<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382
May 6, 2015

To Our Shareholders,

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

CONVOCATION NOTICE OF THE 10TH ANNUAL SHAREHOLDERS' MEETING

You are invited to attend the 10th 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 27, 2015 (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 Exercise of Voting Rights by Electronic Method on page 69, 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 28, 2015 (Thursday)

2. Place: Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo),
First Floor Conference Room
(Please refer to the map to the Annual Shareholders' Meeting site at the end of this document.)

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

(1) Reporting on the substance of the Business Report, the substance of the Consolidated Financial Statements for the 10th fiscal year (from March 1, 2014 to February 28, 2015), 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 10th fiscal year (from March 1, 2014 to February 28, 2015).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

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

Item No. 3: Election of one (1) Audit & Supervisory Board member.

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

4. Matters 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).

Attached Documents (Extract)

Business Report (March 1, 2014 to February 28, 2015)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 10th consolidated 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 recovery in consumer spending appeared to be delayed due to a fall-back in the demand responding to the rush demand associated with the consumption tax hike in April 2014, in addition to the unseasonable weather and other factors.

In this setting, under the slogan "Responding to Change while Strengthening Fundamentals," the Group worked to strengthen its existing businesses even further and to push forward with initiatives for the "Second Stage of Growth."

In our existing businesses, we developed high value-added products, strengthened our product lineup tailored to regional characteristics, and improved customer service. As regards the Group's Seven Premium private-brand products and Group companies' original products, we worked to improve quality and propose new value by developing new products and renewing our existing products. As a result, sales of Seven Premium products expanded to ¥815.0 billion in the 10th consolidated fiscal year (up 21.6% YOY), surpassing the initial target of ¥800.0 billion. Group-wide sales of original products totaled ¥2,650.0 billion (up 10.4% YOY).

We are pushing forward with our Omni-Channel Strategy in the form of cross-Group initiatives to achieve the "Second Stage of Growth." In the 10th consolidated fiscal year, we strengthened the Omni-Channel Promotion Division system in the Company and other Group companies. In addition, for commencement of a full-fledged Omni-Channel in autumn 2015, the Company focused on building product development, e-commerce websites and other systems, and on preparing the logistics and other business infrastructure. Furthermore, we strengthened *Machi no Honya* (Neighborhood Bookstore) services for picking up books and magazines at Seven-Eleven stores, and promoted services for picking up products purchased from stores such as THE LOFT CO., LTD. and Akachan Honpo Co., Ltd. In addition, in November 2014 we started the service of accepting returns of shoes purchased through the *e.depart* online shopping site operated by Sogo & Seibu Co., Ltd.

Consequently, our consolidated results in the 10th consolidated fiscal year were as follows.

Revenues from operations were ¥6,038.9 billion (up 7.2% YOY). The increase was mainly driven by higher revenues in convenience store operations and the new consolidation of mail order service operations. Operating income was ¥343.3 billion (up 1.1% YOY) due mainly to higher profits in convenience store operations and financial services operations. Ordinary income was ¥341.4 billion (up 0.7% YOY), and net income was ¥172.9 billion (down 1.5% YOY). Revenues from operations, operating income and ordinary income all reached record highs.

Group sales, which include the total store sales of Seven-Eleven Japan Co., Ltd., and 7-Eleven, Inc., were ¥10,235.6 billion (up 6.6% YOY). Moreover, operating income before amortization of goodwill was ¥362.2 billion (up 1.1% YOY). The exchange rate of the yen prevailing at the time of the consolidation of overseas subsidiaries in the 10th consolidated fiscal year increased revenues from operations by about ¥159.5 billion and operating income by about ¥3.5 billion.

Furthermore, in February 2015, due to an initiative to implement new business development, the Company made the equity-method affiliate Barneys Japan Co., Ltd. a wholly-owned subsidiary.

Overview of business by segment

An overview of business by segment in the 10th consolidated fiscal year is as follows.

(i) Convenience store operations

Revenues from operations in convenience store operations were ¥2,727.7 billion (up 7.8% YOY), and operating income was ¥276.7 billion (up 7.5% YOY).

In Japan, Seven-Eleven Japan Co., Ltd. opened a record high 1,602 stores, including an expansion into Ehime Prefecture in March 2014 and the opening of stores in train stations through business alliances with the JR West group and the JR Shikoku group, etc. As a result, there were 17,491 domestic stores (up 1,172 stores YOY) in 43 prefectures at the end of the 10th consolidated fiscal year. On the product front, we aggressively strove to develop and improve fast food and other original products, and strengthened our lineup of the Seven Premium and Seven Gold private-brand products. Moreover, in March 2014, we established the West Japan Project as an organization for integrating product development, store operations and store development, etc., and worked harder than ever at promoting region-based initiatives including developing products that match the preferences of regional customers. The success of this project has enabled us to build an organized system to expand our West Japan initiatives to all regions in January 2015. The high-quality self-serve drip coffee service *SEVEN CAFÉ* had achieved cumulative sales of 700 million cups during the 10th consolidated fiscal year, thereby significantly exceeding the initial sales target, as a result of further improving quality and increasing the number of stores with a second machine installed. Moreover, in October 2014 we started sales of the SEVEN CAFÉ Donut, with its high affinity with *SEVEN CAFÉ*, at stores in the Kansai region; by the end of the 10th consolidated fiscal year it was being sold at a total of approximately 3,200 stores. As a result of these initiatives, the rate of growth in sales at existing stores recorded year on year positive growth for the 31st consecutive month since August 2012. Total store sales in Japan, which comprise corporate and franchised store sales, were ¥4,008.2 billion (up 6.0% YOY).

In North America, as of the end of December 2014, 7-Eleven, Inc. had 8,297 stores (up 5 stores YOY). In terms of stores, we stepped up store openings in urban areas, and closed and sold some existing and acquired stores, focusing on individual store profitability. As regards acquired stores that we are continuing to operate, we aggressively converted acquired stores to the 7-Eleven format, and focused on expanding our products and services. In terms of sales, 7-Eleven, Inc. continued to focus on the development and sales of hot food and other fast food products, and on 7-Select private-brand products. As a result of these initiatives, etc., the rate of growth in merchandise sales at existing stores in the United States on a local currency basis was brisk, increasing year on year. Total store sales, which comprise corporate and franchised store sales, etc., rose 7.3% to ¥2,834.4 billion, due to growth in merchandise sales.

In China, as of December 31, 2014, we had 175 stores in Beijing, 60 stores in Tianjin, and 66 stores in Chengdu, Sichuan Province.

(ii) Superstore operations

Revenues from operations in superstore operations were ¥2,012.1 billion (up 0.1% YOY), and operating income was ¥19.3 billion (down 34.8% YOY).

Ito-Yokado Co., Ltd. had 181 stores at the end of the 10th consolidated fiscal year (up 2 stores YOY). On the sales front, we strengthened sales of Seven Premium and other differentiated products, and worked to provide a product lineup and store operations leveraging the Group's capabilities in the Hokkaido, Tohoku and West Japan regions in order to provide lineups tailored to regional characteristics. Also, in January 2015 we implemented organizational changes aimed at strengthening our product development and purchasing capabilities in each region. In February 2015, we implemented new initiatives such as opening inside Ito-Yokado the first BON BON HOME store, an interior shop jointly developed with BALS CORPORATION, with whom we entered into a capital and business alliance agreement in the previous fiscal year. In store operations, in November 2014 we opened GRAND TREE MUSASHIKOSUGI, a facility harnessing the

collective power of the Group. We attracted excellent tenants such as select shops, and tried new initiatives such as improving face-to-face sales areas of fresh food and food counters with enhanced delicatessen items and, opening shops for private apparel brands and developing them in specialized-store zones in the sales areas directly managed by Ito-Yokado. Nevertheless, the rate of growth in sales at existing stores in the 10th consolidated fiscal year declined year on year, mainly due to a fall-back in the demand responding to the rush demand associated with the consumption tax hike and the unseasonable weather.

In domestic food supermarket operations, York-Benimaru Co., Ltd. had 200 stores as of the end of the 10th consolidated fiscal year (up 7 stores YOY), principally in the southern Tohoku and northern Kanto regions, and York Mart Co., Ltd. had 76 stores (up 2 stores YOY) in the Tokyo metropolitan area. York-Benimaru Co., Ltd. worked to realize “lifestyle proposal-type food supermarkets” by strengthening the development and sales of fresh food and differentiated products such as Seven Premium brand items. Consequently, the rate of growth in sales at existing stores for the 10th consolidated fiscal year increased year on year. Amid a rise in demand for ready-to-serve and easy meals, our subsidiary Life Foods Co., Ltd. strengthened its product development power with a new plant that began operating in March 2013, improved its sales areas in line with the remodeling of York-Benimaru stores, and enhanced its prepared-meal menu proposals for various lifestyle scenarios.

