

June 11, 2009

To Our Shareholders

Yoshiteru Kitagawa
President and CEO
Leopalace21 Corporation
2-54-11 Honcho, Nakano-ku, Tokyo

Notice of the 36th Ordinary General Shareholders' Meeting

You are cordially invited to attend the 36th Ordinary General Shareholders' Meeting of Leopalace21 Corporation ("the Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the following methods. Please exercise your voting rights no later than 6:00 p.m. on Sunday, June 28, 2009.

[Exercising your voting rights in writing]

Please refer to page 3 to 18 of the Reference Materials for the General Shareholders' Meeting, indicate "for" or "against" for each agenda item shown on the enclosed Voting Rights Exercise Form and return it in time for delivery by the deadline mentioned above.

In the event that no indication of "for" or "against" has been made, this shall be treated as the intent of approval.

[Exercising your voting rights via the Internet, etc.]

Please access the Voting Rights Exercise Site: <http://www.evot.jp/>, which is designated by the Company. Enter the "Login ID" and "Temporary Password" noted on the enclosed Voting Rights Exercise Form, refer to page 3 to 18 of the Reference Materials for the General Shareholders' Meeting or reference materials on the Voting Rights Exercise Site, follow the instructions on the screen, and indicate "for" or "against" for each agenda item.

In addition, if you exercise your voting rights both in writing and via the Internet, the voting via the Internet shall prevail.

Details

1. **Date and Time:** June 29, 2009 (Monday), 10:00 a.m.
2. **Place:** Leopalace21 Corporation, Head Office,
Event Hall on B1
2-54-11 Honcho, Nakano-ku, Tokyo
3. **Agenda for the Meeting**
Matters to be reported:
 1. Report on the Business Report, Consolidated Financial Statements, and Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the 36th Fiscal Term (from April 1, 2008, to March 31, 2009)
 2. Report on Non-consolidated Financial Statements for the 36th Fiscal Term (from April 1, 2008, to March 31, 2009)

Matters to be resolved:

- | | |
|------------------------|---|
| Proposal No. 1: | Amendments to the Articles of Incorporation |
| Proposal No. 2: | Appointment of Ten (10) Directors |
| Proposal No. 3: | Appointment of One (1) Corporate Auditor |
| Proposal No. 4: | Final Payment of Retirement Benefits to Directors upon the Abolition of Retirement Benefit Plan |
| Proposal No. 5: | Payment of Retirement Benefits to Retiring Corporate Auditor |
| Proposal No. 6: | Approval for Issuance of Stock Options to Directors |
| Proposal No. 7: | Approval for Issuance of Stock Options to Employees, etc. |

Note: For those attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.

Should any amendments be made to the Reference Materials for the General Shareholders' Meeting, the Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such amendments will be posted on the Company website at <http://www.leopalace21.co.jp/IR/>.

Trust banks and other nominee shareholders (including standing proxies) who have applied in advance to use the electronic voting platform operated by ICJ, Inc. (a joint-venture company established by Tokyo Stock Exchange, Inc. and others) may use this platform rather than voting via the Internet to electronically exercise voting rights for the Company's General Shareholders' Meeting.

Reference Materials for the General Shareholders' Meeting

Proposal No. 1: Amendments to the Articles of Incorporation

1. Rationale for amendments

Upon enforcement of “Act for Partial Revision of the Act on Book-Entry Transfer of Company Bonds, etc. for Streamlining Settlement Concerning Share Trading, etc.” (Act No. 88 of 2004; hereinafter referred to as the “Act for Streamlining Settlement, etc.”) on January 5, 2009, the book-entry transfer system of stocks became applied to all the stocks of listed companies (i.e. implementation of the stock certificate dematerialization).

In conjunction with this implementation, the Company will make necessary amendments, such as the deletion of the provisions of the Company’s Articles of Incorporation regarding share certificates, beneficial shareholders and the register of beneficial shareholders, which are no longer required. Furthermore, since the register of lost share certificates shall be prepared and retained until the day in one year after the day following the date of the enforcement date of the Act for Streamlining Settlement, the Company will establish necessary provisions in the supplementary provisions.

In accordance with Article 6-1 of the Supplementary Provisions of the Act for Streamlining Settlement, it has been deemed that the amendment to Article 9 of the existing Articles of Incorporation (Issuance of Share Certificates) for abolishing the provisions thereof was resolved on January 5, 2009, or the day when said act took effect, the effective date of the amendment.

