<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382
May 4, 2016

To Our Shareholders,

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

CONVOCATION NOTICE OF THE 11TH ANNUAL SHAREHOLDERS' MEETING

You are invited to attend the 11th 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, 2016 (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 may receive the completed Voting Instructions Form by the above deadline.

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

After referring to Information about Exercising Your Voting Rights by the Electronic Method on page 76, 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, 2016 (Thursday)

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

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 11th fiscal year (from March 1, 2015 to February 29, 2016), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board.

(2) Reporting on the substance of the Financial Statements for the 11th fiscal year (from March 1, 2015 to February 29, 2016).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

Item No. 2: Election of fourteen (14) 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 Determined for 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 changes in the Shareholders' Meeting Reference Materials, Business Report, Financial Statements, or Consolidated Financial Statements will be posted on the Company's website (http://www.7andi.com/st.html).

From this year, free samples which used to be provided to shareholders attending Annual Shareholders' Meetings will not be provided. Your understanding would be appreciated in this regard.

Attached Documents (Extract)

Business Report (March 1, 2015 to February 29, 2016)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 11th fiscal year, the operating environment in the retail industry underwent a gentle economic recovery, due in part to the government's economic stimulus measures and other factors. However, the sense of uncertainty about the risk of a downturn in the global economy continued. In terms of consumer spending, customers are becoming even more selective with their purchasing, and a consumption trend that focuses on improved quality of life in Japan's mature society is becoming more pronounced.

In this setting, based on the policy of "Management Focused on Quality," the Group proceeded with individual store management led by the stores by breaking free from the conventional concept of chain store management, and worked on developing high value-added products which capture changes in customer psychology, as well as products and product lineups which match regional tastes, while working to improve our customer service. As regards the Group's shared Seven Premium private-brand products and Group companies' original products, we worked to improve quality and propose new value by promoting the development of new products and implementing a systematical renewal of existing products. Sales of Seven Premium products expanded to ¥1,001.0 billion in the 11th fiscal year (up 22.8% YOY), surpassing the annual plan of ¥1,000.0 billion.

Furthermore, the Group is pushing forward with our Omni-Channel Strategy in the form of cross-Group initiatives to achieve the "Second Stage of Growth." The Group aims to create a new retail environment by realizing an Omni-Channel that integrates the Internet with the Group's network of approximately 20,000 stores in Japan which contain various business formats including convenience stores, superstores, food supermarkets, department stores, specialty stores, and restaurants. Therefore, in the 11th fiscal year, in November 2015, based on the concept of "All types of stores are into the neighborhood," we held the grand opening of our integrated Group portal site "omni7." We are noticing a change in customer buying behavior, with a growing ratio of customers picking up products purchased on omni7 at Seven-Eleven stores.

Consequently, our consolidated results in the 11th fiscal year were as follows.

Revenues from operations were ¥6,045.7 billion (up 0.1% YOY), rising from the previous fiscal year, despite a ¥335.8 billion decline in gasoline sales in North American convenience store operations due mainly to the drop in gasoline prices resulting from lower oil prices.

Operating income was ¥352.3 billion (up 2.6% YOY), due mainly to strong results in convenience store operations making up for tough competition in superstore and other operations, and ordinary income was ¥350.1 billion (up 2.5% YOY), both reaching record highs. Net income was ¥160.9 billion (down 7.0% YOY) due mainly to an increase in special losses.

The exchange rate of the yen prevailing at the time of the consolidation of overseas subsidiaries in the 11th fiscal year increased revenues from operations by about ¥249.0 billion and operating income by about ¥8.2 billion. Furthermore, Group sales, which include the total store sales of Seven-Eleven Japan Co., Ltd., and 7-Eleven, Inc., were ¥10,703.0 billion (up 4.6% YOY).

Overview of business by segment

An overview of business by segment in the 11th fiscal year is as follows.

(i) Convenience store operations

Revenues from operations in convenience store operations were ¥2,675.8 billion (down 1.9% YOY), and operating income was ¥304.1 billion (up 9.9% YOY).

In Japan, Seven-Eleven Japan Co., Ltd. aggressively pursed expansion, opening 1,651 stores, including an expansion into Kochi Prefecture in March, Aomori Prefecture in June, and Tottori Prefecture in October 2015. As a result, there were 18,572 domestic stores (up 1,081 stores YOY) in 46 prefectures at the end of the 11th fiscal year. On the product front, we worked to further improve the quality of basic products including rice balls and sandwiches, and to enhance our development of products which match the preferences of regional customers. Introduced in October 2014, we completed our nationwide rollout of SEVEN CAFÉ Donut in September 2015, and implemented a complete renewal in January 2016 to further improve product quality. With the launch of omni7, we worked to enhance our in-store system for the efficient management of will-call products and delivery operations.

As a result of these initiatives, the rate of growth in sales at existing stores recorded positive growth for the 43rd consecutive month since August 2012. Total store sales in Japan, which comprise corporate and franchised store sales, were ¥4,291.0 billion (up 7.1% YOY).

In North America, as of the end of December 2015, 7-Eleven, Inc. had 8,500 stores (up 203 stores YOY). In terms of stores, we moved forward with store openings in urban areas, and in August 2015, we acquired 181 stores from Tedeschi Food Shops, Inc. to enhance our dominant position in areas with existing stores. In terms of sales, as a result of our continued focus on the development and sales of fresh food and 7-Select private-brand products, the rate of growth in merchandise sales at existing stores in the United States on a local currency basis in the 11th fiscal year largely exceeded the rate in the previous fiscal year. Total store sales, which comprise corporate and franchised store sales, were ¥2,950.4 billion (up 4.1% YOY) based on strong merchandise sales, despite a decline in gasoline sales due mainly to the drop in gasoline retail prices resulting from lower oil prices.

In China, as of December 31, 2015, we had 187 stores in Beijing, 70 stores in Tianjin, and 60 stores in Chengdu, Sichuan Province.

(ii) Superstore operations

Revenues from operations in superstore operations were ¥2,060.5 billion (up 2.4% YOY), and operating income was ¥7.2 billion (down 62.6% YOY).

Domestic superstore Ito-Yokado Co., Ltd. had 182 stores at the end of the 11th fiscal year (up 1 store YOY). In May 2015, we implemented organizational changes to break free from the concept of chain store management led by the headquarters, and to promote individual store management led by the stores, while strengthening our product lineup tailored to the characteristics of each individual store and region. We also moved forward with our approach toward implementing business structural reforms, which was announced in October 2015, including store closings and optimized personnel assignment. In store operations, we attracted excellent tenants from inside and outside the Group, and remodeled sales areas in order to enhance delicatessen items and promote face-to-face sales of fresh food. Particularly among our regional stores, we enhanced our relationship with capital and operational partners, and expanded our product lineup tailored to regional tastes mainly in the food section. In sales, we focused on the development and sales of differentiated products utilizing the Group's strength such as the Seven Premium and SEPT PREMIÈRES, the new private apparel brand items. With the launch of "omni7," we saw the effects of "webrooming," where customers confirming a product online visit a store to make their purchase. As a result of these initiatives, the rate of growth in sales at existing stores in the 11th fiscal year exceeded the previous fiscal year, with growth from April onward making up for the year on year fallback in demand in March occurring as a response to the rush demand associated with the consumption tax hike in the previous fiscal year. However, profitability was negatively affected by our efforts to reduce inventory focused on clothing items.

In domestic food supermarket operations, York-Benimaru Co., Ltd. had 205 stores as of the end of the 11th fiscal year (up 5 stores YOY), principally in the southern Tohoku region, and York Mart Co., Ltd. had 76 stores mainly in the Tokyo metropolitan area. York-Benimaru Co., Ltd. worked to realize “lifestyle proposal-type food supermarkets” by strengthening the sales of fresh food, and expanding its lineup of prepared foods to respond to demand for ready-to-serve and easy meals through its subsidiary Life Foods Co., Ltd. As a result of these initiatives, the rate of growth in sales at existing stores in the 11th fiscal year rose year on year.

Akachan Honpo Co., Ltd., which sells baby and maternity products, had 103 stores at the end of the 11th fiscal year (up 4 stores YOY).

In China, as of December 31, 2015, we had 6 superstores in Chengdu, Sichuan Province and 5 superstores in Beijing.

(iii) Department store operations

Revenues from operations in department store operations were ¥884.7 billion (up 1.1% YOY), and operating income was ¥3.8 billion (down 45.7% YOY).

Sogo & Seibu Co., Ltd. had 23 stores at the end of the 11th fiscal year (down 1 store YOY). In store operations, in August 2015, as a source to send information to make highly sensitive and refined-taste lifestyle proposals, we renovated the SEIBU Shibuya store for the first time in eight years. In sales, Sogo & Seibu Co., Ltd. reinforced its initiatives for promoting self-produced merchandise, centered on the Limited Edition brand, and self-arranged sales areas. In March 2015, we introduced a new private brand, Limited Edition Area Mode, tailored to regional characteristics. In November 2015, in line with the grand opening of omni7, we launched e.CASTEL, Japan’s first luxury brand specialty site carrying only genuine and authorized direct imports. At the same time, we reinforced the high-quality customer service that is the hallmark of department stores, while enhancing our total advisory service functions with specialist sales staff such as fashion advisors. As a result of these initiatives, the rate of growth in sales at existing stores in the 11th fiscal year rose year on year, despite the fallback in the demand occurring as a response to the rush demand associated with the consumption tax hike in the previous fiscal year.

The SEIBU Kasukabe store was closed on February 29, 2016.

THE LOFT CO., LTD., which operates miscellaneous goods specialty stores, had 102 stores at the end of the 11th fiscal year (up 8 stores YOY).

(iv) Food services operations

Revenues from operations in food service operations were ¥83.8 billion (up 3.5% YOY), and operating income was ¥0.9 billion, up ¥0.8 billion from the previous fiscal year.

The restaurant division of Seven & i Food Systems Co., Ltd. operated 469 restaurants at the end of the 11th fiscal year (down 5 restaurants YOY). The rate of growth in sales at existing restaurants in the 11th fiscal year increased year on year. This mostly reflected successfully enhanced sales of high value-added menus and improved customer service.

(v) Financial services operations

In financial services operations, revenues from operations were ¥192.4 billion (up 8.0% YOY), and operating income was ¥49.6 billion (up 5.3% YOY).

As of the end of the 11th fiscal year, the number of installed ATMs of Seven Bank, Ltd. had increased to 22,388 (up 1,449 ATMs YOY), due mainly to the aggressive opening of stores by Seven-Eleven Japan Co., Ltd. As a result, the amount of cash and bank deposits at Seven Bank, Ltd., including the cash loaded into ATMs, was ¥676.9 billion. The average daily transaction volume per ATM during the 11th fiscal year was 99.2 transactions (down 2.0 transactions YOY), mainly due to the effect of implementing transaction fees on customers of some affiliated banks, however the total number of transactions during the year increased from the previous fiscal year due to the increase in the number of installed ATMs. In July 2015, FCTI, Inc., a US subsidiary of Seven Bank, Ltd., entered into an agreement with 7-Eleven, Inc. to install and operate ATMs in US 7-Eleven stores from July 2017.

In credit card operations of the two card operating companies, the transaction volume of the Seven Card Plus credit cards issued by Seven Card Service Co., Ltd. and of the CLUB ON CARD SAISON and Millennium CARD SAISON credit cards issued by Seven CS Card Service Co., Ltd. increased year on year, mainly for shopping uses. In electronic money operations, Seven Card Service Co., Ltd. worked aggressively to expand the *nanaco* electronic money service inside and outside the Group. As a result, at the end of the 11th fiscal year, the total number of *nanaco* accounts issued was 45.42 million (up 8.25 million YOY), and the number of stores at which *nanaco* was available was approximately 215,300 stores (up about 47,600 stores YOY).

(vi) Mail order services operations

Revenues from operations in mail order services operations were ¥158.7 billion (down 14.6% YOY), and an operating loss of ¥8.4 billion was incurred.

In August 2015, Nissen Holdings, Co., Ltd. announced management streamlining measures aimed at an early return to positive earnings, and strove to improve profitability and implemented measures to realize Group synergies.

(vii) Others

Revenues from operations in others were ¥61.5 billion (up 14.3% YOY), and operating income was ¥5.5 billion (up 51.5% YOY).

Barneys Japan Co., Ltd., which became a wholly-owned subsidiary of the Company in February 2015, is included in the “others” segment from the 11th fiscal year.

(viii) Eliminations and Company-related

An operating loss of ¥10.5 billion was incurred in eliminations and company-related (adjustments).

In the Omni-Channel Strategy being pursued by the Group, Group-wide costs such as sales promotion costs and software-related depreciation costs are included in Eliminations and Company-related.

Revenues from operations by segment

Business segment	Revenues from operations (Millions of yen)
Convenience stores	2,675,890
Superstores	2,060,516
Department stores	884,716
Food services	83,839
Financial services	192,487
Mail order services	158,732
Others	61,582
Eliminations and Company-related	(72,061)
Total	6,045,704

(Notes)

1. Group sales, which include the chain store sales of Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc., were ¥10,703.0 billion.
2. Eliminations and Company-related is a total of eliminated inter-segment transactions and revenues from operations of the Company.

