

To whom it may concern

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Notice on Revisions to the Performance Projections

Charle Co., Ltd. (“the Company”) hereby announces the revisions to its previous consolidated and non-consolidated performance projections, which were released by the Company on August 12, 2008, as follows:

1. Revisions to the consolidated performance projections for the interim term of the year ending March 2009 (April 1, 2008–September 30, 2008)

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income of interim term ended September 30, 2008 | Net income per share of interim term ended September 30, 2008 (Yen) |
|--|-----------|------------------|-----------------|---|---|
| Previous projections released (A) | 13,100 | 950 | 1,020 | 910 | 46.95 |
| Revised projections (B) | 12,900 | 1,380 | 1,440 | 1,130 | 58.31 |
| Amount of change (B – A) | (200) | 430 | 420 | 220 | — |
| Rate of change (%) | (1.5) | 45.3 | 41.2 | 24.2 | — |
| Results for the corresponding previous interim term ended September 30, 2007 | 26,654 | 1,068 | 1,232 | (2,247) | (115.98) |

2. Revisions to the consolidated performance projections for the year ending March 2009 (April 1, 2008–March 31, 2009)

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income of fiscal year ending March 31, 2009 | Net income per share of fiscal year ending March 31, 2009 (Yen) |
|---|-----------|------------------|-----------------|---|---|
| Previous projections released (A) | 28,100 | 1,900 | 2,030 | 2,600 | 134.16 |
| Revised projections (B) | 27,700 | 2,800 | 2,900 | 2,100 | 108.36 |
| Amount of change (B – A) | (400) | 900 | 870 | (500) | — |
| Rate of change (%) | (1.4) | 47.4 | 42.9 | (19.2) | — |
| Results for the corresponding previous fiscal year ended March 2008 | 46,363 | 2,548 | 2,809 | (1,971) | (101.74) |

3. Revisions to the non-consolidated performance projections for the interim term of the year ending March 2009 (April 1, 2008–September 30, 2008)

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income of interim term ended September 30, 2008 | Net income per share of interim term ended September 30, 2008 (Yen) |
|--|-----------|------------------|-----------------|---|---|
| Previous projections released (A) | 890 | 540 | 600 | 850 | 43.86 |
| Revised projections (B) | 940 | 580 | 590 | 670 | 34.57 |
| Amount of change (B – A) | 50 | 40 | (10) | (180) | — |
| Rate of change (%) | 5.6 | 7.4 | (1.7) | (21.2) | — |
| Results for the corresponding previous interim term ended September 2007 | 1,140 | 670 | 777 | (1,682) | (86.81) |

Note: The above figures are based on the projections estimated by the former Ten-Arrows Co., Ltd., the pure holding company.

4. Revisions to the non-consolidated performance projections for the year ending March 2009 (April 1, 2008–March 31, 2009)

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income of fiscal year ending March 31, 2009 | Net income per share of fiscal year ending March 31, 2009 (Yen) |
|---|-----------|------------------|-----------------|---|---|
| Previous projections released (A) | 15,780 | 1,680 | 1,750 | 3,830 | 197.62 |
| Revised projections (B) | 15,500 | 2,170 | 2,100 | 3,100 | 159.96 |
| Amount of change (B – A) | (280) | 490 | 350 | (730) | — |
| Rate of change (%) | (1.8) | 29.2 | 20.0 | (19.1) | — |
| Results for the corresponding previous fiscal year ended March 2008 | 1,653 | 802 | 951 | (2,023) | (104.39) |

Note: Up to the interim term of the year ending March 2009, the above figures are based on the projections estimated by the former Ten-Arrows Co., Ltd., the pure holding company.

5. Reasons for revisions

(1) Reasons for revisions to the consolidated performance projections

Interim term:

Effective from the fiscal year under review, the Charle Group has promoted the execution of new business strategies in the core ladies' innerwear wholesale business, as well as new business plans in its other businesses, as part of a fundamental business structural reform to ensure its survival. Nevertheless, with respect to these strategies and initiatives in the ladies' innerwear wholesale business in the first half of the fiscal year, their progress was delayed as compared with initial plans, due to the lack of internal human resources and know-how to drive the plan forward, as well as the time required to coordinate the execution of these initiatives with our agents, who are our business partners. As a consequence, funding did not materialize for several planned strategic investments and expenditures. Consequently, taking into account curtailment of the anticipated expenditures, the timing for expenditures being carried forward from the current term to subsequent periods and the restriction on the accrual of an inventory loss, operating income and ordinary income are expected to temporarily exceed their initial targets. We have therefore revised our projections for the interim period ended September 2008 on a consolidated basis to operating income of ¥1,380 million, ordinary income of ¥1,440 million and net income for the interim term to ¥1,130 million.

On the other hand, sales from the Group's core ladies' innerwear wholesale business are expected to total ¥12,860 million, down 11.8% from the previous corresponding interim term. As this decline is sharper than our average annual decline of 5.6% over the past 11 years, we are determined to swiftly promote the business structural reform to raise the corporate value of the Charle Group.

Full year:

We have revised our projection for net sales to ¥27,700 million, slightly below the initially planned figure. We intend to recover net sales, which recorded a decline for the first half as compared with the previous year, with promotional campaigns for agents and special agents and the launch of new products to raise sales to the previous year's level in the third and fourth quarters.

Due to a delay in the progress of the above-mentioned business structural reform, the aforementioned strategic investments and expenditures are unlikely to be made in the second half of the fiscal period, resulting in their being carried forward to a subsequent fiscal term. We are therefore revising our estimates for operating income to ¥2,800 million and ordinary income to ¥2,900 million for the year ending March 31, 2009 on a consolidated basis because operating income and ordinary income are expected to temporarily exceed our initial targets.

We initially planned to record a loss of ¥1,156 million in income taxes deferred for the year ending March 2009 as an effect on consolidated operating performance due to the shift of the Company to an operating holding company as of October 1, 2008. However, due to the delay of the business structural reform, we have reevaluated the tax-effect computation and expect to revise income taxes deferred to record a loss of ¥16 million, which would thereby lead to a revision in net income of the current term to ¥2,100 million.

(2) Reasons for revisions to the non-consolidated performance projections

Interim term:

We have revised our projection for net income of the interim term to ¥670 million, due principally to the recording of write-down of stocks in the subsidiary Transmethod Co., Ltd. totalling ¥104 million as an extraordinary loss.

Full year:

Although the Company will start recording operating performance for the ladies' innerwear wholesale business as an operating holding company from the third quarter period, we have revised our projection for net sales for the year to ¥15,500 million, slightly below the initially planned figure due to the reasons described above in the consolidated performance projections.

In terms of earnings, as described in the above consolidated performance projections, we have revised our projections for operating income to ¥2,170 million and ordinary income to ¥2,100 million, by taking into consideration such factors as the curtailment of anticipated expenditures, the timing for expenditures being carried forward from the current term to subsequent periods due to delay of the business structural reform in the ladies' innerwear wholesale business, and the restriction on the accrual of an inventory loss. We have also revised our projection for net income for the current term to ¥3,100 million due to the revisions to income taxes deferred.

Note: The performance projections in this report are estimated based on the information available at the present time. Actual results may differ from these forecast figures due to various factors and uncertainties.