
Isetan Mitsukoshi Holdings Results for the 1st Half of FY2008

Isetan Mitsukoshi Holdings FY2008 Forecast

Isetan Mitsukoshi Group's Medium- to Long-term Prospects and the Group's 3-year Plan

<Analysts' Meeting>

November 13, 2008

Isetan Mitsukoshi Holdings Ltd.

Today's Attendees

Nobukazu Muto, Chairman and CEO

Kunio Ishizuka, President and COO

Contents

I. Isetan Mitsukoshi Holdings Results for the 1st Half of FY2008

II. Isetan Mitsukoshi Holdings FY2008 Forecast

III. Isetan Mitsukoshi Group's Medium- to Long-term Prospects and the Group's 3-year Plan

I. Isetan Mitsukoshi Holdings Results for the 1st Half of FY2008

Kunio Ishizuka, President and COO

Isetan Mitsukoshi Holdings Consolidated Results for the 1st Half of FY2008

(100 millions of yen)	Results	Forecast	Difference*
Net sales	7,054	7,200	-145
Gross profit	1,976	2,050	-73
Selling, general and administrative expenses	1,864	1,930	-65
Operating income	112	120	-7
Recurring income	192	180	+12
Net income	121	110	+11

(Figures are rounded down to the nearest million yen)

* Difference between the results and the forecast announced on May 12, 2008

Isetan Mitsukoshi Holdings Results by Group for the 1st Half of FY2008

<Simple sum of the results of each company>

(100 millions of yen)		Results	YoY	YoY difference
Domestic department stores	Net sales	6,117	94.2%	-378
	Operating income	84	58.6%	-59
Overseas department stores	Net sales	374	104.3%	+15
	Operating income	12	68.7%	-5
Credit & finance	Net sales	73	98.0%	-1
	Operating income	11	54.7%	-9
Other retail & specialty stores	Net sales	309	103.4%	+10
	Operating income	-1	-	-3

(Figures are rounded down to the nearest million yen)

* Year-on-year (YoY) and YoY difference figures for domestic companies of the Mitsukoshi Group were calculated based on the results for the first half ended August 2007.

Mitsukoshi, Ltd. Results for the 1st Half of FY2008

(100 millions of yen)	Results *1	Results for 1st half of FY2007 *2
Net sales	3,245	3,553
Gross profit	832	939
Other operating revenue	59	-
Operating gross profit	892	939
Selling, general and administrative expenses	869	899
Operating income	22	39
Recurring income	43	35
Net income	34	8

(Figures are rounded down to the nearest million yen)

*1 Results for the period from April 1, 2008 to September 30, 2008

*2 Results for the first half ended August 2007

Isetan Co., Ltd. Results for the 1st Half of FY2008

(100 millions of yen)	Results	YoY	YoY difference
Net sales	2,110	97.7%	-48
Gross profit	580	96.8%	-19
Other operating revenue	9	40.5%	-14
Operating gross profit	590	94.6%	-33
Selling, general and administrative expenses	526	100.3%	+1
Operating income	63	64.5%	-35
Recurring income	67	53.0%	-60
Net income	35	62.3%	-21

(Figures are rounded down to the nearest million yen)

II. Isetan Mitsukoshi Holdings FY2008 Forecast

Kunio Ishizuka, President and COO

Forecast of Consolidated Results for FY2008

(100 millions of yen)	Results for 1st half	Difference between current and previous forecasts	Forecast for 2nd half	Difference between current and previous forecasts	Forecast for full year	Difference between current and previous forecasts	Results for FY2007*
Net sales	7,054	-145	7,745	-454	14,800	-600	15,598
Gross profit	1,976	-73	2,153	-136	4,130	-210	4,330
Selling, general and administrative expenses	1,864	-65	2,015	-54	3,880	-120	3,911
Operating income	112	-7	137	-82	250	-90	418
Recurring income	192	+12	207	-82	400	-70	459
Net income	121	+11	148	-71	270	-60	181

(Figures are rounded down to the nearest million yen)

* Results for FY2007 represent the sum of the Mitsukoshi's consolidated results for FY2007 (March 2007 to February 2008) and Isetan's consolidated results for FY2007.

Forecast of Consolidated Results for FY2008 - Forecast of Results by Group

(100 millions of yen)		Results for 1st half	YoY	Forecast for 2nd half	YoY	Forecast for full year	YoY	Difference between current and previous forecasts
Domestic department stores	Net sales	6,117	-378	6,736	-355	12,854	-733	-471
	Operating income	84	-59	126	-82	210	-142	-66
Overseas department stores	Net sales	374	+15	407	+32	783	+49	-124
	Operating income	12	-5	14	-2	28	-7	-1
Credit & finance	Net sales	73	-1	92	+12	165	+11	-3
	Operating income	11	-9	1	-19	12	-28	-4
Other retail & specialty stores	Net sales	309	+10	324	+16	633	+28	-16
	Operating income	-1	-3	0	-3	0	-6	-6

(Figures are rounded down to the nearest million yen)

