Interfacing with Excellence



ISETAN MITSUKOSHI HOLDINGS

Isetan Mitsukoshi Holdings
Fiscal 2009 Financial Results

May 13, 2010

I. Isetan Mitsukoshi Holdings
FY2009 Financial Results

Isetan Mitsukoshi Holdings Consolidated Results for FY2009

(100 million yen)	Results	Forecast	YoY difference	Difference *
Net sales	12,916	90.5	(1,350)	116
Gross profit	3,606	90.8	(367)	(13)
Selling, general and administrative expenses	3,565	94.3	(213)	(34)
Operating income	41	21.3	(154)	21
Recurring income	197	56.3	(153)	47
Net income (loss)	(635)	(46)	(682)	(835)

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

* Difference versus financial results forecast announced on May 12, 2009

Isetan Mitsukoshi Holdings Results for 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	11,251	90.3	(1,209)
	Operating income	35	21.7	(127)
Overseas department stores business	Net sales	627	101.9	11
	Operating income	17	80.3	(4)
Credit & finance business	Net sales	142	100.9	1
	Operating income (loss)	(12)	–	(22)
Other retail & specialty stores business	Net sales	572	92.0	(50)
	Operating income (loss)	(2)	–	2

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

Results of Consolidated Extraordinary Gain/Loss for FY2009

(100 million yen)

Extraordinary gain	**178**
Gain on sales of property and equipment	167
Gain on sales of investment securities	9
Gain on sales of shares of affiliate	2
Extraordinary loss	**773**
Loss on structural reform	425
Impairment losses of property and equipment	271
Loss on disposal of property and equipment	36
Loss on valuation of investment securities	14
Loss on sales of shares of affiliate	5
Loss on liquidation of affiliates	4
Loss on sales of investment securities	1
Other extraordinary loss	14

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

Consolidated Statements of Cash Flows for FY2009

(100 million yen)	Results
Cash flows from operating activities	(36)
Cash flows from investing activities	474
Capital investment	(266)
Mitsukoshi Ikebukuro store disposal	674
Other, net	66
Free cash flow	438
Repayment of interest-bearing debt	(355)
Cash dividends	(53)
Other, net	(7)

→ Due to payment of Second Life Support Plan 336 million yen

→ Balance of consolidated interest-bearing debt Decrease from 2,328 million yen to 1,972 million yen

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

Mitsukoshi, Ltd. Results for FY2009

(100 million yen)	Results	YoY	YoY difference
Net sales	5,470	83.2	(1,100)
Gross profit	1,397	83.7	(271)
Other operating revenue	120	101.3	1
Operating gross profit	1,518	84.9	(269)
Selling, general and administrative expenses	1,595	89.6	(184)
Operating income (loss)	(77)	(8)	(85)
Recurring income (loss)	(105)	(34)	(140)
Net income (loss)	(379)	(82)	(461)

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

Isetan Co., Ltd. Results for FY2009

(100 million yen)	Results	YoY	YoY difference
Net sales	3,954	91.4	(370)
Gross profit	1,076	90.9	(108)
Other operating revenue	19	100.4	0
Operating gross profit	1,095	91.0	(108)
Selling, general and administrative expenses	996	94.3	(60)
Operating income	99	67.5	(47)
Recurring income	116	42.1	(160)
Net income	39	38.3	(63)

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

Selling, General and Administrative Expenses for FY2009

(100 million yen)	Mitsukoshi, Ltd.			Isetan Co., Ltd.		
	Results	YoY	YoY difference	Results	YoY	YoY difference
Personnel expenses	530	89.3%	(63)	387	98.2%	(7)
Leases	229	90.8%	(23)	80	99.3%	(0)
Depreciation and amortization	75	74.2%	(26)	61	92.1%	(5)
Advertising expenses	164	82.3%	(35)	56	80.7%	(13)
Other	596	94.3%	(36)	410	92.4%	(33)
Total	1,595	89.6%	(184)	996	94.3%	(60)

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

II. Isetan Mitsukoshi Holdings
FY2010 Financial Results Forecast

Financial Results Forecast for FY2010 (Consolidated Basis)

(100 million yen)	Full-year forecast	YoY	YoY difference
Net sales	12,500	96.8	−416
Gross profit	3,505	97.2	−101
Selling, general and administrative expenses	3,460	97.1	−105
Operating income	45	107.7	＋3
Recurring income	200	101.4	＋2
Net income	100	(−635)	＋735

(Figures are rounded down to the nearest 100 million yen. Figure in parenthesis is the actual number for the previous fiscal year.)

