

Convocation Notice

Securities Code: 3099

May 31, 2012

To Shareholders with Voting Rights

Kunio Ishizuka  
Chairman and Representative Director  
**Isetan Mitsukoshi Holdings  
Ltd.**  
5-16-10, Shinjuku, Shinjuku-ku, Tokyo,  
Japan

**NOTICE OF THE CONVOCATION  
OF THE 4<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 4<sup>th</sup> Ordinary General Meeting of Shareholders of Isetan Mitsukoshi Holdings Ltd. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following means. Please review the Reference Documents for the General Meeting of Shareholders described on page 3, and exercise your voting rights by 8:00 p.m., Friday, June 22, 2012.

**Exercise of Voting Rights in Writing**

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Company, ensuring that the form reaches us no later than the above voting deadline.

**Exercise of Voting Rights via the Internet**

Please access the website designed for the purpose of exercising voting rights (<http://www.evotep.jp/>) from your PC, and enter your votes for or against the proposals following the guidance on the screen, using the login ID and temporary password indicated in the enclosed Voting Rights Exercise Form. Please review the “Guide for Procedures of Exercising Voting Rights via the Internet” described on page 97-98 for details.

If we receive votes both by conventional mail and via the Internet, we will consider the Internet vote to be the valid vote.

If we receive votes multiple times via the Internet, we will consider the last vote to be the valid vote.

- 1. Date and Time:** Monday, June 25, 2012, at 10:00 a.m.
- 2. Place:** Ballroom, B2F, The Prince Park Tower Tokyo  
4-8-1, Shiba-koen, Minato-ku, Tokyo, Japan

### 3. Agenda of the Meeting:

**Matters to be reported:** The Business Report and the Consolidated Financial Statements for the 4<sup>th</sup> term (from April 1, 2011 to March 31, 2012) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements  
The Non-Consolidated Financial Statements for the 4<sup>th</sup> term (from April 1, 2011 to March 31, 2012)

**Proposals to be resolved:**

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Nine Directors
- Proposal No. 3:** Election of Three Corporate Auditors
- Proposal No. 4:** Payment of Directors' Bonus

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<Request>

- \* For those attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the meeting venue reception desk on arrival.
- \* Please bring this Notice with you to help us conserve resources.
- \* Please bear in mind that non-shareholding proxies, persons accompanying you or anyone else who is not a shareholder will NOT be allowed to enter the venue.

<Notice>

- \* The following matters are not stated in the documents attached to the Notice of the Convocation of the General Meeting of Shareholders as they have been published on the Company's website (<http://www.imhds.co.jp>) pursuant to laws and regulations and Article 16 of the Company's Articles of Incorporation:
  - (1) Notes to consolidated accounting; and
  - (2) Notes to non-consolidated accounting.
- \* In the event of any modification, it will be announced via the Company Internet website (<http://www.imhds.co.jp/>). If there is no modification, nothing will be displayed.

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## To Our Shareholders

### *Marching toward the world's foremost retail services group*

The fiscal year under review began with a national predicament, where we had to recover from the tremendous damage to our country caused by the Great East Japan Earthquake. Despite such circumstances, we valued each of our customers and offered high-quality products and services that only we can provide with our level of hospitality in a comfortable environment, thereby improving customer satisfaction.

As of April 1, 2011, Mitsukoshi Ltd. and Isetan Co., Ltd., merged and became Isetan Mitsukoshi Ltd., completing a series of business restructuring measures since the management integration in April 2008. By manifesting specific effects of the integration, the Isetan Mitsukoshi Group (the “Group”) will strive to enhance values that the Group can offer to shareholders.

The consumption environment will likely remain challenging and competition will intensify in all business types and categories. Despite such difficulties, the Group will continue to create new value beyond customer expectations, aiming to achieve the Group’s vision: to become “the world’s foremost retail services group.”

We would appreciate our valued shareholders’ continued support and encouragement.

Kunio Ishizuka

Chairman and Representative Director

Hiroshi Onishi

President and Representative Director

## **Isetan Mitsukoshi Group Corporate Philosophy**

### **Group Slogan**

“Interfacing with Excellence”

### **Group Philosophy**

Striving to interface with integrity, flexibility and dynamism

- We strive to interface with every customer. We wholeheartedly respond to customer needs and expectations through our focus on superlative service.
- We strive to interface with coworkers. We enhance our knowledge and skills together to create new value.
- We strive to interface with our shareholders. We faithfully respond to shareholder expectations by pursuing ambitious targets and practicing fair and transparent management.
- We strive to interface with our partners. We cultivate the optimum partnerships for achieving our shared goal of delivering customer satisfaction.
- We strive to interface with communities, society and the Earth. We contribute to the fulfillment of aspirations.

Cultivating irreplaceable relationships of trust far into the future

### **Group Vision**

To be “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 be the world’s foremost retail services group with high profitability and sustained growth.

## Business Report

(From April 1, 2011 to March 31, 2012)

### **1. Matters related to the Group's status**

#### (1) Business developments and results

During the consolidated fiscal year under review, Japan's economy as a whole continued to be extremely uncertain. With the impact of the shortage of electricity caused by the Great East Japan Earthquake, which occurred on March 11, 2011, and the following accidents at nuclear plants, consumption and production volumes temporarily plunged. From the second half, we saw a trend of gradual recovery in economic activities and a partial recovery was seen in consumption, which, however, did not offset the impact of the debt crisis in Europe, which led to concerns about a downturn of the world economy and prolonged high yen appreciation.

The retail industry generally continued to face a challenging situation. Although signs of improvement were seen in the consumption environment, competition further intensified in all business types and categories.

In such circumstances, the Group optimized the strengths and management resources of the Group's department store operators and their related Group companies, thereby strengthening sales activities and improving business efficiency, toward achieving the Group's vision: to become "the world's foremost retail services group."

#### Department stores

Regarding the department store business, Mitsukoshi Ltd. and Isetan Co., Ltd., merged and became Isetan Mitsukoshi Ltd. on April 1, 2011.

At the new Isetan Mitsukoshi Ltd., restructuring measures related to product planning and procurement were promoted aggressively mainly at its stores in the Tokyo metropolitan area to improve customer satisfaction. Specifically, in women's clothing and accessories and in men's clothing, by establishing a thorough operational flow from developing distinctive products in collaboration with materials manufacturers and sewing plants to undertaking sales, we strove to create the value that customers seek. We also shifted the development of the "Only I" brand, which had been limited products of Isetan, to the Isetan Mitsukoshi Group's special "Only M I" brand, thereby offering distinctive products and services to customers at each store of the Group. Furthermore, through JAPAN SENSES, a project emphasizing Japan's *monozukuri* (production of

value-added products), we reaffirmed the quality of the Japanese aesthetic sense, techniques and tradition of our pride and introduced added value that is suited to current lifestyles.

At the Mitsukoshi Ginza store, September 2011 marked the first-year anniversary of the completion of its sales floor increase project. By offering products and services featuring and emphasizing Ginza as a new “Ginza Style,” the age groups of the guests who visited the Mitsukoshi Ginza store expanded, resulting in steady progress in net sales. In October 2011 and March 2012, we held Ginza Fashion Week jointly with Matsuya Ginza, dispatching enchanting and hot styles from Ginza. We aggressively engage in such new projects, which also contribute to attracting more customers to the Ginza area as a whole.

In May 2011, West Japan Railway Isetan, a joint venture with West Japan Railway Company, opened the JR Osaka Mitsukoshi Isetan Department Store in the North Gate Building of JR Osaka Station. At this store, by providing opportunities for customers to enjoy new discoveries and shopping, we aim to create a department store full of joy and inspiration.

With regard to regional stores, by promoting effective measures such as the introduction of “Unit Shops,” the Group’s outlets for standardized product assortment and operations, net sales at regional stores generally progressed steadily.

Furthermore, since 2010, the Group has been developing a structure to promote optimal sales measures attuned to each region by spinning off its regional department store business. In the Sapporo area, Sapporo Marui Imai Ltd. merged with Sapporo Mitsukoshi, Ltd., and became Sapporo Marui Mitsukoshi, Ltd., on April 1, 2011.

We hereby report the recovery status of the Group stores damaged by the Great East Japan Earthquake. As for the Sendai Mitsukoshi store, immediately after the disaster, some food-related operations continued. On April 28, 2011, a month after the earthquake, operations resumed for the entire department building. At the Mitsukoshi Ishinomaki store, which is a small-scale store affiliated with the Sendai Mitsukoshi store, due to serious damage to the store building, it was difficult to continue operations. Supported by the community’s strong wish for recovery, however, we used a temporary store area inside the city hall and later successfully resumed full operations at Tachimachi Ishinomaki on March 8, 2012. The Group will continue to provide a stable supply of products necessary for people’s lives, which is at the heart of the Group’s restoration support activities in the area.

In overseas department store operations, we are developing and nurturing markets in China and Southeast Asia. Overall, net sales at overseas department stores progressed steadily. For instance, the SERANGOON store in Singapore, which commemorated its first-year anniversary in November 2011, surpassed its net sales target.

We terminated operation of the Shinjuku Mitsukoshi Alcott store as of March 31, 2012, and rented out the whole building that was used for the store. We deeply apologize for any inconvenience caused by the closure of the store and would like to offer our heartfelt thanks for the support and patronage provided to this store.

As a result of all the above measures, our department store business posted net sales of ¥1,128.1 billion (99.1% of the previous year's net sales) and operating income of ¥18.0 billion (129.1% of the previous year's operating income). The Direct Shopping Department of Mitsukoshi was spun off on April 1, 2011, and became Isetan Mitsukoshi Direct Shopping Ltd. As a result, the business results of the Direct Shopping Department of Mitsukoshi, which previously had been included in the results of the department stores business, have been included in the Other retail & specialty stores business. Therefore, when you compare the business results of the department store business for the consolidated fiscal year under review, the results of the department store business for a year earlier include the results of the Direct Shopping Department of Mitsukoshi.

#### Credit, finance and customer organization management

In the credit, finance and customer organization management business, we streamlined the Group operation system for credit cards, insurance and customer organization management in order to improve convenience for customers and to build a higher earnings base. Specifically, at MICARD Co. Ltd., a Group card that it operates became valid throughout the Group. Using the Group card, customers can receive common services at all the Group stores. As a result, an increasing number of customers are now freely shopping across the Mitsukoshi and Isetan brands. Furthermore, since November 2011, to improve customer convenience and increase the number of memberships, we started the issuance of our card with American Express credit services.

In the Total Life Attendant business, through which the Group aims to contribute to customers' various lifestyles, via the Financierge Plaza consulting services related to insurance, asset management and inheritance, etc., we are striving to build deep and long-term relationships with customers.



With regard to customer organization management, we integrated all the relevant services of the entire Group into MI TOMONOKAI Co., Ltd., a subsidiary of MICARD Co. Ltd., and extended the area of use of the customer organization management shopping cards to the direct shopping field, thereby improving customer convenience.

Under the circumstances outlined above, our credit, finance and customer organization management business booked net sales of ¥28.5 billion (124.2% of the previous year's net sales) and operating income of ¥2.6 billion.

Although an operating loss was recorded the previous fiscal year due to a temporary expense for the issuance of Group cards, revenue and income increased for the fiscal year under review because card memberships increased, which led to a rise in fee revenue from external card usage.

#### Other retail & specialty stores

In our other retail & specialty stores business, Queen's Isetan Co., Ltd., a supermarket operator of the Group, and Niko, Ltd., a food production and wholesaling company of the Group, merged on April 1, 2011, and became Isetan Mitsukoshi Food Service Ltd. At Isetan Mitsukoshi Food Service Ltd., we are striving to streamline operations related to the marketing, production and wholesaling of foods and improving the product capability, harnessing the expertise of Queen's Isetan Co., Ltd., and Niko, Ltd.

Queen's Isetan Co., Ltd., features a high-quality product assortment focused on food that guarantees safety, comfort and health, including "Green Q," which pursues greater quality, and has been well accepted by local customers.

In October 2011, Isetan Mitsukoshi Direct Shopping Ltd. started Isetan Mitsukoshi MI Deli, a membership-based home food delivery service as part of its endeavor to provide high-quality services fully utilizing the Group's distinctive product assortment and management foundation.

The above activities led our other retail & specialty store business to book net sales of ¥87.6 billion (168.0% of the previous year's net sales) and operating income of ¥0.3 billion (610.3% of the previous year's operating income). Note that the business results of the Other retail & specialty stores business for the consolidated fiscal year under review include the results of the Direct Shopping Department of Mitsukoshi, which previously had been included in the results of the department store business.

### Real estate business

In the real estate business, Isetan Mitsukoshi Building Management Ltd. introduced LED lighting and took other measures to reduce the energy consumption of the Group as a whole. Each Group store strove to establish a disaster response plan.

Because Mitsukoshi Kankyo Design Co., Ltd., had recorded net sales from the sales floor increase project at the Mitsukoshi Ginza store a year earlier, revenue and income decreased for the fiscal year under review. As a result, the real estate business posted net sales of ¥23.8 billion (81.5% of the previous year's net sales) and operating income of ¥0.9 billion (57.0% of the previous year's operating income).

### Other businesses

In other businesses, the Group companies providing operational support services such as Isetan Mitsukoshi System Solutions Ltd., an information processing service business operator; Isetan Mitsukoshi Business Support Ltd., a logistics business operator; and Isetan Mitsukoshi Human Solutions Ltd., a human resource service operator, strove to establish a highly productive business foundation.

As a result, other businesses together posted net sales of ¥75.3 billion (88.6% of the previous year's net sales) and operating income of ¥1.6 billion (76.4% of the previous year's operating income). Such decreases in revenue and income were mainly due to cost-reduction measures by Group companies, which led to a decline in outsourced operations.

As a result of all above operations, for the consolidated fiscal year under review the Group posted net sales of ¥1,239.9 billion (101.6% of the previous year's net sales), operating income of ¥23.8 billion (216.8% of the previous year's operating income), ordinary income of ¥38.4 billion (141.9% of the previous year's ordinary income) and net income of ¥58.8 billion (an increase of ¥56.2 billion from the previous year's net income). On a nonconsolidated basis, net sales of Isetan Mitsukoshi Ltd. for the fiscal year under review (from April 1, 2011, through March 31, 2012) were ¥637.8 billion (98.6% of the previous year's net sales) with operating income of ¥16.5 billion (149.8% of the previous year's operating income). (The previous year's results included the business results of the Direct Shopping Department of Mitsukoshi.)

### (2) Capital expenditures

Our capital expenditures during the consolidated fiscal year under review totaled ¥19.2 billion, which consisted principally of ¥12.1 billion for renovations of the Isetan Mitsukoshi Group stores.

### (3) Fund-raising matters

The Company borrowed long-term funds from financial institutions totaling ¥13.3 billion for the consolidated fiscal year under review.

### (4) Issues that need to be addressed

With regard to the economic environment going forward, the trend of the world economy, concern about the future domestic economy with the impact of cheap stocks and high yen appreciation and a change of the tax system, etc., will adversely affect consumer confidence. In addition, given aging population combined with the low birthrate, as well as intensified competition in the same business category, the operating environment surrounding the Group will continue to be severe.

Despite such difficulties, the Group aims to become “my indispensable department store” that is always chosen by our customers by continuing to overcome challenges and delivering distinctive and added value to our customers.

To this end, the Group will promote the following core strategies:

1. Expand and reinforce interactions with customers
2. Reestablish highly productive interactions with customers
3. Reinforce the foundation for the use of the Group’s resources

As to the first core strategy, “Expand and reinforce interactions with customers,” we are currently promoting the following four specific measures.

The first measure is renovation of the Mitsukoshi Nihonbashi main store, the Mitsukoshi Ginza store and the Isetan Shinjuku main store, all of which are the Group’s core stores in the Tokyo metropolitan area.

Our ideal department stores must manifest the three factors of “Creation of lifestyles,” “Continual provision of added value” and “Department store chosen by customers as My Store.” We aim to make these three core stores in the Tokyo metropolitan area the industry’s landmark stores for all these factors, which can offer high-value added products.

Of the three stores, at the Mitsukoshi Ginza store, as mentioned above, the sales floor increase project was completed in September 2010. We intend to complete the sales floor increase project at the Isetan Shinjuku main store by the spring of 2013 and then proceed with the same project at the Mitsukoshi Nihonbashi main store.

The Isetan Shinjuku main store has been one of “the world’s best fashion department stores,” offering highly fashionable and distinctive products with attractive presentation settings. To further meticulously address customers’ changing value sense and diversifying needs, we would like to evolve the department store into “the world’s best fashion museum.”

Specifically, we will renovate B2 and B1 to F4 with an information space called “Park” at the center of each floor, where we will hold events with popular themes to propose new value. The “Park” space will contribute to increasing each floor’s guest flow circulation. Not only via our product-based visual approach but also via music, a tea room setting and fragrances, we will create a gratifying multi-sensory environment.

As a result of such measures, the Isetan Shinjuku main store after the renovation will become a place where customers feel fashion and gather with a purpose for shopping. At the same time, even without shopping, customers will want to get together and have a good time. The store will become such an attractive destination after the renovation.

The second measure to expand and reinforce interactions with customers is to deeply connect with our customers’ lifestyles and activities and offer products and services by leveraging the strengths and expertise of the department stores. Through this measure, we strive to improve the Group’s shopping environment with greater convenience for our customers.

Specifically, we intend to develop small-scale stores of 150–200 square meters outside our department stores, for instance, inside a station building. At such stores, we will specialize in product areas where the Group can leverage its strength. As the first of such stores, we opened ISETAN MIRROR Make&Cosmetics at the LUMINE Shinjuku 2 on March 6, 2012. The Isetan Shinjuku main store is strong in the area of luxurious cosmetics. Drawing on the sales and product procurement expertise of the Isetan Shinjuku main store, ISETAN MIRROR Make&Cosmetics offers 20 global top-notch brand cosmetics and related accessories using new sales methods beyond the framework of each brand.

We further plan to develop 20–30 similar small stores outside our department stores in commercial facilities such as station buildings in the Tokyo metropolitan area within a few years and many more nationwide subsequently.

On April 20, 2012, we opened the ISETAN HANEDA STORE at the Haneda Airport Terminal 1 for

domestic passenger lines. This store offers men's accessories and goods, gift foods, a coffee shop and other services for businessmen so that they can experience pleasant wait time at the airport.

We will also integrate the online shopping functions of Mitsukoshi and Isetan by the spring of next year. Optimizing the resulting foundation, we plan to reinforce our direct shopping business such as online and catalog sales.

As the third measure, we will further develop the home delivery services of foods and reinforce the supermarket business to further expand and reinforce our ordinary interactions with customers. In the supermarket business, Queen's Isetan Co., Ltd., will open its Fujimino store in Fujimino, Saitama Prefecture, in June 2012. Queen's Isetan intends to open more new stores aggressively, based on a thorough investigation of locations and conditions.

The fourth measure to expand and reinforce interactions with customers is our Dominant-Store strategy that we are promoting in the rapidly growing markets of Southeast Asia and China. This strategy for business expansion is to cover the area efficiently and widely by developing a core store with surrounding multiple medium- and small-sized stores in one area.

In Malaysia, we had a grand opening for the One Utama store inside a shopping center near Kuala Lumpur in May 2012. This store is the Group's fourth in Malaysia. By expanding our trade area in Kuala Lumpur, the capital of Malaysia, we intend to enhance the presence of the Isetan brand.

In China, in the fall of 2012, we will open the Company's second Tianjin department store in Tianjin Binhai Hi-tech Industry Park. This industrial zone is being developed by the Chinese government.

With the second core strategy, "Reestablish highly productive interactions with customers," we will continue to promote the product planning and procurement-related reform that is already under way mainly in the Tokyo metropolitan area. Through this measure, we must change the purchasing structure that is currently controlled by suppliers, which is an issue throughout the department store industry, and restore the ideal structure.