Mitsukoshi, Ltd. Forecast of Results for FY2008

(100 millions of yen)	Results for 1st half	Results for 1st half of FY2007*	Forecast for 2nd half	Results for 2nd half of FY2007*	Forecast for full year	Difference between current and previous forecasts	Results for FY2007*
Net sales	3,245	3,553	3,500	3,740	6,746	-197	7,293
Gross profit	892	939	952	976	1,844	-55	1,915
Selling, general and administrative expenses	869	899	949	921	1,819	-10	1,820
Operating income	22	39	2	54	24	-45	94
Recurring income	43	35	-32	34	11	+9	69
Net income	34	8	-23	-38	11	+18	-30

(Figures are rounded down to the nearest million yen)

* Results for the period from March 2007 to February 2008

Isetan Co., Ltd. Forecast of Results for FY2008

(100 millions of yen)	Results for 1st half	YoY	Forecast for 2nd half	YoY	Forecast for full year	YoY	Difference between current and previous forecasts
Net sales	2,110	-48	2,337	-123	4,448	-171	-245
Gross profit	590	-33	654	-60	1,245	-94	-77
Selling, general and administrative expenses	526	+1	554	-26	1,081	-25	-58
Operating income	63	-35	100	-33	164	-68	-18
Recurring income	67	-60	100	-30	168	-90	-22
Net income	35	-21	62	+4	97	-17	-12

(Figures are rounded down to the nearest million yen)

Mitsukoshi, Ltd. Results of Operations for the 1st Half

Mitsukoshi Total	Note: YoY
3,245 (95.4%)	97.9%
832 (95.5%)	95.5%
25.67% (+0.04)	-0.01

Main Store Total
1,262 (98.4%)

Branch Total	Note: YoY
1,983 (93.6%)	97.5%

* Figures in parentheses are comparisons with the same period of the previous year.

* Figures are rounded down to the nearest million yen.

* Sales from April to September 2008 are accumulated.

Note: Year-on-year (YoY) change excluding LACHIC (NAGOYA)

Top: Sales (100 millions of yen)

Middle: Gross profit (100 millions of yen)

Bottom: Gross profit margin (%)

Mitsukoshi, Ltd. Sales & Marketing Measures in the 2nd Half

1. Strengthen in-store sales capabilities (=Restructure the framework for in-store sales)

Introduce Isetan-style MD (Merchandising) process flow



Nihonbashi main store

Address seasonal needs, needs associated with annual events, and needs associated with special occasions and propose the Mitsukoshi style throughout the store
Ex.) British Fair, Xmas, Year-end Gifts, New Year Fair
•Just Season Collection, etc.

Niigata Store

Vigorously utilize know-how and sales capabilities of Isetan, which also has a presence in Niigata

- Introduction of the Chief Marketing Executive system
- Joint holding of events for special customers

Expand to all branch stores (Full-scale start in spring 2009)

Maximize customer satisfaction

Mitsukoshi, Ltd. Sales & Marketing Measures in the 2nd Half

2. Increase the floor area of Sendai Store

“For adults searching for a quality life”

November 21, 2008: Initial opening

March 2009: Grand opening

Investment: 3 billion yen

Sales target: 40 billion yen (first year)

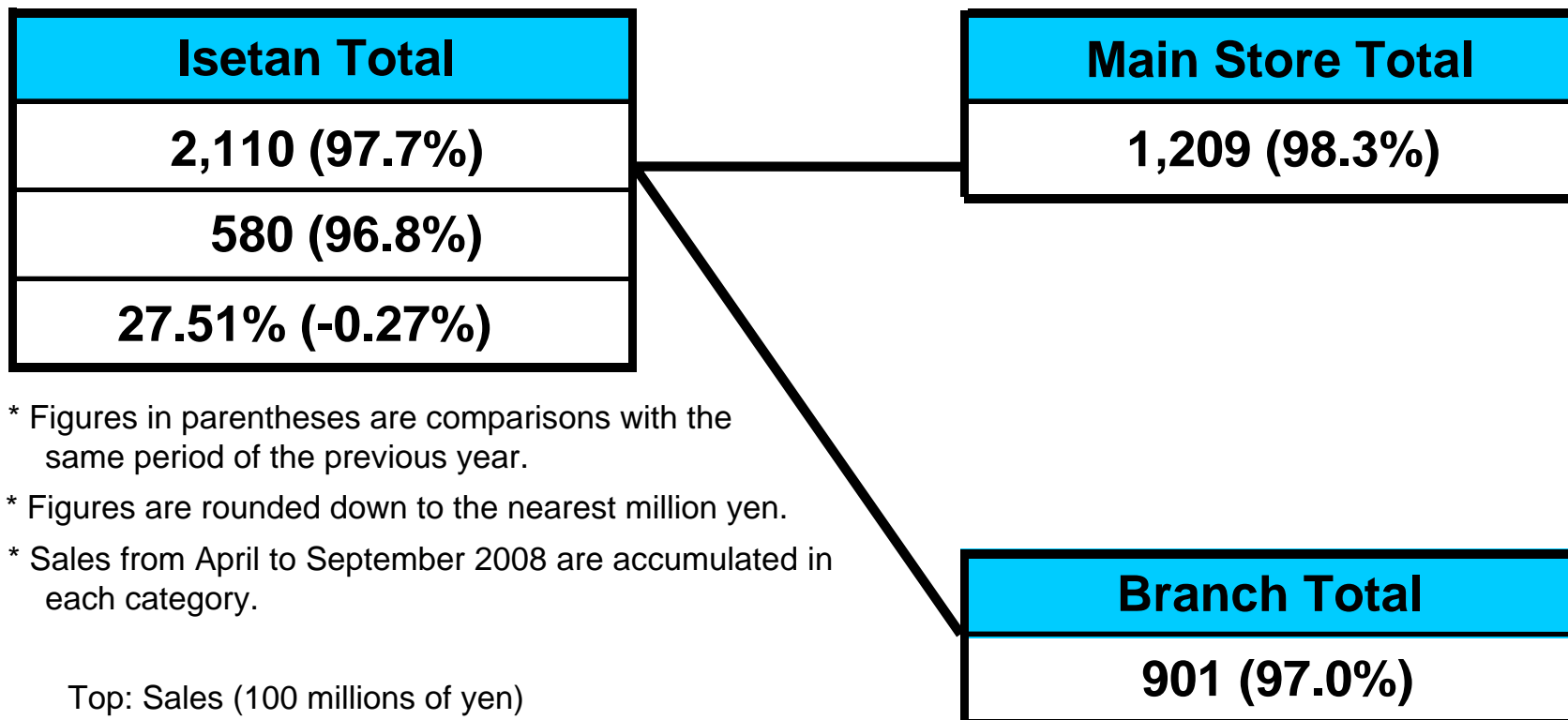
Sales floor area: 31,735m²
(+10,000m²)