Forecast of Results by Group for FY2010

(100 million yen)		Full-year forecast	YoY	YoY difference
Domestic department stores business	Net sales	10,822	96.2	−429
	Operating income	70	199.8	＋35
Overseas department stores business	Net sales	684	109.1	＋56
	Operating income	22	127.5	＋4
Credit & finance business	Net sales	188	132.7	＋46
	Operating income (loss)	(44)	(−12)	−31
Other retail & specialty stores business	Net sales	557	97.4	−15
	Operating income (loss)	2	(−2)	＋4

(Figures are rounded down to the nearest 100 million yen. Figures in parenthesis are the actual numbers for the previous fiscal year.)

(Reference) Mitsukoshi, Ltd. Financial Results Forecast for FY2010

(100 million yen)	Full-year forecast*	YoY	YoY difference
Net sales	5,341	97.6	−128
Gross profit	1,515	99.8	−2
Selling, general and administrative expenses	1,515	95.0	−80
Operating income (loss)	0	(−77)	+77
Recurring income (loss)	(34)	(−105)	+71
Net income (loss)	(87)	(−379)	+291

(Figures are rounded down to the nearest 100 million yen. Figures in parenthesis are the actual numbers for the previous fiscal year.)

*On April 1, 2010, Mitsukoshi, Ltd. spun off Mitsukoshi's regional stores into independent operating companies. The figures for the above full-year forecast include the amounts for the regions of Sapporo, Sendai, Nagoya, Hiroshima, Takamatsu, Matsuyama and Fukuoka.

Isetan Co., Ltd. Financial Results Forecast for FY2010

(100 million yen)	Full-year forecast	YoY	YoY difference
Net sales	3,617	91.5	(337)
Gross profit	1,017	92.8	(78)
Selling, general and administrative expenses	935	93.9	(61)
Operating income	81	82.1	(17)
Recurring income	80	68.8	(36)
Net income	30	76.2	(9)

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

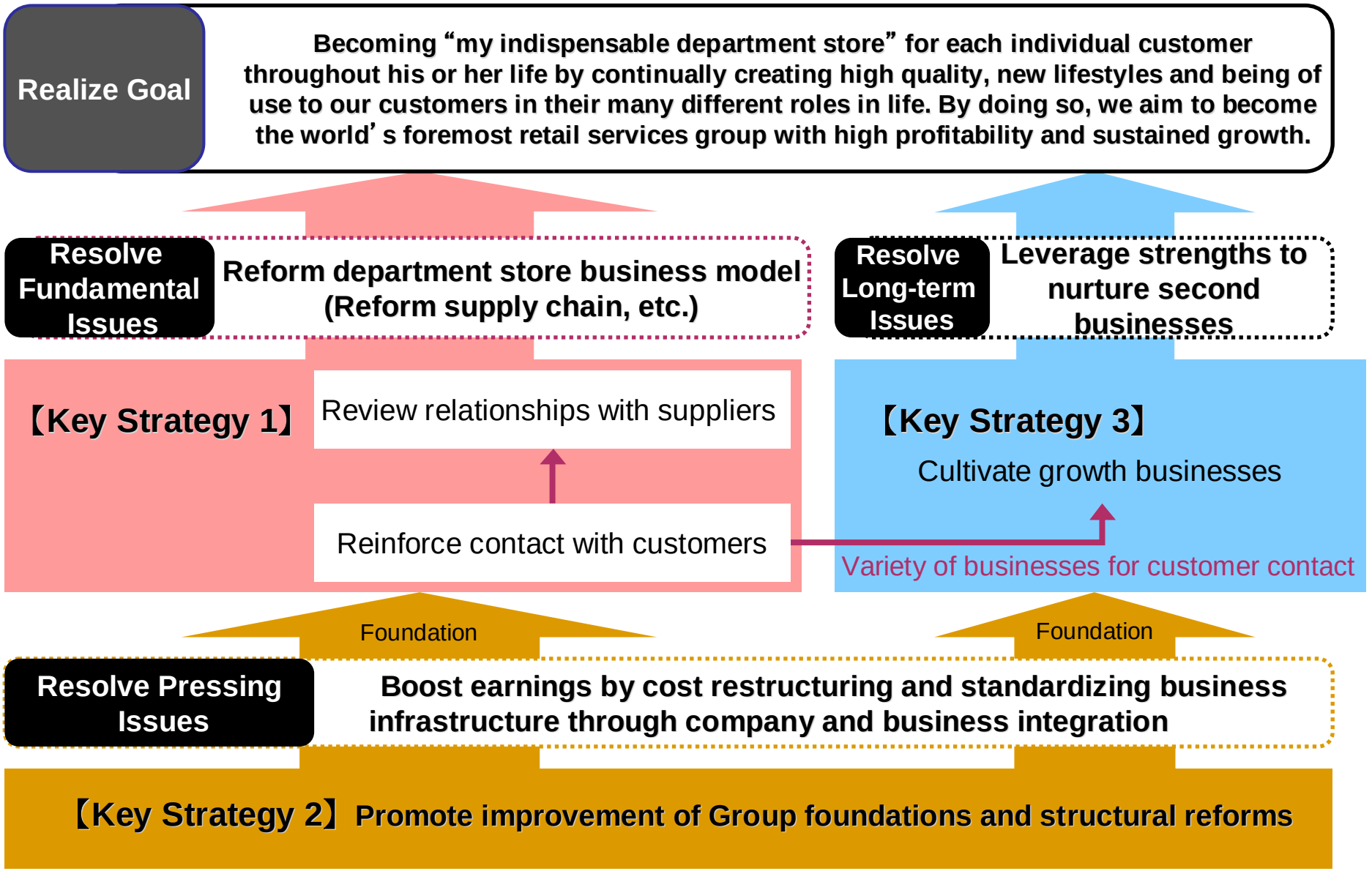
FY2010 Forecast of Selling, General and Administrative Expenses Versus Previous Fiscal Year

