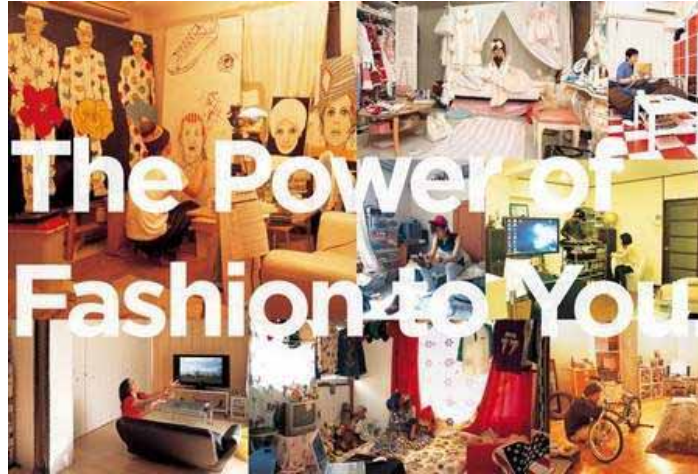


Marui Group
FY2008 Financial Results Presentation



May 12, 2008

-
1. FY08 Consolidated Results Overview
 2. FY08 Review
 3. Current Issues and Future Measures
 4. Medium Term Measures
 5. FY09 Target Forecasts
-

FY08 Consolidated Results Overview

Statements of Income



Billions of yen, %

	Previous period	Target	Actual performance	YOY Comparison (%)	Target Comparison (%)	Target difference
Operating revenues	552.1	495.0	493.5	89.4	99.7	-1.5
Gross profit	210.3	177.0	177.6	84.4	100.3	+0.6
SG&A expenses	166.6	159.0	159.4	95.7	100.2	+0.4
Operating Income	43.7	18.0	18.2	41.6	101.0	+0.2
Ordinary income	44.4	18.0	17.3	39.1	96.4	-0.7
Net income	4.2	8.5	7.6	179.0	89.4	-0.9

Breakdown of Total Operating Revenues



Billions of yen, %

	Previous period	Target	Actual performance	YOY comparison (%)	Target comparison (%)	Target difference
Operating revenues	552.1	495.0	493.5	89.4	99.7	- 1.5
Retailing	422.2	399.0	400.6	95	100	+ 1.6
Existing stores	363.4	352.5	354.1	97	100	+ 1.6
Credit card services	73.1	48.0	48.3	66	101	+ 0.3
Retailing-related services	56.9	48.0	44.7	79	93	- 3.3

5

Breakdown of Gross Profit



Billions of yen, %

	Previous period	Target	Actual performance	YOY comparison (%)	Target comparison (%)	Target difference
Total gross profit	210.3	177.0	177.6	84.4	100.3	+ 0.6
Retailing	128.2	119.8	120.0	94	100	+ 0.2
Credit card services	73.1	48.0	48.3	66	101	+ 0.3
Retailing related services	9.0	9.2	9.3	103	101	+ 0.1
Gross profit margin	38.1	35.8	36.0	-	-	+ 0.2
Gross profit margin on retailing	30.4	30.0	30.0	-	-	± 0

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FY08 Review

Retailing

Breakdown of Retailing Operating Revenues



Tough conditions for existing stores, down 3% year-on-year;
operating revenues fell significantly due to impact of store closures

Billions of yen, %

	Previous period	Target	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Retailing operating revenues	422.2	399.0	400.6	94.9	-21.6	100.4	+1.6
Existing stores	363.4	352.5	354.1	97.4	-9.3	100	+1.6
Real stores	348.2	337.0	338.2	97	-10.0	100	+1.2
Mail-order sales	15.2	15.5	15.9	104	+0.7	103	+0.4
Outside specialty stores	4.0	8.5	8.3	-	+4.3	98	-0.2
Newly established stores	8.3	38.0	38.2	-	+29.9	101	+0.2
Closed stores	46.4	-	-	-	-46.4	-	-

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Operating Revenues According to Age



Total operating revenues down significantly
due to 11% fall in operating revenues from 20-24 age group

	YOY in Sales (Existing Stores)	Composition	Overall effect
19 and under	7.8%	2.8%	-0.8
20 - 24 years	8.9%	26.0%	-3.2
25 - 29 years	9.6%	24.5%	-1.1
30 - 39 years	10.2%	24.5%	+0.4
40 or over	11.1%	22.2%	+2.1

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Operating Revenues According to Product Category



Apparel, footwear, jewelry & glasses facing tough conditions, lifestyle products and food performing strongly

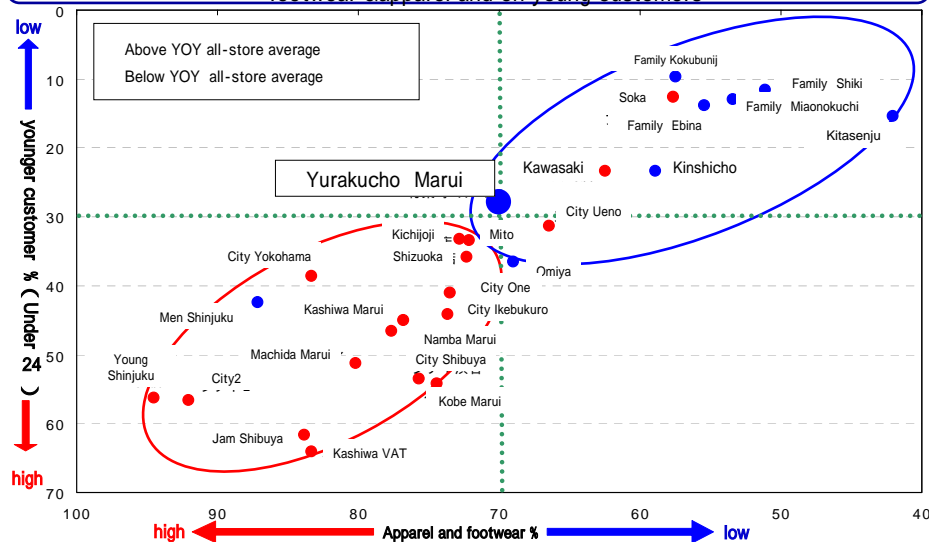
Product category		YOY in Sales (Existing Stores)	Composition	Overall effect
Apparel and footwear	Women's apparel, Men's apparel, Sporting Goods, and Shoes	93%	57%	-2.4
Jewelry and spectacles	Jewelry, Accessories, Clocks, and Glasses	91%	7%	-0.4
Fashion	Women's accessories, Women's bags, Cosmetics, and Men's accessories	99%	14%	-0.1
Lifestyles	Interior, Lifestyle, Accessories, Beauty, Books, and Hobbies	103%	7%	+0.1
Foods	Food court, Restaurant, and Cafe	102%	16%	+0.2

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Performance By Store Type



Stores with a wide-ranging customer base performed strongly, but difficult conditions were faced by stores that are heavily dependent on sales of footwear & apparel and on young customers



