Interfacing with Excellence



Isetan Mitsukoshi Holdings
Results for the Second Quarter of FY2009
Isetan Mitsukoshi Group Three-Year Plan
(Fiscal 2010 to Fiscal 2012)

November 9, 2009

I. Isetan Mitsukoshi Holdings Results for the Second Quarter of FY2009

Isetan Mitsukoshi Holdings Consolidated Results for the Second Quarter of FY2009

(100 million yen)	Results	Forecast	YoY difference	Difference vs forecast in May 2009
Net sales	6,171	87.5	(883)	(18)
Gross profit	1,744	88.3	(231)	–
Selling, general and administrative expenses	1,749	93.8	(115)	–
Operating income (loss)	(4)	–	(116)	15
Recurring income	68	35.7	(123)	28
Net income	41	34.1	(80)	21

(Figures are rounded down to the nearest 100 million yen)

Isetan Mitsukoshi Holdings Results for the Second Quarter of FY2009 – Results by Group

＜Simple sum of the results of each company＞

(100 million yen)		Results	YoY	YoY difference
Domestic department stores business	Net sales	5,334	87.2	(783)
	Operating income (loss)	(10)	–	(95)
Overseas department stores business	Net sales	313	83.6	(61)
	Operating income	8	64.4	(4)
Credit & finance business	Net sales	69	95.2	(3)
	Operating income (loss)	(0)	–	(12)
Other retail & specialty stores business	Net sales	287	93.1	(21)
	Operating income (loss)	(2)	–	(1)

(Figures are rounded down to the nearest 100 million yen)

Mitsukoshi, Ltd. Results for the Second Quarter of FY2009

(100 million yen)	Results	YoY	YoY difference
Net sales	2,703	83.3	(541)
Gross profit	698	83.8	(134)
Other operating revenue	58	99.0	(0)
Operating gross profit	756	84.8	(135)
Selling, general and administrative expenses	795	91.5	(73)
Operating income (loss)	(38)	–	(61)
Recurring income (loss)	(47)	–	(91)
Net income (loss)	(49)	–	(84)

(Figures are rounded down to the nearest 100 million yen)

Isetan Co., Ltd. Results for the Second Quarter of FY2009

(100 million yen)	Results	YoY	YoY difference
Net sales	1,856	88.0	(254)
Gross profit	507	87.4	(73)
Other operating revenue	8	83.8	(1)
Operating gross profit	515	87.3	(74)
Selling, general and administrative expenses	484	92.0	(42)
Operating income	31	48.8	(32)
Recurring income	44	65.0	(23)
Net income	27	77.7	(7)

(Figures are rounded down to the nearest 100 million yen)

Results of Consolidated Extraordinary Gain/Loss for the Second Quarter of FY2009

(100 million yen)

Extraordinary gain	**7**
Gain on sales of investment securities	7
Extraordinary loss	**46**
Loss on structural reform	18
Loss on valuation of investment securities	13
Loss on disposal of property and equipment	5
Other	9

(Figures are rounded down to the nearest 100 million yen)

II. Isetan Mitsukoshi Holdings FY2009 Forecast

Forecast of Consolidated Results for FY2009

(100 million yen)	First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in August 2009
Net sales	6,171	(883)	6,828	(383)	13,000	(1,266)	(100)
Gross profit	1,744	(231)	1,895	(102)	3,640	(334)	—
Selling, general and administrative expenses	1,749	(115)	1,870	(43)	3,620	(158)	—
Operating income (loss)	(4)	(116)	24	(59)	20	(175)	0
Recurring income	68	(123)	81	(76)	150	(200)	0
Net income	41	(80)	158	233	200	153	0

(Figures are rounded down to the nearest 100 million yen)

Forecast of Consolidated Results for FY2009 - Forecast of Results by Group

(100 million yen)		First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in May 2009
Domestic department stores business	Net sales	5,334	(783)	6,071	(271)	11,406	(1,054)	352
	Operating income (loss)	(10)	(95)	62	(16)	51	(111)	5
Overseas department stores business	Net sales	313	(61)	304	38	617	(23)	(61)
	Operating income	8	(4)	10	0	19	(4)	(2)
Credit & finance business	Net sales	69	(3)	74	(5)	144	(8)	(6)
	Operating income (loss)	(0)	(12)	(24)	(23)	(25)	(35)	6
Other retail & specialty stores business	Net sales	287	(21)	300	(13)	588	(34)	(26)
	Operating income (loss)	(2)	(1)	2	6	0	5	(1)

(Figures are rounded down to the nearest 100 million yen)

Mitsukoshi, Ltd. Forecast of Results for FY2009

(100 million yen)	First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in May 2009
Net sales	2,703	(541)	2,911	(413)	5,615	(956)	(9)
Gross profit	756	(135)	815	(80)	1,572	(216)	(18)
Selling, general and administrative expenses	795	(73)	817	(92)	1,613	(166)	(19)
Operating income (loss)	(38)	(61)	(2)	11	(41)	(49)	1
Recurring income (loss)	(47)	(91)	(24)	(15)	(71)	(105)	8
Net income (loss)	(49)	(84)	342	295	293	210	(11)

