

For Immediate Release

CCC Group consolidated first quarter results for the year ending March 31, 2007

Ordinary income 3.4 billion yen (Prior Year Comp up 3%)

Net Income 2.7 billion yen (prior year comp up 50%)

August 22, 2006 (Tokyo, Japan) —Culture Convenience Club Co., Ltd. (“CCC”, President: Muneaki Masuda) has reported its consolidated operating results for the first quarter of the year ending Mar. 31, 2007 as follows: Net sales were 43,918 million yen (8.0% down compared to the prior year), affected by the transfer of 51% ownership in Nihon Soft Service Co., Ltd., to Nippon Shuppan Hanbai, Inc., at the end of March 2006; however, **ordinary income improved to 3,376 million yen (up 2.5% over the prior year) and net income increased markedly to 2,658 million yen (up 50.2% over the prior year)**.

TSUTAYA Store Operations

No. of store locations: 1,576 total; TSUTAYA members: 18.99 million; existing store sales prior year comp: up 2.4%

The total number of locations for TSUTAYA Store Operations consisted of 1,576 stores through the extension of banners as a result of recent M&A activities (TSUTAYA: 1,277, Virgin Megastores: 19, Shinseido: 225, and Sumiya: 55), which is **an increase of 402 stores compared to the same period last year**.

Next, TSUTAYA (the main banner) grew its active members after membership card consolidation to 18.99 million (an increase of 1.23 million over the period last year), and as a consequence, **existing store sales across all categories experienced a prior year comp of 2.4%**. Particularly in publications sales, **the existing store sales prior year comp was up 6.5%** on a strong note, the result of adopting a buyout plan for a paperback edition of *The Da Vinci Code* in large volume, along with other measures.

Internet Operations

TSUTAYA online members: 9.37 million, TSUTAYA DISCAS members: 135,000

As of June 30, 2006, the number of TSUTAYA online members of the CCC Group’s entertainment portal site reached **9.37 million members (up 2.16 million members since the same period last year)**, and continues to increase at 2 million members per annum.

In addition, the membership to “TSUTAYA DISCAS”, the home-delivery DVD rental business managed via website, has become **135,000 an increase of 1.8 times over the same period last year (net increase of 58,000 members)**.

Card Operations

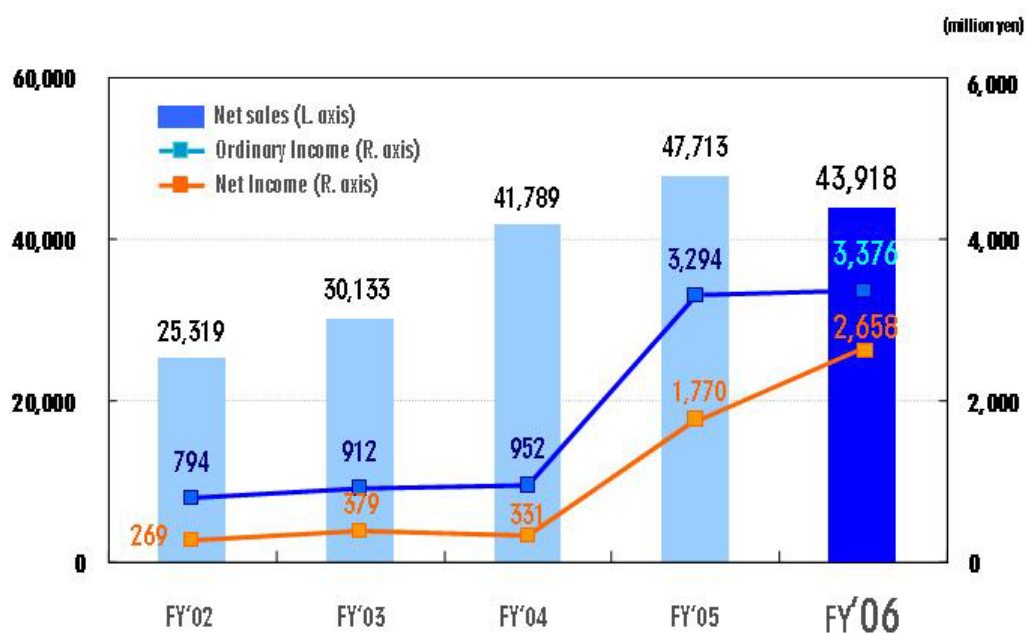
Dual-function membership cards issued: 3.63 million; point-card alliance locations: 26,470 stores