Specifically, to improve our profit ratio, reduce costs and offer customers suitable products in a timely manner, we need to improve trade relationships by purchasing products in greater bulk products and collaborating with suppliers. Such measures will contribute to nurturing our employees' spirit to tackle changes as our corporate culture and better human resources.

As a measure to manage our domestic department stores, the “Unit Shops,” the Group’s outlets for standardized product assortment and operations, and self-operated shops suggesting new life style for our customers, are producing good results in net sales and income. By further reinforcing this measure, we intend to improve customer satisfaction and raise earnings at the Group stores.

With the third core strategy, “Reinforce the foundation for the use of the Group’s resources,” we will reinforce our card business as the Group’s common information foundation.

The number of memberships of the MI Card, the Group’s shopping card, and the card transaction amounts are rising steadily, and especially fee revenue from external card usage outside department stores has contributed significantly to revenues of the Group.

We will continue to strive to increase the MI card memberships and the card transaction amounts and establish a system foundation that enables the entire Group to conduct integrated management and analysis of the customer information obtained from the MI cards. Such information will be used to develop new products, services, stores and businesses, thereby establishing a management foundation that allows powerful promotion of the Group strategies.

The Group will steadily promote the above three core strategies, aiming to achieve sustainable and perpetual growth. We strive to enhance our corporate value so as to offer greater value to shareholders.

We take this opportunity to express our heartfelt gratitude for all the support and goodwill rendered to us over the past years and request that you kindly continue to support and encourage us in the future.

## Segment information

(Millions of yen)

	Report Segments					Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Posted in Consolidated Statutory Reports (Note 3)
	Department Store	Credit & Finance / Customer Organiza- tion Manage- ment	Other Retail & Specialty Store	Real Estate	Total				
Net Sales									
Outside customers	1,127,542	12,729	73,072	11,876	1,225,221	14,699	1,239,921	—	1,239,921
Inter-segment sales	618	15,819	14,597	11,935	42,971	60,607	103,578	(103,578)	—
Total	1,128,161	28,549	87,670	23,811	1,268,193	75,306	1,343,500	(103,578)	1,239,921
Segment profit	18,068	2,663	375	900	22,007	1,647	23,654	179	23,834
Segment assets	1,129,198	226,267	24,548	58,991	1,439,005	33,141	1,472,146	(244,199)	1,227,947
Others									
Depreciation	16,544	2,629	657	530	20,362	3,956	24,319	(300)	24,018
Impairment loss	7,617	—	14	—	7,632	—	7,632	—	7,632
Investment in equity method affiliates	34,516	—	2,875	14,375	51,766	58	51,825	—	51,825
Increase in tangible/intangible fixed assets	13,838	1,709	794	79	16,422	3,177	19,599	(356)	19,243

- Notes:
1. "Other Businesses" is not included in Report Segments and includes services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel, and data processing, etc.
  2. Adjustments are as follows:
    - (1) Adjustment of segment profit of ¥179 million is the amount of inter-segment transfer transactions.
    - (2) Adjustment of segment assets of minus ¥244,199 million is the amount of inter-segment transfer transactions.
    - (3) Adjustment of segment depreciation of minus ¥300 million is the amount of inter-segment transfer transactions.
    - (4) Adjustment of increase in tangible/intangible fixed assets of minus ¥356 million is largely inter-segment unrealized profit.
  3. Segment profit/loss is adjusted with Operating income in the Consolidated Statement of Income.
  4. With regard to depreciation of tangible fixed assets, since the first quarter of the consolidated fiscal year under review, the straight-line method has been applied to depreciation of equipment and fixtures. Due to this change, segment profit increased ¥1,178 million in the Department Store segment and ¥112 million in the Other Retail & Specialty Store segment compared to the use of the conventional method.

Net sales by domestic department store

(By company and store)

Company & Store Name		Amount (Millions of yen)	Percentage of Total (%)	Year-on-year Comparison (%)
Isetan Mitsukoshi Ltd.	Mitsukoshi Nihonbashi main store	165,220	25.9	80.4
	Mitsukoshi Ginza store	57,546	9.0	128.8
	Mitsukoshi Chiba store	18,388	2.9	96.9
	Other Mitsukoshi stores	11,304	1.8	98.4
	Isetan Shinjuku main store	235,010	36.8	107.1
	Isetan Tachikawa store	37,695	5.9	105.2
	Isetan Matsudo store	22,053	3.5	100.1
	Isetan Urawa store	43,398	6.8	103.2
	Isetan Sagamihara store	26,476	4.2	100.9
	Isetan Fuchu store	20,731	3.2	102.1
	<b>Total</b>	<b>637,826</b>	<b>100.0</b>	<b>98.6</b>
Sapporo Marui Mitsukoshi Ltd.	65,945	—	97.1	
Hakodate Marui Imai Ltd.	10,015	—	97.7	
Sendai Mitsukoshi Ltd.	33,260	—	116.5	
Niigata Mitsukoshi Isetan Ltd	47,447	—	103.1	
Shizuoka Isetan Co., Ltd.	20,830	—	98.3	
Nagoya Mitsukoshi Ltd.	69,670	—	99.6	
Hiroshima Mitsukoshi Ltd.	15,292	—	102.1	
Takamatsu Mitsukoshi Ltd.	21,270	—	100.2	
Matsuyama Mitsukoshi Ltd.	16,047	—	101.2	
Iwataya Mitsukoshi Ltd.	113,619	—	93.2	
West Japan Railway Isetan Ltd.*	95,593	—	149.2	

Notes:

1. The previous year's amount for the Mitsukoshi Nihonbashi main store includes sales to outside corporate customers and the Direct Shopping Department of Mitsukoshi.
2. \* Our equity method affiliate.



Net sales by product of Isetan Mitsukoshi Ltd.

Product	Amount (Millions of yen)	Percentage of Total (%)	Year-on-year Comparison (%)
Apparel	240,608	37.7	98.4
Accessories	74,806	11.7	101.6
Sundry goods	89,411	14.0	100.8
Household goods	34,937	5.5	99.5
Foods	148,030	23.2	96.3
Others	50,031	7.9	98.0
<b>Total</b>	<b>637,826</b>	<b>100.0</b>	<b>98.6</b>

(5) Change in assets and earnings

1) Change in assets and earnings of the Company and its subsidiaries (consolidated)

Fiscal Year Item	1st Term Fiscal 2008 (From April 1, 2008 to March 31, 2009)	2nd Term Fiscal 2009 (From April 1, 2009 to March 31, 2010)	3rd Term Fiscal 2010 (From April 1, 2010 to March 31, 2011)	4th Term Fiscal 2011 (From April 1, 2011 to March 31, 2012) Consolidated fiscal year under review
Net sales (Million yen)	1,426,684	1,291,617	1,220,772	1,239,921
Operating income (Million yen)	19,582	4,177	10,993	23,834
Ordinary income (Million yen)	35,052	19,730	27,093	38,452
Net income/loss (Million yen)	4,683	(63,521)	2,640	58,891
Net income/loss per share (Yen)	12.08	(162.51)	6.69	149.28
Total assets (Million yen)	1,351,633	1,238,006	1,237,775	1,227,947
Net assets (Million yen)	489,740	425,120	418,152	468,479
Net assets per share (Yen)	1,225.85	1,049.09	1,030.60	1,157.37
Capital-to-asset ratio (%)	35.17	33.43	32.84	37.18

Note: Net income or loss per share has been calculated based on the average number of outstanding shares during the period (excluding treasury stock).

2) Change in assets and earnings of the Company (nonconsolidated)

Fiscal Term Item	1st Term Fiscal 2008 (From April 1, 2008 to March 31, 2009)	2nd Term Fiscal 2009 (From April 1, 2009 to March 31, 2010)	3rd Term Fiscal 2010 (From April 1, 2010 to March 31, 2011)	4th Term Fiscal 2011 (From April 1, 2011 to March 31, 2012) Fiscal year under review
Operating revenues (Million yen)	12,058	12,072	8,334	16,091
Operating income (Million yen)	8,628	6,577	3,601	10,502
Ordinary income (Million yen)	8,491	6,584	3,724	10,592
Net income (Million yen)	7,759	6,209	2,728	3,102
Net income per share (Yen)	20.01	15.89	6.92	7.86
Total assets (Million yen)	451,467	458,309	767,846	777,383
Net assets (Million yen)	450,534	457,389	456,103	456,675
Net assets per share (Yen)	1,159.82	1,156.96	1,153.53	1,154.36
Capital-to-asset ratio (%)	99.63	99.59	59.26	58.58

Note: Net income per share has been calculated based on the average number of outstanding shares during the period (excluding treasury stock).

of March 31, 2012)

1) Status of subsidiaries

Company Name	Paid-in Capital	Ownership Percentage by the Company(%)	Location of Main Store	Line of Business
Isetan Mitsukoshi Ltd.	¥10,000 mln.	100.0	Shinjuku-ku, Tokyo	Department store
Sapporo Marui Mitsukoshi Ltd.	¥100 mln.	100.0	Chuo-ku, Sapporo-shi, Hokkaido	Department store
Hakodate Marui Imai Ltd.	¥50 mln.	100.0	Hakodate-shi, Hokkaido	Department store
Sendai Mitsukoshi Ltd.	¥50 mln.	100.0	Aoba-ku, Sendai-shi, Miyagi	Department store
Niigata Isetan Mitsukoshi Ltd.	¥100 mln.	100.0	Chuo-ku, Niigata-shi, Niigata	Department store
Shizuoka Isetan Co. Ltd	¥100 mln.	100.0	Aoi-ku Shizuoka-shi, Shizuoka	Department store
Nagoya Mitsukoshi Ltd.	¥50 mln.	100.0	Naka-ku, Nagoya-shi, Aichi	Department store
Hiroshima Mitsukoshi Ltd.	¥50 mln.	100.0	Naka-ku, Hiroshima-shi, Hiroshima	Department store
Takamatsu Mitsukoshi Ltd.	¥50 mln.	100.0	Takamatsu-shi, Kagawa	Department store
Matsuyama Mitsukoshi Ltd.	¥50 mln.	100.0	Matsuyama-shi, Ehime	Department store
Iwataya Mitsukoshi Co. Ltd.	¥100 mln.	100.0	Chuo-ku, Fukuoka-shi, Fukuoka	Department store
Isetan (China) Investment Co., Ltd.	US\$60,371 thou	100.0	Shanghai, PRC	Department store
Shanghai Mei Long Zhen Isetan Department Store Co., Ltd.	US\$5,000 thou	80.0	Shanghai, PRC	Department store
Tianjin Isetan Co., Ltd.	US\$2,100 thou	90.0	Tianjin, PRC	Department store
Chengdu Isetan Co., Ltd.	US\$14,990 thou	100.0	Chengdu, Sichuan Prov., PRC	Department store
Shenyang Isetan Co., Ltd.	US\$19,150 thou	100.0	Shenyang, Liaoning Prov., PRC	Department store
Isetan (Singapore) Ltd.	S\$20,625 thou	52.7	Singapore City, Singapore	Department store
Isetan (Thailand) Co., Ltd.	290,000 thou bahts	49.0	Bangkok, Thailand	Department store
Isetan of Japan Sdn. Bhd.	20,000 thou ringgit	51.0	Kuala Lumpur, Malaysia	Department store
Mitsukoshi (U.S.A.) Inc.	US\$25,000 thou	100.0	New York City, U.S.A.	Department store
MICARD Co. Ltd.	¥1,100 mln.	100.0	Shinjuku-ku, Tokyo	Credit & finance / customer organization management
Isetan Mitsukoshi Food Service, Ltd.	¥100 mln.	100.0	Chuo-ku, Tokyo	Other retail & specialty store

Note: The Company has a direct ownership in Isetan Mitsukoshi Ltd., Sapporo Marui Mitsukoshi Ltd., Hakodate Marui Imai Ltd., Sendai Mitsukoshi Ltd., Niigata Isetan Mitsukoshi Ltd., Shizuoka Isetan Co. Ltd., Nagoya Mitsukoshi Ltd., Hiroshima Mitsukoshi Ltd., Takamatsu Mitsukoshi Ltd., Matsuyama Mitsukoshi Ltd., Iwataya Mitsukoshi Co. Ltd, and MICARD Co. Ltd., and an indirect ownership in all other companies.

2) Status of affiliates accounted for by the equity method

Company Name	Paid-in Capital	Ownership Percentage by the Company (%)	Location of Main Store	Line of Business
West Japan Railway Isetan Ltd.	¥12,000 mln.	40.0	Shimogyo-ku, Kyoto-shi, Kyoto	Department store
Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)	9,426 mln. Taiwan dollars	43.5	Taipei, Taiwan	Department store

Note: The Company has a direct ownership in West Japan Railway Isetan Ltd. and an indirect ownership in Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan).

(7) Principal lines of business

The Isetan Mitsukoshi Group engages in five businesses—Department store business; Credit, finance and customer organization management; Other retail & specialty stores; Real estate business; and Other businesses.

## (8) Principal sales and business establishments (As of March 31, 2012)

## 1) Department store

&lt;Domestic&gt;

Company & Store Name		Location
Isetan Mitsukoshi Ltd.	Mitsukoshi Nihonbashi main store	1-4-1, Nihonbashi Muromachi, Chuo-ku, Tokyo
	Mitsukoshi Ginza store	4-6-16, Ginza, Chuo-ku, Tokyo
	Mitsukoshi Chiba store	2-6-1, Fujimi, Chuo-ku, Chiba-shi, Chiba
	Isetan Shinjuku main store	3-14-1 Shinjuku, Shinjuku-ku, Tokyo
	Isetan Tachikawa store	2-5-1, Akebono-cho, tachikawa-shi, Tokyo
	Isetan Matsudo store	1307-1, Matsudo, matsudo-shi, Chiba
	Isetan Urawa store	1-15-1 takasago, Urawa-ku, Saitama-shi, Saitama
	Isetan Sagamihara store	4-4-3 Sagami-cho, Minami-ku, Sagamihara-shi, Kanagawa
Sapporo Marui Mitsukoshi Ltd.	Sapporo Marui Imai main store	2-11, Minamiichizyouinishi, Chuo-ku, Sapporo-shi, Hokkaido
	Sapporo Mitsukoshi store	3-8, Minamiichizyouinishi, Chuo-ku, Sapporo-shi, Hokkaido
Hakodate Marui Imai Ltd.		32-15, Hon-cho, Hakodate-shi, Hokkaido
Sendai Mitsukoshi Ltd.		4-8-15, Ichiban-cho, Aoba-ku, Sendai-shi, Miyagi
Niigata Isetan Mitsukoshi Ltd.	Niigata Mitsukoshi store	866 Nishiboridori Goban-cho, Chuo-ku, Niigata-shi, Niigata
	Niigata Isetan store	1-6-1 Yachiyo, Chuo-ku, Niigata-shi, Niigata
Shizuoka Isetan Co., Ltd.		1-7 Gofukucho, Aoi-ku, Shizuoka-shi, Shizuoka
Nagoya Mitsukoshi Ltd.	Sakae store	3-5-1, Sakae, Naka-ku, Nagoya-shi, Aichi
	Hoshigaoka store	14-14, Hoshigaokamotomachi, Chikusa-ku, Nagoya-shi, Aichi
Hiroshima Mitsukoshi Ltd.		5-1, Ebisu-cho, Naka-ku, Hiroshima-shi, Hiroshima
Takamatsu Mitsukoshi Ltd.		7-1, Uchimachi, Takamatsu-shi, Kagawa
Matsuyama Mitsukoshi Ltd.		3-1-1, Ichiban-cho, Matsuyama-shi, Ehime
Iwataya Mitsukoshi Co., Ltd.	Iwataya main store	2-5-35 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka
	Iwataya Kurume store	1-1 Tenjinmachi, Kurume, Fukuoka
	Fukuoka Mitsukoshi store	2-1-1, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka
West Japan Railway Isetan Ltd.	JR Kyoto Isetan	901 Higashishiokojimachi, Karasumadorishiokouji-kudaru, Shimogyo-ku, Kyoto-shi, Kyoto
	JR Osaka Mitsukoshi Isetan	3-1-1, Umeda, Kita-ku, Osaka-shi, Osaka

Notes:

1. Mitsukoshi, Ltd., and Isetan Co., Ltd. merged on April 1, 2011, and became Isetan Mitsukoshi Ltd.
2. Sapporo Marui Imai Ltd. and Sapporo Mitsukoshi Ltd. merged on April 1, 2011 and became Sapporo Marui Mitsukoshi Ltd.

<Overseas>

Company Name	Location
Shanghai Mei Long Zhen Isetan Department Store Co., Ltd.	Shanghai, PRC
Tianjin Isetan Co., Ltd.	Tianjin, PRC
Chengdu Isetan Co., Ltd.	Chengdu, Sichuan Prov., PRC
Shenyang Isetan Co., Ltd.	Shenyang, Liaoning Prov., PRC
Isetan (Singapore) Ltd.	Singapore City, Singapore
Isetan (Thailand) Co., Ltd.	Bangkok, Thailand
Isetan of Japan Sdn. Bhd.	Kuala Lumpur, Malaysia
Mitsukoshi (U.S.A.) Inc.	New York City, U.S.A.
Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)	Taipei, Taiwan

2) Credit & finance / customer organization management

Company Name	Location
MICARD Co. Ltd.	5-17-18 Shinjuku, Shinjuku-ku, Tokyo
MI TOMONOKAI Co., Ltd.	2-44-1 Kabukicho, Shinjuku-ku, Tokyo

3) Other retail & specialty store

Company Name	Location
Isetan Mitsukoshi Food Service, Ltd.	3-16 Toyomicho, Chuo-ku, Tokyo

Note: Queen's Isetan Co., Ltd merged with Niko, Ltd. on April 1, 2011 and changed the company name to Isetan Mitsukoshi Food Service, Ltd.

4) Real Estate

Company Name	Location
Mitsukoshi Real Estate Co., Ltd.	2-1-18, Iwamoto-cho, Chiyoda-ku, Tokyo

(9) Employees (As of March 31, 2012)

Employees of the Company and its subsidiaries

	Number of Employees	Change from the end of previous fiscal year
Department store	10,725	761 decrease
Credit & finance / customer organization management	403	7 increase
Other retail & specialty store	795	206 increase
Real estate	338	10 increase
Others	1,142	47 decrease
<b>Total</b>	<b>13,403</b>	<b>585 decrease</b>

Note: The figures do not include temporary staff or moonlighters.

(10) Principal lenders and borrowings (As of March 31, 2012)

Borrowing made by the Company and its subsidiaries

Lenders	Amounts borrowed (¥ million)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	24,400
Sumitomo Mitsui Banking Corporation	24,400
Mitsubishi UFJ Trust and Banking Corporation	21,000
The Chuo Mitsui Trust and Banking Company, Limited.	21,000
Development Bank of Japan, Inc.	20,000
Mizuho Corporate Bank, Ltd.	1,200

Note: As of April 1, 2012, the Chuo Mitsui Trust and Banking Company, Limited, merged with the Sumitomo Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Company Ltd., forming Sumitomo Mitsui Trust Bank, Limited.

## 2. Matters related to the Company shares (As of March 31, 2012)

(1) Number of shares authorized: 1,500,000,000 shares

(2) Number of shares issued and outstanding

	Number of shares issued and outstanding
At the end of the fiscal year ended March 31, 2012	394,751,494
Change from the end of previous fiscal year	+120,660

Notes: 1. The above figures include 220,866 treasury shares.

2. The increase in common stock issued resulted from the exercise of stock acquisition rights during the fiscal year under review.

(3) Number of shareholders

	Number of Shareholders
At the end of the fiscal year ended March 31, 2012	157,013
Change from the end of previous fiscal year	+4,326

(4) Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	18,961,700	4.80
Japan Trustee Services Bank, Ltd. (Trust account)	18,190,600	4.61
The Mitsukoshi Welfare Foundation	13,667,832	3.46
Isetan Mitsukoshi Group's partner holding companies	8,381,978	2.12
SHIMIZU CORPORATION	6,200,000	1.57
Meiji Yasuda Life Insurance Company	5,697,279	1.44
Isetan Mitsukoshi Group Employees Shareholding Association	5,363,286	1.35
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,342,995	1.35
Mitsui Sumitomo Insurance Company, Limited	5,299,805	1.34
NIPPONKOA Insurance Company, Ltd.	5,189,767	1.31

Note: Treasury stock (220,866 shares) is deducted from Voting Rights Percentage.



