

For Immediate Release

**CCC Group consolidated results for year ended Mar. 31, 2006:
Ordinary income 14.5 billion yen (doubling prior year results)**

18.55 million TSUTAYA members, retail platform of 1,570 locations
9 million TSUTAYA online members, 3.38 million dual card members

Ordinary income 17.5 billion yen for Mar. 2007 (up 21%)

May 23, 2006 (Tokyo, Japan) — Culture Convenience Club Co., Ltd. (“CCC”, President: Muneaki Masuda) reported its consolidated operating results for the year ended Mar. 31, 2006 with net sales of 228.3 billion yen (up 19% compared to the prior year), and ordinary income of 14.5 billion yen (up 86% over the prior year). Ordinary income rose considerably above the prior year's results. The share acquisition deals for Digital Hollywood, Digital Scape, and IMJ, along with the share exchange deal with Rentrak Japan completed in November 2005 left the company with a net loss of 31.2 billion yen after 38 billion yen in one-time charges associated with consolidation and amortization of goodwill.

1,570 stores incorporate Shinseido participation in franchise, Sumiya acquisition

The retail banners of CCC Group grew to four with addition of Shinseido (225 locations) and Sumiya (55 locations) to the existing TSUTAYA (1,273) and Virgin Megastore (19). Through a total of 1,570 stores, the company has created the largest retail chain for “lifestyle navigation” through DVDs, music, books, and games, and attained 400 billion yen in system-wide aggregate annual retail sales across all departments.

Merger of commerce logistics improves operating efficiencies (ROA up 5.88%)

With an aim to achieve all-in-one logistics to TSUTAYA and general retailers, efficiencies in the flow of commerce, and cost reductions for goods, CCC and Nihon Shuppan Hanbai, Inc. (“Nippan”), agreed in March to consolidate the commerce logistics operations for all goods transacted with participating retailers (rental and sell-through DVDs and CDs, books, and magazines) by July this year. In connection with this agreement, 51% of the stock in Nihon Soft Service, the CCC group company handling logistics was transferred to Nippan as of Mar. 31, 2006. The divestiture diminished NSS assets worth 20 billion yen, and the ratio of ordinary income to total assets improved by 5.88% over the prior year to 15.33%.

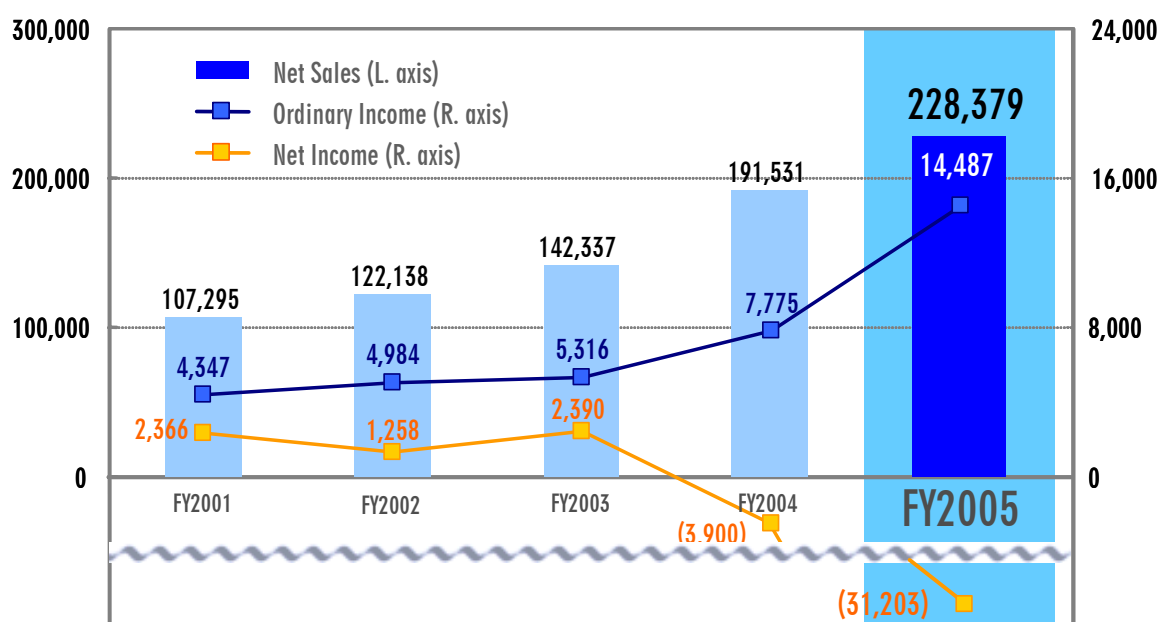
Ordinary income 17.5 billion yen, net income 9 billion yen forecast for Mar. 2007

For consolidated operating results in the year ending Mar. 31, 2007, CCC has forecast net sales of 200 billion yen, ordinary income of 17.5 billion yen, and net income of 9 billion yen. Consequently, the dividend for the year is expected to be 5 yen per share (respective interim and year-end dividends of 2.5 yen each), an increase for seven consecutive years.

Annual Operating Results for the Year Ended Mar. 31, 2006

Consolidated Results (unit: million yen)

	Year ended Mar. 31, 2005	Year ended Mar. 31, 2005	Prior Year Comp
Net Sales	191,531	228,379	119%
Operating Income	8,075	14,197	175%
Ordinary Income	7,775	14,487	186%
Net Income	(3,900)	(31,203)	-



Factors Affecting Consolidated Ordinary Income

Positives

Improved corporate store income

Increase in royalties, proxy handling, franchise fees

Increase in store assignments (13 stores vs. 1 store in prior yr.)

Elimination of content business charges

Greater revenues with Card membership growth

Commencing consolidated accounting for IMJ, DS, and DH.

