Fiscal 2008
Analyst Meeting Presentation

Nissen Holdings Co., Ltd.

February 9, 2009

※Amounts are rounded down.

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1) Results for the Year Ended December 31, 2008 and Forecast for the Year Ending December 31, 2009

Toshiya Tsukushi

Director, Executive Officer, Financial Affairs

Nissen Holdings Co., Ltd.

Summary of FY2008 Financial Results

- **<Growth in consolidated sales through steady expansion of Direct Marketing Business>**
  - The Direct Marketing Business achieved significant Y-o-Y sales growth of 8% by increasing the number of active customers and aggressively expanding direct marketing via the Internet/mobile terminals, which outweighed the shortfall caused by withdrawal from event-based business and brought in consolidated net sales of ¥155.5 billion (up 1.6% or ¥2.5 billion Y-o-Y).
- **<Improvement in ordinary income from the previous year’s loss to profit>**
  - Ordinary income improved from the previous year’s loss to income of ¥2.2 billion in fiscal 2008, owing to the strong performance in Direct Marketing/Financial Services, reduced corporate expenses, and the cancellation of forward foreign exchange contracts subject to current value accounting.
- **<Significant loss due to large-scale restructuring>**
  - A net loss of ¥9.4 billion was reported due to withdrawal from unprofitable event-based marketing and a temporary, special loss resulting from the cancellation of forward foreign exchange contracts subject to current value accounting.
- **<Temporary decline in net assets, expected to be reversed in fiscal 2009>**
  - A temporary impairment in the value of net assets, which was caused by special losses and losses on the revaluation of forward foreign exchange contracts subject to deferred hedge accounting, is expected to be reversed by the end of fiscal 2009 by implementing FY09 Business Plans and reducing forward foreign exchange positions.
- **<Risk of earnings deterioration reduced and steady progress made in growth strategies>**
  - Group management reforms implemented over the last three years have served to reduce the management risk of earnings deterioration. Steady progress was seen in reforms to Internet/mobile direct marketing and the creation of a stable earnings structure for Financial Services in preparation for the future growth strategies.

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FY2008 Financial Overview - Consolidated P/L

(in 100 millions of yen)

	FY2008 Results	Revised Forecast (12/24)	FY2008 Initial Forecast			FY2007 Results		
			Forecast	Difference	% Change	Actual	Inc.(Dec.)	% Change
Net sales	1,554.8	1,553.0	1,600.0	-45.1	-2.8%	1,529.9	+24.9	+1.6%
Operating income	30.5 (2.0%)	24.0 (1.5%)	46.0 (2.9%)	-15.4	-33.7%	45.0 (2.9%)	-14.5	-32.3%
Ordinary income	22.4 (1.4%)	11.0 (0.7%)	31.0 (1.9%)	-8.5	-27.7%	-20.2 (-1.3%)	+42.6	—
Net income	-93.5 (-6.0%)	-106.0 (-6.8%)	21.0 (1.3%)	-114.5	—	-31.4 (-2.1%)	-62.0	—
Net Income per share (Yen)	-157.58	—	19.24	-176.82	—	-53.03	-104.55	—

(%): Ratio to net sales

- In 2007, a loss on the revaluation of forward foreign exchange contracts subject to current value accounting in the amount of ¥1,420 million was recorded as a non-operating expense. The ordinary loss in real terms excluding this factor was ¥590 million.
- Initial forecast: Announced on February 4, 2008 when the results for the year ended Dec. 31, 2007 were released.

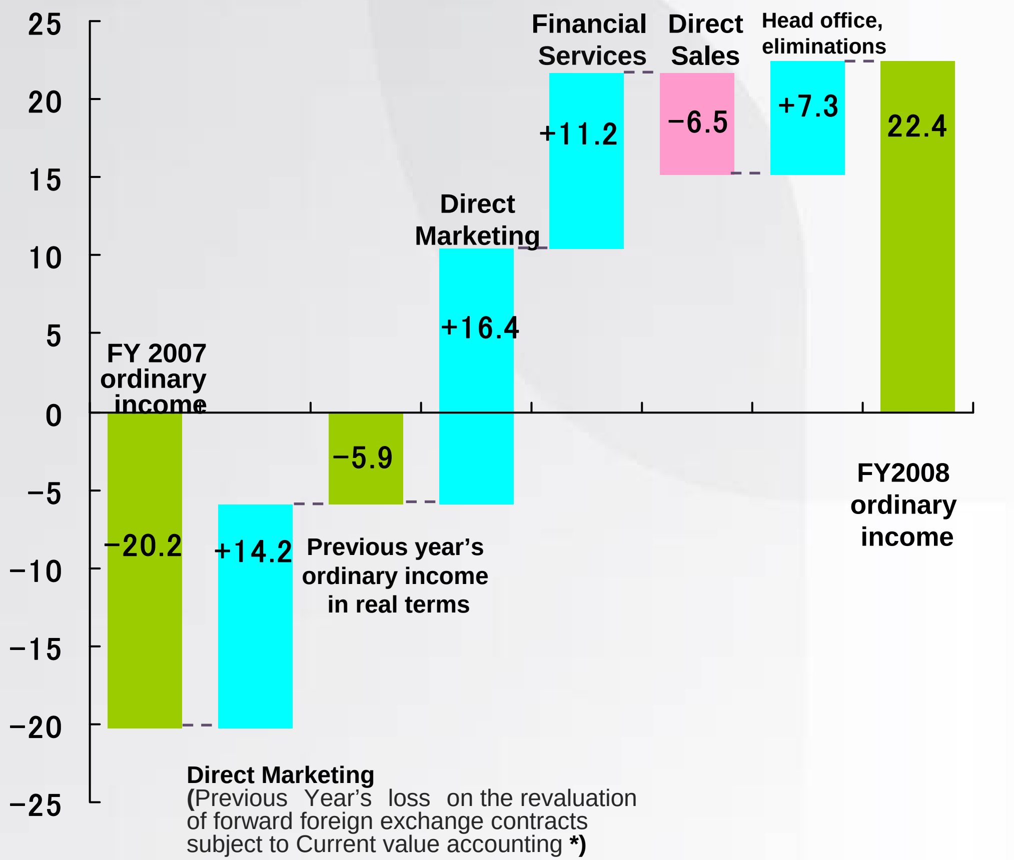
✓ Turnaround of Direct Marketing/Financial Services contributed to steady improvement in both sales and ordinary income compared with fiscal 2007.

✓ Special losses recorded associated with large-scale restructuring, which included the loss on the withdrawal from event-based marketing (¥3.4 billion) and the loss on the cancellation of forward foreign exchange contracts subject to current value accounting (¥5.0 billion) resulted in a net loss of ¥9.4 billion. After recognizing these special losses, risk factors for earnings deterioration were significantly reduced.

Overview of FY2008 Results: Y-o-Y Comparison of Ordinary Income

Y-o-Y change

(in 100 millions of yen)



【Factors behind Y-o-Y changes】

●Direct Marketing Business

- ✓ Significant sales growth of 8% Y-o-Y was achieved by aggressively expanding Internet/mobile direct marketing and increasing the number of active customers.
- ✓ In addition, the visible effects of ongoing cost-cutting efforts resulted in an improvement in earnings power from fiscal 2007.
- ✓ The cancellation of forward foreign exchange contracts subject to current value accounting eliminated the possibility of a loss on revaluation (a non-operating expense) following the appreciation of the yen.

●Financial Services

- ✓ Profitability steadily improved due to a series of income structure reforms in the financial services affiliate (NGEC).

●Direct Sales Business

- ✓ Ordinary income decreased from fiscal 2007 because of a decline in sales resulting from the withdrawal from event-based marketing and expenses incurred to keep the business running until the closure of sales offices.

●Head office/Eliminations

- ✓ Strategic expenses incurred in 2007 such as expenses for holding company formation and brand renovation were substantially reduced in 2008.

* Forward foreign exchange contracts subject to current value accounting: Contracts for longer than 3 years and contracts with special options. Gains/losses on revaluation at period-end are reflected in income statements. All such contracts were cancelled in 2008.

** Aside from the above, the company has forward foreign exchange contracts for 3 years or less (subject to hedge accounting in which gains/losses on revaluation at period-end are reflected on balance sheets).

✓ The Group's earning power dramatically improved due to an upturn in the performance of core Direct Marketing (¥1.6 billion ↑ Y-o-Y), an earnings recovery in Financial Services (¥1.1 billion ↑ Y-o-Y), and reduced corporate expenses (¥0.4 billion ↓ Y-o-Y).

