

Isetan Mitsukoshi Past, Present and Future Strategies

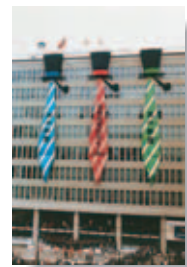
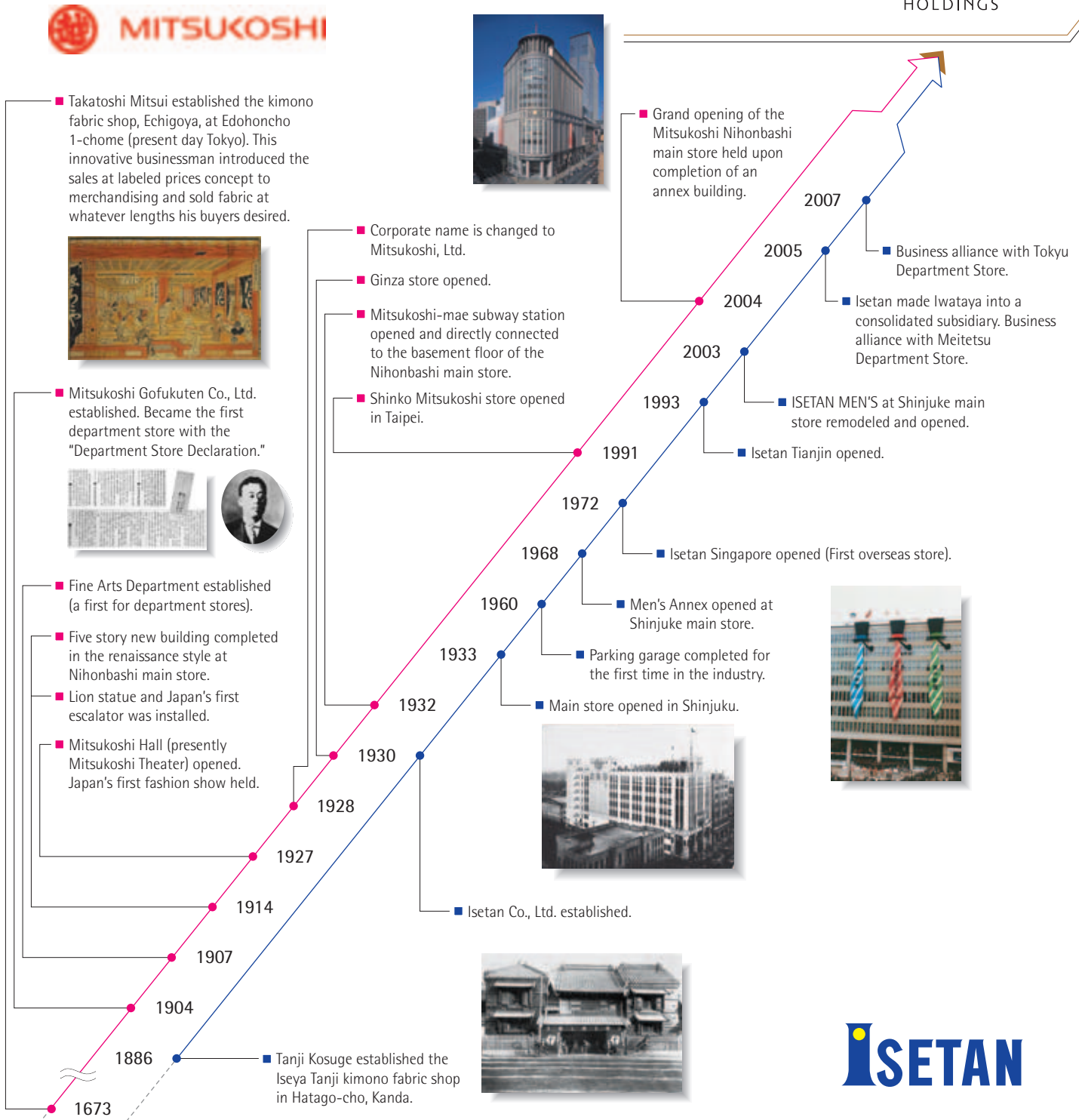


April 1, 2008

Isetan Mitsukoshi Holdings Ltd. established via the business integration of Mitsukoshi & Isetan.



