FY2008 Interim Financial Results Analyst Meeting Presentation

Nissen Holdings Co., Ltd.

July 29, 2008

※ Amounts are rounded down.

1） Overview of FY2008 (the 39th Term) Interim Financial Results

Summary of FY2008 Interim Financial Results

Summary of consolidated results

Consolidated results

- ✓ Sales: Amid the struggling overall retail market, aggressive expansion strategies and an augmented lineup of merchandise for direct marketing via the Internet/mobile terminals proved successful, resulting in a 5.7% year-on-year increase in direct marketing sales and a 1.6% year-on-year growth in the Group's total sales.
- ✓ Ordinary income: Steady earnings improvement in Direct Marketing Business and Financial Services compensated for the negative impact of the downturn in Direct Sales Business, resulting in a ¥3 billion year-on-year increase in ordinary income in real terms excluding gain/loss on revaluation of forward exchange contracts at market value, a barometer of consolidated earning power, and leading to the achievement of the initial plan target.
- ✓ Interim net income: The initial plan target was not achieved due to transitional, special factors such as revaluation of long-term forward exchange contracts at market value and reversal of deferred tax assets, but excluding these factors, the profit level in real terms significantly improved year on year.

Summary by segment

Direct Marketing Business

- ✓ Aggressive expansion strategies for Internet/mobile direct marketing worked effectively to steadily restore the number of active customers, with a 5.7% year-on-year growth in sales.
- ✓ Sales expansion and drastic cost-cutting efforts worked well, resulting in a significant year-on-year growth of 60% in ordinary income in real terms excluding gain/loss on revaluation of forward exchange contracts at market value.

Financial Services

- ✓ Ordinary income improved year on year by approximately ¥1.3 billion as a result of revenue structure reforms at equity-method affiliate GE Nissen Credit Co., Ltd., among other factors.

Direct Sales Business

- ✓ Performance worsened further in January 2008, and ended with a ¥600 million operating loss, though monthly results gradually improved after the hasty management reshuffling in March.

Head Office

- ✓ Vigorous cost-cutting efforts led to a significant year-on-year improvement in performance .

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Overview of FY2008 Interim Financial Results: Consolidated P/L

(%): Percentage of net sales (in 100 millions of yen)

	FY2008 Interim Results	Revised Forecast (7/4)	FY2008 Initial Forecast			FY2007 Interim Results		
			Forecast	Difference	% Change	Actual	Inc. (Dec.)	% Change
Net sales	796	797	807	-11	-1.3%	784	+12	+1.6%
Operating income	19 (2.5%)	20 (2.5%)	24 (3.0%)	-5	-18.5%	18 (2.4%)	+1	+4.0%
Ordinary income	7.7 (1.0%)	6 (0.8%)	16.8 (2.1%)	-9.1	-53.6%	-0.2 (-0.0%)	+7.9	—
Interim net income	-10 (-1.3%)	0.2 (0.0%)	11.7 (1.4%)	-21.7	—	-17 (-2.2%)	+7	—
※Net income per share (Yen)	-17.60	—	19.24	-36.84	—	-30.17	+12.57	—
(Ref.) Ordinary income in real terms ※	19.8 (2.5%)	18 (2.3%)	16.8 (2.1%)	+3	+18.2%	-10 (-1.3%)	+29.8	—
(Ref.) Interim net income in real terms ※	-3.7 (-0.5%)	7 (0.9%)	11.7 (1.4%)	-15.4	—	-23 (-3.0%)	+19.3	—

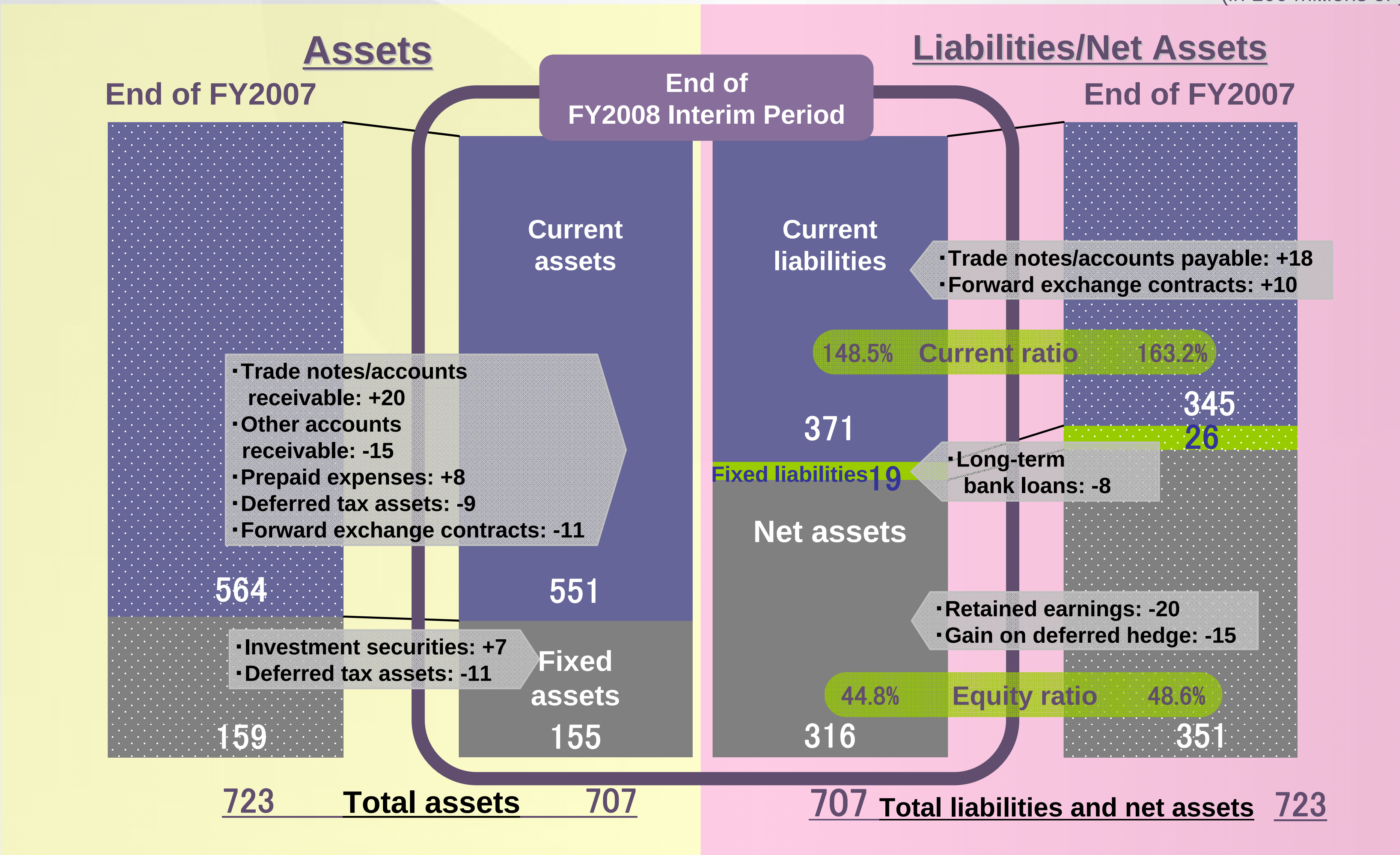
Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value
Interim net income in real terms※: Interim net income before gain/loss on revaluation of forward exchange contracts at market value, assuming an effective tax rate of 42%

- Initial forecast: Announced on February 4, 2008 when the results for the year ended Dec. 20, 2007 were released.
- Gains/losses on revaluation of forward exchange contracts at market value: ¥1,009 million gain for FY2007, and ¥1,205 million loss for FY2008
- Exchange rate at end of FY2008 interim period: ¥108.02 / US$

✓ Significant improvement in both sales and profits. Target for ordinary income in real terms in the initial forecast was achieved.

Overview of FY2008 Interim Financial Results: Consolidated B/S

(in 100 millions of yen)



✓ Financial base remained very stable, though affected slightly by currency valuation

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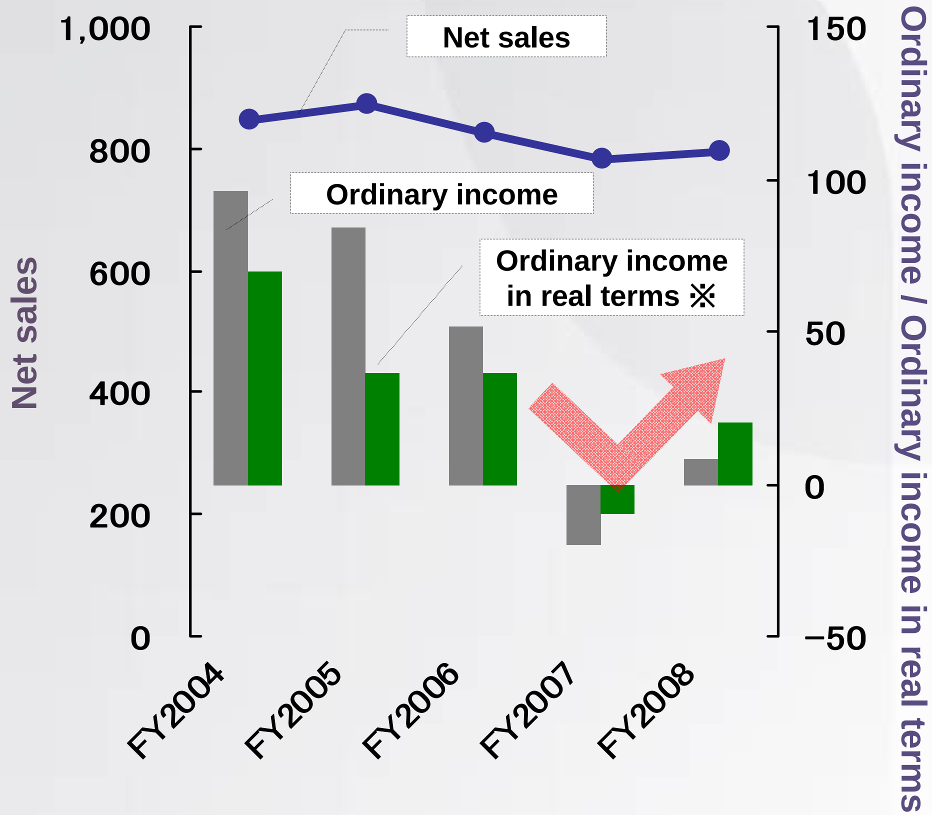
Overview of FY2008 Interim Financial Results: Consolidated Results since FY2004

(in 100 millions of yen)