(100 million yen)	YoY difference
Mitsukoshi, Ltd.（including the regional operating companies）	**(80)**
Personnel expenses	(108)
Ginza store-related （repair expense, Depreciation and amortization and others）	41
Reduction of leases	(13)
Isetan Co., Ltd.	**(61)**
Personnel expenses	(18)
Termination of operations of Kichijoji store （excluding personnel expenses ）	(29)
Reduction of costs of external sales commissions	(14)
Others	**36**
Expense of integration of systems and cards (MICARD Co. Ltd and IMS)	78
Sapporo Marui Imai Ltd. and Hakodate Marui Imai Ltd. （Started operations on August 1, 2010 ）	31
Other	(73)
Total on a consolidated basis	**(105)**

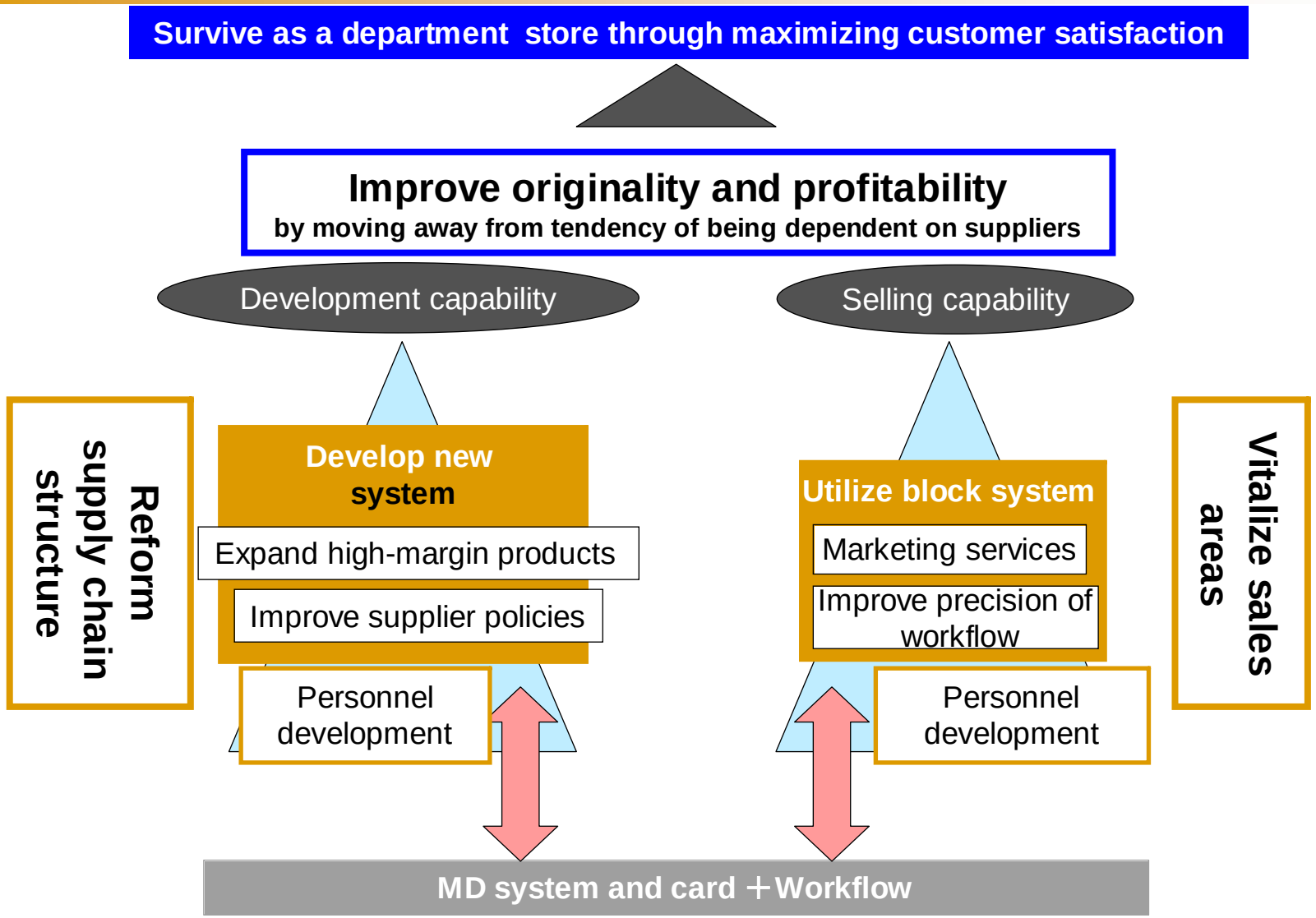
(Figures are rounded down to the nearest 100 million yen)