Overview of FY2008: Results by Business Segment

(in 100 millions of yen)

		FY2008 Results		FY2008 Initial Forecast ※1				FY2007 Results			
			% of sales		% of sales	Difference	%Change		% of Sales	Inc.(Dec.)	Y-on-Y
Direct Marketing Business	Net sales	1,381.7	—	1,361.0	—	+20.7	+1.5%	1,278.1	—	+103.5	+8.1%
	Operating income	65.3	4.7%	67.0	4.9%	-1.6	-2.4%	56.8	4.5%	+8.4	+14.9%
	Ordinary income	48.0	3.5%	47.0	3.5%	+1.0	+2.2%	17.4	1.4%	+30.5	+175.4%
Financial services ※2	Net sales	9.5	—	9.0	—	+0.5	+6.5%	26.6	<Reference> List fees for financial services included in Direct Marketing in fiscal 2007 ※3		
	Operating income	3.9	41.3%	6.0	66.7%	-2.0	-34.1%	26.6			
	Ordinary income	15.6	163.3%	15.0	166.7%	+0.6	+4.3%	4.3			
Direct Sales Business	Net sales	163.5	—	230.0	—	-66.4	-28.9%	225.1	—	-61.6	-27.4%
	Operating income	-17.1	-10.5%	2.0	0.9%	-19.1	—	-10.1	-4.5%	-6.9	—
	Ordinary income	-19.4	-11.9%	0.0	0.0%	-19.4	—	-12.9	-5.8%	-6.5	—
Eliminations and Corporate	Operating income	-21.6	—	-29.0	—	+7.3	—	-28.3	—	+6.6	—
	Ordinary income	-21.7	—	-31.0	—	+9.2	—	-29.0	—	+7.3	—

※1）FY2008 Initial Forecast: Released at the business results presentation meeting for institutional investors on February 5, 2008.

※2）Figures for Financial Services previously included in Direct Marketing Business are being separately disclosed from fiscal 2008. The Financial Services segment is composed of "n Insurance Service Company," a subsidiary included within the scope of consolidation, and "GE Nissen Credit Co., Ltd.," an affiliate accounted for using the equity method.

※3）List fees for financial services (customer referral fees for direct marketing) were all included in the Direct Marketing Business segment until fiscal 2007. However, from fiscal 2008, as a result of our agreement to amend certain provisions in the JV contract with GE, Nissen's sales and operating income fell, while equity in earnings of affiliates increased because of an increase in the non-consolidated earnings of GE Nissen Credit Co., Ltd.

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Overview of FY2008 Results: Consolidated B/S

(in 100 millions of yen)

	End of FY08	End of FY07	Inc.(Dec.)	Major factors behind Y-o-Y changes
Current assets	550.8	563.9	-13.0	Cash/deposits (-13.2), inventories (+9.9), accounts receivable (-9.6), prepaid expenses (+19.1), deferred tax assets (-9.1) and forward foreign exchange contracts (-11.3)
Fixed assets	149.0	159.7	-10.7	Buildings and structures (+20.4), construction in progress (-13.4) and deferred tax assets (-11.7)
Total assets	699.9	723.7	-23.7	
Current liabilities	590.9	345.4	+245.4	Short-term debt (+144.0), accounts payable (-17.5) and forward foreign exchange contracts (+109.6)
Fixed liabilities	9.8	26.4	-16.6	Long-term debt (-16.6)
Total liabilities	600.7	371.8	+228.8	
Shareholders' equity	207.9	356.8	-148.8	Retained earnings (-109.9) and treasury stock (-38.9)
Valuation and translation adjustments	-108.7	-5.1	-103.5	Loss on deferred hedge (-102.1)
Minority interest	0.0	0.1	-0.1	
Total net assets	99.2	351.8	-252.6	
Total liabilities and net assets	699.9	723.7	-23.7	

Current liabilities increased due to higher short-term borrowings. Net assets decreased significantly on a temporary basis due to a fall in retained earnings resulting from the posting of a net loss and the loss on revaluation of forward foreign exchange contracts, which was inflated by the steep appreciation of the yen against the dollar under deferred hedge accounting, but are expected to be restored gradually by earnings and appropriate measures to be taken in fiscal 2009.

Overview of FY2008 Results: Consolidated C/F

(in 100 millions of yen)

	FY2008	FY2008 highlights		FY2007
Operating cash flow	-68.0	Income before tax Provision for loss on restructuring Equity in earnings of affiliates Loss on withdrawal from business Loss on cancellation of derivatives Expenditure for cancellation of forward foreign exchange contracts	-71.4 ＋11.3 -12.0 ＋23.3 ＋49.8 -25.5	-47.9
Investment cash flow	-19.5	Expenditure for acquisition of fixed assets Disbursements for lending Proceeds from acquisition of stock in subsidiaries newly included within the scope of consolidation	-18.8 -4.6 ＋2.9	-51.6
Financial cash flow	73.5	Increase in short-term debt Expenditure for repayment of long-term debt Expenditure for repurchase of own shares Expenditure for dividend payment	＋144.0 -16.6 -38.9 -14.9	43.7
Balance of cash and cash equivalents at end of period	56.0			69.2

✓ Operating activities produced substantially negative cash flows as a result of a pretax loss and the cancellation of forward foreign exchange contracts subject to revaluation. Financing activities generated positive cash flows by enforcing commitment line contracts with banks to make up for transitionally negative cash flows resulting from the withdrawal from business and the cancellation of forward foreign exchange contracts.

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Consolidated Full-year Forecast for FY2009

(in 100 millions of yen)

	FY09 Full-year Forecast	FY08 Full-year Results	Inc.(Dec.)	% Change	Mid-term Management Plan <FY09 Business Plans> ※2
Net sales	1,567.0	1,554.8	＋12.1	＋0.8%	1,824
Operating income ※1	34.0 (2.2%)	30.5 (2.0%)	＋3.4	＋11.4%	―
Ordinary income	47.0 (3.0%)	22.4 (1.4%)	＋24.5	＋109.6%	87 (4.8%)
Net income	39.0 (2.5%)	-93.5 (-6.0%)	+132.5	-	52 (2.9%)
Net income per share (Yen)	65.70	-157.58	+223.28	-	-
Return on Equity (ROE)	27.3%	-41.5%	-	-	10.8%

(%): Ratio to net sales

※1) Effect of accounting change made to record losses on revaluation of merchandise inventory: In 2008, a loss on revaluation of merchandise inventory in the amount of ¥2,287 million was recorded as a non-operating expense. In 2009, a loss on revaluation of merchandise inventory of ¥2,187 million was recorded as a cost of sales due to the accounting change. If compared on the same basis excluding the effect of the accounting change, operating income for fiscal 2009 is expected to show an increase of 344.9% (¥2,636 million) over fiscal 2008.

※2) Mid-term Management Plan <FY09 Business Plans>: Planned figures for the final year of "Nissen Vision 2009" announced on March 14, 2007

- ✓ Sales expansion in Direct Marketing (5%↑ Y-o-Y) is expected to push up the Group's consolidated sales.
- ✓ The magnitude of the increase in operating income will be reduced by the accounting change made to record losses on inventory revaluation (non-operating expense ➔ cost of sales), but an improvement in real profits in Direct Marketing/Financial Services and a turnaround in Direct Sales are expected to bring about a dramatic upturn in both ordinary income and net income.

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FY2009 Full-year P/L Forecast by Segment

(in 100 millions of yen)

		FY09 Full-year Forecast		FY08 Full-year Results				Mid-term Management Plan <FY09 Business Plans>※2
			% of Sales		% of Sales	Inc.(Dec.)	% Change	
Direct Marketing Business	Net sales	1,454.0	—	1,381.7	—	+72.2	+5.2%	1,456
	Operating income ※1	47.0	3.2%	65.3	4.7%	-18.3	-28.1%	—
	Ordinary income	51.5	3.5%	48.0	3.5%	+3.4	+7.2%	68
Financial services	Net sales	18.0	—	9.5	—	+8.4	+87.8%	57
	Operating income	7.0	38.9%	3.9	41.3%	+3.0	+76.9%	—
	Ordinary income	17.5	97.2%	15.6	163.3%	+1.8	+11.9%	26
Direct Sales Business	Net sales	95.0	—	163.5	—	-68.5	-41.9%	311
	Operating income	0	0.0%	-17.1	-10.5%	+17.1	—	—
	Ordinary income	0	0.0%	-19.4	-11.9%	+19.4	—	18
Eliminations and Corporate	Operating income	-20.0	—	-21.6	—	+1.6	—	—
	Ordinary income	-22.0	—	-21.7	—	-0.2	—	-25

※1) Effect of accounting change made to record losses on revaluation of merchandise inventory in Direct Marketing: In 2008, a loss on revaluation of merchandise inventory in the amount of ¥1,978 million was recorded as a non-operating expense. In 2009, a loss on revaluation of merchandise inventory in the amount of ¥2,140 million was recorded as a cost of sales due to the accounting change. If compared on the same basis excluding the effect of the accounting change, operating income for fiscal 2009 would be expected to show growth of 3.1% (¥143 million) over fiscal 2008.

※2) Mid-term Management Plan <FY09 Business Plans>: Planned figures which have been worked out based on the planned figures for the final year of “Nissen Vision 2009” announced on March 14, 2007, incorporating later changes in segmental reporting standards and inter-segmental adjustments necessary to enable a comparison with the initial plan on the same basis.