As of June 30, 2006, membership cards issued as dual-function cards increased to **3.63 million (up 1.06 million cards over the period last year)**. The Point Card Alliance has expanded to **25 companies (up by 12 companies) and 26,000 locations**.

First Quarter Operating Results for the Year Ending March 31, 2007

First Quarter Consolidated Operating Results for Year ending March 31, 2007 (million yen)

	FY2006 First Quarter	FY2007 First Quarter	Prior Year Comp
Net Sales	47,713	43,918	92.0%
Operating Income	3,299	3,186	96.5%
Ordinary Income	3,294	3,376	102.5%
Net Income	1,770	2,658	150.2%



Factors Affecting Consolidated Ordinary Income

Positives

Increase in royalties, proxy handling, and franchise fees

Greater Card Operations revenues with membership growth

Improved income in equity-method investments

Improved TSUTAYA DISCAS revenues with membership growth

Negatives

Decrease in Rentrak Japan's rights investment operations income

Increase in new-store opening costs (Sapporo Kotoni, Narita Airport)

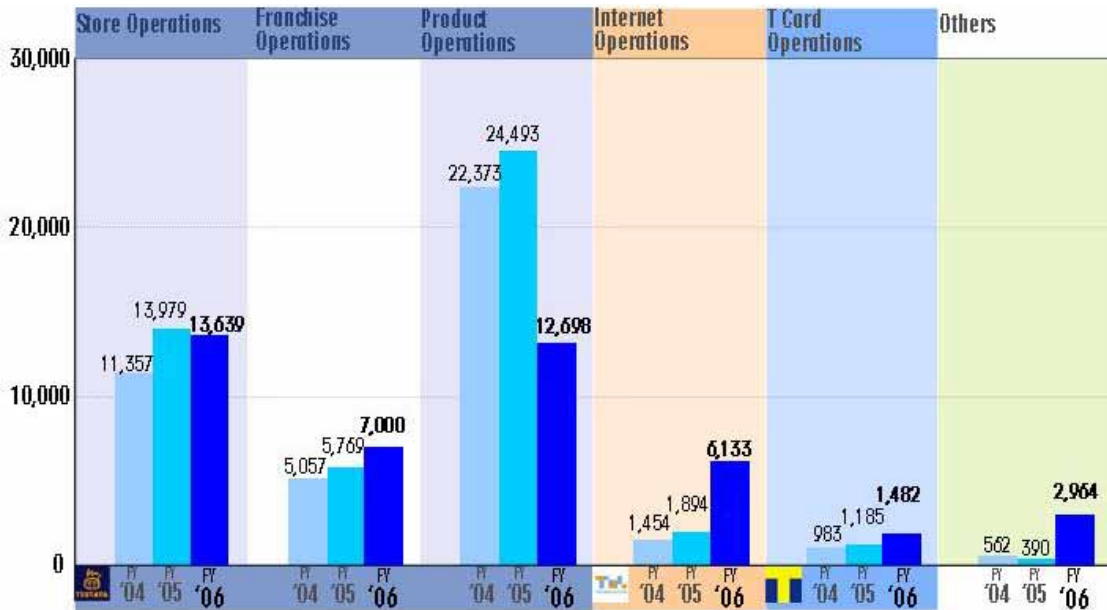
Less income through non-consolidation of NSS

