



April 12, 2006

Consolidated Financial Results for the Fiscal Year Ended February 28, 2006

Seven & I Holdings Co., Ltd.

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

Securities Code No. 3382

President and C.O.O. : Noritoshi Murata

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

Date of the meeting of the Board of Directors to settle consolidated accounts: April 12, 2006

U.S. GAAP is not applied.

1. Business Results for the Fiscal Year Ended February 28, 2006 (from March 1, 2005 to February 28, 2006)

(1) Results of Operations

(Millions of yen, except per share amounts)

| | Revenue from Operations | Operating Income | Ordinary Income | Net Income | |
|---------------------|-------------------------|------------------------------|---|--|---|
| Current Fiscal Year | 3,895,772 - | 244,940 - | 248,110 - | 87,930 - | |
| | Net Income per Share | Diluted Net Income per Share | Ratio of Net Income to Shareholders' Equity | Ratio of Ordinary Income to Total Assets | Ratio of Ordinary Income to Revenue from Operations |
| Current Fiscal Year | 100.83 | - | 5.5 % | 7.2 % | 6.4 % |

- Notes:
- All amounts less than one million yen have been disregarded
 - Equity in earnings of affiliates: Current Fiscal Year: 1,993 million yen
 - Average number of shares outstanding: Current Fiscal Year: 870,127,116 shares
 - The Company was established on September 1, 2005. The Company's consolidated results for the fiscal year ended February 28, 2006 were prepared, assuming that the Company had been established on March 1, 2005.
 - The Company started to compile the financial results from this consolidated fiscal year; hence financial information for the previous fiscal year, and Change in accounting policies were not disclosed.
 - Net income per share and Diluted net income per share were calculated by using average number of outstanding shares during current fiscal year, assuming that the Company had been established on March 1, 2005
 - Ratio of net income to shareholders' equity and Ratio of ordinary income to total assets were calculated by using shareholders equity and total asset at the end of fiscal year.

(2) Financial Position

(Millions of yen, except per share amounts)

| | Total Assets | Shareholders' Equity | Ratio of Shareholders' Equity to Total Assets | Shareholders' Equity per Share |
|-------------------------|--------------|----------------------|---|--------------------------------|
| As of February 28, 2006 | 3,424,878 | 1,603,684 | 46.8% | 1,772.25 |

Note: Number of shares outstanding at the end of fiscal year: Current Fiscal Year: 904,774,606 shares

(3) Cash Flows

(Millions of yen)

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at End of Fiscal Year |
|---------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Current Fiscal Year | 217,325 | (388,080) | 103,093 | 610,876 |

(4) Number of companies included in consolidated accounts

Number of consolidated subsidiaries: 76

Number of non-consolidated subsidiaries accounted for by the equity method: 0

Number of affiliated companies accounted for by the equity method: 11

(5) Change of the number of companies included in consolidated accounts

The Company started to compile the financial results from this consolidated fiscal year; hence change in scope of consolidation and application of equity method were not disclosed.

2. Business Outlook for the Fiscal Year Ending February 28, 2007 (From March 1, 2006 to February 28, 2007)

(Millions of yen)

| | Revenue from Operations | Operating Income | Ordinary Income | Net Income |
|----------------|-------------------------|------------------|-----------------|----------------|
| Interim Period | 2,540,000 - | 147,000 - | 145,000 - | 75,000 - |
| Entire Year | 5,200,000 33.5 % | 300,000 22.5 % | 295,000 18.9 % | 150,000 70.6 % |

< Reference > Expected consolidated net income per share for the fiscal year ending February 28, 2007 165.79 yen

Note : Percentages above represent increase (decrease) over prior fiscal year.

FORWARD LOOKING STATEMENTS

The outlook for fiscal year ending February 28, 2007 is based on hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of outlook. See the descriptions relating to the above outlook in page 10 of this document.

MAJOR SEVEN & I HOLDINGS GROUP COMPANIES

Seven & i Holdings Group consists 89 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, restaurant operations and financial services. Business segments, major group companies and number of companies are as follows.

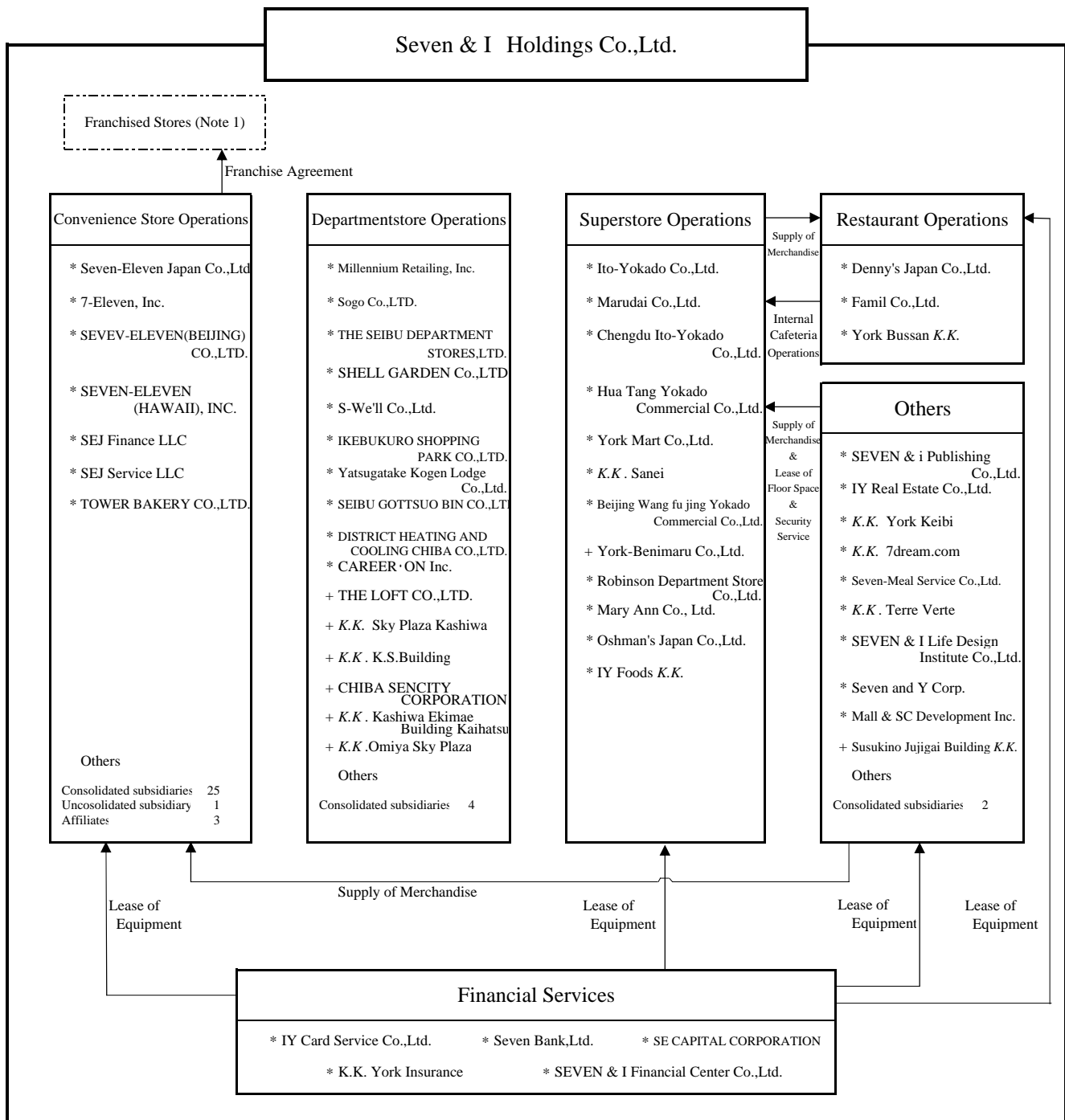
This segmentation is same as the business segment shown in the section of segment information.

