

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 29, 2008 and February 28, 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥227,442	¥ 243,060	\$2,166,114
Depreciation and amortization .....	143,643	132,693	1,368,029
Impairment loss on property and equipment.....	20,031	14,199	190,771
Increase (decrease) in allowance for bonuses to employees .....	984	(449)	9,371
Decrease in allowance for accrued pension and severance costs .....	—	(159)	—
Increase in prepaid pension cost.....	(6,702)	(5,232)	(63,829)
Interest and dividend income .....	(6,432)	(4,583)	(61,257)
Interest expenses .....	11,666	11,174	111,105
Foreign currency exchange losses.....	790	419	7,524
Gain on sales of subsidiary's common stock.....	(2,620)	—	(24,952)
Equity in earnings of affiliates .....	(1,073)	(1,321)	(10,219)
Gain on sales of property and equipment .....	(7,128)	(2,793)	(67,886)
Loss on disposals of property and equipment .....	8,481	18,782	80,771
Gain (loss) on increase of the Company's interest in consolidated subsidiaries ...	(5,016)	1	(47,771)
Loss on sales of investments in securities.....	17,942	—	170,876
Valuation loss (gain) on investments in securities .....	11,122	(90)	105,924
Increase in notes and accounts receivable, trade.....	(333)	(17,030)	(3,171)
Increase in accounts receivable, financial services.....	(3,167)	(36,669)	(30,162)
Decrease (increase) in inventories .....	1,464	(2,870)	13,943
Increase in notes and accounts payable .....	5,192	2,718	49,448
Proceeds from debts in banking business.....	—	64,000	—
Net increase in deposits received in banking business.....	36,037	9,921	343,210
Net decrease (increase) in call loan in banking business.....	107,800	(131,300)	1,026,667
Other .....	16,269	20,681	154,942
Sub-total.....	576,392	315,152	5,489,448
Interest and dividends received.....	4,474	3,605	42,610
Interest paid .....	(11,577)	(10,167)	(110,258)
Income taxes paid .....	(103,909)	(151,381)	(989,610)
<b>Net cash provided by operating activities.....</b>	<b>465,380</b>	<b>157,209</b>	<b>4,432,190</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment .....	(177,358)	(220,541)	(1,689,124)
Proceeds from sales of property and equipment .....	20,213	9,907	192,505
Acquisition of intangible assets .....	(16,842)	(18,848)	(160,400)
Payment for purchase of investments in securities.....	(454,543)	(159,372)	(4,328,981)
Proceeds from sales and maturity of investments in securities .....	449,105	147,518	4,277,190
Acquisition of investments in subsidiaries.....	(420)	(24,667)	(4,000)
Proceeds from sales of investments in subsidiary.....	—	6,094	—
Acquisition of investments in newly consolidated subsidiaries .....	(7,108)	(6,195)	(67,695)
Proceeds from acquisition of investments in newly consolidated subsidiaries .....	2,359	20,687	22,467
Payment of loans receivable.....	(637)	(51,316)	(6,067)
Collection of loans receivable .....	2,088	51,327	19,887
Payment for long-term leasehold deposits and advances for store construction .....	(29,758)	(24,934)	(283,410)
Refund of long-term leasehold deposits .....	30,925	30,449	294,524
Proceeds from deposits from tenants.....	5,536	7,483	52,724
Refund of deposits from tenants .....	(3,449)	(4,611)	(32,848)
Payment for time deposits .....	(28,353)	—	(270,029)
Payment for negotiable certificates of deposits .....	(42,000)	—	(400,000)
Other .....	13,057	1,036	124,352
<b>Net cash used in investing activities.....</b>	<b>(237,185)</b>	<b>(235,983)</b>	<b>(2,258,905)</b>
<b>Cash flows from financing activities:</b>			
Net (decrease) increase in short-term loans .....	(39,232)	63,945	(373,638)
Proceeds from long-term debt.....	65,870	227,695	627,333
Repayment of long-term debt .....	(67,355)	(215,317)	(641,476)
Proceeds from commercial paper.....	715,519	680,261	6,814,467
Payment for redemption of commercial paper.....	(725,064)	(683,990)	(6,905,371)
Payment for redemption of bonds .....	(30,390)	(300)	(289,429)
Dividends paid .....	(50,498)	(48,881)	(480,933)
Capital contribution from minority interests .....	435	6,191	4,143
Dividends paid for minority interests .....	(3,240)	(31)	(30,857)
Proceeds from sales of treasury stock .....	8	10,184	76
Proceeds from sales of treasury stock by a subsidiary .....	7,135	—	67,952
Other .....	(3,325)	(2,516)	(31,667)
<b>Net cash (used in) provided by financing activities.....</b>	<b>(130,137)</b>	<b>37,241</b>	<b>(1,239,400)</b>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>(422)</b>	<b>790</b>	<b>(4,019)</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>97,636</b>	<b>(40,743)</b>	<b>929,866</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>570,134</b>	<b>610,877</b>	<b>5,429,848</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>¥667,770</b>	<b>¥ 570,134</b>	<b>\$6,359,714</b>

The accompanying notes are an integral part of these statements.