



April 8, 2010

# Consolidated Financial Results for the Fiscal Year ended February 28, 2010

## Seven & i Holdings Co., Ltd.

(URL <http://www.7andi.com/en>)

Securities Code No. 3382

President and COO : Noritoshi Murata

The Company's shares are listed on the First Section of the Tokyo Stock Exchange.

Date of the ordinary general meeting of shareholders: May 27, 2010

Submission date of annual securities report scheduled: May 28, 2010

Starting date of paying year-end dividend: May 28, 2010

Note: All amounts less than one million yen have been disregarded.

### 1. Business Results for the Fiscal Year ended February 28, 2010 (from March 1, 2009 to February 28, 2010)

#### (1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Year ended February 28, 2010	5,111,297	(9.5) %	226,666	(19.6) %	226,950	(18.7) %	44,875	(51.4) %
Year ended February 28, 2009	5,649,948	(1.8) %	281,865	0.3 %	279,306	0.4 %	92,336	(29.3) %

	Net Income per Share		Diluted Net Income per Share		Ratio of Net Income to Owners' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Revenues from Operations
Year ended February 28, 2010	49.67	(yen)	49.66	(yen)	2.6 %	6.1 %	4.4 %
Year ended February 28, 2009	100.54	(yen)	100.54	(yen)	4.9 %	7.3 %	5.0 %

Notes: 1. Equity in earnings of affiliates:

Year ended February 28, 2010: 1,225 million yen

Year ended February 28, 2009: (667) million yen

2. Percentages represent increase (decrease) from the prior year unless otherwise stated.

#### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
As of February 28, 2010	3,673,605	1,793,940	46.9%	1,905.97 (yen)
As of February 28, 2009	3,727,060	1,860,672	47.9%	1,975.95 (yen)

Note: Owners' equity (net assets excluding minority interests in consolidated subsidiaries) :

As of February 28, 2010: 1,721,967 million yen

As of February 28, 2009: 1,785,189 million yen

#### (3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of the Fiscal Year
Year ended February 28, 2010	322,202	(115,158)	(156,708)	717,320
Year ended February 28, 2009	310,007	(139,568)	(169,755)	663,483

### 2. Dividends

	Dividends per Share (yen)			Total Amount of Dividends (Millions of yen)	Dividends Payout Ratio (Consolidated)	Ratio of Total Amount of Dividends to Net Assets (Consolidated)
	Interim	Year-end	Annual			
Year ended February 28, 2009	27.00	29.00	56.00	50,594	55.7 %	2.8%
Year ended February 28, 2010	28.00	28.00	56.00	50,594	112.7 %	2.9%
Year ending February 28, 2011 (forecast)	28.00	28.00	56.00		50.6 %	

### 3. Forecast of Business Results for the Fiscal Year ending February 28, 2011 (From March 1, 2010 to February 28, 2011)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income		Net Income per Share
Interim Period	2,560,000	0.5 %	122,000	3.3 %	121,000	2.1 %	55,000	25.9 %	60.88 (yen)
Entire Year	5,200,000	1.7 %	240,000	5.9 %	237,000	4.4 %	100,000	122.8 %	110.69 (yen)

Note: Percentages represent increase from the corresponding period in the prior year.

#### 4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 28, 2010

(changes in specific subsidiaries accompanying change in scope of consolidation): Yes

Added: none Excluded: 5 companies (Millenium Retailing, Inc., THE SEIBU DEPARTMENT STORES, LTD.,  
Robinson Department Store Co., Ltd., SEJ Finance LLC, SEJ Service LLC)

Note: For details, please refer to MAJOR SEVEN & i HOLDINGS GROUP COMPANIES on page 3 of attached materials.

(2) Changes in accounting principles, procedures, and method of presentation for preparing the consolidated financial statements (those to be described in the section of Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

Changes due to amendment of accounting standards: Yes

Changes due to other reasons: None

(3) Number of shares outstanding (common stock)

Number of shares outstanding at the end of period (including treasury stock)

As of February 28, 2010: 906,441,983 shares As of February 28, 2009: 906,441,983 shares

Number of treasury stock at the end of period

As of February 28, 2010: 2,983,875 shares As of February 28, 2009: 2,982,472 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 53 of attached materials.

#### Reference: Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated Business Results for the Fiscal Year ended February 28, 2010 (from March 1, 2009 to February 28, 2010)

###### (1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Year ended February 28, 2010	147,472	135.3%	140,012	151.7%	136,372	165.7%
Year ended February 28, 2009	62,683	6.7%	55,622	7.1%	51,321	2.0%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Year ended February 28, 2010	64,998	31.8%	71.94	(yen)	71.93	(yen)
Year ended February 28, 2009	49,327	3.0%	53.67	(yen)	53.67	(yen)

Note: Percentages represent increase (decrease) from the prior year unless otherwise stated.

###### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of February 28, 2010	1,770,301	1,394,977	78.8%	1,543.31 (yen)
As of February 28, 2009	1,754,152	1,380,214	78.7%	1,527.29 (yen)

Note: Owners' equity (net assets excluding subscriptions to shares) :

As of February 28, 2010: 1,394,344 million yen As of February 28, 2009: 1,379,871 million yen

##### 2. Forecast of Nonconsolidated Business Results for the Fiscal Year Ending February 28, 2011 (from March 1, 2010 to February 28, 2011)

(Millions of yen, except per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income	Net Income per Share
Interim Period	28,700 (5.4) %	24,800 (6.3) %	23,200 (5.6) %	23,200 (5.6) %	25.68 (yen)
Entire Year	70,200 (52.4) %	62,800 (55.1) %	59,500 (56.4) %	59,500 (8.5) %	65.86 (yen)

Note: Percentages represent increase (decrease) from the corresponding period in the prior year.

#### FORWARD LOOKING STATEMENTS

The forecast for the year ending February 28, 2011 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of forecast.

## MAJOR SEVEN & i HOLDINGS GROUP COMPANIES

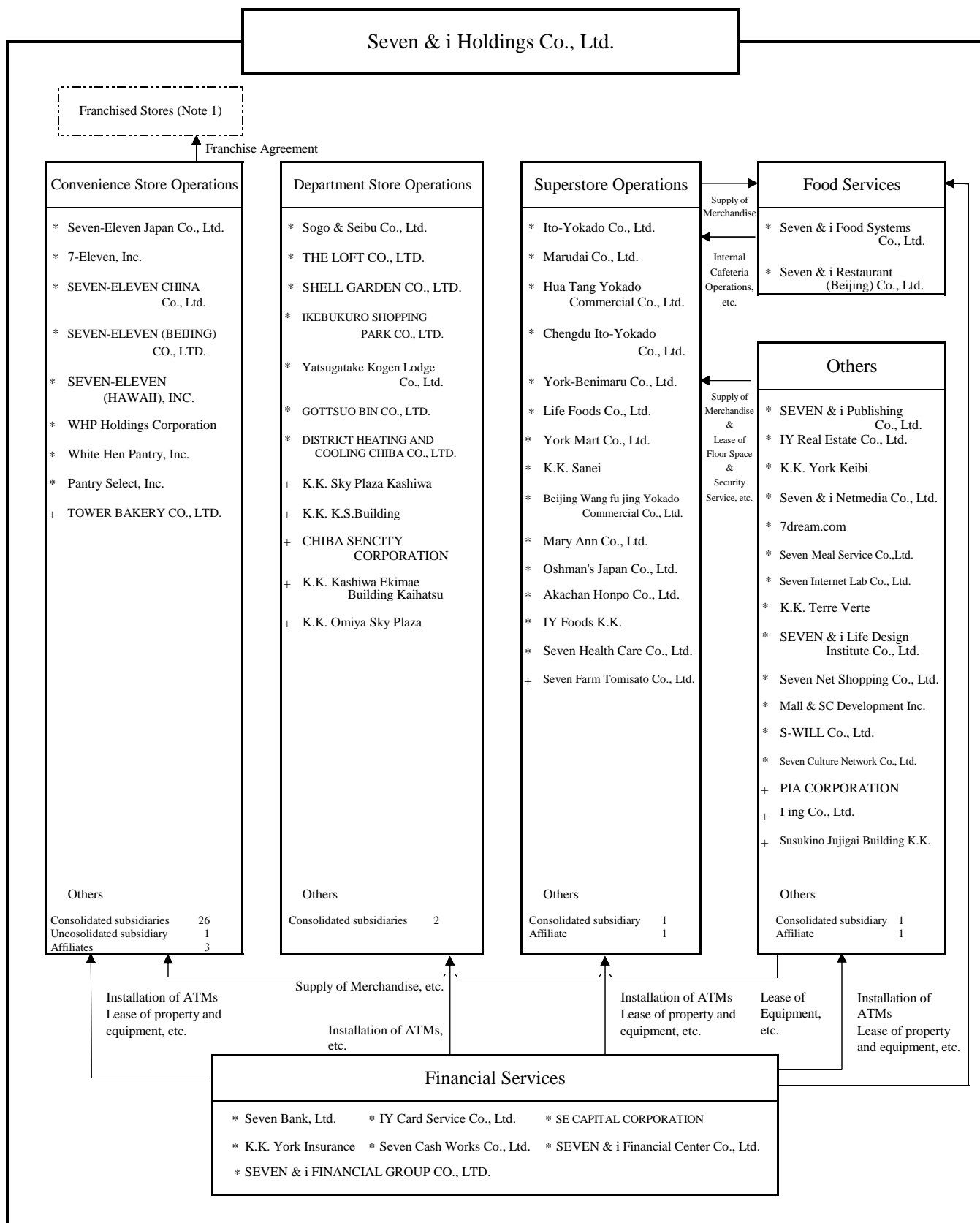
Seven & i Holdings Group consists 98 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, food services and financial services. Business segments, major group companies and number of companies are as follows.

This segmentation is same as the business segment shown in the section of segment information.

Business Segments	Major Group Companies	Number of Companies
<b>Convenience Store Operations</b>	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN CHINA Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (HAWAII), INC. WHP Holdings Corporation White Hen Pantry, Inc. Pantry Select, Inc. TOWER BAKERY CO., LTD.	Consolidated Subsidiaries 34 Unconsolidated Subsidiary 1 Affiliates 4 <hr/> Total 39
<b>Superstore Operations</b>	Ito-Yokado Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd. IY Foods K.K. Seven Health Care Co., Ltd. Seven Farm Tomisato Co., Ltd.	Consolidated Subsidiaries 15 Affiliates 2 <hr/> Total 17
<b>Department Store Operations</b>	Sogo & Seibu Co., Ltd. THE LOFT CO., LTD. SHELL GARDEN CO., LTD. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. K.K. Sky Plaza Kashiwa K.K. K.S. Building CHIBA SENCITY CORPORATION K.K. Kashiwa Ekimae Building Kaihatsu K.K. Omiya Sky Plaza	Consolidated Subsidiaries 9 Affiliates 5 <hr/> Total 14
<b>Food Services</b>	Seven & i Food Systems Co., Ltd. Seven & i Restaurant (Beijing) Co., Ltd.	Consolidated Subsidiaries 2
<b>Financial Services</b>	Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION K.K. York Insurance Seven Cash Works Co., Ltd. SEVEN & i Financial Center Co., Ltd. SEVEN & i FINANCIAL GROUP CO., LTD.	Consolidated Subsidiaries 7
<b>Others</b>	SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Netmedia Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. Seven Internet Lab Co., Ltd. K.K. Terre Verte SEVEN & i Life Design Institute Co., Ltd. Seven Net Shopping Co., Ltd. Mall & SC Development Inc. S-WILL Co., Ltd. Seven Culture Network Co., Ltd. I ing Co., Ltd. Susukino Jujigai Building K.K. PIA CORPORATION	Consolidated Subsidiaries 14 Affiliates 4 <hr/> Total 18

1. WHP Holdings Corporation is the holding company of White Hen Pantry, Inc. and Pantry Select, Inc.
2. TOWER BAKERY CO., LTD., Seven Farm Tomisato Co., Ltd., K.K. Sky Plaza Kashiwa, K.K. K.S. Building, CHIBA SENCITY CORPORATION, K.K. Kashiwa Ekimae Building Kaihatsu, K.K. Omiya Sky Plaza, I ing Co., Ltd., Susukino Jujigai Building K.K., and PIA CORPORATION are affiliates and other companies are consolidated subsidiaries.
3. On March 2, 2009, Seven & i Restaurant (Beijing) Co., Ltd. was established as a wholly owned subsidiary of the Company.
4. On March 24, 2009, Seven Internet Lab Co., Ltd. was established as a wholly owned subsidiary of the Company.
5. On June 1, 2009, Seven Health Care Co., Ltd. was established as a wholly owned subsidiary of the Company.
6. Millennium Retailing, Inc., Sogo Co., Ltd. and THE SEIBU DEPARTMENT STORES, LTD. were merged on August 1, 2009 and Sogo, as a surviving company, changed its name to Sogo & Seibu Co., Ltd. Furthermore, Sogo & Seibu merged with Robinson Department Store Co., Ltd. on September 1, 2009. As a result, financial results of Robinson Department Store was excluded from Superstore operations after the third quarter of FY2010.
7. On August 6, 2009, Seven Farm Tomisato Co., Ltd., following gain in equity by increased capital, became an equity-method affiliate of the Company.
8. On December 7, 2009, Seven and Y Corp. changed its name to Seven Net Shopping Co., Ltd.
9. On December 18, 2009, PIA CORPORATION became an equity-method affiliate of the Company.

# BUSINESS RELATION IN GROUP



\* Consolidated subsidiary  
 + Affiliate accounted for using the equity method

- Notes:
1. Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan Co., Ltd. or 7-Eleven, Inc. or SEVEN-ELEVEN (BEIJING) CO., LTD.
  2. As of February 28, 2010, Seven Bank, Ltd. placed 14,570 units of ATMs mainly in the stores of Group companies.