| Business Segment (Number of companies belonging to each category) | Major Group Companies | Number of Companies |
|---|---|---|
| Convenience Store Operations: (36) | Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (HAWAII), INC. SEJ Finance LLC SEJ Service LLC TOWER BAKERY CO.,LTD. | Consolidated Subsidiaries 32 Unconsolidated Subsidiary 1 Affiliates 3 <hr/> Total 36 |
| Superstore Operations:(12) | Ito-Yokado Co., Ltd. Marudai Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. York-Benimaru Co., Ltd.* Robinson Department Store Co., Ltd. Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. IY FoodsK.K. | Consolidated Subsidiaries 11 Affiliate 1 <hr/> Total 12 |
| Departmentstore Operations:(20) | Millennium Retailing, Inc. Sogo Co.,LTD. THE SEIBU DEPARTMENT STORES,LTD. SHELL GARDEN Co.,LTD. S-We'll Co.,Ltd. IKEBUKURO SHOPPING PARK CO.,LTD. Yatsugatake Kogen Lodge Co.,Ltd. SEIBU GOTTSUO BIN CO.,LTD. DISTRICT HEATING AND COOLING CHIBA CO.,LTD. CAREER·ON Inc. THE LOFT CO.,LTD. K.K.Sky Plaza Kashiwa K.K.K.S.Building CHIBA SENCITY CORPORATION K.K.Kashiwa Ekimae Building Kaihatsu K.K.Omiya Sky Plaza | Consolidated Subsidiaries 14 Affiliates 6 <hr/> Total 20 |
| Restaurant Operations: (3) | Denny's Japan Co., Ltd. Famil Co., Ltd. York Bussan K.K. | Consolidated Subsidiaries 3 |
| Financial Services: (5) | Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION SEVEN & I Financial Center Co., Ltd. K.K. York Insurance | Consolidated Subsidiaries 5 |
| Others: | SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi K.K. 7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte SEVEN & I Life Design Institute Co.,Ltd. Seven and Y Corp. Mall & SC Development Inc. Susukino Jujigai BuildingK.K. | Consolidated Subsidiaries 11 Affiliate 1 <hr/> Total 12 |

* These Companies' shares are listed on the First Section of the Tokyo Stock Exchange

1. Companies stated in the above table are consolidated subsidiaries, except York-Benimaru Co., Ltd., THE LOFT CO.,LTD., K.K.Sky Plaza Kashiwa, K.K.K.S.Building, CHIBA SENCITY CORPORATION, K.K.Kashiwa Ekimae Building Kaihatsu, K.K.Omiya Sky Plaza, Susukino Jujigaibiru K.K.
2. SEJ Finance LLC and SEJ Service LLC are Holding Companies of 7-Eleven,Inc.
3. Millennium Retailing,Inc is the holding company of Sogo Co.,LTD., THE SEIBU DEPARTMENT STORE,LTD.etc.
4. SEIBU GOTTSUO BIN Co., Ltd. changed its corporate name to GOTTSUO BIN Co., Ltd. on March 1, 2006.
5. CAREER·ON Inc. changed its corporate name to S-WILL Co.,Ltd. on March 13, 2006.
6. S-We'll Co., Ltd. changed its corporate name to MILLENNIUM Casting Inc. on April 1, 2006.

BUSINESS RELATION IN GROUP



* Consolidated subsidiary
 + Affiliate accounted for by the equity method

- Notes: 1 Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan or 7-Eleven,Inc.
 2 As of February 28, 2006, Seven Bank, Ltd. placed 11,188 units of ATM machines in the stores of group companies.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

| | February 28, 2006 | |
|--|-------------------|--------------|
| | Amount | % |
| ASSETS | | |
| Current assets | 1,102,819 | 32.2 |
| Cash and bank deposits | 619,537 | |
| Accounts and notes receivable, trade | 110,829 | |
| Trade accounts receivable - financial services | 37,562 | |
| Inventories | 148,913 | |
| Prepaid expenses | 30,338 | |
| Deferred income taxes | 31,725 | |
| Other | 126,132 | |
| Allowance for doubtful accounts | (2,220) | |
| Non-current assets | 2,321,779 | 67.8 |
| Property and equipment | 1,200,492 | 35.0 |
| Buildings and structures | 502,904 | |
| Furniture, fixtures and equipment | 185,749 | |
| Vehicles | 111 | |
| Land | 488,152 | |
| Construction in progress | 23,573 | |
| Intangible assets | 368,971 | 10.8 |
| Goodwill | 272,014 | |
| Other | 96,956 | |
| Investments and other assets | 752,316 | 22.0 |
| Investments in securities | 216,933 | |
| Long-term loans receivable | 21,458 | |
| Long-term leasehold deposits | 463,238 | |
| Advances for store construction | 552 | |
| Deferred income taxes | 26,977 | |
| Other | 34,133 | |
| Allowance for doubtful accounts | (10,977) | |
| Deferred assets | 280 | 0.0 |
| New organization costs | 280 | |
| TOTAL ASSETS | 3,424,878 | 100.0 |

(Millions of yen)

| | February 28, 2006 | |
|---|-------------------|--------------|
| | Amount | % |
| LIABILITIES | | |
| Current liabilities | 982,859 | 28.7 |
| Accounts and notes payable, trade | 285,123 | |
| Short-term loans | 114,462 | |
| Current portion of long-term loans | 47,832 | |
| Income taxes payable | 94,030 | |
| Accrued expenses | 88,148 | |
| Deposits received | 73,837 | |
| Allowance for sales promotion | 17,553 | |
| Allowance for bonuses to employees | 13,609 | |
| Deposit received in banking business | 96,246 | |
| Other | 152,014 | |
| Non-current liabilities | 724,139 | 21.2 |
| Bonds | 115,000 | |
| Long-term loans | 368,314 | |
| Commercial paper | 41,764 | |
| Deferred income taxes | 77,212 | |
| Accrued pension and severance costs | 3,433 | |
| Allowance for retirement benefits to directors and corporate auditors | 3,273 | |
| Deposits received from tenants and franchised stores | 57,820 | |
| Other | 57,318 | |
| TOTAL LIABILITIES | 1,706,998 | 49.9 |
| MINORITY INTERESTS | 114,196 | 3.3 |
| SHAREHOLDERS' EQUITY | | |
| Common stock | 50,000 | 1.4 |
| Capital surplus | 611,704 | 17.9 |
| Retained earnings | 1,040,613 | 30.4 |
| Net unrealized gains on available-for-sale securities | 7,953 | 0.2 |
| Cumulative translation adjustments | 6,298 | 0.2 |
| Treasury stock | (112,884) | (3.3) |
| TOTAL SHAREHOLDERS' EQUITY | 1,603,684 | 46.8 |
| TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY | 3,424,878 | 100.0 |

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

| | Current Fiscal Year | |
|--|---------------------|-------------|
| | Amount | % |
| Revenue from operations | 3,895,772 | |
| Net sales | 3,437,344 | 100.0 |
| Cost of sales | 2,488,509 | 72.4 |
| Gross profit on sales | 948,835 | 27.6 |
| Other operating revenue | 458,427 | 13.3 |
| Gross profit from operations | 1,407,263 | 40.9 |
| Selling, general and administrative expenses | 1,162,322 | 33.8 |
| Advertising and decoration expenses | 87,667 | |
| Salaries and wages | 328,255 | |
| Provision for allowance for bonuses to employees | 8,931 | |
| Pension expenses | 9,925 | |
| Legal welfare expenses | 35,549 | |
| Land and building rent | 167,181 | |
| Depreciation and amortization | 93,614 | |
| Utility expenses | 75,230 | |
| Store maintenance and repair | 64,563 | |
| Other | 291,402 | |
| Operating Income | 244,940 | 7.1 |
| Non-operating income | 10,740 | 0.3 |
| Interest and dividends income | 3,057 | |
| Equity in earnings of affiliates | 1,993 | |
| Foreign currency exchange gains | 3,235 | |
| Other | 2,453 | |
| Non-operating expenses | 7,570 | 0.2 |
| Interest expense | 5,053 | |
| Interest on bonds | 1,309 | |
| Other | 1,207 | |
| Ordinary income | 248,110 | 7.2 |
| Special gains | 7,611 | 0.2 |
| Gain on sale of property and equipment | 1,843 | |
| Gain on sale of investments in subsidiaries | 947 | |
| Gain from amendment of pension plan of a subsidiary in the United States | 3,011 | |
| Gain from cancellation of employee retirement benefit trust | 895 | |
| Other | 913 | |
| Special losses | 77,203 | 2.2 |
| Loss on disposal of property and equipment | 8,184 | |
| Impairment loss | 31,040 | |
| Costs in relation to the establishment of the holding company | 2,597 | |
| Costs in relation to tender offer | 20,776 | |
| Provision for doubtful accounts | 5,789 | |
| Additional retirement allowance for early retirement | 6,159 | |
| Other | 2,655 | |
| Income before income taxes and minority interests | 178,518 | 5.2 |
| Income taxes - current | 83,267 | 2.4 |
| Income taxes - deferred | (1,792) | (0.1) |
| Minority interests in earnings of consolidated subsidiaries | 9,111 | 0.3 |
| Net income for the year | 87,930 | 2.6 |

**CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS
AND RETAINED EARNINGS**

(Millions of yen)

| | Current Fiscal Year |
|---|---------------------|
| Capital surplus | |
| Capital surplus at beginning of year | 122,653 |
| Increase in capital surplus | 489,050 |
| Gain on sales of treasury stock | 78,702 |
| Increase resulting from stock-transfer | 407,086 |
| Increase resulting from adoption of U.S. GAAP by foreign subsidiaries | 3,261 |
| Capital surplus at end of year | 611,704 |
| Retained earnings | |
| Retained earnings at beginning of year | 983,675 |
| Increase in retained earnings | 87,930 |
| Net income | 87,930 |
| Decrease in retained earnings | 30,993 |
| Cash dividends | 16,029 |
| Cash payment upon stock-transfer | 14,434 |
| Bonuses to directors and corporate auditors | 246 |
| Decrease resulting from adoption of U.S. GAAP by foreign subsidiaries | 281 |
| Retained earnings at end of year | 1,040,613 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

| | Current Fiscal Year |
|--|---------------------|
| Cash flows from operating activities: | |
| Income before income taxes and minority interests | 178,518 |
| Depreciation and amortization | 97,810 |
| Impairment loss | 31,040 |
| Decrease in allowance for bonuses to employees | (1,046) |
| Decrease in accrued pension and severance costs | (7,540) |
| Interest and dividend income | (3,057) |
| Interest expense and interest on straight bonds | 6,362 |
| Foreign currency exchange gain | (2,717) |
| Equity in earnings of affiliates | (1,993) |
| Gain on sale of property and equipment | (1,843) |
| Loss on sales and disposals of property and equipment | 8,558 |
| Gain on sale of subsidiary's common stock | (947) |
| Increase in accounts and notes receivable | (16,477) |
| Increase in trade accounts receivable - financial services | (4,722) |
| Increase in inventories | (3,254) |
| Decrease in accounts and notes payable, trade | (21,291) |
| Proceeds from debt in subsidiary (Bank) | 21,000 |
| Net increase in deposit received in banking business | 29,872 |
| Net decrease in call money in banking business | (25,000) |
| Other, net | 34,120 |
| Sub-total | 317,391 |
| Interest and dividends received | 2,384 |
| Interest paid | (6,015) |
| Income taxes paid | (96,434) |
| Net cash provided by operating activities | 217,325 |
| Cash flows from investing activities: | |
| Acquisition of property and equipment | (146,179) |
| Proceeds from sales of property and equipment | 4,702 |
| Acquisition of intangible assets | (13,694) |
| Payment for purchase of investments in securities | (101,807) |
| Proceeds from sale and maturity of investments in securities | 69,726 |
| Acquisition of investments in subsidiaries | (133,451) |
| Proceeds from sales of investments in subsidiaries | 4,345 |
| Acquisition of investments in newly consolidated subsidiary | (74,709) |
| Payment for loans receivable | (3,561) |
| Collection of loans receivable | 1,099 |
| Payment for long-term leasehold deposits and advances for store construction | (24,411) |
| Refund of long-term leasehold deposits | 29,776 |
| Proceeds from deposits from tenants | 6,668 |
| Return of deposits from tenant | (4,483) |
| Other | (2,099) |
| Net cash used in investing activities | (388,080) |
| Cash flows from financing activities: | |
| Decrease in short-term loans | (2,470) |
| Proceeds from long-term debt | 41,500 |
| Repayment of long-term debt | (12,532) |
| Proceeds from issuance of commercial paper | 554,046 |
| Payment for redemption of commercial paper | (544,532) |
| Payment for redemption of bonds | (20,000) |
| Dividends paid for minority shareholders | (16,045) |
| Payment in relation to stock-transfer | (14,400) |
| Purchase of treasury stock | (127,101) |
| Proceeds from sale of treasury stock | 238,221 |
| Other | 6,407 |
| Net cash provided by financing activities | 103,093 |
| Effect of exchange rate changes on cash and cash equivalents | (4,562) |
| Net decrease in cash and cash equivalents | (72,223) |
| Cash and cash equivalents at beginning of year | 683,100 |
| Cash and cash equivalents at end of year | 610,876 |

Significant Accounting Policies for the Preparation of Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 76

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Millennium Retailing, Inc. (Note), Sogo Co., Ltd. (Note), The Seibu Department Stores, Ltd. (Note), Denny's Japan Co., Ltd. and 7-Eleven, Inc.

(Note) Consolidated subsidiaries increased by 14 in connection with the acquisition of 67.7% of the share capital of Millennium Retailing, Inc. in January 2006. Only assets and liabilities on a consolidation basis of Millennium Retailing Inc. were included in the accompanying Consolidated Financial Statements of Seven & I Holding Co., Ltd. (the "Company"), assuming that the acquisition was made on February 28, 2006.

(2) Number of unconsolidated subsidiaries: 1

Name: 7-Eleven Limited

Investment in Puerto Rico-7, Inc. was sold and investment in Brazos Comercial E Empreendimentos Ltda. was liquidated in current fiscal year.

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

2. Application of equity method

(1) Unconsolidated subsidiaries to which the equity method was applied: 0

Investment in Puerto Rico-7, Inc. was sold and investment in Brazos Comercial E Empreendimentos Ltda. was liquidated in current fiscal year.

(2) Number of affiliates to which equity method was applied: 11

Major affiliates: York-Benimaru Co., Ltd., THE LOFT CO., LTD (Note)

(Note) Affiliates to which the equity method was applied increased by 6 in connection with the acquisition of investment in Millennium Retailing Inc.

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

7-Eleven, Limited.

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

(4) Procedure for applying equity method

The affiliates which have different closing dates are included in the consolidated financial statements based on their respective fiscal year-end.

The investments in and advance to an affiliate that has negative net assets are reduced to zero and a reserve for additional loss was provided.

3. Accounting period of consolidated subsidiaries

Subsidiaries are included in the Consolidated Financial Statements on the basis of fiscal year ended December 31. All material transactions during the period from January 1 to February 28 are adjusted for in the Consolidated Financial Statements in the process of its consolidation.

The closing date of certain subsidiaries is March 31. Pro forma statements as of February 28 prepared in a manner that is substantially identical to the preparation of the official financial statements are used in order for the Company to prepare Consolidated Financial Statements.

4. On September 1, 2005, Ito-Yokado Co., Ltd., Seven-Eleven Japan Co., Ltd. and Denny's Japan Co., Ltd. established Seven & I Holding Co., Ltd. (the "Company") and became wholly owned subsidiaries of the Company by means of stock transfer.