2. Details of amendments

Details of the amendments are as follows.

(Proposed amendments are underlined)

Existing Articles of Incorporation	Proposed Amendments
<p>(Issuance of Share Certificates)</p> <p>Article <u>9</u>. <u>The Company shall issue share certificates relating to shares of the Company.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, the Company does not issue share certificates of shares falling short of one share-trading unit.</u></p> <p>(Administrator of the Register of Shareholders)</p> <p>Article <u>10</u>. The Company shall appoint an administrator of the register of shareholders.</p> <p>2. The administrator of the register of shareholders and its handling office shall be determined by resolution of the Board of Directors, and public notice thereof shall be given.</p>	<p>} (Deleted)</p> <p>} (Administrator of the Register of Shareholders)</p> <p>Article <u>9</u>. The Company shall appoint an administrator of the register of shareholders.</p> <p>2. The administrator of the register of shareholders and its handling office shall be determined by resolution of the Board of Directors, and public notice thereof shall be given.</p>

(Proposed amendments are underlined)

Existing Articles of Incorporation	Proposed Amendments
<p>3. <u>The preparation and retention of the register of shareholders (including register of beneficial shareholders, hereinafter the same), the register of warrants and the register of lost share certificates and the administration of other matters relating to the register of shareholders. the register of warrants and the register of lost share certificates shall be entrusted to the administrator of the register of shareholders and will not be handled by the Company.</u></p>	<p>(Deleted)</p>

Proposal No. 2: Appointment of Ten (10) Directors

As the term of office of all ten (10) Directors will expire at the conclusion of this Ordinary General Shareholders' Meeting, it is proposed that ten (10) Directors be appointed.

The candidates for new Directors are as follows:

Candidate number	Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company's shares held
1	Yoshiteru Kitagawa (April 20, 1949)	<p>January 1974 Joined Leopalace21 Corporation</p> <p>April 1977 General Manager of the 2nd Koenji Office, Leopalace21 Corporation</p> <p>June 1977 Director, Leopalace21 Corporation</p> <p>August 1977 Manager of the Sales Department, Leopalace21 Corporation</p> <p>June 1983 Senior Managing Director, Leopalace21 Corporation</p> <p>October 1994 Manager of the Kyusyu Sales Department, Leopalace21 Corporation</p> <p>November 1996 Deputy General Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>June 2000 Representative of the Real Estate Division, Leopalace21 Corporation</p> <p>July 2001 Deputy General Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>January 2005 Representative of the Housing Division, Leopalace21 Corporation</p> <p>June 2005 General Manager of the Housing Business Headquarters, Leopalace21 Corporation</p> <p>June 2006 General Manager of the Real Estate Business Headquarters, Leopalace21 Corporation</p> <p>December 2006 President and CEO, Leopalace21 Corporation (incumbent)</p> <p>December 2006 General Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation Representative Director of MDI Guam Corporation (now Leopalace Guam Corporation) (incumbent)</p> <p>June 2007 General Manager of the Administrative Headquarters, Leopalace21 Corporation</p> <p>April 2008 General Manager of the Sales Headquarters, Leopalace21 Corporation General Manager of the Management Planning Headquarters, Leopalace21 Corporation General Manager of the Housing Business Headquarters, Leopalace21 Corporation General Manager of the Resort Business Headquarters, Leopalace21 Corporation</p>	796,900 shares

