

Full-Scale Offering of Women's Suits



Aya Matsuura, the face of Yofuku-no-Aoyama suits

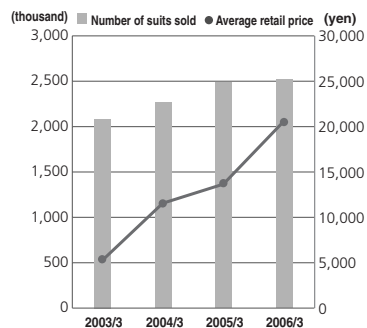
During the year under review, the Company extended its merchandise line-up. We expanded availability of women's business suits for job seekers, which previously were offered only at certain stores. In another development, we enhanced the suit line-up, for example, by adding suits made of Moxon premium-grade English fabric to the premium Savile Row brand.

Rollout of women's suits to all stores

Although many of our The Suit Company (TSC) stores offer the She brand of women's products, now Yofuku-no-Aoyama has also expanded its offering of women's business suits for job seekers to all its stores nationwide and begun selling women's formal wear at certain stores. Sales at stores that began offering women's suits on a full-scale basis developed favorably during the peak selling season in February and March.

In the mainstay menswear business, we introduced Savile Row suits made of Moxon premium-grade English fabric. Although these suits are the highest-priced merchandise among the Company's product lines, these aspirational items with superb comfort and scarcity value have gained a strong following. We also introduced the Paris brand targeting the baby boomer generation. We aim to make this line, which features jackets and slacks as well as suits, a core brand for these customers.

Number of suits sold and average retail price



Paris

Brand targeting the baby boomer generation



Savile Row

Suits made of Moxon premium-grade English fabric

Sales by Product Group (Millions of yen, %)

	Year ended March 31, 2003		Year ended March 31, 2004		Year ended March 31, 2005		Year ended March 31, 2006	
Suits and three-piece suits	53,153	36.1	55,617	36.5	60,908	37.9	63,362	37.9
Jackets	7,550	5.1	7,547	5.0	7,347	4.6	6,941	4.2
Slacks	8,717	5.9	8,722	5.7	8,679	5.4	8,404	5.0
Coats	2,367	1.6	4,041	2.7	4,403	2.7	5,121	3.1
Formal wear	20,048	13.6	18,793	12.3	19,932	12.4	20,433	12.2
Dry goods and others	40,236	27.3	44,838	29.5	47,697	29.7	52,286	31.3
CALAJA	15,253	10.4	12,563	8.3	11,718	7.3	10,581	6.3
Total	147,327	100.0	152,124	100.0	160,688	100.0	167,133	100

Note: Figures amounting to less than one million yen are rounded down.

New TSC Store Format, Advance into Suburban Shopping Centers

To cultivate new customer segments, the Company recently launched a new store format, The Suit Company's Weekend. This innovative shopping experience conceived for suburban shopping centers is being deployed primarily in second-tier cities. The Company will augment casual wear lines with the aim of acquiring customers among the families of the sons and daughters of baby boomers. As of April 2006, two stores were operating at shopping centers in Saitama and Gifu prefectures.

While The Suit Company merchandise will comprise most of the product lines at these stores, we will also introduce special casual wear such like knitwear and underwear at reasonable price. Although store development has previously focused on roadside Yofuku-no-Aoyama stores and central city TSC stores, we aim to cultivate a new customer segment by opening stores in shopping centers, which are magnets for customers.



The Suit Company's Weekend MALera Gifu Store opened in April 2006

Encouraging women to excel & attracting customers through a business tie-up

During the year under review, the Company promoted women to store manager positions. Also, in a first-ever experiment we deployed all-women staff, including store managers, at the Yofuku-no-Aoyama Itami Store and the Aoyama Suit Kobo Sapporo Miyanosawa Store. Attention to detail at these stores, such as show window arrangements allowing passersby to view the in-store displays, has won high praise. During the past three years, the Company has systematically increased the hiring of women and will continue to cultivate a working environment in which women can excel.

The Company has also entered into a loyalty points program tie-up with Culture Convenience Club Co., Ltd. We expect this new initiative to attract young people, since they account for the majority of customers at TSUTAYA stores.

In addition to these measures, we will work to further increase market share by moving forward with our program of new store openings and by relocating some existing stores.

Number of Stores (Number of stores)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Yofuku-no-Aoyama	583	609	644	675
Aoyama Suit Kobo	31	26	22	11
The Suit Company	19	24	29	33
CALAJA	88	85	78	79
Total	721	744	773	798

Notes:

- Plus A The Suit Aoyama (one store in Okayama prefecture as of March 31, 2006) is included in Yofuku-no-Aoyama.
- The Shirt Company (two stores in Tokyo and one store in Saitama prefecture as of March 31, 2006) and Universal Language (two stores in Tokyo, one store in Kanagawa prefecture and one store in Osaka) are included in The Suit Company.
- 11 stores of Aoyama Suit Kobo were converted to Yofuku-no-Aoyama stores.
- The CALAJA business was transferred to Casual Land Aoyama Co., Ltd., a new company established on October 1, 2005.
- The CALAJA business consists of 41 Casual Land Aoyama stores and 38 CALAJA stores.

Number of Stores by Geographical Area (as of March 31, 2006)

