Focused Strengths, Future Potential

ANNUAL REPORT 2011

Seven & i Holdings Co., Ltd.

In September 2010, Seven & i Holdings marked the fifth anniversary of its establishment.

Today, the Seven & i Group has completed its transition to Group management under a pure holding company system, and the entire Group is working together to foster continued operational development.

The Annual Report 2011 details how the Group, which has entered a new phase of development, is approaching emerging business opportunities and formulating growth strategies.

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For the latest investor relations information, please refer to the following websites:
http://www.7andi.com/en/ir/index.html (English)
http://www.7andi.com/ir/index.html (Japanese)

Group Business Overview

THE STRENGTHS OF THE SEVEN & i GROUP

CREATIVE MERCHANDISING
using the Group's comprehensive strengths

Sales capabilities:
¥8.7 TRILLION
in total Group sales*

*Including the sales of Seven-Eleven Japan franchisees and 7-Eleven, Inc.'s area licensees.

SOLID BUSINESS FOUNDATION
in Asia and North America

Seven & i Holdings Co., Ltd., is a holding company that oversees a wide range of operations in the fields of convenience stores, superstores, food supermarkets, department stores, food services, financial services, and IT/services.

By leveraging Group synergies, centered on our seven core operational areas, we are working to utilize the Group's strengths and creativity to create new value every day. In this way, we are creating "a new, comprehensive lifestyle industry" that meets the diverse needs of individual customers around the world.

Convenience Store Operations

Convenience store operations are composed of 7-Eleven convenience stores in Japan, North America, and China (Beijing, Tianjin, and Chengdu). 7-Eleven, Inc., based in the United States, provides 7-Eleven area franchise rights to area licensees around the world.

Principal Subsidiaries
(As of February 28, 2011)

Seven-Eleven Japan	(100.0)
7-Eleven, Inc.	(100.0)
SEVEN-ELEVEN CHINA	(100.0)
SEVEN-ELEVEN (BEIJING)	(65.0)
SEVEN-ELEVEN (CHENGDU)	(100.0)
SEVEN-ELEVEN (HAWAII)	(100.0)

More information on p14, 22, 74

Superstore Operations

Superstore operations are composed of superstores that provide apparel, household goods, and food in Japan and China—Beijing and Chengdu. In addition, superstore operations include food supermarkets in Japan and Beijing and specialty stores.

Principal Subsidiaries
(As of February 28, 2011)

Ito-Yokado	(100.0)
York-Benimaru	(100.0)
York Mart	(100.0)
Hua Tang Yokado Commercial	(75.8)
Chengdu Ito-Yokado	(74.0)
Beijing Wang fu jing Yokado Commercial	(60.0)
Akachan Honpo	(93.6)

More information on p17, 24, 74

Department Store Operations

Department store operations are composed of department stores and miscellaneous goods specialty stores.

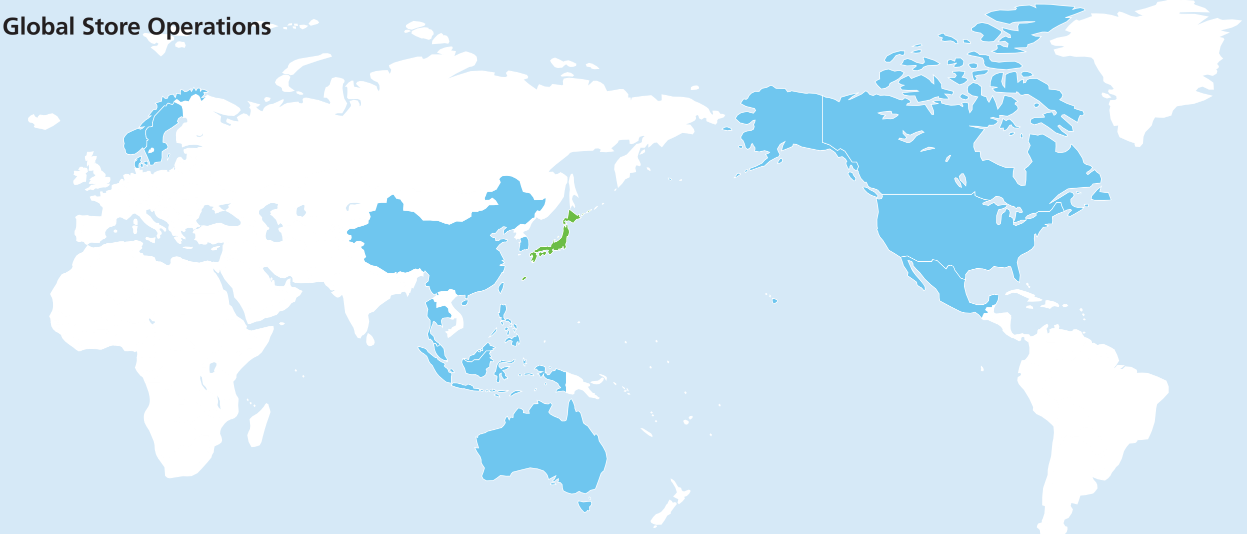
Principal Subsidiaries
(As of February 28, 2011)

Sogo & Seibu	(100.0)
THE LOFT	(70.7)
SHELL GARDEN	(100.0)

More information on p18, 26, 75

Note: Figures in parentheses indicate percentage of equity owned by Seven & i Holdings, including indirect holdings.

Global Store Operations



Customer Store-visits per Day
(approximate numbers)

Global **40 million**

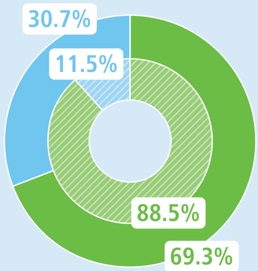
Japan **16 million**

Total Number of Stores
(approximate numbers)

Global **41,800**

Japan **14,700**

Breakdown by Geographic Area



Food Services

Food services are composed of restaurant operations, meal provision services (company cafeterias, hospitals, and schools), and fast food operations in Japan. We also operate restaurants in Beijing, China.

Principal Subsidiaries
(As of February 28, 2011)

Seven & i Food Systems	(100.0)
Seven & i Restaurant (Beijing)	(75.0)

More information on p28, 75

Financial Services

Financial services are composed of ATM operations, credit card operations, electronic money services, leasing operations, and insurance operations in Japan.

Principal Subsidiaries
(As of February 28, 2011)

Seven Bank	(49.0)
SEVEN & i FINANCIAL GROUP*	(100.0)
Seven Card Service	(95.5)
SE CAPITAL*	(100.0)
York Insurance	(100.0)
SEVEN & i Financial Center	(100.0)

* SEVEN & i FINANCIAL GROUP, SE CAPITAL, and Seven Cash Works were merged on March 1, 2011 and took the name Seven Financial Service.

More information on p19, 29, 75

Others

Others are composed of Internet-related services, meal delivery services, publishing, property management businesses, and community school businesses in Japan.

Principal Subsidiaries
(As of February 28, 2011)

Seven & i Netmedia	(100.0)
Seven Net Shopping	(77.9)
7dream.com	(68.0)
Seven Culture Network	(100.0)
SEVEN & i Publishing	(100.0)
Seven-Meal Service	(90.0)
Seven & i Asset Management	(100.0)
Mall & SC Development	(100.0)

Corporate Overview

Financial Highlights

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

FISCAL 2011 KEY POINTS

- Net income per share and ROE improved due to increased net income, which accompanied higher profitability, and to the acquisition and cancellation of treasury stock.
- For shareholder returns, we implemented the acquisition and cancellation of 20 million shares of treasury stock and an increase of ¥1 per share in cash dividends from the previous fiscal year.

	Millions of yen				
	2011	2010	2009	2008	2007
For the fiscal year:					
Revenues from operations	**¥5,119,739**	¥5,111,297	¥5,649,948	¥5,752,392	¥5,337,806
Operating income	**243,346**	226,666	281,865	281,088	286,838
Income before income taxes and minority interests	**223,291**	143,104	215,115	227,441	243,060
Net income	**111,961**	44,875	92,336	130,657	133,419
Capital expenditures (Note C)	**338,656**	211,189	188,943	217,738	278,388
Depreciation and amortization (Note D)	**132,421**	132,232	140,529	143,642	132,693
Cash flows from operating activities	**310,527**	322,202	310,007	465,380	157,209
Cash flows from investing activities	**(312,081)**	(115,158)	(139,568)	(237,184)	(235,983)
Cash flows from financing activities	**(56,258)**	(156,708)	(169,755)	(130,136)	37,241
Free cash flows (Note E)	**(1,554)**	207,044	170,438	228,195	(78,774)
At fiscal year-end:					
Total assets	**¥3,732,111**	¥3,673,605	¥3,727,060	¥3,886,680	¥3,809,192
Total net assets	**1,776,512**	1,793,940	1,860,672	2,058,038	1,969,149
Owners' equity (Note F)	**1,702,515**	1,721,967	1,785,189	1,985,018	1,906,798

	Yen				
Net income per share:					
Basic	**¥126.21**	¥49.67	¥100.54	¥137.03	¥142.90
Diluted	**126.15**	49.66	100.54	—	—
Cash dividends declared per share of common stock (Note G)	**¥57.00**	¥56.00	¥56.00	¥54.00	¥52.00
Dividend payout ratio	**45.2%**	112.7%	55.7%	39.4%	36.4%
Financial ratios:					
Operating income ratio (Note H)	**4.8%**	4.4%	5.0%	4.9%	5.4%
Net income ratio (Note H)	**2.2%**	0.9%	1.6%	2.3%	2.5%
ROE	**6.5%**	2.6%	4.9%	6.7%	7.6%
ROA	**3.0%**	1.2%	2.4%	3.4%	3.7%
Owners' equity ratio	**45.6%**	46.9%	47.9%	51.1%	50.1%

Notes:

(A) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥82=US$1, the approximate rate of exchange prevailing on February 28, 2011.

(B) The results of Millennium Retailing and its subsidiaries and affiliates in the fiscal year ended February 28, 2006 are consolidated only in the balance sheets.

(C) Capital expenditures include property and equipment, intangible assets, and long-term leasehold deposits.

(D) Depreciation and amortization is included in cost of sales as well as selling, general and administrative expenses.

(E) Free cash flows are calculated on the basis of the sum of cash flows from operating activities and cash flows from investing activities.

(F) Owners' equity is calculated on the basis of net assets excluding minority interests and subscription rights to shares in consolidated subsidiaries.

(G) Cash payments upon a stock transfer were made by Seven & i Holdings to the shareholders of Seven-Eleven Japan, Ito-Yokado, and Denny's Japan recorded in the registers of shareholders as of August 31, 2005, instead of the interim dividend payments for the fiscal year ended February 28, 2006. Accordingly, only year-end dividends are shown.

(H) Revenues from operations are used as the denominator for operating income ratio and net income ratio.

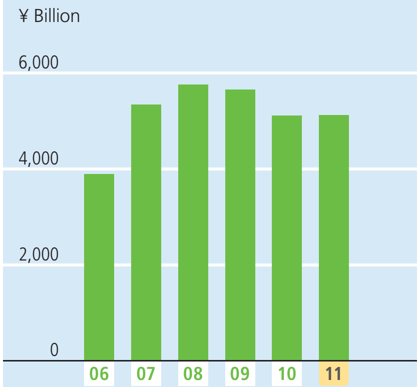
FISCAL 2011 KEY POINTS

- Net cash provided by operating activities was ¥310.5 billion, while net cash used in investing activities was ¥312.0 billion, due primarily to the acquisition of the land, buildings, and rights of leasehold of SEIBU Ikebukuro by Seven & i Asset Management. Consequently, free cash flows were –¥1.5 billion.

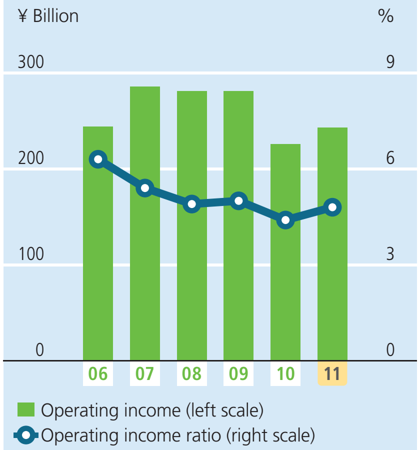
	2006 (Note B)	Thousands of U.S. dollars (Note A) 2011
	¥3,895,772	**$62,435,841**
	244,940	**2,967,634**
	178,518	**2,723,060**
	87,930	**1,365,378**
	185,354	**4,129,951**
	97,810	**1,614,890**
	217,325	**3,786,914**
	(388,080)	**(3,805,865)**
	103,093	**(686,073)**
	(170,754)	**(18,951)**
	¥3,424,878	**$45,513,548**
	1,717,880	**21,664,780**
	1,603,684	**20,762,378**

		U.S. dollars (Note A)
	¥100.83	**$1.53**
	—	**1.53**
	¥28.50	**$0.69**
	—	**45.2%**
	6.3%	**4.8%**
	2.3%	**2.2%**
	5.5%	**6.5%**
	2.6%	**3.0%**
	46.8%	**45.6%**

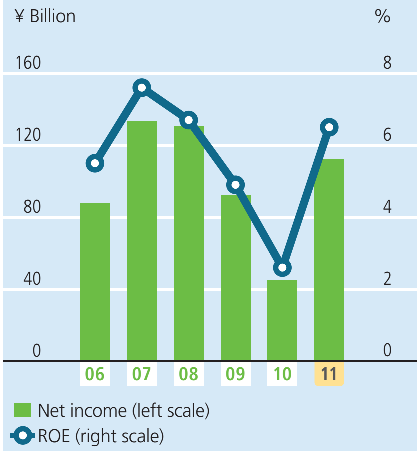
Revenues from Operations



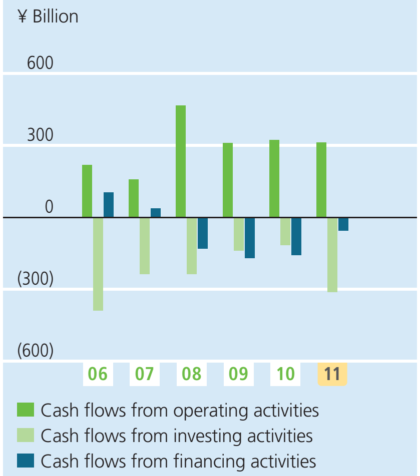
Operating Income
Operating Income Ratio



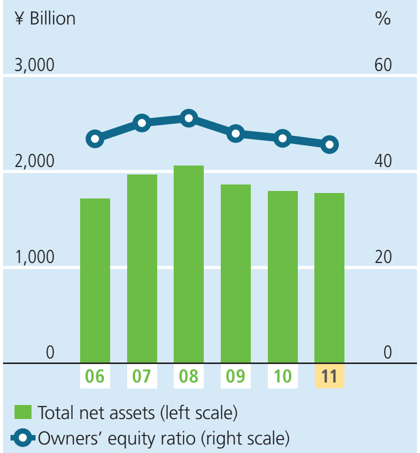
Net Income
ROE



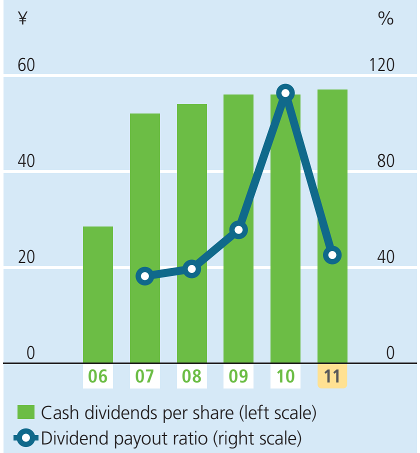
Cash Flows



Total Net Assets
Owners' Equity Ratio



Cash Dividends per Share
Dividend Payout Ratio



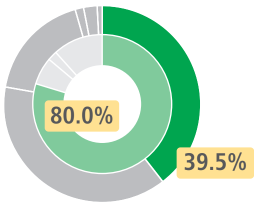
At a Glance

FISCAL 2011 KEY POINTS

- In the fiscal year ended February 28, 2011, capital expenditures declined ¥11.2 billion in superstore operations but rose ¥8.0 billion in department store operations and ¥123.7 billion in others. As a result, capital expenditures for the fiscal year were up 60.4%, to ¥338.6 billion. Depreciation and amortization rose 0.1%, to ¥132.4 billion.

Convenience Store Operations

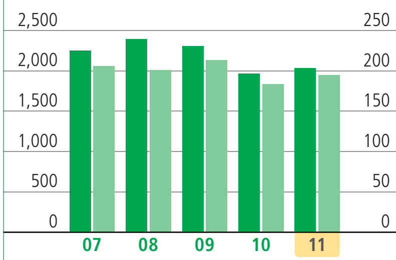
Contribution to Results
For the fiscal year ended February 28, 2011



Revenues from operations
Operating income

Revenues from Operations / Operating Income

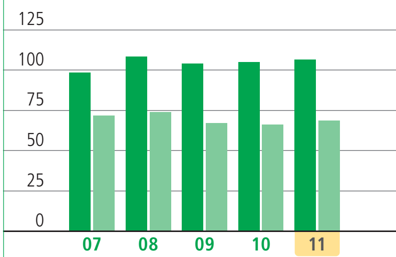
¥ Billion



Revenues from operations (left scale)
Operating income (right scale)

Capital Expenditures / Depreciation and Amortization

¥ Billion



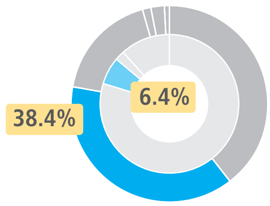
Capital expenditures
Depreciation and amortization

Fiscal 2011 Achievements

- The number of 7-Eleven stores worldwide surpassed 40,000.
- SEVEN-ELEVEN (CHENGDU) CO., LTD., was established.

Superstore Operations

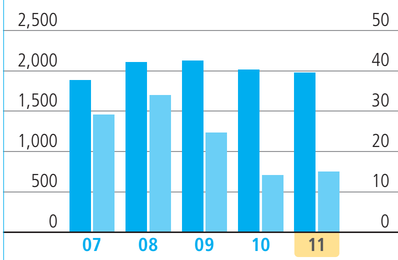
Contribution to Results
For the fiscal year ended February 28, 2011



Revenues from operations
Operating income

Revenues from Operations / Operating Income

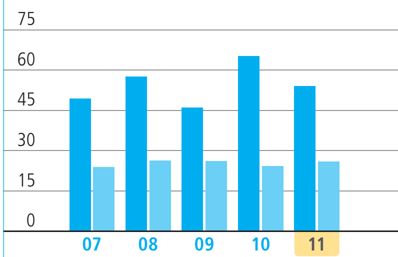
¥ Billion



Revenues from operations (left scale)
Operating income (right scale)

Capital Expenditures / Depreciation and Amortization

¥ Billion



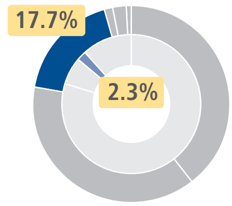
Capital expenditures
Depreciation and amortization

Fiscal 2011 Achievements

- Three *Ario* mall-type shopping centers (Kitasuna, Hashimoto, Fukaya) were opened by Ito-Yokado.
- Development of a small urban supermarket format—Ito-Yokado *Shokuhinkan* (food specialty store)—got under way.

Department Store Operations

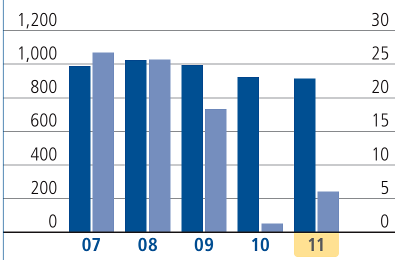
Contribution to Results
For the fiscal year ended February 28, 2011



Revenues from operations
Operating income

Revenues from Operations / Operating Income

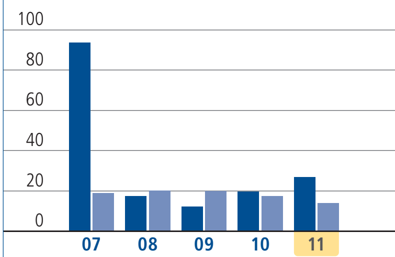
¥ Billion



Revenues from operations (left scale)
Operating income (right scale)

Capital Expenditures / Depreciation and Amortization

¥ Billion



Capital expenditures
Depreciation and amortization

Fiscal 2011 Achievements

- The grand reopening of SEIBU Ikebukuro was held after the completion of a three-year remodeling.
- SEIBU Yurakucho was closed.

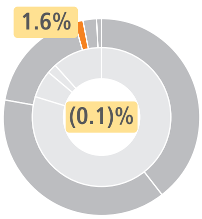
FISCAL 2011 KEY POINTS

- The increase in capital expenditures in department store operations was principally the result of investment in the remodeling of SEIBU Ikebukuro.
- The substantial increase in capital expenditures in others was attributable to the acquisition of the land, buildings, and rights of leasehold of SEIBU Ikebukuro (¥123.0 billion) by Seven & i Asset Management.

Food Services

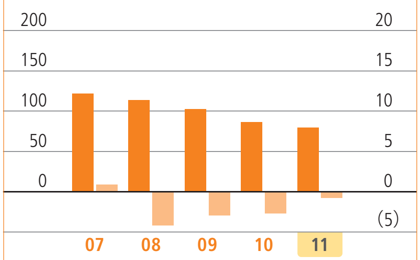
Contribution to Results

For the fiscal year ended February 28, 2011



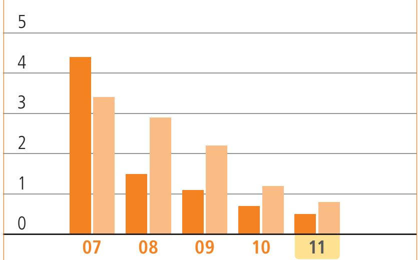
Revenues from operations
Operating income (loss)

Revenues from Operations / Operating Income (Loss)



Revenues from operations (left scale)
Operating income (loss) (right scale)

Capital Expenditures / Depreciation and Amortization



Capital expenditures
Depreciation and amortization

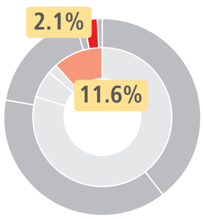
Fiscal 2011 Achievements

- The second *AllDay's* restaurant was opened in Beijing, China.

Financial Services

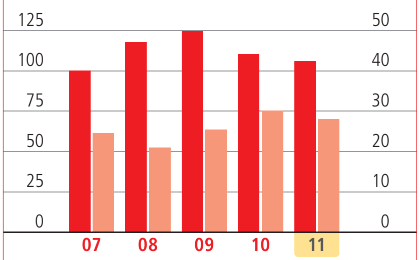
Contribution to Results

For the fiscal year ended February 28, 2011



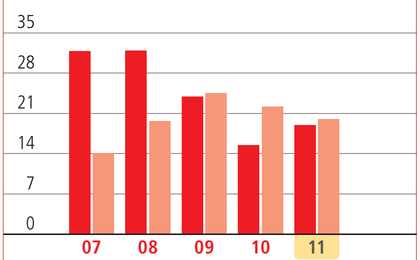
Revenues from operations
Operating income

Revenues from Operations / Operating Income



Revenues from operations (left scale)
Operating income (right scale)

Capital Expenditures / Depreciation and Amortization



Capital expenditures
Depreciation and amortization

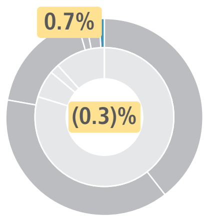
Fiscal 2011 Achievements

- A comprehensive business alliance agreement was concluded by SEVEN & i FINANCIAL GROUP CO., LTD., and Credit Saison Co., Ltd.
- Seven Bank began to install third-generation ATMs.

Others

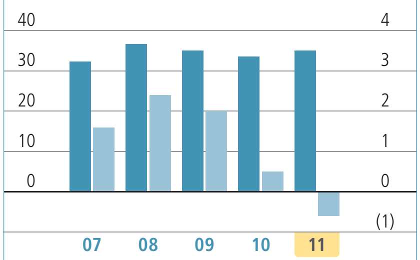
Contribution to Results

For the fiscal year ended February 28, 2011



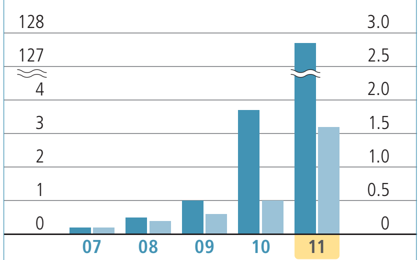
Revenues from operations
Operating income (loss)

Revenues from Operations / Operating Income (Loss)



Revenues from operations (left scale)
Operating income (loss) (right scale)

Capital Expenditures / Depreciation and Amortization



Capital expenditures (left scale)
Depreciation and amortization (right scale)

Fiscal 2011 Achievements

- Seven & i Asset Management Co., Ltd., was established.
- *Seven Net Shopping*, an Internet shopping site, was renewed.

To Our Shareholders and Investors

Toshifumi Suzuki
Chairman and Chief Executive Officer

Seven & i Holdings extends its heartfelt sympathy to all those who have suffered as a result of the Great East Japan Earthquake. We would like to thank our shareholders and investors for their encouragement, and to apologize for causing them concern.

Certain of the Group's stores, principally in the Tohoku region, were damaged by the earthquake. However, to fulfill our mission as a retail group by continuing to provide customers with products that are indispensable in daily life, everyone at the Group worked together to implement countermeasures on an emergency basis. As a result, almost all of the Group's stores have returned to the operating schedules that were followed prior to the earthquake.

In accordance with our social mission as a retail group, our stores in the disaster-stricken area were able to recover store operations rapidly. This is attributable to the hard work of the franchisees of Seven-Eleven Japan and employees of the Group and to the strong relationships of trust with our many business partners, who supported our recovery efforts. The corporate culture and relationships with stakeholders that the Group has cultivated represents an irreplaceable asset for the Group, and I believe that they will be a key source of growth for the Group in the years ahead.

Consolidated Business Results

In the fiscal year ended February 28, 2011, the operating environment in the retail industry remained sluggish. With corporate profits following a recovery trend, there were some signs of improvement in consumer spending. Nonetheless, prices continued to fall at a moderate pace, centered on frequently purchased items, such as food and sundries.

In this setting, on a consolidated basis, the Company's revenues from operations rose 0.2%, to ¥5,119.7 billion. Operating income was up 7.4%, to ¥243.3 billion, and net income increased 149.5%, to ¥111.9 billion.

Sales were sluggish in domestic superstore and department store operations, and the appreciation of the yen had the effect of reducing revenues. Nonetheless, higher gasoline prices in convenience store operations in North America led to the overall gain in revenues from operations. The increase in operating income was due primarily to higher income in domestic convenience store operations. The substantial improvement in net income resulted from the increase in operating income as well as an increase in special gains and a decrease in special losses, such as amortization of goodwill and impairment loss related to stores.

For the year under review, annual dividends were ¥57.00 per share, an increase of ¥1.00 per share from initial plans.

Group Initiatives

In the year under review, the Group worked to further strengthen its existing businesses and to develop new businesses.

To further strengthen our existing businesses, we took steps to bolster development and sales capabilities of our *Seven Premium* private-brand products. We also began sales of *Seven Gold* private-brand products, which offer quality one level above *Seven Premium*. Furthermore, we expanded product sales with Global Merchandising initiatives that utilized economies of scale and the infrastructure of the Group in Japan and overseas. In the field of food, we implemented joint procurement activities for raw materials and products, leveraging the Group's information-collection and sales capabilities. Moreover, in sales promotions, for the first time we conducted a sales campaign that linked all of the Group's major operating companies in Japan. In these ways, we aggressively implemented initiatives that transcend the industry's traditional frameworks to leverage Group synergies.

Targeting the development of new businesses, we have taken steps to strengthen our card operations, which constitute a common Group infrastructure. For example, our card operations within department stores, which had been handled by a credit card company outside the Group, have now been brought into the Group. In this way, we have made progress with preparations for the expansion of an integrated point program system and other services.

Each operating company also worked to strengthen its ability to create product lineups and sales areas that are aligned with customer needs and strove to increase profitability through cost reductions. Further information about each operating segment is provided in the Review of Operations section on pages 22-29 and the Management's Discussion and Analysis section on pages 39-40.

Outlook

In regard to consolidated results forecasts for the fiscal year ending February 29, 2012, in addition to the direct effect of the Great East Japan Earthquake on stores and products, there could also be significant fluctuations in consumer sentiment due to events that might occur in the future. The consolidated results forecasts in these materials incorporate the amount of those effects that was anticipated as of April 7, 2011.

In the fiscal year ending February 29, 2012, we are forecasting revenues from operations of ¥4,600.0 billion, down 10.2%; operating income of ¥248.0 billion, an increase of 1.9%; and net income of ¥87.5 billion, down 21.8%. A change in accounting methods at 7-Eleven, Inc., convenience store operations in North America, is expected to have the effect of reducing revenues from operations by ¥545.0 billion, and the earthquake is expected to have the effect of reducing revenues from operations by ¥144.0 billion. In addition, the earthquake is expected to have the effect of reducing operating income by ¥38.1 billion. We also expect to record a special loss of ¥26.0 billion for earthquake-related damage losses and a special loss of ¥24.0 billion due to the adoption of Accounting Standards for Asset Retirement Obligations. Further information regarding consolidated results forecasts is provided in the Influence of the Great East Japan Earthquake and the Group's Response section on pages 20-21.