Consolidated P/L <Interim>

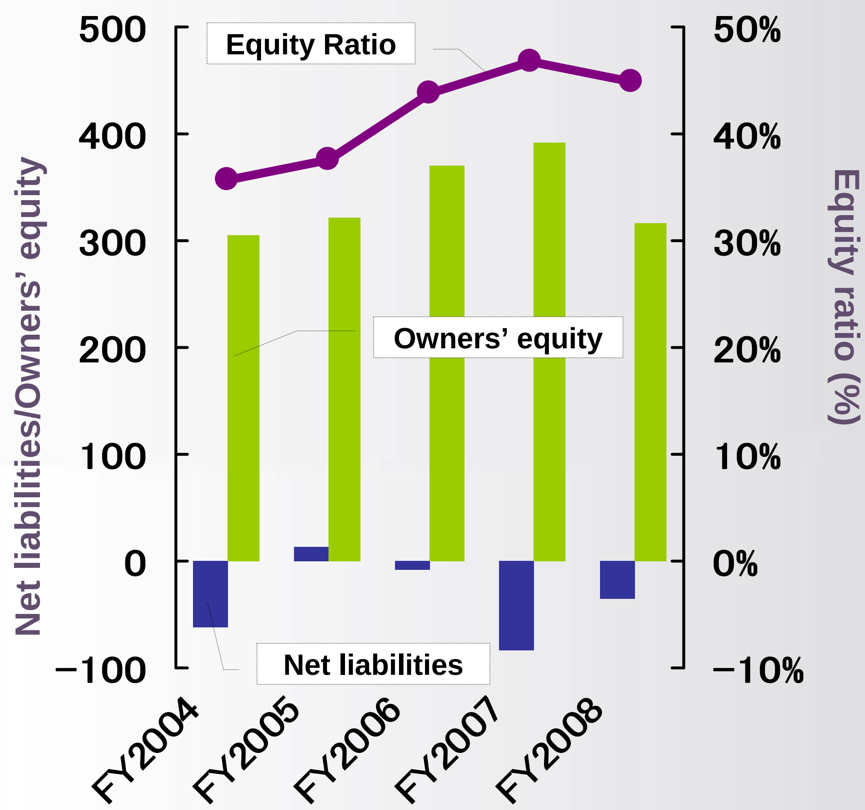
Changes in net sales, ordinary income, and ordinary income in real terms



Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

Consolidated B/S <End of interim period>

Changes in net liabilities, owners' equity and equity ratio



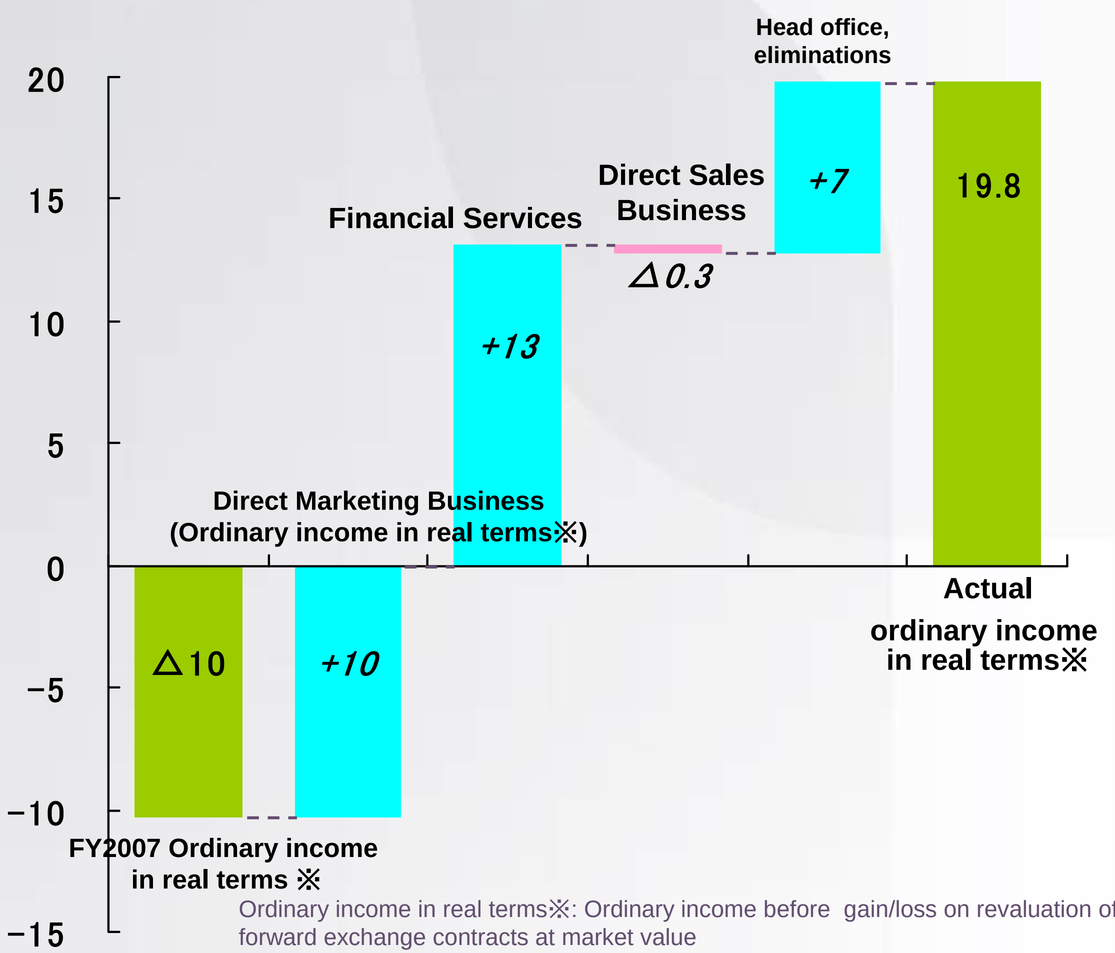
※ Net liabilities = (interest-bearing liabilities) – (cash equivalent)

✓ Posted an ordinary loss in FY2007 due to such factors as temporary provisions in Financial Services, but achieved a V-shaped turnaround in FY2008 owning to the successful outcome of reforms in Financial Services and Direct Marketing Business

Overview of FY2008 Interim Financial Results: Y-o-Y Comparison of Ordinary Income in Real Terms

Y-o-Y change

(in 100 millions of yen)



Ordinary income in real terms※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

【Factors behind Y-o-Y changes】

●Direct Marketing Business

- ✓ A significant year-on-year growth achieved due to aggressive expansion of Internet/mobile direct marketing and increased number of active customers.
- ✓ In addition, real earning power steadily improved year on year as constant cost-cutting efforts gradually produced visible effects.

●Financial Services

- ✓ The earning power of the financial services affiliate (NGEC) steadily improved owning to the management structure reform implemented in FY2007.

●Head office, eliminations

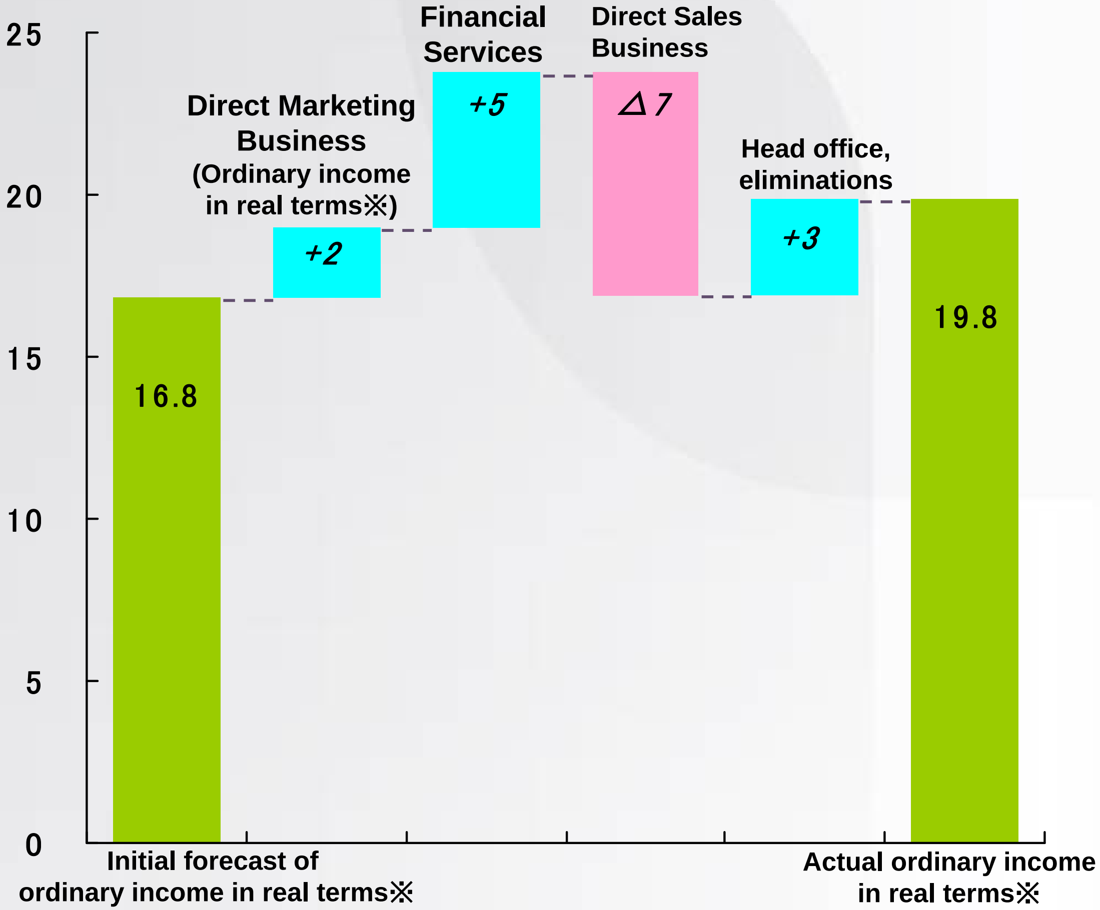
- ✓ Temporary expenses incurred in FY2007 such as changeover to a pure holding company and brand renovation expenses were cut considerably in FY2008.

- ✓ Group's real earning power dramatically improved, due to better performance in direct marketing on the back of Internet sales expansion (¥1 billion year-on-year increase), and reduction in Head Office costs (¥700 million year-on-year decrease)
- ✓ High profitability has also been restored in Financial Services, following the successful outcome of the management reform implemented in FY2007

Overview of FY2008 Interim Financial Results: Ordinary Income in Real Terms vs. Initial Forecast

Change from initial interim forecast

(in 100 millions of yen)



Ordinary income in real terms※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

【Factors behind changes from initial forecast】

●**Direct Marketing Business**

- ✓ The initial forecast for ordinary income in real terms excluding gain/loss on revaluation of forward exchange contracts at market value was steadily achieved, thanks to the brisk orders generated via the spring catalog and growth in Internet direct marketing sales.