Akachan Honpo Co., Ltd., which sells baby and maternity products in Japan, had 99 stores at the end of the 10th consolidated fiscal year (up 6 stores YOY).

In China, as of December 31, 2014, we had 6 superstores in Beijing and 6 superstores in Chengdu, Sichuan Province.

(iii) Department store operations

Revenues from operations in department store operations were ¥875.0 billion (up 0.4% YOY), and operating income was ¥7.0 billion (up 7.1% YOY). Moreover, operating income before amortization of goodwill was ¥12.3 billion (up 3.9% YOY).

Sogo & Seibu Co., Ltd. expanded its initiatives for promoting self-produced merchandise, centered on the Limited Edition brand, and self-arranged sales areas. At the same time, we offered 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. In November 2014, we opened the Sogo & Seibu Musashikosugi Shop, which handles apparel, sundries, shoes and accessories, in GRAND TREE MUSASHIKOSUGI, and we tried launching new services such as the Live Shopping Service, which proposes the merchandise of neighboring stores using a live relay system. The rate of growth in sales at existing stores was up year on year, driven by growth in sales of luxury brand products, art and jewelry, arising from the demand responding to the rush demand associated with the consumption tax hike, and strong sales of food, mainly due to the launch in April 2014 of a food shopping point system for card members.

THE LOFT CO., LTD., which operates miscellaneous goods specialty stores, had 94 stores at the end of the 10th consolidated fiscal year (up 5 stores YOY).

(iv) Food services operations

Revenues from operations in food service operations were ¥80.9 billion (up 3.1% YOY), and operating income was ¥44 million (down 92.7% YOY) due to increased personnel and other expenses.

The restaurant division of Seven & i Food Systems Co., Ltd. operated 474 restaurants at the end of the 10th consolidated fiscal year (up 4 restaurants YOY). The rate of growth in sales at existing restaurants in the 10th consolidated fiscal year increased year on year. This mostly reflected strong performance of enhanced-quality menus and improved customer service.

(v) Financial services operations

In financial services operations, revenues from operations were ¥178.2 billion (up 12.2%

YOY), and operating income was ¥47.1 billion (up 5.1% YOY).

As of the end of the 10th consolidated fiscal year, the number of installed ATMs of Seven Bank, Ltd. had increased to 20,939 (up 1,545 ATMs YOY). This was mainly due to the aggressive opening of stores by Seven-Eleven Japan Co., Ltd. and the increase in ATMs in airports, stations, commercial facilities, and elsewhere. The average daily transaction volume per ATM during the 10th consolidated fiscal year was 101.2 transactions (down 7.2 transactions YOY), mainly due to the effect of implementing transaction fees for customers of some affiliated banks. However, in addition to the increase in the number of installed ATMs, the number of transactions made by customers of deposit-taking financial institutions also increased; as a result, the total number of transactions increased.

Both the credit card operations and electronic money operations of the two card operating companies performed well. In credit card operations, the transaction volume of the Seven Card and 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 10th consolidated fiscal year, the total number of *nanaco* accounts issued was 37.17 million (up 8.78 million YOY), and the number of stores at which *nanaco* was available was approximately 167,700 stores (up about 24,800 stores YOY).

(vi) Mail order services operations

Revenues from operations in mail order services operations were ¥185.8 billion, and an operating loss of ¥7.5 billion was incurred mainly due to dwindling sales and an increase in selling and administrative expenses.

Nissen Holdings, Co., Ltd. strove to improve profitability and implemented measures to realize Group synergies. In the 10th consolidated fiscal year, Nissen Holdings, Co., Ltd. distributed the Nissen catalog in the storefronts of each Group company store and established interior showrooms inside Ito-Yokado stores.

(vii) Others

Revenues from operations in others were ¥53.8 billion (up 6.7% YOY), and operating income was ¥3.6 billion (up 69.4% YOY) mainly due to a decline in upfront expenses associated with strengthening Internet shopping incurred by Seven & i Netmedia Co., Ltd. in the previous fiscal year.

Revenues from operations by segment

Business segment	Revenues from operations (Millions of yen)
Convenience stores	2,727,780
Superstores	2,012,176
Department stores	875,027
Food services	80,980
Financial services	178,221
Mail order services	185,802
Others	53,897
Eliminations / corporate	(74,937)
Total	6,038,948

(Notes)

1. Group sales, which include the chain store sales of Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc., were ¥10,235.6 billion.

2. Eliminations /corporate 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 10th consolidated fiscal year were ¥341.0 billion. The funds required for these expenditures were appropriated from loans from the financial institutions, from previously issued unsecured bonds and from funds on hand.

Business segment	Capital expenditures (Millions of yen)
Convenience stores	193,235
Superstores	65,490
Department stores	15,380
Food services	3,506
Financial services	39,110
Mail order services	3,815
Others	5,381
Corporate (shared)	15,152
Total	341,075

(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 10th fiscal year and the most recent three fiscal years

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

Item	7th fiscal year (March 1, 2011 to February 29, 2012)	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)
Revenues from operations	Millions of yen 4,786,344	Millions of yen 4,991,642	Millions of yen 5,631,820	Millions of yen 6,038,948
Net income	Millions of yen 129,837	Millions of yen 138,064	Millions of yen 175,691	Millions of yen 172,979
Net income per share	Yen 146.96	Yen 156.26	Yen 198.84	Yen 195.66
Total assets	Millions of yen 3,889,358	Millions of yen 4,262,397	Millions of yen 4,811,380	Millions of yen 5,234,705
Net assets	Millions of yen 1,860,954	Millions of yen 1,994,740	Millions of yen 2,221,557	Millions of yen 2,430,917
Net assets per share	Yen 1,998.84	Yen 2,140.45	Yen 2,371.92	Yen 2,601.23

(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	7th fiscal year (March 1, 2011 to February 29, 2012)	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)
		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Convenience stores	Revenues from operations	1,690,924	1,899,573	2,529,694	2,727,780
	Operating income	214,637	221,764	257,515	276,745
	Total assets	1,077,608	1,370,292	1,630,826	1,927,221
Superstores	Revenues from operations	1,992,298	1,994,588	2,009,409	2,012,176
	Operating income	32,432	25,491	29,664	19,340
	Total assets	1,048,661	967,887	1,000,318	1,040,068
Department stores	Revenues from operations	900,222	884,028	871,132	875,027
	Operating income	9,948	8,029	6,590	7,059
	Total assets	541,929	517,075	501,856	495,961
Food services	Revenues from operations	78,026	78,361	78,566	80,980
	Operating income (loss)	(95)	721	604	44
	Total assets	21,026	21,843	22,398	26,307
Financial services	Revenues from operations	129,601	144,355	158,826	178,221
	Operating income	33,778	37,425	44,902	47,182
	Total assets	1,565,291	1,716,745	1,798,059	1,871,705
Mail order services	Revenues from operations	--	--	--	185,802
	Operating income (loss)	--	--	--	(7,521)
	Total assets	--	--	103,437	105,717
Others	Revenues from operations	47,464	50,210	50,492	53,897
	Operating income	2,304	3,886	2,166	3,669
	Total assets	153,852	168,047	169,602	207,073

(Note)

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

(4) Corporate reorganization measures, etc.

(i) Absorption of Seven Net Shopping Co., Ltd. by Seven & i Netmedia Co., Ltd. through merger

Seven & i Netmedia Co., Ltd. conducted an absorption-type merger effective March 1, 2014, with Seven & i Netmedia Co., Ltd. as the surviving company and Seven Net Shopping Co., Ltd. as the dissolving company. This initiative is aimed at clearly identifying the company that will play a pivotal role in promoting the Seven & i Group’s Omni Channel Strategy and vigorously pressing ahead with this strategy. Furthermore, in conjunction with this merger, to ensure that the surviving company, Seven & i Netmedia Co., Ltd., remains a wholly owned subsidiary of the Company, the merger was conducted based on a triangular merger process, under which the common stock of the Company was allocated to shareholders of Seven Net Shopping Co., Ltd. except for Seven & i Netmedia Co., Ltd.

(ii) Additional acquisition of shares of Barneys Japan Co., Ltd.

To capture further synergies in the Group, on February 12, 2015 the Company acquired 127,801 common shares, representing 50.1% (rounded up to the first decimal place), of the voting rights of Barneys Japan Co., Ltd. which had been held by Sumitomo Corporation. As a result of the acquisition, Barneys Japan Co., Ltd. became a wholly owned subsidiary of the Company.

