



E-Retail Services

FamilyMart offers E-Retail Services, developed in-house and linked to real stores. This effort has provided even more convenient service to existing customers, and has attracted new ones.

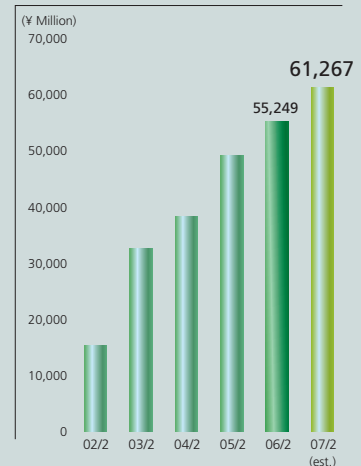
With the goal of increasing earnings in the service segment, in fiscal 2005, we brought new functionality to our Famiport Multimedia Kiosks to enhance linkage between stores and the Internet. In addition, we differentiated our E-Retail Services as a business selling such items as tickets with special bonuses, and ramped up development of new products and services sold only on the Internet site Famima.com.

We also installed ATMs at approximately 60% of our stores to increase visitor value, while working to increase service quality for the new era by increasing the number of stores accepting the e-money Suica.

This contributed to earnings, with EC-related operating revenues reaching ¥49.9 billion in fiscal 2005, up 13% over the previous year.

In fiscal 2006, we will introduce a more user-friendly Famiport, and work to further increase the frequency of customer visits by raising the number of Famima Card members.

Operating Revenues of Famima.com Co., Ltd.



Increasing the number of Famima Card users to bring more repeat customers and raise profitability

The Famima Card, launched in fiscal 2004, is both a credit card and a cash card, providing a cashless shopping alternative to customers. It offers a variety of features such as member-only services and a point system. There is no enrollment or annual fee. Purchases under ¥10,000 offer the great convenience of requiring no signature, stimulating ongoing growth in cumulative credit membership since its introduction to 520,000, as of

the end of February 2006.

As the card, designed with an eye to customer relationship management (CRM), grows more popular, it not only contributes to the revamping of our profit model, but also leads to customer retention by providing a customer-focused mix of products and services. The entire Company is thus focused on increasing the number of users to 700,000 in fiscal 2006.

*Customer Relationship Management (CRM) Employing IT systems, this is a method used to build long-term customer relationships. The breakdown of customer needs based on very detailed customer data leads to better customer retention.

Famiport Multimedia Kiosk

Through our proprietary multimedia kiosks, we will offer a wide variety of one-stop services ranging from the Toto soccer lottery to various types of tickets and prepaid services and services linked to the Internet and the Famima Card.



ATM



The Famima Card

Famima Card offers a variety of services available only to members. This feature-packed card, which functions as a credit card and a cash card, enables us to enhance the range of products stocked at stores and provide additional services as a way to promote customer relationship management.



E-money

FamilyMart accepts cash, prepaid cards, and credit cards, as well as e-money formats such as Suica. Offering this variety of settlement alternatives maximizes customer convenience.



Famima.com MAGAZINE: Catalog shopping

A catalog is distributed free of charge at FamilyMart stores. It is highly popular because of its interesting content, including ticket information centering on a variety of entertainment and sports topics, information about products for sale, and original articles.



Home



Office/Events



famima.com: Internet shopping / Mobile shopping

We offer a high-quality virtual shopping site available from PCs and mobile phones. This provides a vending capability for tickets sold by Famiport.





We will accelerate the evolution of Famiport by enhancing its one-stop service capabilities.

Our multi-media Famiport terminals offer one-stop services to maximize customer convenience, including tickets to major events, prepaid services, and a range of payment services.

In fiscal 2005, we upgraded service by offering advanced prepaid products such as e-money and famous character products valued for their rarity. We introduced Suica charging services, linked to its use as a settlement alternative.

In fiscal 2006, we will enhance user-friendliness in connection with the launch of our third-generation store management system and provide attractive broadband-based content, while preparing for the introduction of an e-money system.

In conjunction with our vision of a global network of 20,000 stores, we will build a network of Famiport Multimedia Kiosks in East Asia and the United States, allowing, for example, tickets purchased in Japan to be picked up overseas, increasing FamilyMart's value as a center for settlement of a range of services and E-Retail Services, access, and delivery.

Maximizing customer convenience by expanding settlement services

We began trials in the Omiya/Urawa area of settlement services using JR East's proximity IC card Suica in fiscal 2004, and as of the end of February 2006 have expanded its use to about 1,000 stores throughout the Tokyo area and around the city of Sendai in northern Japan.

In the autumn of 2006, in conjunction with the introduction of our third-generation store management systems, we will also commence "iD" settlement services using mobile phones (mobile phones that can also be used as credit cards).

Sales using e-money for settling Internet transactions through our Famiport Multimedia Kiosks have also exploded over the last several years.

This greatly contributes to customer convenience, by extending the option of using cash, prepaid cards, credit cards, and now a range of e-money at FamilyMart locations.

We will cultivate new shopping possibilities by increasing usage of famima.com.

We have built our own EC Franchise System on FamilyMart's famima.com shopping site, giving each actual physical store a corresponding virtual store on the Internet. This creates an exciting shopping arena where a wide range of CDs, DVDs, books and magazines, gifts and character products are offered through the website, over mobile phones, and in the freely distributed information sheet called Famima.com MAGAZINE. Now entering the sixth year of operations since its October 2000 launch, famima.com is gaining increased recognition and visitorship, with operating revenues reaching ¥55.2 billion in fiscal 2005.

In fiscal 2006, we plan partnerships with providers of popular content and the addition of original famima.com products that will further enhance its quality as a shopping portal.