Securities Code No. 3382
May 6, 2011

To Our Shareholders:

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

CONVOCATION NOTICE OF THE 6TH ANNUAL SHAREHOLDERS' MEETING

Seven & i Holdings extends its heartfelt sympathy to the victims of the Great East Japan Earthquake, which occurred in March, 2011.
You are invited to attend the 6th 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 25, 2011 (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 81 to 82, 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 26, 2011 (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 6th fiscal year (from March 1, 2010 to February 28, 2011), 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 6th fiscal year (from March 1, 2010 to February 28, 2011).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

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

Item No. 3: 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, 2010 to February 28, 2011)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 6th consolidated fiscal year, the operating environment in the retail industry remained weak. With corporate profits following a trend of improvement, there were some signs of improvement in consumer spending. Nonetheless, prices continued to decline at a moderate pace, centered on high-frequency items, such as food and lifestyle sundries.

In this setting, the Group worked to further strengthen its existing businesses and to develop new businesses. As continuing measures targeting increased Group synergy effects, to further strengthen our existing businesses, we worked to bolster development and sales of our *Seven Premium* private-brand products, and in September 2010 we began sales of *Seven Premium Gold* products, which offer a quality one rank above *Seven Premium*. Furthermore, we expanded product sales with Global Merchandising initiatives that utilized the sales capabilities and infrastructure of the Group in Japan and overseas. Among others, in the field of food, we implemented joint procurement activities for raw materials and products, leveraging the Group's information-gathering and sales capabilities, and in sales promotions, we launched a sales campaign for the first time from January 2011 that linked all of the Group's operating companies. In these ways, we aggressively implemented initiatives that transcend the business category's frameworks.

As initiatives targeting development of new businesses, in September 2010, the Company's consolidated subsidiaries SEVEN & i FINANCIAL GROUP CO., LTD., and Sogo & Seibu Co., Ltd., concluded a basic agreement for comprehensive alliance with Credit Saison Co., Ltd., a retail industry credit card company. Based on this agreement, Seven CS Card Service Co., Ltd., was established as a wholly owned subsidiary of Credit Saison Co., Ltd., in order to convert the joint card operations that Sogo & Seibu Co., Ltd., ran with Credit Saison Co., Ltd., into a joint venture company. In April 2011, Seven CS Card Service Co., Ltd., became a consolidated subsidiary of the Company and we will continue to strengthen our card services.

Each operating company strengthened their product lineups and sales areas that are aligned with customer needs and worked to increase their profitability through cutting costs.

Consequently, our consolidated results in the 6th consolidated fiscal year were as follows.

The revenues from operations were ¥5,119.7 billion (up 0.2% YOY) due to higher gasoline prices in convenience store operations in North America, although sales in domestic superstore and department store operations were sluggish and the appreciation of the yen had negative effects. The operating income was ¥243.3 billion (up 7.4% YOY), and due primarily to higher incomes in domestic convenience store operations, the ordinary income was ¥242.9 billion (up 7.0% YOY).

The net income was ¥111.9 billion (up 149.5% YOY) due to the increase in special gains and the decrease in special losses, in addition to the factors causing the increase in the items regarding ordinary income level.

Overview of business by segment

An overview of business by segment in the 6th consolidated 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. Consequently, the number of domestic stores reached 13,232 stores (up 479 stores YOY) in 38 prefectures at the end of the 6th consolidated fiscal year. In sales, in order to realize close by, convenient stores to respond to changes in society, such as the aging population and the increase in working women, we continued to focus on the development of high-quality fast foods and bolstered lineups of products that are frequently used in daily life, centered on *Seven Premium* products. In services, we commenced credit card settlement in June 2010, and we began selling the *Ticket PIA* over the counter in November 2010. Furthermore, with respect to administrative service such as issuing services for residence certificates and seal registration certificates, we worked to further increase convenience by aggressively expanding the number of municipalities to which we can offer such services. For the 6th consolidated fiscal year, sales of mid-summer products rose in the summer season, and sales of daily products, centered on fast foods, continued to improve. In addition, due to a tax increase in October 2010, sales of cigarettes increased. Consequently, the rate of growth in sales at existing stores was up year on year. The total store sales in Japan, which comprise corporate and franchised store sales, were ¥2,947.6 billion (up 5.8%YOY).

In North America, 7-Eleven, Inc., focused on opening new stores and converting existing stores to franchised stores. Consequently, as of the end of December 2010, the number of stores in North America was 6,610 (up 221 stores YOY), including 5,064 franchised stores (up 415 stores YOY). 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, the rate of growth in dollar-based merchandise sales at existing stores in the United States increased year on year. Although the appreciation of the yen had an effect, total sales were ¥1,445.5 billion (up 3.6% YOY), due primarily to higher gasoline prices.

In China, SEVEN-ELEVEN (BEIJING) CO., LTD., had 100 stores as of the end of December 2010 (up 8 stores YOY). Ninety-four of those stores are in Beijing, and six are in Tianjin. In each of these areas, the stores met the needs of local customers and recorded favorable sales. In December 2010, we established SEVEN-ELEVEN (CHENGDU) Co., Ltd., to develop 7-Eleven stores in Chengdu, Sichuan Province.

Also, as a result of our initiatives to further strengthen the 7-Eleven brand and to expand our global store networks, the number of 7-Eleven stores in 16 countries around the world surpassed 40,000 stores in 2010.

Consequently, the revenues from operations in convenience store operations were ¥2,036.4 billion (up 3.4% YOY) due primarily to the effect of higher gasoline prices at 7-Eleven, Inc., and the operating income was ¥195.4 billion (up 6.3% YOY) due to the substantial increase in profits at Seven-Eleven Japan. The appreciation of the yen had the effect which decreased the revenues from operations by about ¥98.0 billion and the operating income by about ¥2.2 billion.

(ii) Superstore operations

In domestic superstore operations, Ito-Yokado Co., Ltd., had 170 stores at the end of the 6th consolidated fiscal year (down 4 stores YOY). We opened 6 stores, including the large-scale shopping centers, *Ario*, while we closed 10 stores, principally in rural areas. In addition, we created sales areas utilizing the Group's specialty stores. For example, in Ito-Yokado stores we opened *tanosia*, a lifestyle sundries specialty store, which we jointly developed with THE LOFT CO., LTD. In apparel, we worked to strengthen development and sales of original products, such as functional clothing, and we launched a new brand of women's wear. However, apparel sales were especially weak because consumers continued to strongly economize, and lingering summer heat had an adverse effect. Consequently, the rate of growth in sales at existing stores was down year on year.

In domestic food supermarket operations, York-Benimaru Co., Ltd., had 170 stores as of the end of the 6th consolidated fiscal year (up 6 stores YOY), principally in the Tohoku region, and York Mart Co., Ltd., had 65 stores (up 3 stores YOY) in the Tokyo metropolitan area. York-Benimaru Co., Ltd., continued to aggressively sell *Seven Premium* products and stepped up proposals of menu items in sales areas. Nonetheless, the economic environment worsened, centered on the Tohoku region, and sales were weak.

In China, as of the end of December 2010, we had 8 superstores (down 1 store YOY) and 1 food supermarket in Beijing, and 4 superstores in Chengdu, Sichuan Province. Sales continued to be favorable, especially in Chengdu.

Consequently, the revenues from operations in superstore operations were ¥1,981.6 billion (down 1.7% YOY). The operating income was ¥15.7 billion (up 10.8% YOY) due primarily to working to cut costs, although sales were sluggish.

A former employee of Ito-Yokado Co., Ltd., was arrested and charged with violation of the Food Sanitation Act in relation to selling broiled eels made in China outside, while employed by Ito-Yokado Co., Ltd., and such employee was convicted on January 11, 2011. We apologize for the considerable concern caused to shareholders by this incident. The Group will work harder to enhance developing compliance systems and do its utmost to prevent a recurrence.

(iii) Department store operations

In department store operations, as part of our initiatives to focus management resources and increase asset efficiency, Sogo & Seibu Co., Ltd., closed its SEIBU Yurakucho in December 2010, and decided to close Sogo Hachioji in January 2012. In sales, we worked to activate sales areas and bolster marketing capabilities through store remodeling initiatives, centered on flagship stores, and we aggressively implemented sales promotions for card members. At SEIBU Ikebukuro, the largest of our flagship stores, we completed the remodeling that had continued for 3 years since 2007, and had a grand opening in September 2010. In suburban stores, we took initiatives to increase store competitiveness through the conversion to multipurpose commercial facilities that transcend the frameworks of the department store format, including the introduction of shopping-center-style management that utilizes leading specialty stores. For the 6th consolidated fiscal year, sales of apparel were weak due to such factors as the lingering summer heat. However, the remodeling of SEIBU Ikebukuro had a positive effect, and the rate of growth in sales at existing stores recovered up to the level of the previous year.

Consequently, the revenues from operations in department store operations were ¥915.1 billion (down 0.8% YOY), and due primarily to cutting cost, the operating income was ¥5.6 billion (up 311.4% YOY).