(5) Status of major subsidiaries (as of February 28, 2015)

(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

(Note)
The capital contribution ratio in 7-Eleven, Inc., Seven Bank, Ltd., and Nissen Holdings Co., Ltd. is indirect holdings.

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 118 consolidated subsidiaries and 24 equity-method affiliates.

(6) Issues to be resolved

With respect to the outlook for the 11th consolidated 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 focuse 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 concept of standard nationwide chain store management led by the headquarters, and promote individual store management led by the stores.

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, we will step up store openings in existing coverage areas. In addition, as one facet of expansion into new regions, in March 2015, we began to open stores in Kochi Prefecture, and in June we will do the same in Aomori Prefecture, and in October in Tottori Prefecture. In doing so, we will open a record-high 1,700 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 focus on enhancing sales capabilities by strengthening the development of private-brand products and face-to-face sales with customers, and utilizing the Group's strengths to create product lineups and sales areas that are responsive to regional characteristics, as well as reinvigorating existing stores by strengthening store-led management. Furthermore, in March 2015 we opened a *Net Supermarket* store dedicated to online-based services as a business base to promote initiatives under our Omni-Channel Strategy, and launched new services that combine our accumulated expertise and existing networks of the *Net Supermarket* business with market expansion driven by the Internet. 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 continue to strengthen its initiatives for promoting self-produced merchandise and self-arranged sales areas, as well as its high-quality customer service that is the hallmark of department stores. We will invigorate regional stores through such measures as forming alliances with local businesses and strengthening product lineups of local specialty goods.

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

In mail order services operations, Nissen Holdings, Co., Ltd., will continue to work to improve profitability and implement initiatives that will capture Group synergies.

To maximize Group synergy effects, the Group is targeting sales of ¥3,000 billion (up 13.2% YOY) from the Group companies' original products, including sales of ¥1,000 billion from its Seven Premium private-brand products (up 22.7% YOY).

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 19,000 stores in Japan which contain various business formats including convenience stores, superstores, food supermarkets, department stores, specialty stores, and restaurants. The Company and its operating companies will promote initiatives toward full-fledged Omni-Channel operations in autumn 2015 by developing high-value-added products and expanding their services, among other measures. In doing so, we will further enhance our enterprise value.

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

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

(7) Scope of principal businesses (as of February 28, 2015)

The Group is centered on the retail industry and comprises 144 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 (47 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 Mary Ann Co., Ltd. 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 (2 companies)	Seven & i Food Systems Co., Ltd.
Financial services (8 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. Financial Consulting & Trading International, Inc.

Business segments	Names of major Group companies
Mail order services (24 companies)	Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO., LTD. Mail & e Business Logistics Service Co., Ltd. GE Nissen Credit Co., Ltd.*1
Others (21 companies)	Seven & i Netmedia Co., Ltd. SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Asset Management Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. Trube Ltd. Mall & SC Development Inc. Seven Culture Network Co., Ltd. Barneys Japan Co., Ltd.*2 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 and the other companies are consolidated subsidiaries.

*2. On February 12, 2014, Barneys Japan Co., Ltd. became a consolidated subsidiary of the Company through an acquisition of additional shares.

(8) Principal business locations (as of February 28, 2015)

(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: 470 stores

7-Eleven, Inc.

• Head office: Texas, U.S.A.
• Corporate stores: 1,907 stores

(Note)
The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2014.

(Superstores)

Ito-Yokado Co., Ltd.

• Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
• Corporate stores: 181 stores

York-Benimaru Co., Ltd.

• Head office: 18-2, 2-chome, Asahi, Koriyama, Fukushima
• Corporate stores: 200 stores

(Department stores)

Sogo & Seibu Co., Ltd.

• Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
• Corporate stores: 24 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: 846 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 28, 2015)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Convenience stores	24,543 employees	474 employees (decrease)
Superstores	17,893 employees	571 employees (decrease)
Department stores	6,232 employees	218 employees (decrease)
Food services	1,372 employees	44 employees (increase)
Financial services	1,448 employees	72 employees (increase)
Mail order services	1,425 employees	104 employees (decrease)
Others	1,297 employees	525 employees (increase)
Corporate (shared)	455 employees	27 employees (increase)
Total	54,665 employees	699 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 93,642 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 increase in personnel in the "Others" business is mainly due to the fact that Barneys Japan Co., Ltd. became a consolidated subsidiary of the Company.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	331 employees	22 employees (increase)	45 years 10 months	20 years 2 months
Females	124 employees	5 employee (increase)	38 years 9 months	16 years 3 months
Total or average	455 employees	27 employees (increase)	43 years 11 months	19 years 1 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 25 part-time workers (monthly average based on a 163-hour working month).

(10) Status of major lenders (as of February 28, 2015)

Lender	Amount borrowed (Millions of yen)
Sumitomo Mitsui Banking Corporation	145,447
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	131,338
Mizuho Bank, Ltd.	74,276

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

None.

2. Items Regarding Shares (as of February 28, 2015)

(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 2,353,006 treasury stock.

(3) Number of shareholders: 82,988

(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)	40,660	4.6
The Master Trust Bank of Japan, Ltd. (Trust account)	38,540	4.4
Nippon Life Insurance Company	17,777	2.0
Masatoshi Ito	16,799	1.9
MITSUI & CO., LTD.	16,222	1.8
JP Morgan Chase Bank 380055	13,351	1.5
Nomura Securities Co., Ltd. (Proprietary account)	13,305	1.5
State Street Bank and Trust Company 505225	11,761	1.3
The Bank of New York Mellon SA/NV 10	11,516	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 28, 2015)

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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	95,800*[2] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥307,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From May 1, 2009 to August 6, 2028	From August 7, 2009 to August 6, 2038
Exercise conditions		*[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 ordinary shares Number of Directors holding the share subscription rights: 3	Number of share subscription rights: 194 Class and number of corresponding shares: 19,400 ordinary shares Number of Directors holding the share subscription rights: 8

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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	129,700*[2] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥204,500 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2010 to June 15, 2029	From February 28, 2010 to June 15, 2039
Exercise conditions		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 198 Class and number of corresponding shares: 19,800 ordinary shares Number of Directors holding the share subscription rights: 5	Number of share subscription rights: 229 Class and number of corresponding shares: 22,900 ordinary shares 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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	114,400*[2] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥185,000 per subscription right	No payment is required in exchange for the share subscription rights
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2011 to June 16, 2030	From February 28, 2011 to July 2, 2040
Exercise conditions		*[4]	*[4]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 175 Class and number of corresponding shares: 17,500 ordinary shares Number of Directors holding the share subscription rights: 5	Number of share subscription rights: 104 Class and number of corresponding shares: 10,400 ordinary shares 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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	128,000*[2] ordinary shares 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: 259 Class and number of corresponding shares: 25,900 ordinary shares Number of Directors holding the share subscription rights: 6	Number of share subscription rights: 113 Class and number of corresponding shares: 11,300 ordinary shares 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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	126,100*[2] ordinary shares 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: 270 Class and number of corresponding shares: 27,000 ordinary shares Number of Directors holding the share subscription rights: 7	Number of share subscription rights: 104 Class and number of corresponding shares: 10,400 ordinary shares 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] ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	110,500*[2] ordinary shares 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: 249 Class and number of corresponding shares: 24,900 ordinary shares Number of Directors holding the share subscription rights: 7	Number of share subscription rights: 96 Class and number of corresponding shares: 9,600 ordinary shares 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 ordinary shares of the Company (with one share subscription right corresponding to 100 shares)	102,800*2 ordinary shares 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: 240 Class and number of corresponding shares: 24,000 ordinary shares Number of Directors holding the share subscription rights: 7	Number of share subscription rights: 83 Class and number of corresponding shares: 8,300 ordinary shares 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 10th consolidated fiscal year as compensation for the performance of their duties

Name of share subscription rights issue		14th 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: 185 Class and number of corresponding shares: 18,500 ordinary shares Number of recipients: 14
	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: 760 Class and number of corresponding shares: 76,000 ordinary shares Number of recipients: 96

(Note)

The overview of the details of the 14th 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 28, 2015)."