## Subsidiaries and Affiliates

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
<b>Consolidated Subsidiaries</b>							
Seven-Eleven Japan Co., Ltd. *3	Chiyoda-ku, Tokyo	17,200	Convenience store operations	100.0	3	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
7-Eleven, Inc.	Texas, U.S.A.	Thousands of U.S. dollars 11	Convenience store operations	100.0 (100.0)	1	1	-
Ito-Yokado Co., Ltd. *3,4	Chiyoda-ku, Tokyo	40,000	Superstore operations	100.0	6	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
York-Benimaru Co., Ltd. * 3	Koriyama-shi, Fukushima	9,927	Superstore operations	100.0	2	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Sogo & Seibu Co., Ltd. *3	Chiyoda-ku, Tokyo	10,000	Department store operations	100.0	3	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven & i Food Systems Co., Ltd.	Chiyoda-ku, Tokyo	3,000	Food services	100.0	1	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven Bank, Ltd. *3,4,5	Chiyoda-ku, Tokyo	30,503	Financial services	47.8 (47.8)	2	2	-
SEVEN-ELEVEN CHINA Co., Ltd.	Beijing, China	Thousands of yuan 50,000	Convenience store operations	100.0 (100.0)	-	4	-
SEVEN-ELEVEN (BEIJING) CO., LTD.	Beijing, China	Thousands of U.S. dollars 35,000	Convenience store operations	65.0 (65.0)	-	2	-
SEVEN-ELEVEN (HAWAII), INC.	Hawaii, U.S.A.	Thousands of U.S. dollars 20,000	Convenience store operations	100.0 (100.0)	2	1	-
WHP Holdings Corporation	Delaware, U.S.A	U.S. dollars 17,098	Convenience store operations	100.0 (100.0)	-	-	-
White Hen Pantry, Inc.	Delaware, U.S.A	U.S. dollars 13,130	Convenience store operations	100.0 (100.0)	-	-	-
Pantry Select, Inc.	Illinois, U.S.A.	U.S.dollars 10	Convenience store operations	100.0 (100.0)	-	-	-
Marudai Co., Ltd.	Nagaoka-shi, Niigata	213	Superstore operations	100.0 (100.0)	1	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
Hua Tang Yokado Commercial Co., Ltd. *3	Beijing, China	Thousands of U.S. dollars 65,000	Superstore operations	75.8 (75.8)	-	-	-
Chengdu Ito-Yokado Co., Ltd.	Sichuan, China	Thousands of U.S. dollars 23,000	Superstore operations	74.0 (74.0)	-	-	-
York Mart Co., Ltd.	Chiyoda-ku, Tokyo	1,000	Superstore operations	100.0	1	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
K.K. Sanei	Ishinomaki -shi, Miyagi	138	Superstore operations	100.0 (100.0)	-	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Beijing Wang fu jing Yokado Commercial Co., Ltd.	Beijing, China	Thousands of U.S. dollars 18,000	Superstore operations	60.0 (60.0)	-	-	-
Mary Ann Co., Ltd.	Chiyoda-ku, Tokyo	200	Superstore operations	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Oshman's Japan Co., Ltd.	Chiyoda-ku, Tokyo	1,200	Superstore operations	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Akachan Honpo Co., Ltd.	Chuo-ku, Osaka-shi	3,080	Superstore operations	93.6 (12.9)	1	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
IY Foods K.K.	Otone-cho, Kita-Saitama- gun, Saitama	75	Superstore operations	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Life Foods Co., Ltd.	Koriyama-shi, Fukushima	120	Superstore operations	100.0 (100.0)	1	-	-
Seven Health Care Co., Ltd.	Chiyoda-ku, Tokyo	450	Superstore operations	70.0 (60.0)	2	-	The Company are entrusted with various types of businesses
THE LOFT CO., LTD.	Shibuya-ku, Tokyo	750	Department store operation	70.7 (70.7)	-	-	-
SHELL GARDEN CO., LTD.	Meguro-ku, Tokyo	989	Department store operations	100.0 (100.0)	-	-	-
IKEBUKURO SHOPPING PARK CO., LTD.	Toshima-ku, Tokyo	1,200	Department store operations	50.6 (50.6)	-	-	-
Yatsugatake Kogen Lodge Co., Ltd.	Nanmoku -mura, Minami-Saku -gun, Nagano	100	Department store operations	100.0 (100.0)	-	-	-
GOTTSUO BIN CO., LTD.	Toshima-ku, Tokyo	10	Department store operations	100.0 (100.0)	-	-	-

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
DISTRICT HEATING AND COOLING CHIBA CO., LTD.	Chuo-ku, Chiba-shi	1,000	Department store operations	43.4 (43.4) [18.2]	-	-	-
Seven & i Restaurant (Beijing) Co., Ltd.	Beijing, China	Thousands of yuan 50,000	Food services	75.0 (75.0)	-	-	-
SEVEN & i FINANCIAL GROUP CO., LTD.	Chiyoda-ku, Tokyo	10	Financial services	100.0	2	1	The Company are entrusted with various types of businesses
IY Card Service Co., Ltd.	Chiyoda-ku, Tokyo	7,500	Financial services	95.5 (95.5)	1	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
SE CAPITAL CORPORATION	Chiyoda-ku, Tokyo	75	Financial services	100.0 (100.0)	2	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
K.K. York Insurance	Chiyoda-ku, Tokyo	30	Financial services	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven Cash Works Co., Ltd.	Chiyoda-ku, Tokyo	1,500	Financial services	85.5 (85.5)	-	1	The Company are entrusted with various types of businesses
SEVEN & i Financial Center Co., Ltd.	Chiyoda-ku, Tokyo	10	Financial services	100.0	1	3	The Company are entrusted with various types of businesses
Seven & i Netmedia Co., Ltd.	Chiyoda-ku, Tokyo	1,165	Others	100.0	2	-	The Company are entrusted with various types of businesses
SEVEN & i Publishing Co., Ltd.	Chiyoda-ku, Tokyo	242	Others	100.0 (100.0)	-	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
IY Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	58	Others	100.0 (100.0)	-	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
K.K. York Keibi	Chiyoda-ku, Tokyo	10	Others	100.0 (100.0)	-	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
7dream.com *3	Chiyoda-ku, Tokyo	450	Others	68.0 (68.0)	1	1	The Company provides management strategies as well as other services and various convenience for considerations
Seven-Meal Service Co., Ltd.	Chiyoda-ku, Tokyo	300	Others	90.0 (90.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations
K.K. Terre Verte	Kitami-shi, Hokkaido	400	Others	99.0 (99.0)	1	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
SEVEN & i Life Design Institute Co., Ltd.	Chiyoda-ku, Tokyo	435	Others	100.0 (14.5)	2	-	The Company are entrusted with various types of businesses
Seven Net Shopping Co., Ltd.	Chiyoda-ku, Tokyo	438	Others	57.6 (57.6)	1	-	-
Mall & SC Development Inc.	Chiyoda-ku, Tokyo	622	Others	100.0 (15.0)	1	4	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven Culture Network Co., Ltd.	Chiyoda-ku, Tokyo	450	Others	100.0 (100.0)	2	-	The Company are entrusted with various types of businesses
Seven Internet Lab Co., Ltd.	Chiyoda-ku, Tokyo	200	Others	60.0 (60.0)	1	1	-
S-WILL Co., Ltd.	Chiyoda-ku, Tokyo	0	Others	100.0	-	-	The Company are entrusted with various types of businesses
Other 30 Companies *6	-	-	-	-	-	-	-



Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
<b>Equity Method - affiliates</b>							
TOWER BAKERY CO., LTD	Koshigaya -shi, Saitama	495	Convenience store operations	20.0 (20.0)	-	-	-
Seven Farm Tomisato Co., Ltd.	Tomisato -shi, Chiba	2	Superstore operations	25.9 (25.9)	-	-	-
K.K. Sky Plaza Kashiwa	Kashiwa-shi, Chiba	10	Department store operations	45.5 (45.5)	-	-	-
K.K. K.S. Building	Chuo-ku, Kobe-shi	100	Department store operations	40.0 (40.0)	-	-	-
CHIBA SENCITY CORPORATION	Chuo-ku, Chiba-shi	297	Department store operations	34.8 (34.8)	-	-	-
K.K. Kashiwa Ekimae Building Kaihatsu	Kashiwa-shi, Chiba	10	Department store operations	27.2 (27.2)	-	-	-
K.K. Omiya Sky Plaza	Omiya-ku, Saitama-shi	10	Department store operations	20.0 (20.0)	-	-	-
Susukino Jujigai Building K.K	Chuo-ku, Sapporo-shi	100	Others	37.6 (37.6)	-	2	-
I ing Co., Ltd	Chiyoda-ku, Tokyo	99	Others	29.7 (29.7)	-	2	-
PIA CORPORATION	Chiyoda-ku, Tokyo	5,939	Other	20.0 (10.0)	-	-	-
Other 5 Companies *6	-	-	-	-	-	-	-

- \* 1. The business segment within Group operations is listed under the Principal Business column.  
2. Figures in parentheses ( ) in Voting Rights Held by Company column indicate the share of indirect voting rights.  
Those in brackets [ ] indicate share of related or approved parties (supernumerary).  
3. Designated subsidiaries.  
4. These companies file security registration statement or annual financial reports.  
5. Seven Bank Ltd. is considered as a consolidated subsidiary substantially.  
6. Key financial data for other companies have been omitted because their effects on the Consolidated Financial Statements are not considered material.

# CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>1,397,102</b>	<b>1,460,186</b>
Cash and bank deposits	650,949	691,633
Call Loan	10,000	16,000
Notes and accounts receivable, trade	116,902	119,627
Trade accounts receivable - financial services	78,042	68,243
Marketable securities	94,824	55,025
Inventories	169,534	-
Merchandise and finished goods	-	158,889
Work in process	-	16
Raw materials and supplies	-	2,489
Prepaid expenses	28,584	31,606
Deferred income taxes	28,656	28,360
Other	223,928	292,716
Allowance for doubtful accounts	(4,321)	(4,421)
<b>Non-current assets</b>	<b>2,329,776</b>	<b>2,213,359</b>
<b>Property and equipment</b>	<b>1,222,427</b>	<b>1,195,709</b>
Buildings and structures, net	510,945	485,081
Furniture, fixtures and equipment, net	146,174	133,215
Vehicles, net	136	110
Land	525,022	520,320
Lease assets, net	-	4,485
Construction in progress	40,147	52,495
<b>Intangible assets</b>	<b>421,647</b>	<b>297,531</b>
Goodwill	318,945	197,126
Software	37,674	34,767
Other	65,026	65,638
<b>Investments and other assets</b>	<b>685,701</b>	<b>720,118</b>
Investments in securities	140,149	168,850
Long-term loans receivable	14,270	19,657
Prepaid pension cost	16,486	12,149
Long-term leasehold deposits	442,416	438,028
Advances for store construction	13,298	15,507
Deferred income taxes	22,966	26,134
Other	46,405	46,693
Allowance for doubtful accounts	(10,291)	(6,903)
<b>Deferred assets</b>	<b>182</b>	<b>58</b>
New organization costs	182	58
<b>TOTAL ASSETS</b>	<b>3,727,060</b>	<b>3,673,605</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>1,254,927</b>	<b>1,263,370</b>
Notes and accounts payable, trade	297,783	292,628
Short-term loans	191,100	151,200
Current portion of long-term loans	103,352	79,155
Current portion of bonds	50,592	20,385
Income taxes payable	53,311	42,255
Accrued expenses	78,622	76,692
Deposits received	120,038	173,937
Allowance for sales promotion expenses	16,601	13,134
Allowance for bonuses to employees	15,705	14,377
Allowance for bonuses to directors and corporate auditors	292	269
Allowance for loss on future collection of gift certificates	6,024	4,058
Deposits received in banking business	165,712	185,745
Other	155,791	209,531
<b>Non-current liabilities</b>	<b>611,459</b>	<b>616,293</b>
Bonds	180,448	190,068
Long-term loans	249,685	244,470
Commercial paper	18,688	16,208
Deferred income taxes	44,094	38,343
Allowance for accrued pension and severance costs	3,510	3,493
Allowance for retirement benefits to directors and corporate auditors	3,480	2,490
Deposits received from tenants and franchised stores	60,276	55,827
Other	51,274	65,391
<b>TOTAL LIABILITIES</b>	<b>1,866,387</b>	<b>1,879,664</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	<b>1,862,962</b>	<b>1,789,065</b>
Common stock	50,000	50,000
Capital surplus	576,074	576,072
Retained earnings	1,246,165	1,172,263
Treasury stock, at cost	(9,277)	(9,270)
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>(77,773)</b>	<b>(67,097)</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	247	3,227
Unrealized gains (losses) on hedging derivatives, net of taxes	(622)	(549)
Foreign currency translation adjustments	(77,398)	(69,776)
<b>Subscriptions to shares</b>	<b>391</b>	<b>721</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>75,092</b>	<b>71,251</b>
<b>TOTAL NET ASSETS</b>	<b>1,860,672</b>	<b>1,793,940</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,727,060</b>	<b>3,673,605</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
[ Revenues from operations ]	[ 5,649,948]	[ 5,111,297]
Net sales	5,094,757	4,549,867
Cost of sales	3,789,598	3,355,578
<b>Gross profit on sales</b>	<b>1,305,158</b>	<b>1,194,289</b>
Other operating revenues	555,191	561,429
<b>Gross profit from operations</b>	<b>1,860,350</b>	<b>1,755,719</b>
<b>Selling, general and administrative expenses</b>	<b>1,578,484</b>	<b>1,529,052</b>
Advertising and decoration expenses	106,575	100,388
Salaries and wages	423,866	394,460
Provision for bonuses to employees	15,645	14,331
Pension expenses	11,249	19,181
Legal welfare expenses	50,213	47,954
Land and building rent	254,337	256,712
Depreciation and amortization	131,813	126,408
Utility expenses	105,417	94,801
Store maintenance and repair expenses	73,101	69,316
Other	406,264	405,498
<b>Operating Income</b>	<b>281,865</b>	<b>226,666</b>
<b>Non-operating income</b>	<b>13,102</b>	<b>11,190</b>
Interest income	6,282	5,417
Dividend income	766	771
Equity in earnings of affiliates	-	1,225
Other	6,053	3,774
<b>Non-operating expenses</b>	<b>15,661</b>	<b>10,905</b>
Interest expenses	8,470	6,261
Interest on bonds	1,843	2,243
Equity in losses of affiliates	667	-
Foreign currency exchange losses	955	213
Other	3,725	2,186
<b>Ordinary income</b>	<b>279,306</b>	<b>226,950</b>
<b>Special gains</b>	<b>6,202</b>	<b>2,809</b>
Gain on sales of property and equipment	5,330	1,168
Gain on sales of investment securities	-	574
Compensation income for withdrawal	-	395
Other	872	671
<b>Special losses</b>	<b>70,393</b>	<b>86,656</b>
Loss on disposals of property and equipment	6,185	6,143
Impairment loss	39,372	28,052
Amortization of goodwill	-	39,130
Loss on sales of investments in securities	85	333
Valuation loss on investments in securities	11,354	227
Additional retirement benefits for early retirement	3,076	-
Other	10,318	12,769
<b>Income before income taxes and minority interests</b>	<b>215,115</b>	<b>143,104</b>
<b>Total income taxes</b>	<b>113,857</b>	<b>86,729</b>
Income taxes - current	111,231	95,684
Income taxes - deferred	2,626	(8,955)
Minority interests in net income of consolidated subsidiaries	8,920	11,499
<b>Net income</b>	<b>92,336</b>	<b>44,875</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>Shareholders' equity</b>		
Common stock		
<b>Balance at the end of previous year</b>	<b>50,000</b>	<b>50,000</b>
<b>Increase (decrease) for the year</b>		
<b>Net increase (decrease) for the year</b>	<b>-</b>	<b>-</b>
<b>Balance at the end of current year</b>	<b>50,000</b>	<b>50,000</b>
Capital surplus		
<b>Balance at the end of previous year</b>	<b>731,621</b>	<b>576,074</b>
<b>Increase (decrease) for the year</b>		
Sales of treasury stock	(0)	(2)
Cancellation of treasury stock	(155,546)	-
<b>Net increase (decrease) for the year</b>	<b>(155,547)</b>	<b>(2)</b>
<b>Balance at the end of current year</b>	<b>576,074</b>	<b>576,072</b>
Retained earnings		
<b>Balance at the end of previous year</b>	<b>1,205,042</b>	<b>1,246,165</b>
<b>Increase (decrease) for the year</b>		
Effect of changes in accounting policies applied to foreign subsidiaries	-	(67,126)
Cash dividends	(51,091)	(51,497)
Net income	92,336	44,875
Effect of changes in scope of consolidation	-	(83)
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries	(121)	(70)
<b>Net increase (decrease) for the year</b>	<b>41,123</b>	<b>(73,901)</b>
<b>Balance at the end of current year</b>	<b>1,246,165</b>	<b>1,172,263</b>
Treasury stock, at cost		
<b>Balance at the end of previous year</b>	<b>(6,815)</b>	<b>(9,277)</b>
<b>Increase (decrease) for the year</b>		
Purchase of treasury stock	(158,018)	(18)
Sales of treasury stock	37	29
Cancellation of treasury stock	155,546	-
Other	(26)	(4)
<b>Net increase (decrease) for the year</b>	<b>(2,461)</b>	<b>6</b>
<b>Balance at the end of current year</b>	<b>(9,277)</b>	<b>(9,270)</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>Total shareholders' equity</b>		
<b>Balance at the end of previous year</b>	<b>1,979,848</b>	<b>1,862,962</b>
<b>Increase (decrease) for the year</b>		
Effect of changes in accounting policies applied to foreign subsidiaries	-	(67,126)
Cash dividends	(51,091)	(51,497)
Net income	92,336	44,875
Purchase of treasury stock	(158,018)	(18)
Sales of treasury stock	36	27
Cancellation of treasury stock	-	-
Effect of changes in scope of consolidation	-	(83)
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries	(121)	(70)
Other	(26)	(4)
<b>Net increase (decrease) for the year</b>	<b>(116,885)</b>	<b>(73,897)</b>
<b>Balance at the end of current year</b>	<b>1,862,962</b>	<b>1,789,065</b>
<b>Accumulated gains (losses) from valuation and translation adjustments</b>		
Unrealized gains (losses) on available-for-sale securities, net of taxes		
<b>Balance at the end of previous year</b>	<b>3,885</b>	<b>247</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	(3,637)	2,980
<b>Net increase (decrease) for the year</b>	<b>(3,637)</b>	<b>2,980</b>
<b>Balance at the end of current year</b>	<b>247</b>	<b>3,227</b>
Unrealized gains (losses) on hedging derivatives, net of taxes		
<b>Balance at the end of previous year</b>	<b>(676)</b>	<b>(622)</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	54	73
<b>Net increase (decrease) for the year</b>	<b>54</b>	<b>73</b>
<b>Balance at the end of current year</b>	<b>(622)</b>	<b>(549)</b>
Foreign currency translation adjustments		
<b>Balance at the end of previous year</b>	<b>1,961</b>	<b>(77,398)</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	(79,360)	7,621
<b>Net increase (decrease) for the year</b>	<b>(79,360)</b>	<b>7,621</b>
<b>Balance at the end of current year</b>	<b>(77,398)</b>	<b>(69,776)</b>
<b>Total accumulated gains (losses) from valuation and translation adjustments</b>		
<b>Balance at the end of previous year</b>	<b>5,170</b>	<b>(77,773)</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	(82,943)	10,675
<b>Net increase (decrease) for the year</b>	<b>(82,943)</b>	<b>10,675</b>
<b>Balance at the end of current year</b>	<b>(77,773)</b>	<b>(67,097)</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>Subscriptions to shares</b>		
<b>Balance at the end of previous year</b>	-	<b>391</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	391	330
<b>Net increase (decrease) for the year</b>	<b>391</b>	<b>330</b>
<b>Balance at the end of current year</b>	<b>391</b>	<b>721</b>
<b>Minority interests in consolidated subsidiaries</b>		
<b>Balance at the end of previous year</b>	<b>73,020</b>	<b>75,092</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	2,071	(3,840)
<b>Net increase (decrease) for the year</b>	<b>2,071</b>	<b>(3,840)</b>
<b>Balance at the end of current year</b>	<b>75,092</b>	<b>71,251</b>
<b>TOTAL NET ASSETS</b>		
<b>Balance at the end of previous year</b>	<b>2,058,038</b>	<b>1,860,672</b>
<b>Increase (decrease) for the year</b>		
Effect of changes in accounting policies applied to foreign subsidiaries	-	(67,126)
Cash dividends	(51,091)	(51,497)
Net income	92,336	44,875
Purchase of treasury stock	(158,018)	(18)
Sales of treasury stock	36	27
Cancellation of treasury stock	-	-
Effect of changes in scope of consolidation	-	(83)
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries	(121)	(70)
Other	(26)	(4)
Increase (decrease) of items for the year except those included in shareholders' equity, net	(80,480)	7,165
<b>Net increase (decrease) for the year</b>	<b>(197,366)</b>	<b>(66,732)</b>
<b>Balance at the end of current year</b>	<b>1,860,672</b>	<b>1,793,940</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	215,115	143,104
Depreciation and amortization	140,529	132,232
Impairment loss on property and equipment	39,372	28,052
Amortization of goodwill	-	58,000
Increase (decrease) in allowance for bonuses to employees	(404)	(1,293)
Decrease (increase) in prepaid pension cost	(3,655)	4,336
Interest and dividends income	(7,048)	(6,189)
Interest expenses and interest on bonds	10,313	8,505
Foreign currency exchange losses	1,505	(136)
Equity in losses (earnings) of affiliates	667	(1,225)
Gain on sales of property and equipment	(5,330)	(1,168)
Loss on disposals of property and equipment	6,185	6,143
Loss on sales of investments in securities	85	333
Valuation loss on investments in securities	11,354	227
Decrease (increase) in notes and accounts receivable, trade	9,241	(3,153)
Decrease (increase) in trade accounts receivable - financial services	(2,301)	9,799
Decrease (increase) in inventories	(8,565)	8,450
Increase (decrease) in notes and accounts payable, trade	(14,455)	(5,436)
Increase (decrease) in deposits received	-	16,449
Proceeds from loans in banking business	4,000	(26,300)
Net increase (decrease) in bonds in banking business	(15,000)	30,000
Net increase (decrease) in deposits received in banking business	23,506	20,033
Net decrease (increase) in call loan in banking business	13,500	(6,000)
Net increase (decrease) in call money in banking business	12,300	50,600
Net change in ATM-related temporary accounts	(38,217)	(33,545)
Other	26,335	4,720
Sub-total	419,033	436,540
Interest and dividends received	4,780	4,568
Interest paid	(10,076)	(8,612)
Income taxes paid	(103,730)	(110,294)
<b>Net cash provided by operating activities</b>	<b>310,007</b>	<b>322,202</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(147,431)	(154,574)
Proceeds from sales of property and equipment	27,286	45,450
Acquisition of intangible assets	(12,183)	(12,774)
Payment for purchase of investments in securities	(260,770)	(256,054)
Proceeds from sales of investments in securities	260,488	226,742
Payment of loans receivable	(539)	(6,245)
Collection of loans receivable	1,070	821
Payment for long-term leasehold deposits	(25,622)	(30,916)
Refund of long-term leasehold deposits	33,290	28,106
Proceeds from deposits from tenants	2,813	3,144
Return of deposits from tenant	(3,757)	(5,012)
Payment for time deposits	(29,107)	(28,600)
Payment for negotiable certificates of deposits	(106,000)	(55,000)
Proceeds from withdrawal of time deposits	30,892	29,467
Proceeds from withdrawal of negotiable certificates of deposits	96,000	107,000
Other	(5,997)	(6,714)
<b>Net cash used in investing activities</b>	<b>(139,568)</b>	<b>(115,158)</b>



