



Fiscal 2007
Analyst Meeting Presentation
Nissen Holdings Co., Ltd.

February 5, 2008

1) Overview of FY2007 Financial Results

(in 100 millions of yen)

| | FY2007 Results | Revised Forecast (1/31) | FY2007 Initial Plan | | | FY2006 Results | | |
|---|----------------|-------------------------|---------------------|------------|----------|----------------|------------|----------|
| | | | Plan | Difference | % Change | Actual | Inc.(Dec.) | % Change |
| Net sales | 1,529 | 1,529 | 1,577 | -48 | -3.0% | 1,548 | -19 | -1.2% |
| Operating income | 45 (2.9%) | 45 (2.9%) | 47 (3.0%) | -2 | -4.1% | 46 (3.0%) | -1 | -2.7% |
| Ordinary income | -20 (-1.3%) | -20 (-1.3%) | 41 (2.6%) | -61 | — | 52 (3.4%) | -72 | — |
| Net income | -31 (-2.1%) | -31 (-2.1%) | 27 (1.7%) | -58 | — | 7 (0.5%) | -38 | — |
| Net Income per share (Yen) | -53.03 | — | 45.54 | -98.57 | — | 14.87 | -67.90 | — |
| (ref) Ordinary income excluding forward exchange contracts valuation gains based on fair value accounting | -5 (-0.4%) | -5 (-0.4%) | 41 (2.6%) | -46 | — | 37 (2.4%) | -42 | — |
| (Ref.) Net income before gain/loss on revaluation of foreign exchange contracts at market value (*1) | -23 (-1.5%) | — | 27 (1.7%) | -50 | — | -0.8 (0.1%) | -22 | — |

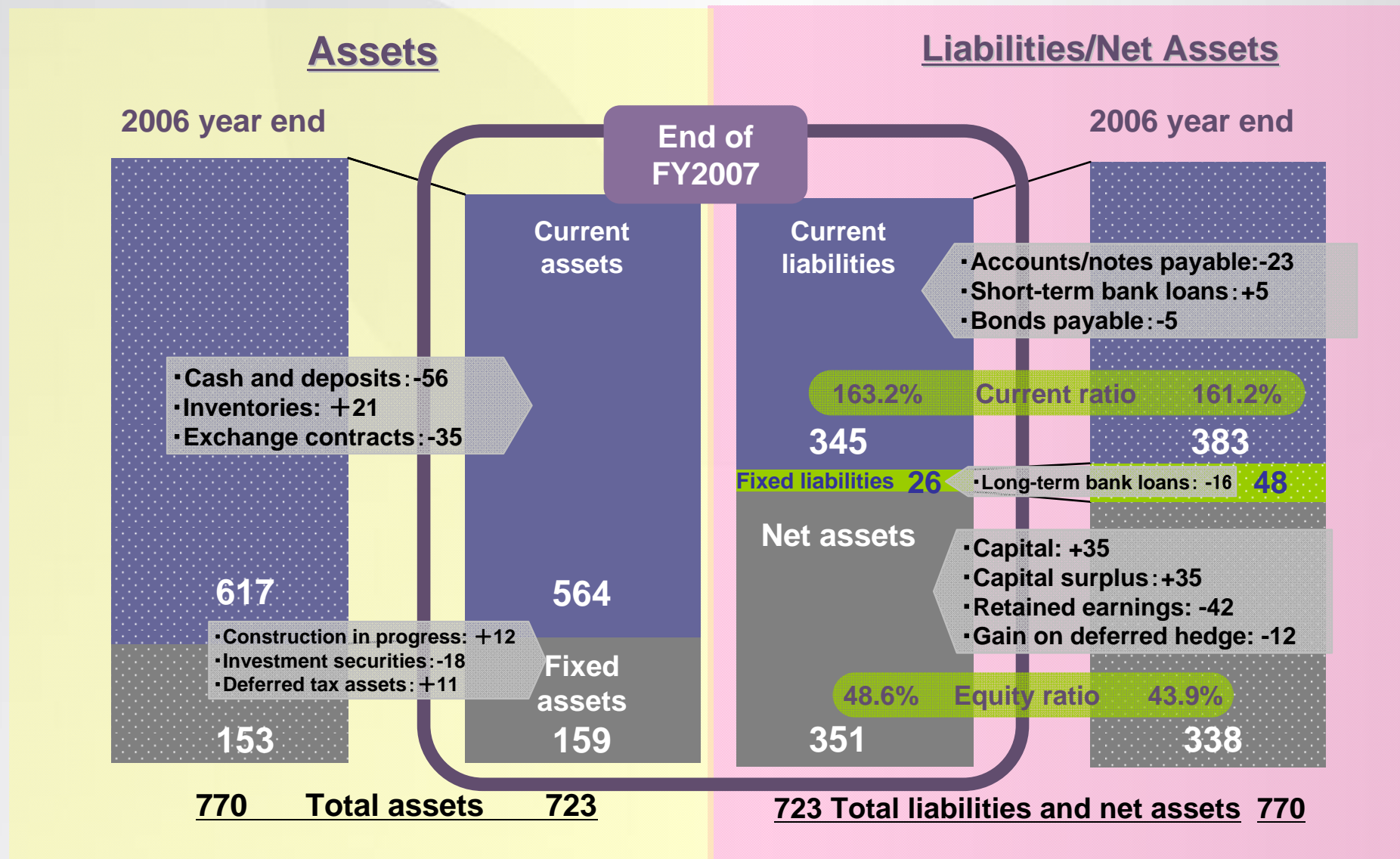
(%): Percentage of net sales

*1: Assuming an effective tax rate of 42%.

- Gain/loss on revaluation of forward exchange contracts at market value: 1,487 million yen (gain) for FY2006, and 1,425 million yen (loss) for FY2007
- Initial Plan: Disclosed on January 30, 2007 when 2007 results were released.
- Exchange rate at end of fiscal 2007: 113.36 yen/US\$

✓ Operating income on a par with last year's, but massive deficit on a consolidated basis due to a slump in Direct Sales Business and a provision for the refunding of interest overpaid by the financial services affiliate

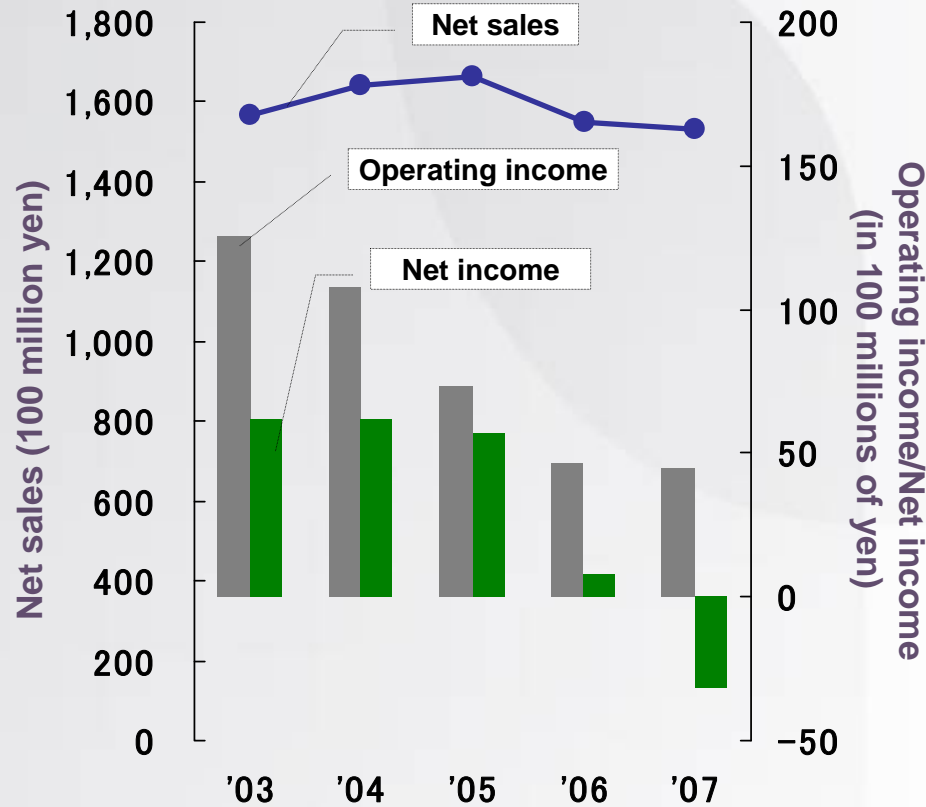
(in 100 millions of yen)



✓ Both current ratio and equity ratio improved. Current ratio was maintained at a high level

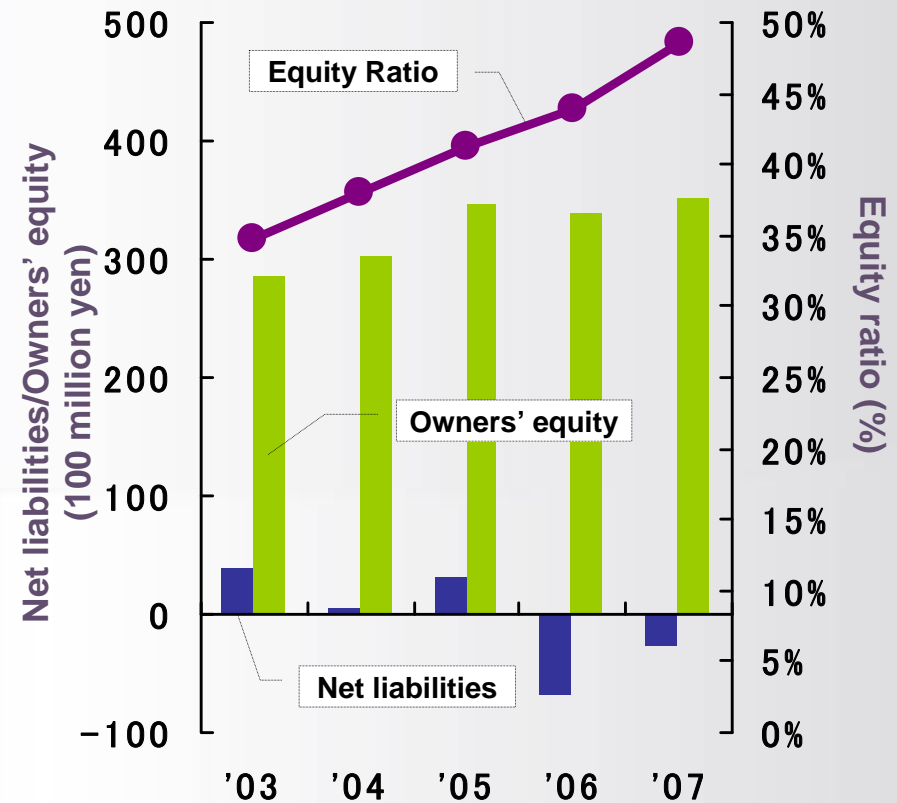
● Consolidated P/L <Full Year>

Changes in net sales and net income



● Consolidated B/S <Year End>

Changes in net liabilities, owners' equity and equity ratio



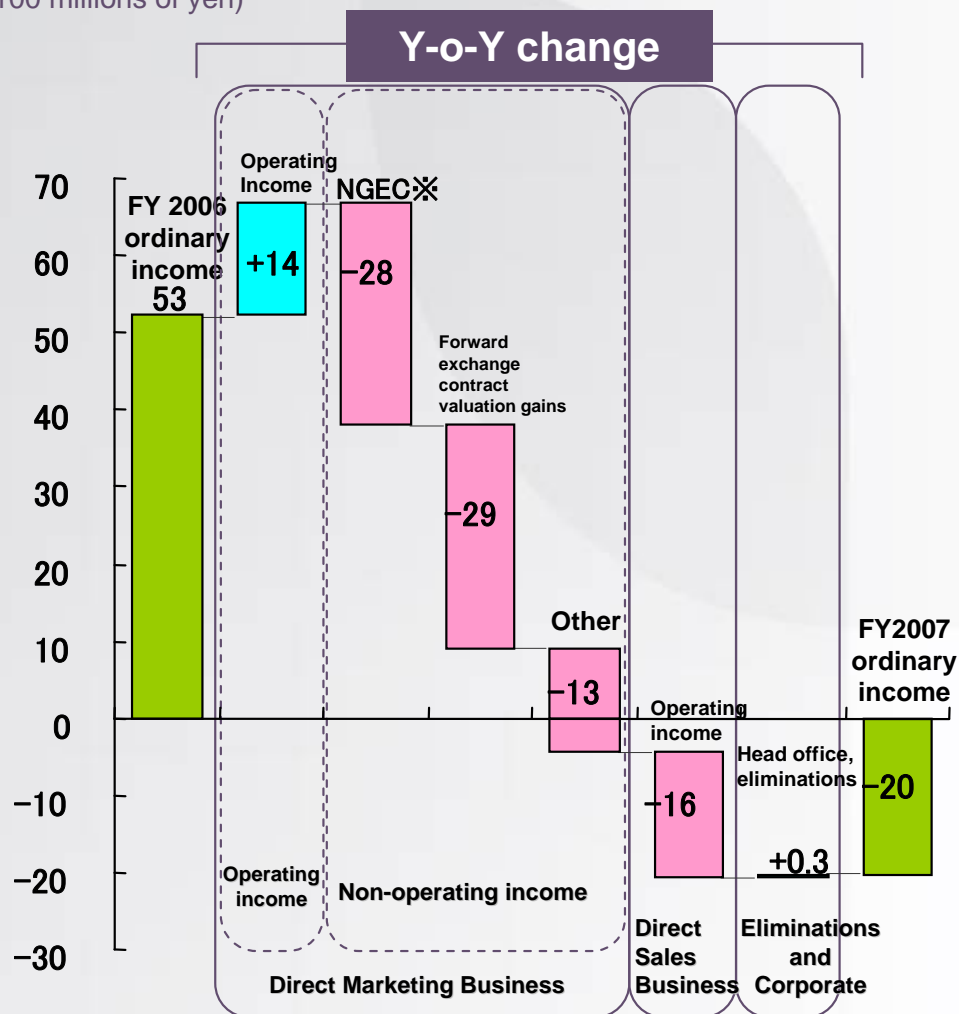
※"Net income before forex gain/loss" is an estimate calculated using effective tax rates.

