

Security Code 8803
June 2, 2009

To the Stockholders
of Heiwa Real Estate Co., Ltd.

Dear Sirs:

NOTICE CONCERNING THE CONVOCAION OF THE
89th ORDINARY GENERAL SHAREHOLDERS' MEETING

We are pleased to inform you that the 89th Ordinary General Shareholders' Meeting (the "Meeting") of Heiwa Real Estate Co., Ltd. (the "Company") will be held as specified in the attached notice. You are cordially invited to attend.

Yours faithfully,

Sakutaro Kimbara
President, Director
Heiwa Real Estate Co., Ltd.
1-10, Nihonbashi, Kabuto-cho,
Chuo-ku, Tokyo (103-8222)
Japan

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

NOTICE

The resolution of certain agenda items requires the quorum of the meeting. Therefore, if you cannot attend the meeting, you can exercise your voting rights by one of the following methods. We would appreciate your review of the reference materials attached and your exercise of the voting rights.

[Voting by Mail]

Please indicate your vote for or against each of the agendas on the enclosed Voting Rights Exercise Form and return the form by 5:00 p.m., Wednesday, June 24, 2009.

[Voting via the Internet]

Please access (<http://www.e-kosi.jp>) with your browser and enter the proxy code and temporary password supplied on the enclosed Voting Rights Exercise Form. Then follow the instructions and enter your vote for each agenda by 5:00 p.m., Wednesday, June 24, 2009.

If voting rights are exercised by both methods, only voting rights exercised via the Internet will be counted.

If voting rights are exercised multiple times via the Internet, only the last recorded entry will be counted.

1. Date of the Meeting: June 25, 2009 (Thursday), 10:00 a.m.
2. Place of the Meeting: The Tokyo Stock Exchange Bldg. 2F, TSE Hall
2-1, Nihonbashi-Kabutocho,
Chuo-ku, Tokyo, Japan
3. Items on Meeting Agenda
 - Items to be reported: 1 The Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements for the 89th fiscal year from April 1, 2008 to March 31, 2009; and
 - 2 Independent Auditor's Report of Consolidated Financial Statements and Audit Report of Consolidated Financial Statements by the Board of Statutory Auditors for the 89th fiscal year.

Items to be voted upon:

Agenda Item No. 1:	Proposed Appropriation of Surplus
Agenda Item No. 2:	Partial Amendment to the Articles of Incorporation
Agenda Item No. 3:	Assignment of Three Directors
Agenda Item No. 4 :	Assignment of Two Statutory Auditors
Agenda Item No. 5:	Continuation of measures against large volume purchase of shares of the Company (Defense Measures Against Takeover)

(If you are attending the meeting, please submit the enclosed attendance sheet at the reception desk, without separating it from the proxy forms.)

(If any modifications are made to the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, the details will be published on the Company's website at <http://www.heiwa-net.co.jp/>)

(Attached Documents)

BUSINESS REPORT

1. Outline of Operations for the period from April 1, 2008 to March 31, 2009:

(1) Update and Results of Business -

During the fiscal year ended March 31, 2009, corporate performance in Japan continued to face extremely severe constraints as a result of the worldwide recession touched off by the financial crisis in the United States. Corporate revenue weakened significantly due to substantial declines in both export and production, and capital expenditure and employment conditions worsened rapidly as well.

Under these circumstances, a succession of real estate companies (including listed companies) have been driven into bankruptcy since last summer, oppressed by factors such as a credit squeeze and sluggish housing sales. The sharp economic slowdown posed extremely severe business conditions in the real estate industry.

Business performance in the Building Division remained largely stable, while vacancy rates in office buildings continued to climb and rental market values fell due to lower corporate revenues resulting from the steep economic downturn.

Meanwhile, the business environment in the Housing Division remained stringent. Consumers became more conservative in their spending for the purchase of residences amidst the growing uncertainty caused by worsening employment and income conditions, and contract ratios slumped as well.

Several matters arose in the real estate investment market in Japan. Liquidity rapidly worsened due to sharp drop-offs in the supply of funds as a direct consequence of the global credit contraction. Specifically, J-REIT experienced its first bankruptcy.

The operating results for the respective divisions of the Company under these circumstances are as summarized below.

Building Division

Operating revenue in the Building Division of the Company significantly increased, driven by the full-year operation of buildings completed in the previous fiscal year (e.g., the Nagoya Stock Exchange Building), rents earned from the Shin-Odori Building (Chuo-ku, Sapporo-city,

Hokkaido) acquired in May 2008, and the sale of buildings owned.

As a result, the Company earned ¥5,142 million in Stock Exchange Market Place Leasing Income, down by ¥14 million (0.3%) compared with the previous period. General Office Leasing Income rose to ¥9,715 million, up by ¥920 million (10.5%) compared with the previous period. Commercial Facilities Leasing Income decreased to ¥3,565 million, down by ¥22 million (0.6%) compared with the previous period. Building Income, including Land Leasing Income and income from the sale of buildings owned, totaled ¥25,634 million, up by ¥7,917 million (44.7%) compared with the previous period.

The vacancy rate of the Company's leased buildings (on a parent company basis) was 1.49% at the end of the fiscal year ended March 31, 2009.

Housing Division

In the Housing Division, the Company sold a total of only 139 units, mainly due to declining consumer motivation. Condominium income totaled ¥7,348 million, up by ¥2,475 million (50.8%) from the previous period.

Housing Leasing Income amounted to ¥783 million, up by ¥55 million (7.6%) compared with the previous period. Housing Income, including other income, amounted to ¥9,571 million, up by ¥3,818 million (66.4%) compared with the previous period.

Asset Development Division

Income from the real estate development and management businesses amounted to ¥14,608 million, up by ¥9,185 million (169.3%) compared with the previous period, in spite of the effect of deteriorating real estate liquidity.

Other Divisions

In the Real Estate Brokerage Business, sales activities in relation to corporations and investment funds produced ¥426 million in revenue in the Real Estate Brokerage Business, up by ¥90 million (27.0%) from the revenue reported during the previous period.

Income from the Contract Construction Business and Building Management Business decreased to ¥1,209 million, down by ¥535 million (30.7%) compared with the previous period.

Income from the Private Nursing Home Business increased to ¥383 million, up by ¥36 million (10.5%) compared with the previous period. Other Divisions operating revenue for the fiscal year ended March 31, 2009, decreased by ¥370 million (14.9%) to ¥2,120 million.

Overall Operating Results of the Group

The operating results of the Company group for the fiscal year ended March 31, 2009, are summarized below:

Operating Revenue amounted to ¥51,935 million, up by ¥20,550 million (65.5%) compared with the previous period. Operating Costs totaled ¥37,725 million, up by ¥19,244 million (104.1%) compared with the previous period, mainly as a result of the write-down of inventories, while Selling, General and Administrative Expenses totaled ¥5,211 million, up by ¥1,512 million (40.9 %) compared with the previous period.

Consequently, Operating Income for the fiscal year ended March 31, 2009, reached ¥8,998 million, down by ¥206 million (2.2%) compared with the previous period, while Ordinary Income reached ¥6,178 million, down by ¥997 million (13.9%) compared with the previous period. Net income reached ¥862 million, down by ¥2,874 million (76.9%) compared with the previous period, mainly due to a loss of ¥3,765 million on revaluation of investment securities.

In consideration of these operating results, full-time Directors and Statutory Auditors voluntarily returned parts of their compensation payments, in amounts determined in accordance with their respective positions within the Company.

(2) Issues to be resolved by the Company -

The Japanese economy has been deeply affected by the rapid deterioration of the global economy touched off by the financial crisis in the United States. We expect severe circumstances to continue for the time being, with concern over the prospect of further economic downturns in the future.

Within this environment, the Group will seek to adjust to the harsh external circumstances and undertake business deployment under the core strategies below.

- 1) In the Building Division, the Company will continue to keep current high operating rates and focus on leasing to acquire tenants for the CenteRise Sakae (Naka-ku, Nagoya-city, Aichi) project now under construction.
- 2) In the Housing Division, the Company will place the utmost priority on drastically reducing inventories in the condominium business. The Company will maintain high operating rates

in the housing leasing business, as in the Building Division.

- 3) In the Asset Development Division, the Company will focus on tenant leasing for the current development projects now underway, while aiming to raise operating rates for these properties and sell them at an early stage.
- 4) In financial management, the Company will reduce interest-bearing liabilities and reinforce its financial base.

In all our endeavors, we will be grateful for your continuing understanding and support.

(3) Investment in fixed assets -

The Company paid out total capital expenditures of ¥10,859 million, including the expenditure for the acquisition of the Shin-Odori Building (Chuo-ku, Sapporo-city, Hokkaido).

(4) Status of financing -

The Company issued its 8th series of unsecured bonds on March 31, 2009 (issued amount, ¥5 billion; date of maturity, March 30, 2012; annual interest, 0.94%).

(5) Changes in asset status and profit and loss of the Group -

Fiscal year Classification	The 86th fiscal year (From April 1, 2005 to March 31, 2006)	The 87th fiscal year (From April 1, 2006 to March 31, 2007)	The 88th fiscal year (From April 1, 2007 to March 31, 2008)	The 89th fiscal year (From April 1, 2008 to March 31, 2009)
Operating revenue	¥36,599 million	¥31,912 million	¥31,384 million	¥51,935 million
Ordinary Income	7,570 million	8,164 million	7,176 million	6,178 million
Net income	4,203 million	4,534 million	3,737 million	862 million
Net income per share (in exact yen)	34.64	31.90	25.56	5.81
Total assets	186,476 million	213,298 million	298,728 million	317,439 million
Net assets	62,100 million	67,014 million	70,456 million	70,598 million
Net assets per share (in exact yen)	437.80	461.01	460.24	454.57

(Note) From the 87th fiscal year, the Company adopts the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan, Statement No. 5, December 9, 2005) and the “Guidance on Accounting Standard for the Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan, Guidance No. 8, December 9, 2005).

(6) Status of significant parent companies and subsidiaries -

1) Status of parent companies

Not applicable

2) Status of significant subsidiaries

<u>Company name</u>	<u>Common stock</u>	<u>Percentage of voting rights held by the Company</u>	<u>Major operating business</u>
Heiwa Service Co., Ltd.	¥134 million	100.0%	Management of buildings and facilities, contracting of repair work
Heiwa Healthcare Co., Ltd.	¥70 million	100.0%	Private nursing home enterprise
Osaka Securities Building Co., Ltd.	¥100 million	100.0%	Lease, management and operation of buildings and facilities, etc.
Housing Service Co., Ltd.	¥95 million	100.0%	Real estate brokerage, consignment sales of new housing, management of company housing, real estate appraisal
Titan Y.K	¥3 million	-	Acquisition, possession and management of trust beneficiary rights on real estate in trust through anonymous partnership agreement
H2 Y.K	¥3 million	-	Same as above
Cassiopeia Investment, Y.K	¥3 million	-	Same as above
STAR 1 REALTY Y.K	¥3 million	-	Same as above
STAR 2 REALTY Y.K	¥3 million	-	Same as above
Charites Y.K	¥3 million	-	Same as above

(Notes) 1. Heiwa Service Co., Ltd. became a wholly owned subsidiary of the Company through the additional purchase of shares on March 31, 2009.

