Interfacing with Excellence



ISETAN MITSUKOSHI HOLDINGS

Isetan Mitsukoshi Holdings
Results for the Second Quarter of FY2011

November 11, 2011

I. Isetan Mitsukoshi Holdings
Financial Results for the Second Quarter of FY2011

Isetan Mitsukoshi Holdings Consolidated Results for the Second Quarter of FY2011

(100 million yen)	Results	YoY	YoY difference	Difference vs forecast in August 2011
Net sales	5,836	100.6	37	36
Gross profit	1,640	100.0	0	0
Selling, general and administrative expenses	1,550	95.0	(81)	(39)
Operating income	90	(9)	81	40
Recurring income	157	182.8	71	57
Net income	205	(4)	201	25

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

Key Results of SG&A Expenses for the Second Quarter of FY2011

(100 million yen)

(100 million yen)	Results	YoY (%)	YoY difference
Personnel expenses	580	97.9	(12)
Advertising expenses	121	83.7	(23)
Leases	200	95.7	(9)
Depreciation and amortization	106	99.1	(0)
Costs of external sales commissions	164	95.4	(8)
Others	377	93.3	(26)
Total	1,550	95.0	(81)

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

Key Results of Consolidated Extraordinary Gain/Loss for the Second Quarter of FY2011

(100 million yen)

Extraordinary loss	Result
Loss on disposal of property and equipment	2
Loss on valuation of investment securities	11
Merger related expenses	3
Amortization of goodwill	10
Other extraordinary loss	8
Total extraordinary loss	36

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

Isetan Mitsukoshi Holdings Results for the Second Quarter of FY2011 – Results by Group

＜Simple sum of the results of the company and respective business segments＞

(100 million yen)		Results	YoY (%)	YoY difference
Isetan Mitsukoshi Ltd.	Net sales	2,954	※96.7	※(99)
	Operating income	60	304.9	40
Domestic regional department stores	Net sales	1,942	97.8	(43)
	Operating income (loss)	(11)	(11)	0
Overseas department stores business	Net sales	343	110.5	32
	Operating income	9	101.4	0
Credit & finance business / Customer organization management business	Net sales	138	129.4	31
	Operating income	16	(22)	38
Other retail & specialty stores business	Net sales	413	142.4	123
	Operating income	0	(3)	3
Consolidated results	Net sales	5,836	100.6	37
	Operating income	90	(9)	81

Note: Year-on-year sales based on existing stores, excluding previous year mail order sales: 1.3% increase (+3.7 billion yen) YoY

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

Isetan Mitsukoshi Ltd. Results for the Second Quarter of FY2011

(100 million yen)	Results	YoY (%)	YoY difference
Net sales	2,954	※96.7	※(99)
Gross profit	792	94.1	(49)
Other operating revenue	71	77.4	(20)
Operating gross profit	863	92.5	(70)
Selling, general and administrative expenses	803	87.9	(111)
Operating income	60	304.9	40
Recurring income	61	340.9	43
Net income	160	(38)	199

Note: Year-on-year sales based on existing stores, excluding previous year mail order sales: 1.3% increase (+3.7 billion yen) YoY

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

Status of Mitsukoshi Ginza Store After One Year Since the Floor Expansion and Remodeling

Acquire new customers and provide value by utilizing various know-how accumulated in the Group.

Customer trends





- Increase customers in their 30s and 40s who are the main target.

Card customers: Share of customers in their 30s and 40s (number of customers using cards)

	Apr	May	Jun	Jul	Aug	Sep
FY2011	37.9%	37.9%	36.7%	37.8%	38.6%	33.9%
FY2010	32.4%	33.2%	31.8%	31.2%	32.7%	27.6%
YoY difference	5.5%	4.7%	4.9%	6.6%	5.9%	6.3%



Main business status

Sales for the second quarter of FY2011: 25.7 billion yen (YoY increase of 67.0%)
Number of customers visiting store for the second quarter of FY2011: Approx. 9.3 million people



Efforts to enhance appeal of Ginza district

- Oct. 19-25: Held Ginza Fashion Week

Contributed to attracting customers by offering topics to talk about such as common shoppers, fashion shows and special project items in collaboration with Matsuya Ginza.

Integration Effects of Isetan Mitsukoshi in the Tokyo Metropolitan Area from April 2011 Onwards

■Consolidated merchandise functions and promoted “ONLY MI” brand to realize new product lineup desired by customers.

■Strengthened the function of Merchandising Headquarters and promoted “units” to enhance merchandise support for branches and Group department stores.