* Net liabilities = (interest-bearing liabilities) - (cash equivalent)

✓ Regrettably, a bold initiative to implement group management reforms and address major management issues resulted in deficits in 2007

✓ Equity ratio edging closer to the target of 50%, with steady progress in reinforcement of financial structure

(in 100 millions of yen)



*NGEC: Equity in income for GE Nissen Credit

【Factors behind Y-o-Y changes】

- Direct Marketing Business (Operating income)
 - ✓ Significant improvement in earnings from Direct Marketing Business
- Direct Marketing Business (Non-operating income)
 - ✓ Significant decline due to equity in loss of NGEC, which recorded a provision for the refunding of overpaid interest
 - ✓ Loss on revaluation of long-term foreign exchange contracts at market value due to yen appreciation
 - ✓ Loss on inventory revaluation due to increased EC merchandise
- Direct Sales Business
 - ✓ Substantial decline in operating income due to worsening sales efficiency, along with the kimono market shrinking at a faster rate than expected and downsizing of sales organization

- ✓ Various initiatives taken succeeded in improving earnings from Direct Marketing Business significantly
- ✓ Loss on the bottom line due to downturns in Direct Sales Business and the financial services affiliate, and a loss on revaluation of long-term foreign exchange contracts

(in 100 millions of yen)

| | FY2006 | FY2007 |
|---|--------|--------|
| Operating cash flow | 0.1 | -47 |
| Investment cash flow | 118 | -51 |
| Financial cash flow | -57 | 43 |
| Balance of cash and cash equivalents at end of period | 125 | 69 |

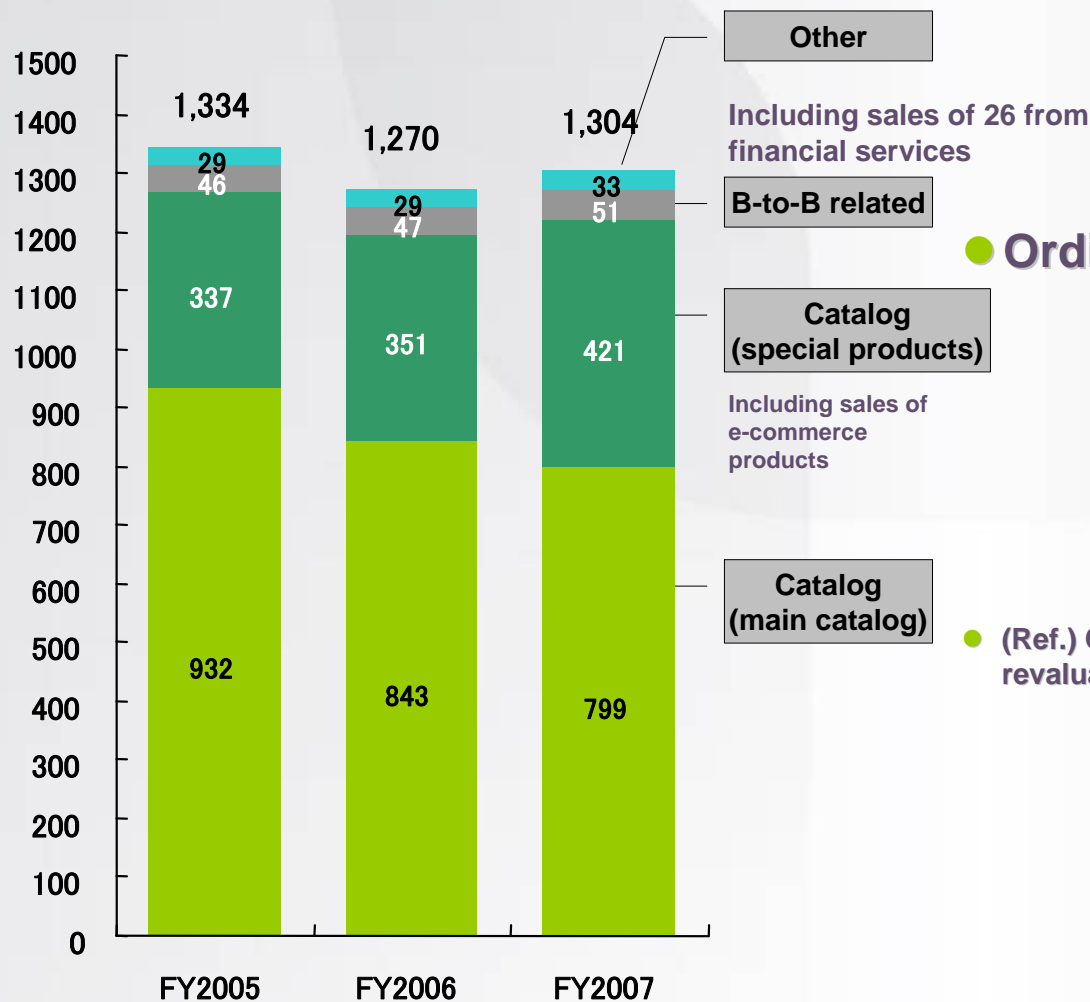
| FY2007 highlights | |
|---|------------|
| > Income before tax | -33 |
| > Depreciation & amortization | +5 |
| > Gain on valuation of forward exchange contracts | +14 |
| > Equity in losses of affiliates | +23 |
| > Business restructuring expenses | +12 |
| > Decrease in trade payables | -23 |
| > Payment of income taxes | -20 |
| > Acquisition of fixed assets | -16 |
| > Acquisition of investment securities | -13 |
| > Sale of investment securities | +6 |
| > Payments for business transfers | -24 |
| > Repayment of long-term debt | -11 |
| > Redemption of corporate bonds | -5 |
| > Issuance of new shares | +71 |
| > Payment of dividends | -11 |

- ✓ Negative C/F from operating activities reflecting pre-tax loss and decrease in trade payables
- ✓ Negative C/F from investing activities due to the acquisition of oriental diamond inc.'s business, etc.
- ✓ Positive C/F from financing activities due to a third party allotment of shares to investment funds

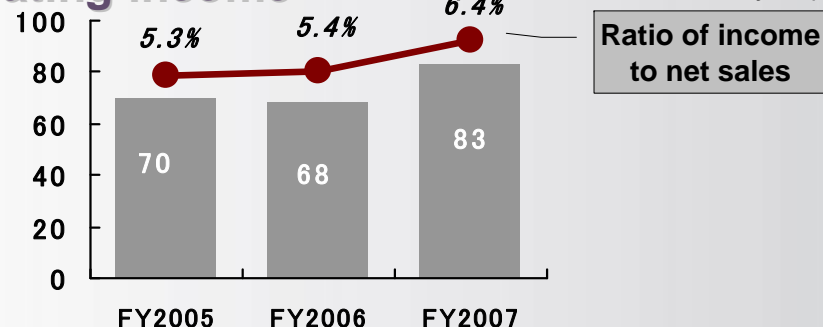
2) Financial Results by Business Segment

■ Net sales and profits from Direct Marketing Business

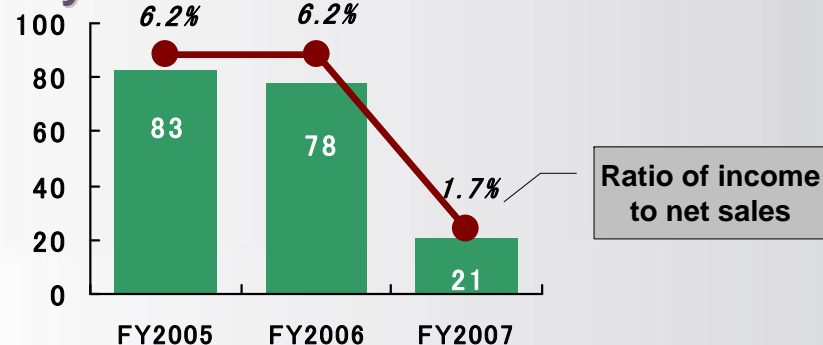
● Net sales



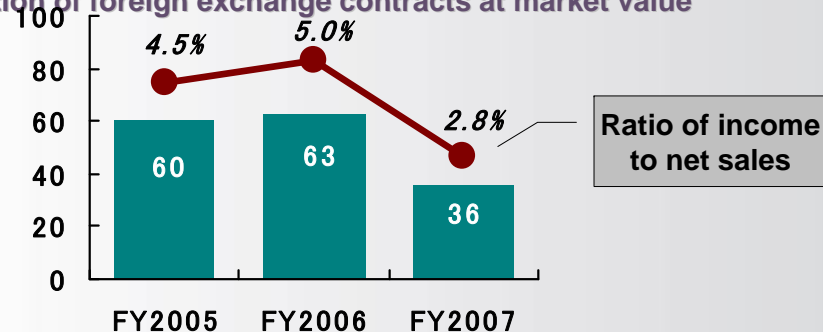
● Operating income (in 100 millions of yen)



● Ordinary income

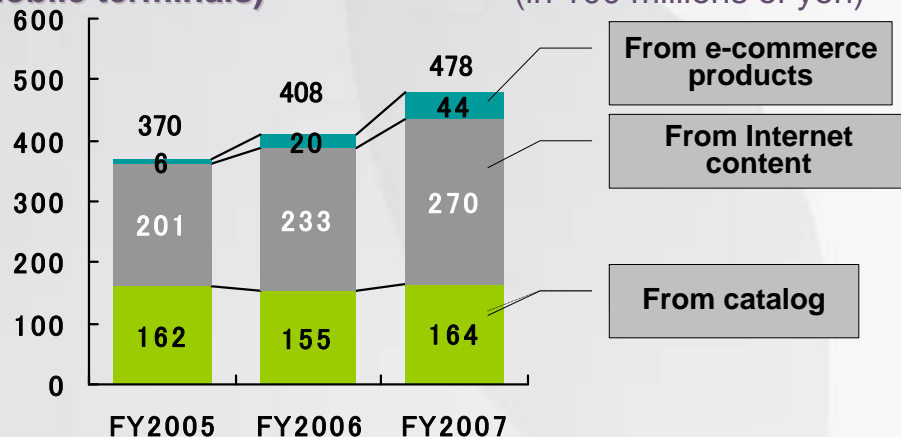


● (Ref.) Change in ordinary income before gain/loss on revaluation of foreign exchange contracts at market value

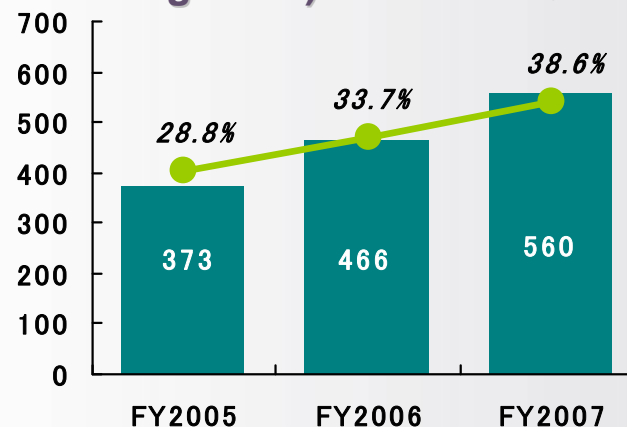


- ✓ Growth in total catalog sales due to newly introduced special media, expanded EC merchandise lineups, etc.
- ✓ Significant increase in operating income, with a large decline in ordinary income due to equity in losses of affiliates, etc.

