

Convocation Notice

Securities Code: 3099

May 29, 2014

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 6 ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 6th 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 68-75, and exercise your voting rights by 8:00 p.m. Friday, June 20, 2014.

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 76-77 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 23, 2014, at 10:00 a.m.
The reception is scheduled to begin at 9:00 a.m.
- 2. Place:** Heian Room, 1F, Main Building, Hotel Okura Tokyo
2-10-4, Toranomom, Minato-ku, Tokyo, Japan
Please be aware that if Heian Room is full, you will be shown to a second meeting room.
- * As many shareholders are expected to attend the Meeting, another meeting venue has been prepared inside the Annex.
- * Please be aware that some shareholders may be received at the Annex depending on the number of shareholders present.

3. Agenda of the Meeting:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 6th term (from April 1, 2013 to March 31, 2014) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. The Non-Consolidated Financial Statements for the 6th term (from April 1, 2013 to March 31, 2014)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Nine Directors
- Proposal No. 3:** Payment of Bonuses to Directors

<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>

- * In the event of any modification, it will be announced via the Company's 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

On March 31, 2014, Isetan Mitsukoshi Holdings Ltd. prepared its sixth financial statements, which we hereby submit to you in this report. We encourage you to read it.

During the fiscal year under review, consumption remained firm on the whole, reflecting the economic pump-priming measures of the Japanese government and last-minute demand before the increase in the consumption tax.

In such circumstances, the Isetan Mitsukoshi Group offered high-quality products and services that feature the Group's identity by connecting deeply with the lifestyle of each individual customer through our spirit of hospitality in a comfortable environment, thereby improving customer satisfaction.

In April 2014, it had been six years since the management integration of Mitsukoshi Ltd. and Isetan Co., Ltd., and the synergies of the integration have emerged.

The Group will continue to promote initiatives for further corporate growth by continually creating new value beyond customers' 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, 2013 to March 31, 2014)

1. Matters related to the Group's status

(1) Business developments and results

Looking at the world economy during the consolidated fiscal year under review, the U.S. economy remained steady, whereas the pace of growth slowed in some emerging nations. The Japanese economy was also on a gradual recovery trend as a whole, reflecting resurgent corporate performance and private consumption stimulated by the government's economic pump-priming measures and an uptick in exports.

In the retail industry, consumption remained strong especially in the Tokyo metropolitan area due to a surge in consumer spending before the consumption tax hike and the recovery trend of the economy.

Under these circumstances, the Group made steady efforts to achieve the 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.

Department store

In the department store business, we made consistent efforts to enhance customer satisfaction by creating and delivering the "absolute" value that can fulfill the expectations of customers based on innovative ideas without being affected by economic conditions, consumer sentiment and other factors, thereby attaining "the ideal state of a department store."

Specifically, we continued to promote the development of high-value-added items of merchandise distinct to the Isetan Mitsukoshi Group, such as through the JAPAN SENSES project—which introduces Japan's *monozukuri* spirit by shedding light on products with new value that match current lifestyles but that evolved from the Japanese aesthetic sense, craftsmanship and tradition so revered throughout the world—and the Group's "Only MI" brand of products that were developed to accommodate customers requests.

We also endeavored to reinforce our distinctiveness, enhance customer satisfaction and increase profitability by continuing reforms of our purchasing structure and reflecting customers' feedback in

the operational flows at stores, thereby enhancing sales capabilities.

In addition, we promoted a message worldwide through initiatives including a campaign to attract foreigners to visit Japan in collaboration with the Japan Tourism Agency, an investment in the Cool Japan Fund Inc. in alliance with the Ministry of Economy, Trade and Industry to encourage the Group's global growth, and the opening of a pop-up event dubbed "NIPPONISTA" in New York for a limited period as part of the JAPAN SENSES campaign.

The three flagship stores of Isetan Mitsukoshi Ltd. that constitute the core of the Group's department store business carried out the following to offer the world's leading level of department store operations.

The Isetan Shinjuku store reopened in March 2013, after making large-scale renovations of its floors for women's clothes and accessories, aiming to create "the world's best fashion museum." The store design, which appeals to customers' senses by perceiving fashion as art, has attracted a large number of customers since the reopening, leading to sales that outperformed the forecast.

In March 2014, we remodeled part of the store's Living Floor and the fourth and fifth floors of the Men's Building. For the Living Floor and the Babies & Kids Floor, we will reopen in the spring of 2015 to offer unprecedented value to customers.

At the Mitsukoshi Nihonbashi store, we have initiated preparations for refurbishing the entire store, as the Nihonbashi area has been undergoing redevelopment. The remodeling is aimed at creating a "prestige store appropriately symbolizing Mitsukoshi" that can offer the world's finest hospitality in every respect of merchandise, customer service and store environment, and can provide a space for showcasing the Japanese culture and enabling customers to enjoy the extraordinary atmosphere. As a starter, we opened the Hajimarino Café, a multipurpose area with a new concept to cater to the active lifestyles of customers, on the seventh floor of the main building in March 2014.

The Mitsukoshi Ginza store, as a landmark of world-famous Ginza, offers products and services with a focus on Ginza and has been favorably received. For the fiscal year under review, the store enjoyed an increase in the number of visitors from overseas, mainly due to the government-led initiatives to attract foreign visitors and the depreciation of the yen. To ensure the comfort of foreign customers shopping at the store, we enhanced services for foreign visitors, such as the installation of signboards in foreign languages and the reinforcement of attendant services. We will continue to promote efforts to innovate the store, including those to broaden the range of services for foreign customers.

As a result of consistent efforts to reinforce their distinctive character, all three flagship stores

enjoyed favorable sales during the fiscal year under review.

The branches of Isetan Mitsukoshi Ltd. and the stores of regional department store operators of the Group strove to create stores that best accommodate the customer needs of each region, thereby enhancing the stores' appeal. Reopened in October 2013, the Isetan Matsudo store was renovated to make it enjoyable across three generations by leveraging a department store's advantage of being able to flexibly lay out specialty stores in the most effective manner.

Leveraging the advantages acquired through the department store business, we opened small stores in external commercial facilities and reinforced our Web-based business to attain broader interface with customers.

Regarding the opening of small stores, we plan to open many such stores across the nation. We have developed and opened stores in a variety of formats, including ISETAN MiRROR Make & Cosmetics, which offers a distinct lineup of luxury cosmetics; ISETAN HANEDA STORE, which offers clothes and miscellaneous goods for people who enjoy traveling; and ISETAN OUTLET STORE. In the fiscal year under review, we opened four stores of the ISETAN MiRROR Make & Cosmetics format in Kichijoji PARCO, LaLaport TOKYO-BAY, Kinshicho TERMINA2 and atré Oimachi, and three stores of the ISETAN OUTLET STORE format in the Shisui, Ami and Gotenba Premium Outlets.

In addition, we opened stores in the MI PLAZA format, which is a small-sized self-operated store that offers the Group's original lineup of products, including food, sundries and gifts. This format is designed to create a store ambience that encourages visits from people who are highly conscious about lifestyles. As the first store of the MI PLAZA format, we opened the Kabe store in Ome City in September 2013, followed by the Tapio store in Sendai City, the Yamagata store in Yamagata City, the Yukarigaoka store in Sakura City and the Joetsu store in Joetsu City.

As a new store format, we are also involved in the development of a medium-sized self-operated store. Its first store will open in the commercial zone of the Dai Nagoya Building that is scheduled to open in 2015. This store will aim to offer a distinctive lineup of selected fashion items by maximizing the advantage of being able to freely select products to offer.

In our Internet business, we have engaged in efforts to expand the lineup of products and prepare the system infrastructure for expanding the Internet business. In addition, we have conducted efforts in anticipation of our growing media business, including the dissemination of information through the online news sites FASHION HEADLINE and ISETAN PARK net.

For our department store businesses outside Japan, we worked to develop profit-earning foundations that can contribute to the entire Group in China and Southeast Asian countries where economic growth is expected over the long term. In the fiscal year under review, however, the department stores in these regions underperformed their forecasts as a whole, partly due to the economic slowdown and intensifying completion.

In December 2013, we opened a department store in the Jurong East district of Singapore, which is our sixth store in that nation. In China, we plan to open our second store in Chengdu in 2015.