In the future, to meet the expectations of shareholders and investors, we will draw on the creativity of each individual employee in order to take on new challenges. In addition, we will further enhance the combined strength of Group companies. In these ways, we will continue striving to be number one in customer satisfaction. We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2011

Toshifumi Suzuki

Toshifumi Suzuki
Chairman and Chief Executive Officer

Interview with the President

Noritoshi Murata
President and Chief Operating Officer

Q1. Would you describe the Group's operational activities over the five years since Seven & i Holdings was established?

A1. We are beginning to see the effects of our efforts to generate Group synergies over the past five years, and the know-how that we have cultivated through this process will be an important source of strength in the future.

When Seven & i Holdings was established, we implemented a policy of focusing on generating Group synergies, centered on seven core operational areas, and enhancing consumer loyalty to the corporate brands held by each core operating company. However, at the time of the holding company's establishment, there was a barrier resulting from differences among the operational characteristics of each company, and we faced difficulties in implementing cooperative initiatives among various operational fields.

It was the development of the Group's *Seven Premium* private-brand products that enabled us to break through that barrier. In creating *Seven Premium*, we decided not to rely on a company that specialized in the development of private-brand products. Instead, we utilized the Team Merchandising Approach in which we shared the information and know-how cultivated by each of our operating companies and advanced joint development with outside manufacturers. We also shared Seven-Eleven Japan's advanced product development know-how throughout the Group, and we implemented Group Merchandising that fully leveraged the Group's sales capabilities. As a result of these initiatives, in the fiscal year ended February 28, 2011, which was the fourth year after the launch of *Seven Premium*, sales of the Group's private-brand products, including *Seven Premium*, reached ¥380.0 billion. We have succeeded in developing *Seven Premium* into our core line of private-brand merchandise. This is an excellent example of a major competitive advantage for the Group as a whole that resulted from overcoming the barriers among various operational fields and reinforcing cooperative initiatives within the Group.

Following the Lehman Shock, differentials in organizational strengths were directly reflected in earnings power. Today, we are utilizing the know-how that we have cultivated in the development of private-brand merchandise—not only in Global Merchandising activities but also in the joint procurement of raw materials and products. In this environment, the Group encompasses a diverse range of business formats and is able to fully utilize know-how and resources from both inside and outside the Group. These capabilities will be a major competitive edge in future operational development.

Q2. The Group made a major contribution to local communities by quickly reopening the stores that were damaged by the Great East Japan Earthquake. How was the Group able to achieve those results?

A2. In addition to close cooperation among the operating companies' stores and head offices, our principal strengths in these endeavors were the concerted action among Group companies and our relationships with outside business partners.

The Group experienced the Great Hanshin Earthquake 16 years ago, which reinforced our strong awareness of the social mission of a retail group—continuing to provide products that are essential in daily life, even in times of crisis. I believe that the speed of our reaction following the earthquake in March is a result of how that social mission has taken root in the corporate cultures at all the Group's operating companies.

After the earthquake, the Group quickly established the Earthquake Response Office at head office, and we centralized the information reported by each Group company. In addition, through our close ties with distribution companies and other external partners, we worked to establish a backup system for delivering products to disaster-stricken areas.

At the stores, our highest priority was to maintain store operations so that local residents could return to their normal lives as rapidly as possible. I believe that these unified, Group-wide emergency measures and our strong relationships with external partners, which we have cultivated for many years, are what enabled us to quickly reopen stores and to restart product procurement and distribution activities.

Q3. Would you discuss the Group's approach to providing a return to shareholders? Specifically, over the past five years, the Group has increased dividends and made acquisitions of treasury stock. What is the Group's basic policy for these types of activities?

A3. Since our establishment, our basic policy for shareholder returns has been to provide a return of profits in line with profit growth.

We recognize our shareholders as important stakeholders, and in returning profits to shareholders, there has been no change in our basic policy of providing a return in line with profit growth since our establishment. In calculating dividends, the Company aims to maintain a basic annual dividend amount of at least ¥50.00 per share and a target consolidated payout ratio of at least 35%.

We also consider share buybacks to be flexible means of providing a return to shareholders, consequently, we have implemented acquisitions of treasury stock with consideration for our financial position.

Dividends and Treasury Stock Acquisitions

	Annual dividends	Total dividends	Treasury stock acquisitions	
FY 2007	¥52.00	¥49.5 billion	—	—
FY 2008	¥54.00	¥51.9 billion	—	—
FY 2009	¥56.00	¥50.5 billion	50 million shares	¥157.9 billion
FY 2010	¥56.00	¥50.5 billion	—	—
FY 2011	¥57.00	¥50.3 billion	20 million shares	¥47.2 billion
FY 2012 (Plan)	¥57.00	—	—	—

Q4. Do you have a message for the Group's shareholders and investors?

A4. I would like the year ahead to be one in which everyone at the Group works together to take the first step toward new growth.

Five years have passed since the Group's establishment, and over that period we have built a solid foundation for growth as a Group. Now, we will expand our domestic market share by fully leveraging our store network—about 14,700 stores in Japan—and our sales capabilities. We will also aggressively take on the challenge of strengthening our common Group infrastructure, such as Internet operations and financial services. Overseas, we will focus on global operational development, centered on Seven-Eleven Japan and 7-Eleven, Inc.

We would like to ask for the continued support of our shareholders and investors in the years ahead.

June 2011

Noritoshi Murata
President and Chief Operating Officer

The Business Strategies of the Seven & i Group

In the Group, the roles of the holding company and the operating companies have been clearly defined. Each operating company makes a contribution to increasing the Group's enterprise value by independently implementing its own business strategies.

In general, each operating company implements investment within the limits of its cash flows. The Group's approach to investment allocation is as follows: in businesses that offer high investment efficiency or high profitability, investment is increased, while in businesses with low profitability, investment is cut back and restructuring initiatives are emphasized.

This section introduces the Group's business strategies for the fiscal year ending February 29, 2012.

GROUP SYNERGIES

We will focus the Group's comprehensive strengths and take on the challenge of generating further Group synergies.

Fundamental Approach

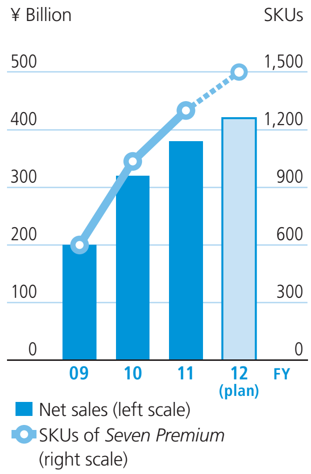
The Group has positioned the implementation of Groupwide merchandising initiatives as an important strategy for the expansion of Group synergies, and accordingly the entire Group is working together to aggressively implement those initiatives. To offer high-quality products at reasonable prices, the Group continues to take on the challenges of private-brand product development and joint procurement of raw materials and products through Group Merchandising and Global Merchandising activities. The Group's strengths include extensive information about customer purchasing behavior and world-class sales capabilities. We have been able to realize these strengths through our diverse range of business formats that are closely linked to the daily lives of customers. To make full use of these strengths, we will work to transcend format boundaries and to ensure that the Group strategies are shared by each operating company, thereby further enhancing our competitiveness.

Group Private-brand Strategy

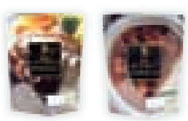
The Group's private-brand strategy is centered on *Seven Premium*, which was launched in 2007. In the fiscal year ended February 28, 2011, sales of our private-brand products totaled ¥380.0 billion, exceeding our initial plans. Our first Global Merchandising product was wine, and since this product was launched in November 2009, we have sold more than 4.5 million bottles. In the future, we will strive to make further progress in reducing cost of sales by leveraging the Group's sales capabilities and aggressively advancing joint procurement, including national-brand products.

In the fiscal year ending February 29, 2012, in accordance with our new brand strategy, we will implement an across-the-board renewal of the *Seven Premium* and *Seven Gold* brands, including product lineups, logos, and packaging. In addition, Seven-Eleven Japan (SEJ) will add a logo to its original daily products, such as rice balls and sandwiches, thereby enhancing SEJ's corporate brand value.

Group Private-brand Products: Results and Forecast



Launch of New Brand Framework

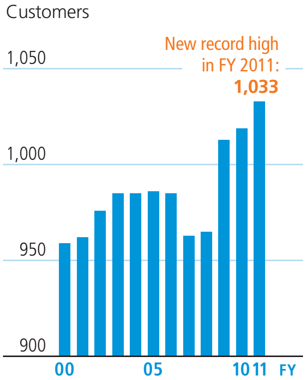
	SEJ's Original Daily Products	Seven & i Group's Private-brand Products	
Previous Logo	—	*Seven Premium*	*Seven Premium Gold*
New Logo		*Seven Premium*	*Seven Gold*
Product Examples			

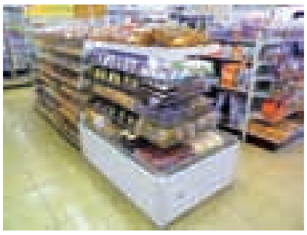
Seven Premium product lineup

SEVEN-ELEVEN JAPAN

Aiming to provide customers with "close by convenient stores," we will enhance store development and product lineups. In China, we will implement measures to accelerate store openings.

Average Number of Customer Visits per Store (for all stores)





Island-type chilled case

Examples of basic products

Fundamental Approach

At Seven-Eleven Japan (SEJ), in response to changes in the operating environment in the domestic retail industry, such as a decline in the number of people per household, an increase in the number of working women, trends toward fewer children per family and an aging population, and a decline in the number of small retail stores in Japan, our key business strategies are designed to facilitate the realization of "close by convenient stores." In the fiscal year ending February 29, 2012, we will work to offer product lineups that continue to meet customer needs and to further enhance service in order to continue improving "close by convenient stores."

Merchandising

Targeting the realization of "close by convenient stores," we have strengthened our lineup of products that help to reduce food preparation time in the home. These include fast foods as well as *sozai* prepared dishes and other chilled items, frozen foods, and foods prepared in the store, such as croquettes and deep-fried chicken.

In addition, we aggressively added *Seven Premium* products to the seasonings and sundries lineups, thereby raising our price competitiveness. Through these measures, we succeeded in increasing customer store visits by drawing housewives and women who work outside the home, who had not been core customers in the past. In response to changing customer needs, SEJ has expanded its offerings of chilled products, for which demand is increasing, by introducing new island-type chilled cases. In addition, we are also working to further increase convenience by enhancing lineups of basic products that are essential in daily life, such as milk and bread.

Moreover, we will rigorously reevaluate the quality of all original products, including fast foods, and use a new brand logo for products that feature "high quality" and "reasonable prices." By rebuilding product brands, SEJ will further increase its corporate brand value.

Store-opening Policies

Our basic policy for opening stores is to implement our market concentration strategy while maintaining a focus on individual store profitability. In the fiscal year ending February 29, 2012, we plan to open 1,200 stores, a record high level. Other major initiatives are as follows.

- Step up store openings in the three large urban areas (Tokyo metropolitan area, Chukyo area, and Kansai area)
- Strengthen the Seven-Eleven chain and advance the market concentration strategy through the provision of support for store openings by franchisees who will operate two or more stores.*
- Open stores in special locations (railroad stations, hospitals, schools, etc.) through tie-ups with corporate partners.
- Open up stores in new regions.

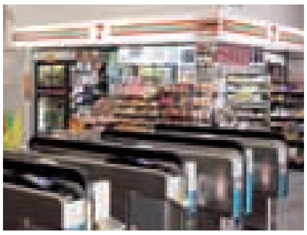
One reason for stepping up store openings in the three large urban areas is the aging of urban populations. There are approximately 38 million people aged 60 and older in Japan, and about one-fourth of them live in urban areas. In the future, the trend toward the population of senior citizens concentrating in urban areas is expected to continue, and accordingly we believe that these areas will see growing needs for "close by convenient stores."

We will also utilize corporate tie-ups to facilitate store openings by emphasizing SEJ's strengths. For example, at kiosks operated by railroad companies, we can contribute to dramatic increases in efficiency per unit of floorspace by utilizing SEJ's product procurement capabilities to enhance their lineup of fast foods.

On the other hand, by strictly selecting the locations for store openings, we will reduce the percentage of new stores that fail to meet SEJ's standards for average daily sales per store.

Through these measures, we will aggressively open high-quality stores, work to raise investment efficiency, and strengthen Seven-Eleven chain operations.

* The SEJ system for supporting franchisees who operate two or more stores
1. When one franchisee operates two or more Seven-Eleven stores, a 3% incentive is applied to the second and subsequent stores.
2. When franchisees that have operated a Seven-Eleven store for five years open a new Seven-Eleven store, the "incentive for stores open over five years" is applied to the new store from the beginning of its operations.



Keikyu store

Convenience Store Operations in China

In China, we will step up store openings and increase localization.

In March 2011, we opened the first store in Chengdu, which is operated by SEVEN-ELEVEN (CHENGDU), which was established in December 2010. Together with Beijing, Tianjin, and Shanghai, where we already had stores, the addition of Chengdu means that we now have stores in four regions in China. In these four regions, we plan to open about 200 stores in the fiscal year ending December 31, 2011.

We will also emphasize localization. With the objectives of cultivating human resources with a strong understanding of the highly profitable SEJ business model and of increasing their motivation, we will advance localization through the promotion of local staff to key positions.

Seven-Eleven convenience store in Beijing, China

MESSAGE FROM PRESIDENT RYUICHI ISAKA

Striving to be an "irreplaceable" part of the daily lives of customers

Over the past several years, the retail industry has been affected by sluggish economic conditions. In particular, there has been a shake-out among regional supermarkets and owner-operated stores, and the number of small and medium-sized retail stores has declined. In addition, with the population aging, there is an increase in the number of seniors who consider transportation to be inconvenient and who think that the retail environment does not present convenient opportunities for nearby shopping. Also, with increasing numbers of women working outside the home, there is a trend toward less time available for housework, with a corresponding increase in needs for "close by convenient stores," where it is easy to purchase food and other items near the home. For SEJ, which offers products and services closely linked to daily lives, these types of changes in the operating environment represent a significant business opportunity.

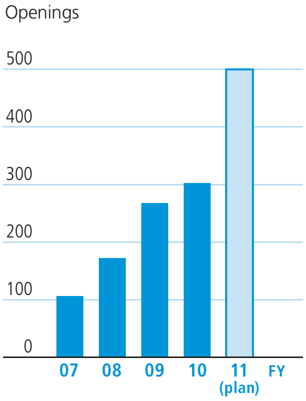
Success in *Seven Premium* clarified the strengths of the Group's product development and supply capabilities. Because the Group includes superstores and food supermarkets, these capabilities cannot be duplicated by competing convenience stores. By fully leveraging these strengths and developing stores that are close by and convenient for customers, we believe that we can achieve further growth in the years ahead.

On the other hand, franchisees are SEJ's most important stakeholders, and we believe that increasing the satisfaction of franchisees will drive SEJ's growth. Human resources are SEJ's most important asset. SEJ will strive to achieve mutual prosperity with franchise stores by maintaining high levels of motivation among the SEJ employees who support franchise stores. In this way, SEJ will be able to enjoy long-term partnerships with franchise stores that have superb motivation and capabilities.

7-ELEVEN, INC.

7-Eleven, Inc. (SEI) is working to aggressively expand its store network, including through M&A transactions.

Number of Store Openings: Results and Forecast



Fiscal year ended on December 31

Coffee bar

Hot foods

Fundamental Approach

Over the past several years, SEI has undertaken a number of operating and infrastructure development initiatives designed to improve efficiencies in operations, provide better service to customers, ensure product quality and value, and position SEI to deliver sustainable, long-term growth. These strategies include the utilization of technology, improved merchandising, expanding and enhancing the fresh food program, utilization of a more efficient distribution system, and developing new stores.

Recent changes in SEI's operating environment include a decline in commercial property rents and an increase in the number of small, owner-operated stores that are going out of business. SEI is approaching these changes as opportunities to open stores, and moving forward SEI will further increase store openings.

SEI is taking steps to enhance the value of the 7-Eleven brand, such as a continued emphasis on the development of fresh foods, private-brand products, proprietary beverages, and services.

Store-opening Policies

SEI is accelerating store openings, including through M&A transactions, to expand the 7-Eleven chain. In addition, SEI will improve investment efficiency by stepping up the opening of A-type stores, which have a lower initial investment than C-type stores. In general, new store openings will be centered on existing markets to enhance distribution and sales promotion efficiency. In the fiscal year ending December 31, 2011, SEI expects to open 500 stores, the largest number of store openings since SEI joined the Group in 1991.

SEI is implementing the Consolidated Market Rollout initiative, which is a store remodeling program that combines refurbishment of a store, an upgraded coffee bar, and new hot foods equipment all reinforced with marketing activity. Through the Consolidated Market Rollout initiative, SEI will work to continue to strengthen the 7-Eleven brand.

Notes: A-type store: Franchisees provide land and buildings; C-type store: Franchisor provides land and buildings

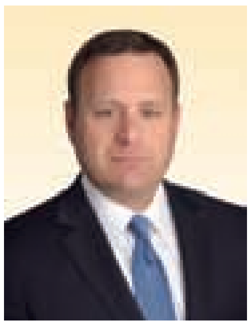
Merchandising

SEI offers a broad array of products, including many not traditionally available in convenience stores, to meet the changing needs of its customer base. These products include high-quality fresh foods that are delivered daily to its stores. In addition, SEI sells a number of products developed specifically for its stores, which is a key part of its strategy.

MESSAGE FROM PRESIDENT JOSEPH DEPINTO

Moving forward, SEI will leverage 7-Eleven's distinctive brand value as we aggressively open new stores

For SEI, the current operating environment presents many opportunities including accelerating store openings. Our market concentration strategy has enabled us to establish strong store brand value in the regions where we operate. As we target further expansion under the market concentration strategy, we will endeavor to further enhance store brand value. Moreover, we will take steps to thoroughly understand the superb business infrastructure and store operations frameworks of Seven-Eleven Japan and to leverage them to reinforce our own capabilities. We will also take steps to make full use of economies of scale, such as aggressively implementing global, integrated procurement of products and materials.



SEI is focused on several key merchandising measures to further differentiate its brand from the competition: strengthening fresh foods, *7-Select* private-brand products, proprietary beverages, and services.

As an example, SEI will bolster its lineup of products in fresh foods, enabling it to offer breakfast, lunch, and dinner. For *7-Select* private-brand products, SEI offers quality equivalent to or better than national-brand products at prices that are 15% to 20% lower. SEI is focused on the development of new products while also improving existing products to further strengthen the brand value of *7-Select*.

7-Select private-brand products of SEI

ITO-YOKADO

With the objective of establishing a new superstore format to meet customer needs, we will reinforce our merchandising and reevaluate our pricing policy.

Fundamental Approach

In superstore operations, the business environment remains extremely challenging. At Ito-Yokado, we will work to improve profitability by further reinforcing our strong food sales capabilities while continuing to reform apparel operations, which have been identified as a problem area. To increase customer loyalty, we will reevaluate our pricing policy, which in the past has emphasized a low-price orientation, and take steps to rebuild our profit structure. In store openings, we will focus on shopping-center-style stores with high customer-drawing power and small stores, centered on food, in urban areas.

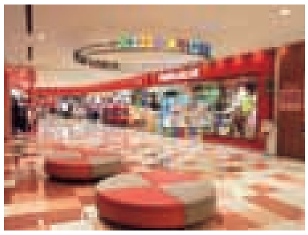
Vegetables with traceability

Merchandising

In food merchandising, we will work to further increase loyalty toward quality and product lineups by offering *Seven Premium* private-brand products and safe, highly fresh foods at reasonable prices. In apparel, we will move ahead with initiatives targeting improved margins. Especially in basic items, we will strengthen the development and merchandising of private-brand products by handling the entire product cycle in-house. We will also increase direct overseas procurement. In addition, we will enhance the overall attractiveness of our apparel sales areas through the introduction of tenants in certain sections of directly managed sales floor space to improve earnings efficiency.

In pricing, we will discontinue the use of flyers that focus on product prices. Instead, we will switch to sales promotion methods that utilize a range of media, including TV and the Internet, to emphasize product value. In this way, we will enhance loyalty toward store prices. Moreover, we will leverage the Group's sales capabilities to reduce procurement costs and improve profitability.

Private-brand apparel sales area



Introduction of Akachan Honpo specialty store in the Group

Store-opening Policies

In the fiscal year ending February 29, 2012, we plan to open three stores and close seven. While moving ahead with store closures, centered on unprofitable stores, we will reduce the pace of store openings in comparison with the fiscal year ended February 28, 2011, when we opened six.

At existing stores, we will optimize the sales area composition of each section in accordance with the characteristics of each store's catchment area, and we will advance the establishment of a low-cost operational structure. In these ways, we will strive to improve profitability.

Ario Ueda, opened in April 2011

SOGO & SEIBU

In Sogo & Seibu, the core operating company of department store operations, we will implement store reforms, with the objective of focusing management resources and increasing asset efficiency.

Remodeled sales area in SEIBU Ikebukuro

Fundamental Approach

The uncertainty about economic conditions that followed the financial crisis has shown signs of settling down, and from the second half of 2010, sales in the department store industry have followed a trend of gradual recovery.

In this setting, one of the strengths of Sogo & Seibu is a substantial number of stores in favorable locations, such as adjoining terminal railway stations that are used by large numbers of people. Sogo & Seibu will make the most of this strength to take on the challenge of establishing a new type of department store concept.

Ongoing Restructuring Initiatives by Type of Store

In implementing restructuring initiatives intended to concentrate management resources and increase asset efficiency, stores will be divided into three categories based on their characteristics. We will increase the allocation of resources to stores that are expected to be highly profitable, while we will consider closing stores that offer limited prospects for improved profitability. For key stores, which account for about 60% of Sogo & Seibu's total sales, we will invest to reinforce marketing capabilities, and we will extend to other key stores examples of success at SEIBU Ikebukuro, where reforms have been implemented. In regional leader stores, we will work to enhance the attractiveness of our stores by using the competitive edge arising from our location. In suburban stores, we will use the SEIBU Higashi-Totsuka store as a successful model of converting to shopping center-style management. Moving forward, we will strive to establish a new format that combines leading specialty stores and department stores.

Sogo Yokohama, key store

Sogo Tokushima, regional leader store

SEIBU Higashi-Totsuka, suburban store

Store Categories and Policies by Type of Store

Store category	Stores	Policies
Key Stores (7 stores)	SEIBU Ikebukuro, Sogo Yokohama, Sogo Chiba, Sogo Kobe, Sogo Hiroshima, SEIBU Shibuya, Sogo Omiya	Strengthen sales capabilities by extending SEIBU Ikebukuro's successes to other key stores
Regional Leader Stores (7 stores)	SEIBU Tokorozawa, SEIBU Asahikawa, SEIBU Akita, SEIBU Numazu, SEIBU Okazaki, SEIBU Fukui, Sogo Tokushima	Establish competitive advantage through the implementation of store operations closely linked to local communities
Suburban Stores (13 stores)	SEIBU Higashi-Totsuka, Sogo Kawaguchi, SEIBU Takatsuki, SEIBU Otsu, SEIBU Yao, SEIBU Tsukuba, Sogo Kashiwa, SEIBU Funabashi, Sogo Seishin, Sogo Kure, Robinson's Kasukabe, Robinson's Odawara, Sogo Hachioji (to be closed in January 2012)	Establish store operations model for commercial complex facilities by extending the results achieved with early-implementation stores

CARD BUSINESS

In the card business, we will continue to expand the Group's point services.

Fundamental Approach

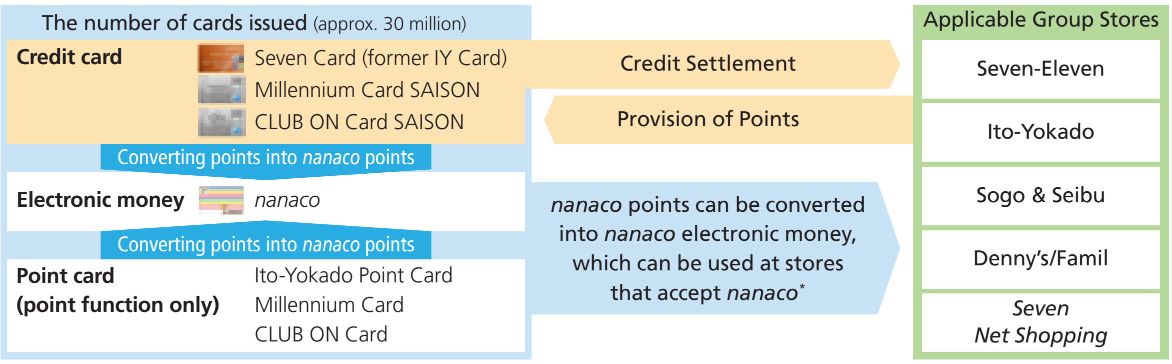
In the card business, we will aggressively implement a Groupwide card strategy as a common Group infrastructure. Centered on *nanaco* electronic money service, we will share points within the Group and also promote tie-ups with external point programs.

Seven & i Point Service

On June 1, 2011, we launched the Seven & i Point Service, a common Group service for members of all of the card programs offered by Group companies. Currently, there are more than 30 million cards issued. This service was launched with SEJ, Ito-Yokado, Sogo & Seibu, Denny's, Famil, and *Seven Net Shopping*, an Internet shopping site. We will expand this service to all Group companies and strive to make this one of the largest point services in Japan, with annual sales at member stores of about ¥5 trillion and the equivalent of about ¥40.0 billion in point issuance.

Overview of the Group's Card Strategy

Point Acceptance Framework



* They can also be used in the previous way, as points in the issuer's program.

Point Acceptance Service

Cards		Stores participating in service	
		Previous	Current
	Credit cards issued by Seven Card Service Co., Ltd.	Ito-Yokado	ELEVEN, Ito-Yokado, SOGO, SEIBU 西武, Denny's, 7net shopping
	Credit cards issued by Seven CS Card Service Co., Ltd.	SOGO, SEIBU 西武	ELEVEN, Ito-Yokado, SOGO, SEIBU 西武, Denny's, 7net shopping

Bringing Department Store–related Card Operations Inside the Group

In September 2010, we converted the card operations that were affiliated with the Group's department store operations into a joint venture company. To that end, Credit Saison, a retail industry credit card company, established Seven CS Card Service, and in April 2011 that company was made a consolidated subsidiary of Seven & i Holdings.

Company Overview

Name	Seven CS Card Service Co., Ltd.
Capital	¥100 million
Shareholding ratio	Seven Financial Service (51%), Credit Saison (49%)
Business activities	Credit card members: 3 million (as of the end of March 2011) Shopping transaction volume: ¥660.0 billion (FY ended March 2011)

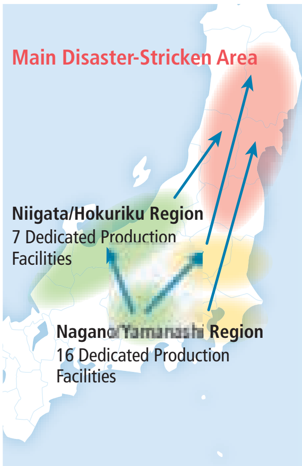
Special Features

The Influence of the Great East Japan Earthquake and the Group's Response

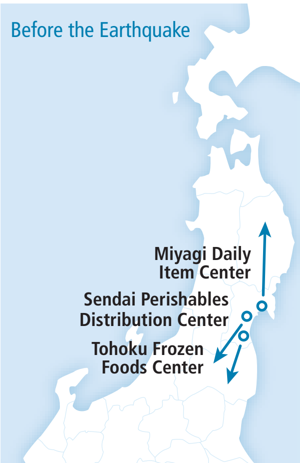
Following the Great East Japan Earthquake, the Group remained focused on fulfilling its social mission as a retail group by continuing to provide customers with products that are indispensable in daily life. To that end, everyone at the Group worked together, giving the highest priority to continuing store operations and to rapidly restarting operations at stores that had closed. Consequently, within one month after the earthquake, we had basically restored our product supply system to pre-earthquake conditions.

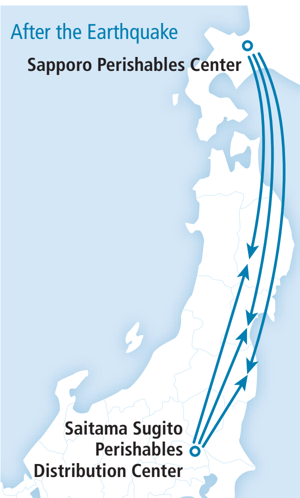
Product Supply Backup System

Seven-Eleven



Ito-Yokado





RESPONSE OF MAJOR OPERATING COMPANIES

Product Supply and Distribution Systems

As of February 28, 2011, Seven-Eleven Japan (SEJ) had 169 production facilities that made original products, such as rice balls and boxed meals, and 149 temperature-separated combined distribution centers. These facilities, which are dedicated to meeting the needs of SEJ, are dispersed throughout Japan. Due to the earthquake, production and distribution facilities were damaged in the Tohoku region (red on the map), which was the main disaster-stricken area, and in the Kanto region (yellow), which also suffered damage to some extent. Consequently, certain parts of product supply operations were halted. Of the dedicated production sites, all 12 production facilities in the Tohoku region were damaged, as were 29 of the 72 production facilities in the Kanto region. Also, of the dedicated distribution centers, all 14 centers in the Tohoku region and 6 of 59 centers in the Kanto region were damaged, and product supply operations were temporarily halted. At Ito-Yokado, 3 of 9 distribution centers in the Tohoku region were damaged. After these facilities were halted, the Group began working to restore them while simultaneously establishing an alternate supply system as a temporary measure. By means of this system, we distributed products from production facilities and distribution centers throughout Japan to the main disaster-stricken area. Consequently, SEJ had restored operations at all of its production facilities by the middle of April, and the distribution capabilities of SEJ and Ito-Yokado had been restored to pre-earthquake levels by the end of April.

