FamilyMart

Annual Report 2009

Perfecting Our Formula for Success

FamilyMart Basic Principles

Our Slogan

“FamilyMart, Where You Are One of the Family”

Our mission is to always be close to our customers’ hearts, and an indispensable part of their lives.

FamilyMart’s Goal

We aim to make our customers’ lives more comfortable and enjoyable, primarily by displaying hospitality in everything we do, and by ensuring a shopping experience characterized by convenience, friendliness and fun.

FamilyMart’s Basic Management Policies

We will continue to provide innovative, high-quality products and services that make a positive, lasting impression on our customers and warm their hearts.

We are working to raise enterprise value through our business activities in line with the spirit of “Co-Growing,” by which we mean realizing mutually beneficial relationships with our franchisees, business partners, and employees, and thereby fulfilling our responsibilities to all our stakeholders.

We aim to win the highest trust of the general public by observing all laws and ethical norms, raising the level of transparency in our business activities, and always upholding the principles of fair competition.

In consideration of the overriding need for environmental preservation, we will enthusiastically contribute to the welfare of the local communities in which we operate and society as a whole, providing reliable and safe products and services to help realize a future full of new possibilities.

We encourage our colleagues to create a vibrant corporate culture by keeping abreast of social trends and showing an interest in a wide range of subjects. In this way, we are confident that our staff will hit upon good ideas and then act on them.

FamilyMart’s Action Guidelines

“Famimaship”

“Listen, Decide, Act”

“Wholehearted Hospitality”

Exceeding customers’ expectations
Growing together, through mutual trust
Cultivating esthetic sensitivity
Enjoying new challenges
Acting with integrity

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Cautionary Statement:

This report contains forward-looking statements, including the Company's strategies, future business plans, and projections. Such forward-looking statements are not based on historical facts and involve known and unknown risks and uncertainties that relate to, but are not necessarily confined to, such areas as economic trends and consumer preferences in Japan and abrupt changes in the market environment. Accordingly, the actual business performance of the Company may substantially differ from the forward-looking statements in this report.

FamilyMart at a Glance

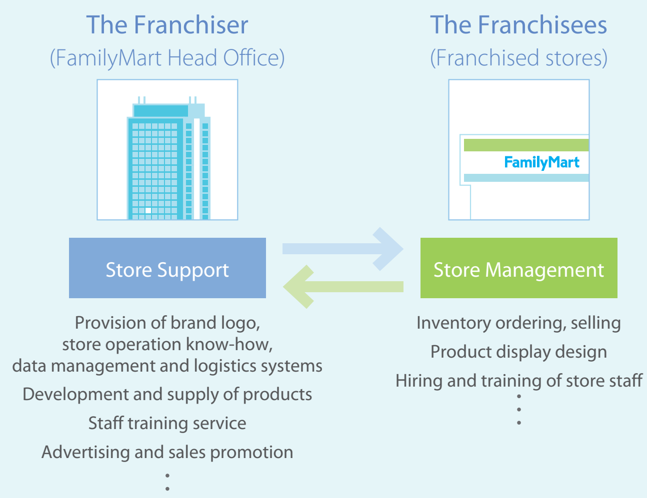
The FamilyMart Group operates a convenience store chain through the franchise system in Japan and the Asia-Pacific region, in addition to an e-commerce business, accounting services for franchisees, and credit card services.

In this section, we describe our main convenience store chain operations, the Japanese retail market and the convenience store industry.

FamilyMart's Franchise System

Aiming at growth together with our franchisees

FamilyMart Co., Ltd., as the franchiser, collaborates closely with all its franchisees to foster mutual trust and a collaborative relationship so that both parties may achieve business growth. Our franchisees are responsible for store management, including the ordering of their own inventories, the arranging of their product displays and the training of their staff. For our part, we supply not only our brand name and logo, but also full store management support services, including store operation know-how and the shared use of data management and logistics systems. In return for this support, the Company receives royalty income consisting of a certain percentage of each franchisee's gross margin. The rate differs according to the type of franchise contract.

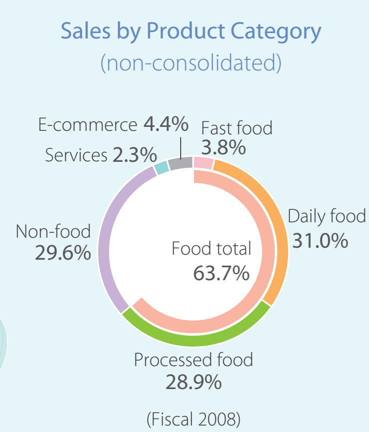


* Please refer to page 43 for details of franchise contracts.

FamilyMart's Stores

Serving as a vital element in the local community infrastructure

FamilyMart's clean, well-lit stores — open around the clock every day of the year — have an average floor space of 115 square meters and contain around 2,600 separate items covering everything from food to sundry goods. Food products, including *bento* take-out meals, together with beverages account for around 64% of total sales. In recent years we have been making the most of the nationwide optical fiber network that connects all our stores to offer financial and general services supplementing the sale of goods. These services include the provision of bank ATMs as well as the acceptance of payments for public utility and other bills, and customers can also use the multimedia terminals installed in FamilyMart stores to purchase tickets for cinemas, sports events, concerts, and so on. In these ways, we have been expanding the social role of our stores, which are assuming a growing importance in the local community infrastructure.

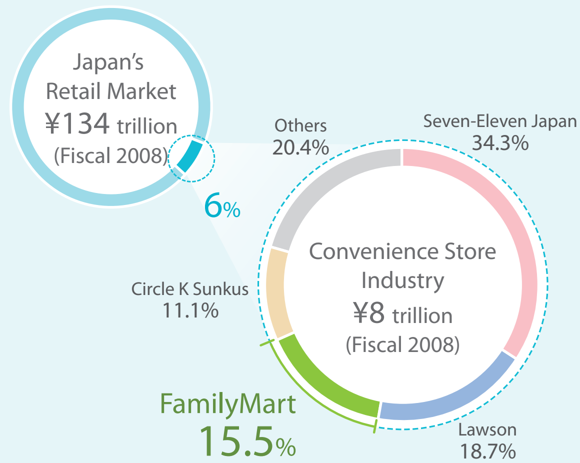


The position of the convenience store industry within the overall retail sector

Market Scale and Share

The scale of Japan's retail market in fiscal 2008 was approximately ¥134 trillion, of which the convenience store industry accounted for around ¥8 trillion, or 6%.

The top four convenience store operators account for roughly 80% of aggregate industry sales, and their grip on the market is increasing as the smaller operators are being squeezed out. FamilyMart is currently No. 3 in the industry.



Trends in Japan's Retail Sector

Since hitting a peak of approximately ¥148 trillion in fiscal 1996, total sales of Japan's retail sector have decreased continually amid a prolonged weak trend in personal consumption. A recovery was seen in fiscal 2003, but the trend has been flat over the past few years, largely owing to the aging of the country's population combined with a low birthrate.

Amid these circumstances, supermarkets and department stores are fighting for survival, and both these retail categories are undergoing a rapid winnowing-out process due to fierce competition.

In contrast, the convenience store industry is still in good health. Following the opening of Japan's first convenience stores about 35 years ago, the industry grew strongly up to the 1990s by offering consumers the sort of convenient service that met their needs. The growth pace slowed somewhat after the turn of the century, but sales posted a sharp rise in fiscal 2008 thanks to the introduction of the *taspo* age-verification system for cigarette purchases at vending machines. (See note on page 5.) In fiscal 2008, for the first time ever, total sales by convenience store operators exceeded those of the nation's department stores, which are suffering from poor clothing sales in particular.

Trends in the Convenience Store Industry

Although the scale of the convenience store industry is still growing thanks to the opening of new stores, sales on an existing store basis are sluggish. This is the result of severe competition between convenience store operators, of which the major companies are continuing to expand their store chains, as well as between these operators and other forms of retail outlet such as supermarkets and discount stores.

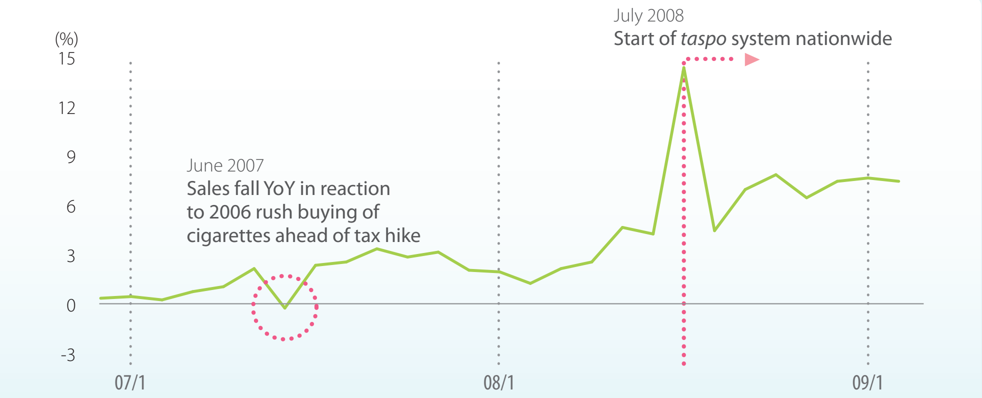
In this highly competitive environment, the only convenience store chains that will be able to continue growing are the major operators, who have achieved the required "critical mass" in terms of the number of stores, and a related soundness of financial position. The industry is in the process of a significant realignment in which the medium-sized and small operators, who have little financial leeway for investment, are particularly at risk.

Three Indicators of FamilyMart's Growth Potential

The FamilyMart chain has excellent potential for growth amid the current severe competition in the convenience store industry

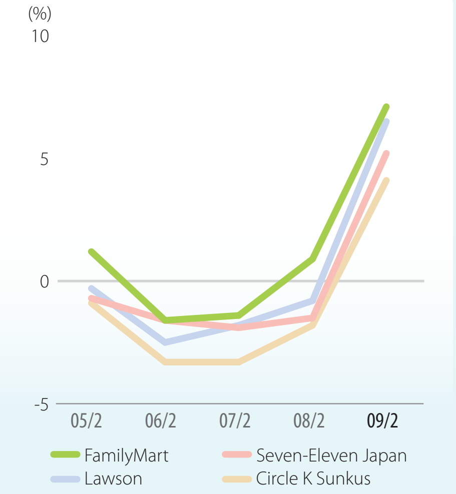
Growth in Number of Customers at Existing Stores (non-consolidated)

Customer visits at existing stores have recorded year-on-year growth nearly every month since December 2006.



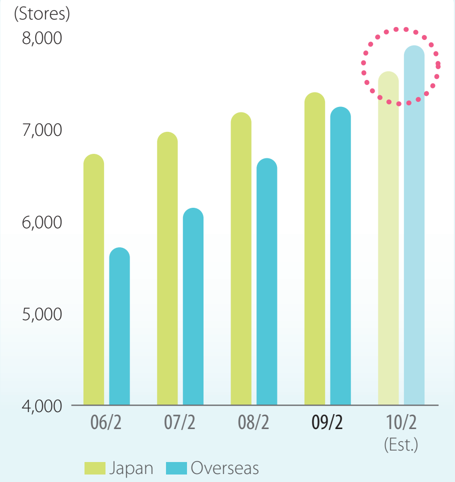
Growth Rate of Average Daily Sales of Existing Stores (non-consolidated)

FamilyMart continues to post growth rates surpassing its competitors.



Overseas Stores

FamilyMart is also aggressively expanding its network of stores overseas. The number of stores overseas will overtake that in Japan by the end of fiscal 2009.



Note

The *taspo* effect: In 2008, after a trial introduction in the two prefectures of Kagoshima and Miyazaki in March, the use of a special age-verification system using smart cards (so-called *taspo* IC cards) became mandatory in the whole of Japan in July for buying cigarettes at vending machines. As a result, all convenience store chains posted sharp increases in sales for fiscal 2008. This is primarily because consumers who do not possess a *taspo* IC card (consumers must apply to the Tobacco Institute of Japan to obtain a card), even though they are of legal age, are buying their cigarettes at retailers, typically convenience stores. Naturally, customers who have entered a convenience store just to buy cigarettes will often end up buying other items, and this phenomenon has been to the advantage of the convenience stores.

Sources: Retail statistical yearbook, Ministry of Economy, Trade and Industry (one year from April 1st to March 31st), and documents released by each company (one year from March 1st to the last day of February).

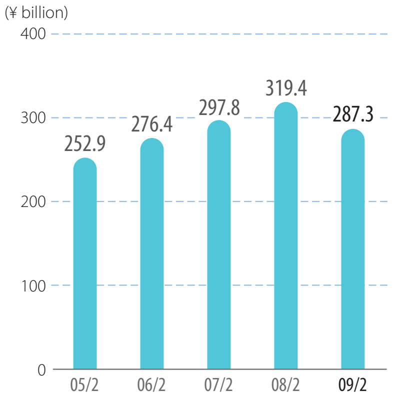
Consolidated Financial Highlights

FamilyMart Co., Ltd. and Consolidated Subsidiaries Years Ended the Last Day of February

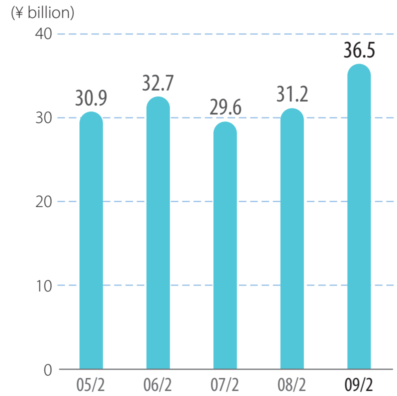
	Millions of yen					Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2006	2005	2009
Results of operations						
Total operating revenues (Note 2)	287,342	319,439	297,849	276,443	252,901	2,932,061
Operating income	36,532	31,214	29,609	32,662	30,869	372,775
Net income	16,452	16,438	14,969	14,195	12,623	167,878
Financial position						
Total assets (Note 3)	398,126	351,271	315,256	314,121	286,771	4,062,510
Total equity (Note 4)	197,529	191,281	171,155	168,233	156,931	2,015,602
Cash flow						
Net cash provided by operating activities	75,028	49,375	35,093	42,778	1,428	765,592
Net cash used in investing activities	(28,217)	(24,593)	(32,938)	(32,249)	(23,183)	(287,929)
Net cash (used in) provided by financing activities	(7,030)	3,956	(19,155)	(4,238)	(3,922)	(71,735)
Cash and cash equivalents	135,888	98,844	69,551	86,189	79,534	1,386,612
Per share of common stock (in yen and U.S. dollars)						
Basic net income	172.6	173.5	158.8	145.7	129.5	1.76
Cash dividends applicable to the year	68.0	60.0	46.0	43.0	38.0	0.69
Total equity (Note 4)	2,001.5	1,921.6	1,771.3	1,736.2	1,619.5	20.42
Ratio						
Equity ratio (%)	47.9	52.2	51.9	53.6	54.7	
ROE (return on equity) (%)	8.8	9.5	9.0	8.7	8.3	
ROA (return on total assets) (%)	4.4	4.9	4.8	4.7	4.2	
PER (price earnings ratio) (times)	19.2	17.8	20.5	25.1	24.0	
Payout ratio (%)	39.4	34.6	29.0	29.5	29.4	
Other data						
Number of franchised stores and Company-owned stores (non-consolidated)	6,891	6,691	6,501	6,284	5,994	
Number of area franchised stores (including overseas area franchised stores)	7,760	7,184	6,621	6,168	5,507	
Number of stores	14,651	13,875	13,122	12,452	11,501	
Number of full-time employees	6,950	6,647	6,735	6,048	5,458	
Number of shareholders	12,293	14,933	17,880	17,444	18,644	
Issued number of shares (thousands)	97,683	97,683	97,683	97,683	97,683	

Notes: 1. Conversion into U.S. dollars has been made at the exchange rate of ¥98 = U.S.$1, the rate prevailing on February 28, 2009.
2. Operating revenues for fiscal year ended February 2009 declined as a result of a change in the method of revenue recognition for consolidated subsidiary famima.com Co., Ltd. from gross basis to net basis.
3. Total assets as of the fiscal 2008 term end include the amount for trade payables (¥42,334 million) as the due date (February 28, 2009) fell on a bank holiday.
4. Beginning with the fiscal year ended February 28, 2007, minority interests have been included in total equity.

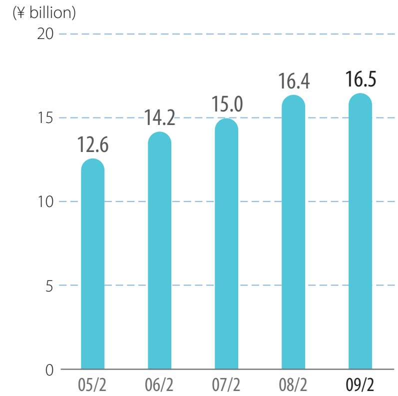
Total Operating Revenues



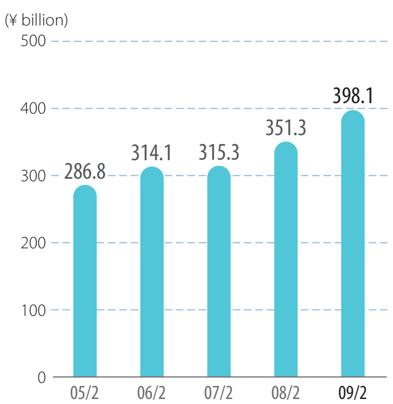
Operating Income



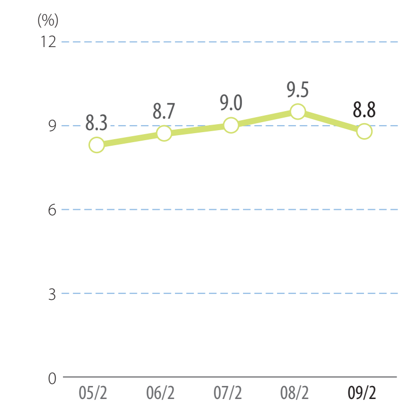
Net Income



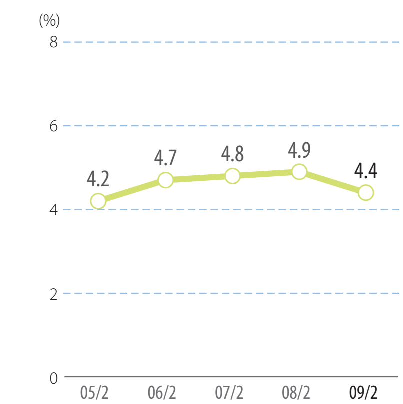
Total Assets



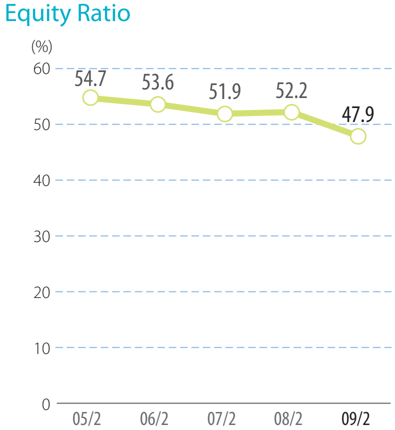
ROE



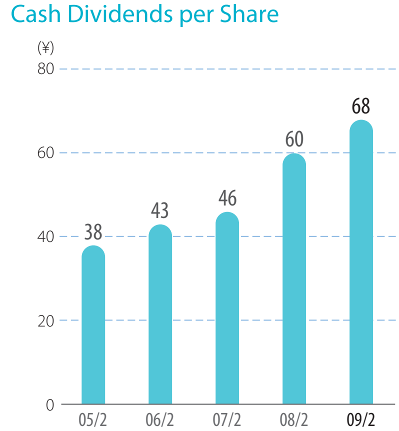
ROA



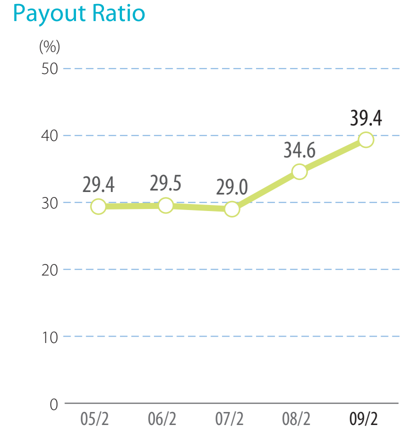
Equity Ratio



Cash Dividends per Share



Payout Ratio



Interview with the President

Faced with an increasingly challenging business environment, we are perfecting our formula for success

In fiscal 2008, ended February 28, 2009, we faced an unprecedentedly harsh business environment as the Japanese economy was impacted by rising prices of crude oil and raw materials in the first half, and hit by the global downturn in the second half. We at FamilyMart faced this tumultuous year with a renewed commitment to perform the basics of retailing — the things that should be taken for granted — better than any of our rivals. Despite these challenging conditions, we were able to achieve record-high earnings on a consolidated basis. As a result, we raised our annual dividend payment to shareholders by 8 yen per share to 68 yen.

The current economic outlook suggests an increasingly severe business environment in fiscal 2009. We will leverage the strengths nurtured through the "FamilyMart Feel" campaign to perfect our formula for success.

J. Ueda

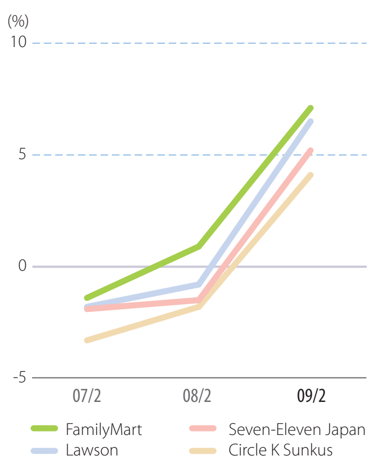
Junji Ueda
President and Chief Executive Officer

Performance Evaluation

Question 1

Please summarize FamilyMart's achievements in fiscal 2008.

Growth Rate of Average Daily Sales on an Existing Store Basis (non-consolidated)



Answer

We achieved the industry's highest rate of growth for average daily sales at existing stores, and reported record-high earnings results on a consolidated basis.

In the first half of fiscal 2008, we saw a surge in the prices of crude oil and the ingredients for food products. Triggered by the financial sector crisis, which came to a head in the U.S. in September, the Japanese economy also fell into the minus growth zone. It was indeed a challenging year.

Despite this backdrop, however, the convenience store industry benefited from the introduction of *taspo* IC cards for age verification when buying cigarettes at vending machines. This change prompted smokers to switch from vending machines to stores (convenience stores in particular) when making their cigarette purchases. Thanks to this "*taspo* effect," the aggregate sales of the convenience store industry outperformed those of department stores. The convenience store industry is clearly one of the winners in the retail industry at the moment.

Within the industry there is a widening gap between those chains that can be expected to achieve future growth and those that can not, and this trend will gradually become more noticeable. FamilyMart has specified fiscal 2008 as "a year that will cement our position as a sector leader." Thanks to efforts by employees and franchise store staff to establish FamilyMart's reputation as a convenience store chain known for its hospitality, the Company is the sole major convenience store operator to achieve year-on-year growth in terms of average daily store visits on an aggregate store basis for more than two straight years. Moreover, this figure has risen year-on-year by 65, to a total of 921 customers per day (record-high).

As a result, FamilyMart's average daily sales on an existing store basis rose 7.1% year-on-year. If the *taspo* effect is excluded, the year-on-year increase in average daily sales (as a more appropriate indicator of actual growth) becomes a solid 2%. The strong performance by existing stores strongly contributed to the Company's reporting of record-high operating income and net income on a consolidated basis.

We are especially proud of our good performance compared with the other convenience store chains, in view of the recent harsh business environment.

Key Factors

Question 2

What factors contributed to the highest growth in average daily sales at existing stores among leading convenience store operators?

Answer

Our strict observance of the basics of retailing and pursuit of the "FamilyMart Feel" have enabled differentiation from our rivals.

I am referring here specifically to the rigorous attention we give to service, quality and cleanliness (SQ&C). The basis for the rise in customer visits is our full-scale commitment to stocking the products our customers want to buy, when they want to buy them, in the right amounts, as well as the priority we place on ensuring that the shopping experience is a pleasant one for our customers.

Another significant difference is the strong appeal of our distinctive products. Over the past six years, FamilyMart has pursued the three marketing strategies of generation marketing, price marketing and regional marketing as a means of enhancing the appeal of its merchandise. The cultivation of pasta, fast food and desserts as three priority product categories continues to give FamilyMart a competitive advantage, which contributes to the upward trend in sales. We are enjoying increased customer footfall from smokers thanks to the *taspo* effect. We also increased our lineup of products with appeal to smokers, to encourage purchases of something more than just cigarettes when they visit a FamilyMart store, and we also encouraged individual stores to consider redesigning their store layout. As a result, we registered record-high average daily sales for ready-to-eat items in the reporting period.