(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
<b>Cash flows from financing activities:</b>		
Net increase (decrease) increase in short-term loans	38,239	(48,600)
Proceeds from long-term loans	27,600	101,000
Repayment of long-term loans	(116,570)	(94,700)
Proceeds from commercial paper	596,066	283,704
Payment for redemption of commercial paper	(599,704)	(286,429)
Proceeds from issuance of bonds	99,616	-
Payment for redemption of bonds	(1,217)	(50,592)
Dividends paid	(51,046)	(51,476)
Capital contribution from minority interests	371	527
Dividends paid for minority interests	(4,363)	(3,653)
Payment for acquisition of treasury stock	(158,122)	(18)
Other	(623)	(6,469)
<b>Net cash provided by (used in) financing activities</b>	<b>(169,755)</b>	<b>(156,708)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(4,969)</b>	<b>4,061</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,286)</b>	<b>54,397</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>667,770</b>	<b>663,483</b>
<b>Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation</b>	<b>-</b>	<b>(560)</b>
<b>Cash and cash equivalents at end of year</b>	<b>663,483</b>	<b>717,320</b>

## **Doubts on the premise of going concern**

None

## **Accounting Policies for the Preparation of Consolidated Financial Statements**

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 81

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd.,  
Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd.,  
York-Benimaru Co., Ltd., Seven Bank, Ltd. and 7-Eleven, Inc.

Consolidated subsidiaries increased by five.

(Establishment)

Seven & i Restaurant (Beijing) Co., LTD.

Seven Internet Lab Co., Ltd.

Seven Health Care Co., Ltd.

(Acquisition of shares)

New England Pantry, Inc.

New England Pantry of Massachusetts, Inc.

Consolidated subsidiaries decreased by seven.

(Merger)

Millennium Retailing, Inc.

THE SEIBU DEPARTMENT STORES, LTD.

Robinson Department Store Co., Ltd.

MILLENNIUM Casting Inc.

SEJ Finance LLC.

SEJ Service LLC.

FUJIKOSHI CO., LTD.

#### (2) Number of unconsolidated subsidiary: 1

7-Eleven Limited

Reason for non-consolidation: Its total assets, sales, the Company's portion of its net income or loss, retained earnings and the effect on the Company's Consolidated Financial Statements are not considered material.

#### (3) Special Purpose Corporation ("SPC")

A summary of Special Purpose Corporation ("SPC") is described in the Special Purpose Corporation on page 51.

2. Application of equity method

(1) Number of unconsolidated subsidiary to which equity method was applied: none

(2) Number of affiliates to which equity method was applied: 15

Major affiliates: PRIME DELICA CO., LTD  
PIA CORPORATION

Affiliates to which equity method is applied increased by two,  
(Acquisition of shares )  
PIA CORPORATION

( Additional acquisition of shares )  
Seven Farm Tomisato Co.,Ltd.

(3) Name of unconsolidated subsidiary to which equity method was not applied:

7-Eleven Limited

Reason for not applying equity method: The Company's portion of its net income or loss (as calculated by the equity method), retained earnings (as calculated by the equity method) and the effect on the Company's Consolidated Financial Statements are not considered material.

(4) Procedure for applying equity method

(a) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

(b) The advance to an affiliate that has negative net assets is reduced.

3. Accounting period of consolidated subsidiaries

The fiscal year-end of some subsidiaries is December 31. The financial statements of such subsidiaries as of and for the year ended December 31 are used in preparing the Consolidated Financial Statements of the Company. All material transactions during the period from January 1 to February 28 are adjusted for in the consolidation process.

7 dream.com changed its fiscal year end from December 31 to February 28. As a result, income and loss for the period from January 1, 2009 to February 28, 2010 was consolidated.

The closing date of certain subsidiary is March 31. Pro forma financial statements as of February 28 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Summary of significant accounting policies

(1) Valuation method for major assets

(a) Valuation method for securities

(I) Held-to-maturity debt securities are carried at amortized cost.

(II) Available-for-sale securities are classified into two categories, where: (i) the fair value is available and (ii) the fair value is not available.

(i) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(ii) Securities whose fair value is not available are valued at cost, determined using the moving-average method.

(b) Valuation method for derivatives

Derivative financial instruments are valued at fair value.

(c) Valuation method for inventories

(I) Merchandise:

Inventories are stated mainly at cost determined by the retail method with book value written down to the net realizable value in cases where there has been a material decline in value. Cost is determined principally by the average retail method for domestic consolidated subsidiaries and by the LIFO method for foreign consolidated subsidiaries.

(Change in valuation standards of inventories)

Inventories held for sale in the ordinary course of business were previously stated using mainly the lower cost or market method. From the current fiscal year, the Company has applied the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006), and inventories are now stated mainly at cost determined by the retail method with book value written down to the net realizable value.

Due to this change, Valuation loss on beginning inventories included in Special losses was 1,323 million yen.

As a result of this change, the impact of operating income and ordinary income decreased by 320 million yen, income before income taxes and minority interest for the period decreased by 1,644 million yen.

(II) Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method.

(2) Depreciation and amortization

(a) Property and equipment (Excluding Lease assets)

Depreciation of property and equipment is computed generally using the declining-balance method for the Company and its domestic consolidated subsidiaries except for the domestic consolidated subsidiaries in the department store business and using the straight-line method for the domestic consolidated subsidiaries in the department store business and foreign consolidated subsidiaries.

(b) Intangible assets (Excluding Lease assets)

Intangible assets are amortized using the straight-line method for the Company and domestic consolidated subsidiaries. Software for internal use is amortized using the straight-line method over an estimated useful life of 5 years.

(c) Lease assets

For depreciation of leased assets for finance lease transactions other than those involving a transfer of ownership, useful life is based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero.

For finance lease transactions other than those involving a transfer of ownership that began prior to the application of the new accounting standards, these finance leases continue to be accounted for as operating leases.

(3) Accounting for deferred assets

New organization costs are amortized using the straight-line method over 5 years, or charged to income if immaterial.

(4) Allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used on the balance sheet date in accordance with the sales promotion point card program. In the department store business, estimated costs of sales for goods to be purchased by coupon tickets issued through point system are provided for.

(c) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for collection of gift certificates recognized as income after certain periods from their issuance. The amount is calculated using the historical results of collection.

(d) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(e) Allowance for bonuses to directors and corporate auditors

Allowance for bonuses to directors and corporate auditors is provided at the amount estimated to be paid.

(f) Allowance for accrued pension and severance costs (Prepaid pension cost)

Allowance for accrued pension and severance costs is provided at the amount incurred during the current fiscal year, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of plan assets at the end of the fiscal year. The excess amount of the estimated fair value of the plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences at February 28, 2010 is recorded as prepaid pension cost. Also, certain domestic consolidated subsidiaries and consolidated subsidiaries in the United States provide allowance for accrued pension and severance cost.

Unrecognized actuarial differences are amortized on a straight-line basis over the period of mainly 10 years from the next year in which they arise which is shorter than the average remaining years of service of the eligible employees. Unrecognized prior service costs are amortized on a straight-line basis over the period of mainly 5 years.

(g) Allowance for retirement benefits to directors and corporate auditors

Allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy. The Company and certain consolidated subsidiaries abolished the program of retirement benefits to directors and corporate auditors, and certain consolidated subsidiaries decided to pay it at the time of their resignation.

(5) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Foreign currency translation adjustments" and "Minority interests in consolidated subsidiaries".

(6) Hedge accounting

(a) Hedge accounting

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of interest rate swap contracts is deferred until the related gains and losses on the hedged items are recognized. However, certain interest rate swap contracts which meet specific hedging criteria are not measured at market value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred.

(b) Hedge instruments and hedged items

Hedge instruments - Interest swap

Hedged items - Loans payable

(c) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The hedge effectiveness for interest rate swap contracts is assessed quarterly except for those that meet specific hedging criteria.

(7) Other accounting issues

(a) Accounting for franchised stores in convenience store operations

7-Eleven, Inc. includes the assets, liabilities, net assets and results of operations of its franchised stores in its consolidated financial statements. Seven-Eleven Japan Co., Ltd. recognizes franchise fees from its franchised stores as revenues and includes it in "Other operating revenues".

(b) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

5. Valuation of the assets and liabilities of consolidated subsidiaries

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, excluding the portion attributable to minority shareholders, are evaluated using the fair value at the time when the Company acquired control of the respective subsidiaries.

6. Goodwill and negative goodwill

Goodwill and negative goodwill arising from domestic consolidated subsidiaries is mainly amortized over a period of 20 years on a straight-line basis, or charged to income if immaterial. The goodwill recognized in applying the equity method was treated in the same manner.

7. Cash and cash equivalents

Cash and cash equivalents in the accompanying Consolidated Statements of Cash Flows are comprised of cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

## **Changes in Accounting Policies for the Preparation of Consolidated Financial Statements**

(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

On March 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No.18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”(“PITF No.18”). PITF No.18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No.18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries’ financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impact on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

- (a) Goodwill not subject to amortization
- (b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss.
- (c) Capitalized expenditures for research and development activities.
- (d) Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets.
- (e) Retrospective treatment of a change in accounting policies.
- (f) Accounting for net income attributable to minority interests.

As a result of this application, beginning retained earnings decreased by 67,126 million yen, operating income, ordinary income and income before income taxes and minority interest for the period each decreased by 7,268 million yen.

The impact on segment is described on page 36 and 37.

(Accounting standard for lease transactions)

Finance leases, except for those leases under which the ownership of the leased assets was considered to be transferred to the lessee, were accounted for in the same manner as operating leases. However, from the current fiscal year the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised March 30, 2007), and accordingly such transactions are now based on capital lease method. For depreciation of leased assets for finance lease transactions other than those involving a transfer of ownership, useful life is based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero. For finance lease transactions other than those involving a transfer of ownership that began prior to the application of the new accounting standards, these finance leases continue to be accounted for as operating leases.

Impact of this application on the Consolidated Statements of Income was immaterial.

## Changes in method of presentation

(Consolidated Balance Sheet)

From the current fiscal year, the Company has applied the “Cabinet Office Ordinance No.50 for Practical Amendment to the Regulation for Terminology, Forms and Preparation of Financial Statements (August 7, 2008),” and the accounts presented as “Inventories” in the fiscal year ended February 28, 2009 are reclassified into “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” . “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” included in “Inventories” for the fiscal year ended February 28, 2009 were 167,135 million yen, 14 million yen, and 2,384 million yen, respectively.

(Consolidated Statements of Income)

“Gain on sales of investments in securities” and “Compensation income for withdrawal” in special gains which were included in “Other” for the fiscal years ended February 28, 2009, are separately presented for the fiscal year ended February 28, 2010 because the amount exceeds 10 percent of total of special gains.