Electricity Conservation Measures: Seven-Eleven Japan

In response to concerns about an electricity shortage this summer in the Tokyo Electric Power Company service area, SEJ is taking steps to reduce the lighting in its stores and has reconsidered the temperature settings on its air conditioning systems. In particular, for energy-saving measures, SEJ has formulated an independent action plan and established reduction targets. In addition to the energy-saving measures that have been implemented to-date, SEJ is moving ahead with other measures, such as converting to LED equipment for in-store lighting and store signs and introducing solar panels. The investment required for the installation of this energy-saving equipment is forecast at more than ¥10.0 billion, but on the other hand these initiatives are also expected to contribute to cost reductions in the future.

Influence on Consolidated Financial Results

For the fiscal year ending February 29, 2012, our initial results forecasts and the effects of the earthquake are as follows. These forecasts were made in March 2011, shortly after the earthquake, and were released on April 7, 2011, when we made our financial results presentation.

Plans of Consolidated Financial Results

Fiscal year ending February 29, 2012	Initial plans (Billions of yen)	Initial plans YOY (%)	**Revised plans (Billions of yen)**	**Revised plans YOY (%)**	Earthquake effects (Billions of yen)
Revenues from operations	4,744.0	92.7	**4,600.0**	**89.8**	(144.0)
Operating income	286.1	117.6	**248.0**	**101.9**	(38.1)
Convenience store operations	206.8	105.8	**202.8**	**103.7**	(4.0)
Superstore operations	33.3	212.0	**12.0**	**76.4**	(21.3)
Department store operations	13.5	240.1	**4.2**	**74.7**	(9.3)
Food services	0.5	—	**0.0**	**—**	(0.5)
Financial services	30.0	105.8	**27.0**	**95.3**	(3.0)
Others	2.5	—	**2.5**	**—**	—
Eliminations/corporate	(0.5)	—	**(0.5)**	**—**	—
Ordinary income	283.4	116.7	**245.3**	**101.0**	(38.1)
(Reference)					
Net income before asset retirement obligation*	143.9	128.5	**128.5**	**114.8**	—
Net income	128.5	114.8	**87.5**	**78.2**	(41.0)

* Excluding a special loss of ¥24.0 billion (¥15.4 billion after tax) resulting from the adoption of Accounting Standards for Asset Retirement Obligations.

The earthquake is expected to have the effects of decreasing revenues from operations by ¥144.0 billion and operating income by ¥38.1 billion. We also expect to record a special loss of ¥26.0 billion for earthquake-related damage losses. In addition, 7-Eleven, Inc. (SEI) has changed its accounting method for revenues from operations related to franchise agreements from "gross amount" to "net amount." This change is expected to have the effect of reducing revenues from operations by ¥545.0 billion. However, excluding these effects, we are forecasting an increase of 3.3% in revenues from operations, to ¥5,289.0 billion. The accounting method change at SEI will not have any effect on operating income, ordinary income, or net income.

The effects on operating income and special losses, by major operating company, are as follows.

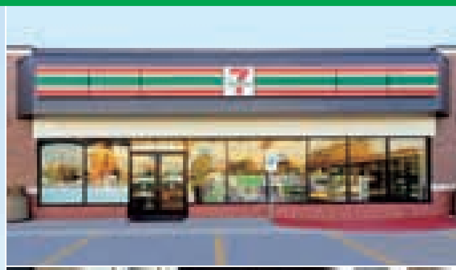
Amount Effecting Operating Income

Fiscal year ending February 29, 2012	Initial plans (Billions of yen)	Initial plans YOY (%)	**Revised plans (Billions of yen)**	**Revised plans YOY (%)**	Earthquake effects (Billions of yen)
Consolidated	286.1	117.6	**248.0**	**101.9**	(38.1)
Seven-Eleven Japan	177.0	104.6	**173.0**	**102.3**	(4.0)
Ito-Yokado	15.0	696.1	**6.0**	**278.3**	(9.0)
York-Benimaru	9.5	107.0	**1.0**	**11.3**	(8.5)
Sogo & Seibu	15.0	203.1	**6.2**	**83.9**	(8.8)
Other companies	—	—	**—**	**—**	(7.8)

Estimate of Special Losses

Fiscal year ending February 29, 2012	**Revised plans (Billions of yen)**
Consolidated	**26.0**
Seven-Eleven Japan	**6.0**
Ito-Yokado	**3.6**
York-Benimaru	**15.0**
Other companies	**1.4**

Convenience Store Operations



Revenues from Operations
¥2,036.4 billion
+3.4%

Operating Income
¥195.4 billion
+6.3%

Capital Expenditures
¥106.3 billion
+1.4%

OVERVIEW OF THE FISCAL YEAR

In the fiscal year ended February 28, 2011, the convenience store segment's revenues from operations were ¥2,036.4 billion, up 3.4%, and operating income was ¥195.4 billion, an increase of 6.3%. Capital expenditures totaled ¥106.3 billion, up 1.4%, and depreciation and amortization increased 3.9%, to ¥68.7 billion.

The increase in revenues from operations was attributable principally to higher gasoline prices in North America operations, while the increase in operating income was attributable to a substantial increase in Seven-Eleven Japan's (SEJ's) results, which exceeded initial plans. This performance was driven by a gain of 2.2 percentage points in the rate of growth in sales at existing stores and by an increase of 0.2 percentage points in the merchandise gross profit margin. These factors offset the increase in expenses due to the shouldering of 15% of the costs borne by SEJ franchisees for the disposal of unsold items.

The appreciation of the yen had the effect of reducing revenues from operations by about ¥98.0 billion and operating income by about ¥2.2 billion.

SEVEN-ELEVEN JAPAN CO., LTD. (for the fiscal year ended February 28, 2011)

Total Store Sales
¥2,947.6 billion

Operating Income
¥169.1 billion

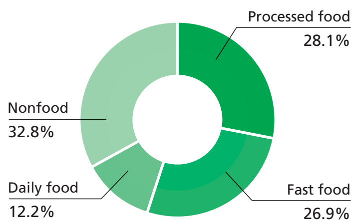
Capital Expenditures
¥56.9 billion

Number of Stores
13,232 stores

Existing Stores Sales Increase
+2.2%

Merchandise Gross Profit Margin
30.5% (up 0.2 percentage points)

Sales by Product Category



7-ELEVEN, INC. (for the fiscal year ended December 31, 2010)

Revenues from Operations
¥1,463.7 billion

Operating Income
¥33.3 billion

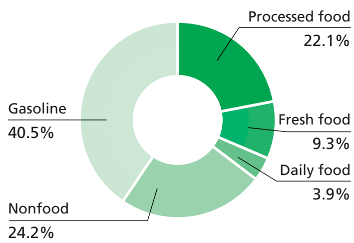
Capital Expenditures
¥48.9 billion

Number of Stores
6,610 stores

Existing Stores Sales Increase
+1.5% (U.S. merchandise sales)

Merchandise Gross Profit Margin
35.1% (down 0.1 percentage points)

Sales by Product Category



OUTLOOK AND INITIATIVES FOR FISCAL 2012

For the fiscal year ending February 29, 2012, the segment is forecasting revenues from operations of ¥1,552.0 billion, down 23.8%, and operating income of ¥202.8 billion, a gain of 3.7%. The decline in revenues from operations will result from an accounting change in how 7-Eleven, Inc. (SEI) accounts for revenues from operations related to franchise agreements. SEI will no longer consolidate its franchise arrangements. Instead, SEI's franchise contractual arrangements will be considered collaborative arrangements, accordingly SEI will record the assets, liabilities, and results of operations of its franchise contractual arrangements on a gross basis. Excluding the influence of this change, revenues from operations are expected to rise 3.0%, to ¥2,097.0 billion. However, the change will not have any effect on operating income, ordinary income, or net income. The segment expects the Great East Japan Earthquake to have the effect of reducing operating income by ¥4.0 billion.

Capital expenditures are forecast at ¥162.0 billion, up 52.3%, and depreciation and amortization at ¥71.5 billion, an increase of 4.0%. The substantial rise in capital expenditures is principally a reflection of forecasts for increases at SEJ, due to aggressive store openings, and at SEI, for M&A transactions and other aggressive store opening initiatives and for remodeling of existing stores.

Domestic Operations

SEJ will continue to implement store openings in favorable locations and will take steps to create sales areas that foster the further realization of "close by convenient stores." SEJ will enhance lineups of frequently purchased goods, centered on *Seven Premium* private-brand products, as well as daily foods.

Seven Premium product lineup

Business Strategies of Seven-Eleven Japan: Further Enhancing "Close by Convenient Stores"	
Merchandising	Enhancing product lineups to realize "close by convenient stores" • Introduce new fixtures—island-type chilled cases—to expand sales areas for chilled products, for which customer needs are increasing • Use new brand logo for products that feature both high quality and reasonable prices as part of initiatives to improve the quality of all original products, including fast foods
Store operations	Correcting gaps in operational quality among regions and individual stores • Pursue management with the participation of all employees in each store, and clarify objectives for each store • Bolster training programs that cover all employees at franchise stores
Store-opening strategy	Taking on the challenge of opening 1,200 stores

Overseas Operations

In regard to overseas convenience store operations, SEI, of the United States and Canada, will continue to focus on advancing new store openings and converting corporate-operated stores to franchise-operated stores. SEI will take steps to remodel existing stores, such as the focused, area-by-area introduction of new equipment, in order to increase sales of fresh-food products.

Moreover, in China, the Group will continue to expand store operations in Beijing and Tianjin, and also focus on store development in the new region, Chengdu.

Business Strategies of 7-Eleven, Inc.: Expanding Network of Highly Profitable Stores	
Store-opening strategy	• Strengthen market concentration strategy (Increase store density in areas with existing stores) • Take steps to expand store network, including through M&A transactions
Store operations	• Implement Consolidated Market Rollout initiatives to boost the effectiveness of remodeling initiatives
Merchandising	• Strengthen development of fresh foods and hot foods • Enhance and nurture *7-Select* private-brand products • Improve product assortment through rigorous item-by-item management

Fresh foods

For further information, please see the special feature section on pages 14-17.

Superstore Operations

Revenues from Operations
¥1,981.6 billion
(1.7)%

Operating Income
¥15.7 billion
+10.8%

Capital Expenditures
¥54.1 billion
(17.2)%

OVERVIEW OF THE FISCAL YEAR

In the fiscal year ended February 28, 2011, the superstore segment's revenues from operations were ¥1,981.6 billion, down 1.7%, and operating income was ¥15.7 billion, an increase of 10.8%. Capital expenditures totaled ¥54.1 billion, down 17.2%, and depreciation and amortization was up 6.4%, to ¥25.8 billion.

Consumers continued to tightly control their spending, and sales were weak in the second half of the fiscal year as a result of the strategic limitation of sales promotions, especially at Ito-Yokado. These two factors were the primary causes of the decline in revenues from operations. The rise in operating income resulted from our decision to limit discounts following the reevaluation of sales promotions and from our efforts to reduce costs, centered on labor costs at existing stores. These factors offset a reduction of 2.5 percentage points in the rate of growth in sales at existing stores, primarily at Ito-Yokado.

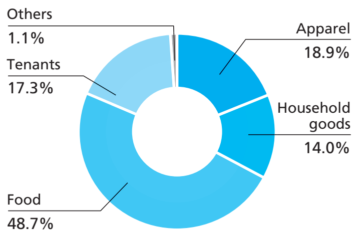
OUTLOOK AND INITIATIVES FOR FISCAL 2012

For the fiscal year ending February 29, 2012, the segment is forecasting revenues from operations of ¥1,950.0 billion, down 1.6%, and operating income of ¥12.0 billion, a decline of 23.6%. The earthquake is expected to have the effect of reducing revenues from operations by ¥21.3 billion. Capital expenditures are forecast at ¥36.0 billion, down 33.5%, and depreciation and amortization at ¥29.3 billion, up 13.2%.

ITO-YOKADO CO., LTD. (for the fiscal year ended February 28, 2011)

Revenues from Operations ¥1,373.6 billion	Number of Stores 170 stores
Operating Income ¥2.1 billion	Existing Stores Sales Increase (2.5)%
Capital Expenditures ¥37.4 billion	Merchandise Gross Profit Margin 29.1% (up 0.1 percentage points)

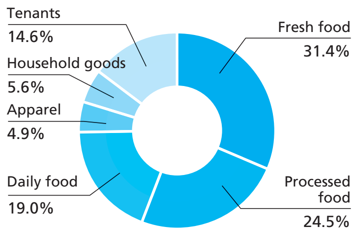
Sales by Product Category



YORK-BENIMARU CO., LTD. (for the fiscal year ended February 28, 2011)

Revenues from Operations ¥343.3 billion	Number of Stores 170 stores
Operating Income ¥8.8 billion	Existing Stores Sales Increase (4.1)%
Capital Expenditures ¥7.6 billion	Merchandise Gross Profit Margin 26.6% (down 0.1 percentage points)

Sales by Product Category



Superstore Operations

Ito-Yokado will substantially revise the product lineups in its stores based on the size of their sales areas and the characteristics of the catchment areas in which they operate. Moreover, to strengthen the operating structure by improving profitability over the medium term, we will reevaluate our pricing policy and work to improve loyalty toward store prices. In addition, we will make ongoing cost reductions to drive further progress in low-cost operations. The earthquake is expected to have the effect of reducing operating income by ¥9.0 billion.


Sales area for men's private-brand business shirts

Business Strategies of Ito-Yokado : Strengthening platform for establishment of superstore to meet customer needs	
Merchandising	Food: Leveraging Group strengths to further raise competitiveness • Enhance loyalty toward quality and product lineups • Strengthen Group merchandising Apparel: Implementing ongoing reforms • Heighten efficiency through the introduction of tenants into directly managed sales floor space • Improve merchandise gross profit margin for basic apparel through the enhancement of the development and merchandising of private-brand products and direct overseas procurement
Pricing policy	Increasing loyalty toward store prices • Shift sales promotion initiatives from price-focused flyers to value-focused media • Increase percentage of products sold at the initial listed price through integration of product development, sales promotion initiatives utilizing media, and sales area creation initiatives, especially in apparel
Store operations	Improving profitability at existing stores • Further improve efficiency through the realization of low-cost operations • Increase customer-drawing power through the introduction of tenants

For further information, please see the special feature section on page 17.

Food Supermarket Operations

At York-Benimaru, stores suffered significant damage from the Great East Japan Earthquake, which occurred on March 11, 2011. However, as a result of strenuous recovery work, almost all stores were back in operation by the end of April. York-Benimaru also continues working to support the earliest possible reconstruction of the region. In addition to providing a stable supply of products, York-Benimaru will focus on enhancing its product lineups to meet the needs of the region's customers. At the same time, York-Benimaru will work to differentiate its operations through aggressive utilization of Group Merchandising and Team Merchandising. The earthquake is expected to have the effect of reducing operating income by ¥8.5 billion.


"*Ganbaro* (Stay Strong!) Fukushima" sales area

Business Strategies of York-Benimaru: Taking on the challenge of creating lifestyle-proposal supermarkets	
Merchandising	Maximizing gross profit • Improve merchandise gross profit margin by increasing the accuracy of planning and reducing procurement costs • Reduce disposal costs in fresh foods, such as vegetables, meats, and fish, through rigorous management by time-period-based sales plans • Strengthen loyalty toward *Seven Premium* private-brand products
Store operations	Improving productivity • Enhance time management through reevaluation of store-level work processes • Reform store organization and strengthen human resources development

China Operations

In store initiatives, in Beijing the Group will work to improve profitability through the reorganization of tenants and the development of new products. In Chengdu, where results are favorable, plans call for opening our first large-scale shopping center in China. In store operations, we will work to achieve differentiation through carefully tailored customer service. In addition, we will aggressively utilize local staff, centered on management positions, to promote the creation of stores with strong ties to local communities. In these ways, we will strive to achieve further growth.

Department Store Operations

Revenues from Operations
¥915.1 billion
(0.8)%

Operating Income
¥5.6 billion
+311.4%

Capital Expenditures
¥27.8 billion
+40.9%

OVERVIEW OF THE FISCAL YEAR

In the fiscal year ended February 28, 2011, the department store segment's revenues from operations were ¥915.1 billion, down 0.8%, and operating income was ¥5.6 billion, an increase of 311.4%. Capital expenditures totaled ¥27.8 billion, up 40.9%, and depreciation and amortization was down 17.5%, to ¥14.3 billion.

At SEIBU Ikebukuro, the flagship store of Sogo & Seibu, we completed a three-year remodeling and held the grand reopening in September 2011. Moreover, in suburban stores, we focused on taking steps to increase store competitiveness through conversions from the traditional department store framework to commercial complex facilities. In this initiative, we implemented shopping center-style operations utilizing leading specialty stores with customer-drawing power. On the other hand, as one facet of efforts to raise asset efficiency, we closed SEIBU Yurakucho in December 2010.

The decline in revenues from operations was attributable to the closure of Sogo Shinsaibashi and SEIBU Sapporo in the previous fiscal year and the closure of SEIBU Yurakucho in the year under review. In apparel, sales were sluggish due to such factors as the lingering summer heat. However, the remodeling of SEIBU Ikebukuro had a positive effect, and the rate of growth in sales at existing stores was level with the previous year. In operating income, the merchandise gross profit margin declined 0.4 percentage points from the previous fiscal year, but cost reductions, centered on labor costs, resulted in higher operating income.

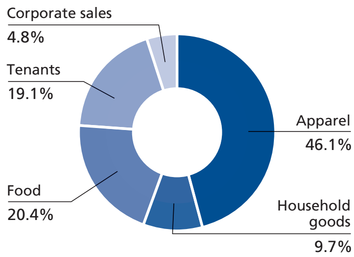
OUTLOOK AND INITIATIVES FOR FISCAL 2012

For the fiscal year ending February 29, 2012, the segment is forecasting revenues from operations of ¥880.0 billion, down 3.8%, and operating income of ¥4.2 billion, a decline of 25.3%. The segment expects the Great East Japan Earthquake to have the effect of reducing operating income by ¥9.3 billion. Capital expenditures are forecast at ¥13.6 billion, down 51.1%, mainly due to the completion of the SEIBU Ikebukuro remodeling, and depreciation and amortization at ¥13.0 billion, down 9.5%.

SOGO & SEIBU CO., LTD. (for the fiscal year ended February 28, 2011)

Revenues from Operations **¥846.7 billion**	Number of Stores **27 stores**
Operating Income **¥7.3 billion**	Existing Stores Sales Increase **0.0%**
Capital Expenditures **¥25.2 billion**	Merchandise Gross Profit Margin **25.4%** (down 0.4 percentage points)

Sales by Product Category



In department store operations, we will implement operational reforms, with the objective of concentrating management resources and increasing asset efficiency. We will strive to make full use of the effects of the store remodeling that was implemented at SEIBU Ikebukuro. In addition, we will endeavor to extend the success of SEIBU Ikebukuro to other key stores. As one facet of efforts to increase asset efficiency, we have decided to close Sogo Hachioji in January 2012.

Business Strategies of Sogo & Seibu: Taking on the challenge of establishing a new type of department store concept

Ongoing restructuring initiatives by type of store	Establishing operational structure by type of store	
	Key stores	Strengthen sales capabilities by extending SEIBU Ikebukuro's successes to other key stores
	Regional leader stores	Establish competitive advantage through the implementation of store operations closely linked to local communities
	Suburban stores	Convert store format from the traditional department store framework to commercial complex facilities, such as introduction of shopping center-style operations, and establish store operations model for successfully transitioning to commercial complex facilities by extending the results achieved with early-implementation stores
Merchandising	Implementing differentiation strategy in apparel • Strengthen product procurement capabilities through an increase in the number of buyers assigned in key stores • Improve merchandise gross profit margin by strengthening exclusively developed products	
Store operations	Improving profitability at existing stores • Bolster sales capabilities by changing the point program system • Strengthen training of sales area staff	

For further information, please see the special feature section on page 18.

Change Point Card System

At Sogo & Seibu, the point card strategy is positioned as an important means of drawing customers. In April 2011, the point program system was revised with the objective of promoting card usage by enhancing convenience. This will strengthen the sales capabilities of Sogo & Seibu by fostering the acquisition of new customers and increasing the satisfaction of existing cardholders.

Millennium Card / CLUB ON Card

Overview of Millennium Card / CLUB ON Card

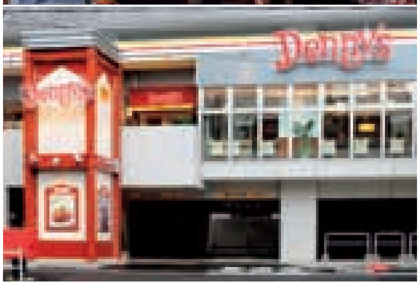
Issuer	Seven CS Card Service Co., Ltd.,* consolidated subsidiary from April 2011 (Former issuer: Credit Saison Co., Ltd.)
Number issued	4.84 million (as of the end of February 2011)
Main functions	Points acquired in line with amount of shopping purchases, credit settlement

* For further information about Seven CS Card Service, please see page 19.

Changes

	Previous	New
Point usage	Issuance of gift certificates at exclusive counter for each 2,000 points	Each point can be used as ¥1 at the register
Point service for family members	—	Amounts of family member purchases are combined and reflected in the point return ratio
Credit settlement company	VISA, JCB	VISA, JCB, American Express

Food Services



Revenues from Operations
¥80.2 billion
(7.2)%

Operating Loss
(¥0.1) billion
Improved profitability by ¥2.5 billion

Capital Expenditures
¥0.5 billion
(29.9)%

OVERVIEW OF THE FISCAL YEAR

In the fiscal year ended February 28, 2011, the food services segment's revenues from operations were ¥80.2 billion, down 7.2%, and operating loss was ¥0.1 billion, an improvement of ¥2.5 billion year on year. Capital expenditures totaled ¥0.5 billion, down 29.9%, and depreciation and amortization declined 36.2%, to ¥0.8 billion.

The decline in revenues from operations was primarily attributable to the closure of 50 unprofitable restaurants in the restaurant division. Nonetheless, the weather was favorable in the summer, and we had success with initiatives to invigorate existing restaurants through improved core menu items, such as beefsteak, hamburger, and spaghetti, as well as through strengthened sales promotions. As a result, the rate of growth in sales at existing restaurants was up 0.5 percentage points year on year. The improvement in profitability was mainly attributable to an increase of 1.0 percentage point in the merchandise gross profit margin as a result of favorable sales of core menu items and cost reductions achieved by closing unprofitable restaurants.

OUTLOOK AND INITIATIVES FOR FISCAL 2012

For the fiscal year ending February 29, 2012, the segment is forecasting revenues from operations of ¥79.0 billion, down 1.5%, and breakeven operating income, an improvement of ¥0.1 billion. The segment expects the Great East Japan Earthquake to have the effect of reducing operating income by ¥0.5 billion. Capital expenditures are forecast at ¥0.8 billion, up 51.7%, and depreciation and amortization at ¥0.7 billion, down 13.7%.

Over the past three years, we have closed a total of 286 locations in food services operations. We have now basically completed the process of closing unprofitable restaurants. In order to improve profitability over the medium term, we will continue to focus on cost reduction. In addition, we will work to improve margins through the development of attractive menu items and the Groupwide joint procurement of raw materials. Moreover, by further improving the level of service through strengthened human resources development, we will enhance customer loyalty.

SEVEN & i FOOD SYSTEMS CO., LTD. (for the fiscal year ended February 28, 2011)

Revenues from Operations
¥80.1 billion

Operating Loss
(¥0.08) billion

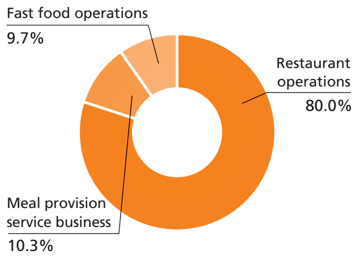
Capital Expenditures
¥0.5 billion

Number of Stores (restaurant division)
489 stores

Existing Stores Sales Increase
+0.5%

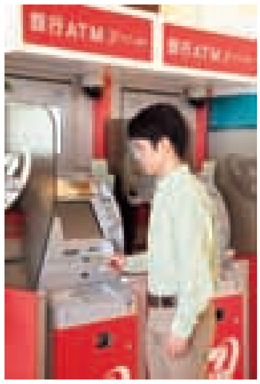
Merchandise Gross Profit Margin
68.3% (up 1.0 percentage point)

Sales by Operation



Financial Services

OVERVIEW OF THE FISCAL YEAR



In the fiscal year ended February 28, 2011, the financial services segment recorded declines in revenues and profits, with revenues from operations of ¥106.9 billion, down 3.2%, and operating income of ¥28.3 billion, a decrease of 6.0%. Seven Card Service improved results at the operating level due to an increase in the number of *nanaco* electronic money cards issued. However, at Seven Bank, there was a decline in transactions with non-banks through ATMs, due primarily to the implementation of revisions in Japan's Money Lending Business Act. As a result, ATM-related fee income from partner financial institutions declined, leading to the decrease in operating income. Capital expenditures totaled ¥19.6 billion, up 26.2%, and depreciation and amortization was down 7.0%, to ¥20.6 billion.

Revenues from Operations
¥106.9 billion
(3.2)%

Operating Income
¥28.3 billion
(6.0)%

Capital Expenditures
¥19.6 billion
+26.2%

OUTLOOK AND INITIATIVES FOR FISCAL 2012

For the fiscal year ending February 29, 2012, the segment is forecasting revenues from operations of ¥130.0 billion, up 21.5%, and operating income of ¥27.0 billion, a decrease of 4.7%. The segment expects the Great East Japan Earthquake to have the effect of reducing operating income by ¥3.0 billion. Capital expenditures are forecast at ¥20.0 billion, up 2.0%, and depreciation and amortization at ¥22.0 billion, an increase of 6.3%.

We will focus on further enhancing the convenience of financial services as the Group's common infrastructure. Particularly, in card operations, we will implement integrated Group promotion strategies, such as the introduction of shared points within the Group.

Business strategies	
ATM operations	• Step up the promotion of ATM usage through links with Group companies and with tie-up partners • Expand the user base for international money transfer services and personal loan services
Card operations	• Share points from cards issued by Group companies • Establish operating structure for the expansion of joint credit card operations through a new company, Seven CS Card Service, and Seven Card Service • Bolster electronic money operations by increasing *nanaco* card usage

For further information, please see the special feature section on page 19.

SEVEN BANK, LTD. (for the fiscal year ended March 31, 2011)

Ordinary Income
¥83.9 billion

Ordinary Profit
¥27.4 billion

Number of Installed ATMs
15,363

Total Number of Transactions
609 million

Daily Average Transactions per ATM
112.3

Number of cards issued (as of the end of February 2011)	(10 thousands)
Seven Card (credit card and point function)	311
Millennium Card (credit card and point card)	243
CLUB ON Card (credit card and point card)	241
nanaco (electronic money)	1,285
Ito-Yokado Point Card (cash usage only)	712
Seven Bank (cash card)	87

Corporate Governance

The mission of Seven & i Holdings, as a holding company that oversees and controls its operating companies, is to maximize the enterprise value of the Seven & i Group over the long term. In taking steps to achieve this goal, the Company seeks to create Group synergies and implements the appropriate allocation of management resources.

On the other hand, each operating company fulfills its own responsibilities in its field of business, where it acts independently to secure growth in profits and higher capital efficiency.

In this way, responsibilities are clearly allocated among Group companies, and, through oversight by the directors and auditing by the corporate auditors, the Company's corporate governance system strives to ensure that these operating company activities are implemented in a manner that is fair, appropriate, and effective.

Organization

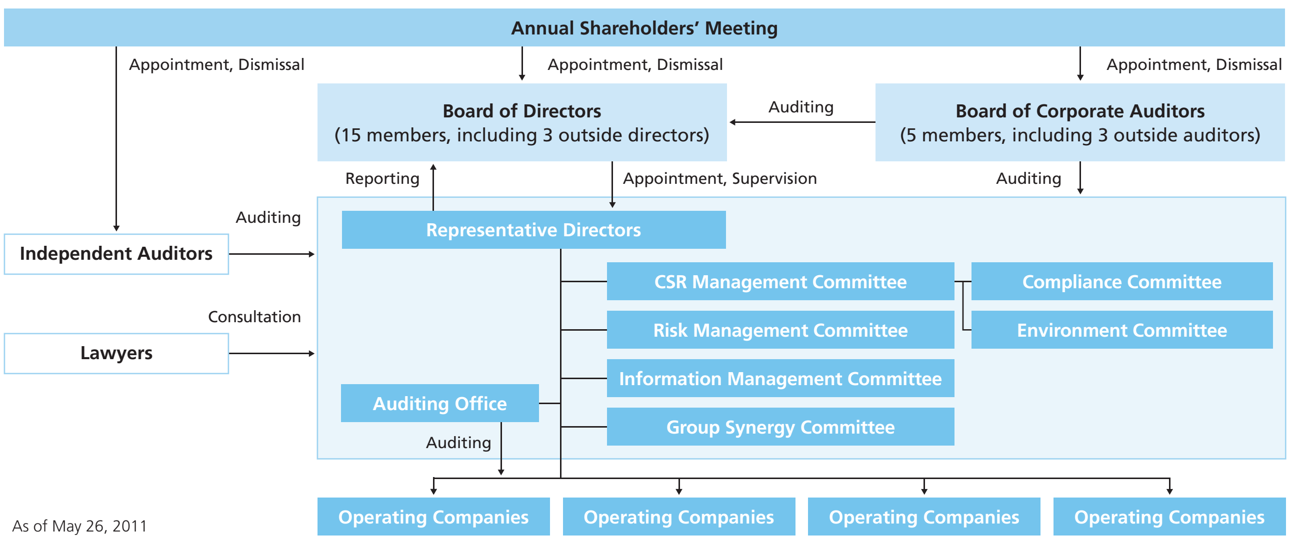
The Company uses the corporate auditor system. Through this corporate auditor system, the Company implements management oversight. The Company's Board of Directors comprises 15 members, of whom three are outside directors. Through the use of multiple outside directors who maintain their independence and have knowledge and experience related to high-level management, the Company protects the interests of general shareholders and enhances the quality of decision making in business execution. To ensure appropriate reflection of the wishes of shareholders, the term of directors has been set at one year.