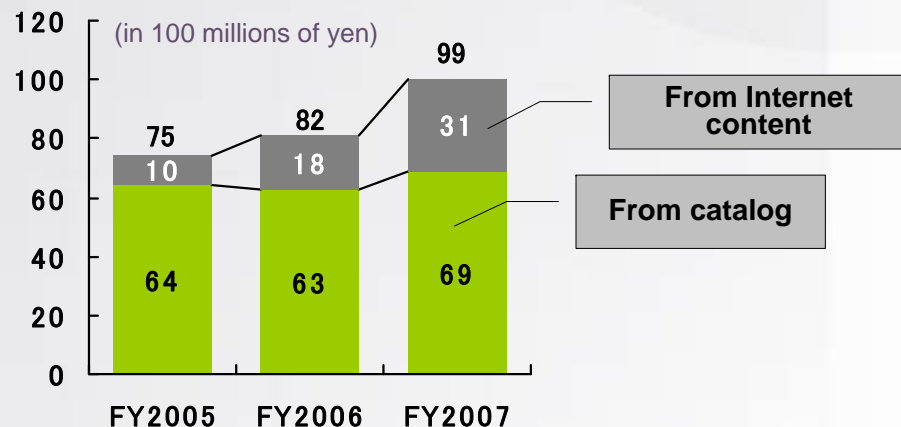
● Sales from Internet Marketing (including access via mobile terminals) (in 100 millions of yen)



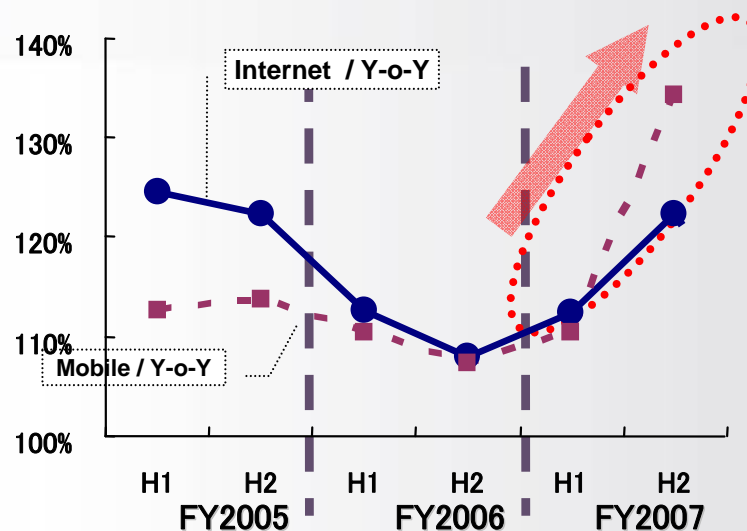
● Number of Internet customers and sales share (vs. catalog sales) (Unit: 10,000 customers)



● Sales via mobile terminals (in 100 millions of yen)

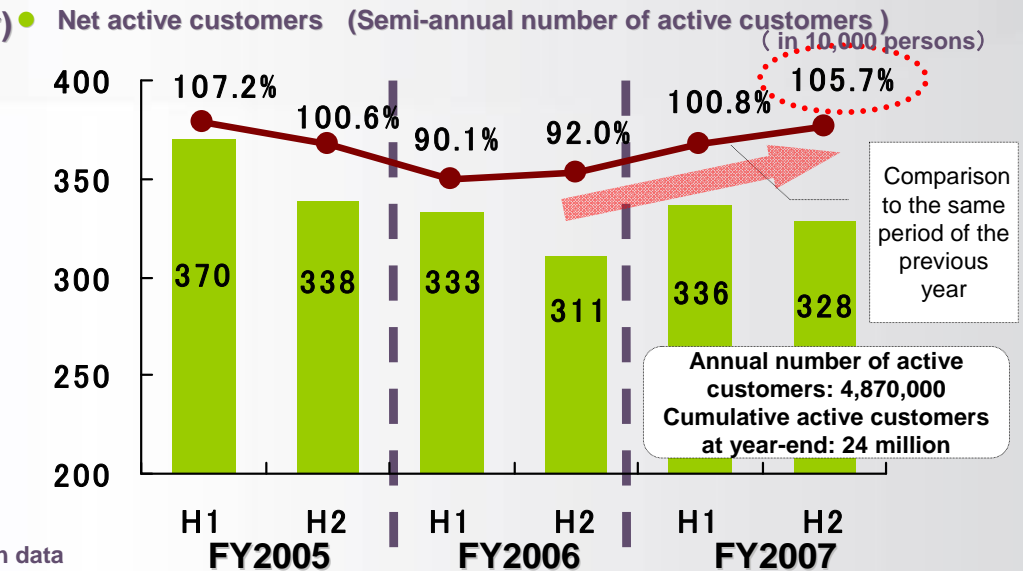
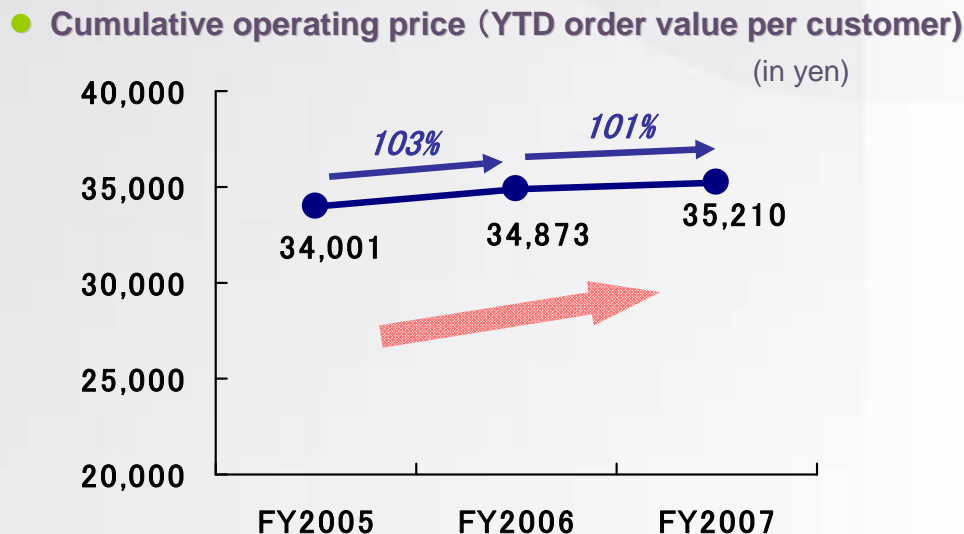
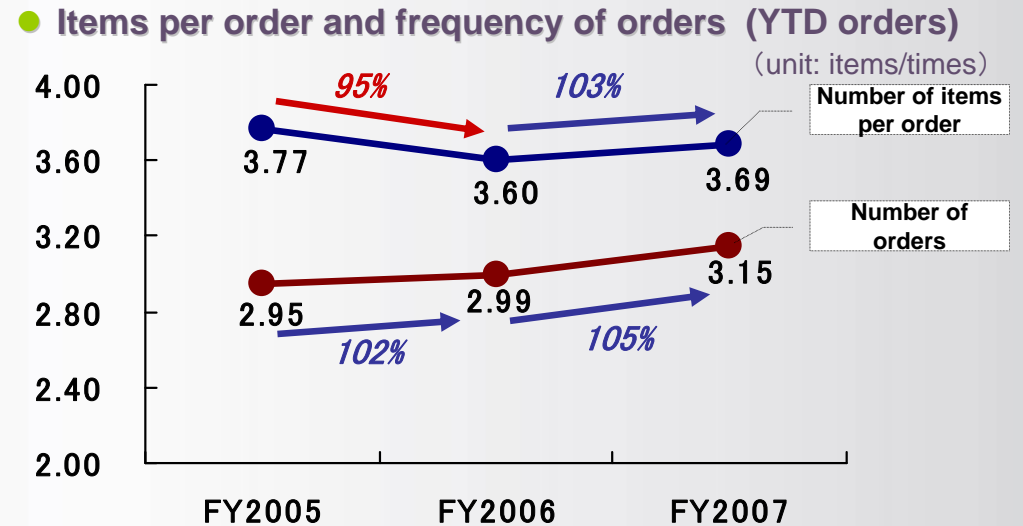
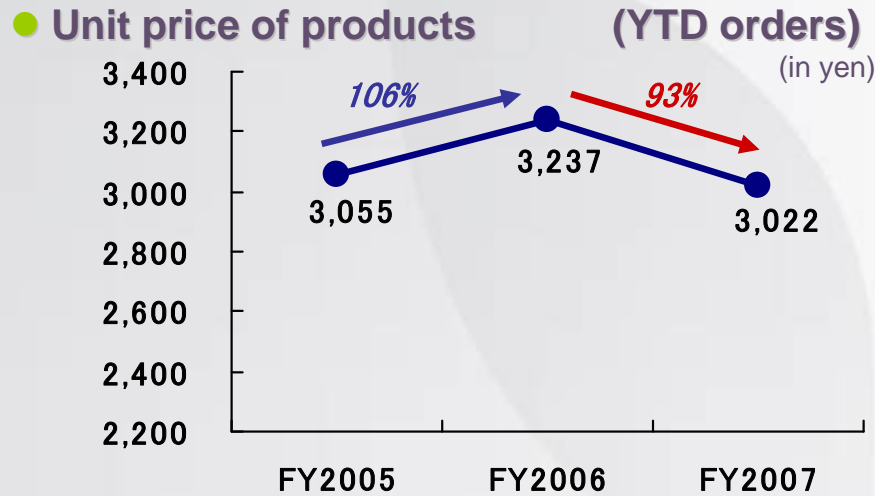


● Y-o-Y comparison of semi-annual sales (Internet/Mobile)



※ The figures for Internet sales represent gross sales before discount.

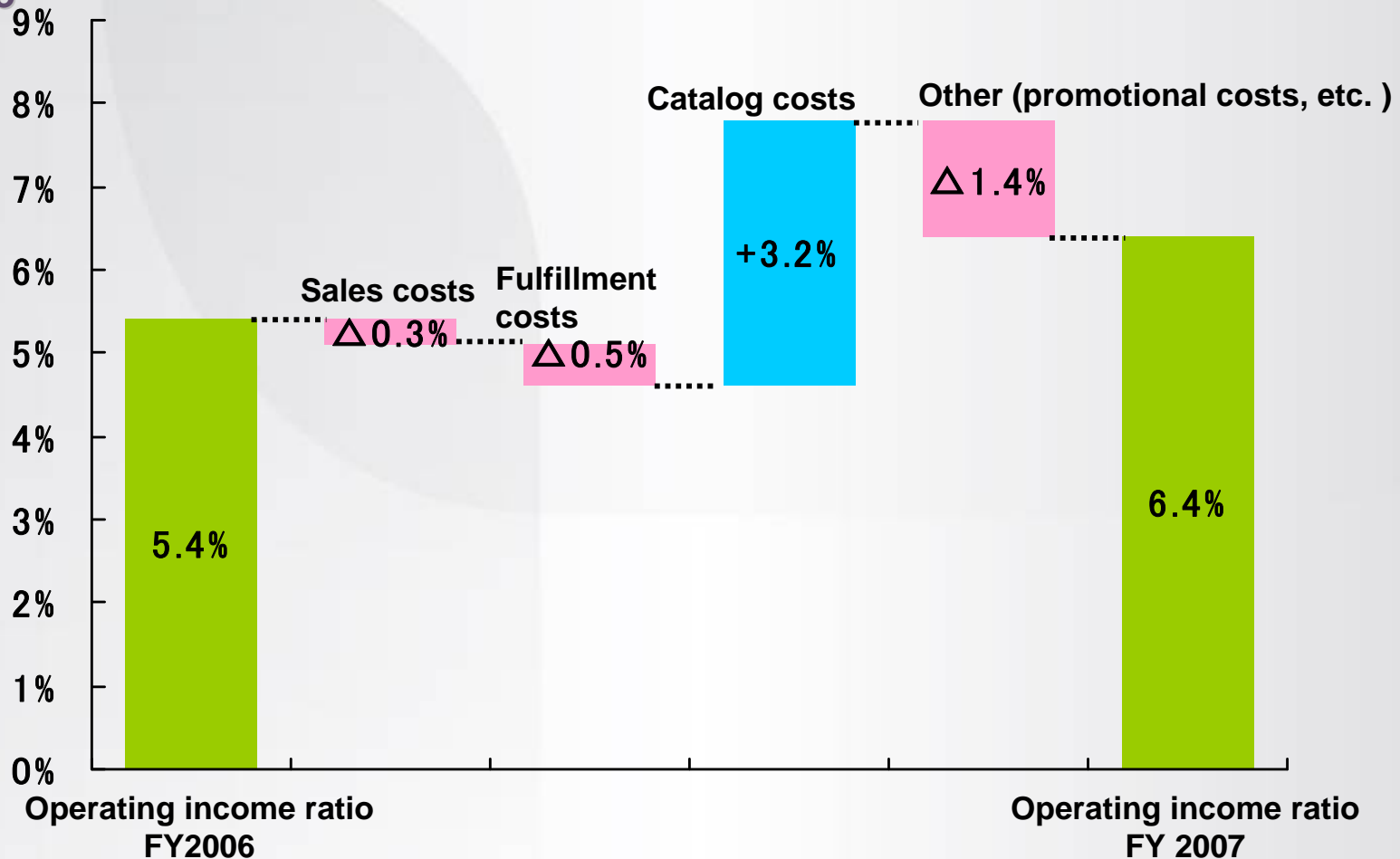
- ✓ Internet sales steadily growing due to a dramatic expansion of EC exclusive/content sales
- ✓ Significant year-over-year growth since H2/FY2007, indicating that the Internet-based business has been growing at an accelerating pace



※ Actual results are different from those reported last year due to a change in data aggregation standards for order analysis

✓ Unit price declined due to an aggressive launch of low-end merchandise, but the number of active customers increased over fiscal 2006, with a higher cumulative operating price. Cumulative effects generated an approximate 6% gain for the 2nd half.