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

(1) Directors and Audit & Supervisory Board Members (as of February 28, 2015)

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.
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	Tsuyoshi Kobayashi	Assistant to the President of the Company
Director	Junro Ito	Senior Officer of the CSR Management Department of the Company
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 Outside Director of Seven Bank, 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 President and Chief Operating Officer (COO) of York-Benimaru Co., Ltd.
Director	Scott Trevor Davis	Professor of the Department of Global Business, College of Business, Rikkyo University
Director	Yoshio Tsukio	Representative Director, Tsukio Research Institute
Director	Kunio Ito	Professor, Graduate School of Commerce and Management, Hitotsubashi University
Director	Toshiro Yonemura	

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Hideo Nomura	Audit & Supervisory Board Member of Ito-Yokado Co., Ltd. Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
Standing Audit & Supervisory Board Member	Tadao Hayakawa	
Audit & Supervisory Board Member	Yoko Suzuki	Attorney at Law
Audit & Supervisory Board Member	Tsuguoki Fujinuma	Certified Public Accountant
Audit & Supervisory Board Member	Kazuko Rudy (Real name: Kazuko Kiriyama)	Representative Director of WITAN ACTEN LLC MBA course Professor of Ritsumeikan University Graduate School

(Notes)

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

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

3. Standing Audit & Supervisory Board Member Hideo Nomura and Audit & Supervisory Board Member Tsuguoki Fujinuma have the following expertise with regard to finance and accounting:

・Standing Audit & Supervisory Board Member Hideo Nomura was engaged in operations relating to investments and securities in the Finance Planning Department of the Company.

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

4. 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.

5. Executive officers of the Company as of February 28, 2015 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	Tsuyoshi Kobayashi
Executive Officer	Junro Ito
Executive Officer Chief Financial Officer (CFO)	Kunio Takahashi
Executive Officer	Akihiko Shimizu
Managing Executive Officer	Ryu Matsumoto
Managing Executive Officer	Kazuhisa Toi
Managing Executive Officer	Tsuneo Okubo
Executive Officer	Yoshihiro Tanaka
Executive Officer	Masataka Tosaya
Executive Officer	Akira Miyakawa
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 Chief Information Officer（CIO）	Yasuhiro Suzuki

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

(i) Aggregate amount of compensation, etc. regarding the 10th 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)	13	332	179	59	93
Outside Directors	6	40	40	—	—
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	28	28	—	—
Outside Audit & Supervisory Board Members	4	30	30	—	—

(Notes)

1. The figures above include five (5) Directors and two (2) Audit & Supervisory Board Members who resigned having completed their term of office at the conclusion of the 9th Annual Shareholders' Meeting, held on May 22, 2014.
2. The aggregate amounts of compensation, etc. of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
3. It was resolved at the 1st Annual Shareholders' Meeting, held on May 25, 2006, that the annual amount of compensation paid to Directors shall not exceed ¥1,000 million (not including amounts paid as salaries for employees) and that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥100 million.
4. Stock options for stock-linked compensation were issued to seven (7) Directors (excluding Outside Directors).

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

During the 10th 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 is no special relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions.

(ii) Main activities during the 10th 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 thirteen (13) meetings during the 10th fiscal year, of which ten (10) meetings have been held since the conclusion of the 9th Annual Shareholders' Meeting, held on May 22, 2014. Mr. Scott Trevor Davis attended thirteen (13) of those meetings. Mr. Yoshio Tsukio, Mr. Kunio Ito, and Mr. Toshiro Yonemura, all of whom had been newly elected as Directors at the 9th Annual Shareholders' Meeting held on May 22, 2014, attended nine (9), ten (10), and ten (10) 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 thirteen (13) meetings during the 10th fiscal year, of which ten (10) meetings have been held since the conclusion of the 9th Annual Shareholders' Meeting, held on May 22, 2014. Ms. Yoko Suzuki attended twelve (12) of those meetings and Mr. Tsuguoki Fujinuma attended twelve (12). Ms. Kazuko Rudy, who had been newly elected as an Audit & Supervisory Board Member at the 9th Annual Shareholders' Meeting held on May 22, 2014, attended ten (10) of those meetings. Also, the Company's Audit & Supervisory Board held twenty-two (22) meetings during the 10th fiscal year, of which fifteen (15) meetings have been held since the conclusion of the 9th Annual Shareholders' Meeting, held on May 22, 2014. Ms. Yoko Suzuki attended twenty-two (22) of those meetings, Mr. Tsuguoki Fujinuma attended twenty (20), and Ms. Kazuko Rudy attended fourteen (14). 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 10th fiscal year	754
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	768

(Notes)

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 10th fiscal year.

(3) Non-audit operations

The Company shall compensate the accounting auditor for advisory services given regarding the distribution structure.

(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 Board of Directors determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in the accounting auditor, the Company's Board of Directors will, with the consent of the Audit & Supervisory Board, 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 10th consolidated fiscal year.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

The Board of Directors has approved the following regarding "the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation," as stipulated by the Companies Act. The following describes the contents of the resolution as of the last day of the 10th consolidated fiscal year.

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

(i) The Company and its Group companies shall comply with the *Corporate Creed* and the *Corporate Action Guidelines*, 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 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) Audit & Supervisory Board Members will ensure that the execution of duties by Directors is compliant with laws, regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

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

(i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as 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) Departments in charge of disclosure will rapidly and comprehensively collect important information related to the Company and its Group companies and conduct accurate, timely disclosure.

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

Audit & Supervisory Board Members.

(3) 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) Systems for ensuring the efficiency of the execution of duties by Directors

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

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

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

(5) Systems for ensuring the appropriateness of financial reporting

(i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.

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

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

(i) In regard to each of the items (1) to (5) above, the Company shall establish, develop, and operate management systems for the Group as a whole; notify all Group companies of the general policy regarding these systems; and require concrete policy formulations. In addition, the Company shall provide support and guidance for the internal control activities of all Group companies as necessary.

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

(iii) The Company's internal auditing division will audit all Group companies.

(7) Matters related to the provision of support staff for Audit & Supervisory Board Members when so requested

The Company shall provide support staff for Audit & Supervisory Board Members when so requested.

(8) Matters related to the independence from Directors of the support staff for Audit & Supervisory Board Members

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.

(9) Systems for reporting by Directors or employees to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

Situations that have the possibility of causing significant damage to the Company as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation on the part of Directors or employees shall be promptly reported to the Audit & Supervisory Board Members. No Director or employee providing such reports shall suffer any adverse consequences.

In addition, the CSR Management Committee shall provide regular reports to the Representative Director and President and to the Audit & Supervisory Board Members concerning the operation of the help lines, which should function as public-interest reporting mechanisms.

(10) Other systems for ensuring that the Audit & Supervisory Board Members can conduct their activities effectively

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

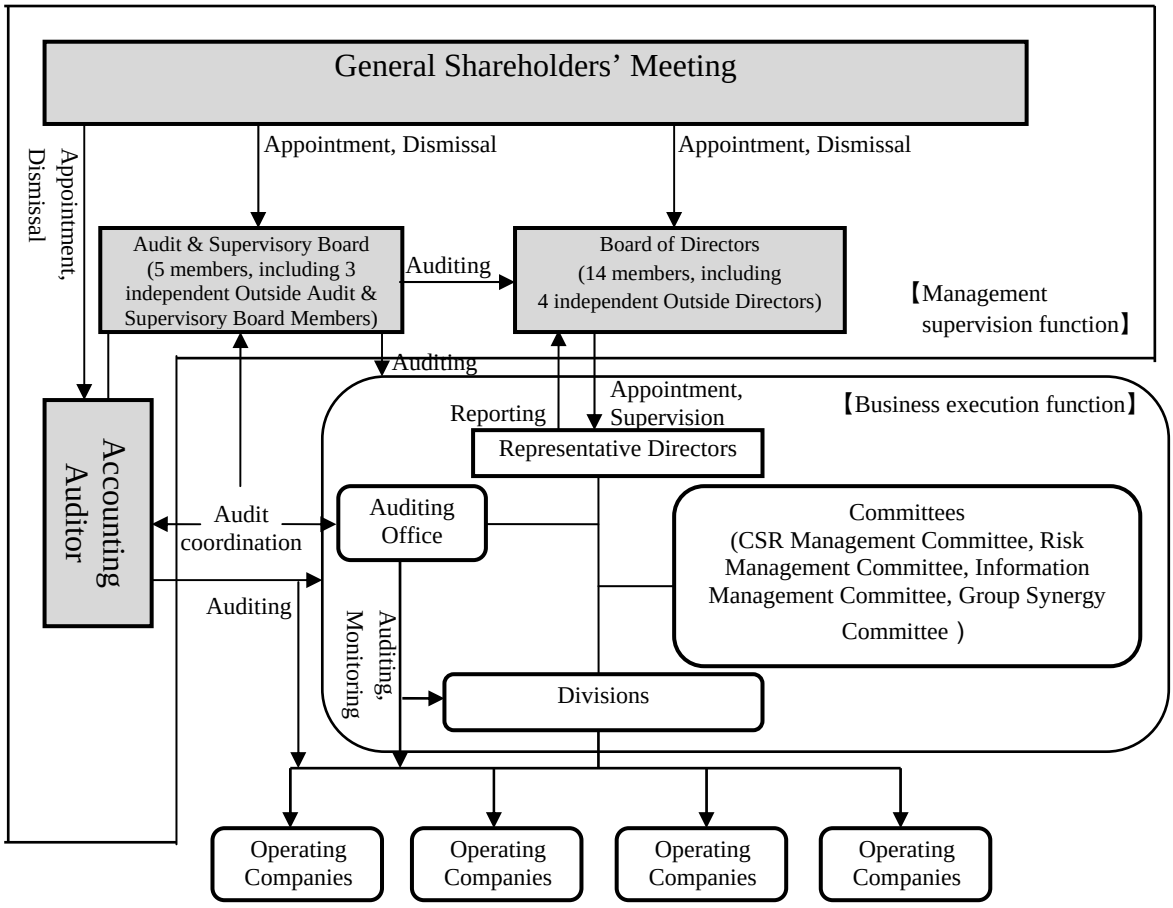
(ii) The Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.

