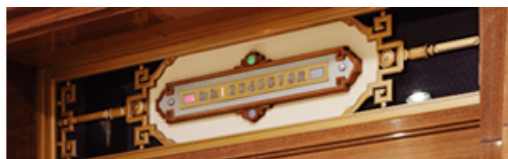
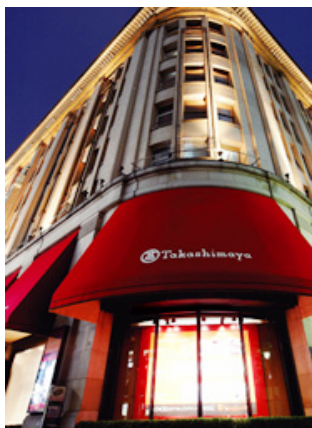
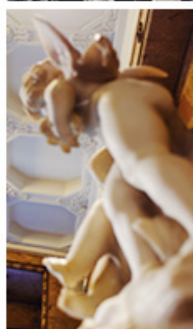


# Interim 2010/02 Financial Results

09 Oct. 2009



Since 1933  
Takashimaya  
Nihombashi,  
Tokyo



 Takashimaya

Statements contained herein regarding cost and revenue projections reflect our judgment based on information currently available, and involve a number of risks and uncertainties. It should be noted that actual results could differ significantly from the cost and revenue projections stated herein due to a variety of factors.

Significant factors that could affect actual performance include but are not limited to the economic environment surrounding the department store industry, market trends, and exchange rate fluctuations.

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# I. Interim 2010/02 Financial Highlights

## Consolidated performance

( Yen in Million )

	1H FY2009	YoY	Change from Projection
Operating Revenue	428,864	- 59,352 -12.2%	- 7,935 -1.8%
SG&A expenses	127,553	- 8,383 -6.2%	- 2,247 -1.7%
Operating Income	5,213	- 8,875 -63.0%	- 1,387 -21.0%
Ordinary Income	7,244	- 8,943 -55.2%	- 756 -9.5%
Net Income	3,073	- 5,715 -65.0%	+ 73 +2.4%

### Operating Revenue

A double-digit fall centered on the core domestic department store business, including Takashimaya Space Create Co., Ltd., and Takashimaya (Singapore) Ltd. (down 3.7 billion), which was strongly affected by foreign exchange.

Non-consolidated Takashimaya and major subsidiaries, including Takashimaya Space Create Co., Ltd. and Takashimaya (Singapore) Ltd., also fell below plan.

### SG&A expenses

Significantly reduced, given the effects of the structural reforms of our domestic department stores, etc. Reduced more than projected centered on domestic department stores.

### Operating Income

Fell due to the strong impact of a drastic fall in operating revenue, despite efforts to reduce SG&A expenses.

Fell below plan due to impact of falling operating revenue and deteriorated gross profit margin, which were not offset by the reduced SG&A expenses that achieved better than forecast.

### Ordinary Income

Fell due to a decrease in equity gains, in addition to a fall in operating income.

Fell below plan due to operating income falling below forecast and an increase in interest expenses, although non-operating revenue surpassed plan due chiefly to the reversal of the allowance for rents of Takashimaya (Singapore) Ltd.

### Net Income

Fell due to worsened extraordinary income (expense), including a write-down of inventory merchandise following the introduction of the lower-of-cost-or-market method, in addition to a fall in ordinary income.

Almost achieved plan, although ordinary income fell below plan and a portion of the extra retirement bonus was transferred to the third quarter downward.

## Performance by Individual Companies

( Yen in Million )

	Operating Revenue	YoY	Change from Projection	Operating Income	YoY	Change from Projection
Takashimaya and Domestic Department Stores Subsidiary	374,762	- 11.8%	- 1,515	382	- 94.7%	- 618
Takashimaya Singapore	16,499	- 18.3%	- 3,002	1,274	- 12.8%	+ 90
Toshin Development	17,397	+ 0.7%	- 484	3,265	- 12.5%	- 153
Takshimaya Credit	7,671	+ 1.5%	- 239	807	- 11.0%	- 261
Takashimasya Space Create	8,472	- 36.5%	- 3,028	(480)	-	- 606
Others and eliminations	4,063	-	+ 332	(35)	-	+ 161
Consolidated	428,864	- 12.2%	- 7,935	5,213	- 63.0%	- 1,387

### Takashimaya and Domestic Department Stores Subsidiary

Operating income fell significantly due to a fall of over 50 billion yen in operating revenue, although ongoing structural reforms led to the reduction of SG&A expenses. Operating income also fell below plan due to sales and gross profit margin dropping below plan, despite an additional reduction in expenses.