■Deepened customer cultivation and expanded area by unifying outside sales department organizations.

■ Integration of cards has contributed to expanding mutual use between respective stores.

Further strengthen sales capability by exerting greater effects of integration in the Tokyo metropolitan area, which is the major market in Japan.

ONLY MI

Women’s shoes “Item Function Coordination Project”





Collaborative project “Japanese Designers x Kaname Leather”

Unit



Walk & Run unit at Isetan Urawa store

B2B business

2Q sales: 13 billion yen
(5.2% increase YoY)

・“B to B” business expansion with major press agencies, etc.

Status of mutual use of cards by the three flagship stores*

* Isetan Shinjuku Main store, Mitsukoshi Nihombashi Main store and Mitsukoshi Ginza store



Number of customers using three stores	68% increase YoY
Monetary value purchased per customer using three stores	20% increase YoY

II. Isetan Mitsukoshi Holdings
FY2011 Financial Results Forecast

Forecast of Consolidated Results for FY2011

(100 million yen)	1st half results	Difference vs forecast in August 2011	2nd half forecast	Difference vs forecast in August 2011	Full-year forecast	Difference vs forecast in August 2011	Difference vs forecast in May 2011	YoY difference
Net sales	5,836	36	6,303	(56)	12,140	(20)	(160)	(67)
Gross profit	1,640	0	1,759	(20)	3,400	(20)	(60)	(20)
Selling, general and administrative expenses	1,550	(39)	1,659	(10)	3,210	(50)	(90)	(100)
Operating income	90	40	99	(10)	190	30	30	80
Recurring income	157	57	162	(17)	320	40	40	49
Net income	205	25	144	(5)	350	20	170	323

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

Forecast of Consolidated Results for FY2011

(100 million yen)		First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in May 2011
Isetan Mitsukoshi Ltd.	Net sales	2,954	(99)	3,273	(138)	6,228	※ (238)	(207)
	Operating income	60	40	90	0	150	39	0
Domestic regional department stores business	Net sales	1,942	(43)	2,137	(53)	4,080	(97)	60
	Operating income (loss)	(11)	0	5	(8)	(5)	(8)	20
Overseas department stores business	Net sales	343	32	301	(17)	645	14	(71)
	Operating income	9	0	8	(2)	17	(2)	(3)
Credit & finance business / Customer organization management business	Net sales	138	16	150	43	289	59	(4)
	Operating income	16	38	6	37	23	75	1
Other retail & specialty stores business	Net sales	413	164	455	202	869	366	(18)
	Operating income	0	2	7	4	7	6	0

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

Note: YoY sales forecast for full term at Isetan Mitsukoshi (non-consolidated) based on existing stores, excluding previous year mail order sales: +4.6 billion yen YoY

Forecast of Consolidated Results for FY2011

(100 million yen)	First half results	YoY difference	Second half forecast	YoY difference	Full-year forecast	YoY difference	Difference vs forecast in May 2011
Net sales	2,954	(99)	3,273	(138)	6,228	※(238)	(207)
Gross profit	863	(70)	959	(71)	1,823	(142)	(66)
Selling, general and administrative expenses	803	(111)	869	(71)	1,672	(182)	(67)
Operating income	60	40	90	0	150	39	0
Recurring income	61	43	58	(9)	119	33	15
Net income	160	199	53	130	213	329	155

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

Note: YoY sales forecast for full term at Isetan Mitsukoshi (non-consolidated) based on existing stores, excluding previous year mail order sales: +4.6 billion yen YoY

Breakdown of Differences of SG&A Expenses for FY2011 Versus the Same Period in the Previous Fiscal Year

(100 million yen)	YoY difference
SG&A Expenses Reduction Measures ①	**(130)**
Reduction of advertising expenses	**(40)**
Reduction of outsourcing expenses	**(25)**
Reduction of personnel expenses	**(20)**
Reduction of rent	**(18)**
Reduction of logistics expenses	**(14)**
Reduction of utilities expenses	**(9)**
Other	**(4)**
Special factors of increase in SG&A expenses ② **(Transferring losses incurred by the earthquake disaster in the previous year to extraordinary loss, etc.)**	**30**
Year-on-year difference of consolidated SG&A expenses ①+②	**(100)**

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

III. Isetan Mitsukoshi Group Three-Year Plan

（FY2012 – FY2014）

Effects of integration

Current status

◆Integration and restructuring of functions and organizations have more or less been completed after three years since implementing management integration, including the integration of cards, systems, operation flows, business companies and other relevant matters.

