



I would like to thank all shareholders and other investors for their continued interest in and support for Circle K Sunkus.

Today, April 10, 2008, we announced earnings for fiscal 2008, the year ended February 29, 2008.

In fiscal 2008, Circle K Sunkus' management policy was to shift to an "intensive, quality-driven growth path," and we worked to bolster sales capabilities. We successfully improved quality in regards to opening new stores. Average daily sales per new store were ¥15,000 higher year on year, the result of efforts to open new stores with an overriding emphasis on quality and revision of our store opening strategies by region. In addition, integration of vendor and logistics networks was completed in all product categories. Circle K Sunkus launched two new brands in the process, namely *Magokoro Jikomi Oishii Pan Seikatsu* (original baked goods) and *Cherie Dolce* (desserts). Both brands have proven popular with customers and are fast becoming hallmark Circle K Sunkus product brands. Meanwhile, we launched a pickup service at stores for products purchased at Internet mail-order sites, and began accepting new forms of electronic money to enhance customer convenience and win new customers. Despite this solid progress, existing store sales were lackluster due to a decrease in customer footfall throughout the fiscal year. Furthermore, a major drive to close unprofitable stores and Company-owned stores in fiscal 2008 proceeded as planned. This drove up store closure expenses, resulting in a decline in earnings. Please view our earnings reports for further details on fiscal 2008 operating results.

Circle K Sunkus unveiled a new medium-term management plan together with its earnings announcement. The convenience store industry faces an increasingly challenging business environment and Japanese society is experiencing constant change. Pressing issues facing Circle K Sunkus include lackluster sales due to lower customer footfall and changes in its earnings structure. In this climate, nothing new can be created nor can we expect any further growth unless we change how we think about and do things. Our medium-term management policies are to offer "true value to customers," boldly develop new products and services, promote regional strategies, transform our earnings structure, and enhance and optimize operating efficiency. We will take an aggressive stance to moving forward, even as we fortify our defenses through rigorous low-cost operations and the pursuit of greater returns on investments. Our overriding aim is to increase corporate value.

Our first step in fiscal 2009, the first fiscal year of the medium-term management plan, was a bold reorganization. Because we believe that a stronger focus on regions and

individual stores is crucial to rising above the increasingly intense competition, we newly established regional divisions. By promoting regional strategies and managing earnings by region under this new organization, we aim to speed up operations so that we generate results. The *Yume WAKU²* project was launched in March to bring Circle K Sunkus employees and franchised stores together to develop stores that are better appreciated by customers. This project is part of efforts to offer “true value to customers.” Coinciding with the launch of a newly designed joint uniform for Circle K and Sunkus stores in June, Circle K Sunkus plans to take steps to enhance its brand image in many ways. On the product development front, we aim to develop and foster new flagship products from scratch, while continuing to provide reliable, safe and great-tasting products. We will also work even harder than before to capture synergies with the Uny Group, with the aim of enhancing profitability. Furthermore, Circle K Sunkus will begin making large investments in advanced services. Beginning with the full-scale launch of ATM services in the Kansai region, we will successively install multi-use copy machines from April and In-store multimedia terminals from August.

Earnings are projected to decrease in the first and second fiscal years of the medium-term management plan because of increased spending on the aforementioned large investments. However, I'm convinced that these early investments are crucial to surmounting the competition in the coming years. We will do our best to restore earnings growth by transforming our earnings structure by fiscal 2011, the plan's final fiscal year. I look forward to your continued understanding and support for Circle K Sunkus, as we work to achieve our strategic goal of medium-term growth.

April 10, 2008

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

Motohiko Nakamura, President