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Securities Code: 8248  
February 24, 2009

## To Those Shareholders with Voting Rights

Toshio Katayama  
President and Representative Director  
Nissen Holdings Co., Ltd.  
18, Hainoborinakamachi, Kisshoin,  
Minami-ku, Kyoto

## NOTICE OF THE 39<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 39<sup>th</sup> Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or electromagnetic means (over the Internet). Please review the Reference Documents for the General Meeting of Shareholders, and either return the Voting Rights Exercise Form with your selections by mail or vote via the website (<http://www.evote.jp/>) by no later than 5:30 p.m. of March 17, 2009.

\* Be sure to confirm the items stipulated in "Information on Exercising Voting Rights" on pages 49 to 50 when exercising your voting rights electronically (over the Internet).

1. **Date and Time** 10:00 a.m., Wednesday, March 18, 2009
2. **Place** Hotel Granvia Kyoto, 3F, Genji Ballroom  
901 Higashi-Shiokoji-cho, Shiokoji Sagaru, Karasuma-Dori, Shimogyo-ku, Kyoto  
(In the JR Kyoto Station building)
3. **Agenda of the Meeting:**  
**Matters to be reported:** (1) Business Report, Consolidated Financial Statements for the 39<sup>th</sup> Fiscal Term (from December 21, 2007 to December 20, 2008) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements  
(2) Non-Consolidated Financial Statements for the 39<sup>th</sup> Fiscal Term (from December 21, 2007 to December 20, 2008)

### Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Seven Directors
- Proposal No. 4:** Election of Two Substitute Corporate Auditors

### 4. Other Notice Regarding the Exercise of Voting Rights by Proxy

Please refer to the "Information on Exercising Voting Rights" on pages 49 to 50.

- Notes: 1. If you plan to attend the meeting, please hand in your Voting Rights Exercise Form at the front desk when you arrive at the venue.
2. Subsequent amendments to the Reference Documents for the General Meeting of Shareholders and the Attached Documents (if any) will be listed on the Company's website (<http://www.nissen.info/ir/governance.htm>).

## Attached Documents

### **BUSINESS REPORT** (from December 21, 2007 to December 20, 2008)

#### **1. Current Status of the Company Group**

##### **(1) Business Status for the Current Year**

###### 1) Business performance and results

With the sharp slowdown in the world economy following from the financial crisis rooted in the turmoil of the U.S. credit markets and steep rises in the prices of crude oil and other raw materials, domestic corporate performance continued to suffer and capital investments fell. The stagnant tone of the Japanese economy became all the more apparent during the fiscal year under review. Under these circumstances, personal income growth was stifled by the economic downturn, while higher prices for energy and foodstuffs curbed general consumption. Consumers are ever-more vigilant in their search for low prices. As a result, the retail industry in which the Nissen Group operates is facing a more competitive environment.

Within this business environment during the fiscal year under review, the Nissen Group endeavored to recover its consolidated profitability and implemented management rationalization measures without exception as a group, in order to enhance group corporate values over the medium-to-long term.

In direct marketing business, sales and ordinary income significantly exceeded those of the preceding fiscal year in all group businesses but the financial services business, which was split into a separate segment in the fiscal year under review. In the financial services business, reforms to the profit structure of equity-method affiliates improved performance, and an increase in equity in the earnings of affiliates largely contributed to profits. On the other hand, the direct sales business was impacted negatively by an acute change in the consumption trends and various amendments of laws and regulations, as well as the withdrawal from the exhibition sales business decided in September 2008. As a result, sales and ordinary income of the direct sales business fell significantly below the levels of the preceding year.

As a result, net sales for the current fiscal year increased 1.6% year-over-year to 155,489 million yen (+2,491 million yen), operating income decreased 32.3% year-over-year to 3,051 million yen (-1,457 million yen), ordinary income stood at 2,242 million yen (ordinary loss in the same period of the previous year was 2,022 million yen).

In addition to an extraordinary loss of 3,471 million yen incidental to the withdrawal from exhibition sales in the direct sales business, the Company recorded an extraordinary loss of 4,985 million yen (\*) arising on the cancellation of long-term forward foreign exchange contracts (under which the mark-to-market value applies) to reduce operational uncertainties, as well as a loss of 603 million yen from write-downs of listed securities incidental to recent financial conditions. Further, deferred income taxes of 1,750 million yen stemming from the partial reversal of deferred tax assets were recorded as tax expenses. As a result, net loss totaled 9,353 million yen (the net loss in the same period of the previous year was 3,144 million yen).

(\*Note) In the direct marketing business of the Nissen Group, the Company entered a series of long-term forward foreign exchange contracts in order to eliminate foreign exchange fluctuation risks relevant to the settlement of imports. Because the rapid appreciation of the yen against the dollar amidst recent economic and financial trends has diminished the advantage of maintaining these long-term forward foreign exchange contracts, however, the Company cancelled all the mark-to-market forward foreign exchange contracts during the fiscal year under review. Following the cancellation, the Company recorded the valuation losses on the forward foreign exchange contracts as extraordinary losses.

## 2) Results by business segment

Sales, operating income, and ordinary income for each business segment were as follows.

### **Direct marketing business segment**

The retail industry as a whole has struggled, as the economic downturn since the beginning of the second half of the fiscal year has forced consumer lifestyles into an increasingly defensive posture. However, sales of Nissen Co., Ltd., the principal business company, grew steadily under the impetus of favorable trends: more people were induced to seek product line-ups better adapted to the consumer need for low prices, and aggressive measures to expand direct marketing through the Internet and mobile phone platforms yielded results. In addition, through efforts to promote low-cost management activities for the control of catalog expenses related to the production and shipment of catalogs and fulfillment expenses incidental to the order placement and delivery of products, the direct marketing business (excluding the financial services business) performed at significantly improved levels in comparison with the previous fiscal year.

As a result, segment sales in the current fiscal year increased 5.9% year-over-year to 138,176 million yen (+7,693 million yen), operating income decreased 21.8% year-over-year to 6,536 million yen (-1,816 million yen), and ordinary income increased 120.0% year-over-year to 4,802 million yen (+2,619 million yen).

When the segment results in the current fiscal year are compared with the segment results in the previous fiscal year under the same condition as the previous year, whereby the results in the financial services business, a segment excluded from the direct marketing business from the current fiscal year, were deducted from the segment results in the previous year, segment sales in the current fiscal year increased 8.1% year-over-year (+10,357 million yen), operating income increased 14.9% year-over-year (+847 million yen), and ordinary income increased 175.4% year-over-year (+3,058 million yen). Thus, the segment results achieved significant improvement in both sales and profits in substantial comparison with the previous year.

### **Financial services business segment**

The financial services business results are determined by the performance of n Insurance Service Co., Ltd., a consolidated subsidiary of the Company engaged in agency business of insurance products, and profit on equity in the earnings of affiliates of GE Nissen Credit Co., Ltd., one of the Company's equity method affiliates.

n Insurance Service Co., Ltd. commenced the placement agency business with insurance products from April 2008 and recorded profits starting from the fiscal year under review. As for GE Nissen Credit Co., Ltd., significant net loss was recorded in the previous fiscal year as a result of increase in reserves for reimbursement claims for overpayment of interest and reversal of deferred tax assets. Though loans receivable decreased in the fiscal year under review, profitability improved overall as a result of several favorable factors, including lower allowances for doubtful accounts due to an improved debt collection ratio and reduced selling, general and administrative expenses. Therefore, the Company recorded 1,169 million yen as its profit on equity in the earnings of its affiliates.

As a result, segment sales in the current fiscal year were 958 million yen, operating income was 395 million yen, and ordinary income was 1,564 million yen. (\* Financial services business was included as a component of the direct marketing segment up until the previous consolidated fiscal year.)

### **Direct sales business segment**

Nissen Premium Co., Ltd., the principal business company, was significantly impacted by an acute change in the consumption trends and various amendments of laws and regulations. To cope therewith, Nissen Premium carried out decisive reforms of its business structure, including the elimination and consolidation of unprofitable business centers and rationalization of workforce levels. As this took place, however, the environment surrounding the exhibition sales business deteriorated even more. Having determined, based on a review of the pros and cons of continuing this business, that it would be difficult to maintain profitability and medium-to-long-term growth, the Company decided to withdraw from the exhibition sales business in the fiscal year under review. Lower sales and temporary expenses, including a special retirement allowance and expenses for closing the operation branches relevant to the withdrawal, were recorded incidental to this move. As a result, sales, operating income, and ordinary income during the fiscal term under review fell significantly below those of the previous year.

Overall, segment sales in the current fiscal year decreased 27.4% year-over-year to 16,354 million yen (-6,160 million yen), operating loss was 1,711 million yen (operating loss was 1,012 million yen in the same period of the previous year), and ordinary loss was 1,947 million yen (ordinary loss in the same period of the previous year was 1,296 million).

## 3) Status of capital investments

The total capital investments of the corporate group during the fiscal year under review amounted to 1,825

million yen as a result of capital investments made for the completion of the Shijo Shinmachi Bldg., together with investments in software and other segments.

#### 4) Status of funding

The Company and its consolidated subsidiary (oriental diamond inc.) have signed overdraft and commitment line agreements with twelve correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:

Current account of overdraft and commitment line	31,250 million yen
Credit used	19,400 million yen
Credit available	11,850 million yen

As a result of temporary factors, including the cancellation of forward foreign exchange contracts and withdrawal from the exhibition sales business in the fiscal year under review, the Company infringed the requirement (i) stated in the following clause on financial restrictions in the commitment agreement concluded by the Company.

However, the principal financial institutions involved have agreed that this infringement of the financial restriction clause does not constitute grounds for canceling the benefit of term.

(Financial restriction clause in the Agreement)

- (i) The Company shall maintain total shareholders' equity in the non-consolidated and consolidated balance sheets as of the last day of the accounting term of each fiscal year at 75% or more of that recorded as of the last day of the accounting term immediately preceding the relevant accounting term or the accounting term ended December 20, 2004, whichever is greater.
- (ii) The Company shall not record an ordinary loss in the non-consolidated or consolidated statements of income in two consecutive accounting terms of any fiscal year.

#### 5) Assignment, absorption-type demerger and incorporation-type demerger of business

Pursuant to the resolution of the Board of Directors meeting of Nissen Co., Ltd. held on February 25, 2008, the direct sales business of Nissen Co., Ltd. (a consolidated subsidiary of the Company) was split up as an incorporation-type demerger as of June 21, 2008, and a company established through the demerger, Nissen Premium Co., Ltd. (consolidated subsidiary of the Company), succeeds the business.

#### 6) Acquisition or disposal of shares, other interest, or the stock acquisition rights of other companies

In order to expand a high value added specialized direct marketing business with a distinctive brand, the Company acquired all shares of Kurashino Design, Inc., a wholly owned subsidiary of EDION Corporation, from EDION Corporation as of June 30, 2008 and made it its wholly owned subsidiary.

### (2) Business Results and Summary of Assets for the three immediately preceding fiscal terms

		Fiscal term ended December 20, 2005 (36th Term)	Fiscal term ended December 20, 2006 (37th Term)	Fiscal term ended December 20, 2007, (38th Term)	Fiscal term ended December 20, 2008, (39th Term)
Net sales	(millions of yen)	166,423	154,871	152,997	155,489
Ordinary income (loss)	(millions of yen)	8,414	5,228	(2,022)	2,242
Net income (loss)	(millions of yen)	5,749	777	(3,144)	(9,353)
Net income (loss) per share	(yen)	108.12	14.87	(53.03)	(157.58)
Total assets	(millions of yen)	83,863	77,038	72,371	69,996
Net assets	(millions of yen)	34,697	33,847	35,186	9,924
Net assets per share	(yen)	660.31	653.70	578.23	195.38

Notes: 1. From the 37<sup>th</sup> fiscal term, the Company adopted the "Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Corporate Accounting Standard No.5, December 9, 2005) and the "Guidelines for the Application of the Accounting Standard for the Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Corporate Accounting Standard Guideline No. 8, December 9, 2005).

2. The Company conducted a capital increase by allotting new shares to a third party with a stock payment date set for February 20, 2007 and increased the number of shares outstanding by 9,110,000 shares as of the same date.

### (3) Major parent company and subsidiaries

#### 1) Relationship with the parent company

Not applicable

#### 2) Major subsidiaries

Name of Company	Capital	Percentage of Voting Rights	Major Activities
Nissen Co., Ltd.	100 million yen	100.0%	Direct marketing business through catalogs and the Internet
Spark Ace Limited	2,500 thousand HK dollars	100.0%	Export to Nissen of products procured in Hong Kong and neighboring countries
Advance Progress Limited	1,700 thousand HK dollars	82.3%	Inspection of products imported by Nissen
Navibird, Inc.	80 million yen	74.2%	Japan-based Internet mail-order business for overseas residents
BUDOU Labo Co., Ltd.	63 million yen	66.5%	Development and sales of cosmetics using materials derived from grapes, and quasi-drugs
Kurashino Design, Inc.	300 million yen	100.0%	Planning and editing of "Kurashino Design," a catalog information magazine, and purchasing and sales of products published in catalogs and on web sites
n Insurance Service Co., Ltd.	100 million yen	100.0%	Life insurance solicitation business and non-life insurance agency business
Nissen Premium Co., Ltd.	50 million yen	100.0%	Store retailing of jewelry/kimono items and provision of various follow-up services such as tailoring/renting costumes.
oriental diamond inc.	100 million yen	100.0%	Import of diamonds for jewelry, and development and sales of diamond jewelry
TRECENTI Co., Ltd.	200 million yen	100.0%	Sales of precious metals and jewelry
Nissen Evers Oita Co., Ltd.	10 million yen	100.0%	Rental of wedding clothes, etc.
Nissen Shape Founde Co., Ltd.	50 million yen	100.0%	Sales of women's body-shaping undergarments and other apparel, and cosmetics, dietary supplements, and other services
Nissen Youbist Tomonokai Co., Ltd.	20 million yen	100.0%	Prepayment-based retail in accordance with the Installment Sales Law

Note: All shares in Advance Progress Limited are held indirectly.