■ Year-on-year comparison of operating income ratio and costs influencing changes in operating income ratio

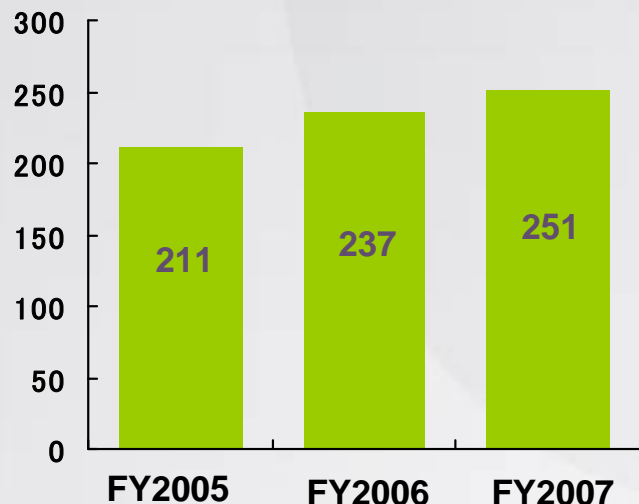


- ✓ The sales cost ratio and fulfillment cost ratio worsened slightly due to a revision of the pricing policy
- ✓ Catalog cost ratio improved due to enhanced catalog power and improved marketing capability
- ✓ Sales promotion expenses to implement measures for attracting new customers in the future increased

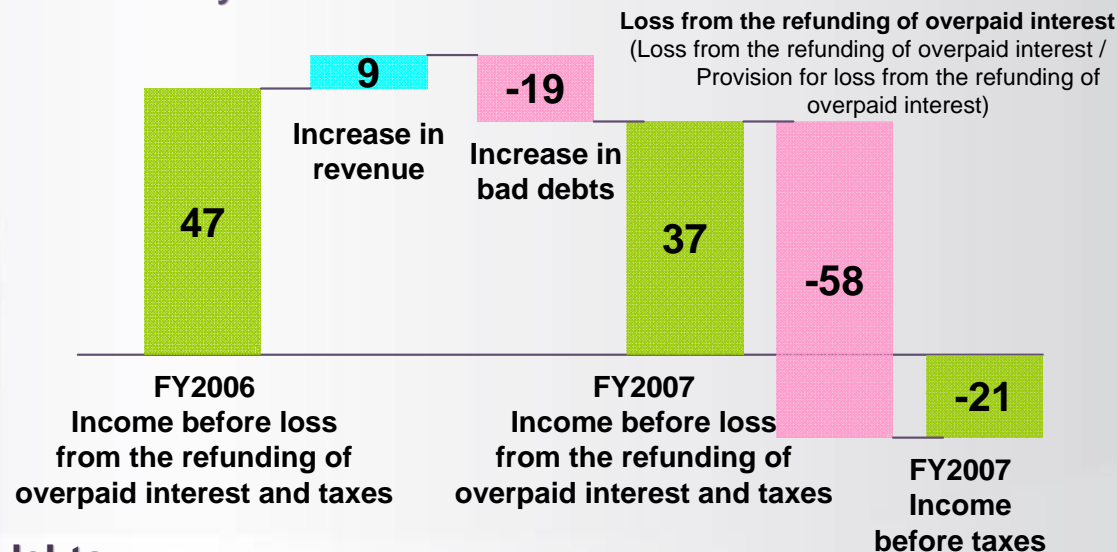
■ **[Ref.] Performance of GE Nissen Credit Co., Ltd. (affiliate under the equity method)**

(in 100 millions of yen)

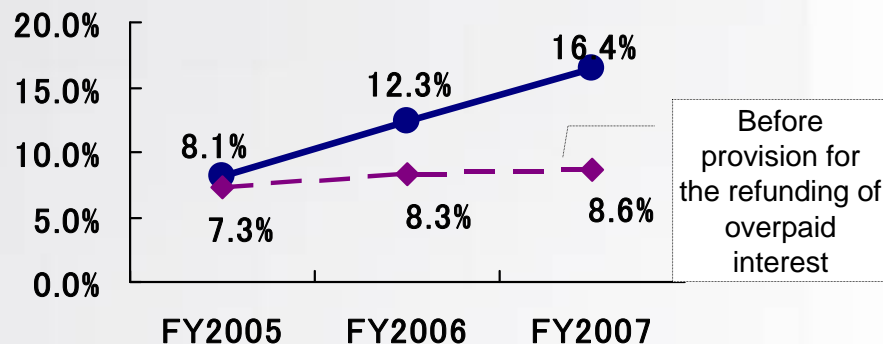
● **Change in net sales**



● **Analysis of income before taxes**



● **Change in percentage of allowance for bad debts**



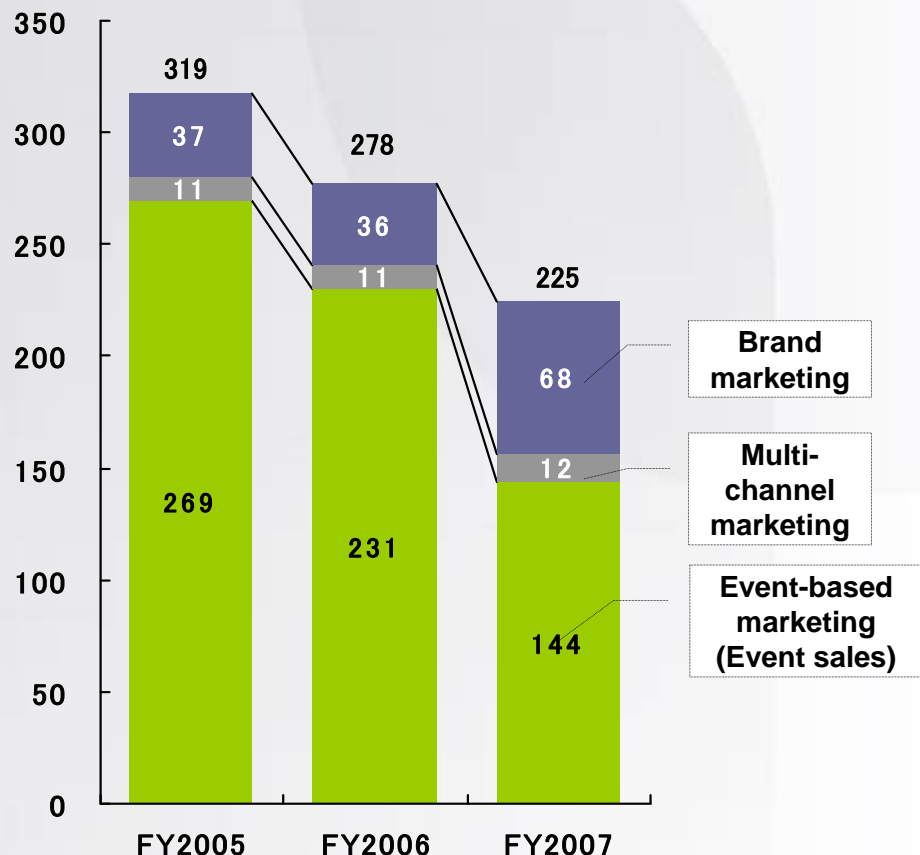
| | |
|---|-----|
| — FY2007 net income | -21 |
| Income before taxes | -24 |
| Taxes (including reversal of deferred tax assets) | -45 |
| Net income | -22 |
| Variance of equity in profit (half of the above) | |

- ✓ Capping cash interest rates for new customers at statutory rates from fiscal 2008
- ✓ As a necessary consequence, accrual of a broadly defined provision for the refunding of overpaid interest, including a waiver of claim for principal owing, resulting in the posting of a significant loss with a reversal of deferred tax assets at year end, putting an end to the overpaid interest problem

(in 100 millions of yen)

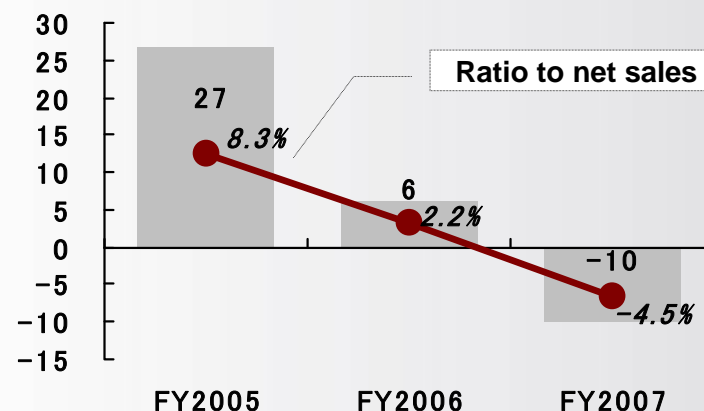
■ Sales/Income from Direct Sales Business

● Net sales

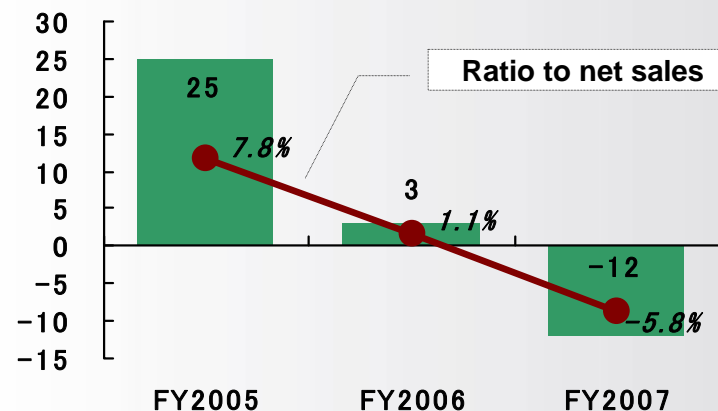


※ Brand marketing: Nissen Shape Founde, Nissen Evers Oita, oriental diamond (ODI), TRECENTI, etc.

● Operating income



● Ordinary income



✓ Shrinkage of the Kimono market and compliance-based stricter sales standards resulted in a significant decline in sales and profits, but we will aim to turn the business around by pursuing an appropriate operating scale from 2008 onwards

■ Factors behind revenue decline in Event-based Marketing (Event sales)

External factors

- Critical media coverage of event-based marketing
- Bankruptcy of leading kimono retailers
→ Negative customer perceptions

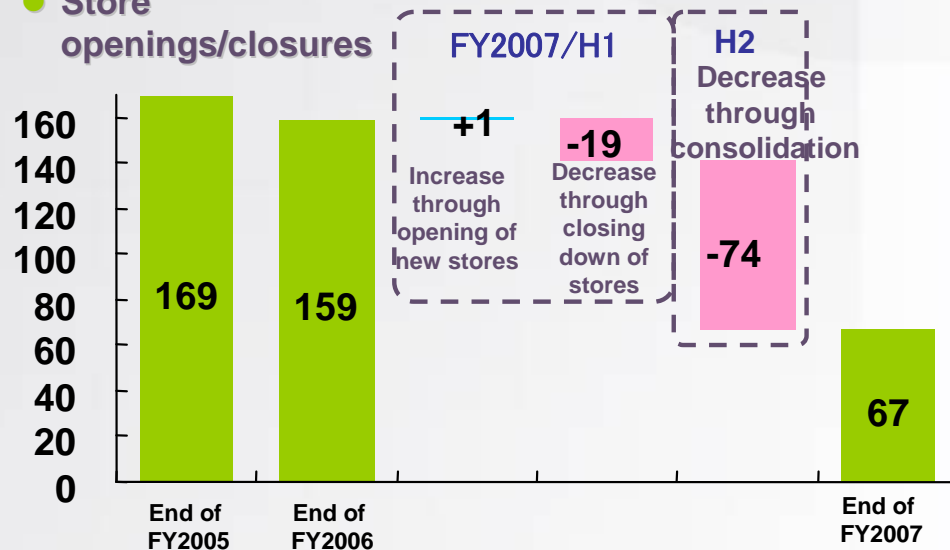
External factors

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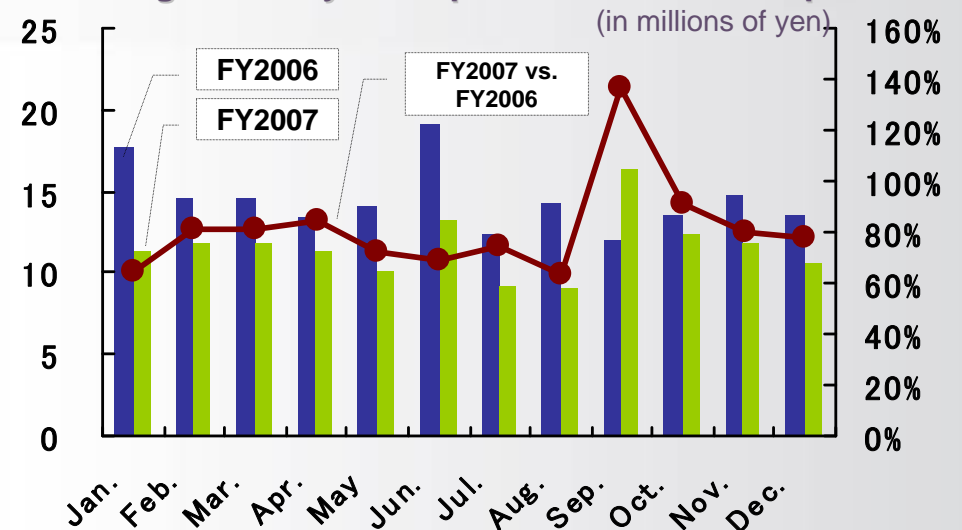
■ Action taken in Fiscal 2007 (optimization of business scale)