Decrease in number of store transfers (3 versus 0 stores this quarter)

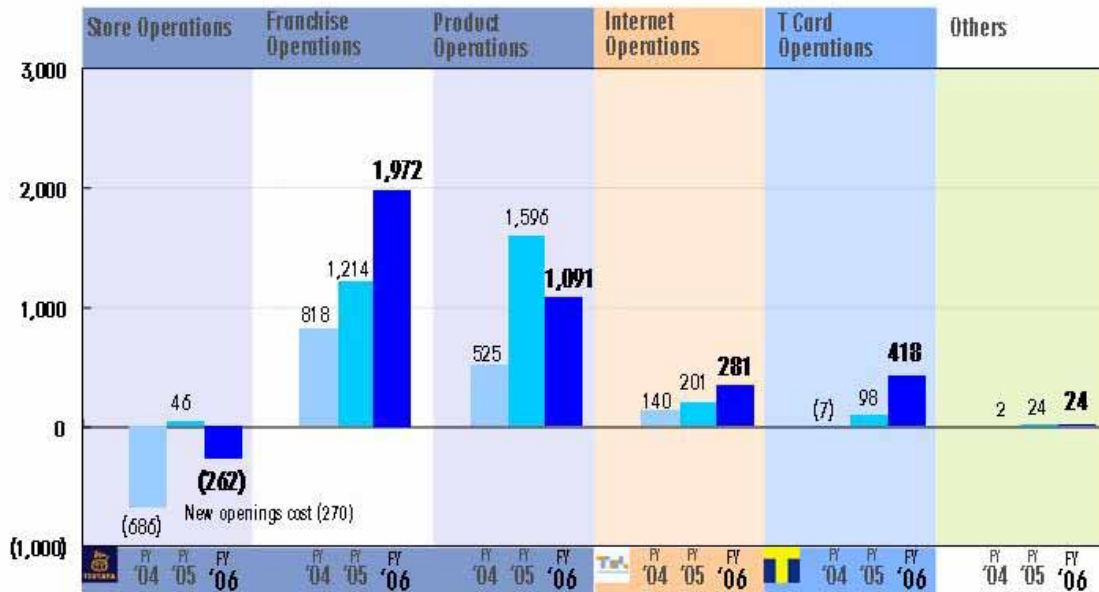
Increased cost in human resource enhancement, i.e., hiring and training

First Quarter Operating Results for the Year Ending March 31, 2007

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



Net Operating Income Trends by Segment (consolidated) (unit: million yen)



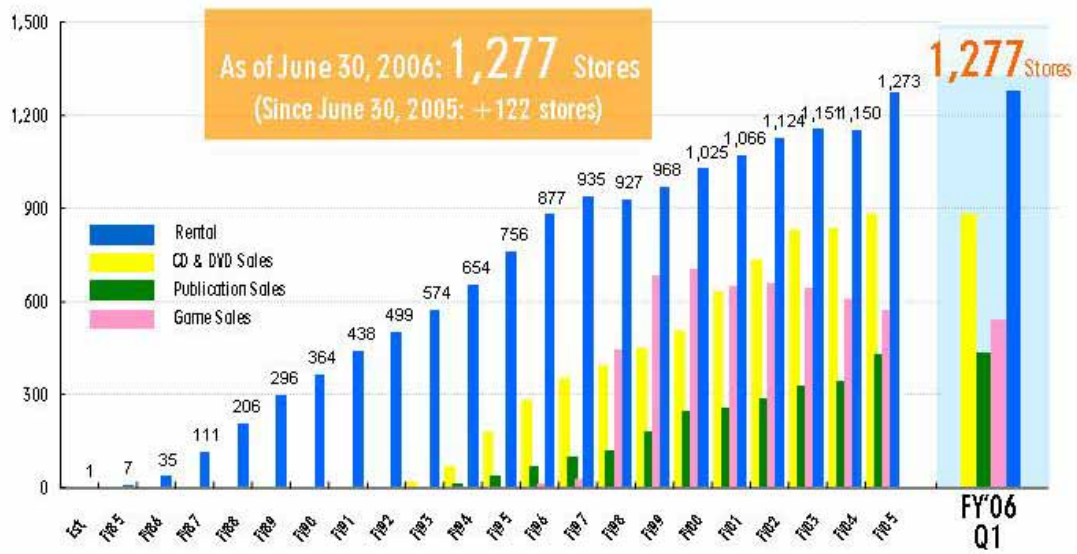
TSUTAYA Sapporo Kotoni Store (opened on April 15)