### Takashimaya Singapore

Operating revenue and operating income both fell, although operating income increased on a local currency basis due to the appreciation of the yen (a 3.6 billion yen fall in sales and a 200 million yen fall in operating income). Although sales were below plan, operating income achieved plan by cutting SG&A expenses. \*1SGD: First half: approx. 78 yen; forecast: approx. 73 yen; result: approx. 64 yen

### Toshin Development

Operating income decreased, due mainly to a decrease in rents following the adverse exchange impact and the renovation of Tamagawa Takashimaya Shopping Center, although operating revenue increased due to the effects of the opening of Kashiwa Takashimaya Station Mall. Operating revenue and operating income fell below plan despite strenuous efforts by Nagareyama Otakanomori Shopping Center.

### Takshimaya Credit

Operating income fell due to an additional allowance for doubtful accounts, although operating revenue increased due to an increase in external store membership fees and revolving payment handling fees, following increases in the number of new cardholders and annual membership fees. Operating revenue and operating income fell below plan due to card handling fees dropping below plan and an increase in the allowance for doubtful accounts, despite our efforts to reduce SG&A expenses.

### Takashimasya Space Create

Both operating revenue and operating income fell substantially due to sluggish demand and worsening operating revenue, reflecting lower pricing stemming from intensified competition. Operating income also fell below the forecast due to orders falling below plan and mounting pressure on operating revenue stemming from lower pricing following intensified competition.

## Non-consolidated performance

	( Yen in Million )			
	1H FY2009	YoY		Change from Projection
Operating Revenue	345,695	- 46,189	- 11.8%	- 1,204 - 0.3%
Gross Margin Ratio	26.41%	- 0.54		- 0.38
SG&A expenses	94,605	- 7,823	- 7.6%	- 1,179 - 1.2%
Operating Income	346	- 6,530	- 95.0%	- 453 - 56.7%
Ordinary Income	1,800	- 6,859	- 79.2%	- 599 - 25.0%
Net Income	620	- 4,229	- 87.2%	+ 320 + 106.7%

### Operating Revenue

Fell significantly centered on clothing and high-end items, such as imported brands and jewelry items, in severe consumption environment. Almost achieved plan.

### Gross Margin Ratio

Fell dramatically due to a fall in the sales shares of high gross profit margin items, such as clothing. Fell below plan due to falling sales shares of high gross profit margin items.

### SG&A expenses

Structural reforms led to a significant reduction centered on personnel-related expenses, advertising expenses, transport expenses and other. Aggressive structural reforms achieved higher than the initial projection.

### Operating Income

Fell significantly due to the strong impact of falling operating revenue and gross profit margin, despite reducing SG&A expenses. Fell below plan due to gross profit margin falling below forecast, although SG&A expense cuts were greater than projected.

### Ordinary Income

Fell significantly due to worsening financial account balance such as dividends received, in addition to a decrease in operating income. Fell below plan due to operating income falling below plan and a decrease in dividends received.

### Net Income

Fell due to loss on write-down of inventory merchandise following the adoption of the lower-of-cost-or-market method, in addition to a fall in ordinary income. Surpassed plan due to the transfer of a portion of the extra retirement bonus to the third quarter downward following structural reforms.

## Non-Consolidated SG&A Expenses

( Yen in Million )

	1H FY2009	YoY		Change from Projection	
Personnel-related expenses	35,833	- 2,631	-6.8%	- 66	-0.2%
General affairs expenses	(363)	- 491	--	- 145	--
Advertising expenses	11,769	- 2,648	-18.4%	- 712	-5.7%
Transport expenses and other	30,506	- 1,855	-5.7%	- 99	-0.3%
Accounting-related expenses	16,858	- 199	-1.2%	- 157	-0.9%
<b>Total</b>	<b>94,605</b>	<b>- 7,823</b>	<b>-7.6%</b>	<b>- 1,179</b>	<b>-1.2%</b>

### Personnel-related expenses

#### Compared to FY2008

Down 1.2 billion yen in salaries and welfare program expenses due to personnel downsize; down 500 million yen due to a decrease in overtime work; down 700 million yen in bonuses; down 500 million yen in salaries for temporary employees; up 400 million yen in the cost of retirement benefits due to a fall in the stock price.