(Figures are rounded down to the nearest 100 million yen)

Isetan Co., Ltd. Forecast of Results for FY2009

(100 million yen)	First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in May 2009
Net sales	1,856	(254)	2,127	(86)	3,984	(340)	17
Gross profit	515	(74)	584	(28)	1,100	(103)	(4)
Selling, general and administrative expenses	484	(42)	527	(2)	1,011	(45)	(10)
Operating income	31	(32)	57	(25)	88	(58)	5
Recurring income	44	(23)	63	(145)	107	(169)	5
Net income	27	(7)	37	(29)	65	(37)	4

(Figures are rounded down to the nearest 100 million yen)

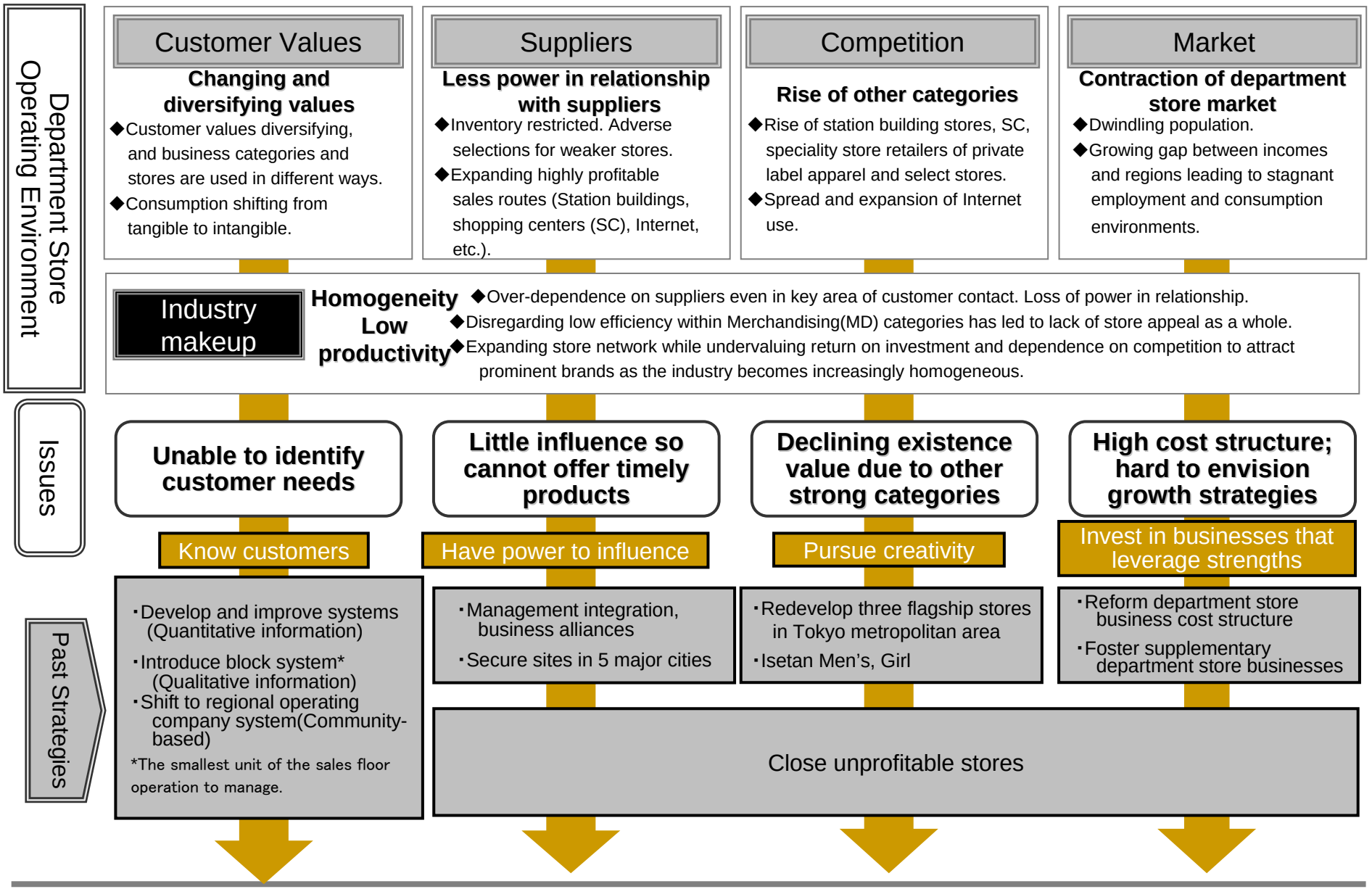
Forecast of Consolidated Results for FY2009: Selling, General and Administrative Expenses