2. The Company owns the shares of Heiwa Healthcare Co., Ltd. indirectly through Heiwa Service Co., Ltd.

(7) Contents of principal businesses of the Group -

Division	Business Activities
Building	Leasing, management and performance of stock exchange buildings, general office buildings and commercial facilities.
Housing	Sales and leasing of condominiums, detached houses, etc.
Asset Development	Development of profitable real estate and operation and management of assets
Other	Agency and brokerage related to trading and leasing of real estate, management of buildings and facilities, etc., contracting of repair work, and a private nursing home enterprise

(Note) The names of two business segments are changed from the current fiscal year: the “Building Leasing Division” is renamed the “Building Division” and the “Asset Development and Securitization Division” is renamed the “Asset Development Division.”

(8) Principal sales offices -

The Company	Head Office: Chuo-ku, Tokyo Osaka Branch: Chuo-ku, Osaka-city Nagoya Branch: Naka-ku, Nagoya-city Fukuoka Branch: Chuo-ku, Fukuoka-city Sapporo Branch: Chuo-ku, Sapporo-city
Heiwa Service Co., Ltd	Head Office: Chuo-ku, Tokyo Osaka Branch: Chuo-ku, Osaka-city Nagoya Branch: Naka-ku, Nagoya-city
Heiwa Healthcare Co., Ltd	Abiko-city, Chiba-prefecture
Osaka Securities Building Co., Ltd.	Chuo-ku, Osaka-city
Housing Service Co., Ltd.	Head Office: Chuo-ku, Osaka-city Senboku Branch: Minami-ku, Sakai-city Toyonaka Branch: Toyonaka-city, Osaka-fu Korien Branch: Neyagawa-city, Osaka-fu
Titan Y.K	Chuo-ku, Tokyo
H2 Y.K	Chuo-ku, Tokyo
Cassiopeia Investment, Y.K	Chuo-ku, Tokyo
STAR 1 REALTY Y.K	Chuo-ku, Tokyo
STAR 2 REALTY Y.K	Chuo-ku, Tokyo
Charites Y.K	Chuo-ku, Tokyo

(9) Employees of the Group -

<u>No. of Employees</u>	<u>Increase/(decrease) as compared with prior period end</u>
<u>228</u>	<u>(9)</u>

(Note) 1. Number of employees is number of ordinary employees.

2. Employees of the Company (number of ordinary employees) are as follows:

<u>No. of Employees</u>	<u>Increase/(decrease) as compared with prior period end</u>	<u>Average age (years)</u>	<u>Average length of service (years)</u>
<u>93</u>	<u>2</u>	<u>39.6</u>	<u>13.9</u>

(10) Principal creditors -

<u>Creditors</u>	<u>Balance</u>
	<u>(In millions of yen)</u>
Resona Bank, Ltd.	¥29,986
Sumitomo Mitsui Banking Corporation	18,682
The 77 Bank, Ltd.	16,530
Mizuho Corporate Bank, Ltd.	14,137
The Hokkaido Bank, Ltd.	9,270

2. Status of Shares:

(1) Number of shares authorized - 550,000,000 shares

(2) Number of shares issued and outstanding - 149,503,980 shares

(Note) The number of shares issued and outstanding increased 2,419,885 shares compared with prior period end by exercise of stock acquisition rights with the 5th series of the unsecured convertible bonds with stock acquisition rights.

(3) Number of shareholders - 26,797
(Increase of 2,003 compared with prior period end)

(4) Major shareholders -

<u>Name</u>	<u>No. of shares</u> (000's)
Japan Trustee Services Bank, Ltd. (Trust Account)	9,840
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,932
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	6,034
JPMorgan Securities Japan Co., Ltd.	2,990
Trust & Custody Service Bank, Ltd. (Securities Investment Trust Account)	2,675
Taisei Corporation	2,663
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,659
Clariden Leu Limited	2,304
Resona Bank, Ltd	2,229
Sumitomo Mitsui Banking Corporation	2,010

3. Stock acquisition rights:

Stock acquisition rights already issued are as follows:

(1) The seventh series of the unsecured convertible bonds with stock acquisition rights

Name	Heiwa Real Estate Co., Ltd the seventh series of unsecured convertible bonds with stock acquisition rights (limited inter-bonds pari passu clause)
Date of resolution to issue	June 7, 2007
Amount of convertible bonds with stock acquisition rights	20,000 million yen
Number of stock acquisition rights	20,000
Class of shares to be issued or transferred upon exercise of stock acquisition rights	Common stock
Number of shares to be issued or transferred upon exercise of stock acquisition rights	19,704,433 shares
Issue price of stock acquisition rights	Free
Exercise period of stock acquisition rights	From August 1, 2007 to June 21, 2012

(Note)

Number of stock acquisition rights is result of division of amount of convertible bonds with stock acquisition rights by conversion price of 1,015 yen.

4. Matters related to Corporate Officers:

(1) Directors and Statutory Auditors -

Name	Position	Representation of other companies
Sakutaro Kimbara	Director and President* and Chief Executive Officer	
Sadao Yoshino	Director* and Senior Executive Officer (Overall Management of Administration / Building Division / Branches / Affiliated Companies)	
Hiroyuki Takahashi	Director* and Senior Executive Officer (Asset Development Division / Real Estate Brokerage Division / Housing Division)	
Masashi Ueda	Director and Managing Executive Officer	Director and President of Heiwa Service Co., Ltd.
Takashi Hayakawa	Director and Managing Executive Officer (Executive Manager of Building Business Department, Building Construction Department, Nagoya Branch and Sapporo Branch)	
Kazuo Minamino	Director and Managing Executive Officer (Executive Manager of Osaka Branch and Fukuoka Branch)	Director and President of Osaka Securities Building Co., Ltd.
Takeo Hino	Director and Managing Executive Officer (Executive Manager of Housing Development Department – I, Housing Development Department – II and Residential Leasing Business Department)	
Kaoru Umehara	Director	Director and President of Kyowa Securities Co., Ltd.
Kazuyuki Nakajima	Statutory Auditor (full-time)	
Yoshitake Kaneda	Statutory Auditor	
Masahiko Kadotani	Statutory Auditor	

(Notes)

1. “*” above, indicates Representative Director.
2. Kaoru Umehara is an External Director.

3. Yoshitake Kaneda and Masahiko Kadotani are External Statutory Auditors.
4. External Statutory Auditor, Yoshitake Kaneda, has long experience at Osaka Securities Exchange and possesses substantial expertise and experience in finance and accounting.
5. External Statutory Auditor, Masahiko Kadotani, held positions such as Director General of the Securities Bureau of the Ministry of Finance and Commissioner of the National Tax Agency and possesses substantial expertise and experience in finance and accounting.
6. The following four persons are Managing Officers other than the seven Directors/Managing Officers listed above, and their duties are as indicated hereunder:

Managing Officer	Ichiro Sasaki	Director of General Affairs
Managing Officer	Masami Taniguchi	Director of Real Estate Brokerage Division
Managing Officer	Toshio Soeda	Manager of Fukuoka Branch
Managing Officer	Katsuyuki Bessho	Director of Asset Development Division

(2) Remuneration paid to Directors and Statutory Auditors for the current fiscal year-

<u>Category</u>	<u>Number of persons</u>	<u>Amount Paid</u>	<u>Note</u>
Director	8	¥209 million	of which ¥7 million to 1 External Director
Statutory Auditor	3	¥34 million	of which ¥14 million to 2 External Statutory Auditors
Total (Notes)	11	¥244 million	

1. A resolution of the 88th Ordinary General Shareholders' Meeting held on June 26, 2008 limits the amount of remuneration for Directors (excluding External Directors) to ¥250 million per year (the amount of remuneration for Directors will not include the employee salaries of Directors who serve concurrently as employees) and the amount of remuneration for External Directors to ¥25 million per year.
2. A resolution of the 88th Ordinary General Shareholders' Meeting held on June 26, 2008 limits Statutory Auditors' remuneration to ¥60 million per year.

3. The following amounts are included in the above remuneration amount:

Amount recorded as Retirement Allowance for the current fiscal term:

¥15 million to Directors; ¥1 million to Statutory Auditors

(including ¥0 million to External Auditors)

The Company resolved to abolish the retirement allowances program for Directors and Statutory Auditors at the conclusion of the 88th Ordinary General Shareholders' Meeting held on June 26, 2008. With regard to Directors and Statutory Auditors who were to remain in office after the meeting, the Company resolved to provide each, upon his or her retirement, with a retirement allowance based on his or her term of office up to the abolishment of the retirement allowances program. The above amount recorded as Reserve for retirement allowances for directors and statutory auditors for the current fiscal term was accounted for before the abolishment of the retirement allowances program.

(3) External Officers -

1) Directors who concurrently hold positions as executive officers in other corporations

Kaoru Umehara, Director, serves concurrently as the Director and President of Kyowa Securities Co., Ltd. and Director of The Tokyo Shoken Building Inc.

No special relationship exists between the Company and Kyowa Securities Co., Ltd. or The Tokyo Shoken Building Inc.

2) Directors who concurrently hold positions as External Directors in other corporations

Kaoru Umehara, Director, serves concurrently as an External Auditor of Tosho Computer Systems, Co., Ltd.

Masahiko Kadotani, Statutory Auditor, serves concurrently as the External Statutory Auditor of Mizuho Securities Co., Ltd., PRONEXUS INC., Japan Petroleum Exploration Co., Ltd., and Nikkei Inc.

3) Principal activities during the current fiscal year

a. Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings.

	Attendance at Board of Directors' Meetings (Number of times)	Attendance at Board of Statutory Auditors' Meetings (Number of times)
Kaoru Umehara, Director	12 out of 15	-
Yoshitake Kaneda, Statutory Auditor	15 out of 15	7 out of 7
Masahiko Kadotani, Statutory Auditor	13 out of 15	7 out of 7

b. Statements made at Board of Directors' Meetings and Board of Statutory Auditors'

Meetings

Kaoru Umehara, Director, has provided appropriate advice to contribute to the decision-making of the Board of Directors from the standpoint of an experienced corporate executive.

Yoshitake Kaneda, Statutory Auditor, attended all of the Board of Statutory Auditors' Meetings and carried out discussions to ensure appropriate management of the Board of Statutory Auditors. He also posed questions, as necessary, for the decision-making of the Board of Directors, based on his past experience as a corporate director and statutory auditor.

Masahiko Kadotani, Statutory Auditor, attended all of the Board of Statutory Auditors' Meetings and carried out discussions to ensure appropriate management of the Board of Statutory Auditors. He also posed questions, as necessary, for the decision-making of the Board of Directors, based on his past experience in performing duties in government, in other public offices, and in private companies, and in serving as a statutory auditor. Discussions are carried out to ensure appropriate management of the Board of Statutory Auditors.

c. Details of the Agreement on Limitation of Liability

In accordance with the provisions in Article 427, Paragraph 1, of the Companies Act, the Company has entered agreements with the External Directors and the External Statutory Auditors to limit their liabilities for damages as set forth in Article 423, Paragraph 1, of the Companies Act; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in the Act.

5. Matters related to Independent Auditor:

(1) Name of Independent Auditor -

Toyo Horwath

(2) Amount of Independent Auditor's fee for the current fiscal term -

1) Total fee the Company will pay Independent Auditor for auditing based on Article 2, Paragraph 1, of the Certified Public Accountant Act

25 million yen

2) Total amount of money and other profits the Company and the Company's subsidiaries will pay

26 million yen

(Note) The total amount described in 1) above includes fee for audit based on the Securities and Exchange Law, because the Company does not classify fee for audit based on the Companies Act and fee for audit based on the Securities and Exchange Law by audit agreement between the Company and the Independent Auditor.

