

CCC Group Revises March 2006, Year-End Forecast

Consolidated annual results forecast revised upward for all indicators:

Ordinary Income 13.5 Billion yen (173% over prior year)

Year-End TSUTAYA Store Count at 1,244 (+94 over prior year)

Oct. 12, 2005 (Tokyo, Japan)—Culture Convenience Club, Co., Ltd., (“CCC” headquarters: Shibuya-ku, Tokyo; President: Muneaki Masuda) revised its interim consolidated results forecast today for the year ending March, 2006 as follows: **Net sales are projected at 100,000 million yen (up 3.1% compared to the prior forecast), ordinary income at 6,400 million yen (up 20.8% over prior forecast), and net income at 3,200 million yen (up 18.5% over prior forecast).**

■ TSUTAYA franchisee participation from other industry players

The diversification of customer needs is calling for larger stores and carriage of multiple categories (multi-package storelization). With previously established operations know-how and IT assets for MPS development, CCC has experienced an increase in franchisee participation from other retailers in the industry. This market environment has led to **the nation’ s third largest rental video chain, Sun Leisure, with 112 stores located mainly in the Hokkaido and Tohoku regions to join as a franchisee in September.** The participation among industry players has markedly increased franchise fee revenues.

■ TSUTAYA existing store comp rental revenues attain 105.3%

For the interim period, the number of TSUTAYA stores grew to 1,163 (net growth of 12 stores over prior year), and aggregate membership reached 18.63 million (flat growth compared to prior year). **Existing stores comp sales for the year improved steadily at 101.4%, and trends were particularly healthy at 105.3% for rental revenues.** Consequently, net revenues of our fulfillment company, royalties, and processing fees outpaced our previous forecast.

■ TSUTAYA online membership at 7.78 million

For the interim period ending Sep. 30, 2005, the number of TSUTAYA online members for our internet platform stood at **7.78 million (net growth of 2.01 million over prior year same period).**

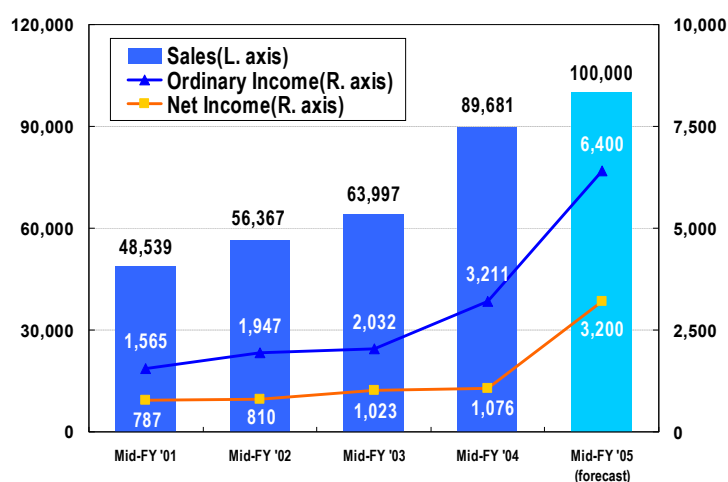
■ Consolidated annual results forecast revised upward: ordinary income at 13,500 million yen, net income at 650 million yen

For the year ending Mar. 31, 2006, healthy growth in the TSUTAYA platform and Internet platform businesses has led to a revision in the annual consolidated results forecast. The new forecast places **ordinary income at 13,500 million yen (up 12% over prior forecast, up 5,700 million over prior year), and net income at 6,500 million yen (up 14% over prior forecast, up 10,400 million yen over prior year).**

Improved Outlook for Fiscal 2005 Performance

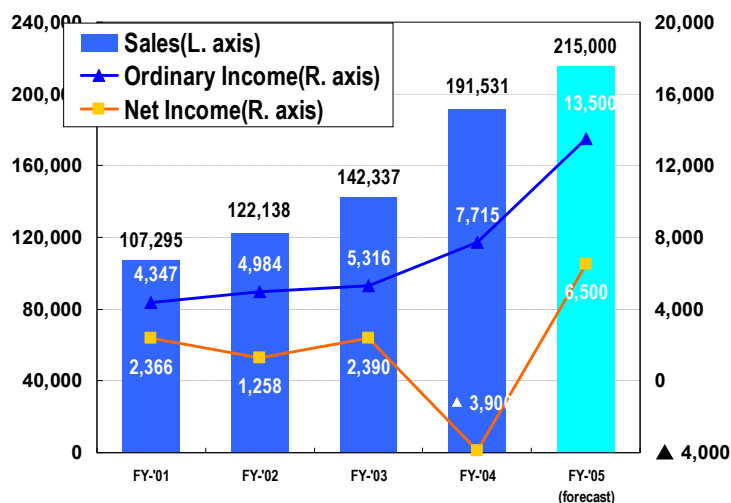
■ FY2005 Consolidated Interim Performance Trend (Unit: million yen)