To facilitate prompt decision making and business execution, the Company has introduced the executive officer system. Under this system, the Board of Directors is able to focus on the formulation of management strategies and the oversight of business execution, while the executive officers can focus on business execution.

The Board of Corporate Auditors comprises five members, including three outside corporate auditors who maintain their independence and have specialized knowledge in such areas as legal affairs and financial accounting.

Each corporate auditor takes such steps as attending meetings of the Board of Directors and other important meetings, exchanging opinions with the representative directors, periodically receiving reports from directors and others regarding business execution, and actively exchanging

Corporate Governance System



As of May 26, 2011

information with the Auditing Office. Through these activities, the corporate auditors audit the work of the directors. In addition, the corporate auditors actively exchange information with the independent auditors to maintain close ties with them with respect to financial audits.

Strengthening Corporate Governance

Seven & i Holdings appoints outside directors and outside corporate auditors to enhance its management oversight function and increase transparency. All of the outside directors and outside corporate auditors are independent from the Company.

They hold periodic meetings, as necessary, with the Board of Directors, representative directors, and directors to exchange opinions regarding such matters as the Group's management and corporate governance. In addition, the Company assigns employees to assist the outside directors and the outside corporate auditors. The Company has established a support system that facilitates smooth information exchange and close interaction with the inside directors and inside corporate auditors.

Furthermore, to strengthen corporate governance from an organizational perspective, the Company has established the CSR Management Committee, the Risk Management Committee, the Information Management Committee, and the Group Synergy Committee under the representative directors. Each committee works with the operating companies to determine and disseminate the Group's policies.

Reinforcing Internal Control Systems

Seven & i Holdings has worked to enhance its internal control systems to achieve the required conditions of internal control: (1) operational effectiveness and efficiency; (2) reliability in financial reporting; (3) strict compliance with laws and regulations in operating activities; and (4) appropriate preservation of assets.

The Board of Directors responded to the enforcement of the Corporate Law of Japan in May 2006 by passing a resolution concerning the Company's "Basic Policy on Internal Control Systems." The Board of Directors continually monitors the establishment of various rules as well as the status of risk management. In February 2009, as one facet of initiatives implemented in response to the introduction of the internal control reporting system under the Financial Instruments and Exchange Law, we formulated a set of "Rules for Establishing Internal Control Concerning Financial Reporting."

Up to February 2009, as an independent department responsible for internal auditing, the Auditing Office served an oversight function involving verification and guidance provision for the internal auditing of the major operating companies as well as an internal auditing function involving auditing of the holding company, Seven & i Holdings. Through this reorganization, we consolidated these functions under the operational auditing director, and we established the position of internal control evaluation director. The internal control evaluation director implements evaluations of internal control concerning financial reporting for the Group as a whole.

In addition to system enhancement, we are also taking steps to ensure that awareness of internal control permeates the Company. To that end, we are distributing an Internal Control Handbook to all employees throughout the Group and are striving to maintain accuracy and enhance operating efficiency.

Main Activities of Outside Directors and Outside Corporate Auditors

The outside directors expressed their opinions—mainly from the perspective of management and administration for Mr. Shimizu, management and administration and corporate social responsibility for Mr. Davis, and organizational and management theory for Mr. Nonaka—and gave advice and made proposals to ensure the suitability and appropriateness of the Board's decision making.

The outside corporate auditors asked questions and expressed their opinions as appropriate—mainly from a legal perspective for Ms. Suzuki, a corporate governance perspective for Ms. Suto, and a finance and an accounting perspective for Mr. Fujinuma, who was nominated as a new corporate auditor at the 5th Annual Shareholders' Meeting, which was held on May 27, 2010.

Attendance at Meetings of the Board of Directors and the Board of Corporate Auditors

Outside Directors

Name	Principal occupation outside the company	Attendance at meetings of Board of Directors
Noritaka Shimizu	Outside Corporate Auditor	13 of 13 meetings
Scott Trevor Davis	Academic	12 of 13 meetings
Ikujiro Nonaka	Academic	13 of 13 meetings

Outside Corporate Auditors

Name	Principal occupation outside the company	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Corporate Auditors
Yoko Suzuki	Lawyer	13 of 13 meetings	17 of 17 meetings
Megumi Suto	Academic	13 of 13 meetings	17 of 17 meetings
Tsuguoki Fujinuma	Certified Public Accountant	9 of 10 meetings	12 of 13 meetings

Note: Following the conclusion of the 5th Annual Shareholders' Meeting, there were 10 meetings of the Board of Directors and 13 meetings of the Board of Corporate Auditors.

Basic Approach to Compensation of Directors and Corporate Auditors

In regard to the compensation of directors and corporate auditors, the Company emphasizes compensation that is linked with financial results and enterprise value. To further increase motivation and the desire to contribute to improved financial results and increased enterprise value, and to secure highly capable human resources who will support enhanced corporate governance through appropriate supervision and auditing of operational execution, the Company provides compensation levels and compensation systems that are appropriate to responsibilities.

Amounts of Compensation for Directors and Corporate Auditors in the Fiscal Year under Review

Directors	¥235 million (of which, outside directors: ¥31 million)
Corporate auditors	¥67 million (of which, outside corporate auditors: ¥27 million)

(Notes)
1. Included above is one director who retired upon the conclusion of the 5th Annual Shareholders' Meeting, held on May 27, 2010.
2. The aggregate amounts of compensation shown above do not include the compensation paid as employees to directors who serve concurrently as employees.
3. It was resolved at the 1st Annual Shareholders' Meeting, held on May 25, 2006, that the annual amount of compensation paid to directors shall not exceed ¥1 billion (not including compensation paid as employees) and that the annual amount of compensation paid to corporate auditors shall not exceed ¥100 million.
4. The aggregate amounts of compensation shown above include:
   - ¥36 million as the allowance for bonuses to directors and corporate auditors corresponding to the fiscal year ended February 28, 2011.
   - ¥39 million as stock options for stock-linked compensation issued to six directors (excluding outside directors).

Compliance

Each of the Group's major operating companies has established a Corporate Ethics Committee with the aim of cultivating awareness among employees of the Seven & i Holdings Corporate Action Guidelines and compliance with applicable laws and regulations. In addition, the personnel responsible for the operating companies' Corporate Ethics Committees participate in the Compliance Committee, an organization established under the CSR Management Committee, in an effort to establish a common understanding among Group members. The Compliance Committee shares measures that have proved effective and conducts discussions aimed at ensuring penetration of the Corporate Action Guidelines and reinforcing associated activities.

Each of our major operating companies provides a consultation service for employees to discourage and prevent behavior or actions in violation of the Corporate Action Guidelines and assure early resolution should they occur. In addition we have established the Group-wide Help Line, a consultation help desk that is operated by a third-party organization for all employees of domestic consolidated subsidiaries. In these ways, we are working to resolve any issues that arise.

Management Structures

Corporate Social Responsibility (CSR)

CSR Activities—Basic Policy and Implementation Framework

The basic policy of the Group (Seven & i Holdings and its operating companies) for its business activities is to take a sincere approach in dealing with all of its stakeholders, including shareholders, customers, business partners, local communities, and employees.

To facilitate the steady implementation of this policy, we established three committees—the CSR Management Committee, the Risk Management Committee, and the Information Management Committee. With each committee maintaining close links with operating companies, this system has enabled us to meet our responsibilities to stakeholders.

Each committee periodically investigates and evaluates the initiatives of each operating company, and the results are reflected in the formulation of management objectives and action plans for each company, as well as for the Group as a whole. In this way, we are working to increase the level of CSR-related initiatives for the entire Group.

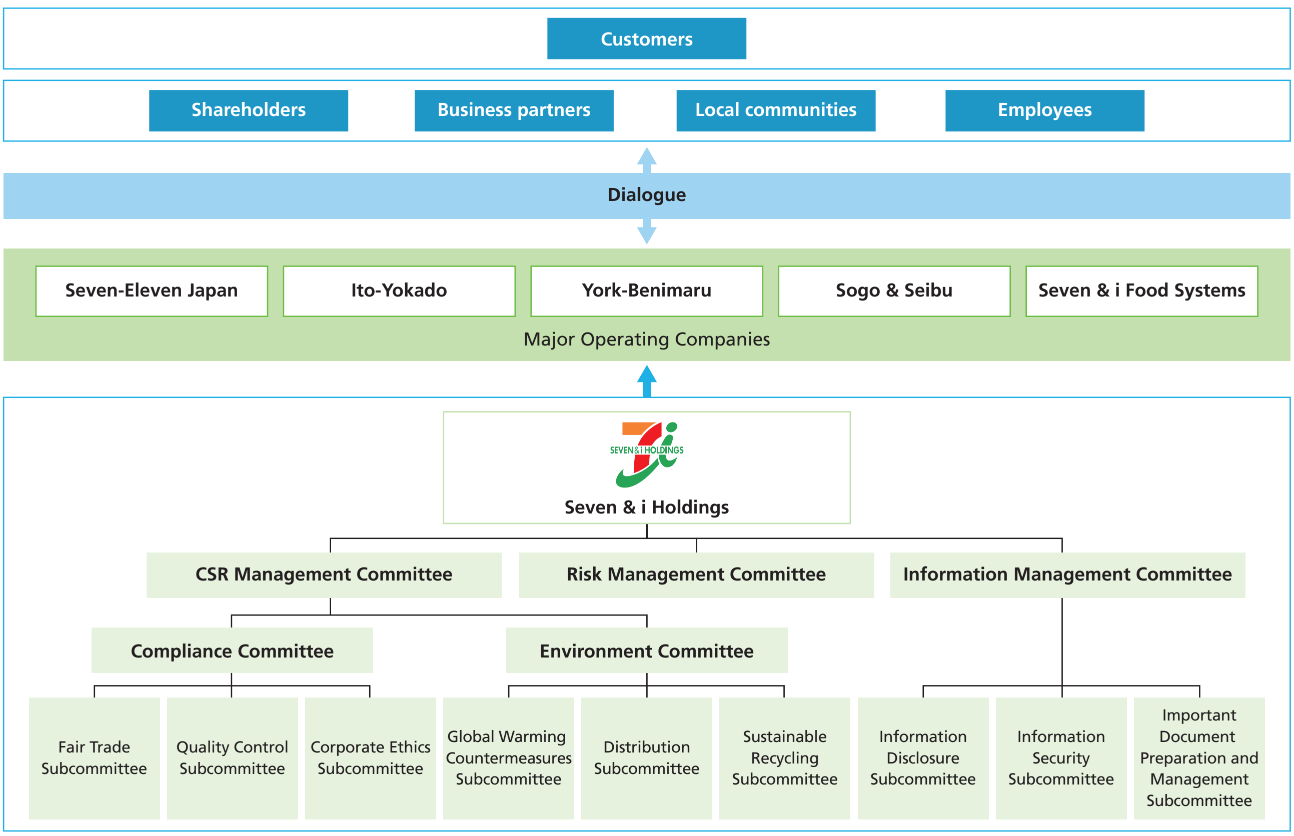
Stakeholder Engagement

To maintain the trust of its wide range of stakeholders, the Group must continually work to appropriately understand and respond to their interests and concerns regarding society and the Group. Accordingly, the Group is striving to engage in dialogue with stakeholders in order to ensure that the Group's decision-making process reflects their feedback, including their opinions, needs, areas of dissatisfaction, and complaints.

Disclosure

Detailed information about the Company's CSR activities is provided in the CSR Report 2010. This report is available, in English and Japanese, at our website:
http://www.7andi.com/en/csr/csrreport.html

CSR Management System



(As of the end of June 2011)

Inclusion in Socially Responsible Investment (SRI) Indices

In recent years, there has been growing interest in socially responsible investment (SRI) in which important assessment factors include not only financial areas but also non-financial areas, such as the environmental, economic, and social aspects of a company.

In 2010, the Company was selected for inclusion in the Dow Jones Sustainability World Index (DJSI World)*1, one of the world's leading SRI indices. The DJSI evaluates about 2,500 companies around the world from a comprehensive perspective incorporating non-financial factors. In 2010, 323 companies were selected, including 31 Japanese companies. In addition, the Company has been selected as a member company of other SRI indices, FTSE Group's FTSE4Good Index Series*2 and Morningstar's MS-SRI*3.

*1. An SRI stock price index developed jointly by U.S.-based Dow Jones and Switzerland-based Sustainability Asset Management (SAM), an SRI ratings company.
*2. An SRI stock price index developed and published by FTSE, a joint venture between the U.K.-based Financial Times and the London Stock Exchange.
*3. Japan's first domestic SRI stock price index created by Morningstar comprised of 150 companies listed in Japan, which are selected for their superior social responsibility.

CSR Priority Issues

We have positioned five fields as Groupwide CSR challenges. These are strengthening CSR management; reducing the environmental impact; provision of safe, reliable products and services; coexistence with local communities; and creating fulfilling workplaces. In these areas, each operating company has determined priority issues in accordance with the characteristics of its own operations and is moving forward with initiatives targeting the resolution of social issues.

By reevaluating these initiatives through the PDCA cycle, the Group is striving to establish an approach to CSR that is balanced in a comprehensive manner.

Challenges Facing the Seven & i Group

Strengthening Corporate Governance and CSR Management
Strengthening internal control, strengthening CSR management, ensuring compliance, promoting fair business practices, establishing corporate ethics, promoting CSR procurement

Reducing the Environmental Impact
Attaining an appropriate grasp of environmental impact, improving energy efficiency and introducing renewable energy, reducing waste and developing a recycling-oriented society, implementing measures for biodiversity, offering eco-friendly products, raising environmental awareness among employees

Provision of Safe, Reliable Products and Services
Ensuring the quality and safety of products and services, developing stores and facilities customers can visit with a sense of security, assuring appropriate information provision, responding sincerely to customer opinions

Coexistence with Local Communities
Supporting young parents and the elderly, assisting in local community revitalization, providing support in times of disaster, implementing crime-prevention measures for local communities

Creating Fulfilling Workplaces
Supporting development of employee abilities, assuring fair assessment and treatment of employees, achieving a work-life balance, making use of diverse human resources, assuring consideration for worker health and safety

Principal Operating Company Initiatives

Reducing the Environmental Impact
- Installing energy-efficient store facilities and equipment
- Promoting food waste recycling

Coexistence with Local Communities
- Developing and selling locally produced products for local consumption
- Accepting local students for work experience

Provision of Safe, Reliable Products and Services
- Promoting barrier-free stores
- Employing universal design in store layouts
- Ensuring food product traceability

Creating Fulfilling Workplaces
- Operating support system for childcare & nursing
- Promoting employment of the physically challenged

GROUP INITIATIVES IN DISASTER-STRICKEN AREAS

For the Group, the Great East Japan Earthquake has reinforced our awareness of our social responsibilities and our mission as part of the infrastructure that supplies products closely linked to the daily lives of customers. In this section, we introduce some examples of how the entire Group worked together and continued our operations to protect the lifelines of local communities, as well as examples of initiatives that we implemented to support the reconstruction of the disaster-stricken areas.

Seven & i Group: Social Infrastructure in the Local Community

So that the Group's stores could fulfill their role as social infrastructure in local communities, we placed the highest priority on maintaining store operations and on rapidly reopening stores that had closed. On the other hand, at the head office, we launched the Earthquake Response Office immediately after the earthquake. Under the direction of this office, we distributed emergency relief items, such as water, bread, rice (retort pouches); took steps to confirm the damage status of operating companies; established a support system comprising employees at the head office and other areas; and implemented backup measures for the purpose of rapidly reopening stores that had been damaged. Support was provided to about 300 Seven-Eleven Japan (SEJ) employees and about 300 Ito-Yokado employees.

Providing the necessary relief supplies

Operating a shuttle bus connecting open and closed stores by York-Benimaru

Seven-Eleven Japan: Closer and More Convenient with SEJ's First "Store-On-Wheels"

As a result of the earthquake in March, a large number of towns on the Pacific Coast of Japan suffered devastating tsunami damage, and some towns were even completely destroyed. To meet customer expectations for "close by convenient stores" in this setting, on April 6, SEJ launched its first ever "store-on-wheels," beginning with four stores in Miyagi Prefecture. One hundred items necessary for daily life, centered on rice balls, bread, and other ready-to-eat foods and drinks, were loaded onto a refrigerated delivery vehicle that had been converted into a store-on-wheels. In this way, SEJ is able to sell these items in the parking lots of stores that have found it difficult to restart operations.

Supplying products using "store-on-wheels" by Seven-Eleven Japan

Ito-Yokado: "*Ganbaro* (Stay Strong!) Tohoku" Campaign

With the objective of supporting producers in the Tohoku region, Ito-Yokado began a campaign of actively selling products from the Tohoku region, such as rice, vegetables, fruit, fish, and beef. We conducted our own tests and made clear at the stores that traceability had been confirmed for these products. Consequently, we had many positive comments from customers, such as "I want to support the people who have suffered from the disaster," and "they (the products) have been thoroughly tested, so I can buy them with confidence."

Many customers who support the stricken areas visited Ito-Yokado

Management Structures

Board of Directors and Auditors

As of May 26, 2011

Representative Director and Chairman

Toshifumi Suzuki

Representative Director and President

Noritoshi Murata

Directors

Katsuhiro Goto
Tsuyoshi Kobayashi
Junro Ito
Kunio Takahashi
Atsushi Kamei
Ryuichi Isaka
Kunio Yamashita
Takashi Anzai
Zenko Ohtaka
Tsuneo Okubo
Noritaka Shimizu*
Scott Trevor Davis*
Ikujiro Nonaka*

Standing Corporate Auditors

Ikuo Kanda
Hisashi Seki

Corporate Auditors

Yoko Suzuki**
Megumi Suto**
Tsuguoki Fujinuma**

* Outside Directors
** Outside Corporate Auditors

Management Structures

Executive Officers

As of June 1, 2011

Chief Executive Officer

Toshifumi Suzuki

Chief Operating Officer

Noritoshi Murata

Managing Executive Officer and Chief Administrative Officer

Katsuhiro Goto

Executive Officers

Tsuyoshi Kobayashi
Junro Ito
Kunio Takahashi, Chief Financial Officer
Masao Eguchi
Yoshihiro Tanaka
Yasuo Takaha
Kazuo Otsuka
Akihiko Shimizu
Masayuki Sato
Akira Miyakawa
Kazuyo Sohda
Seiichiro Sato
Shinobu Matsumoto
Hisataka Noguchi
Kimiyoshi Yamaguchi

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Consolidated Financial Summary

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 28, 2011, 2010 and 2009

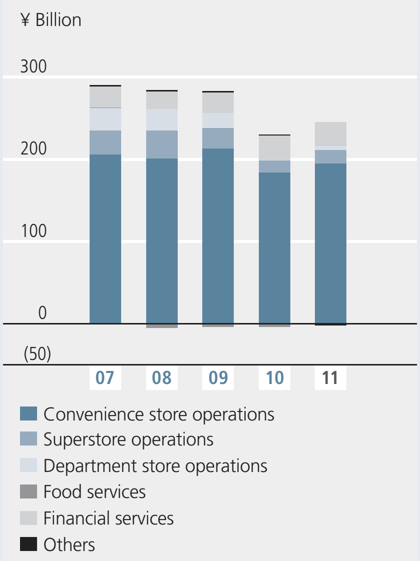
	Millions of yen			Thousands of U.S. dollars (Note A)
	2011	2010	2009	**2011**
For the fiscal year:				
Revenues from operations	**¥5,119,739**	¥5,111,297	¥5,649,948	**$62,435,841**
Operating income	**243,346**	226,666	281,865	**2,967,634**
Income before income taxes and minority interests	**223,291**	143,104	215,115	**2,723,060**
Net income	**111,961**	44,875	92,336	**1,365,378**
Capital expenditures (Note B)	**338,656**	211,189	188,943	**4,129,951**
Depreciation and amortization (Note C)	**132,421**	132,232	140,529	**1,614,890**
At fiscal year-end:				
Total assets	**¥3,732,111**	¥3,673,605	¥3,727,060	**$45,513,548**
Cash and cash equivalents	**656,747**	717,320	663,483	**8,009,109**
Total current assets	**1,406,594**	1,460,186	1,397,102	**17,153,585**
Total current liabilities	**1,348,728**	1,263,370	1,254,927	**16,447,902**
Long-term debt	**472,111**	469,074	463,349	**5,757,451**
Total net assets	**1,776,512**	1,793,940	1,860,672	**21,664,780**

	Yen			U.S. dollars (Note A)
	2011	2010	2009	**2011**
Per share information:				
Net income (Basic)	**¥126.21**	¥49.67	¥100.54	**$1.53**
Net income (Diluted)	**126.15**	49.66	100.54	**1.53**
Cash dividends	**57.00**	56.00	56.00	**0.69**
Financial ratios:				
Operating income ratio (Note D)	**4.8%**	4.4%	5.0%	**4.8%**
Net income ratio (Note D)	**2.2%**	0.9%	1.6%	**2.2%**
ROE	**6.5%**	2.6%	4.9%	**6.5%**
ROA	**3.0%**	1.2%	2.4%	**3.0%**

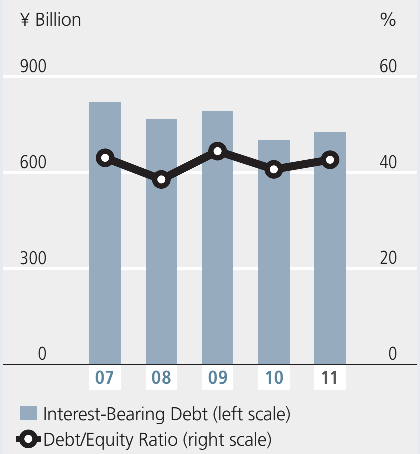
Notes: (A) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥82=US$1, the approximate rate of exchange prevailing on February 28, 2011.
(B) Capital expenditures include property and equipment, intangible assets, and long-term leasehold deposits.
(C) Depreciation and amortization is included in cost of sales as well as selling, general and administrative expenses.
(D) Revenues from operations are used as the denominator for operating income ratio and net income ratio.

Revenues from Operations by Business Segment

Operating Income (Loss) by Business Segment



Interest-Bearing Debt Debt/Equity Ratio



Management's Discussion and Analysis

ANALYSIS OF RESULTS OF OPERATIONS

Revenues from Operations and Operating Income

In the fiscal year ended February 28, 2011, Seven & i Holdings ("the Company") recorded revenues from operations of ¥5,119.7 billion, an increase of ¥8.4 billion year on year, and operating income of ¥243.3 billion, a gain of ¥16.6 billion.

Seven-Eleven Japan (SEJ), the core operating company in convenience store operations, strengthened its store openings in urban areas and aggressively relocated stores to favorable locations. As a result, the number of domestic stores reached 13,232 at the end of the fiscal year, an increase of 479 stores from the end of the previous fiscal year. In merchandising, targeting the realization of "close by convenient stores," SEJ bolstered the lineup of daily products that are frequently purchased, centered on *Seven Premium* private-brand products. In services, SEJ took steps to further increase convenience, such as beginning to accept payment by credit card from June 2010. Sales of midsummer products, such as beverages and ice cream, rose in the hot summer, and sales of daily products, centered on fast foods, continued to improve. In addition, due to an increase in tobacco excise taxes in October 2010, sales of cigarettes increased. Consequently, sales at existing stores were up 2.2% year on year. As a result, total store sales, which comprise corporate and franchised store sales, rose 5.8%, to ¥2,947.6 billion. By product category, sales of processed foods, which include soft drinks and confectionery, were up 5.1%, to ¥828.2 billion. Sales of fast food products, which include boxed lunches, rice balls and other rice-based products, and noodles, were up 5.4%, to ¥792.9 billion, and sales of daily food items, which include bread, pastries, and milk, were up 6.7%, to ¥359.6 billion. Sales of nonfood products, which include cigarettes and sundries, were up 6.5%, to ¥966.8 billion. Revenues from operations, which mainly comprise revenues from franchisees and sales at directly managed stores, were up 2.6%, to ¥549.1 billion.

Overseas, 7-Eleven, Inc. (SEI) operated 6,610 stores in North America as of the end of December 2010. SEI continued to focus on the development and sale of fresh food products and private-brand products, and in addition, an increase in the selling price of cigarettes and other tobacco products had a positive effect. On a dollar basis, merchandise sales at existing stores in the United States increased year on year. Consequently, although the appreciation of the yen (¥87.79 to US$1.00) had an effect, SEI's net sales rose 3.6%, to ¥1,445.5 billion, due primarily to higher gasoline prices. In China, SEVEN-ELEVEN (BEIJING) had 94 stores in Beijing and six in Tianjin as of the end of December 2010. In each area, stores met the needs of local customers and sales recorded favorable progress.

As a result, revenues from operations in convenience store operations were ¥2,036.4 billion, up 3.4% year on year, and operating income was ¥195.4 billion, up 6.3% year on year. The appreciation of the yen had the effect of reducing revenues from operations by about ¥98.0 billion and operating income by about ¥2.2 billion.

Ito-Yokado is the core operating company in superstore operations. In apparel, we worked to strengthen development and sales of original products, such as functional inner wear, and we launched a new brand of women's wear. In addition, in frequently purchased items, centered on food, we enhanced our lineups of reasonably priced products and bolstered marketing activities targeting card members. However, consumers continued to strongly limit their spending, and lingering summer heat had an adverse effect. Consequently, sales at existing stores were down 2.5% year on year, and net sales were down 1.1%, to ¥1,349.3 billion. By product category, apparel sales in the fiscal year under review were up 6.2%, to ¥255.0 billion; sales of household goods declined 14.1%, to ¥189.4 billion; and sales of food were down 1.1%, to ¥656.4 billion. From the year under review, a portion of the sales of apparel and household goods have been reclassified due to a change in product categories. If the previous year's figures were to be adjusted in the same manner, sales of apparel in the year under review would have declined 4.4% year on year, and sales of household goods would have declined 2.6%.

In store initiatives, six stores were opened, including *Ario* shopping centers, while 10 stores were closed, principally stores in suburban areas. Consequently, Ito-Yokado had 170 stores at the end of the fiscal year. York-Benimaru opened seven stores and closed one, for a total of 170 stores at fiscal year-end.

As a result, revenues from operations in superstore operations were ¥1,981.6 billion, a decrease of 1.7% from the previous fiscal year, and operating income was ¥15.7 billion, an increase of 10.8% from the previous fiscal year.

Sogo & Seibu is the core operating company in department store operations. In these operations, we are implementing initiatives to concentrate management resources and to increase asset efficiency. To that end, Sogo & Seibu closed SEIBU Yurakucho in December 2010 and has decided to close Sogo Hachioji in January 2012. At SEIBU Ikebukuro, the flagship store of Sogo & Seibu, we completed the remodeling that had continued for about three years, and we held the grand reopening in September 2010. Apparel sales were sluggish, due in part to lingering summer heat, but we worked to invigorate sales areas through remodeling, to bolster sales capabilities, and to aggressively advance sales promotion measures targeting card members. As a result, the rate of growth in sales at existing stores was flat.

Consequently, revenues from operations in department store operations were ¥915.1 billion, down 0.8%, and operating income was ¥5.6 billion, an increase of 311.4%.

In the restaurant division, which is the core division in food services, we moved ahead with cost cuts targeting improved profitability and we closed 50 restaurants, centered on unprofitable restaurants. On the other hand, in sales, the weather was favorable in the summer, and we had success with initiatives to invigorate existing restaurants through improved core menu items and through strengthened sales promotions. As a result, sales at existing restaurants increased by 0.5% year on year.

Consequently, revenues from operations in food services were ¥80.2 billion, down 7.2%, and operating loss was ¥193 million, compared with an operating loss of ¥2.7 billion a year earlier.

Seven Bank is the core operating company in financial services. Seven Bank took steps to increase the convenience of using its ATMs, such as continuing to install ATMs in new locations inside and outside the Group as well as additional ATMs in Seven-Eleven stores with high numbers of transactions. As of the end of February 2011, Seven Bank had 15,356 installed ATMs, an increase of 786 ATMs. However, due primarily to the implementation of revisions in Japan's Money Lending Business Act, there was a decline in transactions with non-banks through ATMs. Consequently, the daily average transactions per ATM during the fiscal year was 113.1, down 1.3 transactions.

As a result, revenues from operations in financial services were ¥106.9 billion, down 3.2%, and operating income was ¥28.3 billion, down 6.0%.

In others, Seven Net Shopping, which handles IT operations, renewed the *Seven Net Shopping* website. In addition, Ito-Yokado introduced its *Net Supermarket* services to the *Seven Net Shopping* website. In June 2010, we established Seven & i Asset Management, to hold the land, buildings, and rights of leasehold of SEIBU Ikebukuro, the flagship store of Sogo & Seibu. In September 2010, those assets were acquired by Seven & i Asset Management.