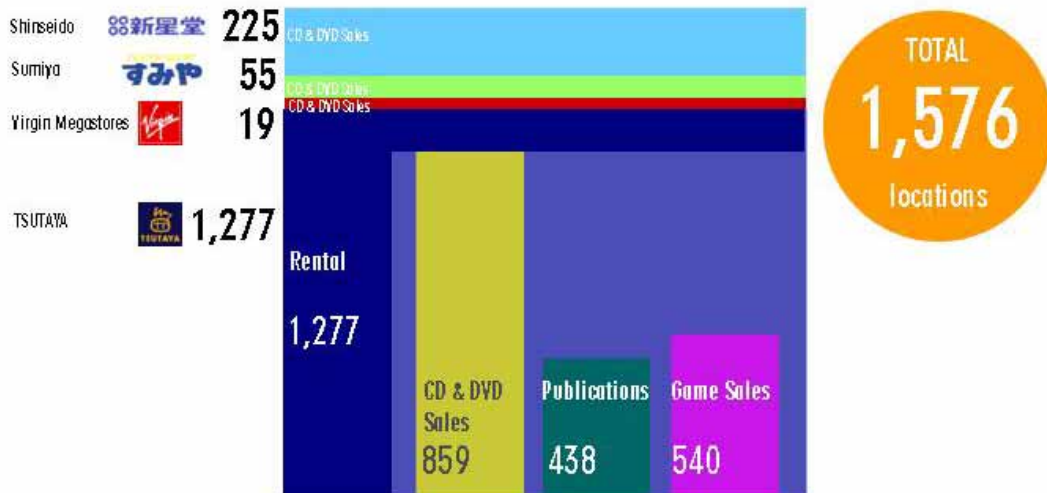
TSUTAYA Narita Airport Terminal 1 Store (opened on June 2)



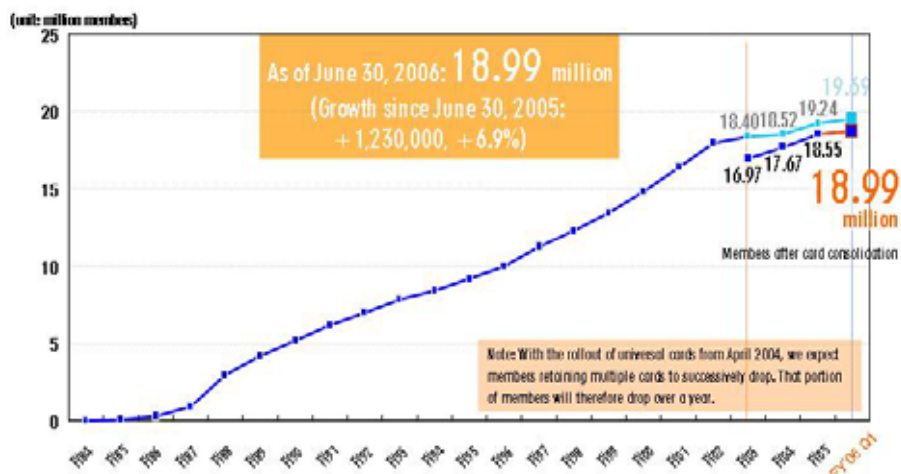
TSUTAYA Store Growth (Store Counts)



