

We do



Creating High-Quality Stores

To build a store network with strong profitability, FamilyMart is implementing a dominance strategy* that places emphasis on the distinctive characteristics of the markets in different regions.

Fiscal 2005 saw the further development of stores in regions in which we already have a presence, together with launches into new regions: Shimane and Nagano Prefectures in May 2005, Niigata Prefecture in August, and Akita Prefecture in December.

Additional moves are also being made to launch vigorously into new markets, in part to provide more convenient service and to meet our customers' latent needs. In tandem with this, new-concept Famima!! stores are being developed in a linkage with our overseas strategy.

Measures such as these brought the opening of 606 high-quality stores in fiscal 2005, raising the total number to 6,284 as of the end of February 2006, net of 316 stores that were closed. Including the outlets of two area franchisers, FamilyMart's domestic network encompassed 45 prefectures, and the total number of stores reached 6,734 within Japan.

The opening of high-quality stores will be accelerated in fiscal 2006, for which the goal is 650 new stores for FamilyMart itself, each generating an average daily sales volume of ¥470,000. That will see the establishment of a truly national chain encompassing all of Japan's 47 prefectures. This, in turn, will serve as a springboard for progress towards our target of building a global network of 20,000 stores (8,000 in Japan and 12,000 overseas).

* Dominance strategy: A store-opening strategy in which stores are concentrated in specific areas, thereby enhancing operating efficiency and competitiveness in gaining sales.

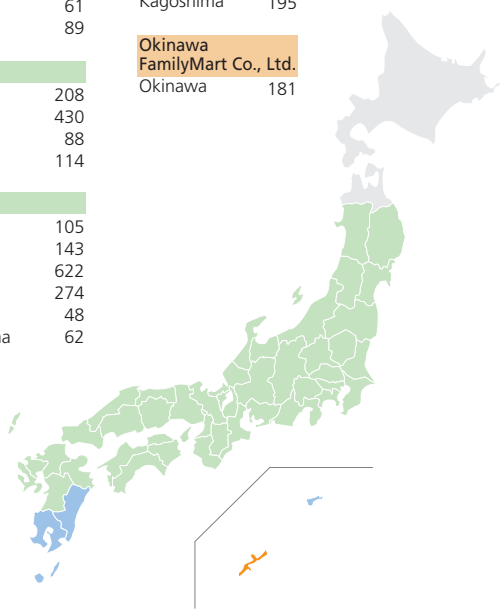
New store openings (non-consolidated)



Number of Stores by Region

(As of February 28, 2006)

Tohoku		Chugoku	
Iwate	74	Tottori	13
Akita	4	Shimane	10
Yamagata	90	Okayama	82
Miyagi	184	Hiroshima	132
Fukushima	135	Yamaguchi	9
Kanto		Shikoku	
Ibaraki	128	Tokushima	22
Tochigi	111	Kagawa	54
Gunma	85	Ehime	47
Saitama	362	Kochi	10
Chiba	252	Kyushu	
Tokyo	1,009	Fukuoka	237
Kanagawa	505	Saga	45
Koshinetsu		Nagasaki	139
Yamanashi	61	Kumamoto	95
Nagano	10	Oita	63
Niigata	8	Minami Kyushu FamilyMart Co., Ltd.	
Hokuriku		Miyazaki	74
Toyama	64	Kagoshima	195
Ishikawa	61	Okinawa FamilyMart Co., Ltd.	
Fukui	89	Okinawa	181
Tokai			
Shizuoka	208		
Aichi	430		
Gifu	88		
Mie	114		
Kansai			
Shiga	105		
Kyoto	143		
Osaka	622		
Hyogo	274		
Nara	48		
Wakayama	62		



FamilyMart soon to become a truly national chain with stores in all 47 Japanese prefectures

To establish efficient dominance in line with the situation prevailing in each region in which it operates, at FamilyMart, each District Office (the regional organization under the direct control of top management) is in charge of store-opening areas. The Store Development Division and the officers responsible for each district work together both to expand the store network and to strengthen the support for existing stores.

The opening of high-quality stores in areas in which we already have a presence was accelerated once again during fiscal 2005, thanks to the effective use of our unique in-house Geographic Information System (GIS). In addition, we launched into new territory in the prefectures of Shimane, Nagano, Niigata, and Akita, achieving a total of 606 store-openings, the highest number ever.