Our "FamilyMart Feel" campaign, begun four years ago, is the driving force behind these various initiatives. With the slogan "FamilyMart, where you are one of the family," we communicate — not only through our product lineup and store operations but also through our advertising and store design — those distinctive features that help to differentiate FamilyMart from its competitors. In this way, we are raising FamilyMart's brand value and achieving differentiation for the chain as a whole.

We will continue to enhance our strengths to realize a strong earnings performance in fiscal 2009.

Outlook for fiscal 2009

Question 3

Is sustainable growth possible in fiscal 2009 given the bleak outlook for the foreseeable future, with a worsening business environment and intensified competition with other chains?

Answer

It is precisely because of these challenging operating conditions that we keep doing what has to be done, and doing it well, without relying on gimmicks, to become the store of choice for our customers.

No signs of a recovery in consumer confidence have emerged. Consequently, we can only expect that our business environment will become increasingly harsh in fiscal 2009. In difficult times like these, however, we must tackle any outstanding issues, without relying on clever gimmicks, and solve them one by one. Why? Because only a few stores, in any sector, in any age are operated in a manner that is truly faithful to the basics. The degree of faithfulness will make a difference on the customers' support rate. For that very reason, we consider this current situation a tremendous opportunity.

Thus, we will promote the thorough implementation of service, quality and cleanliness (SQ&C) while also enhancing store operations by improving the training of store staff as a top priority. In terms of our merchandise, we are continuing to undertake product development in line with our three marketing strategies in the creation of products that embody the "FamilyMart Feel," and we work to ensure a good balance in our product lineup, with the aim of facilitating a swift response to changes in market demand. Through these efforts, we expect to increase average daily sales at existing stores by 0.5%, and thereby achieve a year-on-year rise in average daily sales for the third straight year.

Regarding new store openings, we are seeing more clearly that some chain operators are capable of expanding their chains, while others are not. The race between convenience store operators to open new stores in Japan is finally coming to an end. Any reduction in the scale of our convenience store chain would lead to a weakening in both brand power and the network itself in the field of franchise business operations. Accordingly, in fiscal 2009, we will expand our store network in Japan's three major metropolises of Tokyo, Osaka and Nagoya, which promise future growth, by pursuing our strengths in new market development and by further encouraging franchisees to manage multiple stores — in both of which FamilyMart is a pioneer. We will also make further efforts to attract new corporate franchisees. We plan to open a net total of 200 new stores (by opening 550 stores and closing 350 stores), and expect average daily sales at new stores to rise ¥20,000 year-on-year to ¥480,000.

As a result, net income on a consolidated basis is expected to hit a record high for a fifth year in a row.

Differentiation Strategies

Question 4

Your three priority product categories have overwhelming strength in terms of their contribution to sales. How do you plan to realize further differentiation in the future?

Ajiwai Famima Café

Chilled *bento*

"Famima Fresh" corner

Answer

We have introduced nationwide a fourth priority product category — Ajiwai Famima Café (chilled-cup drinks) — as well as chilled bento products. We will also more widely introduce "Famima Fresh" corners at stores in residential areas.

We established a fourth priority product category of chilled-cup drinks*1 in April 2009. In this fourth category we have launched a new brand known as "*Ajiwai* Famima Café." We have expanded the product lineup by adding several dessert-like products as well as products incorporating the natural flavor of fresh ingredients, with the aim of clearly differentiating our products from those of competitors. Meanwhile, our chilled *bento* products*2, containing seafood, fresh vegetables and other fresh ingredients and requiring storage at temperatures lower than those used for conventional *bento* products, were being sold at approximately 2,000 stores as of February 2009. Thanks to the strong performance of our chilled *bento* products, we have decided to carry these products in all of our stores nationwide in fiscal 2009.

Looking ahead, a priority issue for us will be how to attract to our stores more middle-aged and elderly customers, as well as more housewives, none of whom are part of the main customer segment of conventional convenience stores. Measures being implemented include the establishment of "Famima Fresh" corners, featuring fresh foods and prepared food kits, in stores located principally in residential areas. From fiscal 2008, the product lineup has included roast beef and raw fish, which had never been offered at convenience stores before. This change in product lineup has helped us to attract customers from new demographic segments. Expecting demand to continue growing in the future, we plan to expand "Famima Fresh" corners from the current 1,200 stores to 3,500 stores by the end of fiscal 2011.

In this way, we will continue making investments to create new added value, to develop products that will appeal to our customers, and to design displays that our customers will find attractive, with the aim of achieving sustainable growth.

*1. Chilled-cup drinks: From distribution to sales, drinks are kept at between 3°C and 8°C
*2. Chilled *bento* products: From distribution to sales, *bento* products are kept at between 3°C and 8°C

Question 5

Please explain your recent initiatives involving the Famima T Card.

Answer

We expect the Famima T Card will contribute to a further increase in customer visits.

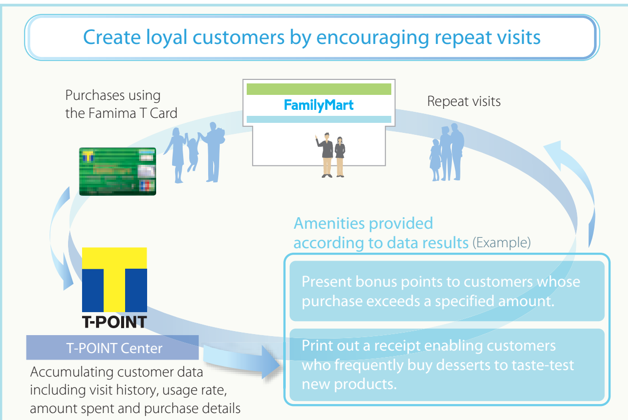
The Famima T Card, an important strategy for increasing customer footfall, enhances the competitiveness of each individual store. At the end of February 2009, total Famima T Card membership stood at 1.79 million, and the rate of card utilization (including other companies' T Cards) rose 150% to approximately 15%.

We plan a full-scale launch of sales promotion activities utilizing IT systems in fiscal 2009. By analyzing customer data according to age, sex, frequency of visits and items purchased to make optimal use of data, we will employ the most effective means for motivating individual customers to visit our stores.

A specific example is the introduction of the Loyal Customer Preferential Treatment System targeting frequent visitors. The program encourages customers to make repeat visits to the store with the aim of encouraging them to become loyal customers.

We are strengthening ties with corporate members of the T-POINT program, which facilitates the sharing of customers for T Card holders. We expect that by stimulating latent customer demand, we will be able to attract new customers who have never been to our stores before. Our aim is to increase the employment of measures that would be difficult for other chains to imitate.

■ Loyal Customer Preferential Treatment System



Pricing Policies

Question 6

As consumer confidence worsens, supermarkets and some convenience stores are lowering price bands for certain products. What thoughts do you have on pricing policy?

Answer

We will provide products and services with the best balance between price and value suitable for each age group and region we serve.

Convenience stores stock products customers want to buy, whenever they want to buy them, and in the right amounts. The stores also offer ATM services and accept payment for utilities and other bills, and also contribute to crime prevention and disaster relief. In this way, convenience stores fulfill an important function in the social infrastructure. Moreover, their clientele differ from those of supermarkets and discount stores. In addition to convenience, FamilyMart aims to provide a place for communication and relaxation, and sometimes even enjoyment, in addition to being secure and safe. Thus, in my opinion, convenience stores do not compete on a price basis with supermarkets and other mass retailers. My aim is for us to continue to supply innovative products, products with the "FamilyMart Feel," and products that customers are pleasantly surprised to find in a convenience store. Our customers know the type of products we carry, and they expect our stores to be fun, interesting places. It is on these terms that we aim to compete with other retailers.

However, given the ongoing economic downturn, and the consumers' purse-tightening stance toward day-to-day purchases, pricing will become an important factor. FamilyMart has always based pricing and value decisions for matching age groups and regions to products and product categories in its three marketing strategies (based on generation, price, and region). Catering to a particular generation means, for example, developing value-for-money *bento* products for younger customers and higher value-added products for middle-aged customers. Also, our regional focus means we adapt to local price differences. We are also taking steps to expand the use of low-cost locally sourced fresh food ingredients. We think that striking a balance between these various factors is important to our competitiveness.

M&A Policies

Question 7

There is a growing view in Japan that the retail sector faces a wave of consolidation. What are FamilyMart's policies in this regard?

Answer

For any takeover, there would have to be brand integration.

There is no doubt that the convenience store sector faces a period of realignment. For any chain takeover, the *sine qua non* would be integration into a single brand. Then you would have to integrate store operation, production, distribution and *bento* products and other food processing plants as well as harmonizing franchising contracts. Any chain takeover that does not meet these conditions is unthinkable. Simply expanding the scale of our operations without full integration is not enough. To ensure efficiency, we must also lower costs and improve profitability.

Overseas Expansion

Question 8

What current and future plans do you have for business development in overseas markets, which are expected to be a pillar of future growth?

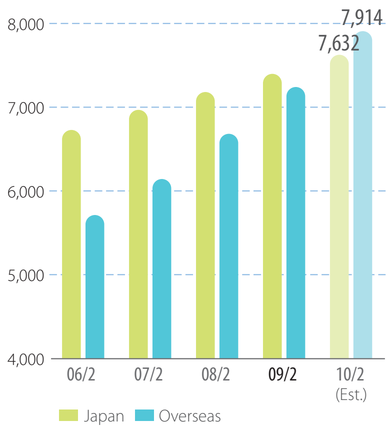
Answer

We are speeding up the pace of our overseas development, aiming at building a network of 20,000 stores around the Pacific Rim. In fiscal 2009, we expect to see overseas stores outnumber those in Japan.

The future growth strategies for overseas markets will become increasingly important once the market positions of Japan's leading convenience store operators have become more firmly established. In fiscal 2009, we expect the total of overseas stores to exceed the total for Japan. In September 2008, we established a Business Support Department and are now focusing on improving management standards at overseas stores.

We already have over 4,000 stores in South Korea, and expect to steadily expand business there. Our earnings performance has been solid in Taiwan, where we opened our first overseas store 20 years ago, and where the market is now mature. We expect to achieve profitability in Thailand during fiscal 2009. In the United States, the one place where we are still at the initial investment stage, we are once again considering our options, including what business model to use.

Number of Stores



In China, we currently have around 200 stores in the Shanghai, Guangzhou and Suzhou areas. China is our most promising location for business growth, and we plan to grow our store network to several thousand in the near future, including expansion into new regions. In the autumn of 2009, we also aim to establish a new company in booming Vietnam.

FamilyMart will continue to aggressively develop overseas markets, particularly in Asia, as it builds up its global store network to 20,000 outlets worldwide.

Management Issues

Question 9

What issues do you see affecting future growth?

Answer

We will strengthen our operating base through reform of our cost structure.

While continually improving our support and service functions for franchisees, we must create a slimmer and more robust cost structure. We have to pursue this policy effectively because our financial position is sound at present. We are launching the Cost Structure Improvement Committee that will oversee sweeping cost reductions across the Company.

The committee will review spending in all headquarters operations, except for support costs for franchisees. Our goal is across-the-board cost restructuring and improved operating margins, by cutting infrastructure costs (getting a clearer view of hidden items such as purchasing prices and distribution and computer system costs) and improving operational efficiency through business process reengineering.

Return to Shareholders
Corporate Governance

Question 10

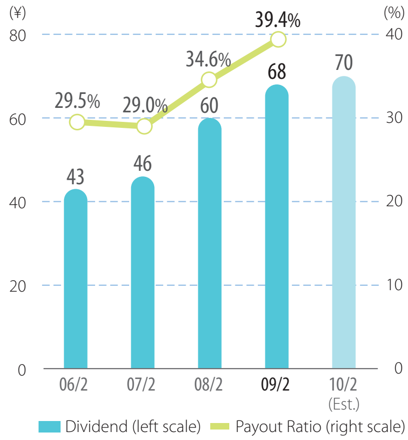
What is your thinking with regard to return to shareholders and takeover bid-prevention strategies?

Answer

We will make every effort to ensure a sufficient level of return to our shareholders.

We have positioned shareholder return as an important management priority. Beginning in fiscal 2007, we raised our targeted payout ratio from 30% on a non-consolidated basis to 35% on a consolidated basis, and have paid dividends that adequately reflect our earnings performance. In fiscal 2008, we raised our dividend payment by 8 yen per share from the previous year to 68 yen. In fiscal 2009, we expect to increase the dividend payment by another 2 yen, for an annual dividend of 70 yen per share.

Cash Dividends per Share and Payout Ratio



In fiscal 2006, FamilyMart adopted the Policy toward Large-Scale Purchases of FamilyMart Shares (otherwise known as "the counter-acquisition policy"). As a result of recent amendments to the Financial Instruments and Exchange Law, the law now provides basic procedures for dealing with the attempted large-scale purchase of shares of a company so that the shareholders of the company are able to exercise due judgment with regard to the proposed purchase after provision of relevant information by the would-be buyers and allowance of a certain period for review. As a result, the law now largely provides the protection against damage caused by large-scale purchases for the purpose of which the counter-acquisition policy was adopted. We have therefore decided not to extend application of the said counter-acquisition policy.

In the future, we will continue to make the utmost efforts to achieve a steady growth in profits, strengthen corporate governance, and maintain stable returns to our shareholders to raise the Company's enterprise value.

Maximizing Enterprise Value

Question 11

Do you have a message for your shareholders and other investors?

Answer

In this harsh business environment, effectively communicating the features that distinguish FamilyMart from its rivals will become even more important.

Our current business environment is characterized by a global recession and a trend toward a major realignment within the convenience store industry. In fiscal 2009, the challenging business environment will become increasingly harsh. Anything could happen. Against this backdrop, FamilyMart has declared the current fiscal year as a crucial year for perfecting our formula for success in the convenience store industry. There are no new initiatives. If we patiently continue to deal effectively with the tasks at hand, we will be able to create a stronger operating and financial base, and this is our top priority.

As I'm sure you know, the driving force behind FamilyMart's favorable earnings performance in recent years has been the "FamilyMart Feel" campaign. Everyone involved in the chain's operations has an idea of what FamilyMart should be like and is helping to make it the best it can be. Under this campaign we are working to eliminate underperforming or stagnant operations to create a path for growth. These days, the "FamilyMart Feel" campaign has itself come to embody the Company's enterprise value. Business conditions are expected to remain harsh in the near term, and such conditions make the "FamilyMart Feel" campaign even more important.

I have said in the past that retailing should be festive. It is during challenging times that we must make our best efforts, rallying courage and holding fast to our dreams. I would like everyone to work cheerfully, with vigor. I believe that such efforts will produce new, distinctive features for FamilyMart.

Special Feature Ways of Cultivating Customer Loyalty

The "FamilyMart Feel" Campaign

Strengthening brand identity and implementing organizational reforms

Amid intensifying competition in the convenience store industry, clear branding is essential for us to remain the convenience store of choice.

In this Special Feature section, we provide an overview of the various branding activities that have been implemented since fiscal 2005 under the "FamilyMart Feel" campaign.

Q What was the background to the "FamilyMart Feel" campaign?

The establishment of a clear identity is crucial to success.

Intensifying competition with rival convenience store chains, growing popularity of online shopping, and a diversification in customer values have made it difficult to win customer loyalty merely on the basis of convenience, which has been the most attractive feature of convenience stores until now. Faced with these circumstances, some younger employees raised the question of which features give FamilyMart its competitive strengths and enable it to clearly differentiate itself from its rivals. The employees then proposed the "FamilyMart Feel" campaign. The key point is that this campaign began as a "bottom-up" initiative, rather than in response to orders from the top.

The Value Provided by FamilyMart

Convenience	+	Friendliness and Fun
The basic value (function) of convenience stores		FamilyMart's added value (emotional value)
Convenient & easily accessible		*"Touching people's hearts"*

Hiroshi Iwasaki

General Manager
Marketing Department
Corporate Planning Division

Q What are the unique features of FamilyMart — what you call the "FamilyMart Feel?"

We are building a brand identity centered on friendliness.

For a convenience store chain, the brand identity is a composite of impressions customers receive from the store's products, retail environment, friendly service, and advertising. Thus, we must clarify what FamilyMart aims to provide its customers as a convenience store, and then ensure that all its corporate activities are working in the same direction.

We undertook a review of FamilyMart's positioning in the industry. In the fall of 2004, we conducted a large-scale image survey for convenience stores. What we found is that an overwhelming majority of customers indicated "Friendly" as their main impression of FamilyMart. This may be partly due to the fact that "Family" is part of the Company's name. Leveraging the strength provided by this positive image and the company name, we aim to establish a genuine heart-to-heart connection with our customers, rather than merely offer convenience. We have identified the value we can provide as being "Convenience, Friendliness, and Fun." It is the spirit of "hospitality" (treating visitors as guests) that makes this possible. We will be required to continue providing convenient services, which is the basic function of convenience stores, along with friendliness and fun. The value-added that FamilyMart provides are features not usually found in conventional convenience stores — a sense of healing and happiness. These are positive, emotional value — added qualities that touch people's hearts.

It is not that we enjoy being different, but rather that as a member of the service industry when we do what is expected of us the customer is sure to be satisfied. At the same time, by maintaining an awareness of the importance of "touching people's hearts" through the extension of hospitality, we aim to continue to promote the "FamilyMart Feel" as our brand image.

Main Points

1. "Bottom-up" branding activities (stemming from employees' initiatives)

2. We aim to communicate the distinctive features of FamilyMart by providing convenience, friendliness and fun

3. The "FamilyMart Feel" campaign is increasing customer loyalty and helping to transform our corporate culture

Q What activities are being implemented as part of the "FamilyMart Feel" campaign?

The following are our strategies for differentiation and the drivers of our future growth.

These activities can be divided into two categories. One category is outward-looking, focused on the customer. Such activities, as examples of "outward branding," require that the "FamilyMart Feel" campaign be reflected in all of our corporate activities. The other category is inward-looking, the priority of which is to get employees and franchise store staff to understand our corporate vision and improve the quality of communication. These efforts not only facilitate the implementation of the "FamilyMart Feel" campaign, but also invigorate our chain as a whole and contribute to the transformation of our corporate culture.

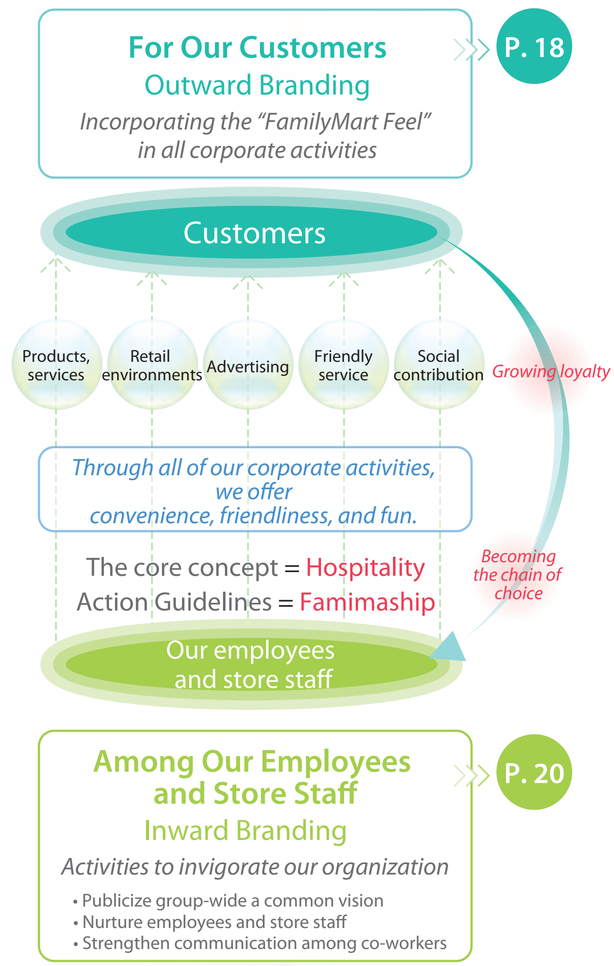
Inward-focused and outward-focused branding activities have been undertaken through concerted efforts for over four years. Below is an explanation of the types of results that have been achieved through these efforts.

With regard to the overall customer response, FamilyMart was rated No. 1 among convenience store chains in a survey of 20-year-olds conducted in 2009. Thus, we are seeing a steady rise in the support rate for the FamilyMart chain, backed by a protracted upward trend in the average number of customers over the past two years.

Within the Company, these activities are bringing new energy and enthusiasm to our corporate culture by allowing individuals to make proposals and take action based on their own assessment of the situation. To respond to our customers' growing expectations, we are seeking greater cooperation from our employees and franchise store staff in our pursuit of the "FamilyMart Feel" and are thus creating a virtuous cycle.

In short, our "FamilyMart Feel" campaign is a strategy for differentiation aimed at raising our enterprise value. We also expect that this campaign will continue activating our organization and serving as a driver of sustainable growth.

To remain the "convenience store chain of choice" among our customers and continue to be a rewarding chain for which to work for both our employees and our franchise store staff, we will make further efforts group-wide to implement our "FamilyMart Feel" campaign.



Incorporating the "FamilyMart Feel"

Our primary differentiation strategy

All of our corporate activities are aimed at successfully incorporating the "FamilyMart Feel" — to realize our vision of offering "Convenience, Friendliness and Fun" with the aim of remaining the convenience store of choice. The following is a partial list of the "FamilyMart Feel" campaign guidelines, as well as examples of actual initiatives being undertaken.

Products that aim to embody the "FamilyMart Feel"

Eight product concepts that "touch people's hearts"

- Products that instill a sense of "family" and "home"
- Products that are not for one's own pleasure alone, but to be shared with others
- Products that promote relaxation, a general sense of well-being and refreshment
- Products that offer genuine quality at affordable prices
- Products with a nostalgic appeal, that evoke a memory or an experience
- Products embodying playfulness
- Products that customers helped to create, and which they can enjoy
- Products that are eco-friendly or that somehow make a contribution to the community

Developing products that represent the FamilyMart Chain

We have focused on the strengthening of the three priority product categories of pasta, fast food, and desserts, based on the preceding eight concepts. In fiscal 2008, sales in all three of these categories exceeded the previous-year levels, and products in these categories have won a loyal following among FamilyMart customers. In fiscal 2009, we aim to bolster chilled-cup drinks as a fourth priority product category.

Creating products that completely capture the "FamilyMart Feel"

To further clarify these eight core concepts, we have devised a list of 50 key words to guide actual product development. Products developed using these key words are evaluated by members from all departments in our Merchandising Division from the viewpoint of third parties. Assessments are made as to whether each product adequately conveys the spirit of our motto "Convenient, Friendly, Fun." Only those products which fulfill this requirement are recognized as "FamilyMart Feel" products. In addition, once every three months a follow-up evaluation is conducted to confirm the degree to which each product matches the keywords, and to note each product's sales performance. The results of evaluations are reported back to product representatives, and this feedback is taken into consideration in the further development of "FamilyMart Feel" products.

"Welcome Home"

Advertising that captures the "FamilyMart Feel"

Our priority is to create uplifting ads that communicate to customers the attractive features of our products and services.

Confirmation of consistent use of slogan and uniformity of our message

In the Corporate Message Survey 2008 conducted by Nikkei BP Consulting, Inc., the FamilyMart slogan in Japanese *"Anata to Combi ni, FamilyMart"* (English version: "FamilyMart, Where You are One of the Family") placed second among 290 companies in terms of the corporate name recognition rate, which indicates the fondness with which people regard FamilyMart.

Main Points

1. Reflecting the "FamilyMart Feel" in all of our corporate activities

2. Specifying products, retail environments, advertisements, and friendly service as points for direct contact with customers, we have drafted guidelines and are making a consistent, ongoing appeal

3. Rather than implement the campaign in a uniform manner nationwide, we are tailoring the message to match the character of individual stores

Retail environments that capture the "FamilyMart Feel"

Our priority is the provision of stores that function as comfortable, inviting places in which customers can relax and spend an extended period of time, while receiving genuine hospitality.

Examples of how we work to create stores that are pleasant and inviting

- POP displays with friendly messages.
- Use displays that convey the changing seasons.
- Renovate the restrooms to make them more attractive and pleasant for customers.

Air pump for refilling bicycle tires

FamilyMart aims to provide opportunities for interaction with **customers and the local community**

Valuing the opportunity for interaction between individuals, we welcome our customers warmly — like family.

Examples of showing sincerity in interactions with customers

- During the summer, present customers who purchase *bento* products with a cool, moist paper napkin.
- Understand the importance of making small talk with customers.
- Make available shopping baskets for children at stores where a high proportion of customers are accompanied by children.

Examples of promoting interaction with the local community

- Sponsor fun events including a portrait contest at the local day-care center.
- Set up a booth at local sports events for elementary school children to promote interaction with the local community.
- Set up a booth at neighboring nursing homes.
- Conduct cleanup campaigns at neighboring parks.