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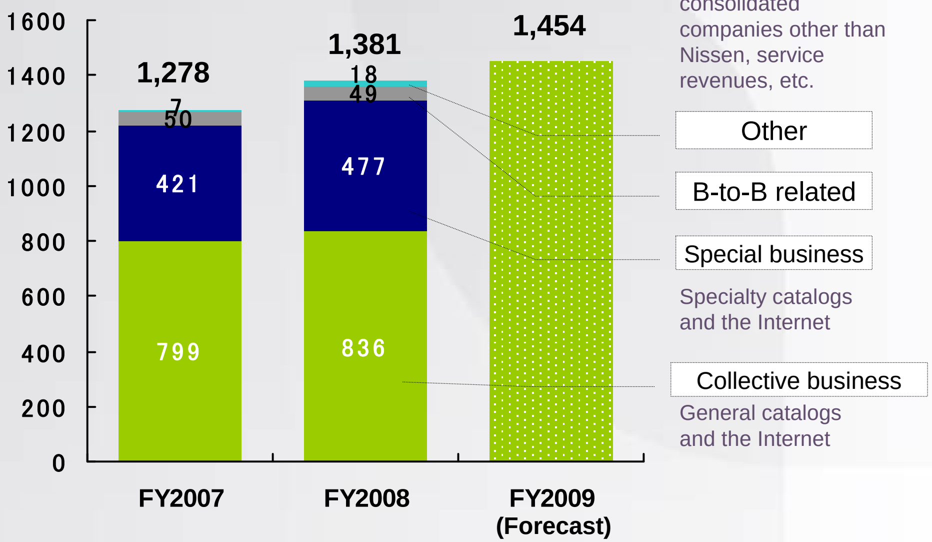
Performance Review and Forecast by Segment (Direct Marketing)

Net sales and profits from Direct Marketing Business

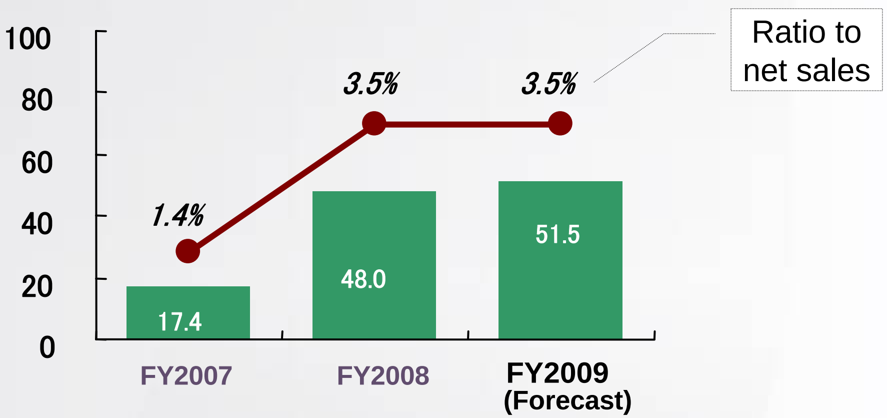
(in 100 millions of yen)

Change in net sales



※Revenues from financial services are excluded from sales for FY2007.

Change in ordinary income



Review of FY2008 results

- ✓ Net sales grew at a significant rate of 8% Y-o-Y owing to an expansion in Internet/mobile direct marketing and constant growth in the number of active customers.
- ✓ Ordinary income grew significantly by 175% Y-o-Y due to profitability improvements realized through expanded Internet marketing and extensive low-cost operations.

Performance forecast for FY2009

- ✓ Both sales and profit are expected to continue growing in fiscal 2009, which will be realized by implementing key strategic policies such as constantly increasing the number of active customers, further expanding Internet/mobile direct marketing, the creation of a structure featuring low-cost operations, and drastic reform of the income structure to prepare for the future.

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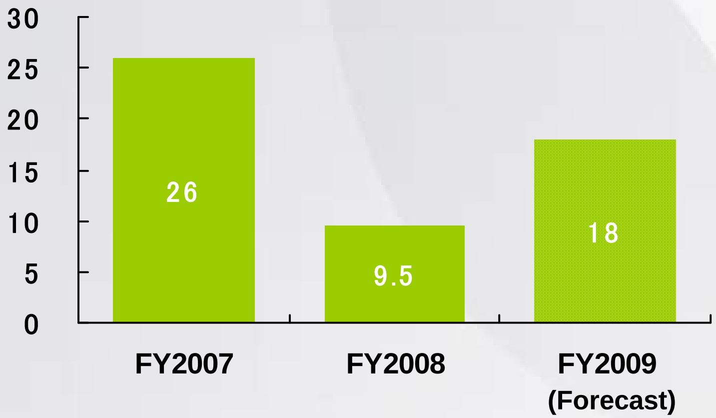
Performance Review and Forecast by Segment (Financial Services)

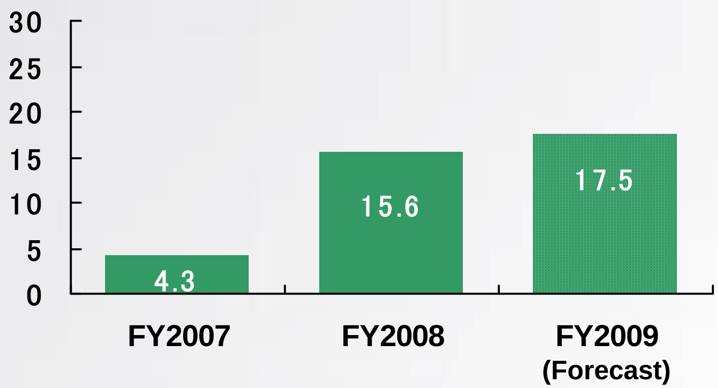
Net sales and profits from Financial Services

(in 100 millions of yen)

Change in net sales



Change in ordinary income



・The performance of Financial Services consists of the performance of n Insurance Service Company <n Insurance> and equity in earnings/losses of GE Nissen Credit Co., Ltd. <NGEC>. NGEC is Nissen HD's affiliate accounted for using the equity method, for which 50% of net income is reported in Nissen HD's consolidated financial statements.

Review of FY2008 results

- ✓ The JV contract with GE was reviewed with one eye on the market after the complete abolishment of grey zone interest rates. Under the amended contract, list fees received from NGEC decreased significantly, but ordinary income showed a significant increase due to an improvement in equity in earnings of affiliates.
- ✓ Sales expanded steadily with the commencement of insurance agency operations by n Insurance.

Performance forecast for FY2009

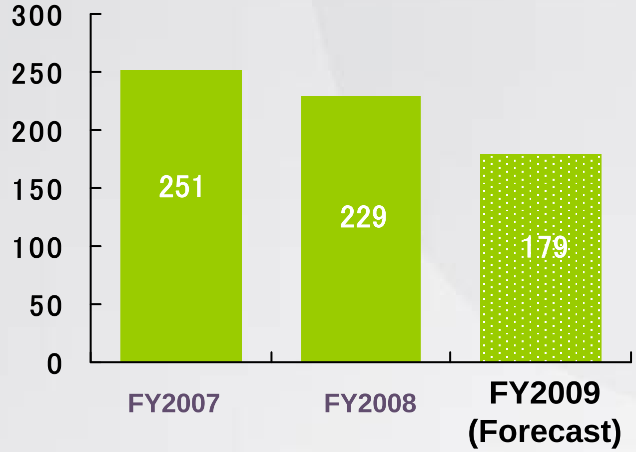
- ✓ NGEC will modify its customer portfolio to respond to the abolishment of grey zone interest rates.
- ✓ n Insurance aims to expand its business aggressively by enriching its insurance product lineup and introducing high value-added services.
- ✓ The above measures are expected to help boost both sales and profit.

Performance Review and Forecast by Segment (Financial Services)

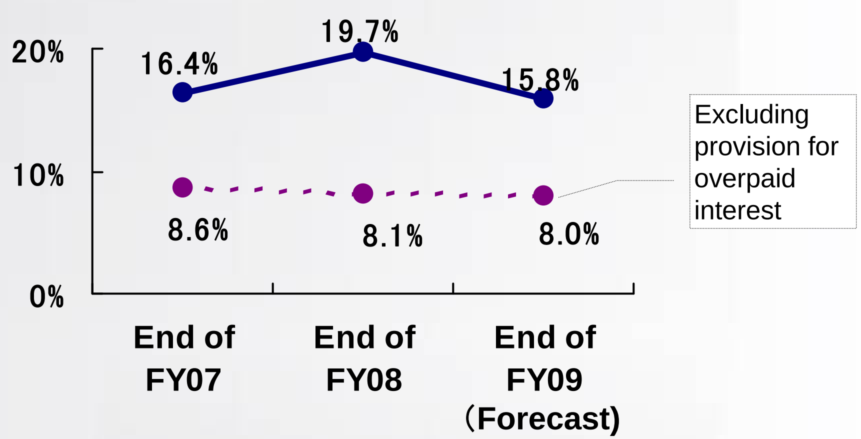
【Ref.】Performance of GE Nissen Credit Co., Ltd. (affiliate under the equity method)

(in 100 millions of yen)

- Change in net sales



- Change in percentage of allowance for bad debts



FY2008 results vs. FY2009 Forecast

	FY08	FY09 Forecast
Net sales	229	179
Operating income	39	38
Ordinary income	38	38
Income after tax	23	21
Difference in equity in earnings (50% of the above)	11	10