Number of Store Locations (As of June 30, 2006)



TSUTAYA Membership Growth: Active Members after Card Consolidation



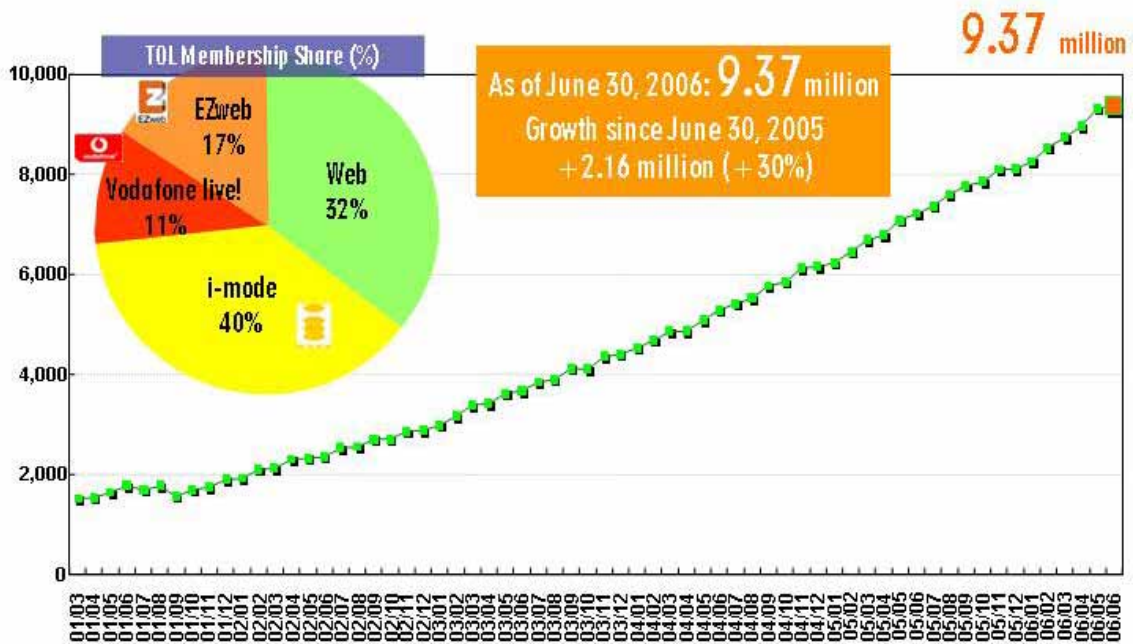
TSUTAYA Existing Store Revenues Prior Year Comp (%)
First Quarter Existing Revenues Across All Items: Prior Year Comp 102.4%

(%)	April	May	June	Q1 Total
Rental	102.2	100.7	101.9	101.6
Video	102.2	101.4	104.6	102.7
DVD	134.9	132.0	134.6	133.7
Music	104.1	100.5	95.6	100.1
CD & DVD Sales	106.4	105.3	78.0	95.2
Video	108.7	95.0	77.4	93.4
DVD	108.6	95.1	77.5	93.5
Music	104.7	112.2	78.3	96.3
Publication Sales	105.6	109.5	104.3	106.5
Game Sales	135.5	151.6	133.8	139.9
Total	105.6	105.2	96.5	102.4