Increased floor area: 10,000m² Existing area: 21,735m²
(Jozenji Dori Annex /141 Building) Main Building

=Specific measures=

- Women's footwear: Expand to one of the largest floor areas in Tohoku
- Handbags: Ditto
- Womenswear: Comfortable shopping environment
- Babies' and children's goods: Transfer and expand
- Menswear: Ditto

Isetan Co., Ltd. Results of Operations for the 1st Half



- * Figures in parentheses are comparisons with the same period of the previous year.
- * Figures are rounded down to the nearest million yen.
- * Sales from April to September 2008 are accumulated in each category.

Top: Sales (100 millions of yen)

Middle: Gross profit (100 millions of yen)

Bottom: Gross profit margin (%)

Isetan Co., Ltd. Sales & Marketing Measures in the 2nd Half

1. Strengthen highly original MD*

*MD (Merchandising)

Just Season Selection = Value-added MD*
NexTrend = MD* ahead of the season
IQ (Isetan Quality) = Cost-effective MD*

Respond to customer needs meticulously in a timely manner

2. Redevelop the main store

(1) 1st phase (B2F, 2F)

Isetan Girl
Beauty Apothecary
MA LINGERIE

(2) Schedule for the 2nd phase onward

Investigation based on the hypothesis for the 1st phase and its verification

→To be executed in autumn 2010



Isetan Co., Ltd. Sales & Marketing Measures in the 2nd Half

3. New I Card (Launched on November 10)

Enhanced versatility responding to customer needs

- Introduction of a new discount rate (8%)
- Introduction of I Card Points
- Securing of VISA principal member status



Introduction of I Card Gold

--Enhanced shopping convenience to capture new loyal customers

- Longer parking hours
- Discounted charges for home delivery



Switch to the New I Card

- Approx. 500,000 accounts → Target 50% or more by the end of fiscal 2008

III. Isetan Mitsukoshi Group's Medium- to Long-term Prospects and the Group's 3-year Plan

Nobukazu Muto, Chairman and CEO

1) Isetan Mitsukoshi Group's Medium- to Long-term Prospects

Isetan Mitsukoshi Group's Goal Image

To become “my indispensable department store” for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in their many different roles in life. By doing so, we aim to become the world’s foremost solution provider with high profitability and sustained growth.