Consequently, revenues from operations in others were ¥35.6 billion, up 5.8%, and operating loss was ¥690 million, compared with operating income of ¥567 million a year earlier.

Income before Income Taxes and Minority Interests

In other income (expenses), net other expenses decreased to ¥20.0 billion, from ¥83.5 billion in the previous fiscal year. This was attributable to the recording of gain on donations received by the Company, to the recording of a gain on liquidation of investment in silent partnership by Sogo & Seibu, and to declines in department store-related amortization of goodwill and impairment loss on property and equipment. Consequently, income before income taxes and minority interests was up ¥80.1 billion, to ¥223.2 billion.

Net Income

Income taxes were ¥102.2 billion, up ¥15.5 billion from the previous fiscal year. After application of tax effect accounting, the effective tax rate was 45.8%.

Consequently, net income was up ¥67.0 billion, to ¥111.9 billion. Net income per share was ¥126.21, an increase of ¥76.54 per share from ¥49.67 per share in the previous fiscal year.

ANALYSIS OF FINANCIAL POSITION

Assets, Liabilities, and Net Assets

In the year under review, Seven & i Asset Management, Seven Farm, SEVEN-ELEVEN (CHENGDU), and two other companies were newly added to the scope of consolidation.

Total assets rose ¥58.5 billion, to ¥3,732.1 billion.

Seven Bank's call loans, which are included in other current assets, rose ¥104.0 billion. On the other hand, Seven Bank's ATM-related temporary payments, which are also included in other current assets, declined ¥89.4 billion due to the influence of the day of the week of the last day of February. In addition, cash and cash equivalents declined. Due principally to these factors, total current assets were down ¥53.5 billion, to ¥1,406.5 billion.

Accompanying the acquisition of the fixed assets of SEIBU Ikebukuro, property and equipment, net, increased ¥52.1 billion, principally in land, and intangible assets increased ¥27.1 billion, principally in rights of leasehold. In investments and other assets, investments in securities increased ¥58.5 billion due to the new acquisition of Japanese government bonds and municipal bonds at Seven Bank.

Total liabilities rose ¥75.9 billion, to ¥1,955.5 billion.

Due to repayments, the total of long-term loans and short-term loans declined ¥62.0 billion. In bonds, the Company issued ¥110.0 billion in bonds in June 2010 and Ito-Yokado repaid ¥20.0 billion in bonds in March 2010. Due in part to these factors, bonds increased ¥89.6 billion. Deposits received in banking business increased ¥89.9 billion.

Total net assets decreased ¥17.4 billion, to ¥1,776.5 billion.

Due to the cancellation of treasury stock, capital surplus declined ¥49.1 billion.

Dividends paid were ¥50.0 billion, while net income was ¥111.9 billion. As a result, retained earnings increased ¥61.9 billion. Foreign currency translation adjustments, principally from the translation of SEI's financial statements, declined ¥34.3 billion.

Consequently, net assets per share were up ¥21.12 from a year earlier, to ¥1,927.09, and the owners' equity ratio declined to 45.6%, from 46.9% a year earlier.

Cash Flows

Cash and cash equivalents (hereafter "cash") declined ¥60.5 billion, to ¥656.7 billion at fiscal year-end. This decline resulted from the following factors. Cash was provided by operations with high revenue generating capacity, centered on convenience store operations. Cash was also raised by the issuance of bonds by the Company. However, cash was used to open new stores, remodel existing stores, acquire fixed assets of SEIBU Ikebukuro, and acquire treasury stock.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities declined ¥11.6 billion, to ¥310.5 billion. Income before income taxes and minority interest rose ¥80.1 billion, and, at Seven Bank, net change in ATM-related temporary accounts was up ¥99.9 billion. On the other hand, net increase in call loan in banking business declined ¥98.0 billion, and net increase in call money in banking business was down ¥83.5 billion.

(Net Cash Used in Investing Activities)

Net cash used in investing activities was ¥312.0 billion, an increase of ¥196.9 billion from the previous fiscal year. Accompanying the acquisition of the fixed assets of SEIBU Ikebukuro, acquisition of property and equipment increased ¥77.6 billion and acquisition of intangible assets increased ¥62.5 billion. In addition, proceeds from sales of property and equipment declined ¥40.1 billion, and proceeds from withdrawal of negotiable certificates of deposit declined ¥67.0 billion.

(Net Cash Used in Financing Activities)

Net cash used in financing activities was ¥56.2 billion, a decrease of ¥100.4 billion from the previous fiscal year. Proceeds from issuance of bonds was ¥109.6 billion, and payment for redemption of bonds decreased ¥30.2 billion. However, payment for acquisitions of treasury stock increased ¥47.2 billion.

Risk Factors

Seven & i Holdings and its operating companies ("the Group") has established the framework under which it implements a Groupwide risk assessment survey to recognize potential risks through identifying and evaluating risks in an integrated and comprehensive manner on a regular basis. Based on that recognition, it prioritizes these risks, takes countermeasures that correspond to the materiality and urgency of each risk, and seeks continuous improvements through monitoring of the progress of such countermeasures.

The Group is exposed to a variety of risks and uncertainties in conducting its business, which may have a significant influence on the judgment of investors, including, but not limited to, the following. Many of these risks are interdependent and the occurrence of one risk may lead to an increase in other risks in quality and quantity.

Any of these risks may affect its business performance, operating results, and financial condition.

Recognizing the potential for these risks, the Group strives to take measures to prevent risks from materializing, while taking other effective measures to promptly and adequately respond to risks when they materialize.

This section includes forward-looking statements and future expectations as of the date of this annual report.

1. Risks Related to Economic Conditions

Japanese and Global Economies

The Group carries on its core operations in Japan, and also operates around the world. As a result, economic conditions such as business climate and trends in consumer spending in Japan as well as in other countries and regions where the Group does business may affect the Group's operating results and financial condition. To cater appropriately to the needs of consumers, the Group is actively selling and developing products in accordance with sales strategies. However, unexpected changes in consumer behaviors due to such external factors as economic policies or unseasonable weather may affect its business performance and financial condition.

Interest Rate Fluctuations

The Group is exposed to interest rate fluctuation risks that may affect the interest expenses, interest income, and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may affect its business performance and financial condition.

Foreign Exchange Rate Fluctuations

Foreign exchange rate changes can affect the yen value of assets and liabilities of the Group's overseas companies because Seven & i Holdings' consolidated financial statements are presented in Japanese yen. In addition, products sold by the Group include products that are sourced overseas and affected by changes in foreign exchange rates. Accordingly, foreign exchange rate fluctuations may affect its business performance and financial condition.

2. Risks Related to the Group's Business

GROUPWIDE RISKS

Procurement of Products, Raw Materials, etc., and Fluctuations in Purchase Prices

The Group's operations depend on obtaining products, raw materials, and other supplies in adequate quality and quantity in a timely manner. The Group strives to decentralize its operations to avoid significant dependence on specific producing areas, suppliers, products, technologies, etc. However, the disruption of procurement routes may affect its operations.

In addition, there are products in the Group's lineups whose purchase prices change due to external factors, including products affected by fluctuations in the prices of such raw materials as crude oil. Accordingly, fluctuations in purchase prices may affect its business performance and financial condition.

Product Safety and Representations

The Group endeavors to provide customers with safe products and accurate information through the enhancement of food hygiene-related equipment and facilities based on relevant laws and regulations, the implementation of a stringent integrated product management system that includes suppliers, and the establishment of a system of checks. However, the occurrence of a problem beyond the scope of the Group's measures could reduce public trust in its products and incur costs stemming from countermeasures. If such is the case, its business performance and financial condition could be affected. Further, the occurrence of a major incident that involves its products and leads to product recalls or product liability claims could affect its business performance and financial condition.

Store-opening Strategy

The Group's opening of stores is subject to various laws and regulations, such as the Large-Scale Retail Store Location Law, the City Planning Law, and the Building Standards Law. In the event that those laws are amended or local authorities changed related regulations, it may become difficult to open stores in accordance with initially prepared store opening plans or remodel existing stores; there may be a decline in potential candidate areas for future store openings; or costs related to legal or regulatory compliance may be incurred. If such is the case, its business performance and financial condition may be affected.

Also, regarding the stores securitized, in the event that repurchases of leasehold properties occur due to such factors as changes in real estate prices or interest rates, etc., its business performance and financial condition could be affected.

M&As, Alliances, and Strategic Investments

The Group develops new businesses and reorganizes its operations by M&A, forming alliances or joint ventures with other companies, etc. However, the Group may not be able to achieve expected results or the strategic objectives of these investments. If such is the case, its business performance and financial condition may be affected.

Credit Management

The Group, in leasing stores, has paid deposits and/or guarantee deposits to store lessors. Deterioration in the economic condition of the store lessors or a drop in the value of the collateral properties received as a pledge for the deposits and/or guarantee deposits may affect its business performance and financial condition.

Impairment of Fixed Assets

The Group has many non-current assets including property and equipment and goodwill. The Group has already adopted asset impairment accounting. However, further recognition of asset impairment may become necessary due to deterioration in profitability of stores or a drop in market value of the assets. If such is the case, its business performance and financial condition may be affected.

RISKS BY SEGMENT

Convenience Store Operations

The Group's convenience store operations are primarily organized under a franchise system, and chain operations are conducted under the identical name, Seven-Eleven. The franchise system is a joint enterprise in which franchised stores and the Group fulfill their respective roles based on an equal partnership and a relationship of trust. In the event that agreements with numerous franchised stores become unsustainable because either the Group or the franchised stores did not fulfill their respective roles, its business performance could be affected.

In its convenience store operations, the Group has sought to cater to constantly changing customer needs by working with business partners to innovate production, distribution, sales, and their supporting information systems to realize differentiated, high-quality products and to create convenient services that support everyday life. The unique operational infrastructure of convenience store operations is built in collaboration with business partners that have a shared commitment to the franchise system. Consequently, if the Group were no longer able to maintain operational relationships with business partners in its convenience store operations or if business partners' technical capabilities declined conspicuously, its business performance and financial condition could be affected.

Seven-Eleven has grown into a global chain with more than 40,500 stores in 16 countries and regions around the world, including stores outside the Group that operate under the area license agreements with 7-Eleven, Inc. A reduction in royalties or sales resulting from misconduct by area licensees that do not belong to the Group or by stores operated by area licensees could affect its business performance and financial condition.

Superstore Operations

The Group's superstore operations mainly comprise superstores and food supermarkets. In order to respond appropriately to the changes in consumer needs due to consumption saturation and economic slowdown, the Group is undertaking merchandising innovation and structural reform under which it focuses on revitalizing existing stores, advancing conversion to store formats that meet changes in the conditions of locations or area market needs, and steadily closing unprofitable stores. However, the Group may not attain its objectives completely because of such unforeseen factors as changes in the operating environment. If such is the case, its business performance and financial condition may be affected.

Department Store Operations

The Group is taking such measures for creating new value in department store operations as the structural improvement of the SEIBU Ikebukuro flagship store; format conversion for suburban stores and closing unprofitable stores; and leveraging its Group synergies to advance merchandise development, introduction of specialty stores, and IT strategies.

However, the Group may not attain its objectives completely because of such unforeseen factors as changes in business environments. If such is the case, its business performance and financial condition may be affected.

Food Services

In food services, as the Group has accomplished considerable results with initiatives for maximizing integration synergies through the merger of three companies that operate restaurants, meal provision services, and fast food, and for implementing business reorganization mainly through closing unprofitable stores, the Group has shifted to a growth strategy through creating a new business model in its restaurant business and enhancing productivity. However, the Group may not attain its objectives completely because of such unforeseen factors as changes in business environments. If such is the case, its business performance and financial condition may be affected.

Financial Services

The Group conducts financial services operations, including banking and credit card operations.

Seven Bank owes its revenues mainly to ATM operations. Therefore, the occurrence of such circumstances as the growing use of alternatives to cash for settlement, intensifying competition for ATM services, and/or the peaking out of ATM network expansion may affect its business performance and financial condition.

In its credit card operations, the Group is striving to provide customers with highly convenient financial services integrated with retail services through issuing and promoting the use of the Seven Card credit card, Millennium Card SAISON credit card, CLUB ON Card SAISON credit card, and *nanaco* electronic money. However, regarding credit card operations, an increase in the default rate, unexpected default losses, or restriction on the total volume of lending pursuant to the Money Lending Business Act, etc., may affect its business performance and financial condition. Regarding electronic money operations, the Group has built an original system and worked to achieve differentiation, but the rapid spread of electronic money in Japan has been accompanied by such qualitative changes as increased versatility, etc. In the event that the Group fails to maintain its competitiveness, its business performance and financial condition may be affected.

Others

The Group strives to enhance IT/services operations through the integration of real stores and the Internet in order to adapt to the changing needs of society. However, the pace of progress and change in IT, including the introduction of IT for logistics management, is extremely rapid, and if its efforts to cope with such progress and change are delayed by some internal and/or external factors, the quality of service and competitiveness could deteriorate. If such is the case, its business performance and financial condition may be affected.

3. Legal Restrictions and Litigations

Changes in Accounting Standards and Tax Systems

The introduction of new accounting standards or tax systems, or changes thereof, which the Group cannot predict, could affect its business performance and financial condition.

Environmental Regulations or Issues

The Group is subject to a variety of environment-related laws and regulations such as those relating to food recycling, containers and packaging recycling, waste management, and global warming countermeasures. These laws and regulations may become more stringent or additional laws and regulations may be adopted in the future, which may cause the Group to incur additional compliance costs or restrict its operating activities.

Leaks of Confidential Information

In the normal course of business, such as in financial services, the Group holds confidential information about customers regarding privacy, credit worthiness, and other information including personal information, as well as confidential information about companies and other third parties. Such information could be leaked inadvertently or deliberately, and any material leakage of confidential information could face damage liability claims and/or damage society's trust in the Group. Moreover, there is a risk that the Group's trade secrets could be leaked by misappropriation or negligence. If such is the case, its business performance and financial condition could be affected.

Litigation and Regulatory Actions

The Group is exposed to the risk that it will be subject to various legal procedures stemming from lawsuits, etc., or regulatory authorities in regard to the execution of its business activities.

Currently, no lawsuits that significantly affect the Group's performance have been filed against the Group. However, if decisions unfavorable to the Group result from lawsuits with a potentially significant effect on business results or social standing, its operating results and financial condition may be affected.

Also, a substantial legal liability or adverse regulatory outcome and the substantial cost to defend the litigation or regulatory proceedings due to the implementation of stricter laws and regulations or stricter interpretations, may affect its business performance, financial condition, and reputation.

4. Risks Related to Disasters or Unpredictable Events

Influence of Disasters or Other Unpredictable Events

The Group's head office, stores, and facilities for core operations are located in Japan. The Group also operates businesses around the world. Major natural disasters such as earthquakes, typhoons, floods, and tsunamis; fires; power outages; nuclear power plant disasters; wars; illegal activities such as terrorist attacks; or other contingencies could lead to a halt of business activities or incurring expenses related to such damages, which could have a serious impact on the business operations of the Group. If such is the case, its business performance and financial condition could be affected. In particular, the occurrence of a large natural disaster or other event in the Tokyo metropolitan area—where stores for core operations including convenience store operations and superstore operations are concentrated—could likely have a significant effect.

In addition, as network and information systems have become increasingly important to the Group's operating activities, network and information system shutdowns caused by such unpredictable events as power outages, disasters, terrorist attacks, hardware or software defects, or computer viruses and computer hacking could impede business operations, which could affect its business performance and financial condition.

Pandemic of Infectious Diseases, Such as New Strain of Influenza

The Group operates retail businesses as its core operations, which play a role as a lifeline. While it places top priority on the security and safety of customers and employees, in order to fulfill its social responsibilities, the Group has come up with business continuity plans that respond to a pandemic of such infectious diseases as a new strain of influenza. However, according to the development of a pandemic phase, the Group could take such appropriate measures as shortening operating hours or limiting the number of stores it operates, etc. If such is the case, its business performance and financial condition could be affected.

5. Other Risks

Retirement Benefit Obligations and Retirement Benefit Expenses

The Group calculates retirement benefit obligations and retirement benefit expenses based on assumptions such as the discount rates and the expected rates of return on plan assets. However, unexpected changes in such underlying factors as domestic and international share prices, foreign exchange rates, or interest rates; deterioration in the return on plan assets due to such changes; or changes in the general pension system may affect its business performance and financial condition.

Deferred Tax Assets

Some of the Group companies record deferred tax assets based on estimates of future taxable income or the time period within which the underlying temporary differences become taxable or deductible. However, if estimates of taxable income are lowered due to a worsening business climate or other significant changes, the Group may be required to reduce the amount of its deferred tax assets, resulting in an affect on its business performance and financial condition.

Brand Image

The occurrence of the risk events itemized in this section or misconduct on the part of subsidiaries, affiliates, or franchised stores could damage the Group's overall brand image. As a result, consumers' trust in the Group could diminish, the Group could lose personnel, or it could be difficult to secure the necessary personnel, which could affect the Group's business performance and financial condition.

Consolidated Balance Sheets

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries at February 28, 2011 and February 28, 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and cash equivalents (Note 4)	**¥ 656,747**	¥ 717,320	**$ 8,009,109**
Notes and accounts receivable:			
Trade (Note 4)	**122,411**	119,627	**1,492,817**
Financial services	**60,269**	68,243	**734,987**
Franchisees and other	**61,350**	51,635	**748,170**
Allowance for doubtful accounts (Note 4)	**(3,650)**	(4,421)	**(44,512)**
	240,381	235,085	**2,931,475**
Inventories	**161,110**	161,395	**1,964,756**
Deferred income taxes (Note 10)	**30,875**	28,360	**376,524**
Prepaid expenses and other current assets (Note 4)	**317,479**	318,025	**3,871,695**
Total current assets	**1,406,594**	1,460,186	**17,153,585**
Property and equipment, at cost (Notes 7, 8, 13 and 16)	**2,474,901**	2,399,179	**30,181,719**
Less: Accumulated depreciation	**(1,227,077)**	(1,203,470)	**(14,964,353)**
	1,247,823	1,195,709	**15,217,353**
Intangible assets:			
Goodwill	**172,186**	197,126	**2,099,829**
Software and other (Notes 8 and 16)	**152,469**	100,405	**1,859,378**
	324,655	297,531	**3,959,207**
Investments and other assets:			
Investments in securities (Notes 4, 5 and 16)	**227,371**	168,850	**2,772,817**
Long-term loans receivable	**18,675**	19,657	**227,743**
Long-term leasehold deposits (Notes 4 and 16)	**418,585**	438,028	**5,104,695**
Prepaid pension cost (Note 11)	**9,978**	12,149	**121,682**
Deferred income taxes (Note 10)	**20,717**	26,134	**252,646**
Other	**64,158**	62,259	**782,414**
Allowance for doubtful accounts (Note 4)	**(6,450)**	(6,903)	**(78,658)**
	753,037	720,177	**9,183,378**
	¥3,732,111	¥3,673,605	**$45,513,548**

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 3) 2011
Current liabilities:			
Short-term loans (Notes 4, 12 and 16)	¥ 108,330	¥ 151,200	$ 1,321,097
Current portion of long-term debt (Notes 4, 12 and 16)	175,212	103,402	2,136,731
Notes and accounts payable:			
Trade (Notes 4 and 6)	178,029	188,630	2,171,085
Trade for franchised stores (Notes 4 and 18)	106,766	103,997	1,302,024
Other	113,635	79,016	1,385,792
	398,430	371,645	4,858,902
Accrued expenses	75,300	76,692	918,292
Income taxes payable	51,007	42,255	622,036
Deposits received	138,527	173,937	1,689,353
Deposits received in banking business (Note 4)	275,696	185,745	3,362,146
Allowance for bonuses to employees	13,685	14,377	166,890
Allowance for sales promotion expenses	16,261	13,134	198,304
Allowance for loss on future collection of gift certificates	2,544	4,058	31,024
Other (Notes 4 and 10)	93,731	126,922	1,143,060
Total current liabilities	1,348,728	1,263,370	16,447,902
Long-term debt (Notes 4, 12 and 16)	472,111	469,074	5,757,451
Allowance for accrued pension and severance costs (Note 11)	3,356	3,493	40,926
Allowance for retirement benefits to directors and corporate auditors	2,292	2,490	27,951
Deferred income taxes (Note 10)	35,955	38,343	438,475
Deposits received from tenants and franchised stores (Notes 4 and 16)	56,048	55,827	683,512
Other liabilities (Note 16)	37,105	47,063	452,500
Total liabilities	1,955,599	1,879,664	23,848,768
Commitments and contingent liabilities (Note 16)			
Net assets (Note 14):			
Shareholders' equity:			
Common stock, authorized 4,500,000,000 shares, issued 886,441,983 shares in 2011 and 906,441,983 shares in 2010	50,000	50,000	609,756
Capital surplus	526,899	576,072	6,425,597
Retained earnings	1,234,204	1,172,263	15,051,268
Treasury stock, at cost, 2,978,750 shares in 2011 and 2,983,875 shares in 2010	(7,320)	(9,270)	(89,268)
	1,803,783	1,789,065	21,997,353
Accumulated gains (losses) from valuation and translation adjustments:			
Unrealized gains on available-for-sale securities, net of taxes (Note 5)	3,226	3,227	39,341
Unrealized losses on hedging derivatives, net of taxes	(328)	(549)	(4,000)
Foreign currency translation adjustments	(104,167)	(69,776)	(1,270,329)
	(101,268)	(67,097)	(1,234,975)
Subscription rights to shares (Note 15)	981	721	11,963
Minority interests in consolidated subsidiaries	73,016	71,251	890,439
Total net assets	1,776,512	1,793,940	21,664,780
	¥3,732,111	¥3,673,605	$45,513,548

Consolidated Statements of Income

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 28, 2011 and February 28, 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Revenues from operations:			
Net sales	**¥4,530,684**	¥4,549,867	**$55,252,243**
Other operating revenues (Note 19)	**589,054**	561,429	**7,183,585**
	5,119,739	5,111,297	**62,435,841**
Costs and expenses:			
Cost of sales	**3,364,412**	3,355,578	**41,029,414**
Selling, general and administrative expenses (Notes 11, 13 and 19)	**1,511,980**	1,529,052	**18,438,780**
	4,876,392	4,884,631	**59,468,195**
Operating income	**243,346**	226,666	**2,967,634**
Other income (expenses):			
Interest and dividend income	**6,049**	6,189	**73,768**
Interest expenses and interest on bonds	**(7,753)**	(8,505)	**(94,548)**
Foreign currency exchange losses	**(351)**	(213)	**(4,280)**
Equity in earnings of affiliates	**1,007**	1,225	**12,280**
Impairment loss on property and equipment (Note 8)	**(21,454)**	(28,052)	**(261,634)**
Gain on sales of property and equipment (Note 19)	**1,174**	1,168	**14,317**
Loss on disposals of property and equipment (Note 19)	**(6,566)**	(6,143)	**(80,073)**
Gain on donations received (Notes 19 and 20)	**7,000**	—	**85,365**
Gain on liquidation of investment in silent partnership	**8,305**	—	**101,280**
Subsidy income related to urban redevelopment projects	**3,590**	—	**43,780**
Gain on sales of investments in securities	**1,367**	574	**16,670**
Loss on sales of investments in securities	**—**	(333)	**—**
Valuation loss on investments in securities	**(10)**	(227)	**(121)**
Amortization of goodwill (Note 19)	**(461)**	(39,130)	**(5,621)**
Other, net	**(11,953)**	(10,114)	**(145,768)**
	(20,054)	(83,561)	**(244,560)**
Income before income taxes and minority interests	**223,291**	143,104	**2,723,060**
Income taxes (Note 10):			
Current	**97,602**	95,684	**1,190,268**
Deferred	**4,696**	(8,955)	**57,268**
	102,298	86,729	**1,247,536**
Income before minority interests	**120,993**	56,374	**1,475,524**
Minority interests in net income of consolidated subsidiaries	**9,031**	11,499	**110,134**
Net income	**¥ 111,961**	¥ 44,875	**$ 1,365,378**

	Yen		U.S. dollars (Note 3)
	2011	2010	**2011**
Per share information:			
Net income (Basic)	**¥126.21**	¥49.67	**$1.53**
Net income (Diluted)	**126.15**	49.66	**1.53**
Cash dividends	**57.00**	56.00	**0.69**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 28, 2011 and February 28, 2010

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total
Balance at February 28, 2009	¥50,000	¥576,074	¥1,246,165	¥ (9,277)	¥ 247	¥(622)	¥ (77,398)	¥391	¥75,092	¥1,860,672
Net income for the year			44,875							44,875
Increase resulting from adoption of U.S. GAAP by U.S. subsidiaries			(70)							(70)
Cash dividends			(51,497)							(51,497)
Purchase of treasury stock				(18)						(18)
Disposal of treasury stock		(2)		29						27
Effect of changes in accounting policies applied to foreign subsidiaries (Note 2)			(67,126)							(67,126)
Effect of changes in scope of consolidation			(83)							(83)
Other				(4)						(4)
Net (decrease) increase for the year					2,980	73	7,621	330	(3,840)	7,165
Balance at February 28, 2010	¥50,000	¥576,072	¥1,172,263	¥ (9,270)	¥3,227	¥(549)	¥ (69,776)	¥721	¥71,251	¥1,793,940
Net income for the year			**111,961**							**111,961**
Increase resulting from adoption of U.S. GAAP by U.S. subsidiaries			**13**							**13**
Cash dividends			**(50,034)**							**(50,034)**
Purchase of treasury stock				**(47,256)**						**(47,256)**
Disposal of treasury stock		**(2)**		**40**						**38**
Cancellation of treasury stock		**(49,170)**		**49,170**						**—**
Other				**(3)**						**(3)**
Net (decrease) increase for the year					**(1)**	**220**	**(34,390)**	**259**	**1,764**	**(32,146)**
Balance at February 28, 2011	**¥50,000**	**¥526,899**	**¥1,234,204**	**¥ (7,320)**	**¥3,226**	**¥(328)**	**¥(104,167)**	**¥981**	**¥73,016**	**¥1,776,512**

	Thousands of U.S. dollars (Note 3)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total
Balance at February 28, 2010	$609,756	$7,025,268	$14,295,890	$(113,048)	$39,353	$(6,695)	$ (850,926)	$ 8,792	$868,914	$21,877,317
Net income for the year			**1,365,378**							**1,365,378**
Increase resulting from adoption of U.S. GAAP by U.S. subsidiaries			**158**							**158**
Cash dividends			**(610,170)**							**(610,170)**
Purchase of treasury stock				**(576,292)**						**(576,292)**
Disposal of treasury stock		**(24)**		**487**						**463**
Cancellation of treasury stock		**(599,634)**		**599,634**						**—**
Other				**(36)**						**(36)**
Net (decrease) increase for the year					**(12)**	**2,682**	**(419,390)**	**3,158**	**21,512**	**(392,024)**
Balance at February 28, 2011	**$609,756**	**$6,425,597**	**$15,051,268**	**$ (89,268)**	**$39,341**	**$(4,000)**	**$(1,270,329)**	**$11,963**	**$890,439**	**$21,664,780**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 28, 2011 and February 28, 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 223,291	¥ 143,104	$ 2,723,060
Depreciation and amortization	132,421	132,232	1,614,890
Impairment loss on property and equipment	21,454	28,052	261,634
Amortization of goodwill	16,606	58,000	202,512
Increase (decrease) in allowance for bonuses to employees	(691)	(1,293)	(8,426)
Decrease (increase) in prepaid pension cost	2,170	4,336	26,463
Interest and dividend income	(6,049)	(6,189)	(73,768)
Interest expenses and interest on bonds	7,753	8,505	94,548
Foreign currency exchange (gains) losses	374	(136)	4,560
Equity in losses (earnings) of affiliates	(1,007)	(1,225)	(12,280)
Gain on sales of property and equipment	(1,174)	(1,168)	(14,317)
Loss on disposals of property and equipment	6,566	6,143	80,073
Gain on liquidation of investment in silent partnership	(8,305)	—	(101,280)
Subsidy income related to urban redevelopment projects	(3,590)	—	(43,780)
Loss on sales of investments in securities	—	333	—
Valuation loss on investments in securities	10	227	121
Decrease (increase) in notes and accounts receivable, trade	(4,523)	(3,153)	(55,158)
Decrease (increase) in accounts receivable, financial services	7,973	9,799	97,231
Decrease (increase) in inventories	(4,298)	8,450	(52,414)
Increase (decrease) in notes and accounts payable	(3,311)	(5,436)	(40,378)
Increase (decrease) in deposits received	(12,866)	16,449	(156,902)
Net increase (decrease) in loans in banking business	(15,500)	(26,300)	(189,024)
Net increase (decrease) in bonds in banking business	—	30,000	—
Net increase (decrease) in deposits received in banking business	89,950	20,033	1,096,951
Net decrease (increase) in call loan in banking business	(104,000)	(6,000)	(1,268,292)
Net increase (decrease) in call money in banking business	(32,900)	50,600	(401,219)
Net change in ATM-related temporary accounts	66,434	(33,545)	810,170
Other	13,642	4,720	166,365
Sub-total	390,431	436,540	4,761,353
Interest and dividends received	3,205	4,568	39,085
Interest paid	(7,859)	(8,612)	(95,841)
Income taxes paid	(75,248)	(110,294)	(917,658)
Net cash provided by operating activities	310,527	322,202	3,786,914
Cash flows from investing activities:			
Acquisition of property and equipment	(232,270)	(154,574)	(2,832,560)
Proceeds from sales of property and equipment	5,335	45,450	65,060
Acquisition of intangible assets	(75,313)	(12,774)	(918,451)
Payment for purchase of investments in securities	(280,601)	(256,054)	(3,421,963)
Proceeds from sales of investments in securities	249,696	226,742	3,045,073
Payment of loans receivable	(101)	(6,245)	(1,231)
Collection of loans receivable	991	821	12,085
Payment for long-term leasehold deposits	(26,513)	(30,916)	(323,329)
Refund of long-term leasehold deposits	40,282	28,106	491,243
Proceeds from deposits from tenants	5,830	3,144	71,097
Refund of deposits from tenants	(4,747)	(5,012)	(57,890)
Payment for acquisition of treasury stock of subsidiary in consolidation	(4,999)	—	(60,963)
Proceeds from liquidation of investment in silent partnership	8,305	—	101,280
Proceeds from subsidy income related to urban redevelopment projects	1,045	—	12,743
Payment for time deposits	(12,339)	(28,600)	(150,475)
Payment for negotiable certificates of deposits	(45,000)	(55,000)	(548,780)
Proceeds from withdrawal of time deposits	20,831	29,467	254,036
Proceeds from withdrawal of negotiable certificates of deposits	40,000	107,000	487,804
Other	(2,512)	(6,714)	(30,634)
Net cash used in investing activities	(312,081)	(115,158)	(3,805,865)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(38,370)	(48,600)	(467,926)
Proceeds from long-term debt	60,040	101,000	732,195
Repayment of long-term debt	(67,638)	(94,700)	(824,853)
Proceeds from commercial paper	360,321	283,704	4,394,158
Payment for redemption of commercial paper	(360,075)	(286,429)	(4,391,158)
Proceeds from issuance of bonds	109,624	—	1,336,878
Payment for redemption of bonds	(20,385)	(50,592)	(248,597)
Dividends paid	(50,022)	(51,476)	(610,024)
Capital contribution from minority interests	651	527	7,939
Dividends paid for minority interests	(3,774)	(3,653)	(46,024)
Payment for acquisitions of treasury stock	(47,290)	(18)	(576,707)
Other	660	(6,469)	8,048
Net cash used in financing activities	(56,258)	(156,708)	(686,073)
Effect of exchange rate changes on cash and cash equivalents	(2,760)	4,061	(33,658)
Net increase (decrease) in cash and cash equivalents	(60,573)	54,397	(738,695)
Cash and cash equivalents at beginning of year	717,320	663,483	8,747,804
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	—	(560)	—
Cash and cash equivalents at end of year	¥ 656,747	¥ 717,320	$ 8,009,109

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements of Seven & i Holdings Co., Ltd. and its consolidated subsidiaries (the "Companies") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards, and are compiled from the Consolidated Financial Statements prepared by Seven & i Holdings Co., Ltd. (the "Company") as required by the Financial Instruments and Exchange Law of Japan.

