Interfacing with Excellence



ISETAN MITSUKOSHI HOLDINGS

Isetan Mitsukoshi Holdings
Fiscal 2010 Financial Results

May 12, 2011

Introduction

All members of the Isetan Mitsukoshi Holdings would like to express our deepest condolences to the victims of the Great East Japan Earthquake that struck the country on March 11, 2011.

We sincerely hope for the swift recovery of the people and areas affected by the disaster.

Isetan Mitsukoshi Group continuously interacts with customers with sincerity as well as makes their dreams come true and touches their hearts by providing a lineup of product and services that exceeds customer expectations.

I. Isetan Mitsukoshi Holdings
FY2010 Financial Results

Isetan Mitsukoshi Holdings Consolidated Results for FY2010

(100 million yen)	Results	YoY (%)	YoY difference	Difference vs forecast in February 2011
Net sales	12,207	94.5	(708)	(192)
Gross profit	3,420	94.8	(186)	—
Selling, general and administrative expenses	3,310	92.8	(254)	—
Operating income	109	263.1	68	19
Recurring income	270	137.3	73	25
Net income	26	(635)	661	(123)

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

Isetan Mitsukoshi Holdings Results for FY2010 – Results by Group ①

＜Simple sum of the results of each company＞

(100 million yen)		Results	YoY (%)	YoY difference
Domestic department stores business	Net sales	10,644	94.7	(597)
	Operating income	112	321.6	77
Overseas department stores business	Net sales	630	100.4	2
	Operating income	20	115.9	2
Credit & finance business / Customer organization management business	Net sales	229	121.8	41
	Operating income (loss)	(52)	(36)	(15)
Other retail & specialty stores business	Net sales	502	87.7	(70)
	Operating income	0	(2)	2

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

Isetan Mitsukoshi Holdings Results for FY2010 – Results by Group ②

＜Simple sum of the results of domestic department stores＞

(100 million yen)		Results	YoY (%)	YoY difference
Isetan Co., Ltd.	Net sales	3,659	92.5	(295)
	Operating income	107	107.9	7
Mitsukoshi, Ltd. (Tokyo metropolitan area)	Net sales	2,807	–	–
	Operating income	3	–	–
Regional department stores	Net sales	4,177	–	–
	Operating income	2	–	–
Total domestic department stores	Net sales	10,644	94.7	(597)
	Operating income	112	321.6	77

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

Isetan Co., Ltd. Results for FY2010

(100 million yen)	Results	YoY (%)	YoY difference
Net sales	3,659	92.5	(295)
Gross profit	999	92.9	(76)
Other operating revenue	26	136.0	7
Operating gross profit	1,025	93.6	(69)
Selling, general and administrative expenses	918	92.2	(77)
Operating income	107	107.9	7
Recurring income	107	92.2	(9)
Net income	33	84.2	(6)

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

Mitsukoshi, Ltd. Results for FY2010 (Mitsukoshi Stores in Tokyo Metropolitan Area)

(100 million yen)	Results
Net sales	2,807
Gross profit	779
Other operating revenue	159
Operating gross profit	939
Selling, general and administrative expenses	935
Operating income	3
Recurring income (loss)	(21)
Net income (loss)	(149)

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

Key Results of Selling, General and Administrative expenses for FY2010

(100 million yen)	Results	YoY (%)	YoY difference
Personnel expenses	1,199	87.7	(167)
Advertising expenses	317	103.3	10
Leases	413	88.2	(55)
Depreciation and amortization	229	102.3	5
Costs of external sales commissions	350	97.1	(10)
Others	799	95.7	(36)
Total	3,310	92.8	(254)

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

Key Results of Consolidated Extraordinary Gain/Loss for FY2010

(100 million yen)

Key extraordinary gain	
Gain on sales of investment securities	7
Key extraordinary loss	
Loss on disposal of property and equipment	3
Impairment losses	104
Loss on valuation of investment securities	3
Loss on liquidation of affiliates	3
Amount from application of accounting standard for asset retirement obligations	55
Loss from disaster	21
Others	21

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

Impact of the Earthquake Disaster on Business Results

Figures for net sales and operating income are the actual differences versus the targets for March 2011, and extraordinary losses are the actual amounts.

