October 9, 2008

Fiscal 2009 First-half Business Results and Second-half Strategic Focus

Launch of a new original pasta brand—*rubetta*

-Securities Code- 3337

Circle K Sunkus Co.,Ltd.

General Manager Masahiro Yoshida

CircleK Sunkus

Higher earnings underpinned by strong sales

(Stores, Yen in millions)

	First Half of Fiscal 2008	First Half of Fiscal 2009	Y-o-y	Versus Initial Forecast
Stores opened	179	**151**	-28	-24
Stores closed	249	**131**	-118	-15
Stores at term-end	5,317	**5,258**	-59	-9
Total store sales	463,490	**476,457**	+2.8%	+4.3%
Total operating revenues	104,556	**109,017**	+4.3%	+4.1%
Gross profit	69,625	**70,965**	+1.9%	+2.6%
SG&A expenses	58,058	**57,256**	-1.4%	-2.1%
Operating income	11,567	**13,709**	+18.5%	+27.8%
Recurring profit	11,108	**13,595**	+22.4%	+32.0%
Net income	4,486	**5,871**	+30.9%	+53.3%

2. Factors Behind Differences Between Consolidated Business Results and Initial Forecasts

(Yen in millions)

	Versus Initial Forecast (%)	Versus Initial Forecast
Gross profit	+2.6%	+1,765
SG&A expenses	-2.1%	-1,214
Operating income	+27.8%	+2,979
Recurring profit	+32.0%	+3,295
Net income	+53.3%	+2,041

Factors Behind Differences Between Consolidated Business Results and Initial Forecasts

Gross profit: Reflects increases in revenue from franchised stores (¥976 million higher than forecast) and gross profit at Company-owned stores (¥363 million higher than forecast), owing to the fact that store sales were ¥19,507 million higher than forecast.

The average product markup was 28.45% (0.72 of a percentage point below forecast; down 0.65 of a percentage point year on year).

SG&A expenses: Reflects advertising and sales promotion expenses ¥735 million below forecast.

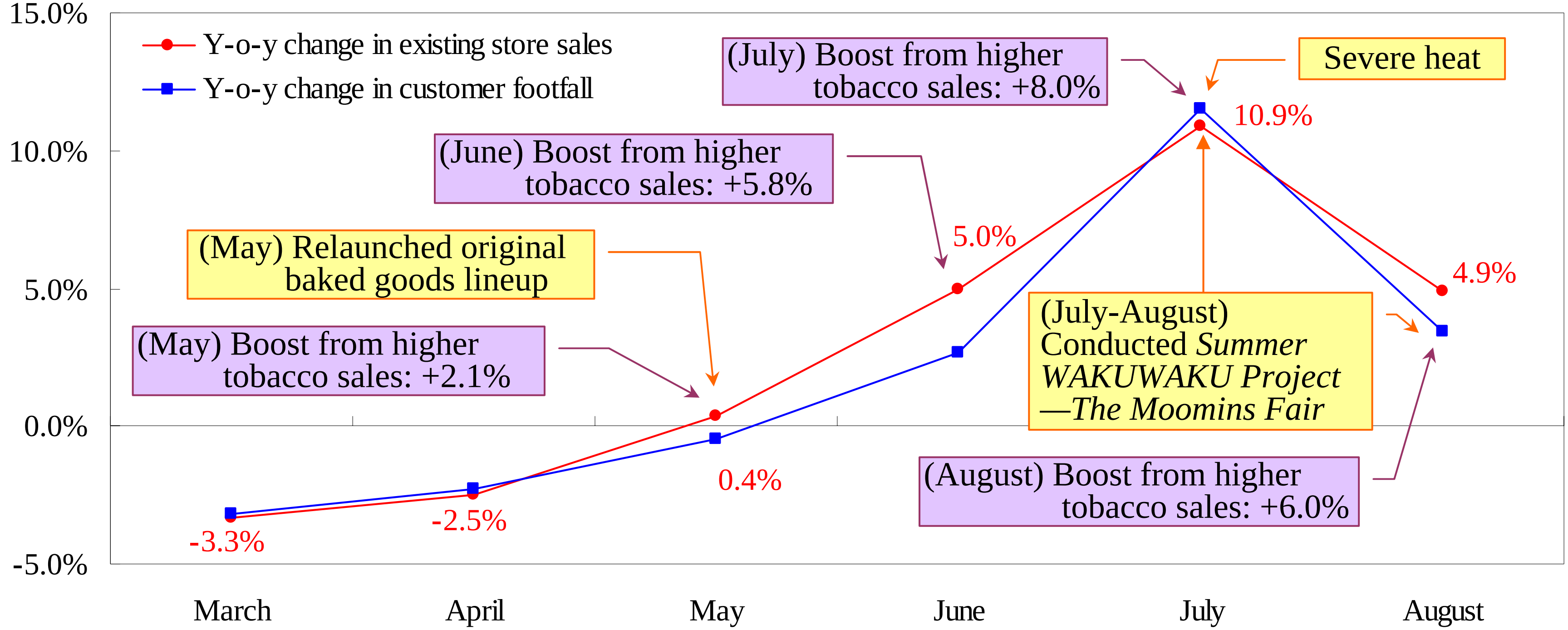
Non-operating income: ¥292 million higher than forecast => interest income ¥185 million higher than forecast.