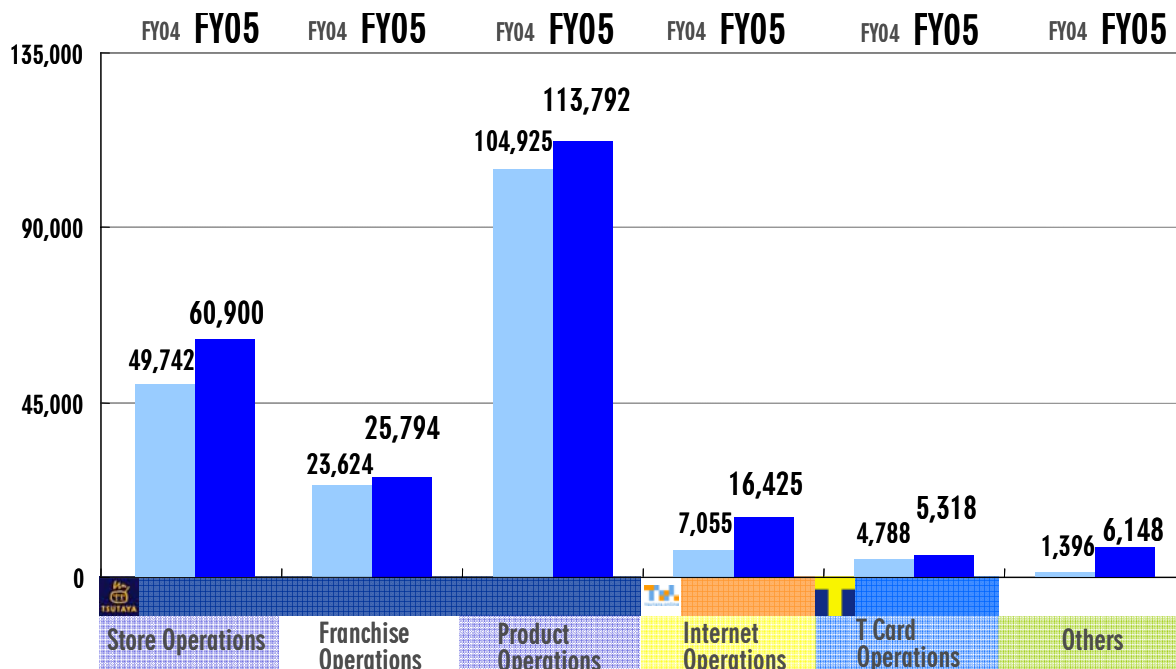
Benefit of one-time goodwill and consolidation charges.

Negatives

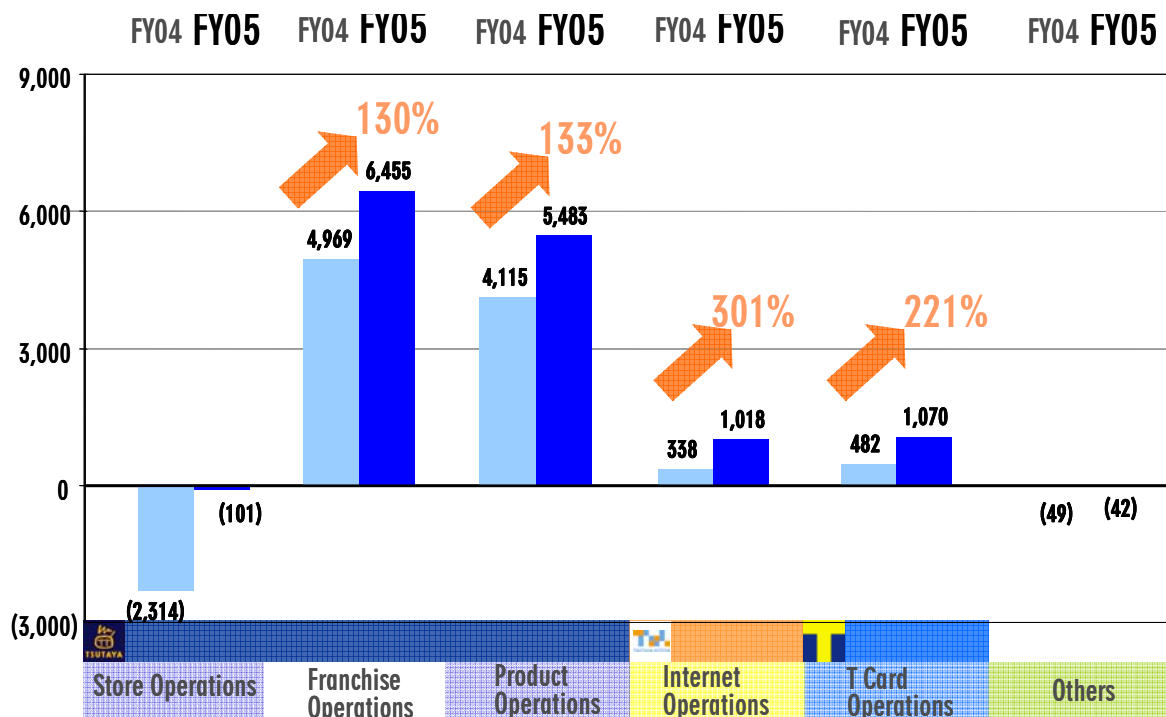
Increase in opening cost of new corporate stores

Annual Operating Results for the Year Ended Mar. 31, 2006

Net Sales Trends by Segment (Consolidated) (unit: million yen)



