

REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF THE SEVEN & i HOLDINGS CO., LTD.

To the Board of Directors and Shareholders of Seven & i Holdings Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Seven & i Holdings Co., Ltd. and its subsidiaries as of February 28, 2006 and the related consolidated statement of income, shareholders' equity, and cash flows for the year then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seven & i Holdings Co., Ltd. and its subsidiaries as of February 28, 2006 and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 18-2 (Subsequent Events) to the consolidated financial statements, Ito-Yokado Co., Ltd. transferred the superstore business and function of controlling its group companies to a newly established company ("new" Ito-Yokado Co., Ltd.), and Seven & i Holdings Co., Ltd. merged with the "old" Ito-Yokado Co., Ltd. on March 1, 2006.

As discussed in Note 18-3 (Subsequent Events) to the consolidated financial statements, Seven & i Holdings Co., Ltd. acquired additional shares of Millennium Retailing, Inc. on March 27, 2006.

As discussed in Note 18-4 (Subsequent Events) to the consolidated financial statements, the board of directors of Seven & i Holdings Co., Ltd. approved a resolution to make York-Benimaru Co., Ltd. a wholly owned subsidiary by means of a stock-for-stock exchange.

As discussed in Note 18-5 (Subsequent Events) to the consolidated financial statements, the board of directors of Seven & i Holdings Co., Ltd. approved a resolution to make Millennium Retailing, Inc. a wholly owned subsidiary by means of a stock-for-stock exchange.

As discussed in Note 18-6 (Subsequent Events) to the consolidated financial statements, the board of directors of Seven & i Holdings Co., Ltd. approved the cancellation of treasury stock.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the consolidated financial statements.



ChuoAoyama PricewaterhouseCoopers

Tokyo, Japan
May 25, 2006