●**Financial Services**

- ✓ Bad debt expenses stayed within the forecast range.
- ✓ Significant overachievement of the initial forecast, due partly to management rationalization effects

●**Direct Sales Business**

- ✓ Significant underachievement of the initial forecast, as fixed cost reduction failed to keep pace with sales decline as a result of sluggish sales due to such factors as the shrinkage of the kimono market and changes in consumer buying patterns

✓ Performance recovery in Direct Marketing Business, Financial Services, etc. was quicker than anticipated, absorbing the impact of the downturn in Direct Sales Business and contributing to the steady achievement of the initial forecast of consolidated profits in real terms

2） Financial Results by Business Segment

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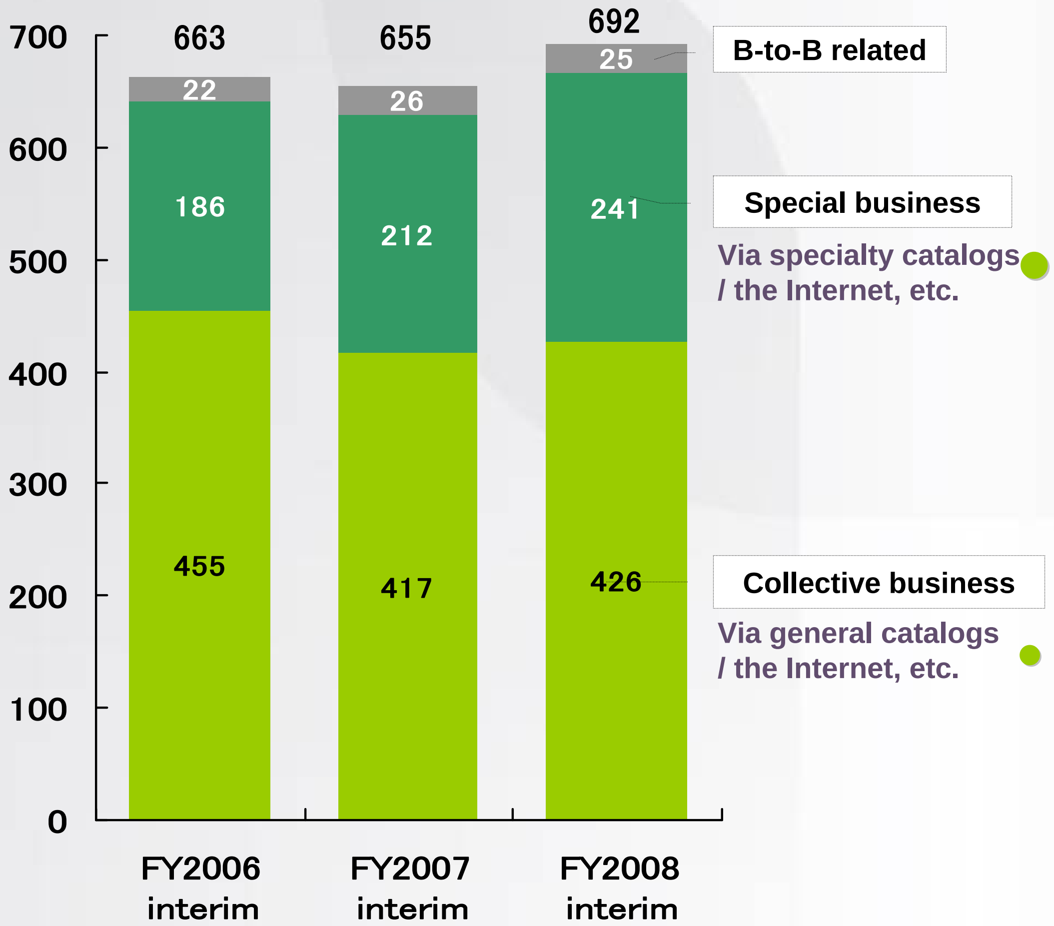
Financial Results by Business Segment: Direct Marketing Business

Sales and profits from Direct Marketing Business

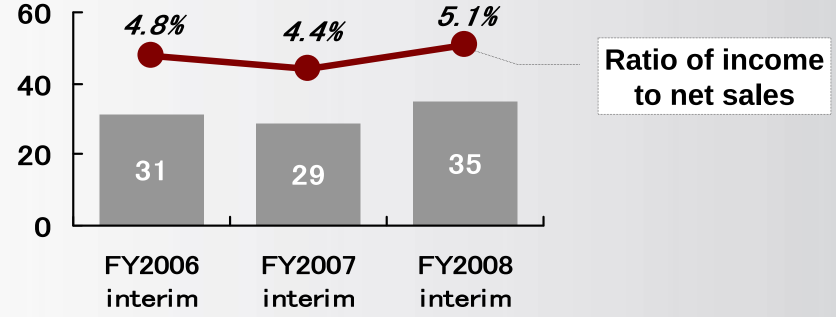
Net sales



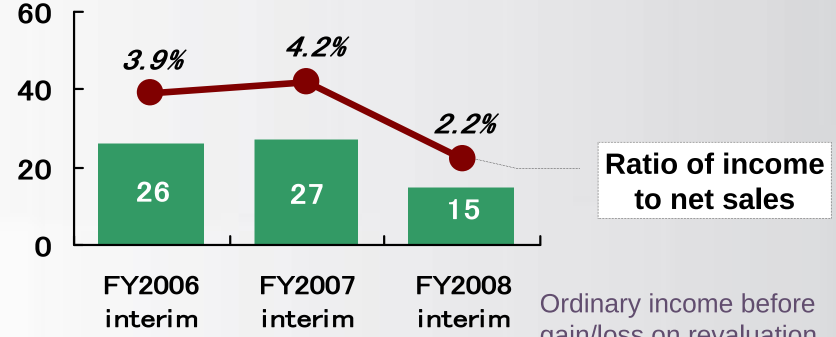
※ Amounts after deduction of sales from Financial Services Segment which were included in Direct Marketing Business until FY2007

Operating income

(in 100 millions of yen)

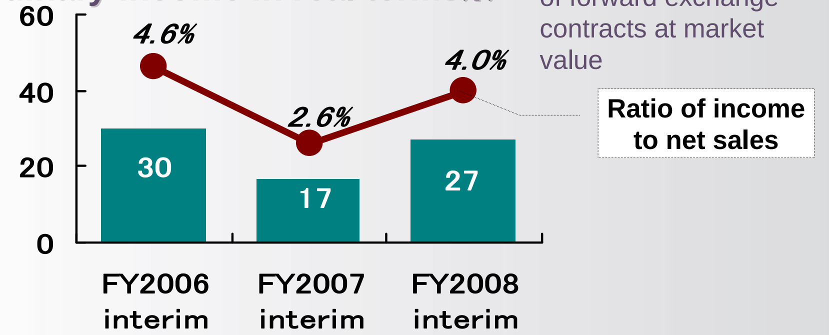


Ordinary income



Ordinary income in real terms※

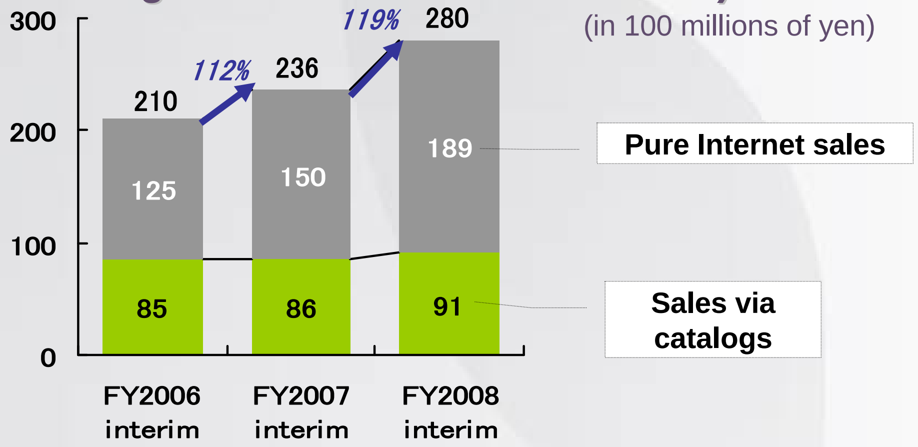
※ Ordinary income before gain/loss on revaluation of forward exchange contracts at market value



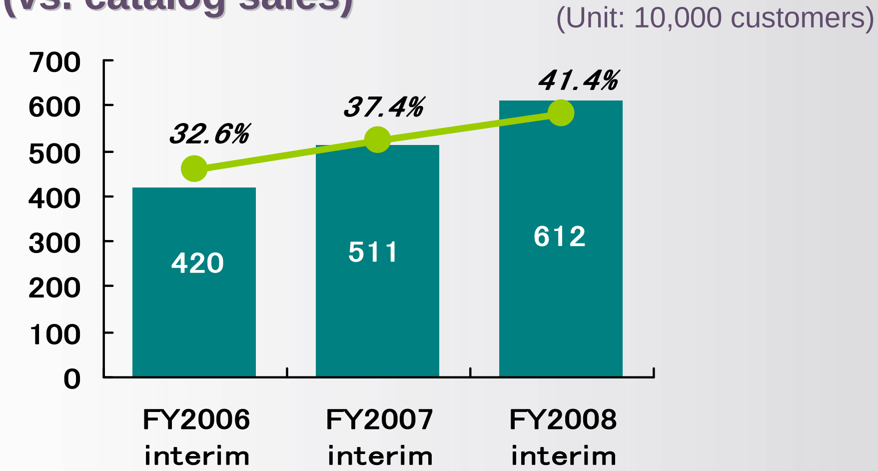
- ✓ Substantial growth in total sales of Direct Marketing Business due to brisk performance in special catalog marketing, expanded EC merchandise lineups, etc.
- ✓ Significant year-on-year improvement in both operating income and ordinary income in real terms, amid unfavorable conditions in the whole retail industry

Financial Results by Business Segment: Direct Marketing Business

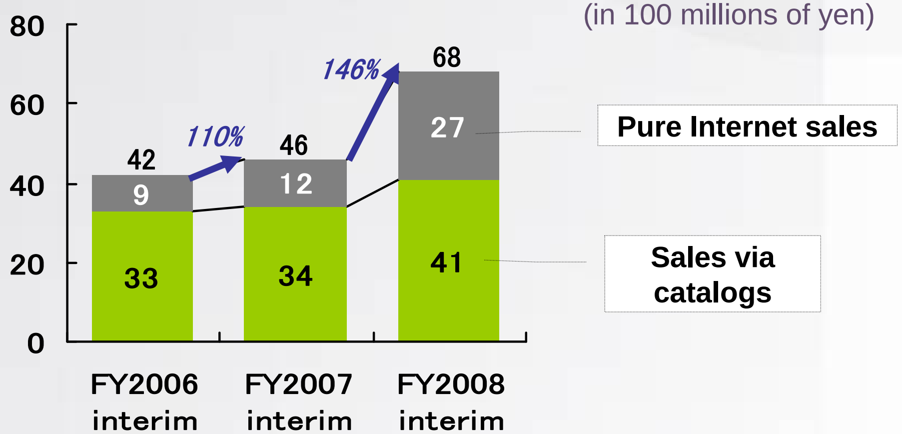
Sales from Internet Marketing (including access via mobile terminals)