Consolidated subsidiaries: ZERO NETWORKS operating income was ¥269 million higher than forecast; 99 Ichiba operating income was ¥108 million below forecast.

3. Fiscal 2009 First Half in Review (Non-consolidated)

1 Year-on-year Changes in Existing Store Sales and Customer Footfall ~Boost from higher tobacco sales

* Year-on-year change in existing store sales: 2.7% (boost from higher tobacco sales: +3.8%)
* Year-on-year change in average customer footfall : 2.0%



	Hokkaido	Tohoku	Kanto	Chubu Hokuriku	Chukyo	Kansai	Chugoku	Average
Change in Existing Store Sales	+2.3%	+5.4%	+0.8%	+4.6%	+1.3%	+4.9%	+2.7%	**2.7%**
taspo Deployment Period	May	May	July	June	June	June	May	-

2 Store Openings and Closures

Average daily sales at new stores improved ¥49,000 year on year

(Stores, Yen)

	First Half of Fiscal 2009	Y-o-y	Forecast	Versus Forecast
Stores opened	**121**	**-29**	137	-16
Relocated stores	**56**	**+1**	(Full-year plan) 126	*44%
Average daily sales at new stores	**475,000**	**+49,000**	**450,000**	**+25,000**
Stores closed	**118**	**-109**	133	-15
Company-owned stores	**34**	**-49**	-	-
Franchised stores	**84**	**-60**	-	-

*Note: The percentage in the "Versus Forecast" column represents the achievement rate relative to the planned number of relocated stores for the full year.

* Increase in the number of Company-owned stores in the first half of fiscal 2009

Number of Company-owned stores: 550 as of February 29, 2008
=> 580 as of August 31, 2008 (+30)

"Venture Employee System": 14 program participants began operating their own stores in the first half of fiscal 2009

=> Reducing the number of Company-owned stores is a priority for the second half of fiscal 2009

3 Carried out the Yume WAKU2

A Company-wide project to bring all Circle K Sunkus employees and franchised stores together to develop stores that are better appreciated by customers

March → **Apr - May** → **From June**

The *Yume WAKU2* Project is now under way!

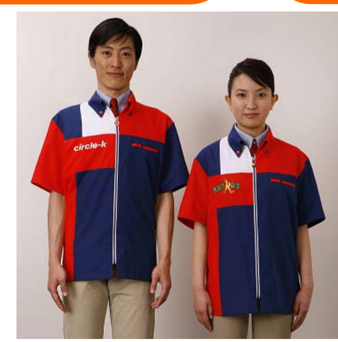
Customer satisfaction enhancement forums held

Launched newly designed joint uniforms in June

Developed products based on ideas submitted by franchised stores

*** Raised level of customer service**

*** Provided optimal product lineups**



First original *Cherie Dolce* dessert developed based on an idea from a franchised store

Aiming to maximize "true customer value"