⇒Making progress in cost reduction and pursuing efficiency through integration. Moving on to taking steps for achieving results by utilizing these initiatives.

◆Forced into a situation to take short-term measures, including cost reduction and investment constraints as a result of rapid changes in the environment due to the Lehman Shock and the Great East Japan Earthquake.

⇒Rather than short-term measures, structural reforms and challenge strategies are required from a mid- to long-term perspective, including expansion into the daily consumption field and daily living activity areas in response to customers' consumption behavior and environmental changes.

◆ Resources that can be invested are limited. At the same time, there are businesses and strategies, which have germinated through integration or structural reforms carried out to date, as well as resources that can be further utilized in the Group.

⇒Required to comprehensively strengthen businesses and strategies that have germinated by making full use of the Group's resources through realizing an organic collaboration within the Group.

Underlying issues and our "aspired image" remain the same; however, strategies will be reviewed from the perspectives of making full use of the Group's resources and being conscious about strengthening relationships with customers. Initiatives are to be augmented from a mid- to long-term perspective by establishing five key businesses.

Basic policies of Group strategies

Organically collaborate and mutually utilize an abundance of resources (customer assets, bases and channels, functions and know-how) possessed by the Group in order to realize the Group vision. In doing so, quickly and fully draw out the potential of the entire Group and each business.

Additionally, create a competitive advantage by developing unique customer value that cannot be imitated by other companies to expand and stabilize profits.

Five key businesses

- Department Store and Specialty Store Business
- Overseas Business
- Supermarket Business
- Direct Sales Business (mail order, Web, home delivery)
- Card Business

Key strategies for the Three-Year Plan

- Key Strategy 1: Expand and enhance customer contact
- Key Strategy 2: Rebuild high productivity customer contact points
- Key Strategy 3: Strengthen our foundation to utilize Group resources

Key Strategy 1

To increase opportunities to be even more useful to our customers geared toward realizing the Group vision, we will continually strengthen (enhance customer contacts) our three flagship stores, which are the Group's greatest strength, while deploying and combining the Group's various resources. In doing so, we aim to develop customer contact points suited to the market and customer needs and expand opportunities for contact with our customers.

① Advancement of our three flagship stores, which are the Group's greatest strength

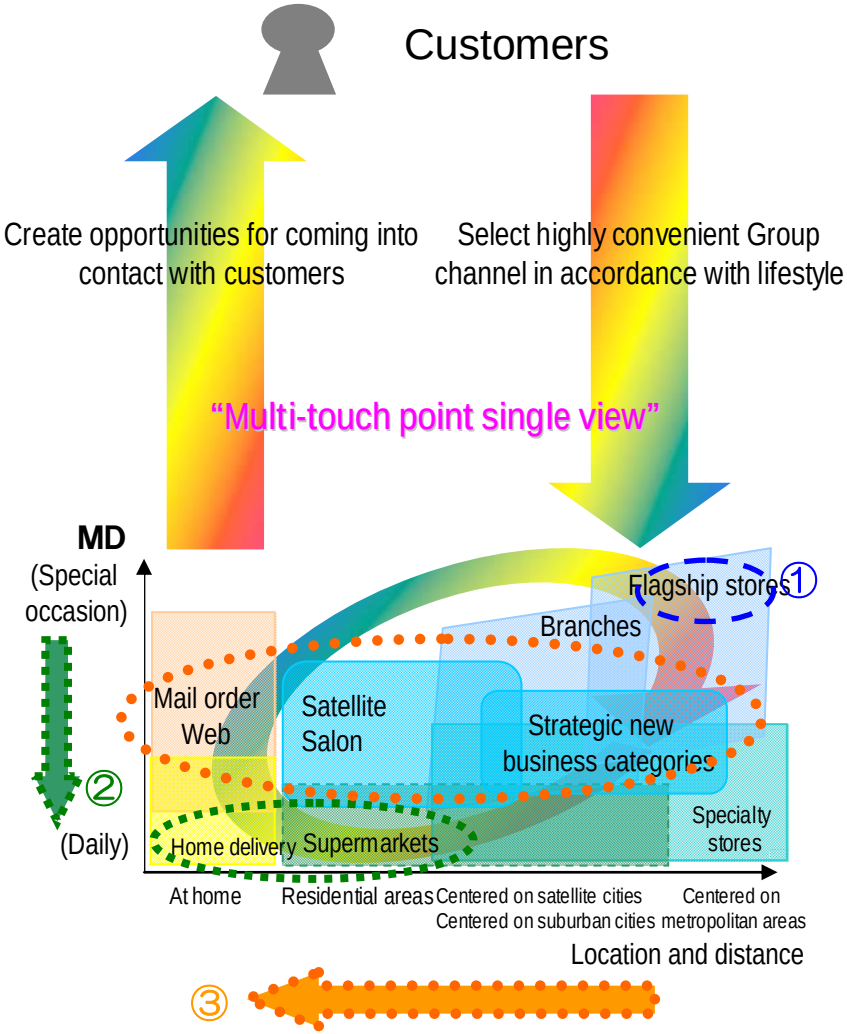
Gain high support from many customers by always creating top quality and new value while also strengthening initiatives for cultivating new customers as the source of the Group's profits, brand power and competitiveness.