(2) Capital expenditures and fundraising

Total capital expenditures in the 11th fiscal year were ¥399.2 billion. The funds required for these expenditures were appropriated from loans from the financial institutions, from issuance of bonds and from funds on hand.

Furthermore, the Company issued ¥120.0 billion in unsecured bonds on June 17, 2015.

Business segment	Capital expenditures (Millions of yen)
Convenience stores	238,372
Superstores	81,354
Department stores	17,515
Food services	1,853
Financial services	33,422
Mail order services	4,766
Others	3,678
Corporate (shared)	18,240
Total	399,204

(Notes)

1. The amounts above include guaranty deposits and advances for store construction.
2. The amount for corporate (shared) is the Company’s capital expenditures.

(3) Trends in assets and profit/loss in the 11th fiscal year and the most recent three fiscal years

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

Item	8th fiscal year (March 1, 2012 to February 28, 2013)	9th fiscal year (March 1, 2013 to February 28, 2014)	10th fiscal year (March 1, 2014 to February 28, 2015)	11th fiscal year (March 1, 2015 to February 29, 2016)
Revenues from operations	Millions of yen 4,991,642	Millions of yen 5,631,820	Millions of yen 6,038,948	Millions of yen 6,045,704
Net income	Millions of yen 138,064	Millions of yen 175,691	Millions of yen 172,979	Millions of yen 160,930
Net income per share	Yen 156.26	Yen 198.84	Yen 195.66	Yen 182.02
Total assets	Millions of yen 4,262,397	Millions of yen 4,811,380	Millions of yen 5,234,705	Millions of yen 5,441,691
Net assets	Millions of yen 1,994,740	Millions of yen 2,221,557	Millions of yen 2,430,917	Millions of yen 2,505,182
Net assets per share	Yen 2,140.45	Yen 2,371.92	Yen 2,601.23	Yen 2,683.11

(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	8th fiscal year (March 1, 2012 to February 28, 2013)	9th fiscal year (March 1, 2013 to February 28, 2014)	10th fiscal year (March 1, 2014 to February 28, 2015)	11th fiscal year (March 1, 2015 to February 29, 2016)
		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Convenience stores	Revenues from operations	1,899,573	2,529,694	2,727,780	2,675,890
	Operating income	221,764	257,515	276,745	304,110
	Total assets	1,370,292	1,630,826	1,927,221	1,982,681
Superstores	Revenues from operations	1,994,588	2,009,409	2,012,176	2,060,516
	Operating income	25,491	29,664	19,340	7,234
	Total assets	967,887	1,000,318	1,040,068	1,047,824
Department stores	Revenues from operations	884,028	871,132	875,027	884,716
	Operating income	8,029	6,590	7,059	3,832
	Total assets	517,075	501,856	495,961	485,700
Food services	Revenues from operations	78,361	78,566	80,980	83,839
	Operating income (loss)	721	604	44	917
	Total assets	21,843	22,398	26,307	25,200
Financial services	Revenues from operations	144,355	158,826	178,221	192,487
	Operating income	37,425	44,902	47,182	49,697
	Total assets	1,716,745	1,798,059	1,871,705	1,929,839
Mail order services	Revenues from operations	--	--	185,802	158,732
	Operating income (loss)	--	--	(7,521)	(8,451)
	Total assets	--	103,437	105,717	81,941
Others	Revenues from operations	50,210	50,492	53,897	61,582
	Operating income	3,886	2,166	3,669	5,559
	Total assets	168,047	169,602	207,073	186,078

(Note)

The results of "mail order services" in the 9th fiscal year were consolidated only in the balance sheets because February 28, 2014 is the deemed acquisition date.

(4) Corporate reorganization measures, etc.

None.

(5) Status of major subsidiaries (as of February 29, 2016)

(i) Status of major subsidiaries

Business segment	Company name	Paid-in capital	Capital contribution ratio (%)
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.	¥30,514 million	45.8
Mail order services	Nissen Holdings Co., Ltd.	¥11,873 million	50.7

(Notes)

1. The capital contribution ratio in 7-Eleven, Inc., Seven Bank, Ltd., and Nissen Holdings Co., Ltd. is indirect holdings.
2. The status of specified wholly owned subsidiaries as of the last day of the 11th fiscal year is as follows.

Name of specified wholly owned subsidiaries	Address of specified wholly owned subsidiaries	Book value of shares of specified wholly owned subsidiaries held by the Company and its wholly owned subsidiaries (Millions of yen)	Total assets of the Company (Millions of yen)
Seven-Eleven Japan Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	680,212	1,941,937
Ito-Yokado Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	585,961	

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 120 consolidated subsidiaries and 26 equity-method affiliates.

(6) Issues to be resolved

(i) Outlook for the coming fiscal year

With respect to the outlook for the 12th fiscal year, although the effects of the government's economic stimulus measures, etc. are expected to continue, the future trend of consumer spending is expected to remain uncertain, partly due to the consumption tax rate hike scheduled for April 2017, etc.

Under this environment, the Group will take on new challenges without being bound by past conceptions, and strive to focus on quality by proposing high value-added products and services and improving customer service capabilities. At the same time, we will work to tailor our sales areas to each region and the characteristics of each individual store's catchment area, and aim to respond to our customers' needs with greater attention to detail. To this end, we will break free from the conventional concept of chain store management led by the headquarters, and implement individual store management led by the stores.

Furthermore, to maximize Group synergies, the Company will push forward with our Omni-Channel Strategy in the form of cross-Group initiatives to achieve the "Second Stage of Growth." We aim to provide new shopping experiences by utilizing the superiority of the Group, with its network of approximately 20,000 stores in Japan which contain various business formats. Through our integrated Group portal site "omni7," the Company and its operating companies will promote the sales of high value-added products and expanded services, further enhancing enterprise value. Plans also call for ¥1,200.0 billion in sales (up 19.9% YOY) of the Group's shared Seven Premium private-brand products.

In domestic convenience store operations, Seven-Eleven Japan Co., Ltd. will grasp as growth opportunities the various changes in the social structure, which include the aging population, an increase in single-person households, a decline in the number of small and medium-sized retail stores and an increase in working women. In order to fulfill the expected role of a convenience store, Seven-Eleven Japan will target the further evolution of its stores into "close-by, convenient stores." In terms of stores, in addition to enhancing store openings in existing coverage areas, we will aggressively promote the change in locations of existing stores to provide further convenience for our regional customers and to enhance our dominant position. In doing so, we will open a record-high 1,800 stores. Furthermore, on the product front, we will work to further increase the quality of fast food products, and we will also focus on developing new products that capture the customers' latent needs, and on developing products that match the preferences of consumers in each region.

In overseas convenience store operations, 7-Eleven, Inc., which operates in North America, will continue to focus on the development and sale of fast food products and 7-Select private-brand products. At the same time, we will continue to open new stores in areas where we have a dominant presence and convert corporate stores to franchised stores.

In superstore operations, Ito-Yokado Co., Ltd. will implement the business structural reforms announced in October 2015 and March 2016, breaking free from the conventional concept of chain store management, and promoting individual store management led by the stores. We will move forward with the transition centered on enhancing food products to tailor the structure of our sales areas to each individual store's catchment area, enhance sales capabilities by strengthening the development of private-brand products and face-to-face sales with customers, create product lineups that are responsive to regional characteristics, and reinvigorate existing stores. Furthermore, of the 40 stores planned to be closed going forward, we will close 20 stores in the fiscal year ending February 28, 2017, working to improve profitability. Additionally, York-Benimaru Co., Ltd. will rigorously differentiate its fresh foods and delicatessen items by forming an alliance with subsidiary Life Foods Co., Ltd., and continue to strengthen its lineup of products that meet regional needs, while invigorating existing stores and continuing to open stores under its market concentration strategy.

In department store operations, Sogo & Seibu Co., Ltd. will strengthen its initiatives to promote self-produced merchandise and self-arranged sales areas and pursue differentiation by expanding products of value utilizing the Omni-Channel on the product front, further enhance sales capabilities at flagship stores including Seibu Ikebukuro main store in terms of stores, and strengthen its lineup of local products in regional stores, thus working to invigorate operations. Furthermore, based on the business structural reforms announced in March 2016, we will move forward with organizational reforms such as optimizing Head Office personnel and reviewing the organization of both the Merchandising Department and Sales Department, and work to improve profitability by closing both SEIBU Asahikawa store and Sogo Kashiwa store on September 30, 2016, as neither store is expected to have improved results.

In food service operations, Seven & i Food Systems Co., Ltd. will continue to strengthen high value-added menus and improve profitability by enhancing customer service capabilities.

In mail order services operations, Nissen Holdings, Co., Ltd. will work to improve profitability by pushing ahead with management streamlining measures announced in August 2015 and implement initiatives that will capture Group synergies.

(ii) Management issues

Guided by the Group brand message “It’s a New Day,” the Company aims to provide new distribution services with unprecedented attractiveness which create and propose a new type of lifestyle, to respond quickly to changes in the social and economic environment, to promote the generation of new businesses and the activation of existing businesses using the collective capabilities of the retail group, which has various business categories, and to promote to maximize our Group enterprise value. To achieve these goals, we have put forth the following action plan.

I. Pushing forward with our Omni-Channel Strategy which aims to fuse real stores and the Internet
  i. Developing products with new value
  ii. Sales areas which respond to changes in the market
  iii. Providing high-quality customer service
II. Realizing product lineups and sales areas that are responsive to regional characteristics
III. Creating an operational structure led by individual stores
IV. Advancing Group functions
  i. Pursuing merchandising synergies in supply, logistics, product development and sales, etc.
  ii. Integrating the administrative divisions, aiming to provide high value-added services, and to reduce costs
  iii. Unified management of intellectual property
  iv. Ensuring thoroughness of business actions emphasizing on CSR

Especially in our pursuit of synergies, in the “Group MD Reform Project” which is working on the development of the Group’s shared private-brand products, Seven Premium, we are challenging a new kind of merchandising which surpasses the differences in the business formats of the individual operating companies. By sharing information within the Group centered on these initiatives, we will work to make costs more efficient, while increasing the precision of our merchandising and capturing greater economies of scale. We will also promote the Omni-Channel Strategy to realize large synergies as the driving force of the Group’s “Second Stage of Growth.”

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.

(iii) CSR initiatives

Looking at social changes including the diversification of social issues and expansion of business fields, the Company has clarified the direction of the Group's CSR activities by means of evaluating past CSR activities and identifying material issues for the Company to focus on through conversations with our stakeholders. In our core businesses, we aim for a sustainable society and sustainable growth through a proactive approach to these priority issues and "CSV" (Creating Shared Value), which creates value for both society and corporations.

Five material issues

- Providing social infrastructure for an aging society and declining population
- Providing safety and reliability through products and stores
- Non-wasteful usage of products, ingredients and energy
- Supporting the active role of women, youth and seniors across the Group and in society
- Building an ethical society and improving resource sustainability together with customers and business partners

(7) Scope of principal businesses (as of February 29, 2016)

The Group is centered on the retail industry and comprises 147 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, financial services operations, and mail order 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 stores (52 companies)	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN HAWAII, INC. SEJ Asset Management & Investment Company SHAN DONG ZHONG DI CONVENIENCE CO., LTD.*[1] TOWER BAKERY CO., LTD.*[1]
Superstores (28 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 Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd. Seven Bi no Garden Co., Ltd. IY Foods K.K. Life Foods Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Seven Farm Co., Ltd. DAIICHI CO., LTD.*[1] Tenmaya Store Co., Ltd.*[1]
Department stores (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.
Food services (1 company)	Seven & i Food Systems Co., Ltd.
Financial services (9 companies)	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. SEVEN & i Financial Center Co., Ltd. FCTI, Inc.*[2]

Business segments	Names of major Group companies
Mail order services (22 companies)	Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO., LTD. GE Nissen Credit Co., Ltd.*[1]
Others (21 companies)	Seven & i Netmedia Co., Ltd. Seven Net Shopping Co., Ltd. SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Asset Management Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. Trube Ltd. Mall & SC Development Inc. Seven Culture Network Co., Ltd. Barneys Japan Co., Ltd. I ing Co., Ltd.*[1] PIA CORPORATION*[1] Tower Records Japan Inc.*[1] BALS CORPORATION*[1]

(Notes)

*1 SHAN DONG ZHONG DI CONVENIENCE CO., LTD., TOWER BAKERY CO., LTD., DAIICHI CO., LTD., Tenmaya Store Co., Ltd., GE Nissen Credit Co., Ltd., I ing Co., Ltd., PIA CORPORATION, Tower Records Japan Inc., and BALS CORPORATION are affiliates.

*2 On October 1, 2015, Financial Consulting & Trading International, Inc. changed its name to FCTI, Inc.

(8) Principal business locations (as of February 29, 2016)

(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: 501 stores

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 1,748 stores

(Note)
The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2015.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 182 stores

York-Benimaru Co., Ltd.

- Head office: 18-2, 2-chome, Asahi, Koriyama, Fukushima
- Corporate stores: 205 stores

(Department stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 23 stores

(Food services)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Sumida office: 25-12, 1-chome, Yahiro, Sumida-ku, Tokyo
- Corporate stores: 851 stores

(Financial services)

Seven Bank, Ltd.

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

(Mail order services)

Nissen Holdings Co., Ltd.