(iv) Food services operations

In Japan, as we moved ahead with cutting cost targeting improved profitability at Seven & i Food

Systems Co., Ltd., in the restaurant division, we closed 50 restaurants, principally unprofitable restaurants. On the other hand, in sales, the weather was favorable in the summer, and we had success with initiatives to activate existing restaurants through improved mainstay menu items and strengthen sales promotions. As a result, the rate of growth in sales at existing restaurants increased year on year.

In China, Seven & i Restaurant (Beijing) Co., Ltd., opened its second restaurant in July 2010.

Consequently, the revenues from operations in food services operations were ¥80.2 billion (down 7.2% YOY), and due to improvement in the gross margin and thorough efforts to cut costs, the operating loss was ¥0.1 billion, an improvement of ¥2.5 billion from the previous year.

(v) Financial services operations

As of the end of the 6th consolidated fiscal year, Seven Bank, Ltd. had 15,356 installed ATMs (up 786 ATMs YOY). However, due primarily to a decline in the number of transactions made by customers of consumer finance companies with which we have tie-ups as a result of change of the law, the average daily transaction volume per ATM during the 6th consolidated fiscal year was 113.1 transactions (down 1.3 transactions YOY). Also in November 2010, we began to install new-model ATMs that can shorten the time required for transactions, increase ease of use, and reflect consideration for the environment, such as the reduction of power consumption.

Seven Card Service Co., Ltd., continued to focus on the development of credit card operations and worked to develop the *nanaco* electronic money operations inside and outside the Group. As a result, substantial gains were recorded in both the number of stores at which *nanaco* could be used and the number of *nanaco* cards issued, with the former reaching about 79,000 stores at the end of the 6th consolidated fiscal year (up about 48,000 stores YOY), and the latter, due in part to the success of a campaign at Seven-Eleven Japan, Co., Ltd., reached about 12.85 million cards (up about 3.05 million cards YOY).

Consequently, the revenues from operations in financial services operations were ¥106.9 billion (down 3.2% YOY). Due primarily to a decline in ATM fee income, the operating income was ¥28.3 billion (down 6.0% YOY).

(vi) Others

In IT operations, in January 2011, Seven Net Shopping Co., Ltd., renewed the *Seven Net Shopping* web site, substantially enhancing its functionality and content. In addition, Ito-Yokado Co., Ltd., established and opened on the *Seven Net Shopping* web site, the *Net Super* , which it had developed in its 133 stores as of the end of the 6th consolidated fiscal year. In these ways, we worked to provide highly convenient services that utilize the Group's infrastructure.

Also, we established Seven & i Asset Management Co., Ltd., in June 2010, to hold the land and buildings of SEIBU Ikebukuro, the largest of flagship stores of Sogo & Seibu Co., Ltd., and Seven & i Asset Management Co., Ltd., acquired these assets in September 2010.

Consequently, the revenues from operations in other operations were ¥35.6 billion (up 5.8% YOY). Due primarily to the incurrence of upfront expenses associated with Seven Net Shopping Co., Ltd., the operating loss was ¥0.6 billion.

Sales by segment

Business segment	Sales (Millions of yen)	Percentage of total (%)
Convenience stores	1,579,923	34.9
Superstores	1,945,933	43.0
Department stores	901,343	20.0
Food services	78,741	1.7
Financial services	6,848	0.2
Others	17,893	0.4
Total	4,530,684	100.0

(Notes)

1. Total store sales of Seven-Eleven Japan Co., Ltd., a subsidiary of the Company, were ¥2,947.6 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 ¥7,370.3 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 6th consolidated fiscal year were ¥338.6 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	106,368
Superstores	54,133
Department stores	27,807
Food services	527
Financial services	19,616
Others	127,429
Corporate (shared)	2,774
Total	338,656

(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 6th fiscal year and the most recent three fiscal years

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

Item	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)	6th fiscal year (March 1, 2010 to February 28, 2011)
Revenues from operations	Millions of yen 5,752,392	Millions of yen 5,649,948	Millions of yen 5,111,297	Millions of yen 5,119,739
Net income	Millions of yen 130,657	Millions of yen 92,336	Millions of yen 44,875	Millions of yen 111,961
Net income per share	Yen 137.03	Yen 100.54	Yen 49.67	Yen 126.21
Total assets	Millions of yen 3,886,680	Millions of yen 3,727,060	Millions of yen 3,673,605	Millions of yen 3,732,111
Net assets	Millions of yen 2,058,038	Millions of yen 1,860,672	Millions of yen 1,793,940	Millions of yen 1,776,512
Net assets per share	Yen 2,081.85	Yen 1,975.95	Yen 1,905.97	Yen 1,927.09

(Note)

Net income per share is calculated on the basis of the average number of shares issued during the 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 fiscal year (the number of shares excluding the number of treasury stock).

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

Business segment	Item	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)	6th fiscal year (March 1, 2010 to February 28, 2011)
		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Convenience stores	Revenues from operations	2,395,701	2,308,690	1,968,555	2,036,464
	Operating income	201,032	213,367	183,837	195,477
	Total assets	1,295,164	1,267,179	1,104,209	1,112,557
Superstores	Revenues from operations	2,109,049	2,125,029	2,016,558	1,981,604
	Operating income	34,058	24,742	14,178	15,708
	Total assets	1,129,181	1,160,128	1,096,598	1,081,491
Department stores	Revenues from operations	1,025,354	993,877	922,847	915,105
	Operating income	25,764	18,335	1,366	5,622
	Total assets	781,267	704,695	612,326	571,463
Food services	Revenues from operations	113,980	102,711	86,420	80,225
	Operating income (loss)	(4,231)	(2,948)	(2,741)	(193)
	Total assets	69,204	58,206	24,636	21,105
Financial services	Revenues from operations	117,955	124,866	110,444	106,953
	Operating income	21,071	25,485	30,152	28,343
	Total assets	916,729	1,055,492	1,175,963	1,350,272
Others	Revenues from operations	36,653	35,079	33,669	35,610
	Operating income (loss)	2,488	2,069	567	(690)
	Total assets	16,580	21,543	16,770	145,792

(4) Corporate reorganization measures, etc.

(i) Acquisition of shares of Tower Records Japan Inc. by the Company

On March 30, 2010, the Company acquired 28,968 shares of Tower Records Japan Inc. As a result of this acquisition, the Company's voting rights ownership ratio in Tower Records Japan Inc. reached 31.5% and Tower Records Japan Inc. became an equity-method affiliate of the Company. In addition, the Company acquired additional 3,225 shares on June 30, 2010, and 1,400 shares on July 30, 2010 from shareholders of Tower Records Japan Inc. As a result, the Company's voting rights ownership ratio in Tower Records Japan Inc. reached 36.5%. Also, the Company acquired additional 7,500 shares from shareholders of Tower Records Japan Inc. on March 28, 2011, and the Company's voting rights ownership ratio in Tower Records Japan Inc. reached 44.6%.

(ii) Consolidation of financial services operations by Seven Financial Service Co., Ltd.

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

• SE CAPITAL CORPORATION merged with SEVEN & i FINANCIAL GROUP CO., LTD., and Seven Cash Works Co., Ltd., through an absorption-type merger effective on March 1, 2011, and its name was changed to Seven Financial Service Co., Ltd.

(iii) Acquisition of shares of Seven CS Card Service Co., Ltd., through Seven Financial Service Co., Ltd.

On September 10, 2010, SEVEN & i FINANCIAL GROUP CO., LTD., and Sogo & Seibu Co., Ltd., concluded a basic agreement for comprehensive alliance with Credit Saison Co., Ltd., to promote growth in card operations. Based on this agreement, in order to enhance the joint card operations, Credit Saison Co., Ltd., established Seven CS Card Service Co., Ltd., a wholly owned subsidiary of Credit Saison Co., Ltd., on September 17, 2010, and on April 1, 2011, Seven Financial Service Co., Ltd., acquired 510 shares of Seven CS Card Service Co., Ltd., from Credit Saison Co., Ltd. As a result of this acquisition, the Company's voting rights ownership ratio in Seven CS Card Service Co., Ltd., reached 51%, and Seven CS Card Service Co., Ltd., became a consolidated subsidiary of the Company.

(5) Status of major subsidiaries (as of February 28, 2011)

(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$13 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	49.0

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

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 84 consolidated subsidiaries and 18 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.

(Note)

On March 4, 2011, Seven-Eleven Japan Co., Ltd., acquired the rights for the use in Japan of the 7-Eleven trademark and all related derivative trademarks from 7-Eleven Inc. In addition, Seven-Eleven Japan Co., Ltd., dissolved the technical support agreement that had been entered into with 7-Eleven, Inc.