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Yurakucho Marui



Based on a new concept, expanded its range of target customers and product categories a strong start



Operating revenues ¥12.6 billion
 Target comparison 105%
 (First year target: ¥22.0 billion)

Store visitor numbers 7.90 million customers
 (On course to exceed 12 million customers for the year)

No.1 store in terms of customers per tsubo (tsubo=3.3m²)
 Comparison with city-center stores

	City-center store average	Yurakucho Marui	
			Compared to city-center stores
% of customers 25 and over	58.9%	71.6%	+12.7%
% of apparel and footwear	75.1%	70.0%	-5.1%
Customer unit price	¥10,130	¥9,050	89%
Customers per tsubo	1,330	2,140	161%

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Yurakucho Marui



In response to customer preferences, have created an enjoyable shopping environment

Comfortable rest area



A green, soothing atmosphere



Wide shopping aisles



Spacious shopping areas



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Credit Card Services

Key Performance Indicators



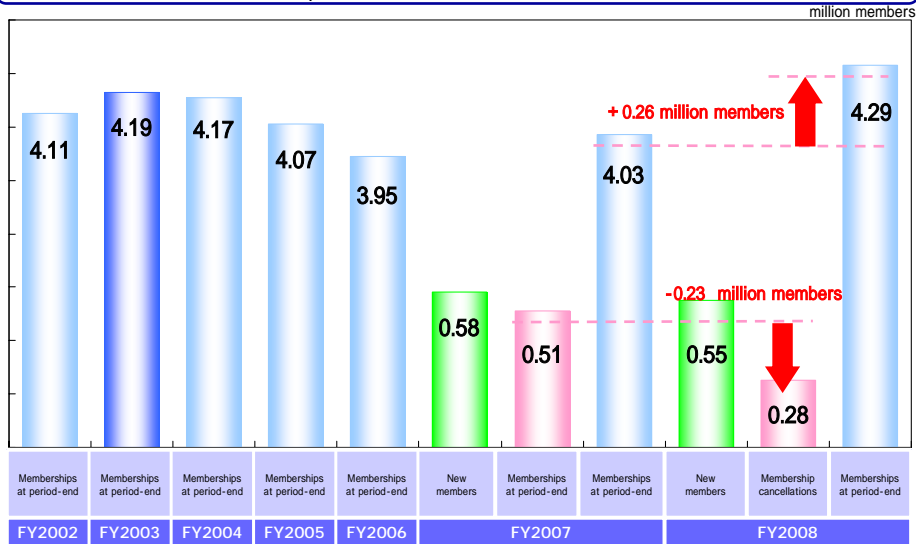
Targets achieved, except for cashing and card shopping transactions at Marui stores

		Actual result	YOY comparison (%)	Target comparison (%)
Credit card	New members (millions)	0 . 5 5	9 4	1 0 2
	Membership cancellations (millions)	0 . 2 8	5 5	9 4
	Total members (millions)	4 . 2 9	1 0 7	1 0 1
Shopping	Balance (Billions of yen)	2 4 5 . 3	1 3 6	1 0 5
	Balance within Marui stores (Billions of yen)	1 3 0 . 1	1 0 2	9 9
	Balance within alliance stores (Billions of yen)	1 1 5 . 3	2 2 0	1 1 2
	Total transactions balance for revolving installment payments (Billions of yen)	5 3 . 6	1 1 0	1 0 5
	Total outstanding balance for revolving installment payments (Billions of yen)	4 3 . 9	1 5 0	1 0 7
Cashing	Outstanding (Billions of yen)	1 5 5 . 5	8 9	9 9
	Customer numbers (millions)	0 . 8 3	9 1	9 7
	Outstanding loans (Billions of yen)	2 2 2 . 5	9 0	9 9

Trends in Card Membership



Card member numbers declining since 2003, but reached a record 4.29 million after Epos Card annual fees were abolished

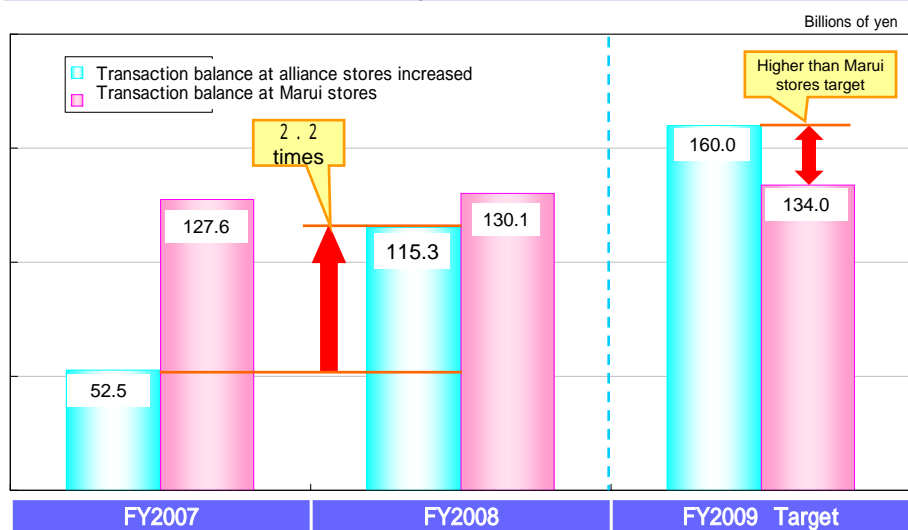


17

Card Shopping Transactions



Transaction balance at affiliated stores increased 2.2 times; target for affiliated stores in fiscal 2008 higher than that for Marui stores

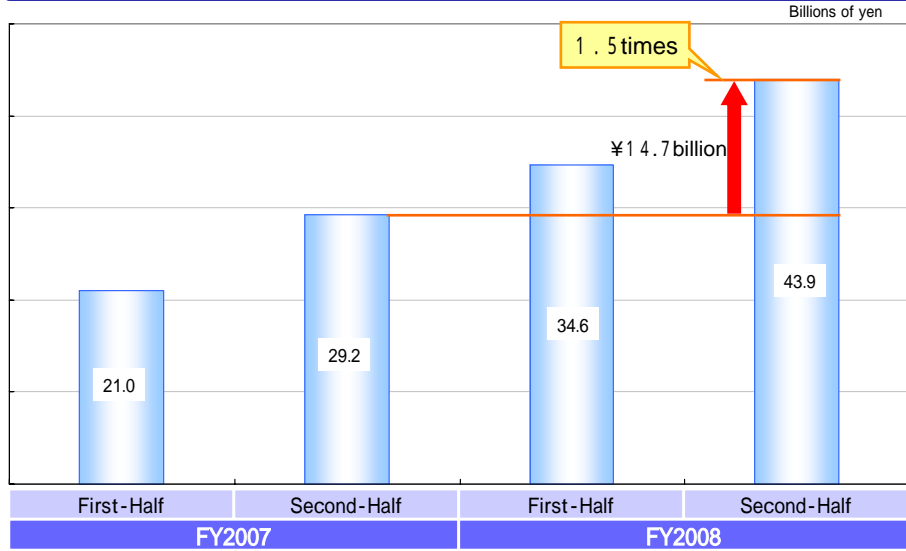


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Outstanding Balance For Revolving Installment Payments