② Business expansion for providing daily products and services

With regard to the daily consumption field, which accounts for a large portion of customers' consumption expenditures, we will strengthen the Group's business categories related to the respective field from both perspectives of share-of-wallet expansion and resistance to environmental changes.

③ Expand business development in potential markets that are not yet cultivated (overseas and daily living activity areas)

Respond to changes in customer life stages or senior and overseas markets with a large market size and strengthen business categories, which are adapted to customers' daily living activity areas and also enable us to come in direct contact with customers.



① Advancement of our three flagship stores, which are the Group's greatest strength







September 2010
Floor expansion and remodeling of the Mitsukoshi Ginza store

FY2012

Remodeling of the Isetan Shinjuku Main store

"Establish a truly customer-oriented store and the world's top fashion department store"

(Phase 1 open in autumn 2012, phase 2 open in spring 2013)

≪Investment amount≫ 8-9 billion yen

FY2013-2014

Remodeling of the Mitsukoshi Nihombashi Main store

(Phase 1 open in FY2013, phase 2 open in FY2014)

≪Investment amount≫ 8-9 billion yen

In conjunction with Key Strategy 2, continuously provide new and high value-added products and services to become a trailblazing symbol of the department store industry that will gain support from many customers.

② Business expansion for providing daily products and services

三越伊勢丹 エムアイDeli 食品宅配 エムアイデリ

Foods home delivery service Isetan Mistsukoshi MI Deli (Isetan Mitsukoshi mail order shopping)

Commenced services in 6 prefectures in the Kanto region on October 22, 2011.

「Delightful every day」

Lineup that ensures approximately 1,200 items for various purposes from daily to special occasions.

x

Highly convenient services suited to customer needs

Basement floor gourmet foods



From daily menus to menus for special occasions



Safe and reliable



Accepting requests for processing



Accepting deliveries at specific time on the next day



Direct deliveries and container pickup





Initial year targets: 20,000 members, net sales of 2.7 billion yen. Aiming to achieve net sales of 10 billion yen in the future.

QUEEN'S ISETAN

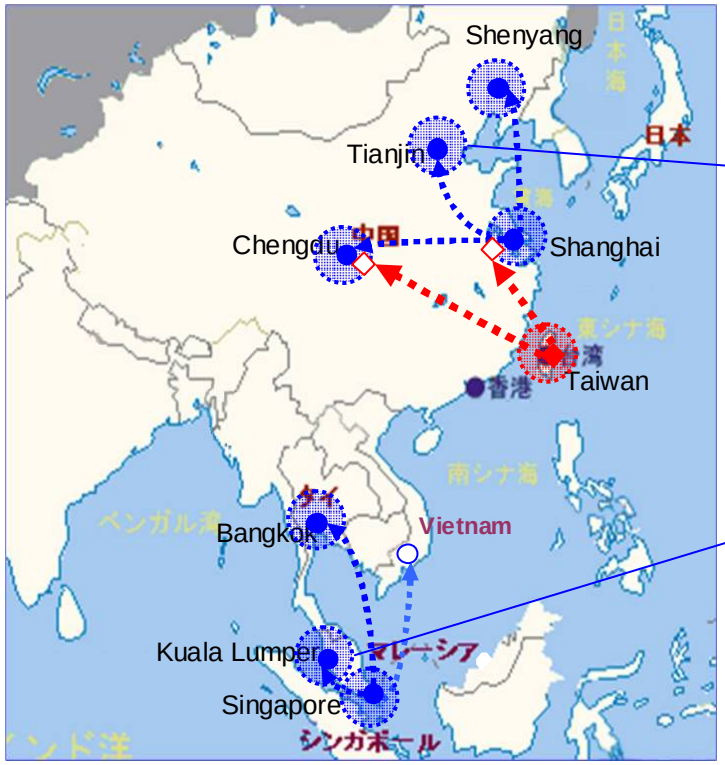
Opening of Queens Isetan in Fujimino (Isetan Mitsukoshi Food Service)

Promote reforms as the top-quality food supermarket.
Opening of new store in summer 2012

Pursue business expansion by promoting a scrap-and-build strategy in the Tokyo metropolitan area.

