

For Immediate Release

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

Ordinary income 10.4 billion yen (Prior Year Comp up 1%)

**Consolidated Ordinary Income Forecast for Full Year Revised to
14.5 billion yen**

February 14, 2007 (Tokyo, Japan) —Culture Convenience Club Co., Ltd. (“CCC”) reported its consolidated operating results through the third quarter of the year ending Mar. 31, 2007 as follows: Net sales were 149,653 million yen (down 7.2% compared to the period for 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 10,397 million yen (up 1% over the prior year) and net income of 7,000 million yen marked a conversion from the loss recorded for the period in the prior year.

TSUTAYA Business

Store locations: 1,580; TSUTAYA members: 19.74 million.

The total number of locations for the TSUTAYA business comprised 1,580 stores with the extension of banners associated with M&A activities (TSUTAYA: 1,282, Virgin Megastore: 18, Shinseido: 226, and Sumiya: 54). The number of TSUTAYA locations opening is expected to fall short by a large number against the company’s initial plan for the year, however.

Nonetheless, TSUTAYA rapidly grew its active members. After card-name consolidation, membership totaled 19.74 million (an increase of 1.53 million since the end of the third quarter last year). Existing store sales across all categories rose 0.8% over the same period last year.

Internet Business

TSUTAYA online members surpass 11 million!

On January 28, 2007, the CCC Group’s Internet entertainment portal TSUTAYA online (TOL) surpassed 11 million members. In addition, TSUTAYA DISCAS, the home-delivery DVD rental business managed via Internet website, nearly doubled its growth since last year and attained 187,000 members—an increase of 86,000 or 86% up since the third quarter of last fiscal year.

Card & Point Business

Dual-function membership cards issued: 4.08 million; T Point locations: 27,200 outlets.

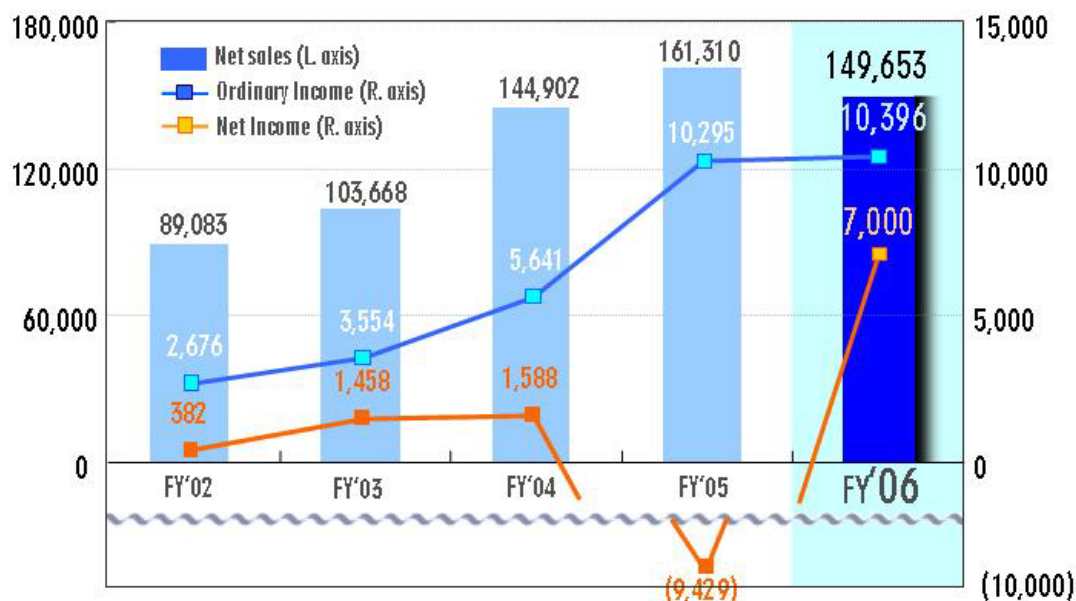
With the growth in dual-function membership cards issued and the rise in T Points awarded, third quarter operating income for T Card & Marketing Co., Ltd., the subsidiary that manages the Card & Point business, increased appreciably to 1,115 million yen, up 84% over the prior year.