#### Compared to projection

Down 200 million yen in salaries; down 300 million yen in welfare program expenses; up 300 million yen in salaries for temporary employees.

### Advertising expenses

#### Compared to FY2008

Down 1.2 billion yen in publicity expenses due to a shift to highly-efficient advertising media using CRM; down 300 million yen in decorating expenses; down 400 million yen in event expenses; down 700 million yen in points expenses owing to a fall in sales.

#### Compared to projection

Down 700 million yen centered on publicity expenses and points expenses.

### Transport expenses and other

#### Compared to FY2008

Down 500 million yen in outsourcing expenses and down 800 million yen in expenses for sales fluctuations as a result of operation reexamination; up 100 million yen in depreciation costs for the renovation of the Yokohama Store, etc.

#### Compared to projection

Down 400 million yen in repair expenses; down 100 million yen in depreciation costs; up 500 million yen due to transfer from personnel-related expenses.

## II. Projected 2010/02 Financial Highlights

### Consolidated Cost and Revenue Projections

( Yen in Million )

	Current year Projection	YoY	Change from Projection
Operating Revenue	886,000	- 90,116 -9.2%	- 10,000 -1.1%
SG&A expenses	257,000	- 15,605 -5.7%	- 5,300 -2.0%
Operating Income	15,000	- 9,810 -39.5%	0 0.0%
Ordinary Income	17,000	- 11,003 -39.3%	0 0.0%
Net Income	7,500	- 4,250 -36.2%	0 0.0%

#### Operating Revenue

Project that the rate of operating revenue fall will shrink centered on the core department store business in Japan in the second half. Revise operating revenue of subsidiaries downward, including Takashimaya (Singapore) Ltd., Takashimaya Space Create Co., Ltd., and Toshin Development Co., Ltd., in anticipation of an increasing drop in their operating revenue.

#### SG&A expenses

Implement additional cuts, mainly in department stores in Japan. Increase the reduction amount, including an additional reduction of 2.1 billion yen in department stores in Japan

#### Operating Income

Project a fall due to a significant drop in operating income stemming from the falling operating revenue of department stores in Japan, despite ongoing structural management reforms including a reduction in SG&A expenses. Aim to achieve the initial plan by offsetting falling operating revenue against a reduction in SG&A expenses.

#### Ordinary Income

Project a fall due to worsening non-operating income (expense), including equity gains and dividends receivable, in addition to a fall in operating income

#### Net Income

Project a fall due to a significant fall in ordinary income despite an improvement in extraordinary income (expense), including a decrease on the write-down of securities posted in the previous fiscal year.



## Individual Companies Projections

( Yen in Million )

	Operating Revenue	YoY	Change from Projection	Operating Income	YoY	Change from Projection
Takashimaya and Domestic Department Stores Subsidiary	771,056	-9.6%	0	3,200	-74.8%	0
		-81,564			-9,495	
Takashimaya Singapore	34,496	-12.3%	-6,585	2,873	-3.8%	0
		-4,822			-114	
Toshin Development	35,152	+1.3%	-973	6,797	0.0%	+37
		+452			0	
Takshimaya Credit	15,437	+2.1%	-366	2,031	+32.2%	+17
		+313			+495	
Takashimasya Space Create	22,472	-9.7%	-1,028	268	-	-80
		-2,419			+266	
Others and eliminations	7,387	-	-1,048	(169)	-	+26
		-2,075			-963	
Consolidated	886,000	-9.2%	-10,000	15,000	-39.5%	0
		-90,116			-9,810	

### Takashimaya and Domestic Department Stores Subsidiary

Minimize the anticipated fall in operating income on the back of slumping sales by accelerating structural reforms and retaining profit by reinforcing sales strength and cutting SG&A expenses.

### Takashimaya Singapore

Anticipate a fall in operating revenue (down 0.6%) on a local currency basis despite additional measures such as sales efforts targeting members and events, given falling consumption in Singapore. Operating income will fall with the exchange impact due to the appreciating yen, although operating income will achieve an increase (+8.9%) on a local currency basis by cutting SG&A expenses, including personnel-related expenses and general affairs expenses

\*1SGD: Approx. 73 yen for the first half; approx. 73 yen in the initial plan; approx. 64 yen in the forecast

### Toshin Development

Plans to increase operating revenue in anticipation of the contribution of the new building of Kashiwa Takashimaya Station Mall on a full-year basis and Takashimaya Singapore SC's revision of rents receivable. Operating income will remain at the level of the previous year by, for example, adjusting a large land lot in Hakata Riverain and renovating Tamagawa Takashimaya Shopping Center, despite efforts to cut SG&A expenses, including maintenance costs.