Candidate number	Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company's shares held
2	Eisei Miyama (November 13, 1957)	<p>October 1977 Joined Leopalace21 Corporation</p> <p>April 1990 Manager of the 3rd Sales Department, Leopalace21 Corporation</p> <p>June 1990 Director, Leopalace21 Corporation</p> <p>January 1993 Manager of the Saitama Sales Department, Leopalace21 Corporation</p> <p>January 1996 Executive Director of Management, Leopalace21 Corporation</p> <p>November 1996 General Manager of the Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2003 Senior Managing Director, Leopalace21 Corporation</p> <p>June 2006 General Manager of the Broadband Business Headquarters, Leopalace21 Corporation</p> <p>October 2006 General Manager of the East Japan Sales Headquarters, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>June 2007 General Manager of the Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2008 Deputy General Manager of the Sales Headquarters, Leopalace21 Corporation General Manager of the Silver Business Headquarters, Leopalace21 Corporation General Manager of the Hotel Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Senior Managing Director and Senior Executive Officer, Leopalace21 Corporation (incumbent) Manager of the Management Planning Headquarters (incumbent)</p>	111,100 shares
3	Tadahiro Miyama (January 21, 1966)	<p>September 1985 Joined Leopalace21 Corporation</p> <p>July 1998 General Manager of the Kanagawa Sales Headquarters, Leopalace21 Corporation</p> <p>October 2002 Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>June 2003 Director Deputy General Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>June 2006 Deputy General Manager of the Subcontracting Business Headquarters, Leopalace21 Corporation</p> <p>October 2006 Director and Managing Executive Officer General Manager of the Subcontracting Business Headquarters, Leopalace21 Corporation</p> <p>May 2007 Executive Director of Management, Leopalace21 Corporation</p> <p>June 2007 General Manager of the East Japan Sales Headquarters, Subcontracting Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Executive Director of Management and Managing Executive Officer, Leopalace21 Corporation (incumbent) Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation (incumbent) Manager of the Subcontracting Business Department, Leopalace21 Corporation (incumbent) Manager of the Subcontracting Sales Department, Leopalace21 Corporation (incumbent)</p>	3,000 shares

Candidate number	Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company's shares held
4	Hiroiyuki Miyata (November 7, 1947)	<p>April 2008 Joined Leopalace21 Corporation Senior Executive Officer, Leopalace21 Corporation General Manager of the Administrative Headquarters, Leopalace21 Corporation</p> <p>June 2008 Director and Senior Executive Officer, Leopalace21 Corporation (incumbent)</p> <p>April 2009 Manager of the Administrative Headquarters, Leopalace21 Corporation (incumbent)</p>	1,400 shares
5	Yoshikazu Miike (July 8, 1957)	<p>October 1980 Joined Leopalace21 Corporation</p> <p>April 1999 Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>June 1999 Director Deputy General Manager of the Sales and Marketing General Headquarters, Leopalace21 Corporation</p> <p>October 2003 Deputy General Manager of the Leasing Business Headquarters, Leopalace21 Corporation</p> <p>October 2006 Director and Managing Executive Officer, Leopalace21 Corporation (incumbent) Representative in charge of the Kyushu region, West Japan Sales Headquarters, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>June 2007 Representative in charge of the West Japan regions, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2008 Representative in charge of the East Japan regions, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Manager of the Related Business Headquarters, Leopalace21 Corporation (incumbent) Manager of the Silver Business Department, Leopalace21 Corporation (incumbent)</p>	61,200 shares
6	Kou Kimura (January 19, 1955)	<p>May 1984 Joined Leopalace21 Corporation</p> <p>May 1995 Manager of the Construction Department, Construction Division, Leopalace21 Corporation</p> <p>June 1999 Director, Leopalace21 Corporation</p> <p>May 2002 Manager of the Construction Division, Leopalace21 Corporation</p> <p>June 2006 General Manager of the Construction Headquarters, Leopalace21 Corporation</p> <p>October 2006 Director and Managing Executive Officer, Leopalace21 Corporation (incumbent)</p> <p>April 2009 Manager of the Construction Division, Leopalace21 Corporation (incumbent)</p>	25,200 shares

Candidate number	Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company's shares held
7	Yousuke Kitagawa (January 8, 1955)	<p>October 1978 Joined Leopalace21 Corporation</p> <p>April 1998 General Manager of the Osaka Office, Leasing Business Division, Leopalace21 Corporation</p> <p>July 1998 Manager of the Joshinetsu Sales Department, Leopalace21 Corporation</p> <p>April 1999 Manager of the Kita Kanto Sales Department, Leopalace21 Corporation</p> <p>June 1999 Manager of the Corporate Sales Department, Leasing Business Division, Leopalace21 Corporation</p> <p>January 2000 Manager of the Leasing Business Division, Leopalace21 Corporation</p> <p>June 2003 Director Deputy General Manager of the Leasing Business Headquarters, Leopalace21 Corporation</p> <p>October 2006 Representative in charge of the Hokkaido/Tohoku regions, East Japan Sales Headquarters, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>July 2007 Representative in charge of the East Japan regions, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2008 Representative in charge of the West Japan regions, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Director and Executive Officer, Leopalace21 Corporation (incumbent) Manager of the Leasing Business Division, Leopalace21 Corporation (incumbent) Manager of the 1st Sales Department, Leasing Business Division, Leopalace21 Corporation (incumbent)</p>	50,300 shares
8	Satoshi Abe (July 29, 1956)	<p>June 2000 Joined Leopalace21 Corporation Director Manager of the Planning Department, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>December 2002 Manager of the Resort Business Division, Hotel and Resort Business Headquarters, Leopalace21 Corporation</p> <p>April 2004 General Manager of the Resort Business Headquarters, Leopalace21 Corporation</p> <p>August 2005 Representative of the Asset Management Promotion Headquarters, Leopalace21 Corporation</p> <p>January 2006 General Manager of the Broadband Business Headquarters, Leopalace21 Corporation</p> <p>June 2006 Deputy General Manager of the Leasing Business Headquarters, Leopalace21 Corporation</p> <p>October 2006 Representative in charge of corporate customers in Tokyo, East Japan Sales Headquarters, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>June 2007 Representative in charge of corporate customers and overseas, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2008 Representative in charge of Central Japan and overseas, Leasing Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Director and Executive Officer, Leopalace21 Corporation (incumbent) Manager of the 2nd Sales Department, Leasing Business Division, Leopalace21 Corporation (incumbent)</p>	9,200 shares