Relative to transaction balance, in fiscal 2007 the outstanding balance also increased 1.5 times year-on-year, to ¥43.9 billion

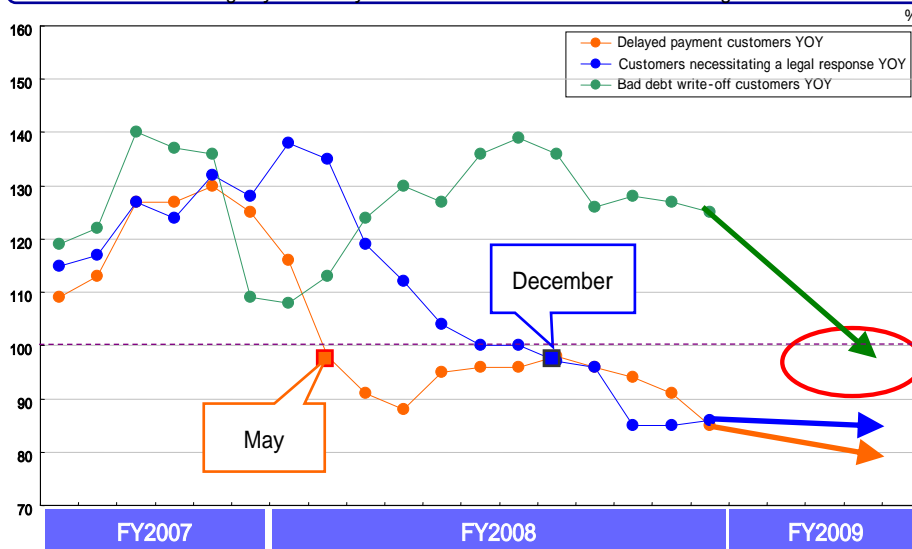


19

Trends in Bad Debt Write-Offs



Based on improvements in leading indicators, forecasting a year-on-year fall in bad debt customers during fiscal 2008



20

Current Issues and Future Polices

Retailing

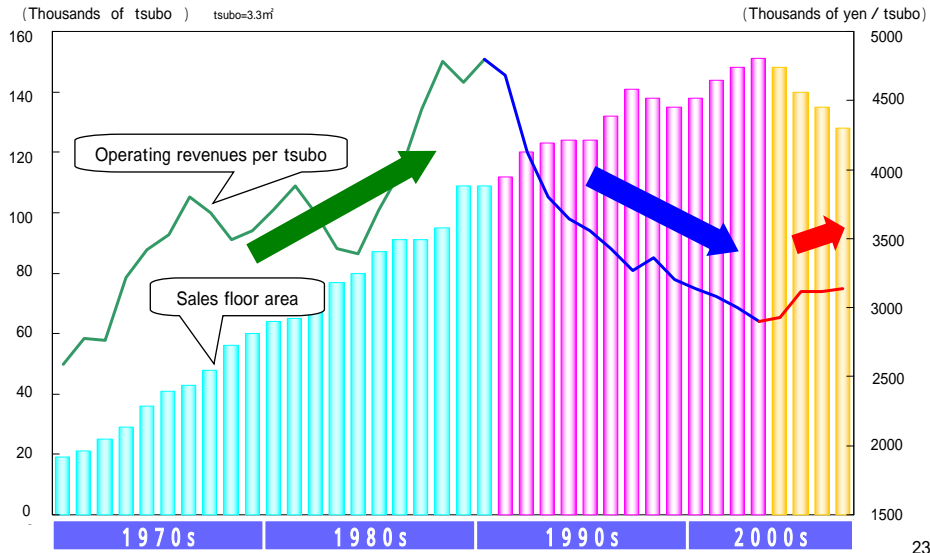
Scrap-and-Build Progress

Store Development, Product Lineup

Improvements in gross profit

Sales Floor Area and Efficiency

Sales floor area efficiency deteriorated in the 13 years from 1991 to 2003, but began to improve in 2004



23

Scrap-and-Build Progress

In the past five years, have opened 5 stores and 32 shops, and closed 19 inefficient stores

	Closed stores	Store openings	External store
FY2004	Kawaguchi, Tsuchiura, Hachioji, One Shibuya, in The ROOM Jiyugaoka	Kobe, Kitasenju	
FY2005	Numazu, One Shinjuku		
FY2006	Fujisawa, be Machida		
FY2007	Kawagoe, Totsuka, Tokorozawa, Tsudanuma, City Shinjuku	Namba, City Shinjuku 1	25 shops
FY2008	Nakano, In The ROOM Ikebukuro, Tachikawa, Oimachi, Koriyama	Yurakucho	7 shops

Shifted to development and real estate operations at beMachida, Kawagoe, Totsuka, and Tachikawa

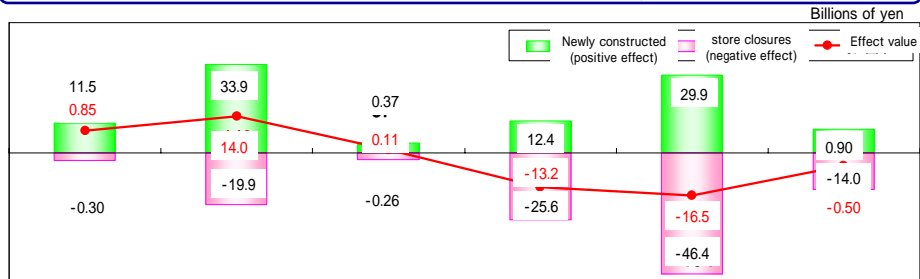
Strategically accelerated scrap policy; completed in fiscal 2007

24

Effect of Scrap and Build Policy per Fiscal Year



Negative impact of store closures greatest in fiscal 2007, but resulted in improved efficiency



FY2004	FY2005	FY2006	FY2007	FY2008	FY2009 Target
	FY2003		FY2008		FY2003 Comparison
Number of stores	31 stores		22 stores		71%
Store sales area	481,000 m ²		402,000 m ²		83%
Store total operating revenues	¥429.0 billion		¥376.5 billion		88%
Operating revenues per store	¥13.8 billion		¥17.1 billion		124%
Operating revenues per tsubo	¥2.94 million		¥3.09 million		105%
Operating revenues per employee	¥61.50 million		¥64.50 million		105%