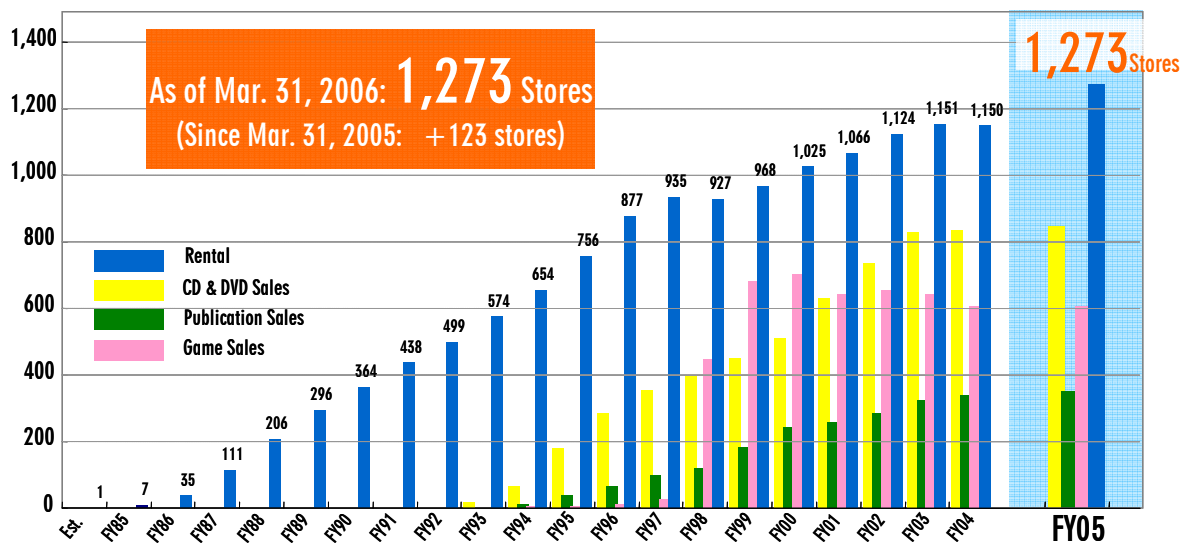
Operating Income Trends by Segment (Consolidated) (unit: million yen)



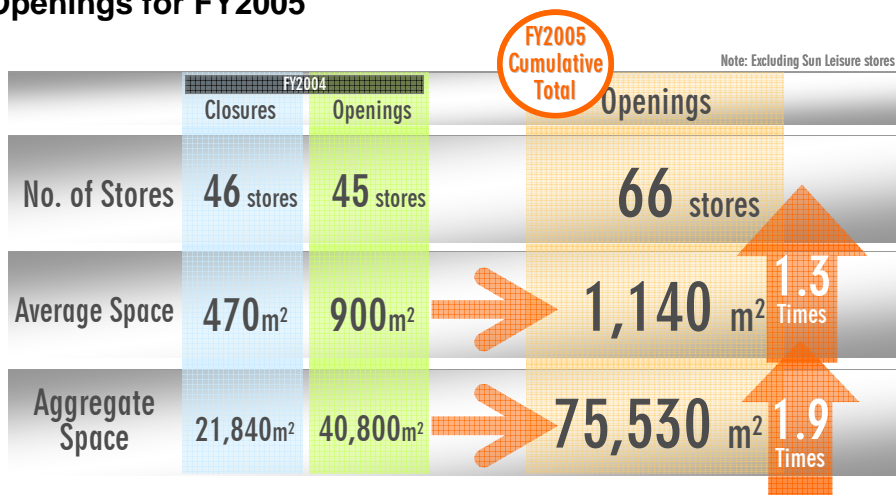


TSUTAYA Stores Operations

TSUTAYA Store Growth (store counts)

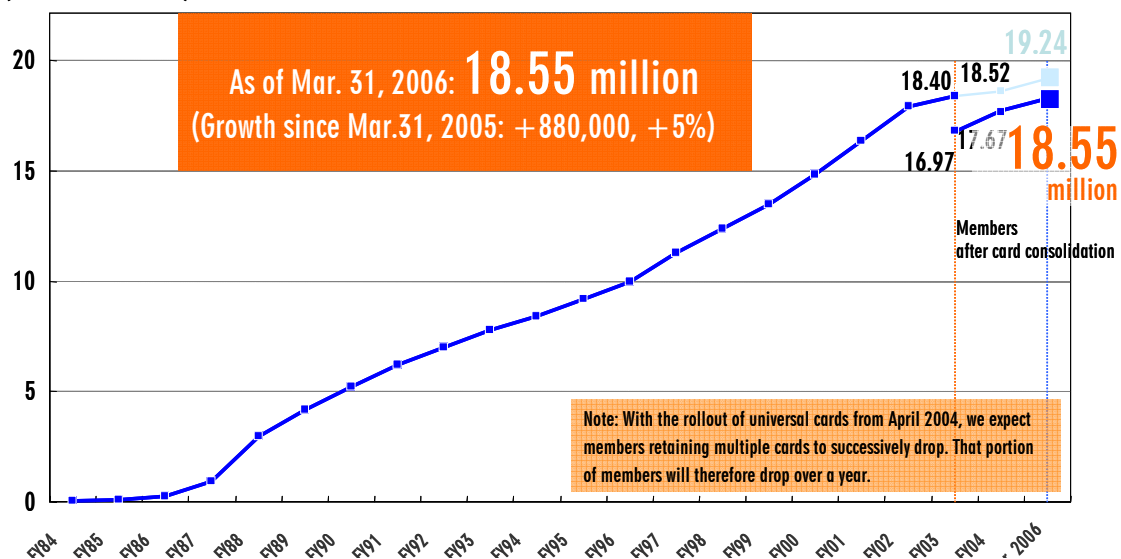


Store Openings for FY2005



TSUTAYA Membership Growth (after card consolidation) (unit: million)

(unit: million members)



Existing Store Sales Prior Year Comps (%)

Existing Store Rentals Comp 103% for Full Year

Steady growth at 100.9% for all items

	Q1	Q2	Q3	Q4	Cumulative Comp
Rentals	105.0	105.5	104.4	98.3	103.2
Video	106.1	106.6	103.9	99.2	103.9
DVD	178.7	165.4	149.4	135.6	154.1
Music	102.1	102.0	107.9	96.9	102.2
CD & DVD Sales	92.4	98.7	99.4	104.1	98.7
Video	93.6	94.4	97.0	105.9	97.6
DVD	94.5	94.9	97.3	106.2	98.1
Music	91.6	101.4	101.0	103.1	99.4
Publication Sales	99.2	100.0	102.9	100.7	100.7
Game Sales	84.1	111.9	78.3	101.6	92.5
Total	99.6	103.1	100.6	100.4	100.9