Candidate number	Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company's shares held
9	Hiroshi Takeda (January 1, 1964)	<p>April 1988 Joined Leopalace21 Corporation</p> <p>April 1999 General Manager of the Kinki Sales Headquarters</p> <p>October 2006 Executive Officer, Leopalace21 Corporation</p> <p>June 2007 Director General Manager of West Japan Sales Headquarters, the Subcontracting Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Director and Executive Officer, Leopalace21 Corporation (incumbent) Manager of the Sales Planning Department, Subcontracting Business Division, Leopalace21 Corporation (incumbent)</p>	4,800 shares
10	Naomichi Mochida (September 4, 1962)	<p>June 2007 Joined Leopalace21 Corporation Director General Manager of the Management Planning Headquarters, Leopalace21 Corporation</p> <p>April 2008 Representative in charge of corporate customers, Leasing Business Headquarters, Leopalace21 Corporation General Manager of the Broadband Business Headquarters, Leopalace21 Corporation</p> <p>April 2009 Director and Executive Officer, Leopalace21 Corporation (incumbent) Manager of the 3rd Sales Department, Leasing Business Division, Leopalace21 Corporation (incumbent) Manager of the BB Promotion Department, Leasing Business Division, Leopalace21 Corporation (incumbent)</p>	1,700 shares

Note: There is no particular conflict of interest between any of the candidates and the Company.

Proposal No. 3: Appointment of One (1) Corporate Auditor

As the term of office of Mr. Yoshitaka Kouda, Corporate Auditor, will expire at the conclusion of this Ordinary General Shareholders’ Meeting, it is proposed that one (1) Corporate Auditor be appointed.

The Board of Corporate Auditors has already given consent to this proposal.

The candidate for Corporate Auditor is as follows:

(* means a new candidate.)

Name (Date of birth)	Career summary, status of representation in other companies and positions and duties in the Company	Number of the Company’s shares held
*Shinya Watanabe (September 8, 1951)	August 2006 Representative Director and President, Resona Research Institute Co., Ltd.	-
	June 2008 Representative Director and President, Showa Leasing Co., Ltd. (incumbent)	
	June 2009 Director, Showa Leasing Co., Ltd. (incumbent)	

Note: There is no particular conflict of interest between the candidate and the Company.

Proposal No. 4: Final Payment of Retirement Benefits to Directors upon the Abolition of Retirement Benefit Plan

The Company reviewed the retirement benefit plan as part of measures for management reforms. As a result, it was resolved at the Meeting of the Board of Directors on May 15, 2009, that the Company will abolish the retirement benefit plan for Officers upon the conclusion of this General Shareholders' Meeting, which tends to be deferred compensation payments. In conjunction with this, the Company proposes that the final payment of retirement benefits for the term of office until the conclusion of this Ordinary General Shareholders' Meeting be made to the Directors present at the conclusion of this Ordinary General Shareholders' Meeting, within a certain range of amounts based on the standards prescribed by the Company.

The Company requests that these retirement benefits be paid at the time of each Director's retirement, and the details such as the amount and manner of payment to the individual Directors shall be left to the resolution of the Board of Directors.