(iii) The 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 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.

Corporate Governance System

The Company's corporate governance system is as follows:



(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 28, 2015)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**2,133,185**	**Current liabilities**	**1,826,791**
Cash and bank deposits	933,959	Notes and accounts payable, trade	412,504
Call loan	10,000	Short-term loans	130,780
Notes and accounts receivable, trade	340,792	Current portion of long-term loans	70,013
Trade accounts receivable – financial services	71,198	Current portion of bonds	59,999
Marketable securities	100,001	Income taxes payable	42,979
Merchandise and finished goods	208,927	Accrued expenses	104,284
Work in process	71	Deposits received	149,610
Raw materials and supplies	3,170	ATM-related temporary advances	66,977
Prepaid expenses	48,585	Allowance for sales promotion expenses	20,408
ATM-related temporary payments	166,686	Allowance for bonuses to employees	12,893
Deferred income taxes	41,499	Allowance for bonuses to Directors and Audit & Supervisory Board Members	375
Other	213,653		
Allowance for doubtful accounts	(5,361)	Allowance for loss on future collection of gift certificates	2,532
Non-current assets	**3,101,424**		
Property and equipment	**1,876,941**	Provision for sales returns	188
Buildings and structures, net	825,831	Deposits received in banking business	475,209
Furniture, fixtures and equipment, net	271,327	Other	278,035
Vehicles, net	1,629	**Non-current liabilities**	**976,997**
Land	725,553	Bonds	319,992
Lease assets, net	13,229	Long-term loans	367,467
Construction in progress	39,369	Deferred income taxes	63,536
Intangible assets	**507,004**	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	2,060
Goodwill	297,233	Net defined benefit liability	8,669
Software	57,150		
Other	152,620	Deposits received from tenants and franchised stores	56,779
Investments and other assets	**717,478**		
Investments in securities	168,738	Asset retirement obligations	67,068
Long-term loans receivable	16,361	Other	91,424
Long-term leasehold deposits	401,206	**TOTAL LIABILITIES**	**2,803,788**
Advances for store construction	1,210	**NET ASSETS**	
Net defined benefit asset	40,889	**Shareholders' equity**	**2,193,677**
Deferred income taxes	28,382	Common stock	50,000
Other	65,673	Capital surplus	527,470
Allowance for doubtful accounts	(4,984)	Retained earnings	1,622,090
Deferred assets	**96**	Treasury stock, at cost	(5,883)
New organization costs	0	**Total accumulated other comprehensive income**	**105,985**
Business commencement expenses	96	Unrealized gains on available-for-sale securities, net of taxes	21,571
		Unrealized gains (losses) on hedging derivatives, net of taxes	557
		Foreign currency translation adjustments	80,342
		Remeasurements of defined benefit plan	3,512
		Subscription rights to shares	**2,427**
		Minority interests in consolidated subsidiaries	**128,827**
		TOTAL NET ASSETS	**2,430,917**
TOTAL ASSETS	**5,234,705**	**TOTAL LIABILITIES AND NET ASSETS**	**5,234,705**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2014 to February 28, 2015)

(Millions of yen)

Item	Amount	
Revenues from operations		**6,038,948**
Net sales		4,996,619
Cost of sales		3,926,210
Gross profit on sales		**1,070,408**
Operating revenues		1,042,329
Gross profit from operations		**2,112,737**
Selling, general and administrative expenses		1,769,405
Operating income		**343,331**
Non-operating income		
Interest and dividends income	6,865	
Other	3,667	10,533
Non-operating expenses		
Interest expenses	6,700	
Interest on bonds	2,652	
Equity in losses of affiliates	362	
Foreign exchange losses	267	
Other	2,397	12,381
Ordinary income		**341,484**
Special gains		
Gain on sales of property and equipment	2,702	
Compensation income for expropriation	686	
Gain on step acquisitions	763	
Other	683	4,835
Special losses		
Loss on disposals of property and equipment	13,349	
Impairment loss	15,220	
Special expenses related to consumption tax rate change	2,028	
Other	5,527	36,124
Income before income taxes and minority interests		**310,195**
Income taxes – current	123,421	
Income taxes – deferred	4,222	127,643
Income before minority interests		**182,551**
Minority interests in net income of consolidated subsidiaries		9,572
Net income		**172,979**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2014 to February 28, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at March 1, 2014	**50,000**	**526,850**	**1,511,555**	**(7,109)**	**2,081,295**
Increase (decrease) for the year					
Cash dividends			(63,194)		**(63,194)**
Net income			172,979		**172,979**
Purchase of treasury stock				(27)	**(27)**
Disposal of treasury stock		620		1,253	**1,873**
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			751		**751**
Other				(0)	**(0)**
Net changes of items other than shareholder equity					
Net increase (decrease) for the year	**—**	**620**	**110,535**	**1,226**	**112,381**
Balance at February 28, 2015	**50,000**	**527,470**	**1,622,090**	**(5,883)**	**2,193,677**

	Accumulated other comprehensive income					**Subscription rights to shares**	**Minority interests in consolidated subsidiaries**	**TOTAL NET ASSETS**
	Unrealized gains 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 gains (losses) from valuation and translation adjustments**			
Balance at March 1, 2014	**10,672**	**(6)**	**3,785**	**–**	**14,450**	**1,944**	**123,866**	**2,221,557**
Increase (decrease) for the year								
Cash dividends								**(63,194)**
Net income								**172,979**
Purchase of treasury stock								**(27)**
Disposal of treasury stock								**1,873**
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries								**751**
Other								**(0)**
Net changes of items other than shareholder equity	10,899	564	76,557	3,512	**91,534**	**482**	**4,960**	**96,978**
Net increase (decrease) for the year	**10,899**	**564**	**76,557**	**3,512**	**91,534**	**482**	**4,960**	**209,359**
Balance at February 28, 2015	**21,571**	**557**	**80,342**	**3,512**	**105,985**	**2,427**	**128,827**	**2,430,917**

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: 118

(ii) Names of major consolidated subsidiaries:

Seven-Eleven Japan Co., Ltd.

Ito-Yokado Co., Ltd.

Sogo & Seibu Co., Ltd.

Seven & i Food Systems Co., Ltd.

York-Benimaru Co., Ltd.

Seven Bank, Ltd.

7-Eleven, Inc.

Consolidated subsidiaries increased by three (3)

Additional acquisition of shares:

Barneys Japan Co., Ltd.

Establishment:

Bank Business Factory Co., Ltd.

PT. ABADI TAMBAH MULIA INTERNATIONAL

Consolidated subsidiaries decreased by six (6)

Dissolution due to merger:

Seven Net Shopping Co. Ltd.

Yis Co., Ltd.

SEVEN & i Life Design Institute Co., Ltd.

SHADDY POTTERY CO., LTD.

Sales of shares:

APIX INTERNATIONAL CO., LTD.

Liquidation:

Beijing Wang fu jing Yokado Commercial Co., Ltd.

(2) Status of non-consolidated subsidiaries

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

(ii) Reason for non-consolidation

Its total assets, its sales, the Company’s portion of its net income or loss (as calculated by the equity method) and the Company’s portion of its retained earnings (as calculated by the equity method) have no material effects on the Consolidated Financial Statements.

2. Items relating to application of the equity method

(1) Status of non-consolidated subsidiaries and affiliates to which the equity method was applied

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

(ii) Number of affiliates to which the equity method was applied: 24

Names of major affiliates:

PRIME DELICA CO., LTD.