Basic Policies

Clearly delineate the Mitsukoshi & Isetan brands and enhance brand value

Maximize customer satisfaction provided by each sales person in stores

Integrate business infrastructure to exert maximum Group capabilities



Group's 3-year Plan and Key Strategies

Concentrate investment in the three flagship stores in Tokyo Metropolitan area

Re-establish the store structure

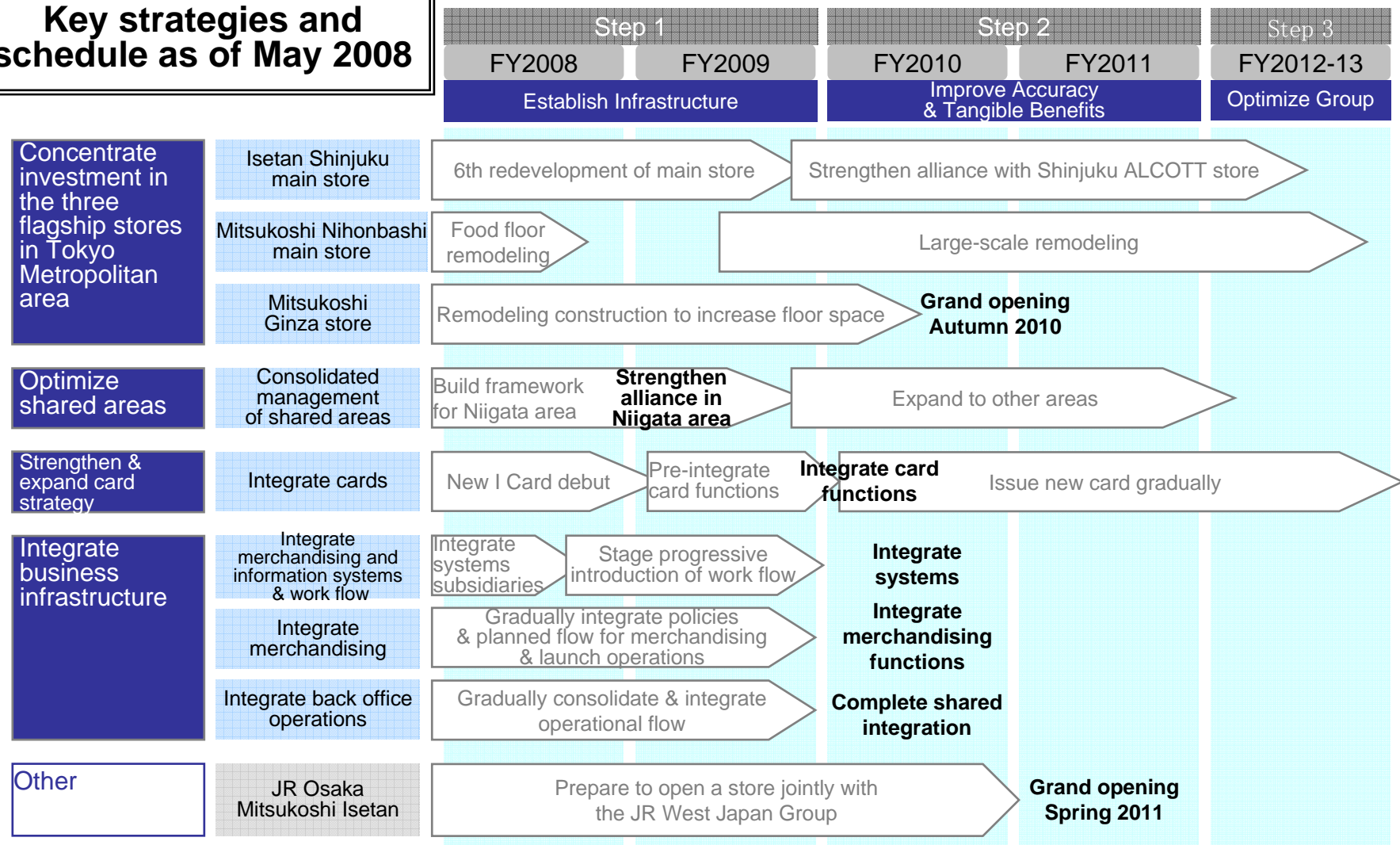
Strengthen & expand card strategy

Integrate business infrastructure

In view of changes in the environment, expedite implementation of the basic policy. implement key strategies in the 3-year plan earlier than initially scheduled.