- Head office: 26 Nishikujoinmachi, Minami-ku, Kyoto

(9) Status of employees (as of February 29, 2016)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Convenience stores	24,161 employees	382 employees (decrease)
Superstores	17,525 employees	368 employees (decrease)
Department stores	6,208 employees	24 employees (decrease)
Food services	1,416 employees	44 employees (increase)
Financial services	1,568 employees	120 employees (increase)
Mail order services	1,281 employees	144 employees (decrease)
Others	1,289 employees	8 employees (decrease)
Corporate (shared)	545 employees	90 employees (increase)
Total	53,993 employees	672 employees (decrease)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and its Group companies employ 91,467 part-time employees (monthly average based on a 163-hour working month).
3. The number of employees for corporate (shared) is the number of employees of the Company.
4. The decrease in the number of employees in mail order services is primarily due to personnel reductions associated with business structural reform of Nissen Co., Ltd.

(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	395 employees	64 employees (increase)	45 years 9 months	19 years 10 months
Females	150 employees	26 employees (increase)	39 years 3 months	15 years 9 months
Total or average	545 employees	90 employees (increase)	43 years 11 months	18 years 8 months

(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 24 part-time workers (monthly average based on a 163-hour working month).
3. The increase in the number of employees is primarily due to development of the Omni-Channel.

(10) Status of major lenders (as of February 29, 2016)

Lender	Amount borrowed (Millions of yen)
Sumitomo Mitsui Banking Corporation	144,752
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	128,229
Mizuho Bank, Ltd.	75,020

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

None.

2. Items Regarding Shares (as of February 29, 2016)

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

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

(Note)
The number of shares issued includes 2,268,146 treasury stock.

(3) Number of shareholders: 82,406

(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)	45,305	5.1
The Master Trust Bank of Japan, Ltd. (Trust account)	41,978	4.7
JP Morgan Chase Bank 380055	23,199	2.6
Nippon Life Insurance Company	17,664	2.0
Masatoshi Ito	16,799	1.9
MITSUI & CO., LTD.	16,222	1.8
Nomura Securities Co., Ltd.	13,785	1.6
State Street Bank and Trust Company	12,267	1.4
The Bank of New York Mellon SA/NV 10	11,466	1.3

(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 Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 29, 2016)

Name of share subscription rights issue		1st share subscription rights issue	2nd share subscription rights issue
Date of resolution for issue		July 8, 2008	July 8, 2008
Number of share subscription rights		159*1	958*2
Class and number of shares to be acquired upon exercise of the share subscription rights		15,900*1 common stock of the Company (with one share subscription right corresponding to 100 shares)	95,800*2 common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥307,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From May 1, 2009 to August 6, 2028	From August 7, 2009 to August 6, 2038
Exercise conditions		*3	*3
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 129 Class and number of corresponding shares: 12,900 common stock Number of Directors holding the share subscription rights: 3	Number of share subscription rights: 187 Class and number of corresponding shares: 18,700 common stock Number of Directors holding the share subscription rights: 7

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 share subscription rights		240*1	1,297*2
Class and number of shares to be acquired upon exercise of the share subscription rights		24,000*1 common stock of the Company (with one share subscription right corresponding to 100 shares)	129,700*2 common stock 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		*4	*4
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 183 Class and number of corresponding shares: 18,300 common stock Number of Directors holding the share subscription rights: 4	Number of share subscription rights: 229 Class and number of corresponding shares: 22,900 common stock Number of Directors holding the share subscription rights: 6

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 share subscription rights		211*[1]	1,144*[2]
Class and number of shares to be acquired upon exercise of the share subscription rights		21,100*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	114,400*[2] common stock 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		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 161 Class and number of corresponding shares: 16,100 common stock Number of Directors holding the share subscription rights: 4	Number of share subscription rights: 104 Class and number of corresponding shares: 10,400 common stock Number of Directors holding the share subscription rights: 5

Name of share subscription rights issue		7th share subscription rights issue	8th share subscription rights issue
Date of resolution for issue		May 26, 2011	May 26, 2011
Number of share subscription rights		259*[1]	1,280*[2]
Class and number of shares to be acquired upon exercise of the share subscription rights		25,900*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	128,000*[2] common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥188,900 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 29, 2012 to June 15, 2031	From February 29, 2012 to June 15, 2041
Exercise conditions		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 243 Class and number of corresponding shares: 24,300 common stock Number of Directors holding the share subscription rights: 5	Number of share subscription rights: 113 Class and number of corresponding shares: 11,300 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue		9th share subscription rights issue	10th share subscription rights issue
Date of resolution for issue		June 5, 2012	June 5, 2012
Number of share subscription rights		270*[1]	1,261*[2]
Class and number of shares to be acquired upon exercise of the share subscription rights		27,000*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	126,100*[2] common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥216,400 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, 2013 to July 6, 2032	From February 28, 2013 to July 6, 2042
Exercise conditions		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 254 Class and number of corresponding shares: 25,400 common stock Number of Directors holding the share subscription rights: 6	Number of share subscription rights: 104 Class and number of corresponding shares: 10,400 common stock Number of Directors holding the share subscription rights: 3

Name of share subscription rights issue		11th share subscription rights issue	12th share subscription rights issue
Date of resolution for issue		July 4, 2013	July 4, 2013
Number of share subscription rights		249*[1]	1,105*[2]
Class and number of shares to be acquired upon exercise of the share subscription rights		24,900*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	110,500*[2] common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥345,700 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, 2014 to August 7, 2033	From February 28, 2014 to August 7, 2043
Exercise conditions		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 234 Class and number of corresponding shares: 23,400 common stock Number of Directors holding the share subscription rights: 6	Number of share subscription rights: 96 Class and number of corresponding shares: 9,600 common stock Number of Directors holding the share subscription rights: 3

Name of share subscription rights issue		13th share subscription rights issue	14th share subscription rights issue
Date of resolution for issue		July 3, 2014	July 3, 2014
Number of share subscription rights		240*1	1,028*2
Class and number of shares to be acquired upon exercise of the share subscription rights		24,000*1 common stock of the Company (with one share subscription right corresponding to 100 shares)	102,800*2 common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥388,500 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, 2015 to August 6, 2034	From February 28, 2015 to August 6, 2044
Exercise conditions		*4	*4
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 226 Class and number of corresponding shares: 22,600 common stock Number of Directors holding the share subscription rights: 6	Number of share subscription rights: 90 Class and number of corresponding shares: 9,000 common stock Number of Directors holding the share subscription rights: 4

Name of share subscription rights issue		15th share subscription rights issue	16th share subscription rights issue
Date of resolution for issue		July 7, 2015	July 7, 2015
Number of share subscription rights		281*1	1,018*2
Class and number of shares to be acquired upon exercise of the share subscription rights		28,100*1 common stock of the Company (with one share subscription right corresponding to 100 shares)	101,800*2 common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥533,000 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 29, 2016 to August 5, 2035	From February 29, 2016 to August 5, 2045
Exercise conditions		*4	*4
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 281 Class and number of corresponding shares: 28,100 common stock Number of Directors holding the share subscription rights: 8	Number of share subscription rights: 85 Class and number of corresponding shares: 8,500 common stock Number of Directors holding the share subscription rights: 3

(Notes)

*1. The total number of share subscription rights at the time of granting them to Directors of the Company is shown.

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

*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 a subsidiary of the Company.

(ii) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights 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.

*4. 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 a subsidiary of the Company.

(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 only 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 only 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 rights. The conditions for exercising the share subscription rights 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 "Share Subscription Rights Allotment Agreement" 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 11th fiscal year as compensation for the performance of their duties

Name of share subscription rights issue		16th share subscription rights issue
Status of grants to employees, etc.	Employees of the Company (excluding those concurrently serving as Directors or Audit & Supervisory Board Members of the Company)	Number of share subscription rights: 182 Class and number of corresponding shares: 18,200 common stock Number of recipients: 13
	Directors, Audit & Supervisory Board Members, and employees of subsidiaries of the Company (excluding those concurrently serving as Directors, Audit & Supervisory Board Members, or employees of the Company)	Number of share subscription rights: 751 Class and number of corresponding shares: 75,100 common stock Number of recipients: 98

(Note)

The overview of the details of the 16th share subscription rights issue is as shown above in "(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 29, 2016)."

4. Items Regarding the Company's Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (as of February 29, 2016)

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. Director and Chairman of 7-Eleven, Inc. 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	Katsuhiro Goto	Chief Administrative Officer (CAO) of the Company Head of the Information Management & Security Office of the Company Director of Ito-Yokado Co., Ltd. Director of Sogo & Seibu Co., Ltd.
Director	Junro Ito	Senior Officer of the CSR Management Department of the Company Audit & Supervisary Board Member of York-Benimaru Co., Ltd.
Director	Kunio Takahashi	Chief Financial Officer (CFO) of the Company Senior Officer of the Finance Planning Department of the Company Representative Director and President of Seven & i Asset Management Co., Ltd. Representative Director and President of SEVEN & i Financial Center Co., Ltd.
Director	Akihiko Shimizu	Senior Officer of the Accounting Department of the Company Director of Seven Bank, Ltd. Audit & Supervisary Board of York Mart Co., Ltd.
Director	Yasuhiro Suzuki	Chief Information Officer (CIO) of the Company Representative Director and President of Seven & i Net Media 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	Takashi Anzai	Representative Director and Chairman of Seven Bank, Ltd.
Director	Zenko Ohtaka	Representative Director and Chairman and Chief Executive Officer (CEO) of York-Benimaru Co., Ltd.
Director	Joseph M. DePinto	President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Director of Brinker International, Inc.
Director	Scott Trevor Davis	Professor of the Department of Global Business, College of Business, Rikkyo University Outside Audit & Supervisary Board Member of Nissen Holdings Co., Ltd. Outside Director of Bridgestone Corporation Outside Director of Sompo Japan Nipponkoa Holdings, Inc.
Director	Yoshio Tsukio	Representative Director, Tsukio Research Institute
Director	Kunio Ito	Research Professor, Graduate School of Commerce and Management, Hitotsubashi University Outside Director of Akebono Brake Industry Co., Ltd. Outside Director of Sumitomo Chemical Company, Limited Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Director of Toray Industries, Inc.
Director	Toshiro Yonemura	Outside Director of UNIZO Holdings Company, Limited

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Masao Eguchi	Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd. Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.
Standing Audit & Supervisory Board Member	Tadao Hayakawa	
Audit & Supervisory Board Member	Yoko Suzuki	Attorney at Law Outside Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.
Audit & Supervisory Board Member	Tsuguoki Fujinuma	Certified Public Accountant Outside Director of Nomura Holdings, Inc. Outside Director of Nomura Securities Co., Ltd. Outside Corporate Auditor of SUMITOMO CORPORATION Outside Corporate Auditor of Takeda Pharmaceutical Company Limited Outside Director of SUMITOMO LIFE INSURANCE COMPANY
Audit & Supervisory Board Member	Kazuko Rudy (Real name: Kazuko Kiriyama)	Representative Director of WITAN ACTEN LLC MBA course Professor of Ritsumeikan University Graduate School Outside Director of TOPPAN FORMS CO.,LTD.

(Notes)

1. Mr. Hideo Nomura resigned from his position as an Audit & Supervisory Board Member upon the conclusion of the 10th Annual Shareholders' Meeting held on May 28, 2015.

2. Directors Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are Outside Directors.

3. Audit & Supervisory Board Members Yoko Suzuki, Tsuguoki Fujinuma, and Kazuko Rudy are Outside Audit & Supervisory Board Members.

4. Standing Audit & Supervisory Board Member Masao Eguchi and Audit & Supervisory Board Member Tsuguoki Fujinuma have the following expertise with regard to finance and accounting:

・Standing Audit & Supervisory Board Member Masao Eguchi was engaged in operations relating to finance and accounting in the Accounting Management Headquarters of Seven-Eleven Japan Co., Ltd. for a total period of ten (10) years or more.

・Audit & Supervisory Board Member Tsuguoki Fujinuma is a certified public accountant.

5. All Outside Directors and Outside Audit & Supervisory Board Members are independent Directors or Audit & Supervisory Board Members in accordance with the rules of the Tokyo Stock Exchange.

6. Executive officers of the Company as of February 29, 2016 were as follows:

Position	Name
Chief Executive Officer (CEO)	Toshifumi Suzuki
Chief Operating Officer (COO)	Noritoshi Murata
Managing Executive Officer Chief Administrative Officer (CAO)	Katsuhiro Goto
Executive Officer	Junro Ito
Executive Officer Chief Financial Officer (CFO)	Kunio Takahashi
Executive Officer	Akihiko Shimizu
Executive Officer Chief Information Officer (CIO)	Yasuhiro Suzuki
Managing Executive Officer	Atsushi Kamei
Managing Executive Officer	Ryu Matsumoto
Managing Executive Officer	Tsuneo Okubo
Executive Officer	Yoshihiro Tanaka

Position	Name
Executive Officer	Masataka Tosaya
Executive Officer	Kazuyo Sohda
Executive Officer	Katsutane Aihara
Executive Officer	Seiichiro Sato
Executive Officer	Shinobu Matsumoto
Executive Officer	Hisataka Noguchi
Executive Officer	Kimiyoshi Yamaguchi
Executive Officer	Fumihiko Nagamatsu

(2) Compensation, etc. of Directors and Audit & Supervisory Board Members

(i) Aggregate amount of compensation, etc. regarding the 11th fiscal year

Classification of Directors/Audit & Supervisory Board Members	Number of eligible Directors/Audit & Supervisory Board Members	Total amount of compensation (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Fixed compensation	Results-linked compensation	
				Bonus	Stock options for stock-linked compensation
Directors (excluding Outside Directors)	12	417	204	63	149
Outside Directors	4	46	46	—	—
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	34	34	—	—
Outside Audit & Supervisory Board Members	3	33	33	—	—

(Notes)

1. The Directors (excluding Outside Directors) include one (1) Director who resigned having completed his term of office at the conclusion of the 10th Annual Shareholders' Meeting held on May 28, 2015.
2. The Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) include one (1) member who resigned upon the conclusion of the 10th Annual Shareholders' Meeting held on May 28, 2015.
3. 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.
4. 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 Audit & Supervisory Board Members shall not exceed ¥100 million.
5. Stock options for stock-linked compensation were issued to eight (8) Directors (excluding Outside Directors).