4 Strengthened and Nurtured Mainstay Product Categories

Pursued aggressive product development

♦Robust sales of new brands launched in the previous year

Original baked goods brand *"Magokoro Jikomi Oishii Pan Seikatsu"*

Average daily sales per store: up 6% year on year

Original dessert brand "Cherie Dolce"

Average daily sales per store: up 45% year on year

Cherie Dolce

Perishable food average daily sales per store : up 3% year on year

♦Revamped the sandwich lineup in May

Developed high-quality sandwich fillings and a varied product lineup

Post-relaunch average daily sales per store: up 18% year on year in the first 3 months

♦Launched a *Calorie Control Onigiri* (low-calorie rice ball)

Reduced calories using *mannanhikari*, a low-calorie blend of rice

Fast food average daily sales per store : flat growth year on year

5 Initiatives in Response to Market Developments

Responded meticulously to regional characteristics, taste preferences and individual store needs

(1) Strengthened regional products: Regional rice dish sales now account for roughly 50% of overall rice dish sales

(2) Expanded *MOT Project* deployment regions -a plan to develop "locally produced, locally consumed" products

=>Begin nationwide sales of products developed by the Hokuriku *MOT Project* *Sushi Musubi* (rice ball with sushi topping)

Sushi Musubi (rice ball with sushi topping)

(3) Trials of product and service packages for individual stores

=>Dry cleaning agency service, freshly baked bread, fruit juice and others

6 Initiatives to Strengthen Services

(1) Completed installation of "Bank Time" ATMs in 6 Kansai region prefectures: 779 units (as of August 31, 2008)

(2) Successively rolled out new multi-use copy machines: 460 stores (as of August 31, 2008)

(3) Began accepting iD™ post-payment electronic money: stores now accept five e-money formats

4. Non-consolidated Financial Highlights

(Stores, Yen in millions)

	First Half of Fiscal 2008	First Half of Fiscal 2009	Y-o-y	Versus Initial Forecast
Stores opened	150	**121**	-29	-16
Stores closed	227	**118**	-109	-15
Stores at term-end	5,027	**4,932**	-95	-1
Total store sales	442,365	**452,066**	+2.2%	+4.4%
Y-o-y change in existing store sales	-1.7%	**+2.7%**	-	+4.3%
Average product markup	29.10%	**28.45%**	-0.65%	-0.72%
Total operating revenues	96,640	**98,018**	+1.4%	+4.8%
Gross profit	66,773	**67,377**	+0.9%	+2.8%
SG&A expenses	54,989	**53,627**	-2.5%	-1.5%
Operating income	11,783	**13,750**	+16.7%	+24.1%
Recurring profit	11,263	**13,307**	+18.1%	+24.7%
Net income	4,580	**5,010**	+9.4%	+7.5%

Note: The year-on-year comparison for the average product markup represents the percentage-point change in this ratio.

5. Factors Behind Year-on-year Changes in Non-consolidated Results

(1) Total operating revenues ¥98,018 million (+¥1,377 million; +1.4% y-o-y)

(Yen in millions)

	Y-o-y change	Y-o-y change	Factors
Franchise commission from franchised stores	+1.5%	+759	Y-o-y change in existing store sales: +2.7% Total store sales rose ¥9,701 million year on year.
Net sales of Company-owned stores	+2.1%	+840	Strong Company-owned store sales were supported by higher tobacco sales due to the deployment of taspo system cigarette vending machines.

(2) SG&A expenses ¥53,627 million (-¥1,361 million; -2.5% y-o-y)

	Y-o-y change	Y-o-y change	Factors
Personnel expenses	-2.0%	-197	Employee retirement pension benefit liability declined ¥112 million.
Advertising and sales promotion expenses	-20.4%	-1,131	Advertising expenses decreased ¥781 million due to fewer incentive point collection campaigns. Advertising expenses decreased ¥350 million.
Store leasing expenses	+0.6%	+124	Slight year-on-year increase, partly reflecting the beneficial impact of negotiations on lowering leasing fees at existing stores, despite rising rents for new stores.
Equipment leasing expenses	+0.3%	+11	Full-fledged deployment of information systems and service equipment from the second half of fiscal 2009
Depreciation and amortization	+8.3%	+251	Increase in software amortization related to POS registers introduced in the previous fiscal year
Other	-3.2%	-420	Business contracting fees decreased ¥337 million due to fewer provisional Company-owned stores (stores operated under contract).