III. Progress of Isetan Mitsukoshi Group Three-Year Plan

Strategic Overview of New Three-Year Plan



＜1＞ The Company's concept for reform of department store business model (structural reform of supply chain)



Reform of Supply Chain Structure

＜1＞Approach for flagship stores

・Provide fashionable and one-of-a-kind products (i.e., enhance originality) and optimize merchandise cost to secure profits (i.e., improve profitability).
・Build numerous mid-categories via new development with highly originality in response to customers new interests and lifestyles.

①Product procurement concept

Up until now: Products were selected from apparel manufacturers and wholesalers

▼

Take on executing procurement process that involves product development while collaborating with **new suppliers**

・Factories
・Material manufacturers
・Trading and planning companies
・Collaboration with regions
・Tie-up with apparel, etc.

Fields to be applied
Foods, women's, living, men's

②Product and price concept

Increase the value of materials and quality by maintaining the same price range rather than providing a small variety of products in large volumes by securing lots.

③Lot concept

Secure good quality and economical lots to realize originality and profitability.

✔Expand single-item lots
✔Expand material lots
✔Expand supply lots

▶ **Expand the size of supply base and store development by utilizing the advantages of integration.**

④Future initiatives

21 plans are currently underway (13 plans in autumn/winter 2010)

Reform of Supply Chain Structure

＜2＞ Approach for branches and Group department stores

Enhance competitiveness and realize stable growth capability in local areas of respective stores by establishing new CPCC and reforming supply chain structure.

①Expansion of existing units	Expand the existing Isetan units to Group department stores. Start the development of 4 units at 21 shops in 9 Mitsukoshi department stores from autumn/winter 2010.
②Development of new units	Build new units to address the interests (ranging from fashion to general living) of branch and Group customers, and introduce according to area and customer characteristics.
③Supply chain structure reform	Expand product development through new system by up to approximately 20% of overall units through utilizing the merit of scale of the Group, thereby realizing a satisfying product lineup for customers.
④BCC Expansion	Enhance product procurement capability for major suppliers to expand sales. Launch initiatives in Mitsukoshi Women's Group from spring/summer 2009. Expand initiatives by up to 16 brands in Mitsukoshi Women's Group from spring/summer 2010. Launch initiatives for 7 brands in Mitsukoshi Men's Group from autumn/winter 2010.
⑤Revamp events	Expand the support of Isetan Branch Store Event Department to regional Mitsukoshi department stores, thereby helping to promote store visits by improving quality and efficiency.

＜2＞ Plans to increase floor space at Mitsukoshi Ginza store



The first major project following the integration of Mitsukoshi and Isetan

Net sales ¥70 billion (initial year of opening)　　Overall investment ¥42 billion

Aiming to become “my indispensable department store” for persons visiting Ginza

- Establish target customers from people visiting Ginza and thoroughly pursue these customers’ concept of values.
- All sales areas to adhere to product lineup, services and environment in line with customer requirements.

→ Boost sales
Improve shopping experience

Concept	**Create a “store signaling the advent of a new era by creating a style based on new value”**
Target customers	**Mature adults who have their own ideas and are capable of identifying authenticity and quality and who are seeking freshness and enrichment**
Merchandise	・Seek “items” required by customers by thoroughly conducting research according to lifestyle settings and interests of target customers ・Pursue originality that is “unique to Ginza”

① **12 Ginza Style** ～Self-coordinated sales floor that will most symbolically express “Ginza characteristics and the uniqueness of Ginza”～

Establish shopping area that will strengthen customer contact in the central area of respective floors by expressing the originality of store and floors.