(100 million yen)	Initial reduction plan for the period	First half results	Second half plan	Revised reduction plan for the period	Difference vs forecast in May 2009
Mitsukoshi, Ltd.	**(146)**	**(73)**	**(92)**	**(166)**	**(19)**
Advertising expenses	(32)	(17)	(17)	(34)	(2)
Business consignment expenses, overtime payment etc.	(18)	(12)	(8)	(20)	(2)
Other reduction	(6)	(7)	(14)	(21)	(15)
Termination of operations of stores	(64)	(24)	(40)	(64)	0
Change in the method of recording depreciation costs	(26)	(13)	(13)	(26)	0
Isetan Co., Ltd.	**(34)**	**(42)**	**(2)**	**(45)**	**(10)**
Advertising expenses	(10)	(9)	(2)	(11)	(1)
Business consignment expenses	(14)	(8)	(6)	(14)	0
Other reduction	(10)	(25)	5	(20)	(9)
Other subsidiaries	**2**	**0**	**51**	**51**	**49**
Integration expenses (card system, merchandising and information system)	33	5	25	30	(3)
Reduction at subsidiaries	(31)	(23)	(38)	(61)	(30)
Marui Imai consolidation	—	18	64	82	82
Total on a consolidated basis	**(178)**	**(115)**	**(43)**	**(158)**	**20**
Total on a consolidated basis (excluding Marui Imai)	**(178)**	**(133)**	**(107)**	**(240)**	**(62)**

III. Isetan Mitsukoshi Group Three-Year Plan

（FY2010 - FY2012）

Overview of Environment & Issues and Past Strategies



Overview of Environment & Issues and Past Strategies (cont'd.)

Post Lehman Collapse

- Focus on cost vs. value, and permeation of values "own perspective," "social contribution" and "bonds."
- Acceleration in failing suppliers and bigger gap with departments stores that have powerful suppliers.
- Price-sensitive business categories enjoy popularity. Department stores attract low-priced Private brand and tenants with customer pulling power.
- Significant drop in consumers' disposable income due to declining asset value and worsening employment situation.

Results deteriorate rapidly due to acceleration in environmental changes beyond expectations. Leads to crisis situation caused by inability to secure enough resources for reinvestment.

Fundamental Issues Worsening

- **Need to reconfirm and re-examine customer needs**
- **Cannot get products from existing suppliers that meet needs**
- **Declining existence value of traditional department stores**
- **Threat of collapse with continuation of current earnings structure**

Issues remain fundamentally the same but increasingly serious, with much less time left for resolution.

Refine and focus on key strategies to accelerate initiatives

New Three-Year Plan

[Key Strategy 1] Reinforce contact with customers and review relationships with suppliers (Reform department store business model)

①Strengthen customer contact (Increase accuracy in store management, boost ability to propose and promote products in-store)
②Review relationships with suppliers (Seize initiative for customer contact expand contribution upstream)
③Create a structure that draws out and enhances the ability of employees (Review HR system, etc.)

[Key Strategy 3] Cultivate growth businesses

①Expand department store business in Asia
②Expand card business
③Strengthen solutions business

[Key Strategy 2] Promote improvement of Group foundations and structural reforms

Increase profits and reduce costs via functional integration (MD functions/staff & SSC* dept.; Review affiliates and peripheral businesses)