#### 3) Other major affiliated companies

Name of Company	Capital	Percentage of Voting Rights	Major Activities
GE Nissen Credit Co., Ltd.	4,050 million yen	50.0%	Consumer credit card business, funding business, insurance agency business, etc.
Mail & eBusiness Logistics Service Co., Ltd.	980 million yen	49.5%	Storage, shipments, inspections, etc.
SharedWIN Co., Ltd.	100 million yen	49.0%	Commissioning of shared service center business through Chinese Business Process Outsourcing (BPO)
ALBERT Inc.	314 million yen	23.2%	Development and provision of product recommendation engines, operation of recommendation media
InfoDeliver Corporation	491 million yen	19.3%	Backoffice Business Process Outsourcing (BPO) services using centers in China

#### (4) Key issues

In order to respond promptly to the rapid changes in the business environment, the Nissen Group decided on the following four points as group strategy policies: 1. promotion of the growth strategy of the direct marketing business, 2. establishment of a business model and stabilization of profit for the financial services business, 3. further promotion of the selection and concentration of management resources and strategic alliances, 4. reinforcement of the management infrastructure with a view for the future with ESG (Environmental, Social, and Governance) issues at its core. Based on this, the Nissen Group aims to enhance the profitability and growth of the group as a whole through a further reform of its business structure, reform of its profit structure, and proactive development of strategic alliances in the coming fiscal year.

#### Direct marketing business

In order to further promote its growth strategies, Nissen Co., Ltd., the principal business company, will work to implement the following priority measures: continuously increase active customers, expand direct marketing through the Internet and mobile sales, select and concentrate business units, implement thoroughgoing low-cost management, and drastically reform the profit structure. In keeping with the commitment to “Sharpening One-to-One Marketing Relationships as an Innovator of Direct Marketing,” its new management policy geared towards future growth, Nissen Co., Ltd. will proactively promote various strategic action plans in the future to achieve the policy targets.

#### Financial services business

GE Nissen Credit Co., Ltd. will promote the rearrangement of its customer portfolio after abolishing gray zone interest rates, and work towards profit stability on a medium-to-long-term basis by establishing a business model adapted to the new business environment. Further, n Insurance Service Co., Ltd. upholds a basic policy of raising the level of recognition of the nissen, LIFE brand. Towards this end, n Insurance Service Co., Ltd. will increase the number of new customers acquired and new insurance commission revenue by expanding its product lines with a view to enhancing product proposals to customers, providing value-added services in order to differentiate itself from other companies in the same trade, and developing more convenient marketing techniques. Through these means, n Insurance Service Co., Ltd. aims to nurture a business that may become the prime source of earnings in the future.

#### Direct sales business

The Company significantly reduced the scope of this business segment through its withdrawal from the exhibition sales business. Notwithstanding, the Company will continuously develop high added-value brand business focused on store retailing. The main affiliates engaged in these efforts include Nissen Premium Co., Ltd. (the operator of “Gion-ya,” a shop specialized in Japanese costumes), oriental diamond inc., TRECENTI Co., Ltd., and others.

#### (5) Significant business activities (as of December 20, 2008)

- 1) Direct marketing business and sales representation business for apparel, home interior goods, miscellaneous daily goods, electric machinery and apparatuses, foodstuffs, and beverages, and other service businesses.
- 2) Life insurance solicitation business and non-life insurance agency business, credit card business, any and all services related to the finance business, etc.
- 3) Development, store retailing of kimonos, jewelry, and precious metals, and other related service businesses.

#### (6) Main Offices (as of December 20, 2008)

	Offices	Location
Nissen Holdings Co., Ltd.	Head office	Kyoto
	Headquarters	Kyoto
	Information Center	Kyoto
Nissen Co., Ltd.	Head office	Kyoto
	Domestic centers	Kyoto, Tokyo, others
	Overseas centers	Hong Kong, Shanghai, Beijing, others

#### (7) Employees (as of December 20, 2008)

- 1) Number of employees of Nissen Group

Number of employees	Increase/decrease from end of previous fiscal year
870	205 (decrease)

Notes: 1. Contract employees and temporary employees (non-regular employees) are excluded.

2. The number of employees decreased by 205 from the previous fiscal year, mainly due to a cutback in manpower caused by the withdrawal from the exhibition sales business by Nissen Premium Co., Ltd., the Company's consolidated subsidiary.

2) Number of employees of the Company

Number of employees	Increase/decrease from end of previous fiscal year	Average age	Average length of employment
72	48 (increase)	39 years, 0 month	9 years, 2 months

Notes: 1. Contract employees and temporary employees (non-regular employees) are excluded.

2. The number of employees increased by 48 from the end of the previous fiscal year. This was mainly because the Company transferred some of the personnel of the Control Department of Nissen Co., Ltd., its consolidated subsidiary, to the Company as of June 21, 2008.

**(8) Principal lenders (as of December 20, 2008)**

Lenders	Outstanding amount of loan (millions of yen)
Resona Bank, Limited	5,002
Bank of Kyoto, Ltd.	4,802
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,451
Mizuho Bank, Ltd.	2,251
The Fukui Bank, Ltd.	1,050

**(9) Other significant matters related to the corporate group**

Not applicable

## 2. Status of the Company (as of December 20, 2008)

### (1) Stock Information

- |   |               |                    |
|---|---------------|--------------------|
| 1) Number of shares authorized to be issued |               | 140,000,000 shares |
| 2) Number of shares issued                  | Common shares | 63,416,332 shares  |
| 3) Number of shareholders                   |               | 12,438 persons     |
| 4) Ten largest shareholders of the Company  |               |                    |

Name of shareholder	Investment in the Company	
	Number of shares held (thousand shares)	Percentage of voting rights (%)
THN, LLC (Standing proxy: Strategic Scenario)	5,560	10.95
THN Cayman, Inc. (Standing proxy: Strategic Scenario)	3,550	6.99
Japan Trustee Services Bank, Ltd. (Trust account)	2,059	4.05
Belluna Co., Ltd.	1,864	3.67
Japan Trustee Services Bank, Ltd. (Trust account 4G)	1,784	3.51
Resona Bank, Limited	1,630	3.21
Nihon Unisys, Ltd.	1,501	2.95
Tetsuo Kawashima	1,303	2.56
Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	1,214	2.39
Nissen Kyoeikai	1,184	2.33

Notes: 1. The Company holds 12,626 thousand shares of treasury stocks and is excluded from the major shareholders list above.

2. According to a copy of a large shareholdings report received by the Company from Brandes Investment Partners, L.P. as of March 21, 2008, the said company holds the following number of shares as of March 14, 2008. However, as the Company was not able to confirm the number of shares actually held by the said company at the end of the fiscal year under review, the said company is not included in the major shareholders list above.

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
Brandes Investment Partners, L.P.	2,417	3.81

**(2) Stock acquisition rights, etc.**

- 1) Stock acquisition rights allotted in consideration of the performance of duties and held by the Directors and Corporate Auditors of the Company

(As of December 20, 2008)

Date of resolution of Ordinary General Meeting of Shareholders	March 18, 2003	March 18, 2004	March 16, 2005
Number of rights holders and number of rights allotted			
Director of the Company	2 persons 996 rights	2 persons 1,200 rights	2 persons 2,400 rights
Corporate Auditor of the Company	1 person 115 rights	2 persons 325 rights	1 person 600 rights
Class of shares to be issued or transferred upon exercise of the stock acquisition rights	Common shares	Common shares	Common shares
Number of shares to be issued or transferred upon exercise of the stock acquisition rights	466,900 shares	814,500 shares	1,080,000 shares
Amount paid in upon the exercise of the stock acquisition rights	1,090 yen	2,205 yen	1,534 yen
Exercise period for the stock acquisition rights	From April 1, 2005 to March 15, 2013	From April 1, 2006 to March 15, 2009	From April 1, 2008 to March 15, 2010

- 2) Stock acquisition rights allotted to employees in consideration of the performance of duties during the fiscal year under review.

Not applicable

- 3) Other significant matters related to stock acquisition rights

Not applicable

**(3) Corporate officers**

- 1) Directors and Corporate Auditors (as of December 20, 2008)

Position	Name	Responsibility or representation in other corporations
President and Representative Director	Toshio Katayama	-
Director	Nobuyuki Ichiba	Managing Executive Officer and General Manager of Administrative Department
Director	Toshiya Tsukushi	Executive Officer and General Manager of Financial Department
Director	Takeshi Isokawa	Attorney, Global law office
Director	Akira Iwamoto	Managing Director, Advantage Partners LLP President and Representative Director, Advantage Advisors, Inc.
Director	Toshio Komada	Director, Japan Independent Directors Network
Director	Kaori Sasaki	President and Representative Director, UNICUL International Inc. President and Representative Director, ewoman, Inc.
Full-time Corporate Auditor	Yasoji Mori	-
Corporate Auditor	Yoshiharu Takahashi	President and Representative Director, Y's Stage Co., Ltd.
Corporate Auditor	Scott Trevor Davis	Outside Director, Seven & i Holdings Co., Ltd.

- Notes: 1. The Directors Takeshi Isokawa, Akira Iwamoto, Toshio Komada and Kaori Sasaki are Outside Directors, as prescribed by Article 2 Paragraph 15 of the Corporation Law.
2. The Corporate Auditors Yoshiharu Takahashi and Scott Trevor Davis are Outside Corporate Auditors, as prescribed by Article 2 Paragraph 16 of the Corporation Law.
3. Changes in the positions of Directors during the fiscal year under review are as follows:

Name	Title(s) after change	Title(s) before change
Nobuyuki Ichiba	Director, Managing Executive Officer, General Manager of Administrative Department	Director, Managing Executive Officer, Director of Corporate Control
Toshiya Tsukushi	Director, Executive Officer, General Manager of Financial Department	Director, Executive Officer, Manager of Financial Planning Office

2) Concurrent positions of corporate officers during the fiscal year under review

Name	Other corporations in which corporate officers hold positions concurrently	Position
Nobuyuki Ichiba	Nissen Shape Founde Co., Ltd.	Director
	InfoDeliver Corporation	Director
	GE Nissen Credit Co., Ltd.	Corporate Auditor
	Mail & e Business Logistics Service Co., Ltd.	Corporate Auditor
Toshiya Tsukushi	n Insurance Service Co., Ltd.	Director
	GE Nissen Credit Co., Ltd.	Director
Yasoji Mori	Nissen Co., Ltd.	Corporate Auditor
	Nissen Premium Co., Ltd.	Corporate Auditor

3) Total remuneration paid to Directors and Corporate Auditors

Title	Persons paid	Amount paid
Directors (Outside Directors)	11 (4)	157 million yen (25 million yen)
Corporate Auditors (Outside Corporate Auditors)	3 (2)	49 million yen (19 million yen)
Total (Outside Officers)	14 (6)	206 million yen (45 million yen)

Notes: 1. In addition to the above, the following remuneration is paid to Officers who are concurrently employed as employees:

- Number of officers who are concurrently employed as employees: 5      74 million yen
- It was resolved at the 33<sup>rd</sup> Ordinary General Meeting of Shareholders held on March 18, 2003 that the remuneration for Directors should be within the limit of 350 million yen per year (excluding remuneration for employees).
  - It was resolved at the 37<sup>th</sup> Ordinary General Meeting of Shareholders held on March 14, 2007 that the remuneration for Corporate Auditors should be within the limit of 50 million yen per year.
  - The numbers of Directors and Corporate Auditors as of the end of the fiscal year were 7 and 3, respectively.

4) Matters related to Outside Officers

- i) Significant positions concurrently held by Outside Officers (if executive officers or outside officers of other companies) and the relationships of their companies with the Company.