	FY2004	FY2005		Amount of Change	Forecast Comp	Prior Year Comp
	Interim Period Record	Interim Plan Announced July 25	Interim Plan Announced Oct 12			
Net Sales	89,681	97,000	100,000	3,000	103.1%	111.5%
Ordinary Income	3,211	5,300	6,400	1,100	120.8%	199.3%
Net Income	1,076	2,700	3,200	500	118.5%	297.4%



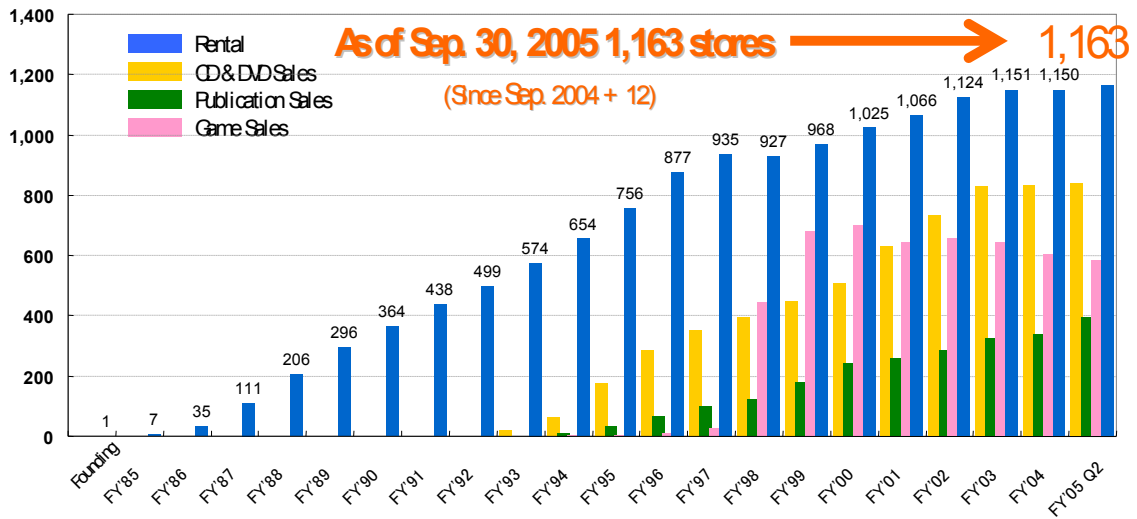
■ FY2005 Consolidated Annual Performance Trend (Unit: million yen)

	FY2004	FY2005		Amount of Change	Forecast Comp	Prior Year Comp
	Full Year Record	Full Year Announced July 25	Full Year Plan Announced Oct 12			
Net Sales	191,531	212,000	215,000	3,000	101.4%	112.3%
Ordinary Income	7,775	12,100	13,500	1,400	111.6%	173.6%
Net Income	(3,900)	5,700	6,500	800	114.0%	-



