

Seven-Eleven Japan Makes a Full-scale Entrance to the Meals-on-wheels and Public Nursing Care-related Market

Sets up a joint venture with NICHII GAKKAN, Mitsui & Co., and NEC to begin community-oriented services that link its stores and the Internet

Seven-Eleven Japan Co., Ltd., NICHII GAKKAN COMPANY, Mitsui & Co., and NEC Corporation have agreed in general to establish a joint venture to offer meals-on-wheels, home delivery shopping, and payment collection services as well as a comprehensive information and administration system for public nursing care services. These services will target senior citizens, caregivers, people living alone, and highly health-conscious people. The new company will be established in April of this year.

The company, tentatively named Seven-Meal Service Co., Ltd., will be capitalized at 300 million yen, with Seven-Eleven Japan holding 60%, NICHII GAKKAN 30%, and Mitsui & Co. and NEC 5% each.

Japan's senior citizen population has reached 22.6 million and accounts for approximately 17% of the total population-one person in six is a senior citizen. Moreover, with the impending implementation of the public nursing insurance law this April, aging of society, public nursing care, and related topics are attracting the public's interest. In addition, there is a growing need for services that provide more convenient meals that are also tasty as well as healthy and hygienic. This strong demand comes from highly health-conscious people and people who don't have time to prepare meals or for some reason cannot leave their homes or offices.

The new company leverages the 7-Eleven network of more than 8,150 stores and the approximately 1,000 service bases of NICHII GAKKAN, including Helpers Stations, to offer a membership-based service that will target a wide-range of customers, including senior citizens and their families and caregivers, people who are busy or living alone, people working at offices, and others. The core service, meals-on-wheels, will develop a menu of excellent tasting, high quality meals that customers can elect to pick up at 7-Eleven stores or have delivered to their homes or offices. The home delivery shopping service will be coordinated with NICHII GAKKAN's public nursing care operations, delivering requested shopping items to the homes of their nursing care customers. The payment collection service will handle the necessary information processing and payment collection services for the meals-on-wheels and home delivery shopping services as well as other home services offered under the public nursing insurance law through 7-Eleven stores.

Moreover, the company is also considering wide-ranging collaboration with 7dream.com, a joint venture with which Seven-Eleven Japan, Mitsui & Co., and NEC are also involved, when that company begins full-scale development of electronic commerce services. By linking Seven-Meal Service's operations to 7dream.com's Internet web site and to the multimedia terminals being placed in 7-Eleven stores, the company is aiming to offer quick, economic, high-quality

community-oriented services that combine store outlets with an information network. Customers will be able to order services not only at 7-Eleven stores, but also from their homes and offices via the Internet.

In offering value-added services, the new company will combine the more than 8,150 stores of Seven-Eleven Japan's national network as well as its product and service development capabilities and sophisticated information and distribution systems; NICHII GAKKAN's strong presence in the medical treatment-related and health care fields as well as its human, knowledge, and marketing resources; the packing materials sourcing, distribution, intelligence-gathering, and research and analysis capabilities that Mitsui & Co., has developed as a general trading company; and NEC's comprehensive business planning and system development skills. By providing highly convenient services that cater to customers' needs, the company intends to uncover the latent demand in the market, contributing to society through the development of community-oriented services.

Seven-Meal Service will begin offering these services on a trial basis at approximately 250 stores in the Tokyo metropolitan area in July of this year. The company will extend the test market area starting in October 2000, and begin full-fledged network expansion in May 2001. Seven-Meal Service expects that the network will include about 3,200 7-Eleven stores in the Tokyo metropolitan area by April 2002 and will expand to include all stores by February 2003.

Annual revenues are forecasted to be 16 billion yen in the fiscal year ending February 2002 and 70 billion yen in the fiscal year ending February 2004.

Reference

Outline of New Services and Business Schemes

1.Meals-on-wheels service

<Outline>

- Provide excellent-tasting, high-quality meals that can be picked up at 7-Eleven stores or delivered to homes or offices.