Consolidation procedures in connection with stock transfer above were accounted for by similar manner to pooling-of-interest method. Accompanying consolidated financial statements were prepared assuming that above 3 subsidiaries were combined on March 1, 2005 and retained earnings on consolidated financial statements of Ito-Yokado Co., Ltd. as of February 28, 2005 were carried forward and recorded as beginning balance of retained earnings in the consolidated financial statements of the Company.

5. Summary of significant accounting policies

(1) Valuation method of major assets

(a) Valuation method of securities

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

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

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

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

(b) Valuation method of derivatives

Derivative financial instruments are valued at fair value.

(c) Valuation method of inventories

(I) Merchandise:

Inventories are valued principally at the lower of cost or market. Cost is determined principally by the average retail method for domestic companies and the LIFO method for foreign subsidiaries.

(II) Supplies:

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

(2) Depreciation and amortization

(a) Property and equipment

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

(b) Intangible assets

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

Goodwill, representing the difference between the cost of an investment in a subsidiary and the fair value of the company's share of the net assets of the subsidiary, is treated as an assets or liability, as the case may be, and is amortized over twenty years on a straight-line basis. However, if the goodwill is immaterial, it is expensed in full in the year in which it is incurred. The above policy is also applied to goodwill arising from investments in affiliates accounted for using the equity method.

The subsidiaries in the United States make an impairment test for goodwill and other intangible assets with indefinite lives in accordance with the provisions of Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets", and decrease the book value if required.

(3) Accounting for deferred assets

New organization cost is amortized using the straight-line method over 5 years, with the exception of minor amounts which are charged to income in the year of occurrence.

(4) Allowances

(a) Allowance for doubtful accounts

An allowance for doubtful accounts is provided against potential losses on collection at an amount measured using a historical bad debt ratio for normal receivables, plus an amount individually measured on the collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

(b) Allowance for sales promotion

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

(c) Allowance for bonuses to employees

An 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.

(d) Allowance for accrued pension and severance costs

An 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. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arose.

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

An allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy.

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

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

All balance sheets accounts, except shareholders' equity, of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates and all income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in "Minority interest" and "Cumulative translation adjustments".

(6) Leases

Finance leases contract other than those by which the ownership of the leased assets is to be transferred to lessee are accounted for as operating leases for the Company and its domestic subsidiaries. Foreign subsidiaries accounts for finance leases as assets and obligations at an amount equal to the present value of the lease payments during the lease term.

(7) Hedge accounting

(a) Hedge accounting

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

(b) Hedge instruments and hedged items

Hedge instruments---Interest swap

Hedged items---Fixed-rate bonds

(c) Hedging policies

The Company and its subsidiaries utilize derivative instruments for the purposes of hedging its exposure to fluctuation in market rates and reducing financing costs. The Company and its subsidiaries do not hold or

issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The Company assesses hedge effectiveness for interest rate swap quarterly except for those that meet specific hedging criteria.

(8) Other accounting issues

(a) Accounting for franchised stores in convenience store operations

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

(b) Accounting for consumption taxes and excise tax

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

6. Valuation of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries, excluding the portion attributable to minority interests, are valued at fair value applicable to the respective dates when the subsidiaries were initially consolidated.

7. Appropriation of retained earnings

The accompanying Consolidated Statements of Capital Surplus and Retained Earnings have been prepared based on the appropriation of retained earnings approved during the year.

8. Cash and cash equivalents

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

Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

1. Accumulated depreciation of Property and Equipment

(Millions of yen)

| | As of February 28, 2006 |
|--------------------------|-------------------------|
| Accumulated Depreciation | 981,030 |

2. Assets pledged as collateral

(Millions of yen)

| | As of February 28, 2006 |
|--|-------------------------|
| Bank deposits | 3,423 |
| Accounts and notes receivable, trade | 6,921 |
| Other current assets | 5,272 |
| Buildings and structures | 70,737 |
| Furniture, fixtures and equipment | 1,313 |
| Land | 115,917 |
| Other intangible assets | 14,207 |
| Investments in securities | 112,562 |
| Long-term leasehold deposits | 35,672 |
| Other investment | 774 |
| Total | 366,802 |
| Debts for which above assets are pledged as collateral | |
| Short-term loans | 64,678 |
| Long-term loans (including current portion of long-term debt) | 268,061 |
| Long-term accounts payable, other | 1,887 |

Assets pledged as collateral for the debts of affiliates and vendors

(Millions of yen)

| | As of February 28, 2006 |
|---|-------------------------|
| Buildings | 2,344 |
| Land | 2,828 |
| Debt of affiliates and vendors for which above assets are pledged as collateral | 5,155 |

Assets pledged as collateral for fund transfer

(Millions of yen)

| | As of February 28, 2006 |
|---------------------------|-------------------------|
| Investments in securities | 5,501 |

Deposits under building lots and building transaction business law

(Millions of yen)

| | As of February 28, 2006 |
|------------------------------|-------------------------|
| Investments in securities | 24 |
| Long-term leasehold deposits | 10 |

Deposits under installment sales law

(Millions of yen)

| | As of February 28, 2006 |
|------------------------------|-------------------------|
| Investments in securities | 420 |
| Long-term leasehold deposits | 5,245 |

Assets pledged as collateral for gift ticket of 19,198 million yen issued by subsidiaries under regulation to protect holder of the gift ticket

(Millions of yen)

| | As of February 28, 2006 |
|------------------|-------------------------|
| Bank deposits | 3,000 |
| Other investment | 243 |

3. Guarantees

(Millions of yen)

| | As of February 28, 2006 |
|-------------------------------|-------------------------|
| 7-Eleven Mexico, S.A. de C.V. | 217 |
| Goshogawara Machi Dukuri K.K. | 767 |
| Employees' housing Loans | 1,180 |
| Total | 2,165 |

4. Others

(1) Litigation

Sogo Co., Ltd. ("Sogo"), a consolidated subsidiary of the Company, has been named as a defendant in lawsuit, which has been filed in Tokyo District Court by Organization for Promotion Urban Development on November 28, 2002, regarding the cancellation for "sales contract of properties of Kobe North Parking dated February 1996" against the notice of cancellation for buy-back agreement by Sogo based on the Civil Rehabilitation Law. On August, 30, 2005, Tokyo District Court judged that Sogo should pay 13,138 million yen for buy-back such properties (land) and annually 6% of interest from claim date. Then, Sogo appealed to the Tokyo High Court and it has been pending.

It is the opinion of management of Sogo that this lawsuit which is pending against Sogo will not have material adverse effect on its operating results, liquidity or financial position.

(2) Securitization of store properties

The Seibu Department Stores, Ltd. ("Seibu"), a consolidated subsidiary of the Company established certain real estate trusts comprising of the land, land leasehold rights and part of the buildings of several stores. and sold the beneficiary rights of the trust to Special Purpose Corporations ("SPC"). Concurrently, Seibu has entered into a silent partnership arrangements with SPC with certain investments. And also, Seibu leased-back such store properties from SPC who have the beneficiary rights of the trusts.

Under arrangements, the above noted investments from arrangements are subordinated to all liabilities to other members of silent partnership and third parties other than members of silent partnership.

Summary of Store name, Amount of investments and SPC are as follows: (Millions of yen)

| | Store name | Amount of investment | Special purpose company | | |
|---|-------------------------------------|----------------------|---------------------------|--------------------------------|--------------|
| | | | Name | Year end | Total assets |
| 1 | Ikebukuro | 5,850 | Asset Ikesei Corp. | July | 124,160 |
| 2 | Sapporo, Funabashi and Shibuya-Loft | 2,065 | Global Asset Ikesei Corp. | August | 44,331 |
| 3 | Shibuya-Movita | 470 | Asset Movita | (Half year end) Aug. & Feb. | 9,877 |

Consolidated Statements of Income

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

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|--------------------------|--|
| Inventory valuation loss | 7,181 |

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

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

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|--|--|
| Franchised commission from franchised stores | 356,907 |
| Net sales of franchised stores | 2,365,344 |

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

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|--------------------------|--|
| Buildings and structures | 1,069 |
| Land | 768 |
| Others | 5 |
| Total | 1,843 |

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

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|-----------------------------------|--|
| Buildings and structures | 4,049 |
| Furniture, fixtures and equipment | 1,375 |
| Software | 1,750 |
| Others | 1,008 |
| Total | 8,184 |

5. Impairment loss

For the year ended February 28, 2006, the Company and its consolidated subsidiaries recognized 31,040 million yen of impairment loss on the following group of assets.