ISETAN MITSUKOSHI HOLDINGS



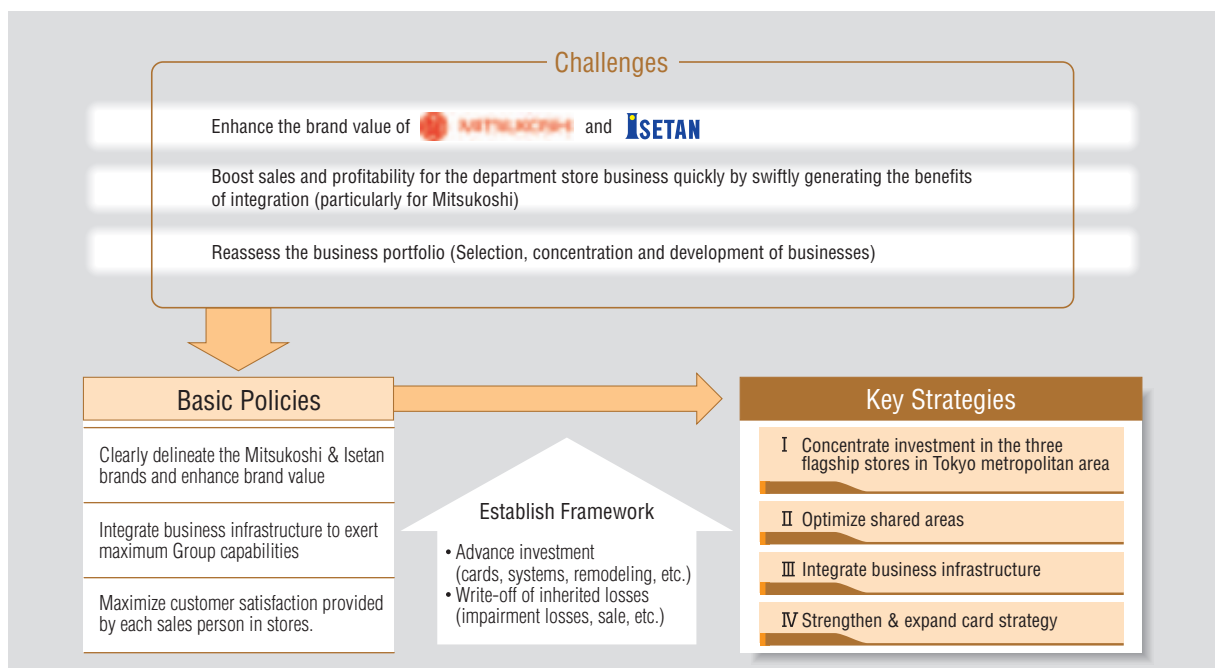
Future Schedule

We will continue to take action to achieve our goal of ¥75.0 billion in consolidated operating income by fiscal 2013.

	Step 1		Step 2		Step 3
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012-13
	Establish Infrastructure		Improve Accuracy & Tangible Benefits		Optimize Group
I Concentrate investment in the three flagship stores in Tokyo metropolitan area	Isetan Shinjuku main store Mitsukoshi Nihonbashi main store Mitsukoshi Ginza store	6th redevelopment of main store Food floor remodeling Remodeling construction to increase floor space	Strengthen alliance with Shinjuku ALCOTT store Large-scale remodeling Grand opening Autumn 2010		
II Optimize shared areas	Consolidated management of shared areas	Build framework for Niigata area Strengthen alliance in Niigata area	Expand to other areas		
III Integrate business infrastructure	Integrate merchandising and information systems & work flow Integrate merchandising Integrate back office operations	Integrate systems subsidiaries Stage progressive introduction of work flow Gradually integrate policies & planned flow for merchandising & launch operations Gradually consolidate & integrate operational flow	Integrate systems Integrate merchandising functions Complete shared integration		
IV Strengthen & expand card strategy	Integrate cards	New I Card debut Pre-integrate card functions	Integrate card functions	Gradually switch out cards	
Other	JR Osaka Mitsukoshi Isetan	Prepare to open a store jointly with the JR West Japan Group	Grand opening Spring 2011		

Note: The content, timing and other factors are projections as of August 2008 and are subject to change.

