



I'd like to use this opportunity to thank all shareholders and other investors for their continued interest in Circle K Sunkus.

Today, December 28, 2007, we announced earnings for the first three quarters of fiscal 2008, the year ending February 29, 2008.

During this period, existing store sales at Circle K Sunkus decreased 1.6% year on year on a non-consolidated basis, falling below target. Despite this, we continued to see an improvement in sales in the third quarter, helped by comparatively favorable weather and strong sales in the Kanto region. In addition, average daily sales per new store were ¥416,000 for the first three quarters of fiscal 2008, ¥22,000 higher year on year, the result of efforts to open stores with an emphasis on quality. Circle K Sunkus also accelerated the closure of mainly unprofitable stores, closing 340, or 28 more than in same period last year. As a result, consolidated total store sales fell 0.9% year on year to ¥687.8 billion. Despite falling revenue from franchised stores, total consolidated operating revenue increased 6.5% year on year, lifted mainly by contributions from 99 Ichiba Co., Ltd., which became a consolidated subsidiary in fiscal 2008, and higher sales at Company-owned stores. However, operating income dropped 14.0% year on year, mainly due to an increase in selling, general and administrative (SG&A) expenses. Recurring profit and net income both decreased year on year due to a higher loss on cancellation of lease contracts in line with increases in the number of stores closed. Please view our earnings report for further details on third-quarter operating results.

In fiscal 2008, we began integrating original product brands previously sold separately at Circle K and Sunkus. In May we unified original baked goods brands, followed in July by original rice ball brands. We then completed integration of our final product category, original desserts, with the launch of *Cherie Dolce*, a new original dessert brand, in November. We take great pride in this new brand. It was developed to revolutionize the image of conventional convenience-store desserts by offering nothing less than truly delicious desserts. Thanks to strong customer support, *Cherie Dolce* sales

are strong. We will continue to steadily roll out an attractive range of desserts in order to develop *Cherie Dolce* into a hallmark Circle K Sunkus product brand. Separately from this, we have been installing new POS registers at stores since September 2007. We plan to augment these registers with optical fiber links and multi-use copy machines in March 2008 and Store Communication Servers from the fall of 2008. This new store support system requires a large investment but is essential for us to remain competitive because it will enable next-generation services. It is services that hold the key to growth in the convenience store sector going forward. By strengthening them, we aim to enhance customer convenience and create more opportunities for customers to come to our stores.

During fiscal 2008, Circle K Sunkus has been reinforcing sales capabilities as part of its shift to an “intensive quality-driven growth path.” However, we are still far from seeing satisfactory results. Although our operating climate remains difficult, we are determined to move onto the offensive and tackle new challenges with the aim of improving sales and earnings. The continued support and understanding of all our shareholders and other investors will be as vital as ever.

December 28, 2007

A handwritten signature in black ink that reads "Motohiko Nakamura". The signature is written in a cursive, flowing style.

Motohiko Nakamura, President