“Gain on sales in securities” and “Compensation income for withdrawal” for the fiscal year ended February 28, 2009 were 3 million yen and 273million yen, respectively.

(Consolidated Statements of Cash Flows)

“Amortization of goodwill” and “Increase (decrease) in deposits received” which were included in “Other” of Cash flows from operating activities for the fiscal year ended February 28, 2009 are separately presented due to the materiality.

“Amortization of goodwill” and “Increase (decrease) in deposits received ” included in “Other” of Cash flows from operating activities for the fiscal year ended February 28, 2009 were 11,639 million yen and 13,113 million yen, respectively.

“Proceeds from sales of treasury stock” of Cash flows from financing activities is included in “Other” of Cash flows from financing activities because it became immaterial.

The amounts of “Proceeds from sales of treasury stock” included in “Other” for the fiscal year ended February 28, 2010 was 27 million yen.



## Notes to Consolidated Financial Statements

### *Consolidated Balance Sheets;*

#### 1. Accumulated depreciation of Property and equipment

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Accumulated depreciation	1,155,608	1,203,470

#### 2. Assets pledged as collateral

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Buildings and structures	38,592	49,904
Furniture, fixtures and equipment	625	-
Land	66,901	100,573
Other intangible assets	10,151	10,151
Investments in securities	59,020	87,034
Long-term leasehold deposits	4,451	4,298
<b>Total</b>	<b>179,743</b>	<b>251,962</b>
Debts for which above assets are pledged as collateral		
Call money	7,300	-
Short-term loans	3,000	3,400
Long-term loans (including current portion of long-term loans)	138,877	184,807
Long-term accounts payable, other	1,105	994
Deposits received from tenants and franchised stores	171	154

#### *Assets pledged as collateral for the loans of affiliates and vendors*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Buildings	945	890
Land	2,032	2,032
Loans of affiliates and vendors for which above assets are pledged as collateral	3,985	3,802

#### *Assets pledged as collateral for exchange settlement transaction*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Investments in securities	27,572	27,627

*Assets pledged as collateral under building lots and building transaction business law*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Investments in securities	34	19
Long-term leasehold deposits	25	50

*Assets pledged as collateral under installment sales law*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Long-term leasehold deposits	1,670	1,586

*Additional assets pledged as collateral*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Investments in securities	580	586
Long-term leasehold deposits	329	383

3. Guarantees

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Loans of Goshogawara Machi Dukuri K.K.	261	187
Employees' housing Loans	724	570
Total	985	757

	As of February 28, 2009	As of February 28, 2010
Electronic money guaranteed by IY Card Service Co., Ltd.	-	3,647

4. Loan commitment

(As of February 28, 2009)

IY Card Service Co., Ltd. conducts cashing business which is associated with its credit card business. Unused credit balance related to loan commitment in cashing business is as follows.

(Millions of yen)

Credit availability of loan commitment	490,862
Outstanding balance	19,538
Unused credit balance	471,323

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. IY Card Service Co., Ltd. will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

(As of February 28, 2010)

IY Card Service Co., Ltd. conducts cashing business which is associated with its credit card business. Unused credit balance related to loan commitment in cashing business is as follows.

(Millions of yen)

Credit availability of loan commitment	480,933
Outstanding balance	18,832
Unused credit balance	462,100

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. IY Card Service Co., Ltd. will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

## 5. Others

(As of February 28, 2009)

### (1) Securitization of store properties

A summary of Special Purpose Corporation (“SPC”) is described in the Special Purpose Corporation on page 51.

### (2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the consolidated subsidiaries, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

(As of February 28, 2010)

### (1) Securitization of store properties

None

### (2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the consolidated subsidiaries, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

*Consolidated Statements of Income;*

1. Inventories valuation loss included in "Cost of sales" is as follows:

(Millions of yen)

	For the year ended February 28, 2009	For the year ended February 28, 2010
Inventories valuation loss	5,367	-

2. The franchised commission from Seven-Eleven Japan Co., Ltd.'s franchised stores is included in "Other operating revenues".

The franchised commission from franchised stores and net sales of franchised stores are as follows:

(Millions of yen)

	For the year ended February 28, 2009	For the year ended February 28, 2010
Franchised commission from franchised stores	394,863	402,107
Net sales of franchised stores	2,621,567	2,657,774

3. Major items included in "Gain on sales of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2009	For the year ended February 28, 2010
Buildings and structures	1,613	268
Land	3,540	880
Others	176	20
Total	5,330	1,168

4. Major items included in "Loss on disposals of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2009	For the year ended February 28, 2010
Buildings and structures	3,568	3,194
Furniture, fixtures and equipment	811	736
Others	1,805	2,212
Total	6,185	6,143

5. Valuation loss on subsidiaries' stock were recorded in Non-Consolidated statement of Income of the fiscal year ended February 28, 2010 due to devaluation of Sogo & Seibu's shares, which is consolidated subsidiary. Amortization of goodwill was 39,130 million yen related to this matter.

## 6. Impairment loss

For the fiscal year ended February 28, 2009, the Company and its consolidated subsidiaries recognized 39,372 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Tokyo	53 Stores	37,353
		Osaka	38 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Tokyo	5 Stores	
		Kanagawa Pref.	4 Stores	
		Others	20 Stores	
Stores (Department stores)	Land and buildings etc.	Tokyo	1 Store	
		Osaka & others	1 Store	
Stores (Food services)	Land and buildings etc.	Tokyo & others	214 Stores	
Other facility etc.	Land and buildings etc.	Osaka U. S. & others		
Total				39,372

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount was recorded as impairment loss in special losses.

Breakdown of impairment loss are as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Building and structures	18,809	154	18,963
Land	15,878	133	16,012
Software	26	476	503
Other	2,638	1,254	3,892
Total	37,353	2,019	39,372

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 2.9% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2010, the Company and its consolidated subsidiaries recognized 28,052 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Tokyo	76 Stores	26,173
		Osaka	39 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Saitama Pref.	6 Stores	
		Tokyo	4 Stores	
		Others	19 Stores	
Stores (Department stores)	Land and buildings etc.	Tokyo	3 Stores	
		Oita Pref.	1 Store	
Stores (Food services)	Land and buildings etc.	Tokyo & others	149 Stores	
Other facility etc.	Land and buildings etc.	Fukushima Pref. U. S. & others		
Total				28,052

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount was recorded as impairment loss in special losses.

Breakdown of impairment loss are as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Building and structures	19,039	176	19,216
Land	4,494	453	4,947
Software	-	1,203	1,203
Other	2,639	45	2,684
Total	26,173	1,879	28,052

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 2.1% - 6.0% discount rates were applied.

Consolidated Statement of changes in net assets (from March 1, 2008 to February 28, 2009);

1. Type and number of shares of outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of February 29, 2008	Number of shares increased	Number of shares decreased (Note)	As of February 28, 2009
Ordinary Share	956,441	-	50,000	906,441

Note: 50,000 thousand shares have decreased due to the cancellation of treasury stock.

(2) Treasury stock

(Thousands of shares)

	As of February 29, 2008	Number of shares increased (Note1 )	Number of shares decreased (Note2 )	As of February 28, 2009
Ordinary Share	2,954	50,039	50,011	2,982

Notes: (1) 50,000 thousand shares out of 50,039 thousand shares have increased by the acquisition of treasury stock based on the approval of the Company's Board of Directors.

(2) 50,000 thousand shares out of 50,011 thousand shares have decreased by the cancellation of treasury stock.

2. Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

Entity		The Company	Consolidated subsidiaries	Total
Description of subscriptions		Subscriptions to shares as stock-linked compensation stock option	Subscriptions to shares as stock-linked compensation stock option	
Type of shares to be issued upon exercise of the rights		-	-	-
Number of shares to be issued upon the exercise of the rights (shares)	Number of shares at the end of February 29, 2008	-	-	-
	Number of shares increased	-	-	-
	Number of shares decreased	-	-	-
	Number of shares at the end of February 28, 2009	-	-	-
Balance at the end of February 28, 2009 (millions of yen)		342	48	391

### 3. Matters related to dividends

#### (1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 22, 2008 Ordinary general meeting of shareholders	Ordinary Share	26,778 million yen	28.00 yen	Feb. 29, 2008	May 23, 2008
October 9, 2008 Board of directors' meeting	Ordinary Share	24,394 million yen	27.00 yen	Aug. 31, 2008	Nov. 14, 2008

(2) Dividends whose record date is within the fiscal year ended February 28, 2009, but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 28, 2009 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	26,200 million yen	29.00 yen	Feb. 28, 2009	May 29, 2009

#### Consolidated Statement of changes in net assets (from March 1, 2009 to February 28, 2010);

##### 1. Type and number of shares of outstanding and treasury stock

###### (1) Outstanding stock

(Thousands of shares)

	As of February 28, 2009	Number of shares increased	Number of shares decreased (Note)	As of February 28, 2010
Ordinary Share	906,441	-	-	906,441

###### (2) Treasury stock

(Thousands of shares)

	As of February 28, 2009	Number of shares increased (Note1)	Number of shares decreased (Note2)	As of February 28, 2010
Ordinary Share	2,982	10	9	2,983

Notes: (1) 8 thousand shares out of 10 thousand shares have increased due to the acquisition of odd-lot shares.

(2) 7 thousand shares out of 9 thousand shares have decreased due to exercising stock option.



## 2. Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

Entity		The Company	Consolidated subsidiaries	Total
Description of subscriptions		Subscriptions to shares as stock-linked compensation stock option	Subscriptions to shares as stock-linked compensation stock option	
Type of shares to be issued upon exercise of the rights		-	-	-
Number of shares to be issued upon the exercise of the rights (shares)	Number of shares at the end of February 28, 2009	-	-	-
	Number of shares increased	-	-	-
	Number of shares decreased	-	-	-
	Number of shares at the end of February 28, 2010	-	-	-
Balance at the end of February 28, 2010 (millions of yen)		633	88	721

## 3. Matters related to dividends

### (1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 28, 2009 Ordinary general meeting of shareholders	Ordinary Share	26,200 million yen	29.00 yen	Feb. 28, 2009	May 29, 2009
October 1, 2009 Board of directors' meeting	Ordinary Share	25,297 million yen	28.00 yen	Aug. 31, 2009	Nov. 13, 2009

### (2) Dividends whose record date is within the fiscal year ended February 28, 2010, but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 27, 2010 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	25,297 million yen	28.00 yen	Feb. 28, 2010	May 28, 2010

*Consolidated Statements of Cash Flows*

(For the fiscal year ended February 28, 2009)

1. Reconciliation of cash and cash equivalents of consolidated statements of cash flows and account balances of consolidated balance sheets

(Millions of yen)

	As of February 28, 2009
Cash and bank deposits	650,949
Negotiable certificates of deposits included in marketable securities	94,600
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(82,065)
Cash and cash equivalents	663,483

2. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2009
Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year	2,071

(For the fiscal year ended February 28, 2010)

1. Reconciliation of cash and cash equivalents of consolidated statements of cash flows and account balances of consolidated balance sheets

(Millions of yen)

	As of February 28, 2010
Cash and bank deposits	691,633
Negotiable certificates of deposits included in marketable securities	55,000
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(29,312)
Cash and cash equivalents	717,320

2. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2010
Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year	8,410

# SEGMENT INFORMATION

## 1. Business Segments

Fiscal Year ended February 28, 2009 (From March 1, 2008 to February 28, 2009)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
<b>Revenues</b>									
1. Customers	2,306,711	2,121,860	993,816	101,529	98,608	27,423	5,649,948	-	5,649,948
2. Intersegment	1,979	3,169	60	1,181	26,257	7,656	40,305	(40,305)	-
<b>Total revenues</b>	<b>2,308,690</b>	<b>2,125,029</b>	<b>993,877</b>	<b>102,711</b>	<b>124,866</b>	<b>35,079</b>	<b>5,690,254</b>	<b>(40,305)</b>	<b>5,649,948</b>
<b>Operating expenses</b>	<b>2,095,323</b>	<b>2,100,286</b>	<b>975,542</b>	<b>105,659</b>	<b>99,381</b>	<b>33,010</b>	<b>5,409,203</b>	<b>(41,120)</b>	<b>5,368,082</b>
<b>Operating income (losses)</b>	<b>213,367</b>	<b>24,742</b>	<b>18,335</b>	<b>(2,948)</b>	<b>25,485</b>	<b>2,069</b>	<b>281,051</b>	<b>814</b>	<b>281,865</b>
<b>Assets, depreciation, impairment loss and capital expenditures</b>									
Assets	1,267,179	1,160,128	704,695	58,206	1,055,492	21,543	4,267,245	(540,184)	3,727,060
Depreciation	67,299	26,115	20,004	2,210	24,532	346	140,508	20	140,529
Impairment loss	7,851	15,665	10,848	3,993	1,014	-	39,372	-	39,372
Capital expenditures	85,464	40,460	11,754	1,046	23,801	843	163,371	9	163,381

### Notes:

- The classification of business segments is made by the type of products and services and the type of sales.
- Major businesses in each segment are as follows:
  - Convenience store operations ----- Convenience store business operated by corporate stores and franchised stores under the name of "7-Eleven".
  - Superstore operations ----- Superstore, supermarket, specialty shop and others
  - Department store operations ----- Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES., LTD. and other companies included in the department stores business.
  - Food services ----- Restaurant operations, meal provision service business (company cafeteria, hospital, school) and fast food operations
  - Financial services ----- Bank, credit card and lease business
  - Others ----- IT business and other services
- Unallocable operating expenses included in "Eliminations / Corporate" represent the Company's general and administrative expenses, and totaled 7,061 million yen for the fiscal year ended February 28, 2009.
- Corporate assets included in "Eliminations / Corporate" mainly represent Company's cash and bank deposits, and totaled 29,202 million yen for the fiscal year ended February 28, 2009.

**Fiscal Year ended February 28, 2010 (From March 1, 2009 to February 28, 2010)**

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
<b>Revenues and operating income</b>									
<b>Revenues</b>									
1. Customers	1,967,934	2,012,349	922,466	85,380	97,493	25,673	5,111,297	-	5,111,297
2. Intersegment	621	4,208	380	1,040	12,951	7,995	27,198	(27,198)	-
<b>Total revenues</b>	<b>1,968,555</b>	<b>2,016,558</b>	<b>922,847</b>	<b>86,420</b>	<b>110,444</b>	<b>33,669</b>	<b>5,138,495</b>	<b>(27,198)</b>	<b>5,111,297</b>
<b>Operating expenses</b>	<b>1,784,718</b>	<b>2,002,380</b>	<b>921,481</b>	<b>89,161</b>	<b>80,291</b>	<b>33,102</b>	<b>4,911,134</b>	<b>(26,503)</b>	<b>4,884,631</b>
<b>Operating income (losses)</b>	<b>183,837</b>	<b>14,178</b>	<b>1,366</b>	<b>(2,741)</b>	<b>30,152</b>	<b>567</b>	<b>227,360</b>	<b>(694)</b>	<b>226,666</b>
<b>Assets, depreciation, impairment loss and capital expenditures</b>									
Assets	1,104,209	1,096,598	612,326	24,636	1,175,963	16,770	4,030,505	(356,900)	3,673,605
Depreciation	66,158	24,335	17,417	1,270	22,246	588	132,017	214	132,232
Impairment loss	8,816	11,382	4,589	2,819	445	-	28,052	-	28,052
Capital expenditures	85,510	55,539	17,785	698	12,712	3,640	175,887	1,139	177,027

**Notes:**

- The classification of business segments is made by the type of products and services and the type of sales.
- Major businesses in each segment are as follows:
  - Convenience store operations ----- Convenience store business operated by corporate stores and franchised stores under the name of "7-Eleven".
  - Superstore operations ----- Superstore, supermarket, specialty shop and others
  - Department store operations ----- Sogo & Seibu Co., Ltd. and other companies included in the department stores business
  - Food services ----- Restaurant operations, meal provision service business (company cafeteria, hospital, school) and fast food operations
  - Financial services ----- Bank, credit card and lease business
  - Others ----- IT business and other services
- Unallocable operating expenses included in "Eliminations / Corporate" represent the Company's general and administrative expenses, and totaled 7,459 million yen for the fiscal year ended February 28, 2010.
- Corporate assets included in "Eliminations / Corporate" mainly represent deposits held by subsidiaries and affiliates and totaled 374,450 million yen for the fiscal year ended February 28, 2010.
- Change in accounting policies  
(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)  
As described in changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No.18 of May 17, 2006).  
As a result of this change, the impact on operating income decreased by 7,268 million yen for Convenience store operations, compared to the results that have been obtained under the former method.
- Change in scope of Corporate assets  
Deposits held by subsidiaries and affiliates, which were included in each business segment in the past, were included in Corporate assets from the fiscal year ended February 28, 2010 due to reviewing the policy of capital management.  
Each segment assets for fiscal year ended February 28, 2009 is as follows if it was accounted for in the same method as the year ended February 28, 2010.