③ Expand business development in potential markets that are not yet cultivated (overseas and daily living activity areas)

Business development in overseas markets: Accelerate dominant expansion in China and Southeast Asia





Tianjin No. 2 store to open in autumn 2012

Floor area: Approx. 24,500㎡
Initial year sales target: 2.6 billion yen
Investment amount: 970 million yen



Kuala Lumper No. 4 store, One Utama store, to open in spring 2012

Floor area: Approx. 8,000㎡
Initial year sales target: 2 billion yen
Investment amount: 550 million yen

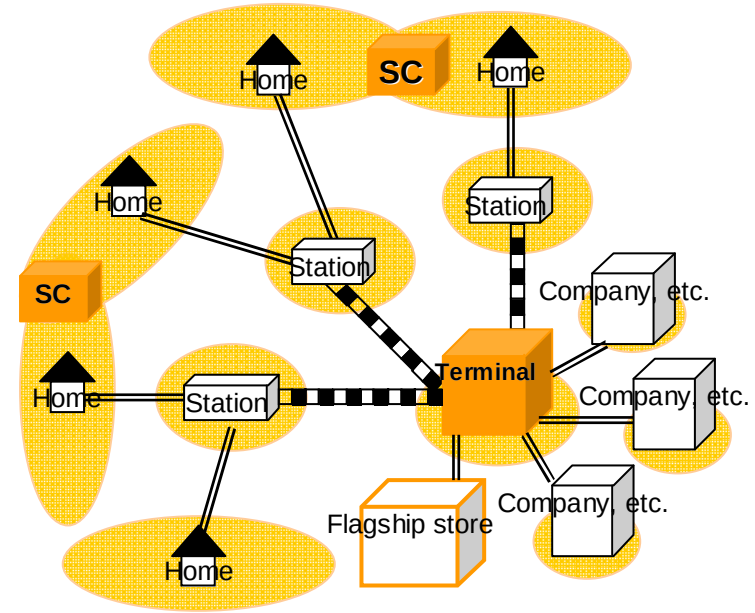
Full-scale cultivation of Chinese market through Shinko Mitsukoshi in parallel with these initiatives

Shinko Mitsukoshi to make inroads into Suzhou and Chengdu in 2013-2014

Promote market cultivation and deep penetration by making full use of local resources with the aim of quickly achieving net sales of 100 billion yen.

③ Expand business development in potential markets that are not yet cultivated (overseas and daily living activity areas)

Develop a small-size store business category that utilizes the strengths of department stores within daily living activity areas*



*Areas in which customers spend their daily lives. (e.g., neighborhood, commuting, school, hospital routes, etc.)

Coordinated luxury cosmetics shop business

No. 1 store open in LUMINE Shinjuku store in spring 2012



(Image)

"Luxury cosmetics shop that lets you purchase items that you desire anytime and any way you like."

- ○Domestic and overseas prestige cosmetics and related general merchandise
- ○An environment in which customers can freely consider products by comparing items regardless of brand
- ○Customer service in accordance with how customers feel, ranging from self-selection, which allows customers to make their own choices, to providing advice and counseling services.
- ○Counseling extending beyond brands

Airport store business

To open in Haneda Airport Terminal in spring 2012



(Image)

- ○Development of top-quality and highly original men's general merchandise, as well as food gifts and cafés, etc., with an emphasis on western items.
- ○Produce comfortable lounge so that customers can do their shopping with a relaxed feeling.
- ○Develop quick and meticulous services for business persons.

To achieve business growth, we will establish a small-size store business category within daily living activity areas that will maximize the strengths of department stores and the Group, thereby increasing the satisfaction of existing customers while cultivating new customers.

Key Strategy 2: Rebuild High Productivity Customer Contact Points

Key Strategy 2

In order to realize the Group vision, at each customer contact point, we aim to “enhance products and product selection and sales services” to a level that exceeds customer demands and expectations and raise customer satisfaction. To realize a balance between expanding product profit margins commensurate with the characteristics of each business and format and strengthening profitability by reducing selling, general and administrative (SG&A) expenses, we aim to raise productivity by building new structures (business model reforms).