Meanwhile, Shenyang Isetan Co., Ltd., terminated its store operations in May 2013 from the perspective of optimizing the Group's business efficiency in the nation and is now under liquidation.

As a result of the above measures, our department store business performed well as a whole, achieving net sales of some ¥1,201.0 billion (107.0% of the previous year's net sales) and operating income of some ¥23.2 billion (124.2% of the previous year's operating income).

Credit & finance / customer organization management

In the credit & finance / customer organization management business, we focused on improving convenience for our Group customers and building a higher earnings base.

MICARD Co., Ltd. steadily increased department store billings and merchant fees, thanks to the increased number of cardholders and through efforts to extend the network of external member stores.

Under the circumstances outlined above, our credit & finance / customer organization management business enjoyed favorable net sales of some ¥33.4 billion (108.2% of the previous year's net sales) and operating income of some ¥5.1 billion (140.0% of the previous year's operating income).

Other retail & specialty store

In our other retail & specialty store business, Isetan Mitsukoshi Food Service Ltd. strove to streamline operations relating to the marketing, production and wholesaling of foods and improve product capability. Queen's Isetan, the supermarket operated by Isetan Mitsukoshi Food Service Ltd., strives for store operation that appropriately meets the needs of local customers by drawing on the Group's strengths such as the provision of safe, secure and high-quality products and highly original products that are not sold by competitors. In May 2013, Queen's Isetan opened the Musashisakai store in Musashino City, Tokyo.

In the field of food delivery service, in November 2013, Isetan Mitsukoshi Food Service Ltd., succeeded the "Isetan Mitsukoshi MI Deli" business transferred from Isetan Mitsukoshi Direct

Shopping Ltd., and started a business tie-up with Oisix Inc., engaged in the food delivery service of organic vegetables and other articles. Furthermore, in April 2014, the Group established JP MITSUKOSHI MERCHANDISING Company Limited, a joint venture for merchandise procurement and catalog production with Japan Post Co., Ltd.

Although we have taken diverse measures to develop new areas of the other retail & specialty store business in the pursuit of more customer interactions and enhanced the assortment of merchandise, competition between stores and business categories was more challenging than expected. As a result, the other retail & specialty store business booked net sales of some ¥85.8 billion (100.1% of the previous year's net sales) but recorded an operating loss of some ¥0.3 billion.

Real estate

In the real estate business, Isetan Mitsukoshi Building Management Ltd., which operates a building management business, strove to streamline the Group's overall operational support services and energy conservation operations. To this end, the company worked to increase the number of stores with which the building management service is entrusted within the Group and improve operating effectiveness with measures such as the establishment of a management system that matches well with regional preferences.

As a result, the real estate business posted net sales of some ¥39.7 billion (121.5% of the previous year's net sales) and operating income of some ¥6.4 billion (183.3% of the previous year's operating income).

To utilize its self-owned real estate and develop commercial complexes, as of April 1, 2014, Isetan Mitsukoshi Building Management Ltd. conducted an absorption-type company split of the Specialty store business and ALTA business, which had been engaged in by Isetan Mitsukoshi Ltd., and integrated them with Mitsukoshi Parking Service, Ltd. At the same time, ISETAN MITSUKOSHI BUILDING MANAGEMENT changed its trade name to ISETAN MITSUKOSHI PROPERTY DESIGN LTD.

Other businesses

In other businesses, such as Isetan Mitsukoshi System Solutions Ltd., an information processing service business operator; Isetan Mitsukoshi Business Support Ltd., a logistics business operator; and Mitsukoshi Human Solutions Ltd., a human resource service operator, we promoted streamlining the efficiency of operational support services to the respective Group companies by receiving outsourced operations from external companies and optimizing the intragroup management resources. Nevertheless, other businesses together posted net sales of some ¥71.4 billion (98.2% of the previous year's net sales) and recorded an operating loss of some ¥68 million.

As we reported in January 2014, "JR Osaka Mitsukoshi Isetan," which is operated by West Japan Railway Isetan Ltd., an equity-method affiliate of the Company, will be remodeled as a commercial complex that draws on both parties' strengths of department stores and specialty stores toward the new opening in the spring of 2015. We aim to early restore profitability of this commercial complex by making the utmost efforts with West Japan Railway Company and West Japan Railway Isetan Ltd.

As a result of all above operations, for the consolidated fiscal year under review, the Group posted net sales of some ¥1,321.5 billion (106.9% of the previous year's net sales), operating income of some ¥34.6 billion (130.1% of the previous year's operating income), ordinary income of some ¥38.4 billion (112.3% of the previous year's ordinary income) and net income of some ¥21.1 billion (83.7% of the previous year's net income).

Net sales of Isetan Mitsukoshi Ltd. for the fiscal year under review (from April 1, 2013 through March 31, 2014) were some ¥675.3 billion (107.5% of the previous year's net sales) with operating income of some ¥23.1 billion (129.5% of the previous year's operating income).

(2) Capital expenditures

Our capital expenditures during the consolidated fiscal year under review totaled some ¥31.5 billion, which consisted principally of some ¥20.6 billion for renovations of the Isetan Mitsukoshi Group stores.

(3) Fund-raising matters

We raised funds of ¥31.0 billion as long-term debt and ¥20.0 billion through the issuance of corporate bonds for the consolidated fiscal year under review to allocate them to the redemption of bonds, the repayment of long-term debt, capital expenditures and so forth.

(4) Issues that need to be addressed

Despite the recent recovery trend in consumption, given the intensifying competition beyond the barrier of business type or category in the retail industry, as well as the rise of the consumption tax implemented in April 2014 and the forecast additional increase, we recognize that the future economic environment is far from reassuring.

This is why the Group aims to become “my indispensable department store” that is always chosen by our customers by steadily carrying out its role in the retail industry to “provide customers with what they want, when they want it” and “inspire customers” over and over again, which is a role that does not change with the times.

To this end, the Group is committed to executing the strategies as described below.

The first strategy is to realize the Isetan Shinjuku store, the Mitsukoshi Nihonbashi store and the Mitsukoshi Ginza store as flagship stores for the Group to showcase the image of the ideal department store aimed at creating absolute value by meeting customers’ expectations based on new ideas, with the aim of creating the world’s top-class department store format.

Next, by positioning our department stores in Sapporo, Nagoya and Fukuoka, cities second only to the Tokyo metropolitan area in terms of allure, as flagship stores in regional metropolitan cities, we will strive to increase originality and a competitive edge to maximize their store potential. We will also address increasing the profitability of other branch stores and regional department stores by creating store formats that are most appropriate for responding to the requests of local customers in the respective regions.

In addition to these store development strategies, we intend to strengthen the opening/reinforcement of small to medium-sized department stores and promote growth business initiatives such as online and catalog sales and the food-related businesses including the supermarket business and delivery services. We will promote expanding interactions with customers by delivering various products and services that draw on department stores’ know-how via diversified sales channels.

In the overseas department store business, we will carefully examine the locations and terms and conditions for the opening of new stores, primarily in China and Southeast Asia where further economic growth is anticipated. In addition, apart from conventional store development, we will seek to establish innovative business models that anticipate broader markets globally.

The Group will steadily promote the above strategies, aiming to improve customer satisfaction and strengthen earning capability thereby building the foundation for achieving sustainable and perpetual growth in the future toward the realization of the Group's vision: to become "the world's foremost retail services group." We strive to enhance our long-term corporate value so as to offer greater value to shareholders.

Last year, the misleading presentation of restaurant menus was revealed at several department stores of the Group. We deeply apologize for having caused concern to our shareholders and other stakeholders.

After the occurrence of this misconduct, we immediately reviewed the operational flows of the relevant operations in question at the restaurant operators and took the necessary measures to prevent a recurrence of such an incident. Consequently, we now have enhanced collaboration with responsible staff such as the persons in charge of cooking and/or purchasing departments and restaurant managers in order to periodically check the foodstuffs actually used in comparison with the menu description at the restaurants.

Furthermore, toward further reinforcement of the risk management function of the overall Group, the Company has taken the companywide initiative of preventing a recurrence of such an incident, including the new assignment of responsible staff in charge of compliance at each sales line in April 2014. We will make further efforts in the pursuit of higher corporate governance and building the foundation for improving corporate value.