### 3. Matters related to the stock acquisition rights issued by the Company

(1) Stock acquisition rights issued and outstanding held by the Company's Directors and Corporate Auditors as of the end of the fiscal year under review

	Name of stock acquisition rights	No. of stock acquisition rights issued	No. of holders
Directors (not including Outside Directors)	1st Stock Acquisition Rights	99	1
	4th Stock Acquisition Rights	383	3
	5th Stock Acquisition Rights	362	3
	6th Stock Acquisition Rights	469	3
	9th Stock Acquisition Rights	8	1
	10th Stock Acquisition Rights	8	1
	11th Stock Acquisition Rights	12	1
	12th Stock Acquisition Rights	6	1
	13th Stock Acquisition Rights	93	2
	14th Stock Acquisition Rights	387	3
	15th Stock Acquisition Rights	534	5
	16th Stock Acquisition Rights	87	1
	17th Stock Acquisition Rights	944	6
Outside Directors	N/A		
Corporate Auditors	15th Stock Acquisition Rights	64	1

The particulars of the stock acquisition rights issued by the Company are described below.

The stock acquisition rights issued by Mitsukoshi, Ltd. and Isetan Co., Ltd. were extinguished as of April 1, 2008, whereupon on the same day the Company delivered to their holders stock acquisition rights issued by the Company in their place.

1st Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	3,252
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	325,200 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥116,200 per unit (¥1,162 per share)
Period for exercising the stock acquisition rights	April 1, 2008 through June 26, 2012
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

• Conditions for exercising the stock acquisition rights

The conditions of the stock acquisition rights which delivered to the Directors in exchange of the 1st Stock Acquisition Rights granted by Isetan Co., Ltd. are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is a Director (except those who became holders by succeeding to any of the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.), for a reason other than death, (i) loses his/her position as Director at the Company or Isetan Co., Ltd., (ii) loses his/her position as Director at the Company or Isetan Co., Ltd. and assumes a position as executive officer at the Company or Isetan Co., Ltd., or (iii) loses his/her position as Director at the Company or Isetan Co., Ltd., then assumes a position as executive officer at the Company or Isetan Co., Ltd., and then again assumes a position as Director at the Company or Isetan Co., Ltd., the holder shall not exercise any unexercised stock acquisition right upon the elapse of four years from the date the holder lost his/her last position in each of the above cases (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the "period for exercising the stock acquisition rights" as provided in the "Particulars of the 1st Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd." (hereinafter referred to as the "Prospectus of the 1st Stock Acquisition Rights");
- (3) In the event of an stock acquisition right holder's death (except those who became stock acquisition right holders by succeeding to any of the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder's stock acquisition rights subject to the

conditions set forth in the Prospectus of the 1st Stock Acquisition Rights.

The conditions of the stock acquisition rights which delivered to the executive officers in exchange of the 1st Stock Acquisition Rights granted by Isetan Co., Ltd., are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is an executive officer (except those who became the stock acquisition right holders by succeeding to the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.) loses his/her position as executive officer at the Company or Isetan Co., Ltd. for a reason other than death, the holder shall not exercise any unexercised stock acquisition right upon the elapse of four years from the date the holder lost the position (or from the date when the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, the above condition shall not apply where after losing his/her position as executive officer at the Company or Isetan Co., Ltd. the holder enters into a mandate agreement with the Company or Isetan Co., Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director, in which case the holder may exercise the stock acquisition rights up to four years from the date the holder definitively lost his/her position as Director at the Company or Isetan Co., Ltd. (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 1st Stock Acquisition Rights”;
- (3) In the event of an stock acquisition right holder’s death (except those who became the stock acquisition right holders by succeeding to any of the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 1st Stock Acquisition Rights.

The conditions of the stock acquisition rights which delivered to the employees in exchange of the 1st Stock Acquisition Rights granted by Isetan Co., Ltd., are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is an employee (except those who became the stock acquisition right holders by succeeding to the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.) loses his/her position as employee at the Company or Isetan Co., Ltd. for a reason other than death, the holder shall not exercise any unexercised stock acquisition right upon the elapse of four years from the date the holder lost the position (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, the above condition shall not apply where after losing his/her position as

employee at the Company or Isetan Co., Ltd. the holder enters into a mandate agreement with the Company or Isetan Co., Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director or executive officer, in which case the holder may exercise the stock acquisition rights up to four years from the date the holder definitively lost his/her position as Director or executive officer at the Company or Isetan Co., Ltd. (or from the date when the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 1st Stock Acquisition Rights”;

- (3) In the event of an stock acquisition right holder’s death (except those who became the stock acquisition right holders by succeeding to any of the 1st Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 1st Stock Acquisition Rights.

- Conditions for the Company to acquire the granted stock acquisition rights

If any of the events given below occurs to a Director, executive officer or employee, the Company shall acquire the stock acquisition rights as granted from such person without compensation.

In the case of the stock acquisition rights that the Company delivered to the Directors of Isetan Co., Ltd. in exchange for the 1st Stock Acquisition Rights granted to them by Isetan Co., Ltd.:

- (1) The Director who holds stock acquisition rights ceases to satisfy the requirements for exercising the stock acquisition rights;
- (2) The Company’s Board of Directors resolves to acquire the stock acquisition rights as granted from the Director without compensation because the Director falls under any of the following events or any other event provided for in the Prospectus of the 1st Stock Acquisition Rights:
  - 1) The Director falls under any of the disqualification events set forth in the Corporation Law of Japan;
  - 2) The Director is dismissed as Director at the Company or Isetan Co., Ltd.;
  - 3) The Director is in breach of the regulations against insider trading in force at the Company or Isetan Co., Ltd.;
  - 4) The Director is in breach of the particulars of the stock acquisition rights or the stock acquisition right allotment provisions;
  - 5) The Director commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to the Company or Isetan Co., Ltd.;
  - 6) The Director commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

In the case of the stock acquisition rights that the Company delivered to the executive officers of Isetan Co., Ltd. in exchange for the 1st Stock Acquisition Rights granted to them by Isetan Co., Ltd.:

- (1) The executive officer who holds stock acquisition rights ceases to satisfy the requirements for exercising the stock acquisition rights;
- (2) The Company's Board of Directors resolves to acquire the stock acquisition rights as granted from the executive officer without compensation because the officer falls under any of the following events or any other event provided for in the Prospectus of the 1st Stock Acquisition Rights:
  - 1) The executive officer falls under any of the disqualification events set forth in the Executive Officer Regulations in force at the Company or Isetan Co., Ltd.;
  - 2) The executive officer is dismissed as executive officer at the Company or Isetan Co., Ltd. in accordance with the Executive Officer Regulations in force at the Company or Isetan Co., Ltd.;
  - 3) The executive officer is in breach of the regulations against insider trading in force at the Company or Isetan Co., Ltd.;
  - 4) The executive officer is in breach of the particulars of the stock acquisition rights or the stock acquisition right allotment provisions;
  - 5) The executive officer commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to the Company or Isetan Co., Ltd.;
  - 6) The executive officer commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

In the case of the stock acquisition rights that the Company delivered to the employees of Isetan Co., Ltd. in exchange for the 1st Stock Acquisition Rights granted to them by Isetan Co., Ltd.:

- (1) The employee who holds stock acquisition rights ceases to satisfy the requirements for exercising the stock acquisition rights;
- (2) The Company's Board of Directors resolves to acquire the stock acquisition rights as granted from the employee without compensation because the employee falls under any of the following events or any other event provided for in the Prospectus of the 1st Stock Acquisition Rights:
  - 1) The employee is dismissed in accordance with the Labor Agreement or the Commendation and Punishment Regulations in force at the Company or Isetan Co., Ltd.;
  - 2) The employee is in breach of the regulations against insider trading in force at the Company or Isetan Co., Ltd.;
  - 3) The employee is in breach of the particulars of the stock acquisition rights or the stock

- acquisition right allotment provisions;
- 4) The employee commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to the Company or Isetan Co., Ltd.
- 5) The employee commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

4th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	6,449
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	644,900 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥156,000 per unit (¥1,560 per share)
Period for exercising the stock acquisition rights	April 1, 2008 through June 28, 2012
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

• Conditions for exercising the stock acquisition rights

The conditions of the stock acquisition rights which delivered to the Directors in exchange of the 4th Stock Acquisition Rights granted by Isetan Co., Ltd. are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is a Director (except those who became holders by succeeding to any of the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.), for a reason other than death, (i) loses his/her position as Director at the Company or Isetan Co., Ltd., (ii) loses his/her position as Director at the Company or Isetan Co., Ltd. and assumes a position as executive officer at the Company or Isetan Co., Ltd., or (iii) loses his/her position as Director at the Company or Isetan Co., Ltd., then assumes a position as executive officer at the Company or Isetan Co., Ltd., and then again assumes a position as Director at the Company or Isetan Co., Ltd., the holder shall not exercise any unexercised stock acquisition right upon the elapse of two years from the date the holder lost his/her last position in each of the above cases (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the "period for exercising the stock acquisition

rights” as provided in the “Particulars of the 4th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” (hereinafter referred to as the “Prospectus of the 4th Stock Acquisition Rights”);

- (3) In the event of an stock acquisition right holder’s death (except those who became stock acquisition right holders by succeeding to any of the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 4th Stock Acquisition Rights.

The conditions of the stock acquisition rights which delivered to the executive officers in exchange of the 4th Stock Acquisition Rights granted by Isetan Co., Ltd., are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is an executive officer (except those who became the stock acquisition right holders by succeeding to the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.) loses his/her position as executive officer at the Company or Isetan Co., Ltd. for a reason other than death, the holder shall not exercise any unexercised stock acquisition right upon the elapse of two years from the date the holder lost the position (or from the date when the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, the above condition shall not apply where after losing his/her position as executive officer at the Company or Isetan Co., Ltd. the holder enters into a mandate agreement with the Company or Isetan Co., Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director, in which case the holder may exercise the stock acquisition rights up to two years from the date the holder definitively lost his/her position as Director at the Company or Isetan Co., Ltd. (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 4th Stock Acquisition Rights”;
- (3) In the event of an stock acquisition right holder’s death (except those who became the stock acquisition right holders by succeeding to any of the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 4th Stock Acquisition Rights.

The conditions of the stock acquisition rights which delivered to the employees in exchange of the 4th Stock Acquisition Rights granted by Isetan Co., Ltd., are as follows:

- (1) No stock acquisition right shall be exercised partially;
- (2) If the stock acquisition right holder who is an employee (except those who became the stock

acquisition right holders by succeeding to the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.) loses his/her position as employee at the Company or Isetan Co., Ltd. for a reason other than death, the holder shall not exercise any unexercised stock acquisition right upon the elapse of two years from the date the holder lost the position (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, the above condition shall not apply where after losing his/her position as employee at the Company or Isetan Co., Ltd. the holder enters into a mandate agreement with the Company or Isetan Co., Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director or executive officer, in which case the holder may exercise the stock acquisition rights up to two years from the date the holder definitively lost his/her position as Director or executive officer at the Company or Isetan Co., Ltd. (or from the date when the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered); provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 4th Stock Acquisition Rights”;

- (3) In the event of an stock acquisition right holder’s death (except those who became the stock acquisition right holders by succeeding to any of the 4th Stock Acquisition Rights issued by Isetan Co., Ltd.), the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 4th Stock Acquisition Rights.

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 1st Stock Acquisition Rights (on condition, however, that “1st Stock Acquisition Rights issued by Isetan Co., Ltd.” should be replaced with “4th Stock Acquisition Rights issued by Isetan Co., Ltd.” and “Prospectus of the 1st Stock Acquisition Rights” with “Prospectus of the 4th Stock Acquisition Rights”).



5th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	6,356
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	635,600 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥182,900 per unit (¥1,829 per share)
Period for exercising the stock acquisition rights	August 9, 2008 through August 8, 2013
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for a Director, executive officer or employee to exercise the stock acquisition rights  
If the stock acquisition rights that the Company delivered to the Directors of Isetan Co., Ltd. in exchange for the 5th Stock Acquisition Rights granted by Isetan Co., Ltd. to its Directors fall under any of the cases given below, the stock acquisition rights shall thereupon become automatically unexercisable, and therefore a Director who has any stock acquisition rights not exercised by such time shall automatically be deemed to have waived all such stock acquisition rights:
  - (1) The Director lost his/her position as Director at Isetan Co., Ltd. on or before March 31, 2007 for his/her convenience;
  - (2) The Director lost his/her position as Director at Isetan Co., Ltd. on or before March 31, 2007 because of death;
  - (3) The additional case given in (1) and (2) above: Two years elapse from the date the Director lost his/her last position (or from the date the Director lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered) in a case where the Director (i) lost his/her position as Director at the Company or Isetan Co., Ltd., (ii) lost his/her position as Director at the Company or Isetan Co., Ltd. and assumed a position as executive officer at the Company or Isetan Co., Ltd. or (iii) lost his/her position as Director at the Company or Isetan Co., Ltd., assumed a position as executive officer at the Company or Isetan Co., Ltd., and then again assumed a position as Director at the Company or Isetan Co., Ltd.;
  - (4) The Director assumes, without the prior written approval of the Company, a position as officer, employee, nonregular employee (including temporary staffer), advisor, counselor, representative, consultant or any other position of any name at a company (excluding companies approved by the Company) that competes with the Company or Isetan Co., Ltd.;

- (5) The “period for exercising the stock acquisition rights” as provided in the “Particulars of the 5th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” (hereinafter referred to as the “Prospectus of the 5th Stock Acquisition Rights”) elapses;
- (6) No procedures are performed, upon the death of the Director who was granted the stock acquisition rights, for the succession of the stock acquisition rights as provided in the Prospectus of the 5th Stock Acquisition Rights nor the stock acquisition rights are exercised in accordance with the conditions set forth in the Prospectus of the 5th Stock Acquisition Rights;
- (7) Any of the following events occurs to the Director:
  - 1) The Director falls under any of the disqualifying events set forth in the Corporation Law of Japan;
  - 2) The Director is dismissed as Director at the Company or Isetan Co., Ltd.;
  - 3) The Company determines that the Director is in breach of the regulations against insider trading in force at the Company or Isetan Co., Ltd.;
  - 4) The Company determines that the Director is in breach of the particulars of the stock acquisition rights or the stock acquisition right allotment provisions;
  - 5) The Company determines that the Director commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to Company or Isetan Co., Ltd.;
  - 6) The Company determines that the Director commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

If the stock acquisition rights that the Company delivered to the executive officers of Isetan Co., Ltd. in exchange for the 5th Stock Acquisition Rights granted by Isetan Co., Ltd. to its executive officers fall under any of the cases given below, the stock acquisition rights shall thereupon become automatically unexercisable, and therefore, an executive officer who has any stock acquisition rights not exercised by such time shall automatically be deemed to have waived all such stock acquisition rights:

- (1) The executive officer lost his/her position as executive officer on or before March 31, 2007 for his/her convenience;
- (2) The executive officer lost his/her position as executive officer on or before March 31, 2007 because of death;
- (3) A case additional to the two cases given in (1) and (2) above: Two years elapse from the date the executive officer lost his/her position as executive officer at the Company or Isetan Co., Ltd. (or from the date the executive officer lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, this condition shall not apply where after losing his/her position as executive officer at the Company or Isetan Co., Ltd. the executive officer entered into a mandate agreement with the Company or Isetan Co.,

Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director, in which case two years shall elapse from the date the executive officer definitively lost his/her position as executive officer at the Company or Isetan Co., Ltd. (or from the date the holder lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered);

- (4) The executive officer assumes, a position as officer, employee, nonregular employee (including temporary staffer), advisor, counselor, representative, consultant or any other position of any name at a company (excluding companies approved by the Company) that competes with the Company or Isetan Co., Ltd. without the prior written approval of the Company;
- (5) The “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 5th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” elapses;
- (6) No procedures are performed, upon the death of the executive officer who was granted stock acquisition rights, for the succession of the stock acquisition rights as provided in the Prospectus of the 5th Stock Acquisition Rights nor the stock acquisition rights are exercised in accordance with the conditions set forth in the Prospectus of the 5th Stock Acquisition Rights;
- (7) Any of the following events occurs to the executive officer:
  - 1) The executive officer falls under any of the disqualifying events set forth in the Executive Officer Regulations;
  - 2) The executive officer is dismissed as executive officer at the Company or Isetan Co., Ltd. in accordance with the Executive Officer Regulations;
  - 3) The Company determines that the executive officer is in breach of the regulations against insider trading in force at Company or Isetan Co., Ltd.;
  - 4) The Company determines that the executive officer is in breach of the particulars of the stock acquisition rights or the stock acquisition right allotment provisions;
  - 5) The Company determines that the executive officer commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to Company or Isetan Co., Ltd.;
  - 6) The Company determines that the executive officer commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

If the stock acquisition rights that the Company delivered to the employees of Isetan Co., Ltd. in exchange for the 5th Stock Acquisition Rights granted by Isetan Co., Ltd. to its employees fall under any of the events given below, the stock acquisition rights shall thereupon become automatically unexercisable, and therefore, an employee who has any stock acquisition rights not exercised by such time shall automatically be deemed to have waived all such stock acquisition rights:

- (1) The employee lost his/her position as employee on or before March 31, 2007 for his/her convenience;
- (2) The employee lost his/her position as employee on or before March 31, 2007 because of death;
- (3) The additional case given in (1) and (2) above: Two years elapse from the date the employee lost his/her position as employee at the Company or Isetan Co., Ltd. (or from the date the employee lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered). However, this condition shall not apply where after losing his/her position as employee at the Company or Isetan Co., Ltd. the employee entered into a mandate agreement with the Company or Isetan Co., Ltd. to continue to serve at the Company or Isetan Co., Ltd. now as Director or executive officer, in which case two years shall elapse from the date the employee definitively lost his/her position as Director or executive officer at the Company or Isetan Co., Ltd. (or from the date the employee lost such position in case he/she had lost his/her position earlier than the date the stock acquisition rights were delivered);
- (4) The employee assumes, a position as officer, employee, nonregular employee (including temporary staffer), advisor, counselor, representative, consultant or any other position of any name at a company (excluding companies approved by the Company) that competes with the Company or Isetan Co., Ltd. without the prior written approval of the Company;
- (5) The “period for exercising the stock acquisition rights” as provided in the “Prospectus of the 5th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” elapses;
- (6) No procedures are performed, upon the death of the employee who was granted the stock acquisition rights, for the succession of the stock acquisition rights as provided in the Prospectus of the 5th Stock Acquisition Rights nor the stock acquisition rights are exercised in accordance with the conditions set forth in the Prospectus of the 5th Stock Acquisition Rights;
- (7) Any of the following events occurs to the employee:
  - 1) The employee is dismissed in accordance with the Labor Agreement or the Commendation and Punishment Regulations in force at the Company or Isetan Co., Ltd.;
  - 2) The Company determines that the employee is in breach of the regulations against insider trading in force at the Company or Isetan Co., Ltd.;
  - 3) The Company determines that the employee is in breach of the particulars of the stock acquisition rights or the stock acquisition right allotment provisions;
  - 4) The Company determines that the employee commits an act in breach of the duty of care in respect of his/her job duty and causes significant damage to the Company or Isetan Co., Ltd.;
  - 5) The Company determines that the employee commits an act that significantly impairs the credibility of the Company or Isetan Co., Ltd.

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 1st Stock Acquisition Rights (on condition, however, that “1st Stock Acquisition Rights issued by Isetan Co., Ltd.” should be replaced with “5th Stock Acquisition Rights issued by Isetan Co., Ltd.” and “Prospectus of the 1st Stock Acquisition Rights” with “Prospectus of the 5th Stock Acquisition Rights”).