**Fiscal Year ended February 28, 2009 (From March 1, 2008 to February 28, 2009)**

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Assets	1,135,272	1,182,199	704,695	32,551	1,055,492	13,243	4,123,454	(396,394)	3,727,060

## 2. Geographic area segments

### Fiscal Year ended February 28, 2009 (From March 1, 2008 to February 28, 2009) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
<b>Revenues</b>						
1. Customers	3,806,371	1,763,175	80,401	5,649,948	-	5,649,948
2. Intersegment	346	2,993	-	3,339	(3,339)	-
<b>Total revenues</b>	<b>3,806,717</b>	<b>1,766,169</b>	<b>80,401</b>	<b>5,653,288</b>	<b>(3,339)</b>	<b>5,649,948</b>
<b>Operating expenses</b>	<b>3,561,469</b>	<b>1,731,728</b>	<b>78,072</b>	<b>5,371,270</b>	<b>(3,187)</b>	<b>5,368,082</b>
<b>Operating income</b>	<b>245,248</b>	<b>34,441</b>	<b>2,328</b>	<b>282,017</b>	<b>(151)</b>	<b>281,865</b>
<b>Assets</b>	<b>3,220,265</b>	<b>487,289</b>	<b>29,326</b>	<b>3,736,880</b>	<b>(9,820)</b>	<b>3,727,060</b>

Notes:

1. The classification of geographic area segments is made according to the geographical distances.
2. "Others" consists of the business results in People's Republic of China ("P.R.C.") .

### Fiscal Year ended February 28, 2010 (From March 1, 2009 to February 28, 2010) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
<b>Revenues</b>						
1. Customers	3,602,579	1,428,156	80,561	5,111,297	-	5,111,297
2. Intersegment	402	2,886	-	3,289	(3,289)	-
<b>Total revenues</b>	<b>3,602,982</b>	<b>1,431,042</b>	<b>80,561</b>	<b>5,114,586</b>	<b>(3,289)</b>	<b>5,111,297</b>
<b>Operating expenses</b>	<b>3,405,363</b>	<b>1,404,049</b>	<b>78,540</b>	<b>4,887,953</b>	<b>(3,322)</b>	<b>4,884,631</b>
<b>Operating income</b>	<b>197,618</b>	<b>26,992</b>	<b>2,021</b>	<b>226,633</b>	<b>32</b>	<b>226,666</b>
<b>Assets</b>	<b>3,207,405</b>	<b>431,747</b>	<b>35,065</b>	<b>3,674,217</b>	<b>(612)</b>	<b>3,673,605</b>

Notes:

1. The classification of geographic area segments is made according to the geographical distances.
2. "Others" consists of the business results in P.R.C.
3. Change in accounting policies

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

As described in changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No.18 of May 17, 2006).

As a result of this change, the impact on operating income decreased by 7,268 million yen for North America, compared to the results that have been obtained under the former method.

### 3. Overseas sales

**Fiscal Year ended February 28, 2009 (From March 1, 2008 to February 28, 2009)** (Millions of yen)

	North America	Others	Total
Overseas sales	1,763,175	80,401	1,843,576
Consolidated sales	-	-	5,649,948
Percentage of overseas sales to consolidated sales (%)	31.2	1.4	32.6

**Fiscal Year ended February 28, 2010 (From March 1, 2009 to February 28, 2010)** (Millions of yen)

	North America	Others	Total
Overseas sales	1,428,156	80,561	1,508,717
Consolidated sales	-	-	5,111,297
Percentage of overseas sales to consolidated sales (%)	27.9	1.6	29.5

Notes:

1. The classification of overseas sales area segments is made according to the geographical distances.
2. "Others" consists of sales in P.R.C.
3. "Overseas sales" represents net sales and other operating revenues of consolidated subsidiaries in countries and areas outside of Japan.

## Leases

1. Information for finance lease transactions other than those involving a transfer of ownership that began prior to the application of the new accounting standards, these finance leases continue to be accounted for as operating leases.

(1) As lessee

(a) Assumed amounts of acquisition cost, accumulated depreciation, impairment loss and net book value, including the interest portion, are summarized as follows:

*Furniture, fixtures and equipment* (Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Acquisition cost	98,587	94,147
Accumulated depreciation	39,056	52,802
Accumulated impairment loss	329	293
Net book value	59,201	41,051

*Software* (Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Acquisition cost	981	659
Accumulated depreciation	319	295
Net book value	661	363

(b) The future lease payments of finance leases, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Due within one year	18,675	16,940
Due over one year	41,518	24,768
Total	60,193	41,708
Balance of impairment loss account on leased assets included in the outstanding future lease payments	329	293

(c) Lease payments, reversal of allowance for impairment loss on lease assets, assumed amounts of depreciation expense and impairment loss are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Lease payments	17,854	18,470
Reversal of allowance for impairment loss on leased assets	123	197
Depreciation expense	17,978	18,667
Impairment loss	210	161

(d) Assumed amounts of depreciation expense are computed using the straight-line method over the lease term assuming no residual value.

(2) As lessor

(a) Acquisition cost, accumulated depreciation and net book value are summarized as follows:

*Furniture, fixtures and equipment*

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Acquisition cost	27,008	21,522
Accumulated depreciation	14,089	13,322
Net book value	12,918	8,199

(b) The future lease income of finance leases are summarized as follows:

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Due within one year	4,497	3,525
Due over one year	8,825	5,044
Total	13,323	8,570

(c) Lease income, depreciation expense and assumed amounts of interest income are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Lease income	4,938	4,213
Depreciation expense	4,546	3,867
Interest income	451	358

(d) Allocation of interest income to each period is computed using the interest method.

## 2. Operating leases

As lessee

The amounts of outstanding future lease payments under lease agreement other than finance leases, which are non-cancelable, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Due within one year	59,651	61,273
Due over one year	379,812	380,180
Total	439,464	441,454



## **Related Parties Transactions**

*(From March 1, 2008 to February 28, 2009)*

None

*(From March 1, 2009 to February 28, 2010)*

(Additional Information)

From the current fiscal year, ASBJ statements No.11 “Accounting Standard for Related Party Disclosures” and its implementation guidance-ASBJ guidance No.13 “Guidance on Accounting Standard for Related Party Disclosures” were applied.

Pursuant to the new accounting standard, there was no change of scope for related party disclosures.

(1) Transactions between consolidated subsidiaries of the Company and related parties

(a) A director of the Company and primary institutional shareholders

Attribution	Name	Address	Capital and investments	Business or title	Voting interest (held)
Close relative of the director	Yasuhiro Suzuki	-	-	-	Directly 0.0%

(Millions of yen)

Business relationship	Detail of transaction	Transaction amount	Account	Year-end Balance
-	Purchase of subsidiary's shares	199	-	-

Notes: (1) The transaction is recorded at amounts exclusive of the consumption taxes.

(2) The purchase price was decided based on third party's valuation.

(3) Mr. Yasuhiro Suzuki is a son of Toshifumi Suzuki who is Chairman and Representative Director of the Company.

## Deferred Income Taxes

1. The tax effects of temporary differences that give rise to the significant components of deferred tax assets and liabilities are as follows

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Deferred tax assets:		
Inventory reserve	2,170	-
Allowance for bonuses to employees	6,383	5,818
Allowance for sales promotion expenses	4,298	5,090
Accrued payroll	3,031	3,752
Allowance for retirement benefits to directors and corporate auditors	1,665	1,182
Allowance for accrued pension and severance costs	372	435
Allowance for loss on future collection of gift certificates	2,626	2,709
Depreciation and amortization	12,188	13,419
Tax loss carried forward	41,802	44,672
Valuation loss on available-for-sale securities	4,387	3,870
Allowance for doubtful accounts	4,225	3,703
Unrealized loss on property and equipment	12,654	13,533
Valuation loss on land and impairment loss on property and equipment	42,931	45,140
Accrued enterprise taxes and business office taxes	5,373	4,575
Accrued expenses	10,125	8,439
Other	12,719	11,489
Sub-total	166,957	167,833
Less: valuation allowance	(99,475)	(99,064)
Total	67,481	68,769
Deferred tax liabilities:		
Unrealized gains on property and equipment	(37,287)	(31,534)
Unrealized gains on royalties	(12,290)	(12,320)
Deferred gains on sales of property and equipment	(1,144)	(1,115)
Unrealized gains on available-for-sale securities	(878)	(748)
Prepaid pension cost	(6,577)	(5,024)
Other	(1,775)	(1,937)
Total	(59,953)	(52,681)
Net deferred tax assets	7,528	16,087

Net deferred tax assets are included in the following items of Consolidated Balance Sheets.

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Current assets - Deferred income taxes	28,656	28,360
Non-current assets		
- Deferred income taxes	22,966	26,134
Current liabilities		
- Deferred income taxes	-	(64)
Non-current liabilities		
- Deferred income taxes	(44,094)	(38,343)

2. Reconciliation between the statutory tax rate and the effective tax rate

(%)

	As of February 28, 2009	As of February 28, 2010
Statutory tax rate	40.7	40.7
Adjustments:		
Equity in earnings of affiliates	0.1	(0.3)
Non-deductible items such as entertainment expenses	0.2	0.3
(Decrease) increase in valuation allowance	7.9	(0.3)
Inhabitants taxes per capital	0.7	1.2
Amortization of goodwill	2.3	16.5
Elimination of gain or sales of subsidiaries' stock for consolidation	-	2.8
Other	1.0	(0.3)
Effective tax rate	52.9	60.6

## Securities Information

(As of February 28, 2009)

### 1. Held-to-maturity debt securities (fair value is available)

(Millions of yen)

	As of February 28, 2009		
	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	614	617	3
Debt securities with fair value not exceeding book value	-	-	-
Total	614	617	3

### 2. Available-for-sale securities (fair value is available)

(Millions of yen)

	Description	As of February 28, 2009		
		Acquisition cost	Book value	Net unrealized gains ( losses )
Securities with book value exceeding acquisition cost	Equity securities	9,910	11,725	1,814
	Debt securities	80,542	80,621	79
	Sub-total	90,452	92,346	1,893
Securities with book value not exceeding acquisition cost	Equity securities	8,885	7,369	(1,515)
	Debt securities	10,993	10,993	(0)
	Sub-total	19,878	18,362	(1,515)
Total		110,331	110,709	377

### 3. Available-for-sale securities sold during the fiscal year ended February 28, 2009

(Millions of yen)

	As of February 28, 2009
Sales amounts	39
Gain on sales of available-for-sale securities	18
Loss on sales of available-for-sale securities	(6)

4. Major securities which are not subject to revaluation

(Millions of yen)

	As of February 28, 2009	
	Book value	
Held-to-maturity debt		
-Bonds		202
Available-for-sale securities		
-Unlisted securities		18,809
-Unlisted foreign securities		3,021
-Debt securities		24
- Negotiable certificates of deposits		94,600
Total		116,455

5. Redemption schedule of available-for-sale securities with fixed maturities and held-to-maturity debt securities

(Millions of yen)

	As of February 28, 2009			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Government and municipal bonds	86,542	5,687	-	-
Corporate bonds	202	-	-	-
Debt securities	24	-	-	-
Negotiable certificates of deposits	94,600	-	-	-
Total	181,370	5,687	-	-

(As of February 28, 2010)

1. Held-to-maturity debt securities (fair value is available)

(Millions of yen)

	As of February 28, 2010		
	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	605	611	5
Debt securities with fair value not exceeding book value	-	-	-
Total	605	611	5

2. Available-for-sale securities (fair value is available)

(Millions of yen)

	Description	As of February 28, 2010		
		Acquisition cost	Book value	Net unrealized gains ( losses )
Securities with book value exceeding acquisition cost	Equity securities	14,611	19,126	4,514
	Debt securities	62,654	62,669	14
	Sub total	77,266	81,795	4,529
Securities with book value not exceeding acquisition cost	Equity securities	5,975	4,936	(1,038)
	Debt securities	52,017	52,008	(9)
	Sub total	57,992	56,945	(1,047)
Total		135,258	138,740	3,482

3. Available-for-sale securities sold during the fiscal year ended February 28, 2010

(Millions of yen)

	As of February 28, 2010
Sales amounts	1,884
Gain on sales of available-for-sale securities	574
Loss on sales of available-for-sale securities	(333)

4. Major securities which are not subject to revaluation

(Millions of yen)

	As of February 28, 2010	
	Book value	
Held-to-maturity debt		
-Bonds	-	
Available-for-sale securities		
-Unlisted securities	18,110	
-Unlisted foreign securities	3,021	
-Debt securities	25	
- Negotiable certificates of deposits	55,000	
Total	76,156	

5. Redemption schedule of available-for-sale securities with fixed maturities and held-to-maturity debt securities

(Millions of yen)

	As of February 28, 2010			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Government and municipal bonds	114,677	605	-	-
Corporate bonds	-	-	-	-
Debt securities	25	-	-	-
Negotiable certificates of deposits	55,000	-	-	-
Total	169,702	605	-	-

## Derivative Transactions

Notional amounts, fair value and unrealized gain (loss) of derivative instruments

### 1. Currency-related transactions

(Millions of yen)

	As of February 28, 2009				As of February 28, 2010			
	Contract amount		Estimated amounts	Unrealized gains (losses)	Contract amount		Estimated amounts	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Forward exchange contracts:								
Buy								
U.S. Dollar	5,377	-	5,677	299	4,546	-	4,466	(79)
Buy Euro	88	-	85	(3)	119	-	109	(10)
Foreign currency swap:								
Buy								
U.S. Dollar	12,684	866	1,907	1,907	866	-	(1)	(1)
<b>Total</b>	<b>18,150</b>	<b>866</b>	<b>7,669</b>	<b>2,203</b>	<b>5,532</b>	<b>-</b>	<b>4,575</b>	<b>(91)</b>

Note: Fair values of forward exchange contracts and foreign currency swap are based on values prepared by financial institutions.

### 2. Interest-related transactions

(Millions of yen)

	As of February 28, 2009				As of February 28, 2010			
	Contract amount		Estimated amounts	Unrealized gains (losses)	Contract amount		Estimated amounts	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Interest rate swap:								
Receive fix /Pay float	10,000	10,000	(2)	(2)	10,000	-	13	13
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>(2)</b>	<b>(2)</b>	<b>10,000</b>	<b>-</b>	<b>13</b>	<b>13</b>

Notes: (1) Fair value of interest rate swap is based on values prepared by financial institutions.

(2) Derivative transaction to which hedge accounting has been applied are excluded from this disclosure.



## Accounting for Retirement Benefits

### 1. Summary of the retirement benefit plans

The Company and its domestic consolidated subsidiaries have a corporate pension fund plan, which are the defined benefit pension plan and certain domestic subsidiaries have the defined contribution pension plan and the lump-sum severance payment plan. A premium on employees' retirement benefit may be added upon retirement of employee.

Consolidated subsidiaries in the United States have a defined contribution pension plan in addition to a defined benefit plan.

### 2. Projected retirement benefit obligations

(Millions of yen)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Projected benefit obligations (Note)	(189,047)	(192,775)
Fair value of plan assets (including employee retirement benefit trust)	135,931	157,764
Funded status	(53,116)	(35,010)
Unrecognized actuarial differences	66,775	43,611
Unrecognized prior service costs	(684)	54
Prepaid pension cost, net of allowance for accrued pension and severance costs	12,975	8,655
Prepaid pension cost	16,486	12,149
Allowance for accrued pension and severance costs	(3,510)	(3,493)

Note:

Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.	For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.