(ii) Aggregate amount of compensation, etc. of Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries

During the 11th fiscal year, the aggregate amount of compensation, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members for their services as executives from subsidiaries of the Company at which they hold concurrent executive positions is ¥10 million.

(3) Items related to Outside Directors and Outside Audit & Supervisory Board Members

(i) Relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions

There are no special relationships between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions, except for the following two (2) companies.

・ Nissen Holdings Co., Ltd., at which Director Scott Trevor Davis holds a concurrent position, is a subsidiary of the Company through indirect equity holdings.

・ Ito-Yokado Co., Ltd, at which Audit & Supervisory Board Member Yoko Suzuki holds a concurrent position, is a subsidiary of the Company through 100% direct equity holdings.

(ii) Main activities during the 11th fiscal year

・Attendance and remarks at meetings of the Board of Directors and the Audit & Supervisory Board

(Outside Directors)

The Company’s Board of Directors held fourteen (14) meetings during the 11th fiscal year, Mr. Scott Trevor Davis attended fourteen (14) of those meetings. Mr. Yoshio Tsukio, Mr. Kunio Ito, and Mr. Toshiro Yonemura attended twelve (12), twelve (12), and thirteen (13) of those meetings, respectively. These Outside Directors gave advice and made proposals to ensure the validity and appropriateness of the Board’s decision making, primarily by expressing their opinions. Mr. Scott Trevor Davis expressed opinions mainly from the perspective of management and administration and corporate social responsibility (CSR), Mr. Yoshio Tsukio from the perspective of media policy, Mr. Kunio Ito from the perspective of accounting and management theory, and Mr. Toshiro Yonemura from the perspective of crisis management.

(Outside Audit & Supervisory Board Members)

The Company’s Board of Directors held fourteen (14) meetings during the 11th fiscal year, Ms. Yoko Suzuki attended fourteen (14) of those meetings and Mr. Tsuguoki Fujinuma attended thirteen (13). Ms. Kazuko Rudy attended fourteen (14) of those meetings. Also, the Company’s Audit & Supervisory Board held twenty-two (22) meetings during the 11th fiscal year, Ms. Yoko Suzuki attended twenty-two (22) of those meetings, Mr. Tsuguoki Fujinuma attended twenty (20), and Ms. Kazuko Rudy attended twenty (20). These Outside Audit & Supervisory Board Members asked questions and expressed their opinions as they deemed appropriate. Ms. Yoko Suzuki expressed opinions mainly from a legal perspective, Mr. Tsuguoki Fujinuma from a specialized finance and accounting perspective, and Ms. Kazuko Rudy from a marketing theory perspective.

・Exchanges of opinions with Directors, etc.

The Outside Directors and Outside Audit & Supervisory Board Members have meetings with Representative Directors, Directors, and Standing Audit & Supervisory Board Members, etc., on a regular and as-needed basis in addition to meetings of the Board of Directors, and exchanged frank opinions regarding the Company’s management, corporate governance, etc. The Outside Directors and Outside Audit & Supervisory Board Members also visited the places of business, etc. of major subsidiaries and exchanged opinions with the Directors and Audit & Supervisory Board Members, etc. of operating companies.

Through these activities, Outside Directors supervised operational execution, and Outside Audit & Supervisory Board Members performed audits of operational execution and accounting practices.

(iii) Summary of the liability limitation agreement

The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act.

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

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 11th fiscal year	802
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	848

(Notes)

1. 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 services as an accounting auditor for the 11th fiscal year.
2. The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.

(3) Non-audit operations

The Company shall compensate the accounting auditor for advisory services given regarding the Omni-Channel services.

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

In the event any of the reasons stipulated in the items in Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Company’s Audit & Supervisory Board 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 Audit & Supervisory Board Members. In the event the Company’s Audit & Supervisory Board 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 Audit & Supervisory Board will make a decision to propose a resolution for the non-reappointment of the accounting auditor to a shareholders’ meeting.

The above describes the policy that was applied during the 11th fiscal year.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

1. The Company 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 and by the corporate group comprised of the corporation and its subsidiaries," as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by the Company's and its subsidiaries' 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*, etc. 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 Company's CSR Management Committee; operate help lines; promote fair trade; and disseminate 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 Company's internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.

(iv) The Company's and its Group companies' Audit & Supervisory Board Members will ensure that the execution of duties by their respective companies' 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 the Company's Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries' 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 minutes of shareholders' meetings, minutes of Board of Directors' meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.

(ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company's Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.

(iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

(3) The Company's and its subsidiaries' regulations and systems for loss risk management

(i) In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.

(ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.

(iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) The Company's and its subsidiaries' 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 Company's 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 the Company's Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.

(iii) The Company's Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

(5) The Company's 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, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

(8) Systems for reporting to the Company's Audit & Supervisory Board Members

(i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company
Directors and employees of the Company shall promptly report to the Audit & Supervisory Board Members when matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation committed by a Director or an employee are found.

(ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company
When matters that could cause significant damage to the Group companies, or malfeasances or violations of laws, regulations, or the Articles of Incorporation in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report to the Audit & Supervisory Board Members of the Company through the information management supervisor of the Company.

In addition, Directors and employees of the Group companies may report to the help lines, which should function as public-interest reporting mechanisms, at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like and acts that could cause the Group to lose confidence of society are found in the operations of the Group companies, and the CSR Management Committee of the Company shall provide regular reports to the Representative Director and President and to the Audit & Supervisory Board Members concerning the operation of the help lines.

(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made

The Company shall establish provisions in the internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made, and shall appropriately enforce such provisions.

(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

(11) Other systems for ensuring that the Company's Audit & Supervisory Board Members can conduct their activities effectively

(i) The Company's Audit & Supervisory Board Members shall meet regularly with the Representative Director and President, and exchange opinions concerning important audit matters.

(ii) The Company's Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.

(iii) The Company's Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.

(iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

2. An overview of operational status of systems for ensuring appropriate operations is as follows.

(1) Status of the Company's corporate governance

The Company's Board of Directors is composed of 15 Directors (of whom four are independent Outside Directors). The Executive Officer system has been adopted for prompt decision making and operations under a rapidly changing management environment. The Board of Directors is responsible for formulating business strategies and supervising operations, and 19 Executive Officers, including those who also serve as Directors, execute business operations. The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area, etc. are clearly and appropriately defined in the regulations of decision-making authority, etc. In this way, the Company avoids administrative duplication and conducts flexible decision-making and administrative execution. The Company's Board of Directors held 14 meetings during the 11th fiscal year, and made decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as reports from the Company's Directors and people responsible for operating divisions, the Company addressed important management issues, including investigating and re-evaluating the efficiency and soundness of administrative execution.

The Audit & Supervisory Board is composed of 5 members (of whom three are independent Outside Audit & Supervisory Board Members), and monitors management based on the Audit & Supervisory Board Member system. In addition to attending Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Directors and periodically interview Directors regarding the status of business execution, and they investigate the status of business operations and assets of the Company and its operating companies based on the audit plan. In addition, they share information with operating companies' Directors and Audit & Supervisory Board Members and strictly audit the Directors' performance of duties. Further, the Audit & Supervisory Board Members exchange information with the accounting auditor to maintain close ties with them with respect to accounting audits.

The Outside Directors and Outside Audit & Supervisory Board Members provide advice and suggestions to ensure the validity and appropriateness of decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

(2) Initiatives at internal auditing divisions

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the “operational auditing staff” and the “internal control evaluation staff,” which are independent internal auditing divisions. The “operational auditing staff” have an oversight function to verify and provide guidance on internal auditing, including the status of the maintenance and operation of the compliance systems, by core operating companies or to directly audit them, and an internal auditing function for auditing the holding company, Seven & i Holdings, and the “operational auditing staff” perform these operations. The “internal control evaluation staff” evaluate internal controls regarding the financial reporting of all Group companies.

(3) Mutual cooperation among the internal auditing divisions, Audit & Supervisory Board Members’ audits, and accounting audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding tri-partite meetings. In the meeting, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members) receive reports from the auditing firm on, among other matters, the performance of accounting audits, and reports from the Auditing Office on, among other matters, the performance of internal audits, respectively, and request explanations as deemed necessary.

Further, the Company periodically holds reporting sessions for accounting audits, which are attended by Representative Directors and other officers, as well as the Standing Audit & Supervisory Board Members and the Auditing Office, etc. In the sessions, they receive reports from the auditing firm on the accounting audits, and confirm, among other matters, the results of the accounting audits.

Furthermore, the Standing Audit & Supervisory Board Members and the Auditing Office hold meetings, basically once a month. In the meetings, the Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc., and also proactively exchanges opinions with the Standing Audit & Supervisory Board Members regarding, among other matters, priority matters that should be examined in order to improve the quality of audits. With these efforts, the two parties aim to ensure comprehensive sharing of audit information between each other.

In the Audit & Supervisory Board meetings and other meetings, the Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, inter alia, the status of the reporting session for accounting audits and the contents of the meeting with the Auditing Office, respectively described above, and thereby share and discuss issues to be addressed and the like. Further, by providing the Auditing Office and the auditing firm with feedback on the matters thus discussed, the Standing Audit & Supervisory Board Members aim to ensure that (i) audits by the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members; (ii) internal audits; and (iii) accounting audits are linked with each other in a timely manner.

Further, the Auditing Office reports on the performance and the results of internal audits in the Audit & Supervisory Board meetings from time to time, and provides explanations in response to questions and so on from the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members).

At each audit, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm receive reports and materials, etc. from the internal control divisions, and request explanations as deemed necessary, and the internal control divisions cooperate in the appropriate performance of these audits.

(4) Efforts of each committee

The Company has established the "CSR Management Committee," "Risk Management Committee," "Information Management Committee," and "Group Synergy Committee," which report to the Representative Director. Each committee cooperates with the operating companies to determine Group policies and to manage and supervise their dissemination and execution with an eye to strengthening corporate governance.

●CSR Management Committee

The Company and its Group companies shall comply with the *Corporate Creed* and the *Corporate Action Guidelines*, etc. 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 Company's CSR Management Committee.

The CSR Management Committee endeavors to maintain compliance with the "Seven & i Holdings Corporate Action Guidelines," following the corporate creed of "We aim to be a sincere company that our customers trust." The Committee works to contribute to resolving social issues through business activities and aims for society and the Group to achieve sustainable growth. To achieve these objectives, the "Corporate Ethics and Culture Subcommittee," "Consumer Affairs and Fair Business Practices Subcommittee," and "Environment Subcommittee" have been established under the CSR Management Committee. Each subcommittee prioritizes main issues to be addressed from the standpoint of the Group's business characteristics, and then develops and implements measures to resolve the issues. Each subcommittee endeavors to further enhance compliance such as by developing and operating help lines, for which an independent contact has been established outside the Company, promoting fair business practices, and developing and disseminating corporate behavior policies and guidelines for each company.

●Risk Management Committee

In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.

The Risk Management Committee regards all phenomena that threaten continuation of our businesses and hinder sustainable growth as risks, and works to strengthen comprehensive and integrated risk management.

In the fiscal year ended February 29, 2016, the Committee focused on promoting collaboration between risk management and business management by establishing risk assessment standards and techniques that might form key indicators of business management. In addition, the Committee worked in collaboration with divisions concerned toward solving issues actually confronting the Group.

●Information Management Committee

The Information Management Committee works to control issues related to information management.

In the fiscal year ended February 29, 2016, the Committee strengthened governance and compliance from the viewpoint of information management, while continuing to strengthen the information security system against a backdrop of heightened social interest in protection of customers' personal information. Moreover, departments within the Group that handle customers' personal information are working to acquire ISO 27001 information security management certification.

