CONVENIENCE STORE OPERATIONS

Revenues from Operations*
¥2,015.2 billion ▲ 11.6%

Operating Income*
¥209.8 billion ▲ 7.4%

Capital Expenditures
¥102.0 billion ▲ 9.2%

* Before elimination of intersegment transactions

Convenience store operations mainly comprise Seven-Eleven Japan Co., Ltd. (SEJ), 7-Eleven, Inc., of the United States, SEVEN-ELEVEN (BEIJING) CO., LTD., and SEVEN-ELEVEN (HAWAII), INC.

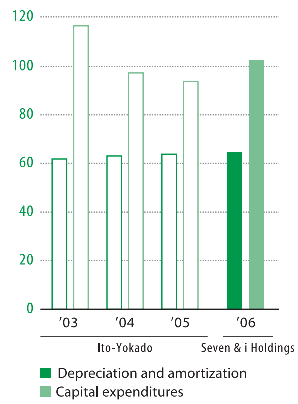
In the fiscal year ended February 2006, the segment's revenues from operations before elimination of intersegment transactions were ¥2,015.2 billion, up 11.6% from the consolidated Ito-Yokado figure in the previous fiscal year, and accounted for 51.3% of total revenues from operations. Operating income before elimination of intersegment transactions was up 7.4%, to ¥209.8 billion, and accounted for 85.3% of total operating income. Capital expenditures were up 9.2%, to ¥102.0 billion, and depreciation and amortization, including intangible assets, was up 1.1%, to ¥64.4 billion. For the fiscal year ending February 2007, forecasts are for revenues from operations of ¥2,220.0 billion, operating income of ¥212.0 billion, and capital expenditures of ¥106.0 billion.

SEJ, our core operating company in convenience store operations in Japan, achieved increases in revenues and profits on a nonconsolidated basis. SEJ recorded total store sales, which comprise corporate and franchised store sales, of ¥2,498.8 billion, up 2.4%; revenues from operations of ¥492.8 billion, an increase of 5.5%; and operating income of ¥177.4 billion, up 1.7%.

By product category, sales of processed food declined 0.3%, to ¥752.1 billion, and sales of fast food rose 2.4%, to ¥732.1 billion. Daily food sales gained 3.2%, to ¥327.3 billion, and sales of nonfood products increased 5.0%, to ¥687.2 billion. The gross margin on store sales was 31.0%, an increase of 0.3 percentage points from the previous fiscal year. Reasons for the improvement in the margin include economies of scale, stemming from the sharing of procurement information for national brand products within the Group and an

Revenues from Operations / Operating Income from Convenience Store Operations
¥ Billion

Depreciation and Amortization / Capital Expenditures in Convenience Store Operations
¥ Billion

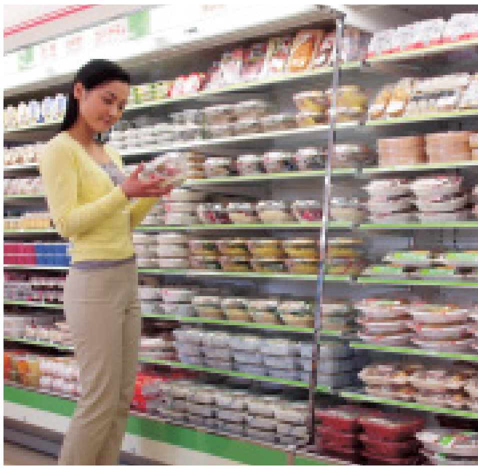


increase in the number of stores, and the aggressive introduction of original items. Average daily sales per store declined by ¥12,000 from the previous fiscal year, to ¥627,000, for all stores, while rising by ¥9,000, to ¥550,000, for newly opened stores. SEJ continued to focus on quality in opening new stores.

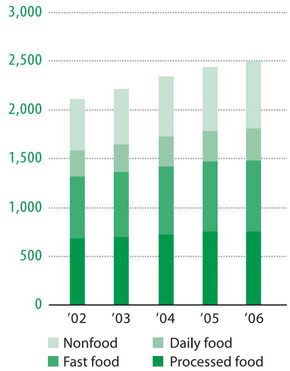
In store openings, in accordance with its fundamental high store density, area dominance strategy, SEJ maintained a rapid pace of new store openings in areas where it has existing stores while relocating some stores in response to changes in local community environments. In the fiscal year ended February 2006, SEJ opened 891 stores and closed 407, for a total of 11,310 stores at the end of the fiscal year, an increase of 484 stores from the previous fiscal year-end, thereby further expanding Japan's largest store network.

In merchandising, SEJ bolstered its offerings of differentiated products that are only available at 7-Eleven or Group stores and regional products that are designed to meet local tastes. To respond to changes in market needs, SEJ worked to create products with superior flavor and healthfulness and at the same time to actively introduce products packaged in small quantities. In store management, SEJ strove to achieve the optimal product lineups and display methods for changing markets, customer strata, and usage styles for each store.