(100 million yen)		Results
Isetan Co., Ltd.	Net sales	(74)
	Operating income (loss)	(6)
	Extraordinary loss	7
Mitsukoshi, Ltd.	Net sales	(73)
	Operating income (loss)	(10)
	Extraordinary loss	8
Sendai Mitsukoshi Ltd.	Net sales	(15)
	Operating income (loss)	(1)
	Extraordinary loss	2

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

II. Isetan Mitsukoshi Holdings
FY2011 Financial Results Forecast

Forecast of Consolidated Results for FY2011

(100 million yen)	Full-year forecast	YoY	YoY difference
Net sales	12,300	100.8	92
Gross profit	3,460	101.2	39
Selling, general and administrative expenses	3,300	99.7	(10)
Operating income	160	145.5	50
Recurring income	280	103.3	9
Net income	180	681.6	153

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

※Figures are numerical targets formulated prior to the earthquake disaster and impact of the disaster is not taken into consideration.

Forecast of Consolidated Results for FY2011 – Forecast of Results by Group

(100 million yen)		Full-year forecast	YoY	YoY difference
Domestic department stores business	Net sales	10,456	98.2	−188
	Operating income	123	109.6	10
Overseas department stores business	Net sales	716	113.7	86
	Operating income	21	104.3	0
Credit & finance business / Customer organization management business	Net sales	293	127.9	64
	Operating income	21	(−52)	74
Other retail & specialty stores business	Net sales	887	176.7	384
	Operating income	7	(0)	6

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

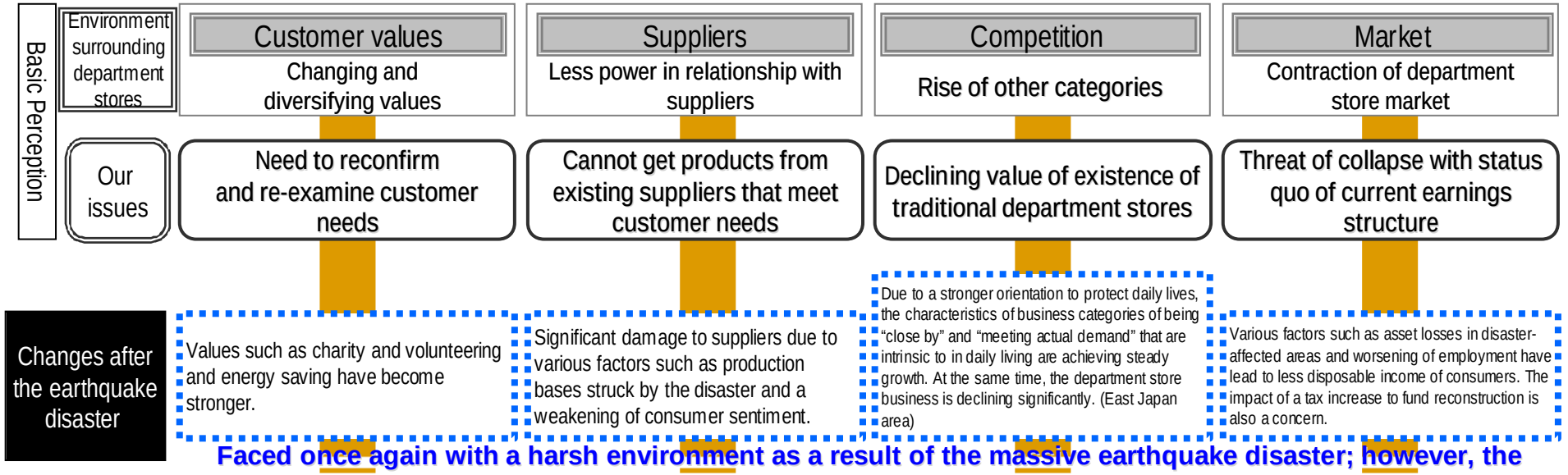
Forecast of Consolidated Results for FY2011 – Forecast of Results by Group