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 organization management	Other retail & specialty store	Real estate	Total				
Net sales									
Outside customers	1,199,371	15,717	71,813	21,025	1,307,927	13,585	1,321,512	–	1,321,512
Inter-segment sales	1,693	17,771	14,009	18,765	52,240	57,816	110,057	(110,057)	–
Total	1,201,065	33,488	85,823	39,790	1,360,167	71,402	1,431,569	(110,057)	1,321,512
Segment profit/loss	23,211	5,193	(319)	6,462	34,547	(68)	34,478	167	34,646
Segment assets	1,094,916	233,237	25,449	145,882	1,499,486	30,732	1,530,218	(245,560)	1,284,658
Others									
Depreciation	16,149	2,091	551	1,060	19,852	4,145	23,998	(260)	23,738
Impairment loss	2,258	–	242	138	2,640	–	2,640	–	2,640
Investment in equity method affiliates	63,047	–	4,280	–	67,327	92	67,419	–	67,419
Increase in tangible/intangible fixed assets	23,168	991	802	750	25,713	5,993	31,707	(137)	31,569

- 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 ¥167 million is the amount of inter-segment unrealized profit and others.
 - (2) Adjustment of segment assets minus ¥245,560 million is the offset amount of inter-segment receivables and payables.
 - (3) Adjustment of segment depreciation of minus ¥260 million is the amount of inter-segment-unrealized profit.
 - (4) Adjustment of increase in tangible/intangible fixed assets of minus ¥137 million is largely inter-segment unrealized profit.
3. Segment profit/loss is adjusted with Operating income in the Consolidated Statement of Income.

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 store	173,640	25.7	106.4
	Mitsukoshi Ginza store	69,220	10.3	113.0
	Mitsukoshi Chiba store	15,527	2.2	89.5
	Isetan Shinjuku store	265,451	39.3	112.1
	Isetan Tachikawa store	39,642	5.9	102.3
	Isetan Matsudo store	21,334	3.2	99.7
	Isetan Urawa store	44,136	6.5	102.7
	Isetan Sagamihara store	25,504	3.8	99.2
	Isetan Fuchu store	20,856	3.1	101.7
	Total	675,315	100.0	107.5
Sapporo Marui Mitsukoshi Ltd.	67,540	—	104.1	
Hakodate Marui Imai Ltd.	9,620	—	99.0	
Sendai Mitsukoshi Ltd.	36,319	—	104.4	
Niigata Mitsukoshi Isetan Ltd	48,756	—	102.5	
Shizuoka Isetan Co., Ltd.	20,965	—	102.5	
Nagoya Mitsukoshi Ltd.	72,082	—	106.8	
Hiroshima Mitsukoshi Ltd.	16,780	—	104.4	
Takamatsu Mitsukoshi Ltd.	22,718	—	105.6	
Matsuyama Mitsukoshi Ltd.	16,197	—	101.3	
Iwataya Mitsukoshi Ltd.	117,803	—	104.2	
West Japan Railway Isetan Ltd.(Note 1)	95,326	—	101.1	

Note: 1. 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	251,976	37.3	107.0
Accessories	80,314	11.9	114.2
Sundry goods	112,030	16.6	119.1
Household goods	33,727	5.0	99.6
Foods	149,347	22.1	102.1
Others	47,919	7.1	100.3
Total	675,315	100.0	107.5

(5) Change in assets and earnings

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

Item	Fiscal term	3rd Term Fiscal 2010 (From April 1, 2010 to March 31, 2011)	4th Term Fiscal 2011 (From April 1, 2011 to March 31, 2012)	5th Term Fiscal 2012 (From April 1, 2012 to March 31, 2013)	6th Term Fiscal 2013 (From April 1, 2013 to March 31, 2014) Consolidated fiscal year under review
Net sales (Million yen)		1,220,772	1,239,921	1,236,333	1,321,512
Operating income (Million yen)		10,993	23,834	26,639	34,646
Ordinary income (Million yen)		27,093	38,452	34,217	38,440
Net income (Million yen)		2,640	58,891	25,292	21,166
Net income per share (Yen)		6.69	149.28	64.11	53.65
Total assets (Million yen)		1,237,775	1,227,947	1,223,677	1,284,658
Net assets (Million yen)		418,152	468,479	505,127	541,069
Net assets per share (Yen)		1,030.60	1,157.37	1,244.54	1,329.45
Capital-to-asset ratio (%)		32.84	37.18	40.13	40.84

Note: Net income 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)

Item	Fiscal term	3rd Term Fiscal 2010 (From April 1, 2010 to March 31, 2011)	4th Term Fiscal 2011 (From April 1, 2011 to March 31, 2012)	5th Term Fiscal 2012 (From April 1, 2012 to March 31, 2013)	6th Term Fiscal 2013 (From April 1, 2013 to March 31, 2014) Fiscal year under review
Operating revenues (Million yen)		8,334	16,091	22,320	14,563
Operating income (Million yen)		3,601	10,502	17,293	4,594
Ordinary income (Million yen)		3,724	10,592	17,312	5,183
Net income (Million yen)		2,728	3,102	4,585	5,012
Net income per share (Yen)		6.92	7.86	11.62	12.70
Total assets (Million yen)		767,846	777,383	759,074	750,922
Net assets (Million yen)		456,103	456,675	457,533	458,699
Net assets per share (Yen)		1,153.53	1,154.36	1,155.96	1,158.63
Capital-to-asset ratio (%)		59.26	58.58	60.09	60.89

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

(6) Status of significant subsidiaries (As of March 31, 2014)

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
Tianjin Binhai New Area Isetan Co., Ltd.	US\$12,000 thou	100.0	Tianjin, PRC	Department store
Chengdu Isetan Co., Ltd.	US\$14,990 thou	100.0	Chengdu, Sichuan 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	Orlando, U.S.A.	Department store
MITSUKOSHI ITALIA S.P.A.	5,118 thou euro	100.0	Rome, Italy	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)	12,459 mln. Taiwan dollars	43.4	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 (As of March 31, 2014)

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, 2014)

1) Department store

<Domestic>

Company & Store Name		Location
Isetan Mitsukoshi Ltd.	Mitsukoshi Nihonbashi 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 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
	Isetan Fuchu store	1-41-2, Miya-machi, Fuchu-shi, Tokyo
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, Karasumadorishiokouj-kudaru, Shimogyo-ku, Kyoto-shi, Kyoto
	JR Osaka Mitsukoshi Isetan	3-1-3, Umeda, Kita-ku, Osaka-shi, Osaka

<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
Tianjin Binhai New Area Isetan Co., Ltd	Tianjin, 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.	Orlando, U.S.A.
MITSUKOSHI ITALIA S.P.A.	Rome, Italy
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.	2-6-2, Otemachi, Chiyoda-ku, Tokyo

3) Other retail & specialty store

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

4) Real Estate

Company Name	Location
Mitsukoshi Real Estate Co., Ltd.	5-17-18, Shinjuku, Shinjuku-ku, Tokyo

(9) Employees (As of March 31, 2014)

Employees of the Company and its subsidiaries

	Number of employees	Change from the end of previous fiscal year
Department store	10,155	88 decrease
Credit & finance / customer organization management	350	20 decrease
Other retail & specialty store	721	43 decrease
Real estate	361	1 increase
Other businesses	1,016	31 increase
Total	12,603	119 decrease

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

(10) Principal lenders and borrowings (As of March 31, 2014)

Borrowing made by the Company and its subsidiaries

Lenders	Amounts borrowed (¥ million)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,500
Sumitomo Mitsui Banking Corporation	20,500
Development Bank of Japan, Inc.	20,000
Syndicated loan	20,000
Mitsubishi UFJ Trust and Banking Corporation	15,500
Sumitomo Mitsui Trust Bank, Limited.	15,500

2. Matters related to the Company shares (As of March 31, 2014)

(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, 2014	394,869,354
Change from the end of previous fiscal year	+81,860

Notes: 1. The above figures include 248,177 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, 2014	173,822
Change from the end of previous fiscal year	+9,194

