sogo & Seibu Co., Ltd.
8	Ryuichi Isaka (October 4, 1957) *14,612 shares	Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2006: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Representative Director and President of Seven-Eleven Japan Co., Ltd. (incumbent) Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd. (incumbent) May 2009: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President and Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
9	Akihiko Hanawa (February 12, 1942) * 67,580 shares	Aug. 1967: Joined Ito-Yokado Co., Ltd. May 1985: Director of Ito-Yokado Co., Ltd. May 1991: Managing Director of Ito-Yokado Co., Ltd. May 1996: Senior Managing Director of Ito-Yokado Co., Ltd. May 2003: Senior Executive Officer of Ito-Yokado Co., Ltd. Mar. 2006: Senior Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company) Senior Executive Officer of Ito-Yokado Co., Ltd. (newly incorporated company) May 2007: Representative Director and President of Seven & i Food Systems Co., Ltd. (incumbent) May 2007: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of Seven & i Food Systems Co., Ltd.
10	Kunio Yamashita (October 28, 1942) *1,000 shares	Apr. 1966: Joined THE SEIBU DEPARTMENT STORES, LTD. May 1992: Director of THE SEIBU DEPARTMENT STORES, LTD. May 2000: Managing Director of THE SEIBU DEPARTMENT STORES, LTD. Jun. 2003 Director of Millennium Retailing, Inc. Sep. 2006: Managing Director of Millennium Retailing, Inc. May 2007: Senior Managing Director of Millennium Retailing, Inc. Sep. 2007: Representative Director and President of Sogo Co., Ltd. (Currently Sogo & Seibu Co., Ltd.) (incumbent) Oct. 2008: Representative Director and President of Millennium Retailing, Inc. Oct. 2008: Representative Director and President of THE SEIBU DEPARTMENT STORES, LTD. May 2009: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of Sogo & Seibu Co., Ltd.

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
11	Takashi Anzai (January 17, 1941) * 0 shares	Apr. 1963: Joined the Bank of Japan Dec. 1994: Executive Director of the Bank of Japan Nov. 1998: Representative Director and President of The Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited) Aug. 2000: Counsel of Ito-Yokado Co., Ltd. Apr. 2001: Representative Director and President of IY Bank Co., Ltd. (currently Seven Bank, Ltd.) (incumbent) Sep. 2005: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of Seven Bank, Ltd.
12	Zenko Ohtaka (March 1, 1940) * 1,518,769 shares	Apr. 1958: Joined Benimaru Shoten Co., Ltd. (currently York-Benimaru Co., Ltd.) Oct. 1963: Managing Director of York-Benimaru Co., Ltd. May 1984: Senior Managing Director of York-Benimaru Co., Ltd. May 1994: Director and Vice President of York-Benimaru Co., Ltd. May 2000: Representative Director and President of York-Benimaru Co., Ltd. (incumbent) May 2003: Chief Operating Officer (COO) of York-Benimaru Co., Ltd. (incumbent) Sep. 2005: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President and Chief Operating Officer (COO) of York-Benimaru Co., Ltd.
13	Noritaka Shimizu (October 15, 1937) * 0 shares	Apr. 1961: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation) Sep. 1990: Director of Toyota Motor Corporation Sep. 1996: Managing Director of Toyota Motor Corporation Jun. 1998: Senior Managing Director of Toyota Motor Corporation Jun. 1999: Representative Director and Vice President of Toyota Motor Corporation Apr. 2003: Representative Director and Chairman of Toyota Home Inc. May 2006: Director of the Company (incumbent) (Important Concurrent Positions) * President of Aichi Public University

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
14	Scott Trevor Davis (December 26, 1960) * 1,400 shares	Apr. 1990: Full-time researcher at The Japan Institute of Labor Apr. 1993: Lecturer of the Department of Business Administration, the Faculty of Economics of Gakushuin University Apr. 2001: Professor of the International Business Administration Department, the International School of Economics and Business Administration of Reitaku University May 2004: Director of Ito-Yokado Co., Ltd. Sep. 2005: Director of the Company (incumbent) Mar. 2006: Director of Ito-Yokado Co., Ltd. (newly incorporated company) Apr. 2006: Professor of the Department of Global Business, College of Business, Rikkyo University (incumbent) (Important Concurrent Positions) * Professor of the Department of Global Business, College of Business, Rikkyo University