(6) Issues to be resolved

Certain of the Group's stores, principally in the Tohoku region, were damaged by the Great East Japan Earthquake, which occurred on March 11, 2011. To provide a stable supply of daily necessities, the Group worked to maintain operations and to rapidly reopen stores that suspended operations. In addition, to provide relief to damaged areas as a member of local communities, the Group worked to provide emergency support supplies and collect donations. To fulfill the mission of a retail enterprise—to provide lifelines that support the lives of customers in the community—the entire Group will continue to work together and do its utmost to work toward recovery as rapidly as possible. In addition, we will also implement diverse measures to save electricity in response to the electricity shortage, centered on Tokyo.

In this setting, in addition to working toward recovery, all of the Group's operating companies will take on the challenges of bolstering their marketing capabilities to improve profitability and creating new value. In particular, in merchandising and sales promotion, by concentrating the Group's capabilities on the foundation comprising the sales capabilities and infrastructure of the Group's operating companies, we will work to increase synergy effects. In financial services, such as ATM and card operations, and in IT services, such as Internet shopping, we will focus on building a system that can leverage synergy effects in existing operations as shared Group infrastructure.

In domestic convenience store operations, we will continue to step up store openings in favorable locations and at the same time will move ahead with aggressive store development activities, including opening small stores in such locations as stations, hospitals, and schools. Also, in expanding into new regions, in March 2011, we began to open stores in Kagoshima Prefecture. In sales, we will take steps to create sales areas that foster the further realization of close by convenient stores. These include stepping up the handling of chilled products through the introduction of new fixtures, such as *island-type chilled cases*.

In regard to overseas convenience store operations, 7-Eleven, Inc., in North America, will continue to focus on advancing new store openings and converting existing stores to franchised stores, and at the same time will take steps to activate existing stores, such as area-by-area introduction of new equipment in a focused way in order to increase sales of fast food products. Moreover, in China, the Group will continue to extend store operations in Beijing and Tianjin. In addition, we will aggressively open stores in Chengdu, Sichuan Province. In March 2011, SEVEN-ELEVEN (CHENGDU) Co., Ltd., opened its first store.

In superstore operations, Ito-Yokado Co., Ltd., has been substantially revising the product lineups in its stores based on the size of their sales areas and the characteristics of the regions in which they operate. Moreover, we will work to improve our earnings platform by implementing continued initiatives to reduce losses due to markdown through enhancing sales capabilities and to cut costs.

In department store operations, we will continue the implementation of structural reforms, for the purpose of concentrating management resources and increasing asset efficiency. We will strive to make full use of the effects of the about three-year store remodeling project that was implemented at our largest flagship store, SEIBU Ikebukuro. In addition, we will endeavor to extend the success of SEIBU Ikebukuro to other flagship stores. As one facet of efforts to increase asset efficiency, we have decided to close the Sogo Hachioji in January 2012.

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, 2011)

The Group is centered on the retail industry and comprises 104 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 (40 companies)	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN CHINA Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) Co., Ltd.*1 SEVEN-ELEVEN (HAWAII), INC. WHP Holdings Corporation*2 White Hen Pantry, Inc. Pantry Select, Inc. TOWER BAKERY CO., LTD.*3
Superstore Operations (20 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado 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. Seven Health Care Co., Ltd. IY Foods K.K. Life Foods Co., Ltd. Seven Farm Co., Ltd.*4 Seven Farm Tsukuba Co., Ltd.*5 Seven Farm Miura Co., Ltd.*6 Seven Farm Tomisato Co., Ltd.*3 Seven Farm Fukaya Co., Ltd.*3・7
Department Store Operations (13 companies)	Sogo & Seibu Co., Ltd. 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*3 K.K. K.S. Building*3 CHIBA SENCITY CORPORATION*3 K.K. Kashiwa Ekimae Building Kaihatsu*3 K.K. Omiya Sky Plaza*3
Food Services (2 companies)	Seven & i Food Systems Co., Ltd.

	Seven & i Restaurant (Beijing) Co., Ltd.
Financial Services (7 companies)	Seven Bank, Ltd. SEVEN & i FINANCIAL GROUP CO., LTD. Seven Card Service Co., Ltd.*8 SE CAPITAL CORPORATION K.K. York Insurance Seven Cash Works Co., Ltd. SEVEN & i Financial Center Co., Ltd.
Others (21 companies)	Seven & i Netmedia Co., Ltd. SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Asset Management Co., Ltd.*9 7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte SEVEN & i Life Design Institute Co., Ltd. Seven Net Shopping Co., Ltd. Mall & SC Development Inc. Seven Culture Network Co., Ltd. Seven Internet Lab Co., Ltd. S-WILL Co., Ltd. Susukino Jujigai Building K.K.*3 I ing Co., Ltd.*3 PIA CORPORATION*3 Tower Records Japan Inc.*3・10 Link Station Co., Ltd.*3・11

(Notes)

*1. On December 29, 2010, SEVEN-ELEVEN (CHENGDU) Co., Ltd. was established as a consolidated subsidiary of the Company.

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

*3. TOWER BAKERY CO., LTD., Seven Farm Tomisato Co., Ltd., Seven Farm Fukaya 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, Susukino Jujigai Building K.K., I ing Co., Ltd., PIA CORPORATION, Tower Records Japan Inc. and Link Station Co., Ltd. are affiliates and other companies are consolidated subsidiaries.

*4. On July 1, 2010, Seven Farm Co., Ltd. was established as a consolidated subsidiary of the Company.

*5. On September 1, 2010, Seven Farm Tsukuba Co., Ltd. was established as a consolidated subsidiary of the Company.

*6. On October 1, 2010, Seven Farm Miura Co., Ltd. was established as a consolidated subsidiary of the Company.

*7. On October 26, 2010, Seven Farm Fukaya Co., Ltd. was established as an equity-method affiliate of the Company.

*8. On October 1, 2010, IY Card Service Co., Ltd. changed its name to Seven Card Service Co., Ltd.

*9. On June 1, 2010, Seven & i Asset Management Co., Ltd. was established as a consolidated subsidiary of the Company.

*10. On March 30, 2010, Tower Records Japan Inc. became an equity-method affiliate of the Company by acquisition of shares.

*11. On June 30, 2010, Link Station Co., Ltd. became an equity-method affiliate of the Company by acquisition of shares.

(8) Principal business locations (as of February 28, 2011)

(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: 443 stores

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 1,546 stores

(Note) The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2010.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 170 stores

York-Benimaru Co., Ltd.

- Head office: 18-2, 2-chome, Asahi, Koriyama, Fukushima
- Corporate stores: 170 stores

(Department stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 27 stores

(Food services)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Sumida office: 25-12, 1-chome, Yahiro, Sumidaku, Tokyo
- Corporate stores: 846 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, 2011)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Convenience stores	20,237 employees	1,344 employees (decrease)
Superstores	19,543 employees	535 employees (decrease)
Department stores	7,830 employees	5 employees (decrease)
Food services	1,424 employees	226 employees (decrease)
Financial services	541 employees	5 employees (decrease)
Others	804 employees	76 employees (increase)
Corporate (shared)	386 employees	10 employees (decrease)
Total	50,765 employees	2,049 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 its Group companies employ 82,353 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	272 employees	7 employees (decrease)	45 years 10 months	19 years 7 months
Females	114 employees	3 employees (decrease)	36 years 10 months	14 years 6 months
Total or average	386 employees	10 employees (decrease)	43 years 2 months	18 years 1 month

(Notes)

1. Most of the Company's employees have been transferred from Group companies. The average number of years of continuous service is the total of the number of years of continuous service at each company.
2. In addition to the number of employees listed above, the Company employs 17 part-time workers (monthly average number of employees following conversion to standard 8-hour workdays).

(10) Status of major lenders (as of February 28, 2011)

Lender	Amount borrowed (Millions of yen)
Mizuho Corporate Bank, Ltd.	86,531
Sumitomo Mitsui Banking Corporation	78,202
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	51,692

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

None.

2. Items Regarding Shares (as of February 28, 2011)

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

(2) Number of shares issued: 886,441,983 shares

(Notes)

1. The number of shares issued includes 2,958,868 treasury stock.
2. The number of shares decreased 20,000,000 compared with the number at the 5th fiscal year end due to a cancellation of treasury stock on June 30, 2010.

(3) Number of shareholders: 95,829

(4) Major shareholders (Top 10)

Name of Shareholders	Number of shares (thousand shares)	Percentage of shares held (%)
Ito-Kogyo Co., Ltd.	68,901	7.8
Japan Trustee Services Bank, Ltd. (Trust account)	38,877	4.4
The Master Trust Bank of Japan, Ltd. (Trust account)	37,313	4.2
Nippon Life Insurance Company	20,664	2.3
Deutsche Bank Trust Companies Americas	17,006	1.9
Masatoshi Ito	16,801	1.9
MITSUI & CO., LTD.	16,222	1.8
State Street Bank and Trust Company 505225	15,121	1.7
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	14,229	1.6
The Dai-ichi Life Insurance Company, Limited	13,777	1.6

(Note)

Percentage of shares held is calculated using the total number of shares, excluding treasury stock.