(100 million yen)		Full-year forecast	YoY	YoY difference
Isetan Mitsukoshi stores in Tokyo metropolitan area ①	Net sales	6,435	99.5	−30
	Operating income	150	135.4	+39
Regional department stores ②	Net sales	4,020	96.2	−157
	Operating income (loss)	(26)	(2)	−28
Total domestic department stores ①+②	Net sales	10,456	98.2	−188
	Operating income	123	109.6	10

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

III. Progress of Isetan Mitsukoshi Group Three-Year Plan

Impact of the Earthquake Disaster on the Three-Year Plan



Faced once again with a harsh environment as a result of the massive earthquake disaster; however, the direction of change remains fundamentally the same.

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

① Strengthen customer contact
② Review relationships with suppliers
③Create a structure that draws out and enhances the ability of employees

[Key Strategy 3] Cultivate growth businesses

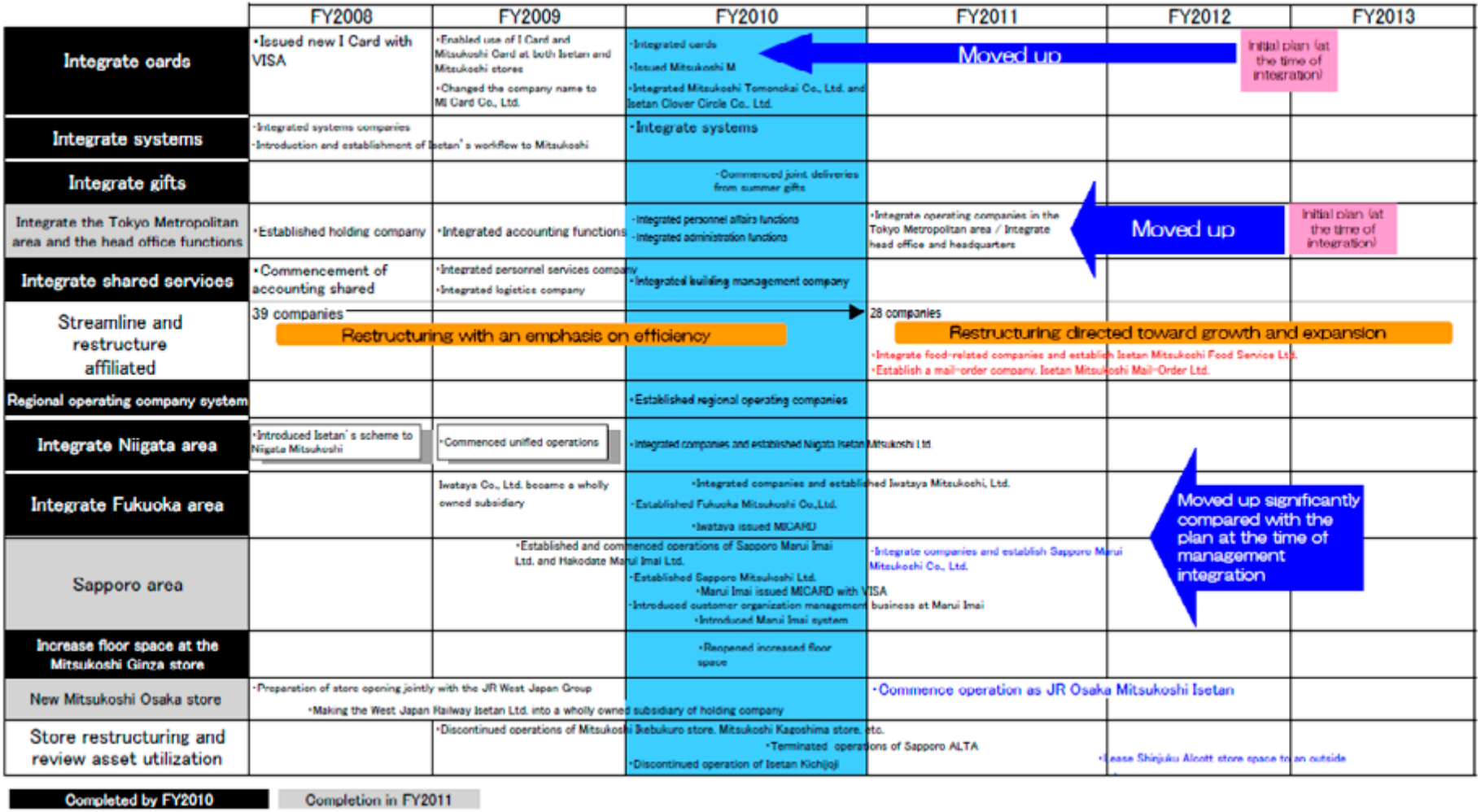
① Expand department store business in Asia
② Expand card business
③ Strengthen solutions business