The accompanying Consolidated Financial Statements also include the accounts of the Company's foreign consolidated subsidiaries. Prior to the fiscal year ended February 28, 2010, the accounts of the Company's foreign consolidated subsidiaries had been prepared in accordance with accounting principles generally accepted in their own countries. As described in Note 2, the accounts of the Company's foreign consolidated subsidiaries for the fiscal year ended February 28, 2010 are prepared in accordance with either International Financial Reporting Standards ("IFRS") or U.S. generally accepted accounting principles ("U.S. GAAP"), with adjustments for the specified six items as applicable.

The accompanying Consolidated Financial Statements have been restructured and translated into English from the Consolidated Financial Statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language Consolidated Financial Statements, but not required for fair presentation, is not presented in the accompanying Consolidated Financial Statements.

As permitted under the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying Consolidated Financial Statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and 84 subsidiaries which, with an exception due to materiality, include 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.

Five new subsidiaries have been consolidated during the period due to the establishment of Seven & i Asset Management Co., Ltd., Seven Farm Co., Ltd., Seven Farm Tsukuba Co., Ltd., Seven Farm Miura Co., Ltd., and SEVEN-ELEVEN (CHENGDU) CO., LTD.

On the other hand, California S.S.P.C., Inc. was excluded from the scope of consolidation in the current fiscal year because it was liquidated during the period. Also, SHAOXING AKACHAN HONPO LTD. was excluded from the scope of consolidation in the current fiscal year due to a share transfer.

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 that occur during the period from January 1 to February 28 are adjusted for in the consolidation process.

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

18 affiliates are accounted for using the equity method. When an affiliate is in a net loss position, the Company's share of such loss is reduced from its loan receivable from that affiliate. For the affiliates that have a balance sheet date other than February 28, the financial statements of these companies with their individual balance sheet date are used in preparing the consolidated financial statements.

All material intercompany transactions and account balances have been eliminated.

The Company's interest portion in the assets and liabilities of subsidiaries and affiliates is revalued on acquisition, if applicable, and the excess of cost over the underlying net assets at the date of acquisition is recognized as goodwill. On March 29, 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Implementation Guidance No. 15, "Implementation Guidance on Disclosure about Certain Special Purpose Corporation," which was effective for financial years beginning on or after April 1, 2007. The Company has applied this guidance from the fiscal year ended February 28, 2009.

(2) Inventories

Inventories are stated mainly at cost determined by the following method, with book value written down to the net realizable value. Cost is determined principally by the 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 of cost or market method. Effective from the fiscal year ended February 28, 2010, the Company has applied the "Accounting Standard for Measurement of Inventories"(ASBJ Statement No. 9, on 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, the Company recorded valuation loss on beginning inventories included in other expenses at ¥1,323 million for the fiscal year ended February 28, 2010. As a result of this change, operating income decreased by ¥320 million and income before income taxes and minority interests for the period decreased by ¥1,644 million.

Supplies are carried at cost, which is mainly determined by the last purchase price method, with book value written down to the net realizable value.

(3) Securities

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

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

(a) 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.

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

(4) Derivatives

Derivative financial instruments are valued at fair value.

(5) 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 de-

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

partment store business, which use the straight-line method, as do foreign consolidated subsidiaries.

(6) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method for the Company and its domestic consolidated subsidiaries.

Software for internal use is amortized using the straight-line method over an estimated useful life of 5 years.

Goodwill and negative goodwill arising from consolidated subsidiaries are mainly amortized over a period of 20 years on a straight-line basis, or charged to income if it is immaterial. The difference between the cost of investments and equity in their net assets at the date of acquisition recognized in applying the equity method is treated in the same manner.

(7) Lease assets

Effective from the year ended February 28, 2010, the Company and its domestic subsidiaries applied "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, on 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, on January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised on March 30, 2007).

The method of accounting for finance leases that do not transfer ownership of leased property to the lessee changed from treating such leases as rental transactions to treatment as sale/purchase transactions, recognizing them as lease assets.

Under the existing accounting standards, finance leases commenced prior to March 1, 2009 that do not transfer ownership of leased property to the lessee are permitted to be accounted for in the same manner as operating leases if certain "as if capitalized" information is disclosed in a note to the lessee's financial statements.

(8) Income taxes

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, inhabitant taxes, and enterprise taxes.

Deferred tax accounting is applied.

(9) 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. For the previous fiscal years, estimated costs arising in connection with the coupon tickets expected to be issued through the utilization of the sales promotion points had been provided by the department store business as allowance for sales promotion expenses.

Effective for the fiscal year ended February 28, 2011, the Company provides the allowance at the amount the sales promotion points are expected to be utilized, following the change of the sales promotion point card program.

As a result of this change, the Company recorded the relevant loss at ¥2,993 million in the current fiscal year, which is included in "other, net" of other expenses.

(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 remaining uncollected for 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 accrued pension and severance costs
(Prepaid pension cost)
Allowance for accrued pension and severance costs is provided at the amount incurred during the 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, 2011 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 costs.
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.
(Change in accounting policy)
Effective for the year ended February 28, 2011, the Company adopted "Partial Amendments to Accounting Standards for Retirement Benefits (Part 3)" (Statement No. 19 by ASBJ on July 31, 2008). This does not have any impact on projected retirement benefit obligations and net income.

(f) Allowance for retirement benefits to directors and corporate auditors
Allowance for retirement benefits to directors and corporate auditors is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefit system for directors and corporate auditors, among which some subsidiaries have determined to pay the balance at the time of retirement.

(10) Hedge accounting

Interest rate swap contracts are utilized as hedging instruments and the related hedged items are loans payable. The Companies have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in interest rates and reducing finance costs.

The Companies do not hold or issue derivative instruments for trading or speculative purposes. 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 that 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 expenses as incurred. The hedge effectiveness for interest rate swap contracts is assessed quarterly except for those that meet specific hedging criteria.

(11) Per share information

Net assets (excluding minority interests in consolidated subsidiaries) per share as of February 28, 2011 and February 28, 2010 are ¥1,927.09 ($23.50) and ¥1,905.97, respectively. Net income per share for the fiscal years ended February 28, 2011 and February 28, 2010 are ¥126.21 ($1.53) and ¥49.67, respectively. Diluted net income per share for the fiscal years ended February 28, 2011 and February 28, 2010 are ¥126.15 ($1.53) and ¥49.66, respectively.

Net income per share of common stock is computed based on the weighted-average number of shares of common stock outstanding and diluted net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year after incorporating the dilutive potential of shares of common stock to be issued upon the exercise of stock options.

Basis for the calculation of net income per share for the fiscal years ended February 28, 2011 and February 28, 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Net income	**¥111,961**	¥44,875	**$1,365,378**
Less components not pertaining to common shareholders	—	—	—
Net income pertaining to common shareholders	**¥111,961**	¥44,875	**$1,365,378**
Weighted-average number of shares of common stock outstanding (shares)	**887,128,871**	903,458,314	—

Cash dividends per share shown in the accompanying Consolidated Statements of Income represent dividends declared as applicable to the year.

(12) Treasury stock

Treasury stock shown in the accompanying Consolidated Balance Sheets includes the portion of the Company's interests in its treasury stock held by affiliates accounted for using the equity method according to Japanese GAAP on the presentation of treasury stock.

(13) 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 United States and Canada is included in the accompanying Consolidated Statements of Income.

(14) Foreign currency translation

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 sheet 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."

(15) Cash and cash equivalents

Cash and cash equivalents of 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.

(16) 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 commission from its franchised stores as revenues and includes it in "Other operating revenues."

(17) Change in Significant Accounting Policies for the Preparation of Consolidated Financial Statements

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

On March 17, 2006, the ASBJ 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"). The Company has applied PITF No. 18, and made necessary adjustments for significant differences between Japanese GAAP and IFRS or U.S. GAAP.

As a result of this application, the beginning balance of retained earnings for the fiscal year ended February 28, 2010 decreased by ¥67,126 million, and operating income and income before income taxes and minority interests for the period each decreased by ¥7,268 million.

The impact of this application is described in the segment information section (Note 21).

(18) Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation.

3. U.S. DOLLAR AMOUNTS

The accounts of the Consolidated Financial Statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥82=US$1, the approximate rate of exchange prevailing on February 28, 2011. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized, or settled in U.S. dollars at this rate or at any other rate.

4. FINANCIAL INSTRUMENTS

Fiscal year ended February 28, 2011

Qualitative information on financial instruments

(1) Policies relating to financial instruments

For the management of surplus funds, the Companies' basic policy is to give priority to safety, liquidity, and efficiency, investing only in short-term instruments (within one year) such as deposits at banks that have high credit ratings.

As for fund raising, the Companies mainly raise funds through bank loans and bond issuance while ensuring the dispersal of redemption periods.

Also, the Companies use derivative instruments to mitigate the risk of currency exchange rates fluctuations for debts and credits denominated in foreign currencies and the risk of fluctuations in the interest rates of interest-bearing debt as well as to optimize cash flows for future interest payments. The Companies do not hold or issue derivative instruments for trading or speculative purposes.

(2) Details of financial instruments, associated risk, and risk management systems

The Companies' risk management policy is incorporated in the "Fundamental Risk Management Policy," which designates the units that are responsible for each type of risk and overall risk management. Further, in relation to financial instruments the Companies recognize and manage risk as follows.

Notes and accounts receivable, trade, are exposed to individual customer's credit risk. The Companies regularly monitor due dates and outstanding balances, as well as customer creditworthiness, to identify any concerns and mitigate losses associated with their collectability.

Long-term leasehold deposits, mainly arising from store rental agreements, are also exposed to individual lessor's credit risk. As with notes and accounts receivable, trade, the Companies monitor lessor creditworthiness to identify any concerns and mitigate losses associated with their collectability.

Marketable securities mainly consist of negotiable certificates of deposit used for the management of surplus funds. Investments in securities mainly consist of shares of companies with which the Companies have operational relationships and Japanese government bonds held by Seven Bank, Ltd., which is a subsidiary of the Company. These investments are exposed to market risk. The Companies regularly reconsider the holding status of these securities by monitoring market prices and the issuers' financial position, in light of the Companies' business partnerships.

Among notes and accounts payable, trade, debts denominated in foreign currencies are exposed to the risk of currency exchange rate fluctuations. In order to mitigate the risk, the Companies enter into foreign exchange forward contracts that cover a portion of the settlement amount.

With regards to the foreign exchange forward contracts, the Companies regularly monitor their valuation.

Among loans, short-term loans and commercial paper are used mainly to raise operating funds, while long-term loans and bonds are used mainly for capital investments. These debts are managed comprehensively based on the asset-liability management (ALM) model.

Among these debts, long-term loans with variable interest rates are exposed to the risk of interest rate fluctuations, which is partially mitigated by interest rate swap contracts. The detailed explanation as to the specific hedge methods are set out in Note 2, "Summary of Significant Accounting Policies."

In relation to the derivative instruments (i.e. forward exchange contracts, interest rate swap contracts) discussed above, the Companies mitigate credit risk by restricting counterparties to financial institutions that have high creditworthiness.

Trade payables, loans and bonds are exposed to liquidity risk, which is the risk of failing to settle as scheduled. The Companies manage the risk through adequately maintaining fund management plans, as well as by the Company conducting entity-wide cash management.

(3) Supplementary information on fair values

Fair values of financial instruments are measured through quoted market prices when available. When quoted market prices are not available, fair values are estimated by using reasonable valuation methods. The assumptions of such estimations include variable factors and, accordingly, if different assumptions are adopted, estimated fair values may change. The contract amounts of the derivatives discussed in Note 6, "Derivative Transactions," below are not an indicator of the market risk associated with derivative transactions.

Fair values of financial instruments

Book values and fair values of the financial instruments on the consolidated balance sheet on February 28, 2011 are as follows. Certain items that are deemed to be immaterial are not included in the table. Financial instruments whose fair value is deemed highly difficult to measure are also excluded from the table.

Millions of yen

	2011		
	Book value	Fair value	Difference
Cash and cash equivalents	¥ 656,747	¥ 656,747	¥ —
Notes and accounts receivable, trade	122,411		
Allowance for doubtful accounts [(a)]	(1,479)		
	120,932	121,451	518
Marketable securities and investments in securities	200,170	199,918	(251)
Long-term leasehold deposits [(b)]	310,961		
Allowance for doubtful accounts [(c)]	(892)		
	310,069	299,944	(10,124)
Total assets	1,287,918	1,278,061	(9,857)
Notes and accounts payable, trade [(d)]	284,795	284,795	—
Deposits received in banking business	275,696	276,177	480
Bonds [(e)]	300,073	305,797	5,723
Long-term loans [(f)]	304,412	305,315	903
Deposits received from tenants and franchised stores [(g)]	24,830	21,768	(3,061)
Total liabilities	1,189,807	1,193,854	4,046
Derivative instruments [(h)]	¥ (426)	¥ (426)	¥ —

	Thousands of U.S. dollars (Note 3)		
	2011		
	Book value	Fair value	Difference
Cash and cash equivalents	$ 8,009,109	$ 8,009,109	$ —
Notes and accounts receivable, trade	1,492,817		
Allowance for doubtful accounts [(a)]	(18,036)		
	1,474,780	1,481,109	6,317
Marketable securities and investments in securities	2,441,097	2,438,024	(3,060)
Long-term leasehold deposits [(b)]	3,792,207		
Allowance for doubtful accounts [(c)]	(10,878)		
	3,781,329	3,657,853	(123,463)
Total assets	15,706,317	15,586,109	(120,207)
Notes and accounts payable, trade [(d)]	3,473,109	3,473,109	—
Deposits received in banking business	3,362,146	3,368,012	5,853
Bonds [(e)]	3,659,426	3,729,231	69,792
Long-term loans [(f)]	3,712,341	3,723,353	11,012
Deposits received from tenants and franchised stores [(g)]	302,804	265,463	(37,329)
Total liabilities	14,509,841	14,559,195	49,341
Derivative instruments [(h)]	$ (5,195)	$ (5,195)	$ —

(a) The amount of allowance for doubtful accounts relates only to notes and account receivable, trade.
(b) The amount of long-term leasehold deposits includes a portion of leasehold deposits maturing within one year.
(c) The amount of allowance for doubtful accounts relates only to long-term leasehold deposits.
(d) The amount of notes and accounts payable, trade includes trade for franchised stores.
(e) The amount of bonds includes bonds due within one year.
(f) The amount of long-term loans includes bonds due within one year.
(g) The amount of deposits received from tenants and franchised stores includes a portion of restoration maturing within one year.
(h) The value of assets and liabilities arising from derivative instruments are shown by net value. Net liabilities are shown in parentheses.

Note 1: Items relating to the calculation of the fair value of financial instruments and derivative instruments

Assets

(1) Cash and cash equivalents

The relevant book values are used, as they are due in a short period, hence market prices are equivalent to book values.

(2) Notes and accounts receivable, trade

For notes and accounts receivable, trade, the relevant book values are used, as they are due in a short period, hence market prices are equivalent to book values. The fair value of items with long settlement periods is the present value, which is obtained by discounting the future cash flows over the remaining period by the interest rate that reflects credit risk.

(3) Marketable securities and investments in securities

For the fair value of equity securities, market prices are used. For bonds, market prices or the prices shown by correspondent financial institutions are used. For negotiable certificates of deposit, the relevant book values are used, as they are due in a short period, hence market prices are equivalent to book values.

(4) Long-term leasehold deposits

The fair value of items with long settlement periods is the present value, which is calculated by discounting the future cash flows that reflect credit risks by the corresponding interest rate for government bonds over the remaining period.

Liabilities

(1) Notes and accounts payable, trade

The relevant book values are used, as they are due in a short period, hence market prices are equivalent to book values.

(2) Deposits received in banking business

The fair value of deposit on demand is measured at the amount payable on demand at the balance sheet date (book value). The fair value of term deposits is measured at their present value, which is obtained by categorizing the balance in accordance with their maturity and discounting the relevant future cash flows by each category. The discount rate is the interest rate that would be applied to newly accepted deposits. For time deposits that are due within one year, the relevant book values are used, as they are due in a short period, hence market prices are equivalent to book values.

(3) Bonds

The fair value of bonds that have market prices is based on those prices. The fair value of bonds that do not have market price is based on the present value, which is obtained by discounting the total principal and interest over remaining period by the interest rate that reflects credit risk.

(4) Long-term loans

The fair value of long-term loans is based on the present value, which is obtained by discounting the total of principal and interest by the interest rate that would be applied if similar new borrowings were entered into.

(5) Deposits received from tenants and franchised stores

The fair value of deposits received from tenants is the present value, which is obtained by discounting future cash flows by the corresponding interest rate for government bonds over the remaining period.

Derivative instruments

Refer to Note 6, "Derivative Transactions."

Note 2: Items for which fair value is deemed highly difficult to measure

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	
	Book value	
Investments in securities [(a)]		
Non-listed securities	¥ 15,266	$ 186,170
Shares of affiliates	11,539	140,719
Other	430	5,243
Long-term leasehold deposits [(b)]	125,543	1,531,012
Deposits received from tenants and franchised stores [(b)]	¥ 35,836	$ 437,024

(a) These are not included in "Marketable securities and investments in securities" in the above tables since determining their estimated fair values was deemed to be highly difficult, due to the fact that these do not have market prices and the future cash flows cannot be estimated.

(b) These are not included in "Long-term leasehold deposits" and "Deposits received from tenants and franchised stores" in the above tables since determining their fair values was deemed to be highly difficult, due to the fact that the amount to be repaid cannot be reasonably estimated.

Note 3: Redemption schedule for receivables and marketable securities with maturities

	Millions of yen			
	2011			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥656,747	¥ —	¥ —	¥ —
Notes and accounts receivable, trade	115,287	6,620	474	29
Marketable securities and investments in securities				
Held-to-maturity debt securities				
Governmental and municipal bonds	170	420	—	—
Available-for-sale securities with maturities				
Governmental and municipal bonds	152,500	21,010	—	—
Corporate bonds	2,200	—	—	—
Other	25	—	—	—
Long-term leasehold deposits	30,450	94,506	78,692	107,312
Total	¥957,380	¥122,556	¥79,166	¥107,341

	Thousands of U.S. dollars (Note 3)			
	2011			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	$ 8,009,109	$ —	$ —	$ —
Notes and accounts receivable, trade	1,405,939	80,731	5,780	353
Marketable securities and investments in securities				
Held-to-maturity debt securities				
Governmental and municipal bonds	2,073	5,121	—	—
Available-for-sale securities with maturities				
Governmental and municipal bonds	1,859,756	256,219	—	—
Corporate bonds	26,829	—	—	—
Other	304	—	—	—
Long-term leasehold deposits	371,341	1,152,512	959,658	1,308,682
Total	$11,675,365	$1,494,585	$965,439	$1,309,036

Note 4: Redemption schedule for deposits received in banking business with maturities

	Millions of yen			
	2011			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥221,234	¥54,461	—	—

	Thousands of U.S. dollars (Note 3)			
	2011			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	$2,697,975	$664,158	—	—

Note: Deposits received in banking business due within one year include deposits on demand.

Note 5: The redemption schedule for long-term debt is disclosed in Note 12, "Short-term loans and long-term debt."

(Supplementary information)
Effective from the fiscal year ended February 28, 2011, the Company adopted the revised accounting standard, "Accounting Standard for Financial Instruments" (ASBJ) Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued on March 10, 2008).

5. SECURITIES INFORMATION

(1) The following tables summarize the book value and fair value of held-to-maturity debt securities whose fair value is available as of February 28, 2011 and February 28, 2010:

	Millions of yen		
	2011		
TYPE	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	**¥594**	**¥597**	**¥3**
Total	**¥594**	**¥597**	**¥3**

	Millions of yen		
	2010		
TYPE	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	¥605	¥611	¥5
Total	¥605	¥611	¥5

	Thousands of U.S. dollars (Note 3)		
	2011		
TYPE	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	**$7,243**	**$7,280**	**$36**
Total	**$7,243**	**$7,280**	**$36**

(2) The following tables summarize the acquisition cost and book value of available-for-sale securities whose fair value is available as of February 28, 2011 and February 28, 2010 (excluding non-marketable securities of ¥15,266 million ($186,170 thousand) for the current fiscal year):

	Millions of yen		
	2011		
TYPE	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	**¥ 15,556**	**¥ 10,999**	**¥ 4,556**
Debt securities			
Governmental and municipal bonds, etc.	**107,217**	**107,119**	**97**
Sub-total	**122,773**	**118,119**	**4,654**
Securities with book value not exceeding acquisition cost:			
Equity securities	**4,726**	**6,098**	**(1,371)**
Debt securities			
Governmental and municipal bonds, etc.	**67,035**	**67,045**	**(9)**
Corporate bonds	**2,208**	**2,208**	**(0)**
Others	**25**	**25**	**—**
Sub-total	**73,996**	**75,378**	**(1,382)**
Total	**¥196,769**	**¥193,497**	**¥ 3,272**

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

TYPE	Thousands of U.S. dollars (Note 3) 2011 Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	**$ 189,707**	**$ 134,134**	**$ 55,560**
Debt securities			
Governmental and municipal bonds, etc.	**1,307,524**	**1,306,329**	**1,182**
Sub-total	**1,497,231**	**1,440,475**	**56,756**
Securities with book value not exceeding acquisition cost:			
Equity securities	**57,634**	**74,365**	**(16,719)**
Debt securities			
Governmental and municipal bonds, etc.	**817,500**	**817,621**	**(109)**
Corporate bonds	**26,926**	**26,926**	**(0)**
Others	**304**	**304**	**—**
Sub-total	**902,390**	**919,243**	**(16,853)**
Total	**$2,399,621**	**$2,359,719**	**$ 39,902**

(3) Sales amounts and gain (loss) on sales of available-for-sale securities during the fiscal years ended February 28, 2011 and February 28, 2010 are as follows:

TYPE	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2011
Sales amounts	**¥2,845**	¥1,884	**$34,695**
Gain on sales of available-for-sale securities	**1,367**	574	**16,670**
Loss on sales of available-for-sale securities	**—**	(333)	**—**

(4) Impairment loss on securities

For the fiscal year ended February 28, 2011, the Companies recognized ¥10 million ($121 thousand) of impairment loss on securities.

The Company considers securities to be irrecoverable where market prices decline by more than or equal to 50% of their acquisition cost. Where market prices decline by between 30% and 50% of their acquisition cost, the Company assesses the recoverability and, to the extent necessary, recognizes impairment losses on such securities.

(5) Investments in affiliates included in "Investments in securities" in the accompanying Consolidated Balance Sheets as of February 28, 2011 and February 28, 2010 are ¥14,346 million ($174,951 thousand) and ¥10,940 million, respectively.

(6) The following table summarizes the book value of major securities with no available fair value as of February 28, 2010:

TYPE	Millions of yen 2010
Held-to-maturity debt securities:	
Bonds	¥ 0
Available-for-sale securities:	
Non-listed securities	18,110
Non-listed foreign securities	3,021
Debt securities	25
Negotiable certificates of deposit	0
Total	¥21,156

(7) Redemption schedules of available-for-sale securities with fixed maturities and held-to-maturity debt securities as of February 28, 2010 is as follows:

TYPE	Millions of yen 2010 Within one year	After one year within five years	After five years within ten years	After ten years	Total
Governmental and municipal bonds, etc.	¥114,677	¥605	—	—	¥115,283
Corporate bonds	0	—	—	—	0
Debt securities	25	—	—	—	25
Negotiable certificates of deposit	0	—	—	—	0
Total	¥114,702	¥605	—	—	¥115,308

6. DERIVATIVE TRANSACTIONS

The Companies have policies to use interest rate swap contracts, forward currency exchange contracts, and currency swap contracts only for the purposes of mitigating the risk of fluctuations in interest rates and foreign currency exchange rates and reducing finance costs. The Companies do not hold or issue derivative instruments for trading or speculative purposes. Currency-related transactions and interest rate swap contracts include the market risk of fluctuations in foreign currency exchange rates and interest rates, respectively. The risk of non-performance is considered to be low as the contracts are entered into with prestigious financial institutions. The responsible departments in the Companies enter into and control these contracts in accordance with the respective internal policies. The estimated unrealized gains and losses from these contracts as of February 28, 2011 and 2010 are summarized in the following tables. The estimated fair values of these contracts are based on values prepared by financial institutions.

Derivatives not designated as hedging instruments

(As of February 28, 2011)

(1) Currency-related transactions

	Millions of yen 2011			
	Contract amount		Estimated fair value	Unrealized gains (losses)
	Total	After one year		
Forward exchange contracts:				
Buy U.S. dollar	¥5,005	—	¥4,904	¥(100)
Buy euro	72	—	75	2

	Thousands of U.S. dollars (Note 3) 2011			
	Contract amount		Estimated fair value	Unrealized gains (losses)
	Total	After one year		
Forward exchange contracts:				
Buy U.S. dollar	$61,036	—	$59,804	$(1,219)
Buy euro	878	—	914	24

Note: The estimated fair values of derivative contracts are measured by reference to prices or indices indicated by financial institutions.

Derivatives designated as hedging instruments

(As of February 28, 2011)

(1) Currency-related transactions

	Millions of yen 2011		
	Contract amount		Estimated fair value
	Total	After one year	
Forward exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥ 4	¥ —	¥ (0)

	Thousands of U.S. dollars (Note 3) 2011		
	Contract amount		Estimated fair value
	Total	After one year	
Forward exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	$ 48	$ —	$ (0)

Note: The estimated fair values of derivative contracts are measured by reference to prices or indices indicated by financial institutions.

(2) Interest-rate-related transactions

	Millions of yen 2011		
	Contract amount		Estimated fair value
	Total	After one year	
Interest rate swap contracts, accounted for by deferral hedge accounting			
Receive float / Pay fixed	¥30,000	¥ —	¥(328)
Interest rate swap contracts, where certain criteria are met (b)			
Receive float / Pay fixed	14,000	5,000	— (a)

	Thousands of U.S. dollars (Note 3)		
	2011		
	Contract amount		Estimated fair value
	Total	After one year	
Interest rate swap contracts, accounted for by deferral hedge accounting			
Receive float / Pay fixed	**$365,853**	**$ —**	**$(4,000)**
Interest rate swap contracts, where certain criteria are met [(b)]			
Receive float / Pay fixed	**170,731**	**60,975**	**— [(a)]**

Note: The estimated fair values of derivative contracts are measured by reference to prices or indices indicated by financial institutions.
(a) Interest rate swap contracts are accounted for as part of long-term debt. Therefore, the estimated fair value of the contracts is included in the fair value of the underlying long-term debt.
(b) The estimated fair value of these interest rate swaps is, in effect, included in and presented with that of the hedged item. For details, refer to Note 2 (10), "Hedge accounting."

