July 5, 2018

To whom it may concern:

Company name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka,
President and Representative Director
(Code No. 3382/First Section of the Tokyo Stock Exchange)

**Conditions of Issuance, etc. of Stock Options for Stock-linked Compensation (Share Subscription Rights) to Directors**

Seven & i Holdings Co., Ltd. (the "Company") is pleased to announce that, through the "determination of amount and content of stock options for stock-linked compensation to directors" that was approved at the 3rd Annual Shareholders' Meeting held on May 22, 2008, it was approved that the annual amount of compensation paid to directors granted as share subscription rights shall not exceed 200 million yen. Based on this, the Company has decided, at the meeting of its board of directors (the "Board of Directors") held on July 5, 2018, on the specific content of the share subscription rights to be issued as stock options, as follows.

1. Name of the share subscription rights
Series XXI Share Subscription Rights (stock options for stock-linked compensation) of Seven & i Holdings Co., Ltd.

2. Outlines of the issuance of the share subscription rights

(1) Persons subject to allotment of the share subscription rights, the number of such subject persons, and the number of the share subscription rights to be allotted

Directors of the Company (excluding outside directors) 7 persons
Share subscription rights 182

(2) Class and number of shares to be acquired upon exercise of the share subscription rights

18,200 ordinary shares of the Company

The number of shares to be acquired upon exercise of the share subscription rights will be adjusted by the following calculation formula if the Company engages in a share split, allotment of shares without contribution, or consolidation of shares after the allotment of the share subscription rights. Such adjustment shall be made only with respect to the number of shares which are the subject of the share subscription rights that have not been exercised as of such time, and any fraction under one (1) share resulting from such adjustment shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × ratio of split/consolidation

In addition to the above, if any inevitable event arises where the number of shares must be adjusted after the allotment date, the Company will adjust the number of shares as necessary to a reasonable extent.

(3) Total number of the share subscription rights

The total number of the share subscription rights shall be 182 shares.

The number of shares to be acquired upon exercise of one (1) share subscription right (the "Granted Share Number") shall be one hundred (100) ordinary shares of the Company.

The total number above is a number of scheduled allotment, and in the event of a decrease in the total number of the share subscription rights to be allotted, such as in the event there are some cases of no application for the subscription, the total number of the share subscription rights to be allotted shall be the total number of the share subscription rights to be issued.

However, in the event of adjustments to the number of shares under (2), the Granted Share Number shall be similarly adjusted.

(4) Cash Payment for the share subscription rights

Cash payment for the share subscription rights shall be the amount of the option price per share calculated by the Black-Scholes Model as of the allotment date of the share subscription rights multiplied by the number of shares to be acquired upon exercise of one (1) share subscription right.

However, such payment amount shall be offset by the claim for compensation held by the persons to receive allotment of the share subscription rights to the Company in place of the cash payment pursuant to the provisions of Article 246, Paragraph 2 of the Companies Act.

(5) 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 amount of property to be contributed upon the exercise of the share subscription rights 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 Granted Share Number.

(6) Period during which the share subscription rights are exercisable

The period from February 28, 2019 to August 3, 2038

(7) Matters regarding capital and capital reserve which shall be increased when shares are issued upon the exercise of the share subscription rights

(i) The increased amount of capital upon the issuance of shares by the exercise of the share subscription rights shall be 1/2 of the maximum amount of increases of capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Companies Accounting Regulations. Any fractional amount of less than one (1) yen resulting from such calculation shall be rounded up.

(ii) 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 (i). above, after subtracting the increased amount of capital prescribed in (i). above.

(8) 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.

(9) Events and conditions for the Company's Acquisition of the share subscription rights

(i) 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 agreement 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 the resolution of the shareholders meeting is not necessary).

(ii) The Company may acquire the share subscription rights without contribution if the share subscription right holder ceases to fall under the conditions for exercising rights indicated in (12) below.

(iii) The Company may acquire the share subscription rights without contribution if the share subscription right holder violates the provisions of the "Series XXI Share Subscription Rights Allotment Agreement".

(10) Treatment of the share subscription rights 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 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 (the "Remaining Subscription Rights") as of the effectuation of the Restructuring Transaction 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 agreement, 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.

(i) Number of the share subscription rights of the Restructuring Company to be delivered

The same number as the number of the share subscription rights held by the share subscription right holder of the Remaining Share Subscription Rights as of the effectuation of the Restructuring Transaction shall be delivered, respectively.

(ii) 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.

(iii) Number of shares of the Restructuring Company to be acquired upon the exercise of the share subscription rights

This will be determined analogously as (2) above, taking into consideration the conditions, etc. of the Restructuring Transaction.

(iv) 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 which are the subject of the share subscription rights, taking into consideration the conditions, etc. of the Restructuring Transaction.

(v) Period during which the share subscription rights are exercisable

The above period shall be the later of: the commencement date of the period indicated in (6) 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 (6) above during which the Remaining Share Subscription Rights are exercisable.

(vi) Matters regarding capital and capital reserve which shall be increased when shares are issued upon the exercise of the share subscription rights

The above matters shall be determined analogously as (7) above.

(vii) 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 the decision of its director).

(viii) Events and conditions for the Restructuring Company's acquisition of the share subscription rights

The above events and conditions shall be determined analogously as (9) above.

(ix) Conditions for exercising the share subscription rights

The above conditions shall be determined analogously as (12) below.

(11) 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.

(12) Conditions for exercising the share subscription rights

(i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a director or executive officer of the Company, or as a director or executive officer of the Company's subsidiaries.

(ii) Notwithstanding the provisions in (i) 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.

(iii) Notwithstanding the provisions in (i) 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.

(iv) The share subscription right holder must exercise all of the allotted share subscription rights at one time.

(v) If a share subscription right holder passes away, his/her heir may exercise such right. 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 "Series XXI 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.

(13) Allotment date of the share subscription rights

August 3, 2018