*Shared service center

Group Image in Three Years

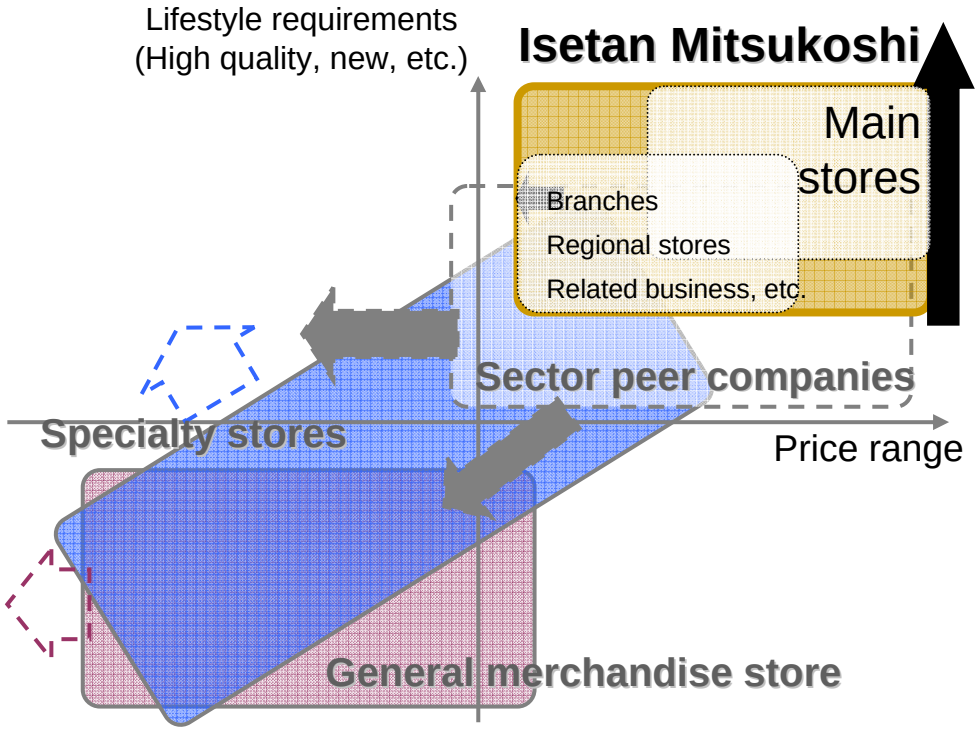
Company Target

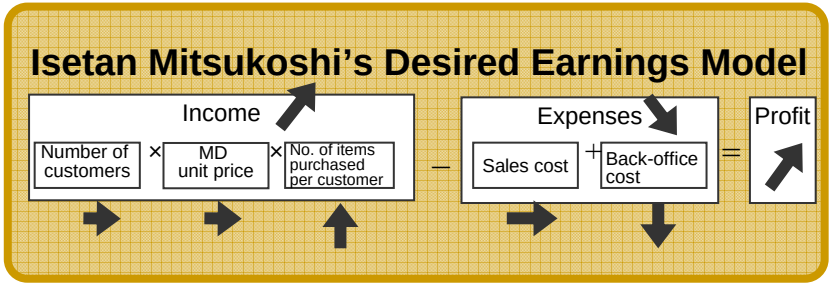
Customers that desire high quality, new lifestyles

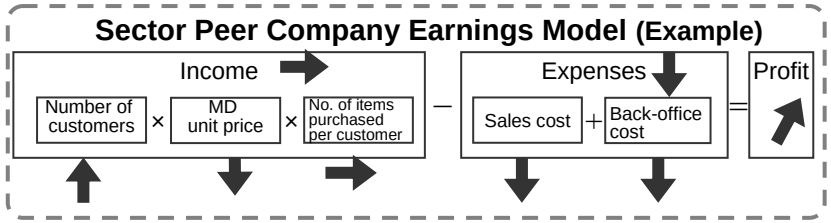
Company Earnings Model

- **Always cultivate new customers and maintain numbers**
- **Increase absolute value of MD and maintain unit price***
- **Eliminate opportunity loss and increase number of purchase items per person**
- **Maintain store staff and comprehensively boost efficiency in back office**

*Adjust price as necessary to fit respective sales areas







[Key Strategy 1] Reinforce contact with customers and review relationships with suppliers (Reform department store business model)

Major role of a department store

(1) Realize merchandise and services in a timely manner and (2) Create new demand by listening carefully to customer opinions through direct contact

Strengthen customer contact

Integrate information systems infrastructure (Mitsukoshi) and
raise skills in using these systems (Isetan)
Enhance analysis of customer opinions and increase ability to utilize this information
▲
Maximize use of experienced sales personnel by adopting block system of management, etc.