(3) Non-operating income ¥652 million, Non-operating expenses ¥1,095 million

	Y-o-y change	Y-o-y change	Factors
Non-operating income	-13.0%	-97	Compensation income decreased ¥77 million.
Non-operating expenses	-13.8%	-175	Lease contract cancellation expenses decreased ¥483 million due to 109 fewer store closures year on year Provisions to allowance for doubtful accounts for advances to consolidated subsidiaries rose ¥318 million.

(4) Extraordinary gains ¥187 million, Extraordinary losses ¥4,065 million

	Y-o-y change	Y-o-y change	Factors
Extraordinary gains	+37.9%	+51	Booked a ¥100 million gain on sales of investment securities.
Extraordinary losses	+22.1%	+735	Store closure losses declined ¥191 million. Booked impairment losses of ¥2,431 million (up ¥125 million year on year) Booked a ¥1,271 million write-down on subsidiaries' shares

6. Fiscal 2009 Second-half Initiatives

1 Continue the *Yume WAKU2* Project

The keyword is change—"Making Everyday More Enjoyable."

(1) Step up the development of products based on ideas submitted by franchised stores

=> The second product will be a *Hogaraka Time* original brand snack; the third will be a boxed lunch product.

(2) Hold the first "Friendly Contest"

=> Aiming to raise customer satisfaction.

2 Strengthen and Nurture Mainstay Product Categories

Strengthen and develop pasta into a third hallmark Circle K Sunkus product lineup

rubetta

Roll out the new pasta brand *rubetta* from October 14, 2008

(Concept) Use great-tasting pasta noodles and highlight the variety of the pasta lineup at stores

3 Initiatives in Response to Market Developments

(1) Installed **fryers** at 100 stores in an effort to generate new sales

=> Plan to install fryers at a total of 2,000 stores by fiscal 2011

(2) Accelerate trials of product and service packages for individual stores

=> *Udon* and *ramen* noodles, imported confectionery

4 Initiatives to Strengthen Synergies With the UNY Group

Expand UNY's e-price lineup of low-priced original products to Circle K and Sunkus stores from October 2008

5 Initiatives to Strengthen Services

Roll out *KARUWAZA STATION* (in-store multimedia terminals)

=> Installation planned for 2,500 stores in the Kanto and Chukyo regions from September

=> Provide attractive content and raise the level of convenience to boost customer footfall

6 Unify Franchise Agreements for New Stores from November 2008

Currently: Circle K and Sunkus open stores based on different individual franchise agreements.

⇒Beginning November 1, Circle K and Sunkus will open stores under unified franchise agreements.

*By raising operating efficiency in this way, Circle K Sunkus plans to structure operations so that the same store supervisors and store developers can take responsibility for both store brands.

7 Established the "New Project" Under the Direction of the President in September 2008

* Study the feasibility of opening stores in new regions
* Consider store formats and product lineups that better reflect regional characteristics

8 Initiatives to Improve Store Quality and Address Company-owned Stores

Continue to open stores with an emphasis on quality in an effort to boost average daily sales at new stores. => Full-year forecast: ¥463,000.

*Secure outstanding franchisee candidates by utilizing the **"Venture Employee System"**
=>Expect 33 program participants to begin operating their own stores during fiscal 2009

*Accelerate the conversion of Company-owned stores into franchised stores by utilizing the **"Operations Management Employee system"** and the **"incentive plan for managing multiple stores"**

7. Fiscal 2009 Non-consolidated Earnings Forecasts

*Revised full-year initial forecasts, assuming a 35% year-on-year increase in second-half tobacco sales due to the introduction of taspo cards

(Stores, Yen in millions)