3. Net periodic benefit cost

(Millions of yen)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Service cost (Notes 1)	11,286	11,722
Interest cost	4,507	3,880
Expected return on plan assets	(6,213)	(4,032)
Amortization of actuarial differences	1,270	7,148
Amortization of prior service costs	(750)	(693)
Premium on employees' retirement benefit	3,131	600
Net periodic benefit cost	13,232	18,626

Notes:

Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
1. Net periodic benefit cost of subsidiaries using the simplified method is included.	1. Net periodic benefit cost of subsidiaries using the simplified method is included.
2. Besides the above net periodic benefit cost, benefit cost related to the defined contribution plan employed by consolidated subsidiaries in the United States, amounting to 1,117 million yen, is included.	2. Besides the above net periodic benefit cost, benefit cost related to the defined contribution plan employed by consolidated subsidiaries in the United States, amounting to 1,011 million yen, is included.

4. Assumptions used in accounting for retirement benefit obligations

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Allocation method of estimated total retirement benefits	Point basis	Point basis
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	A consolidated subsidiary in the United States 6.5%	A consolidated subsidiary in the United States 5.9%
Periods over which the prior service costs are amortized	Mainly 3.5%	Mainly 3.0%
Periods over which the actuarial differences are amortized	5 years or 10 years	5 years or 10 years
	Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise which is shorter than the average remaining years of service of eligible employees. Consolidated subsidiaries in the United States adopt the corridor approach for the amortization of actuarial differences.	Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise which is shorter than the average remaining years of service of eligible employees. Consolidated subsidiaries in the United States adopt the corridor approach for the amortization of actuarial differences.

## **Stock Option**

Disclosure of information regarding stock option is omitted as considered immaterial.

## **Business Combination**

None

## **Special Purpose Corporation**

(From March 1, 2008 to February 28, 2009)

### 1. Summaries of Special Purpose Corporation (“SPC”) and transactions with the SPC

The SEIBU DEPARTMENT STORES, LTD. (“SEIBU”), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to Asset Ikesei Corp., a SPC. Concurrently, SEIBU has entered into silent partnership arrangement with the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust. Under these arrangements, the above noted investment is subordinated to all liabilities to other members of the silent partnership and third parties other than members of the silent partnership.

Total assets and liabilities of Asset Ikesei Corp. as of July 31, 2008 (the latest Year-end) were 125,502 million yen and 125,482 million yen, respectively.

In addition, the SEIBU neither owned voting rights relating to the investment nor dispatched any officer or employee.

### 2. A summary of transaction amounts with the SPC, etc., for the year ended February 28, 2009 is as follows:

(Millions of yen)

	Amount and balance of major transactions for the year ended February 28, 2009	Major items related to income or expenses	
		Description	Amount
Accounts receivable	4,375	Distribution of profit from the silent partnership	5,366
Amount of investment	5,850		
Rental transaction	-	Rental expenses for Ikebukuro flagship store (Note)	10,800

Note: SEIBU has entered into rental agreement with the trustee. Rental expenses means the amount which was paid to the trustee based on the rental agreement.

(From March 1, 2009 to February 28, 2010)

1. Summaries of Special Purpose Corporation (“SPC”) and transactions with the SPC

Sogo & Seibu Co.,Ltd, (“Sogo & Seibu”) a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to Asset Ikesei Corp., a SPC. Concurrently, Sogo & Seibu has entered into silent partnership arrangement with the SPC with a certain investment. Also, Sogo & Seibu leased back such store properties from the SPC who has the beneficiary right of the trust. Under these arrangements, the above noted investment is subordinated to all liabilities to other members of the silent partnership and third parties other than members of the silent partnership.

Total assets and liabilities of Asset Ikesei Corp. as of July 31, 2009 (the latest Year-end) were 128,217 million yen and 128,196 million yen, respectively.

In addition, Sogo & Seibu the neither owned voting rights relating to the investment nor dispatched any officer or employee.

2. A summary of transaction amounts with the SPC, etc., for the year ended February 28, 2010 is as follows:

(Millions of yen)

	Amount and balance of major transactions for the year ended February 28, 2010	Major items related to income or expenses	
		Description	Amount
Accounts receivable	3,057	Distribution of profit from the silent partnership	5,588
Amount of investment	5,850		
Rental transaction	-	Rental expenses for Ikebukuro flagship store (Note)	10,800

Note: Sogo & Seibu has entered into rental agreement with the trustee. Rental expenses means the amount which was paid to the trustee based on the rental agreement.

## PER SHARE INFORMATION

(yen)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Net assets per share	1,975.95	1,905.97
Net income per share	100.54	49.67
Diluted net income per share	100.54	49.66

Basis for calculation of net income per share and diluted net income per share is as follows.

(Millions of yen, except number of common stock)

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010
Net income	92,336	44,875
Amount not attributable to common stock	-	-
Net income attributable to common stock	92,336	44,875
Average number of common stock outstanding during the period (thousand of shares)	918,389	903,458
Net income after adjustment which is used for calculating diluted net income per share		
Minority interest	0	3
Net income after adjustment	0	3
Number of ordinary shares used for calculating the diluted net income per shares increase		
Subscriptions to shares (thousand of shares)	63	216
Number of ordinary shares increased (thousand of shares)	63	216

Basis for calculation of net assets per share is as follows.

(Millions of yen, except number of common stock)

	As of February 28, 2009	As of February 28, 2010
Total net assets	1,860,672	1,793,940
Amounts subtracted from total net assets:	75,483	71,973
Subscriptions to shares	391	721
Minority interest in consolidated subsidiaries	75,092	71,251
Net assets for common stock at the end of period	1,785,189	1,721,967
Number of common stock at the end of period used for calculating the amounts of net assets per share (thousand of shares)	903,459	903,458

## **Subsequent Event**

### 1. Acquisition and cancellation of treasury stock

On April 8, 2010, the Company's Board of Directors approved the acquisition of treasury stock, pursuant to Article 165-3 and Article 156 of the Japanese Corporate Law, and the cancellation of treasury stock thereby acquired, pursuant to Article 178 of the Japanese Corporate Law.

#### (1) Reason for the acquisition of treasury stock

To further enhance returns to shareholders and to achieve greater capital efficiency in management.

#### (2) Details of the acquisition

##### (a) Type of shares to be acquired

Seven & i Holdings Common stock

##### (b) Number of shares to be acquired

Up to 20,000,000 shares, representing 2.21% of issued shares (excluding treasury stock)

##### (c) Total amount of acquisition

Up to 50 billion yen

##### (d) Period of acquisition

From April 15, 2010 to May 20, 2010

##### (e) Method of acquisition

Open market purchase

#### (3) Details of the cancellation

##### (a) Type of shares to be cancelled

Seven & i Holdings Common stock

##### (b) Number of shares to be cancelled

20,000,000 shares (planned), representing 2.21% of issued shares prior to cancellation (excluding treasury stock). All of the shares acquired as described above in item (2), will be cancelled.

##### (c) Number of issued shares after cancellation of treasury stock

886,441,983 shares (planned)

##### (d) Scheduled date of cancellation

June 30, 2010

# NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>21,069</b>	<b>97,151</b>
Cash and bank deposits	8,273	362
Raw materials and supplies	-	3
Prepaid expenses	262	260
Accounts receivable, other	12,004	29,032
Deposits held by subsidiaries and affiliates	-	66,958
Other	528	534
<b>Non-current assets</b>	<b>1,733,012</b>	<b>1,673,150</b>
<b>Property and equipment</b>	<b>55</b>	<b>55</b>
Buildings, net	47	49
Structures, net	0	0
Furniture, fixtures and equipment, net	6	5
<b>Intangible assets</b>	<b>-</b>	<b>926</b>
Lease assets	-	926
<b>Investments and other assets</b>	<b>1,732,957</b>	<b>1,672,167</b>
Investments in securities	6,713	9,248
Investments in subsidiaries	1,723,658	1,660,408
Long-term loans receivable from employees	-	4
Prepaid pension cost	259	180
Long-term leasehold deposits	2,317	2,308
Other	9	16
<b>Deferred assets</b>	<b>70</b>	<b>-</b>
New organization costs	70	-
<b>TOTAL ASSETS</b>	<b>1,754,152</b>	<b>1,770,301</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>271,998</b>	<b>272,910</b>
Short-term loans from a subsidiaries and affiliates	270,000	270,001
Current portion of long-term loans payable to subsidiaries and affiliates	-	3
Lease obligations	-	231
Accounts payable, other	424	830
Accrued expenses	692	951
Income taxes payable	123	151
Advance received	197	180
Allowance for bonuses to employees	234	215
Allowance for bonuses to directors and corporate auditors	55	49
Other	269	293
<b>Non-current liabilities</b>	<b>101,940</b>	<b>102,414</b>
Bonds	99,963	99,968
Long-term loans payable to subsidiaries and affiliates	-	4
Lease obligations	-	751
Deferred income taxes	125	-
Deposits received from tenants	1,851	1,690
<b>TOTAL LIABILITIES</b>	<b>373,938</b>	<b>375,324</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	<b>1,379,842</b>	<b>1,393,351</b>
Common stock	50,000	50,000
Capital surplus	1,294,883	1,294,881
Additional paid-in capital	875,496	875,496
Other capital surplus	419,386	419,384
Retained earnings	44,281	57,781
Other retained earnings		
Retained earnings brought forward	44,281	57,781
Treasury stock, at cost	(9,322)	(9,311)
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>28</b>	<b>992</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	28	992
<b>Subscriptions to shares</b>	<b>342</b>	<b>633</b>
<b>TOTAL NET ASSETS</b>	<b>1,380,214</b>	<b>1,394,977</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,754,152</b>	<b>1,770,301</b>



# NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
<b>Revenues from operations</b>	<b>62,683</b>	<b>147,472</b>
Dividends income	55,567	140,716
Management consulting fee income	4,097	3,824
Commission fee income	3,018	2,931
<b>Selling, general and administrative expenses</b>	<b>7,061</b>	<b>7,459</b>
Advertising expenses	240	365
Salaries and wages	2,886	2,980
Provision for bonuses to employees	234	215
Legal welfare expenses	398	432
Pension expenses	168	296
Land and building rent	518	537
Commission paid	952	1,049
Other	1,661	1,583
<b>Operating income</b>	<b>55,622</b>	<b>140,012</b>
<b>Non-operating income</b>	<b>90</b>	<b>268</b>
Interest income	27	8
Dividends income	21	189
Gain from assets held in trust	28	-
Gains on lapsed dividend payment obligation	-	47
Other	13	22
<b>Non-operating expenses</b>	<b>4,391</b>	<b>3,909</b>
Interest expenses	2,775	2,152
Interest on bonds	1,105	1,682
Amortization of new organization costs	70	70
Amortization of bond issue costs	335	-
Other	103	3
<b>Ordinary income</b>	<b>51,321</b>	<b>136,372</b>
<b>Special gains</b>	<b>7</b>	<b>-</b>
Gain on sales of subsidiary's stock	7	-
<b>Special losses</b>	<b>1,971</b>	<b>71,472</b>
Valuation loss on investments in securities	1,971	-
Valuation loss on subsidiaries' stock	-	71,472
<b>Income before income taxes</b>	<b>49,357</b>	<b>64,899</b>
<b>Total income taxes</b>	<b>30</b>	<b>(98)</b>
Income taxes - current	7	6
Income taxes - deferred	23	(105)
<b>Net income</b>	<b>49,327</b>	<b>64,998</b>

# NONCONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>Shareholders' equity</b>		
Common stock		
<b>Balance at the end of previous year</b>	<b>50,000</b>	<b>50,000</b>
<b>Increase (decrease) for the year</b>		
Net increase (decrease) for the year	-	-
<b>Balance at the end of current year</b>	<b>50,000</b>	<b>50,000</b>
Capital surplus		
Additional paid-in capital		
<b>Balance at the end of previous year</b>	<b>1,175,496</b>	<b>875,496</b>
<b>Increase (decrease) for the year</b>		
Reversal of additional paid-in capital	(300,000)	-
<b>Net increase (decrease) for the year</b>	<b>(300,000)</b>	<b>-</b>
<b>Balance at the end of current year</b>	<b>875,496</b>	<b>875,496</b>
Other capital surplus		
<b>Balance at the end of previous year</b>	<b>295,125</b>	<b>419,386</b>
<b>Increase (decrease) for the year</b>		
Decrease by absorption-type demerger	(18,550)	-
Reversal of additional paid-in capital	300,000	-
Sales of treasury stock	(0)	(2)
Cancellation of treasury stock	(157,188)	-
<b>Net increase (decrease) for the year</b>	<b>124,260</b>	<b>(2)</b>
<b>Balance at the end of current year</b>	<b>419,386</b>	<b>419,384</b>
<b>Total capital surplus</b>		
<b>Balance at the end of previous year</b>	<b>1,470,622</b>	<b>1,294,883</b>
<b>Increase (decrease) for the year</b>		
Decrease by absorption-type demerger	(18,550)	-
Sales of treasury stock	(0)	(2)
Cancellation of treasury stock	(157,188)	-
<b>Net increase (decrease) for the year</b>	<b>(175,739)</b>	<b>(2)</b>
<b>Balance at the end of current year</b>	<b>1,294,883</b>	<b>1,294,881</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
<b>Balance at the end of previous year</b>	<b>46,126</b>	<b>44,281</b>
<b>Increase (decrease) for the year</b>		
Cash dividends	(51,172)	(51,497)
Net income	49,327	64,998
<b>Net increase (decrease) for the year</b>	<b>(1,845)</b>	<b>13,500</b>
<b>Balance at the end of current year</b>	<b>44,281</b>	<b>57,781</b>
<b>Total retained earnings</b>		
<b>Balance at the end of previous year</b>	<b>46,126</b>	<b>44,281</b>
<b>Increase (decrease) for the year</b>		
Cash dividends	(51,172)	(51,497)
Net income	49,327	64,998
<b>Net increase (decrease) for the year</b>	<b>(1,845)</b>	<b>13,500</b>
<b>Balance at the end of current year</b>	<b>44,281</b>	<b>57,781</b>
Treasury stock, at cost		
<b>Balance at the end of previous year</b>	<b>(229)</b>	<b>(9,322)</b>
<b>Increase (decrease) for the year</b>		
Purchase of treasury stock	(166,318)	(18)
Sales of treasury stock	37	29
Cancellations of treasury stock	157,188	-
<b>Net increase (decrease) for the year</b>	<b>(9,093)</b>	<b>10</b>
<b>Balance at the end of current year</b>	<b>(9,322)</b>	<b>(9,311)</b>
<b>Total shareholders' equity</b>		
<b>Balance at the end of previous year</b>	<b>1,566,520</b>	<b>1,379,842</b>
<b>Increase (decrease) for the year</b>		
Cash dividends	(51,172)	(51,497)
Net income	49,327	64,998
Decrease by absorption-type demerger	(18,550)	-
Purchase of treasury stock	(166,318)	(18)
Sales of treasury stock	36	27
Cancellations of treasury stock	-	-
<b>Net increase (decrease) for the year</b>	<b>(186,677)</b>	<b>13,509</b>
<b>Balance at the end of current year</b>	<b>1,379,842</b>	<b>1,393,351</b>

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>Accumulated gains (losses) from valuation and translation adjustments</b>		
Unrealized gains (losses) on available-for-sale securities, net of taxes		
<b>Balance at the end of previous year</b>	<b>(1,175)</b>	<b>28</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	1,204	963
<b>Net increase (decrease) for the year</b>	<b>1,204</b>	<b>963</b>
<b>Balance at the end of current year</b>	<b>28</b>	<b>992</b>
<b>Total accumulated gains (losses) from valuation and translation adjustments</b>		
<b>Balance at the end of previous year</b>	<b>(1,175)</b>	<b>28</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	1,204	963
<b>Net increase (decrease) for the year</b>	<b>1,204</b>	<b>963</b>
<b>Balance at the end of current year</b>	<b>28</b>	<b>992</b>
<b>Subscriptions to shares</b>		
<b>Balance at the end of previous year</b>	<b>-</b>	<b>342</b>
<b>Increase (decrease) for the year</b>		
Increase (decrease) of items for the year except those included in shareholders' equity, net	342	290
<b>Net increase (decrease) for the year</b>	<b>342</b>	<b>290</b>
<b>Balance at the end of current year</b>	<b>342</b>	<b>633</b>
<b>TOTAL NET ASSETS</b>		
<b>Balance at the end of previous year</b>	<b>1,565,344</b>	<b>1,380,214</b>
<b>Increase (decrease) for the year</b>		
Cash dividends	(51,172)	(51,497)
Net income	49,327	64,998
Decrease by absorption-type demerger	(18,550)	-
Purchase of treasury stock	(166,318)	(18)
Sales of treasury stock	36	27
Cancellations of treasury stock	-	-
Increase (decrease) of items for the year except those included in shareholders' equity, net	1,547	1,253
<b>Net increase (decrease) for the year</b>	<b>(185,130)</b>	<b>14,763</b>
<b>Balance at the end of current year</b>	<b>1,380,214</b>	<b>1,394,977</b>

## Doubts on the premise of going concern

None

## Notes to Nonconsolidated Financial Statements

### *Nonconsolidated Balance Sheets;*

#### 1. Accumulated depreciation of Property and equipment

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Accumulated depreciation	47	62

#### 2. Notes on outstanding balances with subsidiaries and affiliates

Major balances included in each account on the balance sheet, which are not separately shown.