Next, the operating results for the companies such as IMJ that joined the CCC Group two years ago are not expected to reach initial planned targets. Moreover, the cost increases associated with the hiring of new graduates instituted to reinforce the foundation of human resources, the incremental compensation booked with the addition of field trainers to revamp DVD & CD sales, and additional IT costs resulting from information system reinforcements in the respective business units have also affected the full-year operating results forecast (announced on May 23, 2006) for the year ending March 31, 2007, because the foregoing factors could not be absorbed by the growth in royalties and proxy handling revenues. Consequently, CCC today announced a revision in consolidated ordinary income from the initial forecast of 17,500 million yen to 14,500 million yen.

3rd Quarter Consolidated Operating Results for the Year Ending March 31, 2007

3rd Quarter Consolidated Operating Results for the Year Ending March 31, 2007 (million yen)

	FY2006 3 rd Quarter	FY2007 3 rd Quarter	Prior Year Comp
Net Sales	161,310	149,653	92.8%
Operating Income	10,033	10,099	100.7%
Ordinary Income	10,295	10,396	101.0%
Net Income	(9,429)	7,000	-



Factors Affecting Consolidated Ordinary Income

Positives

Increase in proxy handling fees from MPD
Improved revenues with Card Business membership growth
Improved profitability of Store Operations
Improved TSUTAYA DISCAS revenues with membership growth
Increase in royalties and proxy handling income (excluding MPD)

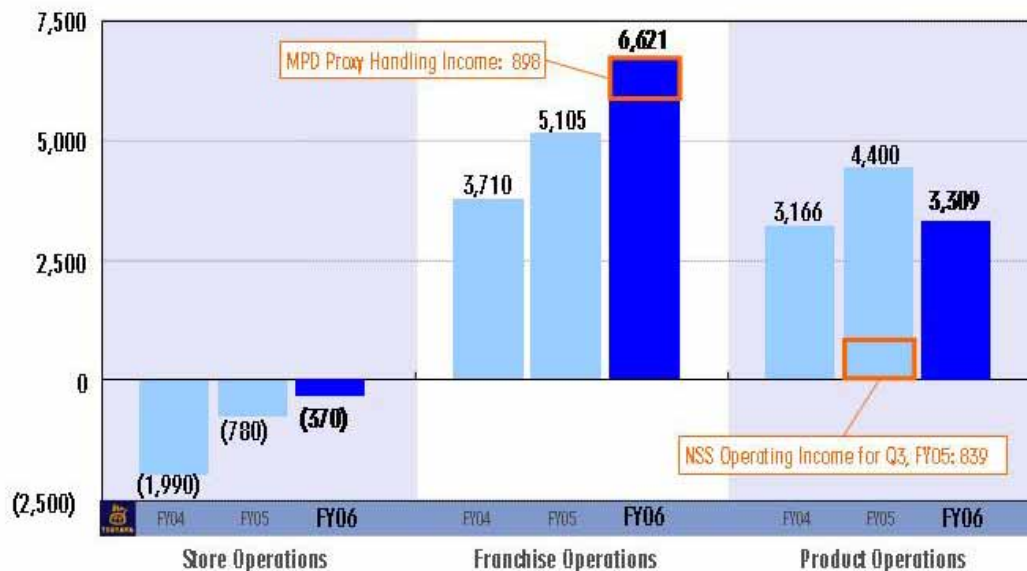
Negatives

Reduced income with non-consolidation of NSS
Increase in costs related to human resource reinforcement
Increase in systems development expenses
Income drop in Rentrak Japan's rights investment business
Ordinary loss of IMJ