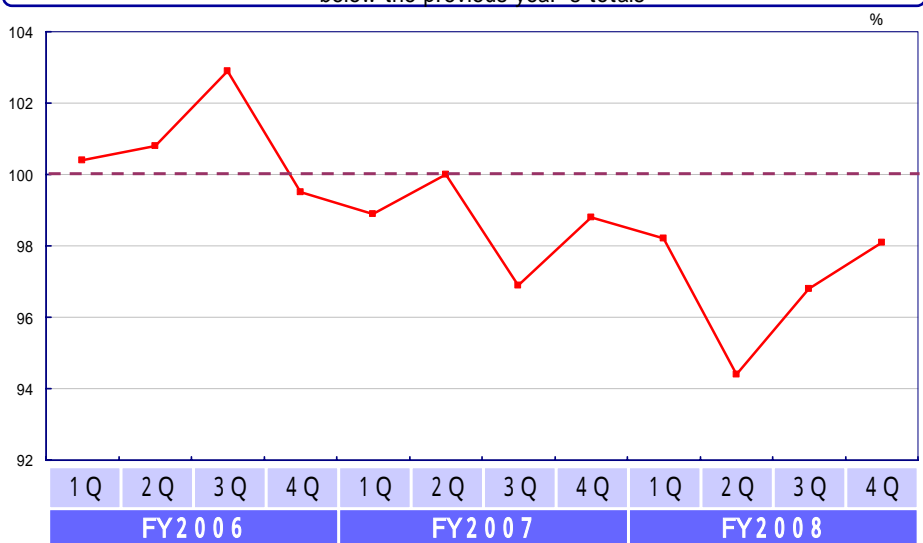
tsubo=3.3m²

25

Yearly Revenue Trends for Existing Stores



Since fiscal 2007 3rd quarter, existing store quarterly revenues have remained below the previous year's totals



26

Issues Facing Existing Stores



Exhaustive customer surveys to clarify the gap between products provided and actual customer preferences

No. of surveys 116

No. of customers surveyed 89,000

Product Lineup (60%)

Customer services (20%)

Environment (20%)

Product category

Price

Taste

Size

Style of serving younger customers

Push-type service and card recommendations

Narrow aisles

Limited number of rest areas and cafes

A crowded shopping space

Excessive focus on youth, fashion and efficiency drive has resulted in a diminished product lineup and customer base

27

Issues Facing Existing Stores



Exhaustive surveys to clarify the gap between products provided and actual customer preferences

No. of surveys 116

No. of customers surveyed 89,000

Product Lineup (60%)

Product category

Price

Taste

Size

Store remodeling

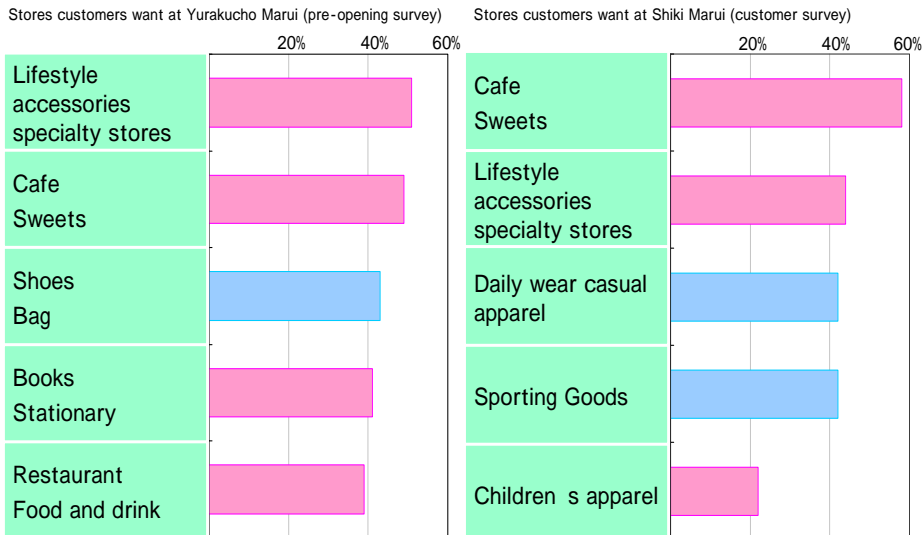
Cooperative project between stores, head office, and SPA shops and specialty stores

28

Product Categories with High Customer Demand



For each type of store, clarifying product categories where supply has not kept pace with demand



Reassessing Product Categories through Store Remodeling



Reassessing the product category balance via rapid store remodeling, and aiming to expand the customer base

Idea Seventh Sense (Yurakucho)



About a Girl (City Shinjuku & 3 other stores)



Aoyama Flower Market (Namba & 2 other stores)



ABC Cooking (Kitasenju & Shiki)

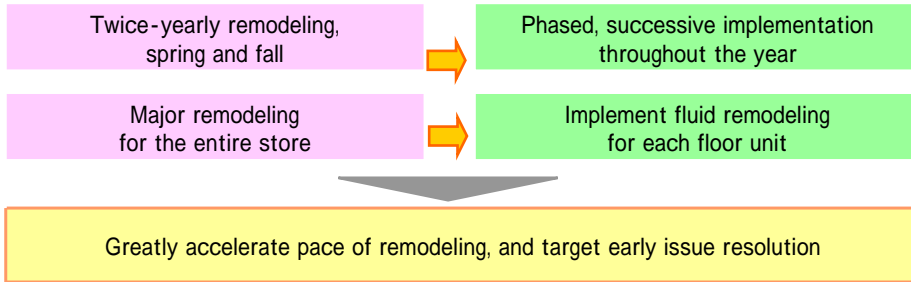


Strengthening Existing Stores Through Store Remodeling



Reassessing store remodeling methods and frequently implementing broad ranging reforms throughout the year

	FY2006	FY2007	FY2008	FY2009 Target	YOY Comparison(%)
Budget for store remodeling	¥ 8.2 billion	¥ 7.2 billion	¥ 6.6 billion	¥ 10.0 billion	150%
Store remodeling total area	55,700 m ²	49,300 m ²	52,000 m ²	80,000 m ²	155%
Comparison of Store remodeling total area	12%	11%	13%	20%	+7%