(4) Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	24,970,000	6.32
Japan Trustee Services Bank, Ltd. (Trust account)	18,529,600	4.69
The Mitsukoshi Health and Welfare Foundation	13,667,832	3.46
Isetan Mitsukoshi Group's partner holding companies	7,950,678	2.01
SHIMIZU CORPORATION	6,200,000	1.57
Northern Trust Company (AVFC) A/C Non. Treaty	5,810,860	1.47
Meiji Yasuda Life Insurance Company	5,697,279	1.44
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,342,995	1.35
Mitsui Sumitomo Insurance Company, Limited	5,299,805	1.34
Isetan Mitsukoshi Group Employees Shareholding Association	4,874,286	1.23

Note: Treasury stock (248,177 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)	6th Stock Acquisition Rights	408	3
	11th Stock Acquisition Rights	12	1
	13th Stock Acquisition Rights	51	1
	14th Stock Acquisition Rights	360	2
	15th Stock Acquisition Rights	373	3
	16th Stock Acquisition Rights	152	2
	17th Stock Acquisition Rights	634	4
	18th Stock Acquisition Rights	227	2
	19th Stock Acquisition Rights	662	5
	20th Stock Acquisition Rights	134	1
	21st Stock Acquisition Rights	550	6
Directors (Outside Directors)	N/A		
Corporate Auditors (not including Outside Auditors)	6th Stock Acquisition Rights	259	1
	13th Stock Acquisition Rights	42	1
	15th Stock Acquisition Rights	165	2
	17th Stock Acquisition Rights	152	1
Auditors (Outside Auditors)	N/A		

The outline of 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.

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	Directors and executive officers of the Company or of Isetan Co., Ltd. may not exercise unexercised stock acquisition rights when two years have passed losing the position of director or executive officer or when the “period for exercising the stock acquisition rights” has expired

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	Stock acquisition rights may not be exercised while holding the position of director, executive officer or corporate auditor at the Company or at any of the Company’s subsidiaries. In the event that the relevant position has not been lost by May 31, 2015 and the stock acquisition rights cannot be exercised, the stock acquisition rights may be exercised between June 1, 2015 and May 31, 2016

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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the 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 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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the 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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the 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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

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	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

19th Stock Acquisition Rights (Issued on February 15, 2013)

Number of the stock acquisition rights issued (as of the date issued)	2,053
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	205,300 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥88,500 per unit (¥885 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, 2014 through February 15, 2029
Restrictions on acquisition of the stock acquisition rights by assignment	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

20th Stock Acquisition Rights (Issued on February 15, 2013)

Number of the stock acquisition rights issued (as of the date issued)	1,540
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	154,000 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥88,500 per unit (¥885 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, 2014 through February 15, 2029
Restrictions on acquisition of the stock acquisition rights by assignment	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

21st Stock Acquisition Rights (Issued on February 14, 2014)

Number of the stock acquisition rights issued (as of the date issued)	1,800
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	180,000 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥114,600 per unit (¥1,146 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, 2015 through February 14, 2030
Restrictions on acquisition of the stock acquisition rights by assignment	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

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

The Company issued and delivered the stock acquisition rights whose details are outlined in (1) 21st Stock Acquisition Rights to executive officers of the Company during the fiscal year under review. In addition, the Company issued and delivered the stock acquisition rights (22nd Stock Acquisition Rights), whose details are outlined below, to executive officers 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 14, 2014	1	From March 1, 2015 to February 14, 2030	1,250	22
Executive officers and general managers of subsidiaries (excluding persons serving concurrently as Directors of the subsidiaries)	February 14, 2014	1	From March 1, 2015 to February 14, 2030	611	12

22nd Stock Acquisition Rights (Issued on February 14, 2014)

Number of the stock acquisition rights issued (as of the date issued)	611
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	61,100 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥114,600 per unit (¥1,146 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, 2015 through February 15, 2030
Restrictions on acquisition of the stock acquisition rights by assignment	Stock acquisition rights may be exercised while holding the position of director, executive officer, corporate auditor, advisor, senior executive or consultant at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

4. Matters Concerning Directors and Auditors (As of March 31, 2014)

(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 Ltd. Director, SEKISUI CHEMICAL CO., LTD. *3
President and Representative Director	Hiroshi Onishi	President and Representative Director, Isetan Mitsukoshi Ltd.
Director, Senior Managing Executive Officer	Toshihiko Nakagome	Representative Director, Senior Managing Executive Officer, General Manager, Sales Division, General Manager, Flagship Store Business, Sales Division, Isetan Mitsukoshi Ltd.
Director, Managing Executive Officer	Ken Akamatsu	Director, Managing Executive Officer, General Manager, Operation headquarters, Isetan Mitsukoshi Ltd.
Director, Managing Executive Officer	Toshihiko Sugie	Director, General Manager, Managing Executive Officer, Strategic Planning Headquarters, Isetan Mitsukoshi Ltd.
Director, Managing Executive Officer	Hidenori Takeda	Managing Executive Officer, General Manager, Department Store Business Department, Isetan Mitsukoshi Ltd.
Director *1	Nobuo Kuroyanagi	Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director, Honda Motor Co., Ltd. *3 Director, Mitsubishi Research Institute, Inc. *3 Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. *3 Auditor, Mitsubishi Heavy Industries, Ltd. *4 Corporate Auditor, Tokyo Kaikan Co., Ltd.
Director *1	Shouei Utsuda	Chairman, MITSUI & CO., LTD. Director, Tokyo Broadcasting System Holdings, Inc. *3 Director, Tokyo Broadcasting System Television, Inc. *3 Director, Cool Japan Fund Inc. *3 Chairman, The Japan – Vietnam Association, Chairman, Japan Foreign Trade Council, Inc. (JFTC)
Director *1	Yoshinori Ida	Special Executive Advisor, Isuzu Motors Limited
Full-time Corporate Auditor	Shinya Takada	Corporate Auditor, Iwataya Mitsukoshi Co., Ltd. Corporate Auditor, West Japan Railway Isetan Ltd.
Full-time Corporate Auditor	Kosuke Kojima	Corporate Auditor, Sapporo Marui Mitsukoshi Ltd. Corporate Auditor, Nagoya Mitsukoshi Ltd.
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. As of April 1, 2014, the “Positions and Responsibilities” of Mr. Toshihiko Nakagome have changed from Representative Director, Senior Managing Executive Officer, General Manager, Sales Division, Isetan Mitsukoshi Holdings Ltd., and Representative Director, Senior Managing Executive Officer, General Manager, Sales Division, General Manager, Flagship Store Business, Sales Division, Isetan Mitsukoshi Ltd., to Representative Director, Senior Managing Executive Officer, Isetan Mitsukoshi Holdings Ltd., and President and Representative Director, Iwataya Mitsukoshi Co., Ltd.
6. Shinya Takada has experience as Representative Director and Senior Managing Executive Officer in charge of corporate planning and accounting at Isetan Mitsukoshi Ltd., and has significant knowledge with respect to financial affairs and accounting.
7. The Company has designated Shouei Utsuda and Yoshinori Ida, Outside Directors, 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 24, 2013>

Director, Senior Managing Executive Officer	Toshihiko Nakagome
Director, Managing Executive Officer	Hidenori Takeda
Director	Shouei Utsuda
Director	Yoshinori Ida

2) Resignation

<As of May 20, 2013>

Director	Morio Ikeda
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<As of June 24, 2013>

Director, Senior Managing Executive Officer	Tatsuo Otagaki
Director, Executive Officer	Toshinori Shirai
Director	Shimpei Miyamura

(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)	13 (5)	184 (31)	6 (-)	94 (-)	6 (-)	63 (-)
Corporate Auditors (Outside Corporate Auditors out of total)	4 (2)	63 (19)	- (-)	- (-)	- (-)	- (-)
Total	17 (7)	247 (50)	6 (-)	- (-)	6 (-)	63 (-)

Notes:

1. For Directors who also assume executive role, the amount of payment above does not include the salaries for the executive portion.
2. The directors' bonus above shows the amount scheduled to be paid conditional upon the approval as proposed of Proposal No. 3 (Payment of Directors' Bonus) on the Agenda of the Ordinary General Meeting of Shareholders.
3. In addition to the above, the Directors (excluding Outside Directors) received total payments of 4 million yen (number of payee: 1) from subsidiaries of the Company.
4. 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 14, 2014 by resolution of a meeting of the Board of Directors held on January 28, 2014, 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