Performance forecast for FY2009

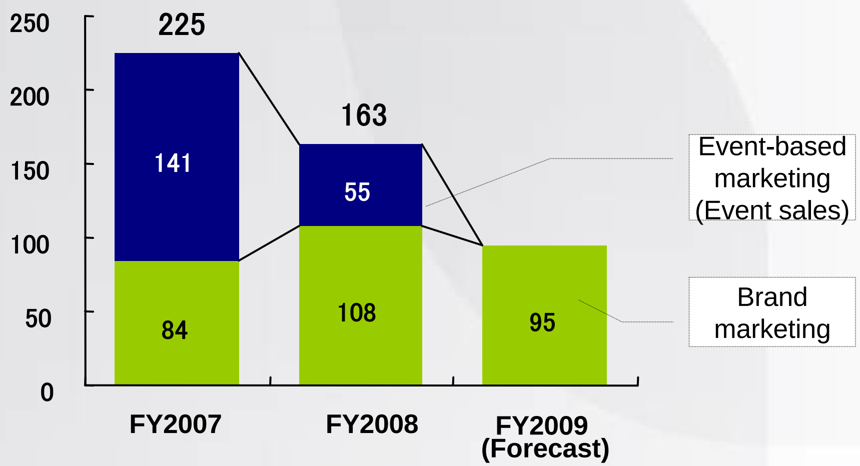
- Net sales (-¥5 billion)
  - ✓ Receivables will decrease due to ongoing strict credit controls, and cashing service interest rates on all receivables will be adjusted to levels within the statutory limit by the end of fiscal 2009.
- Bad debt expenses (-¥4.9 billion)
  - ✓ With a fall in the balance of receivables, the provision for overpaid interest will be reduced and bad debt write-offs will also fall due to stricter credit controls.

Performance Review and Forecast by Segment (Direct Sales)

Sales in/Income from the Direct Sales Segment

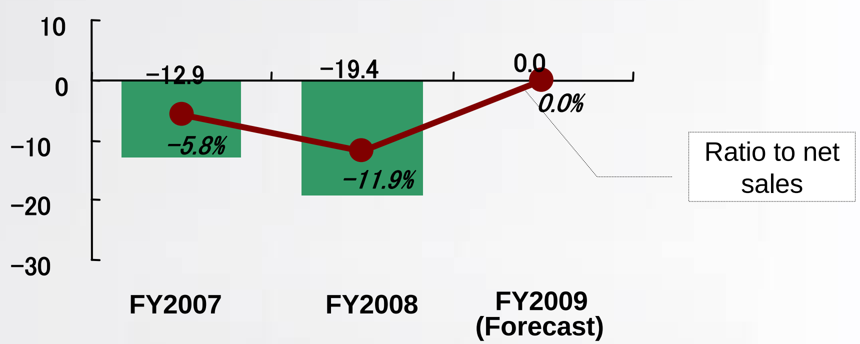
(in 100 millions of yen)

Change in net sales



・"Brand marketing" consists of the operations of Nissen Premium Co., Ltd., TRECENTI, Inc., oriental diamond inc., Nissen Shape Founde Co., Ltd., etc.

Change in ordinary income



Review of FY2008 results

- ✓ The decision to withdraw from event-based marketing (event sales) was based on a comprehensive assessment of market conditions, including the shrinking kimono market. Ordinary income decreased significantly due to transitional restructuring costs associated with the withdrawal.
- ✓ Sales in brand marketing increased due to the acquisition of new business through M&A activities.

Performance forecast for FY2009

- ✓ Sales are expected to decline substantially due to the withdrawal from event sales. On the other hand, ordinary income is expected to show a significant increase of ¥2 billion, because transitional costs associated with the withdrawal were recognized in full in fiscal 2008, and no more charges will be incurred in fiscal 2009.
- ✓ Profit from brand marketing is expected to be almost nil, reflecting the dampening of demand in the high-end market.

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Measures to Reinforce Financial Soundness

① Create stable operating cash flows, with a focus on Direct Marketing

- ✓ Reinforce the earnings structure through cost improvements rather than by assuming sales growth
- ✓ Improve efficiency in catalog production/delivery and operations

② Reduce B/S account balances

- ✓ Reduce inventories through supply chain improvement
- ✓ Collect accounts receivable promptly and shorten payment terms
- ✓ Sell off non-core assets

③ Reduce loss on deferred hedge (negative net assets) by settling existing forward foreign exchange contract positions

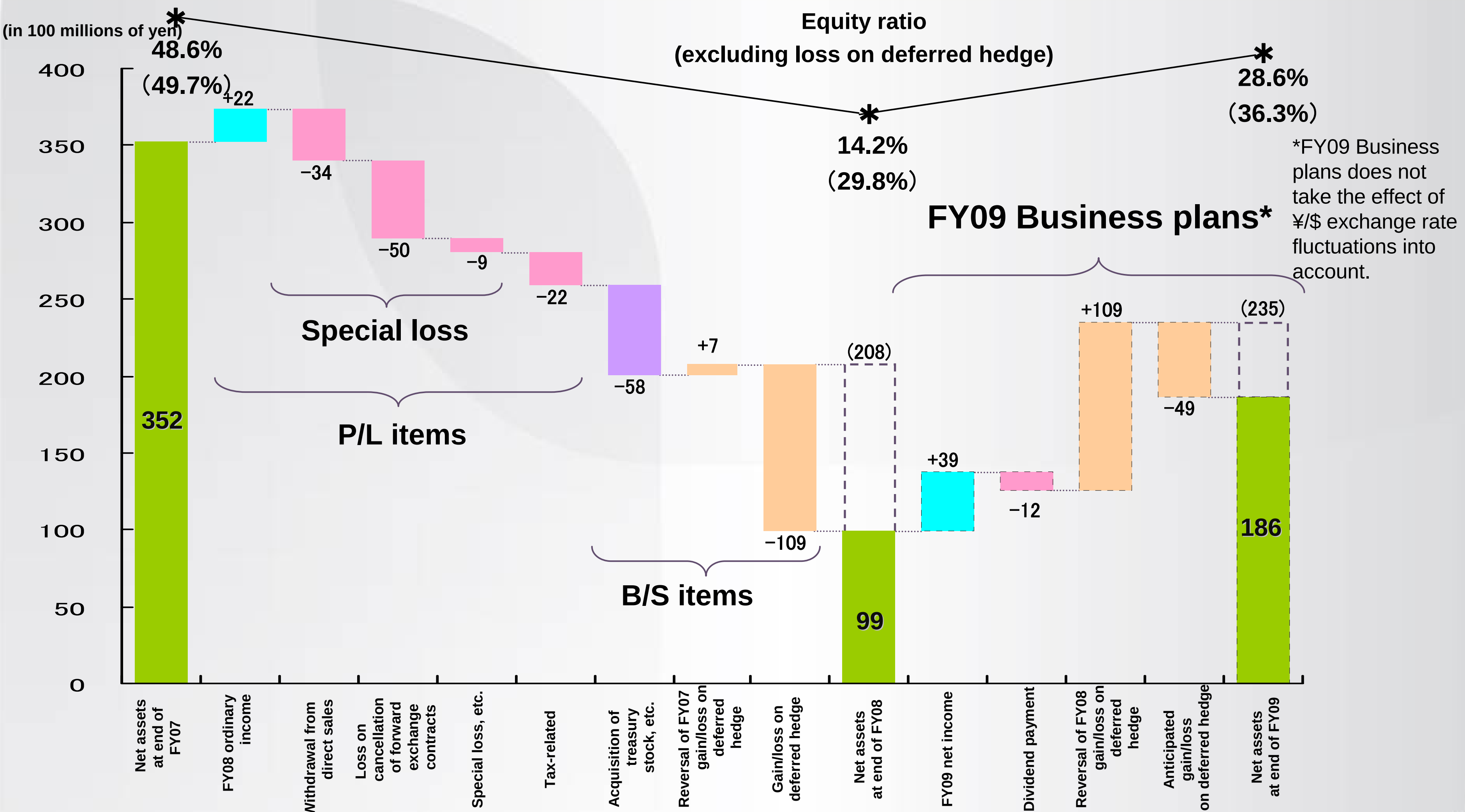
- ✓ Settle existing forward foreign exchange contract positions to which hedge accounting is applied and control new contracts

⇒ Reduce existing positions by 60% ⇒ Reduce loss on deferred hedge（※）

⇒ Increase net assets ⇒ Improve shareholders' equity ratio

※ The company enters into forward foreign exchange contracts covering the following one to two years based on import schedules. Gains/losses on revaluation arising from the difference between the rate prevailing at the time of the contract and the rate prevailing at period-end are recorded as gains/losses on deferred hedge in the net assets section.

Change in Shareholders' Equity and Future Outlook



✓ At the end of fiscal 2009, net assets and equity ratio are expected to return to the levels of ¥18.6 billion and 30%, respectively, due to ongoing settlement of forward foreign exchange contract positions through import transactions conducted regularly during the year.

Basic Policy on Capital and Dividends

Basic Policy on Capital and Dividends

- As our capital policy, we aim to achieve an equity ratio of 30% or higher and a return on equity (ROE) of 10% or higher as immediate targets in order to realize an optimum balance between financial soundness and capital efficiency, as well as to deliver expected returns in capital markets, while ensuring consistency with our medium and long-term group management strategies.
- As our dividend policy, we aim to achieve a payout ratio of 30% consistently over the long run under a basic policy of performance-linked profit distribution. We also seek to return profits to shareholders by reducing the number of outstanding shares as appropriate through the acquisition of treasury stock in a flexible and agile manner, and seek to achieve a stable total shareholder return of 35% including dividends.