(3) Policy on determining the dismissal or disapproval of reappointment of the Independent Auditor -

If any of the provisions in Article 340, Paragraph 1, of the Companies Act applies to the Independent Auditor, the Board of Statutory Auditors will dismiss the Independent Auditor upon unanimous approval of all the Statutory Auditors. Further, if the Independent Auditor is determined to be inappropriate as the Company's Independent Account as a result of any breach of the Certified Public Accountant Act, the Board will request the Board of Directors to submit the agenda for the dismissal or the disapproval of reappointment of the Independent Auditor to the Shareholders' Meeting.

If the Independent Auditor is determined to be inappropriate as the Company's Independent Auditor as a result of any breach of the Certified Public Accountant Act, the Board of Directors will submit the agenda for the dismissal or disapproval of reappointment of the Independent Auditor to the Shareholders' Meeting upon the approval of the Board of Statutory Auditors.

6. Corporate structure and policies:

- (1) Corporate structure to ensure legal compliance and compliance with the articles of incorporation in the execution of operations by directors, and corporate structure to ensure the proper conduct of business.

In its efforts to establish a lawful and efficient corporate structure, the Company will maintain and operate a structure to ensure that the Directors comply with laws and the articles of incorporation in the execution of their operations, and other structures to ensure the proper conduct of business of the Company (hereinafter the “Internal Control”), as follows.

- 1) Corporate structure to ensure legal compliance and compliance with the articles of incorporation in the execution of operations by Directors and employees
 - (1) Based on the “Code of Conduct” and “Compliance Regulations,” and by maintaining fair and high ethical principles and strictly adhering to laws, regulations, and the articles of incorporation, the Directors, Corporate Officers, and employees of the Company will work to secure a management structure on which the community can rely.
 - (2) Based on “Compliance Regulations,” the Company will work to maintain a compliance structure and understand problematic issues.
 - (3) If a problem related to compliance is discovered, the Company will work to solve and prevent the recurrence of the problem through the compliance hotline established in accordance with the “Internal Reporting Regulations.”
 - (4) The Company will respond firmly against antisocial forces that jeopardize the order and safety of the civil society.
- 2) System for the storage and maintenance of information in relation to the performance of duties by the Directors

The Company will properly record documents related to the decision-making at the Board of Directors’ Meetings and other important meetings, approval documents, and information related to the performance of duties by the Directors, and store and maintain these documents in accordance with the relevant laws and “Criteria for the Storage and Disposal of Documents” for a specified period of time.

Directors and Statutory Auditors may access these documents at any time.
- 3) Rules related to the management of the risk of loss and other systems
 - (1) The Company will work to identify the risks existing in its departments and establish a set of “Risk Management Rules” to manage those risks

comprehensively. Through these Rules, the Company will endeavor to achieve appropriate risk management by securing its capabilities to smoothly transmit information and maintain an emergency system.

- (2) The Internal Audit Office will regularly conduct business audits, including an audit on the state of risk management in all departments, and report the results to the Representative Director and President and Statutory Auditors.

4) System to ensure the efficient performance of duties by the directors

- (1) The Company has implemented a Corporate Officer system in order to segregate the functions and responsibilities of management and business execution, to accelerate the process of decision-making, and to enhance the efficiency of management.
- (2) Through the system for allocating Directors-in-charge, the system for job authorization, and the system for decision-making provided in various in-company regulations, including the “Regulations of the Board of Directors’ Meetings,” the “Regulations of the Corporate Officers’ Meetings,” and the “Rules on the Division of Authorities,” the Company will work to achieve the efficient execution of duties by its Directors.
- (3) By formulating medium-term management plans and annual business plans, the Company will establish company-wide objectives to promote the efficient execution of business.

5) System to ensure the proper execution of business by the Company group made up of the Company and its subsidiaries

- (1) The Company dispatches its personnel to serve as Directors and Statutory Auditors of the subsidiaries. The Directors of the Company oversee the performance of the duties of the Directors of the subsidiaries, and the Statutory Auditors of the Company oversee the execution of business of the subsidiaries.
- (2) The subsidiaries, in principle, will develop their own internal control systems while maintaining close coordination with the Company and sharing information with the Company.
- (3) The Company has formulated a set of “Basic Principles for the Maintenance and Operation of Internal Control Related to Financial Reporting,” in order to secure reliable financial reporting. The Company has also established an “Internal Control Liaison Committee Related to Financial Reporting” to maintain a cooperative structure that cuts across the whole Company group for the purpose of realizing the aforesaid principles.

6) Matters concerning employees who are to assist Statutory Auditors in their work and

matters related to the independence of those employees from Directors

The Company has established an Auditors Office and deploys dedicated staff to the office to assist Statutory Auditors in matters related to auditing and the duties performed by the Statutory Auditors.

Employees are appointed and transferred to the Auditors Office to assist the Statutory Auditors, with the consent of the Statutory Auditors, and are assessed based sufficiently on the Statutory Auditors' views.

- 7) System of reporting to Statutory Auditors and system to ensure effective auditing by the Statutory Auditors
 - (1) The Statutory Auditors are authorized to be present at important conferences, including the Board of Directors' Meetings and Corporate Officers' Meetings, to express their views and obtain copies of the minutes of the meetings and approval documents. The Statutory Auditors may also request to be briefed on these matters. Further, the Statutory Auditors will hold meetings with the Representative Director regularly, and with the Internal Audit Office or the Independent Auditor when necessary, to discuss those matters.
 - (2) If a Director discovers any matters that may cause material damage to the Company, he or she will immediately notify the Board of Statutory Auditors of those matters.

- (2) Basic principles concerning the control of *kabushiki kaisha* –

The Company resolved to implement “Measures against a Large-scale Purchase of the Company's Shares (Defensive Measures against Takeovers)” (hereinafter the “Plan”) as follows at the Ordinary General Shareholders' Meeting held on June 27, 2007.

1. Efforts to increase corporate value and to ensure the common interest of shareholders

The Company was established in 1947 (Showa 22) as the owner of assets and buildings of the Tokyo, Osaka, Nagoya and other stock exchanges, which perform and play the core function and role in Japan's financial market.

Since then, under the management policy - “provision of a comfortable office environment and living space that is truly satisfactory to the people living in such space,” the Company has developed a mid-term management plan and successfully expanded its business with many users' solid confidence in and high evaluation of the Company, in three core operations, namely, lease, sale, and asset development and securitization of real estate, by predicting trends of the future and responding to diversified users' needs at all times.

In this way, the Company has promoted its commitments in diverse ways to further increase its corporate value and serve the common interests of shareholders.

2. Objectives of introduction of the Plan

In recent years, we have seen cases where a large volume of shares was suddenly purchased without sufficient negotiation with the company. We believe that whether such offer of purchase of shares should be accepted should be finally determined by our shareholders, and that the Company should also accept such offer based on whether such purchase would result in higher corporate value and serve the common interest of our shareholders.

However, in order to make such decisions, it is necessary for the Company to thoroughly understand the objectives, conditions and other information about the purchase, examine whether such purchase will not damage our mission, corporate value and common interest of our shareholders of the Company, and express the Company's view.

Therefore, the Company decided to introduce the Plan, which demonstrates in a clear and specific manner the procedures to be taken by the person who intends to purchase our shares, prior to executing actual purchasing activities.

The Plan aims to enable our shareholders to make a proper decision on the proposed purchase by ensuring the collection of information and an appropriate period necessary for the Board of Directors of the Company to examine the purchase proposal, including any alternate plan, and to prevent any large volume purchase with malicious intent that would damage our corporate value and the common interest of our shareholders.

The Plan was prepared in compliance with all relevant laws and regulations, legal precedents, regulations concerning the introduction of defense measures against takeovers provided by the Tokyo Stock Exchange, and "Guidelines concerning Defense Measures Against Takeover to Ensure or to Increase Corporate Value and the Common Interest of Shareholders" issued by the Ministry of Economy, Trade and Industry, and the Ministry of Justice.

3. Summary of the Plan

The Plan aims to require the Large Volume Purchaser who intends to purchase a certain volume or more of our shares to provide the Company with sufficient information in

advance according to the Purchase Procedures, and to ensure that the Company has sufficient time to examine based on such information whether the purchase by the Large Volume Purchaser should be accepted.

To achieve this goal, the Company may take countermeasures (however, there may be a case where the Company does not take such countermeasures), if: 1) the Board of Directors of the Company considers that the Large Volume Purchaser does not or will not comply with the Purchase Procedures; or 2) the Board of Directors of the Company considers that the purchase by the Large Volume Purchaser is for a wrongful purpose such as to significantly damage the corporate value or common interest of our shareholders of the Company. In making such decision, the Board of Directors of the Company will respect as much as possible any advice provided by a committee consisting of outside directors, outside statutory auditors of the Company and outside experts, (hereinafter referred to as the “Independent Committee”) who are independent of the top management of the Company who execute the operations of the Company.

The aforementioned countermeasures under the Plan shall be countermeasures permitted by laws and regulations and the Articles of Incorporation of the Company, including the allotment of stock acquisition rights without charge.

Additionally, the Plan will expire at the conclusion of the 89th Ordinary General Shareholders’ Meeting. In light of the “Nature of Anti-takeover Measures based on Recent Change of Circumstances” issued in June of last year by the Society for Corporate Value of the Ministry of Economy, Trade and Industry, the Company has further reviewed the Plan from the viewpoint of its corporate value and the common interests of shareholders.

As a result, the Board of Directors of the Company decided to keep the basic policy and other contents of the Plan unchanged, to modify the Plan based on the “Nature of Anti-takeover Measures based on Recent Change of Circumstances,” and to make several required adjustments under the revisions of related laws and regulations. The Board of Directors also decided to continue implementing the Plan, subject to approval by the 89th Ordinary General Shareholders’ Meeting.