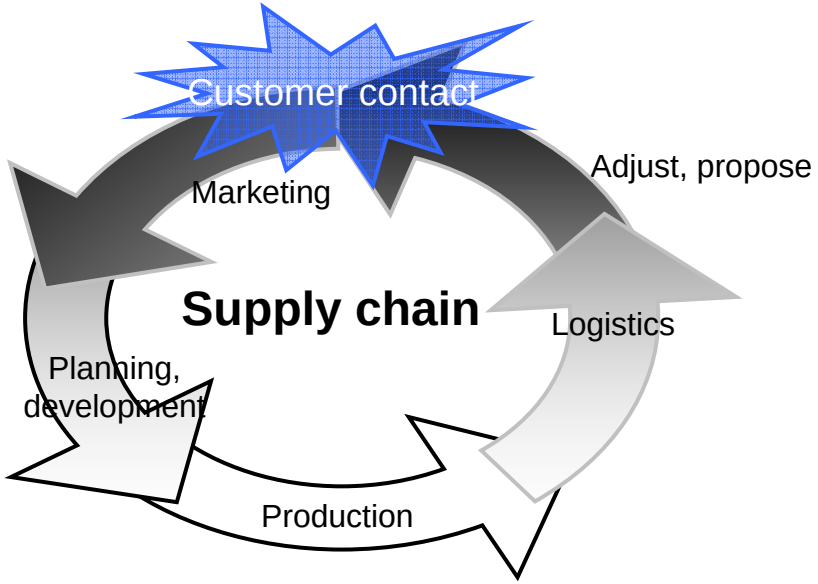
Seize initiative in purchasing

Enable more freedom in sales and
expand purchasing

Review relationships with suppliers

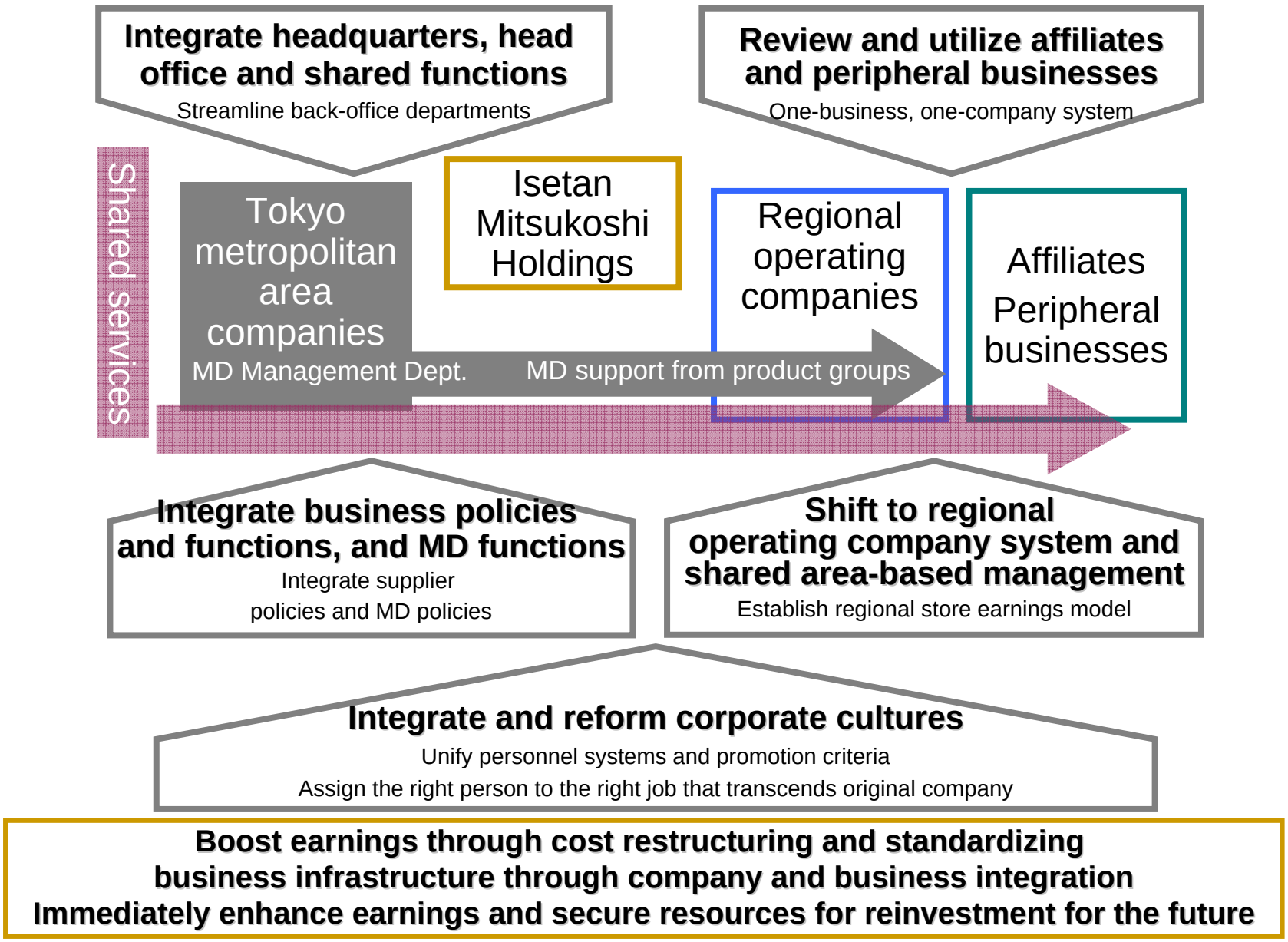
Adopt policy of "selection and concentration" for existing suppliers
and introduce new suppliers
Flexibly combine most suitable retail-driven players at each stage of
supply chain management
▲
Maximize use of experienced buyers through business unit* management, etc.

*System for centralizing products, development, sales and business operations at branches