(Millions of yen)

| Description | Classification | Location | | | Amount |
|--------------------------------|------------------------------|------------------------|----|--------|--------|
| Stores (Convenience stores) | Land and buildings etc. | Tokyo | 34 | Stores | 30,976 |
| | | Kanagawa Pref. | 34 | Stores | |
| | | Other (including U.S.) | | Stores | |
| Stores (Superstores) | Land and buildings etc. | Hokkaido | 7 | Stores | |
| | | Chiba Pref. | 5 | Stores | |
| | | Other | 23 | Stores | |
| Stores (Restaurant) | Building and structures etc. | Tokyo & other | 51 | Stores | |
| Other facilities etc. | Land etc. | Saitama & other | 2 | Stores | 63 |
| Total | | | | | 31,040 |

The Company and its consolidated domestic subsidiaries group their fixed assets by store which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and the amount written down was recorded as impairment loss in special losses.

Breakdown of impairment loss are as follows:

(Millions of yen)

| | Stores | Other facilities etc. | Total |
|-------------------------|--------|-----------------------|--------|
| Building and structures | 14,810 | - | 14,810 |
| Land | 13,195 | 34 | 13,229 |
| Other | 2,970 | 29 | 3,000 |
| Total | 30,976 | 63 | 31,040 |

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 3.1% - 6.0% discount rates were applied.

Consolidated Statements of Cash Flows

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

(Millions of yen)

| | As of February 28, 2006 |
|---|-------------------------|
| Cash and bank deposits | 619,537 |
| Time deposits with an original maturity of more than three months | (8,660) |
| Cash and cash equivalents | 610,876 |

2. Summary of net assets (assets and liabilities) and acquisition costs of companies which became consolidated subsidiaries due to the acquisition of shares for current fiscal year

Hua Tang Yokado Commercial Co., Ltd. (Hua Tang)

| | As of acquisition date |
|---|------------------------|
| Current assets | 5,446 |
| Non-current assets | 1,216 |
| Goodwill | 1,946 |
| Current liabilities | (2,469) |
| Minority interests | (2,023) |
| Sub-total | 4,116 |
| Carrying value of investment in Hua Tang under equity method at the time that the Company acquired majority of voting rights. | (1,541) |
| Acquisition cost | 2,575 |
| Cash and cash equivalents of Hua Tang | (2,100) |
| Payment for acquisition of investments in Hua Tang | 474 |

TOWER BAKERY CO., LTD. (TOWER BAKERY)

| | As of acquisition date |
|--|------------------------|
| Current assets | 760 |
| Non-current assets | 3,754 |
| Goodwill | 809 |
| Current liabilities | (2,905) |
| Non-current liabilities | (741) |
| Minority interests | (277) |
| Acquisition cost | 1,399 |
| Cash and cash equivalents of TOWER BAKERY | (0) |
| Payment for acquisition of investments in TOWER BAKERY | 1,399 |

Millennium Retailing, Inc. (Millennium)

| | As of acquisition date |
|--|------------------------|
| Current assets | 148,977 |
| Non-current assets | 486,841 |
| Goodwill | 105,716 |
| Current liabilities | (268,291) |
| Non-current liabilities | (273,564) |
| Minority interests(Note) | (64,205) |
| Acquisition cost | 135,474 |
| Cash and cash equivalents of Millennium | (62,677) |
| Payment for acquisition of investments in Millennium | 72,797 |

(Note) 40,000 million yen of preferred stock held by the third party are included in minority interests.

Seven and Y Corp. (Seven and Y)

| | As of acquisition date |
|---|------------------------|
| Current assets | 975 |
| Non-current assets | 299 |
| Goodwill | 461 |
| Current liabilities | (1,081) |
| Minority interests | (95) |
| Sub-total | 559 |
| Carrying value of investment in Seven and Y under equity method at the time that the Company acquired majority of voting rights | (59) |
| Acquisition cost | 499 |
| Cash and cash equivalents of Seven and Y | (462) |
| Payment for acquisition of investments in Seven and Y | 37 |

3. Major non-cash transactions

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|---|--|
| Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year | 1,097 |

Leases

1. Information for finance lease contracts other than those for which the ownership of the leased assets is to be transferred to lessee.

(1) As lessee

(a) Acquisition cost, accumulated depreciation and net book value of leased assets, including the interest portion, are summarized as follows:

(Millions of yen)

| | As of February 28, 2006 Furniture, fixtures and equipment |
|--------------------------|---|
| Acquisition cost | 53,560 |
| Accumulated depreciation | 30,183 |
| Net book value | 23,377 |

| | As of February 28, 2006 Software |
|--------------------------|-------------------------------------|
| Acquisition cost | 1,371 |
| Accumulated depreciation | 707 |
| Net book value | 664 |

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

(Millions of yen)

| | As of February 28, 2006 |
|-----------------|-------------------------|
| Within one year | 8,941 |
| Over one year | 15,099 |
| Total | 24,041 |

(c) Lease payments and depreciation expense are as follows:

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|----------------------|--|
| Lease payments | 8,396 |
| Depreciation expense | 8,396 |

(d) Depreciation expense is computed by the straight-line method over the lease term of the leased assets assuming no residual value.

(2) As lessor

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

(Millions of yen)

| | As of February 28, 2006 Furniture, fixtures and equipment |
|--------------------------|---|
| Acquisition cost | 21,535 |
| Accumulated depreciation | 8,850 |
| Net book value | 12,685 |

(b) The amounts of outstanding future lease payments to be received are summarized as follows:

(Millions of yen)

| | As of February 28, 2006 |
|-----------------|-------------------------|
| Within one year | 3,577 |
| Over one year | 9,380 |
| Total | 12,957 |

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

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|----------------------|--|
| Lease income | 3,819 |
| Depreciation expense | 3,550 |
| Interest income | 374 |

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

2. Operating leases

As lessee

The amounts of outstanding future lease payments, including the interest portion, are summarized as follows:

(Millions of yen)

| | As of February 28, 2006 |
|-----------------|-------------------------|
| Within one year | 67,684 |
| Over one year | 419,364 |
| Total | 487,049 |

3. Impairment loss on leased assets

No impairment loss was recognized on the leased assets for the year ended February 28, 2006.

Securities Information

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

(Millions of yen)

| | As of February 28, 2006 | | |
|---|-------------------------|------------|------------|
| | Book value | Fair value | Difference |
| Securities with fair value exceeding book value | 310 | 310 | 0 |
| Securities with fair value not exceeding book value | 435 | 432 | (2) |
| Total | 745 | 743 | (2) |

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

(Millions of yen)

| | Description | As of February 28, 2006 | | |
|---|-------------------|-------------------------|------------|---------------------------------|
| | | Acquisition cost | Book value | Net unrealized gains (losses) |
| Securities with book value exceeding acquisition cost | Equity securities | 36,733 | 89,004 | 52,270 |
| | Debt securities | 5,998 | 6,003 | 5 |
| | Sub total | 42,732 | 95,007 | 52,275 |
| Securities with book value not exceeding acquisition cost | Equity securities | 276 | 226 | (50) |
| | Debt securities | 47,542 | 47,538 | (4) |
| | Sub total | 47,819 | 47,765 | (54) |
| Total | | 90,552 | 142,773 | 52,220 |

3. Available-for-sale securities sold during the fiscal year ended February 28, 2006

Information is not disclosed because the transactions are immaterial.