CONSOLIDATED BALANCE SHEET

MARCH 31, 2009

ASSETS

(In millions of yen)

Current assets:	
Cash and deposits	¥22,267
Accounts receivable – trade	1,399
Marketable securities	7,075
Real estate for sale	22,275
Real estate for sale in process	16,723
Other inventories	2
Operating investment	11,547
Deferred tax assets	186
Other	584
Allowance for doubtful accounts	(38)
Total current assets	<u>82,023</u>
Fixed assets:	
Tangible fixed assets -	
Buildings and structures	83,744
Machinery, equipment and vehicles	535
Tools, furniture and fixtures	383
Land	133,470
Construction in progress	1,557
Total tangible fixed assets	<u>219,691</u>
Intangible fixed assets -	
Leasehold rights	5,681
Goodwill	39
Other	74
Total intangible fixed assets	<u>5,795</u>
Investments and other assets -	
Investment in securities	6,473
Long-term loans to employees	13
Deferred tax assets	1,096
Other	2,978
Allowance for doubtful accounts	(841)
Total investments and other assets	<u>9,718</u>
Deferred assets -	
Bond-issuing expenses	209
Total deferred assets	<u>209</u>
Total fixed assets	<u>235,205</u>
Total assets	<u><u>317,439</u></u>

CONSOLIDATED BALANCE SHEET

MARCH 31, 2009

LIABILITIES AND SHAREHOLDERS' EQUITY

(In millions of yen)

<u>Liabilities</u>	
Current liabilities:	
Notes payable and accounts payable – trade	¥2,673
Current portion of bonds	20,370
Short-term loans payable	26,120
Current portion of long-term loans	24,024
Accrued corporation and other taxes	1,176
Accrued consumption taxes	699
Accrued bonuses for directors and statutory auditors	6
Accrued bonuses	247
Other	2,422
Total current liabilities	<u>77,739</u>
Long-term liabilities:	
Bonds	44,430
Convertible bonds (with stock acquisition rights)	20,000
Long-term loans payable	75,348
Long-term deposits received and deposits of landlord	21,939
Deferred tax liabilities	28
Deferred tax liabilities concerning revaluation	6,249
Long-term accounts payable	454
Accrued severance indemnities for employees	618
Negative goodwill	33
Total long-term liabilities	<u>169,101</u>
Total liabilities	<u>246,840</u>
<u>Net Assets</u>	
Shareholders' equity:	
Common stock	15,797
Additional paid-in capital	14,025
Retained earnings	30,046
Treasury stock, at cost	(366)
Total shareholders' equity	<u>59,503</u>
Valuation and translation adjustments:	
Unrealized gain on securities	(950)
Revaluation surplus of land	9,109
Total valuation and translation adjustments	<u>8,158</u>
Minority shareholders' equity	<u>2,936</u>
Total net assets	<u>70,598</u>
Total liabilities and net assets	<u><u>317,439</u></u>

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FROM: APRIL 1, 2008

TO: MARCH 31, 2009

(In millions of yen)

Operating revenue -	
Building income	¥25,634
Revenue from housing business	9,571
Revenue from asset development	14,608
Other operating revenue	2,120
Total operating revenue	51,935
Cost of sales -	
Cost of building	17,051
Cost of housing business	11,335
Cost of asset development	8,109
Other operating cost	1,228
Total operating cost	37,725
Gross profit	14,209
Selling, general and administrative expenses	5,211
Operating income	8,998
Non-operating income -	
Interest income and dividends earned	244
Amortization of negative goodwill	1
Miscellaneous non-operating income	85
Total non-operating income	331
Non-operating expenses -	
Interest on debentures	922
Interest expense	2,044
Amortization of bond-issuing expenses	27
Equity in net loss of affiliates	66
Provision of allowance for doubtful accounts	18
Miscellaneous non-operating expenses	72
Total non-operating expenses	3,150
Ordinary income	6,178
Special gains-	
Gain on sales of fixed assets	10
Reversal of allowance for doubtful accounts	1
Total special gains	11
Special losses -	
Loss on disposal of fixed assets	133
Dismantling expense of buildings and building fixtures	192
Loss on revaluation of investment securities	3,765
Other	244
Total special losses	4,335
Income before income taxes	1,855
Corporation, inhabitants and enterprise taxes	1,307
Deferred income taxes	(463)
Minority interests	148
Net income	862

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FROM: APRIL 1, 2008
TO: MARCH 31, 2009

(In millions of yen)

Shareholders' equity	
Common stock	
Balance at the end of previous period	15,238
Change during the period	
Issuance of stock	<u>558</u>
Total change during the period	<u>558</u>
Balance at the end of current period	<u>15,797</u>
Additional paid-in capital	
Balance at the end of previous period	13,466
Change during the period	
Issuance of stock	<u>558</u>
Total change during the period	<u>558</u>
Balance at the end of current period	<u>14,025</u>
Retained earnings	
Balance at the end of previous period	30,897
Change during the period	
Distribution of surplus	(1,625)
Net income	862
Disposal of treasury stock	(4)
Reversal of revaluation surplus of land	(83)
Total change during the period	<u>(851)</u>
Balance at the end of current period	<u>30,046</u>
Treasury stock	
Balance at the end of previous period	(340)
Change during the period	
Acquisition of treasury stock	(34)
Disposal of treasury stock	8
Total change during the period	<u>(25)</u>
Balance at the end of current period	<u>(366)</u>
Total shareholders' equity	
Balance at the end of previous period	59,262
Change during the period	
Issuance of stock	1,117
Distribution of surplus	(1,625)
Net income	862
Acquisition of treasury stock	(34)
Disposal of treasury stock	3
Reversal of revaluation surplus of land	(83)
Total change during the period	<u>241</u>
Balance at the end of current period	<u>59,503</u>

(In millions of yen)

Valuation and translation adjustments	
Unrealized gain on securities	
Balance at the end of previous period	(859)
Change during the period	
Net change in items other than shareholders' equity during the period	(90)
Total change during the period	(90)
Balance at the end of current period	(950)
Revaluation surplus of land	
Balance at the end of previous period	9,025
Change during the period	
Net change in items other than shareholders' equity during the period	83
Total change during the period	83
Balance at the end of current period	9,109
Total valuation and translation adjustments	
Balance at the end of previous period	8,165
Change during the period	
Net change in items other than shareholders' equity during the period	(7)
Total change during the period	(7)
Balance at the end of current period	8,158
Minority shareholders' equity	
Balance at the end of previous period	3,027
Change during the period	
Net change in items other than shareholders' equity during the period	(91)
Total change during the period	(91)
Balance at the end of current period	2,936
Total net assets	
Balance at the end of previous period	70,456
Change during the period	
Issuance of stock	1,117
Distribution of surplus	(1,625)
Net income	862
Acquisition of treasury stock	(34)
Disposal of treasury stock	3
Reversal of revaluation surplus of land	(83)
Net change in items other than shareholders' equity during the period	(98)
Total change during the period	142
Balance at the end of current period	70,598

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Going concern assumption

Not applicable

2. Basis of presenting consolidated financial statements

(1) Basis of consolidation:

Consolidated subsidiaries: 10

Names of the consolidated subsidiaries: Heiwa Service Co., Ltd., Heiwa Healthcare Co., Ltd., Osaka Securities Building Co., Ltd., Titan Y.K., H2 Y.K, Cassiopeia Investment, Y.K, STAR 1 REALTY Y.K, STAR 2 REALTY Y.K, Charites Y.K, Housing Service Co., Ltd.

(2) Basis of applying the equity method:

1) Non-consolidated subsidiaries accounted for by the equity method: None

2) Affiliates accounted for by the equity method: 1

Names of affiliates accounted for by the equity method: Canal Investment Trust Co., Ltd.

(3) Method and basis of valuation of assets:

1) Marketable securities and other investments-

Held-to-maturity bonds: Held-to-maturity bonds as valued at cost, cost being determined by the amortized cost method

Other marketable securities and investments:

a. Securities with market quotations:

Market value method based on the market price as of the settlement date of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

b. Securities without market quotations:

Securities without market quotations are valued at cost, cost being determined by the aggregate average method.

2) Inventory -

Inventories are valued at cost, cost being determined by the aggregate average method.

(The value on the consolidated balance sheet is appraised by write-down of the book value of inventories based on deterioration in profitability.)

(4) Depreciation method for fixed assets:

1) Tangible fixed assets -

Depreciation of tangible assets is computed using the declining balance method, except for the

Tokyo Stock Exchange building and two other buildings, and buildings (excluding attached facilities) which were acquired on or after April 1, 1998, for which the straight-line method is used. Depreciation of consolidated subsidiary's tangible assets is computed using the straight-line method. The principal useful lives of tangible fixed assets are as follows.

Buildings and structures	8-50 years
Machinery, equipment, and vehicles	6-10 years
Tools, furniture and fixtures	5-15 years

Depreciation of small-sum items (100 thousand yen and more/less than 200 thousand yen) is calculated by the straight-line method, assuming useful life to be three years.

(Additional Information)

The Company begins to apply useful life under the revised Corporate Tax Law to the depreciation of machinery and equipment from the current fiscal year. As a result of this change, operating income, ordinary income, and income before income taxes each decreased by ¥100 million.

2) Intangible fixed assets -

Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized using the straight-line method based on the expected useful life of the software (five years).

(5) Method of accounting of deferred assets:

Bond-issuing expenses are amortized by the straight-line method over the period until the bond redemption.

(6) Principles for providing accruals and reserves:

1) Allowance for doubtful accounts -

An allowance for doubtful accounts is provided to cover losses bad debt at an amount estimated based on historical write-off ratio plus any amounts deemed necessary to cover possible losses on an individual accounts basis.

2) Accrued bonuses for directors and statutory auditors-

The accrual for bonuses to directors and statutory auditors is calculated based on the estimated payment basis.

3) Accrued bonuses -

The accrual for bonuses to employees is calculated based on the estimated payment basis.

4) Accrued severance indemnities for employees -

Accrued severance indemnities for employees are calculated at an amount equal to the projected benefit obligation minus the fair value of pension assets. Accrued severance indemnities for employees are not calculated at any consolidated subsidiary that has a defined contribution retirement plan.

(7) Other basic matters for the preparation of consolidated financial statements:

Accounting for consumption taxes -

Profit and loss accounts are stated net of consumption tax. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the consolidated period under review in which the consumption taxes are paid.

(8) Evaluation of assets and liabilities of consolidated subsidiaries -

All assets and liabilities of consolidated subsidiaries are stated at market value.

(9) Changes in accounting standards:

Accounting for lease assets -

Previously, finance lease transactions without ownership-transfer were accounted for as operating leases. The Company has adopted the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan (ASBJ), Statement No. 13, March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ, Guidance No. 16, March 30, 2007), and is accounting for those finance lease transactions as sales transactions from this consolidated fiscal year.

With regard to finance lease transactions without ownership-transfer whose lease inceptions predate the first applicable consolidated fiscal year, the Company continues to apply the accounting method for operating leases.

This change has no effects on operating income, ordinary income, or income before income taxes.

(10) Changes of presentation:

1) Beneficiary right of real estate in trust -

The beneficiary right in trust subject to real estate for sale, an item formerly presented as “Beneficiary right of real estate in trust” (¥12,999 million at the end of the previous consolidated fiscal year), is included in “Real estate for sale” from this consolidated fiscal year, in consideration of the actual conditions and nature of this item. The balance of “Beneficiary right of real estate in trust” at the end of the previous consolidated fiscal year was ¥13,153 million.

2) Deposits received and Deposits of landlord -

“Deposits received” and “Deposits of landlord,” items previously recorded individually, are presented as “Long-term deposits received and deposits of landlord” from this consolidated

fiscal year, in consideration of the actual conditions and nature of these items. The balances of “Deposits received” and “Deposits of landlord” at the end of this consolidated fiscal year were ¥4,047 million and ¥17,891 million, respectively.

(Additional Information)

1) Change in purposes of holding assets -

A total of ¥12,307 million of “Real estate for sale” and “Real estate for sale in process,” items formerly stated in current assets, is transferred to “Land” and “Buildings” at the end of this consolidated fiscal year because of a change in the purpose of holding these assets.

2) Abolition of the retirement allowances program for directors and statutory auditors -

The abolition of the retirement allowances program for Directors and Statutory Auditors and the payment of the retirement allowances to Directors and Statutory Auditors for termination upon their retirement from office were approved by the resolution of the Ordinary General Shareholders’ Meeting held in June, 2008. Accordingly, the Company and its consolidated subsidiaries reversed in full the balance of the “Reserve for retirement allowances for directors and statutory auditors,” and included ¥454 million of accrued retirement allowances for directors and statutory auditors for termination in the “Long-term accounts payable” stated in long-term liabilities. The balance of the “Reserve for retirement allowances for directors and statutory auditors” at the end of the previous consolidated fiscal year was ¥431 million.