② Ginza Terrace (9th floor)

～Relaxing and comfortable space in Ginza 4-chome

A floor featuring a completely new “recreation area” in a department store that offers a space with a bustling sense of community to a wide range of persons visiting Ginza



Interior ↑

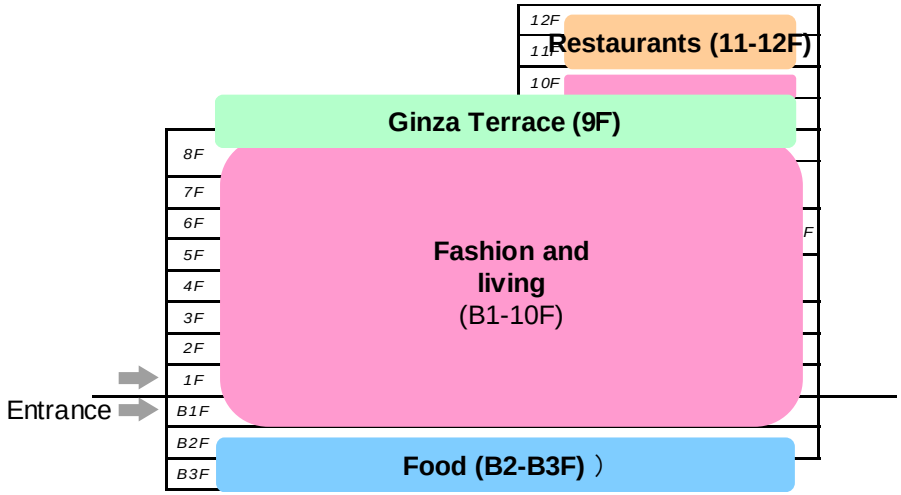
Rooftop open space ↓



③Restaurant　（11F～12F）

～High-quality restaurants that are unique to Ginza～

18 stores originating from Japan or Tokyo.
Fun and relaxing floor ensures satisfaction of people visiting Ginza.



④New services and facilities

～Universal service and facilities that are friendly for all customers

Barrier-free, multi-purpose toilets and improved resting spaces.

Key Strategy 2　Promote Improvement of Group Foundations and Structural Reforms (Regional Operating Company System and Shared Areas)