(As of February 28, 2010)

(1) Currency-related transactions

	Millions of yen			
	2010			
	Contract amount		Estimated fair value	Unrealized gains (losses)
	Total	After one year		
Forward exchange contracts:				
Buy U.S. dollar	¥4,546	¥ —	¥4,466	¥(79)
Buy euro	119	—	109	(10)
Currency swap contracts:				
U.S. dollar	866	—	(1)	(1)

(2) Interest-rate-related transactions

	Millions of yen			
	2010			
	Contract amount		Estimated fair value	Unrealized gains (losses)
	Total	After one year		
Interest rate swap contracts:				
Receive fixed / Pay float	¥10,000	¥ —	¥13	¥13

7. PROPERTY AND EQUIPMENT

Property and equipment at February 28, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Buildings and structures	**¥ 1,418,705**	¥ 1,362,264	**$17,301,280**
Furniture, fixtures and other	**465,369**	464,099	**5,675,231**
	1,884,074	1,826,363	**22,976,512**
Less: Accumulated depreciation	**(1,227,077)**	(1,203,470)	**(14,964,353)**
	656,997	622,893	**8,012,158**
Land	**581,185**	520,320	**7,087,621**
Construction in progress	**9,640**	52,495	**117,560**
Total	**¥ 1,247,823**	¥ 1,195,709	**$15,217,353**

8. IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT

For the fiscal years ended February 28, 2011 and 2010, the Companies recognized ¥21,454 million ($261,634 thousand) and ¥28,052 million of impairment loss, respectively, on the following groups of assets.

Fiscal year ended February 28, 2011:

Description	Classification	Location	Millions of yen	Thousands of U.S. dollars (Note 3)
Stores (Convenience stores)	Land and buildings, etc.	Tokyo Met. 43 stores Osaka Pref. 29 stores Others (including U.S.)		
Stores (Superstores)	Land and buildings, etc.	Saitama Pref. 7 stores Tokyo Met. 4 stores Others 16 stores	**¥20,200**	**$246,341**
Stores (Department stores)	Land and buildings, etc.	Chiba Pref. 1 store Others 4 stores		
Stores (Food services)	Land and buildings, etc.	Tokyo Met. & others 43 stores		
Other facilities, etc.	Land and buildings, etc.	Fukushima Pref. U.S. & others	**1,253**	**15,280**
Total			**¥21,454**	**$261,634**

Fiscal year ended February 28, 2010:

Description	Classification	Location	Millions of yen
Stores (Convenience stores)	Land and buildings, etc.	Tokyo Met. 76 stores Osaka Pref. 39 stores Others (including U.S.)	
Stores (Superstores)	Land and buildings, etc.	Saitama Pref. 6 stores Tokyo Met. 4 store Others 19 stores	¥26,173
Stores (Department stores)	Land and buildings, etc.	Tokyo Met. 3 stores Oita Pref. 1 store	
Stores (Food services)	Land and buildings, etc.	Tokyo Met. & others 149 stores	
Other facilities, etc.	Land and buildings, etc.	Fukushima Pref. U.S. & others	1,879
Total			¥28,052

The Companies 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 price or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amounts were recorded as an impairment loss.

A breakdown of impairment loss for the fiscal years ended February 28, 2011 and 2010 is as follows:

Fiscal year ended February 28, 2011:

	Millions of yen			Thousands of U.S. dollars (Note 3)
CLASSIFICATION	Stores	Other facilities, etc.	Total	
Buildings and structures	**¥10,652**	**¥ 144**	**¥10,797**	**$131,670**
Land	**7,331**	**14**	**7,345**	**89,573**
Software	**—**	**950**	**950**	**11,585**
Other	**2,216**	**144**	**2,361**	**28,792**
Total	**¥20,200**	**¥1,253**	**¥21,454**	**$261,634**

Fiscal year ended February 28, 2010:

	Millions of yen		
CLASSIFICATION	Stores	Other facilities, etc.	Total
Buildings 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 1.7–6.0% discount rates in 2011 and the 2.1–6.0% in 2010 were applied.

9. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Major non-cash transaction

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Finance lease obligation for property and equipment recorded for the fiscal year	**¥11,867**	¥8,410	**$144,719**

10. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of different taxes based on income which, in aggregate, indicate statutory rates of approximately 40.7% for the fiscal years ended February 28, 2011 and February 28, 2010.

The significant components of deferred tax assets and liabilities as of February 28, 2011 and February 28, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Deferred tax assets:			
Allowance for bonuses to employees	**¥ 5,622**	¥ 5,818	**$ 68,560**
Allowance for sales promotion expenses	**6,269**	5,090	**76,451**
Accrued payroll	**3,939**	3,752	**48,036**
Allowance for retirement benefits to directors and corporate auditors	**928**	1,182	**11,317**
Allowance for accrued pension and severance costs	**558**	435	**6,804**
Allowance for loss on future collection of gift certificates	**1,035**	2,709	**12,621**
Deposit received in relation to the electronic money business	**4,254**	—	**51,878**
Depreciation and amortization	**14,148**	13,419	**172,536**
Tax loss carried forward	**44,650**	44,672	**544,512**
Valuation loss on available-for-sale securities	**1,262**	3,870	**15,390**
Allowance for doubtful accounts	**3,145**	3,703	**38,353**
Unrealized loss on property and equipment	**13,062**	13,533	**159,292**
Impairment loss on property and equipment and valuation loss on land	**42,042**	45,140	**512,707**
Accrued enterprise taxes and business office taxes	**5,219**	4,575	**63,646**
Accrued expenses	**8,141**	8,439	**99,280**
Other	**12,811**	11,489	**156,231**
Sub-total	**167,093**	167,833	**2,037,719**
Less: Valuation allowance	**(97,330)**	(99,064)	**(1,186,951)**
Total	**69,763**	68,769	**850,768**
Deferred tax liabilities:			
Unrealized gains on property and equipment	**(31,334)**	(31,534)	**(382,121)**
Royalties, etc.	**(10,356)**	(12,320)	**(126,292)**
Reserve for advanced depreciation of property and equipment	**(1,093)**	(1,115)	**(13,329)**
Unrealized gains on available-for-sale securities	**(636)**	(748)	**(7,756)**
Prepaid pension cost	**(4,003)**	(5,024)	**(48,817)**
Unrealized intercompany profit	**(5,372)**	—	**(65,512)**
Other	**(1,328)**	(1,937)	**(16,195)**
Total	**(54,125)**	(52,681)	**(660,060)**
Net deferred tax assets [(a)]	**¥ 15,637**	¥ 16,087	**$ 190,695**

(a) Net deferred tax assets are included in the following assets and liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Current assets–Deferred income taxes	**¥ 30,875**	¥ 28,360	**$ 376,524**
Other assets–Deferred income taxes	**20,717**	26,134	**252,646**
Current liabilities–Other	**—**	(64)	**—**
Non-current liabilities–Deferred income taxes	**(35,955)**	(38,343)	**(438,475)**

The reconciliation of the difference between the statutory tax rate and the effective tax rate for the fiscal years ended February 28, 2011 and February 28, 2010 is as follows:

	2011	2010
Statutory tax rate	40.7%	40.7%
Adjustments:		
Equity in earnings of affiliates	(0.2)	(0.3)
Amortization of goodwill	3.0	16.5
Non-deductible items, such as entertainment expenses	0.2	0.3
Decrease in valuation allowance	(0.8)	(0.3)
Inhabitant taxes per capita	0.6	1.2
Elimination of gain on sales of subsidiaries' stock for consolidation	2.4	2.8
Other	(0.1)	(0.3)
Effective tax rate	45.8%	60.6%

11. RETIREMENT BENEFITS

(1) Summary of the retirement benefit plans

The Company and its domestic consolidated subsidiaries mainly provide the employee pension fund plan as a defined benefit plan, while some of the domestic subsidiaries provide a defined contribution pension plan or a lump sum severance payment plan.

Additional retirement benefits for early retirement may be added upon the retirement of employees. Consolidated subsidiaries in the United States have a defined contribution pension plan and a defined benefit plan.

(2) Projected retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Projected benefit obligations [(a)]	¥(197,559)	¥(192,775)	$(2,409,256)
Fair value of plan assets (including employee retirement benefit trust)	168,688	157,764	2,057,170
Unrecognized actuarial differences	34,975	43,611	426,524
Unrecognized prior service cost	517	54	6,304
Prepaid pension cost, net of allowance for accrued pension and severance costs	6,621	8,655	80,743
Prepaid pension cost	9,978	12,149	121,682
Allowance for accrued pension and severance costs	¥ (3,356)	¥ (3,493)	$ (40,926)

(a) For some of the consolidated subsidiaries, the simplified method is used for computing retirement benefit obligations.

(3) Net periodic benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Service cost [(a)]	¥11,753	¥11,722	$143,329
Interest cost	3,961	3,880	48,304
Expected return on plan assets	(4,710)	(4,032)	(57,439)
Amortization of actuarial differences	5,578	7,148	68,024
Amortization of prior year service cost	(515)	(693)	(6,280)
Additional retirement benefits for early retirement	1,511	600	18,426
Net periodic benefit cost [(b)]	¥17,578	¥18,626	$214,365

(a) Net periodic benefit cost of subsidiaries using the simplified method is included.
(b) Besides the above net periodic benefit cost, ¥535 million ($6,524 thousand) and ¥1,011 million of benefit cost related to the defined contribution pension plan employed by subsidiaries in the United States were recorded for the fiscal years ended February 28, 2011 and February 28, 2010, respectively.

(4) Assumptions used in accounting for retirement benefit obligations

		2011	2010
Allocation method of estimated total retirement benefits		Point basis	Point basis
Discount rate:	Mainly	2.0%	2.0%
	Consolidated subsidiaries in the United States	5.7%	5.9%
Expected rate of return on plan assets: Mainly		3.0%	3.0%
Periods over which the prior service cost is amortized		5 years or 10 years	5 years or 10 years
Periods over which the actuarial differences are amortized [(a)]		10 years	10 years

(a) Actuarial differences are amortized in the year following the year in which the differences are recognized primarily using the straight-line method over the period (mainly 10 years), which is shorter than the average remaining years of service of the employees. Consolidated subsidiaries in the United States have adopted the corridor approach for the amortization of actuarial differences.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

12. SHORT-TERM LOANS AND LONG-TERM DEBT

The following summarizes information concerning short-term loans:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Outstanding balance at fiscal year-end:			
Short-term bank loans [(a)]	**¥108,330**	¥151,200	**¥1,321,097**
Weighted-average interest rate at year-end:			
Short-term bank loans	**0.6%**	0.7%	**0.6%**

(a) The total amounts of short-term loans with collateral as of February 28, 2011 and February 28, 2010 are ¥3,400 million ($41,463 thousand) and ¥3,400 million, respectively (Note 16).

Long-term debt at February 28, 2011 and February 28, 2010 consists of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Outstanding balance at fiscal year-end:			
Loans, principally from banks and insurance companies, due fiscal 2010 to 2024 with interest rates ranging from 0.6% to 7.1% [(b)]	**¥304,412**	¥ 323,625	**$3,712,341**
Lease obligations	**28,268**	22,188	**344,731**
Seven & i Holdings Co., Ltd.:			
1.48% unsecured straight bonds, due June 20, 2013	**39,998**	39,997	**487,780**
1.68% unsecured straight bonds, due June 19, 2015	**29,992**	29,990	**365,756**
1.94% unsecured straight bonds, due June 20, 2018	**29,982**	29,980	**365,634**
0.541% unsecured straight bonds, due June 19, 2015	**30,000**	—	**365,853**
0.852% unsecured straight bonds, due June 20, 2017	**20,000**	—	**243,902**
1.399% unsecured straight bonds, due June 19, 2020	**60,000**	—	**731,707**
Ito-Yokado Co., Ltd.:			
1.96% unsecured straight bonds, due March 29, 2010	**—**	20,000	**—**
Akachan Honpo Co., Ltd.:			
0.53% unsecured straight bonds, due March 31, 2010	**—**	60	**—**
0.73% unsecured straight bonds, due March 25, 2010	**—**	125	**—**
1.32% unsecured straight bonds, due March 25, 2011	**100**	300	**1,219**
Seven Bank, Ltd.:			
1.45% unsecured straight bonds, due December 20, 2011	**36,000**	36,000	**439,024**
1.67% unsecured straight bonds, due December 20, 2013	**24,000**	24,000	**292,682**
0.74% unsecured straight bonds, due June 20, 2012	**10,000**	10,000	**121,951**
1.04% unsecured straight bonds, due June 20, 2014	**20,000**	20,000	**243,902**
7-Eleven, Inc.:			
Commercial paper	**14,569**	16,208	**177,670**
	647,323	572,476	**7,894,182**
Current portion of long-term debt	**(175,212)**	(103,402)	**(2,136,731)**
	¥472,111	¥ 469,074	**$5,757,451**

(b) The total amounts of long-term debt with collateral as of February 28, 2011 and February 28, 2010 are ¥154,157 million ($1,879,963 thousand) and ¥184,807 million, respectively (Note 16).

The aggregate annual maturities of long-term debt are as follows:

FISCAL YEARS ENDING FEBRUARY 28 OR 29:	Millions of yen	Thousands of U.S. dollars (Note 3)
2012	¥175,212	$2,136,731
2013	86,947	1,060,329
2014	136,155	1,660,426
2015	44,997	548,743
2016	67,587	824,231
Thereafter	136,423	1,663,695
	¥647,323	$7,894,182

13. LEASES

(1) Finance leases

As described in Note 2 (7), under the existing accounting standards, finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

As lessee:

A summary of assumed amounts of acquisition cost, accumulated depreciation, impairment loss, and net book value, including the interest portion, as of February 28, 2011 and February 28, 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Furniture, fixtures and equipment:			
Acquisition cost	**¥ 84,297**	¥ 94,147	**$1,028,012**
Accumulated depreciation	**(59,730)**	(52,802)	**(728,414)**
Accumulated impairment loss	**(154)**	(293)	**(1,878)**
Net book value	**¥ 24,411**	¥ 41,051	**$ 297,695**
Software:			
Acquisition cost	**¥ 424**	¥ 659	**$ 5,170**
Accumulated depreciation	**(245)**	(295)	**(2,987)**
Net book value	**¥ 178**	¥ 363	**$ 2,170**
Lease payments	**¥ 16,676**	¥ 18,470	**$ 203,365**
Reversal of allowance for impairment loss on leased assets	**¥ 177**	¥ 197	**$ 2,158**
Depreciation expense [(a), (b)]	**¥ 16,854**	¥ 18,667	**$ 205,536**
Impairment loss	**¥ 38**	¥ 161	**$ 463**

(a) Depreciation expense included the interest portion.
(b) Depreciation expense is computed using the straight-line method over the lease term assuming no residual value.

The future lease payments of the Companies' finance leases, including the interest portion, as of February 28, 2011 and February 28, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Due within one year	**¥14,129**	¥16,940	**$172,304**
Due after one year	**10,615**	24,768	**129,451**
Total	**¥24,745**	¥41,708	**$301,768**
Balance of impairment loss account on leased assets included in the outstanding future lease payments	**¥ 154**	¥ 293	**$ 1,878**

As lessor:

A summary of acquisition cost, accumulated depreciation, and net book value as of February 28, 2011 and February 28, 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Furniture, fixtures and equipment:			
Acquisition cost	**¥ 16,601**	¥ 21,522	**$ 202,451**
Accumulated depreciation	**(11,892)**	(13,322)	**(145,024)**
Net book value	**¥ 4,709**	¥ 8,199	**$ 57,426**
Lease income	**¥ 3,185**	¥ 4,213	**$ 38,841**
Depreciation expense	**¥ 2,911**	¥ 3,867	**$ 35,500**
Interest income [(c)]	**¥ 224**	¥ 358	**$ 2,731**

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

The future lease income of the Companies' finance leases as of February 28, 2011 and February 28, 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Due within one year	**¥2,434**	¥3,525	**$29,682**
Due after one year	**2,553**	5,044	**31,134**
Total	**¥4,988**	¥8,570	**$60,829**

(2) Operating leases

The amounts of outstanding future lease payments under lease agreements other than finance leases, which are non-cancelable, including the interest portion, as of February 28, 2011 and February 28, 2010 are as follows:

As lessee:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Due within one year	**¥ 61,673**	¥ 61,273	**$ 752,109**
Due after one year	**379,850**	380,180	**4,632,317**
Total	**¥441,523**	¥441,454	**$5,384,426**

14. NET ASSETS

Net assets comprise four subsections, which are shareholders' equity, accumulated gains (losses) from valuation and translation adjustments, subscription rights to shares, and minority interests in consolidated subsidiaries.

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for the fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of its board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying Consolidated Balance Sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the board of directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by a resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the Non-Consolidated Financial Statements of the Company in accordance with the Law.

At the annual shareholders' meeting, held on May 26, 2011, the shareholders approved cash dividends amounting to ¥25,621 million ($312,451 thousand). Such appropriations have not been accrued in the Consolidated Financial Statements as of February 28, 2011. Such appropriations are recognized in the period in which they are approved by the shareholders.

15. STOCK OPTIONS

Stock option expense that is accounted for as "Selling, general and administrative expenses" on the Consolidated Statements of Income for the fiscal years ended February 28, 2011 and February 28, 2010 amounted to ¥297 million ($3,621 thousand) and ¥369 million, respectively.

(1) The Company

A. Outline of stock options

	First grant	Second grant
Title and number of grantees	4 directors of the Company	92 executive officers of the Company, and directors and executive officers of subsidiaries of the Company
Number of stock options [a]	15,900 common shares	95,800 common shares
Grant date	August 6, 2008	August 6, 2008
Exercise condition	[b]	[b]
Intended service period	No provisions	No provisions
Exercise period	From May 1, 2009 to August 6, 2028	From August 7, 2009 to August 6, 2038

	Third grant	Fourth grant
Title and number of grantees	6 directors of the Company	106 executive officers of the Company, and directors and executive officers of subsidiaries of the Company
Number of stock options [a]	24,000 common shares	129,700 common shares
Grant date	June 15, 2009	June 15, 2009
Exercise condition	[b]	[b]
Intended service period	No provisions	No provisions
Exercise period	From February 28, 2010 to June 15, 2029	From February 28, 2010 to June 15, 2039

	Fifth grant	Sixth grant
Title and number of grantees	6 directors of the Company	115 executive officers of the Company, and directors and executive officers of subsidiaries of the Company
Number of stock options [a]	21,100 common shares	114,400 common shares
Grant date	June 16, 2010	July 2, 2010
Exercise condition	[b]	[b]
Intended service period	No provisions	No provisions
Exercise period	From February 28, 2011 to June 16, 2030	From February 28, 2011 to July 2, 2040

(a) Number of stock options means total shares to be issued upon exercise of subscription rights to shares.
(b) Within 10 days from the day following the day that a subscription holder loses its position as a director or executive officer of the Company or of its subsidiaries.

B. Scale and changes in stock options

The following describes scale and changes in stock options that existed during the fiscal year ended February 28, 2011. The number of stock options is translated into the number of shares.

Fiscal year ended February 28, 2011:
Number of stock options

	First grant	Second grant	Third grant	Fourth grant	Fifth grant	Sixth grant
Before vested						
As of February 28, 2010	—	—	—	—	—	—
Granted	—	—	—	—	21,100	114,400
Forfeited	—	—	—	—	—	600
Vested	—	—	—	—	21,100	113,800
Outstanding	—	—	—	—	—	—
After vested						
As of February 28, 2010	15,900	84,000	24,000	129,700	—	—
Vested	—	—	—	—	21,100	113,800
Exercised	—	5,700	—	9,600	—	—
Forfeited	—	—	—	—	—	—
Outstanding	15,900	78,300	24,000	120,100	21,100	113,800

Price information

	First grant	Second grant	Third grant	Fourth grant	Fifth grant	Sixth grant
Exercise price	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Average exercise price	—	¥213,300 ($2,601) per subscription to share	—	¥209,800 ($2,558) per subscription to share	—	—
Fair value at the grant date [a]	¥307,000 ($3,743) per subscription to share	¥311,300 ($3,796) per subscription to share	¥204,500 ($2,493) per subscription to share	¥211,100 ($2,574) per subscription to share	¥185,000 ($2,256) per subscription to share	¥168,900 ($2,059) per subscription to share

(a) The number of shares to be issued upon exercise of one subscription right to shares shall be 100 common shares of the Company.

C. Valuation method for estimating per share fair value of stock options

Valuation method used for valuating fair value of Fifth grant of subscription rights to shares and Sixth grant of subscription rights to shares during the fiscal year ended February 28, 2011 were as follows:

Valuation method used

Black-Scholes option-pricing model

Principal parameters and estimation method

	Fifth grant	Sixth grant
Expected volatility of the underlying stock price [a]	36.17%	34.13%
Remaining expected life of the option [b]	5.97 years	5.67 years
Expected dividends on the stock [c]	¥56 ($0.68) per share	¥56 ($0.68) per share
Risk-free interest rate during the expected option term [d]	0.544%	0.395%

(a) Fifth grant is calculated based on the actual stock prices during the four years and nine months from September 1, 2005 to June 16, 2010.
Sixth grant is calculated based on the actual stock prices during the four years and ten months from September 1, 2005 to July 2, 2010.
(b) The average expected life of the option was estimated assuming that the options were exercised at the weighted-average period from valuation date to each director's expected retirement date, based upon the numbers of stock options allocated to each director, plus 10 days of exercisable period.
(c) Expected dividends are determined based on the actual dividends on common stock for the fiscal year ended February 28, 2010.
(d) Japanese government bond yield corresponding to the average expected life.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

D. Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of options that have been forfeited is reflected.

(2) Seven Bank, Ltd.

A. Outline of stock options

	First grant-1	First grant-2
Title and number of grantees	5 directors of Seven Bank, Ltd.	3 executive officers of Seven Bank, Ltd.
Number of stock options (a)	184 common shares	21 common shares
Grant date	August 12, 2008	August 12, 2008
Exercise condition	(b)	(c)
Intended service period	No provisions	No provisions
Exercise period	From August 13, 2008 to August 12, 2038	From August 13, 2008 to August 12, 2038

	Second grant-1	Second grant-2
Title and number of grantees	4 directors of Seven Bank, Ltd.	5 executive officers of Seven Bank, Ltd.
Number of stock options (a)	171 common shares	38 common shares
Grant date	August 3, 2009	August 3, 2009
Exercise condition	(b)	(c)
Intended service period	No provisions	No provisions
Exercise period	From August 4, 2009 to August 3, 2039	From August 4, 2009 to August 3, 2039

	Third grant-1	Third grant-2
Title and number of grantees	5 directors of Seven Bank, Ltd.	4 executive officers of Seven Bank, Ltd.
Number of stock options (a)	423 common shares	51 common shares
Grant date	August 9, 2010	August 9, 2010
Exercise condition	(b)	(c)
Intended service period	No provisions	No provisions
Exercise period	From August 10, 2010 to August 9, 2040	From August 10, 2010 to August 9, 2040

(a) Number of stock options means total shares to be issued upon exercise of subscription rights to shares.
(b) Within 10 days from the day following the day that a subscription holder loses his/her position as a director of Seven Bank, Ltd.
(c) Within 10 days from the day following the day that a subscription holder loses his/her position as a director or executive officer of Seven Bank, Ltd.

B. Scale and changes in stock options

The following describes scale and changes in stock options that existed during the fiscal year ended February 28, 2011. The number of stock options is translated into the number of shares.

Fiscal year ended February 28, 2011:
Number of stock options

	First grant-1	First grant-2	Second grant-1	Second grant-2	Third grant-1	Third grant-2
Before vested						
As of February 28, 2010	—	—	—	—	—	—
Granted	—	—	—	—	423	51
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	423	51
Outstanding	—	—	—	—	—	—
After vested						
As of February 28, 2010	157	21	171	38	—	—
Vested	—	—	—	—	423	51
Exercised	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Outstanding	157	21	171	38	423	51

Price information

	First grant-1	First grant-2	Second grant-1	Second grant-2	Third grant-1	Third grant-2
Exercise price	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Average exercise price	—	—	—	—	—	—
Fair value at the grant date (a)	¥236,480 ($2,883) per subscription to share	¥236,480 ($2,883) per subscription to share	¥221,862 ($2,705) per subscription to share	¥221,862 ($2,705) per subscription to share	¥139,824 ($1,705) per subscription to share	¥139,824 ($1,705) per subscription to share

(a) The number of shares to be issued upon exercise of one subscription right to shares shall be 1 common share of Seven Bank, Ltd.

C. Valuation method for estimating per share fair value of stock options

Valuation method used for valuating fair value of Third grant-1 of subscription rights to shares and Third grant-2 of subscription rights to shares during the fiscal year ended February 28, 2011 were as follows:

Valuation method used

Black-Scholes option-pricing model

Principal parameters and estimation method

	Third grant-1	Third grant-2
Expected volatility of the underlying stock price (a)	37.62%	37.62%
Remaining expected life of the option (b)	4.81 years	4.81 years
Expected dividends on the stock (c)	¥5,200 ($63.41) per share	¥5,200 ($63.41) per share
Risk-free interest rate during the expected option term (d)	0.346%	0.346%

(a) Calculated based on the actual stock prices during the two years and five months from February 29, 2008 to August 9, 2010.
(b) The average expected life of the option was estimated assuming that the options were exercised at the weighted-average period from June 2010 to each director's expected retirement date, based upon the numbers of stock options allocated to each director, plus 10 days of exercisable period.
(c) Expected dividends are determined based on the actual dividends on common stock for the fiscal year ended March 31, 2010.
(d) Japanese government bond yield corresponding to the average expected life.

D. Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of options that have been forfeited is reflected.

16. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Guarantees

As of February 28, 2011, the Companies are contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥487 million ($5,939 thousand). The amount of guarantee in relation to the loans of a certain store lessor was ¥112 million ($1,365 thousand).

As of February 28, 2010, the Companies are contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥570 million. The amount of guarantee in relation to the loans of a certain store lessor was ¥187 million.

(2) Pledged assets

A. The amount of assets pledged as collateral by the Companies for their loans from certain financial institutions as of February 28, 2011 and February 28, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Buildings and structures	**¥ 47,970**	¥ 49,904	**$ 585,000**
Land	**100,773**	100,573	**1,228,939**
Other intangible assets	**10,151**	10,151	**123,792**
Investments in securities	**122,445**	87,034	**1,493,231**
Long-term leasehold deposits	**4,103**	4,298	**50,036**
Total	**¥285,443**	¥251,962	**$3,481,012**

Debts for the pledged assets above as of February 28, 2011 are as follows: short-term loans, ¥3,400 million ($41,463 thousand); long-term loans (including current portion), ¥154,157 million ($1,879,963 thousand); long-term accounts payable, ¥884 million ($10,780 thousand); and long-term deposits received from tenants and franchised stores, ¥138 million ($1,682 thousand).

Debts for the pledged assets above as of February 28, 2010 are as follows: short-term loans, ¥3,400 million; long-term loans (including current portion), ¥184,807 million; long-term accounts payable, ¥994 million; and long-term deposits received from tenants and franchised stores, ¥154 million.

B. The amount of assets pledged as collateral for the debts of affiliates as of February 28, 2011 and the debts of affiliates and vendors as of February 28, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Buildings	**¥ 523**	¥ 890	**$ 6,378**
Land	**1,368**	2,032	**16,682**
Total	**¥1,891**	¥2,922	**$23,060**

Debts of affiliates for the pledged assets above as of February 28, 2011 is ¥3,543 million ($43,207 thousand) and debts of affiliates and vendors for the pledged assets above as of February 28, 2010 is ¥3,802 million.

C. Other

As of February 28, 2011

The amount of assets pledged as collateral for fund transfer and for real estate business are ¥27,630 million ($336,951 thousand) and ¥69 million ($841 thousand), respectively. The amount of assets pledged as collateral for installment sales are ¥1,586 million ($19,341 thousand). In addition, ¥1,065 million ($12,987 thousand) of assets was pledged as collateral to secure the amount of prepaid tickets issued.

As of February 28, 2010

The amount of assets pledged as collateral for fund transfer and for real estate business are ¥27,627 million and ¥69 million, respectively. The amount of assets pledged as collateral for installment sales are ¥1,586 million. In addition, ¥969 million of assets was pledged as collateral to secure the amount of prepaid tickets issued.

(3) Cash loan business

(As of February 28, 2011)

Seven Card Service Co., Ltd. conducts a cash loan business that is associated with its credit card business. Unused credit balance related to cash loan business is as follows.

	Millions of yen	Thousands of U.S. dollars (Note 3)
Credit availability of cash loan business	¥449,090	$5,476,707
Outstanding balance	(16,280)	(198,536)
Unused credit balance	¥432,809	$5,278,158

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering historical record. Seven 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 a cash loan business that is associated with its credit card business. Unused credit balance related to cash loan business is as follows:

	Millions of yen
Credit availability of cash loan business	¥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 historical record. 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.

17. SPECIAL PURPOSE CORPORATION

As of February 28, 2011:

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 the land, land leasehold rights and part of the buildings of a store and sold the beneficiary rights of the trust to Asset Ikesei Corp., an SPC, in August 2000. Concurrently, Sogo & Seibu entered into a silent partnership agreement with the SPC with a certain investment. Also, Sogo & Seibu leased back such store properties from the SPC who had the beneficiary right of the trust.

On September 24, 2010, Seven & i Asset Management Co., Ltd., which is a subsidiary of the Company, purchased the beneficiary rights of the trust from Asset Ikesei Corp. The accompanying real estate trust contract was canceled and, accordingly, the related silent partnership agreement was terminated during the current fiscal year.