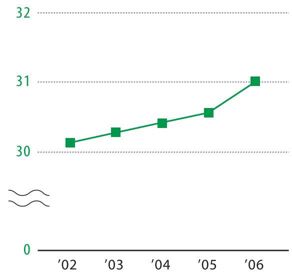
In the fiscal year ending February 2007, SEJ will continue aggressive store openings in accordance with the high store density, area dominance strategy, with plans calling for opening 950 stores and closing 400. In product strategy, to differentiate its stores from those of competitors, SEJ will continue working to develop original items and products that differ by region. At the same time, in response to the aging population, SEJ will work to increase sales by further introducing health-oriented products, expanding the delivery services of Seven-Meal Service to all 7-Eleven stores in Japan, and visiting the residences of customers to take orders. On the other hand, through the introduction of the Sixth-Generation Total Information System, SEJ will strengthen its store operation capabilities and will also lay the groundwork for the introduction of Seven & i Holdings' own electronic money and further increase convenience for customers. For the fiscal year ending February 2007, SEJ is forecasting total store sales of ¥2,620.0 billion, up 4.9%; revenues from operations of ¥530.0 billion, an increase of 7.5%; operating income of ¥182.6 billion, up 3.0%; and 11,860 stores at fiscal year-end.



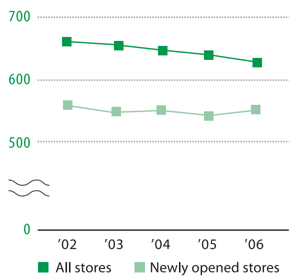
Seven-Eleven Japan
Sales by Product Category
¥ Billion



Gross Margin on Store Sales
%



Average Daily Sales
¥ Thousand



SUPERSTORE OPERATIONS

Revenues from Operations*
¥1,687.7 billion ▲ 2.8%

Operating Income*
¥15.4 billion ▲ 96.8%

Capital Expenditures
¥53.1 billion ▼ 12.5%

* Before elimination of intersegment transactions

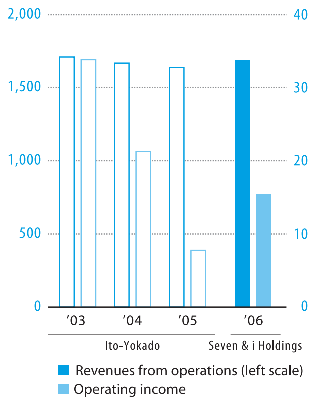
Superstore operations include Ito-Yokado Co., Ltd., which operates superstores; York Mart Co., Ltd., which operates supermarkets; Hua Tang Yokado Commercial Co., Ltd., which operates superstores in Beijing, China; and Chengdu Ito-Yokado Co., Ltd., which operates superstores in the city of Chengdu in Sichuan Province, China.

In the year ended February 2006, the segment's revenues from operations before elimination of intersegment transactions amounted to ¥1,687.7 billion, an increase of 2.8% from the previous fiscal year, and accounted for 43.0% of total revenues from operations. Operating income before elimination of intersegment transactions was up 96.8%, to ¥15.4 billion, and accounted for 6.3% of total operating income. Capital expenditures totaled ¥53.1 billion, down 12.5%, and depreciation and amortization, including intangible assets, was down 6.9%, to ¥20.8 billion. For the fiscal year ending February 2007, forecasts are for revenues from operations of ¥1,750.0 billion, operating income of ¥30.0 billion, and capital expenditures of ¥56.5 billion.

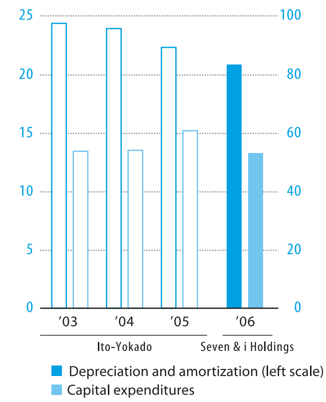
Ito-Yokado, the core operating company in superstore operations, recorded higher revenues and profits on a nonconsolidated basis. Ito-Yokado registered revenues from operations of ¥1,493.6 billion, up 1.4%, and operating income of ¥12.1 billion, an increase of 37.2%. Targeting future increases in profitability, Ito-Yokado recorded special losses totaling ¥44.9 billion, including impairment loss on property and equipment and additional retirement allowance for early retirement.

By product category, Ito-Yokado's apparel sales in the year under review were down 2.3%, to ¥307.3 billion; sales of household goods rose 2.2%, to ¥257.5 billion; and sales of food increased 0.9%, to ¥669.4 billion. The gross margin on store sales declined 0.1 percentage points, to 30.9%.

Revenues from Operations / Operating Income from Superstore Operations
¥ Billion



Depreciation and Amortization / Capital Expenditures in Superstore Operations
¥ Billion

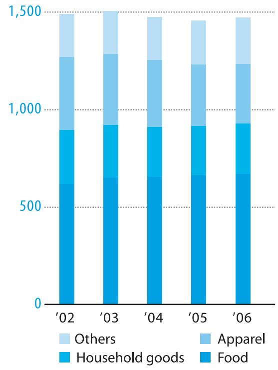


The number of Ito-Yokado stores at fiscal year-end was 178, a reduction of 3 stores from the previous fiscal year-end. Directly managed sales floor space totaled 1,764,519 square meters at fiscal year-end, up 1.2%. Five stores were opened, including three stores in mall-type shopping centers in urban areas. At the same time, Ito-Yokado took steps to improve profitability, closing eight stores, principally unprofitable stores.