○ Realize the provision of “merchandise and solutions” with high customer value and profitability

- **Continue and strengthen structural reform of supply chain**

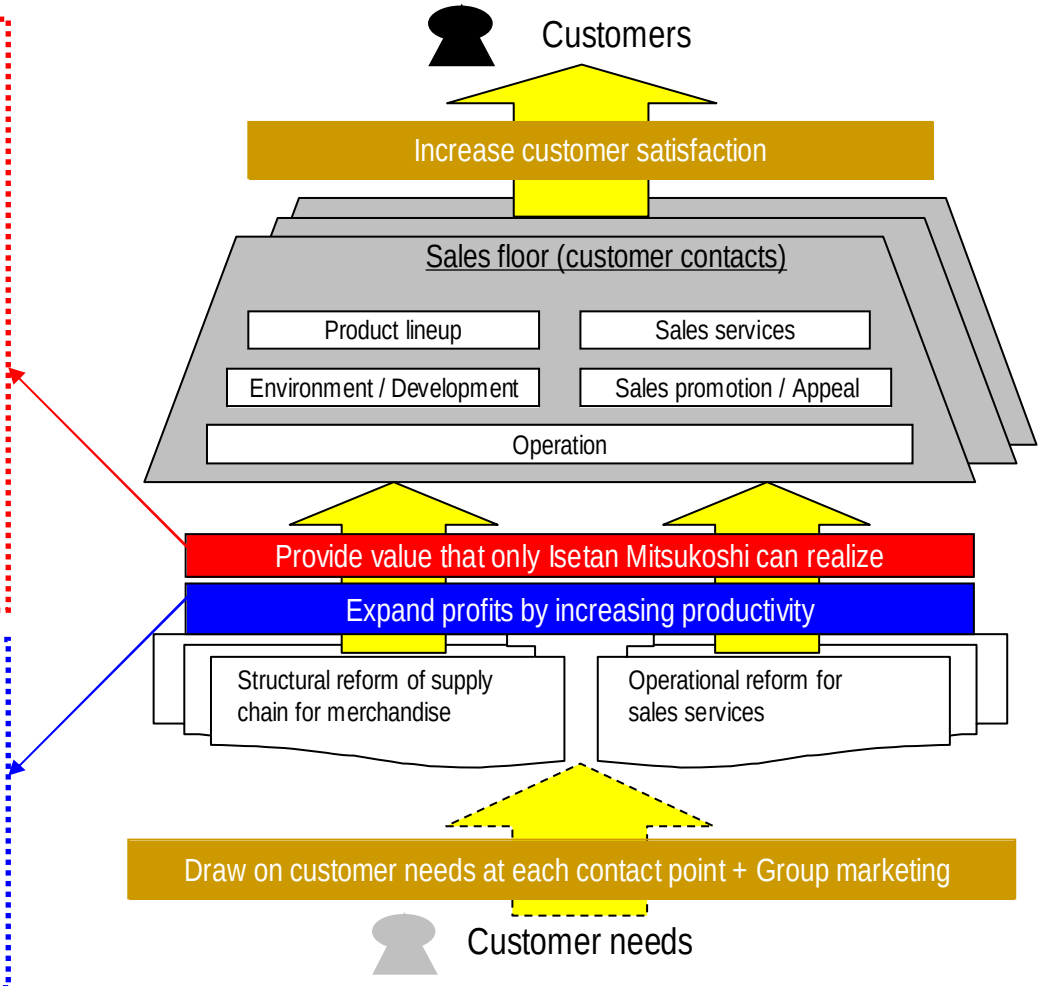
  We will continue and strengthen structural reform of the supply chain and central planning and central control (CPCC) initiatives throughout the Group in order to realize products suited to price and value according to customer needs, as well as products with originality and an appropriate product lineup at the appropriate time.

- **Expansion of solutions business (services business)**

  We will continuously strengthen the development of the solutions (services) business that enables the provision of advice and proposal of “ways of living” and “lifestyles” to customers, including TLA and travel businesses.

○ Increase personnel productivity

Build a system capable of balancing an “increase of personnel productivity” and “high quality sales services.” At the same time, review sales-related work and operations in accordance with the attributes of the sales floor or customers in order to pursue sales expansion and the improvement of profitability. In doing so, assign suitable personnel for respective positions and develop the necessary skills and personnel as appropriate, and enhance management capability to support these initiatives.



Continue and strengthen structural reform of supply chain

Enhance product value

Start initiatives common to the three flagship stores

Start the development of original products by the Isetan Mitsukoshi Group at the three flagship stores.