3rd Quarter Consolidated Operating Results for the Year Ending March 31, 2007

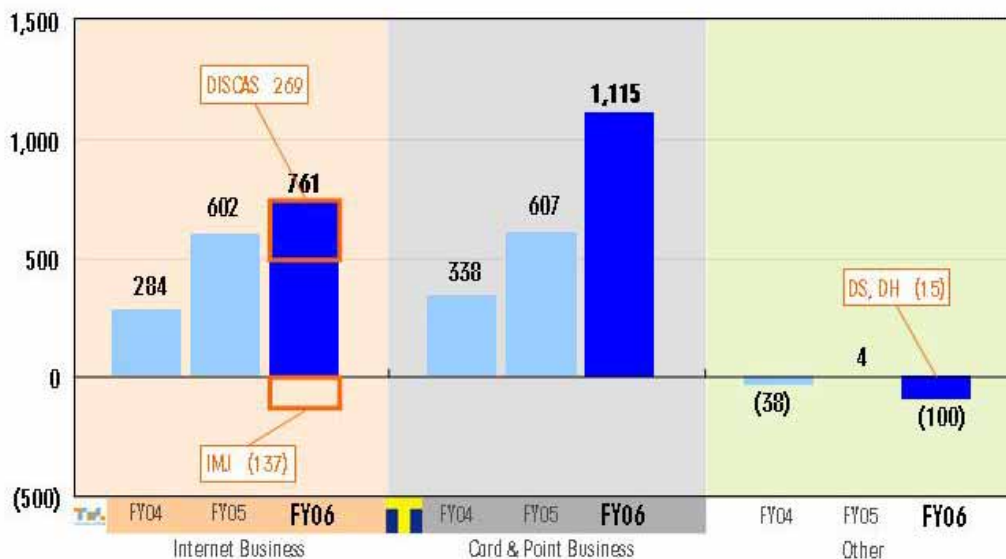
Operating Income Trends by Segment (consolidated): TSUTAYA Business

(unit: million yen)

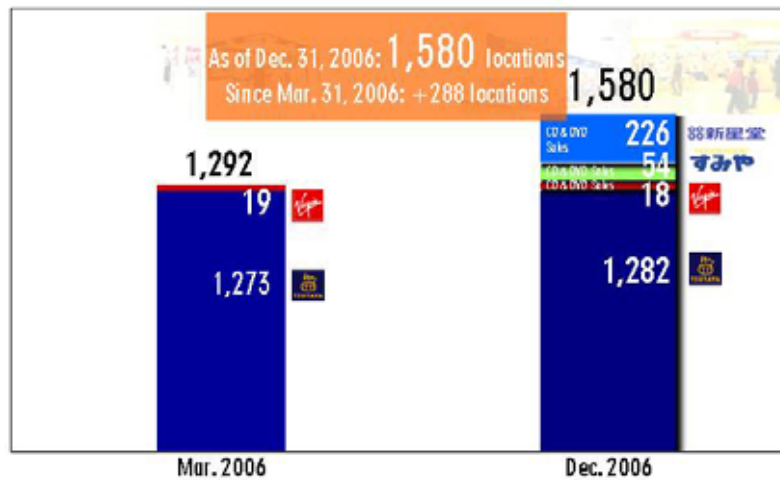


Operating Income Trends by Segment (consolidated): Internet, Card & Point, Other Businesses

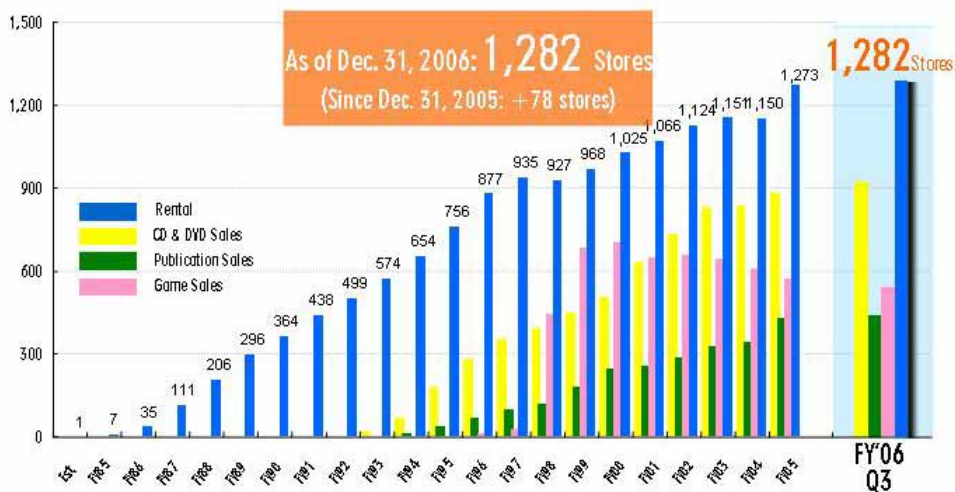
(unit: million yen)