<Scheme>

- Provide a meal catalog and distribute it to members at 7- Eleven stores or NICHII GAKKAN's service bases.
- Two types of menus offered, "Set Menu" and "Kit Menu"
 - "**Set Menu**": a menu for which customers may choose from a selection of main and side dishes and desserts. (This is the first time in Japan that consumers have been offered a meal delivery service that allows them to select individual items.)
 - "**Kit Menu**": a meal kit to which customers add the finishing touches to give it that "home-cooked" flavor.
- After choosing a product from the catalog, members order it at a 7-Eleven store or through a dedicated call center by telephone or facsimile.
- In undertaking full-development of the service, the company intends to implement a system that will allow members to place their meal orders from their homes or offices through the Internet.
- Orders received from members will be filled by Seven-Eleven Japan's daily food preparation suppliers.

- Members may pick up meals at 7-Eleven stores or have them delivered to their homes or offices by special delivery vehicles.

2. Home delivery shopping service

<Outline>

- Collaborating with NICHII GAKKAN's public nursing care operations, requested shopping items will be delivered to the homes of NICHII GAKKAN's customers.

<Scheme>

- Offer home delivery shopping services by producing a catalog of daily necessities, including nursing care and nutritional food items used by people that need nursing care or their families and other household items for daily living.
- NICHII GAKKAN's homehelpers (home caregivers) receive the orders from members when they visit their homes.
- The homehelpers order the items at 7-Eleven stores or through a dedicated call center by telephone or facsimile.
- An ordering service on the Internet will be set up to increase the quality of service.
- The ordered items are delivered to 7-Eleven stores from Seven-Eleven Japan's distribution centers.
- Homehelpers pick up the items at the designated 7-Eleven store and deliver them to members at their homes.

3. Payment collection service

- Payment for meals-on-wheels and home delivery shopping services collected through 7-Eleven stores.
- Payment for NICHII GAKKAN-related services offered under the public nursing insurance law collected through 7-Eleven stores.

Other Activities in the Public Nursing Care Field

1. (1) Before starting these services, catalogs for public nursing-related services offered by NICHII GAKKAN will be produced starting this April and placed in all 7-Eleven stores. By distributing the catalog to customers, stores will begin offering information on public nursing care-related services.
2. (2) In the future, NICHII GAKKAN and the companies of the Ito Yokado Group, to which Seven-Eleven Japan belongs, intend to cooperate in offering a variety of services and systems in this field. For example, Seven-Meal Service will establish public nursing care corners in Ito Yokado (one of Japan's leading retailers) stores on a tenant basis, offering a range of goods and services to senior citizens to help them enjoy their old age.

The Roles of the Capital Participants

Seven-Eleven Japan

Provide a network of more than 8,150 stores as payment and distribution points.
Develop and provide a high-quality meal menu.

Provide a sophisticated information and distribution system

NICHII GAKKAN

Organize senior citizens and public nursing caregivers into groups.
Collect timely marketing information from senior citizen group members.

Mitsui & Co.

Development and sourcing of packing material for meals-on-wheels service.
Distribution planning for meals-on-wheels service.
Intelligence-gathering and research and analysis in its capacity as a general trading company.

NEC

Business planning for Internet component.
System development and operation of the core business.

Outline of Seven-Meal Service

- 1. Company Name:** Seven-Meal Service Co., Ltd. (temporary)
- 2. Address:** Seven-Eleven Japan's Head Office (Minato-ku, Tokyo)
- 3. Business:** Meals-on-wheels and public nursing care related services.
- 4. Establishment:** April 2000
- 5. Paid-in Capital:** 300 billion yen
- 6. Capital Participation:**

Seven-Eleven Japan	60%
NICHII GAKKAN	30%
Mitsui & Co.	5%
NEC	5%

Development Schedule

- April 2000** Establishment of Seven-Meal Service Co., Ltd.
July 2000 Start of test marketing at 250 stores in Tokyo
October 2000 Start of expansion of test marketing area
May 2001 Start of full-fledged development of services
April 2002 Start of services at 3,200 stores
By February 2003 Services being offered at all 7-Eleven stores

Business Volume Expected

- Year-end February 2002: 16 billion yen
- Year-end February 2004: 70 billion yen