Challenges and Strategies of Isetan Mitsukoshi



Key Strategies of the Isetan Mitsukoshi Group

I Concentrate Investment in the Three Flagship Stores in the Tokyo Metropolitan Area

Increase Prestige Further through Concentrated Investment in the Three Flagship Stores

The Tokyo metropolitan area is the largest market in the country with roughly ¥1.9 trillion in department store sales, even if limited to the 23 wards of Tokyo. The chief characteristic of this area is the overwhelming dominance of the affluent class, the key customers of department stores, compared with other regions. Fifty-four percent of high tax bracket individuals nationwide are concentrated in the Kanto Region. Tokyo alone accounts for 45%.

The Isetan Mitsukoshi Group owns three flagship stores in this area: the Mitsukoshi Nihonbashi main store and the Isetan Shinjuku main store, which rank first and second in stores sales for department stores nationwide, and the Mitsukoshi Ginza store located at Ginza 4-chome, the hallmark prosperous district in Japan. We can therefore claim an overwhelmingly superior position. The Isetan Mitsukoshi Group captures a clearly dominant share versus competitors in the 23-ward Tokyo market at 33%.

We are aggressively pursuing the creation of stores that can meet the expectations and hopes of our customers by making large strategic investments in these three stores with the goal of eliciting their potential even further by

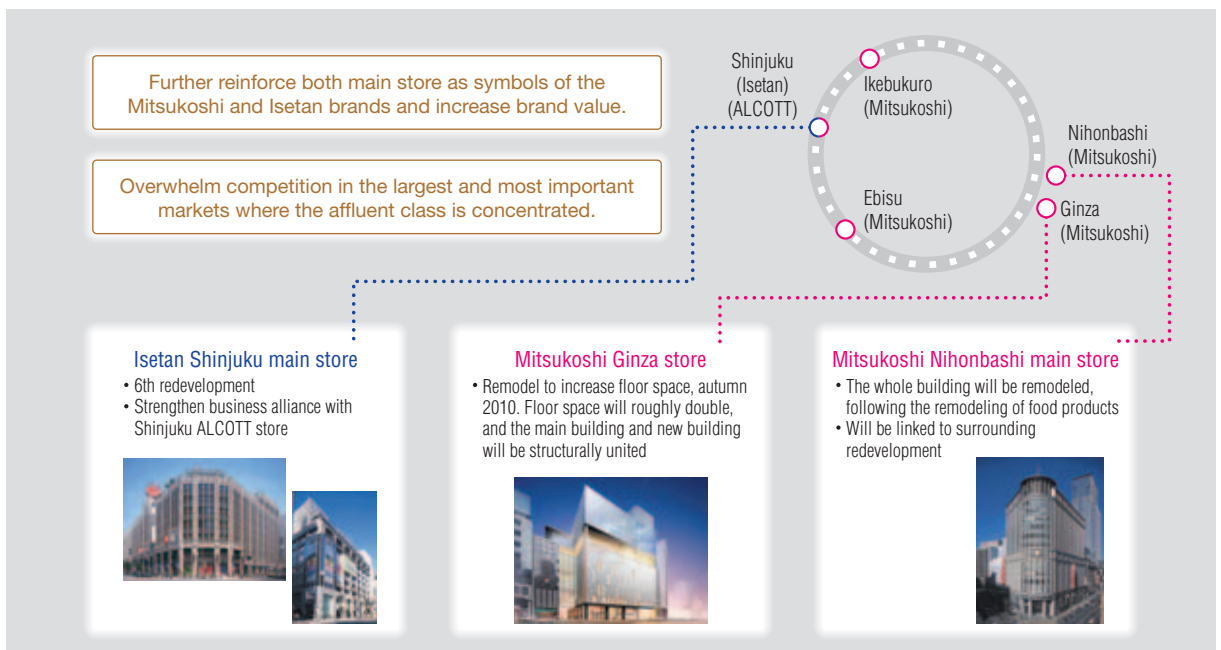
utilizing these unique characteristics to the fullest.