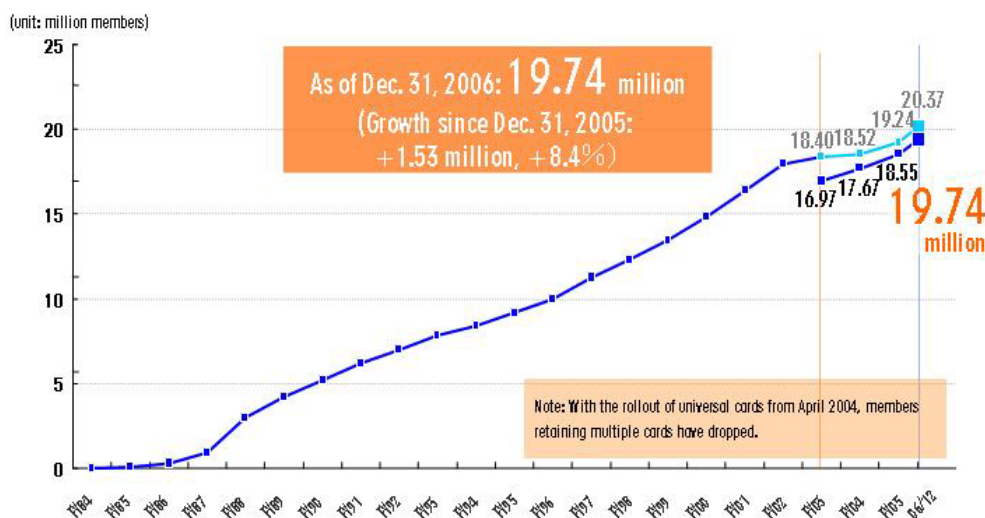
Number of Store Locations (As of December 31, 2006)



TSUTAYA Store Growth (Store Counts)



TSUTAYA Membership Growth: Active Members after Card-Name Consolidation





TSUTAYA Business

TSUTAYA Existing Store Revenue Prior Year Comps (%)

3rd Quarter Existing Store Revenues Across All Items: Prior Year Comp 100.8%

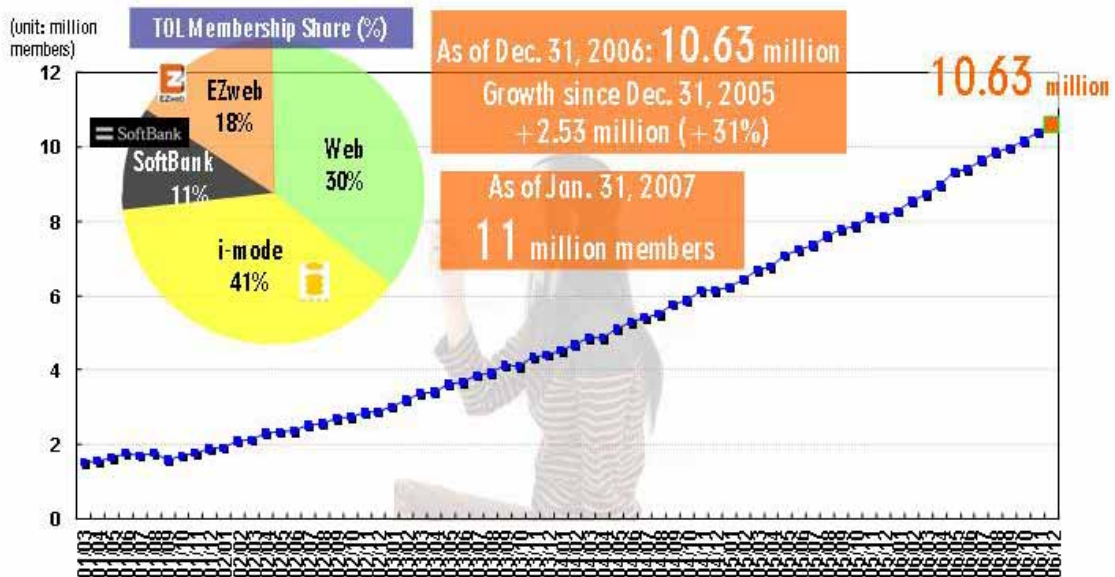
	2006							Jan.
	Q1	Q2	Oct.	Nov.	Dec.	Q3	Q3 Total	
Rental	101.6	102.6	99.0	103.8	105.9	102.9	102.4	106.6
Video	102.7	103.8	100.5	108.6	110.8	106.6	104.4	110.1
Music	100.1	100.2	93.8	90.0	92.0	91.9	97.3	94.6
CD & DVD Sales	95.2	88.0	84.7	84.0	102.1	91.5	91.4	96.1
Video	93.4	85.6	85.2	77.6	110.1	93.6	91.0	100.7
Music	96.3	89.4	84.4	88.1	96.4	90.2	91.6	93.4
Publication Sales	106.5	100.9	99.4	101.8	103.4	101.6	102.8	101.7
Game Sales	139.9	101.5	128.6	136.8	140.0	137.1	125.6	125.7
Total	102.4	98.4	96.7	99.3	107.6	101.7	100.8	104.5