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Accounts receivable, other	711	621
Current assets other	525	526
Lease obligations (current )	-	231
Accounts payable, other	238	352
Accrued expenses	222	472
Advance received	195	178
Lease obligations (non-current )	-	751
Deposits received from tenants	1,829	1,668

#### 3. Guarantees

(Millions of yen)

	As of February 28, 2009	As of February 28, 2010
Loans of IY Card Service Co., Ltd.	10,000	10,000
Bonds issued by Ito-Yokado Co., Ltd.	70,000	20,000
Electronic money guaranteed by IY Card Service Co., Ltd.	-	3,647

### *Nonconsolidated Statements of Income;*

Major transactions with subsidiaries and affiliates

(Millions of yen)

	For the year ended February 28, 2009	For the year ended February 28, 2010
Dividends income	55,567	140,716
Management consulting fee income	4,097	3,824
Commission fee income	3,017	2,930
Advertising expenses	15	121
Commission paid	542	324
Interest expense	2,520	2,152

*Nonconsolidated Statement of changes in net assets*

Type and number of shares of treasury stock (from March 1, 2008 to February 28, 2009)

(Thousands of shares)

	Number of shares at the end of February 29, 2008	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Number of shares at the end of February 28, 2009
Common stock	79	52,898	50,011	2,966

Notes: (1) 2,866 thousand shares out of 52,898 thousand shares have increased due to the acquisition of shares owed by SEVEN & i Life Design Institute Co., Ltd., York-Benimaru Co., Ltd. and Life Foods Co., Ltd.

50,000 thousand shares have increased due to the acquisition of treasury stock based on the approval of the Company's Board of director.

(2) 50,000 thousand shares out of 50,011 thousand shares have decreased by the cancellation of treasury stock.

Type and number of shares of treasury stock (from March 1, 2009 to February 28, 2010)

(Thousands of shares)

	Number of shares at the end of February 28, 2009	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Number of shares at the end of February 28, 2010
Common stock	2,966	8	9	2,965

Notes: (1) 8 thousand shares have increased due to the acquisition of odd-lot shares.

(2) 9 thousand shares have decreased due to exercising stock option by 7 thousand shares and sale odd-lot shares by 1 thousand shares.

**[Reference] Seven-Eleven Japan Co., Ltd.**

**NONCONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>503,989</b>	<b>484,083</b>
Cash and bank deposits	174,781	179,374
Accounts receivable due from franchised stores	11,115	10,055
Lease investment assets	-	910
Marketable securities	199	-
Inventories	3,119	2,585
Prepaid expenses	8,401	8,882
Deferred income taxes	5,722	5,656
Short-term loans to subsidiaries and affiliates	11,818	-
Deposits held by subsidiaries and affiliates	275,000	260,479
Accounts receivable, other	12,810	15,740
Other	1,263	569
Allowance for doubtful accounts	(243)	(170)
<b>Non-current assets</b>	<b>784,309</b>	<b>816,920</b>
<b>Property and equipment</b>	<b>247,940</b>	<b>254,626</b>
Buildings	105,997	113,509
Structures	19,833	21,140
Furniture, fixtures and equipment	17,883	18,157
Land	103,716	98,427
Lease assets	-	2,725
Construction in progress	509	666
<b>Intangible assets</b>	<b>9,965</b>	<b>10,922</b>
Rights of leasehold	5,916	6,944
Software	4,013	3,948
Other	35	28
<b>Investments and other assets</b>	<b>526,402</b>	<b>551,371</b>
Investments in securities	8,296	9,619
Investments in securities of subsidiaries and affiliates	37,116	346,468
Investments in convertible bonds of an affiliate	33,307	33,307
Investments in affiliates	300,591	3,242
Long-term loans receivable	2,906	2,811
Long-term loans to subsidiaries and affiliates	4,042	3,894
Long-term prepaid expenses	17,892	20,298
Long-term leasehold deposits	115,918	124,467
Deferred income taxes	11,583	12,491
Other	507	458
Allowance for doubtful accounts	(5,760)	(5,687)
<b>TOTAL ASSETS</b>	<b>1,288,298</b>	<b>1,301,004</b>

## Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>243,312</b>	<b>266,140</b>
Accounts payable, trade	106,711	106,678
Accounts payable due to franchised stores	4,034	4,597
Lease obligations	-	768
Accounts payable, other	15,854	16,134
Accrued expenses	5,301	6,369
Income taxes payable	34,352	31,190
Consumption taxes withheld	2,265	2,798
Deposits received	70,287	94,014
Allowance for bonuses to employees	2,150	2,119
Allowance for bonuses to directors and corporate auditors	61	36
Allowance for sales promotion expenses	1,906	1,088
Other	387	344
<b>Non-current liabilities</b>	<b>9,150</b>	<b>12,798</b>
Guarantee deposits received from franchised stores	6,213	6,524
Long-term deferred income	273	196
Long-term loans	-	102
Lease obligations	-	3,021
Allowance for accrued pension and severance costs	-	489
Allowance for retirement benefits to directors and corporate auditors	1,014	714
Allowance for loss on guarantee	1,650	1,750
<b>TOTAL LIABILITIES</b>	<b>252,463</b>	<b>278,938</b>
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>	<b>1,036,024</b>	<b>1,021,883</b>
Common stock	17,200	17,200
Capital surplus	24,565	24,565
Additional paid-in capital	24,563	24,563
Other capital surplus	1	1
Retained earnings	994,258	980,117
Legal reserve	4,300	4,300
Other retained earnings		
General reserve	823,409	823,409
Retained earnings brought forward	166,549	152,408
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>(189)</b>	<b>181</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	(189)	181
<b>TOTAL NET ASSETS</b>	<b>1,035,835</b>	<b>1,022,065</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,288,298</b>	<b>1,301,004</b>



**Seven-Eleven Japan Co., Ltd.**

**NONCONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
<b>Operating income and expenses</b>		
Revenues from operations	540,773	535,018
Franchise commission from franchised stores	394,863	402,107
Net sales reported by franchised stores		
Year ended February 28, 2009: 2,621,567		
Year ended February 28, 2010: 2,657,774		
Total net sales (including net sales of corporate stores)		
Year ended February 28, 2009: 2,762,557		
Year ended February 28, 2010: 2,784,997		
Other operating revenues	4,919	5,687
Net sales of corporate stores	140,989	127,222
Cost of sales	103,155	92,941
<b>Gross profit from operations</b>	<b>437,618</b>	<b>442,076</b>
<b>Selling, general and administrative expenses</b>	<b>259,558</b>	<b>285,856</b>
Land and building rent	64,260	72,117
Salaries and wages	35,554	35,454
Utility expenses	31,736	30,449
Depreciation and amortization	24,405	26,693
Advertising expenses	19,328	26,279
Other	84,274	94,862
<b>Operating income</b>	<b>178,060</b>	<b>156,220</b>
<b>Non-operating income</b>	<b>11,284</b>	<b>8,529</b>
Interest income	4,963	4,573
Interest on securities	1,914	1,423
Dividends income	2,141	1,950
Other	2,265	582
<b>Non-operating expenses</b>	<b>1,346</b>	<b>303</b>
Interest expenses	-	54
Provision for doubtful accounts	1,271	-
Provision for loss on guarantee	-	100
Other	75	148
<b>Ordinary income</b>	<b>187,997</b>	<b>164,445</b>
<b>Special gains</b>	<b>341</b>	<b>379</b>
Gain on sales of property and equipment	239	246
Reversal of allowance for doubtful accounts	-	67
Receipt of stock option income	102	66
<b>Special losses</b>	<b>8,211</b>	<b>9,829</b>
Loss on sales of property and equipment	154	170
Loss on disposals of property and equipment	1,202	1,029
Impairment loss	6,754	7,407
Store-closing cost	-	1,113
Other	100	108
<b>Income before income taxes</b>	<b>180,127</b>	<b>154,995</b>
Income taxes - current	74,374	63,652
Income taxes - deferred	(1,436)	(1,095)
<b>Net income</b>	<b>107,189</b>	<b>92,439</b>

**[Reference] Ito-Yokado Co., Ltd.**

**NONCONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>351,988</b>	<b>271,049</b>
Cash and bank deposits	77,389	75,844
Accounts receivable, trade	20,851	21,668
Marketable securities	132,000	54,000
Inventories	77,826	70,234
Supplies	65	83
Advance paid	532	263
Prepaid expenses	7,940	7,566
Deferred income taxes	8,652	7,734
Short-term loans to employees	39	202
Short-term loans receivable	319	394
Deposits held by subsidiaries and affiliates	-	11,051
Accounts receivable, other	10,711	6,337
Short-term leasehold deposits	10,408	11,117
Payments in advance	4,361	3,732
Other	889	818
<b>Non-current assets</b>	<b>547,188</b>	<b>534,137</b>
<b>Property and equipment</b>	<b>231,836</b>	<b>245,602</b>
Buildings	95,045	81,043
Structures	7,584	6,532
Vehicles	0	0
Furniture, fixtures and equipment	6,553	4,919
Land	88,506	105,584
Lease assets	-	525
Construction in progress	34,145	46,996
<b>Intangible assets</b>	<b>2,694</b>	<b>2,337</b>
Rights of leasehold	931	912
Trademark	54	44
Software	1,491	1,190
Other	216	190
<b>Investments and other assets</b>	<b>312,657</b>	<b>286,197</b>
Investments in securities	59,604	34,302
Investments in securities of subsidiaries and affiliates	7,955	6,806
Investments in capital	10	9
Investments in affiliates	12,098	12,098
Long-term loans receivable	10,321	15,979
Long-term prepaid expenses	8,545	8,401
Prepaid pension cost	11,226	9,056
Long-term leasehold deposits	190,507	183,420
Advances for store construction	12,625	14,573
Receivable in bankruptcy	3,180	501
Deffered income taxes	-	2,158
Other	1,777	1,465
Allowance for doubtful accounts	(5,198)	(2,575)
<b>Deferred assets</b>	<b>112</b>	<b>56</b>
New organization costs	112	56
<b>TOTAL ASSETS</b>	<b>899,289</b>	<b>805,242</b>

# Ito-Yokado Co., Ltd.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>175,466</b>	<b>142,551</b>
Accounts payable, trade	68,766	64,332
Short-term loans	-	113
Current portion of long-term loans	675	1,330
Current portion of bonds	50,000	20,000
Lease obligations	-	187
Accounts payable, other	18,414	16,102
Income taxes payable	695	773
Consumption taxes withheld	-	1,961
Accrued expenses	11,856	9,977
Advance received	511	509
Deposits received	3,230	7,007
Allowance for bonuses to employees	4,734	4,184
Allowance for bonuses to directors and corporate auditors	49	28
Allowance for sales promotion expenses	3,127	2,409
Allowance for loss on future collection of gift certificates	1,746	1,385
Notes payable for acquisition of property and equipment	7	-
Gift tickets	10,429	11,095
Other	1,221	1,152
<b>Non-current liabilities</b>	<b>90,130</b>	<b>56,128</b>
Bonds	20,000	-
Long-term loans	6,412	10,989
Lease obligations	-	364
Long-term accounts payable	1,024	-
Allowance for retirement benefits to directors and corporate auditors	1,192	695
Deposits received from tenants	47,594	44,079
Allowance for loss on guarantee	2,761	-
Deferred income taxes	11,145	-
<b>TOTAL LIABILITIES</b>	<b>265,596</b>	<b>198,680</b>
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>	<b>607,411</b>	<b>594,215</b>
Common stock	40,000	40,000
Capital surplus	165,621	165,621
Additional paid-in capital	165,621	165,621
Retained earnings	401,790	388,593
Legal reserve	11,700	11,700
Other retained earnings		
Reserve for deferred gains on property and equipment	1,081	1,059
Retained earnings brought forward	389,009	375,833
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>26,280</b>	<b>12,347</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	26,280	12,347
<b>TOTAL NET ASSETS</b>	<b>633,692</b>	<b>606,562</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>899,289</b>	<b>805,242</b>

## NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
[ Revenues from operations ]	[ 1,462,719 ]	[ 1,387,831 ]
Net sales	1,436,541	1,364,765
Cost of sales	1,068,855	1,024,083
<b>Gross profit on sales</b>	<b>367,685</b>	<b>340,681</b>
Other operating revenues	26,177	23,065
Rental income	20,137	19,173
Other income	6,039	3,892
<b>Gross profit from operations</b>	<b>393,863</b>	<b>363,747</b>
<b>Selling, general and administrative expenses</b>	<b>384,280</b>	<b>361,989</b>
Advertising and decoration expenses	42,437	33,467
Salaries and wages	127,370	121,480
Land and building rent	71,958	70,905
Depreciation and amortization	15,696	13,890
Other	126,817	122,246
<b>Operating income</b>	<b>9,582</b>	<b>1,757</b>
<b>Non-operating income</b>	<b>5,138</b>	<b>4,015</b>
Interest income	1,167	1,312
Interest on securities	1,009	560
Dividends income	1,956	1,497
Other	1,005	645
<b>Non-operating expenses</b>	<b>1,335</b>	<b>1,636</b>
Interest expenses	237	264
Interest on bonds	738	560
Other	360	811
<b>Ordinary income</b>	<b>13,386</b>	<b>4,136</b>
<b>Special gains</b>	<b>1,076</b>	<b>13,004</b>
Gain on sales of property and equipment	1,014	18
Gain on sales of investments in securities	0	9,910
Receipt of stock option income	61	45
Reversal of provision for loss on guarantee	-	2,761
Other	-	268
<b>Special losses</b>	<b>12,821</b>	<b>12,869</b>
Loss on sales of property and equipment	28	11
Loss on disposals of property and equipment	687	785
Impairment loss	3,371	9,949
Loss on valuation of inventories	-	1,070
Valuation loss on investments in securities of subsidiaries and affiliates	110	194
Provision for loss on guarantee	2,483	-
Additional retirement benefit for early retirement	3,060	-
Other	3,079	858
<b>Income before income taxes</b>	<b>1,640</b>	<b>4,271</b>
Income taxes - current	1,589	357
Income taxes - deferred	972	(2,735)
<b>Net income (loss)</b>	<b>(922)</b>	<b>6,650</b>