	The Company's relationships with corporations where directors hold significant concurrent posts
Nobuo Kuroyanagi, Director	<p>The Bank of Tokyo-Mitsubishi UFJ, Ltd. is a major shareholder of the Company.</p> <p>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.</p> <p>A subsidiary of the Company has a business relationship regarding commodities, etc., with Tokyo Kaikan Co., Ltd.</p> <p>Furthermore, the Group does not have a special relationship with Honda Motor Co., Ltd., Mitsubishi Research Institute, Inc. or Mitsubishi Heavy Industries, Ltd.</p>
Shouei Utsuda, Director	<p>A subsidiary of the Company has a business relationship regarding commodities, etc., with Mitsui & Co., Ltd., and its subsidiaries, but that transaction amount is negligible.</p> <p>The Group has no special relationship with Tokyo Broadcasting System Holdings, Inc., Tokyo Broadcasting System, inc., The Japan-Vietnam Association and Japan Foreign Trade Council, Inc.</p> <p>In addition, the Company invests in Cool Japan Fund Inc.</p>
Yoshinori Ida, Director	<p>The Group has no special relationship with Isuzu Motors Limited.</p>
Teisuke Kitayama, Corporate Auditor	<p>The Company and the Group have a business relationship such as borrowing, etc. with Sumitomo Mitsui Banking Corporation.</p> <p>In addition, the Group has no special relationship with FUJIFILM Holdings Corporation.</p>
Sumio Iijima, Corporate Auditor	<p>The Group has no special relationship with Tokyo Toranomon Law Office, KITAGAWA INDUSTRIES CO., LTD. and Mitsui O.S.K. Lines, Ltd.</p>

2) Major Activities in the Fiscal Year

Position	Name	Major Activities
Outside Director	Nobuo Kuroyanagi	He attended 13 meetings of the Board of Directors out of 14 meetings 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	Shouei Utsuda	He attended 9 meetings of the Board of Directors out of the 11 meetings held during the fiscal year since he assumed the office of Outside Director, and made necessary comments on discussion items and deliberation items as appropriate from his objective standpoint on overall corporate management.
Outside Director	Yoshinori Ida	He attended all of 11 meetings of the Board of Directors held during the fiscal year, since he assumed the office of Outside Director and made necessary comments on discussion items and deliberation items as appropriate from his broad knowledge on developments in industrial sectors.
Outside Corporate Auditor	Teisuke Kitayama	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 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 13 meetings out of 14 meetings of the Board of Corporate Auditors and 12 meetings out 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	¥81 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.	¥17 Million
Total	¥99 Million
3) Total monetary and other financial benefits payable by the Company and its subsidiaries	¥276 Million

Notes: 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 of the internal control related to financial reportings 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 antisocial 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

“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, 2014)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets	1,284,658	Liabilities	743,588
Current assets	299,657	Current liabilities	435,565
Cash and deposits	55,123	Notes and accounts payable	134,420
Notes and accounts receivable	138,850	Short-term borrowings	66,985
Marketable securities	728	Commercial paper	13,000
Inventories	57,418	Income taxes payable	6,655
Deferred tax assets	16,985	Gift certificates	81,521
Other	33,498	Deferred tax liabilities	1
Allowance for doubtful accounts	(2,948)	Accrued bonuses	11,022
Fixed assets	984,888	Allowance for customer-discount points	4,949
Tangible fixed assets	733,081	Allowance for redemption of gift certificates	22,496
Buildings and structures	178,266	Other	94,512
Land	531,241	Long-term liabilities	308,023
Construction in progress	1,209	Corporate bonds	32,000
Other	22,363	Long-term debt	59,300
Intangible fixed assets	52,211	Deferred tax liabilities	157,699
Software	15,243	Net defined benefit liability	38,561
Other	36,967	Provision for loss on business of subsidiaries and affiliates	81
Investments and other assets	199,595	Liabilities from application of equity method	4,016
Investment securities	104,989	Other	16,366
Long-term loans receivable	592	Net assets	541,069
Guarantee deposits	81,125	Shareholders' equity	517,117
Net defined benefit asset	2,780	Common stock	50,157
Deferred tax assets	2,413	Capital surplus	325,116
Other	7,985	Retained earnings	142,110
Allowance for doubtful accounts	(290)	Treasury stock	(266)
Deferred assets	112	Accumulated other comprehensive income	7,474
Corporate bond issuance cost	112	Unrealized gain on other securities	1,249
		Deferred gains/losses on hedge	0
		Foreign currency translation adjustments	6,526
		Remeasurements of defined benefit plans	(302)
		Stock acquisition rights	1,480
		Minority interests in consolidated companies	14,997
Total assets	1,284,658	Total liabilities, net assets and minority interests	1,284,658

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

Consolidated Statement of Income
(From April 1, 2013 to March 31, 2014)

		(Millions of yen)	
Account item	Amount		
Net sales	1,321,512		
Cost of sales	951,489		
Gross profit	370,022		
Selling, general and administrative expenses	335,376		
Operating income	34,646		
Nonoperating income			
Interest and dividend income	1,788		
Share of profit of entities accounted for using equity method	5,184		
Income on uncollected gift certificates	5,657		
Gain on donation of fixed assets	2,147		
Other	1,406	16,183	
Nonoperating expenses			
Interest expenses	1,319		
Loss on retirement of fixed assets	1,765		
Transfer from allowance for loss on collected gift certificates	5,347		
Other	3,956	12,389	
Ordinary income	38,440		
Extraordinary income			
Gain on sales of fixed assets	42		
Gain on sales of investments securities	60	102	
Extraordinary losses			
Loss on sale of fixed assets	326		
Loss on disposal of fixed assets	356		
Impairment loss	2,640		
Loss on transition to retirement benefit scheme	1,741		
Other	124	5,189	
Income before income taxes and minority interests	33,353		
Corporate taxes	7,538		
Deferred taxes	4,140	11,678	
Income before minority interests	21,674		
Minority interest in income of consolidated companies	508		
Net income	21,166		

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

Summary of Consolidated Statement of Cash Flow [For Reference]

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount
Cash flow from operating activities	46,022
Cash flow from investment activities	(19,221)
Cash flow from financing activities	(16,151)
Translation adjustments related to cash and cash equivalents	3,468
Changes in cash and cash equivalents	14,118
Beginning balance of cash and cash equivalents	35,781
Changes in cash and cash equivalents resulting from change of scope of consolidation	701
Ending balance of cash and cash equivalents	50,601

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

Consolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	50,118	325,077	125,171	(243)	500,124
Changes during current period					
Issuance of new shares	38	38	-	-	77
Allocation of retained earnings	-	-	(3,945)	-	(3,945)
Net income for current period	-	-	21,166	-	21,166
Acquisition of treasury stock	-	-	-	(24)	(24)
Disposition of treasury stock	-	0	-	1	1
Change of scope of consolidation	-	-	(281)	-	(281)
Net changes other than shareholders' equity during current period	-	-	-	-	-
Total change during current period	38	39	16,938	(23)	16,993
Balance as of March 31, 2014	50,157	325,116	142,110	(266)	517,117

(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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2013	(1,316)	0	(7,806)		(9,122)	1,441	12,683	505,127
Changes during current period								
Issuance of new shares	-	-	-	-	-	-	-	77
Allocation of retained earnings	-	-	-	-	-	-	-	(3,945)
Net income for current period	-	-	-	-	-	-	-	21,166
Acquisition of treasury stock	-	-	-	-	-	-	-	(24)
Disposition of treasury stock	-	-	-	-	-	-	-	1
Change of scope of consolidation	-	-	-	-	-	-	-	(281)
Net changes other than shareholders' equity during current period	2,566	(0)	14,333	(302)	16,596	38	2,314	18,949
Total changes during current period	2,566	(0)	14,333	(302)	16,596	38	2,314	35,942
Balance as of March 31, 2014	1,249	0	6,526	(302)	7,474	1,480	14,997	541,069

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: 38

(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., Tianjin Binhai New Area Isetan Co., Ltd., Chengdu Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., Mitsukoshi Italia S.p.A., MICARD Co. Ltd., Isetan Mitsukoshi Food Service Ltd.