Small shopping baskets for children

We regularly receive warm messages of thanks from our customers

At FamilyMart franchise stores, we are putting increasing emphasis on hospitality. We are pleased to note that there has been a rise in letters to the FamilyMart headquarters praising our products and services as well as expressing words of appreciation. In fiscal 2008, there was a 40% rise in such correspondence from the previous year. Furthermore, in terms of store development, such examples of hospitality are well received, and tend to have a ripple effect, leading to the opening of new stores.

Today, I bought a liquid cold-remedy. The girl at the register called out to me "I hope you'll feel better soon" as I left the store. For someone like me who lives alone, it was heartening to hear her words, and I left the shop feeling very happy. I am writing to you now because I was impressed by the employee training at FamilyMart. For someone like me, living far from my hometown, those words were truly heartwarming. Thank you.

I pushed my child in a stroller to FamilyMart. After paying at the register the employee who rang me up promptly disappeared from behind the counter. I thought to myself "Wow, he must be busy!" But in fact, the cashier walked straight over to the door and held it open for me, so I could push the stroller through. The store does not have automatic doors, and he must have noticed me struggling to get the stroller through the door when I entered the store. It was a very kind gesture, and it made me very happy. Thank you very much.

Raising awareness of employees and franchise store staff and achieving widespread implementation of the "FamilyMart Feel" campaign

Activities to promote organizational transformation

To successfully implement the campaign and truly convey the spirit of the "FamilyMart Feel," it is crucial that all the Company's employees and franchise store staff understand the true meaning of this concept and make a proactive effort to reflect this spirit in all of their daily work-related activities. We must create various opportunities and environments to ensure that all staff at the Company and franchisees fully support this campaign. By raising the awareness of Company employees and franchise store staff we are strengthening our organization and making it easier for them to act on their own initiative. We encourage them to "Listen, Decide, and Act."

The "FamilyMart Feel" Promotion Project

The engine driving promotional activities

The success of any project is contingent on gaining the understanding and full cooperation of all employees and franchise store staff. But when a project is implemented in a "top-down" manner, employees and other store staff tend to refrain from taking the initiative, and their understanding is rather superficial. With this in mind, we have established the "FamilyMart Feel" Promotion Project, and have created a team consisting of one representative from every department of the Company. The team considers the desired direction for the project as well as the role to be played by each department, and serves as a facilitator for the companywide promotion of "FamilyMart Feel" project-related activities.

Team members meet periodically to conduct passionate discussions about the best way to capture the "FamilyMart Feel." The group includes members from both front-line marketing departments and supporting departments, transcending the usual divisional boundaries, and sometimes even includes the President. The group publicizes status reports on the project via the Company's Intranet, and is making progress in ensuring that the information is available companywide. Since the team's establishment in fiscal 2005, nearly 400 people have participated in this project.

"Famimaship"

FamilyMart's Action Guidelines, created by Company employees

In fiscal 2006, we took the opportunity of our 25th anniversary to revise our FamilyMart Basic Principles. We drafted action guidelines aimed at conducting daily operations in a way that incorporates the concept of the "FamilyMart Feel." These action guidelines, which have been named "Famimaship," were compiled during a six-month period, based primarily on employee feedback. The guidelines are easy to understand and touch the heart. The guidelines consist of five expressions that communicate our employees' enthusiasm.

"Famimaship"

"Listen, Decide, Act"
"Wholehearted Hospitality"

Exceeding customers' expectations
Growing together, through mutual trust
Cultivating an aesthetic sensitivity
Enjoying new challenges
Acting with integrity

Main Points

1. *Instead of "top-down" management, we encourage the participation of all employees and franchise store staff*
2. *We emphasize the importance of autonomous decision-making, and give employees at every level the authority to make decisions*
3. *We put priority on two-way communications*

"FamilyMart Feel" Day

A daylong workshop on the "FamilyMart Feel" campaign

For this campaign, there is no established manual. To embody FamilyMart's values of convenience, friendliness and fun, it is necessary for each employee to approach this project with great sensitivity. Thus, in fiscal 2008, we held a companywide, daylong workshop. During one full day, participants consider such questions as: "What was your peak experience on the job?" and "What do you consider to be the features most representative of FamilyMart?" No distinctions are made in age or work experience. Participants are encouraged to speak freely and enjoy the brainstorming process.

In the future, we will continue to hold this type of workshop periodically, with the hope that participants will share the values of the "FamilyMart Feel" campaign. We will encourage quality relationships among our employees, and thereby work to create a stronger organization.

Initiatives Targeting Franchise Stores

Further means for capturing the "FamilyMart Feel"

Our customers usually get their first exposure to the "FamilyMart Feel" at one of our franchise stores nationwide. For this reason, we provide opportunities for franchise store managers and staff to deepen their understanding of the various aspects of this campaign. One activity is an exhibition aimed at franchisees entitled, "The Famimaship Forum." At this event, each franchise store provides examples of hospitality. The workshop gave franchise store staff a chance to meet and speak with one another, exchanging views on the theme "What is genuine hospitality and customer satisfaction?" Drawing on their experiences from the workshop, franchise store managers and staff work to undertake various initiatives at their stores nationwide.

Creating a balloon sculpture that symbolizes the "FamilyMart Feel"

Generating themes to be addressed by individual divisions

Franchisees carefully consider case studies provided by other stores

This event is a chance for lively discussion and new insights

Campaign to raise employee awareness

The results of an employee awareness survey conducted at the start of our "FamilyMart Feel" campaign in fiscal 2005 showed that awareness of the campaign was generally low. However, the results of a similar survey conducted in fiscal 2008 indicated that approximately 90% empathized with the campaign, while 80% said they thought the campaign was helping to energize the Company's in-house activities. The percentage of people who said they were proud to be working at FamilyMart rose by approximately 10 percentage points over the previous year. The "FamilyMart Feel" campaign has become a source of motivation for people who work at FamilyMart, and we will continue to foster a corporate culture that emphasizes autonomy, allowing Company employees and franchise store staff to act more on their own initiative.

Review of Operations

Review of Operations

Store Operation

Basic Strategy and Overview

Our aim is to become the convenience store of choice through rigorous attention to service, quality and cleanliness (SQ&C) — the basics of retailing — combined with the hospitality for which FamilyMart is known.

In fiscal 2008, we greatly increased customer visits and daily sales volumes, as a result of boosting staff morale through improvement of our store staff qualification system and initiatives to realize the “FamilyMart Feel” in every aspect of store operations.

■ The Basics of Retailing: Thorough Attention to SQ&C

Service
Giving the customer prompt, friendly and caring attention

Quality
Ensuring our shelves always stock the products and lineups people want, when they want them

Cleanliness
Cleaning and sanitation management that reaches every corner

Major Initiatives and Future Developments

Motivating staff and upgrading skills through the Store Staff Qualification System

The success of store operations ultimately depends on the quality of store staff. We support personnel development at our franchisees through our Store Staff Total (SST) system, a comprehensive system covering recruitment, initial interviews and hiring and training in the store.

Central to the SST is the Store Staff Qualification System, the full-fledged launch of which took place in fiscal 2003. In March 2008, in addition to increasing the emphasis on practical training, we began a project aimed at bringing all staff of the company (including head office) under the system of certification. Staff motivation is boosted by visible measures such as special name tags given to those who have successfully reached certain grades in the qualification system. In fiscal 2008, almost all personnel working in stores had achieved primary grade, and in fiscal 2009, we aim to move these employees in the primary grade on up to the next stage, the intermediate grade.

■ Store Staff Qualification System

Qualification	Tasks
Primary grade	Able to perform simple, high-frequency operations
Intermediate grade	Able to handle low-frequency, high-difficulty operations
Staff trainer	Able to give training to other staff
Advanced grade	Able to handle emergency situations in name of store manager

Greater accuracy of ordering, better sales display

We are committed at all times to increasing the accuracy of ordering and closely matching product lineups to the demographic characteristics of individual stores’ marketing areas, with the aim of stocking the products our customers want to buy, when they want to buy them, and in the right amounts. In the intermediate grade of the Store Staff Qualification System, staff are seen as stock display coordinators, and their duties extend to management including selection of merchandise and positioning of displays. We urge employees to acquire intermediate grade qualifications to minimize errors in ordering and to optimize stock displays. By introducing area-specific merchandising charts (for residential areas, office-building blocks, etc.) and optimizing merchandising charts for individual stores, we aim to improve the displays in gondolas for non-food products.

Review of Operations

Products

Basic Strategy and Overview

To cater to diversifying needs and appeal to as broad a range of customers as possible, FamilyMart follows a finely structured product strategy based on three marketing strategies — generation marketing, price marketing, and regional marketing. We are confidently meeting new challenges, including: 1) improving the quality of staple goods; 2) marketing for new dining concepts and creating new categories enabled by new preparation methods, technologies and temperature ranges for product delivery and storage; and 3) tailoring our marketing to different locations and time bands.

In our priority product categories, a FamilyMart strength, we aim to establish an overwhelming, distinctive brand advantage by stepping up our consistent approach from product development to display and advertising.

During fiscal 2008 these initiatives enabled us to increase our daily sales per store of ready-to-eat items to their highest level.

Major Initiatives and Future Developments

Three Marketing Strategies

● Generation ●

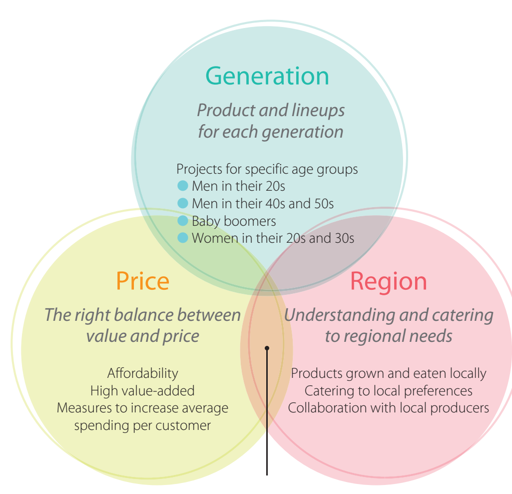
Our product range includes items designed to meet the needs of each particular age group. In fiscal 2009, we are stepping up age-group-based projects, with campaigns targeting men in their 20s. These campaigns are designed and conducted by male staff who are also members of the target age group.

● Price ●

We are placing emphasis on value rather than price in our product development for all product categories from high-quality, low-cost items to high-end products. At the same time, we are looking at everything from the customer's perspective so as to strike a better price-value balance. In fiscal 2009, we aim to raise average spending per customer by increasing the number of items purchased through discounts for sets of products.

● Region ●

Increasingly, we ensure that our products are produced locally and meet local needs. By working together with regional producers, we aim for an even greater choice in our products from one part of the country to another. In fiscal 2009, we aim to bring the proportion of local-area-only products up to 50% both for priority ready-to-eat items (rice balls, *sushi*, and *bento*, delicatessen items, and cooked noodle dishes) as well as daily food items.



Famima Fresh corner

Sashimi freshness is assured by our special cooling equipment

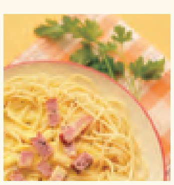
Developing a fourth priority product category: Chilled-cup drinks

To extend our range of product categories that embody FamilyMart's strengths, we are adding chilled-cup drinks (drinks kept at between 3°C and 8°C) to the established trio of priority product categories — fast food, pasta and desserts.

Chilled-cup drinks are popular sales items whose average daily sales have set new records annually. We have established a new brand as part of our differentiation strategy. To this end, we are strengthening every stage from product development to display and advertising.

■ Priority Product Categories

We have a single, unified strategy for fostering and promoting these categories, from product development to display and advertising, to make them the "face" of FamilyMart.



Pasta

Fast food

Desserts

+

Fourth priority product category

Chilled-cup drinks

Ajiwai Famima Café

Brand concept

A connoisseur's beverage that brings you deep-down satisfaction thanks to the flavor of its original ingredients and the authentic texture on your tongue.

In April 2009, we began the successive launch of items in five categories — coffee, tea, milk-based drinks, fruit juices and dessert drinks.

Developing new customer segments through new initiatives

● Famima Fresh corners ●

Our Famima Fresh corners for fresh food and prepared food kits (introduced in around 1,200 stores as of the end of February 2009) are attracting new customer segments by carrying products that reflect the needs of local residents and by offering food items not available at other convenience stores, such as *sashimi* and roast beef. Over the next three years, we plan to bring the number of stores with Famima Fresh corners to around 3,500 in total.

● Chilled *bento* products ●

Our expertise in chilled-zone temperature management has enabled us to introduce at approximately 2,000 stores (as of end of February 2009) chilled *bento* products using fresh ingredients beyond the capabilities of other convenience stores, such as seafood and fresh vegetables. While breathing new life into our *bento* ranges, these chilled products have also contributed significantly to sales growth by helping boost our lineup of products available during the night hours. We plan to introduce chilled *bento* products at all stores in fiscal 2009.

A variety of chilled *bento* products

Review of Operations

Services

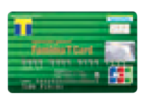
Famima T Card

Basic Strategy and Overview

Looking at the future role of convenience stores, FamilyMart sees itself not only as a provider of merchandise, but also as a key supplier of services for every aspect of daily life. While building a national chain of stores across Japan providing universal services, we are strengthening investment in store management systems, enabling us to accept e-money and offer other services in our stores. We are also forming operational alliances with other companies to strengthen our service infrastructure.

Major Initiatives and Future Developments

Famima T Card: Tools for building customer loyalty



Famima T Cards, which are provided free-of-charge, enable customers to enjoy discounts available only to cardholders, who can also use the card at a variety of other retailers with which we have agreements, notably the video and music rental chain Tsutaya. Cardholders can accumulate "T-POINTs" under a system jointly operated with these other retailers, and the cards have proved highly convenient for many of our customers' shopping needs. In fiscal 2009 we plan to enhance benefits for cardholders and step up sales promotion activities, utilizing the advantages to our customers who have the Famima T Card and our alliance with the other retailers to further strengthen the loyalty of card holders.

* For more details please see Page 12.
At the end of February 2009, total Famima T Card holders stood at 1.79 million.
At the end of March 2009, the number of T Card holders was 32.02 million, and 50 companies representing 30,100 stores had joined the T-POINT alliance.

E-money: Making payment easier

FamilyMart was a pioneer of electronic money in Japan's retail industry, launching the "iD," "Edy" and "Suica" services in its stores. In fiscal 2009 we plan to add the "Kitaca," "ICOCA," and "WAON" e-money systems to help offer means of payment that suit our customers.

Famiport Multimedia Terminals: One-stop universal services

We provide a wide range of services through Famiport Multimedia Terminals. In addition to our popular domestic help service, in fiscal 2008 we expanded the range of services to meet changing demands. We can now accept applications for qualification courses. For the first time among convenience store operators, we act as an agent for applications for college admission.

Convenient ATM services

We continued to install more ATMs in our stores during fiscal 2008, and began offering ATM services in a further seven prefectures of Japan. As of the end of February 2009, the total number of in-store ATMs was 6,371 (excluding the area franchised stores).

famima.com: Enhancing mail-order business

Customers can order products via PCs, cellphones, and conventional mail-order services operated by famima.com. They can arrange for home delivery or have their orders delivered to a nearby FamilyMart store. This is doubly convenient as it alleviates the problem of space shortage in convenience stores while bringing the customer the limitless product availability of mail-order channels.

Store Opening Strategy

Famima!!

TOMONY

FamilyMart store in an expressway service area

Basic Strategy and Overview

By July 2006, FamilyMart's store network covered every prefecture in Japan. Currently, we are further strengthening our presence in the three metropolitan areas of Japan (Tokyo, Osaka and Nagoya), which have high population concentrations, as well as in leading provincial cities. We were also one of the first convenience store operators to open outlets in hospitals, colleges, and expressway service areas. With the shortage of franchisees now a concern for the entire convenience-store sector, FamilyMart has become a pioneer in incentivizing multistore operations and in attracting corporate franchisees. This has helped fuel a net increase of 183 stores (roughly in line with fiscal 2008 targets), with 342 closures more than offset by 525 new openings*. As of the end of February 2009, some 40% of our stores were under the multiple-store management format. We increased average daily sales at new stores to ¥460,000, up ¥35,000 year-on-year, thanks to the adoption of more rigorous criteria for the selection of store sites*. In fiscal 2009, we are aiming to further increase the pace of store-opening with a net increase of 200 stores (550 openings and 350 closures), and to raise average daily sales at new stores to ¥480,000*.

* excluding TOMONY stores

Major Initiatives and Future Developments

A better support system: The key to securing franchisees

Encouraging multiple-store management not only helps ambitious franchisees realize their dreams but also bolsters FamilyMart's bottom line. We use incentive systems for multiple-store management, which are backed up by full support systems, from personnel training to store management.

In December 2008, we also launched a financial support program in which FamilyMart makes loans to new candidate franchisees to cover a portion of their initial costs, requiring a personal outlay of ¥1.5 million. We will take further measures to encourage genuinely committed franchisees by creating various support programs to meet diverse needs.

Expanding business opportunities through new-concept stores

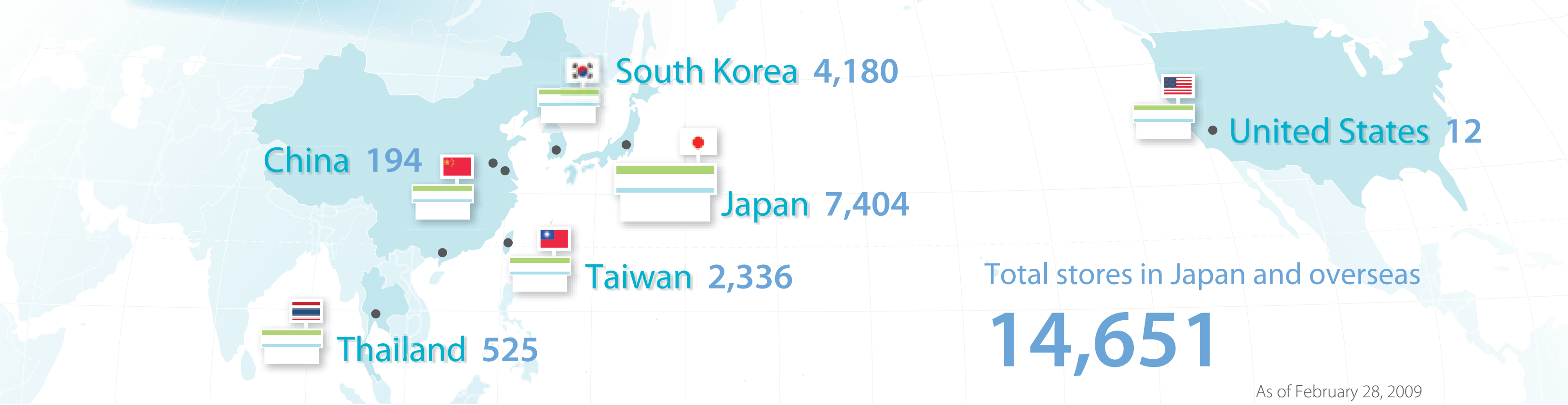
As of the end of February 2009, FamilyMart was operating 16 stores under our new Famima!! concept brand for large office blocks and other commercial buildings, where the accent is on fun in daily shopping. By the end of February 2009, we were also operating 22 stores under the TOMONY format for shopping areas inside station buildings operated by Seibu Railway in the Tokyo area. We plan to convert more retail outlets inside stations to the TOMONY format. By tailoring designs and product lineups at these stores to the neighborhood environment, we are able to cater to a wide range of lifestyles. Drawing on our expertise in store development, we are generating new business opportunities. In fiscal 2009, we will take development of Famima!! and in-station stores to the next level by strengthening store development functions under a new organizational structure.

Major support programs (for further details of franchise contracts, please refer to page 43)

Multiple-store promotion system (1FC contracts)*	Step-up program for franchisees on 2FC contracts*	Newly independent franchisee support system
This is an incentive-based support scheme to encourage franchisees operating one store to take on additional stores.	This is a program that enables franchisees on 2FC contracts to step up to 1FC-B or 1FC-C contracts after completing five years of management of a new store and fulfilling their contracts.	This system is for would-be franchisees who are not yet quite ready to take over management independently, giving them hands-on experience as a non-regular store manager before going it alone. Part of the contract fee is waived on signing the official franchise contract.

* Not applicable in the case of certain stores.

Overseas Operations
(The Pan-Pacific Plan)



Basic Strategy and Overview

Most convenience store chains in Japan were launched using expertise from the United States. But FamilyMart is a home-grown operator, and so is able to expand overseas without contractual restrictions imposed by a parent company. Ability to expand freely into promising overseas markets is a strength of the Company. With the overall convenience store constellation in Japan now more or less fixed, FamilyMart is developing its Pan-Pacific Plan, which calls for creation of a network of 20,000 stores in the Pacific area spanning Asia and the United States.

FamilyMart opened its first overseas store in Taiwan in 1988, followed by openings in South Korea, Thailand, China and the United States. Since starting in Japan, it has operated the largest number of stores overseas of any convenience-store operator originating in Japan — 7,247 stores out of a total of 14,651 (end of February 2009) are now overseas.

We will continue to build up a distinctive global chain through simultaneous sales promotions in different countries and joint procurement leveraging economies of scale. We will accelerate the pace of store openings overseas through the creation of a "global standard," crystallizing our experience in overseas operations built up over 20 years.

Major Initiatives and Future Developments

Sourcing expertise from Japan

Based on our expertise built up in Japan, we are creating a unique business model for overseas expansion in which retail displays and products are tailored to local markets. The first stores in a new region are directly operated, and a profit model is built up store by store. When a business format appropriate for the area has been established, we embark on franchise development. We follow the principle of local production for local consumption. For mainstay ready-to-eat items, we arrange transfer of technology to local vendors by experienced suppliers in Japan, and develop products in a way that draws fully on regional features.

Faster overseas development through horizontal knowledge-sharing

To strengthen management support for overseas stores, we established a Business Support Department in fiscal 2008. The department's role is to transplant expertise from head office to area franchisers, and from area franchisers to other area franchisers. This has allowed us to improve our store operation standards overseas — the number of overseas stores will surpass those in Japan by the end of fiscal 2009 — and to accelerate the pace of store-opening overseas through the full sharing of proprietary expertise among area franchisers.

Area Franchisers

The FamilyMart Group's store development operations in specific areas of Japan and in specific overseas markets are handled by our area franchisers. This enables us to tailor store layouts and product lineups to the particular requirements of each region, allowing the rapid expansion of a network of highly profitable stores. As of the end of February 2009, the Group included ten area franchisers operating a total of 7,760 stores.

Our area franchisers in Japan and overseas act as powerful partners in our store network expansion initiative, and we look forward to continuing to work hand-in-hand with them.

Domestic Area Franchisers

Okinawa

This is an original Okinawa specialty featuring pork and eggs, served with rice. This product is 50% larger than an ordinary rice ball.

Okinawa FamilyMart Co., Ltd. Established 1987

This area franchiser, established as a joint venture with the local retailer RYUBO CO., LTD., operates the largest convenience store chain in Okinawa Prefecture. The company is notable for its active pursuit of various unique initiatives. These include sales contests for new ready-to-eat items and dessert products thought up by local college students as a part of practical internship programs. The company also sponsors futsal tournaments for students of elementary schools, and arranges support campaigns at the training camps of professional baseball teams. Moreover, it puts effort into devising new food products that incorporate local produce, such as a special custard pudding that is hand-made under the supervision of a famous Okinawan chef.

The company will continue to create a distinctive corporate image through local community activities carried out at the individual store level — following the Okinawan tradition of *yui*, or building harmonious relationships between people through mutual assistance.

Kagoshima & Miyazaki

Mont Blanc cakes are extremely popular items that use the local *suki* chestnut.

Minami Kyushu FamilyMart Co., Ltd. Established 1993

Established as a joint venture with Homboshoten Co., Ltd., a liquor wholesaler in Kagoshima Prefecture, this company is the leading convenience store operator in the Minami (South) Kyushu region, encompassing the prefectures of Kagoshima and Miyazaki. In fiscal 2008, Minami Kyushu FamilyMart took part in the Group's "FamilyMart Feel" campaign in its operating area together with its affiliated companies. Community contribution and other initiatives were conducted under this campaign by both individual stores and affiliated companies, including local clean-up activities, and articles about these activities were printed in a in-house newsletter. The company is engaged in unique activities to raise brand recognition, such as setting up temporary stores at the sites of summer festivals and sports events. The company also sells *ramen* noodle dishes made according the recipes of leading local *ramen* chefs.

Hokkaido

Swiss roll made using Hokkaido wheat-flour.