TSUTAYA Operation

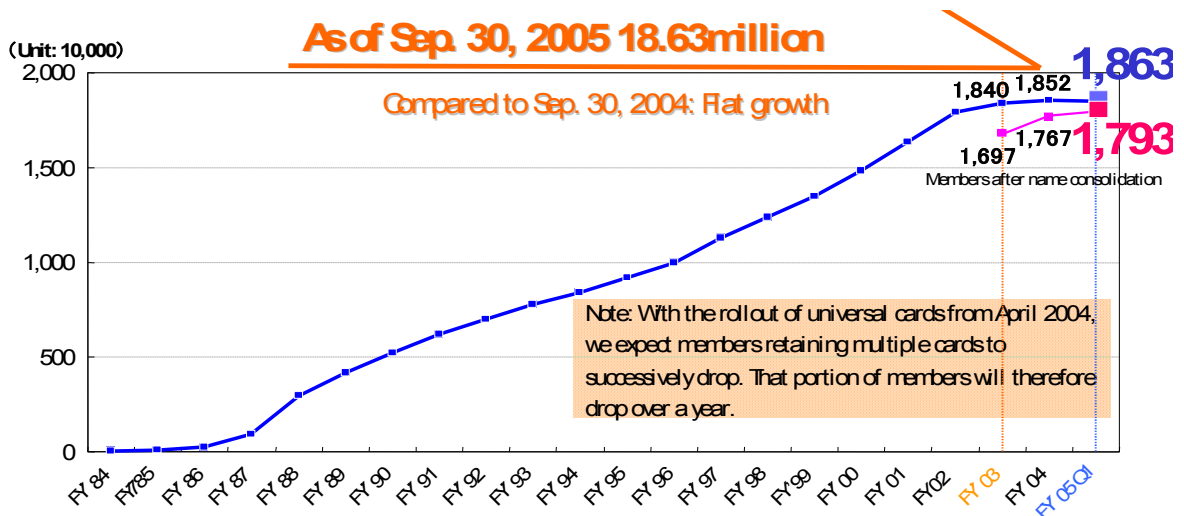
TSUTAYA Existing Stores Growth



FY2005 First Half Year Store Openings / Closures and Floor Space

	Openings		Closures	
	FY2004 Full Year	FY2005 First Half	FY2004 Full Year	FY2005 First Half
Stores	45	29	46	16
Average size (m2)	274	325	143	158
Aggregate space (m2)	12,356	9,418	6,617	2,526

TSUTAYA Existing Membership Growth



TSUTAYA Operation

■ TSUTAYA Existing Store Sales: Prior Year Comps

Interim rental revenues increased by 5.3% compared to the prior year. Existing store comp sales rebounded from the Q1 total of 99.6% to the Q2 total of 103.1%, as a consequence of increased game sales volume.

(%)	April	May	June	Q1 Total	July	August	September	Q2 Total	Interim Total
Rental	110.2	103.1	102.2	105.0	107.1	102.4	107.1	105.5	105.3
Video	113.9	103.5	101.7	106.1	106.7	104.3	108.8	106.6	106.4
DVD	194.0	174.3	170.0	178.7	171.0	161.7	164.1	165.4	171.2
Music	100.7	101.7	103.8	102.1	108.4	96.7	101.8	102.0	102.0
CD&DVD sales	80.3	84.3	115.3	92.4	105.3	92.8	98.2	98.7	95.7
Video	100.5	86.1	94.2	93.6	102.9	94.9	86.1	94.4	94.0
DVD	100.9	86.5	96.0	94.5	103.9	95.4	86.4	94.9	94.7
Music	70.1	83.2	132.4	91.6	106.7	91.6	106.1	101.4	96.7
Publication sales	99.4	98.1	100.1	99.2	104.4	102.5	93.8	100.0	99.6
Game sales	96.8	69.9	86.3	84.1	130.4	111.8	94.3	111.9	98.5
Total	98.7	95.8	104.6	99.6	107.2	100.5	99.0	103.1	101.4

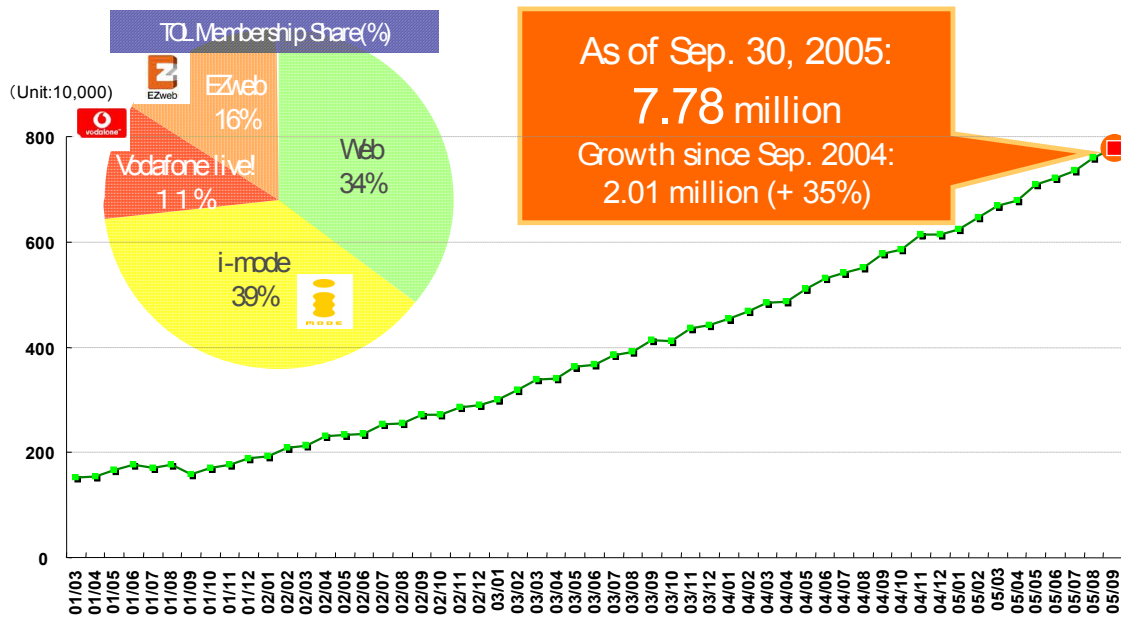
■ TSUTAYA System-wide Revenues: Prior Year Comps

The interim total for all items grew 104.3% due to the increase in royalties and proxy handling fees, and profit growth of product logistics business.