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

Underlying issues remain the same. Since the harsh environment is expected to continue for some time, initiatives under the current Three-Year Plan will be promoted in a simple, honest and explicit manner. However, investments and numerical targets will be reviewed by this autumn while closely monitoring the situation.

Progress of Integration of Company and Functions

Completed infrastructure development in principle and moving on to a phase of expanding and maximizing the effects of integration towards growth.



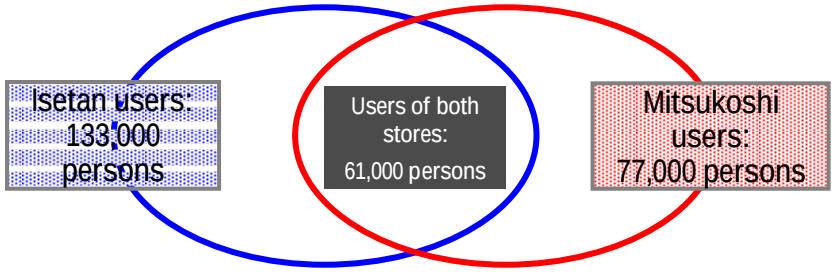
※Details and schedule are planned at this point in time and are subject to change.

Integration Effects in Shared Areas

Significant expansion of the mutual use of cards through card integration and operational alliance.
Strive to further increase purchases also in the Tokyo metropolitan area, which is the largest shared area to generate effects.

Progress in shared areas

Niigata area

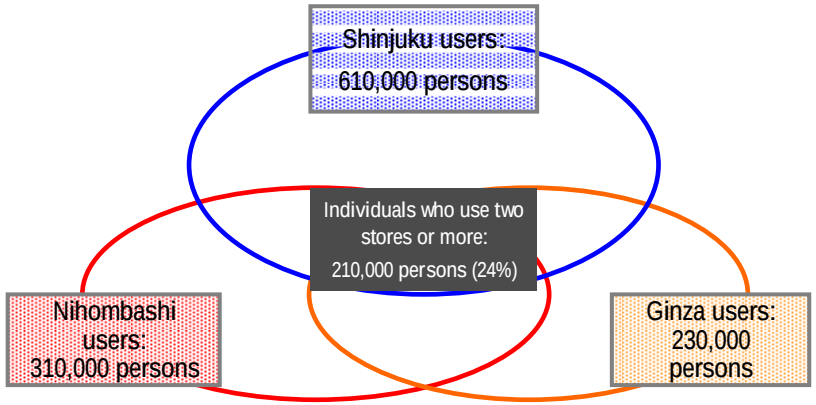


○Number of customers who use both stores simultaneously has increased by one-and-a-half to twofold compared with the number prior to integration.
○The annual purchase amount of customers who simultaneously use respective stores is three to four times that of customers using a single store.

Fukuoka area

○Development of joint operation measures
Joint holding of off-site Iwataya events ⇒Increase in amount of orders received
Concurrent holding of special invitation events⇒Increase of mutual shopping