System-wide Sales Prior Year Comps (%)

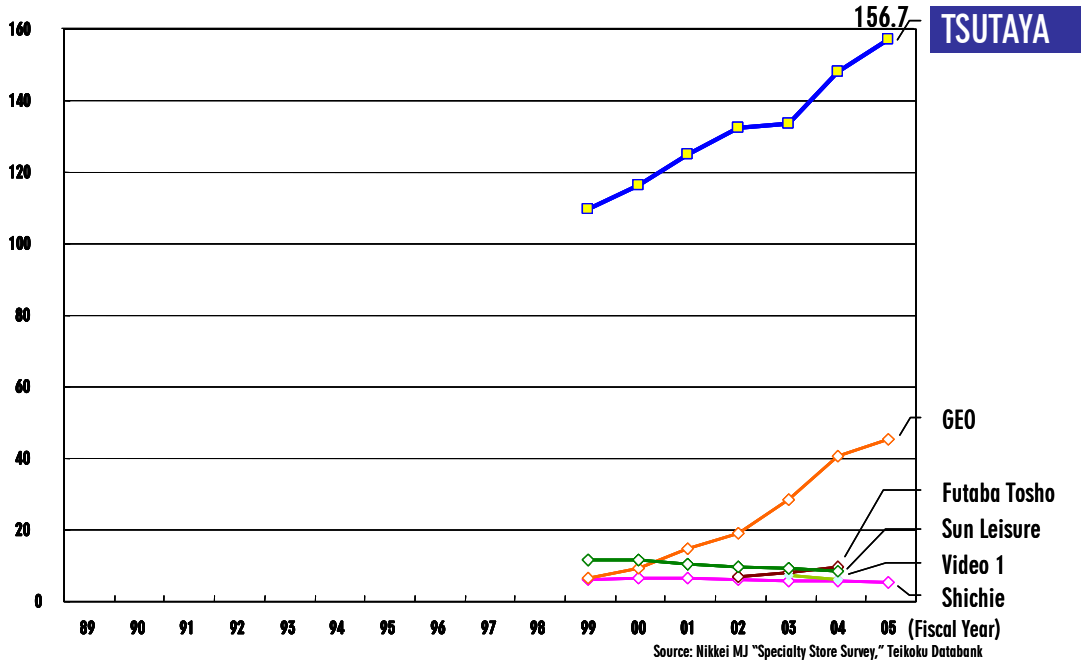
System-wide Comp 107% for All Items, Full Year

	Q1	Q2	Q3	Q4	Total
Rental	106.3	107.2	107.1	103.2	105.9
Video	107.2	108.2	106.6	104.2	106.5
DVD	181.3	168.0	153.4	142.6	158.5
Music	103.3	103.6	111.1	101.7	104.9
CD & DVD Sales	95.8	102.7	106.9	114.6	105.1
Video	97.3	98.7	103.5	114.4	103.3
DVD	98.3	99.2	103.8	114.7	103.8
Music	94.8	105.2	109.2	114.7	106.2
Publication Sales	103.9	104.2	128.3	126.3	116.0
Game Sales	85.4	115.7	82.9	110.9	97.6
Used Product Sales	119.5	126.4	121.0	97.9	114.9
Total	102.2	106.2	108.6	110.3	107.0