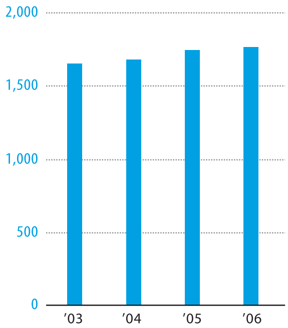
In apparel, in the first year of reforms, centered on model stores, Ito-Yokado focused on narrowing down its brands and creating sales areas that are clearly arranged according to gender and age. In food, in consideration of local market characteristics, Ito-Yokado expanded offerings of fresh local products and introduced original Group products as points of differentiation. Along with other Group companies, Ito-Yokado began to introduce the Group's integrated information system, and, with the new food product system, Ito-Yokado took steps to enhance hardware, such as using wireless LANs with ordering terminals, and worked to improve ordering accuracy and enhance usability.

In the fiscal year ending February 2007, in reforming apparel operations, Ito-Yokado will focus on measures to improve the gross profit margin. Specifically, Ito-Yokado will expand the percentage of sales contributed by private brand products – which have higher gross margins than national brand products – and at the same time work to reduce markdown losses by expanding the percentage of sales contributed by consigned products. Ito-Yokado will also reevaluate costs, such as store and sales promotion costs, and work to improve profitability. In the fiscal year ended February 2006, Ito-Yokado recorded additional retirement allowance for early retirement and took an impairment loss on property and equipment, and as a result costs in the fiscal year ending February 2007 are expected to be lower, including labor costs and depreciation and amortization expense. For the full fiscal year, Ito-Yokado forecasts revenues from operations of ¥1,517.0 billion, up 1.6%, and operating income of ¥25.0 billion, an increase of 107.1%. Ito-Yokado plans to open three stores, including two mall-type stores, and renovate 25 stores. The number of store closures will depend on decisions made in accordance with the profitability of each store.

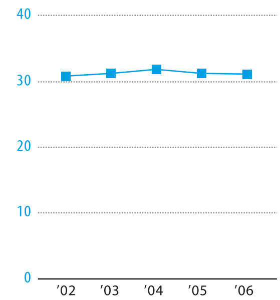
Ito-Yokado
Sales by Product Category
¥ Billion



Directly Managed Sales Floor Space
Thousands of square meters



Gross Margin on Store Sales
%



REFERENCE: York-Benimaru in the Fiscal Year Ended February 2006

Note: For the year under review, York-Benimaru was accounted for by the equity method rather than being consolidated. Accordingly, the figures presented here are for reference only.

York-Benimaru Co., Ltd., which operates food supermarkets, principally in the Tohoku region, is an equity-method affiliate of Seven & i Holdings, which holds 36.3% of York-Benimaru's stock. Life Foods Co., Ltd., Midoriya Supermarket Co., Ltd., and Super Kadoya Co., Ltd., are consolidated subsidiaries of York-Benimaru. Beijing Wang fu jing Yokado Commercial Co., Ltd., which operates food supermarkets in Beijing, is an equity-method affiliate of York-Benimaru.

In April 2006, Seven & i Holdings announced that it planned to make York-Benimaru a wholly owned subsidiary on September 1, 2006. In the fiscal year ending February 2007, York-Benimaru's results for the second half will be fully consolidated in Seven & i Holdings' consolidated results.

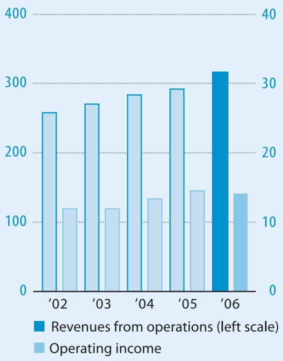
In the fiscal year ended February 2006, on a consolidated basis, York-Benimaru recorded a 7.8% increase in revenues from operations, to ¥314.9 billion, and a 2.0% decline in operating income, to ¥14.1 billion. By product category, food sales were up 9.3%, to ¥252.9 billion; apparel sales rose 2.8%, to ¥20.0 billion; sales of household goods increased 3.9%, to ¥18.8 billion; and sales of other products were down 5.9%, to ¥15.0 billion. The ratio of gross profit to net sales was up 0.1 percentage points, to 28.9%. Eight stores were opened during the year and two closed, and in addition York-Benimaru made Super Kadoya a consolidated subsidiary. As a result, the number of stores at year-end was 137 on a consolidated basis, an increase of 24 from the previous fiscal year-end.