PIA CORPORATION

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

Sales of shares:

KINSHO STORE Co., LTD.

Transfer to consolidated subsidiary due to additional acquisition of shares:

Barneys Japan Co., Ltd.

(2) Status of non-consolidated subsidiaries and affiliates to which the equity method was not applied

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

(ii) Reason for not applying equity method:

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

(3) Special notes 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.

During the consolidated fiscal year ended February 28, 2015, six (6) consolidated subsidiaries in mail order services changed the dates of their fiscal year-ends from March 31 or September 30 to December 31. The Consolidated Financial Statements for these consolidated subsidiaries include the financial information from January 1 to December 31, 2014.

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 consolidated fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(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 of the Company, its domestic consolidated subsidiaries (excluding mail order services), and its foreign consolidated subsidiaries is computed generally using the straight-line method. Mail order services are using the declining-balance method except for buildings.

(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 at nil.

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

(3) Methods of accounting for significant 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 consolidated 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 consolidated 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) 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.

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

(i) Methods of accounting for deferred assets

New organization costs:

New organization costs are amortized using the straight-line method over five (5) years, or expensed as incurred if immaterial.

Business commencement expenses:

Business commencement expenses are amortized using the straight-line method over five (5) years, or expensed as incurred if immaterial.

(ii) Accounting method for retirement benefits

Allocation method of estimated total retirement benefits:

In calculating the retirement benefit obligation, the method for allocating the estimated total retirement benefits for the consolidated fiscal year is mainly conducted on a point basis.

Amortization method of the actuarial difference and the prior service cost:

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

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

(iii) Goodwill and negative goodwill

Goodwill and negative goodwill which are generated before March 1, 2011 are amortized mainly over a period of 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.

(iv) 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".

(v) 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."

(vi) 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.

(vii) 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)

The Company has applied 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, May 17, 2012; hereafter the "Guidance") from the end of the consolidated fiscal year ended February 28, 2015 (excluding provisions stated in Article 35 of the Standard and Article 67 of the Guidance). Under the new policy, the method was changed such that plan assets are deducted from retirement benefit obligation and stated as net defined benefit liability, and unrecognized net actuarial gain or loss and unrecognized past service cost are included in the net defined benefit liability. Amounts of plan assets in excess of retirement benefit obligation are stated as net defined benefit asset.

With respect to application of the Standard, the transitional treatment as prescribed in Article 37 of the Standard was applied. As of February 28, 2015, the effect of the change in accounting policy was reflected in remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result of this change, as of February 28, 2015, net defined benefit asset of 40,889 million yen and net defined benefit liability of 8,669 million yen were recorded, while accumulated other comprehensive income increased by 3,512 million yen.

The effect on per-share data is stated in "Notes concerning per share information."

Notes concerning changes in method of presentation

(Consolidated Balance Sheets)

"ATM-related temporary payments," which were included in "Other" of current assets, and "ATM-related temporary advances," which were included in "Deposit received" of current liabilities in the prior consolidated fiscal year, are separately presented for the consolidated fiscal year ended February 28, 2015, as their monetary importance has increased.

(Consolidated Statements of Income)

"Compensation income for expropriation," which was included in "Other" in special gain in the prior consolidated fiscal year, is separately presented for the consolidated fiscal year ended February 28, 2015, as its monetary importance has increased.

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:	¥2,867 million
Land:	¥7,395 million
Investments in securities:	¥63,019 million
Long-term leasehold deposits:	¥5,005 million
Total	¥78,288 million

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

Short-term loans:	¥2,200 million
Long-term loans: (including current portion of long-term loans):	¥13,103 million
Deposits received from tenants and franchised stores:	¥34 million
Other：	¥442 million

In addition, buildings (¥412 million) and land (¥1,368 million) are pledged as collateral for the loans (¥3,151 million) of affiliates.

Investments in securities (¥4,502 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 (¥447 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥1,710,189 million

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees are ¥221 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:	¥934,876 million
Outstanding balance:	¥ 35,685 million
Unused credit balance	¥899,190 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, 2014	Number of shares increased	Number of shares decreased	As of February 28, 2015
Ordinary shares	886,441	—	—	886,441

2. Items relating to total number of treasury shares

(Thousands of shares)

Type	As of March 1, 2014	Number of shares increased	Number of shares decreased	As of February 28, 2015
Ordinary shares	2,876	6	507	2,375

(Notes)

1. The 6 thousand increase in the number of ordinary shares in treasury stock was due to the purchase of odd-lot shares.
2. The 507 thousand decrease in the number of ordinary shares in treasury stock was due to a decrease of 28 thousand shares resulting from the exercise of stock options, a decrease of 478 thousand shares resulting from allocations to third parties due to mergers of subsidiaries, 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 22, 2014; Ordinary general meeting of shareholders	Ordinary shares	30,942	35.00	February 28, 2014	May 23, 2014
October 2, 2014; Board of Directors' meeting	Ordinary shares	32,269	36.50	August 31, 2014	November 14, 2014
Total		63,211			

(2) Dividends whose record date is within the 10th consolidated fiscal year but to be effective during the 11th consolidated fiscal year

At the Annual Shareholders' Meeting to be held on May 28, 2015, the following proposal for resolution will be presented for matters concerning ordinary share dividends.

(i) Total amount of cash dividends: ¥32,269 million

(ii) Dividend per share: ¥36.50

(iii) Record date: February 28, 2015

(iv) Effective date: May 29, 2015

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

4. Items relating to subscriptions to shares at the end of the 10th consolidated fiscal year

Category	Breakdown of subscription to shares	Type of shares to be issued upon exercise of rights	Number of shares to be issued upon exercise of rights
The Company	First subscription to shares	Common stock	12,900 shares
	Second subscription to shares	Common stock	51,200 shares
	Third subscription to shares	Common stock	19,800 shares
	Fourth subscription to shares	Common stock	77,000 shares
	Fifth subscription to shares	Common stock	17,500 shares
	Sixth subscription to shares	Common stock	70,000 shares
	Seventh subscription to shares	Common stock	25,900 shares
	Eighth subscription to shares	Common stock	98,600 shares
	Ninth subscription to shares	Common stock	27,000 shares
	Tenth subscription to shares	Common stock	104,500 shares
	Eleventh subscription to shares	Common stock	24,900 shares
	Twelfth subscription to shares	Common stock	104,500 shares
	Thirteenth subscription to shares	Common stock	24,000 shares
	Fourteenth Subscription to shares	Common stock	102,800 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

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group gives priority to safety, liquidity, and efficiency and limits the management of such funds to short-term management (within one (1) year) 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 28, 2015, 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 48 note 2.)

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and bank deposits	933,959	933,959	—
(2) Notes and accounts receivable, trade	340,792		
Allowance for doubtful accounts*1	(2,716)		
	338,076	341,636	3,560
(3) Marketable securities and investments in securities	227,576	227,914	338
(4) Long-term leasehold deposits*2	297,863		
Allowance for doubtful accounts*3	(777)		
	297,086	298,441	1,354
Total assets	1,796,699	1,801,952	5,253
(1) Notes and accounts payable, trade	412,504	412,504	—
(2) Deposits received in banking business	475,209	475,644	435
(3) Bonds*4	379,991	388,531	8,539
(4) Long-term loans*5	437,480	441,198	3,717
(5) Deposits received from tenants and franchised stores*6	26,423	25,228	(1,194)
Total liabilities	1,731,609	1,743,107	11,498
Derivative instruments *7	2,825	2,825	—

(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. Net liabilities are shown in parenthesis.