	Fiscal 2009 first-half results	Fiscal 2009(forecast)	Y-o-y change	Initial fiscal 2009 forecasts
Stores opened	121	**280**	-4	280
Stores closed	118	**260**	-199	260
Stores at term-end	4,932	**4,949**	+20	4,949
Total store sales	452,066	**889,080**	+3.4%	848,390
Y-o-y change in existing store sales	+2.7%	**+3.8%**	-	-1.0%
Average product markup	28.45%	**28.08%**	-0.91%	29.04%
Total operating revenues	98,018	**190,010**	+0.4%	182,000
Gross profit	67,377	**130,550**	+0.6%	127,790
SG&A expenses	53,627	**109,630**	+1.2%	110,190
Operating income	13,750	**20,920**	-2.6%	17,600
Recurring profit	13,307	**19,730**	+0.1%	16,480
Net income	5,010	**8,260**	-4.5%	7,850

Second-half Assumptions

Stores Opened:159

Stores Closed:142

=>Maintain initial forecast by compensating for first-half shortfalls in the second half

Existing store sales: +5.0% YoY

=>Initial second-half forecast: -0.4%

Average product markup:27.69%

=>Initial second-half forecast: 28.91%

SG&A expenses rose 1.2% year on year as large investments got fully underway, mainly for information systems.

Earnings growth in terms of recurring profit

8. Fiscal 2009 Consolidated Earnings Forecasts

* Earnings growth in terms of recurring profit and Net income

(Stores, Yen in millions)

	Fiscal 2009 first-half results	**Fiscal 2009**(forecast)	Y-o-y change	Initial fiscal 2009 forecasts
Stores opened	151	**338**	-1	355
Stores closed	131	**283**	-205	282
Stores at term-end	5,258	**5,293**	+55	5,311
Total store sales	476,457	**938,980**	+4.1%	898,280
Total operating revenues	109,017	**213,280**	+3.3%	206,160
Gross profit	70,965	**138,040**	+1.7%	135,500
SG&A expenses	57,256	**117,570**	+2.5%	118,500
Operating income	13,709	**20,470**	-3.0%	17,000
Recurring profit	13,595	**19,550**	+0.4%	15,800
Net income	5,871	**8,740**	+1.9%	6,620

[Fiscal 2009 Earnings Forecasts for Consolidated Subsidiaries]

	Four area franchisers total	99 Ichiba	ZERO NETWORKS	Eliminations on consolidation
Stores opened	25	33	-	-
Stores closed	13	10	-	-
Stores at term-end	269	75	-	-
Total store sales	39,482	10,418	-	-
Total operating revenues	8,551	10,418	5,375	-1,074
Operating income	4	-401	51	-104

Highlights of Full-year Consolidated Earnings Forecasts

[Store openings]

Reduced initial forecast by 17 stores

*Four area franchisers: open 4 fewer stores than initial planned

*99 Ichiba: open 13 fewer stores than initial planned

[Stores closures]

Largely in line with initial plans

(Consolidated subsidiaries)

[Four area franchisers total]

Operating income is expected to be higher than the initial forecast by around ¥0.1 billion, thanks to projected strong sales, thereby ensuring profitability.

[99 Ichiba]

*Open 13 fewer stores than Initial planned

*The operating loss is projected to be higher than the initial forecast by around ¥0.2 billion.

[ZERO NETWORKS]

Operating income is projected to be higher than the initial forecast by around ¥0.2 billion.

9. Shareholder Returns

[Basic Company Policy]

Aim to pay out at least 30% of consolidated net income in the form of dividends and maintain a stable dividend

Share buybacks will be considered while carefully monitoring capital investment plans and the Company's financial position

[Status of Shareholder Returns]

(Yen)

	FY2007	FY2008	FY2009
Interim dividend per share	19	20	20
Year-end dividend per share	19	20	20 (plan)
Annual dividend per share	38	40	40 (plan)
Payout ratio	31.7%	39.1%	38.3% (plan)
Dividends on total equity	2.7%	2.7%	2.6% (plan)
Share buybacks	5.0 billion	-	-

(Note) This presentation contains forward-looking statements that are based on projections and plans derived from assumptions based on current market conditions. Actual results may differ materially from these projections due to changes in a number of factors that could not be foreseen at the time of the projections.