Strengthen relationship with customers in the Tokyo metropolitan area



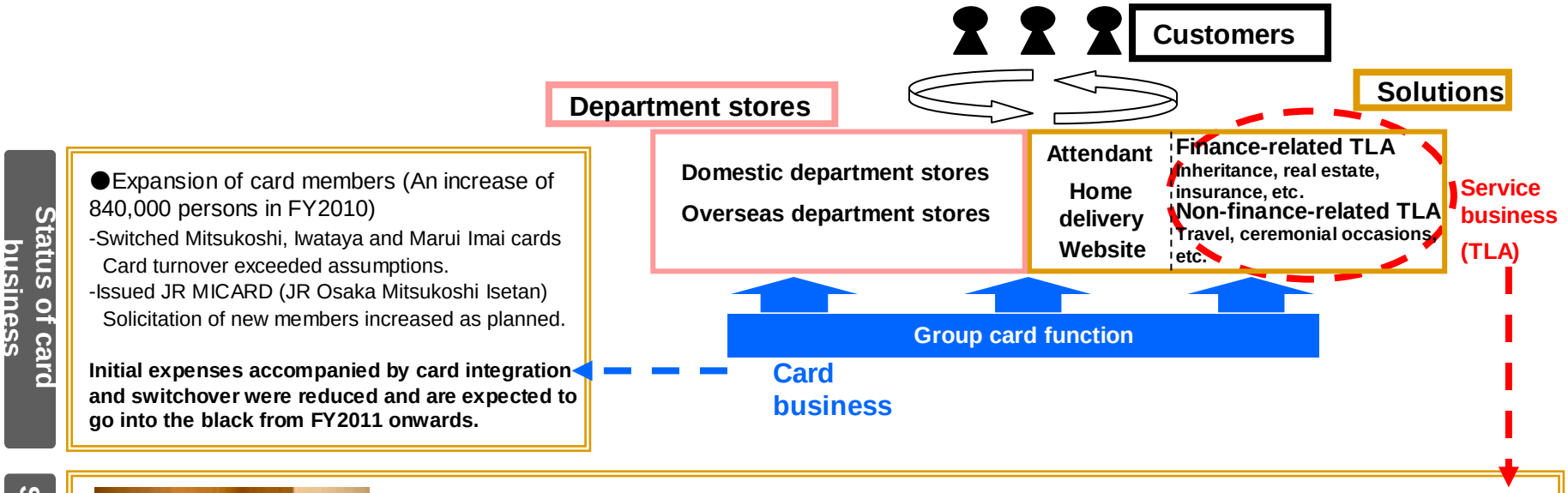
Customers using either of the three stores: 880,000 persons
⇒76% of customers are using a single store, and thus, overlap is minimal from the very start.

Share and utilize the strengths of Mitsukoshi and Isetan in terms of customer approach and fully generate the effects of shared areas.

■Conduct joint advertising and events to realize the expansion of shopping across all brands.
■Promote initiatives to further increase sales by providing personal values to top regular customers.

Promote expansion and strengthening of customer base while also strengthening relationship with customers by enhancing the value provided.

Strengthening of Card Solution Business - Status of TLA (Total Life Attendant) Business



Status of card business

●Expansion of card members (An increase of 840,000 persons in FY2010)
-Switched Mitsukoshi, Iwataya and Marui Imai cards
Card turnover exceeded assumptions.
-Issued JR MICARD (JR Osaka Mitsukoshi Isetan)
Solicitation of new members increased as planned.

Initial expenses accompanied by card integration and switchover were reduced and are expected to go into the black from FY2011 onwards.

Status of TLA-related business


Financierge Plaza (Shinjuku)

●Financierge
-Consultation service of insurance, asset management, inheritance and wills
-Opened in Nihombashi and Ginza in FY2010 and JR Osaka Mitsukoshi Isetan following Urawa and Shinjuku.

● Lifestyle Salon in Mitsukoshi Nihombashi main store
-Opened a service salon comprised of Water Cleaning, Reform Boutique, Lifestyle Concierge and Financierge.

●Travel Salon in Mitsukoshi Nihombashi main store
-Provides top quality and high value-added travel products. Achieved higher sales in FY2010.
-Introduced the second vehicle of our Premium Cruiser original bus in June 2011.