We are currently working on remodeling the women's floor at the Isetan Shinjuku main store as the opening gambit in establishing its position as the world's foremost fashion store.

We are planning to unify the main building and new building of the Mitsukoshi Ginza store and nearly double the store floor space for sales through remodeling for expansion. This is scheduled for completion in autumn 2010. We are also aiming to again make Mitsukoshi emblematic as the number one store in the Ginza district by working to introduce Isetan's operational flow aimed at aligning merchandising capabilities as well.

We are working on remodeling fashion, living and the entire Mitsukoshi Nihonbashi main store after completing remodeling of the food floor in an effort to make this Japan's most prestigious store and improve profitability.

The Isetan Mitsukoshi Group is striving to expand our market share even further in the Tokyo and Tokyo metropolitan area markets with these three flagships stores as the core.



II Optimize Shared Areas

Improve the Degree of Satisfaction by Securing Our Customer Base Nationwide and Clearly Defining Brand Value in Shared Areas as Well

A severely competitive environment, not only from department stores but also suburban shopping centers, is also buffeting our stores outside of the metropolitan area. We continue to build relationships of trust with customers for these stores and will secure a customer base that is clearly superior to competitors on a nationwide scale as well by promoting the creation of stores that can meet the aspirations of our customers.

We will aim for unified management of the Mitsukoshi and Isetan stores which coexist in the Niigata area by initiating collaboration on sales and through other measures. We will simultaneously draw on the advantages of becoming a group to clearly define the brands of both stores and expand the lineup that both stores can provide by responding to the expectations of our customers through the unique characteristics of each store. In doing so we will further increase the selection of products and services available to our customers, and the synergistic benefits will improve operating results for both stores. We can also expect to reduce operating costs and improve efficiency by consolidating the back office divisions that both stores possess. We will complete the process of store renovation by 2010 by unifying management and through the collaboration of both stores. The Fukuoka area will also subsequently be modeled on the track record achieved in Niigata. We plan to heighten the preeminence of both areas.



Mitsukoshi Niigata store



Niigata Isetan

The new store we plan to open in Osaka in spring 2011 will be a consolidated subsidiary of West Japan Railway Company (JR West Japan). We will develop this with West Japan Railway Isetan Ltd., an equity-method affiliate of Isetan Co., Ltd., as the key business entity. We will showcase the appeal and services of the new department store by utilizing the individual strengths of Mitsukoshi, Isetan, West Japan Railway Isetan and JR West Japan in this business.

III Integrate Business Infrastructure

Introduce the Merchandising and Information System and Work Flow of Isetan at Mitsukoshi to Advance its Capabilities

The Isetan Mitsukoshi Group is working actively to integrate business infrastructure with the ultimate aim of improving customer satisfaction. The benefits of the integration will first emerge once the integrated business infrastructure is properly up and running.

We will introduce a business infrastructure that includes the merchandising and information system and work flow of Isetan to Mitsukoshi store operations. We will also reform the entire supply chain by implementing the PDCA (Plan, Do, Check, Action) cycle to enable quick and accurate response to customers' needs and desires.