York-Benimaru strives to act in accordance with the concept of offering repeat-visit customers in the small service areas of each store a more enjoyable, satisfying, and convenient range of food products. The company's fundamental policies are "promoting individual store management," "bolstering product development," "thoroughly implementing the four fundamentals of food retailing: friendly service, clean stores, fresh and flavorful products, and prevention of out-of-stock situations," and "increasing productivity through technical innovation." York-Benimaru worked to build stores that are appealing to customers and made progress in establishing the organization and framework needed for a 200-store network. In sales, aiming to establish individual store management, York-Benimaru emphasized sales planning and results analysis on a store-by-store basis. York-Benimaru also took steps to improve the technical training of sales staff and inventory management techniques as well as operational efficiency.

To bolster product development, York-Benimaru responded to growing consumer concerns about food safety by focusing on developing products with superior safety, reliability, and flavor and on regional food products. Moreover, the company provided traceability information on its web site and at sales areas.

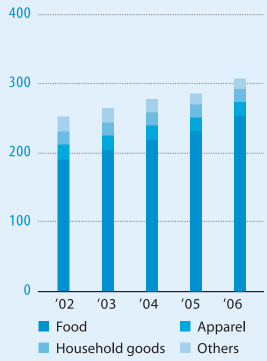
York-Benimaru Consolidated Revenues from Operations / Operating Income

¥ Billion



York-Benimaru Consolidated Sales by Product Category

¥ Billion



In fish, aiming to create sales areas that remind customers of traditional fish markets, York-Benimaru bolstered its sales of whole fish and worked to build a network for the shipment of fish from port regions around the country. In meat, York-Benimaru developed simple, convenient, and delicious products and made them available at all of its stores. In fruits and vegetables, the company enhanced its provision of products grown with the use of a natural soil improvement agent and, at the same time, in accordance with the schedules of producing regions, expanded its lineup from such vegetables as potatoes and carrots to include other products. The company also began to supply new products, such as strawberries and melons, for which the producer or producing region are identified.

In processed foods, York-Benimaru increased the number of items related to fresh foods purchased per customer through the use of standardized sales equipment in all stores. At the same time, the company developed new products through contracts with the overseas plants of food processors. And in daily foods, the company developed original products, such as Japanese-style *sozai* prepared dishes.

Furthermore, Life Foods, a consolidated subsidiary of York-Benimaru that handles *sozai* prepared dishes, undertook the development and promotion of core products. Moreover, the number of stores that handle York-Benimaru's in-house brand of simple, convenient, and delicious foods, such as microwaveable products, increased from 9 at the end of the previous fiscal year to 41 at the end of the year under review.

In apparel, in response to the national campaign "COOL BIZ" to save energy by reducing the use of air conditioning, York-Benimaru developed dress shirts and other products with superior functionality. Moreover, in certain stores, principally new stores, the company began to handle outerwear again.

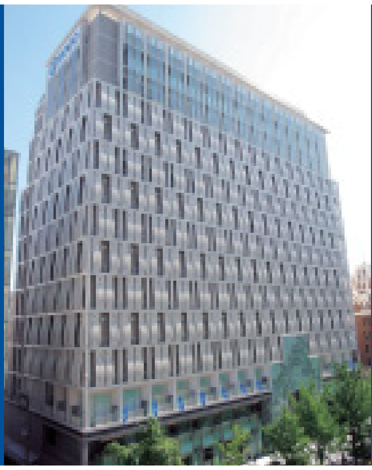
In household goods, meanwhile, York-Benimaru conducted food-related merchandising and seasonal product proposals and took steps to improve profits.

In tenant operations, the company worked to enhance its tenant mix through store renovations. York-Benimaru also strove to improve its cost structure, targeting a ratio of one full-time employee to nine part-time employees and implementing thorough employee time management.

In addition, the former Koriyama Distribution Center was antiquated and had insufficient capacity to accommodate the increase in stores, so in November 2005 York-Benimaru began operation of a new fresh food distribution center in Koriyama City in Fukushima Prefecture. The new center facilitates temperature control on a product-by-product basis.

In the fiscal year ending February 2007, York-Benimaru will continue to implement the fundamental policies outlined above, striving for thorough, rapid implementation. To accurately respond to changing customer needs, York-Benimaru will clarify categories subject to enhancement and reevaluate the product lineup in each category.

DEPARTMENT STORE OPERATIONS



Department store operations are composed of Millennium Retailing, Inc., which is a holding company, and its subsidiaries, principally Sogo Co., Ltd. (Sogo), and THE SEIBU DEPARTMENT STORES, LTD. (Seibu). In January 2006, we acquired approximately 65% of the common stock of Millennium Retailing and in June 2006 made Millennium Retailing a wholly owned subsidiary through a stock-for-stock exchange. For the fiscal year ended February 2006, we have consolidated only the balance sheets of Millennium Retailing and its subsidiaries. The consolidation of the balance sheets had the effect of increasing our consolidated total assets by ¥741.5 billion and interest-bearing debt by ¥372.0 billion.