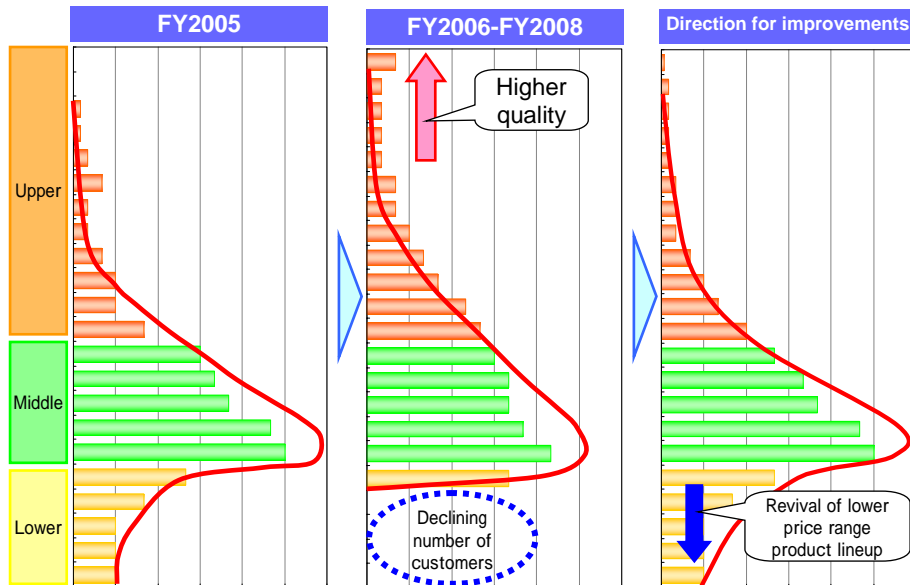


31

Reassessing Price-Range Balance and Reviving Lower Price range Product Lineup



Number of developments (types) — Customer numbers



32

Revival of Lower Price Range Products and changes to underlying trends



M s MODE Men s Shirts

Expanded range of low-price items of less than ¥6000 from October 2007

Items sold + 17 %
Operating revenues + 5 %

Fashion Navi ru-jeans

Launched ¥9900 color pants from February 2008

Items sold + 24 %
Operating revenues + 19 %

Catalogue mail-order sales, Voi spring edition

Expanded range of low price items in Voi spring edition

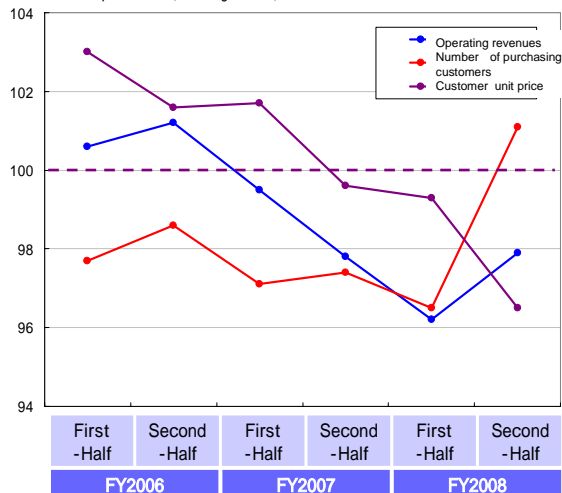
Customer unit price - 7 %
Number of customers + 20 %
Operating revenues + 11 %

Increasing Customer Numbers by Reassessing Price Range



Second-half of year, price adjustments halted declining customer numbers; operating revenues also on a recovery track

Operating revenues · Number of purchasing customers · Customer unit price YOY (existing store) %



% of PB sales

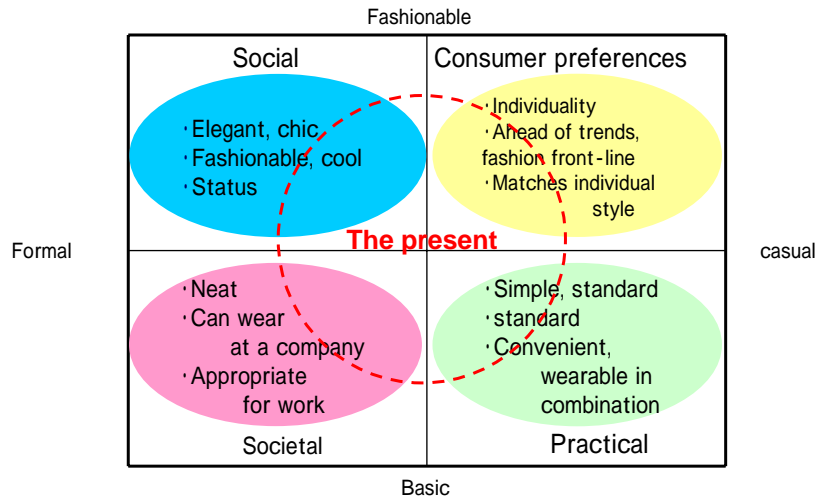
	Composition
Marui (excluding food)	9.5 % (11.0 %)
Major mass retailers	5 ~ 9 %



Leverage mobility of PBs, which constitute approx. 10% of product operating revenues; develop rapid price revision capabilities

Addressing Product Lineup Issues

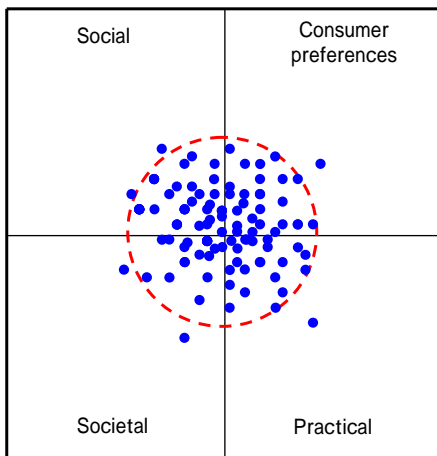
Product lineup, overemphasized on young customers, trend, and products that sell well



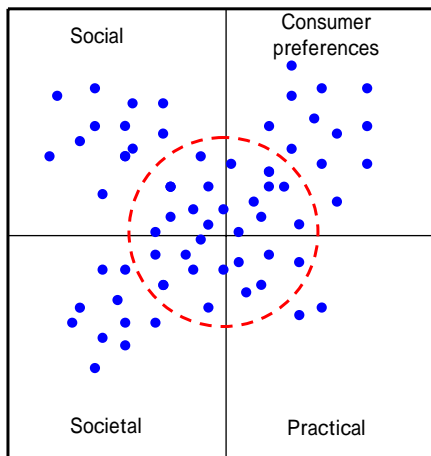
Addressing Product Taste Item Issues

Meeting customer preferences, increasing range of product lineup

Map for existing city stores



Map for Yurakucho Marui



Addressing Size Issues

Two main areas of customer dissatisfaction: product size and searching for the right size

Dissatisfaction with product size

"No product launches with sizes that fit me"

"Doesn't fit me, or isn't comfortable"

"Have my size but not in stock"

Dissatisfaction when searching for the right size

"Don't know how to find the size that fits me"

"Difficult to find things on the shop floor"

"Not easy to ask the shop-assistant about size"

Addressing Size Issues

Majority of ladies brands don't offer enough larger sizes (11 and above)

		< size >							
Brand name		3	5	7	9	11	13	15	17
SPA shops and specialty stores	Crystal Sylph								
	ru								
	tassetasse								
	1MODEL								
Affiliated shops	Brand A								
	Brand B								
	Brand C								
	Brand D								
	Brand E								
	Brand F								
	Brand G								
	Brand H								

Not Offered

Measures to Size Issues



Coordinating with affiliated shops to address customer dissatisfaction over product size