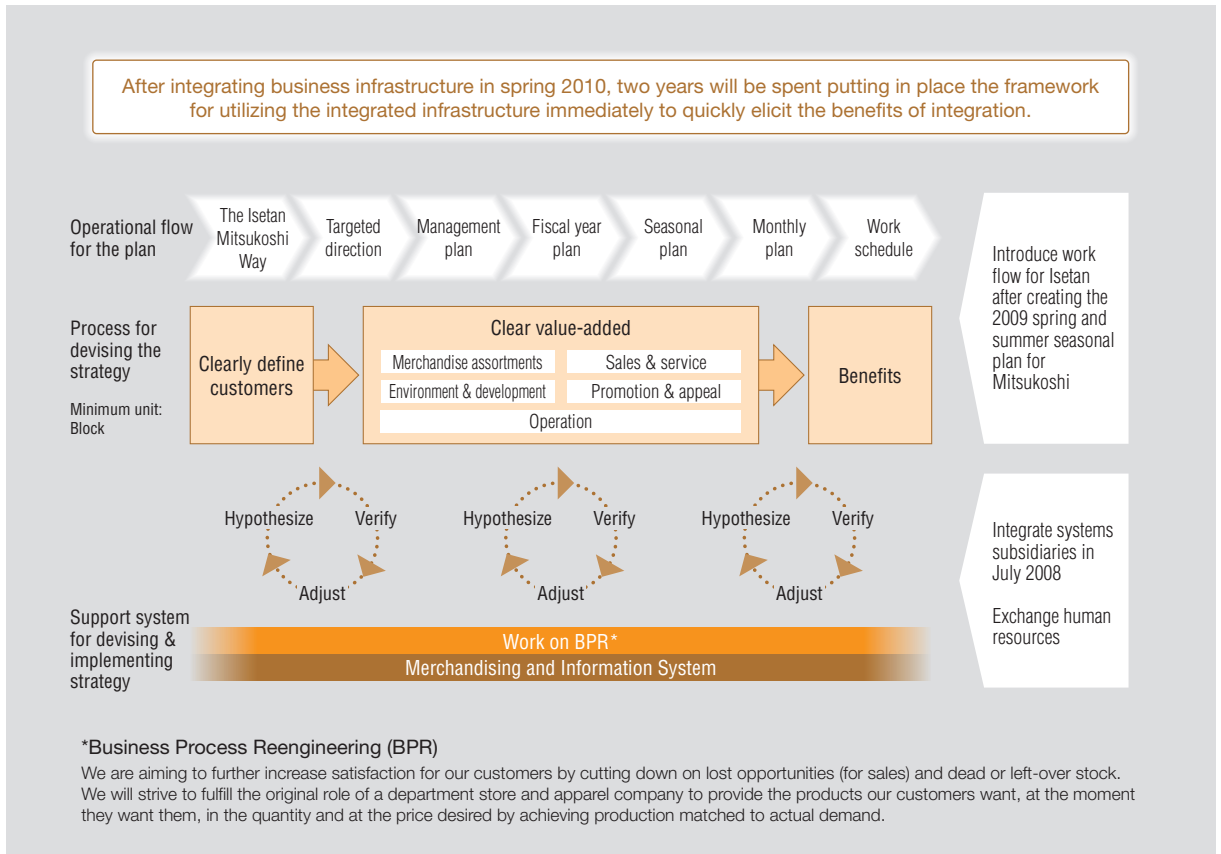
After integrating the merchandising and information system and work flow, we will utilize the unified business infrastructure of the two companies to achieve merits of scale and thereby secure popular products and develop a high quality, new private brand in an effort to improve customer satisfaction. Simultaneously building a win-win system with vendors will lead to increased sales and profits.

We will reassign human resources from Isetan to Mitsukoshi to ensure the penetration of the basic philosophy underpinning the merchandising cycle in preparation for full-fledged operation from 2010. The

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systems subsidiaries of the two companies has been integrated in July 2008 and Isetan Mitsukoshi System Solutions Ltd. has been established to further reinforce

the systems, which will form the base for these activities. In addition, we will reduce costs by broadly integrating back office operations, such as shared services.



IV Strengthen & Expand Card Strategy

Make the Strongest Department Store Card the Choice of Customers for Every Stage of Their Lives

Our department store card will play a central role in our operations not only from the perspective of card services seen from the customer's standpoint but also from the perspective of the Isetan Mitsukoshi Group.

We are advancing plans to step up card integration aiming for fiscal 2010 and intend to begin allowing mutual use of cards from 2009. The integration of the cards will result in approximately 3.3 million card member accounts for the Isetan Mitsukoshi Group, giving us a clearly superior customer base.

The combination of the cards of the Group and of allied department stores will give the Isetan Mitsukoshi

Group approximately 4.3 million accounts, making it Japan's most used store card. We believe that the integration of card services and the operational flow of Mitsukoshi and Isetan based on this customer base will allow us to analyze large amounts of data using the same method and increase analysis accuracy. This will enable us to create stores with product lineups even better matched to the desires of our customers. By also expanding services for that purpose, we aim to make customers satisfied to ensure that the card is always the first one they pull out of their wallet.