#### 6th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	7,510
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	751,000 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥195,200 per unit (¥1,952 per share)
Period for exercising the stock acquisition rights	August 8, 2009 through August 7, 2014
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company’s Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 5th Stock Acquisition Rights (on condition, however, that “5th Stock Acquisition Rights issued by Isetan Co., Ltd.” should be replaced with “6th Stock Acquisition Rights issued by Isetan Co., Ltd.,” “on or before March 31, 2007” with “on or before March 31, 2008,” “Particulars of the 5th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” with “Particulars of the 6th Stock Acquisition Rights issued by Isetan Mitsukoshi Isetan Holdings Ltd.” and “Prospectus of the 5th Stock Acquisition Rights” with “Prospectus of the 6th Stock Acquisition Rights”).

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 1st Stock Acquisition Rights (on condition, however, that “1st Stock Acquisition Rights issued by Isetan Co., Ltd.” should be replaced with “6th Stock Acquisition Rights issued by Isetan Co., Ltd.” and “Prospectus of the 1st Stock Acquisition Rights” with “Prospectus of the 6th Stock Acquisition Rights”).

9th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	86
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	29,240 common shares (340 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥340 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	April 1, 2008 through May 31, 2014
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

• Conditions for exercising the stock acquisition rights

- (1) No stock acquisition right shall be exercised partially; and
- (2) In the event of a stock acquisition right holder's death, the heir may succeed to such holder's stock acquisition rights subject to the conditions set forth in the "Particulars of the 9th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd."

In case of the heir's death after succeeding to the stock acquisition rights, such stock acquisition rights immediately become invalid without the need for any procedures to be performed and cannot be succeeded to by the next heir.

- (3) If a stock acquisition right holder who was a director, an executive officer or a corporate auditor (hereinafter "officer" in general) of Mitsukoshi Ltd. retired from his/her position because of the expiry of the term of office before June 1, 2005, that person shall maintain the right of exercise within a period of five years from the date of losing his/her position as an officer unless there is a valid reason, such as his/her retirement due to age.

• Conditions for the Company to acquire the granted stock acquisition rights

The Company shall be permitted to acquire the stock acquisition rights without compensation when the date determined by the Board of Directors arrives if any of the proposals given below are adopted by resolution of a general meeting of shareholders (or by resolution of the Board of Directors if a resolution of a general meeting of shareholders is unnecessary):

Proposal of a merger agreement whereby the Company shall be the non-surviving company

Proposal of an absorption-type split agreement or a corporate split and new establishment plan that splits the Company

Proposal of a share exchange or transfer plan whereby the Company shall become a fully owned subsidiary of another

10th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	114
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	38,760 common shares (340 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥340 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	April 1, 2008 through May 31, 2015
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 9th Stock Acquisition Rights (on condition, however, that "Particulars of the 9th Stock Acquisition Rights issued by Mitsukoshi Isetan Holdings Ltd." should be replaced with "Particulars of the 10th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.," "on or before June 1, 2005" with "on or before June 1, 2006").

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 9th Stock Acquisition Rights

11th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	54
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	18,360 common shares (340 shares per stock acquisition right)
Price payable for each stock acquisition right	¥506,000 per unit
Price payable for capitalization upon exercise of each stock acquisition right	¥340 per unit (¥1.00 per share)

Period for exercising the stock acquisition rights	April 1, 2008 through May 31, 2016
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

• Conditions for exercising the stock acquisition rights

- (1) If the stock acquisition right holder holds a position as Director, executive officer or auditor at the Company or the Company's subsidiary, the holder shall not exercise the stock acquisition rights.
- (2) If the stock acquisition right holder does not lose his/her position as Director, executive officer or auditor at the Company or the Company's subsidiary until May 31, 2015, and therefore is unable to exercise the stock acquisition rights until such time, the holder shall be able to exercise the stock acquisition rights on and after June 1, 2015 through May 31, 2016.
- (3) If the Company's or the Company's subsidiary's general meeting of shareholders adopts the proposal of a merger agreement whereby the Company shall be the non-surviving company, or of a share exchange or transfer agreement whereby the Company or the Company's subsidiary shall become a fully-owned subsidiary of another, a holder of the stock acquisition rights shall be able to exercise the stock acquisition rights during a 15-day period following the date such proposal is adopted.
- (4) If a stock acquisition right holder waives the stock acquisition rights he/she holds, such waived stock acquisition rights shall not be exercised.
- (5) Upon the death of a holder of the stock acquisition rights, the stock acquisition rights held by such holder shall be succeeded by the heir in accordance with the conditions set forth in the Particulars of the 11th Stock acquisition rights issued by Isetan Mitsukoshi Holdings Ltd.

• Conditions for the Company to acquire the granted stock acquisition rights

No conditions shall be set forth for the Company to acquire the granted stock acquisition rights.

12th Stock Acquisition Rights (issued on April 1, 2008)

Number of the stock acquisition rights issued (as of the date issued)	16
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	5,440 common shares (340 shares per stock acquisition right)
Price payable for each stock acquisition right	Zero
Price payable for capitalization upon exercise of each stock acquisition right	¥340 per unit (¥1.00 per share)



Period for exercising the stock acquisition rights	April 1, 2008 through May 31, 2016
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 11th Stock Acquisition Rights (on condition, however, that "Particulars of the 11th Stock Acquisition Rights issued by Mitsukoshi Isetan Holdings Ltd." should be replaced with "Particulars of the 12th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.,".

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 11th Stock Acquisition Rights

#### 13th Stock Acquisition Rights (issued on February 26, 2010)

Number of the stock acquisition rights issued (as of the date issued)	975
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	97,500 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥88,200 per unit (¥882 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	April 1, 2011 through February 26, 2026
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

(1) No stock acquisition right shall be exercised partially;

(2) With regard to stock acquisition rights, at the time of exercising rights it is necessary to hold the position of director, executive officer and general manager, corporate auditor, advisor, executive board member, or consultant of the Company or its subsidiaries. However, if the stock acquisition right holder who is a director, executive officer and general manager, corporate auditor, advisor, executive board member, or consultant of the Company or its subsidiaries resigns from his/her position because of resignation due to the expiry of the term of office or for

another valid reason, that person shall maintain the right of exercise within a period of five years only from the date of resignation; provided, however, that the period for the exercise of the stock acquisition rights shall not exceed the “period for exercising the stock acquisition rights” as provided in the “Particulars of the 13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” (hereinafter referred to as the “Prospectus of the 13th Stock Acquisition Rights”).

- (3) In the event of a stock acquisition right holder’s death before the expiry of the period for the exercise of the stock acquisition rights, the heir may succeed to such holder’s stock acquisition rights subject to the conditions set forth in the Prospectus of the 13th Stock Acquisition Rights.
- (4) Other conditions shall be based on the provisions stipulated in the stock acquisition rights allotment agreement concluded between the Company and the stock acquisition right holder, based on a resolution of the Company’s Board of Directors.

- Conditions for the Company to acquire the granted stock acquisition rights

If any of the events given below occurs to a director, executive officer or employee, the Company shall acquire the stock acquisition rights as granted from such person without compensation.

- (1) If the stock acquisition right holder no longer falls under the conditions for the exercise of rights or waives his/her stock acquisition rights
- (2) If any of the reasons prescribed below arise, or in the case of the occurrence of another reason prescribed in the Prospectus of the 13th Stock Acquisition Rights, if it has been resolved that the stock acquisition rights shall be acquired without compensation at a meeting of the Company’s Board of Directors
  - 1) In the event of the disqualification of a director prescribed in the Corporation Law of Japan or the disqualification of an executive officer prescribed in the Executive Officer Regulations of the Company or its subsidiaries
  - 2) In the event of the dismissal of a director, corporate auditor, executive officer and general manager, advisor, executive board member, or consultant of the Company or its subsidiaries
  - 3) In the event of a breach of the regulations against insider trading in force at the Company or its subsidiaries or affiliated companies
  - 4) In the event of a breach of the provisions of the stock acquisition rights allotment agreement
  - 5) In the event of an act in breach of the duty of care in respect of the stock acquisition right holder’s job duty and the causing of significant damage to the Company, its subsidiaries or its affiliated companies
  - 6) In the event of an act that significantly impairs the credibility of the Company, its subsidiaries or its affiliated companies

In addition to the above provisions, the Company shall be permitted to purchase or acquire without

compensation of all or part of stock acquisition rights based on a resolution of the Board of Directors at any time.

#### 14th Stock Acquisition Rights (issued on February 26, 2010)

Number of the stock acquisition rights issued (as of the date issued)	2,426
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	242,600 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥88,200 per unit (¥882 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	April 1, 2011 through February 26, 2026
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 13th Stock Acquisition Rights (on condition, however, that "13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd." should be replaced with "14th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.," and "Prospectus of the 13th Stock Acquisition Rights" with "Prospectus of the 14th Stock Acquisition Rights").

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 13th Stock Acquisition Rights (on condition, however, that "Prospectus of the 13th Stock Acquisition Rights" should be replaced with "Prospectus of the 14th Stock Acquisition Rights").

#### 15th Stock Acquisition Rights (Issued on February 15, 2011)

Number of the stock acquisition rights issued (as of the date issued)	930
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	93,000 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥97,000 per unit (¥970 per share)
Price payable for capitalization upon exercise of	¥100 per unit (¥1.00 per share)

each stock acquisition right	
Period for exercising the stock acquisition rights	March 1, 2012 through February 15, 2027
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 13th Stock Acquisition Rights (on condition, however, that "13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd." should be replaced with "15th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.," and "Prospectus of the 13th Stock Acquisition Rights" with "Prospectus of the 15th Stock Acquisition Rights").

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 13th Stock Acquisition Rights (on condition, however, that "Prospectus of the 13th Stock Acquisition Rights" should be replaced with "Prospectus of the 15th Stock Acquisition Rights").

#### 16th Stock Acquisition Rights (Issued on February 15, 2011)

Number of the stock acquisition rights issued (as of the date issued)	1,966
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	196,600 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥97,000 per unit (¥970 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	March 1, 2012 through February 15, 2027
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 13th Stock Acquisition Rights (on condition, however, that "13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd." should be replaced with "16th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.," and "Prospectus of the 13th Stock Acquisition Rights" with "Prospectus of the 16th

Stock Acquisition Rights”).

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 13th Stock Acquisition Rights (on condition, however, that “Prospectus of the 13th Stock Acquisition Rights” should be replaced with “Prospectus of the 16th Stock Acquisition Rights”).

17th Stock Acquisition Rights (Issued on February 17, 2012)

Number of the stock acquisition rights issued (as of the date issued)	2,450
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	245,000 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥84,500 per unit (¥845 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	March 1, 2013 through February 17, 2028
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company’s Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 13th Stock Acquisition Rights (on condition, however, that “13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.” should be replaced with “17th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd.,” and “Prospectus of the 13th Stock Acquisition Rights” with “Prospectus of the 17th Stock Acquisition Rights”).

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 13th Stock Acquisition Rights (on condition, however, that “Prospectus of the 13th Stock Acquisition Rights” should be replaced with “Prospectus of the 17th Stock Acquisition Rights”).

(2) Stock acquisition right issued and delivered to executive officers and general managers of the Company and directors and executive officers and general managers of subsidiaries during the fiscal year under review

The Company issued and delivered the stock acquisition rights described in (1) 17th Stock

Acquisition Rights to executive officers and general managers of the Company during the fiscal year under review. In addition, the Company issued and delivered the stock acquisition rights 18th Stock Acquisition Rights described below to directors and executive officers and general managers of the Company's subsidiaries during the fiscal year under review.

The status regarding the issue and delivery of these stock acquisition rights is outlined below.

	Date of delivery	Exercise price	Exercise period	No. of rights	No. of recipients
Executive officers and general managers of the Company (excluding persons serving concurrently as Directors of the Company)	February 17, 2012	1	From March 1, 2013 to February 17, 2028	1,506	17
Directors of the subsidiaries	February 17, 2012	1	From March 1, 2013 to February 17, 2028	316	3
Executive officers and general managers of subsidiaries (excluding persons serving concurrently as Directors of the subsidiaries)	February 17, 2012	1	From March 1, 2012 to February 17, 2028	1,180	13

#### 18th Stock Acquisition Rights (Issued on February 17, 2012)

Number of the stock acquisition rights issued (as of the date issued)	1,496
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	149,600 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥84,500 per unit (¥845 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	March 1, 2013 through February 17, 2028
Restrictions on acquisition of the stock acquisition rights by assignment	Any acquisition of the stock acquisition rights by assignment requires the approval of the Company's Board of Directors.

- Conditions for exercising the stock acquisition rights

The conditions shall be the same as those applicable to the exercise of the 13th Stock Acquisition Rights (on condition, however, that "13th Stock Acquisition Rights issued by Isetan Mitsukoshi Holdings Ltd." should be replaced with "18th Stock Acquisition Rights issued by Isetan Mitsukoshi

Holdings Ltd.,” and “Prospectus of the 13th Stock Acquisition Rights” with “Prospectus of the 18th Stock Acquisition Rights”).

- Conditions for the Company to acquire the granted stock acquisition rights

The conditions shall be the same as those applicable to the acquisition of the 13th Stock Acquisition Rights (on condition, however, that “Prospectus of the 13th Stock Acquisition Rights” should be replaced with “Prospectus of the 18th Stock Acquisition Rights”).

#### 4. Matters Concerning Directors and Auditors (As of March 31, 2012)

(1) Name, Position at the Company and Areas of Responsibility or Representation at Other Companies, etc.

Position	Name	Areas of responsibility, representation at other companies, etc.
Chairman and Representative Director	Kunio Ishizuka	Chairman and Representative Director, Isetan Mitsukoshi Holdings Ltd.
President and Representative Director	Hiroshi Onishi	President and Representative Director, Isetan Mitsukoshi, Ltd.
Representative Director, Senior Managing Executive Officer	Shinya Takada	General Manager, Strategic Planning Headquarters
Director, Senior Managing Executive Officer	Tatsuo Otagaki	President and Representative Director, Iwataya Mitsukoshi Co., Ltd.
Director, Managing Executive Officer	Ken Akamatsu	General Manager, Administration Headquarters
Director, Executive Officer	Tomonari Sera	General Manager, Human Resource Division, The Corporate Strategy Headquarters
Director *1	Nobuo Kuroyanagi	Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director, Honda Motor Co., Ltd. *3 Director, Senshu Ikeda Holdings, Inc. *3 Director, The Senshu Ikeda Bank, Ltd. *3 Director, Mitsubishi Research Institute, Inc. *3 Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. *3 Auditor, Mitsubishi Heavy Industries, Ltd. *4
Director *1	Shimpei Miyamura	Advisor, MITSUI MINING & SMELTING CO., LTD. Chairman, Powdertech Co., Ltd.
Director *1	Morio Ikeda	Advisor, Shiseido Co., Ltd. Director, Tokyo Metropolitan Television Broadcasting Corporation *3 Director, Asahi Kasei Corporation *3 Director, WACOAL HOLDINGSCORP. *3 Chairman of the Board of Trustees Chancellor, Toyo Eiwa Jogakuin Chairman, Shiseido Beauty Academy
Full-time Corporate Auditor	Ikuo Nihei	Corporate Auditor, Iwataya Mitsukoshi Co., Ltd. *4 Corporate Auditor, West Japan Railway Isetan Ltd. *4
Full-time Corporate Auditor	Kosuke Kojima	Corporate Auditor, Sapporo Marui Mitsukoshi Ltd. *4 Corporate Auditor, Nagoya Mitsukoshi Ltd. *4
Corporate Auditor *2	Teisuke Kitayama	Chairman, Sumitomo Mitsui Banking Corporation Director, FUJIFILM Holdings Corporation *3
Corporate Auditor *2	Sumio Iijima	Attorney, Tokyo Toranomon Law Office Corporate Auditor, KITAGAWA INDUSTRIES CO., LTD. *4 Corporate Auditor, Mitsui O.S.K. Lines, Ltd. *4

Notes:

1. \*1 Outside Directors
2. \*2 Outside Corporate Auditors



3. \*3 Outside Directors at respective companies
4. \*4 Outside Corporate Auditors at respective companies
5. The position of Kunio Ishizuka changed from Chairman of the Board, Executive Officer, of Isetan Mitsukoshi Ltd. to Chairman and Representative Director of Isetan Mitsukoshi Ltd. as of April 1, 2012.
6. The position of Shinya Takada changed from Representative Director, Senior Managing Executive Officer, of Isetan Mitsukoshi Holdings Ltd. to Director, Senior Managing Executive Officer, of Isetan Mitsukoshi Holdings Ltd. as of April 1, 2012.
7. The position of Tomonari Sera changed from Director and Executive Officer of Isetan Mitsukoshi Holdings Ltd. to Director and Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd. as of April 1, 2012.
8. Nobuo Kuroyanagi retired as Director, Chairman, of The Bank of Tokyo-Mitsubishi UFJ, Ltd., as of March 31, 2012, and assumed office as Advisor at The Bank of Tokyo-Mitsubishi UFJ, Ltd., as of April 1, 2012.
9. Shimpei Miyamura retired as Chairman and Representative Director of MITSUI MINING & SMELTING CO., LTD., as of June 29, 2011.
10. Ikuo Nihei has experience as senior manager and Director in charge of accounting at Isetan Co., Ltd., and has significant knowledge with respect to financial affairs and accounting.
11. The Company has designated Shimpei Miyamura, Outside Director, and Sumio Iijima, Outside Auditor, each as an independent officer based on the provisions of the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and has notified both stock exchanges thereof.

(2) Changes in Directors and Corporate Auditors during the Fiscal Year

1) New appointments <As of June 27, 2011>

Director, Senior Managing Executive Officer	Tatsuo Otagaki
Director, Executive Officer	Tomonari Sera
Corporate Auditor	Kosuke Kojima

2) Resignation <As of June 27, 2011>

Director, Chairman	Mikio Hashimoto
Director, Managing Executive Officer	Kosuke Kojima
Corporate Auditor	Kenichi Abe

3) Change in positions

There were the following changes in positions as of February 1, 2012.

Chairman and Representative Director Kunio Ishizuka (President and Representative Director)

President and Representative Director Hiroshi Onishi (Director)

Note: The parentheses indicate the previous positions.

(3) Total Payments to Directors and Corporate Auditors

Classification	Fixed Compensation		Directors' Bonuses		Stock Option	
	Number of Payees	Amount of Payment (Millions of yen)	Number of Payees	Amount of Payment (Millions of yen)	Number of Payees	Amount of Payment (Millions of yen)
Directors (Outside Directors out of total)	11 (3)	142 (32)	6 (-)	56 (-)	6 (-)	79 (-)
Corporate Auditors (Outside Corporate Auditors out of total)	5 (2)	63 (19)	- (-)	- (-)	- (-)	- (-)
Total	16 (5)	206 (51)	6 (-)	56 (-)	6 (-)	79 (-)

Notes:

1. For Directors who also assume executive role, the amount of payment above does not include the salaries for the executive portion.
2. In addition to the above, the Directors (excluding Outside Directors) received total payments of 42 million yen (number of payee: 2) from subsidiaries of the Company.
3. With regard to stock options, this is the aggregate fair value of stock acquisition rights for which rights were established and which were granted on February 17, 2012 by resolution of a meeting of the Board of Directors held on January 27, 2012, based on a resolution at the 1st Ordinary General Meeting of Shareholders held on June 29, 2009.

(4) Policies Concerning Compensation for Directors and Auditors or its Determination

It is the Company's basic policy of compensation for directors and auditors to encourage sharing a mutual interest between shareholders and directors, to enhance incentive effects to improve financial results and shareholder value, and to ensure objectivity and transparency in methods of performance evaluation and determining compensation.