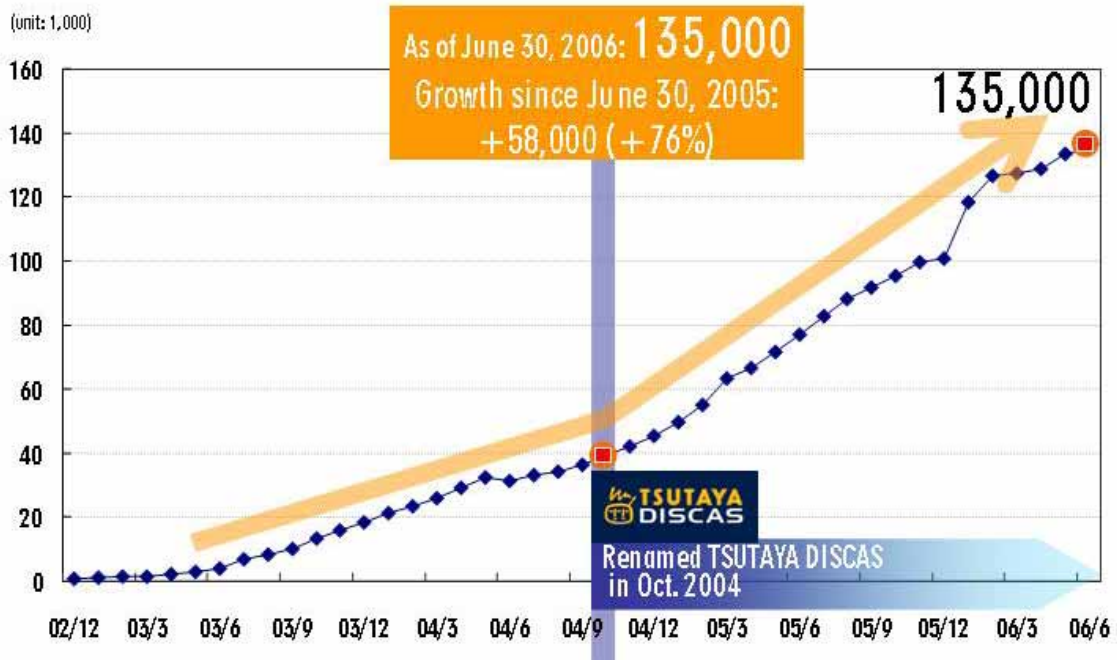
TSUTAYA System-wide Revenues Prior Year Comp (%)
First Quarter System-wide Revenues Across All Items: Prior Year Comp 113.9%

(%)	April	May	June	Q1 Total	(Reference) FY'05 Q1 Total
Rental	109.9	108.4	109.2	109.2	106.3
Video	109.8	108.9	112.0	110.2	107.2
DVD	145.0	141.9	144.2	143.6	181.3
Music	111.4	107.6	101.9	107.0	103.3
CD & DVD Sales	116.8	115.4	84.9	104.1	95.8
Video	116.6	101.8	82.6	100.0	97.3
DVD	116.5	101.9	82.7	100.1	98.3
Music	117.0	124.5	86.3	106.8	94.8
Publication Sales	134.1	137.3	129.6	133.7	103.9
Game Sales	149.4	163.4	142.9	151.8	85.4
Used Product Sales	106.2	103.3	106.9	105.4	119.5
Total	117.9	117.0	106.9	113.9	102.2

TSUTAYA online Membership Growth (unit: 1,000)

