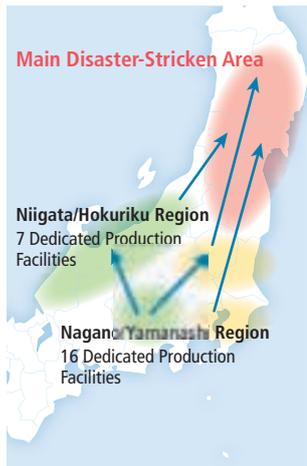


The Influence of the Great East Japan Earthquake and the Group's Response

Product Supply Backup System Seven-Eleven



Ito-Yokado



Following the Great East Japan Earthquake, the Group remained focused on fulfilling its social mission as a retail group by continuing to provide customers with products that are indispensable in daily life. To that end, everyone at the Group worked together, giving the highest priority to continuing store operations and to rapidly restarting operations at stores that had closed. Consequently, within one month after the earthquake, we had basically restored our product supply system to pre-earthquake conditions.

RESPONSE OF MAJOR OPERATING COMPANIES

Product Supply and Distribution Systems

As of February 28, 2011, Seven-Eleven Japan (SEJ) had 169 production facilities that made original products, such as rice balls and boxed meals, and 149 temperature-separated combined distribution centers. These facilities, which are dedicated to meeting the needs of SEJ, are dispersed throughout Japan. Due to the earthquake, production and distribution facilities were damaged in the Tohoku region (red on the map), which was the main disaster-stricken area, and in the Kanto region (yellow), which also suffered damage to some extent. Consequently, certain parts of product supply operations were halted. Of the dedicated production sites, all 12 production facilities in the Tohoku region were damaged, as were 29 of the 72 production facilities in the Kanto region. Also, of the dedicated distribution centers, all 14 centers in the Tohoku region and 6 of 59 centers in the Kanto region were damaged, and product supply operations were temporarily halted. At Ito-Yokado, 3 of 9 distribution centers in the Tohoku region were damaged. After these facilities were halted, the Group began working to restore them while simultaneously establishing an alternate supply system as a temporary measure. By means of this system, we distributed products from production facilities and distribution centers throughout Japan to the main disaster-stricken area. Consequently, SEJ had restored operations at all of its production facilities by the middle of April, and the distribution capabilities of SEJ and Ito-Yokado had been restored to pre-earthquake levels by the end of April.

Electricity Conservation Measures: Seven-Eleven Japan

In response to concerns about an electricity shortage this summer in the Tokyo Electric Power Company service area, SEJ is taking steps to reduce the lighting in its stores and has reconsidered the temperature settings on its air conditioning systems. In particular, for energy-saving measures, SEJ has formulated an independent action plan and established reduction targets. In addition to the energy-saving measures that have been implemented to-date, SEJ is moving ahead with other measures, such as converting to LED equipment for in-store lighting and store signs and introducing solar panels. The investment required for the installation of this energy-saving equipment is forecast at more than ¥10.0 billion, but on the other hand these initiatives are also expected to contribute to cost reductions in the future.

Influence on Consolidated Financial Results

For the fiscal year ending February 29, 2012, our initial results forecasts and the effects of the earthquake are as follows. These forecasts were made in March 2011, shortly after the earthquake, and were released on April 7, 2011, when we made our financial results presentation.

Plans of Consolidated Financial Results

Fiscal year ending February 29, 2012

	Initial plans		Revised plans		Earthquake effects (Billions of yen)
	(Billions of yen)	YOY (%)	(Billions of yen)	YOY (%)	
Revenues from operations	4,744.0	92.7	4,600.0	89.8	(144.0)
Operating income	286.1	117.6	248.0	101.9	(38.1)
Convenience store operations	206.8	105.8	202.8	103.7	(4.0)
Superstore operations	33.3	212.0	12.0	76.4	(21.3)
Department store operations	13.5	240.1	4.2	74.7	(9.3)
Food services	0.5	—	0.0	—	(0.5)
Financial services	30.0	105.8	27.0	95.3	(3.0)
Others	2.5	—	2.5	—	—
Eliminations/corporate	(0.5)	—	(0.5)	—	—
Ordinary income	283.4	116.7	245.3	101.0	(38.1)
(Reference)					
Net income before asset retirement obligation*	143.9	128.5	128.5	114.8	—
Net income	128.5	114.8	87.5	78.2	(41.0)

* Excluding a special loss of ¥24.0 billion (¥15.4 billion after tax) resulting from the adoption of Accounting Standards for Asset Retirement Obligations.

The earthquake is expected to have the effects of decreasing revenues from operations by ¥144.0 billion and operating income by ¥38.1 billion. We also expect to record a special loss of ¥26.0 billion for earthquake-related damage losses. In addition, 7-Eleven, Inc. (SEI) has changed its accounting method for revenues from operations related to franchise agreements from “gross amount” to “net amount.” This change is expected to have the effect of reducing revenues from operations by ¥545.0 billion. However, excluding these effects, we are forecasting an increase of 3.3% in revenues from operations, to ¥5,289.0 billion. The accounting method change at SEI will not have any effect on operating income, ordinary income, or net income.

The effects on operating income and special losses, by major operating company, are as follows.

Amount Effecting Operating Income

Fiscal year ending February 29, 2012

	Initial plans		Revised plans		Earthquake effects (Billions of yen)
	(Billions of yen)	YOY (%)	(Billions of yen)	YOY (%)	
Consolidated	286.1	117.6	248.0	101.9	(38.1)
Seven-Eleven Japan	177.0	104.6	173.0	102.3	(4.0)
Ito-Yokado	15.0	696.1	6.0	278.3	(9.0)
York-Benimaru	9.5	107.0	1.0	11.3	(8.5)
Sogo & Seibu	15.0	203.1	6.2	83.9	(8.8)
Other companies	—	—	—	—	(7.8)

Estimate of Special Losses

Fiscal year ending February 29, 2012

	Revised plans (Billions of yen)
Consolidated	26.0
Seven-Eleven Japan	6.0
Ito-Yokado	3.6
York-Benimaru	15.0
Other companies	1.4