- ✓ Consolidating sales outlets
 - 93 stores consolidated into 67
- ✓ Optimizing the size of the workforce
 - Solicitation of voluntary retirement (184 applicants in 2 rounds)
- ✓ Ensuring cost reductions
 - Discontinuing unprofitable events and reducing the size of events

● Store openings/closures



● Average monthly sales per store / Y-o-Y comparison



- ✓ Drastic business downsizing to ensure the business survives and moves into the black
- ✓ Y-on-Y negative growth trend continuing after restructuring, but signs of recovery in H1

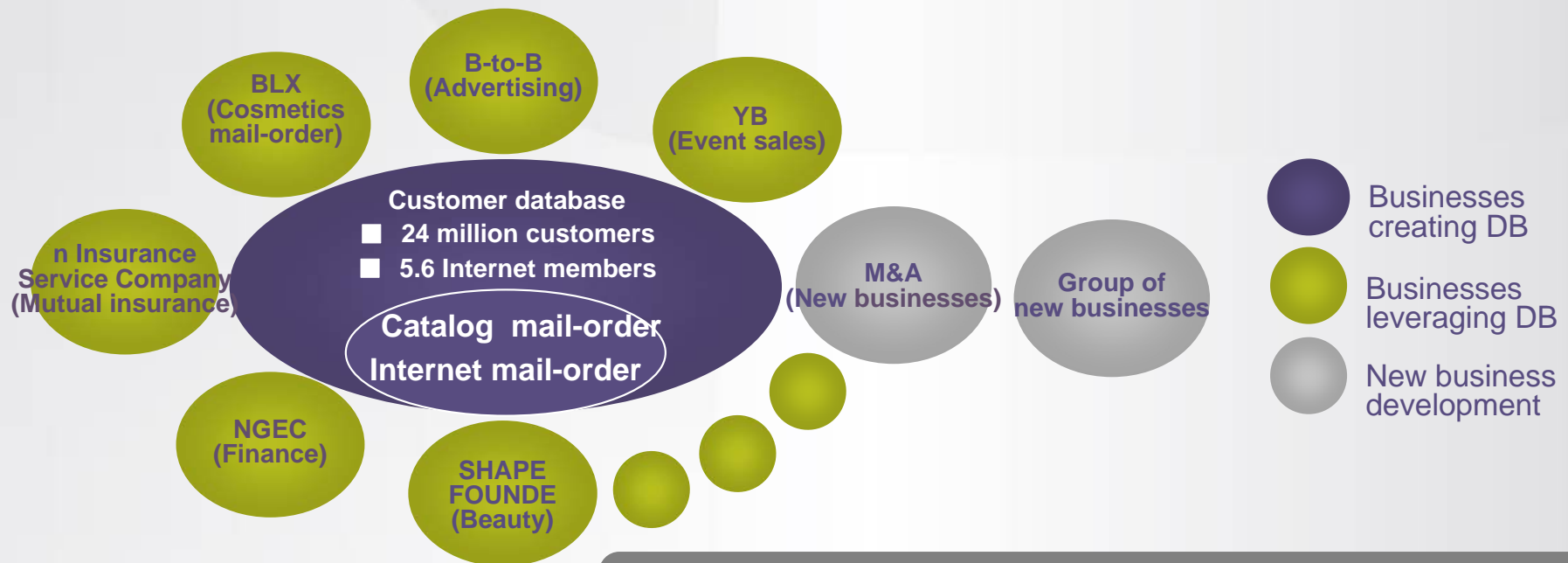
3) FY2008 Performance Plan and Policy

■ **Group Management Vision**

Aiming to become a corporate group which proposes ideal lifestyles imagined by each and every customer

■ **Basic Group Strategy**

Group management centered on database management



Medium-term Management Plan “Nissen Vision 2009”
FY2009 targets: 5.2 billion yen in net income 10.8% ROE

(in 100 millions of yen)

| | 2008 Plan | 2007 | | |
|---|---------------------|-----------------------|---------------|--------------|
| | | Actual | Difference | % Change |
| Net sales | 1,600 | 1,529 | +71 | +4.6% |
| Operating income | 46 (2.9%) | 45 (2.9%) | +1 | +2.0% |
| Ordinary income | 31 (1.9%) | -20 (-1.3%) | +51 | — |
| Net income | 21 (1.3%) | -31 (-2.1%) | +52 | — |
| * Net income per share (yen) | 34.53 | -53.03 | -77.56 | — |
| (Ref.) Ordinary income excluding forward foreign exchange contract valuation gains based on fair value accounting | 31 (1.9%) | -5 (-0.4%) | +36 | — |
| (Ref.) Net income before gain/loss on revaluation of foreign exchange contracts at market value | 21 (1.3%) | -23 (-1.5%) | +44 | — |

| 【Ref.】 FY2008 projection based on the same assumptions as FY2007 | 2007 % change |
|---|------------------|
| 1,614 | +5.5% |
| 59 (3.7%) | +30.9% |
| 35 (2.2%) | — |
| 20 (1.3%) | — |

【Changes in plan assumptions compared with the previous year's】

Plan assumptions have been changed in part from the previous year's, associated with a review of the contract on list fees with the financial services JV. Details to be provided later.

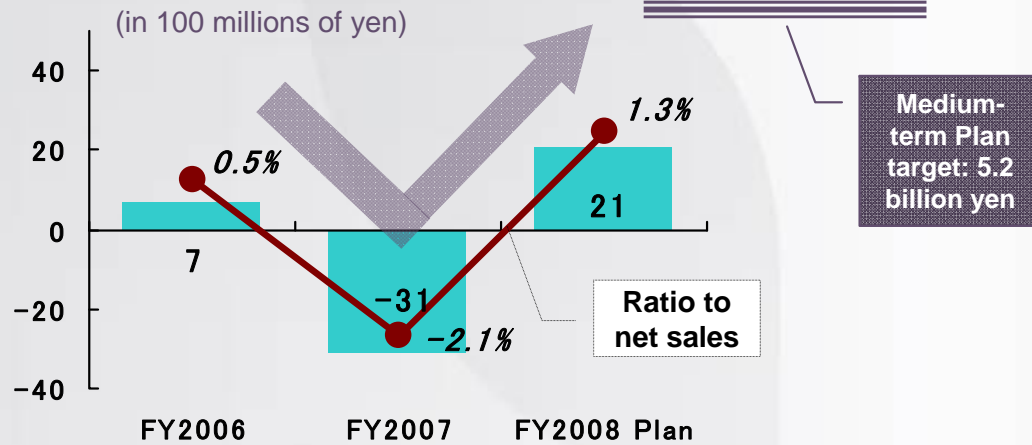
- Assuming gain/loss on revaluation of forward foreign exchange contracts at market value: 1,425 million yen (loss) for FY2007 and nil for FY2008.

Percentages in () are the values as a proportion of net sales.

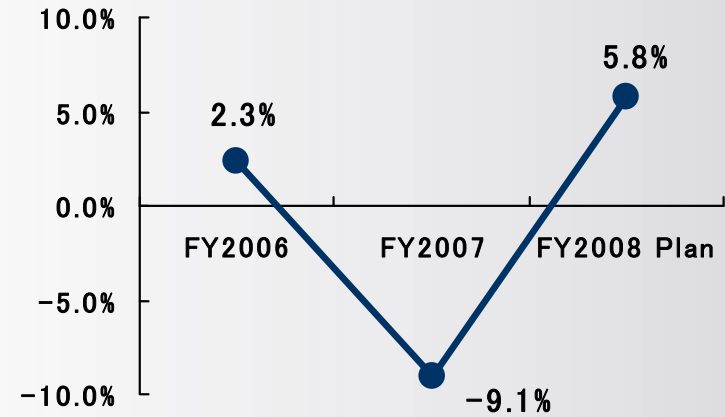
- ✓ Expecting growth in both consolidated sales and profits. Increase in sales/profits in every segment.
- ✓ Changes in management plan assumptions for this period are associated with the change in the contract on list fees with the financial services JV. Expecting a negative impact from these changes on operating income, but a positive impact on net income. (See P26 for more details.)

Forecast consolidated net income, ROE and DOE

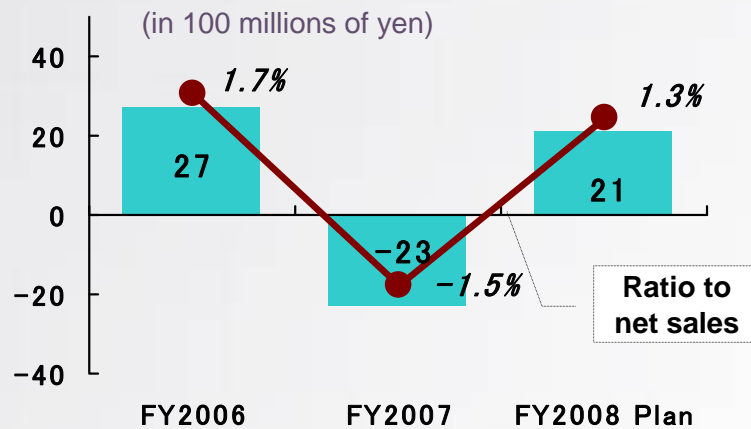
Change in net income



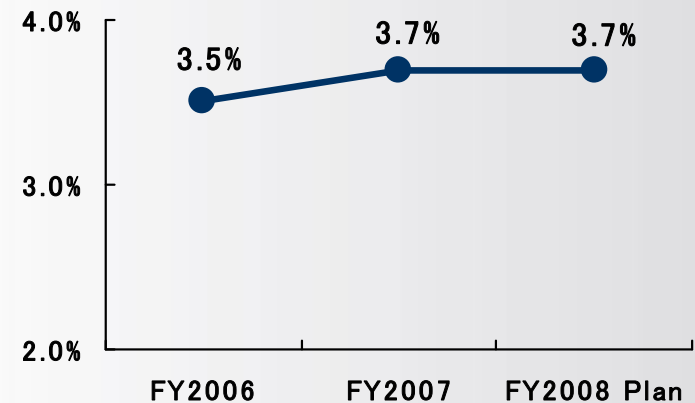
Change in ROE (net income/equity)



Change in net income (before long-term forex impacts)



Change in DOE (dividend/net assets)



✓ Ensure the achievement of 5.2 billion yen net income in FY2008 as set out in the Medium-term Management Plan through a V-shaped turnaround from the deficit in FY2007

(in 100 millions of yen)

| | | | FY2008 Plan | | FY2007 (full year) | | | |
|-------------------------------|---------------------------|--|-------------|------------|--------------------|--|------------|---------|
| | | | | % of sales | Actual | % of sales | Inc.(Dec.) | Y-on-Y |
| Business Segment | Direct Marketing Business | Net sales | 1,361 | — | 1,278 | — | +83 | +6.5% |
| | | Operating income | 67 | 4.9% | 56 | 4.5% | +11 | +17.8% |
| | | Ordinary income | 47 | 3.5% | 17 | 1.4% | +30 | +169.5% |
| | | (Ref.) Ordinary income before gain/loss on revaluation of foreign exchange contracts at market value | 47 | 3.5% | 31 | 2.5% | +16 | +48.3% |
| | Financial services | Net sales | 9 | — | 26 | } <Reference> Portions of Listing fees, etc. included in the Direct Marketing Business segment results for FY2007 | | |
| | | Operating income | 6 | 66.7% | 26 | | | |
| Ordinary income | | 15 | 166.7% | 4 | | | | |
| Direct Sales Business Segment | Net sales | 230 | — | 225 | — | +5 | +2.2% | |
| | Operating income | 2 | 0.9% | -10 | -4.5% | +12 | — | |
| | Ordinary income | 0 | 0.0% | -12 | -5.8% | +12 | — | |
| Eliminations and Corporate | Net sales | -29 | — | -28 | — | -1 | — | |
| | Ordinary income | 31 | — | -29 | — | -2 | — | |

* Assuming gain/loss on revaluation of forex contracts at market value to be 1,425 million yen (loss) for fiscal 2007 and nil for fiscal 2008

* Figures for "financial services" represent the equity in earnings/losses of n Insurance Service Company and GE Nissen Credit.

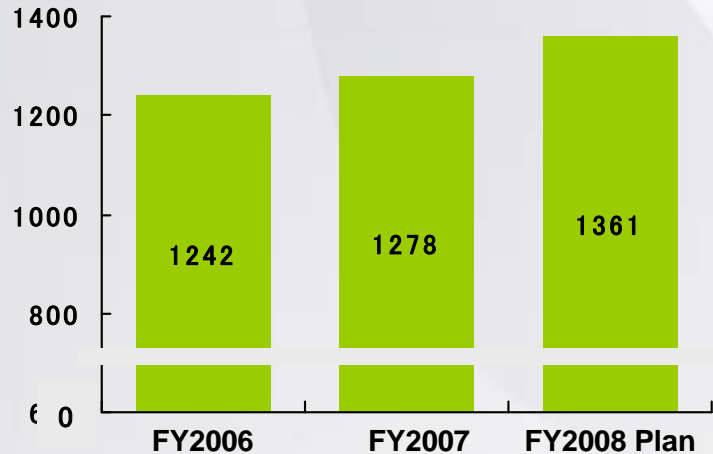
Percentages in () are the values as a proportion of net sales.