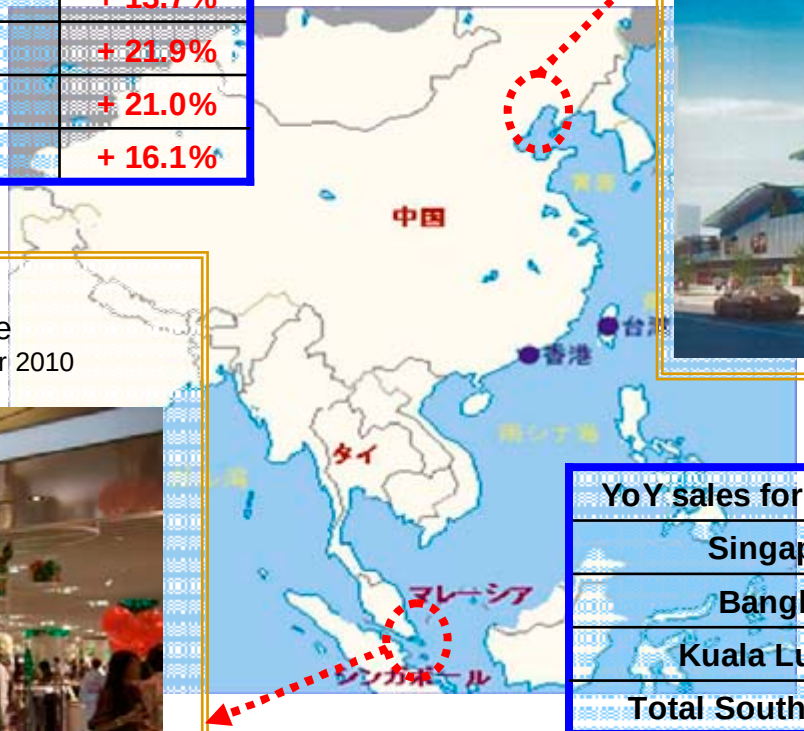
Sales growth. Strengthen business expansion in Asia primarily in existing areas by utilizing the Group's management resources.

Status of Overseas Business

YoY sales for FY2010 in China	
Shanghai Mei Long Zhen	+ 14.3%
Tianjin	+ 13.7%
Chengdu	+ 21.9%
Shenyang	+ 21.0%
Total China	+ 16.1%

≪China≫
●Tianjin No. 2 store scheduled for opening in spring 2012





≪Southeast Asia≫
●Serangoon store in Singapore
-Commenced operation in November 2010



YoY sales for FY2010 in Southeast Asia	
Singapore	+ 3.5%
Bangkok	- 24.4%
Kuala Lumpur	+ 0.9%
Total Southeast Asia	+ 0.2%

※Year-on-year sales are based on local currencies.

Status of Mitsukoshi Ginza Store

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: Customer share in their 30s and 40s (number of customers using cards)

	Cumulative over 5 months	Sept	Oct	Nov	Dec	Jan	Feb	Mar
FY2011	33.2%	33.9%	34.5%	34.3%	35.3%	37.7%	37.9%	37.4%
FY2010	26.7%	27.6%	26.6%	26.3%	27.2%	27.6%	28.4%	28.5%

・There is also a rising trend of shopping together with Isetan Shinjuku main store.

Cumulative for 1H of FY2010 **28.2%** → Cumulative for 2H of FY2010 **33.7%**

・Good recognition was gained also in terms of store environment and services as a result of utilizing previous remodeling know-how.

■Eliminated barriers between shops to enable easy shopping.
■Advanced repair/mending technology gives a distinctive impression of department store.
■While the number of tenant shops has increased in the area, the Mitsukoshi Ginza store features an ambiance of the former Ginza district.


Le PLAYCÉ on 3rd floor

Main business status

(Prospects for the initial year of operation) ***At the time prior to the earthquake disaster***

・Achieving results keeping pace with the annual net sales target of 63 billion yen.
・Number of customers visiting the store is expected to reach 21 million people annually. (Reference: 25.8 million people visited Isetan Shinjuku main store in FY2010)
*Figures may decline due to the status of demand and power supply during summer season accompanied by the effects of the earthquake disaster and other relevant factors.

・Self-coordinated sales floor, Ginza Style, accounts for 10% of overall in-store sales as a result of promoting steady customers by realizing a sales floor that is “original and unique to Ginza.”


Addictionary on 5th floor

JR Osaka Mitsukoshi Isetan

Store concept

Grand opening on May 4. Realized new lifestyle proposals by exerting the strengths of Isetan and Mitsukoshi.