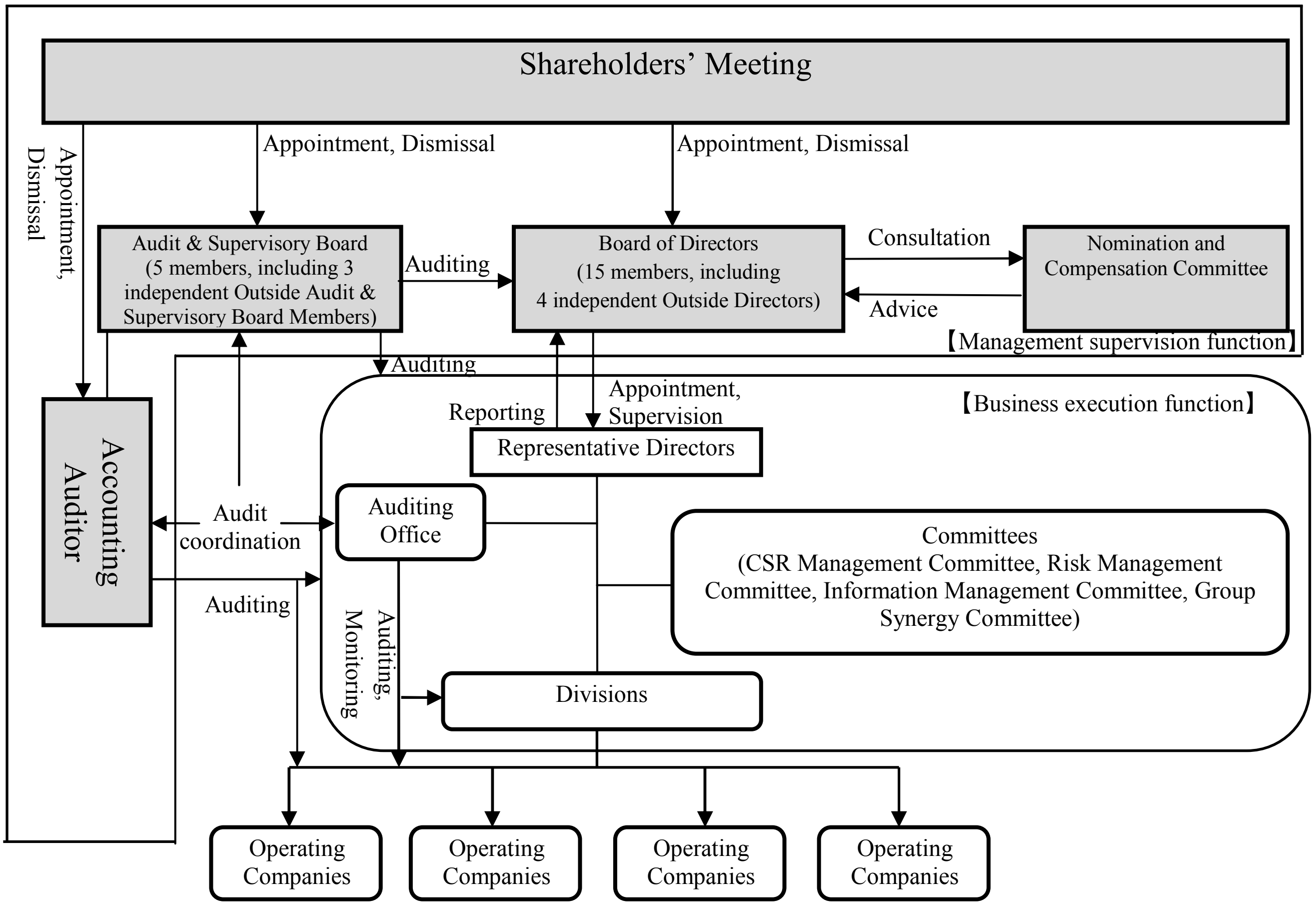
●Group Synergy Committee

The Group Synergy Committee is composed of five subcommittees on the Omni-Channel Strategy, systems, sales promotion, merchandising, and building equipment. By sharing and confirming progress on starting and developing the Group's Omni-Channel Strategy while sharing the expertise in areas such as "product development" and "promotion" that each operating company has cultivated, our Group creates safe, reliable, and useful products and services of high quality; of which private-brand "*Seven Premium*" products are the leading example. Making use of the scale merit brought about for the Group, cost reductions have also been attempted through collaborative purchasing of goods, materials, equipment and so on.

Corporate Governance System

The Company's corporate governance system as of March 8, 2016 is as follows:

On March 8, 2016, the Company established a Nomination and Compensation Committee with an independent outside director as the Chair to be an advisory committee to the Board of Directors and deliberating on the nomination and compensation of representative directors, directors, Audit & Supervisory Board members and executive officers ("officers"), to utilize the knowledge and advice of independent outside directors for ensuring procedural objectivity and transparency in deciding on officer nomination and compensation, thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions.



(Notes)

1. In this Business Report, the final numbers that are described have been rounded down, and amounts less than the stated numbers have been omitted. Except that, unless otherwise noted, percentages have been rounded to one decimal place, and net income per share and net assets per share have been rounded to the nearest number as stated.

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

CONSOLIDATED BALANCE SHEET (as of February 29, 2016)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**2,249,966**	**Current liabilities**	**1,880,903**
Cash and bank deposits	1,099,990	Notes and accounts payable, trade	413,582
Call loan	10,000	Short-term loans	130,782
Notes and accounts receivable – trade	354,554	Current portion of bonds	40,000
Trade accounts receivable – financial services	86,877	Current portion of long-term loans	101,329
Marketable securities	80,000	Income taxes payable	44,744
Merchandise and finished goods	208,580	Accrued expenses	108,696
Work in process	27	Deposits received	157,530
Raw materials and supplies	3,579	ATM-related temporary advances	48,366
Prepaid expenses	48,849	Allowance for sales promotion expenses	21,530
ATM-related temporary payments	91,725	Allowance for bonuses to employees	13,432
Deferred income taxes	38,866	Allowance for bonuses to Directors and Audit & Supervisory Board Members	362
Other	232,319		
Allowance for doubtful accounts	(5,404)	Allowance for loss on future collection of gift certificates	2,063
Non-current assets	**3,191,716**		
Property and equipment	**1,972,355**	Provision for sales returns	142
Buildings and structures	868,020	Deposits received in banking business	518,127
Furniture, fixtures and equipment	302,482	Other	280,211
Vehicles	838	**Non-current liabilities**	**1,055,605**
Land	746,729	Bonds	399,994
Lease assets	12,123	Long-term loans	360,864
Construction in progress	42,161	Deferred income taxes	64,859
Intangible assets	**545,670**	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	2,010
Goodwill	313,667	Net defined benefit liability	8,564
Software	74,044		
Other	157,959	Deposits received from tenants and franchised stores	56,574
Investments and other assets	**673,690**		
Investments in securities	141,371	Asset retirement obligations	72,034
Long-term loans receivable	15,795	Other	90,702
Long-term leasehold deposits	395,979	**TOTAL LIABILITIES**	**2,936,508**
Advances for store construction	6,340	**NET ASSETS**	
Net defined benefit asset	26,059	**Shareholders' equity**	**2,289,557**
Deferred income taxes	27,636	Common stock	50,000
Other	64,852	Capital surplus	527,474
Allowance for doubtful accounts	(4,345)	Retained earnings	1,717,771
Deferred assets	**7**	Treasury stock, at cost	(5,688)
Business commencement expenses	7	**Total accumulated other comprehensive income**	**82,716**
		Unrealized gains (losses) on available-for-sale securities, net of taxes	20,655
		Unrealized gains (losses) on hedging derivatives, net of taxes	33
		Foreign currency translation adjustments	70,927
		Remeasurements of defined benefit plan	(8,900)
		Subscription rights to shares	**2,995**
		Minority interests in consolidated subsidiaries	**129,912**
		TOTAL NET ASSETS	**2,505,182**
TOTAL ASSETS	**5,441,691**	**TOTAL LIABILITIES AND NET ASSETS**	**5,441,691**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2015 to February 29, 2016)

(Millions of yen)

Item	Amount	
Revenues from operations		**6,045,704**
Net sales		4,892,133
Cost of sales		3,803,968
Gross profit on sales		**1,088,164**
Operating revenues		1,153,571
Gross profit from operations		**2,241,736**
Selling, general and administrative expenses		1,889,415
Operating income		**352,320**
Non-operating income		
Interest and dividends income	6,360	
Equity in earnings of affiliates	1,958	
Other	3,975	12,293
Non-operating expenses		
Interest expenses	6,955	
Interest on bonds	2,604	
Foreign currency exchange losses	922	
Other	3,965	14,448
Ordinary income		**350,165**
Special gains		
Gain on sales of property and equipment	2,171	
Compensation income for expropriation	2,849	
Other	1,081	6,103
Special losses		
Loss on disposals of property and equipment	11,557	
Impairment loss on property and equipment	22,691	
Restructuring expenses	10,695	
Other	7,548	52,493
Income before income taxes and minority interests		**303,775**
Income taxes – current	124,031	
Income taxes – deferred	11,062	135,094
Income before minority interests		**168,681**
Minority interests in net income of consolidated subsidiaries		7,751
Net income		**160,930**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2015 to February 29, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at March 1, 2015	**50,000**	**527,470**	**1,622,090**	**(5,883)**	**2,193,677**
Cumulative effects of changes in accounting policies			21		**21**
Restated balance	**50,000**	**527,470**	**1,622,111**	**(5,883)**	**2,193,698**
Increase (decrease) for the year					
Cash dividends			(66,309)		**(66,309)**
Net income			160,930		**160,930**
Purchase of treasury stock				(28)	**(28)**
Disposal of treasury stock		4		224	**228**
Other			1,039	(0)	**1,038**
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	**–**	**4**	**95,659**	**195**	**95,858**
Balance at February 29, 2016	**50,000**	**527,474**	**1,717,771**	**(5,688)**	**2,289,557**

	Accumulated other comprehensive income					**Subscription rights 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	Remeasurements of defined benefit plans	**Total accumulated other comprehensive income**			
Balance at March 1, 2015	**21,571**	**557**	**80,342**	**3,512**	**105,985**	**2,427**	**128,827**	**2,430,917**
Cumulative effects of changes in accounting policies								**21**
Restated balance	**21,571**	**557**	**80,342**	**3,512**	**105,985**	**2,427**	**128,827**	**2,430,938**
Increase (decrease) for the year								
Cash dividends								**(66,309)**
Net income								**160,930**
Purchase of treasury stock								**(28)**
Disposal of treasury stock								**228**
Other								**1,038**
Net changes of items other than shareholders' equity	(916)	(523)	(9,414)	(12,413)	**(23,268)**	**567**	**1,085**	**(21,615)**
Net increase (decrease) for the year	**(916)**	**(523)**	**(9,414)**	**(12,413)**	**(23,268)**	**567**	**1,085**	**74,243**
Balance at February 29, 2016	**20,655**	**33**	**70,927**	**(8,900)**	**82,716**	**2,995**	**129,912**	**2,505,182**

Notes to Consolidated Financial Statements

Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Items relating to scope of consolidation

(1) Status of consolidated subsidiaries

(i) Number of consolidated subsidiaries: 120

(ii) Names of major consolidated subsidiaries:

Seven-Eleven Japan Co., Ltd.

7-Eleven, Inc.

Ito-Yokado Co., Ltd.

York-Benimaru Co., Ltd.

Sogo & Seibu Co., Ltd.

Seven & i Food Systems Co., Ltd.

Seven Bank, Ltd.

Nissen Holdings Co., Ltd.

Consolidated subsidiaries increased by seven (7)

Following the acquisition of shares of TFS Newco LLC by a wholly owned subsidiary of the Company, 7-Eleven, Inc. and other transactions, a total of six companies, including TFS Newco LLC, became consolidated subsidiaries.

FCTI Canada, Inc. was also newly established.

Consolidated subsidiaries decreased by five (5)

Dissolution due to merger:

Mail & e Business Logistics Service Co., Ltd.

Mary Ann Co., Ltd.

Liquidation:

Japan Product Distribution System Services Co., Ltd.

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

WV ABC, Inc.

2. Items relating to application of the equity method

(1) Number of non-consolidated subsidiaries to which the equity method was applied: None

(2) Number of affiliates to which the equity method was applied: 26

Names of major affiliates:

PRIME DELICA CO., LTD.

PIA CORPORATION

Affiliates to which the equity method was applied increased by two (2):

Establishment:

Seven Farm Niigatashi Co., Ltd.

Trinity River Terminals, LLC

(3) Items regarding procedure for applying the equity method

(i) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

(ii) When an affiliate is in a net loss portion, the Company's share of such loss is reduced from its loan receivable from the affiliate.

3. Items relating to accounting period of consolidated subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 20 or 31. The financial statements of such subsidiaries as of such dates and for such period are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd. etc. is March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Items relating to 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 are carried at amortized cost (straight-line method).

Available-for-sale securities are classified into two (2) categories, where: (a) the fair value is available; and (b) the fair value is not available.

(a) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 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.

(b) 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 are valued at fair value.

(iii) Valuation basis and method for inventories

Merchandise:

Inventories of domestic consolidated subsidiaries (excluding mail order services) 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 first-in, first-out (FIFO) method (except for gasoline inventory that is determined mainly by the weighted average cost method) for mail order services and foreign consolidated subsidiaries. Some consolidated subsidiaries applied the moving-average method.

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 using the straight-line method.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years in most cases.

(iii) Lease assets

For 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 of zero.

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 allowance

(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 consolidated balance sheet date in accordance with the sales promotion point card program.

(iii) 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 consolidated balance sheet date.

(iv) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(v) 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 remaining uncollected for certain periods from their issuance. The amount is calculated using the historical results of collection.

(vi) Provision for sales returns

Provision for sales returns is provided at the amount estimated future loss due to sales returns at the end of the fiscal year. The amount is calculated using the historical results of collection.

