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Termination of Director Retirement Benefit Plan and Final Payment; Adoption of Stock-Based Compensation Stock Options

At a meeting today, the Board of Directors of Leopalace21 Corporation (“the Company”) resolved to present measures concerning the termination of a retirement benefit plan for Company directors and the adoption of stock-based compensation stock options to the 36th Annual General Shareholder’s Meeting (“General Shareholders’ Meeting”) scheduled for June 29, 2009.

Details

1. Termination of Retirement Benefit Plan for Directors and Final Payment of Director Retirement

Benefit Payments

The Company will eliminate a retirement benefit plan for directors and corporate auditors as of the conclusion of the General Shareholders’ Meeting. Directors holding such status at the conclusion of the General Shareholders’ Meeting will be paid a final amount equal to the retirement benefit accrued during their service, at which time each director will be considered to have retired from their respective posts.

2. Adoption of Stock-Based Compensation Stock Options for Directors

The objective of the resolution in 1. above is to share the rewards and risks of Company share price fluctuations with shareholders, to provide motivation, and to provide an incentive for directors to improve corporate earnings. Stock purchase warrants subject to stock-based compensation stock options (“Stock Purchase Warrants”) for directors shall be issued in an annual amount of 150 million yen or less.

The following describes the various details related to Stock Purchase Warrants.

(1) Type and Number of Shares Subject to Stock Purchase Warrants

A maximum of 250,000 shares of Company common stock may be granted upon the exercise of Stock Purchase Warrants issued within one year from the date of the annual general shareholders' meeting of the relevant fiscal year.

In the event that the Company declares a stock split or reverse split, the number of shares subject to Stock Purchase Warrants shall be adjusted according to the following formula. Such adjustment, however, shall be made to the number of shares for which Stock Purchase Warrants have not been exercised at the time of stock split or reverse split. Any fractions less than one share shall be discarded.

No. of Shares after Adjustment = No. of Shares Prior to Adjustment × Ratio of Split or Reverse Split

In the event that, subsequent to the date of approval of this resolution, an adjustment to the number of shares is deemed necessary by the Company, such adjustment may be made within a rational scope.

(2) Total Number of Stock Purchase Warrants

A maximum of 2,500 Stock Purchase Warrant units may be issued within one year of the date of the annual general shareholders' meeting of the relevant fiscal year. Each Stock Purchase Warrant unit represents 100 shares of stock ("Number of Granted Shares"). (However, in the event that an adjustment is made under the terms of (1), the Number of Granted Shares will also be adjusted accordingly.)

(3) Stock Purchase Warrant Payment Amount and Calculation Method

The payment amount for Stock Purchase Warrants shall be the fair value of one Stock Purchase Warrant (calculated based on the Black-Scholes Model on the Stock Purchase Warrant allocation date) multiplied by the total number of Stock Purchase Warrants allocated. Financial compensation in an amount equivalent to the total payment amount for Stock Purchase Warrants shall be paid to directors; the payment amount of Stock Purchase Warrants shall be offset by this right of remuneration.

(4) Value of Property to be Contributed upon Exercise of Stock Purchase Warrants

The value of property contributed upon the exercise of each Stock Purchase Warrant shall be an amount equivalent to the payment amount of one (1) yen per share received in at the time of Stock Purchase Warrant exercise multiplied by the Number of Granted Shares.

(5) Stock Purchase Warrant Exercise Period

Stock Purchase Warrants may be exercised within thirty years of the day following the date of the allocation of Stock Purchase Warrants.

(6) Restrictions on the Acquisition of Stock Purchase Warrants via Transfer

The acquisition of Stock Purchase Warrants via transfer shall require an approval by resolution of the Company Board of Directors.

(7) Conditions regarding the Exercise of Stock Purchase Warrants

As a rule Stock Purchase Warrants may be exercised beginning the day following the day on which the Stock Purchase Warrant holder loses the status of Company director. Any other conditions related to the exercise of Stock Purchase Warrants shall be determined in a meeting of the Board of Directors when determining matters related to Stock Purchase Warrant subscription.

(8) Other Details regarding Stock Purchase Warrants

Other details shall be determined in a meeting of the Board of Directors when determining matters related to Stock Purchase Warrant subscription.

* The preceding assumes that the “matter concerning the issuance of director stock options” is approved at the 36th Annual General Shareholders’ Meeting scheduled for June 29, 2009.

End