**[Reference] York-Benimaru Co., Ltd.**

**NONCONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>48,777</b>	<b>38,093</b>
Cash and bank deposits	9,318	9,408
Accounts receivable, trade	884	1,094
Marketable securities	2,600	1,000
Inventories	7,558	7,524
Supplies	23	23
Prepaid expenses	803	738
Deferred income taxes	1,655	1,364
Short-term loans receivable	2,214	32
Deposits held by subsidiaries and affiliates	19,000	12,000
Accounts receivable, other	3,804	4,003
Payments in advance	42	51
Other	871	851
<b>Non-current assets</b>	<b>105,298</b>	<b>107,164</b>
<b>Property and equipment</b>	<b>65,639</b>	<b>73,189</b>
Buildings	25,729	28,321
Structures	4,701	4,756
Furniture, fixtures and equipment	1,199	2,099
Land	32,225	35,900
Construction in progress	1,783	2,111
<b>Intangible assets</b>	<b>2,704</b>	<b>2,640</b>
Goodwill	2,009	1,797
Software	658	803
Other	36	38
<b>Investments and other assets</b>	<b>36,955</b>	<b>31,334</b>
Investments in securities	14,403	9,962
Investments in securities of subsidiaries	170	170
Investments in capital	1	2
Investments in an affiliate	207	207
Long-term loans receivable	193	187
Long-term prepaid expenses	2,689	2,332
Prepaid pension cost	1,549	1,167
Long-term leasehold deposits	18,333	16,969
Advances for store construction	178	351
Allowance for doubtful accounts	(771)	(17)
<b>TOTAL ASSETS</b>	<b>154,076</b>	<b>145,258</b>

## York-Benimaru Co., Ltd.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>24,931</b>	<b>22,838</b>
Accounts payable, trade	13,409	13,440
Short-term loans	-	22
Accounts payable, other	3,558	3,291
Income taxes payable	3,310	358
Accrued expenses	2,495	2,482
Deposits received	426	1,495
Deferred income	207	201
Gift tickets	12	48
Allowance for bonuses to employees	1,439	1,433
Allowance for bonuses to directors and corporate auditors	28	27
Allowance for loss on future collection of gift certificates	44	38
<b>Non-current liabilities</b>	<b>7,490</b>	<b>5,807</b>
Long-term loans	-	55
Allowance for retirement benefits to directors and corporate auditors	338	338
Deferred income taxes	4,557	2,607
Other	2,593	2,804
<b>TOTAL LIABILITIES</b>	<b>32,422</b>	<b>28,645</b>
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>	<b>115,471</b>	<b>113,102</b>
Common stock	9,927	9,927
Capital surplus	12,605	12,605
Additional paid-in capital	12,605	12,605
Other capital surplus	0	0
Retained earnings	92,938	90,568
Legal reserve	2,186	2,186
General reserve	69,450	69,437
Retained earnings brought forward	21,301	18,944
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>6,182</b>	<b>3,510</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	6,182	3,510
<b>TOTAL NET ASSETS</b>	<b>121,654</b>	<b>116,612</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>154,076</b>	<b>145,258</b>

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
[ Revenues from operations ]	[ 348,883 ]	[ 348,735 ]
Net sales	338,089	337,506
Cost of sales	255,777	255,982
<b>Gross Profit on sales</b>	<b>82,311</b>	<b>81,524</b>
Other operating revenues	10,794	11,228
Commission fee income	7,879	8,169
Rental income	2,915	3,059
<b>Gross profit from operations</b>	<b>93,106</b>	<b>92,753</b>
<b>Selling, general and administrative expenses</b>	<b>81,399</b>	<b>83,351</b>
Salaries and wages	32,416	33,339
Provision for bonuses to employees	1,439	1,433
Land and building rent	8,307	8,351
Store maintenance and repair expenses	3,826	3,825
Depreciation and amortization	5,090	5,459
Utility expenses	5,355	4,908
Delivery expenses	6,078	6,329
Other	18,884	19,703
<b>Operating income</b>	<b>11,706</b>	<b>9,402</b>
<b>Non-operating income</b>	<b>1,371</b>	<b>1,556</b>
Interest income	279	235
Interest on securities	14	6
Dividends income	1,040	1,120
Other	36	194
<b>Non-operating expenses</b>	<b>12</b>	<b>84</b>
Interest expenses	-	1
Maintenance expenses for idle assets	-	53
Other	12	29
<b>Ordinary income</b>	<b>13,065</b>	<b>10,874</b>
<b>Special gains</b>	<b>1,573</b>	<b>47</b>
Gain on sales of property and equipment	11	4
Gain on sales of investments in securities	1	-
Gain on sales of parent company's stock	1,508	-
Receipt of stock option income	51	42
<b>Special losses</b>	<b>1,365</b>	<b>1,641</b>
Loss on disposals of property and equipment	8	5
Valuation loss on investments in securities	8	5
Impairment loss	29	967
Loss on extinguishment on tie-in shares due to demerger	-	572
Valuation loss on investments in securities of subsidiaries and affiliates	650	-
Valuation loss on investments in affiliates	160	-
Provision for doubtful accounts	165	-
Amortization of leasehold	208	-
Other	134	91
<b>Income before income taxes</b>	<b>13,273</b>	<b>9,280</b>
Income taxes - current	5,679	3,084
Income taxes - deferred	(420)	108
<b>Net income</b>	<b>8,015</b>	<b>6,088</b>

## [Reference] Sogo & Seibu Co., Ltd.

Millennium Retailing, Inc., Sogo Co., Ltd. and THE SEIBU DEPARTMENT STORES, LTD. were merged on August 1, 2009 and Sogo, as a surviving company, changed its name to Sogo & Seibu Co., Ltd. Furthermore, Sogo & Seibu merged with Robinson Department Store Co., Ltd. on September 1, 2009.

### NONCONSOLIDATED BALANCE SHEETS

On the balance sheets, the figures as of February 28, 2009 represent Sogo and the figures as of February 28, 2010 represent Sogo & Seibu after the merger.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>41,992</b>	<b>119,377</b>
Cash and bank deposits	6,977	42,183
Notes receivable, trade	488	1,509
Accounts receivable, trade	11,766	22,845
Inventories	10,365	19,088
Real estate for sale	-	2,813
Supplies	74	180
Prepaid expenses	2,670	5,422
Deferred income taxes	3,705	7,054
Short-term loans receivable	1	57
Deposits held by subsidiaries and affiliates	-	5,415
Accounts receivable, other	2,518	9,086
Current portion of construction contribution	2,808	3,110
Other	620	614
Allowance for doubtful accounts	(5)	(4)
<b>Non-current assets</b>	<b>214,243</b>	<b>416,493</b>
<b>Property and equipment</b>	<b>137,817</b>	<b>252,260</b>
Buildings	72,100	102,997
Structures	1,329	1,664
Machinery and equipment	471	398
Furniture, fixtures and equipment	3,531	4,566
Lease assets	-	189
Land	60,379	142,405
Construction in progress	4	38
<b>Intangible assets</b>	<b>19,088</b>	<b>24,259</b>
Rights of leasehold	19,068	21,246
Other	20	3,012
<b>Investments and other assets</b>	<b>57,337</b>	<b>139,973</b>
Investments in securities	750	12,215
Investments in subsidiaries and affiliates	338	26,070
Investments in partnership	-	5,850
Long-term loans receivable	10	218
Long-term leasehold deposits	32,454	70,780
Construction contribution	20,471	20,304
Long-term accounts receivable, other	1,260	1,549
Receivable in bankruptcy	1,746	2,034
Other	1,257	2,483
Allowance for doubtful accounts	(952)	(1,533)
<b>TOTAL ASSETS</b>	<b>256,235</b>	<b>535,870</b>



# Sogo & Seibu Co., Ltd.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>129,760</b>	<b>267,634</b>
Accounts payable, trade	18,532	34,855
Short-term loans	80,000	167,505
Accounts payable, other	3,416	16,130
Lease obligations	-	63
Accrued expenses	2,068	3,811
Income taxes payable	1,887	514
Consumption taxes withheld	312	734
Advance received	1,648	3,002
Gift tickets	9,964	18,522
Deposits received	3,869	8,368
Allowance for bonuses to employees	1,894	3,441
Allowance for bonuses to directors and corporate auditors	-	48
Allowance for sales promotion expenses	2,511	3,843
Allowance for loss on future collection of gift certificates	1,814	2,634
Allowance for store closing losses	1,668	3,428
Other	170	728
<b>Non-current liabilities</b>	<b>71,206</b>	<b>151,695</b>
Long-term loans	61,452	141,316
Long-term accounts payable, other	251	1,013
Lease obligations	-	141
Deposits received from tenants	3,066	8,167
Deferred income taxes	6,393	394
Allowance for retirement benefits to directors and corporate auditors	42	88
Other	-	572
<b>TOTAL LIABILITIES</b>	<b>200,966</b>	<b>419,330</b>
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>	<b>55,258</b>	<b>115,104</b>
Common stock	1,000	10,000
Capital surplus	500	52,298
Additional paid-in capital	500	39,317
Other capital surplus	-	12,981
Retained earnings	53,758	52,806
Other retained earnings		
Retained earnings brought forward	53,758	52,806
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>9</b>	<b>1,435</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	9	1,983
Unrealized gains (losses) on hedging derivatives, net of taxes	-	(548)
<b>TOTAL NET ASSETS</b>	<b>55,268</b>	<b>116,540</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>256,235</b>	<b>535,870</b>

## NONCONSOLIDATED STATEMENTS OF INCOME

On the statements of income, the figures for the year ended February 28, 2009 represent Sogo, as a surviving company, and the figures for the year ended February 28, 2010 represent sum of Sogo from March 1, 2009 to July 31, 2009 and Sogo & Seibu figures from August 1, 2009 to February 28, 2010.

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
[ Revenues from operations ]	[ 482,144 ]	[ 686,098 ]
Net sales	475,575	676,536
Cost of sales	361,940	521,624
<b>Gross profit on sales</b>	<b>113,635</b>	<b>154,911</b>
Other operating revenues	6,568	9,562
<b>Gross profit from operations</b>	<b>120,203</b>	<b>164,474</b>
<b>Selling, general and administrative expenses</b>	<b>108,193</b>	<b>160,455</b>
Advertising and decoration expenses	15,408	21,627
Salaries and wages	26,308	42,497
Land and building rent	23,383	37,400
Depreciation and amortization	9,148	12,412
Utility expenses	5,906	7,993
Other	28,037	38,523
<b>Operating income</b>	<b>12,010</b>	<b>4,018</b>
<b>Non-operating income</b>	<b>915</b>	<b>927</b>
Interest and dividends income	156	253
Subsidy from renovation construction of sale area	326	267
Gain on uncollected gift tickets	221	-
Other	210	406
<b>Non-operating expenses</b>	<b>2,598</b>	<b>3,086</b>
Interest expenses	2,003	2,640
Provision for allowance for doubtful accounts	363	-
Other	231	445
<b>Ordinary income</b>	<b>10,326</b>	<b>1,859</b>
<b>Special gains</b>	<b>8</b>	<b>333</b>
Gain on sales of investments in securities	0	270
Gain on sales of property and equipment	0	3
Reversal of allowance for doubtful accounts	8	8
Other	0	51
<b>Special losses</b>	<b>4,467</b>	<b>11,586</b>
Loss on sales of property and equipment	-	15
Loss on disposals of property and equipment	690	2,815
Impairment loss	2,108	4,057
Provision for store closing losses	1,668	2,303
Other	1	2,394
<b>Income before income taxes</b>	<b>5,868</b>	<b>(9,392)</b>
Income taxes - current	1,826	82
Income taxes - deferred	301	(7,559)
<b>Net income (loss)</b>	<b>3,739</b>	<b>(1,915)</b>

**[Reference] Seven & i Food Systems Co., Ltd.**

**NONCONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>37,474</b>	<b>32,369</b>
Cash and bank deposits	8,098	5,277
Accounts receivable, trade	491	490
Inventories	111	88
Materials	428	337
Supplies	21	32
Prepaid expenses	898	788
Accounts receivable, other	931	1,007
Deposits held by subsidiaries and affiliates	26,000	23,903
Short-term leasehold deposits	379	311
Other	112	132
<b>Non-current assets</b>	<b>19,118</b>	<b>14,811</b>
<b>Property and equipment</b>	<b>7,621</b>	<b>4,719</b>
Buildings	4,782	2,608
Structures	482	203
Vehicles	0	-
Furniture, fixtures and equipment	753	337
Land	1,591	1,456
Lease assets	-	55
Construction in progress	12	58
<b>Intangible assets</b>	<b>423</b>	<b>298</b>
Goodwill	18	8
Rights of leasehold	89	38
Software	283	235
Utility rights of facilities	31	7
Other	0	8
<b>Investments and other assets</b>	<b>11,073</b>	<b>9,792</b>
Investments in securities	258	228
Long-term prepaid expenses	247	205
Prepaid pension cost	1,019	639
Long-term leasehold deposits	9,454	8,095
Investments in capital	-	531
Allowance for doubtful accounts	(57)	(57)
Other	151	149
<b>TOTAL ASSETS</b>	<b>56,592</b>	<b>47,181</b>

## Seven & i Food Systems Co., Ltd.

(Millions of yen)

	February 28, 2009	February 28, 2010
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>9,476</b>	<b>7,447</b>
Accounts payable, trade	2,329	1,887
Accounts payable, other	1,330	969
Income taxes payable	372	259
Consumption taxes withheld	350	208
Accrued expenses	3,408	2,557
Advance received	439	94
Deposits received	147	380
Allowance for bonuses to directors and corporate auditors	21	17
Allowance for bonuses to employees	584	509
Accounts payable for acquisition of property and equipment	72	58
Short-term allowance for impairment loss on lease assets	305	340
Deffered income taxes	-	47
Other	113	115
<b>Non-current liabilities</b>	<b>938</b>	<b>736</b>
Deferred income taxes	483	325
Long-term allowance for impairment loss on lease assets	387	236
Lease obligations	-	55
Long-term gurantee deposited	-	86
Other	67	31
<b>TOTAL LIABILITIES</b>	<b>10,415</b>	<b>8,183</b>
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>	<b>46,137</b>	<b>38,973</b>
Common stock	3,000	3,000
Capital surplus	55,975	54,375
Additional paid-in capital	750	750
Other capital surplus	55,225	53,625
Retained earnings	(12,837)	(18,401)
Other retained earnings		
Retained earnings brought forward	(12,837)	(18,401)
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>38</b>	<b>23</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	38	23
<b>TOTAL NET ASSETS</b>	<b>46,176</b>	<b>38,997</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>56,592</b>	<b>47,181</b>

## Seven & i Food Systems Co., Ltd.

### NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended February 28, 2009	Year ended February 28, 2010
	Amount	Amount
[ Revenues from operations ]	[ 102,711 ]	[ 86,400 ]
Net sales	102,109	85,885
Cost of sales	35,726	29,353
<b>Gross profit on sales</b>	<b>66,382</b>	<b>56,532</b>
Other operating revenues	601	514
<b>Gross profit from operations</b>	<b>66,984</b>	<b>57,047</b>
<b>Selling, general and administrative expenses</b>	<b>70,063</b>	<b>59,761</b>
Salaries and wages	34,995	30,154
Land and building rent	11,407	9,822
Utility expenses	6,163	4,865
Depreciation and amortization	1,627	885
Legal welfare expenses	2,675	2,396
Other	13,194	11,637
<b>Operating loss</b>	<b>3,079</b>	<b>2,714</b>
<b>Non-operating income</b>	<b>484</b>	<b>299</b>
Interest income	214	201
Securities interest income	55	-
Dividends income	5	3
Income related to advertising media installation	62	26
Miscellaneous income	146	67
<b>Non-operating expenses</b>	<b>75</b>	<b>49</b>
Provision for doubtful accounts	19	-
Miscellaneous expenses	56	49
<b>Ordinary loss</b>	<b>2,670</b>	<b>2,464</b>
<b>Special gains</b>	<b>356</b>	<b>429</b>
Compensation income for expropriation	273	395
Other	82	34
<b>Special losses</b>	<b>5,240</b>	<b>3,216</b>
Impairment loss	3,993	2,819
Loss on cancellation of lease contracts	512	-
Store-closing cost and removal expenses	525	267
Other	210	130
<b>Income before income taxes</b>	<b>7,555</b>	<b>5,251</b>
Income taxes - current	310	418
Income taxes - deferred	73	(105)
<b>Net loss</b>	<b>7,939</b>	<b>5,564</b>