Career summary of Directors eligible to receive these final retirement benefits are as follows:

Name	Career summary	
Yoshiteru Kitagawa	June 1977	Director, Leopalace21 Corporation
	June 1983	Senior Managing Director, Leopalace21 Corporation
	December 2006	President and CEO, Leopalace21 Corporation (incumbent)
Eisei Miyama	June 1990	Director, Leopalace21 Corporation
	January 1996	Executive Director of Management, Leopalace21 Corporation
	April 2003	Senior Managing Director, Leopalace21 Corporation
	April 2009	Senior Managing Director and Senior Executive Officer, Leopalace21 Corporation (incumbent)
Tadahiro Miyama	June 2003	Director, Leopalace21 Corporation
	May 2007	Executive Director of Management, Leopalace21 Corporation
	April 2009	Executive Director of Management and Managing Executive Officer, Leopalace21 Corporation (incumbent)
Hiroyuki Miyata	June 2008	Director and Senior Executive Officer, Leopalace21 Corporation (incumbent)
Yoshikazu Miike	June 1999	Director, Leopalace21 Corporation
	October 2006	Director and Managing Executive Officer, Leopalace21 Corporation (incumbent)
Kou Kimura	June 1999	Director, Leopalace21 Corporation
	October 2006	Director and Managing Executive Officer, Leopalace21 Corporation (incumbent)

Name	Career summary	
Yousuke Kitagawa	June 2003	Director, Leopalace21 Corporation
	April 2009	Director and Executive Officer, Leopalace21 Corporation (incumbent)
Satoshi Abe	June 2000	Director, Leopalace21 Corporation
	April 2009	Director and Executive Officer, Leopalace21 Corporation (incumbent)
Hiroshi Takeda	June 2007	Director, Leopalace21 Corporation
	April 2009	Director and Executive Officer, Leopalace21 Corporation (incumbent)
Naomichi Mochida	June 2007	Director, Leopalace21 Corporation
	April 2009	Director and Executive Officer, Leopalace21 Corporation (incumbent)

Proposal No. 5: Payment of Retirement Benefits to Retiring Corporate Auditor

The Company proposes to pay retirement benefits in appropriate amounts with the set limits, according to the standards prescribed by the Company, to Mr. Yoshitaka Kouda, who will retire as Corporate Auditor at the conclusion of this Ordinary General Shareholders' Meeting, in order to reward their services. The Company requests that the details such as the amount, timing, and manner of payment shall be left to the resolution of the Board of Corporate Auditors.

It was resolved at the Meeting of the Board of Directors on May 15, 2009, that the Company will abolish the retirement benefit plan. The retirement benefits plan will be abolished at the conclusion of this Ordinary General Shareholders' Meeting.

Career summary of retired Corporate Auditor is as follows:

Name	Career summary
Yoshitaka Kouda	June 1990 Director, Leopalace21 Corporation
	June 1999 Corporate Auditor, Leopalace21 Corporation (incumbent)

Proposal No. 6: Approval for Issuance of Stock Options to Directors

The Company decided at the meeting of the Board of Directors held on May 15, 2009 to abolish the Retirement Benefit Program for Officers, and newly introduce stock options as stock-based compensation upon the conclusion of this General Shareholders' Meeting with an eye to motivating Directors and raising their morale to improve corporate performance by sharing merits and risks of changes in stock prices with shareholders.

Since approved at the 29th Ordinary General Shareholders' Meeting held on June 27, 2002, the annual remuneration to Directors of the Company has been no more than 500 million yen up to the present date. With introduction of stock options as stock-based compensation, shareholders are asked to give approval for allotting stock acquisition rights as stock options within 150 million yen per year as remuneration to Directors, in addition to the above-mentioned remuneration.

In this stock options as stock-based compensation, Directors allotted stock acquisition rights will be granted remunerations equivalent to the amount to be paid, and be able to acquire the stock acquisition rights by setting off the amount to be paid for the stock acquisition rights against the remuneration rights. The amount of remuneration as stock options will be calculated by multiplying the fair value of each stock acquisition right computed on the allotment date of stock acquisition rights by the total number of stock acquisition rights to be allotted.

Subsequent to the approval of this Proposal by this General Shareholders' Meeting, stock options as stock-based compensation will be issued annually to Directors within the limitations prescribed herein. There are ten (10) Directors presently serving and, should Proposal No. 2 be approved as presented, there will be ten (10) Directors excluding Outside Directors.