1) Isetan Mitsukoshi Group's Medium- to Long-term Prospects

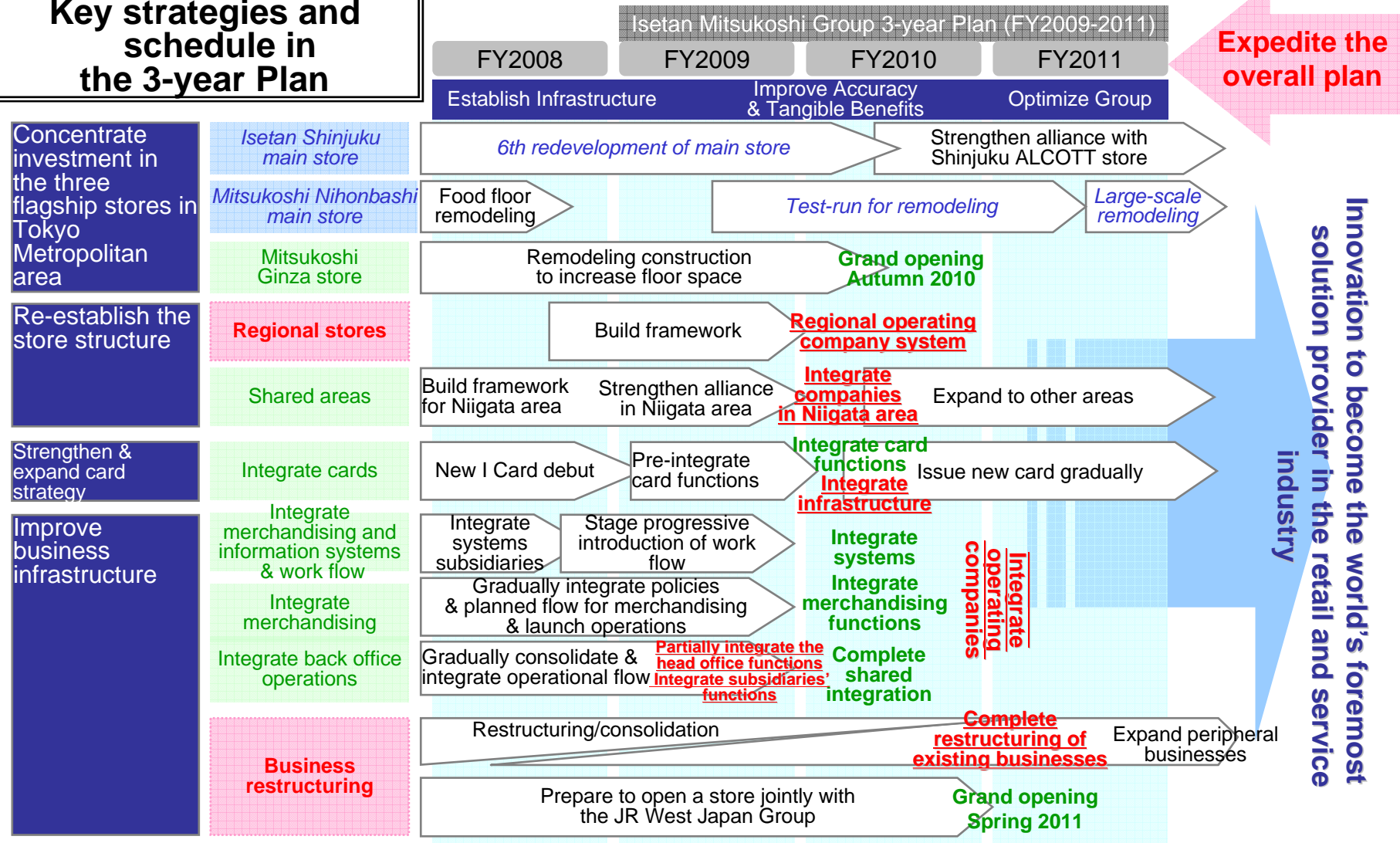
Key strategies and schedule as of May 2008



*Details and schedule are subject to change.

1) Isetan Mitsukoshi Group's Medium- to Long-term Prospects

Key strategies and schedule in the 3-year Plan



*Details and schedule are subject to change.

2) Isetan Mitsukoshi Group 3-year Plan

Key strategy 1

Concentrate investment in the three flagship stores in Tokyo Metropolitan area

Thoroughly refine each store symbolizing the Mitsukoshi brand or the Isetan brand to establish the world's foremost department store

◆ Isetan Shinjuku main store

Establish the world's best fashion department store

6th redevelopment & remodeling of the women's floors (-Autumn 2010)
Strengthen alliance with Shinjuku Mitsukoshi ALCOTT

◆ Mitsukoshi Ginza store

Realize a store signaling advent of a new era by creating a style based on new value worthy of the world-renowned Ginza where sophisticated adults gather

Remodeling to increase floor space: Grand opening (September 2010)

◆ Mitsukoshi Nihonbashi main store

Realize a prestigious store appropriately symbolizing Mitsukoshi

Strengthened sales capabilities by introducing Isetan's in-store sales framework* early (from 2008 onward)
Test-run in readiness for large-scale remodeling and strengthened alliance with adjacent redevelopment
Large-scale remodeling (from FY2011 onward)

* MD (Merchandising) business flow, sales floor organizational and administrative operation, store development concept and framework



2) Isetan Mitsukoshi Group 3-year Plan

Key strategy 2

Re-establish the store structure

◆ Regional operating company system for regional stores

Review the positioning of each store and establish a sales structure attuned to each region to become “my indispensable department store” rooted in the region

Introduce the regional operating company system (April 2010)

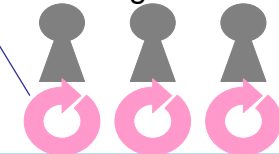
Implement swift and meticulous sales measures attuned to regional needs through delegation of authority

Maintain/improve MD* mix and services through provision of sales know-how and MD* support and improve efficiency by shared services

Establish an operating structure in accordance with the regional environment

*MD (Merchandising)

Customers in the region



Each regional operating company
Central support

◆ Establishment of a business model in Niigata area as a pilot scheme for business optimization in areas where stores coexist

Capitalize on the two brands and stores to maximum effect to reduce operating costs and enhance the quality of value provided by Isetan Mitsukoshi Group

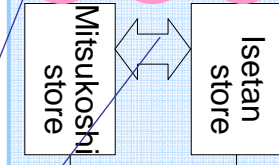
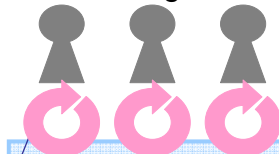
Early introduction of Isetan’s in-store sales framework to Mitsukoshi Niigata Store (October 2008)

Establish integrated operation in Niigata area (April 2009)

Integrate operating companies in Niigata area (April 2010)

