

Opening New Markets through New Store Format Development

Ahead of the retirement en masse of baby boomers beginning in 2007, competition in the menswear retailing industry is increasing in intensity. In this business environment, the Company is focusing effort on opening up new markets to achieve further growth.

■ Cultivating New Demand at Suburban Shopping Centers

For Aoyama Trading Group, new store format development is the key to the cultivation of new markets. This April we launched Plus A The Suit Aoyama, a new format for stores located primarily at suburban shopping centers aimed mainly at married couples who are the children of baby boomers. These stores specialize in business wear, a merchandise category that comparatively few stores

in shopping centers carry, stocking men's and women's suits and related items. Two stores were in operation as of April 30.

The Suit Company Niigata LoveLaBandai Store, which opened in March of this year, has separate entrances for its menswear and womenswear sections so that customers can enjoy shopping in an environment designed to appeal to the preferences of their sex.



The Plus A The Suit Aoyama LOC CITY Mito-Minami Store (opened April 2007)

The Suit Company Niigata LoveLaBandai Store (opened March 2007)

■ Store Formats Adapted to the Needs of Target Customers

In a development concerning The Suit Company format, by the end of March 2007 the number of The Suit Company's Weekend stores had increased to nine. These stores are located in large suburban shopping centers and target mainly married couples who are the children of baby boomers.

Six Universal Language stores were in operation

as of March 31, 2007. The Company is now endeavoring to ensure the profitability of this store format, which is focused on offering a select line of merchandise for people with discerning taste in fashion.

The Company will continue to boldly implement new ideas unconstrained by past experience in order to respond to customers' increasingly sophisticated requirements for products and services.



The Yofuku-no-Aoyama Across Plaza Kokura Store (opened March 2007)



The CALAJA Foleo Town Tsutsui Store (opened October 2006)



The Universal Language Sapporo Stellar Place Store (opened March 2007)



The Suit Company's Weekend Keyaki Walk Maebashi Store (opened March 2007)

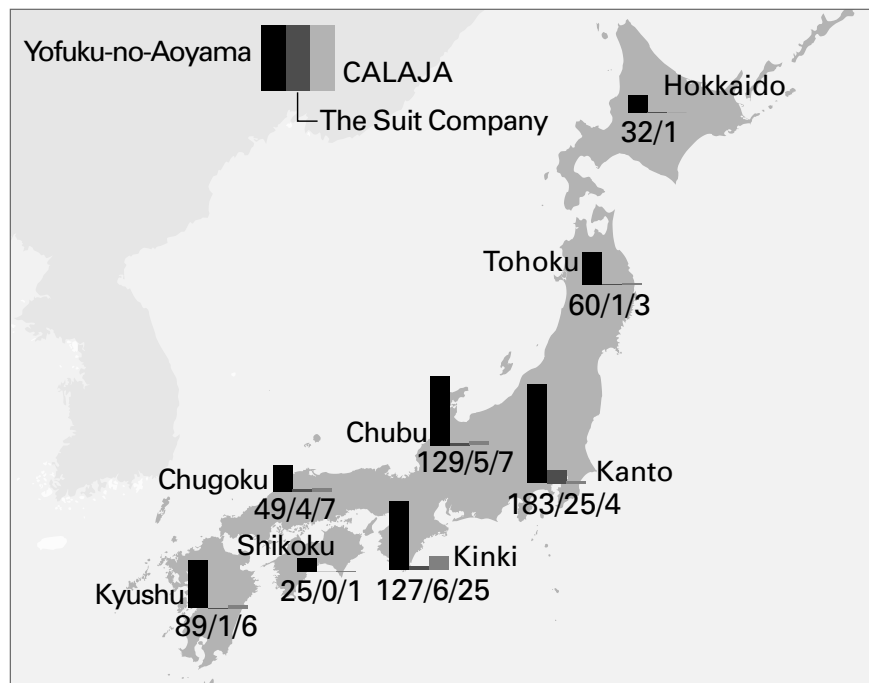
Menswear Retail Operation Store Network

Number of Stores

	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2007		
			Store openings	Store relocations	Store closings
Yofuku-no-Aoyama	675	694	15	21	7
Aoyama Suit Kobo	11	—	—	1	—
The Suit Company	33	43	13	—	3
CALAJA	79	53	2	1	28
Total	798	790	30	23	38

Notes:
 1. On September 30, 2006, 11 Aoyama Suit Kobo stores (9 stores in Hokkaido, 2 stores in Fukushima) were converted to Yofuku-no-Aoyama stores. The conversion marked the discontinuation of the Aoyama Suit Kobo format.
 2. The Suit Company store closings were closings of The Shirt Company stores, which marked the discontinuation of the The Shirt Company format.
 3. Universal Language stores (6 stores as of March 31, 2007: 1 store in Hokkaido, 2 stores in Tokyo, 2 stores in Kanagawa, 1 store in Osaka) are included in The Suit Company.
 4. The Suit Company's Weekend stores (9 stores as of March 31, 2007: 1 store in Ibaraki, 1 store in Gunma, 2 stores in Saitama, 1 store in Chiba, 1 store in Kanagawa, 1 store in Gifu, 1 store in Aichi, 1 store in Mie) are included in The Suit Company.
 5. The CALAJA business was transferred to Casual Land Aoyama Co., Ltd., a new company established on October 1, 2005.

Number of Stores by Geographical Area (as of March 31, 2007)



Provision of E-Learning Instruction for All Sales Personnel

In November 2006 the Company began training for about 5,000 sales personnel (including part-time employees) working at its stores by means of e-learning. We have prepared an e-learning program that enables employees to access from their home computers a dedicated website containing a total of 6,000 questions arranged in question sets prepared for each job classification. The questions cover basic knowledge of clothing and customer service methods as well as product knowledge specific to Yofuku-no-Aoyama, The Suit Company, and the other store formats. Employees can use a glossary and a dictionary function to look up things they don't understand and make inquiries to the departments in charge by e-mail or telephone. To promote active and continuous participation, we conduct skills improvement tests and preparation tests for sales specialist qualification examination. By combining e-learning with periodically conducted conventional training, we intend to improve the customer service skills and product knowledge of all sales personnel.

Women's Merchandise Added to the World Wide Size Website

The Company has added women's merchandise to the World Wide Size website-based trial fitting service for king, tall, and small sizes not extensively stocked at stores (<http://www.aoyama-syouji.co.jp/>). Using this service, customers can select combinations of three types of jackets and slacks, or skirts available in black or gray in sizes 1 to 3 and 19 to 29. Blouses and pumps are also offered. Customers who make reservations at the above website five days or more in advance can try on clothes at their preferred stores free of charge with no obligation to purchase.



The World Wide Size Womenswear Page