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, 2011)

<table>
<tr><td colspan="2">Name of share subscription rights issue</td><td>1st share subscription rights issue</td><td>2nd share subscription rights issue</td></tr>
<tr><td colspan="2">Date of resolution for issue</td><td>July 8, 2008</td><td>July 8, 2008</td></tr>
<tr><td colspan="2">Number of the share subscription rights</td><td>159</td><td>958*1</td></tr>
<tr><td colspan="2">Class and number of shares to be acquired upon exercise of the share subscription rights</td><td>15,900 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)</td><td>95,800*1 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>¥307,000 per subscription right</td><td>No payment is required in exchange for the share subscription rights</td></tr>
<tr><td colspan="2">Amount of property contributed upon exercise of the share subscription rights</td><td>¥100 per subscription right
(¥1 per share)</td><td>¥100 per subscription right
(¥1 per share)</td></tr>
<tr><td colspan="2">Exercise period</td><td>From May 1, 2009
To August 6, 2028</td><td>From August 7, 2009
To August 6, 2038</td></tr>
<tr><td colspan="2">Exercise conditions</td><td>*2</td><td>*2</td></tr>
<tr><td>Directors or corporate auditors’ ownership status</td><td>Directors (excluding outside directors)</td><td>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</td><td>Number of the share subscription rights: 262
Class and number of corresponding shares:
26,200 ordinary shares
Number of directors holding the share subscription rights: 9</td></tr>
</table>

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	1,297*1
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)	129,700*1 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	*3	*3

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

Name of share subscription rights issue		5th share subscription rights issue	6th share subscription rights issue
Date of resolution for issue		May 27, 2010	June 15, 2010
Number of the share subscription rights		211	1,144*1
Class and number of shares to be acquired upon exercise of the share subscription rights		21,100 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	114,400*1 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥185,000 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 February 28, 2011 To June 16, 2030	From February 28, 2011 To July 2, 2040
Exercise conditions		*3	*3
Directors or corporate auditors' ownership status	Directors (excluding outside directors)	Number of the share subscription rights: 211 Class and number of corresponding shares: 21,100 ordinary shares Number of directors holding the share subscription rights: 6	Number of the share subscription rights:210 Class and number of corresponding shares: 21,000 ordinary shares Number of directors holding the share subscription rights: 6

(Notes)

*1. The total number of share subscription rights at the time of granting to executive officers of the Company and directors and executive officers of the Company's subsidiaries is shown.

*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) 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.

*3. 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 executive 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 6th fiscal year as compensation for the performance of their duties

<table>
<tr><td colspan="2">Name of share subscription rights issue</td><td>6th share subscription rights issue</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: 158
Class and number of corresponding shares: 15,800 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: 776
Class and number of corresponding shares: 77,600 ordinary shares
Number of recipients: 95</td></tr>
</table>

(Note)

The overview of the details of the 6th share subscription rights issue is as shown in the above “6th share subscription rights issue” in “(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, 2011).”

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

(1) Directors and corporate auditors (as of February 28, 2011)

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Representative Director and Chairman	Toshifumi Suzuki	Chief Executive Officer (CEO) of the Company 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. Director of Tohan Corporation
Representative Director and President	Noritoshi Murata	Chief Operating Officer (COO) of the Company
Director	Tadahiko Ujiie	Chief Financial Officer (CFO) of the Company 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. Representative Director and President of Seven & i Asset Management Co., Ltd. Director of Seven Bank, Ltd.
Director	Katsuhiro Goto	Chief Administrative Officer (CAO) of the Company 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	Senior Officer of the Corporate Planning Department of the Company Senior Officer of the Overseas Planning Department of the Company
Director	Junro Ito	Senior Officer of the Corporate Development Department of the Company
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 of 7-Eleven, Inc.
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 Chairman of Seven Bank, Ltd.

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
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
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	Megumi Suto	Dean of the Waseda Graduate School of Finance, Accounting and Law, and Director of the Waseda Center for Finance Research
Corporate Auditor	Tsuguoki Fujinuma	Certified Public Accountant

(Notes)

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, Megumi Suto, and Tsuguoki Fujinuma are outside corporate auditors as per Article 2, Item 16 of the Companies Act.
3. Standing corporate auditor Ikuo Kanda and corporate auditors Megumi Suto and Tsuguoki Fujinuma 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.

・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.

・Tsuguoki Fujinuma is a certified public accountant.

4. All outside directors and outside corporate auditors are independent directors or auditors in accordance with the rules of the Tokyo Stock Exchange.

5. Executive officers of the Company as of February 28, 2011 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, etc. of directors and corporate auditors

(i) Aggregate amount of compensation, etc. regarding the 6th fiscal year

Classification	Number of persons	Aggregate amount of compensation, etc. (Millions of yen)
Directors (of which, outside directors)	15 (3)	235 (31)
Corporate auditors (of which, outside corporate auditors)	6 (4)	67 (27)
Total	21	302

(Notes)

1. Included above is one (1) corporate auditor who retired upon the conclusion of the 5th Annual Shareholders' Meeting, held on May 27, 2010.
2. The aggregate amounts of compensation, etc. of directors shown above do not include amounts paid as salaries for 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 amounts paid as salaries for employees) and that the annual amount of compensation paid to corporate auditors shall not exceed ¥100 million.
4. The aggregate amount of compensation, etc. shown above includes:

・¥36 million added to the "allowance for bonuses to directors and corporate auditors" for directors corresponding to the 6th fiscal year.

・¥39 million as so-called stock options for stock-linked compensation issued to six (6) directors (excluding outside directors).

(ii) Aggregate amount of compensation, etc. of outside directors and outside corporate auditors from subsidiaries

During the 6th fiscal year, the aggregate amount of compensation, etc. paid to outside directors and outside corporate auditors for their services as executives from subsidiaries of the Company at which they hold concurrent executive positions is less than ¥1 million.

(3) Items related to outside directors and outside corporate auditors

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

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

(ii) Main activities during the 6th fiscal year

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

(Outside directors)

The Company's Board of Directors met thirteen (13) times during the 6th fiscal year. Mr. Noritaka Shimizu attended thirteen (13) of those meetings, Mr. Scott Trevor Davis attended twelve (12), and Mr. 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. Noritaka Shimizu, management and administration and corporate social responsibility for Mr. Scott Trevor Davis, and organizational and management theory for Mr. Ikujiro Nonaka.

(Outside corporate auditors)

The Company's Board of Directors met thirteen (13) times during the 6th fiscal year (including ten (10) after the conclusion of the 5th Annual Shareholders' Meeting, held on May 27, 2010). Ms. Yoko Suzuki attended thirteen (13), Ms. Megumi Suto attended thirteen (13), and Mr. Tsuguoki Fujinuma, who was newly appointed as a corporate auditor at the 5th Annual Shareholders' Meeting, held on May 27, 2010, attended nine (9). Also, the Company's Board of Corporate Auditors met 17 times during the 6th fiscal year (including thirteen (13) times after the conclusion of the 5th Annual Shareholders' Meeting, held on May 27, 2010). Ms. Yoko Suzuki attended seventeen (17), Ms. Megumi Suto attended seventeen (17), and Mr. Tsuguoki Fujinuma attended twelve (12). These outside corporate auditors asked questions and expressed their opinions as they deemed appropriate. Ms. Yoko Suzuki mainly did so from a legal perspective, Ms. Megumi Suto mainly did so from a corporate governance perspective, and Mr. Tsuguoki Fujinuma mainly did so from a specialized finance and accounting perspective.

・Exchanges of opinions with directors, etc.

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

Through these activities, outside directors supervised 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 agreements with the outside directors and outside corporate auditors as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act.

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

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

Note: KPMG AZSA & Co., which was previously the accounting auditor of the Company, became KPMG AZSA LLC on July 1, 2010, due to a change in type of auditing corporation.

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 6th fiscal year	633
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	646

(Note)

Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc. for the 6th fiscal year.

(3) Non-audit operations

The Company pays KPMG AZSA LLC compensation for advisory operations, etc. related to the International Financial Reporting Standards (IFRS), 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 the items in Article 340, Paragraph 1 of the Companies Act become applicable to the accounting auditor, the Company's 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 corporate auditors. In the event the Company's 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 the accounting auditor, the Company's Board of Directors will, with the consent of the Board of Corporate Auditors, 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 complies 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) The Company and its Group companies shall comply with the *Corporate Creed* and the *Corporate Action Guidelines*. In order to continue to be trusted and known for integrity, the Company and its 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) The Company and its 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, the Company and its 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 electromagnetic 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 the Company and its 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, the Company and its 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, the Company and its 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 the Company and 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, the Company and its 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 the Company and its 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) In order to ensure the Company and its Group Companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group Companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules such as rules on establishing internal controls for financial reporting.

(ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.

(iii) Directors, corporate auditors, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(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, develop, 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.

