

## Overseas Development of Our FamilyMart Business—"Aiming at 20,000 Stores Worldwide by February 2009"



way, we capture consumer needs, which are applied to subsequent product development and materials procurement, creating a valuable information reflow.

In the midstream area, food wholesalers belonging to our Group have built the industry's top-class distribution network. This network accommodates all temperature ranges, improving the structure and efficiency of FamilyMart's procurement system. Not only do we deliver products efficiently to FamilyMart stores nationwide, but also we utilize our well-organized operation in the procurement of materials for their deli and other prepared foods. We will further enhance our midstream distribution function to maximize our comprehensive strengths.

In the upstream area, we have developed a system that widely distributes safe and competitive foodstuffs, such as grains, edible oils and fats, and agricultural and livestock food products, which are supplied by our domestic and overseas group companies and other supply bases.

### 2. Taking Advantage of Our Comprehensive Lateral Strengths to Meet Diversified Consumer Needs as a Group

In addition to providing support in merchandising centered on food, we also introduce new products and services by

taking advantage of FamilyMart's information and distribution infrastructure, which we have jointly established. By making use of our Group's comprehensive lateral strengths, we aim to add more value to FamilyMart stores.

In cooperation with our Financial Services Division, FamilyMart created the first credit card in the convenience store industry in 2002. Also in 2002, the multimedia terminal FamiPort was installed by ITOCHU TECHNO-SCIENCE Corporation. These terminals provide a wide range of services. Customers can make payments for goods and services they ordered by way of Internet shopping, and tickets for travel and recreation. FamilyMart has also launched an Internet shopping site "famima.com" in collaboration with our IT & Business Solutions Division. Not only media contents such as books, CDs, and DVDs, but also a wide range of other products including fashion products, sports-related items, and character goods can be purchased through this site and be picked up at a FamilyMart store.

### 3. Accelerating Advancements Overseas to Expand Our Business Foundation

FamilyMart strives to expand profits through aggressive overseas develop-

ment. Our vertical and horizontal strengths, as well as global business development capabilities, have great significance in this area as well.

In China, where the first FamilyMart branch was formally opened in Shanghai in July 2004, we have made a strategic alliance with the country's top food business group Ting Hsin International Group to speed up the opening of additional stores in the future. FamilyMart plans to establish 2,000 stores throughout China by February 2009. We plan to make further use of our supply chain (vertical strengths), the establishment of which we are also promoting in China, which links upstream and downstream operations. In addition, we also expect to utilize our various comprehensive support functions (lateral strengths) offered by each Division Company there.

The first FamilyMart in the U.S. will be opened in July 2005, and the target is to establish 200 stores there by February 2009. We will provide powerful support in FamilyMart's business expansion by utilizing our distribution network and the know-how that we have thus far cultivated in Japan.

Further, ITOCHU will cooperate with FamilyMart in its aim to establish 20,000 stores worldwide by February 2009, mainly in the Pan Pacific area of Japan, Taiwan, Thailand, South Korea, China, and the U.S.