3. Notes to the consolidated balance sheet

(1) Pledged assets

1) Assets pledged as collateral

Real estate for sale	¥12,200 million
Buildings	¥20,546 million
Land	¥30,968 million
Total	¥63,715 million

2) Secured liabilities

Current portion of bonds	¥570 million
Current portion of long-term loans	¥12,390 million
Bonds	¥4,430 million
Long-term loans payable	¥12,820 million
Long-term deposits received and deposits of landlord	¥4,865 million
Total	¥35,075 million

(2) Accumulated depreciation of tangible fixed assets ¥56,718 million

(3) Guarantees due from the Company

The Company-guaranteed loans payable to banks are as follows.

Housing loans for employees of Heiwa Real Estate Co., Ltd.	¥430 million
Total	¥430 million

4. Notes to the consolidated statement of changes in net assets

(1) Issued shares

Common stock	149,503,980 shares
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(2) Treasury stock

Common stock	657,579 shares
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(3) Distribution of surplus

1) Payments of dividends

a. The following was resolved and approved at the Ordinary General Shareholders' Meeting held on June 26, 2008.

Distribution of common stock

• Total amount of distribution	¥732 million
• Distribution per share	¥5
• Record date	March 31, 2008
• Effective date	June 27, 2008

b. The following was resolved the meeting of the Board of Directors held on October 31, 2008.

Distribution of common stock

• Total amount of distribution	¥893 million
• Distribution per share	¥6
• Record date	September 30, 2008
• Effective date	November 26, 2008

2) Dividends with the effective distribution dates fall during the following consolidated fiscal year, among dividends with record dates falling in the current consolidated fiscal year

We will propose the following agenda for the Ordinary General Shareholders' Meeting to be held on June 25, 2009.

Distribution of common stock

• Total amount of distribution	¥893 million
• Resource of distribution	Retained earnings
• Distribution per share	¥6
• Record date	March 31, 2009
• Effective date	June 26, 2009

(4) Number of shares issued by the Company as of the end of the current consolidated fiscal years, which are shares to be issued or transferred upon exercise of stock acquisition rights

Common stock	19,704,433 shares
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5. Per share data

(1) Net assets per share	¥454.57
(2) Net income per share	¥5.81

6. Subsequent events

Not applicable.

NON-CONSOLIDATED BALANCE SHEET

MARCH 31, 2009

ASSETS

(In millions of yen)

Current assets:	
Cash and deposits	¥20,565
Accounts receivable – trade	1,214
Marketable securities	7,028
Real estate for sale	9,276
Real estate for sale in process	16,723
Operating investment	11,292
Prepaid expenses	351
Deferred tax assets	165
Accrued income	0
Short-term loans	209
Accounts receivable – other	7
Advances paid	35
Suspense payments	3
Allowance for doubtful accounts	(37)
Total current assets	<u>66,835</u>
Fixed assets:	
Tangible fixed assets -	
Buildings	82,206
Structures	413
Machinery and equipment	532
Vehicles	5
Tools, furniture and fixtures	356
Land	130,272
Construction in progress	1,557
Total tangible fixed assets	<u>215,343</u>
Intangible fixed assets -	
Leasehold rights	5,803
Trademark rights	5
Software	31
Telephone subscription right	9
Right of using facilities	16
Total intangible fixed assets	<u>5,867</u>
Investments and other assets -	
Investment in securities	6,164
Investment in securities of affiliates	1,617
Capital investment in affiliates	3,392
Investment in partnerships	2
Deferred tax assets	878
Long-term loans receivable from employees	8
Claims provable in bankruptcy, claims provable in rehabilitation and other	823
Long-term prepaid expenses	798
Guarantee deposits	811
Insurance funds	91
Allowance for doubtful accounts	(841)
Total investments and other assets	<u>13,746</u>
Deferred assets -	
Bond-issuing expenses	209
Total deferred assets	<u>209</u>
Total fixed assets	<u>234,956</u>
Total assets	<u>302,002</u>

NON-CONSOLIDATED BALANCE SHEET

MARCH 31, 2009

LIABILITIES AND SHAREHOLDERS' EQUITY

(In millions of yen)

<u>Liabilities</u>	
Current liabilities:	
Notes payable	¥509
Accounts payable – trade	1,669
Current portion of bonds	20,370
Short-term loans payable	26,170
Current portion of long-term loans	12,974
Accounts payable – other	143
Accrued expenses	196
Accrued corporation and other taxes	1,165
Accrued consumption taxes	676
Advances received	1,265
Deposits received	519
Accrued bonuses	193
Total current liabilities	<u>65,851</u>
Long-term liabilities:	
Bonds	44,430
Convertible bonds(with stock acquisition rights)	20,000
Long-term loans payable	75,348
Long-term deposits received and deposits of landlord	21,494
Deferred tax liabilities concerning revaluation	6,249
Long-term accounts payable	380
Accrued severance indemnities for employees	610
Total long-term liabilities	<u>168,512</u>
Total liabilities	<u>234,364</u>
<u>Net assets</u>	
Shareholders' equity:	
Common stock	15,797
Additional paid-in capital	
Capital reserve	14,025
Total additional paid-in capital	<u>14,025</u>
Retained earnings:	
Legal reserve	1,453
Other retained earnings:	
Reserve for deferral of gains on fixed assets	1,211
Reserve for special depreciation	24
Reserve for research and development costs	30
Reserve for general purposes	25,615
Unappropriated retained earnings	1,661
Total other retained earnings	<u>28,543</u>
Total retained earnings	<u>29,996</u>
Treasury stock, at cost	<u>(366)</u>
Total shareholders' equity	<u>59,453</u>
Valuation and translation adjustments:	
Unrealized gain on securities	(925)
Revaluation surplus of land	9,109
Total valuation and translation adjustments	<u>8,184</u>
Total net assets	<u>67,637</u>
Total liabilities and net assets	<u>302,002</u>

NON-CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FROM: APRIL 1, 2008

TO: MARCH 31, 2009

	(In millions of yen)
Operating revenue -	
Building income	¥25,602
Revenue from housing business	9,542
Revenue from asset development	13,669
Revenue from other business	19
Total operating revenue	<u>48,834</u>
Cost of sales -	
Cost of building	17,252
Cost of housing business	11,309
Cost of asset development	7,703
Total operating cost	<u>36,265</u>
Gross profit	12,569
Selling, general and administrative expenses	<u>4,064</u>
Operating income	8,505
Non-operating income -	
Interest income and dividends earned	290
Income for non-operating trustee services	91
Miscellaneous non-operating income	69
Total non-operating income	<u>451</u>
Non-operating expenses -	
Interest on debentures	922
Interest expense	1,840
Amortization of bond-issuing expenses	27
Provision of allowance for doubtful accounts	18
Miscellaneous non-operating expenses	61
Total non-operating expenses	<u>2,869</u>
Ordinary income	6,087
Special gains -	
Gain on sale of fixed assets	<u>10</u>
Total special gains	10
Special losses -	
Loss on disposal of fixed assets	46
Dismantling expense of buildings and building fixtures	192
Loss on revaluation of investment securities	3,662
Other	244
Total special losses	<u>4,145</u>
Income before income taxes	1,952
Corporation, inhabitants and enterprise taxes	1,263
Deferred income taxes	<u>(473)</u>
Net income	<u><u>¥1,161</u></u>

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FROM: APRIL 1, 2008
TO: MARCH 31, 2009

(In millions of yen)

Shareholders' equity	
Common stock	
Balance at the end of previous period	15,238
Change during the period	
Issuance of stock	<u>558</u>
Total change during the period	<u>558</u>
Balance at the end of current period	<u>15,797</u>
Additional paid-in capital	
Balance at the end of previous period	13,466
Change during the period	
Issuance of stock	<u>558</u>
Total change during the period	<u>558</u>
Balance at the end of current period	<u>14,025</u>
Retained earnings	
Legal reserve	
Balance at the end of previous period	1,453
Change during the period	
Total change during the period	<u>—</u>
Balance at the end of current period	<u>1,453</u>
Other retained earnings	
Reserve for advanced depreciation of fixed assets	
Balance at the end of previous period	1,253
Change during the period	
Reversal of reserve for advanced depreciation of fixed assets	<u>(42)</u>
Total change during the period	<u>(42)</u>
Balance at the end of current period	<u>1,211</u>
Special depreciation reserve	
Balance at the end of previous period	80
Change during the period	
Reversal of special depreciation reserve	<u>(56)</u>
Total change during the period	<u>(56)</u>
Balance at the end of current period	<u>24</u>
Reserve for research and development	
Balance at the end of previous period	30
Change during the period	
Total change during the period	<u>—</u>
Balance at the end of current period	<u>30</u>
General reserve	
Balance at the end of previous period	25,615
Change during the period	
Total change during the period	<u>—</u>
Balance at the end of current period	<u>25,615</u>
Retained earnings carried forward	
Balance at the end of previous period	2,115
Change during the period	
Distribution of surplus	(1,625)
Reversal of reserve for advanced depreciation of fixed assets	42
Reversal of special depreciation reserve	56
Net income	1,161
Disposal of treasury stock	(4)
Reversal of revaluation surplus of land	<u>(83)</u>
Total change during the period	<u>(453)</u>
Balance at the end of current period	<u>1,661</u>

	(In millions of yen)
Treasury stock	
Balance at the end of previous period	(340)
Change during the period	
Acquisition of treasury stock	(34)
Disposal of treasury stock	8
Total change during the period	<u>(25)</u>
Balance at the end of current period	<u>(366)</u>
Total shareholders' equity	
Balance at the end of previous period	58,913
Change during the period	
Issuance of stock	1,117
Distribution of surplus	(1,625)
Net income	1,161
Acquisition of treasury stock	(34)
Disposal of treasury stock	3
Reversal of revaluation surplus of land	(83)
Total change during the period	<u>540</u>
Balance at the end of current period	<u>59,453</u>
Valuation and translation adjustments	
Unrealized gain on securities	
Balance at the end of previous period	(801)
Change during the period	
Net change in items other than shareholders' equity during the period	(123)
Total change during the period	<u>(123)</u>
Balance at the end of current period	<u>(925)</u>
Revaluation surplus of land	
Balance at the end of previous period	9,025
Change during the period	
Net change in items other than shareholders' equity during the period	83
Total change during the period	<u>83</u>
Balance at the end of current period	<u>9,109</u>
Total net assets	
Balance at the end of previous period	67,137
Change during the period	
Issuance of stock	1,117
Distribution of surplus	(1,625)
Net income	1,161
Acquisition of treasury stock	(34)
Disposal of treasury stock	3
Reversal of revaluation surplus of land	(83)
Net change in items other than shareholders' equity during the period	(40)
Total change during the period	<u>500</u>
Balance at the end of current period	<u>67,637</u>

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Going concern assumption

Not applicable

2. Matters pertaining to significant accounting policies

(1) Method and basis of valuation of assets:

1) Marketable securities and other investments -

Held-to-maturity bonds: Held-to-maturity bonds as valued at cost, cost being determined by the amortized cost method

Stocks of subsidiaries and affiliates:

Securities without market quotations are valued at cost, cost being determined by the aggregate average method.