4. Major securities which are not subject to revaluation

(Millions of yen)

| | As of February 28, 2006 | |
|-------------------------------|-------------------------|--|
| | Book value | |
| Held-to-maturity debt Bonds | 203 | |
| Available-for-sale securities | | |
| -Unlisted securities | 18,228 | |
| -Unlisted foreign securities | 5,051 | |
| Total | 23,280 | |

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

(Millions of yen)

| | As of February 28, 2006 | | | |
|----------------------------------|-------------------------|--------------|---------------|---------------|
| | Within 1 year | 1 to 5 years | 5 to 10 years | over 10 years |
| Governmental and municipal bonds | 53,532 | 454 | - | - |
| Corporate bonds | - | 203 | 300 | - |
| Total | 53,532 | 658 | 300 | - |

Derivative Transactions

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

1. Currency-related transactions

(Millions of yen)

| | As of February 28, 2006 | | | |
|----------------------------|-------------------------|-------------------------------------|--------------|------------------------|
| | Notional amounts total | Notional amounts, due over one year | Fair Value | Unrealized gain (loss) |
| Forward exchange contracts | | | | |
| Buy: | | | | |
| U.S. Dollar | 3,255 | - | 3,254 | (1) |
| Euro | 11 | - | 11 | 0 |
| Foreign currency swap | | | | |
| U.S. Dollar | 47,472 | 35,454 | 1,931 | 1,931 |
| Total | 50,739 | 35,454 | 5,197 | 1,929 |

(Note)

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

2. Interest-related transactions

(Millions of yen)

| | As of February 28, 2006 | | | |
|-------------------------|-------------------------|------------------------------------|-------------|------------------------|
| | Notional amounts total | Notional amount, due over one year | Fair Value | Unrealized gain (loss) |
| Interest rate swap | | | | |
| Receive float / Pay fix | 35,000 | 35,000 | (71) | (71) |
| Total | 35,000 | 35,000 | (71) | (71) |

(Note)

Fair value of Interest rate swap is based on value prepared by financial institutions.

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

Accounting for Retirement Benefits

1. Summary of the retirement benefit plans

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

A consolidated subsidiary, in the United States, has a defined contribution pension plan in addition to a defined benefit plan.

IY Group Employees' Pension Fund, which the Company and its domestic consolidated subsidiaries participate in, changed its name to "Seven and I Holdings Employees' Pension Fund" on September 1, 2005.

2. Projected retirement benefit obligations

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|---|--|
| Projected benefit obligations (Note 1) | (161,131) |
| Plan assets (including employee retirement benefit trust) | 171,779 |
| Funded status | 10,648 |
| Unrecognized actuarial differences | (10,870) |
| Unrecognized prior service costs | (2,570) |
| Others | (639) |
| Accrued pension and severance costs | (3,433) |

(Notes)

| Fiscal year ended February 28, 2006 |
|--|
| 1. For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations. |

3. Net periodical pension expense

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|--|--|
| Service cost (Notes 1 and 2) | 8,601 |
| Interest cost | 4,079 |
| Expected return on plan assets | (5,791) |
| Amortization of actuarial differences | 634 |
| Amortization of prior service costs | 474 |
| Gain from amendment of pension plan (Note 3) | (3,011) |
| Premium on employees' retirement benefit | 6,294 |
| Net periodic pension expense | 11,281 |

(Notes)

| Fiscal year ended February 28, 2006 |
|--|
| <p>1. Net periodic pension expense of subsidiaries using the simplified method are included.</p> <p>2. Besides the above net periodic pension expense, benefit cost related to the defined contribution plan employed by a subsidiary in the United States, amounting to 1,775million yen, is included.</p> <p>3. Gain from amendment of pension plan in subsidiaries in the United states</p> |

4. Assumptions used in accounting for accrued pension and severance costs

(Millions of yen)

| | Fiscal year ended February 28, 2006 |
|--|---|
| Allocation method of estimated total retirement benefits | Point basis |
| Discount rate | Mainly 2.5% A consolidated subsidiary in the United States 6.0% |
| Expected rate of return on plan assets | Mainly 3.5% |
| Periods over which the prior service costs are amortized | Immediate recognition or 10 years |
| Periods over which the actuarial differences are amortized | <p>Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise which is shorter than the average remaining years of service of the eligible employees.</p> <p>A consolidated subsidiary in the United States adopts the corridor approach for the amortization of actuarial differences.</p> |

Deferred income taxes

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

(Millions of yen)

| | As of February 28, 2006 |
|---|-------------------------|
| Deferred tax assets | |
| Inventory reserve | 3,122 |
| Allowance for bonuses to employees | 5,753 |
| Allowance for sales promotion | 6,739 |
| Accrued payroll | 3,089 |
| Allowance for retirement benefits to directors and corporate auditors | 1,333 |
| Accrued pension and severance costs | 1,392 |
| Depreciation and amortization | 7,237 |
| Tax loss carryforwards | 51,587 |
| Valuation loss on available-for-sale securities | 1,540 |
| Allowance for doubtful accounts | 2,645 |
| Unrealized loss on fixed assets | 13,942 |
| Valuation loss on land and impairment loss | 30,700 |
| Enterprise taxes and business office taxes payable | 8,067 |
| Accrued expenses | 12,338 |
| Loss on business reengineering | 264 |
| Other | 10,026 |
| Sub-total | 159,781 |
| Less valuation allowance | (79,333) |
| Total | 80,447 |
| Deferred tax liabilities | |
| Unrealized gain on fixed assets | (56,291) |
| Unrealized gain on Royalties | (17,154) |
| Deferred gain on sales of property and equipment | (1,130) |
| Unrealized gain on available-for-sale securities | (23,588) |
| Other | (1,756) |
| Total | (99,921) |
| Deferred tax assets, net | (19,473) |

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

| Fiscal year ended February 28, 2006 | |
|--|-------|
| Statutory tax rate | 40.7 |
| Equity in earnings of affiliates | (0.4) |
| Nondeductible items such as entertainment expenses | 0.3 |
| Changes of valuation allowance | 5.4 |
| Inhabitants taxes per capita | 0.8 |
| Other | (1.2) |
| Effective tax rate | 45.6 |

SEGMENT INFORMATION

1. Business Segments

Fiscal year ended February 28, 2006

(Millions of yen)

| | Convenience store operations | Superstore operations | Department store operations | Restaurant operations | Financial services | Others | Total before eliminations | Eliminations / Corporate | Consolidated total |
|---|------------------------------|-----------------------|-----------------------------|-----------------------|--------------------|---------------|---------------------------|--------------------------|--------------------|
| Revenue and operating income | | | | | | | | | |
| Revenue | | | | | | | | | |
| 1. Customers | 2,014,335 | 1,675,203 | - | 122,246 | 71,192 | 12,793 | 3,895,772 | - | 3,895,772 |
| 2. Intersegment | 900 | 12,530 | - | 1,779 | 11,096 | 6,986 | 33,294 | (33,294) | - |
| Total revenue | 2,015,236 | 1,687,734 | - | 124,025 | 82,289 | 19,780 | 3,929,066 | (33,294) | 3,895,772 |
| Operating expenses | 1,805,420 | 1,672,353 | - | 121,399 | 65,010 | 18,972 | 3,683,157 | (32,325) | 3,650,831 |
| Operating income | 209,815 | 15,381 | - | 2,625 | 17,278 | 808 | 245,909 | (968) | 244,940 |
| Assets, depreciation and capital expenditure | | | | | | | | | |
| Assets | 1,177,401 | 1,018,184 | 741,535 | 83,561 | 717,401 | 18,020 | 3,756,105 | (331,226) | 3,424,878 |
| Depreciation | 64,428 | 20,796 | - | 3,019 | 9,528 | 37 | 97,810 | 0 | 97,810 |
| Impairment loss | 6,341 | 23,861 | - | 837 | - | - | 31,040 | - | 31,040 |
| Capital expenditure | 83,788 | 49,531 | - | 4,724 | 22,852 | 34 | 160,931 | 11 | 160,942 |

Notes:

- The classification of business segment is made by the type of products and services and the type of sales.
- Major businesses of each segment are as follows:
 - Convenience store operations ---- Convenience store business operated by corporate stores and franchised store under the name of "7-Eleven".
 - Superstore operations ----- Superstore, supermarket, specialty shop and others
 - Department store operations ----- The Seibu Department Stores, Ltd., Sogo Co., Ltd. and other companies in department stores business
 - Restaurant operations ----- Coffee shop style restaurant, family restaurant operated in shopping center and catering
 - Financial services ----- Bank, credit card and lease business
 - Others ----- Electronic commerce business and other services

SEGMENT INFORMATION

2. Geographic area segments

Fiscal year ended February 28, 2006

(Millions of yen)

| | Japan | North America | Others | Total before eliminations | Eliminations | Consolidated total |
|--------------------------------|------------------|------------------|---------------|---------------------------|-----------------|--------------------|
| Revenue and operating income | | | | | | |
| Revenue | | | | | | |
| 1. Customers | 2,342,849 | 1,514,403 | 38,519 | 3,895,772 | - | 3,895,772 |
| 2. Intersegment | 199 | 2,504 | - | 2,704 | (2,704) | - |
| Total revenue | 2,343,048 | 1,516,907 | 38,519 | 3,898,476 | (2,704) | 3,895,772 |
| Operating expenses | 2,130,171 | 1,484,415 | 38,952 | 3,653,539 | (2,707) | 3,650,831 |
| Operating income (loss) | 212,876 | 32,492 | (432) | 244,936 | 3 | 244,940 |
| Assets | 2,795,282 | 657,447 | 19,060 | 3,471,790 | (46,911) | 3,424,878 |

Notes

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

3. Overseas sales

Fiscal year ended February 28, 2006

(Millions of yen)

| | North America | Others | Total |
|--|---------------|--------|-----------|
| Overseas sales | 1,514,403 | 38,519 | 1,552,923 |
| Consolidated sales | - | - | 3,895,772 |
| Percentage of overseas sales to consolidated sales (%) | 38.9 | 1.0 | 39.9 |

Notes

1. The classification of geographic area segments is made according to the geographical distances.
2. Others consists of sales mainly in PAR'S.
3. Overseas sales represent net sales and other operating revenue of consolidated subsidiaries in country and area outside of Japan.

Related Party Transactions

There was no related party transaction during the fiscal years ended February 28, 2006.

(Subsequent events)

1. Split-up and merger of Ito-Yokado Co., Ltd.

In accordance with the resolutions approved at meeting of the board of directors held on January 10 and 24, 2006, Ito-Yokado Co., Ltd., which is wholly owned subsidiary of the Company, changed its name to Ito-Yokado SHC Co., Ltd. and transferred superstore business and function of controlling its group companies to a newly established company on March 1, 2006. The Company merged with the Ito-Yokado SHC Co., Ltd. and Ito-Yokado SHC Co., Ltd was dissolved on the same date.

2. Additional acquisition of shares of Millennium Retailing Inc.

The Company acquired 7,766,840 shares of Millennium Retailing Inc. in the amount of 20,364 million yen on March 27, 2006 in accordance with the basic agreement on business integration which were entered into with Millennium Retailing Inc. on December 26, 2005. As a result, the Company holds 59,435,303 shares and percentage of ownership is 73.3%.

3. Stock-for-stock exchange with York Benimaru Co., Ltd.

On April 11, 2006, the Company's Board of Directors has approved a resolution to make York Benimaru Co., Ltd. ("YB") a wholly owned subsidiary by means of stock-for-stock exchange, without an approval of resolution at shareholders' meeting which were in accordance with article 358 in Japanese Commercial Code.

On April 11, 2006, the Board of Directors also approved a resolution to issue new shares of the Company and the Company entered into the agreement on the stock-for-stock exchange.

An outline of the stock-for-stock exchange is provided below.

(1) Objectives of the stock-for-stock exchange

To maximize effectiveness of business port folio and the corporate value of the entire group in order to enhance profitability of Supermarket business.

(2) Method and date of stock-for-stock exchange

Shares of the Company will be issued to current shareholders of YB, excluding the Company, and shares of YB will be transferred to the Company on September 1, 2006 ("exchange date"). As a result, YB will become wholly owned subsidiary of the Company.

(3) Stock exchange ratio

1 common share issued by YB, except for 15,884,265 shares held by the Company, will be allocated to 0.88 share of the common share of the Company.

(4) Common stock and additional paid in capital upon stock-for-stock exchange

Common stock of the Company to be increased upon stock-for-stock exchange is nil.

Additional paid in capital of the Company to be increased is calculated as follows:

Additional paid in capital to be increased = Net assets as of exchange date ×

$$\frac{\text{Number of YB shares to be transferred to the Company}}{\text{Number of YB share outstanding}}$$

(5) Overview of York Benimaru Co., Ltd.

Name York Benimaru Co., Ltd.
Address 18-2, Asahi 2-chome, Koriyama, Fukushima, Japan
Representative director Representative director, President Zenko Otaka
Common stock 9,927 million yen

Business Supermarket operation

Net sales and net income for the year ended February 28, 2006

Revenues from operations 297,445 million yen

Net income 6,716 million yen

Total amount of assets, liabilities and shareholders' equity as of February 28, 2006

Total assets 126,977 million yen

Total liabilities 22,785 million yen

Total shareholders' equity 104,192 million yen

Brief Summary of FY 2006

April 12, 2006

Seven & I Holdings Co., Ltd.

1. CONSOLIDATED BUSINESS RESULTS

[Financial Results : Review & Estimation]

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2(est.) | |
|--|------------------|--------------|------------------------|--------------|------------------------|--------------|
| | < Ito-Yokado > | YOY (%) | < Seven & I Holdings > | YOY (%) * | < Seven & I Holdings > | YOY (%) |
| Revenue from operations | 3,623,554 | 102.3 | 3,895,772 | 107.5 | 5,200,000 | 133.5 |
| Convenience store operations | 1,806,168 | 104.9 | 2,015,236 | 111.6 | 2,220,000 | 110.2 |
| Superstore operations | 1,642,264 | 98.4 | 1,687,734 | 102.8 | 1,750,000 | 103.7 |
| Department store operations *1 | - | - | - | - | 1,000,000 | - |
| Restarurant operations | 126,181 | 100.0 | 124,025 | 98.3 | 130,000 | 104.8 |
| Financial services | 61,236 | 164.5 | 82,289 | 134.4 | 100,000 | 121.5 |
| Other | 17,195 | 116.7 | 19,780 | 115.0 | 40,000 | 202.2 |
| Eliminations / Corporate | -29,492 | - | -33,294 | - | -40,000 | - |
| Operating income | 211,950 | 102.0 | 244,940 | 115.6 | 300,000 | 122.5 |
| Convenience store operations | 195,385 | 104.2 | 209,815 | 107.4 | 212,000 | 101.0 |
| Superstore operations | 7,814 | 36.9 | 15,381 | 196.8 | 30,000 | 195.0 |
| Department store operations *1 | - | - | - | - | 33,000 | - |
| Restarurant operations | 3,620 | 111.0 | 2,625 | 72.5 | 5,000 | 190.4 |
| Financial services | 5,401 | - | 17,278 | 319.9 | 21,000 | 121.5 |
| Other | 211 | - | 808 | 382.2 | 1,000 | 123.8 |
| Eliminations / Corporate | -482 | - | -968 | - | -2,000 | - |
| Non-operating income | 5,242 | 70.9 | 10,740 | 204.9 | | |
| Non-operating expenses | 8,926 | 62.0 | 7,570 | 84.8 | | |
| Ordinary income | 208,267 | 103.7 | 248,110 | 119.1 | 295,000 | 118.9 |
| Special gains | 7,902 | 304.7 | 7,611 | 96.3 | | |
| Special losses | 65,336 | 255.2 | 77,203 | 118.2 | | |
| Income before income taxes and minority interests | 150,832 | 84.8 | 178,518 | 118.4 | | |
| Net income | 17,205 | 32.1 | 87,930 | 511.1 | 150,000 | 170.6 |

* YOY are compared with consolidated results of Ito-Yokado for FY 2005.

| Earnings per share | yen | % | yen | % | yen | % |
|--------------------|-----|--------------|-------------|---------------|--------------|---------------|
| | | 40.73 | 31.8 | 100.83 | 247.6 | 165.79 |

Exchange rates

| | | 05/2 | 06/2 | 07/2(est.) |
|-----|--------|------------|------------|------------|
| P/L | \$1= | 108.23 yen | 110.26 yen | 115.00 yen |
| | 1yuan= | 13.06 yen | 13.57 yen | 14.50 yen |
| B/S | \$1= | 104.21 yen | 118.07 yen | - |
| | 1yuan= | 12.59 yen | 13.99 yen | - |

Major financial indicators

| | 05/2 | 06/2 |
|--|-------|----------|
| Ratio of operating income to revenue from operations | 5.8 % | 6.3 % |
| Return on shareholders' equity | 1.5 % | 5.5 % *2 |

*1 In the fiscal years ended February 2005 and 2006, department store operations had no profit/loss results, so none are shown here.