Expand to other areas

Customers in the region



Back office functions

Regional operating company in an area where stores coexist

Central support

Enhance customer satisfaction delivered by each brand through clear definition of the Mitsukoshi brand and the Isetan brand

Enrich value provided in the region through linkage of sales measures

Reduce operating costs by integration of back office functions

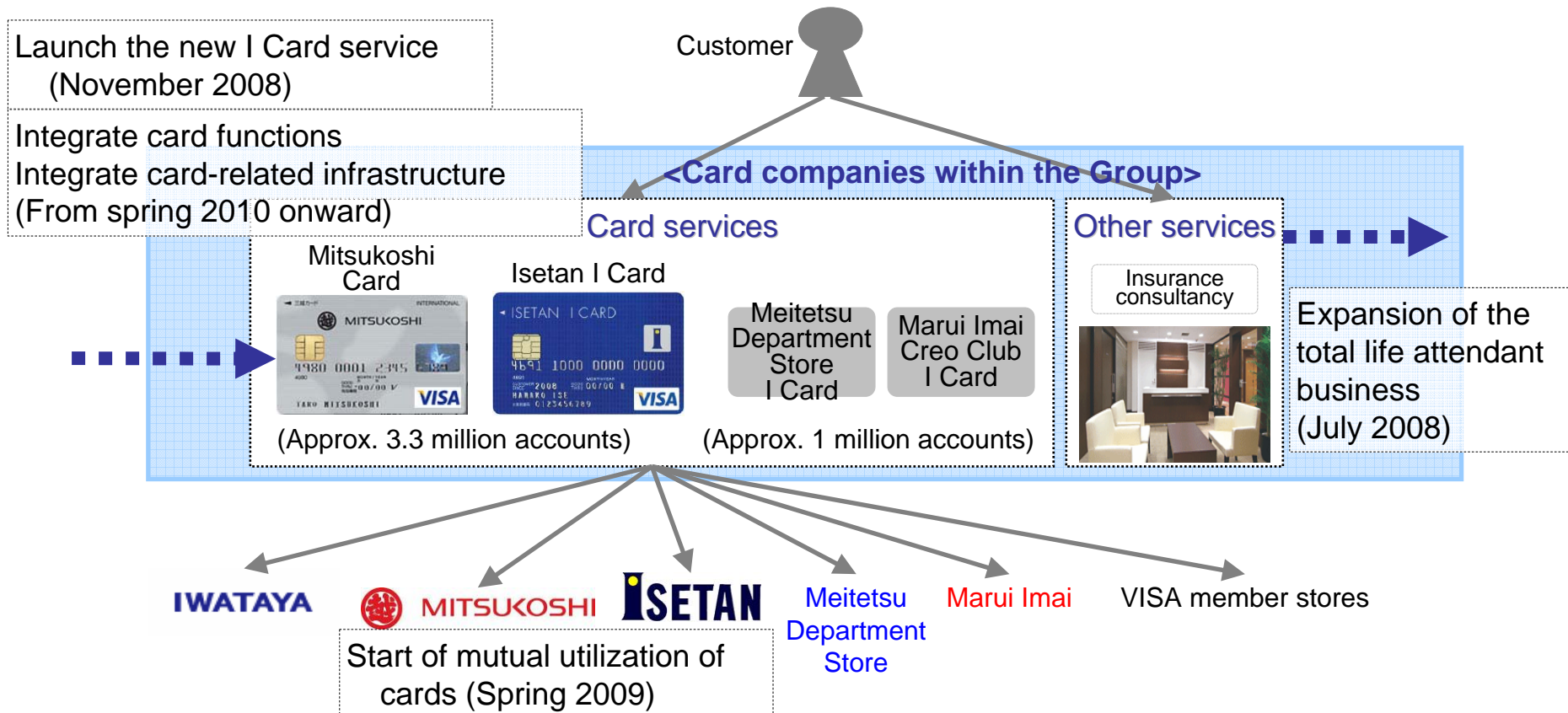
2) Isetan Mitsukoshi Group 3-year Plan

Key strategy 3

Strengthen & expand card strategy

◆ Integration of cards and enrichment of services

Enrich the value of the card service to position the Group's card as the "customer's primary card." In addition to improvement of cost efficiency, establish the card business as the Group's second source of revenues.