Other marketable securities and investments:

a. Securities with market quotations:

Market value method based on the market price as of the settlement date of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

b. Securities without market quotations:

Securities without market quotations are valued at cost, cost being determined by the aggregate average method.

2) Inventory -

Inventories are valued at cost, cost being determined by the aggregate average method.

(The value on the non-consolidated balance sheet is appraised by write-down of the book value of inventories based on deterioration in profitability)

(2) Depreciation method for significant fixed assets:

1) Tangible fixed assets -

Depreciation of tangible assets is computed using the declining balance method, except for the Tokyo Stock Exchange Building and two other buildings, and buildings (excluding attached facilities) which were acquired on or after April 1, 1998, for which the straight-line method is used. Depreciation of subsidiary's tangible assets is computed using the straight-line method. The principal useful lives of tangible fixed assets are as follows.

Buildings and structures	8-50 years
Machinery, equipment, and vehicles	6-10 years
Tools, furniture and fixtures	5-15 years

Depreciation of small-sum items (100 thousand yen and more/less than 200 thousand yen) is calculated by the straight-line method, assuming useful life to be three years.

(Additional Information)

The Company begins to apply useful life under the revised Corporate Tax Law to the depreciation of machinery and equipment from the current fiscal year. As a result of this change, operating income, ordinary income, and income before income taxes each decreased by ¥100 million.

2) Intangible fixed assets -

Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized using the straight-line method based on the expected useful life of the software (five years).

(3) Method of accounting of deferred assets:

Bond-issuing expenses are amortized by the straight-line method over the period until the bond redemption.

(4) Principles for providing accruals and reserves:

1) Allowance for doubtful accounts -

An allowance for doubtful accounts is provided to cover losses bad debt at an amount estimated based on historical write-off ratio plus any amounts deemed necessary to cover possible losses on an individual accounts basis.

2) Accrued bonuses for directors and statutory auditors-

The accrual for bonuses to directors and statutory auditors is calculated based on the estimated payment basis.

3) Accrued bonuses for employees -

The accrual for bonuses to employees is calculated based on the estimated payment basis.

4) Accrued severance indemnities -

Accrued severance indemnities for employees are calculated at an amount equal to the projected benefit obligation minus the fair value of pension assets.

(5) Other basic matters for the preparation of non-consolidated financial statements:

Accounting for consumption taxes -

Profit and loss accounts are stated net of consumption tax. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the period in which the consumption taxes are paid.

(6) Changes in accounting standards:

Accounting for lease assets -

Previously, finance lease transactions without ownership-transfer were accounted for as operating leases. The Company has adopted the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan (ASBJ), Statement No. 13, March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ, Guidance No.16, March 30, 2007), and is accounting for those finance lease transactions as sales transactions from this fiscal year.

With regard to finance lease transactions without ownership-transfer whose lease inceptions predate the first applicable consolidated fiscal year, the Company continues to apply the accounting method for operating leases. This change has no effects on operating income, ordinary income, or income before income taxes.

(Additional Information)

1) Change in holding purposes -

A total of ¥12,307 million of “Real estate for sale” and “Real estate for sale in process,” items formerly stated in current assets, is transferred to “Land” and “Buildings” at the end of this consolidated fiscal year because of a change in the purpose of holding these assets.

2) Abolition of the retirement allowances program for directors and statutory auditors -

The abolition of the retirement allowances program for Directors and Statutory Auditors and the payment of the retirement allowances to Directors and Statutory Auditors for termination upon their retirement from office were approved by the resolution of the Ordinary General Shareholders’ Meeting held in June, 2008. Accordingly, the Company reversed in full the balance of the “Reserve for retirement allowances for directors and statutory auditors,” and included ¥380 million of accrued retirement allowances for directors and statutory auditors for termination in the “Long-term accounts payable” stated in long-term liabilities. The balance of the “Reserve for retirement allowances for directors and statutory auditors” at the end of the previous fiscal year was ¥360 million.

3. Notes to the non-consolidated balance sheet

(1) Pledged assets

1) Assets pledged as collateral

Buildings	¥19,971 million
Land	¥28,155 million
Total	¥48,127 million

2) Secured liabilities

Current portion of bonds	¥570 million
Current portion of long-term loans	¥1,340 million
Bonds	¥4,430 million
Long-term loans payable	¥12,820 million
Long-term deposits received and deposits of landlord	¥4,865 million
Total	¥24,025 million

(2) Accumulated depreciation of tangible fixed assets ¥55,162 million

(3) Guarantees due from the Company

The Company-guaranteed loans payable to banks are as follows.

Heiwa Healthcare Co., Ltd. (Subsidiary)	¥100 million
Housing loans for employees of Heiwa Real Estate Co., Ltd.	¥430 million
Total	¥530 million

(4) Assets or debts due from or to subsidiaries and affiliates

Assets	¥133 million
Debts	¥700 million

4. Notes to the non-consolidated statement of profit and loss

Transactions with subsidiaries and affiliates

Operating transactions	¥2,303 million
Non-operating transactions	¥141 million

5. Notes to the non-consolidated statement of changes in net assets

Treasury stock

Common stock	657,579 shares
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6. Income taxes

(1) Deferred tax assets (current)

Corporation tax refundable	¥110 million
Accrued bonuses	¥78 million
Other	(¥24 million)
Total	¥165 million

(2) Deferred tax assets (noncurrent)

Impairment loss	¥445 million
Reserve for deferral of gains on fixed assets	(¥802 million)
Unrealized gain on securities	¥634 million
Other	¥600 million
Total	¥878 million

7. Leased assets

Apart from fixed assets stated on the non-consolidated balance sheet, the Company uses a portion of “Machinery and equipment” and a portion of “Tools, furniture and fixtures” under finance lease agreements without ownership-transfer.

8. Transactions with affiliated parties

There are no significant transactions.

9. Per share data

(1) Net assets per share	¥454.41
(2) Net income per share	¥7.82

10. Subsequent events

Not applicable.

A COPY OF THE AUDIT REPORT OF THE ACCOUNTING AUDITOR ON THE
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report
(English Translation)

May 8, 2009

To the Board of Directors
Heiwa Real Estate Co., Ltd.

Toyo Horwath

Tsukasa Inoue, CPA, Engagement Partner
Yasuo Muramoto, CPA, Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4, of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of changes in net assets and notes to the consolidated financial statements of the Heiwa Real Estate Co., Ltd. and consolidated subsidiaries for the 89th fiscal year from April 1, 2008 to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion that 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 Heiwa Real Estate Co., Ltd and consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

We have no interest in or relationship with the Company, which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act.

A COPY OF THE AUDIT REPORT OF THE ACCOUNTING AUDITOR ON THE NON-
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report
(English Translation)

May 8, 2009

To the Board of Directors
Heiwa Real Estate Co., Ltd.

Toyo Horwath

Tsukasa Inoue, CPA, Engagement Partner
Yasuo Muramoto, CPA, Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2, Item 1, of the Companies Act, the non-consolidated financial statements, which consist of the non-consolidated balance sheet, non-consolidated statement of profit and loss, non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements and supplementary schedules of Heiwa Real Estate Co., Ltd. (hereinafter referred to as the "Company") for the 89th fiscal year from April 1, 2008 to March 31, 2009. These non-consolidated financial statements and supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall non-consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion that 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 and supplementary schedules, in accordance with the business accounting standards generally accepted in Japan.

We have no interest in or relationship with the Company, which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act.

A COPY OF THE AUDIT REPORT OF THE BOARD OF STATUTORY AUDITORS

AUDIT REPORT

We, the Board of Statutory Auditors, having deliberated the issues based on the reports made by each Statutory Auditor concerning the methods and results of their audit of the business activities of the directors for the 89th fiscal year from April 1, 2008 to March 31, 2009, prepared this Audit Report and hereby submit to you as follows:

1. Outline of auditing method applied by the Statutory Auditors and the Board of Statutory Auditors:

The Board of Statutory Auditors established the auditing policies and the audit plan, received reports and explanations regarding the status of audits and the results thereof from each Statutory Auditor, as well as reports and explanations regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanation as necessary.

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and the audit plan, each Statutory Auditor endeavored to collect information and established auditing circumstances through communication with internal audit staff and other employees, and attended the Board of Directors' meeting and other important meetings to receive reports regarding performance of duties from directors and employees and requested explanations as necessary. Each Statutory Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices.

Each Statutory Auditor monitored and verified the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company, and the establishment of the system necessary to ensure proper business operations of the company set forth in Article 100, Paragraph 1 and 3, of Enforcement Regulations of the Companies Act, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors. The contents of the basic policy set forth in Article 127, Item 1, of the Enforcement Regulations of the Companies Act stated in the business reports and each approach set forth in Item 2 of the same article are reviewed based on the status of deliberations of the Board of Directors and other management entities. Full-time Statutory Auditors concurrently served as Statutory Auditors of subsidiaries, received from subsidiaries their business reports as necessary through communication and information sharing with their directors and statutory auditors, and visited the subsidiaries to conduct necessary examinations. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2009.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports of the status of the execution of duties from 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 131 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 non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of profit and loss, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of changes in net assets and notes to the consolidated financial statements), and the supplementary schedules, for the year ended on March 31, 2009.

2. Results of Audit

(1) Results of audit of business report

- 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 performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, nor the Articles of Incorporation of the Company; and
 - 3) 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 and the execution of duties by Directors.
 - 4) There are no matters requiring additional mention with respect to the basic policy on the control of companies stated in the business reports. We acknowledge that, among the approaches set forth in Article 127, Item 2, of the Enforcement Regulations of the Companies Act, those stated in the business reports conform with the basic policy, are in no way obstructive of any common interests of shareholders, and are not adopted with the intention of maintaining the positions of Directors and Statutory Auditors.
- (2) Results of audit of non-consolidated financial statements and supplementary schedules
The auditing methods and results of the Accounting Auditor, Toyo Horwath, are fair and reasonable.
- (3) Results of audit of consolidated financial statements and supplementary schedules
The auditing methods and results of the Accounting Auditor, Toyo Horwath, are fair and reasonable.

May 14, 2009

Board of Statutory Auditors
Heiwa Real Estate Co., Ltd.
Statutory Auditor (Full-time)
Kazuyuki Nakajima

External Statutory Auditor
Yoshitake Kaneda

External Statutory Auditor
Masahiko Kadotani

REFERENCE DOCUMENTS FOR
THE GENERAL SHAREHOLDERS' MEETING

Agenda Item No. 1 “Proposed Appropriation of Surplus”

The proposal for appropriation of surplus is as stated hereunder.

Matters related to year-end dividend

The Company wishes to propose year-end dividend for the current term as follows:

(1) Allotment of property dividend to shareholders and the total amount

¥6 per share of the Company's common stock Total amount ¥893,078,406

(Note) The annual dividend for this fiscal year, together with the interim dividend of ¥6
will be ¥12 per share.

(2) Effective date of distribution of surplus

June 26, 2009

Agenda Item No. 2: “Partial Amendment to the Articles of Incorporation”

1. Reasons 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) 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 Settlement Streamlining 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 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) Pursuant to the enforcement 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 relation to the above amendments, the numbers of relevant articles and others shall be appropriately adjusted.

2. Details of the amendments

Details of the amendments are as follows:

(Underlined parts are amended.)