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
15	Ikujiro Nonaka (May 10, 1935) * 2,300 shares	Apr. 1958: Joined Fuji Electric Manufacturing K.K. (currently Fuji Electric Holdings Co., Ltd.) Apr. 1977: Professor of the Department of Business Administration, Nanzan University Jan. 1979: Professor of National Defense Academy of Japan Apr. 1982: Professor of Institute of Business Research, Faculty of Commerce and Management, Hitotsubashi University Apr. 1995: Professor of Japan Advanced Institute of Science and Technology Sep. 1997: Xerox Distinguished Professor in Knowledge, Haas School of Business, University of California, Berkeley (incumbent) Apr. 2000: Professor of Graduate School of International Corporate Strategy, Hitotsubashi University Jun. 2004: Director of Fujitsu, Limited (incumbent) Apr. 2006: Emeritus Professor of Hitotsubashi University (incumbent) Jan. 2007: Emeritus Scholar of The Drucker School, Claremont Graduate University (incumbent) Jun. 2007: Director of Mitsui & Co., Ltd. (incumbent) May 2008: Director of the Company (incumbent) (Important Concurrent Positions) * Xerox Distinguished Professor in Knowledge, Haas School of Business, University of California, Berkeley * Emeritus Professor of Hitotsubashi University * Emeritus Scholar of The Drucker School, Claremont Graduate University

(Notes)

1. Mr. Takashi Anzai concurrently holds the office of Representative Director and President of Seven Bank, Ltd., which engages in transactions that are similar to the business of the Company. There is no special relationship of interest between the other candidates and the Company.

2. Messrs. Noritaka Shimizu, Scott Trevor Davis, and Ikujiro Nonaka are candidates for the office of outside director as set forth in Article 2, Item 15 of the Companies Act and satisfy the requirements for outside director as set forth in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

In addition, Messrs. Noritaka Shimizu, Scott Trevor Davis, and Ikujiro Nonaka are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators of the Company or the specified relation business associates of the Company.

Messrs. Noritaka Shimizu, Scott Trevor Davis, and Ikujiro Nonaka are nominated for the office of outside director for the following reasons:

Mr. Noritaka Shimizu has many years of experience on management such as being the Representative Director and Vice President of Toyota Motor Corporation and the Representative

Director and Chairman of Toyota Home Inc., and in order to make use of his wide and advanced knowledge and experiences, etc., on management to the management of the Company, election as an outside director is requested.

Mr. Noritaka Shimizu is currently an outside director of the Company and his term of office as an outside director shall be four (4) years upon the conclusion of this Annual Shareholders' Meeting.

Mr. Scott Trevor Davis has advanced global professional management knowledge from being a university professor of global business administration for many years, and in order to make use of his extensive and advanced knowledge, etc., of management for the benefit of the Company, his election as an outside director is requested.

Mr. Scott Trevor Davis is currently an outside director of the Company and his term of office as an outside director shall be four (4) years and eight (8) months upon the conclusion of this Annual Shareholders' Meeting.

Mr. Ikujiro Nonaka is nominated for the office of outside director because we hope that his deep knowledge of management as an expert of theories of organizations and management will be exploited in the future management strategy of the Company.

Mr. Ikujiro Nonaka is currently an outside director of the Company and his term of office as an outside director shall be two (2) years upon the conclusion of this Annual Shareholders' Meeting.

3. If the reappointments of the candidates for outside director are approved, the Company intends to continue the liability limitation agreement with each of them. The outline of the substance of the liability limitation agreement is on page 28.

4. The Company has designated Mr. Noritaka Shimizu, Mr. Scott Trevor Davis, and Mr. Ikujiro Nonaka as independent Board members in accordance with the Tokyo Stock Exchange's regulations, and accordingly a report was submitted to the Tokyo Stock Exchange.