Title	Name	Name of company in which an Outside Director concurrently holds a position	Concurrent position	Relationship
Director	Takeshi Isokawa	Global law office	Attorney	-
		Nissen Co., Ltd.	Outside Corporate Director	-
		IMJ Corporation	Outside Corporate Director	-
Director	Akira Iwamoto	Advantage Partners LLP	Managing Director	Advantage Partners LLP is a company that offers services to the fund to which the Company carried out a third-party allocation in February 2007.
		Advantage Advisors, Inc.	President and Representative Director	-
Director	Toshio Komada	Japan Independent Directors Network	Director	-
Director	Kaori Sasaki	UNICUL International Inc.	President and Representative Director	-
		ewoman, Inc.	President and Representative Director	-
Corporate Auditor	Yoshiharu Takahashi	Y's Stage Co., Ltd.	President and Representative Director	-
Corporate Auditor	Scott Trevor Davis	Seven & i Holdings Co., Ltd.	Outside Director	-

- ii) Major activities during the fiscal year under review

Title	Name	Major Activities
Director	Takeshi Isokawa	He has participated in all 21 Board of Directors' meetings (including 8 special Board of Directors' meetings) held during the fiscal year under review. During these meetings, he has commented on the agenda for discussion, as necessary, mainly from his viewpoint as an expert as an attorney.
Director	Akira Iwamoto	He has participated in 19 out of 21 Board of Directors' meetings (including 8 special Board of Directors' meetings) held during the fiscal year under review. During these meetings, he has commented on the agenda for discussion, as necessary, mainly based on the experience and knowledge he has acquired from working on several cases of corporate revitalization.

Title	Name	Major Activities
Director	Toshio Komada	He has participated in all 15 Board of Directors' meetings (including 5 special Board of Directors' meetings) held since his appointment on March 18, 2008. During these meetings, he has commented on the agenda for discussion, as necessary, mainly based on the extensive experience and knowledge he has gained through his career as a manager, and from the global viewpoint he has acquired over his many years of involvement in international business.
Director	Kaori Sasaki	She has participated in 13 out of 15 Board of Directors' meetings (including 5 special Board of Directors' meetings) held since her appointment on March 18, 2008. During these meetings, she has commented on the agenda for discussion, as necessary, from her standpoint as an experienced and knowledgeable woman manager, consumer, and a member of an administrative committee related to people's daily lives.
Corporate Auditor	Yoshiharu Takahashi	He has participated in 20 out of 21 Board of Directors' meetings (including 8 special Board of Directors' meetings) and all 15 Auditor Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on personnel systems.
Corporate Auditor	Scott Trevor Davis	He has participated in 20 out of 21 Board of Directors' meetings (including 8 special Board of Directors' meetings) and all 15 Auditors Committees held during the fiscal year under review. In doing so, he has commented on the agenda for discussion as necessary, mainly from his viewpoint as an expert on CSR.

iii) Outline of agreement on limitation of liability

The Company stipulates in its Articles of Incorporation that the Company may conclude an agreement to limit liability for damages under Article 423 Paragraph 1 of the Corporation Law pursuant to the provision of Article 427 Paragraph 1 of the Corporation Law. Therefore, the Company has concluded an agreement on limitation of liability with each of the Outside Directors and Outside Corporate Auditors. Under the agreement, the liability for damages shall be limited to the minimum amount specified in Article 425 Paragraph 1 of the Corporation Law, provided that the relevant Outside Director or Outside Corporate Auditor has performed his duties in good faith and without gross negligence.

**(4) Accounting Auditor**

1) Name of Accounting Auditor: Ernst & Young ShinNihon LLC

Note: Ernst & Young ShinNihon is renamed Ernst & Young ShinNihon LLC as of July 1, 2008, as the type of audit corporation is changed.

2) Amount of remuneration paid to the Accounting Auditor

	Amount paid
1. Amount of remuneration paid to the Accounting Auditor in the fiscal year under review	36 million yen
2. Total amount of remuneration and property benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	71 million yen

Notes: 1. As the audit agreement between the Company and its Accounting Auditor does not differentiate the amount of remuneration for audit under the Corporation Law from the amount of remuneration for audit under the Financial Instruments and Exchange Law, the amount under I above shows the total remuneration for both audits.

2. Spark Ace Limited, one of the Company's major subsidiaries, is audited by an Accounting Auditor other than the Company's Accounting Auditor.

### 3) Non-auditing services

The Company asked the Accounting Auditor to perform consulting services on internal control systems, and the services so requested did not constitute auditing services (non-auditing services) provided under Article 2 Paragraph 1 of the Certified Public Accountants Law.

### 4) Policies for decisions on dismissal or non re-appointment of an Accounting Auditor

The Company does not provide any special policies for decisions on the dismissal or non re-appointment of the Accounting Auditor.

## **(5) Systems and Policies of the Company**

### 1) Systems to ensure appropriate execution of duties

The Company, as a pure holding company controlling the group companies, aims for appropriate and legitimate conduct of corporate activities of the group companies, in compliance with the Corporation Law and the enforcement regulations. The following is an outline of the decisions made regarding the systems to ensure that the execution of duties by the Directors conforms to laws and the Articles of Incorporation, and to ensure the propriety of other operations:

#### A. Systems for the storage and management of information related to the execution of duties by Directors

- i) Information related to the execution of duties by Directors and other information will be recorded in documents (documents, printed matters, any and all other records (including microfilm, floppy discs, etc.)) and stored in accordance with the document management rules.
- ii) Documents related to the execution of duties by Directors must be stored in a manner that ensures that Directors or Corporate Auditors who request to browse them will have full access to them at the head office within 2 days of making their request.

#### B. Systems and rules related to loss danger management

- i) The Company will create risk management rules to provide for the systematic management of risk of the Company and the affiliated companies, designate a section in charge of risk management by risk categories, and establish a Risk Management Committee that will serve as a Company-wide headquarters to control the risk management activities of the Company and the affiliated companies. The Board of Directors will appoint a chairman of the Risk Management Committee from among the Directors as Director in Charge of Risk Management.
- ii) The Risk Management Committee will regularly receive reports on the state of risks from the section in charge of dealing with risks, and review, report, and make decisions on matters related to the risk management of the Company and affiliated companies in general. The Director in Charge of Risk Management will report the information on risk management to the Internal Control Committee and make proposals as necessary.
- iii) The Director in Charge of Risk Management will formulate a risk management activity plan each term and present the Internal Control Committee with a report on the plan and the state of risk management activities of the previous term.
- iv) The Risk Management Committee will check the performance of risk management systems and review the systems in accordance with the occurrence of new risks.

#### C. System to ensure the efficient execution of the Directors' duties

- i) Clarify the role of the Board of Directors, Management Strategy Conference, Management Conference, Nominating and Compensation Committee, Group Human Resources Development Conference and each section in charge through rules on the segregation of duties, rules on job authority, rules on document approval, and other rules, to enhance the efficiency of operations.
- ii) Adopt an executive officer system, simplify the procedures and systems for transferring the authority for the execution of duties, and endeavor to realize speedier and fairer decision-making by management.

#### D. Systems to ensure that the execution of duties by the Directors and employees will conform to the laws and Articles of Incorporation

- i) Establish a Code of Conduct to ensure that Officers and employees will act in compliance with the laws and the various regulations.
- ii) Establish compliance rules, properly understand how the system of compliance is implemented in the Company and affiliated companies, and establish a Compliance Committee that will control compliance enforcement efforts at all-Company levels. The Board of Directors will appoint a chairman of the Compliance Committee from among the Directors, as a Director in Charge of Compliance.
- iii) The Director in Charge of Compliance will report on the actual state of compliance enforcement to

- the Internal Control Committee, and make proposals as necessary. The section in charge of internal audits will supervise the state of compliance enforcement in collaboration with the Compliance Committee.
- iv) As a means for the Company's officers and employees to directly provide information on acts in violation of law, fraudulent acts, and any questionable acts that may be in violation of laws, an in-company consultation office will be established within the Company and a consultation office with an external expert as a contact person will be established outside the Company. The section in charge of internal audits will be charged with the in-company consultation office. Upon receipt of a report, the in-company consultation office will investigate the details of the report and take measures to prevent recurrence.
  - v) The Compliance Committee will provide education on compliance to the officers and employees.
- E. Systems to ensure the propriety of duties in the corporate group comprising the Company and the subsidiaries
- i) Efforts for the proper management of affiliated companies by the Company will be made by applying the Affiliated Companies Management Rules, and the Corporate Control section in the Company will be in charge of management services of the affiliated companies.
  - ii) Before conducting certain material matters, the affiliated companies will be required to report to the Head of the Corporate Control section.
  - iii) The Internal Audit section will conduct internal audits of the affiliated companies.
  - iv) Shareholders' rights will be exercised in accordance with the group strategies to ensure the proper execution of duties.
- F. System for employees when the Corporate Auditor requests the appointment of employees for assistance, and matters related to the independence of such employees from Directors
- Establish rules for the employees to observe when assisting with the duties of the Corporate Auditor, ensure a system for such employees, and ensure the independence of such employees from Directors.
- i) Staff of the internal audit section will assist with the duties of the Corporate Auditor.
  - ii) The Auditors Committee will approve matters on the transfer, employee evaluation, and disciplinary measures applicable to the persons assisting.
- G. System for reporting to the Corporate Auditors by the Directors or employees, and other systems regarding reports to Corporate Auditors
- i) The Directors will report the following matters to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors
    - a. Matters resolved at management conferences
    - b. Matters that may cause material damage to the Company
    - c. Significant matters on monthly management
    - d. Significant matters on the state of internal auditing and risk management
    - e. Material violations of laws or the Articles of Incorporation
    - f. State of reporting related to the Whistleblower system and related details
    - g. Other significant matters on compliance enforcement
  - ii) If an employee becomes aware of any matter stated in b, e, or g, he or she will report the matter to the Corporate Auditor in accordance with the rules on reporting to Corporate Auditors.
- H. Other systems to ensure that auditing by Corporate Auditors is carried out effectively
- Corporate Auditors will maintain ongoing communication with the Directors and employees, while the Corporate Auditors and Auditors Committee will hold meetings regularly with the Representative Director and Accounting Auditor.
- I. Basic policies on eliminating anti-social forces and the status of maintenance
- i) The Nissen Group will cut off all relationships with anti-social forces that may harm social order or sound corporate activities, and the member companies of the Nissen Group will work together as a group to confront such forces. The Nissen Group will work to avoid any contact with anti-social forces. If any member company receives any possible unjustified demands by anti-social forces, the Nissen Group will cooperate with police agencies against the anti-social forces and take a resolute stance by resorting to legal measures.
  - ii) The Company sets the legal section as the principal section responsible for handling all problems in the Nissen Group related to anti-social forces. Together with the internal audit section and general affairs section, the Company will cooperate with external organizations, including police agencies, the Center for the Elimination of Boryokudan, attorneys, etc., to collect information and enhance enlightenment activities within the Nissen Group with regard to antisocial forces.

## 2) The Company's basic policies on the Corporate Governance of the Company

The Company has been making continued efforts to enhance its corporate governance in order to heighten the soundness and transparency of management and improve corporate values over the medium and long term, through measures such as the appointment of outside directors, the introduction of an executive officer system, and a shift to a group management structure under a pure holding company system. Looking ahead to the future, the Company believes that, in addition to implementation of appropriate business action plans such as improvements in growth potential and profitability in its primary line of business, optimization of its business portfolio through the selection and concentration of management resources, and formation of strategic alliances in a proactive manner, the enhancement of a group management foundation to sustain stable and ongoing improvements in corporate values over the long term is essential for the Company's survival in the intense competition in the retail market in which the Company operates, and for the Company's ongoing future as "a company group able to develop everlastingly" as envisioned by the Company since its foundation.

In order to ensure "improvements in group management transparency and objectivity," "separation of management and execution roles," and "proper delegation of authority with clearly defined responsibilities," the Company will actively implement specific measures mentioned hereunder and continue with its corporate governance reforms.

The Company implemented the following measures as policies for the fiscal term ended December 2008.

### Establishment of the ESG Committee

The Company has reorganized its Corporate Governance Committee into an Environmental, Social, and Governance (ESG) Committee. This move reflects the Company's decision to pursue corporate citizenship activities as a group in the areas of environmental protection and social contribution.

#### (i) Basic policies regarding ESG

Nissen supports the spirit of Principles for Responsible Investment recommended by the United Nations, and has set out to become a leader in Environmental, Social, and Governance (ESG) best practices by implementing concrete action plans in these areas.