TSUTAYA System-wide Revenue Prior Year Comps (%)

3rd Quarter System-wide Revenues Across All Items: Prior Year Comp 110.6%

Note: % figures in the brackets are royalty rates	Interim Sales Breakdown	2006							(Reference)
		Q1	Q2	Oct.	Nov.	Dec.	Q3	Q3 Total	Jan.
Rental (5%)	48.7	109.2	109.5	104.8	109.4	111.1	108.5	109.0	110.6
Video		110.2	110.8	106.3	114.4	116.4	112.4	111.1	115.0
Music		107.0	106.4	98.7	92.7	95.8	95.7	102.8	97.7
CD & DVD Sales (2%)	23.7	104.1	95.2	90.8	96.4	118.4	103.8	101.0	111.6
Video		100.0	91.1	90.2	86.6	125.6	104.5	98.9	113.9
Music		106.8	98.2	91.1	102.5	113.2	103.3	102.6	109.8
Publication Sales (1%)	19.3	133.7	128.2	107.7	107.7	109.8	108.4	122.1	107.6
Game Sales (2%)	6.6	151.8	106.2	133.2	142.8	146.3	143.0	132.5	131.0
Used Sales (5%)	1.7	105.4	107.1	106.5	120.9	125.5	117.9	110.2	122.4
Total	100.0	113.9	108.7	103.2	107.1	116.6	109.6	110.6	112.0