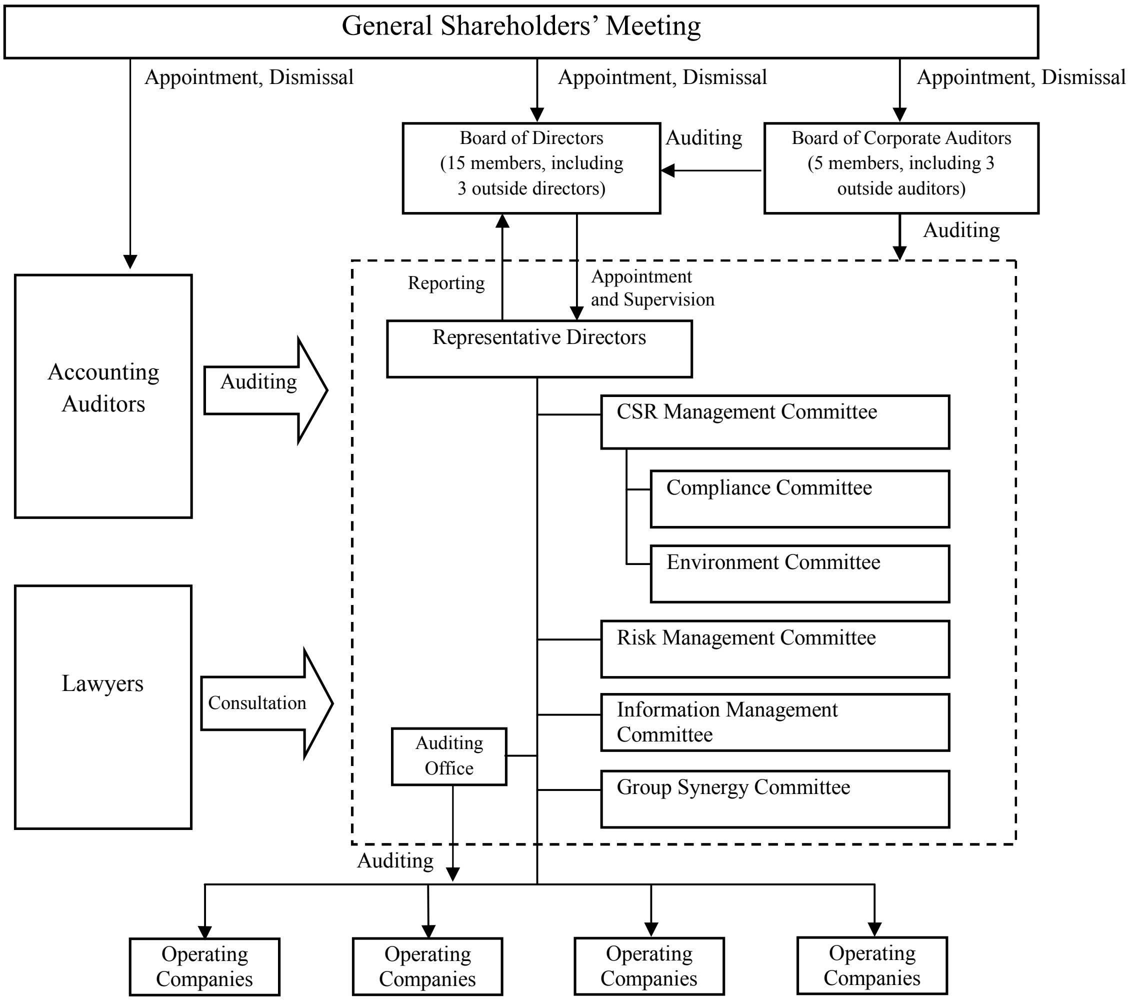
(ii) The corporate auditors shall maintain close contact with the Auditing Office, and may request examinations by the Auditing Office when necessary.

(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, 2011)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**1,406,594**	**Current liabilities**	**1,348,728**
Cash and bank deposits	654,833	Notes and accounts payable, trade	284,795
Call loan	120,000	Short-term loans	108,330
Notes and accounts receivable, trade	122,411	Current portion of long-term loans	127,187
Trade accounts receivable – financial services	60,269	Current portion of bonds	36,100
Marketable securities	26,534	Income taxes payable	51,007
Merchandise and finished goods	158,511	Accrued expenses	75,300
Work in process	32	Deposits received	138,527
Raw materials and supplies	2,567	Allowance for sales promotion expenses	16,261
Prepaid expenses	31,109	Allowance for bonuses to employees	13,685
Deferred income taxes	30,875	Allowance for bonuses to directors and corporate auditors	301
Other	203,098		
Allowance for doubtful accounts	(3,650)	Allowance for loss on future collection of gift certificates	2.544
Non-current assets	**2,325,459**		
Property and equipment	**1,247,823**	Deposits received in banking business	275,696
Buildings and structures, net	519,957	Other	218,991
Furniture, fixtures and equipment, net	122,610	**Non-current liabilities**	**606,871**
Vehicles, net	1,675	Bonds	263,973
Land	581,185	Long-term loans	177,225
Lease assets, net	12,754	Commercial paper	8,177
Construction in progress	9,640	Deferred income taxes	35,955
Intangible assets	**324,655**	Allowance for accrued pension and severance costs	3,356
Goodwill	172,186		
Software	34,050	Allowance for retirement benefits to directors and corporate auditors	2,292
Other	118,418		
Investments and other assets	**752,979**	Deposits received from tenants and franchised stores	56,048
Investments in securities	227,371		
Long-term loans receivable	18,675	Other	59,840
Prepaid pension cost	9,978	**TOTAL LIABILITIES**	**1,955,599**
Long-term leasehold deposits	418,585	**NET ASSETS**	
Advances for store construction	8,743	**Shareholders' equity**	**1,803,783**
Deferred income taxes	20,717	Common stock	50,000
Other	55,356	Capital surplus	526,899
Allowance for doubtful accounts	(6,450)	Retained earnings	1,234,204
Deferred assets	**58**	Treasury stock, at cost	(7,320)
New organization costs	58	**Accumulated losses from valuation and translation adjustments**	**(101,268)**
		Unrealized gains on available-for-sale securities, net of taxes	3,226

		Unrealized losses on hedging derivatives, net of taxes	(328)
		Foreign currency translation adjustments	(104,167)
		Subscriptions to shares	**981**
		Minority interests in consolidated subsidiaries	**73,016**
		TOTAL NET ASSETS	**1,776,512**
TOTAL ASSETS	**3,732,111**	**TOTAL LIABILITIES AND NET ASSETS**	**3,732,111**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2010 to February 28, 2011)

(Millions of yen)

Item	Amount	
Net sales		4,530,684
Cost of sales		3,364,412
Gross profit on sales		**1,166,272**
Other operating revenues		589,054
Gross profit from operations		**1,755,327**
Selling, general and administrative expenses		1,511,980
Operating income		**243,346**
Non-operating income		
Interest and dividends income	6,049	
Equity in earnings of affiliates	1,007	
Other	3,333	10,390
Non-operating expenses		
Interest expenses	5,258	
Interest on bonds	2,494	
Foreign currency exchange losses	351	
Other	2,725	10,829
Ordinary income		**242,907**
Special gains		
Gain on sales of property and equipment	1,174	
Gain on sales of investment securities	1,367	
Gain on donations received	7,000	
Gain on liquidation of investment in silent partnership	8,305	
Subsidy income related to urban redevelopment projects	3,590	
Other	1,216	22,655
Special losses		
Loss on disposals of property and equipment	6,566	
Impairment loss	21,454	
Other	14,250	42,271
Income before income taxes and minority interests		**223,291**
Income taxes – current	**97,602**	
Income taxes – deferred	**4,696**	**102,298**
Minority interests in net income of consolidated subsidiaries		**9,031**
Net income		**111,961**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2010 to February 28, 2011)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at February 28, 2010	**50,000**	**576,072**	**1,172,263**	**(9,270)**	**1,789,065**
Increase (decrease) for the year					
Cash dividends			(50,034)		**(50,034)**
Net income			111,961		**111,961**
Purchase of treasury stock				(47,256)	**(47,256)**
Sales of treasury stock		(2)		40	**38**
Cancellation of treasury stock		(49,170)		49,170	—
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			13		**13**
Other				(3)	**(3)**
Increase (decrease) of items for the year except those included in shareholders' equity (net amount)					
Net increase (decrease) for the year	—	**(49,173)**	**61,940**	**1,950**	**14,718**
Balance at February 28, 2011	**50,000**	**526,899**	**1,234,204**	**(7,320)**	**1,803,783**

	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, 2010	**3,227**	**(549)**	**(69,776)**	**(67,097)**	**721**	**71,251**	**1,793,940**
Increase (decrease) for the year							
Cash dividends							**(50,034)**
Net income							**111,961**
Purchase of treasury stock							**(47,256)**
Sales of treasury stock							**38**
Cancellation of treasury stock							—
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries							**13**
Other							**(3)**
Increase (decrease) of items for the year except those included in shareholders' equity (net amount)	(1)	220	(34,390)	**(34,171)**	**259**	**1,764**	**(32,146)**
Net increase (decrease) for the year	**(1)**	**220**	**(34,390)**	**(34,171)**	**259**	**1,764**	**(17,428)**
Balance at February 28, 2011	**3,226**	**(328)**	**(104,167)**	**(101,268)**	**981**	**73,016**	**1,776,512**

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: 84

(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 Asset Management Co., Ltd.