In the fiscal year ending February 2007, Sogo and Seibu, the core operating companies in our department store operations, will continue to implement finely tuned marketing campaigns, taking into account market and competitive conditions by region and by store. In retail operations, these companies will further promote a "good-customer strategy" and focus especially on repeat customers who have strong loyalty to the stores. They will implement companywide events and personalized planning based on customer data, and, emphasizing the concepts of "limited" and "exclusive," they will bolster their marketing activities with product proposals. In merchandising, by utilizing buyers that have already been posted at main stores and in regional areas, their Merchandising Headquarters will track regional trends in customers and products, and merchandising reforms will be implemented with consideration for the distinctive characteristics of regions and stores. Also, in cooperation with suppliers, they will work to develop directly managed sales areas and to provide products with value that are available only at Sogo and Seibu. In addition, they will further enhance their response to special occasions, such as the start of the school year and special ceremonies for children. The strategy for the Kansai area will entail the introduction of products suited to Kansai markets and regional characteristics and habits and the implementation of new events, further enhancing the brand image.

Sogo and Seibu have achieved results in bolstering store profitability through store remodeling activities, such as refurbishments and the introduction of attractive new tenants. For example, Sogo is implementing these types of improvements at the main building of the Sogo Chiba store in four stages. Three stages have already been completed, and the final stage will be finished in fall 2006. Seibu completed full-scale remodeling of its Akita store in March 2006 and will implement remodeling projects at its three stores in central Tokyo, starting with the Yurakucho store in fall 2006.

In tenant operations, they will actively recruit tenants that customers will enjoy and find appealing. At the same time, they will bolster sales guidance provided to tenants and reinforce operational capabilities. In corporate account sales, they will enhance their sales capabilities by taking advantage of the business tie-up with Seven & i Holdings in developing new suppliers and partners, by strengthening marketing in the Kansai area, and by determining key industries through close tracking of industry trends.

In consideration of the implementation of these measures, for the fiscal year ending February 2007, the segment's revenues from operations are expected to reach ¥1 trillion and operating income ¥33.0 billion.

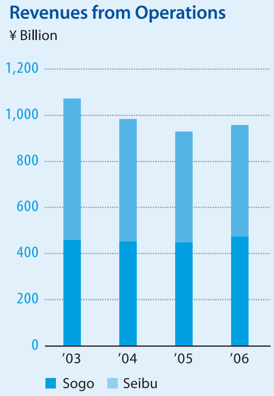
REFERENCE: Millennium Retailing in the Fiscal Year Ended February 2006

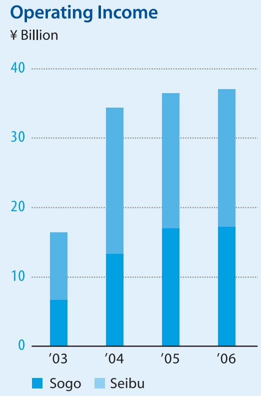
Note: For the year under review, the balance sheets of Millennium Retailing and its subsidiaries were consolidated but the income statements were not consolidated. Accordingly, the figures presented here for revenues from operations and operating income for both Sogo and Seibu are for reference only.

Sogo and Seibu recorded improvement in net sales, especially in the second half of the fiscal year, centered on urban stores. With heavy clothing and high-priced products registering favorable performances, Sogo and Seibu both were able to increase revenues and operating income above the levels announced at the beginning of the year. In September 2005, Sogo's network in the Kansai area was bolstered with the opening of the Shinsaibashi store as Sogo's Kansai flagship. In store improvement activities, progress was made in developing the Seibu Yao, Sogo Yokohama, and Sogo Chiba stores into multipurpose commercial facilities that are enjoyable and satisfying for customers.

At the end of February 2006, Sogo had 12 stores, an increase of 1 store from the previous fiscal year-end, and Seibu had 18, unchanged from a year earlier.

In the fiscal year ended February 2006, Sogo recorded revenues from operations of ¥474.7 billion, up 5.7%, and operating income of ¥17.2 billion, an increase of 1.8%. Seibu registered revenues from operations of ¥482.9 billion, up 0.6%, and operating income of ¥19.9 billion, an increase of 2.1%.





RESTAURANT OPERATIONS

Revenues from Operations*
¥124.0 billion ▼ 1.7%

Operating Income*
¥2.6 billion ▼ 27.5%

Capital Expenditures
¥5.1 billion ▲ 30.3%

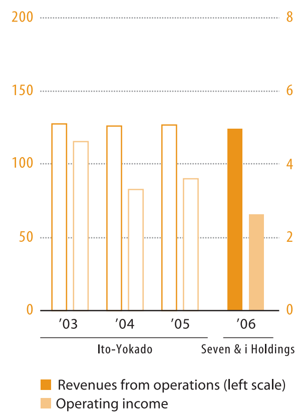
* Before elimination of intersegment transactions

Restaurant operations are composed of Denny's Japan Co., Ltd., which operates family restaurants; Famil Co., Ltd., which operates family restaurants and provides catering services; and York Bussan K.K., which handles fast food operations in Ito-Yokado stores.