- ✓ Direct Marketing Business and Direct Sales Business segments are expected to grow in terms of both sales and profits
- ✓ Performance of financial services (GE Nissen Credit and n Insurance Service Company) is separately disclosed from FY2008, along with the changeover to a holding company structure. Ordinary income is expected to increase significantly because of the favorable impact of the change to the JV contract with GE on equity in affiliate earnings.

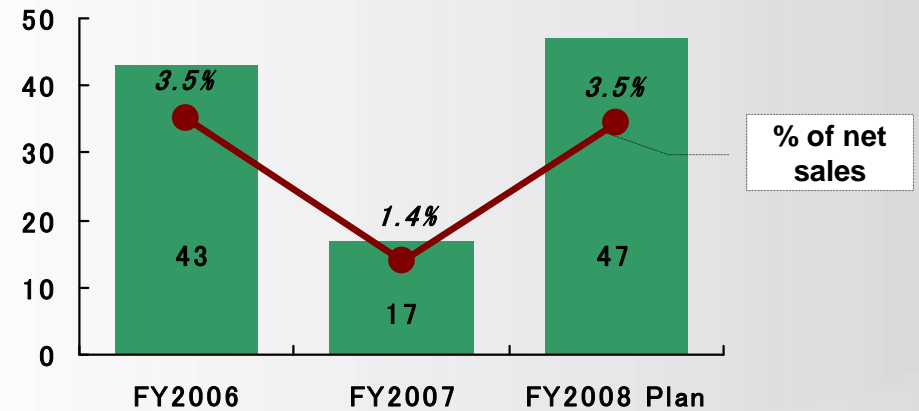
FY2008 Plan ※Excluding financial services business

(in 100 millions of yen)

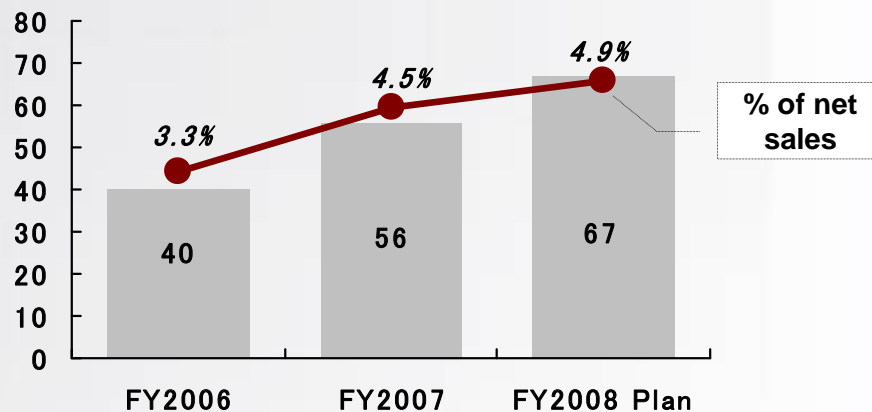
● **Change in net sales over 3 years**



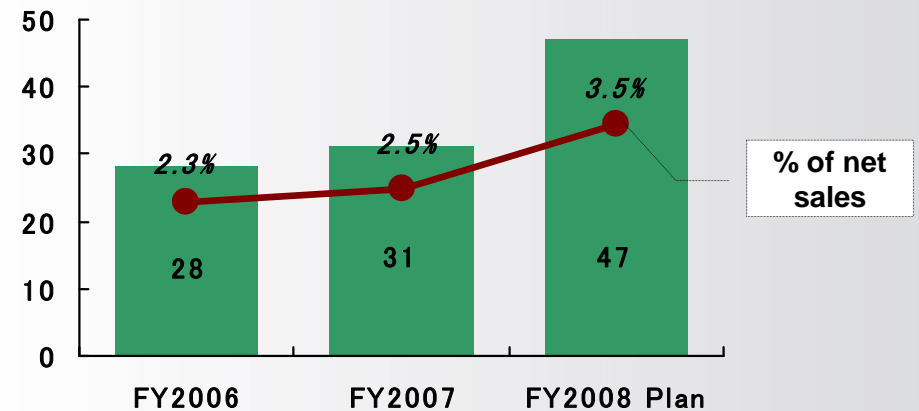
● **Change in ordinary income over 3 years**



● **Change in operating income over 3 years**



● (Ref.) 3-year trend in ordinary income before gain/loss on revaluation of forex contracts at market value



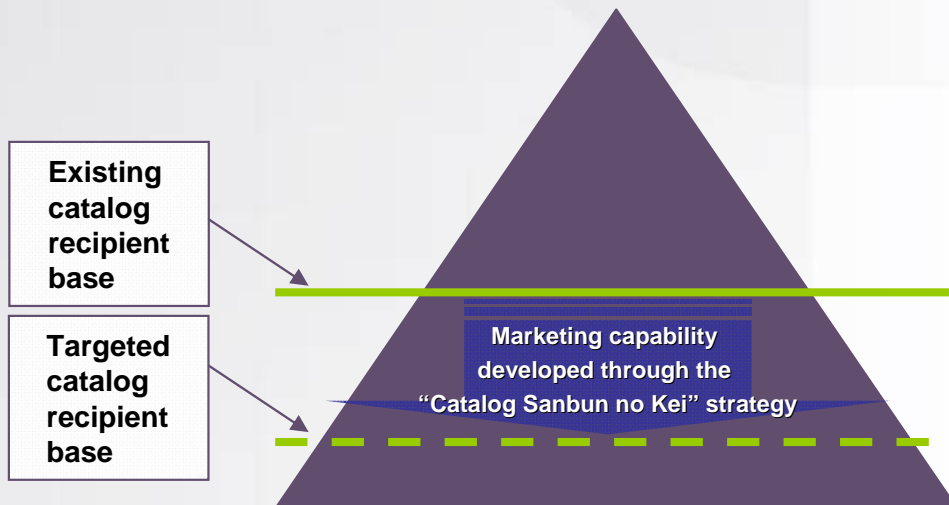
✓ Earnings growth from the Direct Marketing Business segment (excluding financial services) is expected to increase, maintaining the momentum from FY2007

① Increase active customers

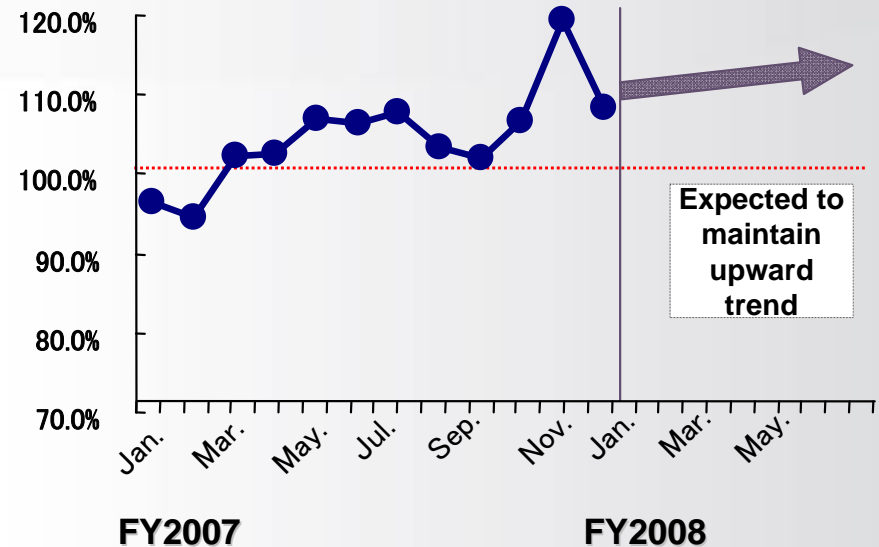
- Deploy measures to develop customers through brand penetration, sales promotion activities, etc.
- Increase the number of catalogs distributed using database marketing capabilities developed through the “Catalog Sanbun no Kei” strategy

● Efforts to expand customer base

【Existing customer pyramid】



● Monthly comparison of number of active customers (FY2007 vs. FY2008)



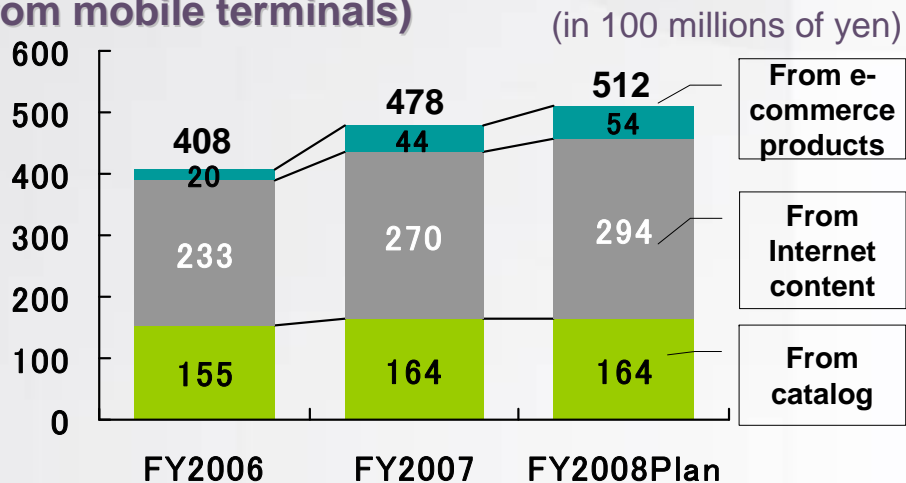
- ✓ Active customers steadily increasing in response to the pricing policy change made after the Spring 2007 issue
- ✓ Try to win a lot more active customers using marketing capabilities acquired so far

② Expansion of Direct Marketing Business

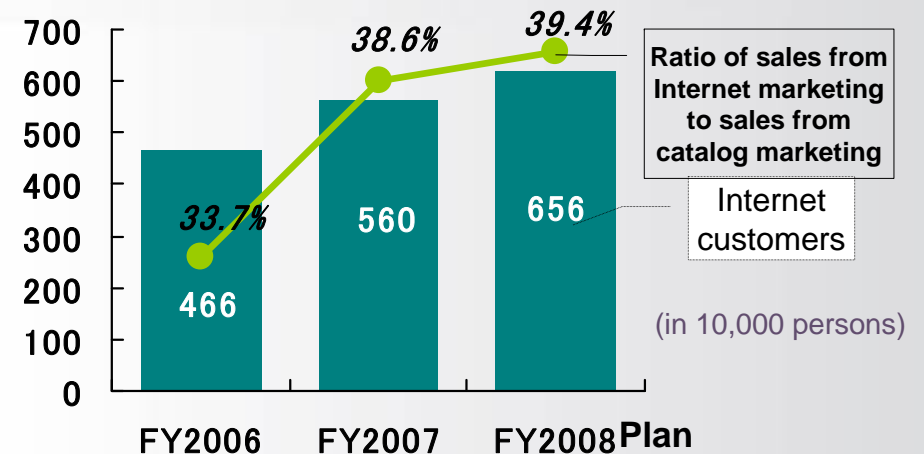
- Assign dedicated EC personnel in each BU and enhance merchandise lineups for EC only
- Provide enriched content on enhanced Internet websites
- Expand mobile-based EC by enhancing mobile-specific sales promotion programs
- Merge CGM and EC sites by developing word-of-mouth websites



● Forecasts for Internet sales (including access from mobile terminals)



● Number of Internet customers and sales ratio (to sales from catalog)



- ✓ Expect sales from Internet content to sustain solid growth in 2008 by vigorously implementing the above tactics
- ✓ Regain growth capacity of the Direct Marketing Business segment by expanding the share of Internet sales to more than 40%

③ Reduce management costs

- Implement a cross-functional project encompassing headquarters functions to conduct a thorough review of costs
- Review every cost without exception

■ Action plans for cost reductions in the Direct Marketing Business segment

- ✓ Reduce product costs
 - Negotiate to reduce purchasing costs and control the rate of disposed merchandise
- ✓ Reduce fulfillment costs
 - Reduce inventory costs
 - Streamline operations and the organizational structure of the call center
- ✓ Reduce fixed selling costs
 - Review media-related costs and improve Internet operational efficiency
- ✓ Reduce labor costs
 - Efficiently manage working hours and recruitment
- ✓ Reduce departmental fixed costs
 - Improve labor productivity and control unnecessary overtime work

- ✓ Visible effects in terms of reductions in fixed departmental costs and fixed selling costs in FY2007
- ✓ Aim to achieve cost-cutting targets in every department by stepping up the above efforts in FY2008

④ Measures to ensure highly profitable businesses in the future

- Launch new mail order businesses via Internet and mobile terminals
- Launch new beauty-related businesses
- Enhance Internet advertising on newly opened B-to-B-related websites
- Implement measures to expand the business of BRANDELI, BUDOU Labo, etc.