－Introduce shared products in women's, general merchandise for women and men's at the three flagship stores

Promote joint initiatives such as JAPAN SENSES

Expand the development of original brands through collaborative business with major apparel makers

－Development women's clothing, THE PARLOUR, at Mitsukoshi Ginza store



Development of ONLY MI at Mitsukoshi

Tests and trials toward improving consumption rate

Opening of Isetan Outlet Store in Gotemba for a limited period



Gotemba Outlet Store

Increase productivity

Optimization of sales personnel, including suppliers

－Optimization of sales personnel and improvement of profit margins by self-promoted sales

We will aim to expand results by pursuing scale expansion and increasing the level of precision of initiatives shared by the three stores, including the expansion of various merchandise category .

Promote reforms at branches and Group department stores

Development of new units and refinement of existing units

Start the development of new units in response to changing customer interest levels (On → Off, Products → Services).

－Travel and casual general merchandise, casual cosmetics, Walk & Run, home relaxation, etc.

Net sales of units: +3% YoY
(4% increase in the Tokyo metropolitan area and 6.7% increase at regional Mitsukoshi stores)



Walk & Run at the Isetan Urawa store

We will aim to enhance value offered to customers by strengthening CPCC, including units, by an integrated Merchandising Headquarters.

Key Strategy 3

Following the integration of Mitsukoshi and Isetan, the Group is expanding and utilizing its various resources, including the foundations built mainly in the department store business, across the entire Group. By doing so, we aim to further accumulate Group know-how and resources and to create additional beneficial effects in the areas of sales, business operations and costs.

○ Establish Group customer relationship management (CRM) through strengthening Group marketing functions

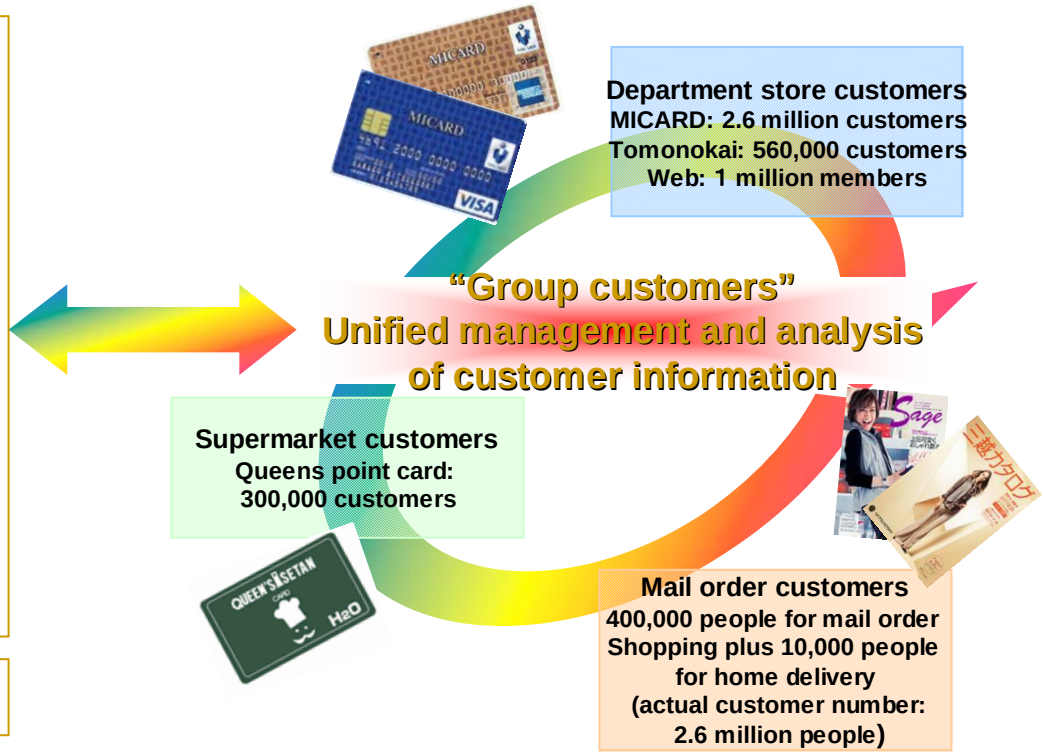
- **Improvement and expansion of card business**

Based on the Group's customer base, we aim to achieve growth in the card business through various measures. These will include the expansion of settlement functions and advantages of card use throughout the Group, expansion of contract member stores, expansion of TLA business and issuing of American Express card.

- **Promotion and strengthening of Group CRM**

Pursue share-of-wallet expansion by promoting the Group CRM, including sharing of customers, mutual sending of customers and joint sales promotion of respective businesses in the Group. At the same time, utilize acquired information and other relevant resources to develop products and services or stores tailored to customer needs.