### Takshimaya Credit

Work on gaining new members, implement measures to promote card use and plan to achieve increased operating revenue and operating income by cutting SG&A expenses through the reduction of subcontract expenses and the reexamination of advertising expenses.

### Takashimasya Space Create

Seek to secure operating profit with declining operating revenue anticipated in the ongoing sluggish order-winning environment by cutting procurement costs when planning orders and enclosing trade partners as well as downsizing personnel-related expenses and cutting subcontract expenses.

## Non-Consolidated Cost and Revenue Projections

( Yen in Million )

	Current year Projection	YoY	Change from Projection
Operating Revenue	710,800	- 75,026 - 9.5%	0 0.0%
Gross Margin Ratio	26.33%	- 0.40	- 0.29
SG&A expenses	191,619	- 13,768 - 6.7%	- 2,000 - 1.0%
Operating Income	2,900	- 9,162 - 76.0%	0 0.0%
Ordinary Income	3,900	- 9,539 - 71.0%	0 0.0%
Net Income	400	- 3,142 - 88.7%	0 0.0%

### Operating Revenue

Minimize the fall in the ongoing severe consumption environment by renovating the Yokohama Store, responding to consumers regarding lower pricing, and introducing sales and marketing measures, for example, developing merchandise with distinguished characteristics.

### Gross Margin Ratio

Despite improvement efforts, project a further fall due to continuing changes in merchandise composition, for example, reduced shares of high gross profit margin items, such as clothing.  
Revise downward due to strong impact up until the second quarter

### SG&A expenses

Plan a significant cut centered on personnel-related expenses, advertising expenses, transport expenses and other. Seek an additional cut of 2 billion yen by accelerating structural reforms.

### Operating Income

Project a fall due to the strong impact of falling operating revenue, despite continuing cuts in SG&A expenses. Seek to fulfill the initial projection by offsetting the falling gross profit margin through cutting SG&A expenses in structural reforms.

### Ordinary Income

Project a fall due to worsening non-operating revenue, including a decrease in gains on the donation of fixed assets, in addition to a fall in operating income.

### Net Income

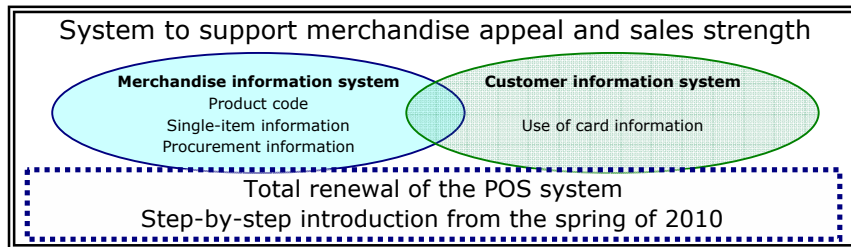
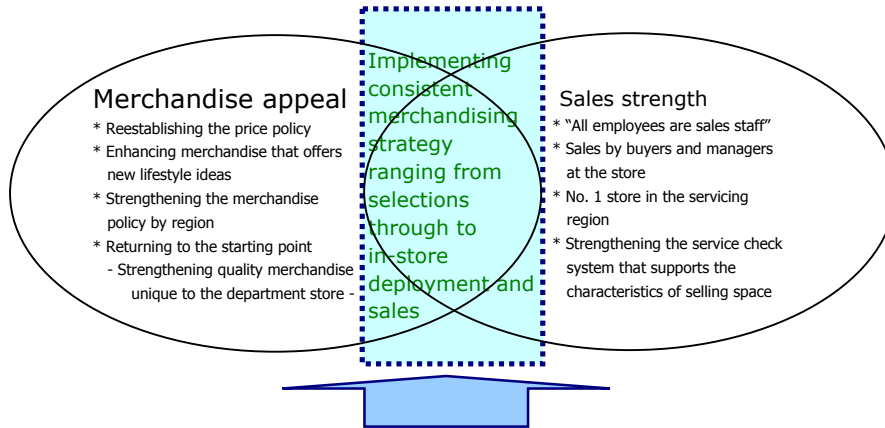
Project a fall due to a significant fall in ordinary income, although extraordinary income (expense) has improved due to a decrease in the write-down of securities posted in the previous fiscal year.