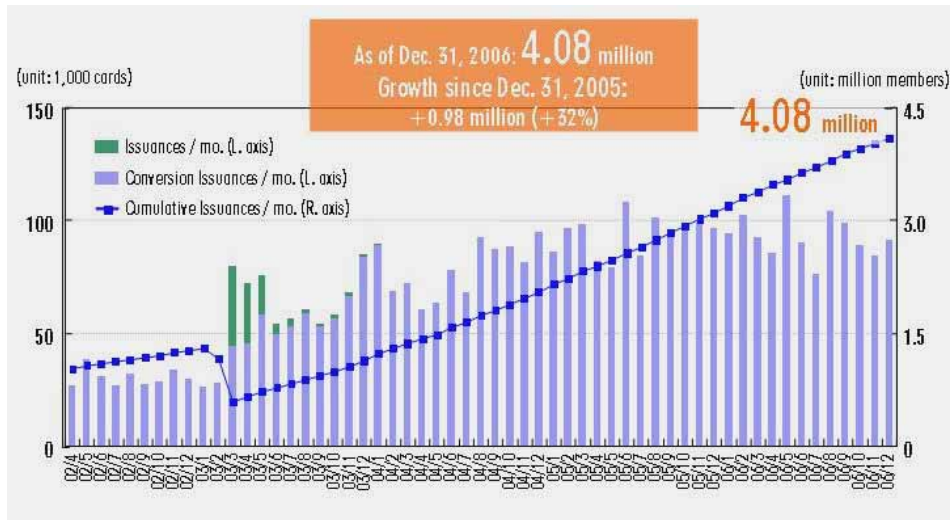
TSUTAYA online Membership Growth



TSUTAYA DISCAS Membership Growth



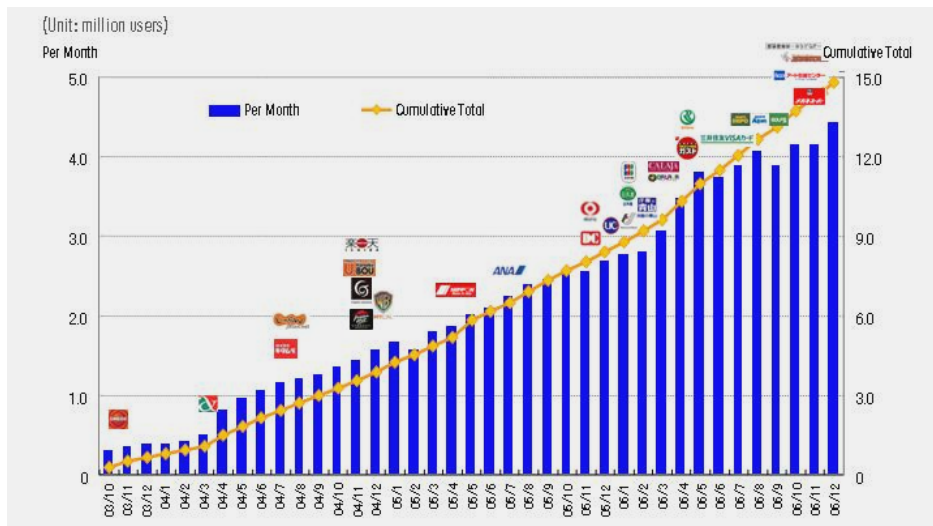
Dual-Function Membership Card Issuances



Brands and Outlets Transacting T Points



T Point Transacting User Growth



Revised Forecast of Full-Year Operating Results for the Year Ending March 31, 2007

Full-Year Consolidated Operating Results Forecast for the Year Ending March 31, 2007

	FY06 Results	FY07 Full-Year Plan Announced on 06/5/23	FY07 Full-Year Plan Revised on 07/02/14	Gap with Plan	Gap Previous Year
Net Sales	228,380	200,000	200,000	0	(28,380)
Ordinary Income	14,487	17,500	14,500	(3,000)	13
Net Income	(31,203)	9,000	9,000	0	39,372

Major Factors affecting Forecast Revision of Full-Year Operating Results (unit: million yen)

	Gap with Plan
Royalty and proxy handling income below plan	(1,550)
IMJ, DIGITALSCAPE and Digital Hollywood business performance below plan	(1,000)
Rise in costs for human resources reinforcement and system development	(300)

Countermeasures for the Future

1) Reinforced store opening and property development capacity

Store openings are expected to fall short by a large number, compared to the initial plan. In Fiscal 2007, the CCC Group intends to develop a seamless model from property development to store opening that will improve the speed of opening each store location and lower the initial investment per TSUTAYA location. These measures will accelerate store openings by our franchisees.

2) Human resources reinforcement and up-front investments in IT systems

With respect to growth sectors such as TSUTAYA property development work described above, T Point operations, and the Lifestyle Recommendation business, the Group will actively continue to make up-front investments such as systems development and human resources reinforcement.

3) Reinforcing management controls function of the holding company

Starting with an exchange of human resources between the holding company and the operating companies, the Group will streamline the organizational and staffing arrangement to enable rapid decision-making in response to changes in the business environment by further strengthening the organic linkages of mutual cooperation.

Inquiries regarding the above:

Culture Convenience Club, Co., Ltd.

Masahiro Tanida, Director

Tel +81 (0)3-5424-1381

Press inquiries:

Hiroshi Nishida, Office of the President

Tel +81 (0)3-5424-1626