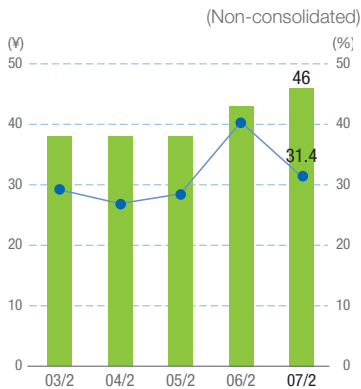


Q5

Could you tell the readers what steps you are taking to increase FamilyMart's enterprise value? Also, please say something about your policies on shareholder return, and on maintaining the appropriate number of outstanding shares of the Company.

#### Per-Share Dividends and Payout Ratio



#### Maximizing Shareholder Value

FamilyMart puts top priority as a management issue on the distribution of retained earnings to its shareholders, and it is our stated policy to continue paying dividends at a stable level insofar as our business performance allows.

Up to now, we have treated the payout ratio on a non-consolidated basis as the principal indicator of shareholder return, but now that the contribution of consolidated subsidiaries to overall consolidated earnings is rising, particularly of our overseas subsidiaries, we expect the ratio of earnings on a consolidated basis to those on a non-consolidated basis to rise in the years to come. Consequently, with effect from fiscal 2007 we have decided to employ the payout ratio on a consolidated basis as the indicator of shareholder return, and have raised our target to 35% from the 30% we have constantly cited hitherto. In line with this, we plan to pay a per share dividend of ¥56 for fiscal 2007, an increase of ¥10 over the dividend for the previous business year.

Even though our business environment has been difficult for a number of years, and seems likely to remain so for some time to come, FamilyMart's financial position is healthy, and we are confident of the Company's growth potential in the foreseeable future. The figure of 35% does not constitute our final target as far as the payout ratio is concerned: it is simply a guideline for the time being, and we intend to raise the ratio if our business performance allows it. We see this as part of our responsibility to our shareholders.

Regarding our future dividend policy, we hope to match the level of dividend payments in a rational way to the Company's business performance, while setting aside sufficient retained earnings to finance the investments needed for future corporate growth and maintain our competitiveness. We will repurchase our own shares to enable the implementation of a flexible capital strategy.

As I have already explained, in the near future we are likely to see an expansion in the networks of the major convenience store operators as they seek to optimally leverage their infrastructures to provide a growing range of increasingly sophisticated services. However, there is only so much that the staff of a convenience store company can do in-house: at some point they will have to collaborate with companies in different industrial sectors who possess the required expertise. From this point onward, we plan to cultivate collaborative relationships with successful enterprises in other industrial sectors as a means of fueling our own further growth. Consequently, we are also studying the share crossholding strategies that will be required for the successful implementation of such collaborations.

#### Establishing FamilyMart Brand

##### Fiscal 2005

- Start of campaign = "FamilyMart, Where You Are Always One of the Family" – slogan readopted after seven-year hiatus
- Start-up of across-the-section project

##### Fiscal 2006

- Revision of our corporate philosophy for the first time in 15 years ⇒ participation of all employees in the drafting of the "Basic Philosophy"
- Drafting of "Famimaship," our action guidelines

##### Fiscal 2007 (plan)

- Increased use of knowledge management
- Continued efforts to increase understanding of the FamilyMart Corporate Image among our franchisees

Could you give the readers some background to your ongoing promotion activities for establishing FamilyMart brand, in which all of your staff are involved?

Convenience stores have become an integral part of modern life in Japan. Something often seen in urban areas is one convenience store facing a rival store across the street or road, or separated from a competitor store on the same side of the road by only a few dozen yards. The competition between such closely situated rivals is particularly fierce, and we believe that the key factor in tipping customer choice toward one store rather than the other is the chain's image.

In line with this, since 2005 we have been conducting a campaign — led by our younger staff but covering all units of the Company — to raise the recognition profile of the FamilyMart brand. Our primary weapon in this initiative is to ensure that customers who enter our stores have the immediate feeling of being warmly accepted.

To mark our 25th anniversary in fiscal 2006, we revised the FamilyMart Basic Principles for the first time in 15 years. At the same time, we also set out the FamilyMart Action Guidelines, centered on our "Famimaship" concept. So far in fiscal 2007 – the third year since the start of these brand profile improvement initiatives – we have printed and distributed the FamilyMart "Brand Book,"



Newsletter describing the Company's "FamilyMartness" campaign – the fruit of voluntary activities by our younger staff

which seeks to imbue all the Company's employees with a common vision of the FamilyMart brand. During fiscal 2007, we expect to see this common vision reflected even more strongly and concretely in our stores, so that our customers will be so favorably impressed with the excellent quality of products and services on offer, they will be convinced that only FamilyMart can provide what they seek. We call this "FamilyMartness."

We have received a large number of favorable comments from our customers regarding the attitude of the staff at our stores. According to one corporate image survey carried out by a third party, FamilyMart had the leading corporate brand recognition among the general public of all convenience store chain operators. The survey also showed that FamilyMart had achieved great strides in further raising its stores' reputation for friendliness and likeability.

In fiscal 2006, the effort to spread this concept of FamilyMartness to every corner of all our stores was still an ongoing process. Encouraged by the strongly favorable response from our customers, in fiscal 2007 we will be conducting "FamilyMartness Activities" with the aim of ensuring that all aspects of our stores' operations contribute to the improvement of our corporate image. The staff at head office, together with our franchisees and their store staff, are working as one to achieve the materialization of their shared concept.

While tackling and solving each problem that faces us, we will work to differentiate the Company from its rivals — both existing convenience store chain operators and new entrants from other industries. This, in turn, will enable us to survive and prosper — despite the severe operating environment in the retail sector — and will lead to improved earnings for our franchisees.

*In conclusion, could you send a message to your shareholders and other stakeholders?*

The vision I most cherish as a member of FamilyMart's management is of all the staff of FamilyMart at our franchisees' stores and at our headquarters motivated, and encouraged to take on any challenge that presents itself. In this way, I hope that an endless chain of aspirations and objectives will come into being, linking every single FamilyMart staff member. The combined effect of such motivation, encouragement, and aspirations is certain to secure the trust of our customers.

In fiscal 2007, too, the management of FamilyMart will continue to encourage ever-closer collaboration between the head office and our franchisees, and we look forward to seeing the realization of "FamilyMartness" through teamwork.

I hope that our shareholders, as well as stakeholders in general, will continue to give us their support and encouragement in our ongoing endeavors.