○ Utilize shared services functions



We will expand card business profit by making full use of the Group's customer base and customer contact points.

We will increase the level of precision of Key Strategy 1 and Key Strategy 2 by grasping customer needs and strengthening our approach toward customers.

Investment plan

Investment amount of 90 billion yen from FY2012 to FY2014
(+10 billion yen vs current Three-Year-Plan)

Ordinary investment: Approx. 55-60 billion yen; Strategic investment: Approx. 30-35 billion yen
(Domestic department stores: Approx. 55 billion yen; Other businesses: Approx. 35 billion yen)

Profit plan

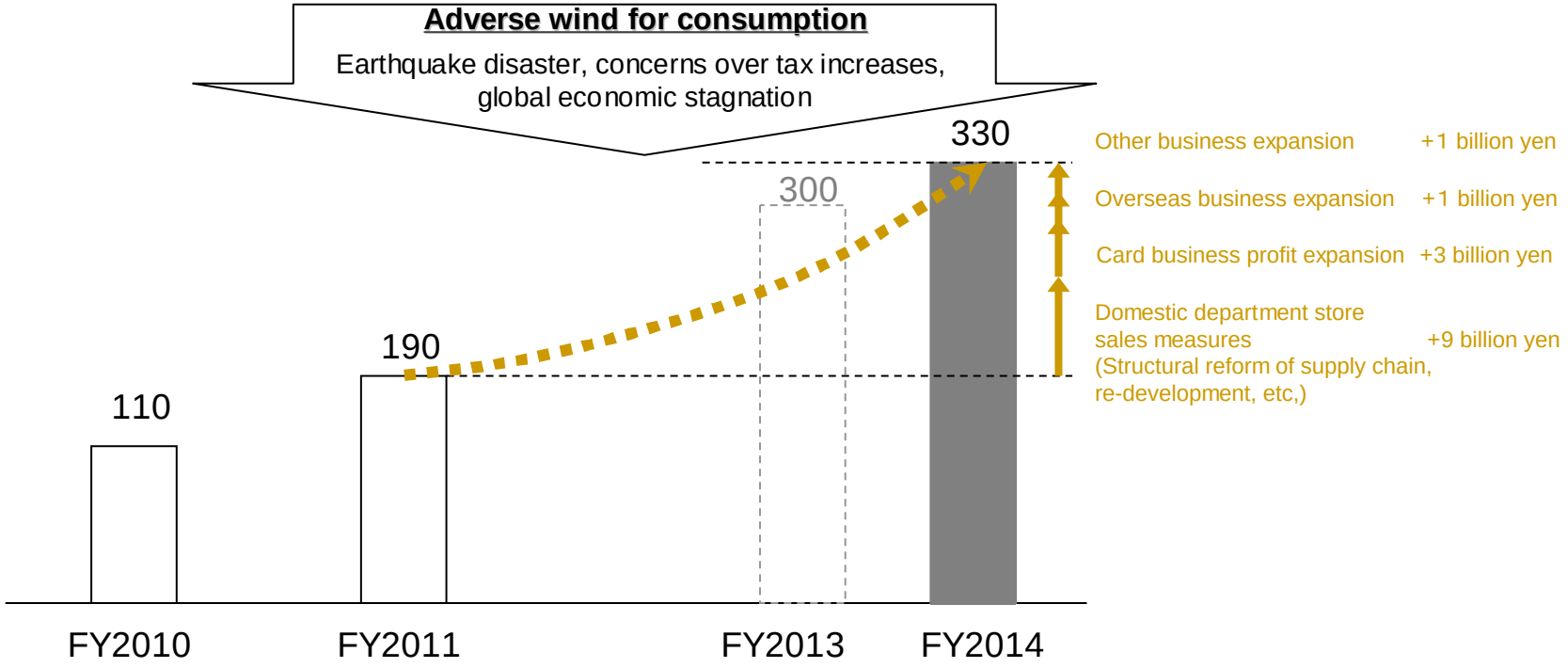
Operating income of 33 billion yen in FY2014

・Apprehensive about stagnation of and changes in consumer sentiment due to various factors including the Great East Japan Earthquake and concerns over the downturn in the global economy.

・ Amid a continued decline in sales, profits are secured through measures such as reducing costs and curbing investments, but profit-making business model is still very weak.

・Strengthening of large-scale remodeling and peripheral businesses from a mid- to long-term perspective will cause a temporary decline in profits.

⇒Aim to achieve profits exceeding 30 billion yen by fiscal 2014 by steadily realizing the results of initiatives.



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