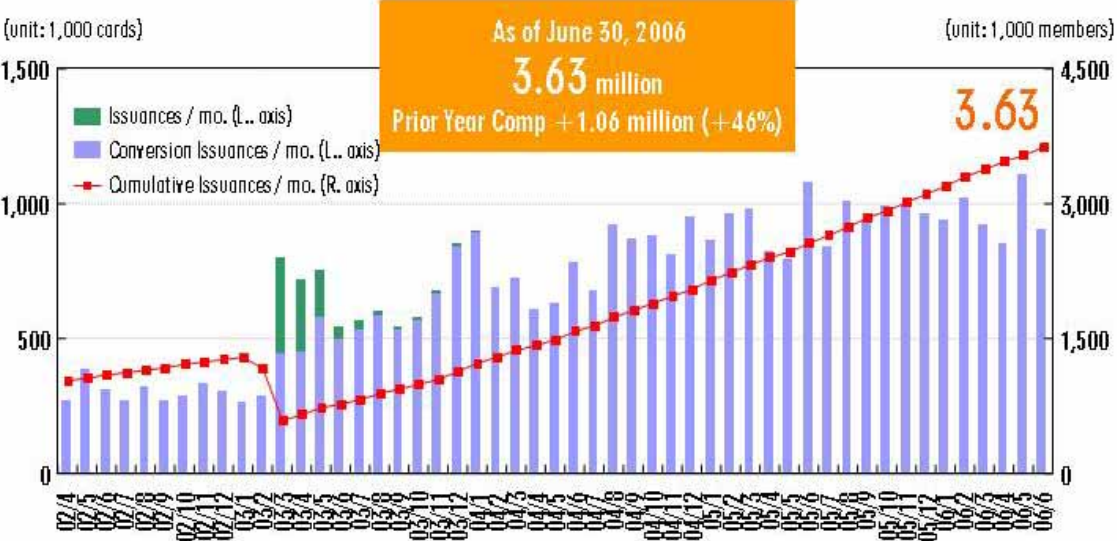


TSUTAYA DISCAS Membership Growth (unit: 1,000)



Card Operation Business

Dual-Function Membership Card Issuances



Brands and Locations Transacting with T Points



Consolidated Interim Operations Forecast for the Year Ending March 31, 2007

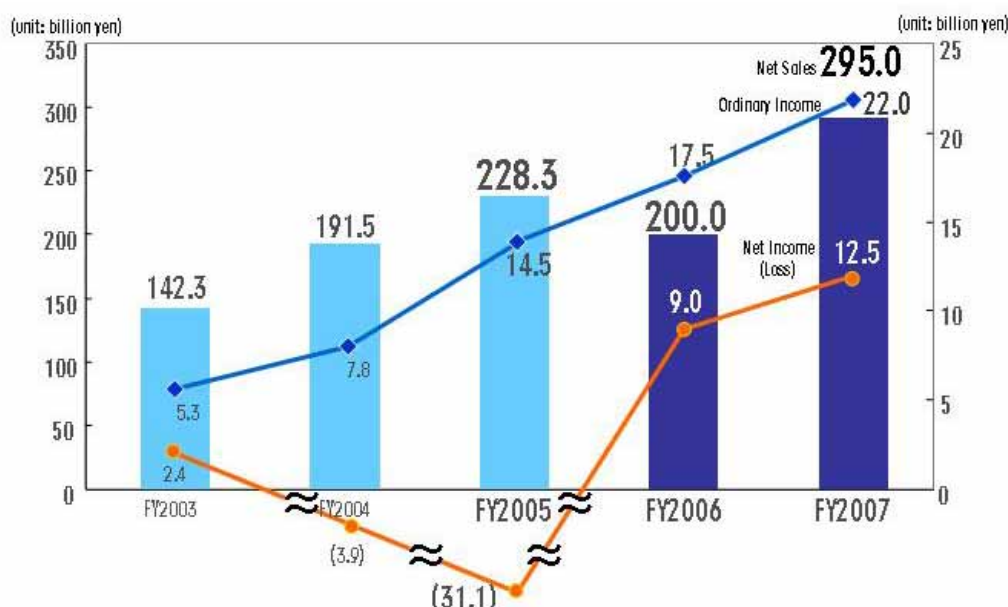
CCC Group Interim Consolidated Operations Results Forecast (unit: million yen)

	Interim Results for March 2006	Interim Forecast for March 2007	Prior Year Comp
Net Sales	100,517	90,000	89.5%
Ordinary Income	6,630	8,000	120.6%
Net Income	3,278	4,500	137.2%



Interim Consolidated Operations Results Forecast

FY2007 Consolidated Operations forecast remains the same as announced in August 2005 (revised Nov. 2005).



Inquiries regarding the above:

Culture Convenience Club, Co., Ltd.
 Masahiro Tanida, Director
 Tel +81 (0)3-5424-1381
 Hiroshi Nishida, Office of the President
 Tel +81 (0)3-5424-1626