

# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Seven & i Holdings Co., Ltd. and consolidated subsidiaries as of February 29, 2008, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Seven & i Holdings Co., Ltd. and consolidated subsidiaries as of February 28, 2007, were jointly audited by us and MISUZU Audit Corporation whose report, dated May 24, 2007, expressed an unqualified opinion on those statements and included an explanatory paragraph that described a subsequent event.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seven & i Holdings Co., Ltd. and consolidated subsidiaries as of February 29, 2008, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

- (1) As discussed in Note 2(8) (c) to the consolidated financial statements, effective from the year ended February 29, 2008, certain domestic consolidated subsidiaries changed their accounting policies to provide an allowance for loss on future collection of gift certificates.
- (2) As discussed in Note 19-2 to the consolidated financial statements, on April 10, 2008, the Board of Directors of Seven & i Holdings Co., Ltd. approved the acquisition and the cancellation of treasury stock.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 29, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

*KPMG AZSA & Co.*

Tokyo, Japan  
May 22, 2008