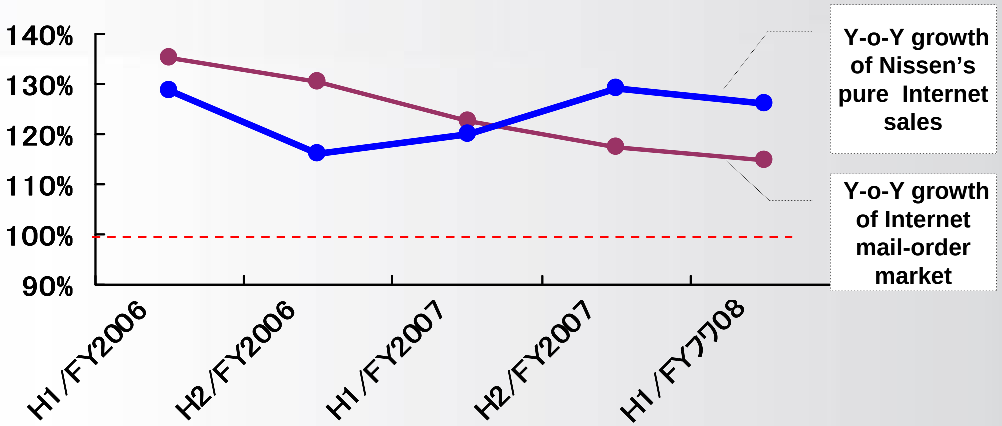
Number of Internet customers and sales share (vs. catalog sales)



Sales via mobile terminals



Y-o-Y growth rate comparison with the Internet market



※ The figures for Internet sales represent gross sales before discount.
※ Pure Internet sales: Sales via the Internet shopping cart
※ Sales via catalogs: Sales from input of catalog order numbers over the Internet

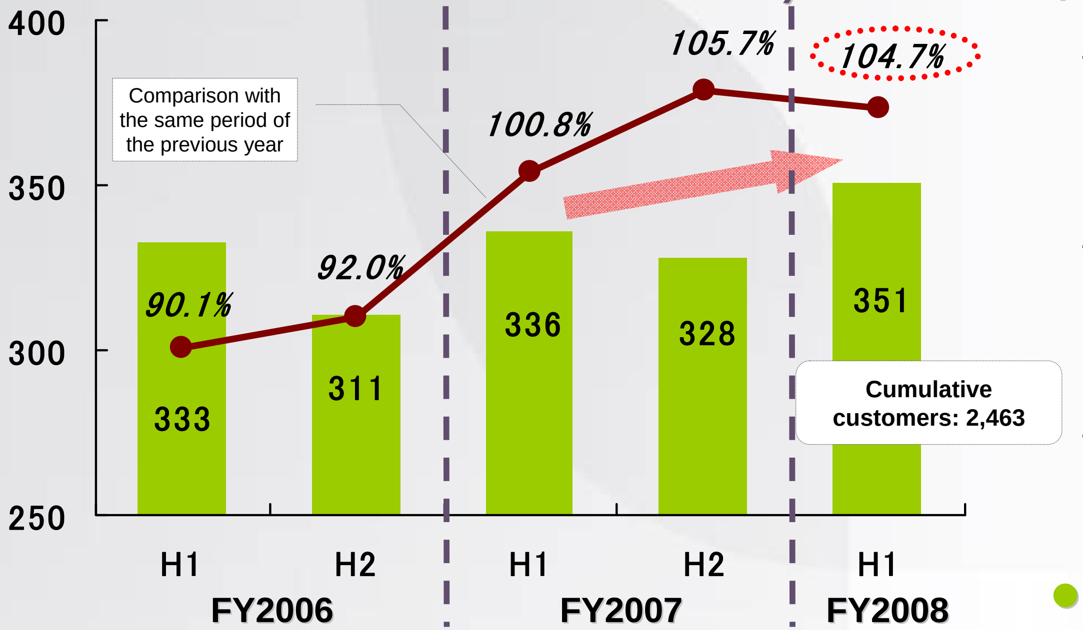
※Internet market Y-o-Y growth: Estimates based on "Actual Conditions and the Future of Mail-order and e-Commerce Business" by Fuji-Keizai
※Growth of Nissen's pure Internet sales: Y-o-Y growth in sales via Internet cart shopping

✓ Internet sales have been steadily growing at a rate exceeding the growth of the domestic Internet market as a result of accelerating growth in pure Internet sales. The share of Internet sales finally exceeded 40%

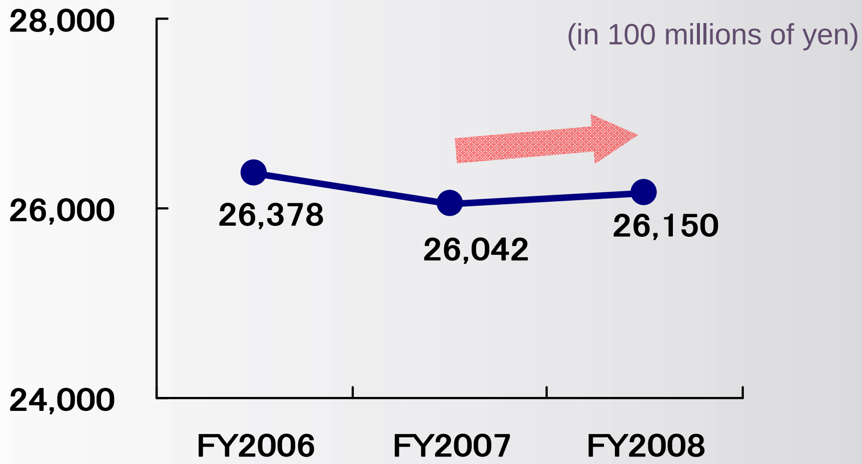
Financial Results by Business Segment: Direct Marketing Business

Net active customers (Semi-annual number of active customers)

(Unit: 10,000 customers)

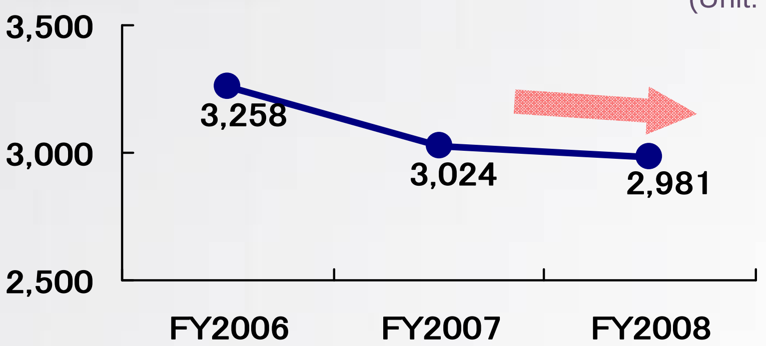


Cumulative operating price (H1 order value per customer)



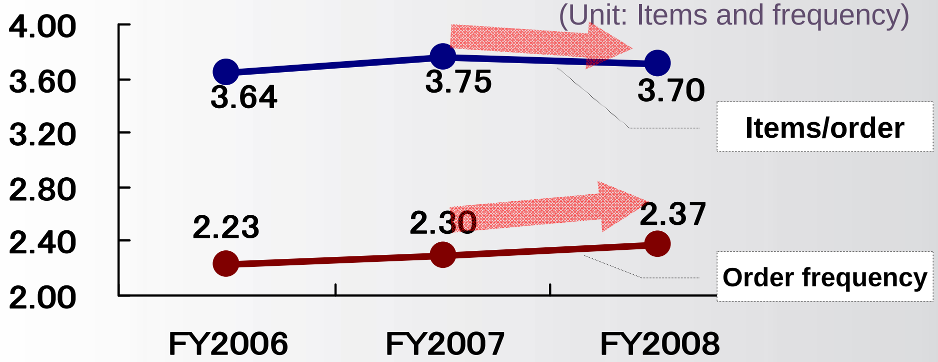
Unit price of products (H1 orders)

(Unit: Yen)



Number of items per order & order frequency (H1 orders)

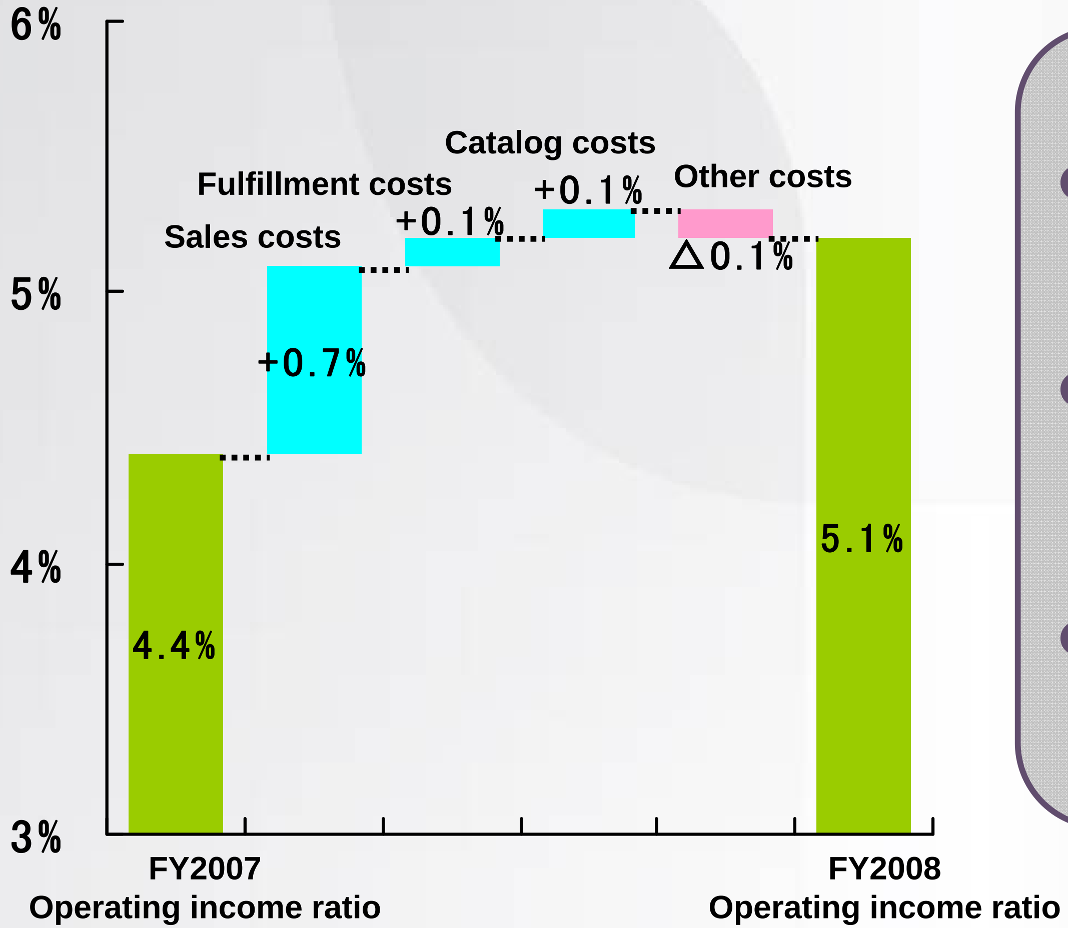
(Unit: Items and frequency)



※ Actual results are different from data provided in FY2006 due to a partial change in data aggregation rules for order analysis

✓ Succeeded in increasing the number of active customers dramatically while maintaining the level of cumulative operating price as a result of winning support from customers by offering more competitive prices for merchandise

Year-on-year comparison of operating income ratio of Direct Marketing Business and factors behind changes



【Factors behind Y-o-Y changes】

- **Sales cost ratio**
  - ✓ Improved due to consolidation of overseas suppliers since the spring catalog, increased direct imports, etc.
- **Fulfillment cost ratio**
  - ✓ Maintained at the previous year's level, owing to stricter cost control to deal with increased shipments in step with growing Internet transactions
- **Catalog cost ratio**
  - ✓ Maintained at the previous year's level by thorough management rationalization

- ✓ Steady management efforts including cost reduction led to a 0.7% year-on-year improvement in operating income ratio
- ✓ Above all, the ratio of sales cost that supports price competitiveness substantially improved year on year as a result of management streamlining efforts

Sales/Income from Financial Services

※ Disclosure separate from Direct Marketing Business from FY2008

(in 100 millions of yen)

	FY2008 Interim Results	n ISCO (Fully consolidated)	NGEC (Equity)	FY2008 Interim Initial Forecast	Difference	% Change
Net sales	5	5	—	2.6	+2.4	+92.3%
Operating income	2	2	—	1.1	+0.9	+81.8%
Ordinary income	11	2	9	7	+4.0	+57.1%

- Figures for "Financial Services" represent the equity in earnings/losses of Insurance Service Company (nISCO) and GE Nissen Credit Co., Ltd (NGEC).
- NGEC is Nissen HD's affiliate accounted for using the equity method; 50% of its net income is reported as non-operating item of Nissen HD.