5. The brief personal history of each of the above candidates is as of April 8, 2010.

Item No. 3: Election of five (5) corporate auditors.

The terms of office of all five (5) current corporate auditors expire upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect five (5) corporate auditors.

This submission of this proposal is conducted with the consensus of the Board of Corporate Auditors.

The candidates for corporate auditor are as follows:

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, and important concurrent positions
1	Ikuo Kanda (October 1, 1946) * 21,720 shares	Mar.1969: Joined Ito-Yokado Co., Ltd. Feb. 1992: General Manager of General Services Department of Ito-Yokado Co., Ltd. May 2002: Standing Corporate Auditor of Ito-Yokado Co., Ltd. Sep. 2005: Standing Corporate Auditor of the Company (incumbent) Mar. 2006: Standing Corporate Auditor of Ito-Yokado Co., Ltd. (newly incorporated company) May 2006: Corporate Auditor of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) (Important Concurrent Positions) * Corporate Auditor of Ito-Yokado Co., Ltd. * Corporate Auditor of York-Benimaru Co., Ltd. * Corporate Auditor of York Mart Co., Ltd.
2	Hisashi Seki (July 25, 1948) * 9,000 shares	Mar. 1978: Joined Seven-Eleven Japan Co., Ltd. Mar. 1989: Zone Manager of Store Operations Department of Seven-Eleven Japan Co., Ltd. Jan. 1996: General Manager of Equipment Department of Seven-Eleven Japan Co., Ltd. May 2003: Standing Corporate Auditor of Seven-Eleven Japan Co., Ltd. Sep. 2005: Standing Corporate Auditor of the Company (incumbent) May 2006: Corporate Auditor of Seven-Eleven Japan Co., Ltd. (incumbent) (Important Concurrent Positions) * Corporate Auditor of Seven-Eleven Japan Co., Ltd.

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
3	Yoko Suzuki (September 21, 1970) * 0 shares	Apr. 1998: Registered with the Tokyo Bar Association Joined Takagi Law Firm (currently Koike and Takagi Law Firm) Nov. 2002: Joined and became a partner of Suzuki Law Firm (incumbent) May 2003: Corporate Auditor of Ito-Yokado Co., Ltd. Sep. 2005: Corporate Auditor of the Company (incumbent) Mar. 2006: Corporate Auditor of Ito-Yokado Co., Ltd. (new established company) (incumbent) (Important Concurrent Positions) *Attorney at Law
4	Megumi Suto (January 23, 1948) * 0 shares	Nov. 1984: Senior Research Engineer of Japan Securities Research Institute Apr. 1988: Assistant Professor of the School of Economics, Meikai University Apr. 1993: Professor of the School of Economics, Chuo University Jan. 2001: Member of the Council on Customs, Tariff, Foreign Exchange and other Transactions Feb. 2001: Member of the Financial Council Mar. 2003: Member of the Disclosure Work Group of the Financial Council Apr. 2004: Professor of the Waseda Center for Finance Research University (incumbent) Jun. 2005: Corporate Auditor of Mitsui Sumitomo Insurance Company, Limited (incumbent) Sep. 2005: Corporate Auditor of the Company (incumbent) Sep. 2008: Dean of the Waseda Graduate School of Finance, Accounting and Law, and Director of the Waseda Center for Finance Research (incumbent) (Important Concurrent Positions) * Dean of the Waseda Graduate School of Finance, Accounting and Law, and Director of the Waseda Center for Finance Research