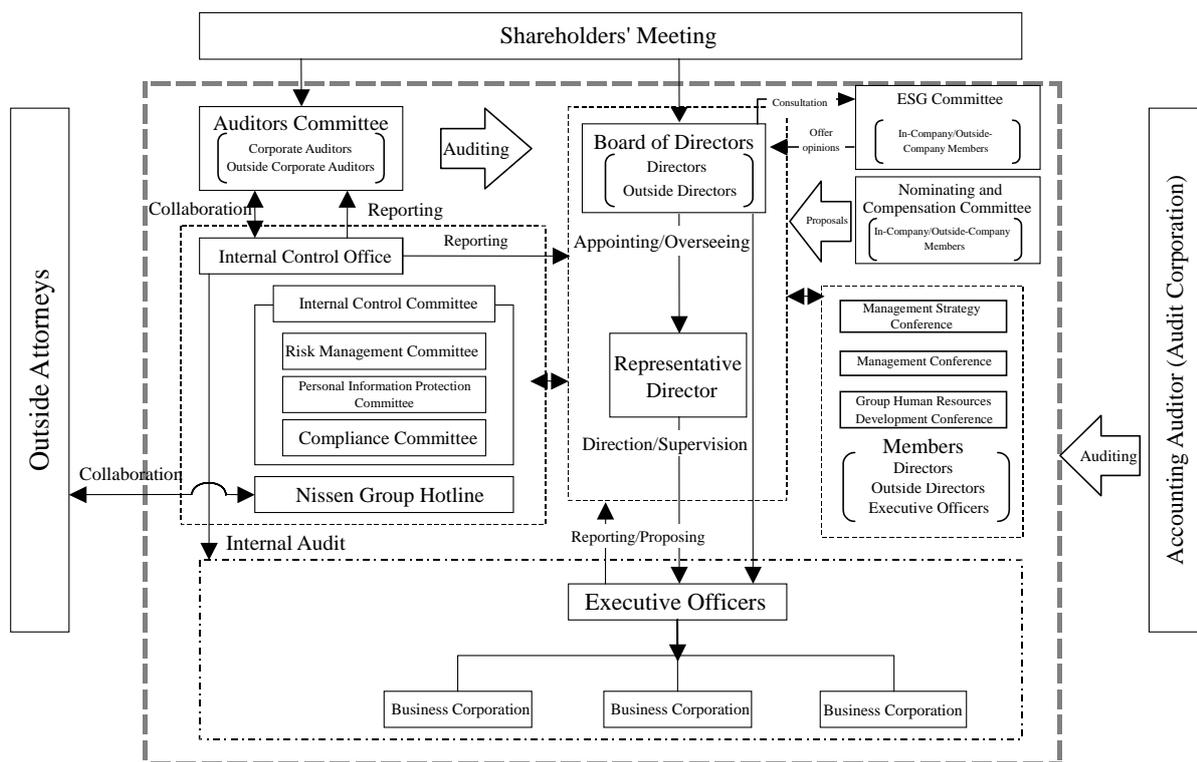
#### (ii) Function of ESG Committee

The ESG Committee will be responsible for providing advice with respect to the basic policies regarding ESG, action plans, and other important matters of the Nissen Group, and making necessary recommendations to the Board of Directors, the Nominating and Compensation Committee, and other bodies.

#### (iii) Members

Outside members account for the majority of members of the Committee, and the Chairman will be decided by mutual election among the outside members.

(Reference) Governance Organization Chart



3) Basic principles in connection with the control of *Kabushiki Kaisha*

A. Basic policies regarding persons who control the Company's decisions on financial and business matters

The Company believes that when the Company receives a Material Proposal with respect to control of the Company, the decision as to whether to accept the Proposal should ultimately be left up to the shareholders.

In line with the above principle, with regard to the "Introduction of Policy regarding Large Acquisition of Nissen Shares" (hereinafter the "Policy") approved by the shareholders at the 37th General Meeting of Shareholders held on March 14, 2007, the Company has considered changes in circumstances, including the establishment of the Financial Instruments and Exchange Law at about the time the Policy was being discussed and the enforcement of the law thereafter by stage, and decided at the 38th General Meeting of Shareholders held on March 18, 2008 that the agenda for the "Policy" would not be proposed.

B. Special efforts to achieve the basic policies

As part of its efforts to reinforce the infrastructure for group management for the purpose of enhancing corporate values on a medium-to-long-term term, the Company has implemented the following reforms: established a pure holding company system, ensured that the number of independent outside directors comprises one third or more of the board members, reduced the number of internal directors to as low a number as possible, prevented the full-time directors of the pure holding company from occupying the same positions at business corporations, and established the Nominating and Compensation Committee and ESG (Environmental, Social, and Governance) Committee (former Corporate Governance Committee), appointing outside members to chair the Committees and taking steps to ensure that each Committee is made up of a majority of outside members.

C. Measures to prevent inappropriate parties from controlling the financial and operational policies of the Company under the basic policy

When a proposal for purchase or an act of purchase that may materially impact the shareholder value (hereinafter the "Material Proposal") is made, the Company will strongly demand the disclosure of certain information, including the management policies that the prospective purchaser intends to

apply after the purchase, in order to ensure the common interests of the shareholders. The Company also collects information to the greatest possible extent, and thereupon endeavors to disclose the information at appropriate times and in appropriate ways, such as by communicating the decisions and opinions of the Board of Directors on the Material Proposal to the shareholders, so that the shareholders may make the final investment decisions based on accurate information.

D. Decision of the Company's Board of Directors for taking each of the above measures, and the reasons therefor

The Company believes that the above efforts are measures to be taken to enhance the medium-to-long term corporate values of the Company and the common interests of the shareholders, and that these issues should be addressed on an ongoing basis.

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Notes: Fractional units of monetary amounts and numbers of shares indicated in this Business Report are rounded down.  
Percentages are rounded to the nearest digit indicated.

## Consolidated Balance Sheet

(As of December 20, 2008)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>55,089</b>	<b>Current liabilities</b>	<b>59,090</b>
Cash and deposits	5,617	Notes and accounts payable-trade	20,249
Notes and accounts receivable-trade	10,770	Short-term bank loans	16,061
Securities	272	Income taxes payable	408
Inventories	16,819	Accounts payable-other	6,751
Accounts receivable-other	12,637	Forward exchange contracts	10,966
Prepaid expenses	7,231	Allowance for returned goods unsold	286
Deferred tax assets	1,354	Allowance for returned goods damaged	55
Others	643	Allowance for interest repayment compensation	198
Allowance for doubtful receivables	(257)	Allowance for loss on business liquidation	1,139
<b>Fixed assets</b>	<b>14,907</b>	Others	2,974
<b>Property, plant and equipment</b>	<b>5,938</b>	<b>Long-term liabilities</b>	<b>980</b>
Buildings and structures	3,302	Long-term loans from banks	851
Machinery equipment and vehicles	79	Deferred tax liabilities	53
Tools, furniture, and fixtures	787	Others	75
Land	1,769	<b>Total liabilities</b>	<b>60,071</b>
Construction in progress	0	<b>Net assets</b>	
<b>Intangible assets</b>	<b>1,063</b>	<b>Shareholders' equity</b>	<b>20,799</b>
<b>Investments and other assets</b>	<b>7,904</b>	Common stock	11,218
Investment in securities	6,822	Capital surplus	11,240
Deferred tax assets	0	Retained earnings	5,517
Others	1,669	Treasury stock	(7,177)
Allowance for doubtful receivables	(586)	<b>Valuation and translation adjustments</b>	<b>(10,875)</b>
		Net unrealized holding gain (loss) on other securities	122
		Deferred hedge gain (loss)	(10,966)
		Translation adjustments	(31)
		<b>Minority interests</b>	<b>1</b>
		<b>Total net assets</b>	<b>9,924</b>
<b>Total assets</b>	<b>69,996</b>	<b>Total liabilities and net assets</b>	<b>69,996</b>

**Consolidated Statement of Income**  
(From December 21, 2007 to December 20, 2008)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>155,489</b>
<b>Cost of sales</b>		<b>71,916</b>
<b>Gross profit</b>		<b>83,573</b>
Provision of allowance for returned goods unsold		274
Reversal of allowance for returned goods unsold		(585)
<b>Gross profit-net</b>		<b>83,884</b>
Selling, general and administrative expenses		80,833
<b>Operating income</b>		<b>3,051</b>
<b>Non-operating income</b>		
Interest and dividend income	35	
Commission income	260	
Income on equity in earnings of affiliates	1,206	
Reversal of allowance for returned goods damaged	28	
Miscellaneous income	403	1,934
<b>Non-operating expenses</b>		
Interest expenses	68	
Loss on write-off of merchandise	2,287	
Foreign exchange loss	22	
Provision of allowance for interest repayment compensation	135	
Miscellaneous expenses	228	2,743
<b>Ordinary income</b>		<b>2,242</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	2	
Gain on sales of investments in securities	0	
Gain on transfer of business	40	
Gain on changes in equity	13	55
<b>Extraordinary loss</b>		
Loss on sale or disposal of fixed assets	52	
Loss on write-down of investments in securities	603	
Loss on sale of investments in securities	0	
Loss on rescission of forward exchange contracts	4,985	
Provision of allowance for loss on business liquidation	1,139	
Loss on business withdrawal	2,332	
Others	327	9,441
<b>Loss before income taxes and minority interest</b>		<b>7,143</b>
Current income taxes		387
Income taxes for prior periods		87
Deferred income taxes		1,750
Minority interest in loss of consolidated subsidiaries		14
<b>Net loss</b>		<b>9,353</b>

**Consolidated Statement of Changes in Shareholders' Equity, etc.**

(From December 21, 2007 to December 20, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 20, 2007	11,218	11,240	16,510	(3,282)	35,686
Change in the fiscal year					
Dividend of surplus	—	—	(1,490)	—	(1,490)
Net loss	—	—	(9,353)	—	(9,353)
Purchase of treasury stocks	—	—	—	(3,895)	(3,895)
Disposal of treasury stocks	—	—	(0)	0	0
Decrease in retained earnings resulting from increase in the number of consolidated subsidiaries	—	—	(148)	—	(148)
Changes (net) in items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	—	—	(10,992)	(3,894)	(14,887)
Balance as of Dec. 20, 2008	11,218	11,240	5,517	(7,177)	20,799

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain (loss) on other securities	Deferred hedge gain (loss)	Translation adjustment	Total of valuation and translation adjustments		
Balance as of Dec. 20, 2007	226	(748)	4	(517)	16	35,186
Change in the fiscal year						
Dividend of surplus	—	—	—	—	—	(1,490)
Net loss	—	—	—	—	—	(9,353)
Purchase of treasury stocks	—	—	—	—	—	(3,895)
Disposal of treasury stocks	—	—	—	—	—	0
Decrease in retained earnings resulting from increase in the number of consolidated subsidiaries	—	—	—	—	—	(148)
Changes (net) in items other than shareholders' equity	(104)	(10,218)	(35)	(10,358)	(15)	(10,374)
Total changes in the fiscal year	(104)	(10,218)	(35)	(10,358)	(15)	(25,261)
Balance as of Dec. 20, 2008	122	(10,966)	(31)	(10,875)	1	9,924

## Notes to Consolidated Financial Statements

### 1. Basis of preparation of consolidated financial statements

#### (1) Basis of Consolidation

##### 1) Consolidated subsidiaries

Consolidated subsidiaries: 13

Consolidated subsidiaries

Nissen Co., Ltd.

Spark Ace Limited.

Advance Progress Limited.

Navibird, Inc.

BUDOU Labo Co., Ltd.

Kurashino Design, Inc.

n Insurance Service Co., Ltd.

Nissen PREMIUM Co., Ltd.

oriental diamond inc.

TRECENTI Co., Ltd.

Nissen Evers Oita Co., Ltd.

Nissen Shape Founde Co., Ltd.

Nissen Youbist Tomonokai Co., Ltd.

Effective from the current fiscal year, n Insurance Service Co., Ltd. (former Nissen Faimix Insurance Company, a preparatory company for foundation), which was a non-consolidated subsidiary for the previous fiscal year, is included in the consolidation because this company increases its significance.

Effective from the current fiscal year, Nissen PREMIUM Co., Ltd. is included in the consolidation because this company was incorporated by an incorporation-type demerger after the succession of the direct sales business of Nissen Co., Ltd. a consolidated subsidiary. Effective from the current fiscal year, Kurashino Design, Inc. is also included in the consolidation because the Company newly acquired its shares.

##### 2) Non-consolidated subsidiaries

Major non-consolidated subsidiaries

Shanghai Nissen Garments & Inspection Co., Ltd.

(Reason for exclusion from the consolidation)

The consolidated financial statements do not include the accounts of seven non-consolidated subsidiaries, because these entities are small-scale businesses whose combined total assets, net sales, net income/loss (equity in earnings/loss), and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

#### (2) Application of the equity method of accounting

##### 1) Affiliates accounted for under the equity method of accounting: 5

The company name:

GE Nissen Credit Co., Ltd.

Mail & e Business Logistics Service Co., Ltd.

SharedWIN Co., Ltd.

ALBERT Inc.

InfoDeliver Corporation

##### 2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method of accounting

Shanghai Nissen Garments & Inspection Co., Ltd.

(Reason for exclusion from application of the equity method of accounting)

The aforementioned equity is not accounted for under the equity method, because it has a very minor effect on consolidated net income/loss and consolidated retained earnings and is relatively insignificant in the context of consolidated financial statements.

#### (3) Fiscal years of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries are as follows:

Subsidiaries	Year-end Balance sheet dates
Nissen Co., Ltd.	Dec. 20

Spark Ace Limited.	Oct. 31
Advance Progress Limited	Oct. 31
Navibird, Inc.	Sep. 20
BUDOU Labo Co., Ltd.	Dec. 31
Kurashino Design, Inc.	Mar. 31
n Insurance Service Co., Ltd.	Dec. 20
Nissen PREMIUM Co., Ltd.	Dec. 20
oriental diamond inc.	Sep. 30
TRECENTI Co., Ltd.	Sep. 30
Nissen Evers Oita Co., Ltd.	Dec. 20
Nissen Shape Founde Co., Ltd.	Dec. 20
Nissen Youbist Tomonokai Co., Ltd.	Dec. 20

The Company has assumed a provisional closing of September 30 for BUDOU Labo Co., Ltd. and Kurashino Design, Inc. in preparing consolidated financial statements. The Company has used the actual closings for the subsidiaries Spark Ace Limited, Advance Progress Limited, Navibird, Inc., oriental diamond inc., and TRECENTI Co., Ltd. because their closing periods are within three months of the closing period of the Company. Appropriate adjustments were made for significant transactions during the year from their respective balance sheet dates to the balance sheet date of the consolidated financial statements.