As of April 1, 2013, Mitsukoshi Italia S.p.A. and Tianjin Binhai New Area Isetan Co., Ltd., were included in the scope of consolidation due to their increased importance. Isetan Kaikan Co., Ltd., Isetan Swing Inc., Isetan Mitsukoshi Institute Co., Ltd., and Lexim (Singapore) Pte. Ltd. were excluded from the scope of consolidation, effective from the fiscal year ended March 31, 2014, due to their small significance.

(3) Name of principal nonconsolidated subsidiaries

Mitsukoshi (U.K.) Ltd., Isetan Soleil Co., Ltd., Aitasu Co., Ltd., Kyushu Communication Service Co., Ltd., Aiu Co., Ltd., Fashion Headline 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: 8

Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan), THE PRINTEMPS GINZA Co., Ltd., Usui Department Store 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.

(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 (Sakae Chika Center Co. Ltd., etc.) 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., Tianjin Binhai New Area Isetan Co., Ltd., Chengdu Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., Mitsukoshi Italia S.p.A., and Isetan Mitsukoshi (Italia) S.r.l. 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 Investments in investment limited partnerships and similar associations (investments deemed to be securities pursuant to Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at the net value of the equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements.
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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
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.

Provision for loss on business of subsidiaries and affiliates

In order to prepare for possible losses relating to the business of subsidiaries and affiliates, the provision of an amount regarded necessary is made upon considering the fiscal position, etc., of the relevant subsidiaries and affiliates.

(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 employees' retirement benefits

Method for attributing the estimated employees' retirement benefits to periods

To calculate retirement benefit obligations, the straight-line basis is adopted as a method for attributing the estimated retirement benefits to the periods up to the end of the fiscal year under review.

Amortization of actuarial difference and prior service costs

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) Accounting for consumption taxes, etc.

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

5. Changes of accounting policies

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, dated May 17, 2012, hereinafter the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, dated May 17, 2012, hereinafter the "Guidance") have been applied, effective from the end of the fiscal year under review, except for the provisions of Item 35 of the Accounting Standard and Item 67 of the Guidance. According to this change in accounting policies regarding retirement benefits, an amount obtained by deducting the amount of pension assets from retirement benefit obligations is recognized as a Net defined benefit liability, which includes an unrecognized actuarial difference and an unrecognized prior service cost. If the amount of pension assets exceeds the amount of retirement benefit obligations, the unrecognized actuarial difference and unrecognized past service costs are recognized as a Net defined benefit asset.

For the application of the Accounting Standard and the Guidance, we follow the transitional treatment provided for in Item 37 of the Accounting Standard. Accordingly, the effect of this change is reflected in Remeasurements of defined benefit plans under Accumulated other

comprehensive income. As a result, as at the end of the fiscal year under review, a Net defined benefit asset of ¥2,780 million and a Net defined benefit liability of ¥38,561 million were reported and there was a decrease of ¥302 million in Accumulated other comprehensive income.

The effect of this change on Per-share Information is disclosed in the relevant note.

6. Additional Information

The Company and some of its consolidated subsidiaries in Japan transferred a portion of their defined benefit pension plans to their defined contribution pension plans on April 1, 2014. Accordingly, by adopting the Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, dated January 31, 2002), the accounting procedures prescribed in said Guidance for partial termination of retirement benefit plans were taken for the portion of the pension plans transferred to the defined contribution plans. As a result, the effect of this transfer is recorded as an extraordinary loss of ¥1,741 million for the period under review.

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	352,372 million yen
2. Contingent liability	
Guarantee liabilities	
1) Loan guarantees for housing loans of employees	269 million yen
2) Guarantee liabilities for bank loans of subsidiaries and affiliates	
West Japan Railway Isetan Ltd.	(Note) 10,784 million yen
Total of guarantee liabilities	11,053 million yen
Note: The amounts recorded above state the amount of guarantee liabilities net of the amount accrued as a liability associated with application of the equity method.	
3. Details of inventory assets	
Finished goods	55,616 million yen
Semifinished goods	532 million yen
Work in process	78 million yen
Raw materials and stores	1,191 million yen
Total	57,418 million yen

[Notes to Consolidated Statement of Income]

1. 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

Usage	Item	Location	Impairment losses (Million yen)
Stores	Buildings	Isetan Fuchu store	721
	other	(Fuchu-shi, Tokyo)	
Stores	Buildings	Sapporo Marui Mitsukoshi Ltd.	671
	other	(Sapporo-shi, Hokkaido)	
Stores	Buildings	Other	722
	other		
Other	Buildings	Other	525
	other		

(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 as an impairment loss.

(3) Details of Impairment losses

Buildings, etc.	2,640 million yen
Total	2,640 million yen

(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.

[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 394,869,354 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 24, 2013	Common stock	3,945	10	March 31, 2013	June 25, 2013

(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 23, 2014.

Resolution	Types of stock	Resource for dividend	Total dividend (Million yen)	Dividend per share (Yen)	Base date	Effectuation date
Board of Directors Meeting June 23, 2014	Common stock	Retained earnings	4,340	11	March 31, 2014	June 24, 2014

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 1,511,300 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) 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, 2014, 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	55,123	55,123	—
(2) Notes and accounts receivable	138,850	138,850	—
(3) Marketable securities	728	728	—
(4) Investment securities			—
Available-for-sale securities	31,314	31,314	
(5) Guarantee deposits	81,125	76,424	(4,701)
(6) Notes and accounts payable	(134,420)	(134,420)	—
(7) Short-term borrowings (Note 2)	(37,485)	(37,485)	—
(8) Commercial paper	(13,000)	(13,000)	—
(9) Corporate bonds	(32,000)	(32,410)	(410)
(10) Long-term debt (Note 2)	(88,800)	(88,974)	(174)
(11) Derivatives transaction	0	0	—

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 73,675 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, rented commercial facilities, as well as rental housing, in the city of Tokyo and other regions.

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

(Millions of yen)

	Amounts posted on the consolidated balance sheet	Market value as of the end of the consolidated fiscal year under review
Rental properties and other real estate	139,082	135,716

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	1,329.45 yen
2. Net income per share	53.65 yen

Note: As stated in the “Changes of accounting policies,” we follow the transitional treatment provided for in Item 37 of the Accounting Standard and the Guidance. This change decreased the net asset per share for the period under review by 0.76 yen.

[Notes to Significant Post-balance Sheet Events]

Not applicable.

INDEPENDENT AUDITOR'S REPORT

May 8, 2014

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young
ShinNihon LLC
Designated Limited Partner
Engagement Partner
Certified Public Accountant
Seiji Hoshino

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Koichi Nagasawa

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 April 1, 2013 through March 31, 2014.

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, 2014 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, 2014)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets	750,922	Liabilities	292,223
Current assets	214,915	Current liabilities	196,675
Cash and deposits	16,220	Short-term borrowings	63,700
Deferred tax assets	548	Short-term borrowings payable to subsidiaries and affiliates	116,882
Short-term loans receivable from subsidiaries and affiliates	193,663	Commercial paper	13,000
Corporate tax refund receivable, etc.	468	Accounts payable	74
Accrued income	9,997	Accrued expenses	2,135
Other	33	Accrued bonuses	181
Allowance for doubtful accounts	(6,016)	Accrued income tax	337
Fixed assets	535,895	Other	363
Tangible fixed assets	1	Fixed Liabilities	95,547
Appliance and fixtures	1	Corporate bonds	32,000
Intangible fixed assets	0	Long-term debt	59,300
Software	0	Deferred tax liabilities	3
Investments and other assets	535,893	Provision for loss on business of subsidiaries and affiliates	228
Investment securities	1,256	Provision for loss on guarantees	4,016
Stocks of subsidiaries and affiliates	443,334	Net assets	458,699
Long-term loans receivable from subsidiaries and affiliates	91,300	Shareholders' equity	457,212
Other	2	Common stock	50,157
Deferred assets	111	Capital surplus	397,926
Corporate bond issuance cost	111	Capital reserve	18,505
		Other capital surplus	379,421
		Retained earnings	9,371
		Other retained earnings	9,371
		Retained earnings carried forward	9,371
		Treasury stock	(242)
		Accumulated other comprehensive income	6
		Unrealized gain on other securities	6
		Stock acquisition rights	1,480
Total	750,922	Total	750,922