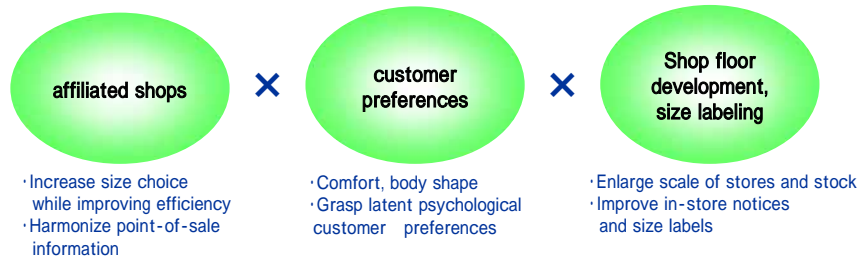
Measures to be implemented immediately

Ladies apparel bolster size 11 lineup

Men's apparel bolster A & AB size lineup

Medium term measures

Create a full-time project



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Gross Profit Issues



Total gross profit margin declined due to reduction in number of high gross profit margin SPA shops and specialty stores and specialty stores

	Operating revenues	YOY (Sales floor area yearly comparison)	Composition in sales	YOY difference	Gross profit margin	YOY difference	Billions of yen, % Effect on gross profit margin		
							Composition changes	Changes to gross profit margin	Total
Total	4 00.6	9.5 (9.4)	-	-	30.0	-0.4	-0.3	-0.1	-0.4
Marui purchases -Affiliated shop-	1 97.0	9.6 (9.7)	4.9	0.4	2.6	-0.1	0.0	0.0	0.0
SPA shops and specialty stores	1 35.1	9.1 (9.1)	3.4	-1.6	4.0	-0.4	-0.2	-0.1	-0.3
Foods	5 2.6	10.1 (9.5)	1.3	0.8	1.5	0.2	-0.1	0.0	-0.1
Mail-order sales	1 5.9	10.4	4	0.4	3.9	-0.5	0.0	0.0	0.0

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Forecasts for Specialty SPA Shops and Specialty Stores Sales Floor Areas



The fall in gross profit margin caused by the significant reduction in SPA Shops and specialty stores sales floor area has been eliminated

	Actual performance		Sales floor area forecasts YOY	
	YOY in Sales	Sales floor area yearly comparison	FY2009	FY2010
Total	9.5%	9.5%	9.5%	10.2%
Marui purchases (Gross profit margin 26%)	9.6%	9.7%	9.5%	10.2%
SPA Shops and Specialty Stores (Gross profit margin 40%)	9.1%	9.1%	9.5%	10.3%

Store closures primary reason for high percentage for specialty stores sales floor area

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Addressing Gross Profit Issues



Total gross profit margin declined as unable to achieve gross profit margin targets at high gross profit margin SPA shops and specialty stores

	Operating revenues	YOY (Sales floor area yearly comparison)	Composition in sales	YOY difference	Gross profit margin	YOY difference	Effect on gross profit margin		
							Composition changes	Changes to gross profit margin	Total
Total	400.6	9.5 (9.4)	-	-	30.0	-0.4	-0.3	-0.1	-0.4
Marui purchases -Affiliated store-	197.0	9.6 (9.7)	4.9	0.4	2.6	-0.1	0.0	0.0	0.0
SPA Shops and Specialty Stores	135.1	9.1 (9.1)	3.4	-1.6	4.0	-0.4	-0.2	-0.1	-0.3
Foods	52.6	10.1 (9.5)	1.3	0.8	1.5	0.2	-0.1	0.0	-0.1
Mail-order sales	15.9	10.4 (-)	0.4	0.4	3.9	-0.5	0.0	0.0	0.0

-2

Rapidly resolving the problem of slumping PBs via improving the product lineup

	Actual performance				FY2009 Target	
	YOY in Sales	Composition in sales	%(YOY % change)		Composition in sales	%(YOY % change)
SPA Shops and Specialty Stores (Gross profit margin: 40%)	91%	100%	± 0%	Price revisions	100%	± 0%
PB Products (Gross profit margin: 54%)	91%	27%	1%	Improvements product lineup	30%	+ 3%
NB Products (Gross profit margin: 35%)	92%	73%	+ 1%	Improvements to size choices	70%	3%

Increasing Efficiency of PB Products

Inventory at beginning of fiscal 2008 down 16% year-on-year; targeting improved purchasing accuracy and rate of consumption during period

PB product purchase & inventory performance (fiscal 2007)

Inventory at start of period YOY	Purchases YOY	Markdowns YOY	Inventory at end of period YOY
107%	85%	106%	84%

Implementing measures to improve purchasing accuracy and rate of consumption during period

Lowering excess purchases by controlling weekly purchase balance

Changing to process-centered evaluation that focuses on turnover ratio

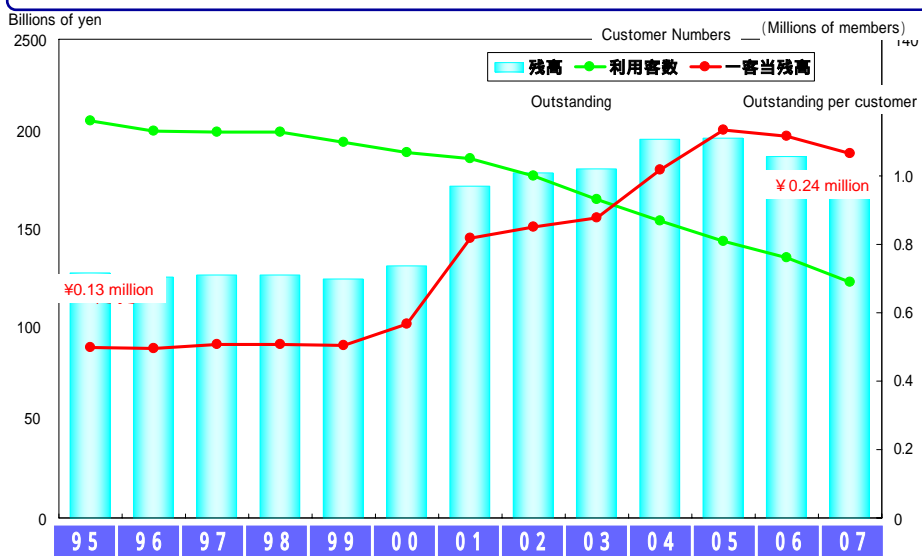
Fully-fledged efforts to bolster consumption at outlets during period

Credit Card Services

Addressing Cashing Issues



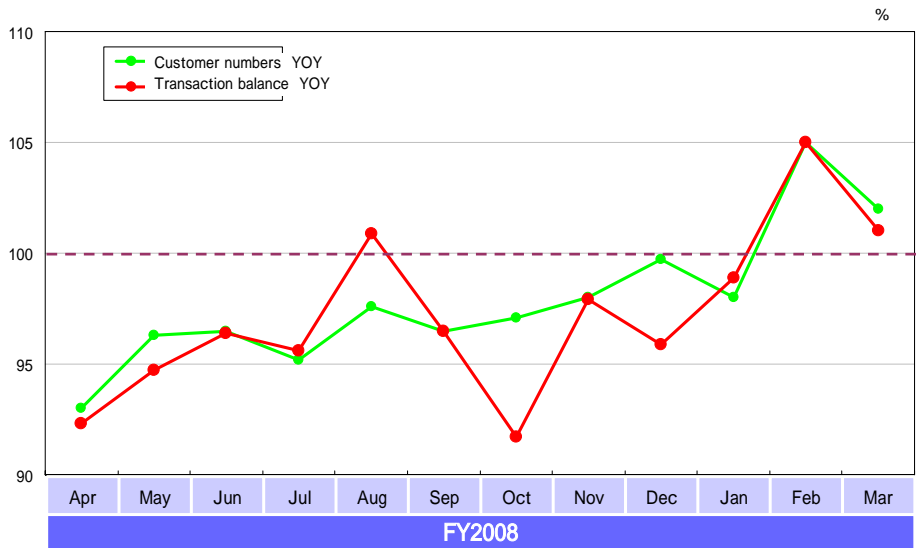
In the 12 years since 1995, the number of customers using card for cashing has declined continuously