#### (4) Accounting principles

##### 1) Valuation criteria and methods for principal assets

###### A. Securities

Held-to-maturity debt securities      Amortized cost method (straight-line method)

###### Other securities

###### Securities with market quotations

Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. The cost of securities sold is determined primarily by the moving-average method.)

###### Securities without market quotations

Securities without market quotations are stated at cost, cost being determined by the moving-average method.

###### B. Derivatives

Market value method

###### C. Inventories

###### Merchandise:

Inventories are stated at cost, cost being determined by the first-in first-out method.

##### 2) Depreciation and amortization method for principal depreciable assets

###### A. Property, plant and equipment

###### Buildings (excluding fixtures):

Depreciation on buildings acquired on or before March 31, 2007 is computed by the former straight-line method.

Depreciation on buildings acquired on or after April 1, 2007 is computed by the straight-line method.

###### Others:

Depreciation on others acquired on or before March 31, 2007 is computed by the former declining-balance method.

Depreciation on others acquired on or after April 1, 2007 is computed by the declining-balance method.

Useful life of principal assets is as follows:

Buildings and structures: 2-50 years

Machinery equipment and vehicles: 5-17 years

Tools, furniture, and fixtures: 2-20 years

###### (Additional Information)

Effective from the current fiscal year, with respect to property, plant and equipment acquired on or before March 31, 2007, from the fiscal year following the fiscal year when accumulated depreciation reaches 5% of the acquisition cost resulting from depreciation in accordance with the former Corporate Tax Law, the difference between the amount equal to 5% of the acquisition cost and the memorandum value is depreciated on a straight-line basis over a period of five years, and included in depreciation expenses. The effect of change in this accounting method on

operating results was immaterial for the current fiscal year.

B. Intangible assets

Amortization is computed by the straight-line method.

The development costs for software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

3) Recognition of significant allowances

A. Allowance for doubtful receivables

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio and for bad receivables based on a case-by-case determination of collectibility.

B. Allowance for returned goods unsold

To prepare for losses from returned goods unsold, the Company booked an allowance for returned goods unsold at the end of the fiscal year based on the historical rate of returned goods.

C. Allowance for returned goods damaged

To prepare for losses from returned goods damaged/discarded, the Company booked an allowance for returned goods damaged at the end of the fiscal year based on the historical rate of returned goods damaged.

D. Allowance for interest repayment compensation

To prepare for interest repayment compensation, the Company booked an allowance for interest repayment compensation at the end of the fiscal year. This relates to the Company's contractual obligation to provide compensation for interest repayments on loans transferred along with the sale of its credit services division to GE Nissen Credit Co., Ltd. on July 14, 2000.

E. Allowance for loss on business liquidation

To prepare for a loss from the business liquidation of affiliates, the Company booked an allowance for an estimated loss to be incurred in the future.

(Additional Information)

Because the Company decided that Nissen PREMIUM Co., Ltd. would withdraw from the exhibition sales business as a result of the deterioration of business circumstances around Nissen PREMIUM Co., Ltd., the Company booked an allowance for loss on business liquidation.

4) Translation of principal currency-dominated assets and liabilities

Foreign currency-dominated monetary assets and liabilities are exchanged into yen at the spot exchange rate in effect on the consolidated balance sheet date. Transaction-gain or loss is accounted for as profit or loss. The balance sheet accounts of overseas consolidated subsidiaries are also translated at the spot exchange rate in effect on the balance sheet date. The revenue and expense accounts of foreign consolidated subsidiaries are translated into yen at the average exchange rate for the year. Adjustments are stated as a component of net assets.

5) Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

6) Significant accounting policies for hedges

A. Hedge accounting method

With respect to forward foreign exchange contracts, a hedge is accounted for by the short-cut method since the hedging relationship meets certain criteria.

B. Hedging instrument and the risk hedged

Hedging method:

Forward foreign exchange contracts

Risk hedged:

Foreign currency-denominated monetary liabilities

C. Hedging policy

Nissen Holdings enters into forward foreign exchange contracts under a risk-control policy established by the Company, in order to reduce exposure to risks from fluctuations in foreign currency exchange.

D. Assessing the effectiveness of a hedge

Effectiveness is assessed by rate analysis of the sum total of cash flow fluctuation involving hedged transactions and the sum total of cash flow fluctuation involving the hedge method.

Nissen Holdings considers that its hedges are effective, since there was a high correlation between hedging instruments and the risk hedged at the end of the current fiscal year.

7) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes:

All amounts stated are exclusive of consumption taxes and local taxes.

(5) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of the consolidated subsidiaries are valued at market.

(6) Amortization of goodwill

Goodwill amortization is estimated for each period in which it is expected to emerge, and equally amortized over the designated amortization period. Relatively small amounts of goodwill are amortized in lump sums in the years in which they are recognized.

**2. Notes to consolidated balance sheets**

(1) Accumulated depreciation of property, plant and equipment: 4,376 million yen

(2) Loan guarantees: 47 million yen

Note: Guarantees for loans taken out by Group employees from financial institutions

(3) Overdraft and commitment line agreements

The Company and its consolidated subsidiary (oriental diamond inc.) have signed overdraft and commitment line agreements with twelve correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:

Current account of overdraft and commitment line	31,250 million yen
Credit used	19,400 million yen
Credit available	11,850 million yen

Break-down:

Overdraft	
Current account	16,250 million yen
Credit used	4,400 million yen
Credit available	11,850 million yen

Commitment line	
Current account	10,000 million yen
Credit used	10,000 million yen
Credit available	- million yen

Term loan	
Current account	5,000 million yen
Credit used	5,000 million yen
Credit available	- million yen

As a result of temporary factors, including the cancellation of forward foreign exchange contracts and withdrawal from the exhibition sales business in the fiscal year under review, the Company infringed the requirement (1) stated in the following clause on financial restrictions in the commitment agreement concluded by the Company.

However, all financial institutions involved have agreed that this infringement of the financial restriction clause does not constitute grounds for canceling the benefit of term.

(Financial restriction clause in the Agreement)

(1) The Company shall maintain total shareholders' equity in the non-consolidated and consolidated balance sheets as of the last day of the accounting term of each fiscal year at 75% or more of that recorded as of the last day of the accounting term immediately preceding the relevant accounting term or the accounting term ended December 20, 2004, whichever is greater.

(2) The Company shall not record an ordinary loss in the non-consolidated or consolidated statements of income in two consecutive accounting terms of any fiscal year.

### 3. Notes to consolidated statement of changes in shareholders' equity, etc.

#### (1) Type and number of outstanding shares and treasury stocks

	Number of shares as of Dec. 20, 2007 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2008 (Shares)
Outstanding shares				
Common shares	63,416,332	—	—	63,416,332
Total	63,416,332	—	—	63,416,332
Treasury stock				
Common shares	2,593,385	10,033,420	104	12,626,701
Total	2,593,385	10,033,420	104	12,626,701

Notes: 1. The increase of 10,033,420 common shares of treasury stock resulted from the purchase of 10,032,500 shares of treasury stock by resolution of the Board of Directors and the purchase of 920 odd-lot shares.

2. The decrease of 104 common shares of treasury stock resulted from the sale of odd-lot shares.

#### (2) Dividends of surplus

##### 1) Dividends payment

Resolution	Type of share	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 18, 2008	Common shares	790 million yen	13.00 yen	Dec. 20, 2007	May 19, 2008
Board meeting on July 28, 2008	Common shares	699 million yen	11.50 yen	June 20, 2008	Sep. 9, 2008

##### 2) Dividends with a record date in the current fiscal year and effective date in the following fiscal year

The Company proposes the appropriation of surplus at the Ordinary General Meeting of Shareholders on March 18, 2009, as follows.

Type of share	Total amount of dividend	Source of funds	Dividends per share	Record date	Effective date
Common shares	584 million yen	Retained earnings	11.50 yen	Dec. 20, 2008	March 19, 2009

(3) Stock Acquisition Rights as of December 20, 2008

Resolution date of the Ordinary General Meeting of Shareholders	March 18, 2003	March 18, 2004	March 16, 2005 (to employees of the Company)
Type of shares	Common shares	Common shares	Common shares
Number of shares	466,900	814,500	231,000

Resolution date of the Ordinary General Meeting of Shareholders	March 16, 2005 (linked to the medium-term business plan)	March 15, 2006
Type of shares	Common shares	Common shares
Number of shares	1,080,000	214,500

**4. Notes to per share information**

(1) Net asset per share	195.38 yen
(2) Net loss per share	157.58 yen

**Independent Auditors' Report**

February 20, 2009

The Board of Directors  
Nissen Holdings Co., Ltd.

**Ernst & Young ShinNihon LLC**

Yutaka Terazawa, CPA (Seal)  
Designated Partner,  
Engagement Partner

Ikuya Kawashima, CPA (Seal)  
Designated Partner,  
Engagement Partner

Toshihiro Yoshida, CPA (Seal)  
Designated Partner,  
Engagement Partner

Pursuant to Article 444, Paragraph 4, of the Corporation Law, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity etc., and notes to the consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the fiscal year from December 21, 2007 to December 20, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements, an assessment of the accounting policies used and significant estimates made by management, and an evaluation of the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the consolidated group consisting of the Company and its consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

**Audit Report on the Consolidated Financial Statements**

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each Corporate Auditor concerning the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and notes to consolidated financial statements) for the 39th fiscal year from December 21, 2007 to December 20, 2008, have prepared this Audit Report and hereby submit it as follows:

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established the auditing policies and division of duties, received reports and explanations on the status and results of the audits from each Corporate Auditor, received reports and explanations on the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing policies and division of duties determined by the Board of Corporate Auditors, each Corporate Auditor received reports and explanations on the consolidated financial statements from the Directors, employees, etc., and requested explanations as necessary. The Corporate Auditors monitored the Accounting Auditor to verify that the Accounting Auditor maintained independence and conducted the audits appropriately. Each Corporate Auditor also received reports on the status of the execution of duties from the Accounting Auditor and requested explanations as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 159 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor, and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the consolidated financial statements for the year ended on December 20, 2008.

2. Results of Audit

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

February 22, 2009

The Board of Corporate Auditors of Nissen Holdings Co.,  
Ltd.

Yasoji Mori (Seal)  
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)  
Outside Corporate Auditor

Scott Trevor Davis (Seal)  
Outside Corporate Auditor

## Non-consolidated Balance Sheet

(As of December 20, 2008)

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>5,280</b>	<b>Current liabilities</b>	<b>17,950</b>
Cash and deposits	1,612	Notes payable-trade	8
Short-term loans receivable from affiliates	2,497	Short-term bank loans	14,655
Accounts receivable from affiliates	885	Long-term loans due within one year	1,660
Others	475	Accounts payable-other	570
Allowance for doubtful receivables	(189)	Accounts expenses	100
<b>Fixed assets</b>	<b>39,620</b>	Income taxes payable	293
<b>Property, plant and equipment</b>	<b>5,623</b>	Notes payable-construction	492
Buildings	3,091	Accounts payable-equipment	139
Structures	29	Others	30
Machinery and equipment	42	<b>Long-term liabilities</b>	<b>2,081</b>
Automotive equipment and vehicles	10	Long-term loans from banks	850
Tools, furniture, and fixtures	679	Allowance for loss on business of affiliates	1,231
Land	1,769	<b>Total liabilities</b>	<b>20,032</b>
Construction in progress	0	<b>Net assets</b>	
<b>Intangible assets</b>	<b>238</b>	<b>Shareholders' equity</b>	<b>24,747</b>
<b>Investments and other assets</b>	<b>33,758</b>	Common stock	11,218
Investment in securities	1,546	Capital surplus	11,260
Affiliates stock	21,728	Additional paid-in capital	11,260
Long-term loans receivable from affiliates	10,945	Retained earnings	9,445
Deferred tax assets	2,561	Legal reserves	256
Others	277	Other retained earnings	9,188
Allowance for doubtful receivables	(3,301)	Special reserves	16,509
		Retained earnings carried forward	(7,320)
		Treasury stock	(7,177)
		<b>Valuation and translation adjustments</b>	<b>122</b>
		Net unrealized holding gain (loss) on other securities	122
		<b>Total net assets</b>	<b>24,869</b>
<b>Total assets</b>	<b>44,901</b>	<b>Total liabilities and net assets</b>	<b>44,901</b>

**Non-consolidated Statement of Income**  
(From December 21, 2007 to December 20, 2008)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>5,344</b>
<b>Cost of sales</b>		<b>3,104</b>
<b>Gross profit</b>		<b>2,239</b>
Selling, general and administrative expenses		2,016
<b>Operating income</b>		<b>223</b>
<b>Non-operating income</b>		
Interest and dividend income	124	
Commission income	7	
Miscellaneous income	36	168
<b>Non-operating expenses</b>		
Interest expenses	72	
Foreign exchange loss	1	
Provision of allowance for doubtful receivables	773	
Miscellaneous expenses	78	926
<b>Ordinary loss</b>		<b>534</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	0	
Gain on sales of investment in securities	0	0
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	3	
Loss on write-down of investment in securities	570	
Loss on write-down of investment in affiliates	143	
Loss on business liquidation of affiliates	4,612	5,329
<b>Loss before income taxes</b>		<b>5,863</b>
Current income taxes		266
Income taxes for prior periods		87
Deferred income taxes		27
<b>Net loss</b>		<b>6,244</b>