*2 Ratio of net income to shareholders' equity was calculated by using shareholders' equity at the end of fiscal year.

2. Results of Principal Companies

Seven-Eleven Japan

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|-------------------------|-----------|---------|-----------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Total store sales | 2,440,853 | 104.2 | 2,498,754 | 102.4 | 2,620,000 | 104.9 |
| Revenue from operations | 467,233 | 104.9 | 492,831 | 105.5 | 530,000 | 107.5 |
| Operating income | 174,365 | 104.5 | 177,350 | 101.7 | 182,600 | 103.0 |
| Ordinary income | 176,070 | 104.2 | 178,682 | 101.5 | | |
| Net income | 92,891 | 101.5 | 118,778 | 127.9 | | |

| | | | | | | |
|--|--------|------|--------|-------|--------|-------|
| Number of domestic stores | 10,826 | +523 | 11,310 | + 484 | 11,860 | + 550 |
| Net sales increase, existing stores only (%) | -0.7 | | -1.6 | | ±0.0 | |
| Merchandise GP Margin (%) | 30.7 | +0.1 | 31.0 | +0.3 | 31.4 | +0.4 |
| Average daily sales per store (thousand yen) | 639 | -8 | 627 | - 12 | | |

7-Eleven, Inc.

(Millions of yen)

| | 04/12 | | 05/12 | | 06/12 (est.) | |
|---|-----------|------------|-----------|------------|--------------|------------|
| | | YOY (%) *1 | | YOY (%) *1 | | YOY (%) *1 |
| Net sales | 1,306,235 | 113.0 | 1,485,409 | 111.6 | 1,657,000 | 107.0 |
| Merchandise | 850,244 | 107.1 | 916,066 | 105.8 | | |
| Gasoline | 455,991 | 126.0 | 569,343 | 122.6 | | |
| Operating income *2 | 24,155 | 110.5 | 32,349 | 131.5 | 29,000 | 86.0 |
| Income from continuing operations before income taxes | 16,155 | 162.8 | 11,527 | 70.0 | | |
| Net income | 6,130 | 331.4 | 1,864 | 29.8 | | |

| | | | | | | |
|--|--------|---------|--------|---------|-------|------|
| Number of stores | 5,799 | + 15 | 5,829 | + 30 | 5,859 | + 30 |
| Number of stores operated by area licensees | 11,039 | + 1,160 | 12,484 | + 1,445 | - | - |
| Net sales increase, existing stores only (%) | +5.3 | | +4.4 | | +5.9 | |
| Merchandise GP Margin (%) | 35.7 | +0.5 | 35.8 | +0.1 | 36.0 | +0.2 |

*1 YOY are calculated by using U.S. dollar amounts.

*2 Operating income has been presented in the format commonly used in Japan.

Ito-Yokado

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|-------------------------|-----------|---------|-----------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Revenue from operations | 1,473,583 | 98.6 | 1,493,605 | 101.4 | 1,517,000 | 101.6 |
| Net sales | 1,455,358 | 98.7 | 1,470,523 | 101.0 | 1,493,000 | 101.5 |
| Operating income | 8,800 | 36.5 | 12,072 | 137.2 | 25,000 | 207.1 |
| Ordinary income | 27,081 | 64.0 | 30,900 | 114.1 | | |
| Net income | 17,509 | 61.0 | 51,322 | 293.1 | | |

| | | | | | | |
|--|------|------|------|------|------|------|
| Number of domestic stores | 181 | +4 | 178 | - 3 | 181 | + 3 |
| Net sales increase, existing stores only (%) | -4 | | - 2 | | - 2 | |
| Merchandise GP Margin (%) | 31.0 | -0.6 | 30.9 | -0.1 | 31.2 | +0.3 |

Denny's Japan

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|-------------------------|--------|---------|--------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Revenue from operations | 96,523 | 100.9 | 94,560 | 98.0 | 100,500 | 106.3 |
| Net sales | 96,360 | 100.9 | 94,473 | 98.0 | 100,500 | 106.4 |
| Operating income | 3,220 | 107.9 | 1,959 | 60.9 | 4,200 | 214.4 |
| Ordinary income | 3,317 | 103.1 | 2,114 | 63.7 | | |
| Net income | 1,284 | 111.4 | 817 | 63.7 | | |

| | | | | | | |
|--|------|------|------|------|------|------|
| Number of domestic stores | 582 | +4 | 583 | +1 | 618 | +35 |
| Net sales increase, existing stores only (%) | -1.2 | | -2.9 | | +2.8 | |
| Merchandise GP Margin (%) | 66.9 | -0.2 | 66.8 | -0.1 | 68.0 | +1.2 |

Sogo

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|-------------------------|---------|---------|---------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Revenue from operations | 449,049 | 99.2 | 474,731 | 105.7 | 511,500 | 107.7 |
| Operating income | 16,951 | 127.8 | 17,247 | 101.8 | 18,000 | 104.4 |
| Ordinary income | 15,802 | 112.8 | 15,207 | 96.2 | | |
| Net income | 18,643 | 137.3 | 21,219 | 113.8 | | |

| | | | | | | |
|--|------|------|------|------|------|------|
| Number of domestic stores | 11 | ±0 | 12 | +1 | 12 | ±0 |
| Net sales increase, existing stores only (%) | -1.0 | | +0.9 | | +3.2 | |
| Merchandise GP Margin (%) | 27.3 | +0.1 | 27.2 | -0.1 | 27.0 | -0.2 |

The Seibu Department Stores

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|-------------------------|---------|---------|---------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Revenue from operations | 480,182 | 90.6 | 482,938 | 100.6 | 484,500 | 100.3 |
| Operating income | 19,518 | 92.4 | 19,933 | 102.1 | 20,000 | 100.3 |
| Ordinary income | 17,102 | 105.4 | 16,835 | 98.4 | | |
| Net income | 6,034 | 3.5 | 4,475 | 74.2 | | |

| | | | | | | |
|--|------|------|------|------|------|------|
| Number of domestic stores | 18 | ±0 | 18 | ±0 | 16 | -2 |
| Net sales increase, existing stores only (%) | -5.0 | | +1.0 | | +4.8 | |
| Merchandise GP Margin (%) | 28.3 | -0.2 | 28.1 | -0.2 | 28.0 | -0.1 |

Millennium Retailing

(Millions of yen)

| | 05/2 | | 06/2 | | 07/2 (est.) | |
|------------------|-------|---------|-------|---------|-------------|---------|
| | | YOY (%) | | YOY (%) | | YOY (%) |
| Revenue | 7,684 | 112.6 | 8,724 | 113.5 | 10,490 | 120.2 |
| Operating income | 669 | 188.4 | 258 | 38.6 | 190 | 73.5 |
| Ordinary income | 835 | 206.7 | 288 | 34.5 | | |
| Net income | 600 | - | 173 | 28.9 | | |