2) Isetan Mitsukoshi Group 3-year Plan

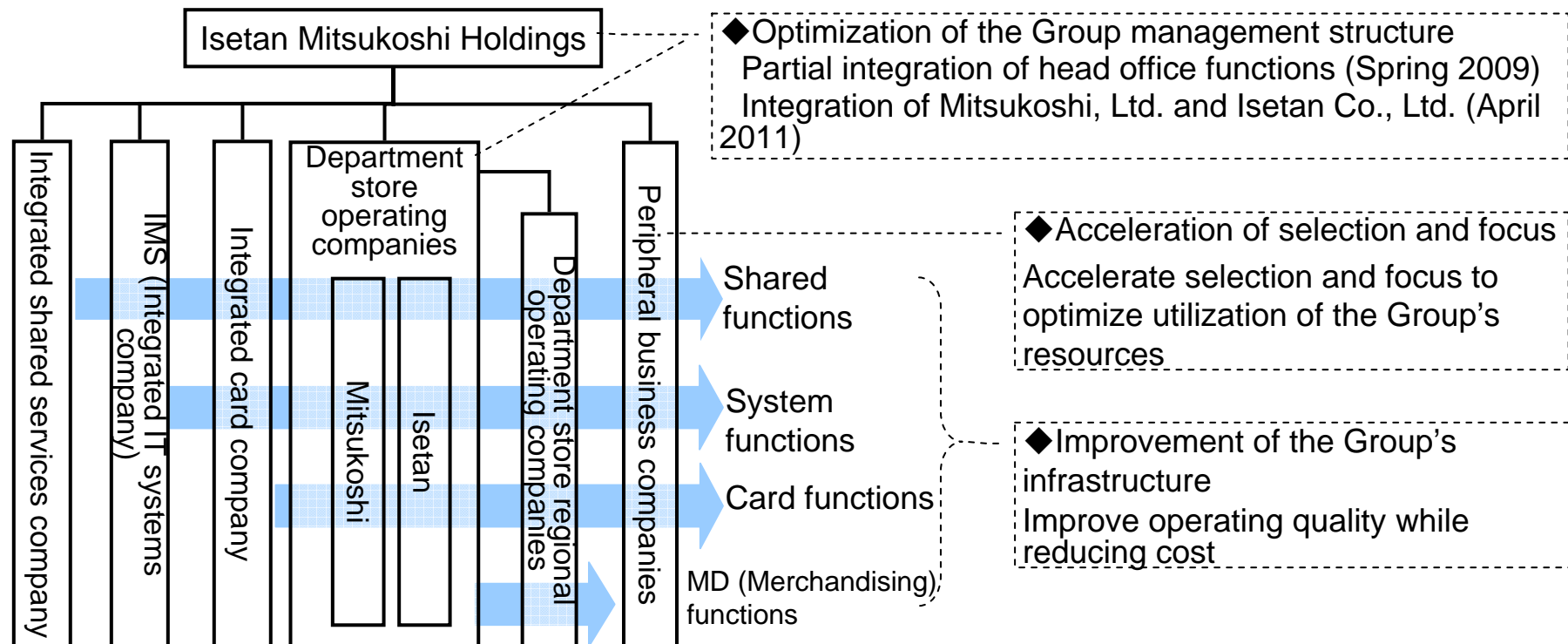
Key strategy 4

Improve the business infrastructure

◆ Optimization of the Group management structure

Re-establish the Group management structure for the swift optimum utilization of the Group's entire sales resources by transcending borders among brands and companies in order to improve management efficiency and to establish a corporate governance structure allowing vigorous promotion of the Group's overall strategies.

FY2011 Group Structure (image)



2) Isetan Mitsukoshi Group 3-year Plan

Key strategy 4

Improve the business infrastructure

◆Improvement of the Group's infrastructure

Promote consolidation of the Group's infrastructure to accelerate sharing and accumulation of know-how for improved operating quality and to eliminate duplicated functions for cost reduction

Shared functions

Promote the shift of recruitment & HR development, HR administration and welfare, finance & accounting, buildings and facilities maintenance & management, and logistics services to shared services as the Group's infrastructure

Integrate logistics subsidiaries/Integrate HR services subsidiaries (April 2009)
Integrate building management subsidiaries (April 2010)
Start of integrated shared services (April 2010)

System functions

Prepare for system integration in spring 2010. Ensure that preparation is thorough.

Integrate systems subsidiaries (Completed in July 2008)
Integrate systems (April 2010)

MD (Merchandising) functions

Promote introduction of Isetan's in-store sales framework to all Mitsukoshi stores to complete integration of MD functions by April 2011 when operating companies will be integrated. Also promote linkage in terms of sales & marketing and joint procurement for common MD.

Introduce Isetan's in-store sales framework to all Mitsukoshi stores (April 2010)
Integrate summer and year-end gifts (Spring 2010=Summer gift season)

2) Isetan Mitsukoshi Group 3-year Plan

Key strategy 4


Improve the business infrastructure

◆ Acceleration of selection and focus


Promote restructuring and consolidation from the viewpoint of customer needs, profitability, and competitiveness
 Develop and strengthen peripheral businesses for which customer needs are high and profitability and competitiveness can be secured

Mail-order and Online Businesses


Catalog



Home delivery



Online



Overseas Department Store Business (China and elsewhere in Asia)