Policy on Dividend Decisions

- For the three years from 2006 to 2008, we sought to maintain stable dividend payments to meet the expectations of our longstanding shareholders as far as possible, since the loss on restructuring arising from group management reforms was transient in nature. However, in 2009 we plan to pay an annual dividend of ¥23 per share in line with our primary policy of performance-linked profit distribution.

	Interim dividend (yen)	Year-end dividend (yen)	Annual dividend per share (yen)	Equity ratio (%)	Payout ratio (%)	DOE (%)	ROE (%)
FY2005	12. 50	12. 50	25. 00	41. 4	22. 8	3. 8	17. 7
FY2006	13. 00	10. 00	23. 00	43. 9	154. 7	3. 5	2. 3
FY2007	10. 00	13. 00	23. 00	48. 6	—	3. 7	-9. 1
FY2008	11. 50	11. 50	23. 00	14. 2	—	5. 9	-41. 5
FY2009 Plan	11. 50	11. 50	23. 00	28. 6	35. 0	8. 2	27. 3

2) Adapting to Changes in the Business Environment and the Direction of Group Management Reforms for Survival

~ Summary of Past Management Reforms and the Group's Growth Strategies for the Future ~

Toshio Katayama

President and Representative Director,

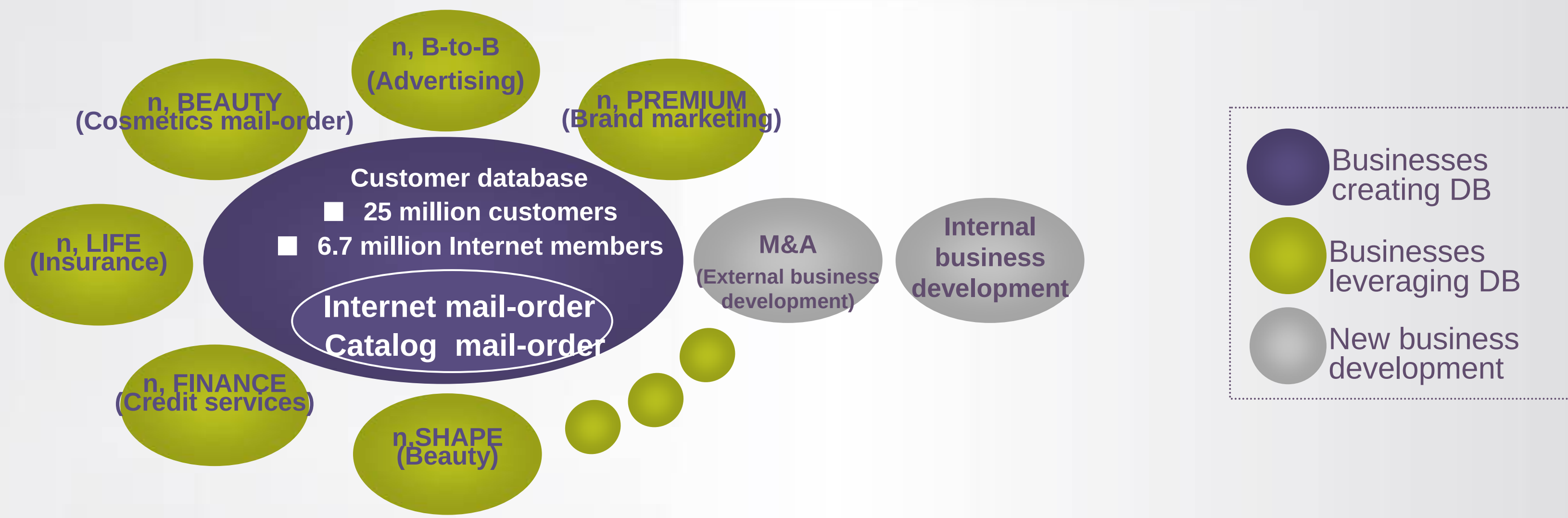
Nissen Holdings Co., Ltd.

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 creating, utilizing, and leveraging Customer database



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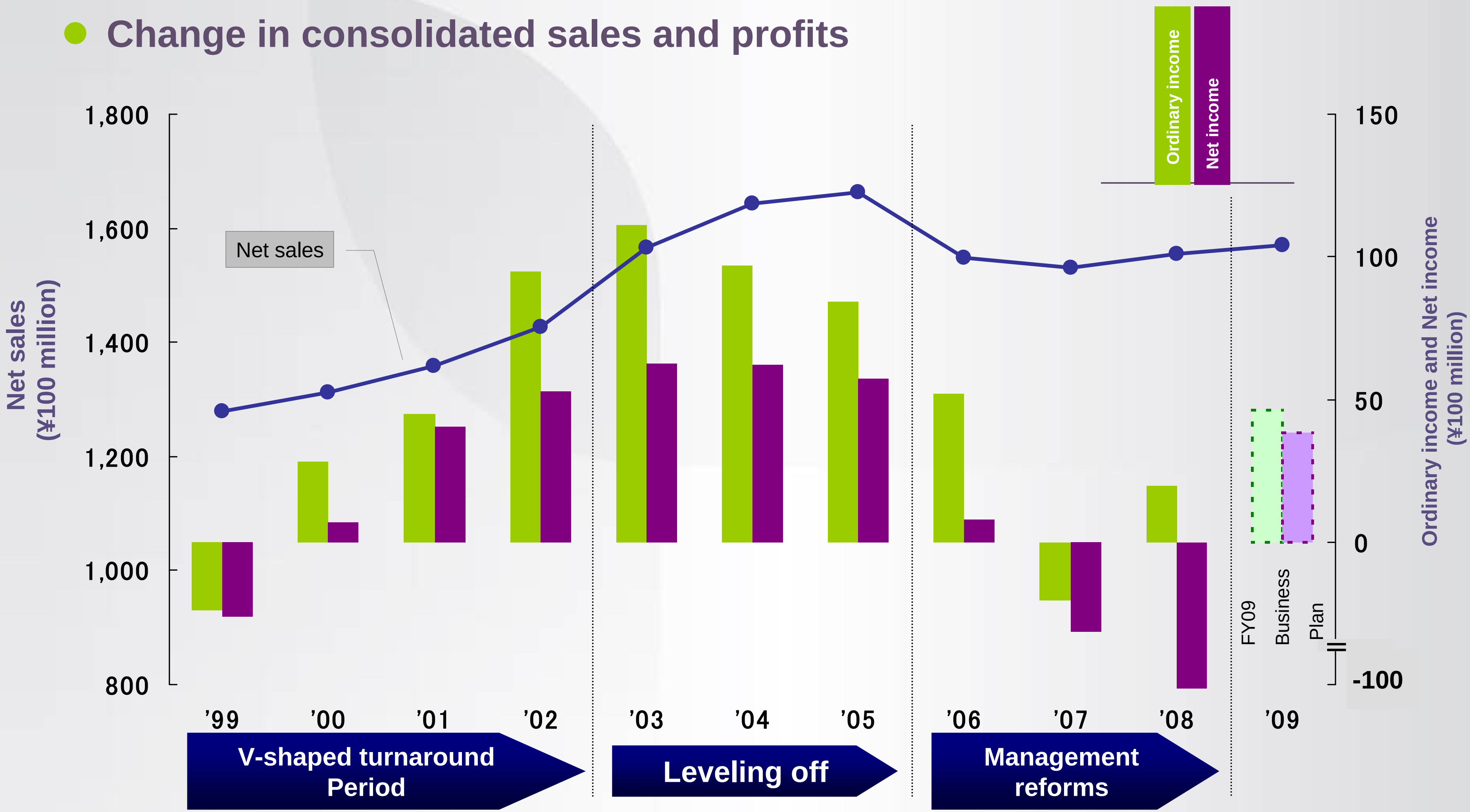
The Group's Consolidated Performance for the Past 10 Years

● Change in consolidated sales and profits



- ✓ V-shaped turnaround Period after 1999, followed by a sharp downturn due to changes in the management environment
- ✓ 3 years of drastic group management reforms, seeking another upturn in 2009

Changes in the Management Environment Surrounding the Group

Changes in consumption trends

- ✓ Diversifying consumer preferences and changes in buying behavior in an aging society with fewer children
- ✓ Stronger low-end orientation with less disposable income
- ✓ Shift in buying channels to Internet/mobile direct marketing

Changes in laws and regulations

- ✓ Amended Money Lending Business Law: Maximum interest rate cut (refunds of overpayments ↑)
- ✓ Amended Insurance Business Law: Conversion of unauthorized mutual aid enterprises
- ✓ Amended Act on Specified Commercial Transactions: Aggressively promoting consumer protection administrative measures

Changes in the international economy

- ✓ Steep rise in prices of overseas-sourced supplies and raw materials, as well as in Chinese labor costs
- ✓ Stricter governance with the globalization of capital markets
- ✓ Sharp fluctuations in exchange rates arising from the international financial crisis

✓ The management environment surrounding businesses has changed dramatically over the last several years, and “the ability to adapt to environmental changes” is certainly now needed. For businesses, “adapting to environmental changes” means “flexibly and swiftly recognizing rapidly changing world trends, and bravely transforming themselves ahead of others.”