Seven Farm Co., Ltd.

Seven Farm Tsukuba Co., Ltd.

Seven Farm Miura Co., Ltd.

SEVEN-ELEVEN (CHENGDU) Co., Ltd.

Consolidated subsidiaries decreased by two.

(Liquidation)

California S.S.P.C., Inc.

(Investment share transfer)

SHAOXING AKACHAN HONPO 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 the "Notes relating to 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: 18

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

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

(Acquisition of shares)

Tower Records Japan Inc.

Link Station Co., Ltd.

(Establishment)

Seven Farm Fukaya 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.

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 Significant 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

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 6th 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

Securities whose fair value is not available are valued mainly 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

Inventories are stated mainly at cost determined by the retail method with book value written down to the net realizable value. Cost is determined principally by the average retail method for domestic consolidated subsidiaries and by the LIFO method for foreign consolidated subsidiaries.

Supplies

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(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 its domestic consolidated subsidiaries. Software for internal use is amortized using the straight-line method over an estimated useful life of 5 years.

(iii) Lease assets

For the depreciation of the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value at nil.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner 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 with respect to general receivables.

(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.

For the 5th fiscal years, estimated costs arising upon the issuance of coupon tickets expected to be issued through the utilization of the sales promotion points had been provided by the department store business as allowance for sales promotion expenses.

Effective from the consolidated fiscal year ended February 28, 2011, the Company changed the calculation method and provided the allowance at the amount of the sales promotion points expected to be utilized, following the change in the system of the sales promotion point card program.

As a result of this change, 2,993 million yen was accounted as “Other” in special losses and income before income taxes and minority interest decreased by same figure.

(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 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.

(Accounting policy change)

From the consolidated fiscal year ended February 28, 2011, the Company adopted Partial Amendments to Accounting Standards for Retirement Benefits (Part 3) (ASBJ Statement No.19, July 31, 2008). This change had no effect on profit/loss in the consolidated fiscal year. Further, the adoption of this accounting standard does not result in any difference in retirement benefit obligations.

(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 expensed as incurred 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 revenues 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 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.

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:	¥47,970 million
Land:	¥100,773 million
Other intangible assets:	¥10,151 million
Investments in securities:	¥122,445 million
Long-term leasehold deposits:	¥4,103 million
Total	¥285,443 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):	¥154,157 million
Long-term accounts payable, other:	¥884 million
Deposits received from tenants and franchised stores:	¥138 million

In addition, buildings (¥523 million) and land (¥1,368 million) are pledged as collateral for the loans (¥3,543 million) of affiliates.

Investments in securities (¥27,630 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 the Building Lots and Buildings 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 Financial Settlements, investments in securities (¥584 million) and long-term leasehold deposits (¥481 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment:

¥1,227,077 million

3. Contingent liabilities

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

Goshogawara Machi Dukuri K.K.:	¥112 million
Employees' housing loans:	¥487 million
Total	¥599 million

4. Loan commitment

Seven 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:	¥449,090 million
Outstanding balance:	¥16,280 million
Unused credit balance	¥432,809 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. Seven 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 Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of February 28, 2010	Number of shares increased	Number of shares decreased	As of February 28, 2011
Ordinary share	906,441	—	20,000	886,441

Note: The 20,000 thousand decrease in the total number of outstanding shares is due to a cancellation of treasury stock.

2. Items relating to total number of treasury shares

(Thousands of shares)

Type	As of February 28, 2010	Number of shares increased	Number of shares decreased	As of February 28, 2011
Ordinary share	2,983	20,010	20,015	2,978

(Notes)

1. The 20,010 thousand increase in the number of ordinary shares in treasury stock was mainly due to an increase of 20,000 thousand shares resulting from an acquisition of treasury stock and an increase of 8 thousand shares resulting from the purchase of odd-lot shares approved by a resolution of the Board of Directors.
2. The 20,015 thousand decrease in the number of ordinary shares in treasury stock was due to a decrease of 20,000 thousand shares resulting from cancelation, a decrease of 15 thousand shares resulting from the exercise of stock options, and a decrease of 0 thousand shares resulting from the sale of odd-lot shares.

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 27, 2010; Ordinary general meeting of shareholders	Ordinary share	25,297	28.00	February 28, 2010	May 28, 2010
October 7, 2010; Board of Directors' meeting	Ordinary share	24,737	28.00	August 31, 2010	November 12, 2010
Total	—	50,034	—	—	—

(2) Dividends whose record date is within the 6th consolidated fiscal year but to be effective during the 7th consolidated fiscal year

At the Annual Shareholders' Meeting to be held on May 26, 2011, the following proposal for resolution will be presented for matters concerning ordinary share dividends.

(i) Total amount: ¥25,621 million
(ii) Dividend per share: ¥29.00
(iii) Record date: February 28, 2011
(iv) Effective date: May 27, 2011

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

4. Items relating to subscriptions to shares at the end of the 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	78,300 shares
	Third subscription to shares	Common stock	24,000 shares
	Fourth subscription to shares	Common stock	120,100 shares
	Fifth subscription to shares	Common stock	21,100 shares
	Sixth subscription to shares	Common stock	113,800 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
	Third subscription to shares (1)	Common stock	423 shares
	Third subscription to shares (2)	Common stock	51 shares

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group gives priority to safety, liquidity, and efficiency and limits the management of such funds to short-term management (within one year) through deposits with banks that have high credit ratings. The Group mainly raises funds through bank loans and bond issuance.

The Group's risk management is conducted pursuant to the "basic rules for risk management," stipulating which departments have overall control of each type of risk and which departments have overall control of general risk.

The Group reduces credit risk relating to notes and accounts receivable, trade, and leasehold deposits by continuously monitoring the credit ratings of business partners while undertaking due date control and balance control for each business partner. Also, marketable securities are mainly negotiable certificates of deposit, while investments in securities are mainly shares and government bonds. In relation to these securities, the Group periodically checks market values and the financial standing of issuers while continuously reviewing the status of securities holdings in light of the Group's relationship with business partner companies.

The Group uses forward exchange contracts to hedge the risk of currency exchange rate fluctuations in relation to certain notes and accounts payable, trade, that are denominated in foreign currencies. Further, among loans, short-term loans and commercial paper are mainly for fund raising related to sales transactions, while long-term loans and bonds are mainly for fund raising related to capital investment. In relation to these loans, the Group undertakes comprehensive asset-liability management (ALM). For certain long-term loans with variable interest rates, the Group uses interest rate swap contracts to hedge the risk of interest rate fluctuations. In addition, the Group uses derivative instruments to mitigate the risk of fluctuations in interest rates and currency exchange rates as well as to optimize cash flows for future interest payments. The Group does not hold or issue derivative instruments for trading or speculative purposes.

2. Items relating to the market values of financial instruments

The amounts recorded on the consolidated balance sheet on February 28, 2011, the market values, and the difference between these amounts is as follows. Further, notes have been omitted for minor items. Also, the following table does not include items for which market values are very difficult to determine. (please see note 2)

	Consolidated balance sheet (¥ million)	Market value (¥ million)	Difference (¥ million)
(1) Cash and bank deposits	654,833	654,833	—
(2) Notes and accounts receivable, trade	122,411		
Allowance for doubtful accounts*1	(1,479)		
	120,932	121,451	518
(3) Marketable securities and Investments in securities	226,670	226,418	(251)

(4) Long-term leasehold deposits*2	310,961		
Allowance for doubtful accounts*3	(892)		
	310,069	299,944	(10,124)
Total assets	1,312,505	1,302,648	(9,857)
(1) Notes and accounts payable, trade	284,795	284,795	—
(2) Deposits received in banking business	275,696	276,177	480
(3) Bonds*4	300,073	305,797	5,723
(4) Long-term loans*5	304,412	305,315	903
(5) Deposits received from tenants and franchised stores*6	24,830	21,768	(3,061)
Total liabilities	1,189,807	1,193,854	4,046
Derivative instruments *7	(426)	(426)	—

*1 Net of allowance for doubtful accounts for notes and accounts receivable, trade

*2 Including current portion of long-term leasehold deposits

*3 Net of allowance for doubtful accounts for long-term leasehold deposits

*4 Including current portion of bonds

*5 Including current portion of long-term loans

*6 Including current portion of deposits received from tenants and franchised stores

*7 Net credit or liabilities arising from derivative instruments are shown. Net liabilities are shown in parenthesis.

(Note)

1: Items relating to the calculation of the market value of financial instruments and derivative instruments

Assets

(1) Cash and bank deposits

The relevant book values are used because the short settlement periods of these items results in market values and book values being almost equivalent.

(2) Notes and accounts receivable, trade

For notes and accounts receivable, trade, with short settlement periods, the relevant book values are used because market values and book values are almost equivalent. The market value of items with long settlement periods is the present value, which is calculated by discounting future cash flows to reflect the remaining period and an interest rate that allows for credit risk.