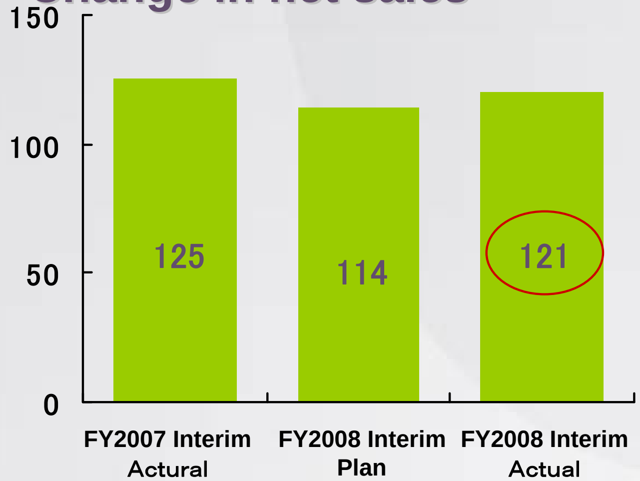
✓ Insurance agency business in partnership with Zurich Life Insurance went into full-scale operation in April 2008

✓ In the credit card business (NGEC), claims for refunds of overpaid interest, which was a matter of concern last year, have been processed within the limits of provisions earmarked in FY2007 as planned, and there was steady progress in portfolio improvement

【Ref.】Performance of GE Nissen Credit Co., Ltd. (affiliate under the equity method)

(in 100 millions of yen)

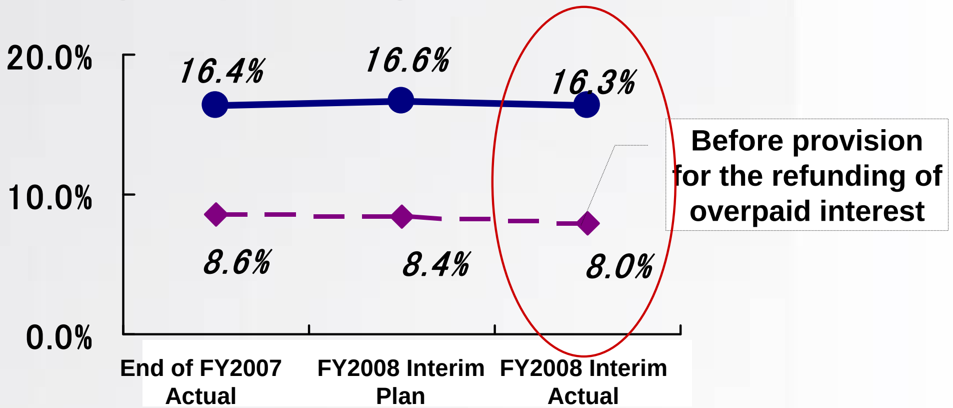
● Change in net sales



– FY2008 interim financial results

Net sales	121
Operating income	28
Ordinary income	28
Income after tax	18
Variance of equity in profit (Half of the above)	9

● Change in percentage of allowance for bad debts



【Factors behind changes from plan】

● Net sales (+¥600 million)

- ✓ Cash interest rates were capped at statutory rates, but the decline in loan balance was less than expected.

● Bad debt related costs (almost as planned)

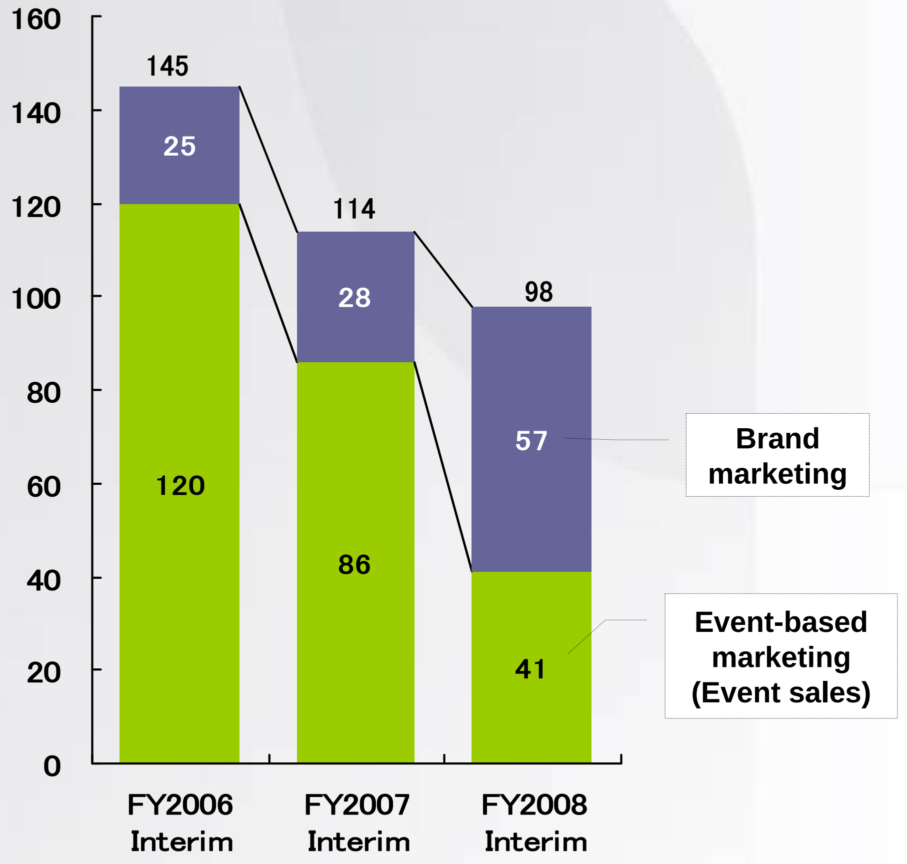
- ✓ Despite a slight increase in bad-debt write-offs, the ratio of collection improved, thereby lowering the percentage of allowance for bad debts as a whole.

- ✓ Capping cash interest rates for new customers at statutory rates from FY2008 resulted in a slight decline in sales
- ✓ With no additional provision for the refunding of overpaid interest, the percentage of allowance for bad debts gradually improved, as collection of debt on ordinary accounts progressed

Sales/Income from Direct Sales Business

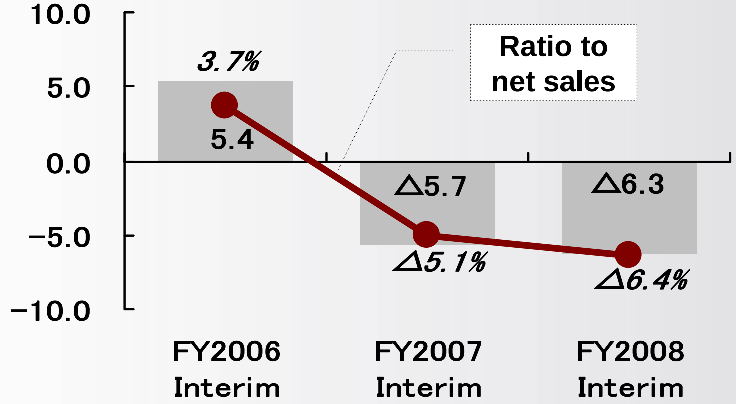
(in 100 millions of yen)

Net sales

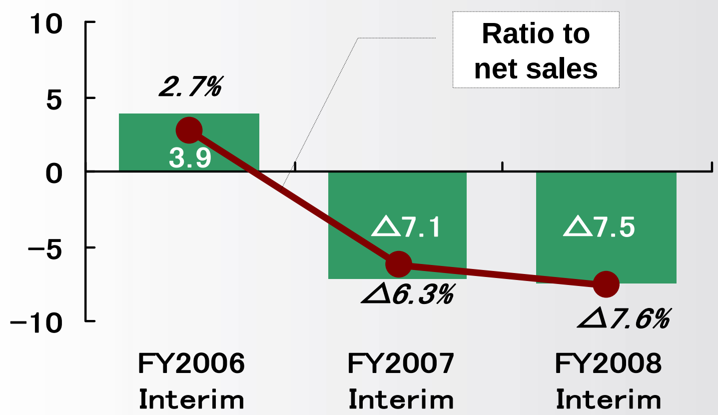


※ Brand marketing includes store operations such as Nissen Shape Founde, Nissen Evers Oita, oriental diamond, and TRECENTI, as well as GION-YA, kimono catalog "TOIKI", and jewelry catalog "LLUVIA."