The Company has also set up the "Nomination and Remuneration Committee" chaired by an Outside Director and comprising five (5) members that include three (3) Outside Directors, the President and Representative Director and the Chairman and Representative Director, designated by resolution of a meeting of the Board of Directors. The Committee's responsibilities include nomination of Directors (including Outside Directors), establishment of policies concerning Directors' compensation and the review of performance evaluation for individual Directors that will serve as the basis for compensation.

(5) Matters Concerning Outside Directors and Outside Corporate Auditors

1) The Company's relationships with corporations where directors hold significant concurrent posts and relationships with specially related business operators such as major suppliers

	The Company's relationships with corporations where directors hold significant concurrent posts	The Company's relationships with specially related business operators such as major suppliers
Nobuo Kuroyanagi, Director	The Bank of Tokyo-Mitsubishi UFJ, Ltd. is a major shareholder of the Company. The Company and the Group have transactional relationships such as borrowings with The Bank of Tokyo-Mitsubishi UFJ, Ltd., and transactional relationships such as insurance contracts with Tokio Marine & Nichido Fire Insurance Co., Ltd. The Company has transactional relationships such as consulting contracts with a subsidiary of Mitsubishi Research Institute, Inc. The Group does not have a special relationship with Honda Motor Co., Ltd., Senshu Ikeda Holdings, Inc., The Senshu Ikeda Bank, Ltd., or Mitsubishi Heavy Industries, Ltd.	Not applicable.
Shimpei Miyamura, Director	The Group has no special relationship with MITSUI MINING & SMELTING CO., LTD. and Powdertech Co., Ltd.	Not applicable.
Morio Ikeda, Director	A subsidiary of the Company has a relationship based on trading of products, etc. with Shiseido Co., Ltd and a subsidiary of WACOAL Holdings Corp. In addition, the Group has no special relationship with Tokyo Metropolitan Television Broadcasting Corporation, Asahi Kasei Corporation, Toyo Eiwa Jogakuin and Shiseido Beauty Academy.	Not applicable.
Teisuke Kitayama, Corporate Auditor	The Company and the Group have a business relationship such as borrowing, etc. with Sumitomo Mitsui Banking Corporation. In addition, the Group has no special relationship with FUJIFILM Holdings Corporation.	Not applicable.
Sumio Iijima, Corporate Auditor	The Group has no special relationship with Tokyo Toranomon Law Office, KITAGAWA INDUSTRIES CO., LTD. and Mitsui O.S.K. Lines, Ltd.	Not applicable.

## 2) Major Activities in the Fiscal Year

Position	Name	Major Activities
Outside Director	Nobuo Kuroyanagi	He attended all of the 14 meetings of the Board of Directors held during the fiscal year, and actively made necessary comments on discussion items and deliberation items based on his broad experience as executive officers in business.
Outside Director	Shimpei Miyamura	He attended 13 meetings of the Board of Directors out of 14 meetings held during the fiscal year, and made necessary comments on discussion items and deliberation items as appropriate from his broad knowledge on developments in industrial sectors.
Outside Director	Morio Ikeda	He attended all of the 14 meetings of the Board of Directors held during the fiscal year, and made necessary comments on discussion items and deliberation items as appropriate from objective standpoint on overall corporate management.
Outside Corporate Auditor	Teisuke Kitayama	He attended 11 meetings of the Board of Corporate Auditors out of 14 meetings and 11 meetings of the Board of Directors out of 14 meetings held during the fiscal year, and made remarks on discussion items and deliberation items, as well as made necessary comments on audit matters as appropriate, based on his broad experience in the finance industry.
Outside Corporate Auditor	Sumio Iijima	He attended all of the 14 meetings of the Board of Corporate Auditors and all of the 14 meetings of the Board of Directors held during the fiscal year, and offered questions and opinions on discussion items and deliberation items, as well as made necessary comments on audit matters as appropriate, mainly from the standpoint of professional lawyer.

## 3) Outline of Limited Liability Agreements

The Company has concluded agreements with the Outside Directors and the outside Corporate Auditors to limit their liabilities as provided in Article 423, Paragraph 1 of the Corporation Law of Japan, and the maximum amount of the liabilities in the agreements is set at the amount prescribed in the law.

## 5. Matters Concerning Independent Auditors

### (1) Name of the Independent Auditor

Ernst & Young ShinNihon LLC

### (2) The Amount of Compensation to the Independent Auditor and other fees

Classification	Amount
1) Amount of fees, etc. relating to services stipulated in Paragraph 1 of Article 2 of the Certified Public Accountants Act	¥82 Million
2) Amount of fees, etc. relating to services other than those stipulated in Paragraph 1 of Article 2 of the Certified Public Accountants Act.	¥18 Million
Total	¥101 Million
3) Total monetary and other financial benefits payable by the Company and its subsidiaries	¥272 Million

Note:1 The audit engagement agreements between the Company and the independent auditor does not distinguish between compensation and other fees for audits performed pursuant to the Corporation Law of Japan and compensation and other fees for audits performed pursuant to the Financial Instruments and Exchange Law, and since it is virtually impossible to make such a distinction, the above amount stated under classification 1) is the total figure for both audits.

#### 2 Content of non-audit duties

The Company consigns the accounting auditor with non-audit duties, which are advisory, and other duties related to the application and review of the International Financial Reporting Standards (IFRSs) and pays the accounting auditor for such duties.

#### 3 Of the Company's principal subsidiaries, Isetan (Singapore) Ltd., Isetan (Thailand) Ltd. and Isetan of Japan Sdn. Bhd. are audited by another auditor (PricewaterhouseCoopers) with regard to the statutory audit of Accounting Documents.

### (3) Policies on determination of dismissal or non-reappointment of independent auditors

If the Board of Directors determines that dismissal or non-reappointment of the independent auditor is necessary, in such cases as it would be difficult for the independent auditor to perform its duties, the Board of Directors shall, with the agreement of Corporate Auditors or upon request from the Board of Corporate Auditors, make a motion with respect to dismissal or non-reappointment of the independent auditor to the General Meeting of Shareholders.

In the event that the circumstances set forth in any of the items of Article 340, Paragraph 1 of the Corporation Law of Japan apply to independent auditor, the Board of Corporate Auditors shall discharge the independent auditor upon a unanimous resolution by the Board of Corporate Auditors.

## **6. Matters Concerning the System to Ensure Appropriate Conduct of Business**

### **1. Compliance System**

“Systems to ensure that the performance of duties by the Directors and employees conform with laws and regulations, and the Company’s Articles of Incorporation”

- (1) The Board of Directors shall hold regular meetings once a month in accordance with the “Regulation of the Board of Directors” to promote communication between Directors, as well as to prevent violation against laws, regulations and the Company’s articles of incorporation through mutual oversight over performance of duties.
- (2) The Company shall establish the section and designate the person in charge of compliance oversight in the Administration Headquarters, to maintain and improve the systems of internal control and legal compliance.
- (3) Two or more Directors shall be Outside Directors to enhance legality, efficiency and adequacy of decision making in the Board of Directors.
- (4) The Company shall establish the Internal Audit Office as the independent section that specializes in internal audit. The internal audit should be performed by the Internal Audit Office in corporation with each division, to audit the legality and adequacy of the conduct of the business.
- (5) The Company shall establish “the Isetan Mitsukoshi Group Hotline” as the contact point for internal reporting and consultation for the entire Company Group to establish and implement corrective actions and preventive measures in response to reports and consultation from group employees from the viewpoint of compliance.

### **2. Risk Management System**

“Regulations and other systems concerning risk management against loss”

- (1) The Company shall identify, assess and analyze risks involved in the business, determine the risks that need to be addressed with high priority based on the analyses and assessment, and prevent the risk events before they materialize.
- (2) The Company shall establish cross departmental, enterprise risk management system that enables swift response in the event that the risks should materialize, to prevent the spread of damages and secondary damages, as well as to prevent the recurrence of the risk events.
- (3) The Company shall establish relevant regulations from the standpoint of recognition, assessment, and response to risks, and keep the entire Group well informed of these regulations.
- (4) Through inspections by the Internal Audit Division, the Company shall detect risks within the Company in the early stages and address these risks.
- (5) The Company shall not tolerate any relationship with anti social groups, shall not accept any unlawful request and shall prevent damages from them.

### 3. Internal Control system for financial reporting

“System to ensure appropriateness of the financial reporting”

- (1) The Company shall specify company-wide policies and procedures to ensure adequate financial reporting, as well as maintain and implement them appropriately.
- (2) The Company shall appropriately evaluate and address the risks of misrepresentation of material items in financial reporting.
- (3) The Company shall appropriately maintain and implement the structures to mitigate the risks of misrepresentation of material items in financial reporting.
- (4) The Company shall maintain and implement mechanism to ensure identification, capturing and processing of true and fair information, and to ensure timely communication of the information to appropriate person.
- (5) The Company shall maintain and implement monitoring system regarding financial reporting.
- (6) The Company shall maintain system to ensure timely and appropriate reporting of weaknesses (deficiencies) of the internal control identified through the monitoring.
- (7) The Company shall handle IT concerning internal control over financial reporting appropriately.

### 4. Data Retention and Management System

“System for retention and management of information relating to performance of duties by Directors”

- (1) The following documents related to performance of duties by Directors shall be recorded, retained and managed with related materials for prescribed periods in accordance with “Document Retention Policies”:
  - 1) Minutes of the General Meeting of Shareholders
  - 2) Minutes of the Meetings of the Board of Directors
  - 3) Minutes of the Meetings of the Strategic Management Committee
  - 4) Accounting Documents
  - 5) Copies of documents submitted to government offices and other public organizations, and stock exchanges
  - 6) Other Documents as determined by the Board of Directors
- (2) The Company shall establish regulations and rules such as “Information Retention Policies” regarding protection and management of such information as management information, trade secrets and personal information of customers and others that need to be managed as confidential information in accordance with laws and regulations such as the Corporation Law of Japan, the Financial Instruments and Exchange Act, etc., and the related Directors and employees shall observe these rules and regulations to protect securities of these information.

#### 5. Framework for efficient execution of duties

“A system to ensure that Directors perform their duties efficiently”

- (1) The segregation of duties among Directors shall be determined and reviewed as appropriate.
- (2) The Board of Directors shall hold regular meetings once a month and extraordinary meetings as necessary to ensure that deliberations on important matters take place without delay. The Strategic Management Committee shall discuss the matters prior to the Board of Directors meeting, which then shall discuss the matters and make resolutions at the Board of Directors.
- (3) The Company shall adopt an executive officer system to streamline the business execution through clarification of the executive duties of executive officers.
- (4) The Company shall define details of duties, responsibilities and procedures in “Regulations of Duties and Authority”, “Regulations of the Conduct of the Business”, and “Regulations of Decision Making Process for the Group” for execution of duties that are based on the decisions by the Board of Directors.

#### 6. Framework of group corporate principles

“System to ensure the proper conduct of the business of the Company and the Corporate Group that comprises of the parent company and its subsidiaries”

- (1) The Group Principles shall be applied to all the group companies. Each group company shall establish its regulations and rules based on the principles.
- (2) The Company shall seek to centralize management of operations through implementation of integrated accounting systems and expansion of its coverage, manage group companies through the internal system that requires each group company to obtain approval from the Company in its decision-making and to report to the Company, and perform monitoring of group companies as necessary. The Company shall also pursue group-wide risk management and efficiencies by establishing rules under which group companies shall report important matters to, or consult with the Company in accordance with the “Regulations on Corporate Group Control”.
- (3) The Internal Audit Office of the Company shall conduct internal audit of the group companies and inspect legality and adequacy of the conduct of the business.



7. Matters concerning audit staff

“Matters relating to employees who assist Corporate Auditors in the performance of their duties and the independence of those employees from the Directors”

- (1) For assistance of Corporate Auditors in their duties, upon consultations with Corporate Auditors, Audit Staffs can be established. Corporate Auditors can instruct the Audit Staffs on matters necessary for audit duties.
- (2) Audit Staffs shall be independent from business execution organizations. Decisions concerning matters such as transfer of personnel assigned as Audit Staffs, evaluations of such personnel and similar matters shall require confirmation with the Corporate Auditors.

8. Framework for reporting to the Corporate Auditor

“System for Directors’ and employees’ reporting to Corporate Auditors and system relating to other reporting to Corporate Auditors”

- (1) The matters that require the Directors’ and employees’ reporting to the Corporate Auditors shall be defined in “The Corporate Audit Standards” with consultation of the Corporate Auditors, and the Directors and employees shall report important matters that would have impacts on operation or performance of the Company to the Corporate Auditors without delay. The Corporate Auditors shall nevertheless be able to require reporting from the Directors and employees at any time, as necessary.
- (2) The Company shall work in corporation with the Board of Corporate Auditors to ensure that adequate reporting system is in place for matters concerning violations of laws and regulations and other compliance related issues through implementation of internal hotline system and maintenance of appropriate operations of the system.

9. Framework for ensuring the effectiveness of the audit by the Corporate Auditors

“Other system for ensuring the effective performance of audits by Corporate Auditors”

- (1) The Corporate Auditors shall hold meetings to exchange opinions with the Representative Directors and the Independent Auditor respectively on a regular basis in accordance with the “Corporate Audit Standards”.
- (2) The Internal Audit Division shall exchange information with and cooperate with the Corporate Auditors on such matters as establishment of internal audit plan, results of internal audits, etc.

## **7. Policies on Determination of Surplus Dividend**

The Company aims to return profits to shareholders, after comprehensively taking into account such factors as the management environment, business performance and the soundness of the financial position, while adopting the basic stance of maintaining a stable level of dividends while endeavoring to increase corporate value in the long term. However, in the near term, the Company intends to increase corporate value by allocating retained earnings to capital investment at major stores and the reduction of interest-bearing debt.

Note: Insignificant amounts with regard to figures and numbers of shares, etc., shown in this Business Report have been omitted. Ratios have been rounded off.

## **Consolidated Balance Sheet**

(As of March 31, 2012)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>1,227,947</b>	<b>Liabilities</b>	<b>759,467</b>
<b>Current assets</b>	<b>260,208</b>	<b>Current liabilities</b>	<b>403,089</b>
Cash and deposits	39,137	Notes and accounts payable	111,791
Notes and accounts receivable	105,895	Short-term borrowings	22,964
Marketable securities	268	Commercial paper	24,000
Inventories	56,054	Income taxes payable	3,893
Deferred tax assets	15,235	Gift certificates	80,712
Other	47,087	Deferred tax liabilities	0
Allowance for doubtful accounts	(3,470)	Accrued bonuses	9,044
<b>Fixed assets</b>	<b>967,673</b>	Allowance for customer-discount points	4,161
<b>Tangible fixed assets</b>	<b>733,684</b>	Allowance for redemption of gift certificates	22,886
Buildings and structures	175,969	Other	123,635
Land	536,702	<b>Long-term liabilities</b>	<b>356,378</b>
Construction in progress	3,213	Corporate bonds	24,000
Other	17,798	Long-term debt	102,300
<b>Intangible fixed assets</b>	<b>48,821</b>	Deferred tax liabilities	158,769
Software	13,332	Accrued employees' retirement benefits	39,602
Other	35,488	Negative goodwill	13,234
<b>Investments and other assets</b>	<b>185,167</b>	Other	18,471
Investment securities	84,894	<b>Net assets</b>	<b>468,479</b>
Long-term loans receivable	770	<b>Shareholders' equity</b>	<b>478,754</b>
Guarantee deposits	83,406	<b>Common stock</b>	<b>50,102</b>
Deferred tax assets	2,335	<b>Capital surplus</b>	<b>325,061</b>
Other	14,452	<b>Retained earnings</b>	<b>103,823</b>
Allowance for doubtful accounts	(693)	<b>Treasury stock</b>	<b>(233)</b>
<b>Deferred assets</b>	<b>65</b>	<b>Accumulated other comprehensive income</b>	<b>(22,170)</b>
Corporate bond issuance cost	65	<b>Unrealized gain on other securities</b>	<b>(5,604)</b>
		<b>Deferred gains/losses on hedge</b>	<b>1</b>
		<b>Foreign currency translation adjustments</b>	<b>(16,567)</b>
		<b>Stock acquisition rights</b>	<b>1,246</b>
		<b>Minority interests in consolidated companies</b>	<b>10,648</b>
<b>Total assets</b>	<b>1,227,947</b>	<b>Total liabilities, net assets and minority interests</b>	<b>1,227,947</b>

Note: Amounts less than one million yen have been omitted.

**Consolidated Statement of Income**  
(From April 1, 2011 to March 31, 2012)

		(Millions of yen)	
Account item	Amount		
Net sales			1,239,921
Cost of sales			892,133
Gross profit			347,788
Selling, general and administrative expenses			323,954
Operating income			23,834
Nonoperating income			
Interest and dividend income		1,635	
Equity in income of affiliated companies		2,315	
Income on uncollected gift certificates		4,711	
Amortization of negative goodwill		13,234	
Other		5,225	27,122
Nonoperating expenses			
Interest expenses		1,714	
Loss on retirement of fixed assets		1,277	
Transfer from allowance for loss on collected gift certificates		5,713	
Other		3,798	12,503
Ordinary income			38,452
Extraordinary income			
Gain on sales of shares of affiliate		169	
Other		495	664
Extraordinary losses			
Loss on sale of fixed assets		509	
Impairment loss		7,632	
Amortization of goodwill		1,099	
Valuation loss on sales of investment securities		54	
Business structure improvement expenses		3,779	
Merger related expenses		379	13,454
Income before income taxes and minority interests			25,662
Corporate taxes		3,931	
Deferred taxes		(37,879)	(33,948)
Income before minority interests			59,611
Minority interest in income of consolidated companies			719
Net income			58,891

Note: Amounts less than one million yen have been omitted.

**Summary of Consolidated Statement of Cash Flow** [For Reference]  
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount
<b>Cash flow from operating activities</b>	<b>57,843</b>
<b>Cash flow from investment activities</b>	<b>(15,939)</b>
<b>Cash flow from financing activities</b>	<b>(44,940)</b>
<b>Translation adjustments related to cash and cash equivalents</b>	<b>(595)</b>
<b>Changes in cash and cash equivalents</b>	<b>(3,632)</b>
<b>Beginning balance of cash and cash equivalents</b>	<b>56,649</b>
<b>Ending balance of cash and cash equivalents</b>	<b>53,017</b>

Note: Amounts less than one million yen have been omitted.

## Consolidated Statement of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2011</b>	<b>50,047</b>	<b>325,007</b>	<b>47,693</b>	<b>(191)</b>	<b>422,556</b>
<b>Changes during current period</b>					
Issuance of new shares	55	55			110
Allocation of retained earnings			(2,761)		(2,761)
Net income for current period			58,891		58,891
Acquisition of treasury stock				(47)	(47)
Disposition of treasury stock		(0)		5	4
Net changes other than shareholders' equity during current period					
<b>Total change during current period</b>	<b>55</b>	<b>54</b>	<b>(56,130)</b>	<b>(41)</b>	<b>(56,198)</b>
<b>Balance as of March 31, 2012</b>	<b>50,102</b>	<b>325,061</b>	<b>103,823</b>	<b>(233)</b>	<b>478,754</b>

(Millions of yen)

Account item	Accumulated other comprehensive income				Stock acquisition rights	Minority interests in consolidated companies	Total net assets
	Unrealized gains on other securities	Deferred gains/losses on hedge	Foreign currency translation adjustments	Total accumulated other comprehensive income			
<b>Balance as of April 1, 2011</b>	<b>(2,996)</b>	<b>19</b>	<b>(13,078)</b>	<b>(16,055)</b>	<b>1,083</b>	<b>10,568</b>	<b>418,152</b>
<b>Changes during current period</b>							
Issuance of new shares							110
Allocation of retained earnings							(2,761)
Net income for current period							58,891
Acquisition of treasury stock							(47)
Disposition of treasury stock							4
Net changes other than shareholders' equity during current period	(2,608)	(18)	(3,488)	(6,115)	163	80	(5,871)
<b>Total changes during current period</b>	<b>(2,608)</b>	<b>(18)</b>	<b>(3,488)</b>	<b>(6,115)</b>	<b>163</b>	<b>80</b>	<b>50,326</b>
<b>Balance as of March 31, 2012</b>	<b>(5,604)</b>	<b>1</b>	<b>(16,567)</b>	<b>(22,170)</b>	<b>1,246</b>	<b>10,648</b>	<b>468,479</b>

Note: Amounts less than one million yen have been omitted.