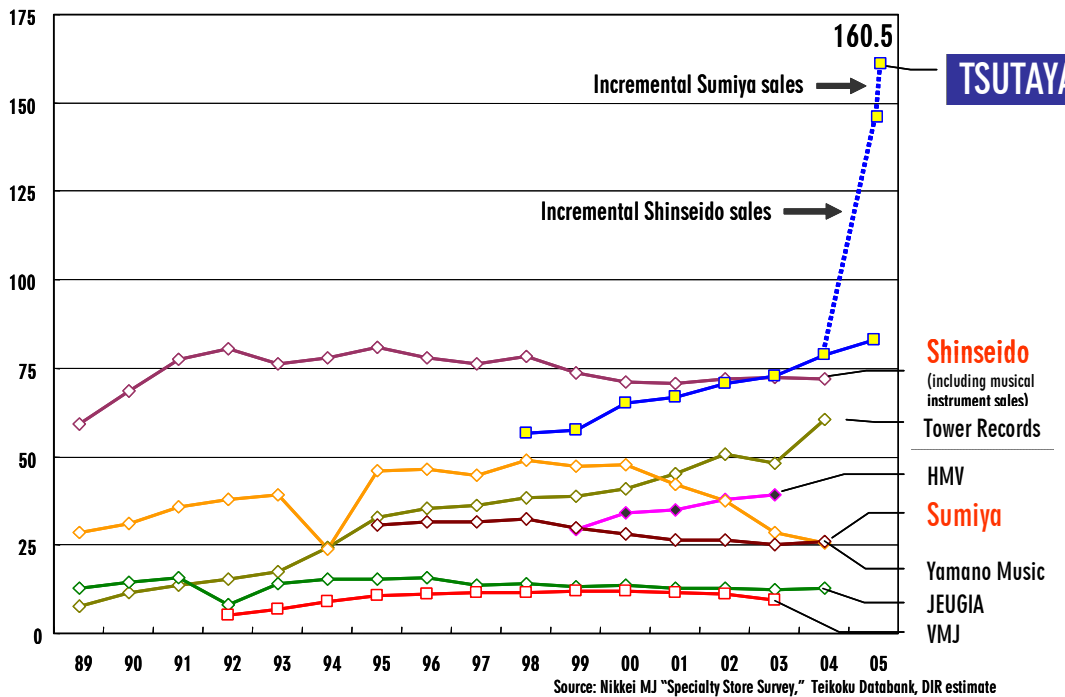


TSUTAYA Stores Operations

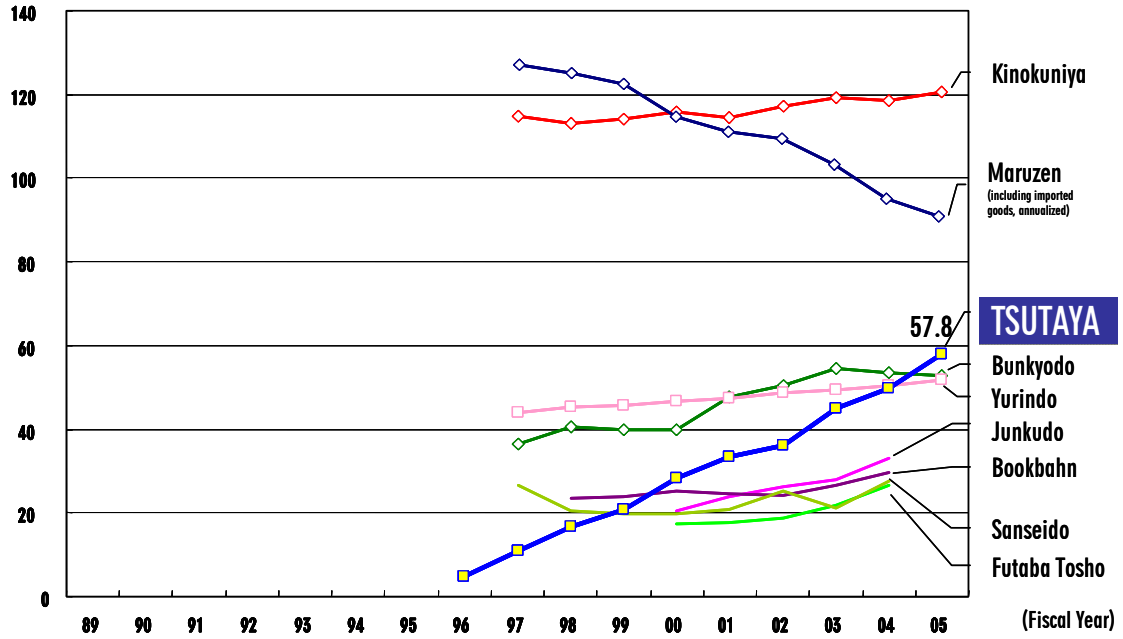
Rental Market Share (unit: billion yen)



CD & DVD Sales Market Share (unit: billion yen)



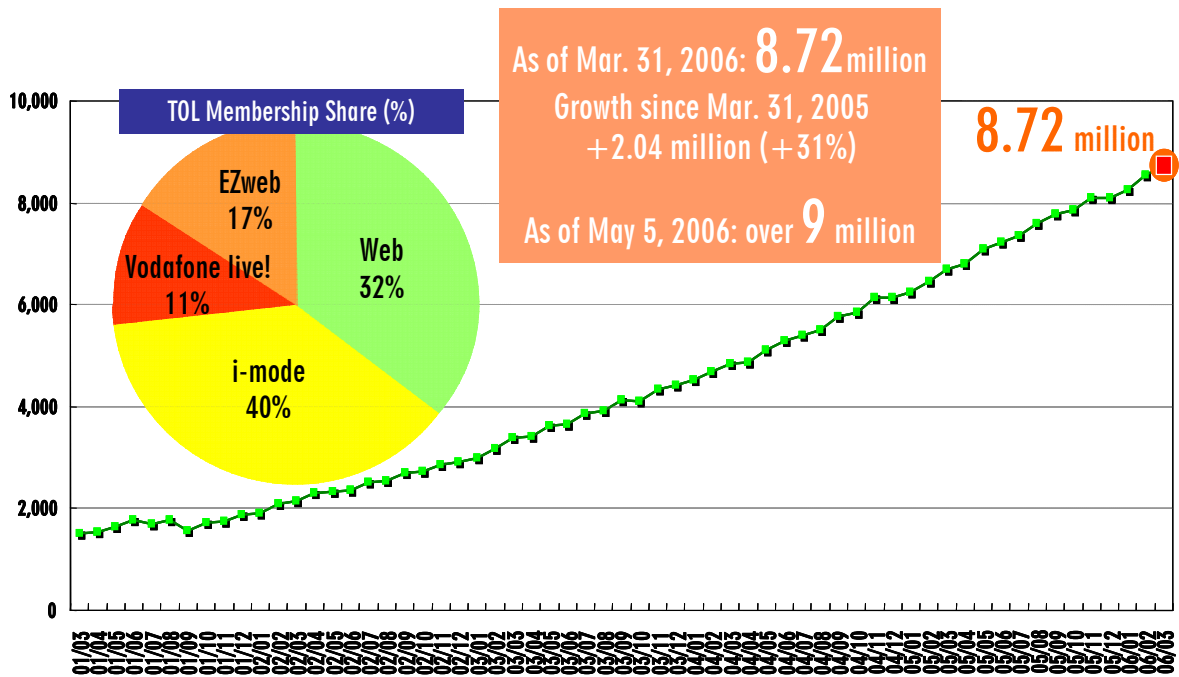
■ Publications Sales Market Share (unit: billion yen)