**Non-consolidated Statement of Changes in Shareholders' Equity, etc.**

(From December 21, 2007 to December 20, 2008)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal reserves	Retained earnings		
		Additional paid-in capital	Other capital surplus		Other retained earnings		Total retained earnings
				Special reserves	Retained earnings carried forward		
Balance as of Dec 20, 2007	11,218	11,260	11,260	256	17,300	(376)	17,180
Change in the fiscal year							
Dividend of surplus	—	—	—	—	—	(1,490)	(1,490)
Net loss	—	—	—	—	—	(6,244)	(6,244)
Reversal of special reserves	—	—	—	—	(790)	790	—
Purchase of treasury stocks	—	—	—	—	—	—	—
Disposal of treasury stocks	—	—	—	—	—	(0)	(0)
Changes (net) in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	—	—	—	—	(790)	(6,943)	(7,734)
Balance as of Dec. 20, 2008	11,218	11,260	11,260	256	16,509	(7,320)	9,445

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Total valuation and translation adjustments	
Balance as of Dec 20, 2007	(3,282)	36,376	226	226	36,603
Change in the fiscal year					
Dividend of surplus	—	(1,490)	—	—	(1,490)
Net loss	—	(6,244)	—	—	(6,244)
Reversal of special reserves	—	—	—	—	—
Purchase of treasury stocks	(3,895)	(3,895)	—	—	(3,895)
Disposal of treasury stocks	0	0	—	—	0
Changes (net) in items other than shareholders' equity	—	—	(104)	(104)	(104)
Total changes in the fiscal year	(3,894)	(11,629)	(104)	(104)	(11,734)
Balance as of Dec. 20, 2008	(7,177)	24,747	122	122	24,869

## Notes to Non-consolidated Financial Statements

### 1. Significant accounting policies

#### (1) Valuation standard and method for securities

##### 1) Equity in subsidiaries and affiliated companies

Equity in subsidiaries and affiliated companies is stated at cost, cost being determined by the moving-average method.

##### 2) Other securities

###### Securities with market quotations

Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in net assets. The cost of securities sold is determined primarily by the moving-average method.)

###### Securities without market quotations

Securities without market quotations are stated at cost, cost being determined by the moving-average method.

#### (2) Depreciation and amortization method for tangible fixed assets

##### 1) Property, plant and equipment

###### Buildings (excluding fixtures):

Depreciation on buildings acquired on or before March 31, 2007 is computed by the former straight-line method.

Depreciation on buildings acquired on or after April 1, 2007 is computed by the straight-line method.

###### Others:

Depreciation on others acquired on or before March 31, 2007 is computed by the former declining-balance method.

Depreciation on others acquired on or after April 1, 2007 is computed by the declining-balance method.

Useful life of principal assets is as follows

Buildings and structures: 2-50 years

Attached structures: 3-20 years

Tools, furniture, and fixtures: 2-15 years

(Additional Information)

Effective from the current fiscal year, with respect to property, plant and equipment acquired on or before March 31, 2007, from the fiscal year following the fiscal year when accumulated depreciation reaches 5% of the acquisition cost resulting from depreciation in accordance with the former Corporate Tax Law, the difference between the amount equal to 5% of the acquisition cost and memorandum value is depreciated on a straight-line basis over a period of five years, and included in depreciation expenses. The effect of change in this accounting method on operating results was immaterial for the current fiscal year.

##### 2) Intangible assets

Amortization is computed by the straight-line method.

The development costs for software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

#### (3) Recognition of allowances

##### 1) Allowance for doubtful receivables

To prepare for credit losses on accounts receivable, allowances equal to the estimated amounts of uncollectible receivables are provided based on the historical write-off ratio for normal claims and based on a case-by-case determination of collectibility for doubtful claims.

##### 2) Allowance for loss on business of affiliates

To prepare for loss on business of affiliates, the Company booked an allowance for estimated losses at the end of the current fiscal year, considering the financial position of the affiliates.

(Additional Information)

Because it became necessary to prepare for loss on business of affiliates at the end of the current fiscal

year, the Company booked an allowance for estimated losses attributable to the current fiscal year.

(4) Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to ordinary operating leases.

(5) Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

**2. Notes to non-consolidated balance sheets**

(1) Accumulated depreciation of property, plant and equipment:	3,784 million yen
(2) Loan guarantees:	
Guarantees for loans taken out by Group employees from financial institutions	47 million yen
Guarantee for debts arising from transactions between the following consolidated subsidiaries and financial institutions	
Spark Ace Limited.	378 million yen
Nissen Co., Ltd.	5,744 million yen
Guarantee for payment obligation of the following consolidated subsidiaries	
Nissen Co., Ltd.	4,332 million yen
(3) Receivables from and payables to subsidiaries and affiliates:	
1) Short-term receivables	3,404 million yen
2) Long-term receivables	10,945 million yen
3) Short-term payables	278 million yen

(4) Overdraft and commitment line agreements

The Company has signed overdraft and commitment line agreements with twelve correspondent financial institutions to ensure efficient procurement of working capital. The balance of unused credit lines under these agreements as of the end of the fiscal year was as follows:

Current account of overdraft and commitment line	31,150 million yen
Credit used	19,400 million yen
Credit available	11,750 million yen

Break-down:

Overdraft	
Current account	16,150 million yen
Credit used	4,400 million yen
Credit available	11,750 million yen

Commitment line	
Current account	10,000 million yen
Credit used	10,000 million yen
Credit available	- million yen

Term loan	
Current account	5,000 million yen
Credit used	5,000 million yen
Credit available	- million yen

As a result of temporary factors, including the cancellation of forward foreign exchange contracts and withdrawal from the exhibition sales business in the fiscal year under review, the Company infringed the requirement (1) stated in the following clause on financial restrictions in the commitment agreement concluded by the Company.

However, all financial institutions involved have agreed that this infringement of the financial restriction clause does not constitute grounds for canceling the benefit of term.

(Financial restriction clause in the Agreement)

(1) The Company shall maintain total shareholders' equity in the non-consolidated and consolidated balance sheets as of the last day of the accounting term of each fiscal year at 75% or more of that recorded as of the last day of the accounting term immediately preceding the relevant accounting term or the accounting term ended December 20, 2004, whichever is greater.

(2) The Company shall not record an ordinary loss in the non-consolidated or consolidated statements of income in two consecutive accounting terms of any fiscal year.

### 3. Notes to non-consolidated statement of income

(1) Operating transactions with subsidiaries and affiliates:	
1) Operating transactions with subsidiaries and affiliates	5,572 million yen
2) Transaction with subsidiaries and affiliates other than operating transactions	133 million yen

### 4. Notes to statement of changes in shareholders' equity, etc.

Number of treasury stocks

Type of shares	Number of shares as of Dec. 20, 2007 (Shares)	Increase during the fiscal year (Shares)	Decrease during the fiscal year (Shares)	Number of shares as of Dec. 20, 2008 (Shares)
Common shares	2,593,385	10,033,420	104	12,626,701

Notes: 1. The increase of 10,033,420 common shares of treasury stock resulted from the purchase of 10,032,500 shares of treasury stock by resolution of the Board of Directors and the purchase of 920 odd-lot shares.

2. The decrease of 104 common shares of treasury stock resulted from the sale of odd-lot shares.

### 5. Deferred tax accounting

Significant components of deferred tax assets and liabilities

(Millions of yen)

(Deferred tax assets)	
Adjustment for stocks of majority-owned subsidiaries upon demerger	2,615
Allowance for doubtful receivables	1,312
Loss on write-off of investment in affiliates	674
Allowance for loss on business of affiliates	500
Loss on write-down of investment in securities	396
Amortization of intangible assets in excess of tax allowance maximum	82
Allowance for retirement benefits for directors and corporate auditors	79
Amortization of telephone subscription right	49
Accrued enterprise tax	21
Disallowed accrued social insurance premium	6
Disallowed accrued bonuses	5
Others	64
Deferred tax assets (subtotal)	5,808
Valuation reserve	(3,193)
Total deferred tax assets	2,615
(Deferred tax liabilities)	
Net unrealized holding gain (loss) on other securities	(53)
Total deferred tax liabilities	(53)
Deferred tax assets-net	2,561

### 6. Notes to fixed assets under lease

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees

(1) Lessees

1) The amount equal to acquisition cost, the amount equal to accumulated depreciation, and the amount equal to the carrying amount at the end of the fiscal year

	The amount equal to acquisition cost	The amount equal to accumulated depreciation	The amount equal to the carrying amount
Tools, furniture and fixtures	5 million yen	2 million yen	2 million yen
Total	5 million yen	2 million yen	2 million yen

The above amount does not include the amount equal to acquisition cost, the amount equal to accumulated depreciation, and the amount equal to the carrying amount of leased assets for sublease transactions.

2) The amount equal to the carrying amount at the end of fiscal year

One year or less	9 million yen
More than one year	1 million yen
Total	11 million yen

The above amount includes the amount equal to the carrying amount for sublease transactions at the end of the fiscal year.

3) Lease expenses, the amount equal to depreciation expenses, and the amount equal to interest expenses

Lease expenses	0 million yen
Amount equal to depreciation expenses	0 million yen
Amount equal to interest expenses	0 million yen

The above amount does not include the lease expense, the amount equal to depreciation expenses, and the amount equal to interest expenses for sublease transactions.

4) Calculation method for depreciation expenses and interest expenses

Calculation method for depreciation expenses

Fixed assets under lease are depreciated by the straight-line method over the lease period without residual value.

Calculation method for interest expenses

The difference between the total lease expenses and the amount equal to acquisition cost is considered the amount equal to interest. That difference is expensed over the lease period by the interest method.

(2) Lessors

One year or less	8 million yen
More than one year	— million yen
Total	8 million yen

The amount above is the amount equal to the carrying amount at the end of the fiscal year on the part of lessors for sublease transactions. The Company subleases leased assets to consolidated subsidiaries on the same terms as lease, and the same amount is included in the amount equal to the carrying amount at the end of the fiscal year on the part of the above lessees.

(Impairment losses)

Details are omitted because there are no impairment losses allocated to fixed assets under lease.

## 7. Notes to transaction with affiliated parties

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end of the fiscal term (millions of yen)
			Concurrently serving Directors or Corporate Auditors, etc.	Factual relationship				
Subsidiary	Nissen Co., Ltd.	Direct ownership 100.0%	Number of concurrently serving Directors or Corporate Auditors: 2	Management guidance, borrowing and lending, and combination of offices of Directors or Corporate Auditors	Lending and recovery of funds (Note 1)	6,660	Short-term loans receivable from affiliates	1,660
							Long-term loans receivable from affiliates	4,350
					Receipt of interest (Note 1)	44	—	—
					House rent income	228	Accounts receivable -other	19
					Commission income of operation consignment	1,544	Accounts receivable -other	163
					Receipt of system fees	2,269	Accounts receivable -other	243
					Transfer of subsidiaries stock (Note 3)	1,231	—	—
					Guarantee liability (Note 4)	10,077	—	—
					Guaranteed liability (Note 5)	16,910	—	—
	Nissen PREMIUM Co., Ltd.	Direct ownership 100.0%	Number of concurrently serving Directors or Corporate Auditors: 1	Management guidance, borrowing and lending, and combination of offices of Directors or Corporate Auditors	Lending of funds (Note 1)	2,150	Long-term loans receivable from affiliates	2,150
					Receipt of interest (Note 1)	2	—	—
	Nissen Youbist Tomonokai Co., Ltd.	Direct ownership 100.0%	None	Management guidance, borrowing and lending	Borrowing of funds (Note 1)	490	Short-term loans receivable from affiliates	490
					Repayment of funds (Note 2)	500	—	—
					Receipt of interest (Note 1)	0	—	—
					Payment of interest (Note 2)	3	—	—
	oriental diamond inc.	Direct ownership 100.0%	None	Management guidance, borrowing and lending,	Money lending and recovery (Note 1)	1,250	Long-term loans receivable from affiliates	3,100
					Receipt of interest (Note 1)	36	—	—
	Kurashino Design, Inc.	Direct ownership 100.0%	None	Management guidance, borrowing and lending,	Lending of funds (Note 1)	720	Long-term loans receivable from affiliates	720
					Receipt of interest (Note 1)	3	—	—
	Affiliated company	Mail & e Business Logistics Service Co., Ltd.	Direct ownership 49.5%	Number of concurrently serving Directors or Corporate Auditors: 1	Management guidance and combination of offices of Directors or Corporate Auditors	Receipt of system fees	562	Accounts receivable -other

Trade conditions and related policies

Notes: 1. Interest on loans receivables is reasonably determined based on the market rate.