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History of Group Management Reforms over the Past 3 Years

	2006	2007	2008
Direct Marketing	✓ Logistics division reform by incorporating distribution operations into a JV with TOYOTA INDUSTRIES CORPORATION ✓ Drastic review of pricing policies ✓ Reinforcing Internet-based business	✓ Implementing various action plans to increase the number of active customers ✓ Full-scale cost-cutting campaign (LCM: Low Cost Management) across the entire organization	✓ Further reinforcing Internet/mobile direct marketing ✓ Continuing efforts to increase the number of active customers and implement LCM activities
Financial Services	✓ Starting to reform the earnings structure of the financial services affiliate in preparation for the amendment of the Money Lending Business Law	✓ Comprehensive alliance with a foreign life insurance company to prepare for the amendment of the Insurance Business Law ✓ Reinforcing the organizational structure to expand financial services	✓ Reforming the earnings structure of the financial services affiliate (review of JV contract with GE) ✓ Full-scale development of insurance agency operations
Direct Sales	✓ Implementing the first round of structural reforms to the event sales division (consolidation of sales offices, proper levels of staffing, reduction of fixed costs, etc.)	✓ Implementing the second round of structural reforms to the event sales division ✓ Acquiring new business to switch to a PULL-type business portfolio	✓ Deciding on the complete withdrawal of group companies from event sales
Holding Company	✓ Building a stronger strategic corporate structure toward the formation of a pure holding company ✓ Formulating an “Outline of Group Management Reforms” to adapt to changes in the management environment	✓ Strategic capital alliance with Advantage Partners ✓ Renovation of group brands ✓ Transition to a pure holding company structure	✓ Corporate governance reforms (Board of Directors with a majority of external members, etc.) ✓ Capital structure reform through the acquisition of treasury stock in line with financial strategies ✓ Reducing uncertainties (↓) by cancelling forward foreign exchange contracts

✓ A series of group management reforms carried out over the past 3 years has steadily enabled us to 1) reduce management risk factors, and 2) prepare for future growth.

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The Group's Strategic Policies for FY2009

The Group's Key Management Strategies		Key Action Plans
Expand group earnings further	① Promote direct marketing growth strategies	✓ Reinforce Internet/mobile direct marketing ✓ Increase the number of active customers and maintain a high repeat business rate ✓ Enhance price competitiveness by promoting low-cost operations
	② Establish financial service business models and ensure stable earnings	✓ Change portfolios and enhance product appeal in anticipation of maximum interest rate cuts for credit services ✓ Expand revenue base by extending insurance product lineup and providing high value-added services
	③ Select and concentrate management resources, and promote strategic alliances	✓ Rebuild the Group's business portfolio to improve growth/profit potential ✓ Acquire a third profit earner after direct marketing and financial services through a strategic alliance (cross-selling strategy)
Reinforce infrastructure	④ Reinforce group management foundation with ESG at the core	✓ Implement specific corporate programs for ESG (environmental, social, and corporate governance) ✓ Enrich management systems and managers to implement group growth strategies

Progress in Mid-term Management Plan

Progress in Mid-term Management Plan “Nissen Vision 2009”

<Key targets>		<Progress>
FY09 Net income target: ¥5.2 billion	▶	FY09 Net income forecast: ¥3.9 billion
FY09 ROE target: 10.8%	▶	FY09 ROE forecast: 27.3%

- ✓ The current mid-term management plan objectives will be difficult to achieve in a practical sense, judging from the significant gap between the initial plan assumptions and existing conditions, which was created by such events as the withdrawal from event sales business resulting from a drastic change in the management environment and income structure reforms to financial services.
- ✓ On the other hand, management reforms implemented through to the end of 2008 have steadily enabled us to 1) <u>reduce management risk factors</u> (unprofitable business, risk of refunding overpayments, and loss on revaluation of forward foreign exchange contracts), and <u>2) prepare for future growth</u> (expansion of Internet/mobile direct marketing and stable earnings from financial services).
- ✓ Under these circumstances, we will modify our management strategies to achieve the Group’s growth objectives in the changing management environment over the medium and long term, and formulate a new mid-term management plan by the end of fiscal 2009, while maximizing management efforts to deliver actual performance figures as close as possible to the initial targets.

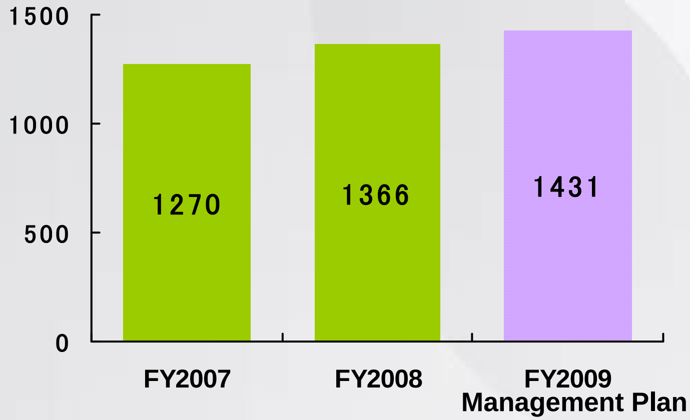
3） Basic Strategies to Achieve the "Direct Marketing Innovator Vision"

~ Direction of New Value Creation as a Direct Marketing Pioneer ~

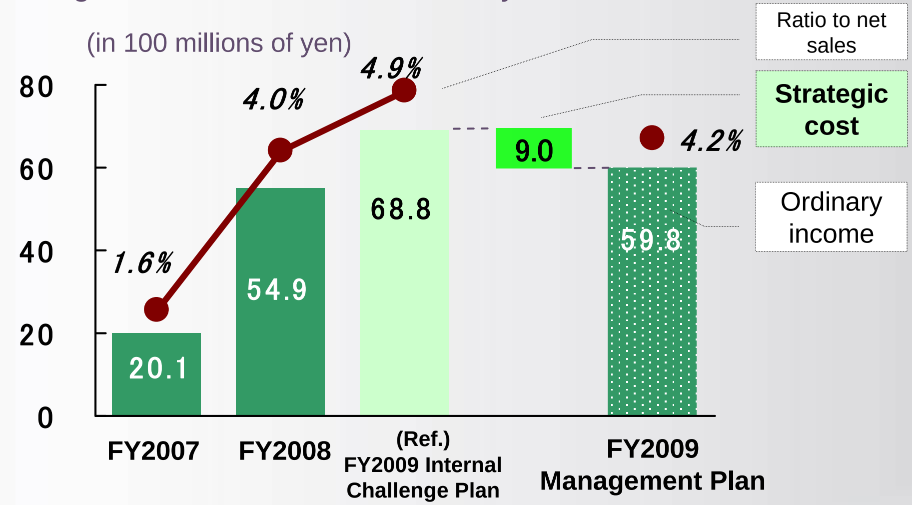
Shinya Samura
President and Representative Director,
Nissen Co., Ltd.

Performance Review and FY09 Forecast of Nissen Co., Ltd.

- Change in non-consolidated net sales of Nissen Co., Ltd.

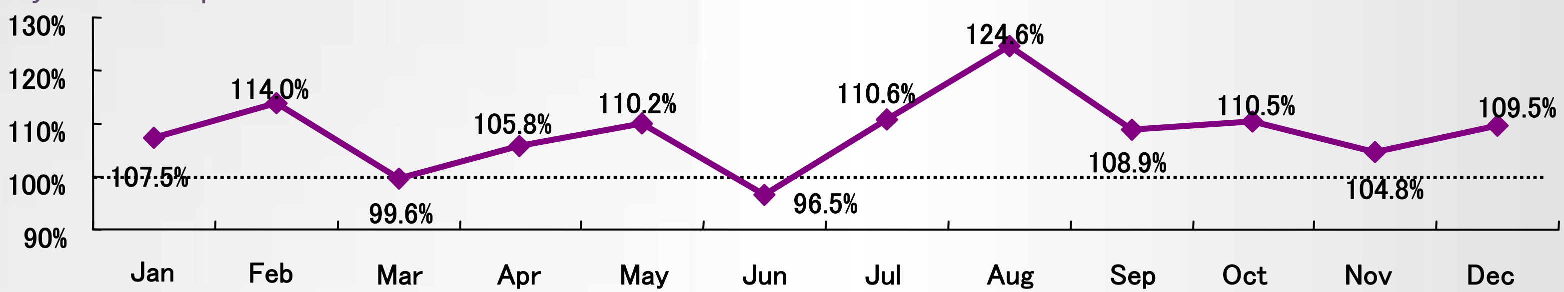


- Change in non-consolidated ordinary income of Nissen Co., Ltd.



※ The above sales/profits of Nissen Co., Ltd. are included in the Direct Marketing business segment. Companies included in this segment other than Nissen Co., Ltd. are Mail & e Business Logistics Service Co., Ltd., Navibird, Inc., Kurashino Design, Inc., BUDOU Labo Co., Ltd., etc. To make a comparison on the same basis, figures before the first half of fiscal 2008 are estimates made based on the performance of the former Nissen Direct Marketing Division (excluding list fees for financial services) .