We opened our first store in Aomori Prefecture in May 2006. Combined with the establishment of a presence in Japan's northernmost main island of Hokkaido in the summer — under an area franchise agreement with Hokkaido FamilyMart Co., Ltd., which is a joint venture set up with Maruyo Nishio Co., Ltd., based in Sapporo City — this will give FamilyMart a store network covering all 47 Japanese prefectures. That will mark the establishment of a national chain network covering every corner of the country, centered on the three metropolises of Tokyo, Osaka, and Nagoya.

Creating a domestic network of 8,000 stores backed by enhanced development capabilities

The Store Development Division, responsible for the development of high-quality stores, has an important role to play in ensuring that the national chain lives up to its name and makes its presence felt.

In fiscal 2006 the number of development staff will be increased to 175. These changes will create a solid structure



Famima!! Akihabara UDX store



Famima!! Shin-Yokohama Prince Pepe store



FamilyMart close to Matsumoto Castle in Nagano Prefecture

for the gathering and screening of property information, and with the ability to support the opening of 650 new stores. Additionally, various measures have been taken to provide backup to franchisees, in order to respond to the management efforts they are making. These include the introduction of the new-type 2FC-N franchise contract, which gives them improved incentives. With the aid of these, FamilyMart will step up the creation of high-quality stores towards achieving its goal of having a domestic network of 8,000 stores by fiscal 2008.

Reinforcing capabilities in new market development and moving ahead with opening of new-concept stores

FamilyMart is actively pursuing store-opening programs in new types of location, such as within office buildings, hospitals or other large-scale facilities, in the service areas of expressways, and at the venues for major events.

In fiscal 2005, we became the first convenience store operator to open outlets in a shipyard and a wholesale market. We are also experimenting with a new store chain concept — Famima!! — which is designed to meet demand from office workers and also to blend in harmoniously with the architecture of the large buildings where the stores are located. In February of this year, we opened the sixth Famima!! store, in the Akihabara area of downtown Tokyo.

In fiscal 2006, we will continue to actively tackle the challenge of developing new markets.



Schools



Hospitals



Police stations



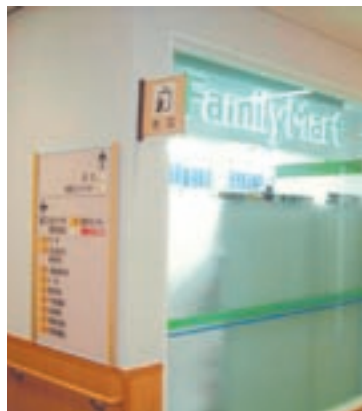
Highway service areas



Wholesale markets



FamilyMart in a central wholesale market in Osaka



FamilyMart in a hospital in Shimonoseki



Shota Takahashi

Director
Store Development Division

Taking multiple factors into account in creating high-quality stores

The Store Development Division has identified three issues to be effectively addressed by the end of fiscal 2006.

Firstly, as store development professionals, we aim to raise the accuracy of the assessment of each and every potential site with the goal of creating high-quality stores for the benefit of both the franchisees and our headquarters. We will reaffirm our policy of placing priority on the development of high-quality stores to achieve our average daily sales targets.

Secondly, fiscal 2006 will mark a milestone in our history with the opening of stores in Aomori and Hokkaido, finally realizing our goal of operating stores in all of Japan's 47 prefectures. Through this achievement, FamilyMart will become able to provide uniform services nationwide. Fully utilizing the power of this nationwide chain, we will aggressively cultivate new opportunities to develop new markets or to collaborate with promising business operators in other industries.

Thirdly, in fiscal 2006, we aim at opening 650 new stores. We are strengthening our base in urban centers, dominated by stores in Japan's three largest cities, thereby increasing store management efficiency and convenience for customers.

We will simultaneously make utmost efforts to deal with these issues — 1) more carefully evaluating sites for new stores, 2) operation of a store chain nationwide, and 3) strengthening our market dominance, centering on Japan's three major metropolitan areas. In this way, FamilyMart will make a new start in its store development in fiscal 2006, which marks the 25th anniversary of FamilyMart's establishment. We will do our best to make 2006 a very special year, befitting our fresh start.