Hokkaido FamilyMart Co., Ltd. Established 2006

This company, established in a joint venture with Hokkaido's largest foodstuffs wholesaler Seico Fresh Foods Co., Ltd., operated 30 stores in Sapporo as of the end of February 2009. Stores have been opened in new types of location such as hospitals and hotels, and a growing number of stores are being opened in high-profitability locations. During fiscal 2009, the company will make further efforts to strengthen customer loyalty, placing a higher priority on developing original products and better store operation. In addition, Hokkaido FamilyMart is the first convenience store operator in the region to accept payments using the e-money function of JR Hokkaido's "Kitaca" smart card. In this way, the company is working to meet customer needs.

Overseas Area Franchisers

Taiwan

Our highly popular series of wrapped Chinese food ingredients — for heating in a microwave — offers the taste of a freshly-cooked meal.

Taiwan FamilyMart Co., Ltd. Established 1988

The company opened its first store in 1988 and reached the 2,000-store mark in December 2006. It is now one of the leading convenience store operators in Taiwan. In December 2007, Taiwan FamilyMart completed the acquisition of business rights for some 160 stores from Nikomart. The company has good prospects of further expansion thanks to its success in distinguishing itself from its rivals — in what is a fiercely competitive market — through the employment of the Japanese parent company's expertise in products and customer service, particularly in the field of ready-to-eat items. A number of initiatives are scheduled for fiscal 2009 to attract new customers through higher-quality products and services. These include strengthening original pastry sales, which are developed with technical support from Japan, and the introduction of sales of e-money and bill settlement using non-contact smart cards.

South Korea

BOKWANG FAMILYMART has become the first Korean convenience store chain to offer locally-procured products. These products are developed with the collaboration of local vendors and authorities at tourist sites.

BOKWANG FAMILYMART CO., LTD. Established 1990

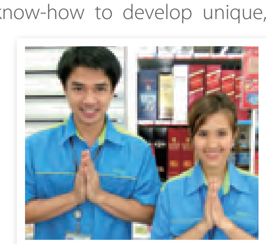
The company, which started business in 1990, is now South Korea's leading convenience store operator, with over 4,000 outlets. In a Korean market that is becoming more competitive with each passing year, during fiscal 2009 the company plans to rigorously apply its commitment to the basics. Priority measures will consist of: 1) development of distinctive new stores; 2) radical improvements to store operations; 3) development of new products and services that meet customer needs; and 4) improvement of computer systems with the primary focus on more efficient store operations. The company's new store opening strategy will focus aggressively on new types of location such as inside subway stations, hospitals, theme parks, airports, and so on. The management is determined not to rest content with BOKWANG FAMILYMART's position at the head of the country's convenience store industry, but will be taking great pains with each store to maximize its attractiveness.

Thailand

These sandwiches and hot dogs have proved very popular with our customers in Thailand.

Siam FamilyMart Co., Ltd. Established 1992

Siam FamilyMart opened its first store in 1993, and currently operates mainly in Bangkok, Pattaya, and Phuket. In an increasingly competitive market, the company focuses on offering its customers a pleasant place to shop through service that combines Japanese-style attention to detail with the friendly hospitality for which Thailand – "the Land of Smiles" – is justly famous. Being a tropical country, Thailand experiences only a relatively small change in climate throughout the year, giving retailers fewer opportunities to introduce season-related products. However, the company is leveraging Japanese know-how to develop unique, high-quality food products that will enable it to make each season distinctive. It is distinguishing itself from competitors through the use of innovative store designs and product lineups with the goal of conveying the "FamilyMart Feel" to customers.

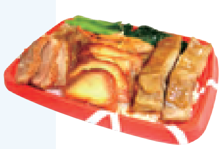


China

Shanghai

A line of fresh pastry products with bean paste or cream fillings, made possible by our proprietary technology for stuffing the pastry shells with fillings after baking.

Guangzhou



Sold under the name of "Three Treasures *Bento*," these takeout meals offer plenty of tasty volume, with three different types of meat.

Shanghai FamilyMart Co., Ltd. Established 2004
Guangzhou FamilyMart Co., Ltd. Established 2006
Suzhou FamilyMart Co., Ltd. Established 2007

FamilyMart is pursuing store development in China in a consortium with the Ting Hsin Group, which is a major Chinese foodstuff industry grouping, our area franchiser Taiwan FamilyMart Co., Ltd., and major Japanese trading house ITOCHU Corporation. Starting with the opening of a store in Shanghai in 2004, store developments subsequently spread to the cities of Guangzhou in January 2007 and Suzhou in September 2007. Expansion is proceeding smoothly in China, whose economy continues to grow vigorously.

The FamilyMart Group intends to make optimal use of the know-how it has accumulated through operations in many markets, principally Japan and Taiwan, to establish a distinctive corporate profile and a firm market position in China. This strategy will focus on strict attention to service, quality and cleanliness, as well as the creation of delicious new products in the categories of *bento*, pastries and other ready-to-eat items, and fast food. One notable success we have already achieved in this market is the launch of an original bread product in the latter half of fiscal 2007 in Shanghai. This bread received high praise from customers for being soft but also chewy, which was something new for our Chinese customers.

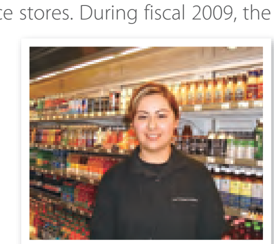
In fiscal 2009 we will continue these initiatives aimed at establishing a distinctive image in both products and service. We will make utmost efforts to ensure that our customers enjoy a convenient, friendly and fun experience in our stores. Our goal is to make shopping at FamilyMart a truly pleasurable experience.

United States

Panini is the leading product of the Famima!! brand. What makes this product so popular is that we take the time to grill it right in the store.

FAMIMA CORPORATION Established 2004

The first store in the United States under the Famima!! brand name was opened in 2005, and operations are currently centered on Los Angeles. FAMIMA CORPORATION operates stylish stores which go well with the background of California's blue skies, and by superior service with the unique Japanese-style hospitality. Among the many unique, high-quality products on offer are *sushi*, rice balls, panini sandwiches, pasta dishes, and various desserts. These stores have already become very popular thanks to their unique product lineups and friendly service, which are not found at other American convenience stores. During fiscal 2009, the company's store-opening strategy will focus especially on downtown Los Angeles so as to give an even wider selection of consumers the chance to experience and enjoy FamilyMart's unique products and unrivalled service.



Corporate Social Responsibility

FamilyMart ensures that the "FamilyMart Feel" is very much part of its CSR activities. Based on the FamilyMart Basic Principles, we pursue a wide-ranging CSR commitment through consideration for the environment, contributions to the local community, and a high degree of management transparency.

In so doing, we aim to further raise our enterprise value and fulfill our responsibilities to all our stakeholders.

For more information on our CSR activities, please visit:
http://www.family.co.jp/english/investor_relations/results.html

Environmental Preservation

In March 1999 FamilyMart received ISO 14001 certification for its environmental management system. Now, new environmental goals are set each year in the categories of products/services, product delivery, store facilities, store operation, and offices and Company vehicles.

We are committed to continuous improvement as an organization, from the president of the Company and head office staff down to local office and all store staff.

Major Initiatives in Fiscal 2008

- Targets for reduction of CO_2 emissions in our stores → 1
- Expanded use of environment-friendly packaging → 2
- Adoption of low-pollution vehicles for delivery → 3
- Switch to use of no-rinse rice in ready-to-eat items → 4
- Use of the super-insulation wooden frame & panel method for prefabricated construction, enabling a 60% reduction in CO_2 emission levels during prefabrication compared with conventional methods, in addition to a 15% reduction in power consumption by the stores.

Looking Ahead

Waste food from some of our stores and ready-to-eat food plants is collected and turned into liquefied feed for the pigs that provide the pork for our *bento* products. Working with our stores and business partners, we are building a closed loop recycling system in our food operations.

Contributing to the Community

Because we consider local communities an important part of our "Family," we contribute to the community in a wide range of ways, including placement of charity boxes at stores, provision of emergency disaster relief, and staff volunteering.

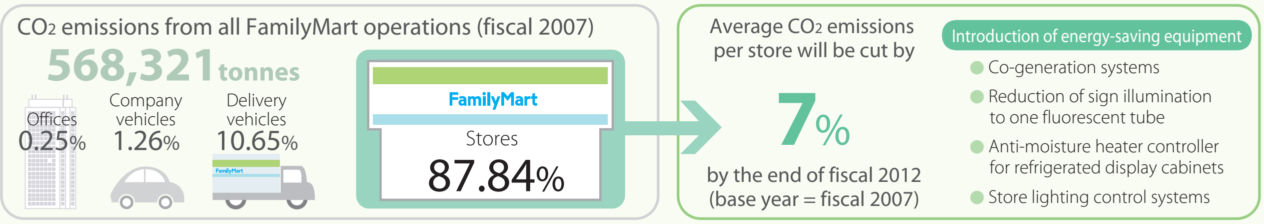
Major Initiatives in Fiscal 2008

- In-store fundraising for the FamilyMart Connecting Dreams Foundation, and emergency relief donations for disaster struck-areas → 5
- FamilyMart was the first company in the retail sector in Japan to join the Bellmark campaign → 6
- FamilyMart conducted a Nationwide Environment Beautification campaign, in which a total of some 19,000 staff from the Company, our stores and our business partners participated.
- During fiscal 2008, we signed such agreements with 12 more regional authorities on providing "lifeline" services in the event of major disasters. As of the end of February 2009, we had signed agreements on merchandise supplies with 25 prefectures, and with regard to relief measures for disaster victims unable to return home, with 14 prefectures and other local governments.

Looking Ahead

The basic concept for our community contribution activities in fiscal 2009 is "Support for Children." We plan to launch a range of initiatives for the younger members of society.

1 Targets for reduction of CO_2 emissions in our stores



The total annual volume of CO_2 emitted by FamilyMart is around 570,000 tonnes. Of this total, over 85% comes from our stores. Through installation of energy-saving equipment at new stores and refurbished stores, we aim to reduce CO_2 emissions per store by 7% or 5.2 tonnes by fiscal 2012, compared with fiscal 2007. This goal will be translated into a total annual reduction in CO_2 emissions of 40,000 tonnes.

2 Expanded use of environment-friendly packaging

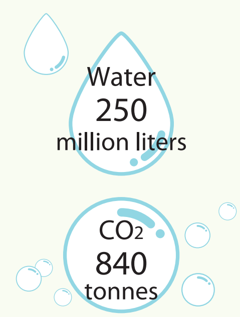
Having introduced in 2002 pulp-mold packaging made from reeds for gratin and other dishes, in 2007 we began using plant-based biomass plastic, primarily in salad trays. In fiscal 2008, we increased the volume of environment-friendly packaging by 40%, including the introduction of biomass plastic packaging for dessert products, and expanded the use of paper containers and the trial use of packaging using falcata, a plant in the legume family.

3 Low-pollution delivery vehicles

Having launched vehicles powered by natural gas, with lower exhaust levels in 1998, in 2004 we introduced the first hybrid delivery vehicles in the convenience store sector in Japan. Since then, we have continued the changeover. As of the end of February 2009, of approximately 1,900 delivery vehicles, 54 ran on natural gas and 261 were hybrid vehicles.

4 Switch to no-rinse rice for use in ready-to-eat items

To make our rice-cooking more environment-friendly, we shifted to no-rinse rice (milled with a new technique that removes all bran and surface starch without the use of water) for all our rice-ball, *sushi* and *bento* products. We expect to achieve annual savings of 250 million liters of water and an 840-tonne reduction in CO_2 emissions.



5 FamilyMart Connecting Dreams Foundation

Using donations by customers at our stores, we enthusiastically support the activities of NPOs and NGOs in Japan and overseas that are working to improve the lives of children and secure a brighter future for the world. Donations are distributed equally among four organizations: Japan Association for the United Nations World Food Program, Save the Children Japan, the National Land Afforestation Promotion Organization, and the Environmental Restoration and Conservation Agency of Japan.

6 Participation in the Bellmark Campaign

FamilyMart supports the creation of valuable, equal education opportunities for all children, and is a corporate supporter of the Bellmark Campaign* operated by the Bellmark Foundation. Since April 2008, all of our rice-ball products have carried the Bellmark logo on their packaging. This program will help bring us still closer to the communities we serve through our operations, enabling us to act as a bridge between our customers and other community members.

* Bellmark: Participating companies contribute to classroom equipment purchases based on points (one point per yen) on Bellmark product labels (collected by PTAs).

Corporate Governance and Internal Control System

Our Basic Stance on Corporate Governance

Based on our belief that strong corporate governance builds enterprise value, we are working to establish a transparent and effective management system. To this end, we are working to establish a system to ensure legal compliance and the accurate performance of clerical work. In addition, to ensure proper corporate governance, it is essential to fulfill our duty of accountability through regular disclosure of corporate information.

Our Corporate Governance System

As of June 1, 2009, the Company's Board of Directors comprises 12 directors. Regular meetings of the Board are held once every month to decide on important matters affecting the Company's business operations, and to perform supervisory duties. FamilyMart has adopted the executive officer system, with transfer of substantial executive authority to executive officers, as part of efforts to speed up the taking of decisions affecting operations, and their execution. We have also set up a Risk Management & Compliance Committee to coordinate risk management systems and strengthen our mechanisms for observance of all laws and ethical norms, and an Internal Control Department to establish an internal control system and entrench corporate governance at FamilyMart.

As an internal auditing unit, the Company's organization includes the Audit Office, which reports directly to the President of the Company. Taking a Companywide perspective, the Audit Office staff examine business operations in terms of efficiency of performance, risk management and compliance. They also conduct thorough checks on progress in implementation of Audit Office directives and proposals, exchange information and liaise with internal audit staff of other Group companies.

The Company's Board of Corporate Auditors consists of four members, of whom two are outside corporate auditors. The auditors sit in on meetings of the Board of Directors and other high-level managerial meetings, and inspect the state of the Company's business operations and financial position after reading documents on important management decisions. They also maintain close contact with the Audit Office and other related units, and hold regular liaison meetings with corporate auditors of Group companies to ensure a sound governance system throughout the FamilyMart Group.

FamilyMart has a contractual agreement with the auditing company Deloitte Touche Tohmatsu to perform the auditing of the Company's accounts in line with the Corporate Law and Financial Instruments and Exchange Law. The accounting auditors, as an independent organization, examine the financial statements and other financial documents of the Company. Upon receiving the accounting auditors' reports, Company representatives discuss the findings with the accounting auditors.

Remuneration of Directors, Corporate Auditors and Independent Auditors

Amounts of remuneration, etc., to directors and corporate auditors

(Millions of yen)

Directors	235
Corporate auditors	62 (including ¥25 million for outside corporate auditors)

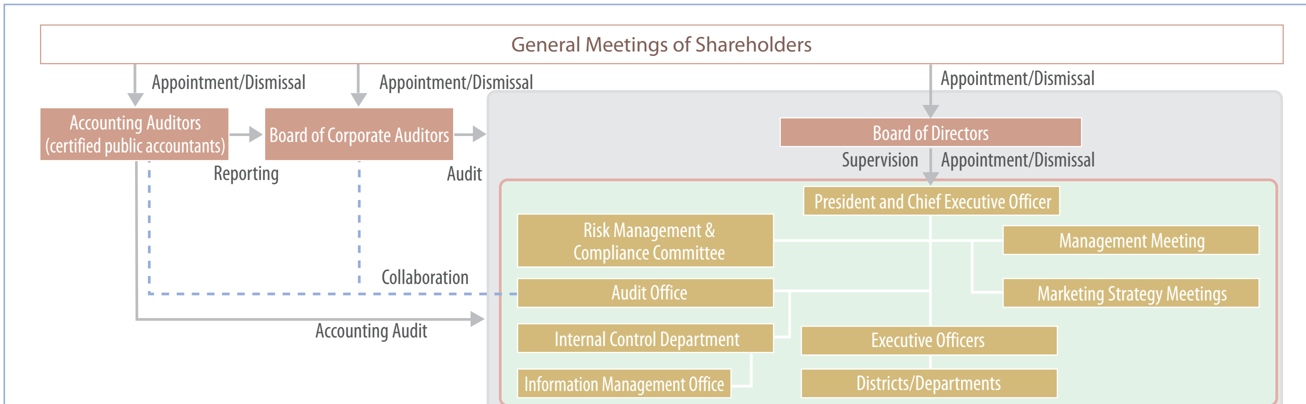
Notes:
1. The above amounts include payments to one Director who announced his retirement at the end of the 27th General Meeting of Shareholders held on May 29, 2008.
2. The above amounts do not include amounts corresponding to salaries and bonuses for Directors who concurrently serve as employees.
3. In addition to the above, ¥30 million in "Retirement benefits to directors and corporate auditors" was also paid to one retired Director by resolution of the 27th General Meeting of Shareholders held on May 29, 2008.

Amounts of remuneration to independent auditors

(Millions of yen)

Payment for audit certification	50
Other payments	5

Corporate Governance System

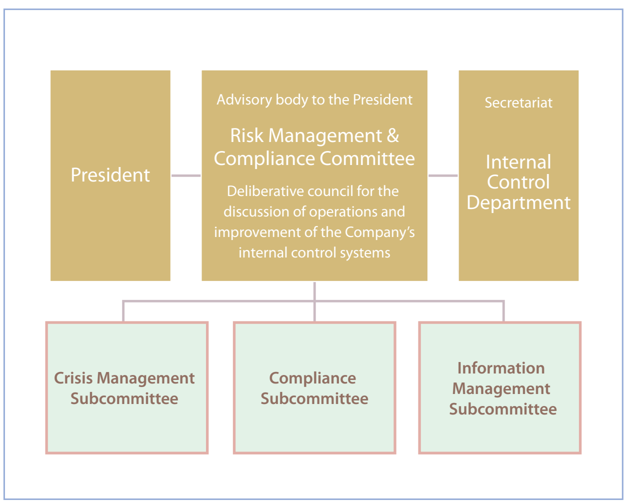


(As of June 1, 2009)

Structure of Internal Control System

FamilyMart is taking measures to further develop internal controls, based on its Board-approved basic policy on the creation of a more effective internal control system. The Company set up the Internal Control Department to oversee the work of constructing a fully effective internal control system. At the same time, the Risk Management & Compliance Committee is responsible for reviewing the adequacy and operational status of internal controls. Under the auspices of this committee, the Company created special working groups for crisis management, compliance and information management. These measures are intended to ensure the best possible risk management, including legal observance in every sphere of operations.

The Risk Management & Compliance Committee and Specialist Subcommittees



Compliance Policy

Ensuring the Adequacy of Internal Control Systems

The Internal Control Department undertakes the following measures in its capacity as Companywide coordinator for compliance, internal controls relating to financial reporting, and risk and information management.

Compliance

The Company has established the FamilyMart Ethics and Compliance Basic Guidelines, the Three-Point Compliance Action Guidelines, and the Compliance Code of Conduct. These documents spell out the Company's compliance policy in specific terms. The introduction of an internal reporting system, through which ethical failures and legal violations may be flagged up, has enabled us to strengthen our ethical and legal compliance.

Internal Controls Relating to Financial Reporting

We have established in-house regulations and reviewed our internal controls to improve the quality of our financial reporting (securities reports, etc). We are taking systematic measures to eliminate the risk of false data being recorded as significant information in our financial statements.

Risk Management

To ensure due risk management on a Companywide basis, each unit of FamilyMart has compiled a "risk map" involving the review and categorization — in terms of frequency of occurrence, likely impact and other factors — of the various risk factors to which they are exposed. This will raise risk awareness. Based on the risk map, the Company is completing a set of regulations and a manual on systems and methods for minimizing the impact of risks considered the most serious.

Information Management

To establish a Companywide system for information management, we have compiled a Basic Policy Document for Information Security for management of business information and confidential matters. We have compiled a Personal Information Protection Policy and drawn up internal regulatory documents to appropriately safeguard personal information relating to major customers and franchisees.

Acquisition of Privacy Mark

In November 2006, FamilyMart became the first convenience store operator to be permitted to use the Privacy Mark*. This certification was renewed on April 23, 2009 and permission to display the mark was extended to our e-commerce subsidiary famima.com Co., Ltd. in February 2007 and to Famima Retail Service Co., Ltd. in December 2008.

Our aim is always to fully justify public trust in the FamilyMart brand. To that end, we will take further steps to strengthen management of personal and other sensitive information in the years ahead.

* Japan Information Processing Development Corporation issues the Privacy Mark, which indicates conformity with the JIS Q 15001 standards for personal information protection. The standards are more rigorous than legal requirements.

Non-extension of Counter-Acquisition Policy

At a meeting of the Board of Directors held in April 2006, the Company adopted the Policy toward Large-Scale Purchases of FamilyMart Shares (hereinafter, "the counter-acquisition policy").

Following changes in the Government's policy on large-scale purchase of shares, which significantly reduced the meaning of the Company's own counter-acquisition policy, the Company has given thought to the advisability of extending or discontinuing the counter-acquisition policy that was due to expire on April 30, 2009. After examination of the circumstances, at a meeting of the Board of Directors held in April 2009, a resolution was passed not to extend the application of the policy. This decision is based on our assessment that adequate measures are being taken by the Company with respect to: 1) taking active steps to enhance store competitiveness, strengthen merchandising, build a high-quality store network, and push ahead with the development of overseas store chains as a means of enhancing the profitability of the Company's operations; 2) strengthening our corporate governance system; and 3) implementing steady profit distribution for all our shareholders. All these measures are aimed at raising the Company's enterprise value and ensuring adequate protection of the common interests of shareholders.

With regard to this decision, the Company will, in the event of a takeover attempt, provide shareholders with the information and time needed for evaluation, after requiring rigorous disclosure by parties attempting a large-scale purchase of shares and making public the stance of the Board of Directors. If necessary, appropriate defensive measures will be taken within the scope of the relevant laws and regulations.

IR Activities

FamilyMart's IR activities are principally characterized by accuracy, speed of disclosure, and impartiality. In November 2006 we received the Excellent IR Activity Award from the Japan Investor Relations Association. In fiscal 2008, we implemented a variety of IR activities under the firm leadership of our President. These activities include analysts' meetings to explain our interim and year-end business results, overseas IR activities, responses to individual requests for interviews, updating our website, and regularly publishing financial reports and other materials. In recognition of these efforts, in October 2008, the Security Analysts Association of Japan ranked FamilyMart as one of Japan's leading companies — and the only such company in the retail industry — with respect to disclosure activities. We intend to strengthen our IR activities still further in the future.

The FTSE4Good

In September 2003 FamilyMart Co., Ltd. became a constituent of the FTSE4Good Index Series. This is an equity index series created by the global index company FTSE Group, and is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards with respect to social, ethical, and environmental criteria. The index is targeted at investors who have a strong interest in supporting companies that contribute to the realization of a sustainable society.

