

For Immediate Release

March 27, 2007

Name of Company: Isetan Co., Ltd.  
Representative: Nobukazu Muto,  
President & CEO  
(Code No. 8238, Tokyo Stock Exchange First Section)

Name of Company: Tokyu Corporation  
Representative: Toshiaki Koshimura,  
President & Representative Director  
(Code No. 9005, Tokyo Stock Exchange First Section)

Name of Company: Tokyu Department Store Co., Ltd.  
Representative: Hirokazu Mizuta,  
President & Representative Director

### **Notice of Business Alliance between Isetan Co., Ltd. and Tokyu Department Store Co., Ltd.**

Isetan Co., Ltd. (“Isetan”), Tokyu Department Store Co., Ltd. (“Tokyu Department Store”), and Tokyu Corporation, the parent company of Tokyu Department Store, are pleased to announce an agreement under which Isetan and Tokyu Department Store will commence a comprehensive business alliance. The companies entered into a basic agreement on March 27, 2007.

#### **1. Background and Purpose of the Alliance**

Isetan, Tokyu Department Store, and its parent Tokyu Corporation have agreed that they share an understanding of fundamental challenges confronting the department store industry and visions for solutions and that Isetan and Tokyu Department Store will commence a comprehensive business alliance. The three companies have therefore entered into a basic agreement.

This alliance is a strategic move by the three companies, the principal objective of which is to increase customer satisfaction by improving the precision of overall sales operations through mutual cooperation on the strength of the store networks of Isetan and Tokyu Department Store, which have strength in the Tokyo area, and by developing merchandise lines that meet customer needs, an essential role of the retail industry, through rationalization.

#### **2. Details and Specific Objectives of the Alliance**

(1) Isetan will dispatch its personnel to Tokyu Department Store and, after sharing know-how in sales operations, introduce sales infrastructure such as information systems within a few years to

accommodate a series of work flows from the collection of customer information to planning, purchase and sales operations.

(2) Isetan and Tokyu Department Store will strengthen their earnings power through an alliance by bolstering overall merchandizing power, introducing supply chain innovations, and increasing customer satisfaction.

### 3. Dispatch of Personnel

Isetan will dispatch two persons to Tokyu Department Store, and they will be appointed to the following positions at Tokyu Department Store:

Naoki Ueno (current Executive Officer of Isetan and General Manager responsible for branches and the Isetan Group)

To be pointed Advisor and General Manager of the Department Store Division as of April 1, 2007

Hiroshi Omata (current Executive Officer of Isetan and President and Representative Director of Queen's Isetan Co., Ltd.)

To be pointed Advisor and General Manager of the Merchandizing Division as of April 1, 2007

Mr. Ueno and Mr. Omata are to be elected Senior Managing Director and Managing Director, respectively, at a general meeting of shareholders of Tokyu Department Store to be held on April 24, 2007 and a meeting of the Board of Directors to be held on the same day.

### 4. Future Outlook

The impact on the business performance of individual companies should be minor.

## Appendix 1

Isetan Co., Ltd.

## Overview of Isetan Co., Ltd. (as of March 31, 2006)

1. Trade name	Isetan Co., Ltd.	
2. Principal business	Department store business	
3. Established	September 1930	
4. Head office	14-1 Shinjuku 3-chome, Shinjuku-ku, Tokyo	
5. Representative	Nobukazu Muto, President & Representative Director, Chief Executive Officer	
6. Paid-in capital	36,122 million yen	
7. Number of shares issued	224,360,000 shares	
8. Principal shareholders and ownership ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.95%
	Japan Trustee Services Bank, Ltd. (Trust Account)	5.12%
	Japan Trustee Services Bank, Ltd. (Trust Account of Retirement Benefits of Onward Kashiyama Co., Ltd. re-entrusted to Sumitomo Trust & Banking Co., Ltd.)	4.63%
	Meiji Yasuda Life Insurance Company	3.05%
	NIPPONKOA Insurance Co., Ltd.	2.31%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.27%
9. Fiscal year-end	March	
10. Employees	3,797	
11. Department store	Main Store, Tachikawa Store, Kichijoji Store, Matsudo Store, Urawa Store, Sagami-hara Store, Fuchu Store	

## 12 . Business results in recent fiscal years

(Non-consolidated, million yen)

	FY3/05	FY3/06
Net sales	434,405	444,263
Operating profit	15,070	20,019
Recurring profit	21,336	21,629
Net income	12,127	13,147
Total assets	305,875	353,057
Net assets	136,570	159,858

(Consolidated, million yen)

	FY3/05	FY3/06
Net sales	628,996	760,038
Operating profit	19,192	30,061
Recurring profit	21,907	30,925
Net income	12,619	18,710
Total assets	461,579	493,553
Net assets	163,930	194,789

## Appendix 2

Tokyu Department Store Co., Ltd.

Overview of Tokyu Department Store Co., Ltd. (as of January 31, 2006)

1. Trade name	Tokyu Department Store Co., Ltd.
2. Principal business	Department store business
3. Established	March 1919
4. Head office	24-1 Dogenzaka 2-chome, Shibuya-ku, Tokyo
5. Representative	Hirokazu Mizuta, President and Representative Director
6. Paid-in capital	10,000 million yen
7. Number of shares issued	70,000,000 shares
8. Principal shareholders and ownership ratio	Tokyu Corporation 100%
9. Fiscal year-end	January
10. Employees	2,860
11. Department store	Main store, Toyoko Store, Kichijoji Store, Tamaplaza Store, Machida Store, Sapporo Store, Kohoku Store, Hiyoshi Store

## 12 . Business results in recent fiscal years

(Non-consolidated, million yen)

	FY1/05	FY1/06
Operating revenue	275,514	275,523
Operating profit	8,700	9,215
Recurring profit	5,474	6,541
Net income	2,433	3,220
Total assets	165,047	150,029
Net assets	18,928	22,140

(Consolidated, million yen)

	FY1/05	FY1/06
Operating revenue	339,554	338,426
Operating profit	9,595	10,255
Recurring profit	6,405	7,339
Net income	2,516	3,591
Total assets	195,030	176,256
Net assets	19,705	23,297