

Forecast and Management Policies for the Fiscal Year ending March 31, 2009

May 12, 2008

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange)

(URL: <http://www.imhds.co.jp>)

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(Figures are rounded down to the nearest million yen)

1. Forecast of Consolidated Results for Fiscal 2008 (From April 1, 2008, to March 31, 2009)

(Percentage figures indicate changes from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half Year	720,000	-	12,000	-	18,000	-	11,000	-	28.36
Full Year	1,540,000	-	34,000	-	47,000	-	33,000	-	85.09

Notes:

1. Because negative goodwill of ¥70.0 billion (to be amortized over five years) is expected to accrue, the above forecast includes amortization of negative goodwill of ¥14.0 billion in non-operating expenses.

2. For calculation of forecast net income per share, the number of shares issued and outstanding as of April 1, 2008, is used.

The number of shares of the Company owned by the Company's subsidiaries is deducted, and, of the number of shares of the Company owned by the Company's affiliates, the number of shares equal to the Company's equity in the affiliates is also deducted from the number of shares issued and outstanding used for calculation of net income per share.

Number of shares issued and outstanding as of April 1, 2008: 387,806,928 shares

2. Forecast of Non-consolidated Results for Fiscal 2008 (From April 1, 2008, to March 31, 2009)

(Percentage figures indicate changes from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half Year	2,000	-	1,000	-	0	-	0	-	0
Full Year	11,000	-	8,000	-	6,000	-	6,000	-	15.47

Notes:

1. For calculation of forecast net income per share, the number of shares issued and outstanding as of April 1, 2008, is used.

Number of shares issued and outstanding as of April 1, 2008: 387,848,182 shares

3. Dividends

(Record date)	Cash Dividend per Share (Yen)		
	Interim	Year-end	Full Year
FY2008 (Forecast)	Yen -	Yen 14.00	Yen 14.00 (Ordinary dividend: 10 yen) (Special dividend: 4 yen)

Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable. Actual results may be materially different from those expressed or implied by these forward-looking statements owing to various factors.

For assumptions on which the forecasts are based and cautions regarding use of the forecasts, refer to Page 3 of the Attachment.

Management Policies

(1) Basic Management Policies

The Isetan Mitsukoshi Group was established on April 1, 2008, as a result of management integration of Mitsukoshi, Ltd. and Isetan Co., Ltd. with the aim of maximizing utilization of the resources of the two companies and achieving the maximum customer satisfaction.

Adhering to the Group slogan, “Hand in hand, we make our future,” the Group is committed to interfacing with customers, employees, shareholders and all other stakeholders with integrity, flexibility and dynamism in order to cultivate irreplaceable relationships of trust far into the future. The Group aims to become the world’s foremost retailer chosen as “my department store” by each and every customer, serving customers in every sphere of their lives.

(2) Basic Policy on Profit Distribution and Payment of Dividends in fiscal 2008

The Group’s basic policy is to maintain stable dividend payment over the long term while introducing performance-linked dividend payment in order to promote return of profits to shareholders. Based on this policy, the Group intends to maintain annual cash dividends of ¥10 per share over the long term.

On the other hand, management recognizes it is essential to execute capital investment in order to enhance the Group’s competitiveness in the market and reduce interest-bearing debt on a consolidated basis in order to strengthen the Group’s financial position. To this end, the internal reserve will be used for capital investment for principal stores and for reduction of interest-bearing debt.

The timing of the introduction of performance-linked dividend payment and the calculation method will be determined, taking into consideration the cash flow plan, the capital investment plan and the progress of reduction of interest-bearing debt.

The Company intends to pay out cash dividends of ¥14 per share for fiscal 2008 for shareholders registered as of March 31, 2009, consisting of an ordinary dividend of ¥10 per share and a special dividend of ¥4 per share.

(3) Target Performance Indicators

The Group targets consolidated operating income of ¥75 billion in fiscal 2013, the sixth year after management integration, which is expected to position the Group as one of the top performers in the department industry in Japan.