(%)	April	May	June	Q1 Total	July	August	September	Q2 Total	Interim Total
Rental	111.5	104.1	103.6	106.3	108.8	104.1	108.9	107.2	106.7
Video	114.9	104.4	103.0	107.2	108.3	105.9	110.4	108.2	107.7
DVD	197.0	176.4	172.7	181.3	173.7	164.2	166.9	168.0	173.8
Music	101.9	102.8	105.3	103.3	110.0	98.1	103.4	103.6	103.5
CD&DVD sales	83.1	87.3	120.0	95.8	109.9	96.2	102.3	102.7	99.4
Video	104.3	89.4	98.3	97.3	107.8	98.9	90.1	98.7	98.0
DVD	104.7	89.8	100.1	98.3	108.8	99.4	90.4	99.2	98.8
Music	72.4	86.0	137.7	94.8	111.2	94.6	110.2	105.2	100.3
Publication sales	104.1	102.9	104.7	103.9	107.5	106.6	98.9	104.2	104.1
Game sales	98.0	70.9	88.2	85.4	134.0	115.7	98.2	115.7	101.2
Used Product Sales	121.7	116.0	121.3	119.5	127.1	123.5	128.9	126.4	122.9
Total	101.4	98.2	107.6	102.2	110.3	103.4	105.2	106.2	104.3

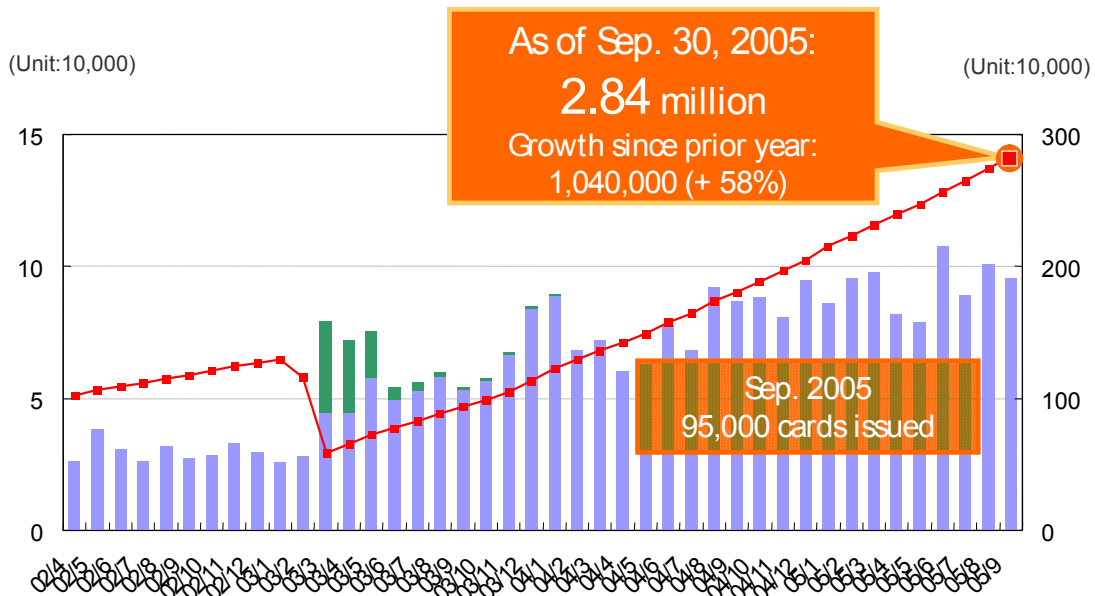
Internet Operation

TSUTAYA online Membership Growth



T Card Operation

Dual-Function Card Membership Growth



About Culture Convenience Club, Co., Ltd.

Headquarters: Yebisu Garden Place 21st Floor, 4-20-3 Ebisu, Shibuya-ku, Tokyo

Representative: Muneaki Masuda, President

Lines of Business: Sales and rentals of videos, DVDs, CDs, books, magazines, game software and other entertainment content through the franchise

chain operation of 1,158 TSUTAYA stores with a combined membership of 18.63 million members (as of September 30). Operator of TSUTAYA online Internet service, entertainment portal site, since July 1999.

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