- Monthly sales comparison - FY08 vs. FY07

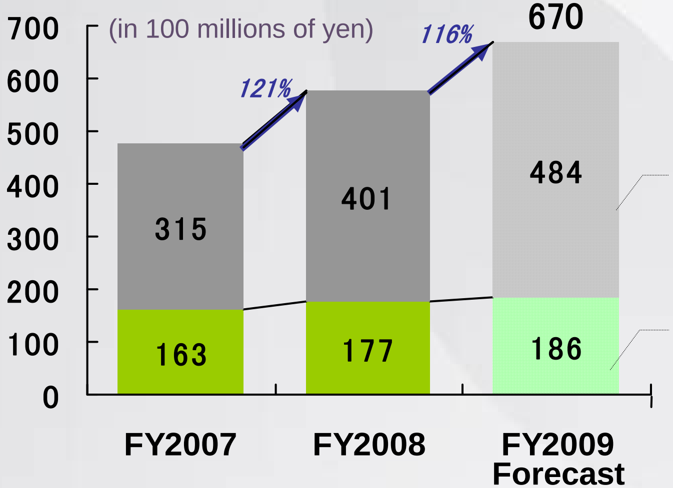


✓ Performance was on track against the backdrop of a growing awareness of the protection of livelihoods. Monthly sales grew continuously over the same month of the previous year.

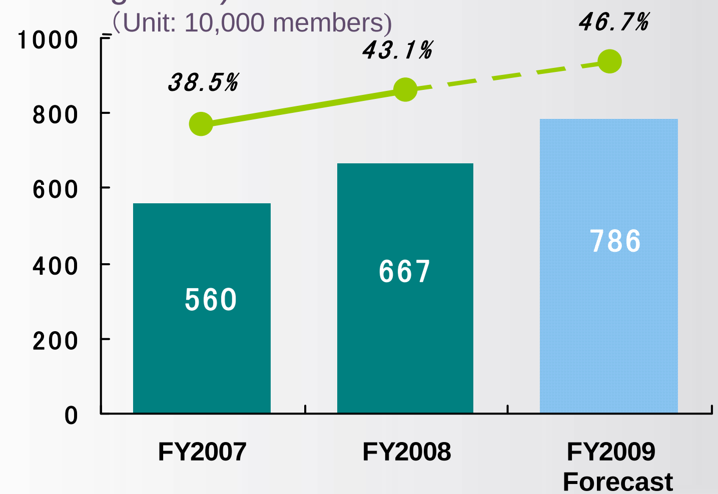
✓ For the FY09 profit forecast, we worked out a profit plan incorporating an additional strategic cost to enable us to respond promptly to any drastic future change in the retail market, while setting up an internal challenge plan.

Performance Review and FY09 Forecast of Nissen Co., Ltd.

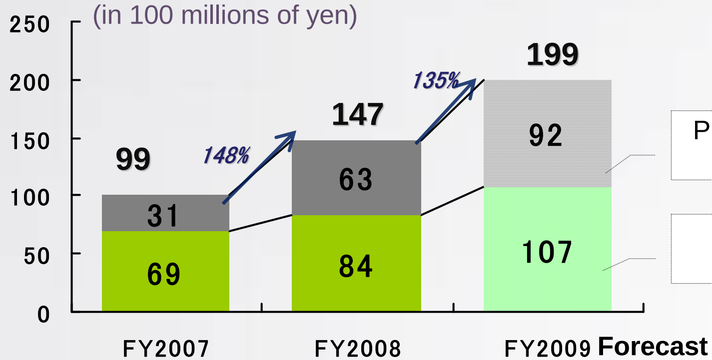
- Sales via the Internet (including access via mobile terminals)



- Number of Internet members and sales share (vs. catalog sales)



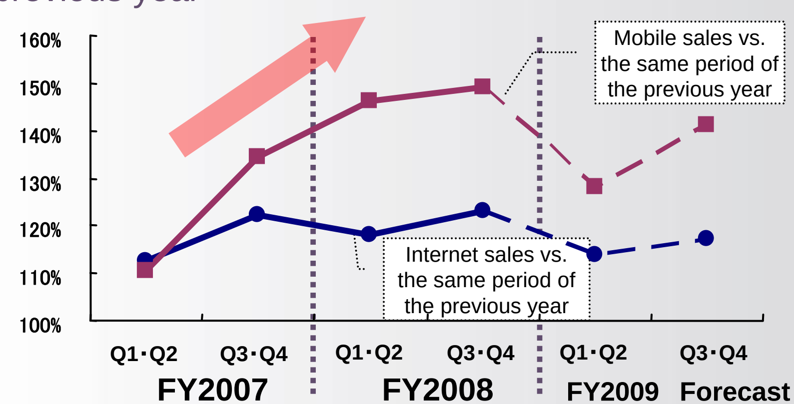
- Sales via mobile terminals included in the above



※ Pure Internet sales: Sales via the Internet shopping cart

※ Sales via catalogs: Sales from input of catalog order numbers over the Internet

- Half-year Internet (mobile) sales vs. the same period of the previous year

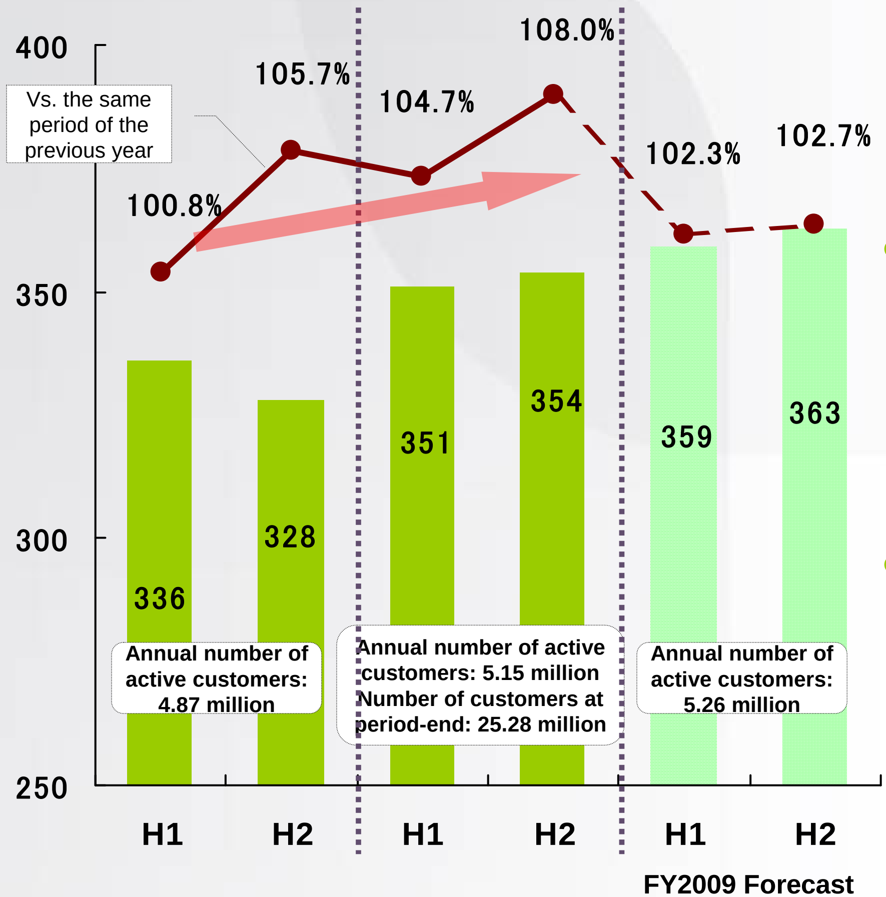


✓ Internet sales are on an upward trend owing to the aggressive expansion of pure Internet sales.

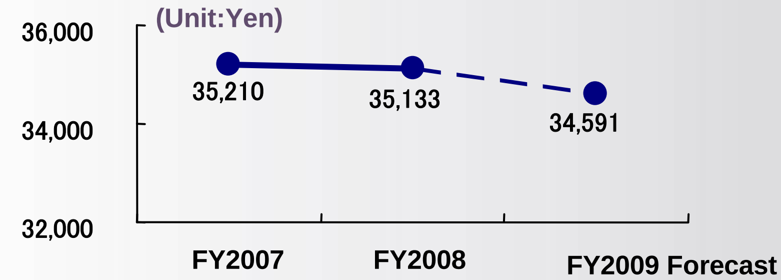
✓ Above all, direct marketing via mobile terminals has been expanding rapidly, and mobile sales are driving growth in fiscal 2009.

Performance Review and FY09 Forecast of Nissen Co., Ltd.