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

Nonconsolidated Statement of Income

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount	
Operating revenues		
Dividend income	4,460	
Management service income	9,239	
Service revenue	863	14,563
Selling, general and administrative costs		9,968
Operating income		4,594
Nonoperating income		
Interest income	2,524	
Miscellaneous income	292	2,816
Nonoperating expenses		
Interest expenses	2,011	
Miscellaneous expenses	216	2,228
Ordinary income		5,183
Extraordinary income		
Gain on reversal of stock acquisition rights	160	160
Income before income taxes		5,343
Corporate tax, corporate inhabitant tax, business tax	652	
Deferred taxes	(320)	331
Net income		5,012

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

Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings carried forward		
Balance as of April 1, 2013	50,118	18,466	379,421	397,887	8,304	8,304
Changes during current period						
Issuance of new shares	38	38	–	38	–	–
Dividends from surplus	–	–	–	–	(3,945)	(3,945)
Net income for current period	–	–	–	–	5,012	5,012
Acquisition of treasury stock	–	–	–	–	–	–
Disposition of treasury stock	–	–	0	0	–	–
Net changes other than shareholders' equity during current period	–	–	–	–	–	–
Total change during current period	38	38	0	39	1,066	1,066
Balance as of March 31, 2014	50,157	18,505	379,421	397,926	9,371	9,371

(Millions of yen)

Account item	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Total valuation and translation adjustments		
Balance as of April 1, 2013	(219)	456,091	–	–	1,441	457,533
Changes during current period						
Issuance of new shares	–	77	–	–	–	77
Dividends from surplus	–	(3,945)	–	–	–	(3,945)
Net income for current period	–	5,012	–	–	–	5,012
Acquisition of treasury stock	(24)	(24)	–	–	–	(24)
Disposition of treasury stock	1	1	–	–	–	1
Net changes other than shareholders' equity during current period	–	–	6	6	38	45
Total change during current period	(23)	1,120	6	6	38	1,165
Balance as of March 31, 2014	(242)	457,212	6	6	1,480	458,699

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 |
| Securities without market value | Basically stated at cost using the moving-average method |
- Investments in investment limited partnerships and similar associations (investments deemed to be securities pursuant to Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at the net value of the equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements.

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

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.

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.

Provision for loss of guarantee liabilities

In order to prepare for losses relating to guarantee liabilities for subsidiaries and affiliates, provision is made based on the estimated losses in consideration of the financial position, etc. of the guaranteed party.

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.

[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. 10,784 million yen

Note: The above figure shows the amount after deduction of the provision for loss of guarantee liabilities from the amount of guarantee liabilities.

Short-term receivables from subsidiaries and affiliates 10,003 million yen

Short-term payables to subsidiaries and affiliates 1,707 million yen

[Notes to Nonconsolidated Statement of Income]

Transactions with subsidiaries and affiliates

Turnover based on operating transactions

Operating revenues 14,563 million yen

Selling, general and administrative expenses 544 million yen

Other revenues 3,326 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	232,025	17,286	1,134	248,177

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	64 million yen
Accounts payable	388 million yen
Accrued enterprise tax	84 million yen
Stock option expenses	252 million yen
Loss on valuation of stocks of subsidiaries and affiliates	3,761 million yen
Provision for loss on business of subsidiaries and affiliates	81 million yen
Provision for loss on guarantees	1,431 million yen
Allowance for doubtful accounts	2,144 million yen
Other	11 million yen

Sub-total deferred tax assets 8,219 million yen

Valuation reserve (7,670) million yen

Total deferred tax assets 548 million yen

(Deferred tax liabilities)

Unrealized gain on other securities (3) million yen

Total deferred tax liabilities (3) million yen

Deferred tax assets (liabilities), net 545 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	Isetan Mitsukoshi Ltd.	Direct: 100%	Interlocking directorate Business administration Borrowing and Lending of Fund	Proceeds from management guidance (Note 1)	8,367	Accrued income	8,785
				Accounting fees	518	—	—
				Receipt of funds (Note 2)	14,837	Affiliates short-term loans receivable	156,507
				Receipt of interest (Note 3)	2,166	Affiliates long-term loans receivable	91,300
				Payment of personnel expenses for loaned employees (Note 4)	5,579	Accounts payable	394
Subsidiaries	Iwataya Mitsukoshi Ltd.	Direct: 100%	Interlocking directorate Financial assistance	Receipt of funds (Note 3)	5,000	Affiliates short-term loans receivable	22,000
Subsidiaries	MI TOMONOK AI Co., Ltd.	Indirect: 100%	Borrowing and Lending of Fund	Borrowing of funds (Note 2) Payment of Interest (Note 3)	1,711 688	Affiliates short-term borrowings	84,473
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Borrowing and Lending of Fund	Refund of funds (Note 2, 3)	1,581	Affiliates short-term borrowings	10,249
Affiliates	West Japan Railway Isetan Ltd.	Direct 40%	Interlocking directorate	Guarantee liabilities (Note 5)	14,800	Provision for loss on guarantees	4,016

Transaction conditions and decision policies thereof

Notes:

- (1) Proceeds from management guidance are determined based on contract conditions.
- (2) With respect to the borrowing and lending of fund, the Company has a cash management system (CMS) that manages funds within the Group in an integral manner.

- (3) The loans and borrowings interest rates are determined in a reasonable manner in a consideration of market interest rates.
- (4) The personnel expenses for loaned employees paid by Isetan Mitsukoshi Ltd. were settled at cost.
- (5) The Company has recorded a 4,016 million yen provision for loss of guarantee liabilities in regard to guarantee liabilities for West Japan Railway Isetan Ltd.
- (6) The above amounts do not include consumption and other taxes.

[Notes to Per-share Information]

1. Net asset per share	1,158.63 yen
2. Net income per share	12.70 yen

[Notes to Significant Post-balance Sheet Events]

Not applicable.

INDEPENDENT AUDITOR'S REPORT

May 8, 2014

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young
ShinNihon LLC
Designated Limited Partner
Engagement Partner
Certified Public Accountant
Seiji Hoshino

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Kouichi Nagasawa

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 6th fiscal year from April 1, 2013 through March 31, 2014.

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, 2014 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.

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 6th fiscal term from April 1, 2013 to March 31, 2014, 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. 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, 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, 2014.

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. 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). 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, 2014.

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.

Regarding the issue of an incorrect menu description in 2013, which is outlined in the Business Report for the year under review, Directors confirm that in order to help the Company regain its credibility investigations are under way to clarify the cause and the measures to prevent the recurrence of such problems. We are monitoring the progress thereof.

(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, 2014

Board of Corporate Auditors of Isetan
Mitsukoshi Holdings Ltd.

Full-time Corporate Auditor Shinya Takada

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 6th 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 ¥11 per common share of the Company
Total amount: ¥4,340,832,947
- (3) Effective date of dividend of surplus
June 24, 2014

Proposal No. 2: Election of Nine Directors

The terms of office of nine (9) Directors Kunio Ishizuka, Hiroshi Onishi, Toshihiko Nakagome, Ken Akamatsu, Toshihiko Sugie, Hidenori Takeda, Nobuo Kuroyanagi, Shouei Utsuda, and Yoshinori Ida 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>Jun 2013 Director, SEKISUI CHEMICAL CO., LTD. (to the present)</p> <p>(Significant posts concurrently held)</p> <p>Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd.</p> <p>Director, SEKISUI CHEMICAL CO., LTD.</p>	38,221

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>	31,981
3	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. Director, Mitsukoshi, Ltd.</p> <p>Apr 2009 Outside Director, Isetan Co., Ltd</p> <p>Apr 2013 Director, Managing Executive Officer, Operation General Manager, Isetan Mitsukoshi Holdings Ltd. (to the present), Director, Managing Executive Officer, General Manager, Operation headquarters Isetan Mitsukoshi Ltd. (to the present)</p> <p>(Significant posts concurrently held) Director, Managing Executive Officer, General Manager, Operation headquarters, Isetan Mitsukoshi Ltd.</p>	15,895