(vii) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid at the end of the fiscal year in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, among which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits:

In calculating retirement benefit obligation, the method for allocating the estimated total retirement benefits for the fiscal year-end is conducted on a benefit formula basis.

(ii) Amortization method of the actuarial difference and the prior service cost:

Actuarial differences are amortized on a straight-line basis over the period of ten (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.

Prior service costs are amortized on a straight-line basis over the periods of five (5) years or ten (10) years, which are shorter than the average remaining years of service of the eligible employees.

(5) 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, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method, and interest rate swap contracts are accounted for by specific hedging when they meet certain criteria for the method.

(ii) Hedge instruments and hedged items

(a) Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary liability

(b) 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

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate swap contracts that meet specific hedging criteria.

(6) Other significant matters that serve as the basis for preparation of the Consolidated Financial Statements

(i) Methods of accounting for deferred assets

Business commencement expenses:

Business commencement expenses are 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 which are generated before March 1, 2011 are amortized mainly over a period of twenty (20) years on a straight-line basis, or recognized as income or expenses immediately if immaterial.

Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for 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 consolidated balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated 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 Sheets under "Foreign currency translation adjustments" and "Minority interests in consolidated subsidiaries."

(iv) Accounting for franchised stores in convenience store operations

Seven-Eleven Japan Co., Ltd. and its U.S. consolidated subsidiary, 7-Eleven, Inc., recognize franchise commission from their franchised stores as revenues and include it in "Operating revenues."

(v) Accounting for consumption taxes and excise tax

Regarding the Company and its domestic consolidated subsidiaries, the Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(vi) Application of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have applied a consolidated taxation system.

Notes concerning changes in accounting policies

(Application of Accounting Standard for Retirement Benefits)

For the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the "Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015; hereinafter the "Guidance"), the Company has additionally applied the provisions stated in the main clauses of Paragraph 35 of the Standard and in the main clauses of Paragraph 67 of the Guidance from the fiscal year ended February 29, 2016, and reviewed the determination of retirement benefit obligation and service cost. Accordingly, the Company changed the method for allocating the estimated total retirement benefits for periods from the point basis and straight-line basis to the benefit formula basis, and changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining years of service of the eligible employees to one that uses a single weighted average discount rate reflecting the estimated period and amount for each such period of benefit payments.
Application of the Standard and Guidance is in line with the transitional treatment provided in Paragraph 37 of the Standard, and the effect of the revision to the calculation method for retirement benefit obligation and service cost has been added to or deducted from retained earnings as of March 1, 2015.
As a result of this change, as of March 1, 2015, net defined benefit asset decreased by 3 million yen and retained earnings decreased by 3 million yen. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended February 29, 2016 is immaterial.

Supplementary Information

(Revision of amounts of deferred tax assets and deferred tax liabilities due to change in the corporation tax rate, etc.)
The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. With this amendment, the rates of corporation taxes, etc. were changed effective from the fiscal year beginning on or after April 1, 2015.
In conjunction with this, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on March 1, 2016, and the rate will be 32.3% for temporary differences expected to be reversed in the fiscal year beginning on or after March 1, 2017.
As a result of these changes, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by ¥4,485 million. Income taxes - deferred, unrealized gains (losses) on available-for-sale securities and unrealized gains (losses) on hedging derivatives increased by ¥4,784 million, ¥539 million, and ¥17 million respectively, while remeasurements of defined benefit plans decreased by ¥258 million.

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:	¥893 million
Land:	¥2,070 million
Investments in securities:	¥30,622 million
Long-term leasehold deposits:	¥4,856 million
Total	¥38,442 million

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

Short-term loans:	¥1,900 million
Long-term loans: (including current portion of long-term loans):	¥11,206 million
Deposits received from tenants and franchised stores:	¥54 million

In addition, buildings (¥391 million) and land (¥1,368 million) are pledged as collateral for the loans (¥3,043 million) of affiliates.

Investments in securities (¥4,501 million) are pledged as collateral for exchange settlement transactions. Long-term leasehold deposits (¥55 million) is pledged as collateral under the Building Lots and Buildings Transaction Business Law. Long-term leasehold deposits (¥1,335 million) are pledged as collateral under the Installment Sales Law.

In addition, in accordance with the Act on Financial Settlements, long-term leasehold deposits (¥308 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥1,795,547 million

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees are ¥155 million.

4. Loan commitment

Certain finance-related subsidiaries conduct a cash loan business. Unused credit balance related to loan commitment in the cash loan business is as follows.

Credit availability of loan commitment:	¥890,170 million
Outstanding balance:	¥40,211 million
Unused credit balance	¥849,958 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. Those subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds and others held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds and others to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds and others are recorded in “investments in securities” in the Consolidated Balance Sheet due to the substantive nature of the restrictions, though they have redemption at maturity of 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 March 1, 2015	Number of shares increased	Number of shares decreased	As of February 29, 2016
Common stock	886,441	–	–	886,441

2. Items relating to total number of treasury shares

(Thousands of shares)

Type	As of March 1, 2015	Number of shares increased	Number of shares decreased	As of February 29, 2016
Common stock	2,375	5	90	2,290

(Notes)

1. The 5 thousand increase in the number of common stock in treasury stock was due to the purchase of odd-lot shares.
2. The 90 thousand decrease in the number of common stock in treasury stock was due to a decrease of 90 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 28, 2015; Annual Shareholders’ Meeting	Common stock	32,269	36.50	February 28, 2015	May 29, 2015
October 8, 2015; Board of Directors’ meeting	Common stock	34,040	38.50	August 31, 2015	November 13, 2015
Total		66,309			

(2) Dividends whose record date is within the 11th fiscal year but to be effective during the 12th fiscal year

At the Annual Shareholders’ Meeting to be held on May 26, 2016, the following proposal for resolution will be presented for matters concerning common stock dividends.

(i) Total amount of cash dividends:	¥41,114 million
(ii) Dividend per share:	¥46.50
(iii) Record date:	February 29, 2016
(iv) Effective date:	May 27, 2016

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

(Note)

The ¥46.50 dividends per share include an anniversary dividend of ¥8 to commemorate the Company's Tenth Anniversary.

4. Items relating to subscriptions to shares at the end of the 11th 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	12,900 shares
	Second subscription to shares	Common stock	42,400 shares
	Third subscription to shares	Common stock	18,300 shares
	Fourth subscription to shares	Common stock	64,700 shares
	Fifth subscription to shares	Common stock	16,100 shares
	Sixth subscription to shares	Common stock	58,700 shares
	Seventh subscription to shares	Common stock	24,300 shares
	Eighth subscription to shares	Common stock	85,800 shares
	Ninth subscription to shares	Common stock	25,400 shares
	Tenth subscription to shares	Common stock	91,700 shares
	Eleventh subscription to shares	Common stock	23,400 shares
	Twelfth subscription to shares	Common stock	92,800 shares
	Thirteenth subscription to shares	Common stock	22,600 shares
	Fourteenth Subscription to shares	Common stock	91,300 shares
	Fifteenth Subscription to shares	Common stock	28,100 shares
	Sixteenth Subscription to shares	Common stock	101,000 shares
Consolidated subsidiary (Seven Bank, Ltd.)	First subscription to shares (1)	Common stock	157,000 shares
	First subscription to shares (2)	Common stock	7,000 shares
	Second subscription to shares (1)	Common stock	171,000 shares
	Second subscription to shares (2)	Common stock	16,000 shares
	Third subscription to shares (1)	Common stock	423,000 shares
	Third subscription to shares (2)	Common stock	13,000 shares
	Fourth subscription to shares (1)	Common stock	440,000 shares
	Fourth subscription to shares (2)	Common stock	90,000 shares
	Fifth subscription to shares (1)	Common stock	363,000 shares
	Fifth subscription to shares (2)	Common stock	67,000 shares
	Sixth subscription to shares (1)	Common stock	216,000 shares
	Sixth subscription to shares (2)	Common stock	34,000 shares
	Seventh subscription to shares (1)	Common stock	193,000 shares
	Seventh subscription to shares (2)	Common stock	44,000 shares
	Eighth subscription to shares (1)	Common stock	138,000 shares
	Eighth subscription to shares (2)	Common stock	39,000 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 management through deposits with banks. 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 29, 2016, the market values, and the difference between these amounts are as follows. Furthermore, 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 page 53 note 2.)

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and bank deposits	1,099,990	1,099,990	–
(2) Notes and accounts receivable, trade	354,554		
Allowance for doubtful accounts*1	(3,013)		
	351,540	355,048	3,507
(3) Marketable securities and investments in securities	178,483	178,176	(306)
(4) Long-term leasehold deposits*2	291,394		
Allowance for doubtful accounts*3	(677)		
	290,716	310,832	20,115
Total assets	1,920,730	1,944,047	23,316
(1) Notes and accounts payable, trade	413,582	413,582	–
(2) Deposits received in banking business	518,127	518,830	703
(3) Bonds*4	439,994	451,491	11,497
(4) Long-term loans*5	462,193	464,960	2,767
(5) Deposits received from tenants and franchised stores*6	26,896	26,504	(392)
Total liabilities	1,860,794	1,875,370	14,575
Derivative instruments*7	656	656	–

(Notes)

*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.

Notes

1. Items relating to the method of 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 result in market values and book values being almost equivalent.

(2) Notes and accounts receivable, trade

For notes and accounts receivable, traded 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 the total of principle and interest by the corresponding yield on government bonds over the remaining period, making allowance 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 result 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 result 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 consolidated 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 (1) 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. Further, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method.

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

Classification	Consolidated Balance Sheet (Millions of yen)
Investments in securities*1	
Unlisted shares	13,453
Shares of subsidiaries and affiliates	27,369
Other	2,065
Long-term leasehold deposits*2	115,820
Deposits received from tenants and franchised stores*2	32,618

(Notes)

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

*2 These are not included in Assets "(4) Long-term leasehold deposits" and Liabilities "(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.

Notes concerning real estate for lease

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

Notes concerning per share information

1. Net assets per share: ¥2,683.11
2. Net income per share: ¥182.02

Notes concerning significant subsequent event

None.

Other note

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 29, 2016)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**46,471**	**Current liabilities**	**158,744**
Cash and bank deposits	426	Current portion of bonds	40,000
Prepaid expenses	563	Short-term loans payable to subsidiaries and affiliates	89,006
Deferred income taxes	100	Lease obligations	2,819
Accounts receivable, other	38,084	Accounts payable, other	7,827
Deposits held by subsidiaries and affiliates	6,108	Accrued expenses	751
Other	1,187	Income taxes payable	17,217
		Advance received	163
Non-current assets	**1,895,465**	Allowance for bonuses to employees	285
Property and equipment	**9,602**	Allowance for bonuses to Directors and Audit & Supervisory Board Members	60
Buildings and structures	2,809		
Fixtures, equipment and vehicles	4,080	Other	611
Land	2,712	**Non-current liabilities**	**302,609**
Intangible assets	**29,081**	Bonds	289,994
Software	20,691	Long-term loans payable to subsidiaries and affiliates	15
Lease assets	8,387		
Other	1	Deferred income taxes	3,421
Investments and other assets	**1,856,782**	Lease obligations	6,140
Investments in securities	32,320	Deposits received from tenants	1,485
Stocks of subsidiaries and affiliates	1,730,252	Provision for loss on guarantees	1,552
Prepaid pension cost	711	**TOTAL LIABILITIES**	**461,353**
Long-term leasehold deposits	2,640	**NET ASSETS**	
Long-term deposits paid in subsidiaries and affiliates	90,000	**Shareholders' equity**	**1,467,649**
Other	858	**Common stock**	**50,000**
		Capital surplus	**1,246,255**
		Additional paid-in capital	875,496
		Other capital surplus	370,759
		Retained earnings	**177,034**
		Other retained earnings	177,034
		Retained earnings brought forward	177,034
		Treasury stock, at cost	**(5,641)**
		Accumulated gains (losses) from valuation and translation adjustments	**10,484**
		Unrealized gains (losses) on available-for-sale securities, net of taxes	10,484
		Subscription rights to shares	**2,450**
		TOTAL NET ASSETS	**1,480,584**
TOTAL ASSETS	**1,941,937**	**TOTAL LIABILITIES AND NET ASSETS**	**1,941,937**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2015 to February 29, 2016)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividends income	102,279	
Management consulting fee income	4,623	
Commission fee income	2,991	
Other	114	110,008
General and administrative expenses		18,044
Operating income		**91,964**
Non-operating income		
Interest income	1,434	
Dividend income	482	
Other	67	1,985
Non-operating expenses		
Interest expenses	673	
Interest on bonds	2,604	
Amortization of bond issuance cost	320	
Other	9	3,608
Ordinary income		**90,341**
Special losses		
Loss on disposals of property and equipment	3	
Loss on valuation of investment securities	46	
Loss on valuation of stocks of subsidiaries and affiliates	15,558	
Provision for loss on guarantees	1,552	
Other	2,092	19,253
Income before income taxes		**71,088**
Income taxes – current	(1,726)	
Income taxes – deferred	11	(1,714)
Net income		**72,803**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2015 to February 29, 2016)

(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 March 1, 2015	**50,000**	**875,496**	**370,754**	**1,246,251**	**170,541**	**170,541**	**(5,836)**	**1,460,955**
Increase (decrease) for the year								
Cash dividends					(66,309)	(66,309)		**(66,309)**
Net income					72,803	72,803		**72,803**
Purchase of treasury stock							(28)	**(28)**
Disposal of treasury stock			4	**4**			224	**228**
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	–	–	**4**	**4**	**6,493**	**6,493**	**195**	**6,693**
Balance at February 29, 2016	**50,000**	**875,496**	**370,759**	**1,246,255**	**177,034**	**177,034**	**(5,641)**	**1,467,649**

	Accumulated gains (losses) from valuation and translation adjustments		**Subscription rights 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 March 1, 2015	**11,028**	**11,028**	**1,977**	**1,473,961**
Increase (decrease) for the year				
Cash dividends				**(66,309)**
Net income				**72,803**
Purchase of treasury stock				**(28)**
Disposal of treasury stock				**228**
Net changes of items other than shareholders' equity	(543)	**(543)**	**472**	**(71)**
Net increase (decrease) for the year	**(543)**	**(543)**	**472**	**6,622**
Balance at February 29, 2016	**10,484**	**10,484**	**2,450**	**1,480,584**

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 and affiliates:

Valued at cost by the moving-average method.