(1) Type and number of shares to be issued or transferred upon exercise of stock acquisition rights

The maximum number of shares to be issued upon exercise of stock acquisition rights issued on any date within one year from the Company's General Shareholders' Meeting with respect to each fiscal year is 250,000 shares of common stock of the Company.

If stock split or stock consolidation is performed by the Company, the number of shares to be issued or transferred shall be adjusted according to the following formula. However, said adjustment shall be made only with respect to the number of shares to be issued or transferred for which stock acquisition rights have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \frac{\text{Stock split or consolidation ratio}}{\text{Stock split or consolidation ratio}}$$

Furthermore, in the event which the number of shares needs to be adjusted after the date of resolution of this proposal, it may be adjusted within reasonable bounds as required.

(2) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be issued on any date within one year from the Company's General Shareholders' Meeting with respect to each fiscal year is 2,500 units. The number of shares to be issued or transferred per stock acquisition right (hereinafter the "number of shares granted") is 100 shares. (However, in a case where the number of shares is adjusted as stated in (1), the number of shares granted shall be also adjusted in the same manner).

(3) Amount to be paid for stock acquisition rights and its calculation method

The amount to be paid for stock acquisition rights will be calculated by multiplying the fair value of

each stock acquisition right computed based on the Black-Scholes model on the allotment date of stock acquisition rights by the total number of stock acquisition rights to be allotted. Remuneration equivalent to the total amount to be paid for stock acquisition rights will be paid to Directors, and the amount to be paid for stock acquisition rights will be set off against the remuneration rights.

(4) Price of assets invested upon exercise of stock acquisition rights

The Price of assets invested upon exercise of each stock acquisition right shall be obtained by multiplying 1 yen which is the amount to be paid per share to be issued upon exercise of stock acquisition rights by the number of shares granted.

(5) Exercise period of stock acquisition rights

Within 30 years from the date following the allotment date of stock acquisition rights.

(6) Restrictions on acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer shall require the approval of the Board of Directors.

(7) Terms and conditions for exercise of stock acquisition rights

Stock acquisition rights, in principle, can be exercised from the date following the date in which the right holders lost a position as Director of the Company. Other terms and conditions for exercise of stock acquisition rights shall be determined at the meeting of the Board of Directors in which terms of offering stock acquisition rights, etc. are decided.

(8) Other details of stock acquisition rights

Other details of stock acquisition rights shall be determined at the meeting of the Board of Directors in which terms of offering stock acquisition rights, etc. are decided.

Proposal No. 7: Approval for Issuance of Stock Options to Employees, etc.

Shareholders are asked to give approval for entrusting the Board of Directors with the task of determining the terms of offering stock acquisition rights issued under especially favorable conditions as stock options to Executive Officers of the Company (excluding Directors; the same shall apply hereinafter), employees and Directors of the Company’s major subsidiaries (hereinafter “employees, etc.”) under the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Reason for need to issue stock acquisition rights under especially favorable conditions

The Company intends to issue stock acquisition rights as stock options without consideration, with the aim of motivating employees, etc. and raising their morale to improve the Company’s corporate value and shareholder value.

2. Nature of stock acquisition rights

(1) Persons to be granted an allotment of stock acquisition rights

Among employees, etc. of the Company, those who are in an important position in terms of the Company’s management and determined upon a resolution by the Board of Directors (hereinafter the “Right Holders”)

(2) Total number of stock acquisition rights to be issued

The maximum number of stock acquisition rights to be issued shall be 740 units.

(3) Amount to be paid for stock acquisition rights

No payment of money in exchange of stock acquisition rights shall be required.

(4) Type and Number of shares to be issued or transferred upon exercise of stock acquisition rights

The maximum number of shares shall be 74,000 shares of common stock of the Company.

The number of shares to be issued or transferred per stock acquisition right (hereinafter the “number of shares granted”) is 100 shares.

If stock split or stock consolidation is performed by the Company, the number of shares to be issued or transferred shall be adjusted according to the following formula. However, said adjustment shall be made only with respect to the number of shares to be issued or transferred for which stock acquisition rights have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Stock split or consolidation ratio}$$

Furthermore, in the event which the number of shares needs to be adjusted after the date of resolution, it may be adjusted within reasonable bounds as required.

