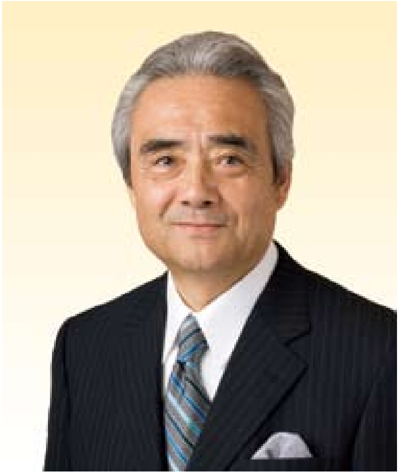
To Our Shareholders and Investors

Toshifumi Suzuki
Chairman and Chief Executive Officer



Noritoshi Murata
President and Chief Operating Officer

In the midst of ongoing change throughout society, Seven & i Holdings will remain focused on the future as we work to create "a new, comprehensive lifestyle industry" that transcends existing frameworks and continually provides new quality. To that end, we will move beyond previous approaches to our business and take on the challenge of creating new value.

Consolidated Business Results

In the fiscal year ended February 28, 2010, the operating environment in the domestic retail industry became even more challenging. The effects of government economic policies were reflected in demand for certain products, but employment conditions worsened and disposable incomes declined. As a result, consumers were increasingly focused on maintaining their standards of living and on economizing.

In this environment, the Company's revenues from operations declined 9.5%, to ¥5,111.2 billion. Operating income was down 19.6%, to ¥226.6 billion, and net income declined 51.4%, to ¥44.8 billion.

The decline in revenues from operations was attributable in part to a substantial decline in gasoline prices in North America, which decreased revenues of 7-Eleven, Inc. (SEI), and to the appreciation of the yen, which had the effect of reducing SEI's revenues when stated in yen. Together, these two factors had an adverse effect of approximately ¥340.0 billion. Although financial services recorded higher profit, the Group's operating income declined due to the generally challenging conditions in the retail industry in Japan. The substantial decline in net income was due principally to special losses, such as ¥39.1 billion in amortization of goodwill related to department store operations and ¥28.0 billion in store-related impairment loss.

We are, of course, not satisfied with our results, and will strive to achieve a recovery in our performance in the fiscal year ending February 28, 2011 and in subsequent years. Accordingly, we will implement initiatives targeting the creation of new value by operating companies as well as the enhancement of Group synergies.

In the fiscal year ending February 28, 2011, we expect a recovery in domestic corporate profits and employment in certain sectors of the economy. We do not, however, anticipate a full-scale recovery in business conditions, and expect the operating environment in the retail industry to remain challenging. In this setting, we will reevaluate our cost structure and implement initiatives targeting the creation of new value. In addition, we will work to leverage Group synergies in a way that transcends the boundaries of conventional retail formats. In this way, we will endeavor to improve profitability for the Group as a whole and to achieve increases in revenues and profits. In the fiscal year ending February 28, 2011, we are forecasting revenues from operations of ¥5,200.0 billion, up 1.7%; operating income of ¥240.0 billion, an increase of 5.9%; and net income of ¥100.0 billion, up 122.8%.

Further information about each business segment is provided in the Review of Operations section on pages 18 to 29.

Business and Capital Alliances

Seven & i Holdings is actively pursuing alliances with companies outside the Group, both to strengthen existing operations and to foster the development of new businesses. To bolster our service operations, for example, we concluded a business and capital alliance with PIA Corporation, a major ticket vendor, in December 2009, and a capital participation in Tower Records Japan Inc. in March 2010.

In addition, with the objective of making progress toward the establishment of a credit card business with 10 million members, in March 2010 we reached a basic agreement with Credit Saison Co., Ltd., for a comprehensive business alliance. Through this alliance, the Company will be able to draw on the credit card know-how that Credit Saison has cultivated. Moreover, the alliance will help us to strengthen our marketing capabilities and implement a card strategy across all Group companies.