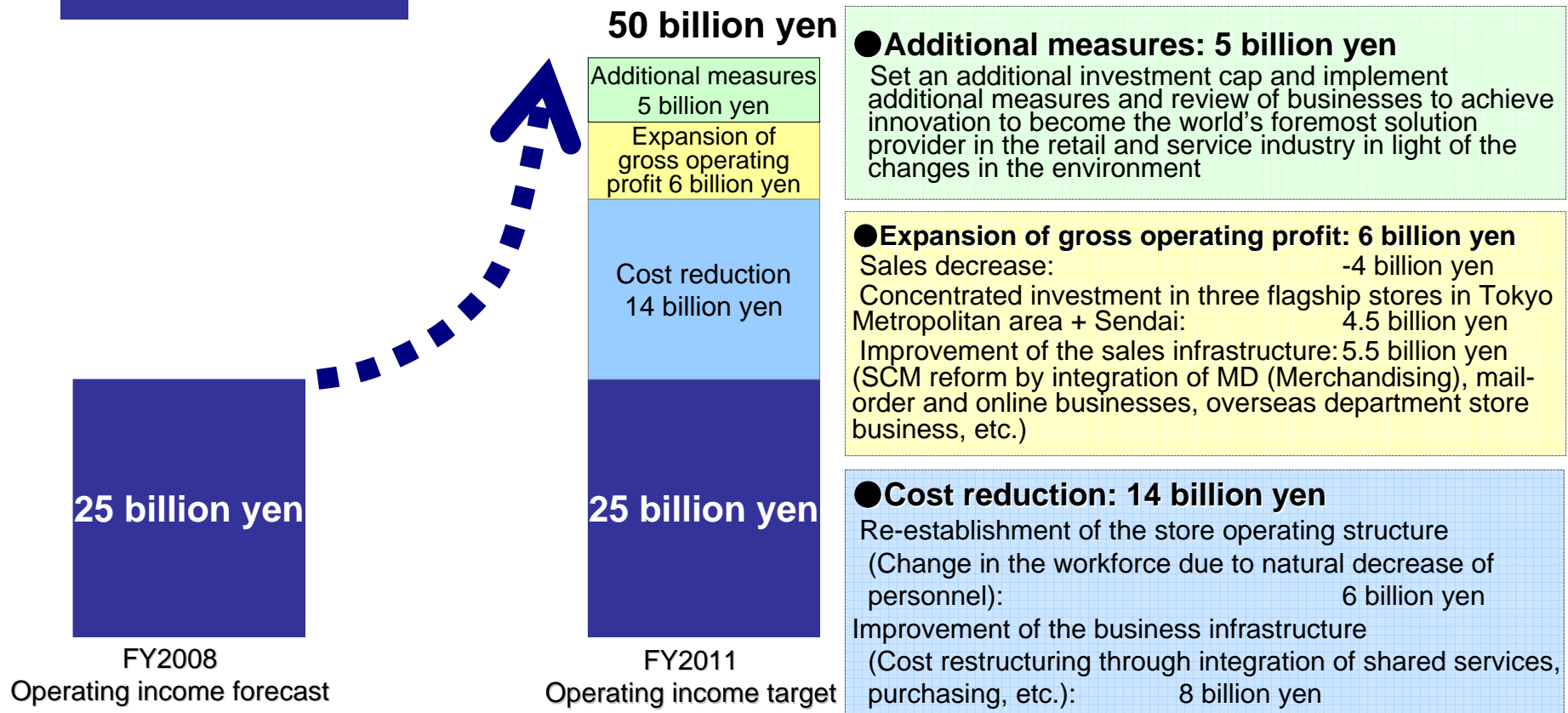
Shenyang
Tianjin
Chengdu
Shanghai
Bangkok
Kuala Lumpur
Singapore

China
Taiwan (Shinkong Mitsukoshi)
Thailand
Malaysia
Singapore

1000 km
500 mile

3) Isetan Mitsukoshi Group 3-year Plan Quantitative Targets

Consolidated operating income **FY2011: 50 billion yen** * Impacts of tax changes etc. are not reflected.



Target consolidated operating income of 75 billion yen in fiscal 2013 through remodeling of the Mitsukoshi Nihonbashi Store, realization of the benefits of the card strategy and integration, and expansion of overseas business and other peripheral businesses

3) Isetan Mitsukoshi Group 3-year Plan Quantitative Targets

Investment plan

FY2009-2011: Approx. total 160 billion yen

Strategic investment (100 billion yen)

Concentrated investment in three flagship stores in Tokyo Metropolitan area: 49 billion yen
 Strengthening of peripheral businesses such as mail-order and overseas businesses: 8 billion yen
 Investment in the card and other systems: 13 billion yen
 Additional investment cap (Additional large-scale remodeling, M&A, etc.): 30 billion yen

Recurring investment (60 billion yen)

Investment in security, safety, and environmental measures: 45 billion yen
 Seasonal remodeling investment: 15 billion yen

*Reduction of investing cash flows of 100 billion yen or more compared with the existing plan is to be achieved through review of the investment plan and review of the assets and businesses owned.

Interest-bearing debt

At the end of FY2011: Approx. 200 billion yen

Continue review of assets and businesses owned to strengthen the financial position

Dividend policy

In view of intensifying competition and the unstable economic situation, while maintaining the current level of dividends, the Company will use the internal reserve for strategic investment to improve profitability and for reducing interest-bearing debt to strengthen the financial position. Once a structure capable of sustainable and enduring enhancement of corporate value is established, the Company will enhance returns to shareholders.



Main image of "Advent Festival" held since April 1, 2008

For Inquiries:

Investor Relations, Corporate Administration Division,
Administration Headquarters,
Isetan Mitsukoshi Holdings Ltd.