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

Present Articles of Incorporation	Proposed amendment
<p><u>(Issuance of Share Certificates)</u></p> <p><u>Article 7. The Company shall issue share certificates representing the Company's shares.</u></p> <p>Article <u>8</u>. [Omitted]</p> <p>(Number of Shares Constituting One Unit of Stock <u>and Non-Issuance of Share Certificates representing Shares Less Than One Unit of Stock</u>)</p> <p>Article <u>9</u>. [Omitted]</p> <p><u>2. Notwithstanding the Article 7, the Company shall not issue share certificates representing shares constituting less than one unit of stock; provided, however, that this provision shall not apply to the matters provided for in the Share Handling Regulations.</u></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>(1) [Omitted]</p> <p> </p> <p>(4)</p>	<p>[Deleted]</p> <p>Article <u>7</u>. [Same as at the present]</p> <p>(Number of Shares Constituting One Unit of Stock)</p> <p>Article <u>8</u>. [Same as at the present]</p> <p>[Deleted]</p> <p>(Rights with Respect to Shares Constituting Less Than One Unit)</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) [Same as at the present]</p> <p> </p> <p>(4)</p>

Present Articles of Incorporation	Proposed amendment
<p>(Request for Sale of Shares Constituting Less Than One Unit) Article <u>11</u>. [Omitted]</p> <p>(Transfer Agent) 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, 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>(Share Handling Regulations) Article <u>13</u>. [Omitted] Article <u>41</u>.</p> <p>[New Articles]</p>	<p>(Request for Sale of Shares Constituting Less Than One Unit) Article <u>10</u>. [Same as at the present]</p> <p>(Transfer Agent) Article <u>11</u>. [Same as at the present] 2. [Same as at the present] 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> 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>(Share Handling Regulations) Article <u>12</u>. [Same as at the present] Article <u>40</u>.</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> <p><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></p>

Agenda Item No. 3: “Assignment of Three Directors”

The Company proposes the election of three Directors due to the expiration of the office term at the close of this meeting of the following three present Directors: Sadao Yoshino, Takashi Hayakawa, and Kazuo Minamino. At the close of this meeting, two Directors, Masashi Ueda and Takeo Hino will retire from the position.

The candidates for Directorship of the Company are as follows:

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary and representation of other companies	
1	Sadao Yoshino June 19, 1944	51,000	April	1967 Joined the Tokyo Stock Exchange
			May	1999 Managing Director of the Tokyo Stock Exchange
			November	2001 Managing Director of Tokyo Stock Exchange, Inc.
			June	2002 Representative Director and Senior Managing Director, CFO of Tokyo Stock Exchange, Inc.
			December	2005 Adviser of Japan Securities Settlement & Custody, Inc.
			June	2007 Representative Director and Senior Executive Officer of the Company (to date)
			(Current duty)	Overall Management of Administration / Building Division / Branches / Affiliated Companies

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary and representation of other companies	
2	Takashi Hayakawa December 7, 1948	32,500	March July July June June June April June (Current duty)	1972 Joined the Company 1995 General Manager of Housing Business Department 2000 General Manager of Building Business Department 2001 Director and General Manager of Building Business Department 2002 Director and Executive Manager of Chubu Area 2005 Director and General Manager of Building Project Department 2007 Director and Managing Officer 2007 Director and Managing Executive Officer (to date) Executive Manager of Building Business Department, Building Construction Department, Nagoya Branch and Sapporo Branch

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary and representation of other companies	
3	Kazuo Minamino September 25, 1949	40,000	April	1972 Joined the Company
			July	1995 General Manager of Finance Department
			June	2001 Director and General Manager of Finance Department
			April	2007 Director and Managing Officer, Executive Manager of Finance Department
			June	2007 Director and Managing Executive Officer (to date) Director and President of Osaka Securities Building Co., Ltd. (to date)
			March	2008 Director of Housing Service Co., Ltd. (to date)
			(Current duty)	Executive Manager of Osaka Branch and Fukuoka Branch
			(Representative positions held at other companies)	Director and President of Osaka Securities Building Co., Ltd.

(Note) No conflict of interest exists between the Company and the candidates for Directors above.

Agenda Item No. 4: “Assignment of Two Statutory Auditors”

The Company proposes the election of two Statutory Auditors due to the expiration of the office term and the retirement from the position at the close of this meeting of the following two present Statutory Auditors: Kazuyuki Nakajima and Yoshitake Kaneda.

The Board of Statutory Auditors previously gave its approval.

The candidates for Statutory Auditors of the Company are as follows:

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary and representation of other companies		
1	Ichiro Sasaki March 21, 1947	15,000	April	1969	Joined the Tokyo Stock Exchange
			June	1995	General Manager of Settlement Department of Japan Securities Settlement & Custody, Inc. (secondment)
			June	1999	General Manager of System General Administration Department of the Tokyo Stock Exchange
			November	2001	General Manager of Rating Department of Tokyo Stock Exchange, Inc.
			June	2005	General Manager of General Affairs Department of the Company
			April	2007	Managing Officer and General Manager of General Affairs Department of the Company (to date)
2	Shigeo Ojima December 11, 1947	0	April	1970	Joined Osaka Securities Exchange
			April	2001	Executive Officer and General Manager of Personnel Department of Osaka Securities Exchange Co., Ltd.
			June	2002	Director of Osaka Securities Exchange Co., Ltd.
			October	2002	Executive Director of Osaka Securities Exchange Co., Ltd.
			June	2004	Representative Executive Director of Osaka Securities Exchange Co., Ltd. (to date)

(Notes)

1. No conflict of interest exists between the Company and the candidates for Statutory Auditor above.
2. Mr. Shigeo Ojima is a candidate for External Statutory Auditor.
3. Notes on the candidates for External Statutory Auditor are as follows.
 - (1) The Company anticipates that Mr. Shigeo Ojima will reflect the in-depth knowledge and experience he has accumulated at Osaka Securities Exchange in the management audits of the Company. Therefore, the Company proposes that he be elected as an External Statutory Auditor.
 - (2) If his election is approved, the Company plans to enter into an agreement with Mr. Shigeo Ojima to limit his liabilities for damages as set forth in Article 423, Paragraph 1, of the Companies Act in accordance with Article 427, Paragraph 1 of the Act under the Articles of Incorporation; provided, however, that the limit of the liabilities for damages under such agreement shall be the amount prescribed in the Act.

Agenda Item No. 5: “Continuation of measures against large volume purchase of shares of the Company (Defense Measures Against Takeover)”

At the 87th Ordinary General Meeting of shareholders held by our company (the “Company”) on June 27, 2007, we received the approval of our shareholders to introduce the “Measures Against Large Volume Purchase Activities of the Shares of Our Company (“Defense Measures Against Takeover”)(the “Plan”).

After that, we took into account the “Measures against takeover based on the current change of various environments” announced by the “Corporate Value Study Group” of the Ministry of Economics, Trade and Industry, and made further discussions from the viewpoint of increasing the corporate value of the Company and ensuring the common interest of our shareholders. Finally, we decided at a meeting of the Board of Directors held on May 15 2009 that we would continue the Plan subject to the approval of our shareholders at the Ordinary General Meeting of Shareholders to be held on June 25, 2009. We greatly thank you in advance for your deliberation and approval with respect to continuation of the Plan.

When we decided on continuing the Plan, although we made some revisions according to the establishment of laws related to the electronic conversion of stock certificates, the basic content of the Plan is the same as the ones we introduced in June 2007.

We also report that there is no fact, as of today, that we have received any offer concerning the purchase of a large volume of the Company's shares.

For details on the Plan, please refer to the “Measures Against Large Volume Purchase Activities of the Shares of Our Company (“Defense Measures Against Takeover”)” described later from page 57 to page 79.

**“Measures Against Large Volume Purchase of Shares of the Company
(Defense Measures Against Takeover)”**

I. Basic Policy

The Company believes that whether we are to accept an offer concerning the purchase of a large volume of the Company’s shares that accompanies the transfer of the power of control of the Company should be ultimately determined based on the intent of our shareholders.

Also, if a purchase of a large volume of the Company’s shares benefits the corporate value of the Company, and subsequently the common interest of our shareholders, we will not deny it.

However, there are some cases of the purchase of a large volume of the Company’s shares where (i) an offerer does not give enough time and information to enable our shareholders to determine whether such purchase positively or negatively affects them; (ii) the offerer does not give us an opportunity to negotiate with it; or (iii) the offer damages the corporate value of the Company, and subsequently the common interest of our shareholders.

The Company believes that a person who makes such an inappropriate purchase of a large volume of the Company’s shares is not a proper party to control decisions on the financial and business policies of the Company, and that we should take necessary and sufficient

countermeasures against such purchase of a large volume of the Company's shares for the purpose of protecting and ensuring the corporate value of the Company and subsequently the common interest of our shareholders.

II. Our efforts to realize the basic policy

1. Efforts to increase corporate value and to ensure the common interest of shareholders

The Company was established in 1947 (Showa 22) as the owner of assets and buildings of the Tokyo, Osaka, Nagoya and other stock exchanges, which perform and play the core function and role in Japan's financial market.

During all these years, under the management policy - "provision of a comfortable office environment and living space that is truly satisfactory to the people living in such space," the Company has successfully expanded its business with many users' solid confidence in and high evaluation of the Company, in three core operations, namely, building, housing, and asset development, by predicting trends of the future and responding to diversified users' needs at all times.

In the building business, it is unchanged that our core business is to lease buildings and facilities to securities exchanges. Needless to say, stock exchanges are the foundation of Japanese financial market and are highly public organizations. Therefore, the Company, as a provider of their facilities, is expected to play and execute an important role and mission, that is to say, to support the stock exchanges to maintain and improve their functions as a public organ in terms of facilities. From this viewpoint, we have reconstructed the buildings of the Tokyo, Osaka, and Nagoya Stock Exchanges.

In addition, we are committed to developing office buildings, commercial facilities, hotels, etc., for the purpose of expanding our business areas, strengthening our profitability, and stimulating local economies.

Furthermore, in the area of residential house development, the Company has expanded its operations to its own residential house development in addition to sales of large scale condominiums in collaboration with other companies. In the area of asset development, the Company has developed its business from a strategic viewpoint by not only pursuing development projects by utilizing securitization methods but also further expanding its fee business such as asset management.

We strongly believe that the Company's commitment to the leasing and selling of real estate and asset development and securitization in diverse ways will lead to an increase in corporate value of the Company and subsequently the common interest of our shareholders, and consequently, responding to our stakeholders' strong confidence in the Company, the Company will be able to contribute to maximizing their interest.

2. Objectives of the Plan

The plan aims at maintaining and increasing the corporate value of the Company and

subsequently the common interest of our shareholders continuously in accordance with the basic policy described in the above I.

The Board of Directors of the Company has determined that it is indispensable for us to have a framework that: (i) can provide our shareholders with enough time and information to enable them to determine the pros and cons of a takeover proposal; (ii) can ensure an opportunity for our shareholders to negotiate with a person who intends to make a purchase of a large volume of the Company's shares as defined in Section 4 below; and (iii) can prevent the purchase of a large volume of the Company's shares that may damage the corporate value of the Company and subsequently the common interest of our shareholders. In this regard, as one of our efforts to prevent a person who is deemed to be inappropriate in light of the basic policy from controlling decisions on the financial and business policies of the Company, we decided to continue the Plan subject to the approval of the shareholders at the Ordinary General Meeting of shareholders.