(memo)

### III. Structural Reforms

#### Marketing Reforms

Begin to demonstrate the effect of optimizing sales and marketing  
 - Boosting merchandise appeal and sales strength to fulfill customer expectations -

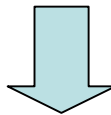


#### Strengthening Merchandise Appeal

《Points of emphasis for the current fiscal year》

Offer timely selections to meet customers' expectations by capturing changes in society and the times.

- Reestablishing the price policy
- Enhancing merchandise that offers new lifestyle ideas
- Strengthening the merchandise policy by region



In the second half, Takashimaya will strengthen its efforts to support the quality of life that we, as a department store, have emphasized to date, in addition to responding to the price-sensitivity of consumers that we focused on in the first half.

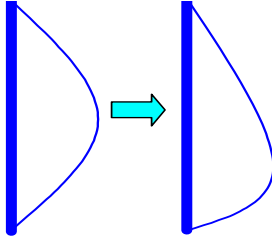
Moreover, Takashimaya will introduce a merchandising policy that takes account of operating income in all merchandise management processes ranging from procurement to sales; and it will seek to build a merchandise information system that supports the merchandising policy.

## 1. Reestablishing the price policy

Achieve the optimum balance in light of the merchandise characteristics and regional characteristics from the following three viewpoints:

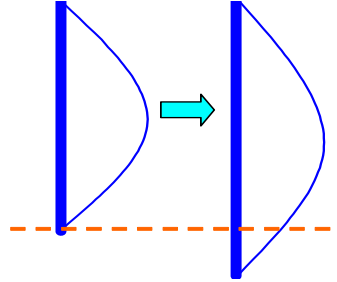
- Expanding our low-price zone share without changing price zones
- Reexamining the price composition, including bottom prices and core price zones
- Restructuring all the merchandise composition and price composition in stores by reflecting store positioning

◇Item-based fashion merchandise:  
women's clothing, men's suits



expanding low-price shares

◇Daily merchandise and sale merchandise:  
women's sweaters, blouses, men's clothing, household goods



reexamining the price composition

### Nice Price

Positioned as strategic merchandise in price policy, covering almost all merchandise items ranging from fashion to food

Result of sales for first half of fiscal 2009: 1.8 billion yen (+12% year on year)

Sales target for second half of fiscal 2009: 2.5 billion yen

## 2. Enhancing merchandise that offers new lifestyle ideas

Offering products and events that support new lifestyles, capturing the changing times

Trial: creating new merchandise and selling spaces for women's fashion

The trial covers merchandising and creating selling spaces that truly reflect women's diverse senses of value, sentiments, and needs



### 24 ISSEY MIYAKE

Concept shops in a new form in cooperation with ISSEY MIYAKE INC.  
(to be launched from September in Tokyo, Yokohama, Shinjuku, and Tamagawa Stores)

### Wedding band



A trendy wedding ring for independent adult brides who have their own sense of value, in conjunction with the growing tendency toward late marriage  
(Developed jointly with Hankyu Hanshin Department Stores. The wedding band will be launched in August at six Takashimaya stores and five Hankyu Hanshin Department Stores)

Offering eco-life, capturing the needs of the times

Our eco-merchandise item "Clean Rose"

(approx. 130 items to be released; annual sales: 400 million yen)

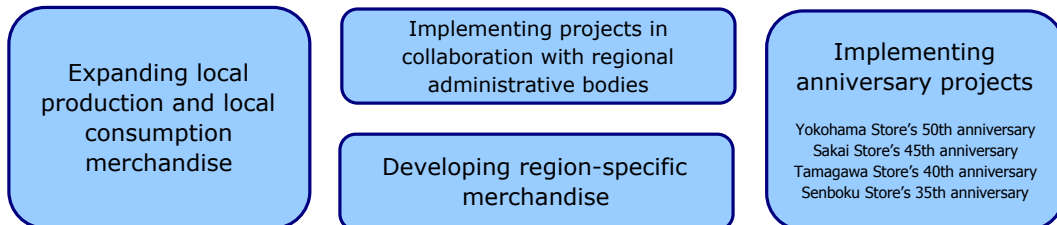
Photo: Women's black formal in a recycling system



### 3. Strengthening the merchandise policy by region

Strive for merchandise development and merchandise selections that stimulate customer needs in a specific region and revitalize regional markets