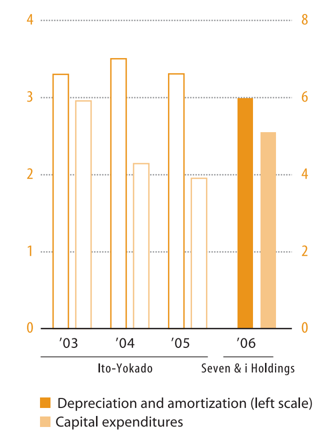
In the fiscal year ended February 2006, in comparison with the consolidated performance of Ito-Yokado's restaurant segment in the previous fiscal year, the segment's revenues from operations before elimination of intersegment transactions were down 1.7%, to ¥124.0 billion, or 3.2% of total revenues from operations. Operating income before elimination of intersegment transactions was down 27.5%, to ¥2.6 billion, or 1.1% of total operating income. Capital expenditures increased 30.3%, to ¥5.1 billion, and depreciation and amortization, including intangible assets, was down 7.2%, to ¥3.0 billion. For the fiscal year ending February 2007, forecasts are for revenues from operations of ¥130.0 billion, operating income of ¥5.0 billion, and capital expenditures of ¥5.3 billion.

Denny's Japan, the core operating company in our restaurant operations, recorded revenues from operations of ¥94.6 billion, down 2.0%, and operating income of ¥2.0 billion, a decrease of 39.1%. The gross margin on restaurant sales declined 0.1 percentage points, to 66.8%. The number of restaurants increased by 1, bringing the total to 583 at fiscal year-end.

Revenues from Operations / Operating Income from Restaurant Operations
¥ Billion



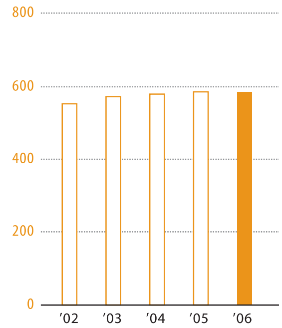
Depreciation and Amortization / Capital Expenditures in Restaurant Operations
¥ Billion



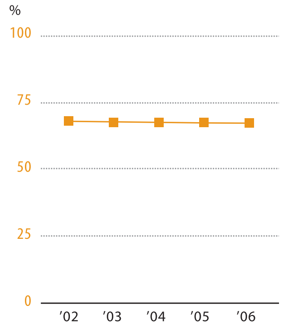
In operations, Denny's Japan worked to implement a focus on unconditional taste, healthy and safe meals, and prompt and sincere service and undertook aggressive sales promotions. At the same time, Denny's Japan worked to introduce menu choices and meals with new seasonal ingredients. Nonetheless, the weather was unseasonable, and operating income declined from the previous fiscal year.

In the fiscal year ending February 2007, targeting the development of restaurants with close ties to local communities, Denny's Japan will expand regional menu items, making new-dish proposals that are finely tuned to local communities, the needs of customers, and time periods. Denny's Japan will also strengthen operations by assigning staff members who provide attentive customer service, revise the ordering system, and bolster food preparation techniques by developing kitchen leaders with food preparation and leadership skills. In implementing its restaurant strategy, in tune with local communities and changes in the external environment, Denny's Japan will actively reform existing restaurants. It will also accelerate restaurant openings by building different sizes of restaurants depending on location, without limiting its new restaurants to the standard size of 330 square meters and 100 seats. In addition, Denny's Japan, which has worked to implement thorough sanitation and employee health management measures, received ISO 9001 certification in April 2006. Denny's Japan is forecasting revenues from operations of ¥100.5 billion, up 6.3%; operating income of ¥4.2 billion, a gain of 114.4%; and 618 restaurants at fiscal year-end, an increase of 35 restaurants.

Denny's Japan
Number of Restaurants



Gross Margin on Restaurant Sales



FINANCIAL SERVICES

Revenues from Operations*
¥82.3 billion ▲ 34.4%

Operating Income*
¥17.3 billion ▲ 219.9%

Capital Expenditures
¥22.9 billion ▲ 209.2%

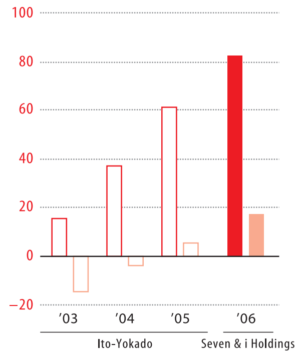
* Before elimination of intersegment transactions

Financial services operations comprise Seven Bank, Ltd., which changed its name from IYBank Co., Ltd., in October 2005; IY Card Service Co., Ltd.; SE CAPITAL CORPORATION, which is principally engaged in leasing; SEVEN & i Financial Center Co., Ltd., which is responsible for the Group's cash management; and K.K. York Insurance, which provides insurance agency services.