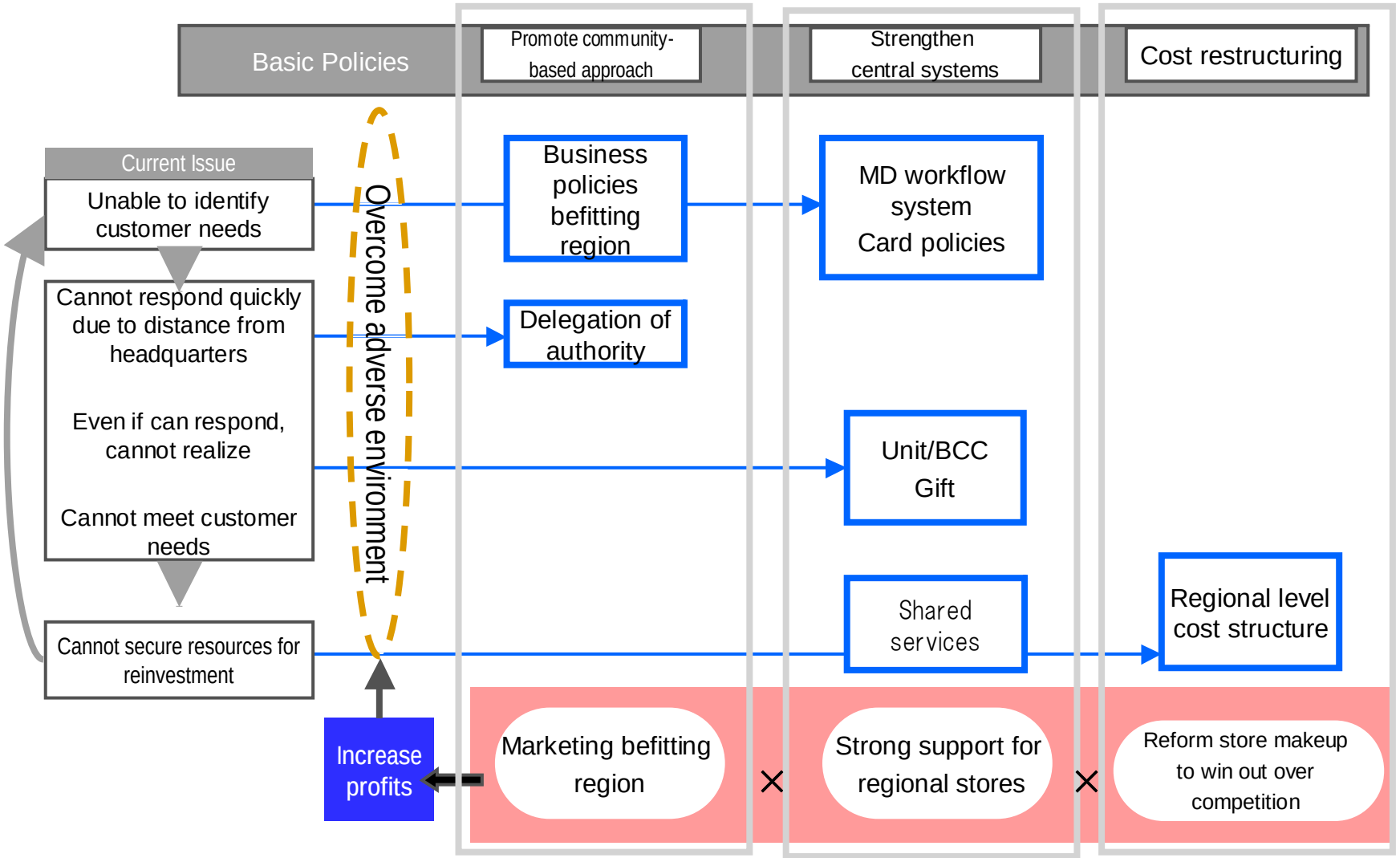
Progress of Main Initiatives

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Integrate cards	Issued new I Card with VISA	Enabled use of I Card and Mitsukoshi Card at both Isetan and Mitsukoshi stores Changed the company name to MI Card Co., Ltd.	Integrate cards Issue Mitsukoshi M Card Integrate Mitsukoshi Tomonokai Co., Ltd. and Isetan Clover Circle Co., Ltd.	Moved up / Initial plan		
Integrate systems	Integrated systems companies Introduction and establishment of Isetan's workflow to Mitsukoshi		Integrate systems			
Integrate gifts			Commence joint deliveries from summer gifts			
Shared services	Commencement of accounting shared services	Established personnel services company Established logistics company	Commence building management			
Integrate the Tokyo Metropolitan area and the head office functions	Established holding company	Integrated accounting functions	Integrate personnel affairs functions integrate administration functions	Integration / Moved up / Initial plan		
Regional operating company system			Establish regional operating companies			
Niigata area	Introduced Isetan's scheme	Commenced unified operations	Integrate companies			
Fukuoka area		Iwataya Co., Ltd. became a wholly owned subsidiary	Legal integration in Fukuoka area Iwataya Issue MICARD			
Sapporo area		Established and commenced operations of Sapporo Marui Imai Ltd. and Hakodate Marui Imai Ltd.	Marui Imai Issue MICARD with VISA			
Increase floor space at the Mitsukoshi Ginza store			Open increased floor space			
Open Mitsukoshi Osaka store	Preparation of store opening jointly with the JR West Japan Group Preparation of making the store into a wholly owned subsidiary of holding company			Store opening as JR Osaka Mitsukoshi Isetan		

Completed initiatives　Ongoing initiatives

※Details and schedule are subject to change.

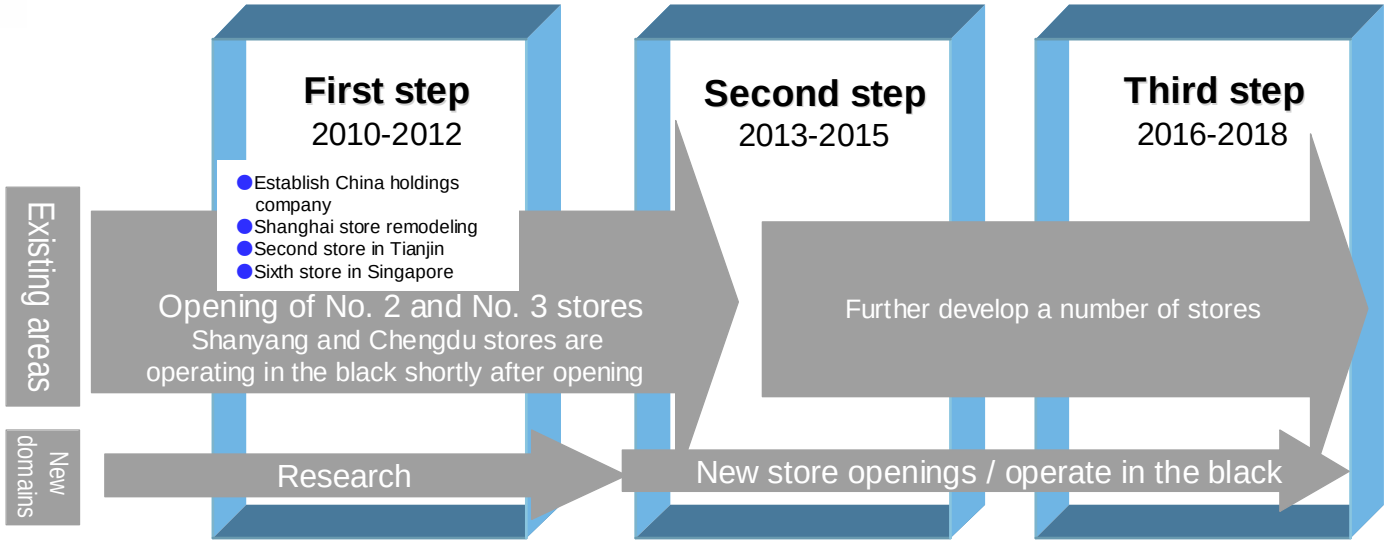
Regional operating companies and shared areas