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
5	Tsuguoki Fujinuma (November 21, 1944) * 0 shares	Apr. 1969: Joined Horie Morita Accounting Firm Jun. 1970: Joined Arthur & Young Accounting Firm Jan. 1981: Partner of Arthur & Young Accounting Firm May 1986: Joined Asahi Shinwa Accounting Firm (Partner) May 1991: Managing Partner of Asahi Shinwa Accounting Firm Jul. 1993: Managing Partner of Ota Showa & Co. (currently, Ernst & Young ShinNihon LLC) May 2000: President of the International Federation of Accountants (IFAC) Jul. 2004: Chairman and President of the Japanese Institute of Certified Public Accountants Aug. 2007: Director of Tokyo Stock Exchange Group, Inc. (incumbent) Oct. 2007: Governor of Tokyo Stock Exchange Regulation (incumbent) Apr. 2008: Specially-appointed Professor of Chuo Graduate School of Strategic Management (incumbent) Jun. 2008: Director of Nomura Holdings, Inc. (incumbent) Jun. 2008: Corporate Auditor of Sumitomo Corporation (incumbent) Jun. 2008: Corporate Auditor of Takeda Pharmaceutical Company Limited. (incumbent) Jul. 2008: Director of Sumitomo Life Insurance Company (incumbent) (Important Concurrent Positions) * Certified Public Accountant * Specially-appointed Professor of Chuo Graduate School of Strategic Management

(Notes)

1. There is no special relationship of interest between each candidate and the Company.
2. Ms. Yoko Suzuki, Ms. Megumi Suto, and Mr. Tsuguoki Fujinuma are candidates for the office of outside corporate auditor as set forth in Article 2, Item 16 of the Companies Act and satisfy the requirements for outside corporate auditor as set forth in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.

In addition, Ms. Yoko Suzuki, Ms. Megumi Suto, and Mr. Tsuguoki Fujinuma are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators of the Company or the specified relation business associates of the Company.

Ms. Yoko Suzuki, Ms. Megumi Suto, and Mr. Tsuguoki Fujinuma are nominated for the office of outside corporate auditor for the following reasons:

Ms. Yoko Suzuki, as an attorney, possesses vast legal knowledge, and therefore is able to perform audits appropriately from the standpoint of fully complying with laws and regulations. For this reason, her election as an outside corporate auditor is requested.

Ms. Yoko Suzuki is currently an outside corporate auditor of the Company and her term of office as an outside corporate auditor shall be four (4) years and eight (8) months upon the conclusion of this Annual Shareholders' Meeting.

Ms. Megumi Suto, as a specialist in economics and finance, has a great deal of experience and knowledge specializing in economics and finance, and therefore is able to use the judgment that has been honed through those years of experience and perform audits appropriately. For this reason, her election as an outside corporate auditor is requested.

Ms. Megumi Suto is currently an outside corporate auditor of the Company and her term of office as an outside corporate auditor shall be four (4) years and eight (8) months upon the conclusion of this Annual Shareholders' Meeting.

Mr. Tsuguoki Fujinuma, as a certified public accountant, has a great deal of experience and knowledge specializing in accounting, and therefore is able to use the judgment that has been honed through those years of experience and perform audits appropriately. For this reason, his election as an outside corporate auditor is requested.

3. If the appointments or reappointments of the candidates for outside corporate auditor are approved, the Company intends to establish or continue the liability limitation agreement with each of them. The outline of the substance of the liability limitation agreement is on page 28.

4. The Company has designated Ms. Yoko Suzuki and Ms. Megumi Suto as independent Board members in accordance with the Tokyo Stock Exchange's regulations, and accordingly a report was submitted to the Tokyo Stock Exchange.

5. The Company intends to designate Mr. Tsuguoki Fujinuma as an independent Board member in accordance with the Tokyo Stock Exchange's regulations, and accordingly a report will be submitted to the Tokyo Stock Exchange.

6. The brief personal history of each of the above candidates is as of April 8, 2010.

Item No. 4: Entrusting to the Company's Board of Directors determination of the subscription requirements for the share subscription rights, as stock options for stock-linked compensation issued to the executive officers of the Company, as well as the directors and executive officers of the Company's subsidiaries.

Pursuant to Articles 236, 238, and 239 of the Companies Act, we ask that you kindly approve as follows the allotment of share subscription rights without contribution as stock options to the executive officers of the Company as well as the directors (excluding outside directors) and executive officers of the Company's subsidiaries, as well as entrusting the determination of the subscription requirements to the Company's Board of Directors.