(3) Marketable securities and Investments in securities

For the market value of shares, exchange prices are used. For bonds, exchange prices or the prices shown by correspondent financial institutions are used. For negotiable certificates of deposit, etc., the relevant book values are used because the short settlement periods of these items results in market values and book values being almost equivalent.

(4) Long-term leasehold deposits

The market value of long-term leasehold deposits is the present value, which is calculated by discounting future cash flows—reflecting collectability—by the corresponding yield on government bonds over the remaining period.

Liabilities

(1) Notes and accounts payable, trade

The relevant book values are used because the short settlement periods of these items results in market values and book values being almost equivalent.

(2) Deposits received in banking business

For demand deposits, the market value is regarded as the amount payable (book value) if demands were received on the balance sheet date. Time deposits are classified according to certain periods, and the market value of time deposits is the present value, which is calculated by discounting future cash flows. The discount rate used for this is the interest rate used when new deposits are received. For time deposits with short remaining periods (within one year) the market value is the relevant book value because the market value approximates the book value.

(3) Bonds

The market value of bonds that have market prices is based on these prices. The market value of bonds that do not have market prices is the present value, which is calculated by discounting the total of principal and interest to reflect the remaining period of the said bonds and an interest rate that allows for credit risk.

(4) Long-term loans

The market value of long-term loans is the present value, which is calculated by discounting the total of principal and interest by the interest rate assumed to be applied if the same loan were to be newly taken.

(5) Deposits received from tenants and franchised stores

The market value of deposits received from tenants is the present value, which is calculated by discounting future cash flows by the corresponding yield on government bonds over the remaining period.

Derivative instruments

These are calculated based on the prices shown by correspondent financial institutions. However, because interest rate swap contracts meeting specific hedging criteria are recognized together with hedged long-term loans, the market value of interest rate swap contracts is included in the market value of the relevant long-term loans.

2. Financial instruments for which market values are very difficult to determine

Classification	Consolidated balance sheet (¥ million)
Investments in securities*1	
Unlisted shares	15,266
Shares of subsidiaries and affiliates	11,539
Other	430
Long-term leasehold deposits*2	125,543
Deposits received from tenants and franchised stores*2	35,836

*1 These are not included in “(3) Marketable securities and Investments in securities” because they do not have market prices, future cash flows with regard thereto cannot be estimated, and it is very difficult to determine market values.

*2 These are not included in “(4) Long-term leasehold deposits” and “(5) Deposits received from tenants and franchised stores” because the timing of repayment cannot be reasonably estimated and it is very difficult to determine market values.

(Supplementary information)

From the 6th consolidated fiscal year, the Company adopted Accounting Standards for Financial

Instruments (ASBJ Statement No.10, March 10, 2008) and Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 10, 2008).

Notes about real estate for lease

Notes about real estate for lease have been omitted because the total amount thereof is considered immaterial.

(Supplementary information)

From the 6th fiscal year, the Company adopted Accounting Standards for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No.20, November 28, 2008) and Guidance on Accounting Standards for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No.23, November 28, 2008).

Notes relating to Special Purpose Corporation

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

Sogo & Seibu Co., Ltd., (formerly, THE SEIBU DEPARTMENT STORES, LTD.) (“Sogo & Seibu”), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of its store, and sold the beneficiary right of the trust to Asset Ikesei Corp., a SPC. in August 2000 (“Securitization”). Concurrently, Sogo & Seibu entered into a silent partnership arrangement with the SPC, made a silent partnership investment, and leased back such properties from the trustee.

Regarding the Securitization, as of September 24, 2010, Seven & i Asset Management Co., Ltd., which is a consolidated subsidiary of the Company, purchased the beneficiary right of the trust (fixed asset) from Asset Ikesei Corp., and as of the same date, Sogo & Seibu canceled the real estate trust and silent partnership arrangement.

2. Amounts of transactions, etc. with the SPC

(Millions of yen)

	Amount or balance as of the end of the 6th consolidated fiscal year of major transactions	Major income or loss	
		Description	Amount
Distribution receivable	—	Distribution of profit from the silent partnership	2,886
Amount of silent partnership investment	—	Final dividends from liquidation	8,305
Rental transaction	—	Rental expenses (Note)	6,090

(Note)

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

In the 6th consolidated fiscal year, Sogo & Seibu paid rental expenses for the period from March 1, 2010 to September 23, 2010.

Notes relating to transactions with related parties

1. Transactions between the Company and related parties

Directors and corporate auditors and significant shareholders, etc. of the Company (limited to individuals)

(Millions of yen)

Attribution	Name	Address	Capital or investment	Business or title	Voting rights (held)
Close relative of the director	Masatoshi Ito	—	—	—	Directly 1.9%

(Millions of yen)

Relationship with related parties	Details of transaction	Transaction amount	Account title	Year-end balance
—	Donations	5,000	—	—

(Notes)

(1) The above amount does not include consumption taxes.

(2) The Company received donations in cash for construction of a training facility that may be used by all group companies of the Company.

(3) Mr. Masatoshi Ito is the father of Mr. Junro Ito, who is a director of the Company.

2. Transactions between the Company's consolidated subsidiaries and related parties

Directors and corporate auditors and significant shareholders, etc. of the Company (limited to individuals)

(Millions of yen)

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)

Relationship with related parties	Details of transaction	Transaction amount	Account title	Year-end balance
—	Payment for shares newly issued by the Company's subsidiary through third-party allotment	169	—	—

(Notes)

(1) The above amount does not include consumption taxes.

(2) The paid-in amount was determined based on the valuation of a third party.

(3) Mr. Yasuhiro Suzuki is the son of Mr. Toshifumi Suzuki, who is the Chairman and Representative

Director of the Company.

Notes concerning per share information

1. Net assets per share: ¥1,927.09
2. Net income per share: ¥126.21

Notes concerning significant subsequent event

Major damage has occurred to the Company's stores and other facilities located in East Japan due to Great East Japan Earthquake which occurred on March 11, 2011. The estimated loss related to the damaged properties, facilities and inventories, recovery of such assets and other restoration activities is approximately 26,000 million yen in total, which is to be presented under the classification of special losses.

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 or the like have been rounded down to the units indicated.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2011)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**31,677**	**Current liabilities**	**272,859**
Cash and bank deposits	376	Short-term loans from subsidiaries and affiliates	270,004
Prepaid expenses	254	Lease obligations	378
Accounts receivable, other	13,339	Accounts payable, other	552
Deposits held by subsidiaries and affiliates	17,003	Accrued expenses	1,048
Other	704	Income taxes payable	162
Non-current assets	**1,818,796**	Advance received	181
Property and equipment	**2,810**	Allowance for bonuses to employees	206
Buildings and structures, net	49	Allowance for bonuses to directors and corporate auditors	36
Furniture, fixtures and equipment, net	10		
Land	2,712	Other	288
Construction in progress	38	**Non-current liabilities**	**212,699**
Intangible assets	**1,314**	Bonds	209,973
Lease assets, net	1,314	Long-term loans payable to subsidiaries and affiliates	6
Investments and other assets	**1,814,670**	Lease obligations	1,019
Investments in securities	13,379	Deposits received from tenants	1,701
Investments in subsidiaries	1,688,901	**TOTAL LIABILITIES**	**485,559**
Prepaid pension cost	146	**NET ASSETS**	
Long-term leasehold deposits	2,214	**Shareholders' equity**	**1,362,970**
Deposits paid to subsidiaries and affiliates	110,000	**Common stock**	**50,000**
Other	29	**Capital surplus**	**1,245,634**
		Additional paid-in capital	875,496
		Other capital surplus	370,137
		Retained earnings	**74,619**
		Other retained earnings	74,619
		Retained earnings brought forward	74,619
		Treasury stock, at cost	**(7,282)**
		Accumulated gains (losses) from valuation and translation adjustments	**1,117**
		Unrealized gains (losses) on available-for-sale securities, net of taxes	1,117
		Subscriptions to shares	**826**
		TOTAL NET ASSETS	**1,364,914**
TOTAL ASSETS	**1,850,473**	**TOTAL LIABILITIES AND NET ASSETS**	**1,850,473**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2010 to February 28, 2011)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividends income	63,716	
Management consulting fee income	3,459	
Commission fee income	2,836	70,011
Selling, general and administrative expenses		7,115
Operating income		**62,896**
Non-operating income		
Interest income	1,021	
Dividends income	202	
Other	286	1,510
Non-operating expenses		
Interest expenses	1,608	
Interest on bonds	2,465	
Amortization of bond issuance expenses	375	
Other	33	4,482
Ordinary income		**59,924**
Special gains		
Gain on donations received	7,000	7,000
Special losses		
Loss on disposals of property and equipment	47	47
Income before income taxes		**66,876**
Income taxes – current	**4**	**4**
Net income		**66,872**

STATEMENT OF CHANGES IN NET ASSETS (March 1, 2010 to February 28, 2011)