1）Expand department store business in Asia

Asia strategy image

・Promptly establish the function of China holdings company and efficiently utilize know-how of existing stores and personnel, products and services and capital
・In the foreseeable future, aim to develop a number of stores in areas where operating stores are profitable



Mei Long Zhen Isetan Shanghai remodeled and opened as lifestyle proposing department store in March



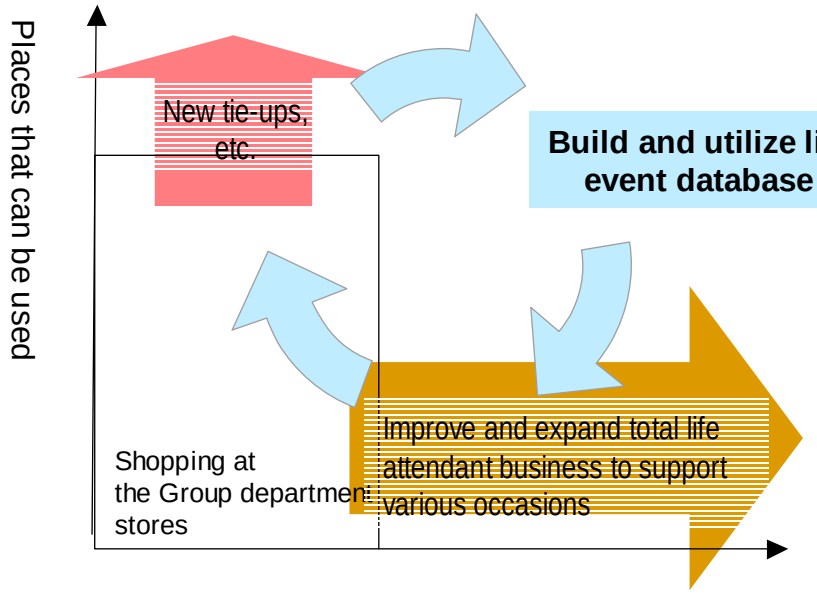




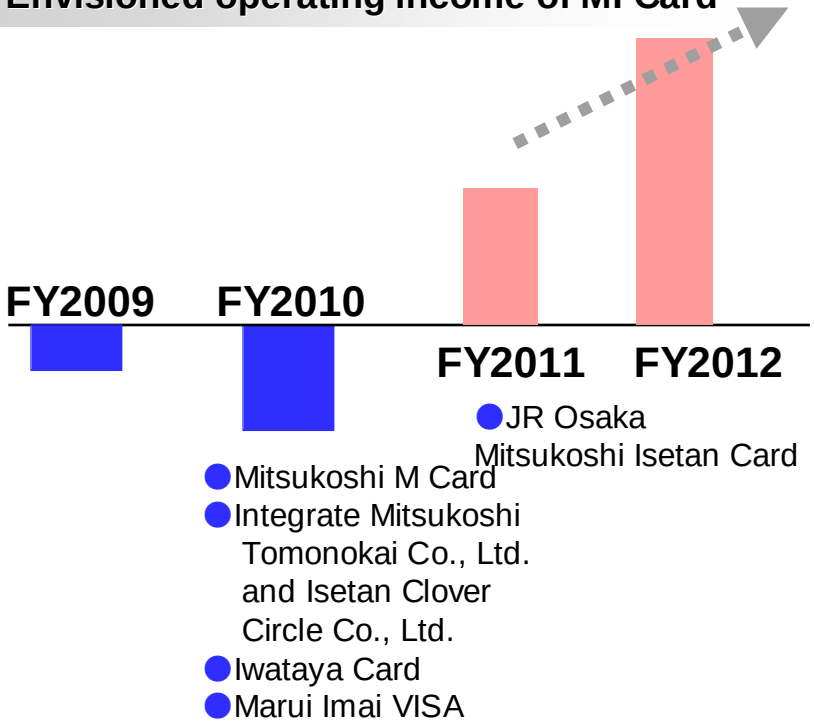
Above: Cosmetics area on the first floor based on the concept of “Beauty”
Left: Opening ceremony