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	12,448
Shares of subsidiaries and affiliates	27,010
Other	1,703
Long-term leasehold deposits*2	116,833
Deposits received from tenants and franchised stores*2	33,471

(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: ¥2,601.23
2. Net income per share: ¥195.66

Note: As stated in "Notes concerning changes in accounting policies," the Company has applied the Standard, etc., in compliance with the transitional treatment prescribed in Article 37 of the Standard. As a result, net assets per share for the fiscal year increased by 3.97 yen

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 28, 2015)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**69,628**	**Current liabilities**	**257,427**
Cash and bank deposits	424	Current portion of bonds	59,999
Prepaid expenses	387	Short-term loans payable to subsidiaries and affiliates	173,007
Deferred income taxes	97	Lease obligations	2,387
Accounts receivable, other	30,471	Accounts payable, other	3,907
Deposits held by subsidiaries and affiliates	36,545	Accrued expenses	732
Other	1,702	Income taxes payable	16,277
		Advance received	179
Non-current assets	**1,884,911**	Allowance for bonuses to employees	229
Property and equipment	**6,999**	Allowance for bonuses to Directors and Audit & Supervisory Board Members	57
Buildings and structures, net	2,857		
Fixtures, equipment and vehicles	1,428	Other	650
Land	2,712	**Non-current liabilities**	**223,150**
Intangible assets	**14,774**	Bonds	209,992
Software in progress	6,520	Long-term loans payable to subsidiaries and affiliates	11
Lease assets, net	8,248		
Other	4	Deferred income taxes	3,768
Investments and other assets	**1,863,138**	Lease obligations	6,374
Investments in securities	33,271	Deposits received from tenants	1,637
Stocks of subsidiaries and affiliates	1,746,577	Allowance for loss on guarantees	1,366
Prepaid pension cost	624	**TOTAL LIABILITIES**	**480,578**
Long-term leasehold deposits	2,457	**NET ASSETS**	
Deposits paid to subsidiaries and affiliates	80,000	**Shareholders' equity**	**1,460,955**
Other	207	**Common stock**	**50,000**
		Capital surplus	**1,246,251**
		Additional paid-in capital	875,496
		Other capital surplus	370,754
		Retained earnings	**170,541**
		Other retained earnings	170,541
		Retained earnings brought forward	170,541
		Treasury stock, at cost	**(5,836)**
		Accumulated gains from valuation and translation adjustments	**11,028**
		Unrealized gains on available-for-sale securities, net of taxes	11,028
		Subscription rights to shares	**1,977**
		TOTAL NET ASSETS	**1,473,961**
TOTAL ASSETS	**1,954,539**	**TOTAL LIABILITIES AND NET ASSETS**	**1,954,539**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2014 to February 28, 2015)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividends income	99,553	
Management consulting fee income	4,386	
Commission fee income	2,908	
Other	108	106,958
Selling, general and administrative expenses		10,711
Operating income		**96,247**
Non-operating income		
Interest income	1,513	
Dividends income	466	
Other	52	2,032
Non-operating expenses		
Interest expenses	959	
Interest on bonds	2,652	
Other	0	3,612
Ordinary income		**94,667**
Special losses		
Loss on disposals of property and equipment	12	
Loss on sales of subsidiaries' and affiliates' stock	68	
Allowance for loss on guarantees	737	818
Income before income taxes		**93,849**
Income taxes – current	(1,325)	
Income taxes – deferred	54	(1,270)
Net income		**95,119**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2014 to February 28, 2015)

(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, 2014	**50,000**	**875,496**	**370,759**	**1,246,256**	**138,633**	**138,633**	**(5,881)**	**1,429,008**
Increase (decrease) for the year								
Cash dividends					(63,211)	(63,211)		**(63,211)**
Net income					95,119	95,119		**95,119**
Purchase of treasury stock							(27)	**(27)**
Disposal of treasury stock			(4)	(4)			71	**67**
Increase (decrease) of items for the year except those included in shareholders' equity (net amount)								
Net increase (decrease) for the year	**—**	**—**	**(4)**	**(4)**	**31,907**	**31,907**	**44**	**31,947**
Balance at February 28, 2015	**50,000**	**875,496**	**370,754**	**1,246,251**	**170,541**	**170,541**	**(5,836)**	**1,460,955**

	Accumulated gains from valuation and translation adjustments		**Subscription rights to shares**	**TOTAL NET ASSETS**
	Unrealized gains on available-for-sale securities, net of taxes	**Total accumulated gains from valuation and translation adjustments**		
Balance at March 1, 2014	**4,298**	**4,298**	**1,556**	**1,434,863**
Increase (decrease) for the year				
Cash dividends				**(63,211)**
Net income				**95,119**
Purchase of treasury stock				**(27)**
Disposal of treasury stock				**67**
Increase of items for the year except those included in shareholders' equity (net amount)	6,729	**6,729**	**420**	**7,150**
Net increase (decrease) for the year	**6,729**	**6,729**	**420**	**39,098**
Balance at February 28, 2015	**11,028**	**11,028**	**1,977**	**1,473,961**

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 10th 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.

(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. 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 10th fiscal year, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of pension plan assets at the end of the fiscal year. The excess amount of the estimated fair value of the pension plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences at February 28, 2015 is recorded as prepaid pension cost.

Unrecognized actuarial differences are amortized on a straight-line basis over the period of mainly 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) Allowance for loss on guarantees

Allowance 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.

4. 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 to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: ¥963 million

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

(1) Short-term receivables:	¥31,633 million
(2) Short-term payables:	¥5,627 million
(3) Long-term payables:	¥7,995 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥106,955 million
Selling, general and administrative expenses:	¥ 1,246 million
(2) Non-operating transactions:	¥ 2,472 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year	Common stock	2,353,006 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:	¥81 million
Accrued enterprise taxes and business office taxes:	¥47 million
Subscription rights to shares:	¥704 million
Tax loss carried forward:	¥2,606 million
Valuation loss on subsidiaries' and affiliates' stock:	¥26,466 million
Allowance for loss on guarantees:	¥486 million
Other:	¥32 million
Sub-total:	¥30,425 million
Less: Valuation allowance:	(¥30,314 million)
Total:	¥111 million
Deferred tax liabilities	
Prepaid pension cost:	(¥154 million)
Unrealized losses on available-for-sale securities, net of taxes:	(¥3,627 million)
Total:	(¥3,781 million)
Deferred tax assets, net:	(¥3,670 million)

Notes concerning non-current assets utilized through leases

Operating leases

Future lease payments

Due within one year:	¥474 million
Due after one year:	¥3,482 million
Total:	¥3,957 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)	734,290	Deposits held by subsidiaries and affiliates	36,545
				Interest on deposits (Note 1)	1,512	Deposits paid to subsidiaries and affiliates	80,000
						Other current assets	238
				Borrowing of funds (Note 1)	691,000	Short-term loans payable to subsidiaries and affiliates	173,000
				Interest on borrowed funds (Note 1)	881	Accrued expenses	4
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 2)	1,133	Accounts receivable	144
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 3)	2,750		
				Operational consignment (Note 2)	1,382	Accounts receivable	27,002
				Tax payment under consolidated taxation	55,587		

(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. Operational consignment fees are determined based on negotiations between the relevant parties.
3. Business management fees are determined proportionately according to the size of each subsidiary's business in line with the Group's rules.
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: ¥1,664.97
2. Net income per share: ¥107.59

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 aims to further improve the redistribution of profits while maintaining a basic annual dividend in line with a target consolidated payout ratio of 35%. With respect to retained earnings, the Company will actively invest in existing businesses based on clear investment criteria while reorganizing its operations by investing in new businesses.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 10th fiscal year be paid as follows in consideration of the performance for the 10th fiscal year and the future business development, etc.

(1) Type of dividend property

It is proposed that the dividend property will be paid in monetary terms.

(2) Matters concerning the allocation of dividend property and the aggregate amount thereof

It is proposed that the amount of allocation will be ¥36.50 per one (1) ordinary share of the Company.

In such a case, the aggregate amount of dividends shall be ¥32,269,247,661.

Therefore, the annual dividends for the 10th fiscal year, including interim dividends of ¥36.50, shall be ¥73 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 29, 2015.

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

The terms of office of all fourteen (14) current Directors expire upon the conclusion of this Annual Shareholders' Meeting.

To further strengthen the Company's management foundation, the Company will increase the number of directors by one (1), and shareholders are therefore requested to elect fifteen (15) directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
1	Toshifumi Suzuki (December 1, 1932) * 4,766,132 shares	Sept. 1963: Joined Ito-Yokado Co., Ltd. Sept. 1971: Director of Ito-Yokado Co., Ltd. Nov. 1973: Senior Managing Director of Seven-Eleven Japan Co., Ltd. Sept. 1977: Managing Director of Ito-Yokado Co., Ltd. Feb. 1978: Representative Director and President of Seven-Eleven Japan Co., Ltd. Apr. 1983: Senior Managing Director of Ito-Yokado Co., Ltd. May 1985: Executive Vice President and Director of Ito-Yokado Co., Ltd. Oct. 1992: Representative Director and President of Ito-Yokado Co., Ltd. Representative Director and Chairman of Seven-Eleven Japan Co., Ltd. (incumbent) May 2003: Representative Director and Chairman of Ito-Yokado Co., Ltd. Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. Chief Executive Officer (CEO) of Seven-Eleven Japan Co., Ltd. (incumbent) Sept. 2005: Representative Director and Chairman of the Company (incumbent) Chief Executive Officer (CEO) of the Company (incumbent) Mar. 2006: Representative Director and Chairman of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. (newly incorporated company) (incumbent) (Important Concurrent Positions) * Representative Director and Chairman and Chief Executive Officer (CEO) of Seven-Eleven Japan Co., Ltd. * Representative Director and Chairman and Chief Executive Officer (CEO) of Ito-Yokado Co., Ltd. * Director and Chairman of 7-Eleven, Inc. * Director and Chairman of SEVEN-ELEVEN HAWAII, INC.
2	Noritoshi Murata (February 11, 1944) * 43,040 shares	Oct. 1971: Joined Ito-Yokado Co., Ltd. May 1990: Director of Ito-Yokado Co., Ltd. May 1996: Managing Director of Ito-Yokado Co., Ltd. May 2003: Senior Managing Director of Ito-Yokado Co., Ltd. Senior Executive Officer of Ito-Yokado Co., Ltd. Sept. 2005: Representative Director and President of the Company (incumbent) Chief Operating Officer (COO) of the Company (incumbent)

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	Katsuhiro Goto (December 20, 1953) * 14,640 shares	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.
4	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)
5	Kunio Takahashi (January 28, 1951) * 7,200 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.
6	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: Outside Director of Seven Bank, Ltd. (incumbent) (Important Concurrent Positions) * Outside Director of Seven Bank, Ltd.