## **Notes to Consolidated Financial Statements**

[Basis for Preparation of Consolidated Statutory Reports]

### 1. Scope of consolidation

(1) Number of consolidated subsidiaries: 41

(2) Name of principal consolidated subsidiaries:

Isetan Mitsukoshi Ltd., Sapporo Marui Mitsukoshi Ltd., Hakodate Marui Imai Ltd., Sendai Mitsukoshi Ltd., Nagoya Mitsukoshi, Ltd., Shizuoka Isetan Co., Ltd., Niigata Mitsukoshi Isetan Ltd., Hiroshima Mitsukoshi, Ltd., Takamatsu Mitsukoshi, Ltd., Matsuyama Mitsukoshi, Ltd., Iwataya Mitsukoshi Ltd., Isetan (China) Investment Co., Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., Chengdu Isetan Co., Ltd., Shenyang Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., MICARD Co. Ltd., Isetan Mitsukoshi Food Service Ltd.

As of April 1, 2011, Mitsukoshi Ltd. (“Mitsukoshi”), as a surviving company, merged with Isetan Co., Ltd., and became Isetan Mitsukoshi Ltd. Sapporo Marui Imai Ltd., as a surviving company, merged with Sapporo Mitsukoshi, Ltd., and became Sapporo Marui Mitsukoshi Ltd. Niko, Ltd., as a surviving company, merged with Queen’s Isetan Co., Ltd., and became Isetan Mitsukoshi Food Service Ltd.

As of April 1, 2011, with Mitsukoshi being a company to be split, the Direct Shopping Department of Mitsukoshi was spun off and became Isetan Mitsukoshi Direct Shopping Ltd. (“Isetan Mitsukoshi Direct Shopping”), which has been newly included in the scope of consolidated subsidiaries.

(3) Name of principal nonconsolidated subsidiaries

Mitsukoshi France S.A.S., Mitsukoshi (U.K.) Ltd., Mitsukoshi Italia S.p.A., Isetan Soleil Co., Ltd., Aitasu Co., Ltd., AZ CLUB Co., Ltd., Kyushu Communication Service Co., Ltd., Aiu Co., Ltd., Hirakata Chuo Building Co., Ltd.

(4) Reason for exclusion of the above companies from scope of consolidation

These nonconsolidated subsidiaries are of small scale and none of the sum of their total assets, the sum of their net sales, the sum of their net income and losses (calculated according to our equity interest) and the sum of their retained earnings (calculated according to our equity interest) have any material impact on the consolidated statutory reports.

### 2. Application of equity method

(1) Number of affiliates accounted for by the equity method: 9

Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan), THE PRINTEMPS GINZA Co., Ltd., Usui Department Store Co., Ltd., Centresta Co., Ltd., West Japan Railway Isetan Ltd., ITM Clover Co., Ltd., Shinjuku Subnade Co., Ltd., JTB ISETAN TRAVEL SERVICE, INC., Mitsukoshi Kankyo Building Management Co., Ltd.

Hamaya Department Store Co., Ltd., a former affiliate accounted for by the equity method, was excluded from the scope of application of the equity method following the sale of part of its shares held by Iwataya Mitsukoshi Ltd., effective March 30, 2012.

(2) Name of subsidiaries and affiliates not accounted for by the equity method and reason for not applying the equity method

Subsidiaries and affiliates not accounted for by the equity method (e.g., Isetan Mitsukoshi Soleil Co., Ltd.) have a minimal impact on the consolidated statutory reports

and are of little significance as viewed from the overall group business, judging from their respective net incomes (calculated according to our equity interest) and retained earnings (calculated according to our equity interest). Therefore, the equity method has not been applied to these companies.

- (3) Handling of companies accounted for by the equity method but whose closing dates are different from that of the parent company

With regard to companies accounted for by the equity method but whose closing dates are different from that of the parent company, financial documents that have been prepared based on the business years of the respective companies are used. At the same time, necessary adjustments for the application of the equity method were carried out with respect to material transactions that occurred during the period between the respective closing dates and the consolidated closing date.

### 3. Closing date of consolidated subsidiaries

The fiscal year ends on December 31 for the following consolidated subsidiaries: Isetan (China) Investment Co., Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., Chengdu Isetan Co., Ltd., Shenyang Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., Isetan Mitsukoshi (Italia) S.r.l. and Lexim (Singapore) Pte. Ltd. Financial documents as of the closing date of the respective companies were used in preparing the consolidated statutory reports. At the same time, necessary adjustments for consolidation were carried out with respect to material transactions that occurred during the period between the respective closing dates and the consolidated closing date.

### 4. Accounting standards

#### (1) Standards and methods for evaluation of significant assets

##### Securities

##### Available-for-sale securities

Securities with market value	Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and the costs of securities sold are calculated primarily using the moving-average method)
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Securities without market value	Basically stated at cost using the moving-average method
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##### Inventories

Commercial products	Basically stated at cost using the retail inventory method (method used to write down the book values in response to decreased profitability)
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Other	Basically stated at cost using the first-in first-out method (method used to write down the book values in response to decreased profitability)
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#### (2) Depreciation methods for significant depreciable assets

##### Tangible fixed assets (except Lease assets)

Buildings	Basically the straight-line method
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Other tangible fixed assets	Basically the straight-line method
Intangible fixed assets (except Lease assets)	Straight-line method

As for software for in-house use the straight-line method is used with a useful life of 5 years.

#### Lease assets

Lease assets relating to finance lease without transfer of ownership

The straight-line method is used with a useful life of the lease period and with a residue value of zero.

### (3) Accounting standards for significant allowances and accruals

#### Allowance for doubtful accounts

In order to prepare for possible losses on uncollectible receivables held as of the end of the current consolidated financial year, estimated amounts are provided with regard to general receivables according to the historical percentage of uncollectibles and with regard to doubtful receivables considering the probability of collection of respective receivables.

#### Accrued bonuses

In order to prepare for bonus payments to executive officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current consolidated fiscal year.

#### Allowance for customer-discount points

In order to prepare for the issuances of customer-discount point money certificate, provision is made, according to the historical percentage of issued money certificates, for estimated amount of future issuances based on outstanding point amount.

#### Allowance for redemption of gift certificates

In order to prepare for possible losses relating to gift certificates collected after cancellation of inclusion in liabilities, provision is made for estimated redemption amount according to the historical percentage of collection of such gift certificates.

#### Accrued employees' retirement benefits

In order to prepare for the payment of employees' retirement benefits, provision is made for the amount calculated based on estimated retirement benefit obligations and pension assets as of the end of the current consolidated fiscal year.

Prior service costs are recognized on an accrual basis by the straight-line method over various periods (3 to 13 years) that are not more than the average remaining service period of employees at the time of the accrual.

The actuarial differences that resulted are recognized in the following consolidated fiscal year by the straight-line method over various periods (8 to 13 years) that are not more than

the average remaining service period of employees at the time of the accrual of a difference.

(4) Other significant matters relating to the preparation of consolidated statutory reports

1) Accounting for Deferred assets

Bond issue costs

Bond issue costs are amortized by the straight-line method over the period until bond redemption.

2) Significant Methods of Hedge Accounting

Method of hedge accounting

Deferred hedge accounting is employed. However, with regard to foreign currency receivables/payables with forward exchange contracts, deferral hedge accounting (“*furiate-shori*”) is employed and with regard to interest-rate swaps that meet the requirements for exceptional accounting (“*tokurei-shori*”), exceptional accounting is employed.

Means of hedging and hedged items

Hedging instruments: Forward exchange transactions, Interest-rate swaps and options to hedge foreign exchange-rate fluctuation risks and interest-rate fluctuation risks

Hedged items: Interest payable on foreign currency–denominated trade payables and borrowings

Hedging policy

The purpose of hedging activities is to reduce exchange-rate fluctuation risks and interest-rate fluctuation risks in accordance with the risk management policy of the Group.

Assessment of hedge effectiveness

Hedge effectiveness is assessed for each specific transaction at the end of the consolidated fiscal year under review. However, hedge effectiveness is not assessed if the substantial terms and conditions such as principal, interest rates and contract period of the hedging instruments and the hedged assets or liabilities are the same.

3) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

5. Amortization of goodwill and negative goodwill

Goodwill is amortized using the straight-line method over the period during which the effect is expected to be realized. Negative goodwill accrued before March 31, 2010 is amortized using the straight-line method over 5 years as from the accrual. However, any goodwill of minor value is amortized in full at one time in the year of the accrual.

6. Change of Important Accounting Policies

(Change of the depreciation method for tangible fixed assets)

Other tangible fixed assets (equipment and fixtures, etc.) within tangible fixed assets had previously been accounted for by the declining-balance method at consolidated

subsidiaries. The method has been changed to the straight-line method from the fiscal year under review.

Isetan Mitsukoshi Holdings Ltd. conducted an evaluation and examination of recent investments made by the core Isetan Shinjuku Main store and Mitsukoshi Ginza store in order to formulate an equipment investment plan and an earnings plan for the new company Isetan Mitsukoshi Ltd. following the merger of Mitsukoshi Ltd. and Isetan Co., Ltd., the two core companies of the Group, on April 1, 2011. Based on the results, the effects of investment are expected to occur evenly and stably. We therefore determined that the straight-line method is more appropriate with rational expense allocation in line with actual conditions.

In accordance with this change, operating income, recurring income and income before income taxes, respectively, increased by ¥1,291 million for the fiscal year under review compared with using the previous method.

#### 7. Change of presentation method

(Consolidated Balance Sheet)

A couple of the consolidated subsidiaries of the Company merged during the consolidated fiscal year under review. At this opportunity, we reviewed the presentation method, resulting in the following change: “Construction assistance fund receivables (¥11,072 million for the previous consolidated fiscal year),” which had been included in “Long-term loans receivable,” has been presented as “Guarantee deposits” for the consolidated fiscal year under review.

#### 8. Additional Information

(Application of accounting standard for accounting changes and error corrections)

From April 1, 2011, the beginning of the consolidated fiscal year under review, the Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on the Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) to any accounting changes or correction of past errors made on or after April 1, 2011.

(Impact of changes in income tax rates)

The “Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011. Accordingly, income tax rates have been changed for fiscal years beginning on or after April 1, 2012. In addition, the Special Reconstruction Corporation Tax is imposed for the fiscal years beginning in the period from April 1, 2012, to March 31, 2015.

In line with this, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be changed from 40.7% to 38.0% for temporary differences expected to be eliminated in the consolidated fiscal years beginning on or after April 1, 2012. In addition, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be reduced from 40.7% to 35.6% for temporary differences

expected to be eliminated in the consolidated fiscal years beginning on or after April 1, 2015.

As a result, the amount of deferred tax liabilities (after deducting deferred tax assets) as of the end of the consolidated fiscal year under review decreased ¥21,395 million and the amount of corporate income taxes declined by the same amount.

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	337,750 million yen
2. Contingent liability	
Guarantee liabilities	
1) Loan guarantees for housing loans of employees	499 million yen
2) Commitments to provide guarantees for bank loans of subsidiaries and affiliates	
Mitsukoshi (U.K.) Ltd.	7 million yen
Guarantee liabilities for bank loans of subsidiaries and affiliates	
West Japan Railway Isetan Ltd.	12,000 million yen
Total of guarantee liabilities	12,507 million yen
3. Details of inventory assets	
Finished goods	54,005 million yen
Semifinished goods	850 million yen
Work in process	118 million yen
Raw materials and stores	1,079 million yen
Total	56,054 million yen

[Notes to Consolidated Statement of Income]

1. Other of extraordinary income consists of gain on liquidation of subsidiaries and affiliates.
2. For the consolidated financial year under review, consolidated subsidiaries posted impairment losses under the following asset groups:

(1) Description of asset groups for which impairment losses were recognized

Location	Usage	Item	Impairment losses (Million yen)
Iwataya Mitsukoshi Ltd. Iwataya main store (Fukuoka-shi, Fukuoka)	Stores	Buildings other.	5,963
Isetan Mitsukoshi Ltd. Ebisu Mitsukoshi store (Shibuya-ku, Tokyo)	Stores	Buildings other	943
Matsuyama Mitsukoshi Ltd. Matsuyama Mitsukoshi store (Matsuyama-shi, Ehime)	Stores	Land Buildings other	577
Other	Stores	Buildings other	147

(2) Circumstances leading to recognition of impairment losses

With regard to the asset group in which earnings generated by operating activities were continually negative, the Company conducted write-downs to recoverable value and recorded the amount of decrease during the fiscal year under review as an impairment loss.

(3) Details of Impairment losses

Buildings, etc.	7,320 million yen
Land	312 million yen
<u>Total</u>	<u>7,632 million yen</u>

(4) Methods of asset grouping

Assets have been grouped primarily with stores as the basic unit representing the minimum unit responsible for generating cash flow.

(5) Method of calculating recoverable amounts

Recoverable amounts for asset groups are estimated based on their net realizable value. Estimates for asset groups with a high level of significance are conducted using valuation amounts issued by a real estate appraiser in accordance with the Real Estate Appraisal Standards of Japan.

3. Business structure improvement expenses are mainly a loss associated with the dissolution of corporate pension funds at the consolidated subsidiaries and retirement-related expenses.
  
4. “Amortization of goodwill” was goodwill amortized based on Item 32 of the Accounting Practice Committee Statement No. 7, “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (May 12, 1998, the Japanese Institute of Certified Public Accountants (JICPA)).”

[Notes to Consolidated Statement of Changes in Net Assets]

1. Total number of issued and outstanding shares as of the end of the consolidated fiscal year under review

Common stock 394,751,494 shares

2. Matters concerning dividend of surplus

(1) Amount of dividend payment

Resolution	Types of Stock	Total Dividend (Million yen)	Dividend per Share (Yen)	Base Date	Effectuation Date
Board of Directors Meeting June 27, 2011	Common stock	2,761	7	March 31, 2011	June 28, 2011

- (2) Dividend for which the base date falls in the current consolidated fiscal year but the effectuation date comes after the last day of the current consolidated fiscal year

The following items regarding dividends on common stock are being proposed as a proposal for the Ordinary General Meeting of Shareholders scheduled for June 25, 2012.

Resolution	Types of Stock	Resource for Dividend	Total Dividend (Million yen)	Dividend per Share (Yen)	Base Date	Effectuation Date
Board of Directors Meeting June 25, 2012	Common stock	Retained earnings	3,945	10	March 31, 2012	June 26, 2012

3. The number of shares subject to stock acquisition rights (excluding those the first days of whose exercise periods have not yet arrived) as of the last day of the current consolidated fiscal year

Common stock 1,951,080 shares



[Notes to Financial Instruments]

1. Status of financial instruments

(1) Policy for initiatives pertaining to financial instruments

When managing surplus funds, the Group limits its disposition of such funds to financial assets that exhibit a high degree of stability, such as bank deposits and highly-rated bonds. Additionally, the Group has a policy of procuring funds through bank borrowings and short-term corporate bonds (commercial paper), the liquidation of corporate bonds and receivables, and similar means. Derivatives are used to avoid exchange rate fluctuation risk present in trade payables and interest fluctuation risk present in borrowings and other means of fund raising, and are not used to conduct speculative transactions.

(2) Description of financial instruments and associated risk and risk management system

Notes and accounts receivable, which represent trade receivables, are exposed to client-based credit risk. In regard to this risk, the Group, in compliance with the credit management provisions under each Group company, keeps track of the due dates and balances associated with each business partner and promptly identifies and reduces collection-based concerns arising from deterioration in financial conditions and other factors. Shares and other investment securities are primarily those of corporations (business partners) with which the Group maintains a business relationship, and are thus exposed to risk stemming from fluctuations in market value. With regard to such risk, the Group regularly ascertains the market value of these shares, the financial conditions of these business partners, and other factors, and continually reviews its holding position while according consideration to the relationship with these business partners.

Notes and accounts payable, which represent trade payables, are almost entirely payable within the span of one year. A portion of these are foreign currency-denominated items related to payment for product imports, which are subject to exchange rate fluctuation risk. In order to counter such risk, forward exchange contracts are concluded for a portion of the payment amounts.

Among borrowings, short-term borrowings and commercial paper largely represent a form of fund raising associated with operational transactions, and long-term debt and corporate bonds largely represent fund raising associated with capital expenditure. Borrowings bearing variable interest rates are exposed to interest rate fluctuation risk. Out of these borrowings, for a portion of long-term debt, derivative transactions (interest swap transactions) are used as a means of hedging each individual contract in order to avoid risk associated with fluctuations in interest expenses and to work towards achieving fixed interest expenses. Valuation methods for hedge effectiveness have been omitted in line with the determination that conditions under exceptional accounting treatment for interest swaps have been met.

The execution and management of derivative transactions are conducted in accordance with internal provisions stipulating transaction authority. When utilizing derivatives, the Group engages only high-rated financial institutions in order to reduce credit risk.

Additionally, although trade payables and borrowings are exposed to liquidity risk, in addition to managing that risk through methods that include having each Group company prepare cash flow plans on a monthly basis, the Group has secured sufficient liquidity on

hand by establishing commitment line agreements and overdraft agreements with its principal transacting banks.

2. Market value, etc. of financial instruments

Amounts posted on the consolidated balance sheet as of March 31, 2012, market values, and the corresponding differences between the two are as follows.

(Millions of yen)

Items	Amounts posted on the consolidated balance sheet (Note 1)	Price (Note 1)	Differences
(1) Cash and deposits	39,137	39,137	—
(2) Notes and accounts receivable	105,895	105,895	—
(3) Marketable securities	268	268	—
(4) Investment securities			—
Available-for-sale securities	21,432	21,432	
(5) Guarantee deposits	83,406	77,632	(5,774)
(6) Notes and accounts payable	[111,791]	[111,791]	—
(7) Short-term borrowings (Note 2)	[21,464]	[21,464]	—
(8) Commercial paper	[24,000]	[24,000]	—
(9) Corporate bonds	[24,000]	[24,226]	(226)
(10) Long-term debt (Note 2)	[103,800]	[103,989]	(189)
(11) Derivatives transaction	—	—	—

Note 1: Items posted as liabilities are enclosed in brackets.

Note 2: Long-term debt expected to repay within a year is not included in (7) Short-term borrowings but in (10) Long-term debt.

Note 3: Calculation methods for the market value of financial instruments and transactions involving securities and derivatives.

- (1) Cash and deposits  
Cash and deposits are settled within a short time frame and therefore have a market value nearly equivalent to their book value. Consequently, these are posted according to their book value.
- (2) Notes and accounts receivable  
Notes and accounts receivable are settled within a short time frame and therefore have a market value nearly equivalent to their book value. Consequently, these are posted according to their book value.
- (3) Marketable securities (4) Investment securities  
Shares and bonds are based on their value on their respective exchanges.
- (5) Guarantee deposits  
The market value of guarantee deposits is computed according to their present value calculated by taking into account future cash flow that factors in potential collectability and discounting it by the yield on government bonds relative to their residual period and other factors.
- (6) Notes and accounts payable  
Because notes and accounts payable are settled in the short term, the fair

value is almost equivalent to the book value, therefore notes and accounts payable are based on the book value.

- (7) Short-term borrowings (8) Commercial paper  
Short-term borrowings and commercial paper are settled within a short time frame and therefore have a market value nearly equivalent to their book value. Consequently, these are posted according to their book value.
- (9) Corporate bonds  
The value of the corporate bonds is calculated according to the market value.
- (10) Long-term debt  
The market value of long-term debt is calculated by taking into account the total amount of principal and interest and discounting it by the assumed rate of interest when executing new borrowings. Long-term debt under a variable interest rate are subject to exceptional accounting treatment for interest swaps, in which the total amount of principal and interest, which is treated as one with the interest swap in question, is discounted by a logically estimated rate of interest that would be applied in the event similar borrowings are conducted. This yields the market value of such long-term debt.
- (11) Derivative transactions  
Derivative transactions conducted through exceptional accounting treatment of interest swaps are treated as being one with the long-term debt under the relevant hedge. As such, the market value of such transactions is presented as being included in the market value for the long-term debt concerned. (Please refer to (10) above.)