2. Interest on loans payables is reasonably determined based on the market rate.

3. One thousand shares of the stock of Nissen Premium Co., Ltd. were transferred to the Company at the price of 1,231,218 yen per share.
4. The Company guarantees liability for transactions with financial institutions and the payment obligations of Nissen Co., Ltd. The Company does not receive any guarantee fee for these guarantees.
5. The Company receives a guarantee from Nissen Co., Ltd. for borrowing from financial institutions. The Company does not pay any guarantee fee for this guarantee.
6. The amount for transactions excludes consumption taxes, and the balance as of the end of the fiscal term includes consumption taxes.

**8. Notes to per share information**

(1) Net asset per share	489.65 yen
(2) Net loss per share	105.20 yen

**9. Significant subsequent events**

Not applicable

**Independent Auditors' Report**

February 20, 2009

The Board of Directors  
Nissen Holdings Co., Ltd.

**Ernst & Young ShinNihon LLC**

Yutaka Terazawa, CPA (Seal)  
Designated Partner,  
Engagement Partner

Ikuya Kawashima, CPA (Seal)  
Designated Partner,  
Engagement Partner

Toshihiro Yoshida, CPA (Seal)  
Designated Partner,  
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements of Nissen Holdings Co., Ltd. (the "Company"), for the 39th fiscal term from December 21, 2007 to December 20, 2008, together with the supplementary schedules of the Company for the same term. These non-consolidated financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and supplementary schedules are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the non-consolidated financial statements and supplementary schedules, an assessment of the accounting policies used and significant estimates made by management, and an evaluation of the overall presentation of the non-consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

### Audit Report

The Board of Corporate Auditors, following its review and deliberations on the reports made by each Corporate Auditor concerning the methods and results of the audit of execution of duties by the Directors of the Board for the 39th fiscal term from December 21, 2007 to December 20, 2008, prepared this Audit Report and hereby submits it as follows:

#### 1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established the auditing policies and the division of duties, received reports and explanations on the status and results of audits from each Corporate Auditor, received reports and explanations on the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing policies determined by the Board of Corporate Auditors and the division of duties, each Corporate Auditor endeavored to collect information and establish auditing circumstances through communication with Directors, internal audit staff, and other employees, attended the Board of Directors' meeting and other important meetings to hear about the status of deliberations on important matters, and opined his or her opinion as necessary. Each Corporate Auditor also received reports on the execution of duties from Directors and employees, requested explanations as necessary, inspected the approved documents and minutes of meetings, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices.

With respect to the establishment of the system for ensuring that the Directors' duties are performed in conformity with laws, regulations, and the Articles of Incorporation of the Company, and the other system required to ensure the proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law, Each Corporate Auditor monitored and verified the contents of the resolutions adopted by the Board of Directors thereon and the systems (Internal Control System) to be established in accordance with the resolution of the Board of Directors. Each Corporate Auditor also reviewed the basic policy stipulated in Item 1, Article 127 of the Enforcement Regulations for the Corporation Law and the activities described in the business report as stipulated in Item 2 of the same Article, based on the deliberations at the meetings of the Board of Directors and other meetings. The Corporate Auditors received their business reports from subsidiaries as necessary, through communication and information sharing with the Directors and Corporate Auditors of the subsidiaries. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on December 20, 2008.

Further, the Corporate Auditors monitored and verified that the Accounting Auditor maintains independence and conduct the audits appropriately. Each Corporate Auditor also received reports on the status of the execution of duties from the Accounting Auditor and requested explanation, as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 159 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor, and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity etc., and notes to the non-consolidated financial statements, for the year ended on December 20, 2008, together with the supplementary schedules for the same year.

#### 2. Results of Audit

##### (1) Results of the audit of business reports

1. The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
2. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company; and

3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control or the execution of duties by Directors.
4. There are no matters to be pointed out with respect to the basic principles on the parties who are to control the decision of the Company's financial and operational policies described in the business reports. Activities described in the business reports in accordance with Item 2, Article 127 of the Enforcement Regulations for the Corporation Law are in line with such basic principles, do not harm the common interests of the shareholders, and are not undertaken with the intention to maintain the positions of Directors or Corporate Auditors of the Company.

(2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

February 22, 2009

The Board of Corporate Auditors of Nissen Holdings Co., Ltd.

Yasoji Mori (Seal)  
Full-time Corporate Auditor

Yoshiharu Takahashi (Seal)  
Outside Corporate Auditor

Scott Trevor Davis (Seal)  
Outside Corporate Auditor

## Reference Documents for the General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1: Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

1. Matters pertaining to the fiscal year-end dividend

The Company proposes to pay the following year-end dividend for the 39th Business Period, based on the operating results for the business period and future business development.

(1) Dividend asset classification

The dividend will be paid in cash.

(2) Matters pertaining to the allocation of dividend assets and total amount

The Company will pay a dividend of ¥11.50 per share of Nissen Holdings common stock.

In this case the total amount to be paid out in the form of dividends comes to ¥584,080,756.

(3) Effective Date for payment of dividend of surplus

March 19, 2009

2. Appropriation of surplus

(1) Items to be decreased and amount of decrease

Special reserves	584,080,756 yen
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(2) Items to be increased and amount of increase

Retained earnings carried forward	584,080,756 yen
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#### Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

The “Law for Partial Amendments to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities” (Law No. 88, 2004) (hereinafter the “Settlement Streamlining Law”) was enforced on January 5, 2009. Accordingly, the Company proposes the following amendments to the Articles of Incorporation.

- (1) Pursuant to Article 6, Paragraph 1 of the Supplementary Provisions of the Settlement Streamlining Law, the provision for the issuance of the Company’s share certificates in the Articles of Incorporation are deemed to be abolished by resolution as of the enforcement date of the said Law. Accordingly, the Company proposes the deletion of such provision, as well as the deletion of the provision regarding the share certificates representing shares constituting less than one unit and the provision regarding the register of lost share certificates (Article 7, Article 9, Paragraph 2, and Article 12, Paragraph 3 of the existing Articles of Incorporation). However, the transfer agent shall continue to prepare and keep the register of lost share certificates and handle other clerical works for one-year from the following date after the enforcement date of the Settlement Streamlining Law. Consequently, the Company proposes the establishment of the SUPPLEMENTARY PROVISIONS to that effect as a provisional measure.
- (2) In accordance with Article 2 of the Supplementary Provisions of the Settlement Streamlining Law, the “Law Concerning the Storage and Book-Entry Transfer of Share Certificates and Other Securities” (Law No. 30, 1984) was abolished. Accordingly, the Company proposes the deletion of the provisions regarding the beneficial shareholders and the register of beneficial shareholders (Article 10 and Article 12, Paragraph 3 of the existing Articles of Incorporation).
- (3) In addition to the above, the Company proposes the renumbering of the provisions of the Articles of Incorporation as a result of the above amendments.

2. Contents of the Amendments

The details of the proposed amendments to the Articles of Incorporation are as follows.

(In case that change in original Japanese text does not effect a substantial change in the meaning, no change is made in the English translation.)

(Note: Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
<p>(Issuance of Share Certificates)  <u>Article 7. The Company shall issue share certificates.</u></p>	<p>(Deleted)</p>
<p>Article <u>8</u>. (Omitted)</p>	<p>Article <u>7</u>. (Unchanged)</p>
<p>(Number of Shares Constituting One Unit of Stock and <u>Non-Issuance of Share Certificates representing Shares Constituting Less Than One Unit of Stock</u>)</p>	<p>(Number of Shares Constituting One Unit of Stock)</p>
<p>Article <u>9</u>. (Omitted)  <u>2. Notwithstanding Article 7, the Company may not issue share certificates representing shares constituting less than one unit of stock.</u></p>	<p>Article <u>8</u>. (Unchanged)            (Deleted)</p>
<p>(Rights with Respect to Shares Constituting Less Than One Unit)</p>	<p>(Rights with Respect to Shares Constituting Less Than One Unit)</p>
<p>Article <u>10</u>. A shareholder (<u>including a beneficial shareholder; hereinafter the same interpretation shall apply</u>) may not exercise rights with respect to shares constituting less than one unit other than those specified in the following sections:</p>	<p>Article <u>9</u>. A shareholder may not exercise rights with respect to shares constituting less than one unit other than those specified in the following sections:</p>
<p>(1) to (4) (Omitted)</p>	<p>(1) to (4) (Unchanged)</p>
<p>Article <u>11</u>. (Omitted)</p>	<p>Article <u>10</u>. (Unchanged)</p>
<p>(Transfer Agent)</p>	<p>(Transfer Agent)</p>
<p>Article <u>12</u>. (Omitted)            2. (Omitted)            3. Preparation and retention of the register of shareholders (<u>including the register of beneficial shareholders; hereinafter the same interpretation shall apply</u>), the ledger of stock acquisition rights, <u>and the register of lost share certificates</u> of the Company, as well as any other business with respect to the register of shareholders, the ledger of stock acquisition rights, <u>and the register of lost share certificates</u> of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</p>	<p>Article <u>11</u>. (Unchanged)            2. (Unchanged)            3. Preparation and retention of the register of shareholders <u>and</u> the ledger of stock acquisition rights of the Company, as well as any other business with respect to the register of shareholders <u>and</u> the ledger of stock acquisition rights of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</p>
<p>Article <u>13</u>. to Article <u>43</u>. (Omitted)</p>	<p>Article <u>12</u>. to Article <u>42</u>. (Unchanged)</p>
<p>(New)</p>	<p><u>SUPPLEMENTARY PROVISIONS</u>  <u>Article 1. Preparation and retention of the register of lost share certificates of the Company, as well as any other business with respect to the register of lost share certificates of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</u></p>

Existing Articles of Incorporation	Proposed Amendments
	<u>Article 2. This article and the preceding article shall remain in effect until January 5, 2010, and shall be deleted on January 6, 2010.</u>

### Proposal No. 3: Election of Seven Directors

All of the seven Directors of the Company (Toshio Katayama, Nobuyuki Ichiba, Toshiya Tsukushi, Takeshi Isokawa, Akira Iwamoto, Toshio Komada, and Kaori Sasaki) will complete their terms of office at the closing of this General Meeting of Shareholders.

We have implemented corporate governance reforms as part of an overall effort to reinforce the infrastructure for group management, and we have established a corporate governance system capable of surviving severe circumstances in the future (See pages 13 to 17).

We are committed to continuing our activities to aggressively promote the reform of group management in order to improve our corporate value in the medium- and long-term. Accordingly, the Company proposes the election of seven Directors, including four candidates for Outside Directors.

Information on the candidates for Directors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment and Representation of Other Companies	Number of Shares of the Company Held
1	Toshio Katayama (January 6, 1950)	August 1973    Joined Nissen Holdings Co., Ltd. December 1981    Elected Director March 1986    Elected Managing Director November 1999    Elected Representative Executive Director December 2000    Elected President and Representative Director (current position) June 2007    Elected President and Representative Director of Nissen Co., Ltd.	87,200 shares
2	Nobuyuki Ichiba (January 25, 1954)	April 1977    Joined Nissen Holdings Co., Ltd. March 1987    Elected Director January 2000    Resigned as Director February 2000    Appointed Executive Officer, serving concurrently as General Manager, Internet Business Promotion, Direct Marketing Division Headquarters March 2001    Elected Director December 2005    Elected Director and Managing Executive Officer June 2007    Elected Director and Managing Executive Officer of Nissen Co., Ltd. June 2008    Elected Director and Managing Executive Officer, serving concurrently as General Manager, Administrative Department of Nissen Holdings Co., Ltd. (current position)	30,568 shares

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment and Representation of Other Companies	Number of Shares of the Company Held
3	Toshiya Tsukushi (June 23, 1965)	<p>April 1989      Joined Showa Shell Sekiyu K.K.</p> <p>September 1995      Joined Pricewaterhouse Consulting Co., Ltd. (current IBM Business Consulting Co., Ltd.)</p> <p>July 1999      Joined General Electric Capital Consumer Finance Co., Ltd. (current GE Consumer Finance Co., Ltd.)</p> <p>December 2005      Appointed Executive Officer of General Electric Capital Consumer Finance Co., Ltd. (current GE Consumer Finance Co., Ltd.)</p> <p>September 2006      Joined Nissen Holdings Co., Ltd. and appointed Executive Officer, serving concurrently as Group Leader of Business Development Group</p> <p>June 2007      Appointed Executive Officer, serving concurrently as Manager, Financial Planning Office</p> <p>March 2008      Appointed Director and Executive Officer, serving concurrently as Manager, Financial Planning Office</p> <p>June 2008      Appointed Director and Executive Officer, serving concurrently as General Manager, Financial Department (current position)</p>	0
4	Takeshi Isokawa (February 6, 1973)	<p>April 1999      Registered attorney (Osaka Bar Association), joined Kitahama Partners</p> <p>April 2003      Joined Global Law Office</p> <p>September 2004      Worked at the offices of Allen &amp; Gledhill Advocates &amp; Solicitors (Singapore)</p> <p>June 2005      Registered, New York State Bar Association</p> <p>September 2005      Returned to Global Law Office (current position)</p> <p>March 2007      Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>December 2007      Elected Corporate Auditor of Nissen Co., Ltd. (current position)</p> <p>December 2007      Elected Corporate Auditor of IMJ Corporation (current position)</p>	600 shares
5	Akira Iwamoto (October 15, 1962)	<p>April 1986      Joined The Long-term Credit Bank of Japan (current Shisei Bank Ltd.)</p> <p>August 1998      Joined A.T. Kearney, Inc.</p> <p>August 2001      Joined Advantage Partners Inc. (now LLP) (current position)</p> <p>March 2003      Elected Director of Seiden Co., Ltd.</p> <p>May 2005      Elected Director of Daiei, Inc., elected Director of OMC Card, Inc.</p> <p>March 2007      Elected Director of Nissen Holdings Co., Ltd. (current position)</p> <p>October 2007      Elected Representative Director of Advantage Advisors, Inc. (current position)</p>	0