"My Story Store": Aiming to be a store capable of providing services (i.e., stories) responding to the ideas (i.e., stories) of each and every customer.

- Coordinated zones that propose various new lifestyles based on "communication" as the key word
- The store proposes unique coordinated zones created from various aspects including Isetan's "fashion proposal capabilities" and Mitsukoshi's "cultural sense."

Main business status

＜Status after the opening＞

Main business status from May 4 to May 8.

・Number of customers visiting the store

Largely exceeded assumptions with a daily average of 200,000 persons

・Status of MICARD customers

Prior to store opening: Approx. 50,000 solicitations

After store opening: Approximately 1,000 solicitations per day

・Popular shopping floors

・Mitsukoshi Isetan original shops

Green (3F), Message Character (4F), Isetan Men's (8F, 9F)

・First shops opened in Kansai and Osaka area

Jean-Paul Hévin, Holländische Kakao-Stube and Kayuan (B2); and Ladurée (2F)

・Customer experience zones

Manabian (6F), TASHINAMI (Eat-in, B2),

Mokuyoku Taiken (baby bathing experience), Oyako Workshop (Parent-Child Workshop) (7F)



Isetan Men's on 8th and 9th floor



Educational Salon Manabian on 6th floor

Remodeling of Isetan Shinjuku Main Store

Aiming to provide new value (i.e., realize aspired image of department store) by responding to changes in customer values.

Planned target areas

Men's Building | Main Building

■Remodeling of women's floors (25,000 ㎡)
Target: B2F, 2F, 3F, 4F and certain areas of 1F

	Men's Building	Main Building
8F		
7F		7F Restaurants/Services/Kimono/Event
6F		6F Baby/Kids/Hobbies and General Merchandise/Event Space
5F		5F Kitchen and Household Goods/Gifts/Arts
4F		4F Women's Clothing and General Merchandise
3F		3F Women's Clothing and General Merchandise
2F		2F Women's Clothing and General Merchandise
1F		1F Cosmetics/Handbags/Accessories/General Merchandise
B1F		B1F Foods
B2F		Lifestyle

Prime Garden on the 3rd floor, main building (open in spring 2011): Coordinated lifestyle goods for adults



*** Final decision on implementation period will be made while closely monitoring the recovery of consumption environment.**

Direction of remodeling

《Changes in customer values》 In addition to being uncompromising in terms of materials, customers tend to show empathy for psychological and basic preferences.

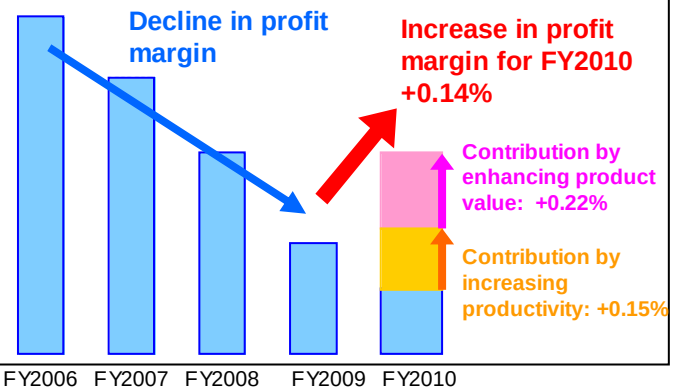
Realize a shift toward "my store" by understanding customer lifestyles and seeking empathetic value.

Challenge to create new shopping floors that will enrich people's minds by seeking "empathetic value" of customers	Review the "range of lifestyles" according to population movements	"Expand items" in response to customer purchase methods

Reform of Supply Chain Structure

Rebuild "Win-Win" relationship with suppliers and expand the system and know-how throughout the Group. In fiscal 2011, efforts will be made to enhance and expand the precision of initiatives.