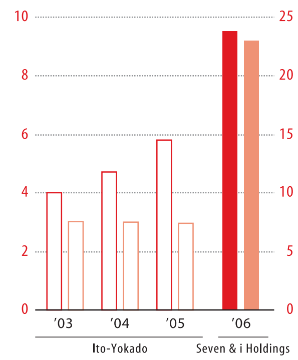
In the fiscal year ended February 2006, in comparison with the consolidated results of Ito-Yokado in the previous fiscal year, the segment's revenues from operations before elimination of intersegment transactions were up 34.4%, to ¥82.3 billion, and accounted for 2.1% of total revenues from operations. Operating income before elimination of intersegment transactions was up 219.9%, to ¥17.3 billion, and accounted for 7.0% of total operating income. Capital expenditures in this segment increased 209.2%, to ¥22.9 billion, and depreciation and amortization, including intangible assets, was up 64.3%, to ¥9.5 billion. For the fiscal year ending February 2007, forecasts are for revenues from operations of ¥100.0 billion, operating income of ¥21.0 billion, and capital expenditures of ¥9.0 billion.

Seven Bank, our core operating company in financial services, is a new type of bank that offers easy, around-the-clock access to ATMs by utilizing existing store networks in Japan, such as 7-Eleven stores. In the fiscal year ended March 2006, due to growth in the average number of transactions accompanying increases in the number of units installed, in name recognition, and in the number of financial institutions with which the bank has tie-ups, the bank recorded a strong performance. Revenues from operations rose 34.7%, to ¥64.6 billion, and ordinary profit was up 92.6%, to ¥19.4 billion. The number of installed ATMs at the end of March 2006 was 11,484, an increase of 1,503. The average daily number of transactions per ATM during the year was 88, a gain of 11, and the total num-

Revenues from Operations / Operating Income (Loss) from Financial Services
¥ Billion



Depreciation and Amortization / Capital Expenditures in Financial Services
¥ Billion



ber of transactions per ATM during the year was 342 million, an increase of 85 million. The number of tie-up partners at the end of March 2006 was 513, up 44, and the number of accounts including corporate accounts was 349 thousand, a rise of 108 thousand. The bank was operating in 30 prefectures, an increase of six.

Seven Bank already covers about 95% of the 7-Eleven stores in Japan, and the bank is steadily expanding its service area, targeting coverage of all stores. In regions where service is already available, the bank will aggressively enter ATM usage agreements with a variety of financial institutions.

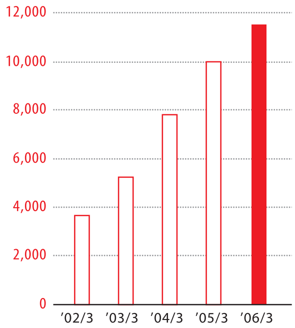
To reinforce its operating system, Seven Bank will take steps to bolster its backup capabilities, such as establishing two ATM relay system centers, and to enhance security. In preparation for future service expansion, the bank has started to issue cash cards that incorporate IC chips and to convert to new ATMs with advanced features, such as the capability to charge *nanaco* – Seven & i Holdings' own electronic money. In the fiscal year ended March 2006, about 2,300 of the new ATMs were installed, and plans call for the installation of about 3,200 units in the year ending March 2007, and the completion of the changeover by March 2009.

In addition, to better respond to customers' diverse needs, the bank introduced time deposits in March 2006, and in the future the bank will continue to consider new financial services and products, such as consumer loans. In the year ended March 2006, the bank opened staffed counters in five Ito-Yokado stores, and in the future, utilizing the operating infrastructure and customer base of Seven & i Holdings, the bank will enhance financial services for individuals, such as liaison and agency services, thereby establishing a new business model. By expanding the scope of its financial services, the bank will strive to build an even more secure profit structure. In the fiscal year ending March 2007, Seven Bank is forecasting revenues from operations of ¥74.1 billion, up 14.7%; ordinary profit of ¥19.9 billion, up 2.5%; number of ATMs installed at year-end of 12,500; and average daily number of transactions per ATM of 93.

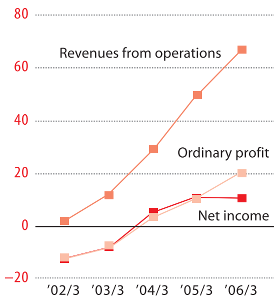
The issuance of *nanaco* will be a key focus of our initiatives in financial services. In the first phase, SEJ will offer a service combining electronic money and a point service through a prepaid card incorporating a contactless IC chip.

In the second phase, Ito-Yokado and other stores in the Group will accept *nanaco*. We are also planning to implement tie-ups with companies outside the Group. At the same time, we will move forward with consideration of the integration of electronic money/point cards with Seven Bank's cash cards and IY Card Service's credit cards and will encourage electronic money/point card members to use these integrated cards. In this way, we will generate new opportunities to expand profits, such as card loans.