Card Used for Cashing (Epos Card)



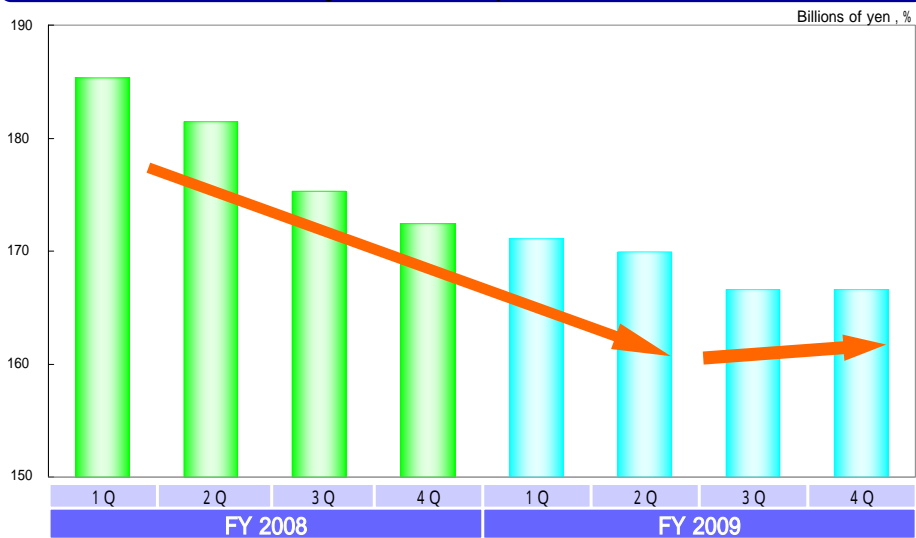
On a gradual recovery track for card holder numbers and transaction balance since the introduction of Epos Card and abolition of annual fees



Forecasts for Outstanding Loans Balance (Epos Card)



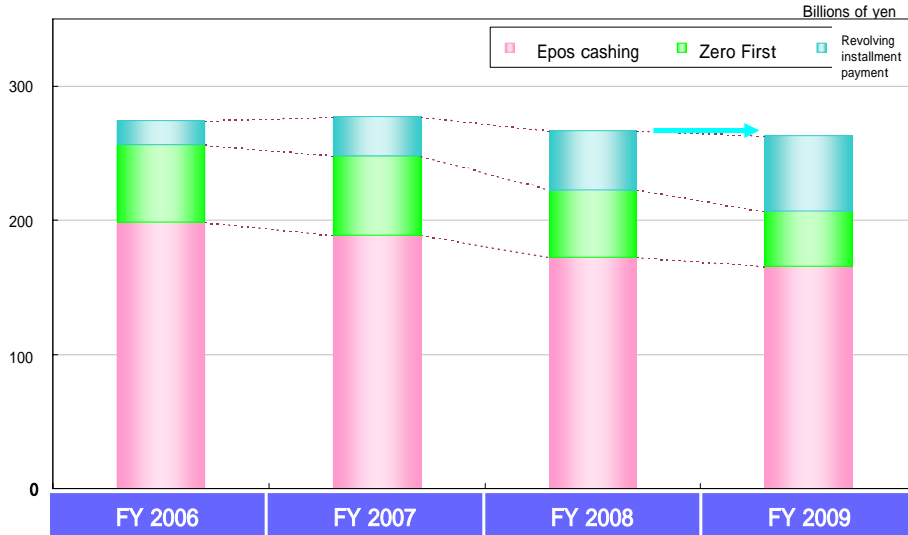
Anticipate that the increased number of card holders will halt the fall in the outstanding loans balance by second half of fiscal 2009



Forecasts for Outstanding Loans Balance (Cashing + Revolving Installment Payments)



“Zero First” related reduction offset by increases to revolving and installment payments: outstanding balance maintained



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Response to Money Lending Business Law



Summary of revisions		Marui's responses
Maximum interest rate	Interest rate upper limit reduced to 20%	Responses completed
Issuance of written documents	Increased obligation to issue written documents	Responses completed
Prohibition on excessive lending (June, 2010)	Prohibition on lending exceeding one third of yearly earnings	Future risks
	Finances inspected by designated organization	

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Medium Term Measures

Reorganization of Shinjuku Stores



Spring 2009 grand opening planned for new Shinjuku store and reopening following reorganization of the four existing Shinjuku stores



Outline of the grand opening for the 5th Shinjuku store

Enhance store formats that are currently supported (Marui City & Men)

+

Establish a new business model that matches to future customers' needs (Yurakucho type evolutionary store)

+

Develop a new business (world's first application of the concept)

Shinjuku Ward sales floor area + 15 000 m²

Reopening of the Marui Nakano Store (provisional name)



Reopening scheduled in winter 2010, as a store and office multi-use building



Store from basement to 5th floor
approx. 7 0 0 0 m²

Office from 6th to 13th floor
approx. 6 0 0 0 m²

Some Group companies' head offices and training facilities will be consolidated in the office space

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Opening of specialty Store



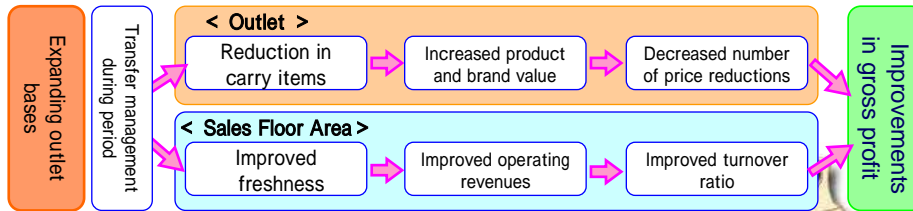
First overseas specialty store opening in Shanghai, China, in March 2008; 14 shops to be opened in fiscal 2008.