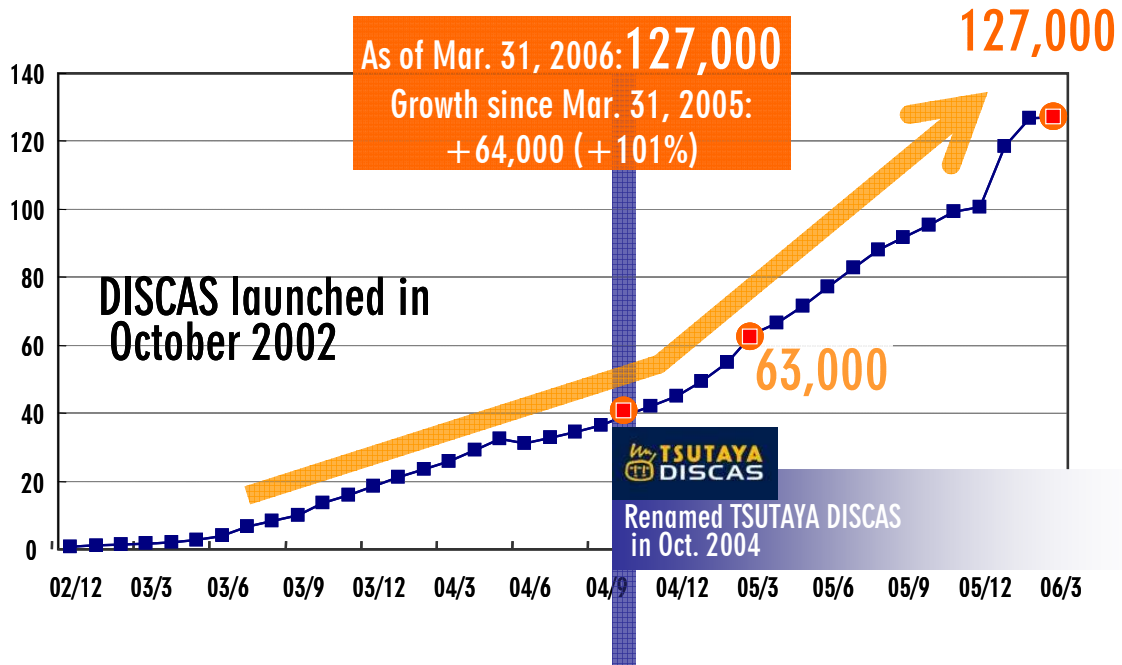


Internet Operations

TSUTAYA online Membership Growth (unit: 1,000)

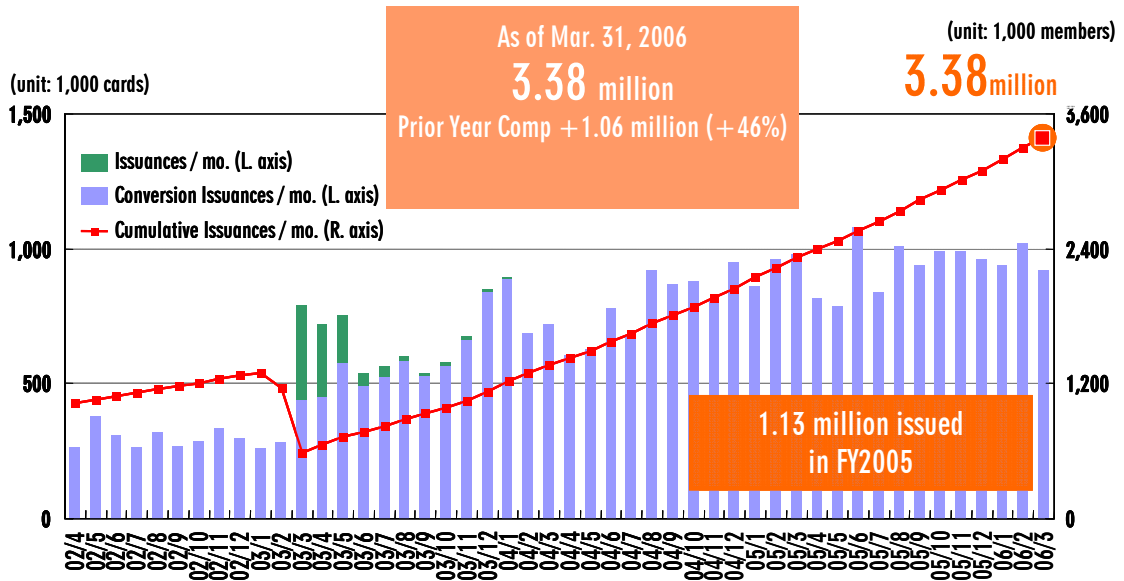


TSUTAYA DISCAS Membership Growth (unit: 1,000)