✓ Continue aggressive investment in new businesses in markets with growth potential, such as Internet/mobile marketing and beauty product mail order business

FY2008 Plan

※Disclosure separate from Direct Marketing Business from FY2008

| | FY2008 Plan (Total) | % of Sales | (Reference) | | |
|-------------------|---------------------|------------|----------------------------|---------------|-------------------------|
| | | | nISCO (Fully consolidated) | NGEC (Equity) | NGEC (non-consolidated) |
| Net Sales | 9 | — | 9 | — | 210 |
| Operating Income | 6 | 66.7% | 6 | — | 30 |
| Ordinary Income | 15 | 166.7% | 6 | 9 | 30 |
| (Ref.) Net Income | 12 | 133.3% | 3 | 9 | 18 |

【Ref.】 Impact of JV contract modification

- ✓ GE and Nissen agreed to the modification of the JV contractual provisions on list fees effective January 2008, in order to provide a solid foundation for NGEC's growth strategy following the elimination of gray zone interest rates.
- ✓ The lower rate for list fees paid from NGEC to Nissen HD is expected to reduce Nissen HD's net sales, operating income, etc., but the improvement in NGEC non-consolidated earnings will have a positive effect on Nissen HD's ordinary income and net income through equity method accounting.
- ✓ The contractual modification is expected to improve FY2008 net income by 100 million yen compared to the estimate made before the modification. (Further improvement is expected in FY2009.)

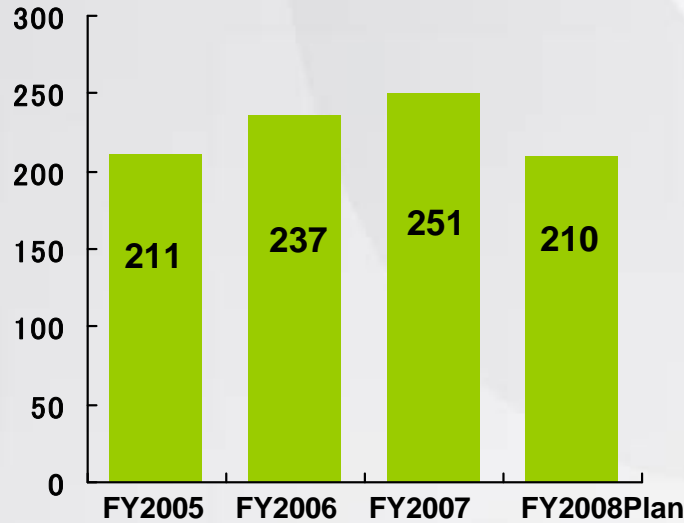
• Figures for financial services represent the equity in earnings/losses of n Insurance Service Company (nISCO) and GE Nissen Credit Co., Ltd.
 • GE Nissen Credit Co., Ltd. is Nissen HD's affiliate accounted for using the equity method; 50% of its net income is included in consolidated results.

- ✓ Manage financial services as a separate business segment (to be newly established) from now on, along the transition to a group management structure
- ✓ Develop the financial services business into one of the Group's main profit-generating pillars by capitalizing on the Direct Marketing Business database

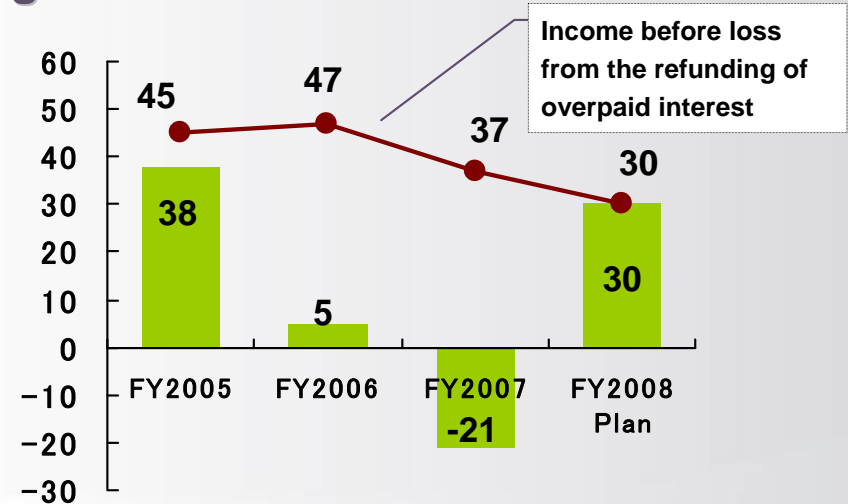
(in 100 millions of yen)

■ [Ref.] FY2008 Plan for GE Nissen Credit Co., Ltd. (affiliate under the equity method)

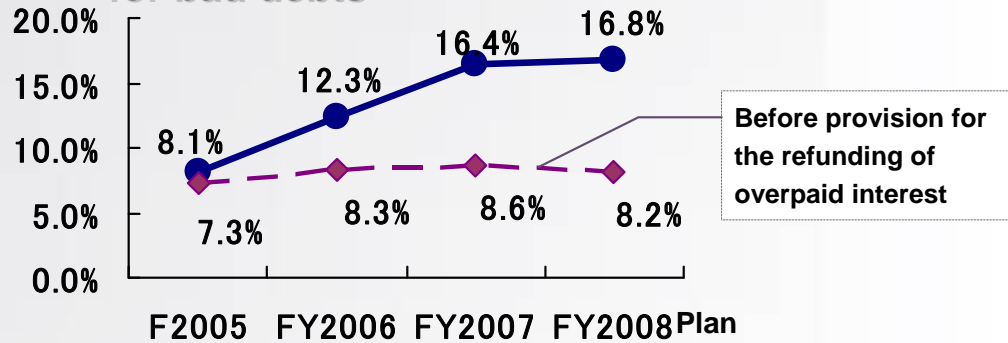
● Change in net sales



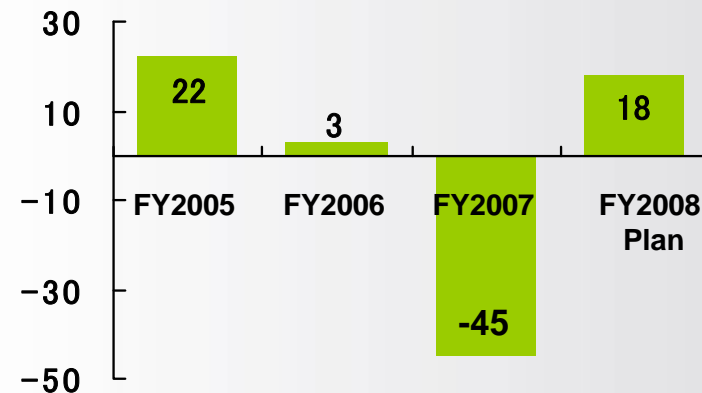
● Change in income before taxes



● Change in percentage of allowance for bad debts



● Change in net income



- ✓ Significant decline in sales due to lower cash interest rates and stricter credit controls
- ✓ Ensure 3 billion yen IBT because of the reduced impact of claims for refunds of overpaid interest, JV contract modification, etc.

■ Priority Action Plans for NGEK

- **Improvement in portfolio quality**
 - Introduction of new cash interest rates of lower than 18%
 - Changes in interest rates for existing portfolios
 - Check on new gray zone portfolios

- **Continue to pursue low-cost operations**
 - Continued promotion of Web utilization
 - Introduction of new ERP systems

- **Enhance diverse sources of profits**
 - Fully-fledged development of insurance agency business
 - Increase order transaction volume and order value per unit

✓ Undertake business structure reforms to respond to the market following the implementation of the new Money Lending Business Law (elimination of gray zone interest rates) and establish a new business model in the new environment

■ Business strategy of n Insurance Service Company

Total business

- As a mail order insurance agency, develop proposal-oriented marketing approaches, taking advantage of its own customer base and DB analysis
- Develop its own brand products while selecting merchandise that meets the needs of our customers and sales channels
- Soliciting activities of call centers with closing capabilities
- Possible entry into the direct insurance business under its own brand through JV with Zurich Life Insurance

Merchandising strategy

- Introduce multi-vender merchandise selected to meet the needs of sales channels
- Actively introduce non-life insurance products and use them in the cross-selling of life insurance products
- Proactively develop “own brand” products that respond to the needs of customers based on specific themes

Channel strategy

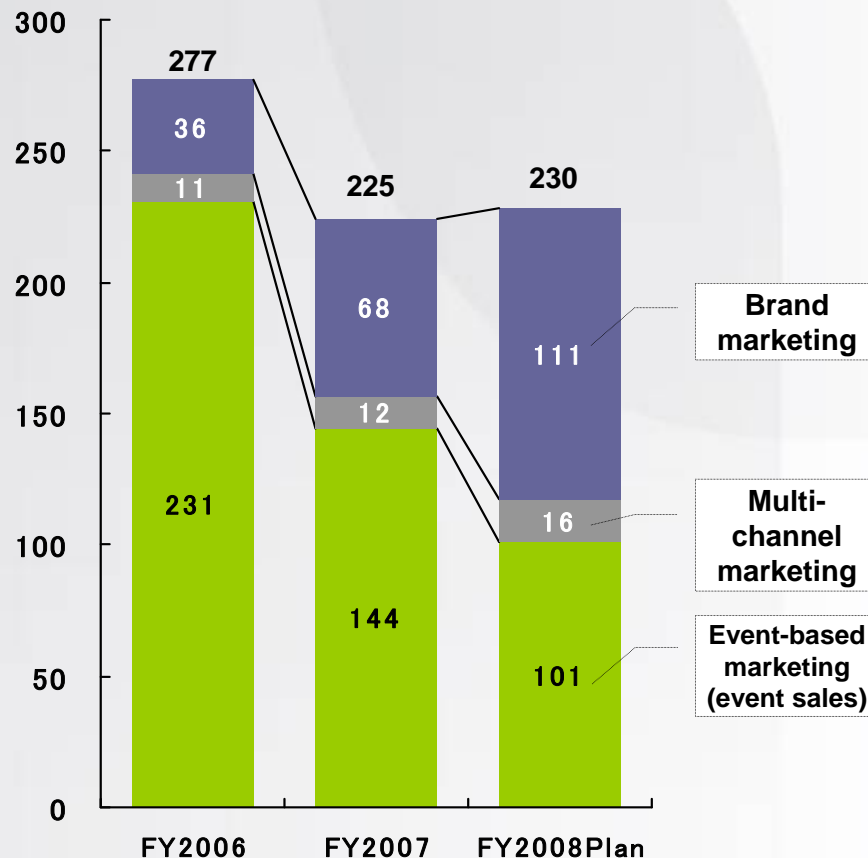
- Take full advantage of catalog and Direct Sales Business, in addition to customer contacts from other businesses
- Actively utilize NGEN's card settlement and point services (from fall 2008 onwards)



- ✓ Follow the themes of “own brand product penetration” and “establishment of an earnings model” in FY2008

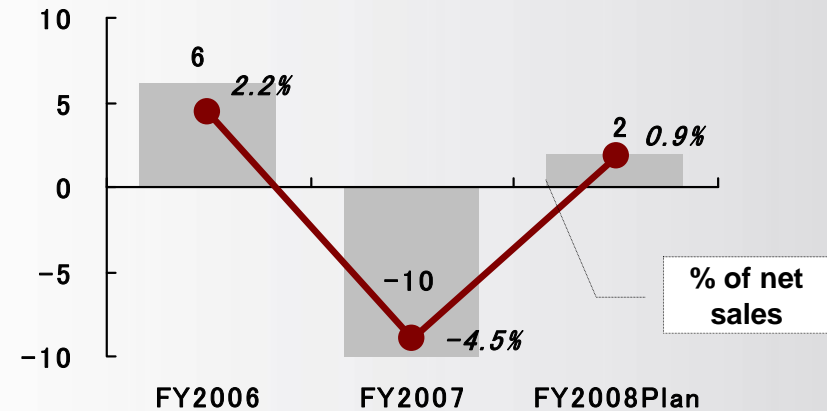
FY2008 Plan

Change in net sales

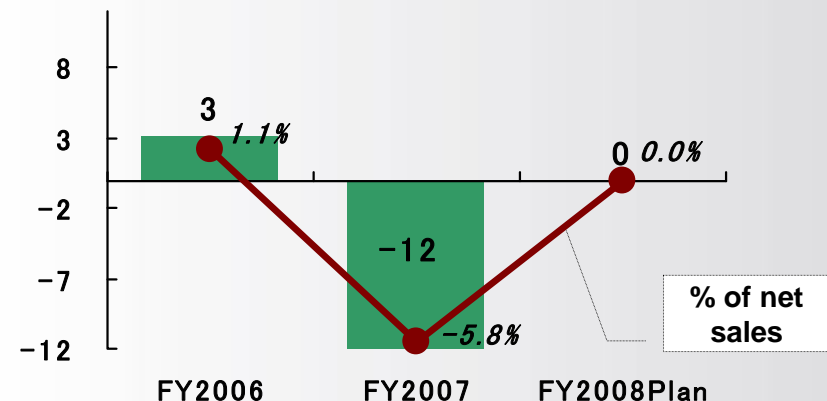


(in 100 millions of yen)

Change in operating income



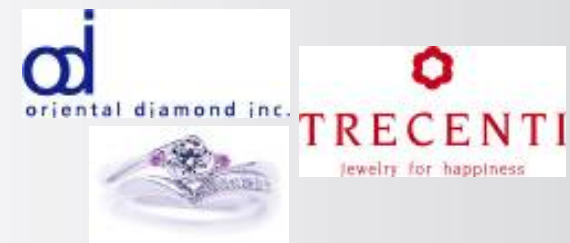
Change in ordinary income



✓ Downsize and focus on profitability in event-based marketing activities such as kimono event sales, but pursue growth in pull-type brand marketing activities such as TRECENTI and aim to achieve a V-shaped earnings recovery in FY2008

■ **Priority Action Plans for Direct Sales Business**

- **Event-based Marketing (Event sales)**
 - Improve business quality (stricter compliance)
 - Enhance profitability (higher productivity and thorough cost-cutting)
 - Reinforce organizational capabilities (strengthen field marketing/management capabilities)
- **Multi-channel Marketing**
 - Enrich merchandise lineups in jewelry and kimono catalogs
 - Actively support the expansion of the potential customer base for Event-based Marketing, making strategic use of both catalogs
- **Brand Marketing**
 - Open new pull-type brand stores and introduce new merchandise
 - Stabilize revenue base by developing multiple brands



- ✓ Aim to achieve a turnaround in Event-based Marketing through determined efforts to strengthen management
- ✓ Aim to transform the Direct Sales Business portfolio by expanding pull-type brand marketing

■ Existing corporate governance issues

- To achieve ongoing development as a listed company, Nissen HD needs to further improve management transparency/objectivity in the BOD, Executive Appointment Committee, etc.
- Following the changeover to a pure holding company structure, the roles of management supervision and business execution are no longer separate in practice, because most of the managers of the holding company and the major operating companies have dual responsibilities .
- At present, Nissen Co., Ltd., a core operating company, is operating 2 business segments with totally different characteristics in parallel, namely, Direct Marketing Business and Direct Sales Business, which has caused bottlenecks in Nissen Group's business reforms, from the perspectives of both business profitability transparency and freedom of independent strategy.