	Host facility	Number of shops	Sales floor Area	Shop name
Existing	LaLaport TOKYO-BAY & others	38	17,200 m ²	VISARUNO/in The ROOM others
Mar	Shanghai Ongoing Department Store (Shanghai)	1	70 m ²	RU-JEANS
Apr	OUTLET PARK IRUMA	1	270 m ²	OUTLET
	Kintetu Pass e	1	130 m ²	Studio 01
	Dila NishiFunabashi	1	50 m ²	PALETTE Ladies accessory
May	LaLaport TOKYO-BAY	1	30 m ²	jour en jour
July	SANO PREMIUM OUTLETS	1	390 m ²	OUTLET
Aug	SENDAI FORUS	3	420 m ²	M s Mode/PALETTE/4DOT WATCH
Sep	OUTLET PARK SENDAI PORT	1	150 m ²	OUTLET
Autumn in 2008	Izumi parktown	1	220 m ²	OI MODEL
	SENDAI-IZUMI PREMIUM OUTLET	1	390 m ²	OUTLET
	NISHINOMIYA GARDENS	3	2,400 m ²	in The ROOM/M s Mode/4DOT WATCH
Total		53	21,720 m ²	

54

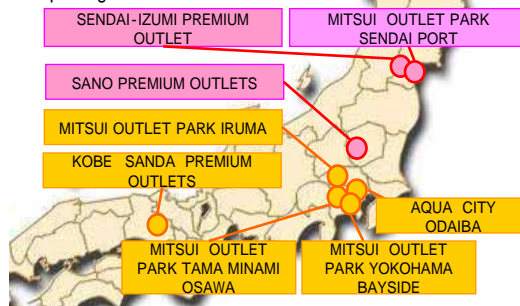
Opening of Outlet Stores

Contributing to improvements in inventory clearance rate and gross profit margin by expanding store network and starting product-transfer management during period



MITSUI OUTLET PARK IRUMA
Marui Outlet Store (opened April 10)

Opening of Marui Outlet Stores



Specialty Store Openings in China

Currently carrying out test marketing, future will see further overseas operations development in China

Shanghai Ongoing Department Store (China, Shanghai) 「ru jeans TOKYO OIOI」

Opened, March 28
Has made a strong start as the first Marui Group external specialty store in China, and operating revenues have exceeded initial targets

Will open a Chinese office in June; to be manned by three employees, one general manager and two staff

A local subsidiary will be established in August



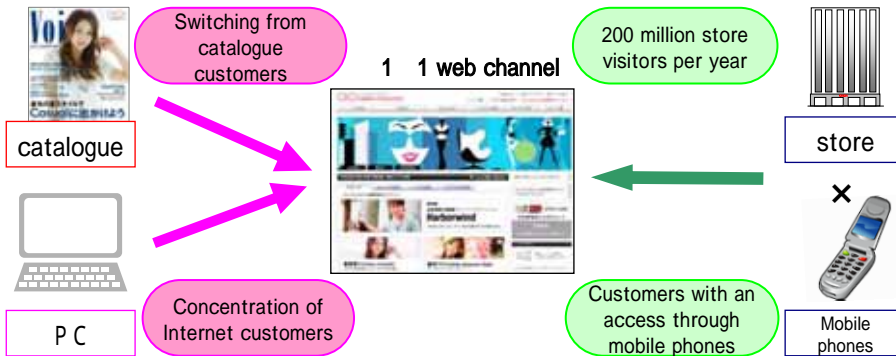
Internet Strategies



Domestically, strengthening initiatives for the rapidly growing Internet Market

Changes in consumption patterns in the past 10 years

Total retail operations sales ¥10000 billion, Individual consumption +¥9000 billion,
Mail-order marketing (including Internet) +¥6000 billion



Promoting switch of customers from stores to Mobile phones

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Strategic Alliance with Only Corporation



Fully leveraging both companies management resources ;
rolling-out initiatives with high mutual synergies



"The Super Suits Store" stores offering suits of only two prices, etc.
Develop a nationwide network of 60 stores

Complementary product lineup

Share expertise through personnel exchange

Develop new types of enterprises

Harmonize production



Increase precision of specialty store operations

Openings within Marui stores

Expand card-issue channels

Effect of launch of the Epos Card

In the future, continue to aggressively advance strategic alliances

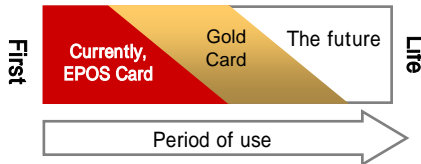
58

Launch of the Gold Card

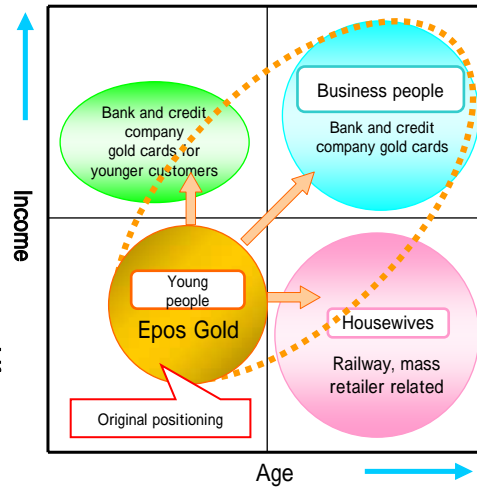
Gold Card launched in April; aiming to establish it as a the holder s main card and a card for life

The Epos Card concept

A customer s first ever card, to use for life



Gold Card positioning



FY09 Target Forecasts

FY09 Target Forecasts (Consolidated)



Billions of yen, %

	FY 2008	FY 2009	YOY comparison
			(%)
Operating revenues	4 93.5	4 66.0	9.4
Gross profit	1 77.6	1 68.0	9.5
SG&A expenses	1 59.4	1 56.0	9.8
Operating income	1 8.2	1 2.0	6.6
Ordinary income	1 7.3	1 1.0	6.3
Net income	7.6	3.5	4.6

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Assumptions Underpinning FY09 Targets Forecasts



	FY 08	FY 09	YOY comparison
			(%)
Retail operations, existing stores; yearly comparisons	9 7 . 4 %	9 7 . 0 %	-
Gross Profit margin	3 0 . 0 %	3 0 . 2 %	+ 0 . 2
Cashing outstanding balance	¥ 2 2 2.5 billion	¥ 2 0 4.0 billion	9.2 %
Shopping revolving & installment outstanding balance	¥ 4 3.9 billion	¥ 5 4.5 billion	1 2.4 %
Finance charges earned on installment sales	¥ 4.8 billion	¥ 6.5 billion	1 3.6 %
Merchant fees	¥ 2.2 billion	¥ 3.0 billion	1 3.7 %

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Acquisition of Treasury Shares and Dividends Policy



Improving capital efficiency in current fiscal year and steadily increasing return to shareholders

	FY2008	FY2009
Acquisition of treasury shares	49.20 million shares (¥61.0 billion)	5.00 million shares (¥6.0 billion) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Treasury stock after acquisition : 45.0 million shares</div>
Retirement of treasury shares	50.00 million shares (¥70.6 billion)	Investigating implementation during fiscal year
Dividends per share	¥28.0	¥28.0 (Interim dividend, ¥14 per share)

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