Note 4: Non-listed shares and shares in subsidiaries and affiliates, etc. (posted as 63,462 million yen on the consolidated balance sheet) have no market price, their future cash flow cannot be estimated, and it is recognized that ascertaining their market value is extremely difficult. Accordingly, these items are not included in “(4) Investment and Available-for-sale securities” above.

[Notes to lease properties and other real estate]

1. Status of rental properties and other real estate

Some of the Company’s subsidiaries are in possession of office buildings for rental purposes and rented commercial facilities, as well as rental housing, in the city of Tokyo and other surrounding areas.

Furthermore, some rented commercial facilities are counted as real estate that includes areas used as rental properties and other real estate.

2. Market value, etc. of lease properties and other real estate

(Millions of yen)

	Amounts posted on the consolidated balance sheet	Price of closing dates
Rental properties and other real estate	66,476	77,503
Real estate that includes areas used as rental properties and other real estate	72,815	65,453

Note 1: Amounts posted on the consolidated balance sheet represent amounts obtained after accumulated depreciation and amortization and accumulated impairment losses have been subtracted from the cost of acquisition.

Note 2: Market values as of the end of the consolidated fiscal year under review primarily represent amounts calculated by the Company in accordance with the Real Estate Appraisal Standards of Japan (including amounts that were adjusted using indices, etc.) and others.

[Notes to Per-share Information]

1. Net asset per share	1,157.37 yen
2. Net income per share	149.28 yen

[Notes to Significant Post-balance Sheet Events]

Not applicable.

INDEPENDENT AUDITOR'S REPORT

May 8, 2012

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Takashi Nagasaka

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Hirokazu Sekiguchi

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Osamu Suwabe

Pursuant to Article 444, Section 4 of the Corporation Law, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Isetan Mitsukoshi Holdings Ltd. (the "Company") applicable to the fiscal year from Month Date, 2011 through Month Date, 2012.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Isetan Mitsukoshi Holdings Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Nonconsolidated Balance Sheet**

(As of March 31, 2012)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>777,383</b>	<b>Liabilities</b>	<b>320,707</b>
<b>Current assets</b>	<b>199,853</b>	<b>Current liabilities</b>	<b>193,977</b>
Cash and deposits	7,923	Short-term borrowings	21,200
Deferred tax assets	244	Short-term borrowings payable to subsidiaries and affiliates	146,566
Short-term loans receivable	15,996	Commercial paper	24,000
Short-term loans receivable from subsidiaries and affiliates	177,718	Accounts payable	848
Corporate tax refund receivable, etc.	2,061	Accrued expenses	885
Other	1,306	Accrued bonuses	135
Allowance for doubtful accounts	(5,397)	Accrued income tax	191
<b>Fixed assets</b>	<b>577,464</b>	Other	149
<b>Tangible fixed assets</b>	<b>1</b>	<b>Fixed Liabilities</b>	<b>126,729</b>
Appliance and fixtures	1	Corporate bonds	24,000
<b>Investments and other assets</b>	<b>577,462</b>	Long-term debt	102,300
Stocks of subsidiaries and affiliates	451,144	Provision for loss on business of subsidiaries and affiliates	429
Long-term loans receivable from subsidiaries and affiliates	126,300	<b>Net assets</b>	<b>456,675</b>
Other	17	<b>Shareholders' equity</b>	<b>455,429</b>
<b>Deferred assets</b>	<b>65</b>	<b>Common stock</b>	<b>50,102</b>
Corporate bond issuance cost	65	<b>Capital surplus</b>	<b>397,871</b>
		Capital reserve	18,450
		Other capital surplus	379,421
		<b>Retained earnings</b>	<b>7,664</b>
		Other retained earnings	7,664
		Retained earnings carried forward	7,664
		<b>Treasury stock</b>	<b>(209)</b>
		<b>Stock acquisition rights</b>	<b>1,246</b>
<b>Total</b>	<b>777,383</b>	<b>Total</b>	<b>777,383</b>

Note: Amounts less than one million yen have been omitted.

**Nonconsolidated Statement of Income**

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount	
Operating revenues		
Dividend income	11,041	
Management service income	4,020	
Service revenue	1,029	16,091
Selling, general and administrative costs		5,588
Operating income		10,502
Nonoperating income		
Interest income	2,760	
Miscellaneous income	6	2,766
Nonoperating expenses		
Interest expenses	2,452	
Miscellaneous expense	224	2,677
Ordinary income		10,592
Extraordinary income		
Gain on reversal of stock acquisition rights	59	59
Extraordinary losses		
Provision of allowance for doubtful accounts	5,397	
Loss on valuation of stocks of subsidiaries and affiliates	1,773	
Provision for loss on business of subsidiaries and affiliates	237	7,407
Income before income taxes		3,244
Corporate tax, corporate inhabitant tax, business tax	219	
Deferred taxes	(77)	141
Net income		3,102

Note: Amounts less than one million yen have been omitted.



## Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings
<b>Balance as of March 31, 2011</b>	<b>50,047</b>	<b>18,395</b>	<b>379,422</b>	<b>397,817</b>	<b>7,323</b>	<b>7,323</b>
<b>Changes during current period</b>						
Issuance of new shares	55	55		55		
Dividends from surplus					(2,761)	(2,761)
Net income for current period					3,102	3,102
Acquisition of treasury stock						
Disposition of treasury stock			(0)	(0)		
Net changes other than shareholders' equity during current period						
<b>Total change during current period</b>	<b>55</b>	<b>55</b>	<b>(0)</b>	<b>54</b>	<b>340</b>	<b>340</b>
<b>Balance as of March 31, 2012</b>	<b>50,102</b>	<b>18,450</b>	<b>379,421</b>	<b>397,871</b>	<b>7,664</b>	<b>7,664</b>

(Millions of yen)

Account item	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
<b>Balance as of March 31, 2011</b>	<b>(167)</b>	<b>455,020</b>	<b>1,083</b>	<b>456,103</b>
<b>Changes during current period</b>				
Issuance of new shares			110	110
Dividends from surplus			(2,761)	(2,761)
Net income for current period			3,102	3,102
Acquisition of treasury stock	(47)		(47)	(47)
Disposition of treasury stock	5		4	4
Net changes other than shareholders' equity during current period			163	163
<b>Total change during current period</b>	<b>(41)</b>	<b>(408)</b>	<b>163</b>	<b>572</b>
<b>Balance as of March 31, 2012</b>	<b>(209)</b>	<b>455,429</b>	<b>1,246</b>	<b>456,675</b>

Note: Amounts less than one million yen have been omitted.

## **Notes to Nonconsolidated Financial Statements**

### [Significant Accounting Policies]

#### 1. Standards and methods of valuation of assets

##### Securities

Stocks of majority-owned subsidiaries and affiliates  
Stated at cost using the moving-average method

#### 2. Depreciation methods for fixed assets

##### Tangible fixed assets

Equipment and fixtures                      Straight-line method.

#### 3. Standards of accounting for allowances and accruals

##### Allowance for doubtful accounts

To prepare for possible losses on uncollectible receivables held as of the end of the current consolidated financial year, estimated amounts are provided with regard to general receivables according to the historical percentage of uncollectibles and with regard to doubtful receivables considering the probability of collection of respective receivables.

##### Accrued bonuses

To prepare for bonus payments to executive officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current consolidated fiscal year.

##### Provision for loss on business of subsidiaries and affiliates

In order to prepare for loss on business of subsidiaries and affiliates, an amount deemed necessary is accounted for in consideration of the financial position, etc. of such subsidiaries and affiliates.

#### 4. Other important accounting policies for preparation of financial documents

##### 1) Accounting method for deferred assets

Bond issue costs are amortized by the straight-line method over the period until bond redemption.

##### 2) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes area accounted for by the tax exclusion method.

#### 5. Additional Information

##### (Application of accounting standard for accounting changes and error corrections)

From April 1, 2011, the beginning of the fiscal year under review, the Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on the Accounting Standard for

Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) to any accounting changes or correction of past errors made on or after April 1, 2011.

[Notes to Nonconsolidated Balance Sheet]

Accumulated depreciation of tangible fixed assets	0 million yen
Guarantee liabilities	
Guarantee liabilities in respect to funds borrowed by affiliates	
West Japan Railway Isetan Ltd.	12,000 million yen
Short-term receivables from subsidiaries and affiliates	1,240 million yen
Short-term payables to subsidiaries and affiliates	590 million yen

[Notes to Nonconsolidated Statement of Income]

Transactions with subsidiaries and affiliates	
Turnover based on operating transactions	
Operating revenues	16,091 million yen
Selling, general and administrative expenses	323 million yen
Other revenues	3,625 million yen

[Notes to Nonconsolidated Statement of Changes in Net Assets]

Matters concerning treasury stock (unit: shares)

Type of Stock	Number of Shares as of the beginning of Current Term	Number of Shares Increased in Current Term	Number of Shares Decreased in Current Term	Number of Shares as of the End of Current Term
Common stock	170,590	56,224	5,948	220,866

Note 1: The increase is due to requests for redemption of odd-lot shares.

Note 2: The decrease is due to requests for the additional purchase of odd-lot shares.

[Notes to Tax Effect Accounting]

Breakdown by major cause for deferred tax assets	
(Deferred tax assets)	
Accrued bonuses	183 million yen
Accrued enterprise tax	58 million yen
Stock option expenses	124 million yen
Loss on valuation of stocks of subsidiaries and affiliates	910 million yen
Provision for loss on business of subsidiaries and affiliates	153 million yen
Allowance for doubtful accounts	1,923 million yen
Other	3 million yen
Sub-total deferred tax assets	3,355 million yen
Valuation reserve	(3,111) million yen
Total deferred tax assets	244 million yen

[Notes to Transactions with Related Parties]

(1)Subsidiaries and affiliates, etc.

(Millions of yen)

Attributes	Name of Companies, etc.	Ratio of Holding of Voting Rights, etc. (or Ratio of Voting Rights Held)(%)	Relationship with the Related Parties	Contents of Transactions	Transaction Amount	Account Item	Term-End Balance
Subsidiaries	Mitsukoshi Isetan Co., Ltd.	Direct: 100%	Interlocking directorate Business administration Financial assistance	Proceeds from management guidance	4,020	Accrued expenses	267
				Accounting fees	687	—	—
				Receipt of funds	1,490	Short-term loans receivable	130,062
				Receipt of interest	2,436	Long-term loans receivable	126,300
Subsidiaries	Iwataya Mitsukoshi Ltd.	Direct: 100%	Interlocking directorate Financial assistance	Lending of funds	14,221	Accounts receivable	241
Subsidiaries	Sapporo Marui Imai Ltd.	Direct: 100%	Interlocking directorate Financial assistance	Lending of funds	8,500	Short-term loans receivable	30,000
Subsidiaries	MI TOMONOKAI Co., Ltd.	Indirect: 100%	Borrowing of funds	Refund of funds	1,140	Short-term borrowings	8,500
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Borrowing of funds	Payment of interest	733	Short-term borrowings	81,034
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Borrowing of funds	Borrowing of funds	29,410	Short-term borrowings	38,557

Transaction conditions and decision policies thereof

Notes:

- (1) Proceeds from management guidance are determined based on contract conditions.
- (2) The Company has introduced a cash management system (CMS) that manages funds within the Group in an integral manner. The lending interest rate of Mitsukoshi Isetan Co., Ltd., Iwataya Mitsukoshi Ltd. and Sapporo Marui Imai Ltd. and the borrowing interest rate of MI TOMONOKAI Co., Ltd. and MICARD Co., Ltd. are determined in a reasonable manner in consideration of market interest rates, etc.
- (3) The above amounts do not include consumption and other taxes.

## (2) Officers and individual shareholders.

(Millions of yen)

Category	Name of Companies, or individuals	Ratio of Holding of Voting Rights, etc. (or Ratio of Voting Rights Held) (%)	Relationship with the Related Parties	Contents of Transactions	Transaction Amount	Account Item	Term-End Balance
Officer	Nobuo Kuroyanagi	None	Director, Chairman of the Board, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Refund of funds	10,100	Short-term borrowings Long-term debt	3,900 20,500

Transaction conditions and decision policies thereof

Notes:

- (1) With respect to the borrowing of funds, the borrowing interest rate is determined in a reasonable manner in consideration of market interest rates, etc. As for the terms of repayment of long-term debt, the repayment period is 4 year to 5 years, and the debt is to be paid back in full at the due date.
- (2) The aforementioned transactions were performed by Nobuo Kuroyanagi acting as representatives of a third party (Bank of Tokyo-Mitsubishi UFJ, Ltd.).
- (3) The above amounts do not include consumption and other taxes.

[Notes to Per-share Information]

- |                         |              |
|-------------------------|--------------|
| 1. Net asset per share  | 1,154.36 yen |
| 2. Net income per share | 7.86 yen     |

[Notes to Significant Post-balance Sheet Events]

Not applicable.

INDEPENDENT AUDITOR'S REPORT

May 8, 2012

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Takashi Nagasaka

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Hirokazu Sekiguchi

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Osamu Suwabe

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the notes to the financial statements and the related supplementary schedules of Isetan Mitsukoshi Holdings Ltd. (the "Company") applicable to the 4th fiscal year from April 1, 2011 through March 31, 2012.

*Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Isetan Mitsukoshi Holdings Ltd., applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.



## Certified Copy of Audit Report of the Board of Corporate Auditors

### AUDIT REPORT

The Board of Corporate Auditors, following review and deliberations on the audit reports made by each Corporate Auditor concerning the execution of duties by Directors for the 4th fiscal term from April 1, 2011 to March 31, 2012, have prepared this Audit Report, and hereby submit it as follows:

1. Auditing Methods and Contents of Audit by Corporate Auditors and Board of Corporate Auditors  
Board of Corporate Auditors established the auditing policies and division of duties, received reports and explanations regarding the implementation status and results thereof from the respective Corporate Auditors, as well as reports and explanations regarding the status of the execution of duties from Directors and the Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing standards for Corporate Auditors determined by the Board of Statutory Auditors and auditing policies and the division of duties, each Corporate Auditor made efforts to collect information and established auditing circumstances through communication with internal audit staff and other employees, and attended the Board of Directors' meeting and other important meetings to receive reports regarding execution of duties from directors and employees and requested explanations as necessary. Each Corporate Auditor also inspected the approved documents and examined the status of operations and conditions of assets at its head office and principal offices. With regard to the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the directors' duties described in the business report are performed in conformity of laws, regulations and the Articles of Incorporation of the Company as well as the establishment of the system necessary to ensure proper business operations of the company as set forth in Items 1 and 3 of Article 100 of Enforcement Regulations of the Corporation Law of Japan and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Corporate Auditor also received reports on a regular basis from directors and employees regarding its status of developments and operations, requested explanations as necessary, and expressed their opinions. Corporate Auditors received from subsidiaries their reports as necessary through communication and information sharing with their directors and corporate auditors. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2012.

Further, Corporate Auditors monitored and examined whether or not the Accounting Auditor is maintaining an independent position and conduct the audits appropriately, and also obtained reports on the status of execution of duties from the Accounting Auditor, and requested explanations as necessary. In addition, Corporate Auditors were informed by the Accounting Auditor the "the system to ensure the duties are performed properly" (the matters stipulated in the respective items of Article 131 of Corporate Accounting Rules) has been implemented in accordance with the "quality management standards concerning audits" (Business Accounting Deliberation Council, October 28, 2005) and requested explanations as necessary. In accordance with the aforementioned procedures, the Corporate Auditors reviewed the statutory reports (nonconsolidated balance sheets, nonconsolidated statement of income, nonconsolidated statement of changes in net assets, notes to nonconsolidated statutory reports), supplementary schedules thereto, and consolidated statutory reports (consolidated balance sheets, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated statutory reports) for the year ended on March 31, 2012.

2. Results of Audit

- (1) Results of Audit on Business Report, etc.
  - i) The business report and supplementary schedules thereto fairly present the financial condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.
  - ii) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.
  - iii) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the description of the relevant internal control system in the business report and the execution of duties by Directors under the relevant internal control system, there are no matters to be pointed out.
- (2) Results of audit of the nonconsolidated statutory reports and supplementary schedules thereto  
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.
- (3) Results of audit of the consolidated statutory reports  
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable

May 8, 2012

Board of Corporate Auditors of Isetan  
Mitsukoshi Holdings Ltd.

Full-time Corporate Auditor	Ikuo Nihei
Full-time Corporate Auditor	Kosuke Kojima
Outside Corporate Auditor	Teisuke Kitayama
Outside Corporate Auditor	Sumio Iijima

## Reference Documents for the General Meeting of Shareholders

### Proposal and References

#### Proposal No.1: Appropriation of Surplus

The year-end dividend for the 4<sup>th</sup> term will be distributed as follows, as the Company comprehensively considers the maintenance of stable dividends as well as the proper securing of internal reserves that will be necessary for capital investment in major stores and the reduction of interest-bearing debt.

Matters related to the year-end dividend:

- (1) Type of dividend property  
Cash
- (2) Matters related to distribution of dividend property to shareholders and the total amount ¥10 per common share of the Company  
Total amount: ¥3,945,306,280
- (3) Effective date of dividend of surplus  
June 26, 2012

#### Proposal No. 2: Election of Nine Directors

The terms of office of nine (9) Directors Kunio Ishizuka, Hiroshi Onishi, Shinya Takada, Tatsuo Otagaki, Ken Akamatsu, Tomonari Sera, Nobuo Kuroyanagi, Shimpei Miyamura, and Morio Ikeda will expire at the conclusion of this meeting.