1. The reasons why it is necessary to solicit parties who will subscribe for the share subscription rights on particularly favorable terms

In connection with the compensation system for the executive officers of the Company as well as the directors and executive officers of the Company's major subsidiaries, the severance payment system has already been abolished and a performance-linked compensation system has been introduced. We decided to issue share subscription rights without requiring payment of monies, that is, without consideration to the executive officers of the Company as well as the directors (excluding outside directors) and executive officers of the Company's subsidiaries. The purpose of this grant is to further promote their motivation to contribute to the enhancement of the mid-to-long term continuous business performance and enterprise value, and to arouse morale by causing the executive officers of the Company as well as the directors (excluding outside directors) and executive officers of the Company's subsidiaries to not only enjoy the benefits from rises in the share price but also to bear the risks from declines in the share price.

2. Substance and maximum number of the share subscription rights for which subscription requirements may be determined pursuant to the matters determined at this Annual Shareholders' Meeting

(1) Maximum number of the share subscription rights for which subscription requirements may be determined pursuant to the entrustment by way of a resolution of this Annual Shareholders' Meeting

The maximum number of the share subscription rights for which the Board of Directors will be authorized to determine the subscription requirements based on the entrustment by way of a resolution of this Annual Shareholders' Meeting shall be 1,270.

(2) Cash payment for the share subscription rights

No cash payment will be required for the share subscription rights for which the Board of Directors will be authorized to determine the subscription requirements based on the entrustment by way of a resolution of this Annual Shareholders' Meeting.

(3) Substance of the share subscription rights

(i) Class and number of shares to be acquired upon exercise of the share subscription rights

The number of shares to be acquired upon exercise of one (1) share subscription right (the "Subject Share Number") shall be one hundred (100) ordinary shares of the Company, and the maximum total number of shares acquired upon the exercise of the share subscription rights shall be 127,000 shares.

The Subject Share Number will be adjusted by the following calculation formula if the Company engages in a share split, allotment of shares without contribution, or consolidation of shares after the allotment of the share subscription rights. Such adjustment shall be made only with respect to the number of shares that are the subject of the share subscription rights that have not been exercised as of such time, and any fraction under one (1) share resulting from such adjustment shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split/consolidation

In addition to the above, if any inevitable event arises where the number of shares must be adjusted after the allotment date, the Company will adjust the number of shares as necessary to a reasonable extent.

(ii) Amount of property contributed upon the exercise of the share subscription rights
The property to be contributed upon the exercise of the share subscription rights shall be in pecuniary form, and the above amount shall be one (1) yen (which is the amount to be paid in per share acquired upon exercising the share subscription rights) multiplied by the Subject Share Number.

(iii) Period during which the share subscription rights are exercisable
Such period shall be from the last day in February in the year following the date of allotment of the share subscription rights until the 30th anniversary of the date following such allotment date.

(iv) Matters regarding capital and capital reserve that shall be increased when shares are issued upon the exercise of the share subscription rights
a. The increased amount of capital upon the issuance of shares by the exercise of the share subscription rights shall be one half of the maximum amount of increases of capital, etc., calculated in accordance with Article 17, Paragraph 1 of the Companies Accounting Regulations ("*Kaisha Keisan Kisoku*"). Any fractional amount of less than one (1) yen resulting from such calculation shall be rounded up.
b. The increased amount of the capital reserve upon the issuance of shares by the exercise of the share subscription rights shall be the amount of the maximum amount of the increases of capital, etc., mentioned in a. above, after subtracting the increased amount of capital prescribed in a. above.

(v) Restriction on acquisition of the share subscription rights by transfer
An acquisition of the share subscription rights by way of transfer requires the approval of the Board of Directors of the Company.