■ Direction of corporate governance reform

- To address the above issues, we aim to accomplish the following 3 tasks through the present reforms:
 - Enhance transparency/objectivity in group management
 - Separate the roles of management and execution between the pure holding company and operating companies
 - Delegate authority over operations and clearly define responsibilities

✓ Establish a solid management foundation for long-term improvements in corporate value through corporate governance reform

■ Outline of corporate governance reform

- **Enhance transparency/objectivity in group management**
 - More independent directors on BOD (independent external directors to exceed one-third)
 - External member to chair the Corporate Governance Committee and a majority of the members to be appointed from outside the Group
 - External member to chair the Executive Appointment (Nomination and Compensation) Committee and a majority of the members to be appointed from outside the Group
- **Separate the roles of management and execution between the pure holding company and operating companies**
 - Minimum number of internal directors on the pure holding company's board (appoint a minimum number of directors to the board of the pure holding company to be directly responsible to external stakeholders such as shareholders, and appoint officers who must be dedicated to business execution to Executive Officer posts or as management team members in operating companies)
 - Full-time directors not to serve concurrently in the pure holding company and operating companies (avoid directors holding dual posts)
- **Delegate authority over operations and clearly define responsibilities**
 - Spin-off of Direct Sales Business segment from Nissen Co., Ltd., a core operating company, into a separate company (improve transparency of individual business profitability and speed up implementation of growth strategy by dividing the Direct Marketing Business and Direct Sales Business operations into different companies)
 - Clearly define management responsibilities in the implementation of plans for each group company (ensure commitment)

✓ Implement various reform plans within FY2008 in line with the policy described above

■ **Reform – (1): Review of HD BOD and Advisory Committee members**

- **HD BOD candidates** (on the agenda for the 38th Ordinary General Meeting of Shareholders)
 - Directors (internal): Toshio Katayama, Nobuyuki Ichiba and Toshiya Tsukushi (3 directors)
 - Directors (external): Takeshi Isokawa, Akira Iwamoto, Toshio Komada and Kaori Sasaki (4 directors)

- **Proposed members of the Corporate Governance Committee (effective March 18)**
 - Chairman: Scott Trevor Davis (External Corporate Auditor)
 - External members: Takeshi Isokawa (External Director) and Yoshiharu Takahashi (External Corporate Auditor)
 - Internal members: Toshio Katayama and Nobuyuki Ichiba

- **Proposed members of the Executive Appointment (Nomination and Compensation) Committee (effective March 18)**
 - Chairman: Takeshi Isokawa (External Director)
 - External members: Toshio Komada (External Director) and Kaori Sasaki (External Director)
 - Internal members: Toshio Katayama and Nobuyuki Ichiba

·※The proposed members listed above are expected to be appointed at the BOD meeting following the 38th Ordinary General Meeting of Shareholders, provided that the agenda item for election of Directors/Corporate Auditors is approved at the Shareholders' Meeting

✓ Enhance management transparency by appointing a majority of directors and committee chairpersons from outside the Group

■ **【Ref.】 Profiles of the candidates for election as new external directors**

— **Toshio Komada**

- June 1990 Director, ITOCHU Corporation
- June 1992 Managing Director
- April 1995 Senior Managing Director
- June 1996 Representative Director and Vice President, TAKIRON CO., LTD.
- June 2001 Representative Director and Chairman of the Board
- June 2003 Advisor

— **Kaori Sasaki**

- March 2000 Founded ewoman, Inc.
President and CEO, ewoman, Inc. (incumbent)
- Oct. 2004 Member of the Price Stabilization Policy Council of the
Cabinet Office (incumbent)
- Jan. 2005 Member of the Financial System Council of the Financial
Services Agency (incumbent)
- June 2005 Visiting Professor, Tama University (incumbent)
- July 2005 Member of the Social Policy Council of the Cabinet Office (incumbent)

■ Reform – (2): Group restructuring and change in operating company management structure

– Policy on spin-off of the core operating company

- Nissen Co., Ltd. is planning to spin off its Direct Sales Business segment into a separate company (Nissen Premium Co., Ltd.) which will become wholly owned by the pure holding company, effective June 21, 2008.



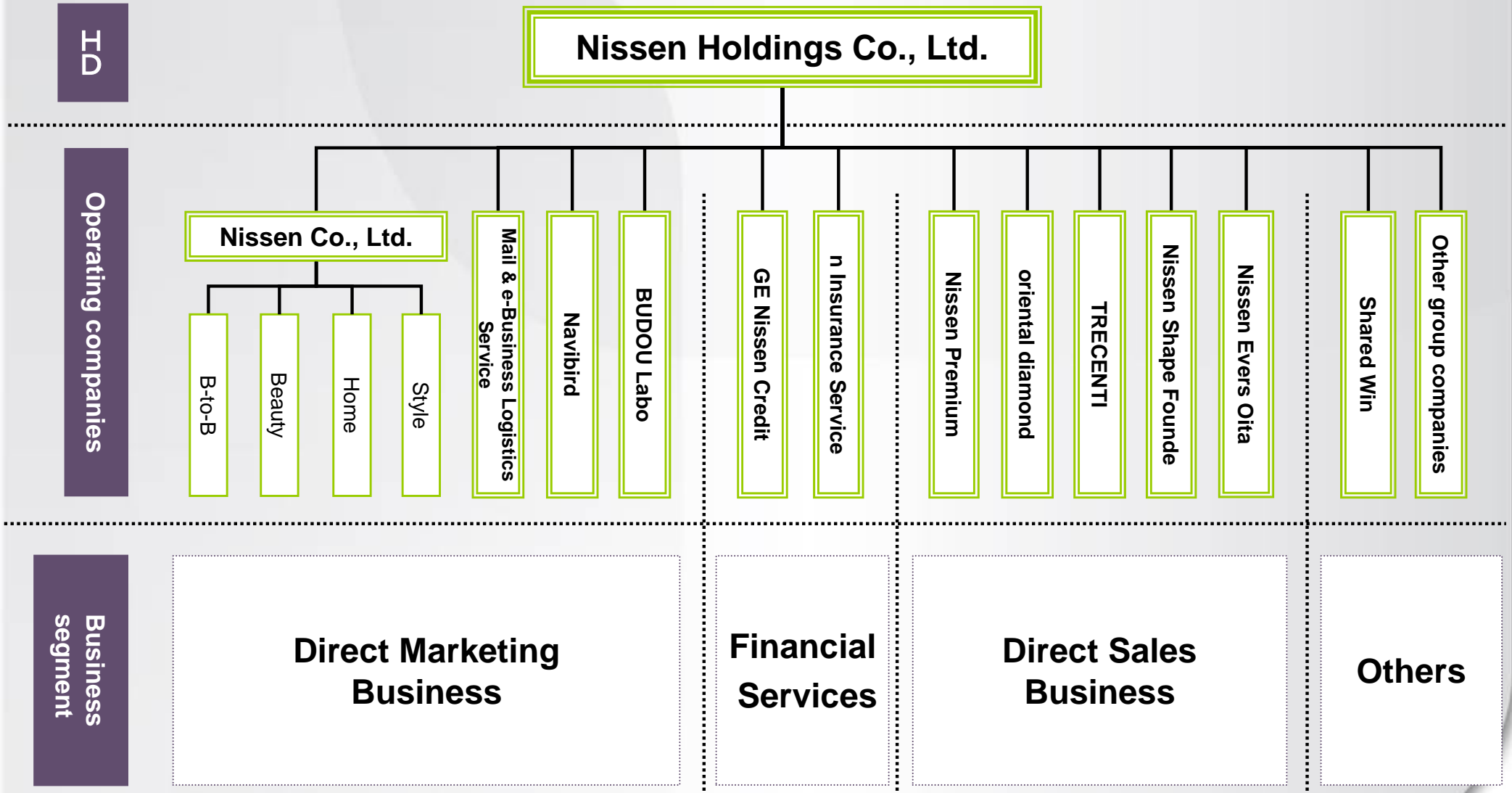
– Proposed senior management personnel for the companies after the spin-off (effective June 21)

- President and Representative Director, Nissen Co., Ltd. :
Shinya Samura (incumbent Senior Executive Managing Officer of Nissen Holdings Co., Ltd.)
- President and Representative Director, Nissen Premium Co., Ltd.:
Hiroshi Fujii (incumbent Executive Managing Officer of Nissen Holdings Co., Ltd.)

✓ Aim to realize an optimum group structure and implement the growth strategy of an independent business, as described above

■ **[Ref.] Group organizational structure (major companies only)**

(Draft as of June 21, 2008)



■ **Progress on management reforms with Advantage Partners LLP (AP)**

— **Key joint action plans following the formation of the strategic partnership**

- Formulation of the Medium-term Management Plan “Nissen Vision 2009”
- Focused efforts on priority strategic issues in Direct Marketing Business (※strategic project)

— **AP’s support for management reforms**

- One (1) External Director appointed to bolster corporate governance
- Strategic staff members (5) appointed to promote structural reforms in Direct Marketing Business
- Introduction of strategic alliance projects to improve the Group’s corporate value
- Professional advice at management strategy meetings, etc., where important strategic issues are discussed

— ※ **Joint strategic projects underway**

Project tasks

Project objectives

- | | | |
|--------------------------------------|---|---|
| 1. SCM | ⇒ | Reduce inventory, costs and lead time |
| 2. Beauty-related business expansion | ⇒ | Plan/implement strategies in cosmetics/health food areas |
| 3. New Internet business development | ⇒ | Plan/implement Internet and mobile strategies |
| 4. Review of management approaches | ⇒ | Review business planning processes and monitoring systems |

✓ Further speed up group management reforms by taking full advantage of the strategic partnership with AP

■ Basic policy on profit distribution

- One of Nissen Group's key management policies is to return its profits to shareholders in a stable manner, while proactively implementing growth strategies from a long-term perspective and enhancing corporate structure.

■ Dividend policy

- In line with the above basic policy, Nissen HD strives to achieve a shareholders' equity ratio of 50%, a dividend payout ratio of 30%, and a return on equity of 35% consistently over the long run
- Nissen HD plans to pay an annual dividend of 23 yen per share in FY2008, the same as that paid in FY2007, in a bid to meet the expectations of its longstanding shareholders as far as possible, and in anticipation of corporate value improvement over the medium term.

| | Interim dividend (yen) | Year-end dividend (yen) | Annual dividend per share (yen) | Equity ratio (%) | Payout ratio (%) | DOE (%) |
|-------------|------------------------|-------------------------|---------------------------------|------------------|------------------|---------|
| FY2004 | 12.50 | 12.50 | 25.00 | 38.0 | 21.3 | 4.4 |
| FY2005 | 12.50 | 12.50 | 25.00 | 41.3 | 22.8 | 3.8 |
| FY2006 | 13.00 | 10.00 | 23.00 | 43.9 | 154.7 | 3.5 |
| FY2007 Plan | 10.00 | 13.00 | 23.00 | 48.6 | — | 3.7 |
| FY2008 Plan | 11.50 | 11.50 | 23.00 | — | 66.6 | 3.7 |

- ✓ Carry out Group management reforms in a manner that reflects the views of capital market participants and aim to heighten corporate value on a medium- and long-term basis by ensuring that the goal of the Medium-term Management Plan "Nissen Vision 2009" is achieved!



Projections contained in this presentation document are at the judgment made based on the information currently available, and contain a lot of uncertainties. Actual performance may significantly differ from these projections due to such factors as future economic trends, changes in business conditions, and exchange rate fluctuations.