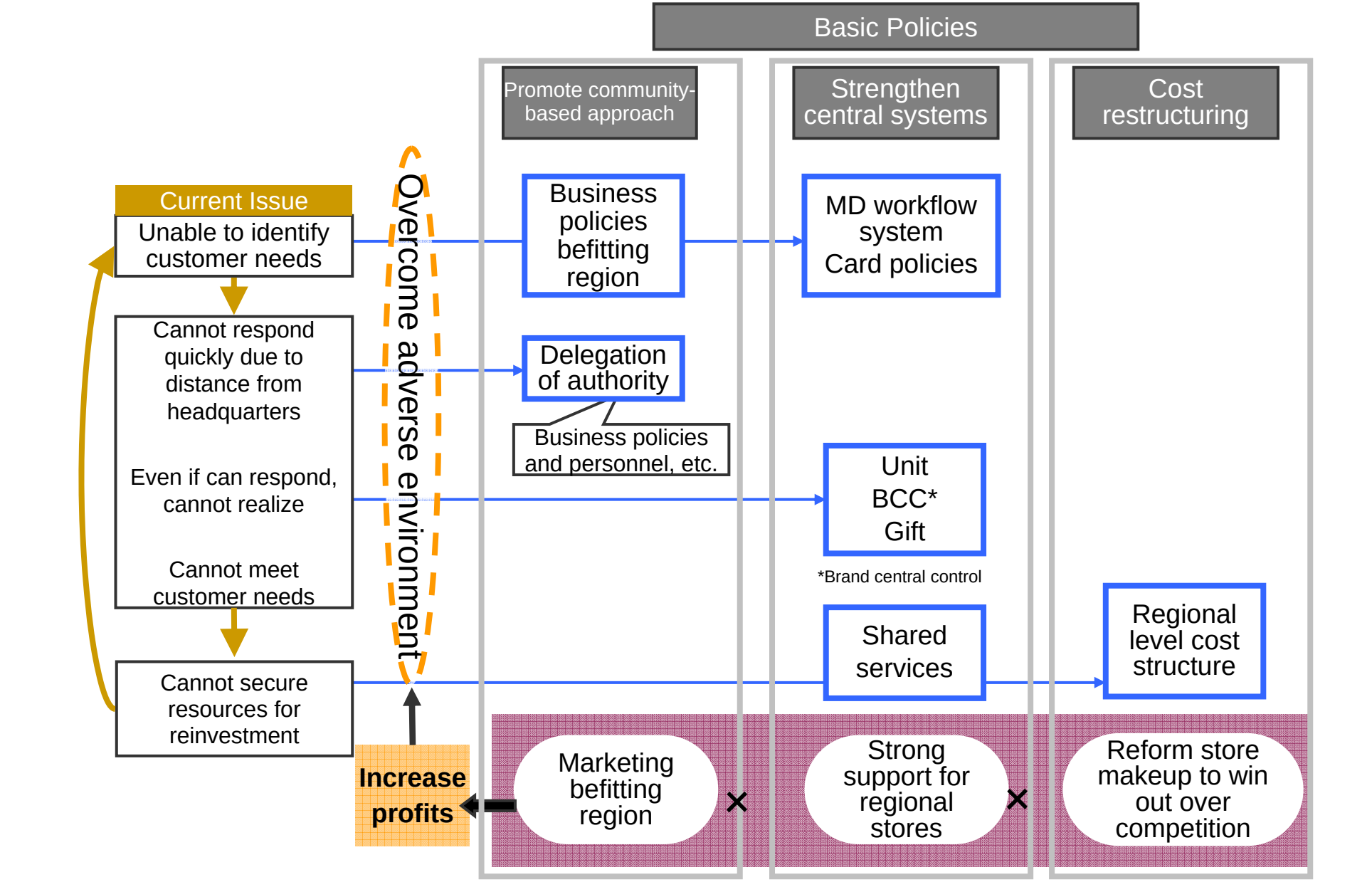


Start to create a new transaction structure for department stores now that a risk-taking environment has been established, including the development of tactical information and human resources

[Key Strategy 2] Promote improvement of Group foundations and structural reforms (1)



[Key Strategy 2] Promote improvement of Group foundations and structural reforms (2)
(Regional operating company system and shared areas)