(vi) Events and conditions for the Company's acquisition of the share subscription rights
a. The Company may acquire the share subscription rights without contribution on a date separately determined by the Board of Directors if (i) a proposal for approval of a merger agreement whereby the Company becomes the dissolving company, (ii) a proposal for approval of a company split agreement or company split plan whereby the Company becomes the splitting company, or (iii) a proposal for approval of a share exchange agreement or share transfer plan whereby the Company becomes the wholly owned subsidiary has been approved at a shareholders' meeting of the Company (or resolved by the Board of Directors where the resolution of the shareholders' meeting is not necessary).
b. The Company may acquire the share subscription rights without contribution if the share subscription right holder becomes unable to exercise the share subscription rights for any reason such as ceasing to fall under the conditions for exercising rights indicated in (ix) below.
c. The Company may acquire the share subscription rights without contribution if the share subscription right holder violates the provisions of the share subscription rights allotment agreement.

(vii) Treatment upon restructuring transaction
If the Company is to engage in a merger (limited only to cases where the Company becomes the

dissolving Company due to merger), absorption-type split, incorporation-type split, share exchange, or share transfer (collectively, the “Restructuring Transaction”), it shall for each case, respectively, deliver the share subscription rights of the stock companies (“*kabushiki kaisha*”) listed under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the “Restructuring Company”) to the share subscription right holders of the share subscription rights remaining as of the effectuation of the Restructuring Transaction (the “Remaining Share Subscription Rights”) pursuant to the following conditions. In such a case, the Remaining Share Subscription Rights will be extinguished. However, the foregoing shall be limited to cases where it is indicated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan to the effect that the share subscription rights of the Restructuring Company will be delivered in accordance with the following conditions.
a. Number of the share subscription rights of the Restructuring Company to be delivered
The same number as the number of the share subscription rights held by the share subscription right holder of the Remaining Share Subscription Rights as of the effectuation of the Restructuring Transaction shall be delivered, respectively.
b. Class of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights
The above shares shall be the ordinary shares of the Restructuring Company.
c. Number of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights
This will be determined analogously as (i) above, taking into consideration the conditions, etc., of the Restructuring Transaction.
d. Amount of property contributed upon the exercise of the share subscription rights
The amount of property contributed upon the exercise of share subscription rights to be delivered shall be the amount obtained by multiplying the adjusted exercise price after the restructuring by the number of shares that are the subject of the share subscription rights, taking into consideration the conditions, etc., of the Restructuring Transaction.
e. Period during which the share subscription rights are exercisable
The above period shall be the later of the commencement date of the period indicated in (iii) above during which the Remaining Share Subscription Rights are exercisable and the date of effectuation of the Restructuring Transaction, until the last date of the period indicated in (iii) above during which the Remaining Share Subscription Rights are exercisable.
f. Matters regarding capital and capital reserve that shall be increased when shares are issued upon the exercise of the share subscription rights
The above matters shall be determined analogously as (iv) above.
g. Restriction on the acquisition of the share subscription rights by transfer
An acquisition of the share subscription rights by way of transfer requires the approval by a resolution of the Board of Directors of the Restructuring Company (if the Restructuring Company is not a Company with a Board of Directors, then determination by its director).
h. Events and conditions for the Restructuring Company’s acquisition of the share subscription rights
The above events and conditions shall be determined analogously as (vi) above.
i. Conditions for exercising the share subscription rights
The above conditions shall be determined analogously as (ix) below.

(viii) Rounding off of fractions
Any fraction under one (1) share in the number of shares to be delivered to the share subscription right holders shall be rounded off.

(ix) Conditions for exercising the share subscription rights
a. A share subscription right holder may only exercise the share subscription rights within ten (10) days from the day following the day he/she loses his/her position as a director or executive officer of the Company, or as a director or executive officer of the Company's subsidiaries.
b. Notwithstanding the provisions in a. above, in the event that a proposal for approval of a merger agreement whereby the Company becomes the dissolving company or a proposal for approval of a share exchange agreement or share transfer plan whereby the Company becomes a wholly owned subsidiary has been approved at a shareholders' meeting of the Company (or resolved by the Board of Directors where the resolution of the shareholders' meeting is not necessary), then the share subscription right holder may only exercise the share subscription rights within thirty (30) days from the day following the day on which the proposal is approved.
c. Notwithstanding the provisions in a. above, in the event that the share subscription right holder is a director or executive officer of a company that is a subsidiary of the Company, and that company later ceases to be a subsidiary of the Company (including but not limited to the event that this change results from a "Restructuring Transaction" or assignment of shares), then the share subscription right holder may only exercise the share subscription rights within thirty (30) days from the day following the day on which the company ceases to be a subsidiary of the Company.
d. The share subscription right holder must exercise all of the allotted share subscription rights at one time.
e. If a share subscription right holder passes away, his/her heir may exercise such right. The conditions for exercising the share subscription right by the heir shall be as set forth in the agreement referred to in f. below.
f. Other conditions shall be as set forth in the "Share Subscription Rights Allotment Agreement" entered into between the Company and the share subscription right holders pursuant to the resolution of the Board of Directors.