Board of Directors, Executive Officers, and Corporate Auditors

President and Chief Executive Officer

1. Junji Ueda

Senior Managing Directors and Senior Managing Executive Officers

2. Shisaburo Ueda
3. Shinichiro Harima
4. Takayuki Yokota

Managing Directors and Managing Executive Officers

5. Shiro Inoue
6. Masatsuna Seki
7. Yasuhiro Kobe
8. Yoshiki Miyamoto

Directors and Managing Executive Officers

9. Toshio Kato
10. Motoo Takada
11. Masaaki Kosaka
12. Akinori Wada

Managing Executive Officers

Jin Tin Pan
Goichi Itokazu

Senior Executive Officers

Kazushige Ueno
Katsuo Ito
Masataka Uesugi
Kimichika Iwakiri

Executive Officers

Hisashi Suzuki
Masami Fujimori
Mitsuji Hirata
Takehiko Kigure
Masanori Sugiura
Toru Ichikawa
Shigeyuki Ushimaru
Yoshihito Nakahira
Minoru Aoki
Masaharu Ishiguro
Shigehisa Kitaki
Masayoshi Masuko
Naomi Maruyama

Standing Corporate Auditors

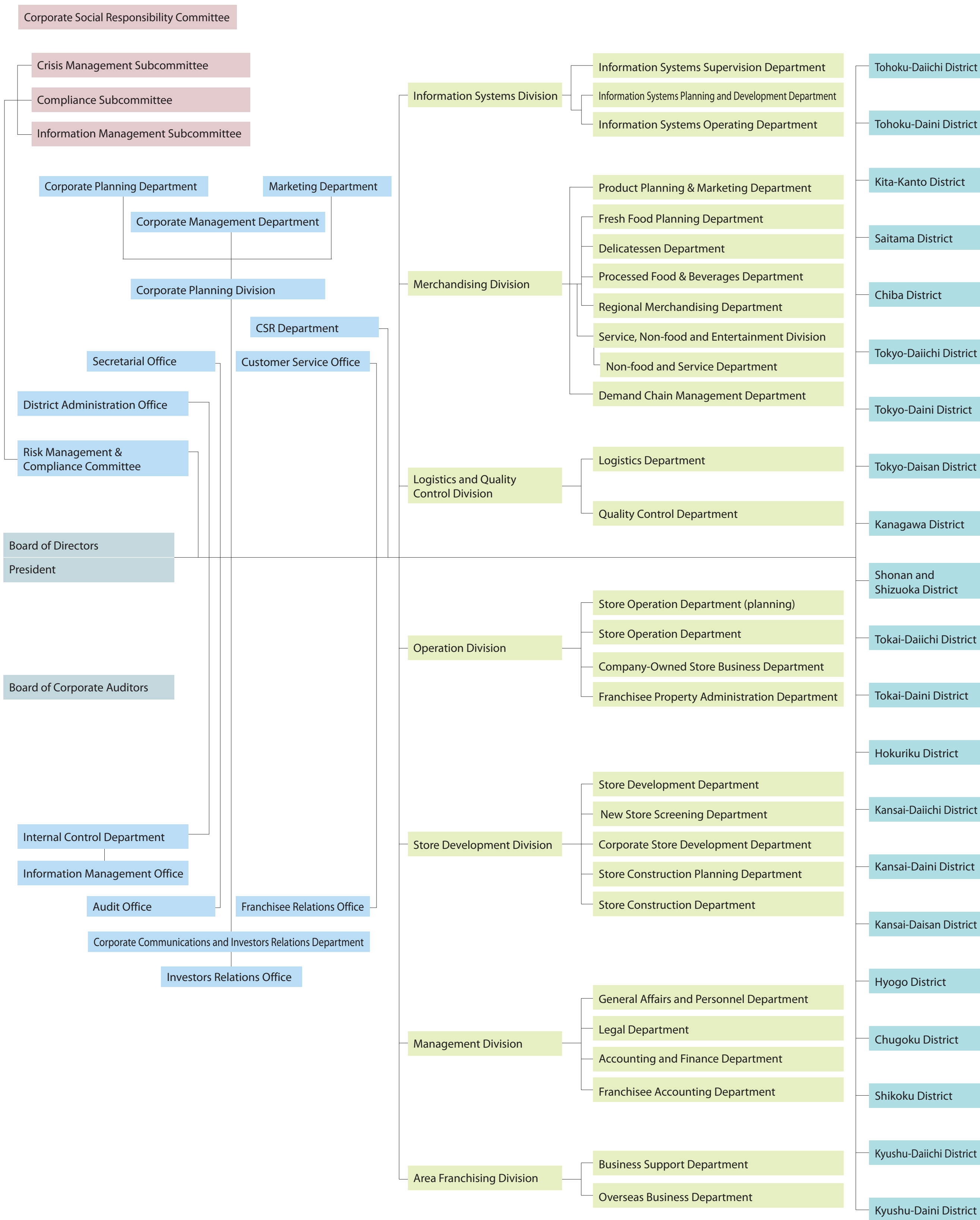
Noboru Nishioka
Masahiro Asano
Shota Takahashi

Corporate Auditor

Takashi Endo

(As of June 1, 2009)

Organization



(As of June 1, 2009)

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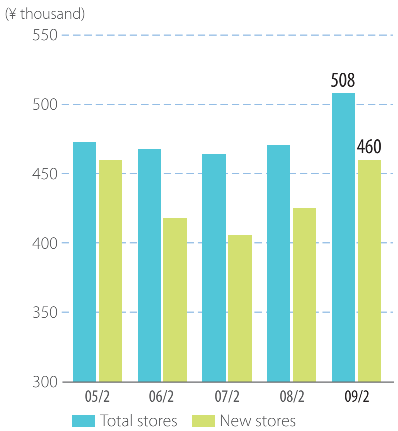
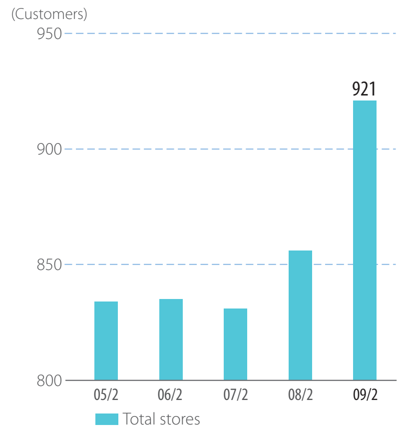
Business Performance (non-consolidated)

Average Daily Sales



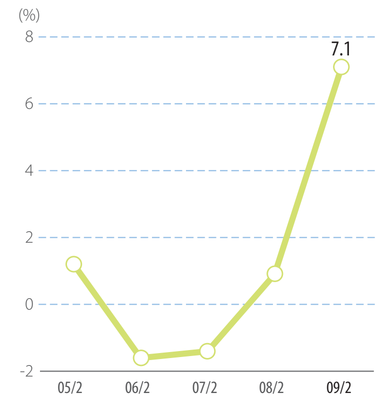
* The figures above do not reflect the performance results of the TOMONY stores.

Number of Customers



* The figures above do not reflect the performance results of the TOMONY stores.

Growth Rate of Average Daily Sales of Existing Stores



* The figures above do not reflect the performance results of the TOMONY stores.

Business Performance

		06/2		07/2		08/2		09/2		10/2 (Est.)	
			YoY difference		YoY difference		YoY difference		YoY difference		YoY difference
Average daily sales (thousands of yen)	Total stores	468	(5)	464	(4)	471	7	508	37	514	6
	Existing stores	471	(3)	466	(5)	473	7	510	37	514	4
	New stores	418	(42)	406	(12)	425	19	460	35	480	20
Number of customers	Total stores	835	1	831	(4)	856	25	921	65	933	12
	Existing stores	838	4	834	(4)	858	24	922	64	933	11
Spend per customer (yen)	Total stores	561	(6)	558	(3)	551	(7)	551	—	551	—
	Existing stores	562	(6)	559	(3)	551	(8)	553	2	551	(2)
Growth rate of average daily sales of existing stores (%)		(1.6)	(2.8)	(1.4)	0.2	0.9	2.3	7.1	6.2	0.5	(6.6)
Average inventory (thousands of yen)		5,374	51	5,460	86	5,505	45	5,753	248	5,775	22
Turnover of goods (times)		30.5	(0.8)	30.3	(0.2)	30.6	0.3	31.7	1.1	32.1	0.4

* The figures above do not reflect the performance results of the TOMONY stores.

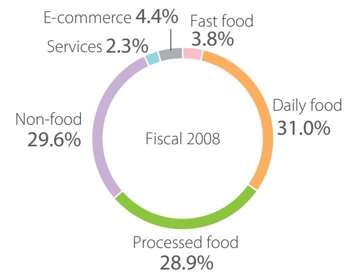
Bill Settlement Service

	06/2		07/2		08/2		09/2	
		YoY (%)		YoY (%)		YoY (%)		YoY (%)
Transaction volume (millions of yen)	906,192	15.6	1,048,380	15.7	1,198,266	14.3	1,332,213	11.2
Number of transactions (thousand)	102,314	13.5	114,641	12.0	131,061	14.3	147,956	12.9

Products (non-consolidated)

Category	Products
Fast food	Fried chicken, steamed meat buns, *oden*, french fries and croquettes etc. made and sold over the counter
Daily food	*Bento* products, noodles, sandwiches, delicatessen, desserts etc.
Processed food	Beverages, alcoholic beverages, instant noodles, confectionery, seasonings etc.
Non-food	Magazines, daily goods, cigarettes etc.
Services	Copy service, express service etc.
E-commerce	Sales by Famiport Multimedia Terminal and internet shopping

Sales by Product Category



Breakdown of Sales by Product Category

(Millions of yen)

	06/2			07/2			08/2			09/2		
		YoY (%)	Share (%)		YoY (%)	Share (%)		YoY (%)	Share (%)		YoY (%)	Share (%)
Fast food	34,282	30.1	3.3	38,502	12.3	3.6	41,286	7.2	3.7	46,951	13.7	3.8
Daily food	336,902	3.5	32.7	346,725	2.9	32.4	366,960	5.8	32.7	386,649	5.4	31.0
Processed food	321,274	0.4	31.1	327,043	1.8	30.6	342,502	4.7	30.5	360,012	5.1	28.9
Liquor (License goods)	61,028	0.5	5.9	60,842	(0.3)	5.7	63,259	4.0	5.6	65,477	3.5	5.3
Food sub-total	692,458	3.1	67.1	712,270	2.9	66.6	750,748	5.4	66.9	793,612	5.7	63.7
Non-food	261,914	2.8	25.4	276,656	5.6	25.9	289,239	4.5	25.8	369,074	27.6	29.6
Cigarettes (License goods)	149,866	7.0	14.5	166,315	11.0	15.6	180,933	8.8	16.1	261,246	44.4	21.0
Services	34,139	(13.2)	3.3	26,935	(21.1)	2.5	27,401	1.7	2.4	28,350	3.5	2.3
E-commerce	43,225	33.4	4.2	52,961	22.5	5.0	54,450	2.8	4.9	54,752	0.6	4.4
Total	1,031,736	3.3	100.0	1,068,822	3.6	100.0	1,121,838	5.0	100.0	1,245,788	11.0	100.0

Gross Profit Ratio

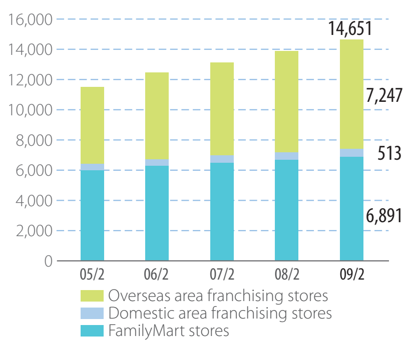
(%)

	06/2		07/2		08/2		09/2		10/2 (Est.)	
		YoY difference		YoY difference		YoY difference		YoY difference		YoY difference
Fast food	49.75	0.91	50.52	0.77	50.52	—	50.61	0.09		
Daily food	34.08	0.43	34.65	0.57	34.93	0.28	35.03	0.10		
Processed food	33.74	0.71	34.17	0.43	34.71	0.54	35.17	0.46		
Liquor (License goods)	22.78	0.87	22.98	0.20	23.25	0.27	23.97	0.72		
Food sub-total	34.70	0.75	35.29	0.59	35.69	0.40	36.02	0.33		
Non-food	19.53	(0.19)	19.05	(0.48)	18.63	(0.42)	16.89	(1.74)		
Cigarettes (License goods)	10.48	0.02	10.56	0.08	10.49	(0.07)	10.49	—		
Services	11.23	1.30	13.59	2.36	13.16	(0.43)	12.48	(0.68)		
E-commerce	3.66	(0.15)	3.26	(0.40)	3.42	0.16	3.60	0.18		
Total	28.77	0.38	28.95	0.18	29.18	0.23	28.40	(0.78)	28.76	0.36

* The figures above do not reflect the performance results of the TOMONY stores.

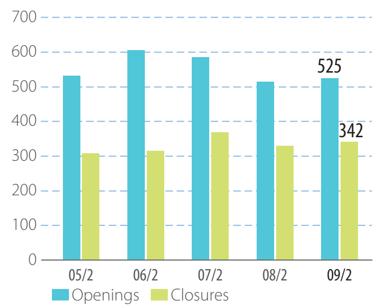
Stores

Number of Stores



Number of Openings and Closures

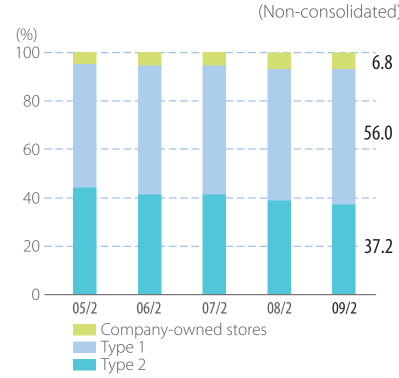
(Non-consolidated)



* The figures above do not reflect the performance results of the TOMONY stores.

Breakdown of Contract Type

(Non-consolidated)



Number of Stores

	06/2		07/2		08/2		09/2		10/2 (Est.)	
	Number of stores	YoY difference	Number of stores	YoY difference	Number of stores	YoY difference	Number of stores	YoY difference	Number of stores	YoY difference
Company-owned stores	342	56	358	16	460	102	469	9	450	(19)
Type 1	3,343	282	3,509	166	3,627	118	3,861	234		
(TOMONY)					5	5	22	17		
Type 2	2,599	(48)	2,634	35	2,604	(30)	2,561	(43)		
Franchised stores	5,942	234	6,143	201	6,231	88	6,422	191	6,641	219
FamilyMart stores	6,284	290	6,501	217	6,691	190	6,891	200	7,091	200
Okinawa FamilyMart Co., Ltd.	181	19	194	13	200	6	200	—		
Minami Kyushu FamilyMart Co., Ltd.	269	1	266	(3)	273	7	283	10		
Hokkaido FamilyMart Co., Ltd.			13	13	23	10	30	7		
Domestic area franchising stores	450	20	473	23	496	23	513	17	541	28
Domestic chain stores	6,734	310	6,974	240	7,187	213	7,404	217	7,632	228
Taiwan FamilyMart Co., Ltd.	1,869	168	2,023	154	2,247	224	2,336	89	2,418	82
BOKWANG FAMILYMART CO., LTD.	3,209	392	3,471	262	3,787	316	4,180	393	4,599	419
Siam FamilyMart Co., Ltd.	536	27	538	2	507	(31)	525	18	573	48
Shanghai FamilyMart Co., Ltd.	101	51	102	1	118	16	165	47	241	76
FAMIMA CORPORATION	3	3	12	9	11	(1)	12	1	19	7
Guangzhou FamilyMart Co., Ltd.			2	2	11	9	17	6	40	23
Suzhou FamilyMart Co., Ltd.					7	7	12	5	24	12
Overseas area franchising stores	5,718	641	6,148	430	6,688	540	7,247	559	7,914	667
Total area franchising stores	6,168	661	6,621	453	7,184	563	7,760	576	8,455	695
Total chain stores	12,452	951	13,122	670	13,875	753	14,651	776	15,546	895

* The figures for 10/2 do not include the TOMONY stores.

Number of Openings and Closures (non-consolidated)

	06/2			07/2			08/2			09/2			10/2 (Est.)		
	Openings	Closures	Net increase	Openings	Closures	Net increase	Openings	Closures	Net increase	Openings	Closures	Net increase	Openings	Closures	Net increase
FamilyMart	606	316	290	586	369	217	515	330	185	525	342	183	550	350	200
TOMONY							5	—	5	17	—	17			
Total	606	316	290	586	369	217	520	330	190	542	342	200	550	350	200

Types of FamilyMart Franchising Contracts

(Contract details differ according to area franchisers)
○ = Provided by franchisee

Contract type		1FC-A	1FC-B	1FC-C	2FC-N
Contract period		10 years from store opening			
Funds	Required at contract date	¥3,075,000 at contract date (including ¥75,000 consumption tax) Affiliation fee: ¥525,000 Store preparation commission: ¥1,050,000 Initial stocking fee: ¥1,500,000 (including cash for making change and a portion of merchandise procurement costs)			
	Land/building	○	○	Provided by FamilyMart	Provided by FamilyMart
	Interior facility construction expense	○	○ FamilyMart funds part of expense	○	Provided by FamilyMart
	Sales fixtures Information devices	○ (In principle, FamilyMart funds necessary expenses)			Provided by FamilyMart
	Staff hiring Application for approval	About ¥500,000 (In the case of 2FC-N contracts, franchisees are required to fund their own living expenses for 2 to 3 months)			
Franchise commission		35% of gross margin*	38% of gross margin*	48% of gross margin*	48%~65% of gross margin*
Minimum operating revenue guaranteed (for stores open 24 hrs/day)		¥20 million per year			
Incentive for opening 24 hrs/day		¥1.2 million per year			
Rent		Note 1		Provided by FamilyMart	Provided by FamilyMart
Utilities		○	○	○	○ Note 2

* Net sales less cost of sales

Notes: 1. In the case of rental store space, the franchisee shall pay the rent, a leasehold deposit, and guarantee money.
2. In the case of 2FC-N contracts, the franchisee shall pay up to ¥3.6 million for utilities.
3. A loan system is available for part of the franchisee's initial payments in the case of 2FC-N contracts.

Number of Stores by Region

FamilyMart stores
Area franchising stores

Thailand 525
Taiwan 2,336
South Korea 4,180
China 194
U.S.A. 12

Hokkaido 30
Ishikawa 69
Aomori 25
Iwate 97
Yamaguchi 23
Shimane 30
Tottori 27
Kyoto 148
Fukui 89
Akita 38
Miyagi 197
Hiroshima 154
Okayama 83
Hyogo 284
Shiga 107
Toyama 65
Niigata 39
Yamagata 86
Fukushima 125
Nagasaki 135
Fukuoka 270
Osaka 659
Gifu 98
Nagano 32
Gunma 89
Tochigi 114
Ibaraki 152
Saga 50
Oita 63
Ehime 73
Kagawa 71
Nara 45
Aichi 446
Yamanashi 63
Saitama 382
Tokyo 1,109
Kumamoto 96
Miyazaki 79
Kochi 28
Tokushima 44
Wakayama 66
Mie 120
Shizuoka 199
Kanagawa 503
Chiba 298
Kagoshima 204
Okinawa 200

Total 14,651 stores

(As of February 28, 2009)

Consolidated Subsidiaries

Main Consolidated Subsidiaries

(Millions of yen)

	07/2			08/2			09/2		
	Operating revenues	Operating income	Net income	Operating revenues	Operating income	Net income	Operating revenues	Operating income	Net income
Taiwan FamilyMart Co., Ltd.	28,565	2,900	2,253	29,253	2,994	2,270	26,732	2,850	2,307
Siam FamilyMart Co., Ltd.	18,715	(703)	(1,910)	20,335	(530)	(740)	19,131	(7)	(92)
FAMIMA CORPORATION	658	(687)	(713)	1,409	(939)	(1,548)	1,340	(910)	(1,223)
famima.com Co., Ltd.	62,776	482	451	61,499	1,081	896	5,363	1,219	712

Main Associated Companies Accounted for by the Equity Method

(Millions of yen)

	07/2	08/2	09/2
	Net income	Net income	Net income
Okinawa FamilyMart Co., Ltd.	240	348	370
Minami Kyushu FamilyMart Co., Ltd.	242	165	252
Hokkaido FamilyMart Co., Ltd.	(128)	(44)	2
BOKWANG FAMILYMART CO., LTD.	3,554	4,235	4,052
Famima Credit Corporation	(662)	107	(306)

Capital Expenditure

Non-Consolidated

(Millions of yen)

	06/2		07/2		08/2		09/2		10/2 (Est.)	
		YoY (%)		YoY (%)		YoY (%)		YoY (%)		YoY (%)
Leasehold deposits	14,464	20.5	15,180	4.9	14,958	(1.5)	14,764	(1.3)	15,679	6.2
New stores	4,054	13.1	5,252	29.6	3,643	(30.6)	4,242	16.4	3,667	(13.6)
Existing stores	1,311	(24.6)	1,581	20.6	1,750	10.7	1,565	(10.6)	2,800	78.9
For stores	5,365	0.8	6,833	27.4	5,393	(21.1)	5,807	7.7	6,467	11.4
Head office investment	33	(81.2)	68	103.5	175	159.2	241	38.2	—	—
System investment	6,138	77.2	5,285	(13.9)	2,101	(60.2)	3,973	89.1	3,702	(6.8)
For head office	6,171	69.5	5,353	(13.3)	2,276	(57.5)	4,214	85.2	3,702	(12.2)
Total capital expenditure	26,000	24.0	27,366	5.3	22,627	(17.3)	24,785	9.5	25,848	4.3
Depreciation and amortization expense	8,191	(12.3)	8,044	(1.8)	6,043	(24.9)	6,059	0.3	6,690	10.4
Lease			20,292		6,508		1,701		1,610	

Consolidated

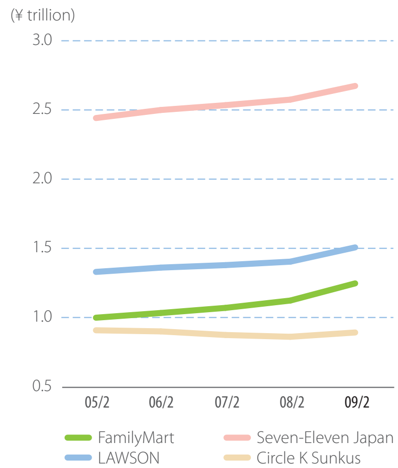
(Millions of yen)

	06/2		07/2		08/2		09/2		10/2 (Est.)	
		YoY (%)		YoY (%)		YoY (%)		YoY (%)		YoY (%)
Total capital expenditure	29,491	10.8	33,010	11.9	27,504	(16.7)	29,167	6.0	29,684	1.8
Depreciation and amortization expense	11,311	(5.4)	11,565	2.2	9,856	(14.8)	9,669	(1.9)	10,205	5.5

Principal Indicators of Convenience Store Industry

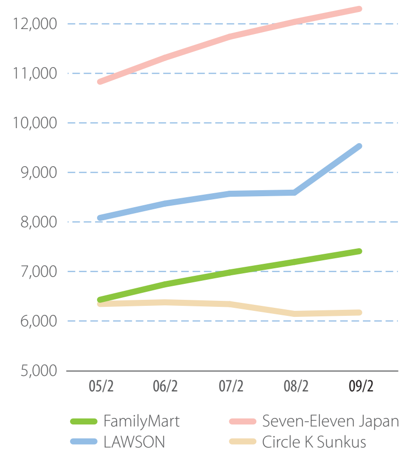
Total Store Sales

(Non-consolidated)



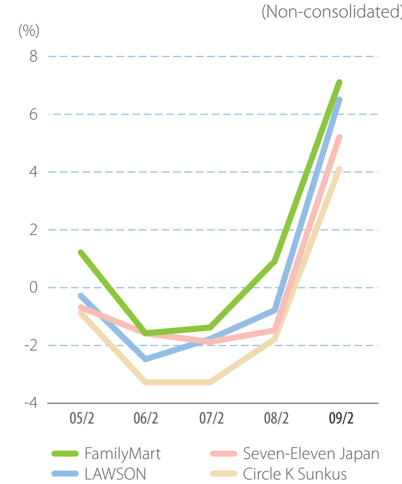
Number of Stores

(Only in Japan, includes stores under area franchisers)



Growth Rate of Average Daily Sales of Existing Stores

(Non-consolidated)



Aggregate Figures for All Convenience Stores in Japan

	03/3	04/3	05/3	06/3	07/3	08/3	09/3
Total sales (billions of yen)	7,028	7,133	7,297	7,372	7,421	7,516	8,056
Number of stores	37,324	37,923	38,854	39,820	40,342	40,433	41,006

Total Store Sales (non-consolidated)

(Millions of yen)

	03/2	04/2	05/2	06/2	07/2	08/2	09/2
FamilyMart	931,808	954,445	998,491	1,031,736	1,068,822	1,121,838	1,245,788
Seven-Eleven Japan	2,213,298	2,343,177	2,440,853	2,498,754	2,533,534	2,574,306	2,762,557
LAWSON	1,291,030	1,285,018	1,329,077	1,360,495	1,377,842	1,402,786	1,506,312
Circle K Sunkus	891,889	883,894	907,407	898,741	872,844	860,041	890,856

Number of Stores (only in Japan, includes stores under area franchisers)

	03/2	04/2	05/2	06/2	07/2	08/2	09/2
FamilyMart	6,013	6,199	6,424	6,734	6,974	7,187	7,404
Seven-Eleven Japan	9,690	10,303	10,826	11,310	11,735	12,034	12,298
LAWSON	7,625	7,821	8,077	8,366	8,564	8,587	9,527
Circle K Sunkus	6,241	6,152	6,339	6,372	6,336	6,139	6,166

Growth Rate of Average Daily Sales of Existing Stores (non-consolidated)

(%)

	03/2	04/2	05/2	06/2	07/2	08/2	09/2
FamilyMart	(0.5)	(2.9)	1.2	(1.6)	(1.4)	0.9	7.1
Seven-Eleven Japan	(0.2)	(0.6)	(0.7)	(1.6)	(1.9)	(1.5)	5.2
LAWSON	(1.9)	(2.5)	(0.3)	(2.5)	(1.8)	(0.8)	6.5
Circle K Sunkus	(2.0)	(4.5)	(0.9)	(3.3)	(3.3)	(1.8)	4.1

Sources: Retail statistical yearbook, Ministry of Economy, Trade and Industry, and documents released by each company.
Note: Circle K Sunkus was established through a merger of Circle K and Sunkus in September 2004. All figures prior to the year ended February 29, 2004 are the simple sum of the two founding companies.