Major Business and Capital Alliances in the Fiscal Year Ended February 28, 2010 through June 2010

Date	Action
March 2009	Establishment of Seven Internet Lab. Co., Ltd., which conducts IT-related operations
June 2009	Establishment of Seven Health Care Co., Ltd., which operates drug stores
December 2009	Conclusion of a business and capital alliance with PIA Corporation
March 2010	Conclusion of a capital participation in Tower Records Japan Inc.
March 2010	Conclusion of a basic agreement on comprehensive business alliance with Credit Saison Co., Ltd.
June 2010	Establishment of Seven & i Asset Management Co., Ltd., with the purpose of holding the fixed assets of SEIBU Ikebukuro, the flagship store of Sogo & Seibu

Group Management Policies

We have classified our existing operations into two categories, core operations and operations targeted for rebuilding. Moving forward, we will implement strategies targeting the specific challenges in each category. In core operations, which are highly profitable, we will work to maintain stable growth. In operations targeted for rebuilding, which have continued to record sluggish results, we will give priority to improving profitability.

In addition, to leverage the existing infrastructure and know-how of Group companies, we will focus on initiatives that transcend conventional format boundaries and strive to foster shared Group synergies. With the objective of seizing business opportunities in growth fields, we will also aggressively conduct initiatives in new business areas.

In existing operations, we will implement the principles of selection and concentration in our investment activities, as well as initiatives based on the classification of existing operations as either core operations or

GROUP MANAGEMENT STRATEGY — Direction of Business Strategy

EXISTING OPERATIONS: Positioning and Business Strategy

CORE OPERATIONS	• Convenience stores • Food supermarkets • Overseas operations	Expansion strategy • Highly profitable core operations • Aggressive expansion ➡ **Raise revenues/profits for Group as a whole**
OPERATIONS TARGETED FOR REBUILDING	• Domestic superstores • Department stores • Food services	Favorable location strategy • Aggressive reduction of unprofitable assets • Continued investment in high revenue/profit stores ➡ **Aim to improve revenues/profits through scrap and build**

GROUPWIDE STRATEGY: Initiatives Targeting the Creation of Group Synergies

Move forward with Group merchandising: Leverage synergies among Group's retail businesses

Groupwide application of finance- and IT-based services: Utilize finance and IT to provide new retail services operations targeted for rebuilding. In convenience stores, food supermarkets, and overseas operations, which are positioned as core operations, we will implement aggressive expansion initiatives in order to raise the profitability of the Group as a whole. On the other hand, in domestic superstore operations, department store operations, and food services, which have been positioned as operations targeted for rebuilding, unprofitable stores will be converted to new formats or closed, and we will focus our management resources on stores in favorable locations. In this way, we will work to raise asset efficiency.

In Group synergies, we will advance Group Merchandising and Global Merchandising initiatives and make full use of the infrastructure and know-how of Group companies. In addition, through financial services and IT operations, we will bolster and build Groupwide functions across operating fields. In this way, we will strive to offer new retail services.

In new fields of business, targeting the rapidly growing e-commerce market, we will establish a new business model that draws on the Group's store network and on the Internet.

Further information about the specific initiatives of operating companies formulated in accordance with these management policies is provided in the Special Feature section of this report on pages 9 to 17.

Financial Strategy and Shareholder Return

With the objective of bolstering the integrated management system for the Group's funds and utilizing those funds more effectively, in March 2009 we introduced a cash management system and increased the level of dividends that the holding company receives from consolidated subsidiaries. Also, with respect to dividends from consolidated subsidiaries and retained earnings, the Company will actively invest in existing businesses as well as in new businesses, in accordance with investment criteria. In this way, we will effectively utilize these resources to raise Group enterprise value.

For shareholder return, our basic policy is to provide a return of profits in line with profit growth. In calculating dividends, the Company aims to maintain a basic annual dividend amount of ¥50.00 and a target consolidated payout ratio of 35%. For the year under review, dividends were ¥56.00 per share, in line with our initial plans.

Acquisition and Cancellation of Treasury Stock

On April 8, 2010, the Company's Board of Directors approved the acquisition and subsequent cancellation of treasury stock. This decision was intended to enhance the return to shareholders and to increase capital efficiency.

The decision authorizes the acquisition of up to 20 million shares, or 2.21% of the total number of shares, excluding treasury stock, with an upper limit for the acquisition cost of ¥50.0 billion. The acquisition was conducted through open market purchase from April 15, 2010 to May 20, 2010 and 20 million shares were acquired at a cost of ¥47.2 billion. The planned date for the cancellation of the acquired shares is June 30, 2010, and following the cancellation, the Company will have a total of 886,441,983 shares.

In the future, to meet the expectations of shareholders and investors, we will draw on the creativity of each individual employee in order to take on new challenges. In this way, we will continue striving to be number one in customer satisfaction. We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2010

Toshifumi Suzuki
Chairman and Chief Executive Officer

Noritoshi Murata
President and Chief Operating Officer