(x) Other details of the share subscription rights
Details of (i) through (ix) above and items other than (i) through (ix) above shall be determined by the Board of Directors which determines the subscription requirements of the share subscription rights.

End

[Exercise of Voting Rights by Electronic Method]
Exercise of voting rights via the Internet
If you exercise your voting rights via the Internet, please confirm the following items before you vote.

If you attend the Annual Shareholders' Meeting in person, it is not necessary to complete the procedures for exercising your voting rights in writing (Voting Instructions Form) or via the Internet.

Notes

1. Voting Site
(1) You can exercise your voting rights via the Internet by accessing the Voting Site designated by the Company (http://www.evote.jp/) from your personal computer or cell phone ("i-mode," "EZweb," or "Yahoo! Keitai")*. (Please note that service is not available between 2:00 a.m. and 5:00 a.m. Japan Standard Time (JST) each day.)

*"i-mode," "EZweb," and "Yahoo!" are the trademarks or registered trademarks of NTT DOCOMO INC., KDDI Corporation, and Yahoo! Inc., of the United States, respectively.

(2) Depending on certain factors in the shareholder's Internet usage environment, it might not be possible to exercise voting rights via a personal computer. These factors include the use of a firewall, etc., in the Internet connection, the use of anti-virus software, and the use of a proxy server.

(3) To exercise your voting rights by cell phone, please use one of the following services: "i-mode," "EZweb," or "Yahoo! Keitai." To ensure security, cell phones that cannot send encrypted communications (SSL communications) and cell phone information cannot be used to exercise voting rights.

(4) Voting rights may be exercised via the Internet until 5:30 p.m. JST on Wednesday, May 26, 2010. However, shareholders are kindly requested to exercise their voting rights early. If you have any questions, please contact the Corporate Agency Department Help Desk.

2. Method of exercising voting rights via the Internet
(1) On the Voting Site (http://www.evote.jp/), enter your "login ID" and "temporary password," which are printed on the Voting Instructions Form. Follow the instructions on your computer screen and input your vote for or against the proposed actions.

(2) To prevent unauthorized access by people other than shareholders and to prevent the falsification of shareholder votes, shareholders voting via the Internet will be asked to change their "temporary password" on the Voting Site.

(3) A new "login ID" and "temporary password" will be provided with the convocation for each Shareholders' Meeting.

3. Costs incurred in accessing the Voting Site
Costs (dial-up connection fees, telephone charges, etc.) incurred in accessing the Voting Site (http://www.evote.jp/) will be the responsibility of the shareholder. If a cell phone is used, packet transmission fees and other cell phone usage fees resulting from the use of the cell phone will also

be the responsibility of the shareholder.

For inquiries regarding the system, etc.

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department (Help Desk)

Tel: 0120-173-027 (Hours: 9:00 a.m. to 9:00 p.m. JST)

Platform for Electronic Exercise of Voting Rights
In addition to the exercise of voting rights via the Internet as described above, if nominee shareholders, such as trust and custody services banks (including standing proxies), make prior application to use the platform for the electronic exercise of voting rights that is operated by ICJ Inc., a joint corporation established by Tokyo Stock Exchange, Inc., etc., such shareholders may use that platform as an electronic method for exercising voting rights in connection with the Shareholders' Meeting of the Company

End

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.