Operating income



Ordinary income

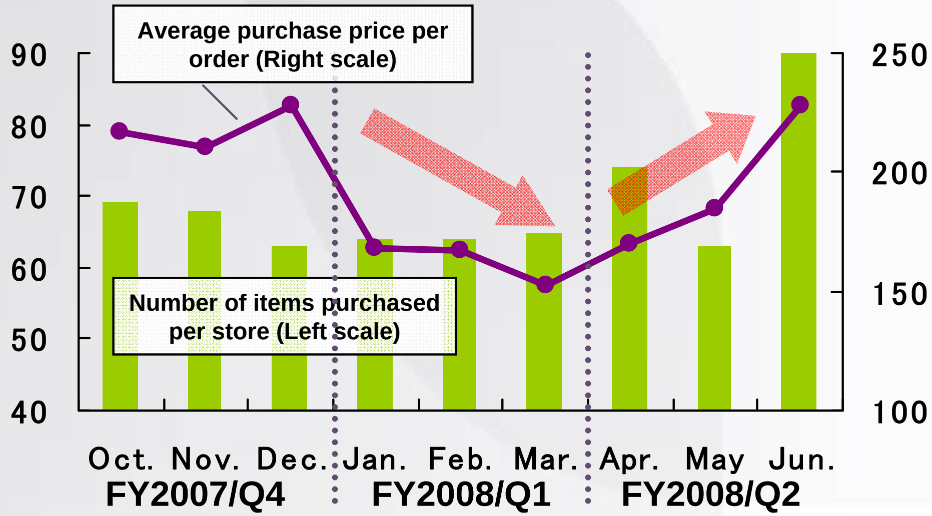


- ✓ Significant ordinary loss in event-based marketing, due to shrinkage of the event sales market and stricter sales standards
- ✓ Transition to a business portfolio focused on pull-type brand marketing progressed smoothly

Performance of even-based marketing (event sales)

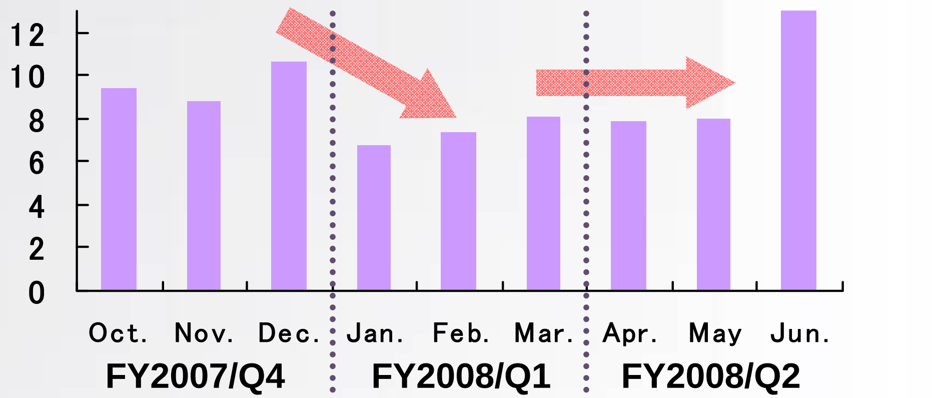
Change in unit price and number of items purchased

(in thousands of yen)



Change in monthly sales

(in 100 millions of yen)



【Major factors behind downturn】

- Sluggish sales due to unsuccessful change in event programs
  - ✓ Drastic change in event programs from Jan. 2008 resulted in excessive input of low-end merchandise and a slump in sales due to insufficiently focused target setting, leading to a significant decline in FY2008/Q1 purchase price per order from FY2007/Q4 and a substantial decrease in monthly sales as well.

【Actions taken from March 2008】

- Reinforce management structure
  - ✓ Reform of management structure for event-based marketing in March
- Implement measures to improve earnings in the short run
  - ✓ Boost merchandise competitiveness, and reexamine merchandise lineups (improve purchase price per order)
  - ✓ Improve event efficiency by decreasing frequency of events

✓ The management structure for event-based marketing was reformed in March, in response to a sharp decline in performance since January. The worst was over by the end of May, and sales grew in June by holding big events, but the environment remained tough.

Performance of brand marketing (Key operations only)

	Interim sales results (in millions of yen)	Performance trend
oriental diamond – Business category: Retailing/wholesaling, etc. of brand jewelry – Approach: Opening of directly run stores in department stores, business model change	2,000	↗
TRECENTI – Business category: Retailing of bridal jewelry – Approach: Launch of new brands, opening of stores in major cities	750	↗
GION-YA – Business category: Retailing of luxury brand kimono – Approach: Development of highly profitable business models for opening more stores.	280	↗
Nissen Shape Founde (NSF) – Business category: Sale of goods and services to assist customers maintain a beautiful figure – Approach: Review of salon organization, ensuring of profits by cost reduction	1,270	↘

✓ oriental diamond and TRECENTI, both newly included in the scope of consolidation from FY2007, completed the first stage of management reforms after merger, and sales and profits of both companies have been gradually improving.
GION-YA has been developing its core operation in highly profitable luxury brand marketing. NSF's top priority is to improve earnings.

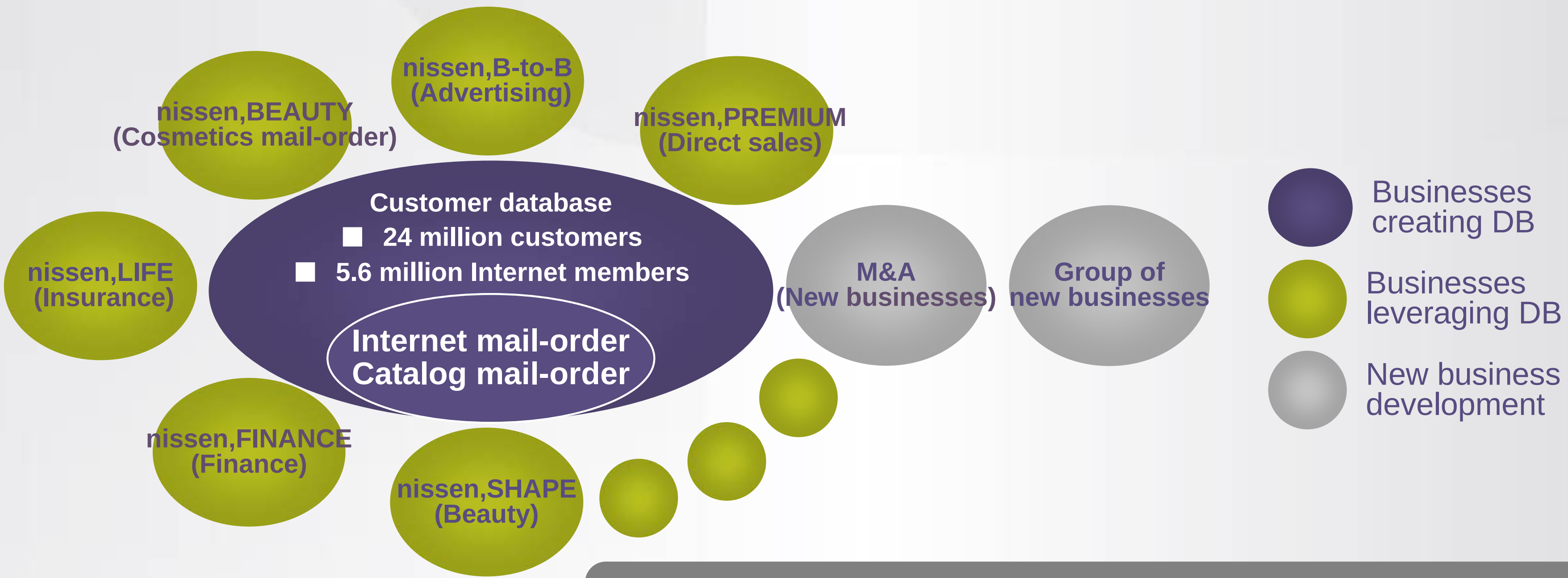
3) Performance Forecast for FY2008 and Policies for the 2nd Half

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



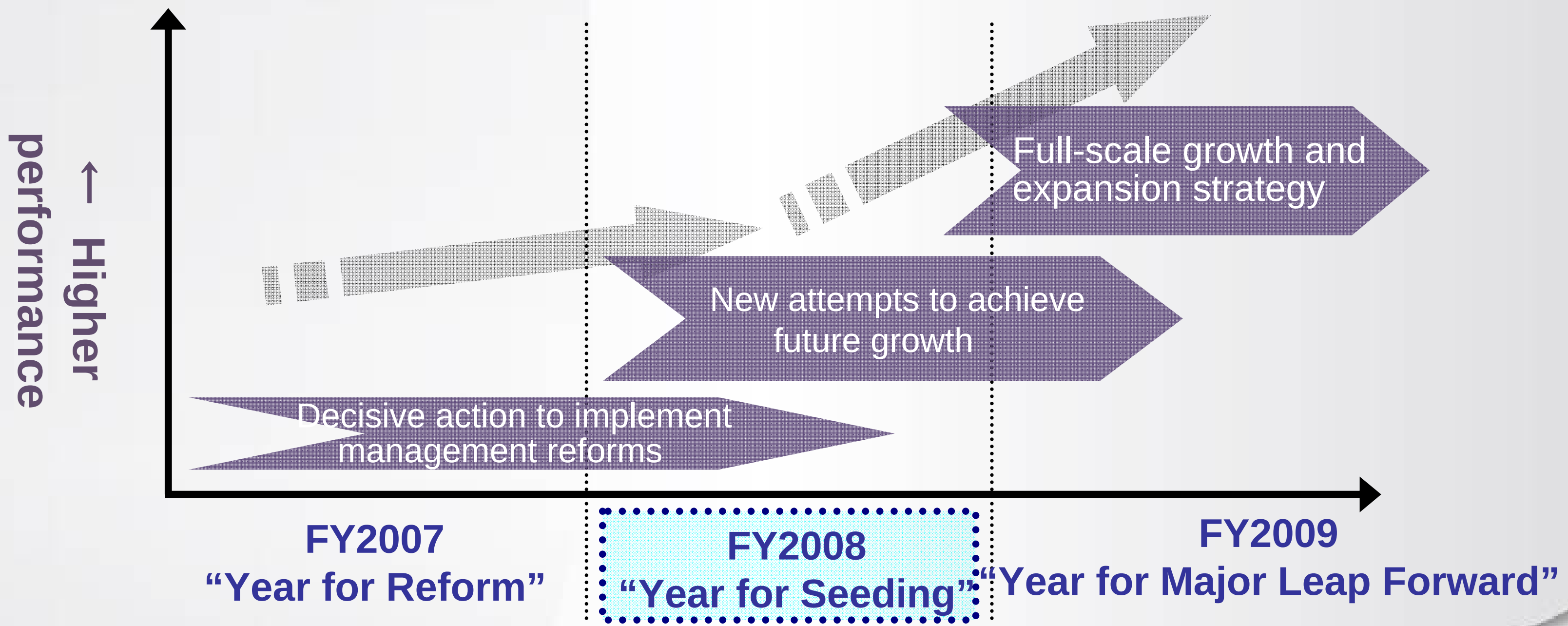
Medium-term Management Plan " Nissen Vision 2009"
FY2009 targets: 5.2 billion yen in net income 10.8% ROE

Overall policy for the 2nd half of FY2008

– "Nissen Vision 2009" designates the 1st year (2007) as a "Year for Reform," this year (2008) as a "Year for Seeding," and the final year as a "Year for Major Leap Forward." In order to make fiscal 2009 a "year for the entire Nissen Group to make a giant leap forward," we will carry through a series of management structure reforms by the end of the 2nd half, and sow seeds for achieving greater performance in the future.

Segmental policies for the 2nd half of FY2008

– Direct Marketing Business: Aggressive expansion focused on Internet/mobile direct marketing
– Financial Services: Transformation into a highly profitable structure with an eye on the elimination of grey zone interest rates
– Direct Sales Business : Downsizing of unprofitable operations, and a shift to pull-type brand marketing



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FY2008 Consolidated Full-year Performance Forecast

(in 100 millions of yen)

	FY2008 Full-year Forecast	FY2007 Full-year Results	Year-on-Year Change	% Change
Net sales	1,600	1,529	＋71	＋4.6%
Operating income	37 (2.4%)	45 (2.9%)	-8	-17.8%
Ordinary income	5～25 (0.3～1.6%)	-20 (-1.3%)	+25～+45	-
Net income	-13～-1 (-0.8～-0.1%)	-31 (-2.1%)	+18～+30	-
(Ref.) Ordinary income in real terms ※	27 (1.7%)	-5 (-0.4%)	＋32	-
(Ref.) Net income in real terms ※	0 (0.0%)	-23 (-1.5%)	＋23	-

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

【Reason for the change in disclosure methods for ordinary income and net income from disclosure in the form of specific numeric values to disclosure using a range of numeric values】

Starting with FY2008 performance forecast, for the purpose of further improving the level of external disclosure of information concerning the impact of forward exchange contract market -value revaluation gains/losses arising from exchange rate fluctuations on performance forecasts, it was decided to disclose performance forecasts using a range of numeric values with upper and lower limits, taking into account that gains/losses on revaluation of forward exchange contracts at market value are uncertain, variable factors, instead of disclosing such forecasts in the form of specific numeric values.

Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value
Net income in real terms ※: Net income before gain/loss on revaluation of forward exchange contracts at market value, assuming an effective tax rate of 42%

- Gains/losses on revaluation of forward exchange contracts at market value: a loss of ¥1,425 million for FY2007; a loss in a range of ¥205 million to ¥2,205 million for FY2008 which consists of ¥1,205 million loss for the 1st half and the 2nd half estimate based on a range of the yen's exchange rate fluctuations

✓ Aim to achieve consolidated net sales of ¥160 billion, by offsetting the shortfall in Direct Sales with sales expansion in Direct Marketing
✓ Expect a significant year-on-year improvement in net income in real terms, despite a substantial decline in net income due to the impact of reversal of deferred tax assets

FY2008 Full-year P/L Forecast by Segment

(in 100 millions of yen)

		FY2008 Full-year Forecast		FY2007 Full-year Results			
			% of Sales		% of Sales	Inc.(Dec.)	% Change
Direct Marketing Business Segment	Net sales	1,387	—	1,278	—	＋109	＋8.5%
	Operating income	65	4.7%	56	4.5%	＋9	＋14.3%
	Ordinary income	25～45	1.8～3.2%	17	1.4%	＋8～＋28	+43.4%～+158%
	(Ref.) Ordinary income in real terms	47	3.4%	31	2.5%	＋16	＋48.3%
Financial services	Net sales	9	—	26	<Ref.> List fees, etc. related to financial services included in Direct Marketing Business's results for FY2007		
	Operating income	3	33.3%	26			
	Ordinary income	15	167%	4			
Direct Sales Business Segment	Net sales	203	—	225	—	-22	-9.2%
	Operating income	-4	-2.0%	-10	-4.5%	＋6	—
	Ordinary income	-6	-3.0%	-12	-5.8%	＋6	—
Eliminations and Corporate	Net sales	-27	—	-28	—	＋1	—
	Ordinary income	-29	—	-29	—	＋0	—

Ordinary income in real terms ※: Ordinary income before gain/loss on revaluation of forward exchange contracts at market value

- Figures for Financial Services previously included in Direct Marketing Business are separately disclosed from FY2008. The Financial Services segment is composed of consolidated subsidiary n Insurance Service Company, and equity-method affiliate GE Nissen Credit Co., Ltd.
- Gains/losses on revaluation of forward exchange contracts at market value: a loss of ¥1,425 million for FY2007; a loss in a range of ¥205 million to ¥2,205 million for FY2008 which consists of ¥1,205 million loss for the 1st half and the 2nd half estimate based on a range of yen's exchange rate fluctuations.

✓ Expect a year-on-year improvement in profits in all segments, taking the 1st half results into account

Changes in the market environment surrounding Direct Marketing Business

<Medium- and long-term consumption trends in the future>

(1) Change in consumption locations

- Soaring gasoline prices, and extrication from dependence on automobiles
- Struggling suburban specialty stores

→ **Growth of Internet, mobile and other direct marketing markets**

(2) Change in consumption amounts

- Consumer confidence discouraged by inflation
- Accelerating bipolarization trend of consumers
- Struggling apparel floors at department stores and NB merchandise

→ **Growth of private brand merchandise with focus on attractive pricing**

(3) Change in consumer preferences

- Confidence in quality destroyed by mislabeling, etc.
- Disapproval of companies involved in scandals

→ **Growth of blue-chip companies' brand merchandise that provide a sense of safety and confidence**

✓ Recent changes in the retail market environment fit perfectly with the strength of Direct Marketing Business, the core of Nissen Group, and provide opportunities for future growth in view of competitive advantage

Strengths of Direct Marketing Business

Customer access through direct marketing centered on the Internet + Capability to offer low-end merchandise using the SPA model + Brand penetration through nation-wide media distribution

Building competitive advantage in direct marketing models

- An important intangible asset that creates our competitive advantage over other retailers is a “database containing information on more than 24 million customers.” From now on, in order to gain greater advantage capitalizing on this asset, we will systematically grasp the needs of our customers based on our customer data of overwhelming size,utilizing our edge of marketing analysis. Through these efforts, we will completely refine our unique business model that enables us to provide each customer with access (Sales Channel) , recommended merchandise (Products/Services), and services (Customer Service) best suited to his/her needs on a one-to-one” basis.

Future direction of Direct Marketing Business

“Sharpen One To One approach” as an “innovator of direct marketing”

- **Priority Action Plans for the 2nd Half : Direct Marketing Business**

① Increase active customers

② Expand Internet/mobile marketing

③ Promote low-cost management

④ Attempt for high-profit businesses in the future

① Increase active customers

- Increase the number of catalogs distributed using our database marketing capability developed through the "*Catalog Sanbun no Kei*" strategy, while maintaining cost efficiency
- Promote planning for strategic merchandise with focus on attractive pricing accompanied by good quality

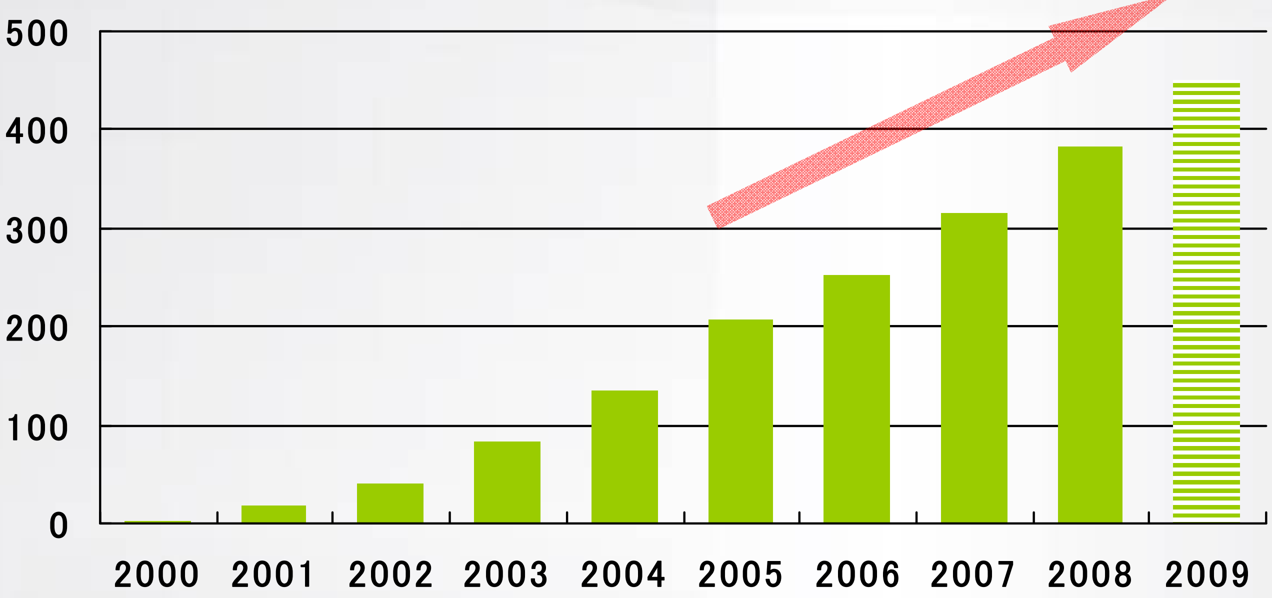
Future Action Plans: Direct Marketing Business

② Expand Internet/mobile marketing

- Increase the rate of winning contracts, and the number of sessions
- Control website operation more strictly
- Enhance mobile websites
- Optimize website management costs

● Change in pure Internet sales

(in 100 millions of yen)



※ Pure Internet sales: Sales via Internet shopping cart

③ Promote low-cost management

- Implement a cross-functional project involving all employees to conduct a thorough review of costs
- Review every cost item for management rationalization, without exception

Major factors behind cost increase

- ✓ **High crude oil and raw material prices**
- ✓ **Paper price hikes**
- ✓ **Increased delivery charges**
- ✓ **Soaring personnel cost abroad**
- ✓ **Political instability abroad**
- ✓ **Revaluation of the Chinese yuan**

Measures for low-cost management

✓**Reducing merchandise costs**
- ➢ **Increase in direct purchase from abroad**
- ➢ **Use of common clothing and materials**

✓**Controlling fulfillment costs**
- ➢ **Review of inspection systems**

✓**Controlling catalog costs**
- ➢ **Lump-sum purchase for negotiating paper prices**

✓**Reducing other fixed costs**
- ➢ **Stricter judgment on investments**
- ➢ **Containment of personnel expenses, reduction in overtime work**

✓ Factors for pushing up costs are found globally, but we aim to create a truly muscular earnings structure that allows us to gain competitive advantage in the future, by overcoming negative factors through cost-cutting effort involving all employees without exception and a thorough streamlining of management

④ Attempt for high-profit businesses in the future

- Develop/expand beauty-related businesses aggressively
- Develop high-value-added brand “Lifestyle Design” into a group-wide brand
- Try out new business opportunities in Internet/mobile marketing
- Other new highly profitable businesses are being developed

FY2008 Plan (Financial Services)

(in 100 millions of yen)

※ Disclosure separate from Direct Marketing Business from FY2008

	FY2008 Full-year Forecast	% of Sales	nISCO (Fully consolidated)	NGEC (Equity)	(Reference) NGEC (non-consolidated)
Net Sales	9	—	9	—	216
Operating Income	3	66.7%	3	—	36
Ordinary Income	15	166.7%	3	12	36
(Ref.) Net Income	14	133.3%	2	12	24

- Figures for financial services represent the equity in earnings/losses of n Insurance Service Company (nISCO) and GE Nissen Credit Co., Ltd.
- NGEC is Nissen HD's affiliate accounted for by the equity method; 50% of its net income is reported as non-operating item of Nessen HD.