Consolidated Nine-Year Summary

FamilyMart Co., Ltd. and Consolidated Subsidiaries Years Ended the Last Day of February

	Millions of yen		
	2009	2008	2007
Results of operations:			
Operating revenues:			
Commission from franchised stores	162,288	150,351	142,294
Net sales	102,483	147,856	134,506
Other operating revenues	22,571	21,232	21,049
Total operating revenues (Note 2)	287,342	319,439	297,849
Operating income	36,532	31,214	29,609
Net income	16,452	16,438	14,969
Net cash provided by operating activities	75,028	49,375	35,093
Net cash used in investing activities	(28,217)	(24,593)	(32,938)
Net cash (used in) provided by financing activities	(7,030)	3,956	(19,155)
Financial position:			
Total assets (Notes 3, 4)	398,126	351,271	315,256
Total equity (Note 5)	197,529	191,281	171,155
Per share of common stock (in yen and U.S. dollars):			
Total equity (Note 5)	2,001.5	1,921.6	1,771.3
Basic net income	172.6	173.5	158.8
Cash dividends applicable to the year	68.0	60.0	46.0
Ratio:			
Equity ratio (%)	47.9	52.2	51.9
Return on equity (%)	8.8	9.5	9.0
Return on total assets (%)	4.4	4.9	4.8
Other data:			
Number of franchised stores and Company-owned stores	6,891	6,691	6,501
Number of area franchised stores (including overseas area franchised stores)	7,760	7,184	6,621
Number of stores	14,651	13,875	13,122
Number of full-time employees	6,950	6,647	6,735
Number of shareholders	12,293	14,933	17,880
Weighted average number of shares (thousands)	95,320	94,425	94,037

Notes: 1. Conversion into U.S. dollars has been made at the exchange rate of ¥98 = U.S.$1, the rate prevailing on February 28, 2009.
2. Operating revenues for fiscal year ended February 2009 declined as a result of a change in the method of revenue recognition for consolidated subsidiary famima.com Co., Ltd. from gross basis to net basis.
3. Total assets as of the fiscal 2003 term end include the amount for trade payables (¥37,883 million) and unsettled amount for accrued expenses (¥3,287 million) as the due date (February 29, 2004) fell on a bank holiday.
4. Total assets as of the fiscal 2008 term end include the amount for trade payables (¥42,334 million) as the due date (February 28, 2009) fell on a bank holiday.
5. Beginning with the fiscal year ended February 28, 2007, minority interests have been included in total equity.

	Millions of yen						Thousands of U.S. dollars (Note 1)
	2006	2005	2004	2003	2002	2001	2009
	138,636	132,864	127,164	122,738	116,478	111,729	1,656,000
	118,551	103,599	87,083	80,952	67,822	54,122	1,045,745
	19,256	16,438	14,730	13,778	11,305	10,248	230,316
	276,443	252,901	228,977	217,468	195,605	176,099	2,932,061
	32,662	30,869	29,093	27,921	23,756	24,123	372,775
	14,195	12,623	13,788	12,880	8,549	8,112	167,878
	42,778	1,428	73,593	32,694	34,219	23,305	765,592
	(32,249)	(23,183)	(10,719)	(29,327)	(28,812)	(30,980)	(287,929)
	(4,238)	(3,922)	(3,892)	(3,626)	(4,338)	(6,160)	(71,735)
	314,121	286,771	309,315	250,609	242,517	230,883	4,062,510
	168,233	156,931	147,524	137,636	130,510	126,190	2,015,602
	1,736.2	1,619.5	1,522.3	1,420.4	1,346.6	1,302.2	20.42
	145.7	129.5	141.5	132.3	87.6	82.8	1.76
	43.0	38.0	38.0	38.0	38.0	38.0	0.69
	53.6	54.7	47.7	54.9	53.8	54.6	
	8.7	8.3	9.7	9.6	6.7	6.5	
	4.7	4.2	4.9	5.2	3.7	3.7	
	6,284	5,994	5,770	5,593	5,287	5,275	
	6,168	5,507	4,556	3,530	2,897	2,341	
	12,452	11,501	10,326	9,123	8,184	7,616	
	6,048	5,458	4,675	4,466	4,205	3,917	
	17,444	18,644	21,173	24,263	28,088	31,429	
	96,846	96,852	96,857	96,867	96,868	97,107	

The FamilyMart Group comprises 29 companies including the parent company, FamilyMart Co., Ltd., 12 subsidiaries, and 16 equity-method affiliates. The Group is principally engaged in the operation of convenience stores and related services. Certain Group companies are engaged in the e-commerce business, as well as support services such as accounting work for the Group's convenience stores, which are classified as "other businesses."

Business Environment and Trends in Japan's Retail Market

The Group's business environment in the first half of the reporting term, ended February 2009, was dominated by extremely high prices of oil and raw materials, while the second half was overshadowed by an acceleration of the global economic downturn triggered by the financial system failure in the United States. Against the background of the yen's rapid appreciation on the forex market, Japan's exports plunged and the country's economy deteriorated with alarming speed. As a result, a high percentage of the public tightened their purse-strings in anticipation of worse to come, and the retail sector thus suffered the impact of sluggish consumer spending, leading to severe operating conditions.

According to the Ministry of Economy, Trade and Industry (METI), sales recorded by nationwide supermarkets in fiscal 2008 (April 2008 to March 2009) came to ¥12.82 trillion, a decline of 2.5% from the previous business term on an existing store basis. This was the combined result of low consumer confidence and sluggish sales of clothing and household articles due to stiff competition from mass retailers, home centers and so on. This trend is expected to continue in fiscal 2009.

In the department store sector, meanwhile, nationwide sales in fiscal 2008 fell to ¥7.84 trillion according to METI. This was a 6.7% year-on-year decline on an existing store basis. With the impact of the worldwide financial sector crisis from the autumn of 2008, sales of high-priced items have been weak, and a sharp fall has been recorded in sales of clothing, which is the department stores' main-earner category.

In the convenience store industry, however, the picture has been quite different. Convenience stores have shown themselves to be relatively immune to the negative impact of economic downturns up to now, and in addition, in fiscal 2008 they benefited from the introduction of a special age-verification system using smart cards (so-called *taspo* IC cards), which became mandatory for the purchase of cigarettes from vending machines. This had the effect (which we call the "*taspo* effect") of increasing the number of people buying their cigarettes at retail outlets, including convenience stores, rather than vending machines. Partly as a result of this, sales in Japan of all convenience store operators in fiscal 2008 rose 5.4% year-on-year on an existing store basis to ¥8.56 trillion, according to METI. Fiscal 2008 was the first year in which aggregate convenience store sales exceeded those of department stores, and this change marks a structural shift in Japan's consumer spending.

While all the top four convenience store chains posted good results for fiscal 2008, the performance of FamilyMart was particularly impressive. The Company posted the highest year-on-year growth rate for consolidated operating income among the leading convenience store operators, at 17%, setting new profit records.

The Business Environment for Japan's Convenience Store Operators

Structural Changes in Consumer Spending Patterns

- Shift of buying to stores closer to home, due to the rising average age of consumers
- Increased demand for small-volume items in line with the growing proportion of single-person households
- Increase in meals at home (including takeouts) rather than eating out, due to the economic downturn
- Increase in number of customers thanks to the *taspo* effect

Principal Measures Taken by FamilyMart

- Strict observance of the basics of retailing and pursuit of the "FamilyMart Feel"
- Promotion of three marketing strategies — "Generation," "Price," and "Regional"
- Introduction of Famima Fresh corners, selling fresh foods, as well as prepared food kits
- Rearrangement of product displays to appeal to customers visiting the stores to buy cigarettes
- Use of the Famima T Card to enhance customer loyalty

Review of Operations

For information on FamilyMart's store operation, products, services, store opening strategy, overseas operations, and area franchisers, please see pages 22-31.

Business Performance (non-consolidated)

For the fiscal 2008 reporting period, FamilyMart recorded a 7.1% year-on-year growth in daily sales on an existing store basis, up sharply from 0.9% for the previous year. Even if approximately

5% growth is discounted as resulting from the *taspo* effect, this still leaves a very respectable growth rate of around 2%.

Excluding June 2007, when the number of customers at our stores fell in reaction to the cigarette-buying surge in the same month of the previous year prior to an increase in the tax on cigarettes, FamilyMart has now racked up year-on-year increases in customer numbers for every month since December 2006, with the growth in fiscal 2008 being especially large.

Business Performance (non-consolidated)

	07/2	08/2	09/2	YoY difference
Growth rate of average daily sales per existing stores (%)	(1.4)	0.9	7.1	6.2
Average daily sales (existing stores; thousands of yen)	466	473	510	37
Number of customers (existing stores)	834	858	922	64

Note: The above figures do not include the performance results of TOMONY stores.

Breakdown of Sales by Product Category (non-consolidated)

Sales of all product categories posted year-on-year increases for fiscal 2008, with particularly strong performances by fast food and daily food.

Fast food is one of FamilyMart's priority product categories, and in fiscal 2008 we took steps to further strengthen our fast food brand image. Due mainly to the strengthening of sales promotion campaigns at our stores, we posted excellent sales of fried food (especially fried chicken) and *oden* (Japanese hodge-podge). Total fast food sales rose by 13.7% over the previous term.

In the daily food category, an increase in sales volume was recorded for desserts, another priority product category. Breads and pastries also sold well, with the launch of a number of unique products that became very popular. Regarding our Famima Fresh corners, which carry selections of fresh food that differ from one store to another, we introduced new refrigerating facilities to keep products fresh. We also expanded our lineup with the launch of *sashimi*, prepared fish dishes, and a number of delicatessen meat items such as roast beef. These products proved popular with middle-aged and elderly consumers, as well as people living alone. Thanks to these various factors, sales of daily food rose 5.4% over the previous term.

In the processed food category, we recorded good sales of soft drinks, alcoholic beverages, confectionery, ice cream, and dried noodles, as a result of which total processed food sales rose 5.1% year-on-year.

In the non-food category, sales of cigarettes increased due to the *taspo* effect, as many consumers who did not possess a *taspo* IC card, even though they were of legal age, bought their cigarettes at FamilyMart instead of from vending machines. Total sales in the non-food category posted a sharp year-on-year increase of 27.6%.

In the services category, we registered an increase in sale of postage stamps and postcards, and from the handling of package deliveries. Total sales in services rose 3.5%.

Thanks to increased sales of tickets online, sales in our electronic commerce business edged up by 0.6%.

Breakdown of Sales by Product Category (non-consolidated) (Millions of yen)

	07/2	08/2	09/2	YoY change
Fast food	38,502	41,286	46,951	13.7%
Daily food	346,725	366,960	386,649	5.4%
Processed food	327,043	342,502	360,012	5.1%
Non-food	276,656	289,239	369,074	27.6%
Services	26,935	27,401	28,350	3.5%
E-commerce	52,961	54,450	54,752	0.6%
Total	1,068,822	1,121,838	1,245,788	11.0%

Gross Profit Ratio (non-consolidated)

Due to an increase in the contribution to sales ratio of cigarettes, which carry a low profit ratio, the gross profit ratio declined by 0.78 percentage points from the previous term, to 28.40%. If the contribution of cigarette sales were excluded, the year-on-year increase in the gross profit ratio would be around 0.4 points, thanks to growth in sales of ready-to-eat items, which carries a high profit ratio, as well as improvements in the ratios for many revenue categories, notably the sale of daily food products.

Gross Profit Ratio (non-consolidated)

	07/2	08/2	09/2	YoY difference
Gross profit ratio (%)	28.95	29.18	28.40	(0.78)

Note: The above figures do not include the performance results of TOMONY stores.

Store Development

During the reporting term we opened 525 conventional FamilyMart stores and 17 stores in the new TOMONY format, while 342 stores were closed. As a result, we operated a total of 6,891 stores in Japan as of the reporting term-end, an increase of 200 from the previous term-end. Thanks to steps taken to speed up and make more rigorous the location selection process for new store openings, as well as our emphasis on the heavily populated parts of Japan, including the three metropolitan areas and leading provincial cities, average daily sales at new stores came to ¥460,000 for a year-on-year improvement of ¥35,000.

The number of stores operated in Japan by FamilyMart and its three domestic area franchisers as of the reporting term-end stood at 7,404. Overseas, we operate 7,247 stores via our area franchisers in Taiwan, South Korea, Thailand, China, and the United States, bringing the total number of stores in the FamilyMart chain to 14,651, up 776 from the previous term.

Store Development Performance (non-consolidated)

	07/2	08/2	09/2	YoY difference
Store openings	586	515	525	10
Store closures	369	330	342	12
Scrap and build	53	67	75	8
Average daily sales per store (new stores; thousands of yen)	406	425	460	35

Note: The above figures do not include the performance results of TOMONY stores.

Number of Stores (including area franchised stores)

	07/2	08/2	09/2	YoY difference
Japan	6,974	7,187	7,404	217
Overseas	6,148	6,688	7,247	559
Total chain stores	13,122	13,875	14,651	776

Operating Results (on a consolidated basis)

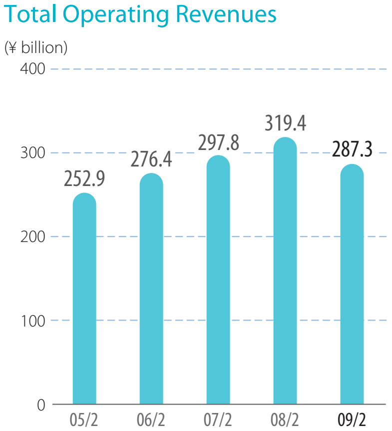
Analysis of Revenues, Costs, and Expenses

With effect from the reporting term, the method of revenue recognition of famima.com Co., Ltd. (a consolidated subsidiary) has been changed from the gross sales basis to the net sales basis. Consequently, revenues of the "other businesses" segment, to which this subsidiary belongs, plunged by 90.3% (¥53,162 million) to ¥5,701 million. As a result of this, the FamilyMart Group's total operating revenues on a consolidated basis, primarily consisting of commissions from franchised stores, sales posted by directly-operated stores, and other operating revenues, came to ¥287,342 million (US$2,932 million) for the reporting term. This represents a decrease of ¥32,097 million, or 10.0%, from the previous term. In convenience store operations, commission revenue from franchised stores increased, and sales by directly-operated stores also rose. As a result, revenues from this segment increased by ¥21,065 million (8.1%) to ¥281,641 million.

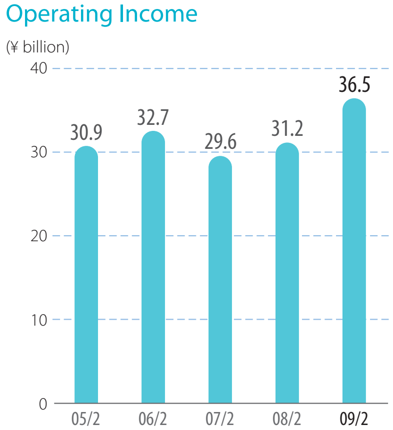
On the other side of the ledger, operating expenses decreased by ¥37,415 million (13.0%) to ¥250,810 million (US$2,559 million). While SG&A expenses in the "convenience store business" segment increased as a result of higher store-leasing costs accompanying an increase in the net number of new convenience stores, the cost of sales declined in the "other businesses" segment, due to the aforementioned changes in revenue recognition for consolidated subsidiary famima.com Co., Ltd.

As a result of the above, operating income increased by ¥5,318 million (17.0%) to ¥36,532 million (US$373 million). Of this, operating income from convenience store operations registered a year-on-year gain of ¥5,124 million (14.6%) to ¥40,164

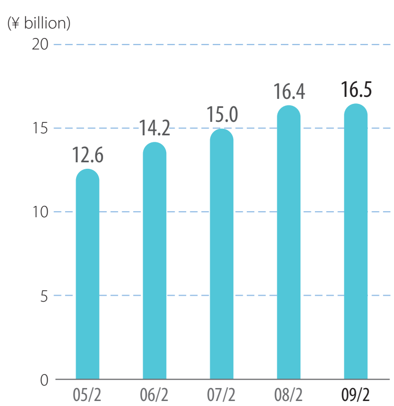
Total Operating Revenues



Operating Income



Net Income



million, while operating income from other businesses posted a year-on-year increase of ¥223 million (18.0%) to ¥1,470 million.

"Other expenses, net of income" increased by ¥4,220 million, or 177.2%, to ¥6,602 million (US$67 million), mainly due to higher unrealized losses on investment securities.

As a result of the foregoing, income before income taxes rose by ¥1,098 million, or 3.8%, to ¥29,930 million (US$305 million). Net income inched up by ¥14 million (0.1%) to ¥16,452 million (US$168 million). Earnings per share came to ¥172.6 (US$1.76).

To reflect the decreased importance of the e-commerce business within the overall business of the Group (resulting from the change in revenue recognition method for consolidated subsidiary famima.com Co., Ltd.), we have decided to subsume this segment into the "other businesses" segment. To allow comparisons of performance figures, we have restated the previous term's figures in line with the new segmentation.

Geographical Segments

Japan

With effect from the reporting period, the method of revenue recognition for consolidated subsidiary famima.com Co., Ltd. has been changed from a gross to a net basis. As a result, total operating revenues of all domestic operations declined by 10.2% to ¥241,167 million (US$2,461 million). Operating income, however, posted an increase of 14.9% to ¥40,131 million (US$410 million).

Asia

A net increase in the number of stores operated in Thailand and Taiwan led to good sales growth, but the impact of the yen's appreciation on the forex market caused total operating revenues to fall by 9.6% to ¥44,835 million (US$458 million). An improvement in the profit/loss account of our Thai area franchiser helped push up operating income for all Asian operations by 3.8% to ¥2,459 million (US$25 million).

Other Area

Our American operations have still not turned a profit, with the value of operating expenses exceeding operating income. This situation was aggravated by the yen's appreciation, as a result of which total operating revenues dropped by 4.9% year-on-year, to ¥1,340 million (US$14 million). At the profit level, the operating loss figure shrank from ¥1,004 million for the previous term to ¥956 million (US$10 million).

Business Performance Results by Geographical Segments (Millions of yen)

	07/2	08/2	09/2	YoY change
Total operating revenues	297,849	319,439	287,342	(10.0)%
Japan	249,958	268,442	241,167	(10.2)%
Asia	47,233	49,588	44,835	(9.6)%
Other area	658	1,409	1,340	(4.9)%
Operating income (loss)	29,609	31,214	36,532	17.0%
Japan	32,867	34,921	40,131	14.9%
Asia	2,132	2,370	2,459	3.8%
Other area	(686)	(1,004)	(956)	—
Eliminations/corporate	(4,704)	(5,073)	(5,102)	—

Financial Position

Total assets at the reporting term-end amounted to ¥398,126 million (US$4,063 million) for an increase of ¥46,855 million, or 13.3%, over the previous term-end.

Current assets came to ¥204,406 million (US$2,086 million), up ¥44,831 million over the previous term-end. This was principally the result of an increase in cash and cash equivalents as well as marketable securities.

The value of property and store facilities at the term-end stood at ¥48,337 million (US$493 million), down ¥4,358 million from the previous term-end. This is mainly attributable to a decline in the yen value of property held by overseas subsidiaries (area franchisers), notably our Taiwanese subsidiary.

Investments and other assets rose ¥6,382 million to ¥145,383 million (US$1,484 million). This was due mainly to increases in leasehold deposits for store operations, as well as increased expenditure on software, among other outlays.

Total liabilities registered an increase of ¥40,607 million, or 25.4%, from the previous term-end, to ¥200,597 million (US$2,047 million).

Current liabilities grew by ¥41,096 million year-on-year, to ¥183,025 million (US$1,868 million). This was mainly due to the fact that the final day of the fiscal 2008 term fell on a bank holiday, resulting in an increase in trade accounts payable.

Long-term liabilities declined by ¥489 million to ¥17,572 million (US$179 million). This is mainly attributable to a decline in the value in yen terms of guarantee money deposited at our Taiwanese subsidiary, owing to the appreciation of the yen.

Total equity at the term-end amounted to ¥197,529 million (US$2,016 million) for an increase of ¥6,248 million over the previous term-end. Nevertheless, the equity ratio declined from 52.2% to 47.9%, while the ROE declined from 9.5% to 8.8%. Equity per share came to ¥2,001.5.

Cash Flows

The term-end balance of cash and cash equivalents amounted to ¥135,888 million (US$1,387 million), up ¥37,044 million, or 37.5%, from the previous term-end.

Net cash provided by operating activities came to ¥75,028 million (US$766 million) for an increase of ¥25,653 million over the previous term. This was due mainly to the fact that the final day of the term fell on a bank holiday. The result of this was that trade notes and accounts payable increased, and the receipt of commissions on sales from franchisees was postponed to the following fiscal term (i.e. by two days). Trade notes and accounts payable therefore increased by ¥35,835 million, while the net amount of loans, net of deposits, to franchisees declined by ¥10,780 million.

Net cash used in investing activities rose by ¥3,624 million over the previous term to ¥28,217 million (US$288 million). This was mainly due to an increase of ¥3,062 million in purchases of property and store facilities, as well as software and other intangible assets. A decrease in expenditure on the purchase of marketable and investment securities in the amount of ¥20,402 million was roughly offset by a decrease in the amount of ¥21,472 million in proceeds from the sale and redemption at maturity of marketable and investment securities.

Net cash used in financing activities came to ¥7,030 million (US$72 million), compared with net cash provided in the amount of ¥3,956 million for the previous term. This was due mainly to a decline of ¥8,966 million in proceeds from the sale of shares in treasury and an increase of ¥1,496 million in expenditures on the payment of dividends.

Dividend Policy

The Company regards the distribution of profits to shareholders, in the form of the payment of dividends, as a matter of the highest priority. In accordance with the Company's fundamental policy of implementing a stable distribution of dividends to shareholders in line with the growth of operations, the management has decided to pay an annual per-share dividend (including an interim dividend) of ¥68 (US$0.69) for the reporting term, an increase of ¥8 per share over the previous term.

For the current term, ending February 2010, the Company plans to pay an annual dividend of ¥70 (US$0.71) per share.

Outlook

Business conditions for the convenience store industry are expected to remain difficult during the current term. This comes against the background of changes in consumer preferences in Japan resulting from the aging of the population, the declining birthrate, increasingly stiff competition from other retail formats, and the weakening of consumer confidence amid the worldwide economic downturn. Additionally, the *taspo* effect, which was a positive factor in fiscal 2008, will lessen and gradually fade out until around July. Over the entire business year, the *taspo* effect is predicted to disappear almost completely.

FamilyMart's income from its overseas subsidiaries and equity-method affiliates is expected to be negatively impacted by the strength of the yen's exchange rate.

Despite the gloomy prospects described above, FamilyMart will continue to work toward increased revenues and earnings through further intensification of the strategies it has pursued up to now.

Targets for Major Indicators (non-consolidated)

	09/2	10/2 (Est.)	YoY difference
Average daily sales (total stores; thousands of yen)	508	514	6
Growth rate of average daily sales per existing store (%)	107.1	100.5	(6.6)
Gross profit ratio (%)	28.40	28.76	0.36
Average daily sales (new stores; thousands of yen)	460	480	20
Store openings	525	550	25
Store closures	342	350	8

Note: The above figures do not include the performance results of TOMONY stores.

Outlook for Business Performance (consolidated)

(Millions of yen)

	09/2	10/2 (Est.)	YoY change
Operating revenues	287,342	287,500	0.1%
Operating income	36,532	36,700	0.5%
Net income	16,452	18,800	14.3%

Operational and Other Risks

The following section outlines some of the main risks relating to the FamilyMart Group's operations that could potentially have a significant impact on investors' decisions.

Statements contained within this section that refer to matters in the future have been determined to the best of our knowledge as of the end of the reporting term.

The Company has established a comprehensive risk management system. After assessing and classifying risk exposure in terms of frequency of occurrence, severity of impact and other criteria, we have created an ongoing program of measures to minimize risk. These activities are also carried out at Group companies.

(1) Economic Trends

The FamilyMart Group is mainly engaged in the operation of convenience stores. The Group's business performance and financial position could be adversely affected by various factors including extreme weather, changing economic and consumption trends and competition with convenience stores and other retail formats, in its markets in Japan and overseas (Taiwan, South Korea, Thailand, China and the United States).

(2) Natural Disasters

The FamilyMart Group's business performance and financial position could be adversely affected by man-made disasters such as fires, acts of terror, and wars, and natural disasters such as earthquakes, epidemics, and extreme weather events, in Japan and overseas, leading to destruction of stores, supply stoppages and other circumstances disrupting the regular operation of FamilyMart stores.

(3) Franchise System

In its mainstay convenience store business, the Group engages franchisees to operate its stores under its proprietary "FamilyMart System." The Group's business performance and financial position could be adversely affected by any acts which disrupt operation of the FamilyMart System or by illegal or scandalous behaviour involving franchisees and business partners that causes suspension of business transactions or undermines public confidence in the chain.

The FamilyMart Group's business performance and financial position could be adversely affected by mass termination of franchise contracts with franchisees following a breakdown in relations of trust between the Group and its franchisees.