(5) Value of assets invested upon exercise of stock acquisition rights

The value of assets invested upon exercise of each stock acquisition right shall be obtained by multiplying the amount to be paid per share to be issued upon exercise of each stock acquisition right (hereinafter the “exercise price”) by the number of shares granted.

The exercise price shall be equal to 1.05 times the average closing price of the Company’s shares on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the allotment date of stock acquisition rights falls,

with fractional amounts less than one yen being rounded up to the nearest yen.

However, if the amount resulting from the calculation above is less than the closing price of the Company's shares on the allotment date, said closing price shall be the exercise price.

If the Company performs a split or consolidation of common stocks on and after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split or consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposal below the market price of common stocks on and after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen. However, in the case where new share issuance or treasury stock disposal are implemented through exercise of stock acquisition rights, the exercise price may not be adjusted.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the above formula, the total number of shares of treasury stock owned by the Company shall be deducted from the "Number of shares already issued." In the case of disposal of treasury stock, "Number of newly issued shares" shall be read as "Number of shares of treasury stock to be disposed."

In addition to the above, in the event that the Company undergoes a merger, demerger or share exchange or any other activity consistent with same that would necessitate the adjustment of the exercise price, the Company may adjust the exercise price as deemed necessary by the Board of Directors.

(6) Exercise period of stock acquisition rights

Period commencing two years after the date following the allotment date of stock acquisition rights and ending June 28, 2019.

(7) Allotment date of stock acquisition rights

Allotment date of stock acquisition rights shall be determined at the meeting of the Board of Directors in which terms of offering stock acquisition rights, etc. are decided.

(8) Terms and conditions for exercise of stock acquisition rights

- 1) The right holders shall be a Director, Corporate Auditor, or employee of the Company or its subsidiaries at the time of exercise of the stock acquisition rights. However, in cases where a Director or Corporate Auditor of the Company or its subsidiaries retires from office due to expiration of his/her term of office, or an employee retires at the age limit, the above term is not applicable.
- 2) Inheritance of the stock acquisition rights shall not be allowed.

- 3) Other terms and conditions for exercise of stock acquisition rights shall be determined at the meeting of the Board of Directors in which terms of offering stock acquisition rights, etc. are decided.
- (9) Increase in share capital and capital reserve if shares are issued upon exercise of stock acquisition rights
- 1) In a case where shares are issued upon exercise of the stock acquisition rights, the amount of increase in share capital shall be one-half of the maximum limit for the increase in share capital, etc. calculated under the provision of Article 17-1 of the Corporate Accounting Rules. Fractional amounts less than one yen resulting from the calculation, if any, shall be rounded up to the nearest yen.
 - 2) In a case where shares are issued upon exercise of the stock acquisition rights, the amount of increase in capital reserve is calculated by deducting the amount of increase in share capital provided in 1) above from the maximum limit for the increase in share capital stated in 1) above.
- (10) Terms for acquisition of stock acquisition rights
- 1) In cases where the right holder does not fulfill requirements in (8) above, the Company may acquire relevant stock acquisition rights without consideration.
 - 2) If a proposal for a merger agreement under which the Company ceases to exist, a proposal for a corporate demerger agreement under which the Company becomes a demerged company, or a proposal for a share exchange agreement or a share-transfer plan under which the Company becomes a wholly-owned subsidiary is approved at the General Shareholders' Meeting, the Company may acquire stock acquisition rights without consideration on the date which is separately decided by the Board of Directors.
- (11) Restrictions on acquisition of stock acquisition rights by transfer
- Acquisition of stock acquisition rights by transfer shall require the approval of the Board of Directors.
- (12) Issuance of stock acquisition rights upon a merger, etc.
- In the case of conducting a merger, absorption-type company split, incorporation-type company split, share exchange or share transfer, the Company may take measures to allow stock acquisition rights of a surviving company after merger, etc. to be issued to the right holders in accordance with provisions in each agreement or plan.
- (13) Agreement on fractional shares less than one unit of stock arising as a result of exercising stock acquisition rights
- In issuing shares to the right holders who exercised stock acquisition rights, fractional shares less than one unit of stock shall be rounded off.
- (14) Other details of stock acquisition rights
- Other details of stock acquisition rights shall be determined at the meeting of the Board of Directors in which terms of offering stock acquisition rights, etc. are decided.
- (15) Calculation method of fair value of stock acquisition rights
- Fair value of stock acquisition rights shall be calculated using the Black-Scholes model on the basis of each condition on the allotment date.