Accordingly, election of the following nine (9) Directors is proposed. The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
1	Kunio Ishizuka (Sep 11, 1949)	<p>May 1972 Joined Mitsukoshi, Ltd.</p> <p>Feb 2003 Executive Officer, General Manager, Operations Department</p> <p>Mar 2004 Senior Executive Officer, General Manager, Corporate Planning Division</p> <p>Mar 2005 Managing Executive Officer, General Manager, Business Planning Division</p> <p>May 2005 President and Representative Director, General Manager, Business Planning Division</p> <p>Feb 2006 President and Representative Director</p> <p>Apr 2008 President and Representative Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Jun 2008 Outside Director, Isetan Co., Ltd.</p> <p>Apr 2011 Chairman, Director, Executive Officer, Isetan Mitsukoshi Ltd.</p> <p>Feb 2012 Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Apr 2012 Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd. (to the present)</p> <p>(Significant posts concurrently held) Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd.</p>	33,749

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
2	Hiroshi Onishi (Jun 13, 1955)	<p>Apr 1979 Joined Isetan Co., Ltd.</p> <p>Jun 2005 Executive Officer, Manager, General Planning Section, Management Planning Department</p> <p>Feb 2006 Executive Officer, General Manager/Manager, Sales Department, Tachikawa Store</p> <p>Mar 2008 Managing Executive Officer Managing Executive Officer; General Manager, MD Administration Department, Department Store Business Headquarters, Mitsukoshi, Ltd.</p> <p>Apr 2009 Director, Managing Executive Officer, General Manager, MD Administration Department/Planning Division, Department Store Business Headquarters</p> <p>Jun 2009 President, Representative Director, Executive Officer, Isetan Co., Ltd.</p> <p>Jan 2010 President, Representative Director, Executive Officer, Division Manager, Sales Division</p> <p>Mar 2010 Director, Mitsukoshi, Ltd.</p> <p>Jun 2010 Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr 2011 President, Representative Director, Executive Officer, Division Manager/Sales Division, Isetan Mitsukoshi Ltd.</p> <p>Feb 2012 President, Representative Director, Executive Officer, Isetan Mitsukoshi Holdings Ltd. (to the present) President, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd. (to the present)</p> <p>(Significant posts concurrently held) President, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd.</p>	24,683

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
3	Tatsuo Otagaki (Jul 30, 1950)	<p>May 1973 Joined Mitsukoshi, Ltd.</p> <p>Feb 2002 Executive Officer, General Manager, Corporate Planning Division, Sales Headquarters</p> <p>Mar 2004 Senior Executive Officer in charge of Customer Strategy, Marketing Promotion Division</p> <p>Mar 2005 Senior Executive Officer, Manager, Sendai Store</p> <p>Feb 2007 Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters, General Manager, Product Headquarters</p> <p>May 2007 Director, Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters, General Manager, Product Headquarters</p> <p>Mar 2008 Director, Senior Managing Executive Officer, Deputy General Manager, Department Store Business Headquarters</p> <p>Apr 2009 Director, Senior Managing Executive Officer, General Manager, Department Store Business Headquarters</p> <p>Mar 2010 Senior Managing Executive Officer</p> <p>Apr 2010 President and Representative Director, Fukuoka Mitsukoshi Ltd.</p> <p>Jun 2010 President, Representative Director, Executive Officer, Iwataya Co., Ltd.</p> <p>Oct 2010 President, Representative Director, Executive Officer, Iwataya Mitsukoshi Ltd.</p> <p>Apr 2011 Senior Managing Executive Officer, Isetan Mitsukoshi Holdings Ltd.</p> <p>Jun 2011 Director, Senior Managing Executive Officer, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Apr 2012 President, Representative Director, Executive Officer Division Manager, Sales Division, Iwataya Mitsukoshi Ltd. (to the present)</p> <p>(Significant posts concurrently held) President, Representative Director, Executive Officer, Division Manager, Sales Division, Iwataya Mitsukoshi Ltd,</p>	11,690
4	Ken Akamatsu (Sep 5, 1952)	<p>Jun 1975 Joined Mitsukoshi, Ltd.</p> <p>Feb 2006 Executive Officer, General Manager, Operations Department</p> <p>Feb 2007 Executive Officer, General Manager, Group Operations Department</p> <p>May 2007 Director, Senior Executive Officer, General Manager, Group Operations Department</p> <p>Apr 2008 Director, Managing Executive Officer, General Manager, Administration Headquarters, Isetan Mitsukoshi Holdings Ltd. (to the present) Director, Mitsukoshi, Ltd.</p> <p>Apr 2009 Outside Director, Isetan Co., Ltd</p>	15,894

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
5	Toshihiko Sugie (Feb 15, 1961)	<p>Apr 1983 Joined Isetan Co., Ltd.</p> <p>Apr 2009 Executive Officer, General Manager in charge of foods in general and food sales, MD Administration Department, Sales Division, Isetan Co., Ltd.</p> <p>Apr 2011 Executive Officer, General Manager in charge of foods in general, MD Administration Department, Sales Division, Isetan Mitsukoshi Ltd.</p> <p>Apr 2012 General Manager, Managing Executive Officer, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd. (to the present)</p>	14,100
6	Toshinori Shirai (Jan 28, 1959)	<p>Apr 1982 Joined Isetan Co., Ltd.</p> <p>Mar 2008 Executive Officer, Isetan Co., Ltd. Isetan Mitsukoshi Holdings Preparation Office</p> <p>Apr 2008 Executive Officer and General Manager, Strategic Planning &amp; Promotion Department, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr 2011 Executive Officer and General Manager, Management Planning Department, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd. (to the present)</p>	15,225
7	Nobuo Kuroyanagi (Dec 18, 1941)	<p>Apr 1965 Joined The Mitsubishi Bank, Limited (Mitsubishi Bank)</p> <p>Jun 1992 Director, Mitsubishi Bank</p> <p>Apr 1996 Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun 1996 Managing Director</p> <p>Jun 2001 Managing Executive Officer</p> <p>Jun 2002 Vice President</p> <p>Jun 2003 Director, Mitsubishi Tokyo Financial Group, Inc.</p> <p>Jun 2004 President &amp; CEO, Mitsubishi Tokyo Financial Group, Inc. President, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Oct 2005 President &amp; CEO, Mitsubishi UFJ Financial Group, Inc.</p> <p>Jan 2006 President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Apr 2008 Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Jun 2009 Outside Director, Honda Motor Co., Ltd. (to the present) Outside Statutory Auditor, Mitsubishi Heavy Industries, Ltd. (to the present)</p> <p>Oct 2009 Outside Director, Senshu Ikeda Holdings, Inc. (to the present)</p> <p>Dec 2009 Outside Director, Mitsubishi Research Institute, Inc. (to the present)</p> <p>Apr 2010 Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>May 2010 Director, The Senshu Ikeda Bank, Ltd. (to the present)</p> <p>Jun 2011 Director, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (to the present)</p> <p>Apr 2012 Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to the present)</p> <p>(Significant posts concurrently held)</p> <p>Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director, Honda Motor Co., Ltd. Outside Director, Senshu Ikeda Holdings, Inc. Director, The Senshu Ikeda Bank, Ltd. Outside Director, Mitsubishi Research Institute, Inc. Director, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. Outside Statutory Auditor, Mitsubishi Heavy Industries, Ltd.</p>	7,159

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
8	Shimpei Miyamura (Aug 3, 1934)	<p>Apr 1958 Joined Mitsui Mining &amp; Smelting Co., Ltd.  Jun 1987 Director  Jun 1989 Managing Director  Jun 1991 Representative Director, Senior Managing Director  Apr 1992 Representative Director, Vice President  Jun 1993 Representative Director, President;  Chairman, Powdertech Co., Ltd. (to the present)  Apr 2001 Representative Director, President and COO, Mitsui Mining &amp; Smelting Co., Ltd.  Jun 2002 Outside Director, PAN PACIFIC COPPER CO., LTD. (to the present)  Jun 2003 Representative Director, Chairman and CEO, Mitsui Mining &amp; Smelting Co., Ltd.  Jun 2007 Director and Advisor, Mitsui Mining &amp; Smelting Co., Ltd.  Apr 2008 Outside Director, Isetan Mitsukoshi Holdings Ltd. (to the present)  Jan 2010 Representative Director, Chairman and CEO, Mitsui Mining &amp; Smelting Co., Ltd.  Jun 2011 Advisor, Mitsui Mining &amp; Smelting Co., Ltd. (to the present)</p> <p>(Significant posts concurrently held)  Advisor, Mitsui Mining &amp; Smelting Co., Ltd.  Chairman, Powdertech Co., Ltd.</p>	7,172
9	Morio Ikeda (Dec 25, 1936)	<p>Apr 1961 Joined Shiseido Company, Limited.  Jun 1990 Director  Jun 1995 Managing Director  Jun 1997 Representative Senior Managing Director  Jun 2000 Representative Director, Vice President  Jun 2001 Representative Director, President and CEO  Jun 2005 Chairman of the Board;  Outside Director, Komatsu Ltd.  Chancellor, Toyo Eiwa Jogakuin (to the present)  Jun 2006 Advisor, Shiseido Company, Limited. (to the present)  Outside Director, Tokyo Metropolitan Television Broadcasting Corporation (to the present)  Apr 2007 Chairman of the Board of Trustees, Toyo Eiwa Jogakuin (to the present)  Apr 2008 Outside Director, Isetan Mitsukoshi Holdings Ltd. (to the present)  Jun 2008 Outside Director, Asahi Kasei Corporation (to the present)  Apr 2009 Chairman, Shiseido Beauty Academy (to the present)  Jun 2010 Director, WACOAL HOLDINGS CORP. (to the present)</p> <p>(Significant posts concurrently held)  Advisor, Shiseido Company, Limited.  Outside Director, Tokyo Metropolitan Television Broadcasting Corporation  Outside Director, Asahi Kasei Corporation  Director, Wacoal Holdings Corp.  Chairman of the Board of Trustees Chancellor, Toyo Eiwa Jogakuin  Chairman, Shiseido Beauty Academy</p>	7,172

(Notes) 1. Mr. Toshihiko Sugie and Mr. Toshinori Shirai are newly appointed candidates.

2. Mr. Nobuo Kuroyanagi, Mr. Shimpei Miyamura, and Mr. Morio Ikeda are candidates for Outside Director.
3. The Company's shares held by candidate Directors include their own personal holdings in the Isetan Mitsukoshi Holdings Executive Shareholding Association.
4. Mr. Nobuo Kuroyanagi is Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is the main bank for transactions for the Company Group. There is no interest relationship with the other candidates.
5. Nobuo Kuroyanagi has been engaged in the management of financial institutions for many years, and his election as an Outside Director is proposed from the viewpoint of benefiting from his insight and viewpoints cultivated in his experience toward the supervision of the management activities of the Company.  
It shall be noted that The Senshu Ikeda Bank, Ltd., where Nobuo Kuroyanagi is serving as an Outside Director, experienced an incident in November 2009 in which its part-time staff embezzled customer deposits, and an incident in March 2011, in which an employee unduly disbursed funds by exploiting the customer overdraft limit. Although Nobuo Kuroyanagi had no prior knowledge of the facts of such incidents, he made various suggestions on compliance as a daily practice at the Company's Board of Directors meetings, and after these incidents came to light, he proactively gave advice on measures to prevent a recurrence of such incidents such as reinforcing monitoring systems and enhancing employee education.
6. Election of Mr. Shimpei Miyamura and Mr. Morio Ikeda as Outside Directors is proposed upon judgment that they can bring their abundant experience and insight as managers of companies to the management of the Company, and also provide advice and proposals for ensuring appropriate and reasonable decision-making of the Board of Directors of the Company from an independent status from the viewpoint of bringing in their insight and viewpoints cultivated in their experience for supervising the management activities of the Company.
7. The three (3) candidates Mr. Nobuo Kuroyanagi, Mr. Shimpei Miyamura, and Mr. Morio Ikeda have concluded liability limitation agreements with the Company based on the provisions of the Articles of Incorporation, which shall limit the maximum amount of liability they may bear to the Company to the amount stipulated by laws.
8. The three (3) candidates Mr. Nobuo Kuroyanagi, Mr. Shimpei Miyamura, and Mr. Morio Ikeda are Outside Directors of the Company at present, and the terms of office they all have served as Outside Directors will be four years and two months as of the conclusion of this meeting.
9. The Company has designated Mr. Shimpei Miyamura as an Independent Director based on the provisions of the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and notified both stock exchanges thereof.

### **Proposal No. 3: Election of Three Corporate Auditors**

The terms of Corporate Auditor Ikuo Nihei, Teisuke Kitayama and Sumio Iijima will expire at the conclusion of this meeting. Accordingly, election of the following three (3) Corporate Auditors is proposed.

The consent of the Board of Corporate Auditors has been obtained with respect to this



Proposal.

Candidate No.	Name (Date of Birth)	Summary of career, positions and significant posts concurrently held	Number of Company shares owned
1	Shinya Takada (Jan. 8, 1952)	<p>Apr 1975 Joined Isetan Co., Ltd.</p> <p>Jun 2002 Executive Officer, Manager, General Planning Section, Management Planning Department, Isetan Co., Ltd.</p> <p>Jun 2005 Managing Executive Officer, General Manager, Management Planning Department/in charge of Accounting Department, Isetan Co., Ltd.</p> <p>Apr 2007 Senior Managing Executive Officer, General Manager, Management Planning Department/in charge of Accounting Department, Isetan Co., Ltd.</p> <p>Jun 2007 Director, Senior Managing Executive Officer, General Manager, Management Planning Department/in charge of Accounting Department, Isetan Co., Ltd.</p> <p>Mar 2008 Director, Senior Managing Executive Officer, in charge of General Planning Department, Accounting Department, Related Business Department, Isetan Co., Ltd.</p> <p>Apr 2008 Director, Senior Managing Executive Officer, General Manager, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd.</p> <p>Jan 2010 Representative Director, Senior Managing Executive Officer, General Manager, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd.</p> <p>Mar 2010 Director, Senior Managing Executive Officer, in charge of General Planning Department, Isetan Co., Ltd.</p> <p>Apr 2012 Director, Senior Managing Executive Officer, General Manager, Corporate Strategy Headquarters, Isetan Mitsukoshi Holdings Ltd. (to the present)</p>	34,627
2	Teisuke Kitayama (Oct. 26, 1946)	<p>Apr 1969 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>Jun 1997 Director, The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>Apr 2001 Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Jun 2003 Senior Managing Director and Senior Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Jun 2004 Vice-President and Director, Sumitomo Mitsui Financial Group, Inc.</p> <p>Jun 2005 President and Director, Sumitomo Mitsui Financial Group, Inc. Chairman and Director, Sumitomo Mitsui Banking Corporation (to the present)</p> <p>May 2006 Director, Mitsukoshi Co., Ltd.</p> <p>Oct 2006 Director, FUJIFILM Holdings Corporation (to the present)</p> <p>Apr 2008 Outside Auditor, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>(Significant posts concurrently held) Chairman, Sumitomo Mitsui Banking Corporation Director, FUJIFILM Holdings Corporation</p>	340

Candidate No.	Name (Date of Birth)	Summary of career, positions and significant posts concurrently held	Number of Company shares owned
3	Sumio Iijima (May 6, 1941)	<p>Apr 1966 Registered at the Daini Tokyo Bar Association Joined Anderson Mōri &amp; Rabinowitz</p> <p>Dec 1977 Corporate Auditor, TKC Corporation</p> <p>Apr 1988 Practicing-attorney-professor for civil advocacy, Legal Training and Research Institute of Japan</p> <p>Jan 1991 Attorney, Tokyo Toranomom Law Office (to the present)</p> <p>Jun 1994 Corporate Auditor, KITAGAWA INDUSTRIES CO., LTD. (to the present)</p> <p>Sep 2004 University lecturer, Chuo Law School, the Chuo University</p> <p>Jun 2006 Corporate Auditor, Mitsui O.S.K. Lines, Ltd.(to the present)</p> <p>Jun 2007 Corporate Auditor, Isetan Co., Ltd. (to the present)</p> <p>Apr 2008 Outside Auditor, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>(Significant posts concurrently held) Attorney, Tokyo Toranomom Law Office Corporate Auditor, KITAGAWA INDUSTRIES CO., LTD. Corporate Auditor, Mitsui O.S.K. Lines, Ltd.</p>	0

- (Notes)
1. Shinya Takada, is a newly appointed candidate.
  2. Teisuke Kitayama and Sumio Iijima are candidates for Outside Auditor.
  3. The number of the Company's shares held by each candidate for Corporate Auditor includes his own personal holdings in the Isetan Mitsukoshi Holdings Executive Shareholding Association.
  4. Teisuke Kitayama serves Sumitomo Mitsui Banking Corporation, the Company's principal lender, as Chairman of the Board. There is no interest relationship with the other candidates.
  5. Election of Teisuke Kitayama as an Outside Auditor is proposed from the viewpoint of benefiting from his long experience and wide range of knowledge cultivated in his long experience in the management of financial institutions for the audit activities of the Company.
  6. Through his long experience as an attorney at law, Sumio Iijima has outstanding knowledge in corporate legal affairs and managerial practice. We chose Sumio Iijima as a candidate for Corporate Auditor with the belief that he can use such expertise to maintain and improve the Company's audit activities and compliance structure.
  7. A Company subsidiary, Isetan Co., Ltd. (currently Isetan Mitsukoshi Ltd.), was ordered to remove certain products by the Japan Fair Trade Commission on December 10, 2008, for violation of the Act against Unjustifiable Premiums and Misleading Representations. The Commission determined that a product of Isetan Co., Ltd., carried misleading representation as set forth in Article 4, Paragraph 1, of the Act. Teisuke Kitayama and Sumio Iijima had been making various suggestions and advice from the aspect of compliance with laws and regulations at meetings of the Board of Directors and the Board of Corporate Auditors. After the incident, they have been further striving to formulate measures to prevent a recurrence of

such incidents in the entire Group, including the Company and Isetan Mitsukoshi Ltd., and reinforce employee education.

8. The Company has concluded agreements with Teisuke Kitayama and Sumio Iijima to limit their liabilities as provided in the Company's Articles of Incorporation, and the maximum amount of the liabilities in the agreements is set at the amount prescribed in related law.
9. Teisuke Kitayama and Sumio Iijima are currently Outside Auditors of the Company. Their term of office as Outside Auditor will have been four years and two months at the closing of this Ordinary General Meeting of Shareholders.
10. The Company designated Sumio Iijima as an Independent Director based on the provisions of the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and notified both stock exchanges thereof.

**Proposal No. 4:**

Taking into account the business performance for the year under review, we propose the payment of bonuses to six Directors (of the nine Directors, Outside Directors are excluded), who are in office at the end of fiscal year under review, at a total amount of ¥56 million. As for the specific amount for each Director, we request that matter to be entrusted to the Board of Directors.

## **Guide for Procedures of Exercising Voting Rights via the Internet**

Please read the following items before exercising your voting rights via the Internet.

If attending on the day of meeting, neither exercising voting rights by mailing (Voting Rights Exercise Form) or via the Internet is necessary.

1. Website to use for exercising voting rights
  - (1) Exercise of voting rights via the Internet is only possible by accessing the website designed by the Company exclusively for the purpose of exercising voting rights (<http://www.evote.jp/>) via a personal computer, smartphone or mobile phone (i-mode, EZweb and Yahoo! Keitai).  
(Access is unavailable between 2:00 a.m. and 5:00 a.m. every day.)  
Note: i-mode, EZweb, Yahoo! Keitai are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI CORPORATION and Yahoo! Inc., respectively.
  - (2) Depending on their Internet user environments, shareholders using personal computers or smartphone may not be able to exercise their voting rights via the site for exercising voting rights, such as the case of using firewall for Internet connection, setting antivirus software, and using proxy server, etc.
  - (3) In order to exercise voting rights on a mobile phone, it is necessary to have the capability to use the i-mode, EZweb, or Yahoo! Keitai service. Even if they have access to one of the above services, some shareholders may not be able to use the service if their mobile phone models are incapable of sending information, or because of encrypted communication (SSL communication) to ensure security.
  - (4) Votes will be accepted via the Internet by Friday, June 22, 2012 at 8:00 p.m., however, you are cordially requested to exercise your voting rights rather early, and send any inquiries or questions to the Help Desk below.
2. How to exercise voting rights via the Internet
  - (1) Please access the website for exercising voting rights (<http://www.evote.jp/>), enter the “login ID” and “temporary password” recorded on the Voting Rights Exercise Form and then enter your vote for each proposal according to the instructions on the screen.
  - (2) To prevent people who are not shareholders (impostors) from illegally accessing the site and alteration of the content of your voting selections, we will ask shareholders who use the site to change their “temporary passwords” on the site for exercising voting rights.
  - (3) You will be provided with a new “login ID” and “temporary password” each time a General Meeting of Shareholders is convened.
3. How multiple votes for the same shareholder will be handled
  - (1) If we receive votes both by conventional mail and via the Internet, we will consider the Internet vote to be the valid vote.
  - (2) When exercising voting rights via the Internet multiple times, we will consider the last vote to be the valid vote. In case when exercising voting rights both by using personal computer, smartphone and mobile phone as well, we will consider the last vote to be the valid vote.

4. Costs arising from accessing the site for exercising voting rights  
Costs arising from accessing the site for exercising voting rights (Internet connection fees, phone fees, etc.) will be borne by the shareholder. When using a mobile phone to vote, there will be costs such as packet communication fees or other fees for using the mobile phone, and these fees will be borne by the shareholder.

For Institutional Investors

Institutional Investors may use “Voting Rights Exercise Platform” (so-called Tokyo Stock Exchange platform), as a means of exercising voting rights.

For inquiries concerning systems, etc. please contact:

Mitsubishi UFJ Trust and Banking Corporation,  
Securities Agent Department (Help Desk)  
0120-173-027 (Business hours: 9:00 a.m. - 9:00 p.m. toll free)