(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	Total retained earnings		
					Retained earnings brought forward			
Balance at February 28, 2010	**50,000**	**875,496**	**419,384**	**1,294,881**	**57,781**	**57,781**	**(9,311)**	**1,393,351**
Increase (decrease) for the year								
Cash dividends					(50,034)	(50,034)		**(50,034)**
Net income					66,872	66,872		**66,872**
Purchase of treasury stock							(47,256)	**(47,256)**
Sales of treasury stock			(2)	(2)			40	**38**
Cancellation of treasury stock			(49,244)	(49,244)			49,244	—
Increase (decrease) of items for the year except those included in shareholders' equity (net amount)								
Net increase (decrease) for the year	—	—	**(49,247)**	**(49,247)**	**16,837**	**16,837**	**2,028**	**(30,381)**
Balance at February 28, 2011	**50,000**	**875,496**	**370,137**	**1,245,634**	**74,619**	**74,619**	**(7,282)**	**1,362,970**

	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, 2010	**992**	**992**	**633**	**1,394,977**
Increase (decrease) for the year				
Cash dividends				**(50,034)**
Net income				**66,872**
Purchase of treasury stock				**(47,256)**
Sales of treasury stock				**38**
Cancellation of treasury stock				—
Increase (decrease) of items for the year except those included in shareholders' equity (net amount)	124	**124**	**193**	**318**
Net increase (decrease) for the year	**124**	**124**	**193**	**(30,063)**
Balance at February 28, 2011	**1,117**	**1,117**	**826**	**1,364,914**

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 6th 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, a 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 March 1, 2009 are accounted for as operating leases.

3. Methods of Accounting for Deferred Assets

Bond issue costs: The total amount is recognized in expenses when incurred.

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 during the 6th 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 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 at February 28, 2011 is recorded as prepaid pension cost.

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

(Accounting policy change)

From the year ended February 28, 2011, the Company adopted Partial Amendments to Accounting Standards for Retirement Benefits (Part 3) (ASBJ Statement No.19, July 31, 2008). This change had no effect on profit/loss in the 6th fiscal year. Further, the adoption of this accounting standard does not result in any difference in retirement benefit obligations.

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.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: ¥78 million

2. Contingent liabilities

Guarantees are as follows:

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

(2) For electronic money guaranteed by subsidiary Seven Card Service Co., Ltd., pursuant to the Act on Financial Settlements
¥4,739 million

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

(1) Short-term receivables: ¥1,238 million

(2) Short-term payables: ¥1,066 million

(3) Long-term payables: ¥2,683 million

Notes to Non-Consolidated Statement of Income

Items regarding transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations: ¥70,011 million
Selling, general and administrative expenses: ¥198 million
(2) Non-operating transactions: ¥2,631 million

Notes to Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year   Common stock 2,958,868 shares

Notes regarding tax effect accounting

Deferred tax assets by cause of occurrence

Deferred tax assets	
Allowance for bonuses to employees:	¥83 million
Accrued enterprise taxes and business office taxes:	¥69 million
Subscriptions to shares:	¥336 million
Tax loss carried forward:	¥5,083 million
Valuation loss on subsidiaries and affiliates stock:	¥29,089 million
Other:	¥19 million
Sub-total:	¥34,681 million
Less: Valuation allowance:	(¥34,681 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 March 1, 2009 (finance lease transactions accounted for as operating leases)

(1) lessee assumed amounts of acquisition cost, accumulated depreciation, and net book value at the end of the 6th fiscal year for leased properties are summarized as follows:

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Net book value at the end of the fiscal year
Furniture, fixtures and equipment	16	15	1
Software	11,865	10,080	1,784
Total	11,881	10,096	1,785

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

Due within one year:	¥1,039 million
Due over one year:	¥794 million
Total:	¥1,834 million

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

Lease payments:	¥2,717 million
Assumed depreciation expense:	¥2,605 million
Assumed interest expense:	¥54 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 properties. The interest method is used as the method of allocation for each fiscal year.

2. Operating leases

Future lease payments

Due within one year:	¥609 million
Due after one year:	¥1,319 million
Total:	¥1,929 million

Notes concerning transactions with related parties

1. Subsidiaries and affiliates, etc.

(Millions of yen)

Attribution	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction	Account title	Year-end 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	240,307 1,020 1,080,000 1,586	Deposits Deposits paid Other current asset Short-term loans Accrued expenses	17,003 110,000 238 270,000 359
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment Office sublease	1,128 779	Accounts receivable, other Advance received	134 68
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management Operational consignment Office sublease	2,101 1,283 880	Accounts receivable, other Advance received	310 75
Subsidiary	Seven Card Service Co., Ltd.	Ownership Indirect: 95.5	Guaranty of debt Concurrently serving corporate officers	Guaranty of debt for bank loans Guarantees for prepaid means of payment	10,000 4,739	— —	— —

(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.

2. Directors and corporate auditors and significant individual shareholders, etc.

(Millions of yen)

Attribution	Name	Voting rights (held)	Relationship with related party	Details of transaction	Transaction amount	Account title	Year-end balance
Close relative of the director	Masatoshi Ito	Directly 1.9%	—	Donations	5,000	—	—

(Notes)

(1) The transaction amount does not include consumption taxes.

(2) The Company received donations in cash for construction of a training facility that may be used by all group companies of the Company.

(3) Mr. Masatoshi Ito is the father of Mr. Junro Ito who is a director of the Company.

Notes concerning per share information

1. Net assets per share:	¥1,543.99
2. Net income per share:	¥75.38

Notes concerning significant subsequent event

None.

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 or the like have been rounded down to the units indicated.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings.

It is proposed that the retained earnings will be appropriated as described below:

For shareholder return, our 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 basic annual dividend amount of ¥50.00 per share and a target consolidated payout ratio of 35%. With respect to retained earnings, the Company will actively invest in existing businesses based on clear investment criteria while reorganizing its operations by investing in new businesses.

Matters concerning year-end dividends
It is proposed that the year-end dividends for the 6th fiscal year be paid as follows in consideration of the performance for the 6th 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 ¥29 per one (1) ordinary share of the Company. In such a case, the aggregate amount of dividends shall be ¥25,621,010,335.
Therefore, the annual dividends for the 6th fiscal year, including interim dividends of ¥28, shall be ¥57 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 27, 2011.

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) * 5,062,832 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. 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. 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. * Director 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) * 41,740 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)

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	Katsuhiro Goto (December 20, 1953) * 14,240 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.
4	Tsuyoshi Kobayashi (August 12, 1957) * 5,700 shares	Feb. 2004: Joined Seven-Eleven Japan Co., Ltd. Sep. 2005: Executive Officer of the Company (incumbent) Senior Officer of the Corporate Planning Department of the Company (incumbent) May 2009: Director of the Company (incumbent) Senior Officer of the Overseas Planning Department of the Company (incumbent)
5	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 the Corporate Development Department of the Company (incumbent) Apr. 2011: Senior Officer of the CSR Department of 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
6	Kunio Takahashi (January 28, 1951) * 5,000 shares	Mar. 2003: Joined Seven-Eleven Japan Co., Ltd. Sep. 2005: Executive Officer of the Company (incumbent) Senior Officer of the Finance Department of the Company Mar. 2007: Senior Officer of the Finance Planning Department of the Company (incumbent)
7	Atsushi Kamei (May 30, 1944) * 22,860 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.

Candidates No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
8	Ryuichi Isaka (October 4, 1957) *14,712 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) Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President and Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd *Director of 7-Eleven, Inc.
9	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. 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
10	Takashi Anzai (January 17, 1941) *6,000 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.) Sep. 2005: Director of the Company (incumbent) Jun. 2010: Representative Director and Chairman of Seven Bank, Ltd. (incumbent) (Important Concurrent Positions) * Representative Director and Chairman of Seven Bank, Ltd.
11	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.
12	Tsuneo Okubo (March 8, 1956) * 0 shares	Mar. 1979: Joined Ito-Yokado Co., Ltd. Sep. 1990: Representative Director and President of Retail Science Co., Ltd. Sep. 2003: Representative Director and President of Drug Eleven Inc. Jan. 2007: Representative Director and President of Seijo Ishii Co., Ltd. Sep. 2010: Counsel of the Company (incumbent) Mar. 2011: Executive Vice President of Seven & i Food Systems Co., Ltd.(incumbent) (Important Concurrent Positions) * Executive Vice President of Seven & i Food Systems 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
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)
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) * 3,100 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 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 Chairman of Seven Bank, Ltd., which engages in transactions falling within types of 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 five (5) 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 five (5) 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 three (3) 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 29

4. Messrs. Noritaka Shimizu, Scott Trevor Davis, and Ikujiro Nonaka are independent directors in accordance with the rules of the Tokyo Stock Exchange.

5. The brief personal history of each of the above candidates is as of April 18, 2011.

Item No. 3: 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 1,350.

(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 135,000 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 a shareholders' meeting resolution 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 25, 2011. 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 (Internet connection charges, 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.