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
4	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, Strategic Planning Headquarters, Isetan Mitsukoshi Holdings Ltd.</p> <p>Jun 2012 Director, General Manager, Managing Executive Officer, Strategic Planning Headquarters, Isetan Mitsukoshi Holdings Ltd.(to the present)</p> <p>Apr 2013 Director, General Manager, Managing Executive Officer, Strategic Planning Headquarters, Isetan Mitsukoshi Ltd. (to the present)</p> <p>(Significant posts concurrently held) Director, General Manager, Managing Executive Officer, Strategic Planning Headquarters, Isetan Mitsukoshi Ltd.</p>	14,100
5	Hidenori Takeda (Jul 5, 1954)	<p>Apr 1978 Joined Mitsui Bank</p> <p>May 2006 Executive Officer, General Manager in charge of Planning and Coordination, Corporate Planning Division, Mitsukoshi, Ltd</p> <p>Feb 2007 Executive Officer, General Manager, Business Planning Division, Department Store Business Headquarters, Mitsukoshi, Ltd</p> <p>Mar 2010 Executive Officer, President, MICARD Co. Ltd.</p> <p>Apr 2011 Executive Officer, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr 2013 Director, Managing Executive Officer, General Manager, Department Store Business Department, Isetan Mitsukoshi Holdings Ltd. Director, Managing Executive Officer, General Manager, Department Store Business Department, Isetan Mitsukoshi Ltd. (to the present)</p> <p>Jun 2013 Director, Managing Executive Officer, General Manager, Department Store Business Department, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>(Significant posts concurrently held) Director, Managing Executive Officer, General Manager, Department Store Business Department, Isetan Mitsukoshi Ltd.</p>	15,062

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
6	Takuya Matsuo (Dec 27, 1958) [Newly nominated]	<p>Apr 1982 Joined Isetan Co., Ltd.</p> <p>Apr 2008 Executive Officer, General Manager, Urawa Store</p> <p>Apr 2011 Director, Managing Executive Officer, General Manager, MD Administration Department, Group Store Merchandising, Isetan Mitsukoshi Ltd.</p> <p>Apr 2013 Director, Managing Executive Officer, Deputy General Manager, General Manager, Sales Division, Local & Branch Stores Division, Isetan Mitsukoshi Holdings, Ltd.</p> <p>Apr 2014 Managing Executive Officer, General Manager, Sales Division, Isetan Mitsukoshi Holdings, Ltd. (to the present)</p> <p>Representative Director, Managing Executive Officer, General Manager, Sales Division, General Manager, Flagship Store Business, Sales Division, Isetan Mitsukoshi Co., Ltd. (to the present)</p> <p>(Significant posts concurrently held)</p> <p>Representative Director, Managing Executive Officer, General Manager, Sales Division, General Manager, Flagship Store Business, Sales Division, Isetan Mitsukoshi Co., Ltd.</p>	23,326
7	Shouei Utsuda (Feb 12, 1943)	<p>Apr 1967 Joined MITSUI & CO., LTD.</p> <p>Jun 1997 Director, MITSUI & CO., LTD.</p> <p>Jun 2000 Representative Director, Managing Director, MITSUI & CO., LTD.</p> <p>Apr 2002 Representative Director, Senior Managing Director, MITSUI & CO., LTD.</p> <p>Oct 2002 Representative Director, President, MITSUI & CO., LTD.</p> <p>Jun 2007 Director, Tokyo Broadcasting System Holdings, Inc. (to the present)</p> <p>Apr 2009 Chairman, MITSUI & CO., LTD. (to the present) Director, Tokyo Broadcasting System, Inc. (to the present)</p> <p>May 2009 Chairman, The Japan – Vietnam Association (to the present)</p> <p>May 2010 Chairman, Japan Foreign Trade Council, Inc. (JFTC) (to the present)</p> <p>Jun 2013 Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Nov 2013 Director, Cool Japan Fund Inc. (to the present)</p> <p>(Significant posts concurrently held)</p> <p>Chairman, MITSUI & CO., LTD.</p> <p>Tokyo Broadcasting System Holdings, Inc.</p> <p>Director, Tokyo Broadcasting System, Inc.,</p> <p>Chairman, The Japan – Vietnam Association,</p> <p>Chairman, Japan Foreign Trade Council, Inc. (JFTC)</p> <p>Director, Cool Japan Fund Inc.</p>	1,516

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
8	Yoshinori Ida (May 18, 1943)	<p>Apr 1966 Joined Isuzu Motors Limited</p> <p>Jan 1994 Director, Isuzu Motors Limited</p> <p>May 1996 Executive Director, Isuzu Motors Limited</p> <p>Apr 1999 Managing Director, Isuzu Motors Limited</p> <p>Dec 2000 President, Representative Director, COO, Isuzu Motors Limited</p> <p>Jun 2007 Chairman and Representative Director, Isuzu Motors Limited</p> <p>Feb 2009 Chairman and Director, Isuzu Motors Limited</p> <p>Jun 2011 Special Executive Advisor, Honorary Chairman, Isuzu Motors Limited</p> <p>Jun 2012 Special Executive Advisor, Isuzu Motors Limited (to the present)</p> <p>Jun 2013 Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>(Significant posts concurrently held) Special Executive Advisor, Isuzu Motors Limited</p>	1,010
9	Katsunori Nagayasu (Apr 6, 1947) [Newly nominated]	<p>May 1970 Joined The Mitsubishi Bank, Ltd.</p> <p>Jun 1997 Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun 2000 Managing Director, Nippon Trust Bank Ltd.</p> <p>Apr 2001 Director, Mitsubishi Tokyo Financial Group, Inc.</p> <p>Oct 2001 Managing Director, Mitsubishi Trust Bank</p> <p>Jun 2002 Managing Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Apr 2004 Director and Managing Executive Officer, Mitsubishi Tokyo Financial Group, Inc.</p> <p>Jan 2005 Senior Managing Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>May 2005 Deputy President, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Oct 2005 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>Jan 2006 Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun 2006 Deputy President, Mitsubishi UFJ Financial Group, Inc.</p> <p>Apr 2008 Director, Mitsubishi UFJ Financial Group, Inc. President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Apr 2010 President & CEO, Mitsubishi UFJ Financial Group, Inc.</p> <p>Apr 2012 Chairman, Representative Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to the present)</p> <p>Apr 2013 Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>Jun 2013 Audit & Supervisory Board Member, Nippon Steel & Sumitomo Metal Corporation (to the present)</p> <p>(Significant posts concurrently held) Chairman, Representative Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Audit & Supervisory Board Member, Nippon Steel & Sumitomo Metal Corporation</p>	0

- (Notes)
1. Mr. Takuya Matsuo and Mr. Katsunori Nagayasu are newly nominated candidates.
 2. Mr. Shouei Utsuda, Mr. Yoshinori Ida and Mr. Katsunori Nagayasu are candidates for Outside Director.
 3. The Company's shares held by the candidates for Director include their own personal holdings in the Isetan Mitsukoshi Holdings Executive Shareholding Association.

4. Mr. Katsunori Nagayasu is the Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is the main bank of the Group. There is no particular relationship of interests between any of the other candidates and the Company.
5. Mr. Katsunori Nagayasu 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 benefitting from his insight and viewpoints cultivated in his experience toward the supervision of the management activities of the Company.
6. Election of Mr. Shouei Utsuda and Mr. Yoshinori Ida 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. In addition, Tokyo Broadcasting System Television, Inc., where Mr. Shouei Utsuda serves as an Outside Director, has received a severe reprimand from Japan's Ministry of Internal Affairs and Communication for gross negligence in the editing of some programs aired during Mr. Utsuda's term of office as an Outside Director. Mr. Utsuda, who was an Outside Director, was not involved in the relevant programs, and has consistently made proposals from the perspective of compliance and called for the prevention of recurrence based on the investigation report following the incident.
7. Mr. Shouei Utsuda and Mr. Yoshinori Ida 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. The Company intends to conclude similar agreements with Mr. Katsunori Nagayasu to limit his liability if his election is approved.
8. Mr. Shouei Utsuda and Mr. Yoshinori Ida are Outside Directors of the Company at present, and the terms of office they have served as Outside Directors will be one year as of the conclusion of this meeting.
9. The Company designates Mr. Shouei Utsuda and Mr. Yoshinori Ida as Independent Directors according to the provisions of the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and has registered them with the two exchanges.

Proposal No. 3: Payment of Bonuses to Directors

Taking into account the business performance for the year under review, we propose the payment of bonuses to six Directors (of the nine Directors, three Outside Directors are excluded), who are in office at the end of fiscal year under review, at a total amount of ¥94.54 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 20, 2014 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, 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)