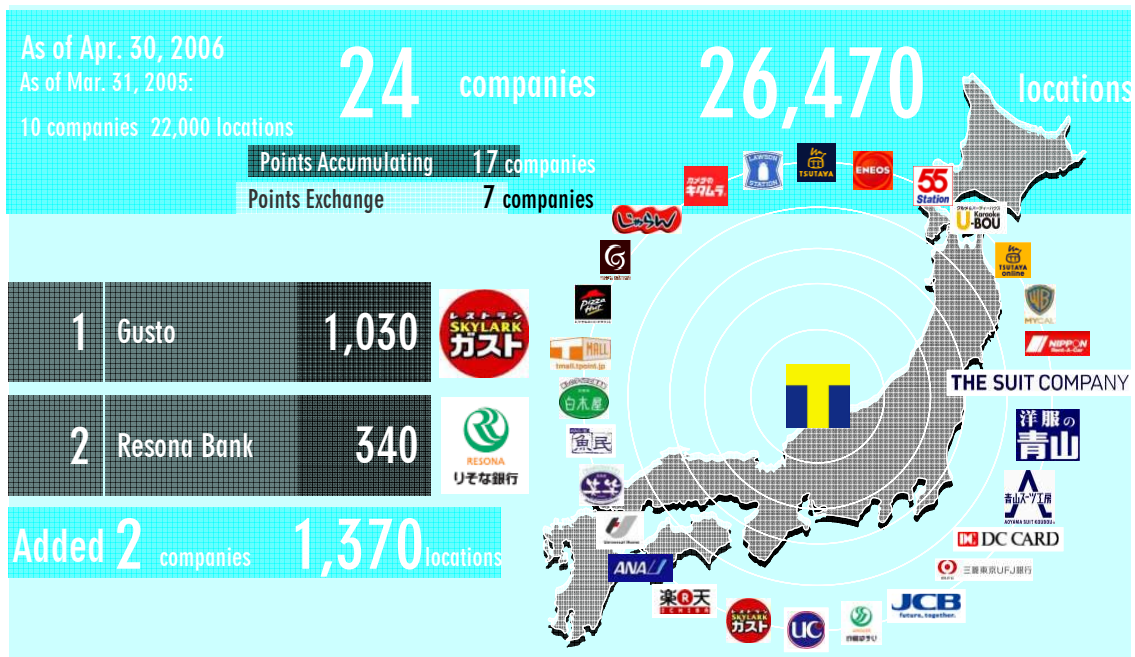


Card Operations

Dual-Function TSUTAYA Card (with credit card function) Issuances

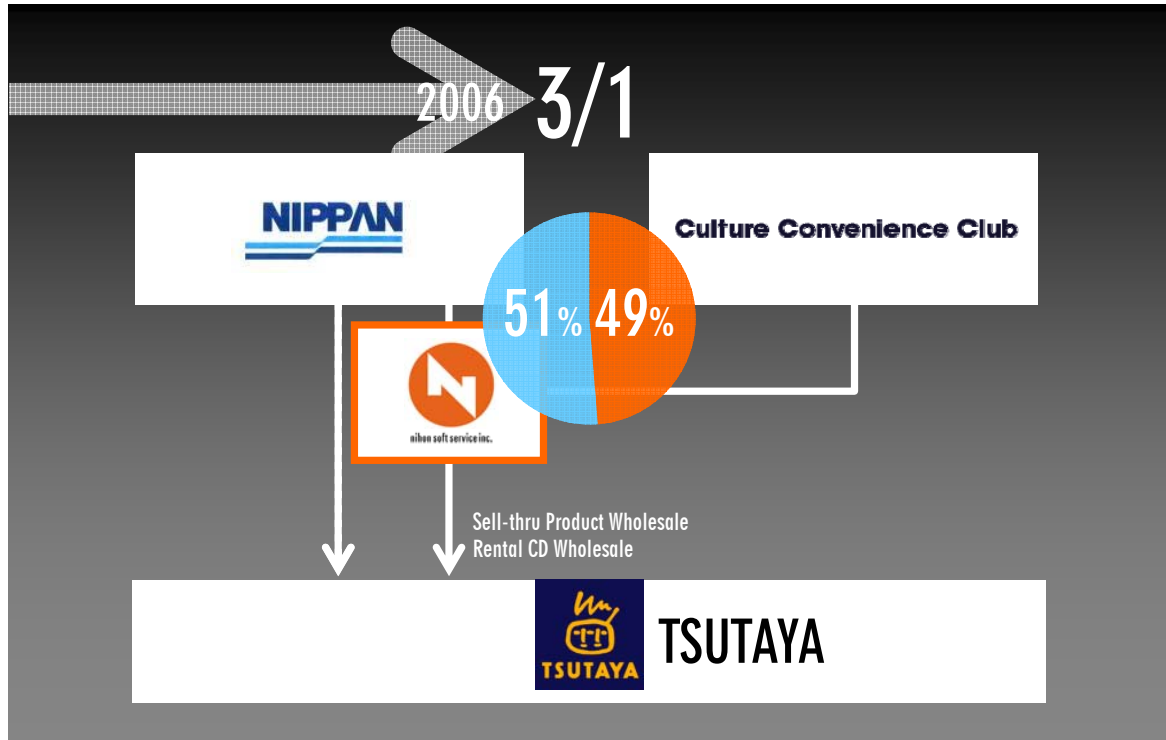


Brand and Locations Transacting T Points

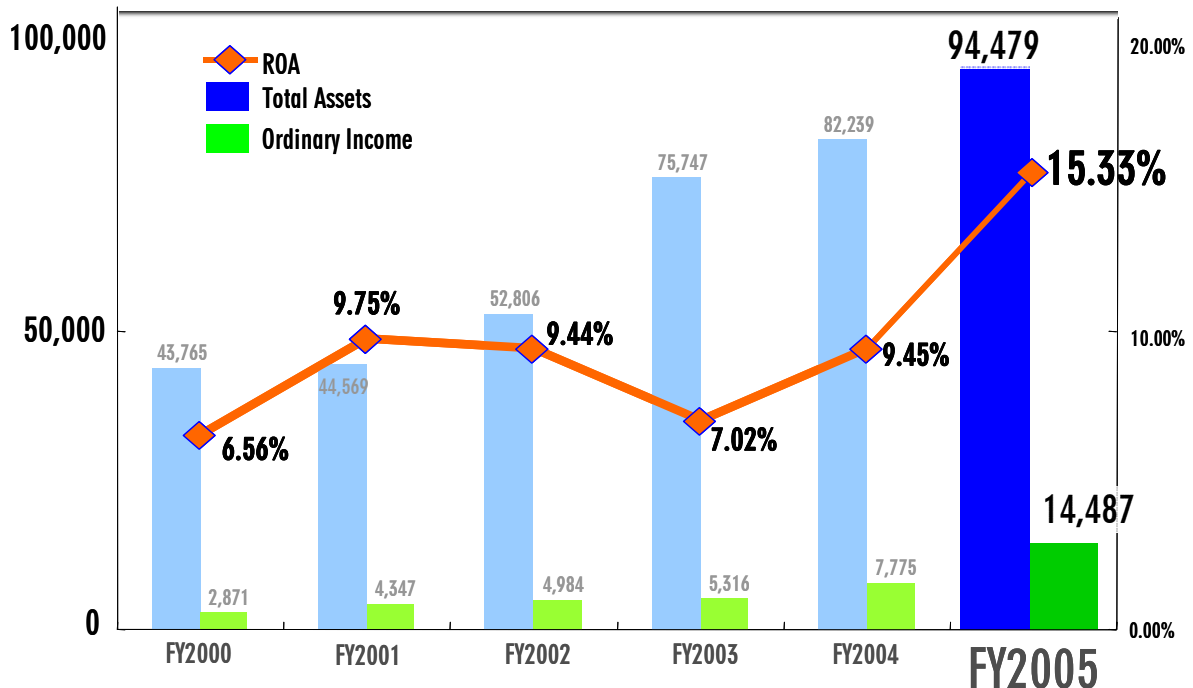


New Initiatives as a Planning Company

Merger of Commerce Logistics Operations with Nihon Shuppan Hanbai

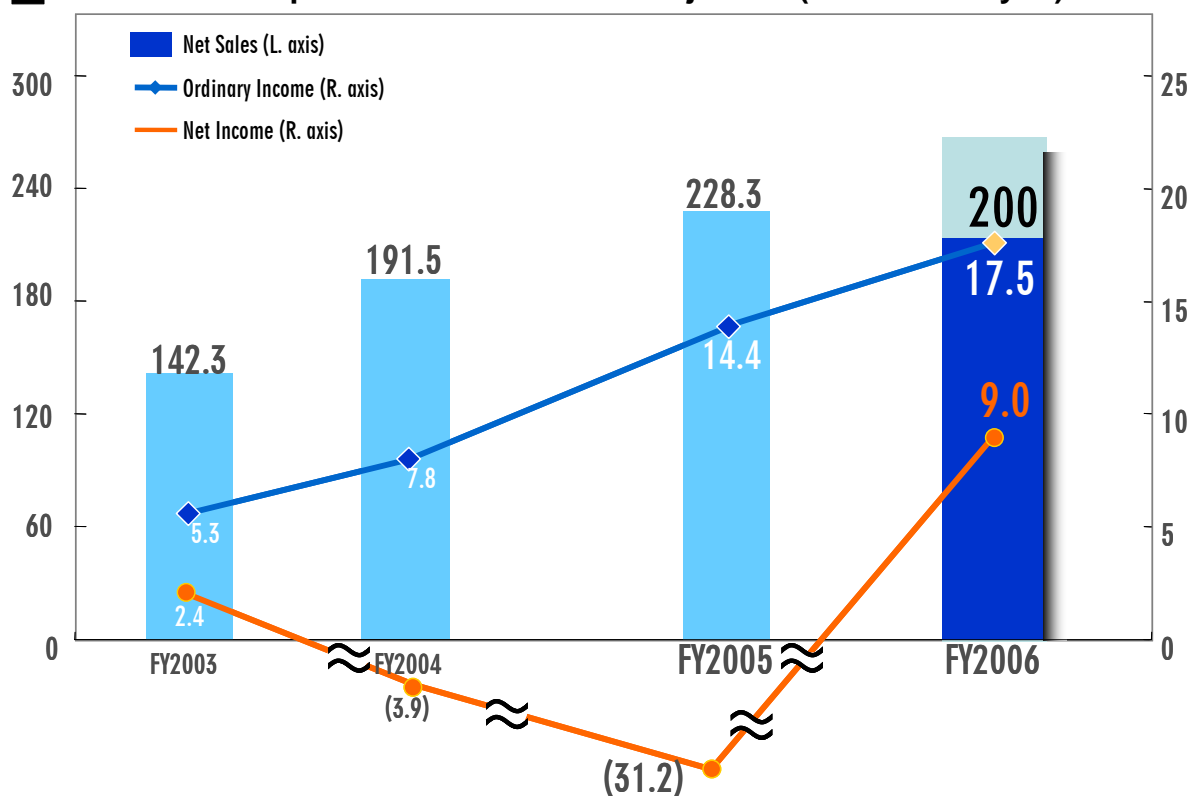


Improvement of Consolidated ROA (unit: million yen)

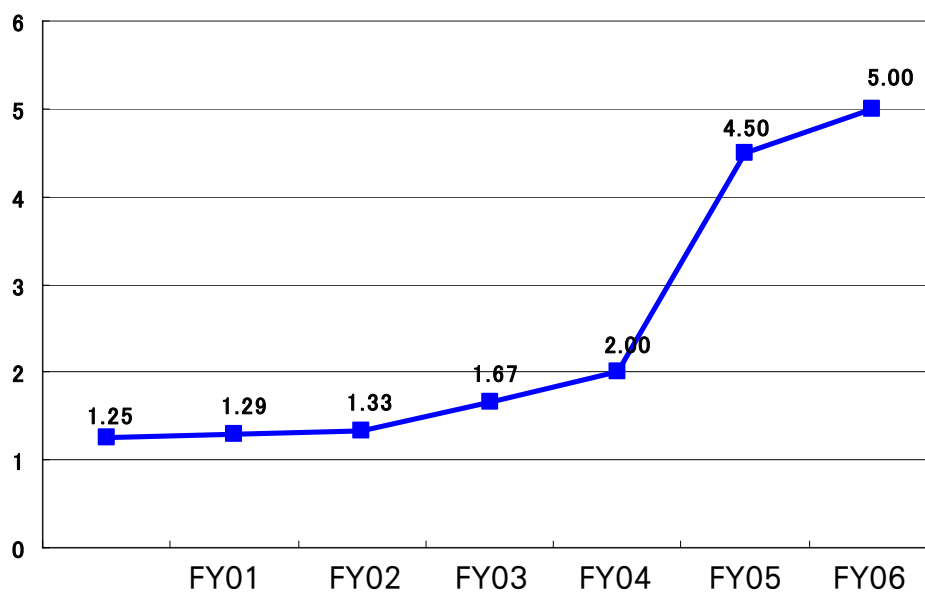


Consolidated Operations Forecast for Mar. 2007

Consolidated Operations Results and Projection (unit: million yen)



Dividend Growth (adjusted retroactively for stock splits) (Unit: yen)



About Culture Convenience Club, Co., Ltd.

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

Representative: Muneaki Masuda, CEO

Lines of Business: Lifestyle navigation business through TSUTAYA stores, TSUTAYA online (Internet), and T-Card (membership). The franchise chain of 1,273 TSUTAYA stores has a combined membership of 18.85 million members (as of March, 2006). TSUTAYA online membership consists of 9 million members.

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