A summary of transaction amounts with the SPC, etc., for the fiscal year ended February 28, 2011 is as follows:

(As of February 28, 2011)

Accounts receivable (dividend)	—
Amount of investment in the silent partnership	—

(Fiscal year ended February 28, 2011)

Distribution of profit from the silent partnership	¥2,886 million ($35,195 thousand)
Dividends from liquidation	¥8,305 million ($101,280 thousand)
Lease payments	¥6,090 million ($74,268 thousand)

Sogo & Seibu had a lease agreement with the trustee. Rental expenses represent the amount that was paid to the trustee based on the rental agreement. Sogo & Seibu paid rental expenses from March 1, 2010 to September 23, 2010.

As of February 28, 2010:

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 the land, land leasehold rights and part of the buildings of a store and sold the beneficiary rights of the trust to Asset Ikesei Corp., an SPC.

Concurrently, Sogo & Seibu has entered into a silent partnership agreement with the SPC with a certain investment. Also, Sogo & Seibu leased back such store properties from the SPC, who has the beneficiary rights of the trust. Under these agreements, 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 and ¥128,196 million, respectively.

In addition, Sogo & Seibu did not have voting rights relating to the investment and did not dispatch any officer or employee.

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

(As of February 28, 2010)

Accounts receivable (dividend)	¥3,057 million
Amount of investment in the silent partnership	¥5,850 million

(Fiscal year ended February 28, 2010)

Distribution of profit from the silent partnership	¥5,588 million
Lease payments	¥10,800 million

Sogo & Seibu has entered into a lease agreement with the trustee. Lease payments were paid to the trustee based on the lease agreement.

18. NOTES AND ACCOUNTS PAYABLE: TRADE FOR FRANCHISED STORES

The balance of the "Notes and accounts payable: Trade for franchised stores" account represents the amount payable to vendors for merchandise purchased by Seven-Eleven Japan Co., Ltd. ("SEJ"). SEJ centralizes all purchasing procedures for merchandise purchased by an individual franchised store and makes collective payments to all vendors on behalf of the franchisees.

19. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

(1) The franchise commission from SEJ's franchised stores is included in "Other operating revenues."

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Franchise commission from franchised stores	**¥ 435,873**	¥ 402,107	**$ 5,315,524**
Net sales of franchised stores	**2,839,680**	2,657,774	**34,630,243**

(2) Major items included in "Gain on sales of property and equipment" are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Buildings and structures	**¥ 414**	¥ 268	**$ 5,048**
Land	**742**	880	**9,048**
Others	**18**	20	**219**
Total	**¥1,174**	¥1,168	**$14,317**

(3) "Gain on donations received"

Gain on donations received recorded for the fiscal year ended February 28, 2011 was received in cash.

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Buildings and structures	**¥2,995**	¥3,194	**$36,524**
Furniture, fixtures and equipment	**798**	736	**9,731**
Others	**2,773**	2,212	**33,817**
Total	**¥6,566**	¥6,143	**$80,073**

(5) Valuation loss on subsidiaries stock was recorded in the Non-Consolidated Statement of Income for the fiscal year ended February 28, 2010 due to the devaluation of Sogo & Seibu's shares, which is the Company's consolidated subsidiary. As a result, amortization of goodwill related to this matter totaled ¥39,130 million during that period.

(6) Major items included in "Selling, general and administrative expenses" are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Advertising and decoration expenses	**¥101,218**	¥100,388	**$1,234,365**
Salaries and wages	**380,694**	394,460	**4,642,609**
Provision for allowance for bonuses to employees	**13,635**	14,331	**166,280**
Legal welfare expenses	**48,301**	47,954	**589,036**
Land and building rent	**260,034**	256,712	**3,171,146**
Depreciation and amortization	**126,674**	126,408	**1,544,804**
Utility expenses	**94,214**	94,801	**1,148,951**
Store maintenance and repair	**70,371**	69,316	**858,182**

20. RELATED PARTY TRANSACTIONS

Fiscal year ended February 28, 2011:

(1) Transactions between the Company and related parties

A director of the Company and primary institutional shareholders

Attribution	Name	Address	Capital and investments	Business or title	Voting interest (held)	Business relationship	Detail of transaction	Transaction amount	Account	Year-end balance
Close relative of a director	Masatoshi Ito	—	—	—	Directly 1.9%	—	Donations received	¥5,000 million ($60,975 thousand)	—	—

Notes: 1. The transaction amount is exclusive of consumption taxes.
2. The Company received donations in cash for construction of training facilities for the Company and its subsidiaries.
3. Masatoshi Ito is the father of Junro Ito, an Executive of the Company.

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

A director of the Company and primary institutional shareholders

Attribution	Name	Address	Capital and investments	Business or title	Voting interest (held)	Business relationship	Detail of transaction	Transaction amount	Account	Year-end balance
Close relative of a director	Yasuhiro Suzuki	—	—	—	Directly 0.0%	—	Payment for shares newly issued by the Company's subsidiary through third-party allotment	¥169 million ($2,060 thousand)	—	—

Notes: 1. The transaction amount is exclusive of consumption taxes.
2. The payment was decided after taking into account third-party appraisal.
3. Yasuhiro Suzuki is a son of Toshifumi Suzuki, the Chairman of the Company.

Fiscal year ended February 28, 2010:

Transactions between consolidated subsidiaries of the Company and related parties

A director of the Company and primary institutional shareholders

Attribution	Name	Address	Capital and investments	Business or title	Voting interest (held)	Business relationship	Detail of transaction	Transaction amount	Account	Year-end balance
Close relative of a director	Yasuhiro Suzuki	—	—	—	Directly 0.0%	—	Purchase of subsidiary's shares	¥199 million	—	—

Notes: 1. The transaction amount is exclusive of consumption taxes.
2. The purchase price was decided after taking into account third-party appraisal.
3. Yasuhiro Suzuki is a son of Toshifumi Suzuki, the Chairman of the Company.

21. SEGMENT INFORMATION

(1) Business segments

Millions of yen

FISCAL YEAR ENDED FEBRUARY 28, 2011	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / corporate	Consolidated total
Revenues:									
Customers	¥2,035,927	¥1,972,649	¥914,182	¥79,241	¥ 93,104	¥ 24,634	¥5,119,739	¥ —	¥5,119,739
Intersegment	536	8,955	923	984	13,848	10,975	36,224	(36,224)	—
Total revenues	2,036,464	1,981,604	915,105	80,225	106,953	35,610	5,155,963	(36,224)	5,119,739
Operating expenses	1,840,986	1,965,895	909,483	80,419	78,609	36,300	4,911,695	(35,302)	4,876,392
Operating income (loss)	¥ 195,477	¥ 15,708	¥ 5,622	¥ (193)	¥ 28,343	¥ (690)	¥ 244,268	¥ (921)	¥ 243,346
Assets	¥1,112,557	¥1,081,491	¥571,463	¥21,105	¥1,350,272	¥145,792	¥4,282,682	¥(550,570)	¥3,732,111
Depreciation and amortization	¥ 68,743	¥ 25,890	¥ 14,361	¥ 811	¥ 20,693	¥ 1,598	¥ 132,099	¥ 321	¥ 132,421
Impairment loss on property and equipment	¥ 5,939	¥ 4,139	¥ 10,301	¥ 378	¥ 635	¥ 59	¥ 21,454	—	¥ 21,454
Capital expenditures	¥ 91,626	¥ 44,797	¥ 25,559	¥ 443	¥ 16,979	¥127,389	¥ 306,797	¥ 2,773	¥ 309,570

Millions of yen

FISCAL YEAR ENDED FEBRUARY 28, 2010	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / corporate	Consolidated total
Revenues:									
Customers	¥1,967,934	¥2,012,349	¥922,466	¥85,380	¥ 97,493	¥25,673	¥5,111,297	¥ —	¥5,111,297
Intersegment	621	4,208	380	1,040	12,951	7,995	27,198	(27,198)	—
Total revenues	1,968,555	2,016,558	922,847	86,420	110,444	33,669	5,138,495	(27,198)	5,111,297
Operating expenses	1,784,718	2,002,380	921,481	89,161	80,291	33,102	4,911,134	(26,503)	4,884,631
Operating income (loss)	¥ 183,837	¥ 14,178	¥ 1,366	¥ (2,741)	¥ 30,152	¥ 567	¥ 227,360	¥ (694)	¥ 226,666
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 and amortization	¥ 66,158	¥ 24,335	¥ 17,417	¥ 1,270	¥ 22,246	¥ 588	¥ 132,017	¥ 214	¥ 132,232
Impairment loss on property and equipment	¥ 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

Thousands of U.S. dollars (Note 3)

FISCAL YEAR ENDED FEBRUARY 28, 2011	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / corporate	Consolidated total
Revenues:									
Customers	$24,828,378	$24,056,695	$11,148,560	$966,353	$ 1,135,414	$ 300,414	$62,435,841	$ —	$62,435,841
Intersegment	6,536	109,207	11,256	12,000	168,878	133,841	441,756	(441,756)	—
Total revenues	24,834,926	24,165,902	11,159,817	978,353	1,304,304	434,268	62,877,597	(441,756)	62,435,841
Operating expenses	22,451,048	23,974,329	11,091,256	980,719	958,646	442,682	59,898,719	(430,512)	59,468,195
Operating income (loss)	$ 2,383,865	$ 191,560	$ 68,560	$ (2,353)	$ 345,646	$ (8,414)	$ 2,978,878	$ (11,231)	$ 2,967,634
Assets	$13,567,768	$13,188,914	$ 6,969,060	$257,378	$16,466,731	$1,777,951	$52,227,829	$(6,714,268)	$45,513,548
Depreciation and amortization	$ 838,329	$ 315,731	$ 175,134	$ 9,890	$ 252,353	$ 19,487	$ 1,610,963	$ 3,914	$ 1,614,890
Impairment loss on property and equipment	$ 72,426	$ 50,475	$ 125,621	$ 4,609	$ 7,743	$ 719	$ 261,634	—	$ 261,634
Capital expenditures	$ 1,117,390	$ 546,304	$ 311,695	$ 5,402	$ 207,060	$1,553,524	$ 3,741,426	$ 33,817	$ 3,775,243

Notes:

1. The classification of business segments is made by the type of products and services and the type of sales.
2. 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	Superstores, supermarkets and specialty shops, and others
Department store operations	Sogo & Seibu Co., Ltd. and other companies included in the department store business
Food services	Restaurant operations, meal provision service business (company cafeterias, hospitals, schools), and fast food operations
Financial services	Bank, credit card, and lease business
Others	IT business and other services

3. Unallocable operating expenses included in "Eliminations/corporate" represent the Company's selling, general and administrative expenses, and totaled ¥7,115 million ($86,768 thousand) for the fiscal year ended February 28, 2011 and ¥7,459 million for the fiscal year ended February 28, 2010.
4. Corporate assets included in "Eliminations/corporate" mainly represent deposits held by subsidiaries and affiliates and totaled ¥383,912 million ($4,681,853 thousand) for the fiscal year ended February 28, 2011 and ¥374,450 million for the fiscal year ended February 28, 2010.
5. Changes 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, effective from the fiscal year ended February 28, 2010, the Company adopted PITF No.18.
   As a result of this adoption, the operating income of convenience store operations for the fiscal year ended February 28, 2010 decreased by ¥7,268 million, compared to the results that would have been obtained under the former method.

(2) Geographic area segments

FISCAL YEAR ENDED FEBRUARY 28, 2011	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
	Millions of yen					
Revenues:						
Customers	**¥3,552,271**	**¥1,481,434**	**¥86,033**	**¥5,119,739**	**¥ —**	**¥5,119,739**
Intersegment	**419**	**2,960**	**—**	**3,380**	**(3,380)**	**—**
Total revenues	**3,552,691**	**1,484,394**	**86,033**	**5,123,119**	**(3,380)**	**5,119,739**
Operating expenses	**3,337,459**	**1,458,164**	**84,176**	**4,879,800**	**(3,407)**	**4,876,392**
Operating income	**¥ 215,231**	**¥ 26,230**	**¥ 1,857**	**¥ 243,319**	**¥ 27**	**¥ 243,346**
Assets	**¥3,294,540**	**¥ 397,120**	**¥40,873**	**¥3,732,533**	**¥ (422)**	**¥3,732,111**

FISCAL YEAR ENDED FEBRUARY 28, 2010	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
	Millions of yen					
Revenues:						
Customers	¥3,602,579	¥1,428,156	¥80,561	¥5,111,297	¥ —	¥5,111,297
Intersegment	402	2,886	—	3,289	(3,289)	—
Total revenues	3,602,982	1,431,042	80,561	5,114,586	(3,289)	5,111,297
Operating expenses	3,405,363	1,404,049	78,540	4,887,953	(3,322)	4,884,631
Operating income	¥ 197,618	¥ 26,992	¥ 2,021	¥ 226,633	¥ 32	¥ 226,666
Assets	¥3,207,405	¥ 431,747	¥35,065	¥3,674,217	¥ (612)	¥3,673,605

FISCAL YEAR ENDED FEBRUARY 28, 2011	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
	Thousands of U.S. dollars (Note 3)					
Revenues:						
Customers	**$43,320,378**	**$18,066,268**	**$1,049,182**	**$62,435,841**	**$ —**	**$62,435,841**
Intersegment	**5,109**	**36,097**	**—**	**41,219**	**(41,219)**	**—**
Total revenues	**43,325,500**	**18,102,365**	**1,049,182**	**62,477,060**	**(41,219)**	**62,435,841**
Operating expenses	**40,700,719**	**17,782,487**	**1,026,536**	**59,509,756**	**(41,548)**	**59,468,195**
Operating income	**$ 2,624,768**	**$ 319,878**	**$ 22,646**	**$ 2,967,304**	**$ 329**	**$ 2,967,634**
Assets	**$40,177,317**	**$ 4,842,926**	**$ 498,451**	**$45,518,695**	**$ (5,146)**	**$45,513,548**

Notes:
1. The classification of geographic area segments is made according to geographical distances.
2. "Others" consists of the business results in the People's Republic of China ("P.R.C.").
3. Changes in accounting policies
(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)
As a result of this adoption, the operating income of North America for the fiscal year ended February 28, 2010 decreased by ¥7,268 million, compared to the results that would have been obtained under the former method.

(3) Overseas sales

FISCAL YEAR ENDED FEBRUARY 28, 2011	North America	Others	Total
		Millions of yen	
Overseas sales	**¥1,481,434**	**¥86,033**	**¥1,567,468**
Consolidated sales	**—**	**—**	**5,119,739**
Percentage of overseas sales to consolidated sales (%)	**28.9**	**1.7**	**30.6**

FISCAL YEAR ENDED FEBRUARY 28, 2010	North America	Others	Total
		Millions of yen	
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

FISCAL YEAR ENDED FEBRUARY 28, 2011	North America	Others	Total
		Thousands of U.S. dollars (Note 3)	
Overseas sales	**$18,066,268**	**$1,049,182**	**$19,115,463**
Consolidated sales	**—**	**—**	**62,435,841**
Percentage of overseas sales to consolidated sales (%)	**28.9**	**1.7**	**30.6**

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

22. SUBSEQUENT EVENTS

Major damage has occurred to the Company's stores and other facilities located in East Japan due to the Great East Japan Earthquake that took place on March 11, 2011. The estimated loss related to the damaged properties, facilities, and inventories as well as the recovery of such assets and other restoration activities is approximately ¥26,000 million ($317,073 thousand) in total, which is to be presented under the classification of special losses.

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Seven & i Holdings Co., Ltd. and consolidated subsidiaries as of February 28, 2011 and 2010, and the related consolidated statements of income, changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seven & i Holdings Co., Ltd. and consolidated subsidiaries as of February 28, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years 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 22 to the consolidated financial statements, major damage has occurred to the Company's stores and other facilities located in East Japan due to the Great East Japan Earthquake that took place on March 11, 2011.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 28, 2011 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 LLC

Tokyo, Japan
May 26, 2011

Financial Summary of Principal Group Companies

Non-consolidated basis

SEVEN-ELEVEN JAPAN CO., LTD.

FOR THE FISCAL YEARS ENDED FEBRUARY 28	2011	2010	2009
	Millions of yen		
Total store sales	**¥2,947,606**	¥2,784,997	¥2,762,557
Revenues from operations	**549,111**	535,018	540,773
Operating income	**169,152**	156,220	178,060
Net income	**102,049**	92,439	107,189
Number of stores	**13,232**	12,753	12,298
Existing stores sales increase (%)	**2.2**	(2.1)	5.2
Merchandise gross profit margin (%)	**30.5**	30.3	30.2
Average daily sales per store (thousands of yen)	**629**	616	629

7-ELEVEN, INC.

FOR THE FISCAL YEARS ENDED DECEMBER 31	2010	2009	2008
	Millions of yen		
Revenues from operations	**¥1,463,796**	¥1,411,391	¥1,742,395
Net sales	**1,445,571**	1,394,694	1,725,910
Merchandise	**859,632**	883,229	967,411
Gasoline	**585,939**	511,464	758,499
Operating income	**33,328**	34,427	34,711
Net income	**18,918**	17,975	19,652
Number of stores	**6,610**	6,389	6,196
Existing stores sales increase (U.S. merchandise sales) (%)	**1.5**	0.6	0.4
Merchandise gross profit margin (%)	**35.1**	35.2	35.2

Notes: (A) Yen amounts were translated from U.S. dollars at the rates of US$1=¥87.79, US$1=¥93.65, and US$1=¥103.48, the rates of exchange for 2010, 2009, and 2008, respectively.
(B) The amounts of each fiscal year reflect the necessary adjustments for the consolidation to Seven & i Holdings' consolidated accounts.

ITO-YOKADO CO., LTD.

FOR THE FISCAL YEARS ENDED FEBRUARY 28	2011	2010	2009
	Millions of yen		
Revenues from operations	**¥1,373,670**	¥1,387,831	¥1,462,719
Net sales	**1,349,345**	1,364,765	1,436,541
Operating income	**2,155**	1,757	9,582
Net income (loss)	**6,696**	6,650	(922)
Number of stores	**170**	174	175
Existing stores sales increase (%)	**(2.5)**	(5.7)	(2.9)
Merchandise gross profit margin (%)	**29.1**	29.0	29.8

YORK-BENIMARU CO., LTD.

FOR THE FISCAL YEARS ENDED FEBRUARY 28	2011	2010	2009
	Millions of yen		
Revenues from operations	**¥343,379**	¥348,735	¥348,883
Net sales	**337,734**	337,506	338,089
Operating income	**8,877**	9,402	11,706
Net income	**5,093**	6,088	8,015
Number of stores	**170**	164	156
Existing stores sales increase (%)	**(4.1)**	(3.7)	(1.0)
Merchandise gross profit margin (%)	**26.6**	26.7	27.0

SOGO & SEIBU CO., LTD.

FOR THE FISCAL YEARS ENDED FEBRUARY 28	2011	2010	2009
	Millions of yen		
Revenues from operations	**¥846,796**	¥859,265	¥933,571
Net sales	**834,723**	847,044	919,634
Operating income	**7,385**	5,613	23,294
Net income (loss)	**5,831**	(4,313)	(5,986)
Number of stores	**27**	28	28
Existing stores sales increase (%)	**0.0**	(8.4)	(4.2)
Merchandise gross profit margin (%)	**25.4**	25.8	26.6

Note: Millennium Retailing, Inc., Sogo Co., Ltd., and THE SEIBU DEPARTMENT STORES, LTD., were merged on August 1, 2009, and Sogo, as the surviving company, changed its name to Sogo & Seibu Co., Ltd. The financial and operating results for the fiscal year ended February 28, 2010 are restated as if the former three companies merged at the beginning of the term, and also the figure for the previous fiscal year has been restated. Furthermore, the financial results of Robinson Department Store Co., Ltd., were included in Sogo & Seibu after the third quarter of the fiscal year ended February 28, 2010, following the merger with Robinson Department Store on September 1, 2009.

SEVEN & i FOOD SYSTEMS CO., LTD.

FOR THE FISCAL YEARS ENDED FEBRUARY 28	2011	2010	2009
	Millions of yen		
Revenues from operations	**¥80,167**	¥86,400	¥102,711
Net sales	**79,609**	85,885	102,109
Operating loss	**(89)**	(2,714)	(3,079)
Net loss	**(2,009)**	(5,564)	(7,939)
(Restaurant division)			
Number of stores	**489**	525	595
Existing stores sales increase (%)	**0.5**	(7.2)	(6.4)
Merchandise gross profit margin (%)	**68.3**	67.3	66.5

SEVEN BANK, LTD.

FOR THE FISCAL YEARS ENDED MARCH 31	2011	2010	2009
	Millions of yen		
Ordinary income	**¥83,964**	¥88,830	¥89,815
Ordinary profit	**27,449**	30,407	28,751
Net income	**16,008**	17,953	16,988
Number of installed ATMs	**15,363**	14,601	13,803
Daily average transactions per ATM	**112.3**	114.4	114.3
Total number of transactions (millions)	**609**	590	555

Principal Subsidiaries

(As of May 31, 2011)

Convenience Store Operations	Equity Ownership[1] (%)
Seven-Eleven Japan Co., Ltd.	(100.0)
7-Eleven, Inc.	(100.0)
SEVEN-ELEVEN CHINA Co., Ltd.	(100.0)
SEVEN-ELEVEN (BEIJING) CO., LTD.	(65.0)
SEVEN-ELEVEN (CHENGDU) CO., LTD.[2]	(100.0)
SEVEN-ELEVEN (HAWAII), INC.	(100.0)

Superstore Operations	Equity Ownership[1] (%)
Ito-Yokado Co., Ltd.	(100.0)
York-Benimaru Co., Ltd.	(100.0)
York Mart Co., Ltd.	(100.0)
Hua Tang Yokado Commercial Co., Ltd.	(75.8)
Chengdu Ito-Yokado Co., Ltd.	(74.0)
Beijing Wang fu jing Yokado Commercial Co., Ltd.	(60.0)
Marudai Co., Ltd.	(100.0)
Life Foods Co., Ltd.	(100.0)
IY Foods K.K.	(100.0)
K.K. Sanei	(100.0)
Akachan Honpo Co., Ltd.	(93.6)
Oshman's Japan Co., Ltd.	(100.0)
Mary Ann Co., Ltd.	(100.0)
Seven Health Care Co., Ltd.	(70.0)

Department Store Operations	Equity Ownership[1] (%)
Sogo & Seibu Co., Ltd.	(100.0)
THE LOFT CO., LTD.	(70.7)
SHELL GARDEN CO., LTD.	(100.0)
IKEBUKURO SHOPPING PARK CO., LTD.	(50.6)
Yatsugatake Kogen Lodge Co., Ltd.	(100.0)
GOTTSUO BIN CO., LTD.	(100.0)

Food Services	Equity Ownership[1] (%)
Seven & i Food Systems Co., Ltd.	(100.0)
Seven & i Restaurant (Beijing) Co., Ltd.	(75.0)

Financial Services	Equity Ownership[1] (%)
Seven Bank, Ltd.	(49.0)
Seven Financial Service Co., Ltd.[3]	(100.0)
Seven Card Service Co., Ltd.[4]	(95.5)
Seven CS Card Service Co., Ltd.[5]	(51.0)
K.K. York Insurance	(100.0)
SEVEN & i Financial Center Co., Ltd.	(100.0)

Others	Equity Ownership[1] (%)
Seven & i Netmedia Co., Ltd.	(100.0)
Seven Net Shopping Co., Ltd.	(77.9)
7dream.com	(68.0)
Seven Culture Network Co., Ltd.	(100.0)
SEVEN & i Publishing Co., Ltd.	(100.0)
Seven Internet Lab. Co., Ltd.	(60.0)
Seven-Meal Service Co., Ltd.	(90.0)
SEVEN & i Life Design Institute Co., Ltd.	(100.0)
K.K. Terre Verte	(99.0)
Seven & i Asset Management Co., Ltd.[6]	(100.0)
Mall & SC Development Inc.	(100.0)
IY Real Estate Co., Ltd.	(100.0)
K.K. York Keibi	(100.0)

Notes:
1. Ownership ratios include indirect holdings.
2. On December 29, 2010, SEVEN-ELEVEN (CHENGDU) CO., LTD. was established as a wholly owned subsidiary of the Company.
3. On March 1, 2011, SEVEN & i FINANCIAL GROUP CO., LTD., SE CAPITAL CORPORATION and Seven Cash Works Co., Ltd. were merged, with SE CAPITAL CORPORATION as the surviving company, and took the name Seven Financial Service Co., Ltd.
4. On October 1, 2010, IY Card Service Co., Ltd. changed its name to Seven Card Service Co., Ltd.
5. On April 1, 2011, Seven CS Card Service Co., Ltd. became a consolidated subsidiary of the Company.
6. On June 1, 2010, Seven & i Asset Management Co., Ltd. was established as a wholly owned subsidiary of the Company.

Investor Information

As of February 28, 2011

Head Office

8-8, Nibancho, Chiyoda-ku, Tokyo 102-8452, Japan
Tel: +81-3-6238-3000
Fax: +81-3-3263-0232
URL: http://www.7andi.com/en/

Date of Establishment

September 1, 2005

Number of Employees

50,765 (Consolidated)
386 (Non-consolidated)

Paid-in Capital

¥50,000 million

Number of Common Stock

Issued: 886,441,983 shares

Number of Shareholders

95,829

Stock Listing

Tokyo Stock Exchange

Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
10-11, Higashisuna 7-chome,
Koto-ku, Tokyo 137-8081, Japan

Annual Shareholders' Meeting

The annual shareholders' meeting of the Company is normally held in May each year in Tokyo, Japan.

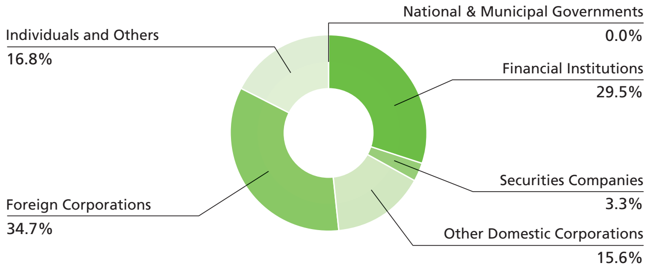
Auditors

KPMG AZSA LLC

Principal Shareholders

	Investment by each major shareholder in the Company: Number of shares held (Thousand shares)	Investment by each major shareholder in the Company: Percentage of shares held
Ito-Kogyo Co., Ltd.	68,901	7.8%
Japan Trustee Services Bank, Ltd. (Trust account)	38,877	4.4%
The Master Trust Bank of Japan, Ltd. (Trust account)	37,313	4.2%
Nippon Life Insurance Company	20,664	2.3%
Deutsche Bank Trust Company Americas	17,006	1.9%
Masatoshi Ito	16,801	1.9%
MITSUI & CO., LTD.	16,222	1.8%
State Street Bank and Trust Company 505225	15,121	1.7%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	14,229	1.6%
The Dai-ichi Life Insurance Company, Limited	13,777	1.6%

Classification of Shareholders by Number of Shares Held



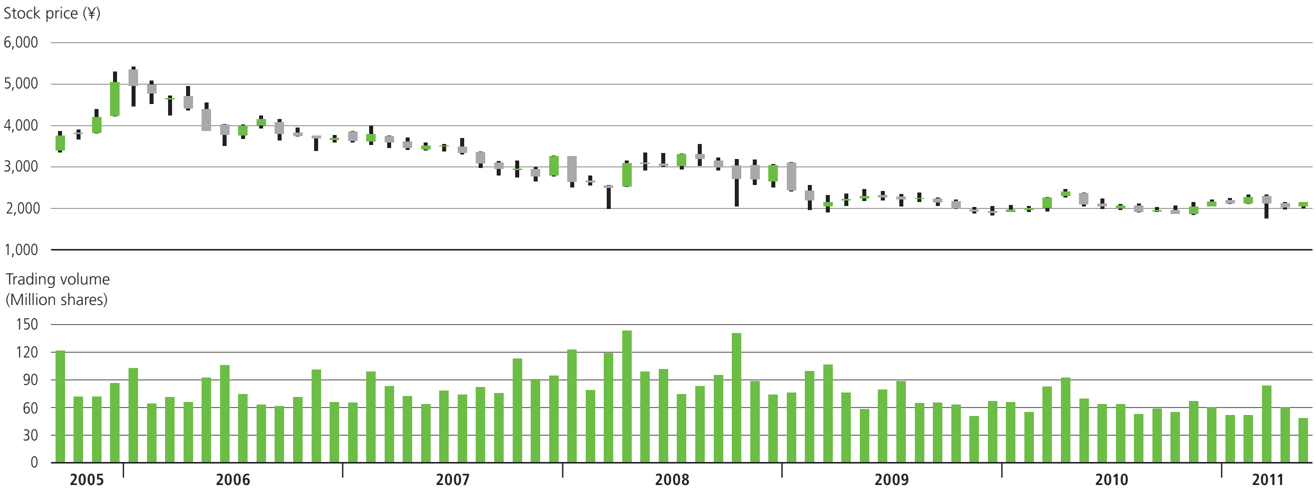
Bond Ratings

As of May 31, 2011

		S&P	Moody's	R&I	JCR
Seven & i Holdings	Long-term	AA–	Aa3	AA	AA+
Seven-Eleven Japan	Long-term	AA–	–	–	AA+
	Short-term	A-1+	P-1	–	–
7-Eleven, Inc.	Long-term	AA–	Baa3	–	–
Seven Bank	Long-term	AA–	–	AA	–

Note: From January 2006, Seven-Eleven Japan's short-term rating is its rating as the guarantor of 7-Eleven, Inc.'s commercial paper program.

Stock Price Chart (Monthly)



SEVEN&i HOLDINGS SEVEN&i HLDGS.

VEGETABLE OIL INK

001-1107-3000
Printed in Japan