① Expand department store business in Asia

Establish China Holdings Company

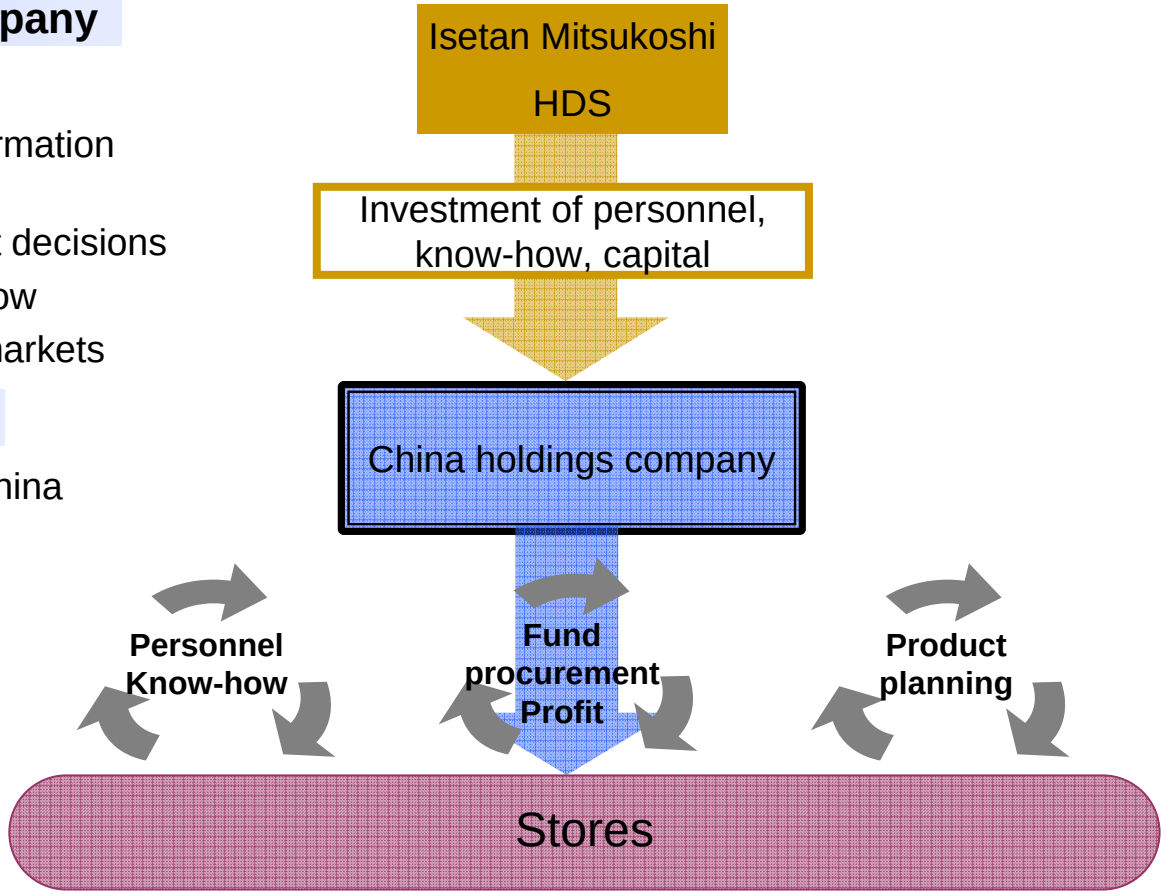
<Aims>

・Increase amount and quality of information concerning store candidate sites

・Make quick and suitable investment decisions

・Amass local personnel and know-how

・Engage in business close to local markets



Growth Rate of New China Stores

Growth rate since 2008 at stores in China (Foreign currency base)

Tianjin	+5.2%
Chengdu	+35.0%
Shenyang	+36.0%
Shanghai	Remodeling in process

Establishment of holdings company in China will facilitate an increase in the number of stores

Maximize department store strengths
(Brand power, trust, neutrality, store system, excellent customer base)

② Expand card business

Expand business based on customer base of MI Card

- Increase earnings through use of VISA outside department stores
- Total life attendant business (Insurance, asset management consulting, travel, etc.)



Financierge Plaza*

Start service on Sept. 16, 2009.

Provide consulting such as asset management and life insurance free of charge.

Hold seminars on financial planning and life planning.

Serve average of 200 customers daily.

*New financial consulting services focused on finance



③ Strengthen solutions business

Cultivate home delivery and Internet services by leveraging department store strengths