(2) 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 11th 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 at cost, determined using the moving-average method.

2. Methods of depreciation for non-current assets

(1) Property and equipment (excluding lease assets):

Amortized using the straight-line method.

(2) Intangible assets (excluding lease assets):

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over a usable period of five (5) years.

(3) 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.

3. Method of processing deferred assets

Bond issuance expenses

Whole amount will be charged to expenses as 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 Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members 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 11th fiscal year, which is based on the estimated present value of the retirement benefit obligation less the estimated fair value of pension plan assets at the end of the fiscal year.

In calculating retirement benefit obligation, the method for allocating the estimated total retirement benefits for the fiscal year-end is conducted on a benefit formula basis.

Actuarial differences are amortized on a straight-line basis over a certain period (ten (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.

(4) Provision for loss on guarantees

Provision for loss on guarantees is provided to cover losses related to guarantees offered to subsidiaries and affiliates. The estimated loss amount is recorded, taking into account the financial position and other factors of the guaranteed parties.

5. Significant hedge accounting methods

(1) 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, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method.

(2) Hedge instruments and hedged items

Hedge instruments - Forward foreign exchange contracts

Hedge items - Foreign currency-denominated monetary liability

(3) Hedging policies

The Company has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates and optimizing future cash flow. The Company does not hold or issue derivative instruments for trading or speculative purposes.

(4) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts.

6. Other significant items that form the basis of the preparation of financial statements

(1) Accounting method related to retirement benefits

The method for accounting for unrecognized actuarial differences related to retirement benefits differs from that in the Consolidated Financial Statements.

(2) Accounting for consumption taxes, etc.

Consumption taxes, etc., are not included.

(3) Application of the consolidated corporate-tax system

The Company has applied the consolidated corporate-tax system.

Notes concerning changes in accounting policies

(Application of Accounting Standard for Retirement Benefits)
For the Standard and the Guidance, the Company has additionally applied from the fiscal year ended February 29, 2016, and reviewed the determination of retirement benefit obligation and service cost. Accordingly, the Company changed the method of allocating estimated total retirement benefits to periods from the point basis to the benefit formula basis, and changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining years of service of the eligible employees to one that uses a single weighted average discount rate reflecting the estimated period and amount for each such period of benefit payments.
These changes in accounting policies have no impact on prepaid pension costs and retained earnings, as of March 1, 2015, as well as operating income and ordinary income and income before income taxes for the 11th fiscal year.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: ¥1,619 million

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

(1) Short-term receivables:	¥37,271 million
(2) Short-term payables:	¥10,008 million
(3) Long-term payables:	¥7,608 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥110,003 million
General and administrative expenses:	¥1,320 million
(2) Non-operating transactions:	¥5,512 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 2,268,146 shares

Notes regarding tax effect accounting

Deferred tax assets and deferred tax liabilities by cause of occurrence

Deferred tax assets

Allowance for bonuses to employees:	¥94 million
Accrued enterprise taxes and business office taxes:	¥34 million
Subscription rights to shares:	¥790 million
Tax loss carried forward:	¥2,579 million
Valuation loss on subsidiaries' and affiliates' stock:	¥28,974 million
Provision for loss on guarantees:	¥500 million
Other:	¥32 million
Sub-total:	¥33,005 million
Less: Valuation allowance:	(¥32,891 million)
Total:	¥114 million

Deferred tax liabilities

Prepaid pension cost:	(¥168 million)
Unrealized losses on available-for-sale securities, net of taxes:	(¥3,266 million)
Total:	(¥3,435 million)
Deferred tax assets, net:	(¥3,321 million)

(Supplementary Information)

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. With this amendment, the rates of corporation taxes, etc. were changed effective from the fiscal year beginning on or after April 1, 2015.

In conjunction with this, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on March 1, 2016, and the rate will be 32.3% for temporary differences expected to be reversed in the fiscal year beginning on or after March 1, 2017.

The effect of this change on gain or loss for the 11th fiscal year is immaterial.

Notes concerning non-current assets utilized through leases

Operating leases

Future lease payments

Due within one year:	¥475 million
Due after one year:	¥3,007 million
Total:	¥3,483 million

Notes concerning transactions with related parties

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 (Note 1)	555,265	Deposits held by subsidiaries and affiliates	6,108
				Interest on deposits (Note 1)	1,434	Long-term deposits paid in subsidiaries and affiliates	90,000
						Other current assets	223
				Borrowing of funds (Note 1)	423,000	Short-term loans payable to subsidiaries and affiliates	89,000
				Interest on borrowed funds (Note 1)	598	Accrued expenses	0
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	2,900	Accounts receivable	32,208
				Operational consignment (Note 3)	1,444		
				Tax payment under consolidated taxation	57,030		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,136	Accounts receivable	163

(Notes)

1. Transactions are conducted based on interest rates for deposits to subsidiaries and affiliates and loans from subsidiaries and affiliates that are determined reasonably by taking into account market interest rates.
2. Business management fees are determined proportionately according to the size of each subsidiary’s business in line with the Group’s rules.
3. Operational consignment fees are determined based on negotiations between the relevant parties.
4. The amount of transaction does not include consumption taxes, etc. However, the year-end balance includes consumption taxes, etc.

Notes concerning per share information

1. Net assets per share: ¥1,671.77
2. Net income per share: ¥82.34

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 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 has changed its target consolidated payout ratio for dividends per share from the previous rate of 35% to 40% considering the improvement in its profit growth accuracy. With respect to retained earnings, the Company will actively invest in existing businesses based on clear investment criteria while investing in new businesses based on a medium- to long-term perspective.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 11th fiscal year be paid as follows in consideration of the performance for the 11th 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

September 1, 2015 marked the 10th anniversary of the establishment of Seven & i Holdings Co., Ltd. We are grateful that this is all because of the support from our shareholders and stakeholders. We take this opportunity to express our sincere gratitude to the shareholders for their support to date and propose that the amount of allocation of dividend property be ¥46.50 per one (1) common stock of the Company, adding a commemorative dividend of ¥8.

In such a case, the aggregate amount of dividends shall be ¥41,114,083,421.

Therefore, the annual dividends for the 11th fiscal year, including interim dividends of ¥38.50, shall be ¥85 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, 2016.

Item No. 2: Election of fourteen (14) 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 fourteen (14) Directors.

On March 8, 2016, the Company established the "Nomination and Compensation Committee" for the purpose of ensuring the objectivity and transparency of the decision making procedures for appointments and compensation, etc. of officers, etc. and thereby improving the supervisory function of the Board of Directors.

The Nomination and Compensation Committee met on several occasions from the end of March 2016, and the Committee members have deliberated the agenda for election of Directors, etc., which is presented at this Annual Shareholders' Meeting. While a proposal submitted by internal Committee members (the "**Original Proposal**") was examined comprehensively from diverse perspectives, the Committee was unable to reach a conclusion and determined that its findings would be that "the relevant decision would be entrusted to the deliberation of the Board of Directors, because the Committee did not reach a final conclusion and the Original Proposal was not approved."

At the meeting of the Board of Directors held on April 7, 2016, as a result of discreet discussions, the number of votes in favor did not reach a majority of the Directors in attendance, and the Original Proposal was not approved.

At the meeting of the Nomination and Compensation Committee held on April 15, 2016, the Committee determined to form a new proposal regarding the management team based on such resolution at the meeting of the Board of Directors and new conditions occurring thereafter, and pursuant to the unanimous approval of all Committee members in attendance, it was determined that the proposal regarding the new management team following the close of this Annual Shareholders' Meeting (the "**Proposal**") would be reported at the Board of Directors meeting. As a result of the deliberations at the meeting of the Board of Directors held on April 19, 2016, the Company's Board of Directors approved the Proposal pursuant to the unanimous approval of all Directors in attendance; therefore, it hereby submits the Proposal as the present item.

The candidates for Director are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Ryuichi Isaka
(October 4, 1957)
* 15,112 shares</td><td>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.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge of group management cultivated as a director of the Company and its Group companies, and the Company is aiming for maximization of enterprise value of its Group companies. Because we would like him to utilize his knowledge for maximization of enterprise value of the Group companies through swift generation of new business, and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories, we would like to request his election as a Director.</td></tr>
<tr><td rowspan="2">2</td><td>Katsuhiro Goto
(December 20, 1953)
* 14,640 shares</td><td>July 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.
Sept. 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.
May 2006: Director of Ito-Yokado Co., Ltd. (incumbent)
Managing Executive Officer of the Company (incumbent)
Director of Millennium Retailing, Inc.
Aug. 2009: Director of Sogo & Seibu Co., Ltd. (incumbent)
Apr. 2011: Senior Officer of the System Planning Department of the Company
Nov. 2014: Head of the Information Management & Security Office of the Company (incumbent)
(Important Concurrent Positions)
* Director of Ito-Yokado Co., Ltd.
* Director of Sogo & Seibu Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge related to management administration cultivated as a director of the Company and its Group companies, and the Company is aiming for advancement of group functions and for implementation of the Omni-Channel Strategy, etc. Because we would like him to utilize his knowledge for advancement of group functions (integration of the Company’s administrative divisions, aiming to provide high value-added services, and to reduce costs), and for the Omni-Channel Strategy, etc., as new strategies, we would like to request his election as a Director.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
3	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 Apr. 2011: Senior Officer of the CSR Management Department of the Company (incumbent) May 2015: Audit & Supervisory Board Member of York-Benimaru Co., Ltd. (incumbent) (Important Concurrent Positions) * Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
	[Reasons for Election] He has broad knowledge related to CSR cultivated as a director of the Company and its Group companies, and the Company is aiming to advance group functions and to execute group management smoothly. Because we would like him to utilize his knowledge for advancement of group functions (thoroughness of business actions emphasizing on CSR), and for the smooth execution of group management, we would like to request his election as a Director.	
4	Kunio Takahashi (January 28, 1951) * 7,300 shares	Mar. 2003: Joined Seven-Eleven Japan Co., Ltd. Sept. 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) May 2011: Director of the Company (incumbent) Chief Financial Officer (CFO) of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of Seven & i Asset Management Co., Ltd. * Representative Director and President of SEVEN & i Financial Center Co., Ltd.
	[Reasons for Election] He has broad knowledge related to finance cultivated as a director of the Company and its Group companies. Because we would like him to utilize his knowledge for maintenance and reinforcement of the sound financial basis of the Group, we would like to request his election as a Director.	
5	Akihiko Shimizu (March 16, 1952) * 6,220 shares	Apr. 1994: Joined Ito-Yokado Co., Ltd. May 2004: Executive Officer of Ito-Yokado Co., Ltd. Sept. 2005: Senior Officer of the Accounting Department of the Company (incumbent) Jan. 2006: Executive Officer of the Company (incumbent) May 2012: Director of the Company (incumbent) June 2013: Director of Seven Bank, Ltd. (incumbent) May 2015: Audit & Supervisory Board Member of York Mart Co., Ltd. (incumbent) (Important Concurrent Positions) * Director of Seven Bank, Ltd. * Audit & Supervisory Board Member of York Mart Co., Ltd.
	[Reasons for Election] He has broad knowledge related to accounting and tax cultivated as a director of the Company and its Group companies. Because we would like him to utilize his knowledge for maintenance and reinforcement of proper accounting and tax rules, we would like to request his election as a Director.	