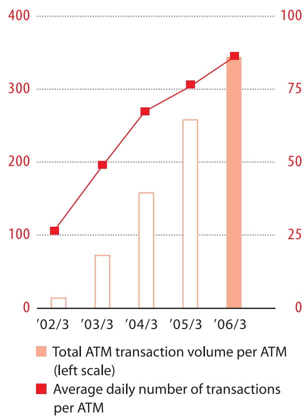
Seven Bank
Number of ATMs Installed



Operating Results
¥ Billion



ATM Transaction Volume
Millions



OVERSEAS OPERATIONS

Overseas Sales
¥1,552.9 billion

North America
¥1,514.4 billion

Other Regions
¥38.5 billion

Hua Tang Yokado Commercial

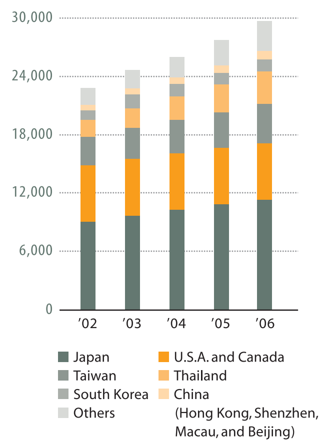
Overseas operations comprise convenience store operations in North America, Beijing, and Hawaii and superstore and supermarket operations in China. In the fiscal year ended February 2006, overseas sales totaled ¥1,514.4 billion in North America and ¥38.5 billion in other regions, for a total of ¥1,552.9 billion, or 39.9% of consolidated revenues.

1. Overseas Strategies – Convenience Store Operations

7-Eleven, Inc., of the United States, is the core operating company in our overseas convenience store operations. In the fiscal year ended December 2005, the results of 7-Eleven, Inc., were favorable due to the contributions of fast food, beverages, and gasoline. After conversion to Japanese standards, 7-Eleven, Inc., had net sales of ¥1,485.4 billion, merchandise sales of ¥916.1 billion, gasoline sales of ¥569.3 billion, and operating income of ¥32.3 billion. The number of stores at the end of December 2005 was 5,829, an increase of 30.

In the fiscal year ending December 2006, in operations, 7-Eleven, Inc. will focus on thorough item-by-item inventory control and product development, with a special emphasis on high-quality fast food products and regional items. In stores, 7-Eleven, Inc., will move ahead with our plans to complete the renovation of existing stores within a few years while at the same time aggressively developing new stores. In these ways, 7-Eleven, Inc., will work to raise profitability. As a result, 7-Eleven, Inc., expects net sales to be ¥1,657.0 billion. Due to the aggressive implementation of strategies to bolster the future profit foundation, and to an increase in the book value of fixed assets accompanying the transition to a wholly owned subsidiary of SEJ in November 2005, an increase in depreciation and amortization expense is expected, and operating income is expected to be ¥29.0 billion (after conversion to Japanese style presentation).

Number of 7-Eleven Stores



Note: Total number of stores overseas as of the end of December and number of stores in Japan as of the end of February.

SEVEN-ELEVEN (BEIJING)

At the end of February 2006 (December 2005 for companies based outside Japan), there were 11,310 7-Eleven stores in Japan, an increase of 484 from the previous year-end; 5,829 in North America, a rise of 30; and 53 in Hawaii, unchanged from a year earlier. In Beijing, China, there were 30 stores, an increase of 20. As a result, there were a total of 17,222 stores at fiscal year-end, an increase of 534 from the previous year-end. Including the 7-Eleven stores operated around the world by area licensees, there was a total of 29,706 stores at fiscal year-end, an increase of 1,979 stores. After making 7-Eleven, Inc., a wholly owned subsidiary, SEJ has become the leader of the 7-Eleven chain, which has about 30,000 7-Eleven stores around the world, and SEJ will strive to add further value as a global company.

In regard to area licensees in Taiwan, Thailand, South Korea, and Hong Kong, we are considering the introduction of our original products and fixtures and the provision of know-how in the areas of fast food strategy and distribution and information systems. We will aggressively strengthen operations of 7-Eleven stores operated by area licensees in East Asia.

2. Overseas Strategies – China

As of the end of December 2005, the Group's network in China, particularly in Beijing and Chengdu, comprised five superstores operated by Hua Tang Yokado Commercial Co., Ltd., and two by Chengdu Ito-Yokado Co., Ltd., two supermarkets operated by Beijing Wang fu jing Yokado Commercial Co., Ltd., and 30 convenience stores operated by SEVEN-ELEVEN (BEIJING) CO., LTD.

China, which is currently in a period of remarkable economic growth, will host the Beijing 2008 Summer Olympics and is expected to record ongoing growth in the years ahead. It is an extremely promising market over the medium term. With three formats – superstores, food supermarkets, and convenience stores – the Group will promote the sharing of information and cooperation while developing and introducing products and services that meet local needs, thereby enhancing its presence in the Chinese market.

In superstores, we will continue to develop our network, aiming for Hua Tang Yokado Commercial to have 10 stores and Chengdu Ito-Yokado 4 stores by 2008. In convenience stores, the central government has granted permission for SEVEN-ELEVEN (BEIJING), a foreign company, to engage in the franchising business. When the verification of accounting and tax related systems, which is now in the final stages, is completed, franchise operations will be started as rapidly as possible and aggressive franchise recruitment activities will be undertaken.

Beijing Wang fu jing Yokado Commercial

(As of December 2005)

● SEVEN-ELEVEN (BEIJING)
● Hua Tang Yokado Commercial
● Beijing Wang fu jing Yokado Commercial