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment and Representation of Other Companies	Number of Shares of the Company Held
6	Toshio Komada (March 18, 1937)	<p>April 1959      Joined ITOCHU Corporation</p> <p>June 1990      Elected Director of ITOCHU Corporation</p> <p>June 1992      Elected Representative Managing Director of ITOCHU Corporation</p> <p>April 1995      Elected Senior Managing Director of ITOCHU Corporation</p> <p>June 1996      Elected Senior Vice President and Representative Director of Takiron Co., Ltd.</p> <p>June 2001      Elected Chairman and Representative Director of Takiron Co., Ltd.</p> <p>June 2003      Appointed Adviser of Takiron Co., Ltd. (current position)</p> <p>March 2008      Appointed Director of Nissen Holdings Co., Ltd. (current position)</p> <p>October 2008   Appointed Director of Japan Independent Directors Network (current position)</p>	0
7	Kaori Sasaki (May 12, 1959)	<p>July 1987      Elected President and Representative Director of UNICUL International Inc. (current position)</p> <p>March 2000      Elected President and Representative Director of ewoman, Inc. (current position)</p> <p>October 2004   Appointed Member of the Price Stability Council, Cabinet Office (current position)</p> <p>January 2005   Appointed Member of the Financial System Council, Financial Services Agency (current position)</p> <p>June 2005      Appointed Guest Professor of Tama University (current position)</p> <p>July 2005      Appointed Member of the Social Policy Council, Cabinet Office (current position)</p> <p>March 2008      Appointed Director of Nissen Holdings Co., Ltd. (current position)</p>	0

Notes: 1. There are no special interests between the candidates and the Company.

2. Takeshi Isokawa, Akira Iwamoto, Toshio Komada, and Kaori Sasaki are candidates for Outside Directors.

3. The reasons for the election of candidates for Outside Directors are as follows.

(1)The election of candidates for Outside Directors meets the requirements set forth in 3. Standards for the Election of Outside Directors and Outside Corporate Auditors, as stated in the Notice of Measures for the Improvement of Corporate Governance issued on October 23, 2007.

Standards for the Election of Outside Directors

1) The standards for the election of Outside Directors require that elected Outside Director have wide-ranging knowledge and business experience as a corporate manager, as necessary for discussion of proposals at the Board of Directors of a pure holdings company, or have actual experience and a wide variety of knowledge in a specified field necessary for supervision of management.

2) In order to introduce the standpoints of various stakeholders into management, the Company pays attention to the diversification of background upon the election of multiple Outside Directors.

- 3) In order to meet the original purposes of the election of Outside Directors as spokespersons on behalf of various Shareholder interests, the Company pays attention to the assurance of their independency upon the election of new Outside Directors.
  - 4) When the Company, an enterprise active in a wide range of business fields, elects any business manager as an Outside Director, there is a possibility that conflicts of interest will arise in transactions between the Company and that business manager. The Company responds to conflicts of interest in individual cases through the procedures of the Board of Directors.
  - (2) Because Takeshi Isokawa has detailed knowledge of corporate legal work as a lawyer, the Company believes that he will continue to make use of his wide-ranging experience and knowledge as an expert in law and compliance, for the governance and management of the Company. We have also received his valuable advice as a chairman of the Nominating and Compensation Committee, and as a member of the ESG Committee. Accordingly, the Company proposes his re-election as an Outside Director. His term of office as an Outside Director will have been two years at the end of this General Meeting of Shareholders.
  - (3) The Company believes that Akira Iwamoto will use the actual experience and knowledge he has acquired from working on several cases of corporate revitalization for the improvement of the corporate value and the enhancement of management bases of the Company. We have also received his valuable advice for business strategy over the medium and long term. Accordingly, the Company proposes his re-election as an Outside Director. His term of office as an Outside Director will have been two years at the end of this General Meeting of Shareholders.
  - (4) The Company believes that Toshio Komada will take advantage of his extensive experience and knowledge he has gained through his career as a corporate director, and the global viewpoint he has acquired over his many years of involvement in international business, for the Company's management. We have also received his valuable advice as a member of the Nominating and Compensation Committee. Consequently, the Company proposes his election as an Outside Director. His term of office as an Outside Director will have been one year at the end of this General Meeting of Shareholders.
  - (5) The Company believes that Kaori Sasaki will tap into her experience and knowledge as a woman corporate director and a member of an administrative committee related to people's daily lives, for the Company's management. We have also received her valuable advice as a member of the Nominating and Compensation Committee. Accordingly, the Company proposes her election as an Outside Director. Her term of office as an Outside Director will have been one year at the end of this General Meeting of Shareholders.
4. The Company has entered into a Liability Limitation Agreement with each of the Outside Directors, as follows.

In the event that any Outside Director bears liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Director has performed his/her duties without gross negligence or knowledge of misconduct.

#### Proposal No. 4: Election of Two Substitute Corporate Auditors

The election of Hidekazu Tamada and Junji Honda, Substitute Corporate Auditors, both of whom were resolved at the previous Ordinary General Meeting of Shareholders, will be effective until the beginning of this General Meeting of Shareholders. The Company proposes the election of the following two Substitute Corporate Auditors in preparation for cases where the number of Corporate Auditors falls short of the capacity stipulated in laws and regulations. The Company proposes the election of Hidekazu Tamada as a candidate Substitute Corporate Auditor to substitute for Yasoji Mori, Corporate Auditor, and Shinichiro Kawazoe as a candidate Substitute Corporate Auditor to substitute for Yoshiharu Takahashi and Scott Trevor Davis, Outside Corporate Auditors.

The Board of Corporate Auditors has previously given its approval.

Information on the candidate for Substitute Corporate Auditors is provided below.

Candidate Number	Name (Date of Birth)	Career summary, Position, Assignment, and Representation of Other Companies	Number of Shares of the Company Held
1	Hidekazu Tamada (July 10, 1952)	<p>April 1976      Joined The Daiwa Bank, Limited (current Resona Bank, Limited)</p> <p>January 1998    Appointed Manager, Roppongi Branch of The Daiwa Bank, Limited</p> <p>December 2000   Appointed Manager, General Risk Office of The Daiwa Bank, Limited</p> <p>August 2004    Joined Nissen Holdings Co., Ltd.</p> <p>June 2007      Financial Planning Office in charge of Financial Strategy</p> <p>June 2008      Appointed Vice General Manager, Finance Department (current position)</p>	0
2	Shinichiro Kawazoe (March 10, 1942)	<p>April 1964      Joined Marubeni-Iida Co., LTD. (current Marubeni Corporation)</p> <p>April 1995      Appointed General Manager, Foods Department of Marubeni America Corporation</p> <p>June 1998      Appointed Managing Director, serving concurrently as Vice General Manger, Administrative Department of Toyo Sugar Refining Co., Ltd.</p> <p>June 2002      Appointed Senior Managing Director, serving concurrently as General Manager, Administrative Department</p> <p>June 2003      Appointed Representative Director of Pacific Grain Terminal Co., Ltd.</p> <p>June 2007      Appointed full-time Corporate Auditor of Biomaster, Inc.</p>	0

Notes: 1. There are no special interests between the candidates and the Company.

2. Shinichiro Kawazoe is a candidate for Substitute Outside Corporate Auditor.

3. The reasons for the election of candidates for Substitute Outside Corporate Auditors are as follows. The election of candidates for Substitute Outside Corporate Auditors meets the requirements set forth in 3.

(1) Standards for the Election of Outside Directors and Outside Corporate Auditors, as stated in the Notice of Measures for the Improvement of Corporate Governance issued on October 23, 2007.

Standards for the Election of Outside Corporate Auditors

- 1) Outside Corporate Auditors are selected from among persons with considerable knowledge and experience in various areas. The health and transparency of management is assured by audits conducted from neutral and objective viewpoints.
- 2) Upon the election of new Outside Corporate Auditors, the Company pays attention to the assurance of its independency, in order to meet the original purposes of the election of Outside Corporate Auditors.

- (2) The Company proposes the election of Shinichiro Kawazoe as a Substitute Outside Corporate Auditor, in order to make use of the knowledge he has garnered in domestic and overseas companies and his experience as a Corporate Auditor of other companies.
4. The Company has entered into a Liability Limitation Agreement with each of the Outside Corporate Auditors, as follows. Upon the election of new candidates for Substitute Outside Corporate Auditors, the Company will enter into the same agreement with each newly elected candidate. In the event that any Outside Corporate Auditor shares liability with the Company for damages under Article 427, Paragraph 1 of the Corporation Law, the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law shall be the maximum amount of the said liability for damages, provided that the said Outside Corporate Auditor has performed his/her duties without gross negligence or knowledge of misconduct.

END

## Information on Exercising Voting Rights

1. How votes will be handled if shareholders exercise voting rights more than once by paper ballot and the Internet

In the event a shareholder exercises voting rights twice using the paper ballot and the Internet, and the contents of the votes differ, the Company will consider the voting rights exercised using the Internet to be the effective voting rights.

2. How votes will be handled if shareholders exercise voting rights more than once using the Internet

In the event a shareholder exercises voting rights more than once using the Internet, and the contents of the votes differ, the Company will consider the most recently exercised voting rights to be the effective voting rights.

3. Procedure for exercising voting rights using the Internet

If you will exercise your voting rights using the Internet, please exercise your rights after confirming the following items.

If you will attend the Ordinary General Meeting of Shareholders on the scheduled date, you do not need to use either of the procedures for exercising your voting rights by mail (Voting Rights Exercise Form) or the Internet.

- (1) Website for exercising voting rights

- 1) You can exercise your voting rights using the Internet only by accessing the voting rights exercise site (<http://www.evote.jp/>) specified by Nissen Holdings Co., Ltd. from a personal computer or cellular phone (i-mode, EZweb or Yahoo!-Keitai)\*. (Please note, however, the site cannot be accessed between the hours of 2:00AM-5:00AM daily.)

\* “i-mode” is a registered trademark of NTT DoCoMo, Inc. “EZweb” is a registered trademark of KDDI Corporation. “Yahoo” is a registered trademark of Yahoo! Inc. in the United States.

- 2) Depending on your Internet use environment, in some cases you might be unable to exercise your voting rights using a personal computer. This includes when you are using a firewall or other measure for your Internet connection, when you have anti-virus software installed, and when you are using a proxy server.
- 3) To exercise your voting rights using a cellular phone, please use the services of i-mode, EZweb or Yahoo!-Keitai. To ensure security, cellular telephone models that cannot handle encrypted transmissions (SSL transmissions) and cellular phone information transmission cannot be utilized.
- 4) Voting rights exercised using the Internet will be accepted until 5:30PM on Tuesday, March 17, 2009. We encourage you to exercise your votes early, however, and to inquire at the help desk shown on the following page when you have any questions.

- (2) Procedure for exercising voting rights using the Internet

- 1) Use the “Login ID” and “provisional password” shown on your Voting Rights Exercise Form to enter the voting rights exercise site (<http://www.evote.jp/>), and input your affirmative or negative votes by following the instructions on the voting screen.
- 2) To prevent unlawful (“disguised”) computer access and falsification of the voting rights exercise contents by individuals other than shareholders, shareholders using the voting rights exercise site will be requested to revise the “provisional password” on the voting rights exercise site. Please follow the requested procedure.
- 3) Shareholders will be notified of a new “Login ID” and “provisional password” with each notification for the Ordinary General Meeting of Shareholders.

- (3) Costs incurred when accessing the voting rights exercise site

Shareholders are responsible for all charges (dial-up connection fees, telephone charges, etc.) incurred when accessing the voting rights exercise site. In addition, shareholders are also responsible for all costs required for packet transmission charges and other cellular phone usage fees when using a cellular telephone to access the voting rights exercise site.

- (4) Procedure for receiving future notices of shareholder meetings

Shareholders wishing to receive future notices of shareholder meetings automatically by e-mail beginning from the next General Meeting of the Shareholders can do so by using a personal computer and following the procedure on the voting rights exercise site.

(This procedure cannot be completed using a cellular phone. Shareholders also cannot designate a

cellular telephone mail address for receiving future notices. Your understanding is appreciated.)

Inquiries concerning the voting system etc. Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department (Help Desk) TEL: 0120-173-027 (Hours: 9:00 – 21:00 Free-dial)
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4. Platform for exercise of voting rights by institutional investors

Institutional investors that have applied beforehand to use the platform managed by ICJ, Inc. for electronic exercise of voting rights may use that platform as the method to exercise their voting rights by electronic means at the Ordinary General Meeting of Shareholders of Nissen Holdings Co., Ltd.

END