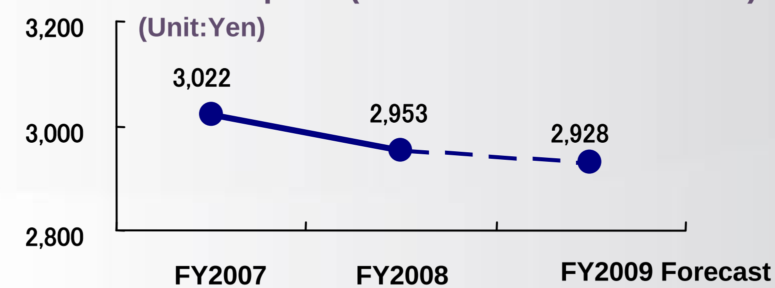
Net number of active customers (semi-annual number of active customers)



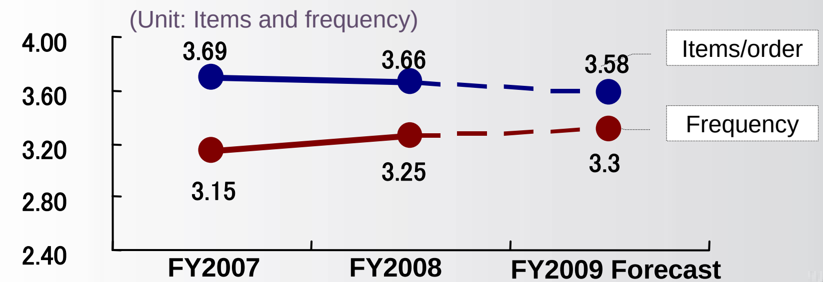
Cumulative operating price (annual order amount per customer)



Merchandise unit price (annual cumulative orders)



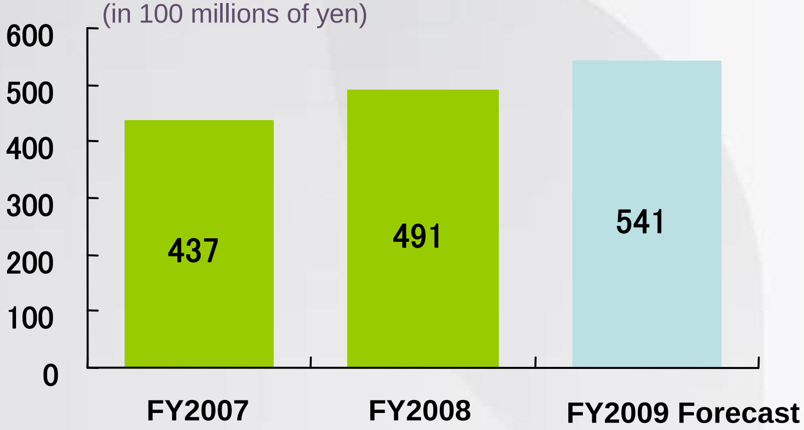
Number of items per order and order frequency (annual cumulative orders)



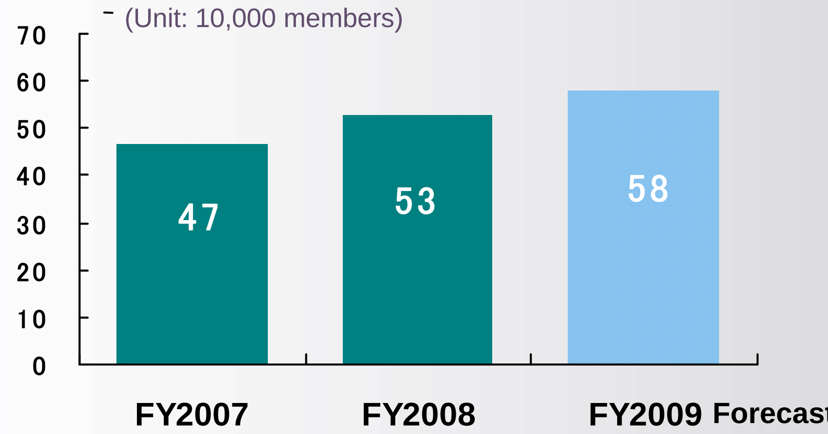
✓ The net number of active customers increased dramatically as a result of winning customer support by improving the price competitiveness of merchandise.

Performance Review and FY09 Forecast of Nissen Co., Ltd.

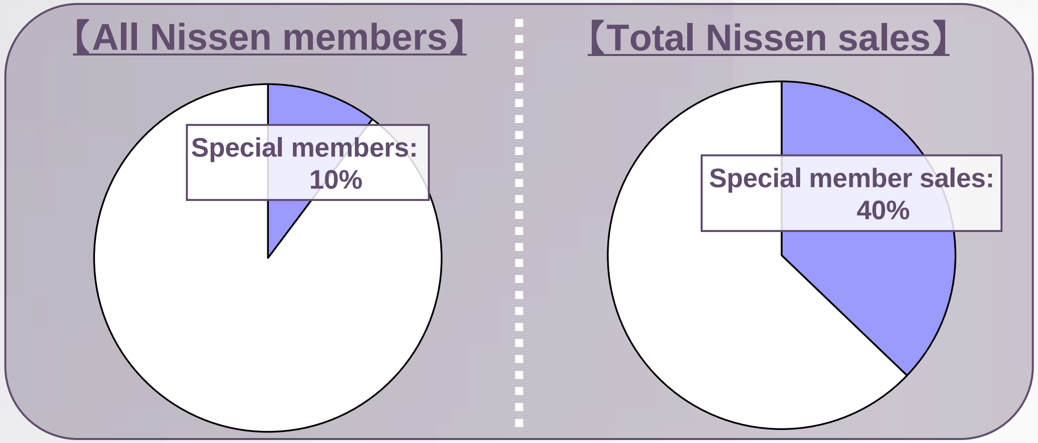
Sales to special members



Number of special members



Ratio of special members



<What is a special member?>

- ✓ 5 orders or more and total value of orders over 50,000 yen per year

<Major benefits>

- ✓ Free dial for members' exclusive use
- ✓ Next-day delivery/delivery on appointed date free of charge
- ✓ Other special benefits

- ✓ Nissen's prime customers, special members, are steadily increasing in number year by year.
- ✓ We are planning to introduce a loyal special customer scheme to gain many more Nissen fans.

FY2009 Key Strategic Policies of Nissen Co., Ltd.

- **① Constantly increase the number of active customers with 'based on customer satisfaction'**
  - Enhance the appeal of merchandise to activate customer relationships
    - Development of highly competitive strategic merchandise with low prices and high functionality
    - High levels of expertise in developing high value-added merchandise in each product category
- **② Further expand Internet/mobile direct marketing**
  - Further enhance collaboration between business units (Merchandise Planning/Procurement) and Internet Marketing Division, and mobilize company-wide resources to expand Internet/mobile direct marketing
- **③ Achieve qualitative changes in pursuing lower-cost operations**
  - Improve quality of operations by continuing company-wide cost-cutting efforts and eliminating "*muri* (overburdening), *muda* (waste), and *mura* (inconsistency)" in pursuit of lower-cost operations
- **④ Establish the foundation for the future: 'Radical reform of income structure'**
  - Push forward with fundamental reforms of business and income structures to reduce total costs of fulfillment (FF) and catalogs by 10% (of sales) in the medium term in order to maintain a price advantage over other companies amid the slowdown in consumer spending

① Marriage of Internet and Catalogs

<Limitations of catalogs>

- Time limitations
  - 1 year from planning to marketing
  - Fail to sell merchandise in season
  - Difficult to respond to drastic environmental changes
- Quantitative limitations
  - Basically unable to handle goods with a quantitative limit or goods we could sell but cannot follow up on
- Limitations in dynamic expression
  - Unable to express sound and movement

The Internet can provide solutions!

<Limitations of the Internet (esp. PCs)>

- Limitations in PULL-type marketing
  - Customers need to take their time to switch on a PC and visit our website
  - Difficult to drive demand (buying on impulse)
- Limitations in reproduction of colors, etc.
  - Colors reproduced by electronic terminals are slightly different from real ones
  - Colors not identifiable ⇒ Increasing returns on account of wrong color

Catalogs can provide solutions!

② Establishment of strong retailing foundation

Strategic merchandise at low prices with high functionality
Ability to develop specialty merchandise
Price advantage via LCM/SPA

Catalog
Internet
Mobile

Sales promotion merchandise to activate customer relationships
Efficient customer development
Advancement of SEM

Range of merchandise at differentiated prices

Unrivalled number of customers in the DM industry

- **Establish a huge customer base that supports business by capitalizing on a highly marketable, strategic range of merchandise with overwhelming price advantage and specialties realized via LCM and SPA, and by making efficient use of multiple channels including the Internet and mobile terminals**
- **In other words, expand a foundation for direct marketing business through a combination of “Powerful merchandise range” x “Extensive customer database” x “Marketing channels with various characteristics”**

※LCM = Low Cost Management activities; SPA＝Specialty store retailer of Private label Apparel; SEM＝Search Engine Marketing (a marketing method that uses a search engine to drive traffic to a marketer’s website)

③The DMI Vision - Direct Marketing Innovator

- Efforts to keep on improving profitability through the 1) “marriage of the Internet and catalogs” and 2) “establishment of a strong retailing foundation” alone have limitations, because selling <many goods> to <many customers> through <many channels> will always bring about a decline in efficiency and loss of customers.
- The “DMI Vision” breaks down the above common-sense view about retailing.

“Sharpen the One-to-One Marketing approach as a direct marketing innovator”

Merchandise segmentation + **Customer segmentation** + **Best approach**

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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.