2）Card business/Solutions business

Business domain of MI Card



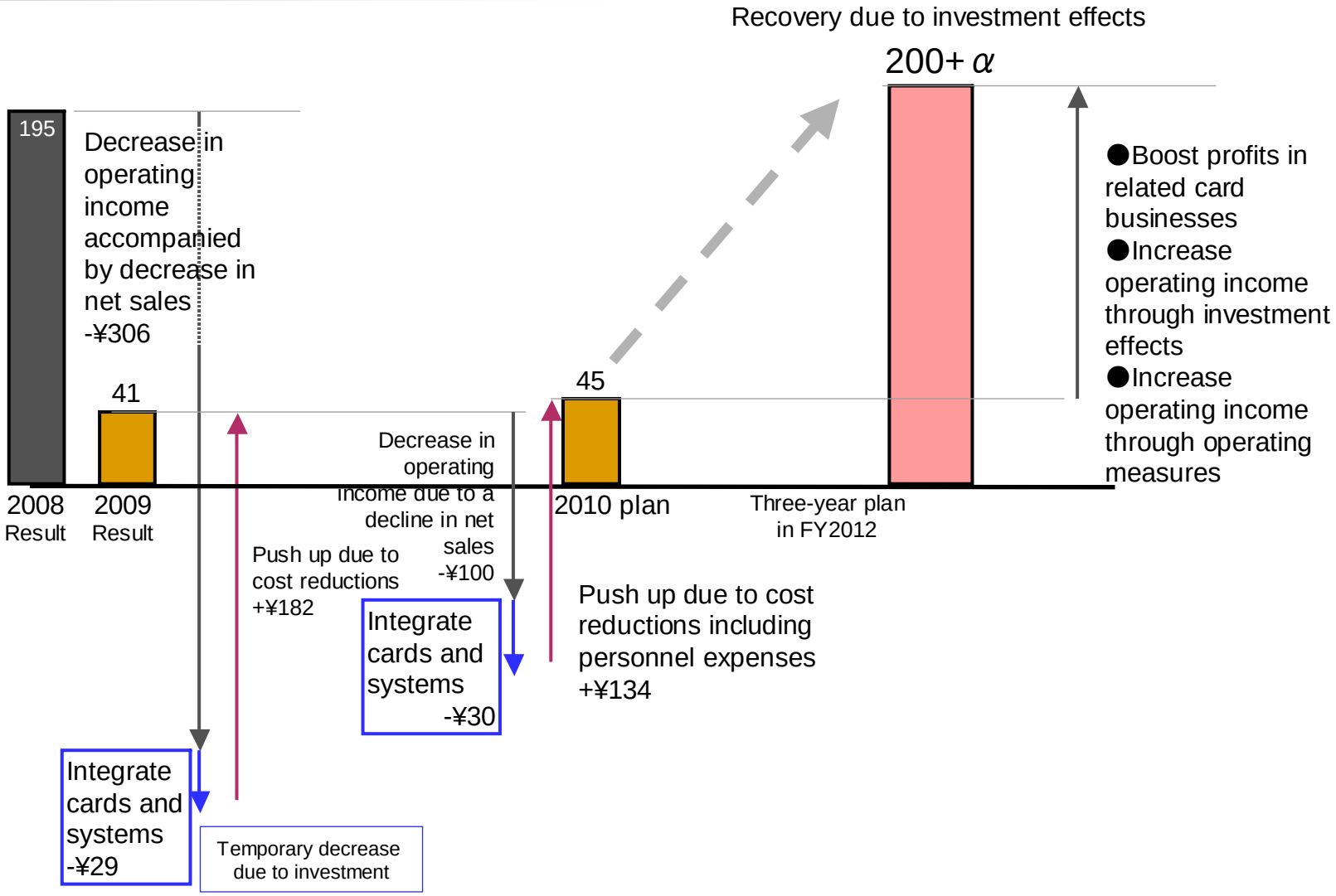
Envisioned operating income of MI Card



※Build and utilize life event data base
Consolidate life event databases that have been previously accumulated by respective companies, thereby taking the proper approach to further enhancing customer satisfaction and increasing ripple effect through the Group

※Financierge (face-to-face consultation of life insurance and asset management, etc.）
In addition to Financierge Plaza in Shinjuku, consulting rooms to be opened in Nihonbashi and Ginza from April and September, respectively.

Operating income by fiscal 2012 (Unit: 100 million yen)



For Inquiries:

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