(4) Food Safety

As an operator of convenience stores, the Group is mainly engaged in the marketing of food products to consumers. The FamilyMart Group's business performance and financial position could be adversely affected by any major food safety incident (poisoning, contamination, illegal mislabeling and so on) arising despite its best preventive efforts.

The Group is committed to supplying safe food products through rigorous quality management standards and an integrated quality management system from production to marketing created jointly with business partners.

(5) Legal and Regulatory Changes

As an operator of convenience stores in Japan and overseas, the Group is subject to legal and regulatory requirements, and has acquired official licensing, in areas such as food safety, fair trade and environmental protection. The Group's business performance and financial position could be adversely affected by unforeseen changes in legal and regulatory regimes or licensing requirements for operation of convenience stores, or by differences of opinion with regulators, leading to increased costs and operational restrictions.

(6) Handling of Personal Information

In its business processes, the FamilyMart group collects and stores personal information relating to its customers. The Group's business performance and financial position could be adversely affected by any incidents of leakage of personal information, despite its best preventive efforts.

To ensure that no unauthorized access or leakage of personal information occurs, the Group conducts due compulsory supervision of employees who handle personal information, using organizational, human, physical and technological safety management resources of proven reliability. In November 2006, FamilyMart became the first convenience store operator in Japan to be permitted to use the Privacy Mark, awarded by Japan Information Processing Development Corporation.

(7) IT Systems

In its convenience store operations, the Group has set up IT systems linking the Group's member companies, business partners of the Group, and its franchised stores. The FamilyMart Group's business performance and financial position could be adversely affected by failure, misuse or other unauthorized use of IT systems, leading to disruption of services and operations such as the making and receiving of orders, delivery, marketing, and bill settlement service.

The Group has established various standards for IT systems, and has set up IT system safety mechanisms from planning to operation in partnership with specially engaged outside experts. In addition, we have taken measures such as duplication of all systems and data backup, to deal with unexpected problems.

Consolidated Balance Sheets

FamilyMart Co., Ltd. and Consolidated Subsidiaries February 28, 2009 and February 29, 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
ASSETS			
Current assets:			
Cash and cash equivalents (Note 5)	¥135,888	¥ 98,844	$1,386,612
Time deposits		5	
Marketable securities (Note 5)	607	3,771	6,194
Receivables:			
Due from franchised stores (Note 4)	16,550	8,449	168,878
Other	23,419	19,654	238,970
Allowance for doubtful receivables	(204)	(289)	(2,082)
Merchandise and supplies	7,468	8,100	76,204
Deferred tax assets (Note 11)	1,715	2,551	17,500
Prepaid expenses and other current assets	18,963	18,490	193,500
Total current assets	204,406	159,575	2,085,776
Property and store facilities (Note 6):			
Land	11,666	11,850	119,041
Buildings and structures	53,420	54,736	545,102
Machinery and equipment	3,440	3,486	35,102
Furniture and fixtures	32,022	36,660	326,755
Construction in progress	419	939	4,275
Total	100,967	107,671	1,030,275
Accumulated depreciation	(52,630)	(54,976)	(537,041)
Net property and store facilities	48,337	52,695	493,234
Investments and other assets:			
Investment securities (Note 5)	8,872	8,544	90,531
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 3 and 17)	19,179	18,633	195,704
Software	7,081	5,168	72,255
Goodwill (Note 7)	1,705	2,602	17,398
Leasehold deposits	94,987	91,273	969,255
Deferred tax assets (Note 11)	4,066	3,775	41,490
Other assets (Note 6)	9,493	9,006	96,867
Total investments and other assets	145,383	139,001	1,483,500
Total	¥398,126	¥351,271	$4,062,510

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank loans (Note 8)	¥ 156	¥ 309	$ 1,592
Payables:			
Trade notes	366	741	3,735
Trade accounts for franchised and Company-owned stores	101,645	64,763	1,037,194
Due to franchised stores (Note 4)	1,021	3,013	10,419
Other	17,849	17,281	182,132
Income taxes payable (Note 11)	6,918	7,135	70,592
Deposit received (Note 4)	49,076	42,230	500,775
Accrued expenses	3,974	3,980	40,551
Allowance for impairment loss on leased property (Notes 6 and 12)	286	225	2,918
Other current liabilities	1,734	2,252	17,694
Total current liabilities	183,025	141,929	1,867,602
Long-term liabilities:			
Liability for retirement benefits (Note 9)	6,056	5,734	61,796
Leasehold deposits from franchised stores	9,746	10,420	99,449
Allowance for impairment loss on leased property (Notes 6 and 12)	1,157	952	11,806
Other long-term liabilities	613	955	6,255
Total long-term liabilities	17,572	18,061	179,306
Commitments and contingent liabilities (Notes 12, 14 and 17)			
Equity (Notes 10 and 16):			
Common stock—authorized, 250,000,000 shares; issued, 97,683,133 shares	16,659	16,659	169,990
Capital surplus	17,388	17,388	177,429
Retained earnings	168,004	157,901	1,714,327
Unrealized gain (loss) on available-for-sale securities (Note 5)	21	(1,062)	214
Foreign currency translation adjustments	(3,653)	(44)	(37,276)
Treasury stock—at cost, 2,376,899 shares in 2009 and 2,358,840 shares in 2008	(7,664)	(7,605)	(78,204)
Total	190,755	183,237	1,946,480
Minority interests	6,774	8,044	69,122
Total equity	197,529	191,281	2,015,602
Total	¥398,126	¥351,271	$4,062,510

See notes to consolidated financial statements.

Consolidated Statements of Income

FamilyMart Co., Ltd. and Consolidated Subsidiaries   Years Ended February 28, 2009 and February 29, 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Operating revenues:			
Commission from franchised stores (Note 4)	¥162,288	¥150,351	$1,656,000
Net sales	102,483	147,856	1,045,745
Other operating revenues (Notes 3 and 4)	22,571	21,232	230,316
Total operating revenues	287,342	319,439	2,932,061
Operating expenses:			
Cost of sales	71,504	118,292	729,633
Selling, general and administrative expenses (Notes 7, 9, 12 and 17)	179,306	169,933	1,829,653
Total operating expenses	250,810	288,225	2,559,286
Operating income	36,532	31,214	372,775
Other income (expenses):			
Interest and dividend income	2,125	1,870	21,684
Equity in earnings of unconsolidated subsidiaries and associated companies (Note 6)	832	767	8,490
Gain on sales of marketable and investment securities—net	97	86	990
Loss on devaluation of marketable and investment securities	(4,101)	(33)	(41,847)
Loss on disposals/sales of property and store facilities—net	(1,744)	(2,427)	(17,796)
Loss on impairment of long-lived assets (Notes 6 and 12)	(2,079)	(1,966)	(21,214)
Loss on cancellations of lease contracts	(1,164)	(1,411)	(11,878)
Other—net (Note 13)	(568)	732	(5,796)
Other expenses—net	(6,602)	(2,382)	(67,367)
Income before income taxes and minority interests	29,930	28,832	305,408
Income taxes (Note 11):			
Current	12,673	11,654	129,316
Deferred	(231)	113	(2,357)
Total income taxes	12,442	11,767	126,959
Minority interests in net income	1,036	627	10,571
Net income	¥ 16,452	¥ 16,438	$ 167,878

	Yen		U.S. dollars
Per share of common stock (Notes 2.o and 15):			
Basic net income	¥172.6	¥173.5	$1.76
Cash dividends applicable to the year	68.0	60.0	0.69

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

FamilyMart Co., Ltd. and Consolidated Subsidiaries Years Ended February 28, 2009 and February 29, 2008

	Thousands	Millions of yen								
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, March 1, 2007	92,399	¥16,659	¥17,869	¥146,273	¥ 139	¥ (200)	¥(17,038)	¥163,702	¥7,453	¥171,155
Net income				16,438				16,438		16,438
Cash dividends, ¥51.0 per share				(4,794)				(4,794)		(4,794)
Bonuses to a foreign consolidated subsidiary's directors and corporate auditors				(16)				(16)		(16)
Purchase of treasury stock	(5)						(16)	(16)		(16)
Sales of treasury stock	2,930		(481)				9,449	8,968		8,968
Net change in the year					(1,201)	156		(1,045)	591	(454)
Balance, February 29, 2008	95,324	16,659	17,388	157,901	(1,062)	(44)	(7,605)	183,237	8,044	191,281
Net income				16,452				16,452		16,452
Cash dividends, ¥66.0 per share				(6,291)				(6,291)		(6,291)
Bonuses to a foreign consolidated subsidiary's directors, corporate auditors and employees				(58)				(58)		(58)
Purchase of treasury stock	(6)						(28)	(28)		(28)
Disposal of treasury stock							1	1		1
Increase in treasury stock due to the acquisition of an associated company	(12)						(32)	(32)		(32)
Net change in the year					1,083	(3,609)		(2,526)	(1,270)	(3,796)
Balance, February 28, 2009	95,306	¥16,659	¥17,388	¥168,004	¥ 21	¥(3,653)	¥ (7,664)	¥190,755	¥6,774	¥197,529

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, February 29, 2008	$169,990	$177,429	$1,611,235	$(10,837)	$ (450)	$(77,602)	$1,869,765	$82,082	$1,951,847
Net income			167,878				167,878		167,878
Cash dividends, $0.67 per share			(64,194)				(64,194)		(64,194)
Bonuses to a foreign consolidated subsidiary's directors, corporate auditors and employees			(592)				(592)		(592)
Purchase of treasury stock						(286)	(286)		(286)
Disposal of treasury stock						10	10		10
Increase in treasury stock due to the acquisition of an associated company						(326)	(326)		(326)
Net change in the year				11,051	(36,826)		(25,775)	(12,960)	(38,735)
Balance, February 28, 2009	$169,990	$177,429	$1,714,327	$ 214	$(37,276)	$(78,204)	$1,946,480	$69,122	$2,015,602

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FamilyMart Co., Ltd. and Consolidated Subsidiaries   Years Ended February 28, 2009 and February 29, 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Operating activities:			
Income before income taxes and minority interests	¥ 29,930	¥ 28,832	$ 305,408
Adjustments for:			
Income taxes—paid	(12,813)	(9,211)	(130,745)
Depreciation and amortization	10,395	10,373	106,071
(Provision for) reversal of allowance for doubtful receivables	(120)	19	(1,224)
Equity in earnings of unconsolidated subsidiaries and associated companies	(832)	(767)	(8,490)
Loss (gain) on devaluation/sale of marketable and investment securities—net	4,003	(77)	40,847
Loss on disposals/sales of property and store facilities—net	1,744	2,427	17,796
Loss on cancellations of lease contracts	920	970	9,388
Loss on impairment of long-lived assets	2,079	1,966	21,214
Bonuses to a foreign consolidated subsidiary's directors, corporate auditors and employees	(58)	(16)	(592)
Changes in assets and liabilities:			
(Increase) decrease in due from/to franchised stores—net	(10,102)	678	(103,082)
(Increase) decrease in merchandise and supplies	(844)	324	(8,612)
Increase in payables—trade	40,132	4,297	409,510
Increase in deposit received	7,725	6,777	78,827
Increase in liability for retirement benefits	355	124	3,622
Other—net	2,514	2,659	25,654
Total adjustments	45,098	20,543	460,184
Net cash provided by operating activities	75,028	49,375	765,592
Investing activities:			
Decrease (increase) in time deposits—net	38	(1,027)	388
Purchases of marketable and investment securities	(99,827)	(120,574)	(1,018,643)
Purchases of investment in subsidiaries and associated companies	(1,801)	(2,864)	(18,378)
Proceeds from sales and redemption at maturity of marketable and investment securities	101,285	122,757	1,033,520
Payments for long-term loans	(1,699)	(1)	(17,337)
Purchases of property and store facilities, software and other intangible assets	(14,220)	(11,158)	(145,102)
Proceeds from sales of property and store facilities, software and other intangible assets	689	1,712	7,031
Payments of leasehold deposits	(15,381)	(15,222)	(156,949)
Refunds of leasehold deposits	2,604	2,979	26,571
Receipts of leasehold deposits from franchised stores	1,523	1,760	15,541
Refunds of leasehold deposits to franchised stores	(1,109)	(1,597)	(11,316)
Payments for acquisition of business	(265)	(1,255)	(2,704)
Other	(54)	(103)	(551)
Net cash used in investing activities	(28,217)	(24,593)	(287,929)
Financing activities:			
Decrease in short-term bank loans	(62)	(370)	(632)
Purchase of treasury stock	(28)	(16)	(286)
Proceeds from sales of treasury stock	2	8,968	20
Contribution from minority interest shareholders	560	1,435	5,714
Dividends paid	(6,290)	(4,794)	(64,184)
Dividends paid to minority interest shareholders	(1,029)	(1,059)	(10,500)
Other	(183)	(208)	(1,867)
Net cash (used in) provided by financing activities	(7,030)	3,956	(71,735)
Foreign currency translation adjustments on cash and cash equivalents	(2,737)	555	(27,928)
Net increase in cash and cash equivalents	37,044	29,293	378,000
Cash and cash equivalents, beginning of year	98,844	69,551	1,008,612
Cash and cash equivalents, end of year	¥135,888	¥ 98,844	$1,386,612

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

FamilyMart Co., Ltd. and Consolidated Subsidiaries Years Ended February 28, 2009 and February 29, 2008

1 Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with generally accepted accounting principles in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which FamilyMart Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to $1, the approximate rate of exchange at February 28, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of Significant Accounting Policies

a. Consolidation—The consolidated financial statements include the accounts of the Company and its seven significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 4 unconsolidated subsidiaries and 16 (15 in 2008) associated companies are accounted for by the equity method. In December 2008, the Company sold all of its shares of Family Chef Co., Ltd. which was formerly a 30% owned associated company accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiaries and associated companies at the date of acquisition is included in goodwill and is amortized on a straight-line basis over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, commercial paper, bond funds and short-term government securities, all of which mature or become due within three months of the date of acquisition.

c. Merchandise and supplies—Most merchandise is primarily valued at cost determined by the retail method. Supplies are stated at cost determined by the last purchase price method.

d. Marketable and investment securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and (2) available-for-sale securities, other than (1), are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

However, in a foreign consolidated subsidiary, the available-for-sale securities are reported at the fair value, with unrealized gains and losses charged to income.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property and store facilities—Property and store facilities are stated at cost. Depreciation of property and store facilities of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to the property and store facilities of consolidated foreign subsidiaries. Buildings acquired on or after April 1, 1998 are depreciated using the straight-line method. The range of useful lives is principally from 2 to 50 years for buildings and structures and from 2 to 20 years for furniture and fixtures.

f. Long-lived assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Software—Capitalized software is stated at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (five years).

h. Goodwill—Goodwill is stated at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (five years).

i. Retirement and pension plans—The Company and certain consolidated subsidiaries have funded and/or unfunded retirement benefit plans for employees. In respect of the funded plans, a part of the annual provisions is funded as contributory pension plans with an outside trustee.

The Company and its consolidated domestic subsidiaries accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

Foreign consolidated subsidiaries provide for the amount of retirement benefits required by local accounting standards.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

j. Leases—Under the Japanese accounting standard for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. All other leases are accounted for as operating leases.

However, in certain foreign consolidated subsidiaries, leases are accounted for as capital leases.

k. Income taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Foreign currency transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

m. Foreign currency financial statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the annual average exchange rate.

n. Derivatives—The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange risks. The Company does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income.

o. Per share information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

p. Presentation of revenue of a consolidated subsidiary—Effective March 1, 2008, famima.com Co., Ltd., a consolidated subsidiary, changed its presentation of consigned sales and related cost of sales from gross basis to net basis in accordance with "Practical Solution on Revenue Recognition of Software Transactions" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 17 issued by the ASBJ on March 30, 2006). The effect of this change in presentation was to decrease net sales and cost of sales by ¥53,749 million ($548,462 thousand). This change has no impact on income before income taxes and minority interests. The impact on segment information is described in the corresponding pages.

q. New accounting pronouncements

Lease accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements—Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." The new standard prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3 Related Parties and Organization

The Company's main shareholder is Family Corporation Inc., which owns 31.46% of the total outstanding shares of the Company. Family Corporation Inc. is 94.99% owned by ITOCHU Corporation, which distributes merchandise and supplies for "FamilyMart" stores in Japan.

The Company is a franchiser of "FamilyMart" stores for retail sales of daily necessities to consumers. The Company allows each independent franchisee to operate convenience stores using the specific designs and name of "FamilyMart" and provides them with related managerial and technical know-how under a franchise agreement. Under the agreement, each franchisee is provided with a variety of services and advice on the operation of convenience stores from the Company. In return, the franchisee is required to pay continuing franchise commissions to the Company based on certain percentages of the respective franchised store's gross margin (net sales less cost of sales).

The Company allows area franchised companies to be franchisers of "FamilyMart" stores in each area, including outside Japan. Area franchised companies are required to pay continuing royalty fees to the Company and the Company records this as "Other operating revenues." Area franchised companies as of February 28, 2009, are as follows:

Name of Area Franchiser	Area	The Company's Ownership in Area Franchiser
Subsidiaries:		
Taiwan FamilyMart Co., Ltd.	Taiwan	43.37%
Siam FamilyMart Co., Ltd.	Thailand	90.41
FAMIMA CORPORATION	The United States of America	65.23
Associated companies:		
Okinawa FamilyMart Co., Ltd.	Okinawa, Japan	48.98
Minami Kyushu FamilyMart Co., Ltd.	Kagoshima and Miyazaki, Japan	49.00
Hokkaido FamilyMart Co., Ltd.	Hokkaido, Japan	49.00
BOKWANG FAMILYMART CO., LTD.	Korea	21.45

FamilyMart China Holding Co., Ltd. ("FMCH"), a 75.00% owned subsidiary, is a holding company of China CVS (Cayman Islands) Holding Corp. ("CCH"). CCH, a 49.50% owned associated company, is a holding company of Shanghai FamilyMart Co., Ltd. and Suzhou FamilyMart Co., Ltd. Shanghai FamilyMart Co., Ltd., a wholly owned associated company, is an area franchiser in Shanghai, China and Suzhou FamilyMart Co., Ltd., a wholly owned associated company, is an area franchiser in Suzhou, China.

In addition, FMCH is a holding company of Guangzhou FamilyMart Co., Ltd. Guangzhou FamilyMart Co., Ltd., a 49.50% owned associated company, is an area franchiser in Guangzhou, China.

SFM Holding Co., Ltd., a 96.17% owned subsidiary, is a holding company of Siam FamilyMart Co., Ltd.

In addition to the aforementioned, there are a number of subsidiaries and associated companies whose principal businesses are other than operating convenience stores.

famima.com Co., Ltd., a 50.50% owned subsidiary, supports E-commerce operations.

Famima Credit Corporation, a 30.10% owned associated company, provides financial services, such as credit card settlement and related services for its customers.

Famima Retail Service Co., Ltd., a wholly owned subsidiary, provides accounting and stocktaking services to "FamilyMart" stores in Japan.

4 Transactions with Franchised Stores

As discussed in Note 3 under the franchise agreement, each franchisee is provided with a variety of services and advice on the operation of convenience stores by the Company, and, in return, the franchisee is required to pay continuing franchise commissions to the Company based on certain percentages of the respective franchised store's gross margin (net sales less cost of sales). As the franchiser, the Company accounts for such franchise commissions on an accrual basis.

The term of a franchise agreement is generally for ten years and may be extended or renewed upon expiration subject to renegotiation of contract terms between the Company and the franchisee. The franchise agreement currently in use provides that, at the commencement of the agreement, the franchisee shall make a cash payment to the Company in the amount of ¥1,500,000 which is credited to income of the Company as "Other operating revenues" for the lump-sum franchise fee and which shall be spent for services such as research, training and preparations of store opening provided by the Company. In addition, the franchisee shall advance another ¥1,500,000 to the Company as a deposit for purchases and it is credited to "Payables—Due to franchised stores," accordingly.

Under the franchise agreement, each franchised store shall order merchandise and the store is supplied from suppliers using the centralized buy-order system maintained by the Company. The Company then accumulates such purchase orders by the franchised stores and pays the purchase amounts to suppliers on a monthly basis on behalf of the franchised stores. The Company records account receivable due from franchised stores for such purchases.

Each franchised store shall make a remittance of cash from sales to the Company on a daily basis. Furthermore, the franchised stores collect utility payments from customers on behalf of utility service providers, such as electric power companies and telecommunication companies, which are remitted to the Company on a daily basis. The receipts of such charges are recorded as a liability due to utility service suppliers and included in "Deposit received" on the accompanying consolidated balance sheets.

The monthly payments to purchase merchandise and other goods on behalf of each franchised store and the daily receipts of cash from the franchised stores are accumulated and offset against each other to present the net balance due to or from each franchised store.

The balances of "Receivables—Due from franchised stores" and "Payables—Due to franchised stores" in the accompanying consolidated balance sheets represent such net balances between the Company and franchised stores at the balance sheet date.

5 Marketable and Investment Securities

Marketable and investment securities as of February 28, 2009 and February 29, 2008, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current:			
Trust fund investments	¥607	¥3,771	$6,194
Total	¥607	¥3,771	$6,194

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥3,791	¥4,243	$38,684
Government and corporate bonds	4,799	3,994	48,969
Non-marketable equity securities	282	307	2,878
Total	¥8,872	¥8,544	$90,531

The carrying amounts and aggregate fair values of marketable and investment securities at February 28, 2009 and February 29, 2008, were as follows:

	Millions of yen			
February 28, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥3,749	¥119	¥77	¥3,791
Debt securities	607			607
Held-to-maturity	4,799	47		4,846

	Millions of yen			
February 29, 2008	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥6,046	¥419	¥2,222	¥4,243
Debt securities	3,771			3,771
Held-to-maturity	3,994	36		4,030

	Thousands of U.S. dollars			
February 28, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	$38,255	$1,214	$785	$38,684
Debt securities	6,194			6,194
Held-to-maturity	48,969	480		49,449

The carrying amounts of held-to-maturity debt securities included in cash and cash equivalents in the consolidated balance sheet were ¥35,994 million ($367,286 thousand) at February 28, 2009.

Available-for-sale securities whose fair value is not readily determinable as of February 28, 2009 and February 29, 2008, were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Available-for-sale—Equity securities	¥282	¥307	$2,878

The carrying values of debt securities by contractual maturities for securities classified as held-to-maturity at February 28, 2009, are as follows:

	Millions of yen	Thousands of U.S. dollars
Due after one year through five years	¥4,799	$48,969

6 Long-lived Assets

The Group reviewed its long-lived assets for impairment as of February 28, 2009 and February 29, 2008 and, as a result, recognized an impairment loss of ¥2,079 million ($21,214 thousand) and ¥1,966 million as other expense for each store due mainly to continuous operating losses. The carrying amount of those assets was written down to the recoverable amount.

The Group recognized impairment losses on the following fixed assets and leased property for the years ended February 28, 2009 and February 29, 2008:

	Millions of yen		Thousands of U.S. dollars
Fixed assets and leased property	2009	2008	2009
Land	¥ 32	¥ 196	$ 327
Building	1,017	963	10,378
Leased property	631	542	6,439
Others	399	265	4,070
Total	¥2,079	¥1,966	$21,214

The recoverable amount of the stores which the Group plans to sell was measured by its net selling price at disposition. The recoverable amount of other stores was measured at their value in use and the discount rate used for computation of present value of future cash flows was 7.07% and 7.31% for the years ended February 28, 2009 and February 29, 2008, respectively.

In addition, some associated companies accounted for by equity method recognized impairment losses using the same methodology. The Group recognized ¥71 million ($724 thousand) and ¥124 million for the years ended February 28, 2009 and February 29, 2008, respectively, of losses on impairment of long-lived assets as "Equity in earnings of unconsolidated subsidiaries and associated companies."

7 Goodwill

Goodwill as of February 28, 2009 and February 29, 2008, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Consolidation goodwill	¥ 779	¥ 995	$ 7,949
Acquisition goodwill	926	1,607	9,449
Total	¥1,705	¥2,602	$17,398

Amortization charged to selling, general and administrative expenses for the years ended February 28, 2009 and February 29, 2008, was ¥726 million ($7,408 thousand) and ¥516 million, respectively.

8 Short-term Bank Loans

Short-term bank loans as of February 28, 2009 and February 29, 2008, consisted of bank overdrafts. The annual interest rate applicable to the short-term bank loan was 4.8% and 4.3% at February 28, 2009 and February 29, 2008, respectively.