Efforts for No. 1 store specific to the region



Revitalizing regional markets throughout the nation, beginning from a region

- Selling regional merchandise items recommended by regional stores via on-line shopping
- Introducing food merchandise items developed jointly by the regional industry and regional university as part of industry-academic collaboration ("Tasty at University!" Fair)
- Selling and promoting region-specific merchandise, co-sponsored by the Small and Medium Enterprise Agency, in three major stores (September to December 2009)



"Tasty at University!" Fair

### 4. Returning to the Starting Point:

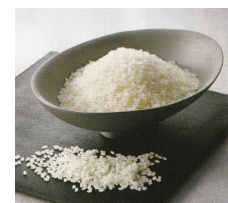
- System specific to the department store to develop merchandise supporting quality of life -

Efforts specific to Takashimaya to work on products and events in light of the next generation's taking over culture and tradition

Merchandise planning for mid-year and year-end gifts on the subject of traditional manufacture in Japan

Holding a variety of art exhibitions covering past masterpieces to works of next-generation artists in light of post-100 years

- Exhibition of master works collection of Takashimaya Museum
- Exhibition of Takashimaya Art Aquarium, Treasury Exhibition for the Future



Organic rice made by high school students "Hino-hikari"

Giving shape to Takashimaya's specialty under the direction of Merchandise Strengthening Buyer Recommendations

Merchandise plans that incorporate buyers' specialty and sensitivity, covering raw materials, design, function, value, season-defined items, advance sales and bestseller plans

## System Supporting Merchandise Appeal and Sales Strength

Strengthen merchandise appeal and sales strength by building the merchandise information system and using the customer information system on the basis of organizational customer strategy.

Support the effective use of these systems in the complete renewal of the backbone system and POS.

### 1. Merchandise Information System

Reestablishing the merchandise code system

Expanding the general-purpose of merchandise single-item information system

Expanding electronic transactions using the procurement information system

### 2. Customer Information System

	1H FY2008	2H FY2008	1H FY2009
House credit card sales ratio	50.0%	50.2%	51.1%
Number of house credit card accounts	2.38million	2.45million	2.51million

Thorough utilization of information on customers holding Takashimaya credit cards exceeding 50% of the sales ratio

#### Strengthening CRM activities

Reflecting individual customer needs in sales and marketing measures using customer purchase data

Increasing the number of regular customers, encouraging store visits and measures to improve in-store browsing

#### Introducing a new merchandise support system for external customers

Introducing a new merchandise support system for corporate customers in September

#### Increasing the number of new organizational customers

Implement measures to encourage store visits in collaboration with credit card companies, etc.

Work aggressively to create opportunities to win new organizational customers

## SG&A Expenses Reforms

### 1. Major cost cutting initiatives

(annual reduction planned on a non-consolidated basis for FY2009: 13.8 billion yen)

#### Personnel-related expenses

Achieve efficient assignments of store personnel throughout the department stores, in a way geared to the characteristics of selling spaces.

Reduce the number of employees by streamlining head office and back offices and by reexamining in-store operations.

Reduce overtime and the temporary workforce by improving operations.

Non-consolidated basis  
YoY (Yen in 100Million)

1H FY2009		Current year Projection	
-26	-6.8%	-62	-8.0%

#### Advertising expenses

Strengthen CRM, based on card information and encourage the effective use of publicity expenses.

1H FY2009		Current year Projection	
-26	-18.4%	-44	-15.0%

#### Transport expenses and other

Reduce quantities of supplies used, by reexamining methods for ordering wrapping materials and office supplies and for controlling their stocks. Reduce lighting and heating expenses by stepping up energy-saving efforts.

Reduce subcontracts and temporary staff expenses by reexamining back office operations, etc.

1H FY2009		Current year Projection	
-19	-5.7%	-23	-3.5%

### 2. Approach to low-cost store operations

#### Policy

Build a new low cost store operation that can respond to any environmental changes, while the rapidly business environment surrounding Takashimaya, shrinking department stores market, changes in consumption structure such as prolonged slowdown in consumption.

#### Concrete plan

##### Personnel-related expenses

Establish a small operation, reducing both operating costs and strengthen sales outlets by simplify business line and strengthening collaboration with salesclearks send by business partners.

By aggregation of the work and completion system infrastructure, promote growth customer service time and reduce incidental work to sales.

##### Transport expenses and other

Reduce maintenance costs and paperwork, by a radical overhaul of business processes and operational specifications.

Reduce staffing fees by ensuring efficiency of incidental services to the sale and back-office services.