Candidate No.	Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, area of responsibility, and important concurrent positions
7	Ryuichi Isaka (October 4, 1957) * 15,012 shares	Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2006: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Representative Director and President of Seven-Eleven Japan Co., Ltd. (incumbent) Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd. (incumbent) Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President and Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd * Director of 7-Eleven, Inc.
8	Takashi Anzai (January 17, 1941) * 7,000 shares	Apr. 1963: Joined the Bank of Japan Dec. 1994: Executive Director of the Bank of Japan Nov. 1998: Representative Director and President of The Long-Term Credit Bank of Japan, Limited 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.
9	Zenko Ohtaka (March 1, 1940) * 1,518,769 shares	Apr. 1958: Joined Benimaru Shoten Co., Ltd. (currently York-Benimaru Co., Ltd.) Oct. 1963: Managing Director of York-Benimaru Co., Ltd. May 1984: Senior Managing Director of York-Benimaru Co., Ltd. May 1994: Director and Vice President of York-Benimaru Co., Ltd. May 2000: Representative Director and President of York-Benimaru Co., Ltd. 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 of York-Benimaru Co., Ltd.
10	Yasuhiro Suzuki (February 28, 1965) * 75,205 shares	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. (incumbent) 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) (Important Concurrent Positions) * Representative Director and President of Seven & i Net Media Co., Ltd.

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	Joseph M. DePinto (November 3, 1962) * 0 shares	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) (Important Concurrent Positions) * Representative Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc.
12	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) Apr. 2006: Professor, Department of Global Business, College of Business, Rikkyo University (incumbent) (Important Concurrent Position) * Professor, Department of Global Business, College of Business, Rikkyo University
13	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

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	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, Akebono Brake Industry Co., Ltd. (incumbent) Dec. 2006: Professor, Graduate School of Commerce and Management, Hitotsubashi University June 2007: Outside Director, Mitsubishi Corporation (incumbent) 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 2009: Outside Director, Tokio Marine Holdings, Inc. (incumbent) June 2012: Outside Director, Sumitomo Chemical Co., Ltd. (incumbent) June 2013: Outside Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent) May 2014: Outside Director of the Company (incumbent) Jan. 2015: Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University (incumbent) Apr. 2015: Specially Appointed Professor, Graduate School of Commerce and Management, Hitotsubashi University (incumbent) (Important Concurrent Position) * Specially Appointed Professor, Graduate School of Commerce and Management, Hitotsubashi University
15	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 (incumbent)

(Notes)

1. Messrs. Yasuhiro Suzuki and Joseph M. DePinto are candidates for new appointment as Directors.
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.
   Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are nominated for the office of Outside Director for the following reasons:
   ・Mr. Scott Trevor Davis has advanced global professional management knowledge from being a university professor of global business administration for many years, and in order to make use of his extensive and advanced knowledge, etc., of management for the benefit of the Company, his election as an Outside Director is requested. Mr. Scott Trevor Davis is currently an Outside Director of the Company and his term of office as an Outside Director shall be nine (9) years and eight (8) months upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Yoshio Tsukio has experience and knowledge as a media policy expert of many years, and in order to make use of his extensive and advanced experience and knowledge, etc., for the benefit of the Company, his election as an Outside Director is requested. Mr. Yoshio Tsukio is currently an Outside Director of the Company and his term of office as an Outside Director shall be one (1) year upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Kunio Ito has specialized knowledge of accounting, management and other subjects from being a university professor for many years. In order to make use of his abundant experience and diligent oversight capabilities, etc., as an outside director of other companies for the benefit of the Company, his election as an Outside Director is requested. Mr. Kunio Ito is currently an Outside Director of the Company and his term of office as an Outside Director shall be one (1) year upon the conclusion of this Annual Shareholders' Meeting.
   ・Mr. Toshiro Yonemura has served in key posts such as the Superintendent-General of the Metropolitan Police Department and the Deputy Chief Cabinet Secretary for Crisis Management. In order to make use of his extensive and advanced experience and knowledge, etc., for the benefit of the Company, his election as an Outside Director is requested. Mr. Toshiro Yonemura is currently an Outside Director of the Company and his term of office as an Outside Director shall be one (1) year upon the conclusion of this Annual Shareholders' Meeting.
4. 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 26.
5. Messrs. Scott Trevor Davis, Yoshio Tsukio, Kunio Ito, and Toshiro Yonemura are independent Directors in accordance with the rules of the Tokyo Stock Exchange.
6. The brief personal history of each of the above candidates is as of April 2, 2015.

Item No. 3: Election of one (1) Audit & Supervisory Board Member.
Upon the conclusion of this Annual Shareholders' Meeting, Mr. Hideo Nomura will resign from his position as an Audit & Supervisory Board Member.

Shareholders are therefore requested to elect one (1) Audit & Supervisory Board Member. The term of office of the elected Audit & Supervisory Board Member will be to the end of the term of office of the predecessor in the post, pursuant to the provisions of the Articles of Incorporation of the Company. This submission of this proposal is conducted with the prior consent of the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth) * Number of shares of the Company owned	Brief personal history, position, and important concurrent positions
Masao Eguchi (May 11, 1945) * 42,600 shares	July 1974: Joined Seven-Eleven Japan Co., Ltd. Jan. 1988: General Manager, Work Administration Department, Systems Headquarters, Seven-Eleven Japan Co., Ltd. Mar. 1998: General Manager, Accounting & Administration Headquarters, Seven-Eleven Japan Co., Ltd. May 2000: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. Jan. 2006: Executive Officer of the Company Senior Officer of Work Administration Center Mar. 2007: Senior Officer of Work Support Department of the Company May 2007: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2013: Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd. (incumbent) (Important Concurrent Positions) * Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd.

(Notes)
1. The above person is a candidate for new appointment as an Audit & Supervisory Board Member.
2. There is no special relationship of interest between the above candidate and the Company.
3. The brief personal history of the above candidate is as of April 2, 2015.

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

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

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

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

2. Substance and maximum number of 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) ordinary shares of the Company, and the maximum total number of shares acquired upon the exercise of the share subscription rights shall be 135,000 shares.

The Subject Share Number will be adjusted by the following calculation formula if the Company engages in a share split, allotment of shares without contribution, or consolidation of shares after the 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 ordinary shares of the Restructuring Company.

c. Number of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights

This will be determined analogously as (i) above, taking into consideration the conditions, etc., of the Restructuring Transaction.

d. Amount of property contributed upon the exercise of the share subscription rights

The amount of property contributed upon the exercise of share subscription rights to be delivered shall be the amount obtained by multiplying the adjusted exercise price after the restructuring by the number of shares that are the subject of the share subscription rights, taking into consideration the conditions, etc., of the Restructuring Transaction.

e. Period during which the share subscription rights are exercisable

The above period shall be 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 28, 2015 (Thursday)

Place
Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo), First Floor Conference Room
(Please refer to the map of the Annual Shareholders' Meeting site at the end of this document.)

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 27, 2015 (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 27, 2015 (Wednesday).

(1) To prevent unauthorized access by people other than shareholders and to prevent the falsification of shareholder votes, shareholders voting via the Internet will be asked to change their "temporary password" on the Voting 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 27, 2015. 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 encrypted communications (SSL 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., a joint corporation established by Tokyo Stock Exchange, Inc., etc., such shareholders may use that platform as an electronic method for exercising voting rights in connection with the shareholders' meeting of the Company.

End

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