

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

SEVEN & i HOLDINGS CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES AT FEBRUARY 28, 2006

On September 1, 2005, Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd. and Denny's Japan Co., Ltd. established Seven & i Holdings Co., Ltd. (the "Company") and became wholly owned subsidiaries of the Company by means of a stock transfer. The consolidation procedures in connection with the stock transfer were accounted for in a manner similar to the pooling-of-interest method. The Company's Consolidated Financial Statements were prepared assuming that the above 3 subsidiaries were combined on March 1, 2005, and capital surplus and retained earnings in the Consolidated Financial Statements of Ito-Yokado Co., Ltd. as of February 28, 2005 were carried forward and recorded as the beginning balances of capital surplus and retained earnings in the Consolidated Statement of Shareholders' Equity of the Company.

	Number of shares of common stock (Thousands)	Millions of yen							Total
		Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Cumulative translation adjustments	Treasury stock, at cost		
<b>Balance at February 28, 2005</b> .....	—	¥ —	¥ —	—	¥ —	—	¥ —	—	¥ —
Balance succeeded from the Consolidated Financial Statements of Ito-Yokado Co., Ltd. at beginning of year .....			122,654	983,675					1,106,329
Net income for the year ended February 28, 2006 .....				87,931					87,931
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries .....			3,261	(282)					2,979
Increase resulting from stock transfer .....			407,086						407,086
Cash dividends .....				(16,030)					(16,030)
Cash payment upon stock transfer .....				(14,435)					(14,435)
Directors' and corporate auditors' bonuses .....				(246)					(246)
Gain on sales of treasury stock .....			78,703						78,703
Net increase (decrease) for the year .....	1,346,383	50,000			7,954	6,298	(112,885)		(48,633)
<b>Balance at February 28, 2006</b> .....	1,346,383	¥50,000	¥611,704	¥1,040,613	¥7,954	¥ 6,298	¥(112,885)		¥1,603,684

	Number of shares of common stock (Thousands)	Thousands of U.S. dollars (Note 3)							Total
		Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Cumulative translation adjustments	Treasury stock, at cost		
<b>Balance at February 28, 2005</b> .....	—	\$ —	\$ —	—	\$ —	—	\$ —	—	\$ —
Balance succeeded from the Consolidated Financial Statements of Ito-Yokado Co., Ltd. at beginning of year .....			1,057,362	8,479,957					9,537,319
Net income for the year ended February 28, 2006 .....				758,026					758,026
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries .....			28,112	(2,430)					25,682
Increase resulting from stock transfer .....			3,509,362						3,509,362
Cash dividends .....				(138,190)					(138,190)
Cash payment upon stock transfer .....				(124,440)					(124,440)
Directors' and corporate auditors' bonuses .....				(2,121)					(2,121)
Gain on sales of treasury stock .....			678,474						678,474
Net increase (decrease) for the year .....	1,346,383	431,034			68,569	54,294	(973,147)		(419,250)
<b>Balance at February 28, 2006</b> .....	1,346,383	\$431,034	\$5,273,310	\$8,970,802	\$68,569	\$ 54,294	\$(973,147)		\$13,824,862

The accompanying notes are an integral part of these statements.