## Group Reforms

- Reduce costs in the core department store business by reforming the cost structure of functional subsidiaries

Continue to review operations and to outsource operations at four functional subsidiaries (Takashimaya Business Service, Takashimaya Building Maintenance, Takashimaya Logistics, Takashimaya Insurance & Telecom), to reduce costs in the core department store business.

Initiatives for first half of fiscal 2009

Company name	Business	Major efforts
Takashimaya Business Service	Accounting and Personnel-related administration	Systematizing sales on credit and concentrating operations
Takashimaya Building Maintenance	Store management, cleaning, and security service	Reducing outsourcing costs by reexamining operational specifications
Takashimaya Logistics	Management of logistics for department stores and other outlets	Making logistics management personnel more efficient and reducing outsourcing costs
Takashimaya Telecom	Operating call centers, centering on the mail order business	Controlling human resources to reflect the incoming call rate and the number of incoming

- Reduction in consignment costs for four functional subsidiaries (FY2009)

( Yen in 100Million )					
1H result	YoY	2H projection	YoY	Full-year projection	YoY
71	-5	71	-2	142	-7

Achieving a reduction in operating costs, maintain and even improve operational quality by consolidating functional subsidiaries in March 2010, which will improve cost reforms in the Group

## IV. Growth Strategy

### Creation of new main building for Osaka Store

The Company and the Nankai Electric Railway Group will work with Toshin Development to completely refurbish and significantly expand the sales area of the Osaka Store, establishing this store as Osaka's leading department store and the cornerstone of Namba.

#### ○ Outline

March 2010	First phase (Expanded area) Opening
Fall 2010	Second phase Opening
Spring 2011	Grand Opening
Spring 2011	Selling space 78,000㎡ (of which, extra selling space 22,000㎡)
Total investment	¥45 billion
Projected sales increase	¥32 billion

#### ○ Composition of increasing floor spaces

7th to 9th floor: Restaurants  
(managed by Toshin Development)  
6th floor: For children, toys, etc.  
1st to 5th floor: Fashion for women  
Basement: Foods

In-store browsing (the customer flow line) will be improved by integrating it with existing floors and improving access to Nanba Station, in addition to increasing floor space of 22,000㎡.



New main building of Osaka Store

◇ Details will be announced

### Shanghai project

As one of the strategies for growth under the long-term plan, the Company has decided to open a new store in Shanghai City in China, where there is enormous potential for growth in the future, and plans to open the new store in 2012.

When opening the store, the Company will demonstrate the comprehensive capabilities of the Takashimaya Group, harnessing its brand power and merchandise appeal and also drawing on management resources accumulated at its subsidiary Takashimaya Singapore and Toshin Development's expertise in constructing shopping malls. When opening the store, the Company will demonstrate.



Conceptualized drawing on completion

#### ○ Outline of shop opening plan

Date of opening	Planned for 2012
Total investment	Around ¥4 billion
Selling space	Around 40,000㎡ (one floor underground and seven floors above ground)
Product mix	Full line-up from food and clothing to household goods

## Yokohama Store renovation (refurbishment)

Focusing on 2009, the 50th anniversary of the opening of the Yokohama Store and the 150th anniversary of the opening of the Port of Yokohama, the Company will renovate the store over five years (total investment ¥15 billion) to ensure the store's position as the area's leading department store.

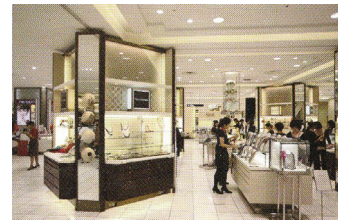
### Outline of first phase

Ground floor (1st floor) to be opened in April

Selling spaces for sundry goods and cosmetics for women will be expanded, while selections will be expanded.

Restaurants on the 8th floor will be opened in May.

Increase the length of time during which visitors stay in the store as the key to increase visitors



Yokohama Store Ladies Accessories

	(YoY)			
	Total at Yokohama Store	Total at all stores	Sundry goods for women at Yokohama Store	Sundry goods for women at all stores
Store sales Jun. to Sep.	-7.5%	-10.3%	-5.5%	-9.2%
Store sales for Sep.	-5.2%	-9.5%	-5.4%	-7.8%

### Second stage downward (until 2012)

Changes in sales (including the effect of construction work) will be monitored, while flexible and maneuverable steps will be taken, based on the initial plan.