✓ Manage and operate Financial Services as an independent business line (new segment), with the transition to a group management structure

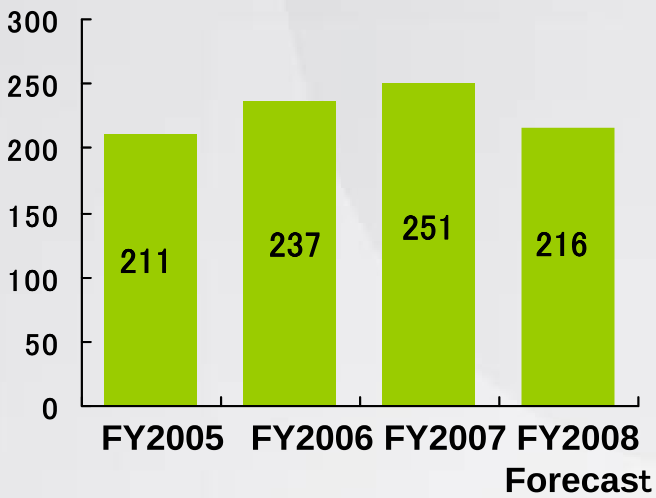
✓ Develop the financial services business into one of the Group's main profit-generating pillars by capitalizing on the Direct Marketing Business customer database

Future Action Plans: Financial Services

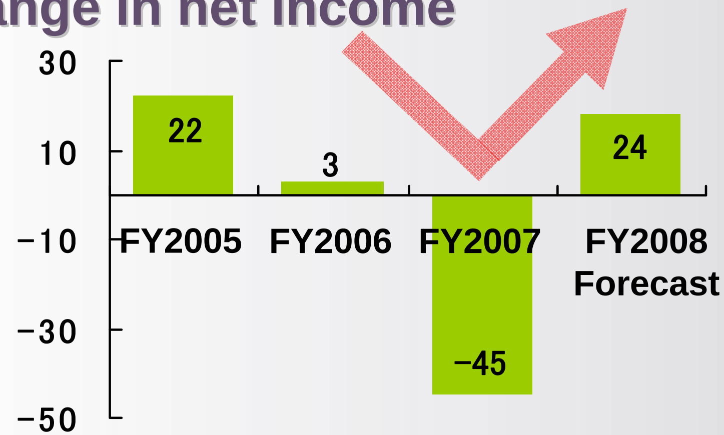
(in 100 millions of yen)

【Ref.】FY2008 Plan for GE Nissen Credit Co., Ltd. (affiliate under the equity method)

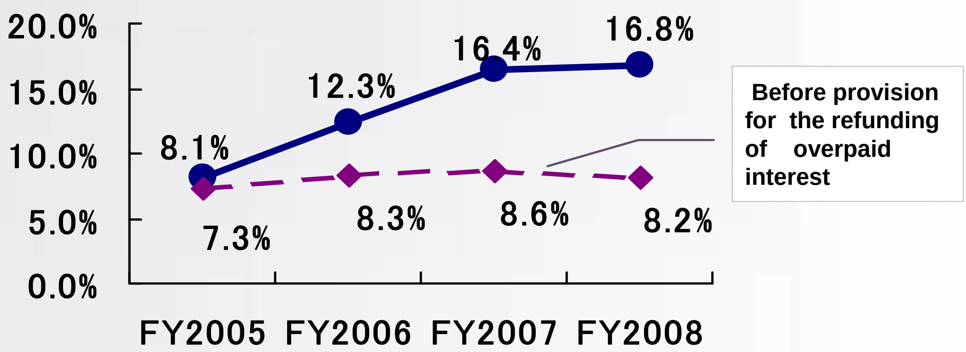
●Change in net sales



●Change in net income



● Change in percentage of allowance for bad debts



【Key action plans】

- Portfolio quality improvement
  - ✓ Expand a cashing service portfolio with new interest rates
  - ✓ Tighten collection to prepare for economic slowdown
- Low-cost operation
  - ✓ Introduce a new ERP system

- ✓ Expect to increase net sales by ¥600 million compared with the initial plan, by implementing various action plans
- ✓ Plan to improve net income by ¥600 million compared with the initial plan, taking the gradually stabilized percentage of allowance for bad debts into account

Priority Action Plans for the 2nd Half: Direct Sales Business

① Reform earnings structure in order to ensure the achievement of the 2nd half plan target for event-based marketing

- Reduce cost ratio
- Reduce event costs
- Reduce labor costs

② Aggressively expand pull-type brand marketing

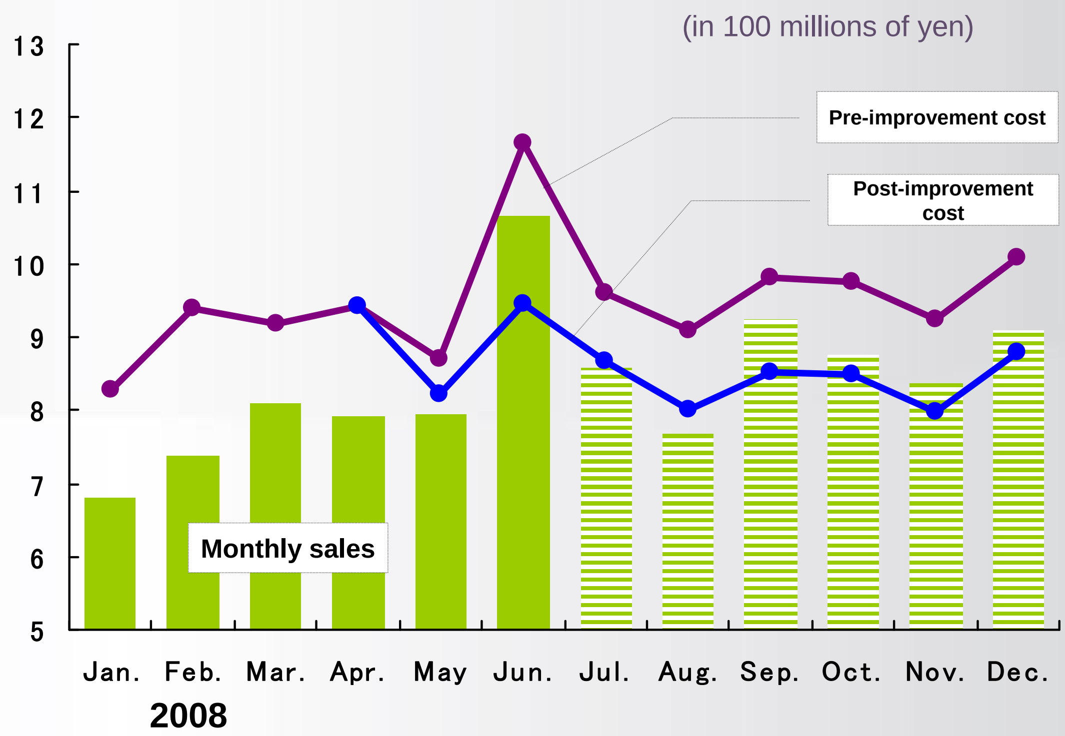
- oriental diamond
- TRECENTI
- GION-YA
- Nissen Shape Founde

【Ref.】 Quality improvement activity for event-based marketing

① Earnings structure reforms to ensure the achievement of the 2nd half plan target for event-based marketing

- **Reduce cost ratio**
  - Cut back costs by such measures as a sweeping review of transaction forms
  - Goal: Down 2% in cost ratio
- **Reduce event costs**
  - Improve cost efficiency by figuring out appropriate event frequencies
  - Goal: Down ¥100 million in H2
- **Reduce labor costs**
  - Control basic personnel expenses, abolish special allowances, and streamline the organization
  - Goal: Down ¥100 million monthly

【Image of monthly improvement made by earnings structure reforms】



Thorough management of the above progress by monthly tracking

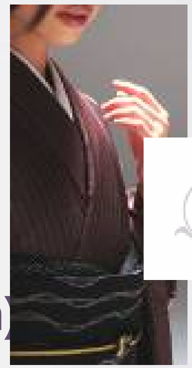
✓ Carry out earnings structure reforms (improve break-even sales) by cutting all costs without exception
✓ Aim to turn a profit in the 2nd half at any cost, for business continuity in FY2009 onwards

Future Action Plans: Direct Sales Business

② Aggressively expand pull-type brand marketing

- **oriental diamond (annual sales: approx. ¥3,500 million)**
  - Reinforce loose marketing (enhanced overseas procurement capability, wider distribution network)
  - Shop Channel and open directly-run stores in department stores

- **TRECENTI (annual sales: approx. ¥1,500 million)**
  - Transform into a sustained, profitable structure by turning newly opened stores into the black early
  - Reinforce Internet marketing and introduce new merchandise



- **GION-YA (annual sales: approx. ¥500 million)**
  - Establish a highly profitable business model for opening more stores in the future

- **Nissen Shape Founde (annual sales: approx. ¥3,000 million)**
  - Increase the number of active salons and average sales per salon by enhancing organizational capabilities

✓ Agressively promote transformation of the Direct Sales Business portfolio (from push-type to pull-type), while building up brand management know-how by acquiring/developing a group of pull-type brand marketing businesses

Future Action Plans: Direct Sales Business

【Ref.】Quality improvement activity for event-based marketing

- **Intensify activities for "Reassurance, Satisfaction, and Confidence"**
  - Ensure observance of sales guidelines (Strict operation of the Act on Specified Commercial Transactions)
  - Send a cooling-off postcard for every purchase
  - Conduct a customer satisfaction survey on every event
  - Notify customers of the toll-free customer support help line number
- **Thoroughly implement employee education and awareness-raising programs**
  - Raise awareness of CS credo (the principle of emphasizing customer satisfaction)
  - Reflect customer satisfaction indicators in performance appraisal of marketing personnel
- **Reinforce internal audit structure for CS improvement**
  - Enhance internal audit under the leadership of Nissen Holdings

✓ Actively implement various CS programs to ensure "assurance, satisfaction, and confidence" of customers, and seek to become an event sales company which is most widely supported by customers in Japan

Our policy on environmental, social and corporate governance (ESG)

- In order to become a "corporate group capable of achieving ongoing development," which is our goal since our inception, we always take responsible action as a corporate group and strive to realize coexistence and co-prosperity with all our stakeholders.
- We uphold the Principles for Responsible Investment recommended by the U.N., and implement our specific action plans in each area of environmental, social and corporate governance (ESG), thereby seeking to become a leading company in ESG.

Our ESG efforts

E

[Environment]

- ✓ Marketing of organic-cotton products and eco bags
- ✓ Participation in tree planting efforts in Tasmania

S

[Society]

- ✓ Formation of a special-purpose subsidiary (u&n Co., Ltd.) to promote employment of people with disabilities
- ✓ Support for people with disabilities through direct marketing of products made in vocational aid centers

Our ESG efforts

G

[Corporate Governance]

✓ **Enhance transparency/objectivity in group management**

- More independent external directors on the pure holding company's board (exceeding 1/3 of the board)
- 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 Nomination and Compensation Committee and a majority of members to be appointed from outside the Group
- Introduction of a new executive compensation program fully linked to medium to long-term corporate value improvement
- Discontinuance of the anti-takeover measures approved in the past ordinary general meeting of shareholders

✓ **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 (6 ⇒ 3 directors)
- Full-time directors not to serve concurrently in the pure holding and operating companies

<Media reports on our corporate governance>

✓ Bbroadcast on NHK's Close-up Gendai program, articles placed in major daily newspapers such as Nikkei, Asahi, Mainichi, and Yomiuri, and business magazines including Nikkei Business, the special feature article in the ICJ platform, panelist's lecture in Economic Conference, and many other media overages

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. 1	21. 3	4. 4
FY2005	12. 50	12. 50	25. 00	41. 4	22. 8	3. 8
FY2006	13. 00	10. 00	23. 00	43. 9	154. 7	3. 5
FY2007	10. 00	13. 00	23. 00	48. 6	—	3. 7
FY2008 Plan	11. 50	11. 50	23. 00	—	—	—

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.