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">6</td><td>Yasuhiro Suzuki
(February 28, 1965)
* 75,405 shares</td><td>Aug. 1999: Director of e-Shopping! Books CORP.
June 2000: Representative Director and President of e-Shopping! Books CORP.
Dec. 2007: Director of NitteleSeven Co.,Ltd.
July 2008: Director of Seven & i Net Media Co., Ltd.
Mar. 2014: Representative Director and President of Seven & i Net Media Co., Ltd. (incumbent)
Executive Officer of the Company (incumbent)
Dec. 2014: Chief Information Officer (CIO) of the Company (incumbent)
May 2015: Director of the Company (incumbent)
(Important Concurrent Positions)
* Representative Director and President of Seven & i Net Media Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge related to IT systems cultivated as a director of the Company and its Group companies. Because we would like him to utilize his knowledge for reinforcement of our Group company information systems, we would like to request his election as a Director.</td></tr>
<tr><td rowspan="2">7</td><td>Kazuki Furuya
(January 13, 1950)
* 12,600 shares</td><td>May 1982: Joined Seven-Eleven Japan Co., Ltd.
May 2000: Director of Seven-Eleven Japan Co., Ltd.
May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd.
May 2004: Managing Director of Seven-Eleven Japan Co., Ltd.
Managing Executive Officer of Seven-Eleven Japan Co., Ltd.
May 2006: Director of Seven-Eleven Japan Co., Ltd.
May 2007: Senior Managing Executive Officer of Seven-Eleven Japan Co., Ltd.
Jan. 2009: General Manager of the Sales Headquarters and General Manager of the Operation Headquarters of Seven-Eleven Japan Co., Ltd. (incumbent)
May 2009: Director and Vice President of Seven-Eleven Japan Co., Ltd. (incumbent)
(Important Concurrent Positions)
* Director and Vice President of Seven-Eleven Japan Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge of franchise business cultivated as a director of our Group companies, and the Company is aiming for advancement of group functions. Because we would like him to utilize his knowledge for advancement of group functions (pursuit of merchandising synergy in supply, logistics, product development and sales, etc.), we would like to request his election as a Director.</td></tr>
<tr><td rowspan="2">8</td><td>Takashi Anzai
(January 17, 1941)
* 7,000 shares</td><td>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
Aug. 2000: Counsel of Ito-Yokado Co., Ltd.
Apr. 2001: Representative Director and President of IY Bank Co., Ltd. (currently Seven Bank, Ltd.)
Sept. 2005: Director of the Company (incumbent)
June 2010: Representative Director and Chairman of Seven Bank, Ltd. (incumbent)
(Important Concurrent Position)
* Representative Director and Chairman of Seven Bank, Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge of monetary policy cultivated at the Bank of Japan, etc. Because we would like him to utilize his knowledge for enhancement of monetary and fiscal policy of the Company, we would like to request his election as a Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">9</td><td>Zenko Ohtaka
(March 1, 1940)
* 1,518,769 shares</td><td>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.
May 2003: Chief Operating Officer (COO) of York-Benimaru Co., Ltd.
Sept. 2005: Director of the Company (incumbent)
Mar. 2015: Representative Director and Chairman of York-Benimaru Co., Ltd. (incumbent)
Chief Executive Officer (CEO) of York-Benimaru Co., Ltd. (incumbent)
(Important Concurrent Position)
* Representative Director and Chairman and Chief Executive Officer (CEO) of York-Benimaru Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge of the superstore business and merchandising cultivated as a director of the Company and its Group companies, and the Company is aiming for synergistic effects and the development of new merchandising opportunities. Because we would like him to utilize his knowledge for pursuit of the synergistic effects, and for the development of new merchandising opportunities irrespective of differences in business conditions, we would like to request his election as a Director.</td></tr>
<tr><td rowspan="2">10</td><td>Joseph M. DePinto
(November 3, 1962)
* 6,000 shares</td><td>Sept. 1995: Joined Thornton Oil Corporation
June 1999: Senior Vice President and Chief Operating Officer (COO) of Thornton Oil Corporation
Mar. 2002: Joined 7-Eleven, Inc.
Manager of 7-Eleven, Inc.
Apr. 2003: Vice President and General Manager of Operations of 7-Eleven, Inc.
Dec. 2005: Representative Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. (incumbent)
Aug. 2010: Director of Brinker International, Inc. (incumbent)
May 2015: Director of the Company (incumbent)
(Important Concurrent Positions)
* Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc.
* Director of Brinker International, Inc.</td></tr>
<tr><td colspan="2">[Reasons for Election]
He has broad knowledge of franchise business cultivated as a director of our American Group companies. Because we would like him to utilize his knowledge for providing advice to the Board of Directors from an international perspective and for promotion of global management of the Company, we would like to request his election as a Director.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
11	Scott Trevor Davis (December 26, 1960) * 1,600 shares	Apr. 1990: Full-time researcher, The Japan Institute of Labor Apr. 1993: Lecturer, Department of Business Administration, Faculty of Economics, Gakushuin University Apr. 2001: Professor, International Business Administration Department, International School of Economics and Business Administration, Reitaku University May 2004: Outside Director of Ito-Yokado Co., Ltd. Sept. 2005: Outside Director of the Company (incumbent) Mar. 2006: Outside Director of Ito-Yokado Co., Ltd. (newly incorporated company) Mar. 2006: Outside Audit & Supervisory Board Member of Nissen Co., Ltd. (current Nissen Holdings Co., Ltd.) Apr. 2006: Professor, Department of Global Business, College of Business, Rikkyo University (incumbent) Mar. 2011: Outside Director of Bridgestone Corporation (incumbent) June 2014: Outside Director of Sompo Japan Nipponkoa Holdings, Inc. (incumbent) (Important Concurrent Position) * Professor, Department of Global Business, College of Business, Rikkyo University * Outside Director of Bridgestone Corporation * Outside Director of Sompo Japan Nipponkoa Holdings, Inc.
	[Reasons for Election] He has international and technical knowledge at a high level cultivated from teaching for many years as a professor of international management, etc. Because we would like him to utilize his broad high level knowledge, etc. for our company management, we would like to request his election as an Outside Director.	
12	Yoshio Tsukio (April 26, 1942) * 0 shares	Aug. 1988: Professor, Department of Architecture, School of Engineering, Nagoya University Apr. 1989: Visiting Professor, Unit 5, Institute of Industrial Science, University of Tokyo Apr. 1991: Professor, Department of Industry Mechanical Engineering, Faculty of Engineering, University of Tokyo Apr. 1999: Professor, Graduate School of Frontier Science, University of Tokyo Dec. 2002: Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications Apr. 2003: President and Representative, Tsukio Research Institute (incumbent) June 2003: Professor Emeritus, University of Tokyo May 2014: Outside Director of the Company (incumbent) (Important Concurrent Position) * President and Representative, Tsukio Research Institute
	[Reasons for Election] He has knowledge and experience from his long term work as a specialist in media policy. Because we would like him to utilize his broad high level knowledge and experience, etc. for our company management, we would like to request his election as an Outside Director.	

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
13	Kunio Ito (December 13, 1951) * 0 shares	Apr. 1992: Professor, Faculty of Commerce and Management, Hitotsubashi University Aug. 2002: Dean, Graduate School of Commerce and Management, Faculty of Commerce and Management, Hitotsubashi University Feb. 2004: Associate Chancellor & Director, Hitotsubashi University June 2005: Outside Director of Akebono Brake Industry Co., Ltd. (incumbent) Dec. 2006: Professor, Graduate School of Commerce and Management, Hitotsubashi University Apr. 2008: MBA Course Director, Graduate School of Commerce and Management, Hitotsubashi University Senior Executive Program Director, Graduate School of Commerce and Management, Hitotsubashi University June 2012: Outside Director of Sumitomo Chemical Company, Limited (incumbent) June 2013: Outside Director of Kobayashi Pharmaceutical Co., Ltd. (incumbent) May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director of Toray Industries, Inc. (incumbent) Jan. 2015: Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University (incumbent) Apr. 2015: Research Professor, Graduate School of Commerce and Management, Hitotsubashi University (incumbent) Mar. 2016: Chair of Nomination and Compensation Committee of the Company (incumbent) (Important Concurrent Position) * Research Professor, Graduate School of Commerce and Management, Hitotsubashi University * Outside Director of Akebono Brake Industry Co., Ltd. * Outside Director of Sumitomo Chemical Company, Limited * Outside Director of Kobayashi Pharmaceutical Co., Ltd. * Outside Director of Toray Industries, Inc.
	[Reasons for Election] He has technical knowledge of accounting and management, etc. from his long term work as a professor. Because we would like him to utilize his abundant experience as an outside director of other companies and his appropriate supervisory functions, etc. for our company management, we would like to request his election as an Outside Director.	

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
14	Toshiro Yonemura (April 26, 1951) * 0 shares	Apr. 1974: Joined the Tokyo Metropolitan Police Department Aug. 2005: Vice Superintendent General, Tokyo Metropolitan Police Department Aug. 2008: Superintendent General, Tokyo Metropolitan Police Department June 2011: Outside Audit & Supervisory Board Member, Jowa Holdings Company, Limited Dec. 2011: Deputy Chief Cabinet Secretary for Crisis Management Feb. 2014: Special Advisor to the Cabinet May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director, Jowa Holdings Company, Limited (current UNIZO Holdings Company, Limited) (incumbent) Mar. 2016: Member of Nomination and Compensation Committee of the Company (incumbent) (Important Concurrent Position) * Outside Director of UNIZO Holdings Company, Limited
	[Reasons for Election] He has worked consecutively at important positions as Superintendent General, Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management etc. Because we would like him to utilize his broad high level experience and insight, etc. for our company management, we would like to request his election as an Outside Director.	

(Notes)

1. Mr. Kazuki Furuya is a candidate for new appointment as a Director.
2. Mr. Takashi Anzai concurrently holds the office of Representative Director and Chairman of Seven Bank, Ltd., which engages in transactions falling within the types of business of the Company. There is no special relationship of interest between the other candidates and the Company.
3. Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura satisfy the requirements for nomination for the office of Outside Director. In addition, Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura 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.
   The terms of offices, etc. for Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are as follows:
   ・Mr. Scott Trevor Davis is currently an Outside Director of the Company and his term of office as an Outside Director shall be ten (10) years and eight (8) months upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Yoshio Tsukio is currently an Outside Director of the Company and his term of office as an Outside Director shall be two (2) years upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Kunio Ito is currently an Outside Director of the Company and his term of office as an Outside Director shall be two (2) years upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Toshiro Yonemura is currently an Outside Director of the Company and his term of office as an Outside Director shall be two (2) years upon the conclusion of this Annual Shareholders' Meeting.
4. In November 2015, improper accounting practices were exposed at Akebono Brake Industry Co., Ltd., where Mr. Kunio Ito has served as an outside director, and an investigation was conducted by an investigation committee. As a result of the investigation, the effects on results were found to be minor, and no revisions were made to the company's financial statements. Although Mr. Kunio Ito was not aware of the incident in question in advance, he made proposals regarding establishing internal controls and strengthening compliance functions on a regular basis at the company's meetings of the Board of Directors, and has provided advice to prevent a reoccurrence after the matter in question was exposed; thus, he has fulfilled his duties as an outside director.
5. If the reappointments of the candidates for Outside Director are approved, the Company intends to continue its liability limitation agreement with each of them. The outline of the substance of the liability limitation agreement is on page 28.
6. Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
7. The brief personal history, etc. of each of the above candidates is as of April 15, 2016.

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 share subscription rights for which subscription requirements may be determined pursuant to the matters determined at this Annual Shareholders’ Meeting

(1) Maximum number of 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 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) common stock 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 date of 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 date of allotment, 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 date of allotment.

(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 share subscription rights of the Restructuring Company to be delivered

The same number as the number of 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 common stock 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 from 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 a subsidiary of the Company.

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 rights. The conditions for exercising the share subscription rights 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

Information about Methods of Exercising Voting Rights

You may exercise your voting rights using one of the following three methods:

Exercise of voting rights by attending the Annual Shareholders' Meeting

You are kindly requested to exercise your voting rights by submitting the enclosed Voting Instructions Form to the Reception Desk at the Meeting. (You do not need to affix a seal.)

Date
10:00 a.m. Japan Standard Time (JST), May 26, 2016 (Thursday)

Place
Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo), Conference Room

Exercise of voting rights by post

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. You do not need to affix a stamp.

Deadline for exercise of voting rights by post
The Company must receive the completed Voting Instructions Form by 5:30 p.m. JST, May 25, 2016 (Wednesday)

Exercise of voting rights via the Internet

On the Voting Website (http://www.evote.jp/), enter your "login ID" and "temporary password," which are printed on the enclosed Voting Instructions Form. Follow the instructions on the screen of your personal computer, smartphone or cell phone and input your vote for or against the proposed actions.

Deadline for exercise of voting rights via the Internet
The Company must receive your voting instructions by 5:30 p.m. JST, May 25, 2016 (Wednesday).

(1) To prevent unauthorized access by third parties 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 Website.
(2) A new "login ID" and "temporary password" will be provided with the convocation for each shareholders' meeting.

Information about Exercising Your Voting Rights by the Electronic Method

Please confirm the following items if you exercise your voting rights via the Internet.

(1) Costs (Internet connection charges, etc.) incurred in accessing the Voting Website (http://www.evote.jp/) will be the responsibility of the shareholder. If a cell phone or other device is used, packet transmission fees and other usage fees for the cell phones and other devices will also be the responsibility of the shareholder.
(2) Voting rights may be exercised via the Internet until 5:30 p.m. JST on Wednesday, May 25, 2016. However, shareholders are kindly requested to exercise their voting rights early.
If you have any questions, please contact the Corporate Agency Department Help Desk.

Voting Website

(1) You can exercise your voting rights via the Internet by accessing the Voting Website designated by the Company (http://www.evote.jp/) from your personal computer, smartphone, 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. (JST) each day.)

(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 or smartphone. 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 TLS-encrypted communications and cell phone information cannot be used to exercise voting rights.
* "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.

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., which was 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.