## Tokyo Store redevelopment plan

Undertaking a large-scale redevelopment project that covers several streets in collaboration with landholders in the areas surrounding the historical Tokyo Store building, the preservation and use of which are among the goals of the project Revitalize the Nihombashi area by developing a commercial complex that combines

the commercial, office, parking, and aerial garden functions, among others.

Build an attractive commercial space by mobilizing the town-planning know-how of the Takashimaya Group.

Planned opening                      2015  
Investment                                ¥30-35 billion

### Designated as an important cultural property in June 2009

Takashimaya Tokyo Store designated as an important cultural property.  
As the landmark in Nihombashi, Takashimaya will remain a beloved department store.



## Host System Reforms

- Renew the host system into an open and flexible dispersal system that incorporates the latest technologies -

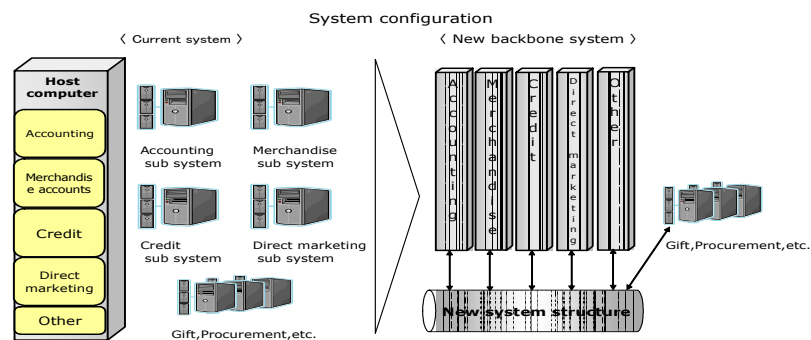
Effects from rebuilding

- Flexible
- Secure
- Efficient
- Unified

Scheduled operation of the new system:

Step-by-step operation from March to September 2011

Investment: 3 billion yen (annual operation cost: -1.2 billion yen)



## Sales optimization by the renewal of the POS system

With the renewal of the POS system, support for sales system optimization will be renewed and linked to the sales information systems.

- ◇ Step-by-step introduction from the spring of 2010 and start operation at all the stores from the autumn
  - ◇ Total amount of investment: 2.4 billion yen
- Effects anticipated
- ◇ More efficient sales operation
    - Achieve efficient administration with simple operation and improved security by introducing a paperless transaction and electronic approval system.
  - ◇ Enhance customer service
    - Shorten waiting time, change to receipts that are easy to read, and support settlement with different types of electronic money, from the customer's standpoint.
  - ◇ Improve the information infrastructure
    - A system is completed that links to different information systems built in 2008.

## Partnership with H2O Retailing

### **Business alliance**

#### Business Alliance Committee

- ◇ Business Alliance Committee mainly comprised of directors from both companies is convened every month to facilitate integration.

#### Subcommittees and Councils

Focus on pursuing greater efficiency

Members of both companies, at every level from executive officers to staff, participate in eight subcommittees, including "Merchandise" "Work Flow" "Card Policy" "Synergy" and "Personnel" and eleven councils that examine issues in further detail.

#### New policies

Plan to gradually introduce new measures and joint measures that have been proposed by the above subcommittees and councils.

### **Capital tie-up**

Completed a capital tie-up in which each company acquired 10% of the issued shares of the other.

As a result of this capital tie-up, H2O Retailing became Takashimaya's largest shareholder and Takashimaya became H2O Retailing's third largest shareholder.

### **Personnel exchange**

A director of Takashimaya and a director of H2O Retailing will be appointed external directors of the other company.

## Description of alliance with H2O Retailing

### **Sales and marketing initiatives**

#### Merchandise in joint project

Joint procurement and development covering sales promotion in Christmas and of lucky bags and merchandise to sell.

For fashion for men and women and living items

Autumn and winter of 2009: 26 projects Amount prepared: approx. 2 billion yen

#### Sales promotion in joint project

Deploy joint promotions using magazine media

Cosponsor the "Italy Exhibition" at Takashimaya Store and Hankyu Hanshin Department Store

Hold a joint preview exhibition at the Italian Embassy (August)

#### Joint efforts in mid-year and year-end gifts

For mid-year gifts for 2010, 800 food items in the gift catalogs of both companies will be standardized.

\* An annual 700 million yen profit increase is expected from merchandise procurement and packaging centers.

### **Efforts at back offices**

#### Back office material

Reduce procurement costs by standardizing the specifications of supplies, etc. to encourage further standardization of the specifications of both companies to reduce costs.