9 Retirement and Pension Plans

The Company and its certain consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age. The liability for retirement benefits for directors and corporate auditors at February 28, 2009 and February 29, 2008 is ¥598 million ($6,102 thousand) and ¥535 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits as of February 28, 2009 and February 29, 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥15,887	¥15,493	$162,122
Fair value of plan assets	(5,949)	(7,572)	(60,713)
Unrecognized actuarial loss	(4,762)	(2,707)	(48,592)
Unrecognized prior service cost	291		2,969
Unrecognized transitional obligation	(9)	(15)	(92)
Net liability	¥ 5,458	¥ 5,199	$ 55,694

The components of net periodic benefit costs for the years ended February 28, 2009 and February 29, 2008, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥1,122	¥1,144	$11,449
Interest cost	263	262	2,684
Expected return on plan assets	(272)	(293)	(2,776)
Recognized actuarial loss	301	178	3,071
Amortization of prior service cost	(22)		(224)
Amortization of transitional obligation	3	4	31
Net periodic benefit costs	¥1,395	¥1,295	$14,235

Assumptions used for the years ended February 28, 2009 and February 29, 2008, are set forth as follows:

	2009	2008
Discount rate	Primarily 1.7%	Primarily 1.7%
Expected rate of return on plan assets	Primarily 3.5%	Primarily 2.8%
Recognition period of actuarial gain/loss	Primarily 13 years	Primarily 15 years
Amortization period of prior service cost	Primarily 13 years	
Amortization period of transitional obligation	Foreign consolidated subsidiary—15 years	Foreign consolidated subsidiary—15 years

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders.

The Company recorded a liability for its unfunded retirement benefits plan covering all of its directors and corporate auditors. The annual provisions for retirement benefits for directors and corporate auditors for the years ended February 28, 2009 and February 29, 2008 were ¥107 million ($1,092 thousand) and ¥115 million, respectively.

10 Equity

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends—Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of common stock, reserve and surplus—The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock and treasury stock acquisition rights—The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11 Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41% for the years ended February 28, 2009 and February 29, 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of February 28, 2009 and February 29, 2008, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Provision for doubtful receivables	¥ 602	¥ 619	$ 6,143
Accrued bonuses	524	486	5,347
Provision for retirement benefits—employees	2,138	2,071	21,816
Provision for retirement benefits—directors and corporate auditors	243	218	2,480
Depreciation	67	60	684
Loss on disposals of property and store facilities and cancellations of lease contracts	209	433	2,133
Loss on impairment of long-lived assets	1,753	1,411	17,888
Enterprise tax payable	580	593	5,918
Unrealized loss on available for sale securities		734	
Tax loss carryforwards	1,803	2,307	18,398
Other	422	492	4,305
Less valuation allowance	(2,054)	(2,445)	(20,959)
Total	6,287	6,979	64,153
Deferred tax liabilities:			
Special reserve for tax purpose depreciation		2	
Undistributed earnings of associated companies	492	651	5,020
Unrealized gain on available-for-sale securities	14		143
Total	506	653	5,163
Net deferred tax assets	¥5,781	¥6,326	$58,990

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended February 28, 2009 and February 29, 2008 is not material.

As of February 28, 2009, certain subsidiaries have tax loss carryforwards aggregating approximately ¥5,075 million ($51,786 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year ending February 28 (or 29)	Millions of yen	Thousands of U.S. dollars
2010	¥ 735	$ 7,500
2011	952	9,714
2012	664	6,776
2013	118	1,204
2014 and thereafter	2,606	26,592
Total	¥5,075	$51,786

12 Leases

As Lessee

The Group leases certain furniture and fixtures, software and other assets.

Total rental expenses including lease payments for the years ended February 28, 2009 and February 29, 2008, were ¥13,382 million ($136,561 thousand) and ¥13,096 million, respectively.

The Group recorded impairment losses of ¥631 million ($6,439 thousand) and ¥542 million on certain leased property held under finance leases that do not transfer ownership and an allowance for impairment loss on leased property for the years ended February 28, 2009 and February 29, 2008, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligation under finance lease, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended February 28, 2009 and February 29, 2008, was as follows:

	Millions of yen		
2009	Furniture and fixtures	Software	Total
Acquisition cost	¥79,292	¥4,222	¥83,514
Accumulated depreciation	(33,839)	(1,544)	(35,383)
Accumulated impairment loss	(2,098)		(2,098)
Net leased property	¥43,355	¥2,678	¥46,033

	Millions of yen		
2008	Furniture and fixtures	Software	Total
Acquisition cost	¥76,640	¥4,170	¥80,810
Accumulated depreciation	(29,523)	(846)	(30,369)
Accumulated impairment loss	(1,663)		(1,663)
Net leased property	¥45,454	¥3,324	¥48,778

	Thousands of U.S. dollars		
2009	Furniture and fixtures	Software	Total
Acquisition cost	$809,102	$43,082	$852,184
Accumulated depreciation	(345,296)	(15,755)	(361,051)
Accumulated impairment loss	(21,408)		(21,408)
Net leased property	$442,398	$27,327	$469,725

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥11,465	¥11,028	$116,990
Due after one year	38,788	42,182	395,796
Total	¥50,253	¥53,210	$512,786

Allowance for impairment loss on leased property of ¥1,443 million ($14,724 thousand) and ¥1,177 million as of February 28, 2009 and February 29, 2008 was not included in obligations under finance leases.

The imputed interest expense portion is included in the above obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Depreciation expense	¥11,304	¥10,990	$115,347
Interest expense	1,357	1,407	13,847
Total	¥12,661	¥12,397	$129,194
Reversal of allowance for impairment loss on leased property	¥ 366	¥ 299	$ 3,735
Impairment loss	631	542	6,439

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases as of February 28, 2009 and February 29, 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥1,387	¥1,102	$14,153
Due after one year	5,581	5,113	56,949
Total	¥6,968	¥6,215	$71,102

As Lessor

The Group subleases certain land and buildings. The subleases are finance leases that do not transfer ownership of leased buildings to the lessee. Receivables under such finance leases as of February 28, 2009 and February 29, 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 205	¥ 203	$ 2,092
Due after one year	1,324	1,520	13,510
Total	¥1,529	¥1,723	$15,602

The minimum rental commitments under noncancelable operating subleases as of February 28, 2009 and February 29, 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 253	¥ 250	$ 2,582
Due after one year	1,633	1,875	16,663
Total	¥1,886	¥2,125	$19,245

13 Derivatives

The Company enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Company does not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk. Market risk is the exposure created by potential fluctuations in market conditions, including foreign exchange rates. Because the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

The execution and control of derivatives are controlled by the Accounting and Finance Department of the Company in accordance with the Company internal regulation.

The Company had no derivative contracts outstanding as of February 28, 2009 and February 29, 2008.

14 Contingent Liabilities

As of February 28, 2009, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantee of financial institution loan, borrowed by Hokkaido FamilyMart Co., Ltd.	¥ 115	$ 1,173
Guarantee of financial institution loan, borrowed by Famima Credit Corporation	2,935	29,949
Guarantee of financial institution loan, borrowed by SIAM DCM CO., LTD.	219	2,235

15 Net Income per Share

Basis of computation of basic net income per share ("EPS") for the years ended February 28, 2009 and February 29, 2008 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
Year ended February 28, 2009	Net income	Weighted-average shares	EPS	
EPS:				
Net income	¥16,452			
Net income available to common shareholders	¥16,452	95,320	¥172.6	$1.76

	Millions of yen	Thousands of shares	Yen
Year ended February 29, 2008	Net income	Weighted-average shares	EPS
EPS:			
Net income	¥16,438		
Bonuses to a foreign consolidated subsidiary's director and corporate auditors	(58)		
Net income available to common shareholders	¥16,380	94,425	¥173.5

16 Subsequent Event

On April 17, 2009, the following appropriation of retained earnings at February 28, 2009 was resolved by the Board of Directors:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥34.0 ($0.35) per share	¥3,241	$33,071

17 Related Party Transactions

Transactions of the Company with related parties for the years ended February 28, 2009 and February 29, 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Tadashi Endo (corporate auditor and attorney)—Attorney's fee	¥ 24	¥ 31	$ 245
Famima Credit Corporation (associated company):			
Receivable—long-term loans (included investments in and advances to unconsolidated subsidiaries and associated companies)	11,699	10,000	119,378
Guarantee of financial institution loan	2,935	3,994	29,949

ITOCHU Corporation guaranteed ¥3,168 million of the above long-term loans as of February 29, 2008.

18 Segment Information

The Group operates in the following industries:

Convenience store business: Developing "FamilyMart" chain stores by franchise system and area franchise system

Other businesses: E-commerce business, Leases, accounting services, financial services, etc.

Information about industry segments, geographical segments and operating revenues from foreign customers of the Company and its subsidiaries for the years ended February 28, 2009 and February 29, 2008, was as follows:

(1) Industry Segments

The industry segments of the Company and its subsidiaries for the years ended February 28, 2009 and February 29, 2008, are summarized as follows:

a. Operating revenues and operating income

	Millions of yen			
	2009			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	¥281,641	¥5,701		¥287,342
Intersegment operating revenues	177	2,232	¥(2,409)	
Total operating revenues	281,818	7,933	(2,409)	287,342
Operating expenses	241,654	6,463	2,693	250,810
Operating income	¥ 40,164	¥1,470	¥(5,102)	¥ 36,532

b. Total assets, depreciation, loss on impairment of long-lived assets and capital expenditures

	Millions of yen			
	2009			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Total assets	¥249,682	¥23,832	¥124,612	¥398,126
Depreciation	9,604	65		9,669
Loss on impairment of long-lived assets	2,061	18		2,079
Capital expenditures	29,059	150		29,209

a. Operating revenues and operating income

	Thousands of U.S. dollars			
	2009			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	$2,873,888	$58,173		$2,932,061
Intersegment operating revenues	1,806	22,776	$(24,582)	
Total operating revenues	2,875,694	80,949	(24,582)	2,932,061
Operating expenses	2,465,857	65,949	27,480	2,559,286
Operating income	$ 409,837	$15,000	$(52,062)	$ 372,775

b. Total assets, depreciation, loss on impairment of long-lived assets and capital expenditures

	Thousands of U.S. dollars			
	2009			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Total assets	**$2,547,776**	**$243,183**	**$1,271,551**	**$4,062,510**
Depreciation	**98,000**	**663**		**98,663**
Loss on impairment of long-lived assets	**21,031**	**183**		**21,214**
Capital expenditures	**296,520**	**1,531**		**298,051**

a. Operating revenues and operating income

	Millions of yen				
	2008				
	Convenience store business	E-commerce business	Other businesses	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	¥260,576	¥57,770	¥1,093		¥319,439
Intersegment operating revenues	183	3,729	1,065	¥(4,977)	
Total operating revenues	260,759	61,499	2,158	(4,977)	319,439
Operating expenses	225,719	60,418	1,992	96	288,225
Operating income	¥ 35,040	¥ 1,081	¥ 166	¥(5,073)	¥ 31,214

b. Total assets, depreciation, loss on impairment of long-lived assets and capital expenditures

	Millions of yen				
	2008				
	Convenience store business	E-commerce business	Other businesses	Eliminations/ Corporate	Consolidated
Total assets	¥239,790	¥6,119	¥11,573	¥93,789	¥351,271
Depreciation	9,796	7	53		9,856
Loss on impairment of long-lived assets	1,965		1		1,966
Capital expenditures	27,390	1	41		27,432

The effect of the change in the presentation of consigned sales and related cost of sales described in Note 2.p was to decrease operating revenues from outside the Group, intersegment operating revenue and operating expenses of "E-commerce business" for the year ended February 28, 2009, by ¥53,749 million ($548,462 thousand), ¥3,534 million ($36,062 thousand) and ¥57,283 million ($584,524 thousand), respectively, from such segments in the prior year. "E-commerce business" for the year ended February 28, 2009 was reported included in "Other businesses" because total operating revenues, operating expenses and total assets of "E-commerce business" became less than 10% to the total amount of each item of all segments as a result of this change. If the segment information for the year ended February 29, 2008 was prepared using the new segmentation, such information would be as follows:

a. Operating revenues and operating income

	Millions of yen			
	2008			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	¥260,576	¥5,669		¥266,245
Intersegment operating revenues	183	1,645	¥(1,828)	
Total operating revenues	260,759	7,314	(1,828)	266,245
Operating expenses	225,719	6,067	3,245	235,031
Operating income	¥ 35,040	¥1,247	¥(5,073)	¥ 31,214

b. Total assets, depreciation, loss on impairment of long-lived assets and capital expenditures

	Millions of yen			
	2008			
	Convenience store business	Other businesses	Eliminations/ Corporate	Consolidated
Total assets	¥239,790	¥17,692	¥93,789	¥351,271
Depreciation	9,796	60		9,856
Loss on impairment of long-lived assets	1,965	1		1,966
Capital expenditures	27,390	42		27,432

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended February 28, 2009 and February 29, 2008, are summarized as follows:

	Millions of yen				
	2009				
	Japan	Asia	Other area	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	¥241,167	¥44,835	¥1,340		¥287,342
Interarea transfers	518	27		¥ (545)	
Total operating revenues	241,685	44,862	1,340	(545)	287,342
Operating expenses	201,554	42,403	2,296	4,557	250,810
Operating income (loss)	¥ 40,131	¥ 2,459	¥ (956)	¥ (5,102)	¥ 36,532
Total assets	¥225,772	¥41,278	¥1,259	¥129,817	¥398,126

	Thousands of U.S. dollars				
	2009				
	Japan	Asia	Other area	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	$2,460,888	$457,500	$13,673		$2,932,061
Interarea transfers	5,285	276		$ (5,561)	
Total operating revenues	2,466,173	457,776	13,673	(5,561)	2,932,061
Operating expenses	2,056,673	432,684	23,429	46,500	2,559,286
Operating income (loss)	$ 409,500	$ 25,092	$ (9,756)	$ (52,061)	$ 372,775
Total assets	$2,303,796	$421,204	$12,847	$1,324,663	$4,062,510

	Millions of yen				
	2008				
	Japan	Asia	Other area	Eliminations/ Corporate	Consolidated
Operating revenues from outside the Group	¥268,442	¥49,588	¥ 1,409		¥319,439
Interarea transfers	609			¥ (609)	
Total operating revenues	269,051	49,588	1,409	(609)	319,439
Operating expenses	234,130	47,218	2,413	4,464	288,225
Operating income (loss)	¥ 34,921	¥ 2,370	¥(1,004)	¥ (5,073)	¥ 31,214
Total assets	¥203,150	¥48,226	¥ 1,638	¥98,257	¥351,271

The effect of the change in the presentation of consigned sales and related cost of sales described in Note 2.p was to decrease operating revenues from outside the Group and operating expenses of "Japan" for the year ended February 28, 2009, by ¥53,749 million ($548,462 thousand) from such segments in the prior year.

(3) Operating Revenues from Foreign Customers

Operating revenues from foreign customers for the years ended February 28, 2009 and February 29, 2008, amounted to ¥46,528 million ($474,776 thousand) and ¥51,428 million, respectively.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FamilyMart Co., Ltd.:

We have audited the accompanying consolidated balance sheets of FamilyMart Co., Ltd. (the "Company") and consolidated subsidiaries as of February 28, 2009 and February 29, 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to 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 FamilyMart Co., Ltd. and consolidated subsidiaries as of February 28, 2009 and February 29, 2008, 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.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu
May 28, 2009

Member of
Deloitte Touche Tohmatsu

Corporate History

1972	Sept.	The Planning Office of The Seiyu Stores, Ltd., sets up a Small Store Section.
1973	Sept.	The first convenience store opens on a trial basis in Sayama, Saitama Prefecture.
1978	Mar.	The Seiyu Stores establishes FamilyMart Department; four stores operating.
1981	Sept.	The Seiyu Stores establishes FamilyMart Co., Ltd., and transfers business and property; 89 stores operating.
1987	Oct.	FamilyMart and RYUBO CO., LTD., in Naha, Okinawa Prefecture, jointly establish Okinawa FamilyMart Co., Ltd.
	Dec.	The Tokyo Stock Exchange lists FamilyMart stocks on the Second Section.
1988	Aug.	FamilyMart and partner companies in Taiwan jointly establish Taiwan FamilyMart Co., Ltd.
1989	Aug.	The Tokyo Stock Exchange lists FamilyMart stocks on the First Section.
1990	July	FamilyMart concludes a contract with BOKWANG FAMILYMART CO., LTD., of Seoul, South Korea, for the transfer of convenience store operational know-how and the use of the FamilyMart service logo under license; under this contract, franchising operations for FamilyMart stores in South Korea commence.
1992	Sept.	FamilyMart jointly establishes Siam FamilyMart Co., Ltd. with Robinson Department Store Public Co., Ltd.; Saha Pathanapibul Public Co., Ltd.; and ITOCHU (THAILAND) LTD.
1993	Apr.	FamilyMart and Homboshoten Co., Ltd., in Kagoshima jointly establish Minami Kyushu FamilyMart Co., Ltd.
1998	Feb.	The ITOCHU Group buys the stock of FamilyMart from The Seiyu, Ltd., and other companies, becoming the largest shareholder.
1999	Mar.	All offices and stores of FamilyMart receive blanket certification under ISO 14001, the international standard for environmental management systems.
	Sept.	FamilyMart and 25 other companies (including 4 convenience store chains and 10 financial institutions) jointly establish E-net Co., Ltd., to install ATM machines in stores.
2000	May	To promote electronic commerce, FamilyMart and top companies in each industry — including ITOCHU Corporation, NTT DATA Corporation, and Toyota Motor Corporation — jointly establish famima.com Co., Ltd.
	Oct.	FamilyMart experimentally introduces Famiport Multimedia Terminals in some stores (full-scale introduction in Feb. 2001).
2001	Nov.	FamilyMart establishes IFJ Co., Ltd. (currently Famima Credit Corporation), a credit card company.
2002	Feb.	Taiwan FamilyMart is listed on the GreTai Securities Market, an over-the-counter stock market in Taiwan.
	May	FamilyMart introduces an IC card (JUPI card).
2003	Dec.	FamilyMart becomes the first convenience store chain of Japanese origin to reach 10,000 stores in Asia.
2004	May	FamilyMart jointly establishes Shanghai FamilyMart Co., Ltd. (China), in cooperation with four partners — Tinghsin (Cayman Islands) Holding Corporation; Taiwan FamilyMart Co., Ltd.; ITOCHU Corporation; and CITIC Trust & Investment Co., Ltd.
	Oct.	FamilyMart introduces its Famima Card.
	Oct.	FamilyMart jointly establishes FAMIMA CORPORATION (U.S.A.) in cooperation with two partners — ITOCHU Corporation and ITOCHU International Inc. (U.S.A.).
2005	Sept.	Number of stores accepting Suica e-money successively increases in the Tokyo and Sendai areas.
2006	Feb.	FamilyMart and Sapporo-based company Maruyo Nishio Co., Ltd. Jointly establish Hokkaido FamilyMart Co., Ltd.
	July	Hokkaido FamilyMart Co., Ltd. begins the development of FamilyMart stores in Hokkaido. With this, FamilyMart finally extends its store network to every one of Japan's 47 prefectures.
	Sept.	FamilyMart's 25th anniversary of establishment with drafting of new Basic Principles.
	Sept.	FamilyMart jointly establishes Guangzhou FamilyMart Co., Ltd. (China), in cooperation with three partners — Ting Chuan (Cayman Islands) Holding Corp., Taiwan FamilyMart Co., Ltd., and ITOCHU Corporation.
2007	July	FamilyMart jointly establishes Suzhou FamilyMart Co., Ltd. (China), in cooperation with three partners — Ting Chuan (Cayman Islands) Holding Corp., Taiwan FamilyMart Co., Ltd., and ITOCHU Corporation.
	Nov.	FamilyMart introduces its Famima T Card.

Investor Information

Corporate Data (non-consolidated)

(As of February 28, 2009)

Corporate name:	FamilyMart Co., Ltd.
Head office:	1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6017, Japan Telephone: (81) 3-3989-6600
Incorporated:	September 1, 1981
Paid-in capital:	¥16,659 million
Fiscal year:	March 1st to the last day of February
Number of full-time employees:	3,060
Authorized shares:	250,000,000
Issued shares:	97,683,133 (Treasury stock: 2,365,118 shares)
Number of shareholders:	12,293
Stock exchange listing:	Tokyo Stock Exchange, First Section
Securities code:	8028
Trading unit of shares:	100 shares
Transfer agent:	The Sumitomo Trust & Banking Co., Ltd.
Independent auditors:	Deloitte Touche Tohmatsu
Ordinary general meeting of shareholders:	May each year

Principal Shareholders

(As of February 28, 2009)

Name of Shareholders	Number of Shares (thousands)	Shareholdings (%)
Family Corporation Inc.	29,941	30.7
The Master Trust Bank of Japan, Ltd. (Trust account)	5,329	5.5
Japan Trustee Services Bank, Ltd. (Trust account 4G)	4,959	5.1
Japan Trustee Services Bank, Ltd. (Trust account)	3,023	3.1
NTT DoCoMo, Inc.	2,931	3.0
MELLON BANK, N.A. TREATY CLIENTS OMNIBUS	2,200	2.3
Mizuho Bank, Ltd.	2,085	2.1
State Street Bank and Trust Company	1,985	2.0
Nippon Life Insurance Company	1,964	2.0
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,775	1.8
Total	56,192	57.5

Notes: 1. In addition to the above, the Company also holds 2,365 thousand shares in treasury.
2. Figures under the shareholdings represent shares as a percentage of total number of issued shares.

Domestic Area Franchisers

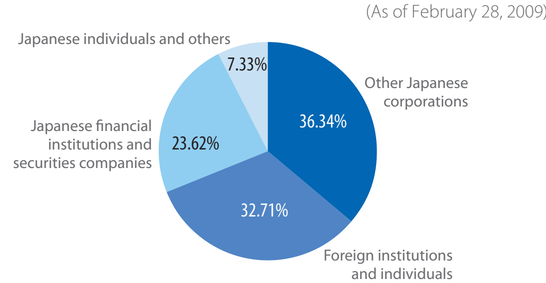
Okinawa FamilyMart Co., Ltd.
Minami Kyushu FamilyMart Co., Ltd.
Hokkaido FamilyMart Co., Ltd.

Overseas Area Franchisers

Taiwan FamilyMart Co., Ltd. (Taiwan)
BOKWANG FAMILYMART CO., LTD. (South Korea)
Siam FamilyMart Co., Ltd. (Thailand)
Shanghai FamilyMart Co., Ltd. (China)
FAMIMA CORPORATION (U.S.A.)
Guangzhou FamilyMart Co., Ltd. (China)
Suzhou FamilyMart Co., Ltd. (China)

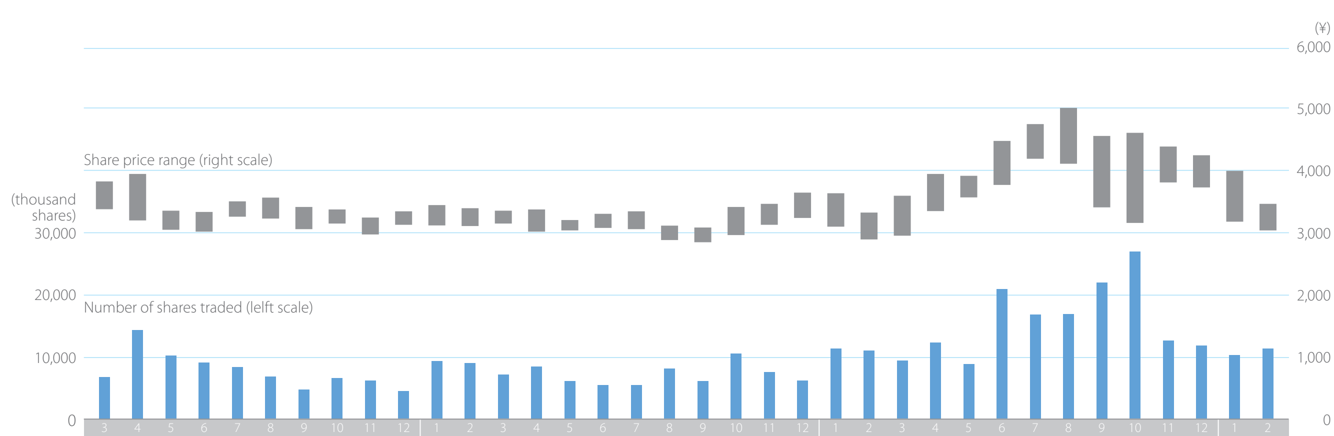
Distribution of the Shares

(As of February 28, 2009)



* Excluding shares of less than one trading unit

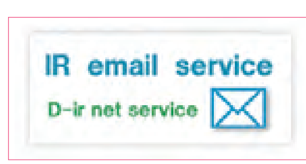
Share Price Range and Number of Shares Traded



View Our FamilyMart Website!

On our website, we make available a variety of Company information, including a Message from the President, financial summaries, and monthly business performance data, as well as news releases and other information of interest to investors.

http://www.family.co.jp/english



We provide an IR email service by which we inform subscribers of matters of interest to investors.

FamilyMart

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