Initiatives for FY2010

	Details	Initiative share	Results and issues
Enhance product value	◆Develop original products (women's clothing) by cooperating with material manufacturers ◆Introduce a factory-intensive and alliance system in addition to promoting direct initiatives with selected factories (women's shoes) ◆Cooperate with major apparel companies [manufacturers] (women's clothing) ◆Shift toward developing private brands for staple items (Men's)	Main three stores 3.1% Isetan Shinjuku main store 4.9%	≪Results≫ ○Contributed to increasing profit margin Ex.) Profit margin of Isetan Shinjuku main store  ≪Issues≫ ▽Improve consumption rate ▽Expand initiatives in household goods
Increase productivity	◆Enhance logistics efficiency and improve delivery rate through gift integration. (Food and household goods) ◆Optimization of number of sales personnel, including suppliers (men's and women's) * From the current fiscal year	Main three stores 5.0% Isetan Shinjuku main store 4.8%	≪Issue≫ ▽Expand initiatives in areas besides gifts

Direction for FY2011

Strengthen initiatives through the leadership of Merchandising Headquarters, which was consolidated and newly established by integrating operating companies in the Tokyo metropolitan area.

Improve consumption rate ⇒Share expansion of staple items and examine the use of websites and other means
Expand initiatives ⇒Expand initiatives by utilizing lot expansion through integration
Optimization of number of sales personnel based on examination of self-promoted sales and expand logistics efficiency, including suppliers

Reform of Branch Stores and Domestic Group Department Stores

* CPCC: Central Planning and Central Control

In addition to reviewing cost structure and operation systems suitable for respective regions, promote initiatives to enhance profitability by building a "structure of efficiently delivering high-value products that are unique to department stores to customers."

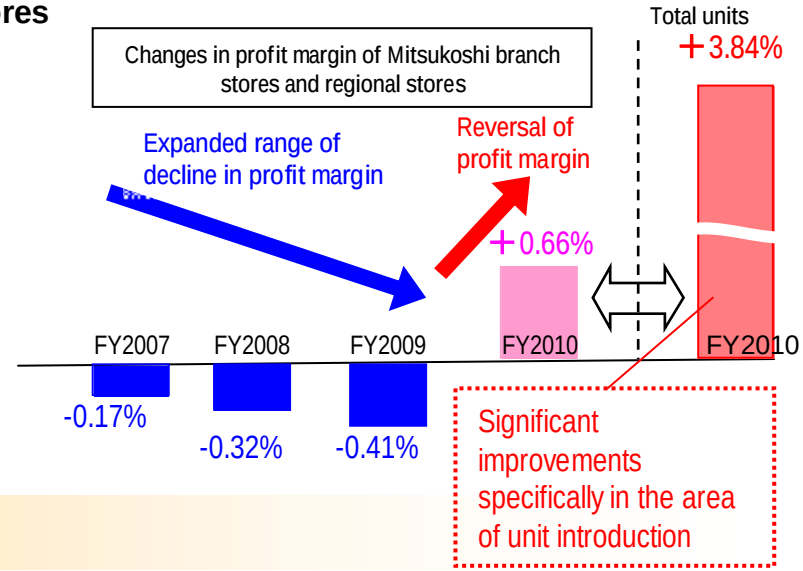
●Introduction of units for Mitsukoshi branch stores and regional stores

* Results from October 2010 to February 2011 (excluding the impact of earthquake disaster)

* A total of 4 units at 21 shops in 9 stores

Year-on-year net sales	105.1%	Year-on-year profit margin	+3.64%
* Overall store sales vs. previous year: 93.5%		* Overall store sales vs. previous year: +0.66%	

・Sales and profits increased as a result of promoting initiatives to secure marketable products by Branch Store Group Headquarters
・Positive impact also on personnel development by sharing expansion and sales methods
・Expand the current 4 units at 21 shops to 10 units at 44 shops in spring 2011
・Expand CPCC share up to around 20% and further expand initiatives for reforming supply chain structure up to about 15% of CPCC



New Growth Strategy

Develop new channels in response to customer needs.



●New cosmetics category

Self-coordinated natural cosmetics ＋ High-end brand cosmetics

Beauty Apothecary on 2nd floor of main building of Isetan Shinjuku main store

●Lifestyle shop for urban people

THE PARLOR on 2nd floor of main building of Isetan Shinjuku main store

Lifestyle proposals centering on clothing through collaboration with suppliers

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