Home delivery



Internet

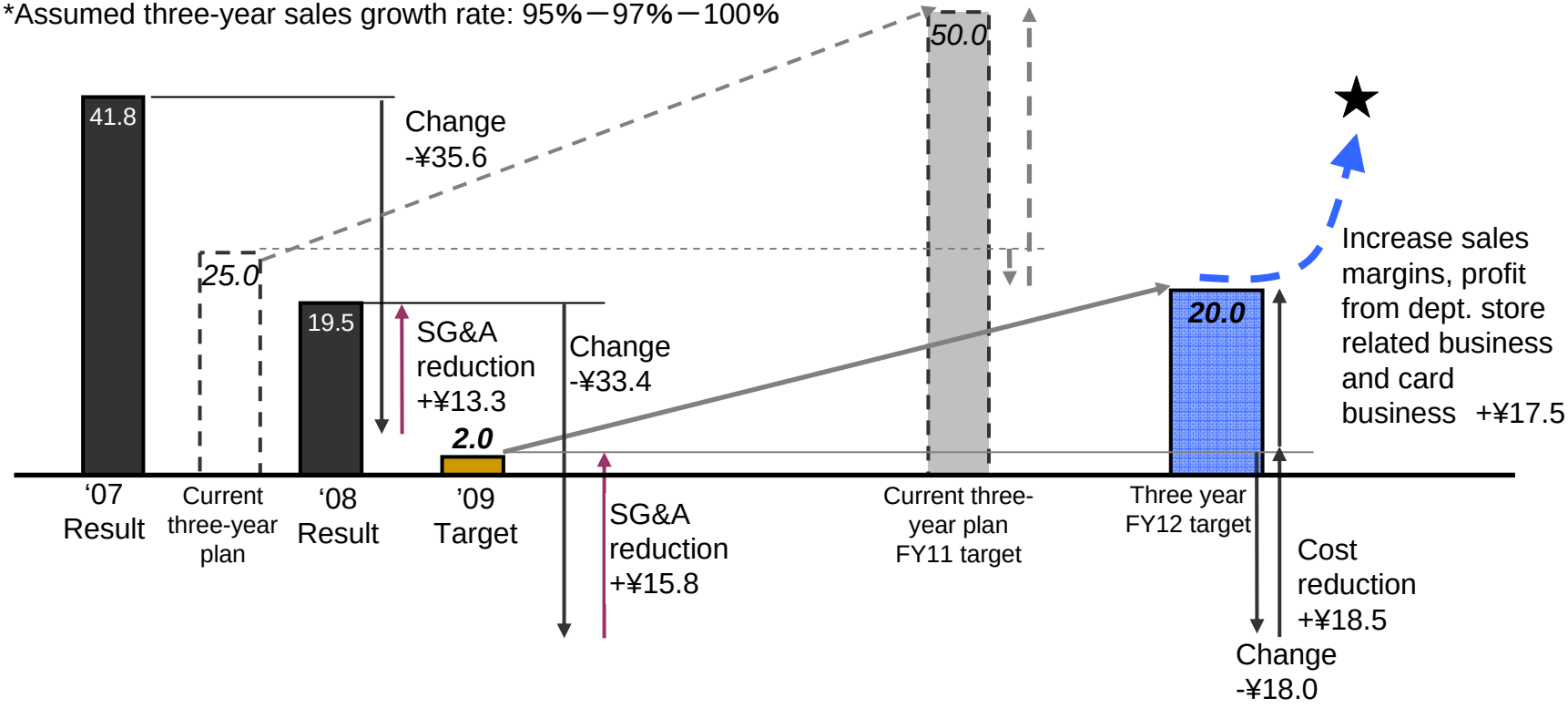
ISETAN MEN'S
ONLINE SHOP

Numerical Targets

Consolidated operating income

¥20.0 billion by fiscal 2012*

*Assumed three-year sales growth rate: 95%－97%－100%



Investment plan

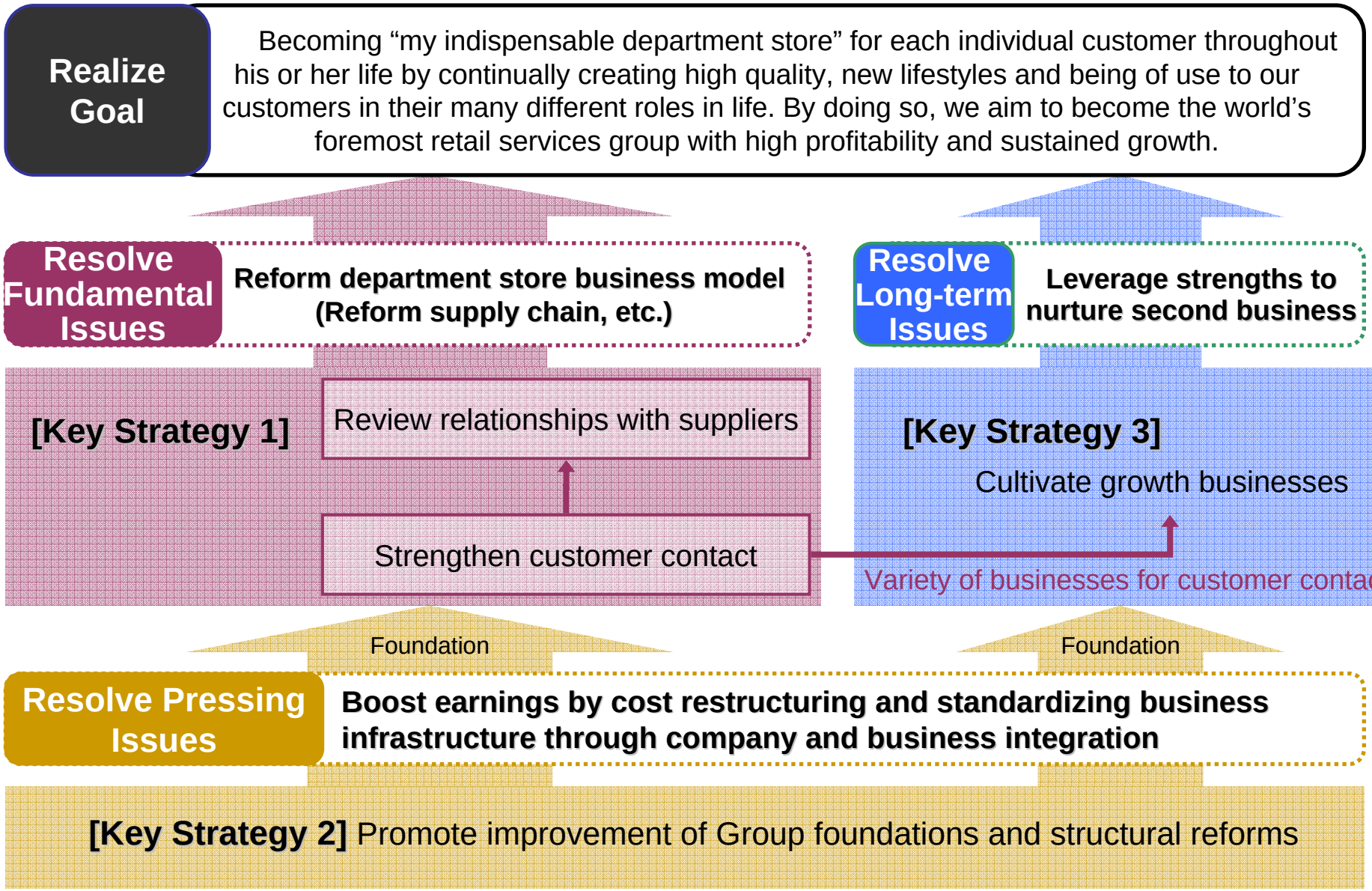
Fiscal 2010~2012 total: ¥110.0 billion

Incl. Strategic investment ¥64.0 bn

Concentrated investment in
3 flagship stores: **¥42.0 bn**
Systems/Card business **¥13.0 bn**
Growth businesses overseas, etc.: **¥9.0 bn**

★Do not reduce strategic investment despite tough environment and reap the benefits after 2012
Sales of 3 flagship stores: At full capacity up approx. **¥55.0 bn**
Operating income of card related business: To **¥10.0 bn** scale in future
Operating income of overseas business: To **¥5.0 bn** scale in future

Strategic Overview of New Three-Year Plan



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