(4) Medium- to Long-term Business Strategy

The business environment is expected to remain challenging in view of intensifying competition and economic uncertainty. Also, consumption is becoming increasingly sophisticated and diversified. In these circumstances, the Group has established the following policies to steer the Group in the desired direction during the six years to fiscal 2013.

- 1) Clarification of the Mitsukoshi brand and the Isetan brand and enhancement of brand value
- 2) Integration of sales & marketing infrastructure to demonstrate the Group capabilities to the fullest
- 3) Enhancement of the quality of sales and services from the viewpoint of customer satisfaction

In accordance with these basic policies, fiscal 2008 and 2009 are positioned as the first phase for improvement of infrastructure, fiscal 2010 and 2011 as the second phase for realization of the effect of integration, and fiscal 2012 and 2013 as the third phase for maximizing the impact of integration. By achieving the benefits of integration securely yet swiftly and endeavoring to enhance customer satisfaction, the Group aims to achieve consolidated operating income of ¥75 billion in fiscal 2013.

Formulation of a three-year plan for the period from fiscal 2009 is underway.

(5) Issues to Be Addressed

Recognizing that the Group’s priority is to advance in the direction mapped out by the Isetan Mitsukoshi Group toward accomplishment of the Group Vision, and thus achieve sustainable enhancement of enterprise value in a challenging business environment, we intend to make a Group-wide effort on three fronts.

1) Clarification of the Mitsukoshi brand and the Isetan brand and enhancement of brand value

In order to further enhance value of the Mitsukoshi brand and the Isetan brand, which are the Group's greatest assets, Mitsukoshi and Isetan will strive to fulfill the inherent mission of a department store, that is, to sense customers' aspirations and realize them speedily. At the same time, we will thoroughly pursue customers' expectations of Mitsukoshi and Isetan centering on the Nihonbashi Mitsukoshi and the Isetan Shinjuku flagship stores.

2) Integration of sales & marketing infrastructure to demonstrate the Group capabilities to the fullest

Integration of merchandising, information systems and workflows, store cards, and sales & marketing support functions will be promoted in order to demonstrate the Group capabilities to the fullest, including the store network, aggregate sales, and the customer base, all of which are among the largest in Japan. The aim is to precisely identify customers' aspirations and realize them speedily.

3) Enhancement of the quality of sales and services from the viewpoint of customer satisfaction

In order to cultivate relationships of trust with customers, we will work to improve operational efficiency so as to secure time to serve our customers attentively and enhance our merchandise knowledge and customer relations skills, while at the same time, we will develop new services and strengthen the functions for making proposals by offering a carefully selected array of merchandise and services.

(6) Forecast for the Full Year

For fiscal 2008, management forecasts net sales of ¥1,540 billion, operating income of ¥34 billion, recurring income of ¥47 billion, and net income of ¥33 billion on a consolidated basis.

The period to be covered by the consolidated statement of income for fiscal 2008 of the Company, which was established on April 1, 2008, is from April 1, 2008, to March 31, 2009.

Mitsukoshi Group companies in Japan are preparing to change the end of their accounting period from the last day of February to March 31.

Mitsukoshi Group companies in Japan whose fiscal 2007 ended February 29, 2008, expect to record provision of reserve for loss from redemption of gift vouchers for prior periods amounting to ¥11.2 billion, which is a mandatory accounting practice, and a loss on devaluation of inventories amounting to ¥2 billion in line with the introduction of the lower-of-cost-or-market method in March 2008, at the beginning of their fiscal 2008.

Income and losses of Mitsukoshi Group companies in March 2008 will not be recorded in the Company's consolidated statement of income for fiscal 2008 because of the difference in the accounting period. Instead, in accordance with the Regulation for Terminologies, Forms and Methods of Preparation of Consolidated Financial Statements, they are included in calculation of negative goodwill amounting to ¥70 billion (to be amortized over five years).