For the continuation of the Plan, we took into account all relevant laws and regulations, legal precedents, regulations concerning the introduction of defense measures against takeovers provided by the Tokyo Stock Exchange, "Guidelines concerning Defense Measures Against Takeovers to Ensure or to Increase Corporate Value and the Common Interest of Shareholders"(hereinafter referred to as "Guidelines of Defense Measures Against Takeovers") issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and the "Measures Against Takeovers Based on the Current Change of Various Environments" (hereinafter referred to as "Measures Against Takeovers") issued by Corporate Value Study Group.

3. Summary of the Plan

The Plan requires a person who intends to purchase a certain volume or more of our Company's shares (as defined in "4. Purchase Procedures," hereinafter referred to as a "Large Volume Purchaser"), to comply with the procedures prescribed in "4. Purchase Procedures" (hereinafter referred to as the "Purchase Procedures") below.

The Company may take countermeasures if: 1) the Board of Directors of the Company considers that the Large Volume Purchaser does not or will not comply with the Purchase Procedures; or 2) the Board of Directors of the Company considers that the purchase by the Large Volume Purchaser may damage the corporate value of the Company and subsequently the common interest of our shareholders.

In making such decision, the Board of Directors of the Company will respect as much as possible any advice provided by a committee consisting of outside directors and outside statutory auditors of the Company or outside experts, (hereinafter referred to as the "Independent Committee") who are independent of the top management of the Company executing the operations of the Company.

The aforementioned countermeasures under the Plan shall be countermeasures permitted by

laws and regulations and the Articles of Incorporation of the Company, including the allotment of share warrants without charge.

4. Purchase Procedures

(1) Definitions

Any purchase that falls under (i) or (ii) below shall be referred to as a “Large Volume Purchase” and the person who proposes or undertakes such Large Volume Purchase shall be referred to as a “Large Volume Purchaser”:

- (i) a purchase or any other type of acquisition of “share certificates, etc.” (*1) issued by the Company by a “holder” (*2), if the “holding ratio of share certificates, etc.” (*4) of the holder, when combined with such ratio of its joint holder(s) (*3), becomes twenty (20) percent or more after the acquisition; or
- (ii) a purchase of “share certificates, etc.” (*5) issued by the Company by “tender offer” (*6), if the “ratio of ownership of share certificates, etc.” (*8) of the tender offerer, when combined with such ratio of a “person having special relationship” (*7) with the tender offerer, becomes twenty (20) percent or more after the purchase.

*1 Refers to “share certificates, etc.” as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

*2 Refers to a “holder” as defined in Article 27-23, Paragraph 1 of the said Act including a person deemed as a holder under Paragraph 3 of the same article (also including those who are approved to be the holder by our Board of Directors).

*3 Refers to a “joint holder” as defined in Article 27-23, Paragraph 5 of the said Act including a person deemed as a joint holder under Paragraph 6 of the same article (also including those who are approved to be the joint holder by our Board of Directors.)

*4 Refers to the “holding ratio of share certificates, etc.” as defined in Article 27-23, Paragraph 4 of the said Act.

*5 Refers to the “share certificates, etc.” as defined in Article 27-2, Paragraph 1 of the said Act.

*6 Refers to the “tender offer” as defined in Article 27-2, Paragraph 6 of the said Act.

*7 Refers to a “person having a special relationship” as defined in Article 27-2, Paragraph 7 of the said Act (also including those who are approved to be the person having a special relationship by our Board of Directors.)

*8 Refers to the “ratio of ownership of share certificates, etc.” as defined in Article 27-2, Paragraph 8 of the said Act.

Unless otherwise provided for, the same shall apply hereunder.

(2) Provision of information by Large Volume Purchaser

Prior to the initiation of a Large Volume Purchase, a Large Volume Purchaser will be requested to prepare and provide the Board of Directors of the Company with a document

stating that it will comply with the Purchase Procedures (hereinafter referred to as the “Statement of Acceptance of Purchase Procedures”) and a document describing information that should be provided for making a decision by our shareholders and forming an opinion by our Board of Directors (hereinafter referred to as the “Statement of Purchase Information”) in Japanese. Although the concrete information that should be provided depends on the attributes of the Large Volume Purchaser and the plan for the Large Volume Purchase, we will usually request to provide the information set forth from (i) to (ii) below.

When the Statement of Acceptance of Purchase Procedures or the Statement of Purchase Information is provided, matters the Board of Directors or the Independent Committee considers appropriate to be disclosed will be immediately disclosed to our shareholders.

The Board of Directors of the Company or the Independent Committee may request the Large Volume Purchaser to provide information stated in (viii) within ten (10) business days after the receipt of the above two documents, and thereafter, the Board of Directors of the Company or the Independent Committee may also request the Large Volume Purchaser to provide additional information, when necessary.

- (i) details (including the name, address, contact in Japan, capital relationship, composition of finances, description of business, members, past takeover offers and results, whether in compliance with or in breach of laws and regulations in the past and its details, and the number of shares currently held) of the Large Volume Purchaser and all parties within its group (including major shareholders and investors, important subsidiaries, affiliated companies, joint holders, and persons having a special relationship, and in the case of a fund, major partners, investors (whether direct or indirect), and other members, managing partners and persons who continuously provide investment advice);
- (ii) the purpose, method, contents (price and type of target of Large Volume Purchase, time of purchase, structure of relevant transactions, legality of method of Large Volume Purchase, feasibility of execution of Large Volume Purchase, etc.) of Large Volume Purchase;
- (iii) if any communication is made with any third party other than the Large Volume Purchaser in relation to the Large Volume Purchase, information about the other party and the content of such communication;
- (iv) the basis of calculation of the price for the Large Volume Purchase (including facts and assumptions on which the calculation is based, calculation method, information about the values used in the calculation, and the expected amount and the basis of calculation of synergy arising from the Large Volume Purchase);
- (v) financial backing of the funds for the Large Volume Purchase (including the specific name of the fund provider including real fund provider, method of raising funds, and information about relevant transactions);

- (vi) the management policy, business plan, capital policy and dividend policy of the Company and group of the Company after the Large Volume Purchase (including sale and transfer of shares, cancellation of listing on stock exchange, sale or withdrawal of business, change of business policy, sale of assets, changes in liabilities, and changes in top management);
- (vii) the policy on stakeholders (including employees, suppliers and customers) of the Company and group of the Company after the Large Volume Purchase; and
- (viii) all other information the Board of Directors or the Independent Committee reasonably considers necessary.

5. Decision of the Board of Directors of the Company

(1) Independent Committee

(i) Establishment of Independent Committee

For the purpose of preventing any arbitrary judgment related to the execution of countermeasures or excessive countermeasures from being made or taken by the Board of Directors of the Company, the Company will establish the Independent Committee, comprised of outside directors and outside statutory auditors of the Company and/or outside experts (professionals such as attorneys and certified public accountants) who have significant insight on corporate management and are independent of the top management of the Company who execute the operations of the Company.

The number of members of the Independent Committee shall be a minimum of three (3).

(ii) Authority of Independent Committee, etc.

When the Board of Directors of the Company makes a decision on whether a countermeasure against the Large Volume Purchase is taken, the Independent Committee shall examine and resolve on, among other issues, whether such Large Volume Purchase is in accordance with the Purchase Procedures and whether such Large Volume Purchase damages the corporate value of the Company and subsequently the common interest of our shareholders, and shall present the results with reasons and grounds for such results to the Board of Directors, as advice to the Board.

The period for the Independent Committee to perform the above examination is sixty (60) business days from the day following the day all information is deemed by the Independent Committee to have been provided by the Large Volume Purchaser, and when the Independent Committee determines that all the information has been provided, it shall disclose such determination and the date of making such determination. However, such examination period of the Independent Committee may be extended for a maximum thirty (30) business days as necessary, if any due

reason to do so exists. If such extension is determined necessary the Independent Committee shall disclose the reason for the extension and the number of extended days. During the above examination period of the Independent Committee, the Large Volume Purchaser will be required to refrain from commencing the Large Volume Purchase.

For details about the Independent Committee, please refer to Schedule 3, “Independent Committee Regulations” and Schedule 4, “Biographical Outline of Independent Committee Members.”

(2) Where the Large Volume Purchaser fails to comply with Purchase Procedures

If the Independent Committee considers that the Large Volume Purchaser has failed or will fail to comply with the Purchase Procedures, the Independent Committee will advise the Board of Directors to take countermeasures in principle.

(3) Where the Large Volume Purchaser complies with the Purchase Procedures

If the Independent Committee considers that the Large Volume Purchaser is complying with the Purchase Procedures, in principle, the Independent Committee will advise the Board of Directors not to take countermeasures.

However, even if the Independent Committee considers that the Large Volume Purchaser is complying with the Purchase Procedures, the Independent Committee will advise the Board of Directors of the Company to take countermeasures if the Large Volume Purchase by the Large Volume Purchaser is deemed to significantly damage the corporate value of the Company and subsequently the common interest of our shareholders. More specifically, if the Independent Committee considers that the Large Volume Purchase falls under any of the following, the Independent Committee will advise the Board of Directors of the Company to take countermeasures.

- (i) In the case of a so-called “green mailer” (i.e. if the Large Volume Purchase is intended to raise the share price of the Company’s shares and make the Company or its related parties buy them back.).
- (ii) In the case of so-called “scorched-earth tactics” (i.e. the Large Volume Purchase is intended to temporarily take control of the management of the Company or the group of the Company to acquire critical assets of the Company such as management know-how, trade secrets, main suppliers and customers at a low price, and consequently realize the management of the Company or the group of the Company in a way beneficial to the Large Volume Purchaser at the cost of the Company).
- (iii) Where the Large Volume Purchase is intended to use assets of the Company or the group of the Company as collateral or source of repayment of debts of the Large Volume Purchaser or the group of the Company .
- (iv) Where the Large Volume Purchase is intended to dispose of real property, securities and other assets of the Company or the group of the Company, to temporarily distribute high dividends based on profits earned therefrom, or to sell the shares of the

Company after a rise of the share price due to such high return.

- (v) Where the Large Volume Purchase is likely to, in effect, force our shareholders to sell their shares, such as in the case of a so-called “coercive two-tier takeover scheme” (refers to a share purchase by way of tender offer that does not solicit a purchase of the entire shares at the initial stage but sets less favorable conditions or does not clearly set any conditions for the second stage).
 - (vi) Where the Large Volume Purchase is made without giving the Company a reasonably necessary time to consider an alternative for such Large Volume Purchase.
 - (vii) Where conditions (the price and type of consideration to be paid and the basis of calculation of price of consideration), contents, time and method, etc. of the Large Volume Purchase by the Large Volume Purchaser are significantly insufficient or inappropriate in light of the corporate value of the Company.
 - (viii) Where by the acquisition of control of the Company by the Large Volume Purchaser, the corporate value of the Company including interest of our shareholders and other stakeholders including customers, suppliers and employees is expected to be significantly damaged or the maintenance and improvement of corporate value of the Company is expected to be significantly hindered; or, the corporate value of the Company that can be achieved in the medium- or long-term future in the case of acquisition of control of the Company by the Large Volume Purchaser is apparently lower than that in the case of no acquisition of control of the Company by the Large Volume Purchaser.
 - (ix) Where the acquisition of control of the Company by the Large Volume Purchaser is inappropriate in light of the maintenance of public order and morals such as the case where persons related to an anti-social group are included in the top management or major shareholders of the Large Volume Purchaser.
- (4) Resolution at a meeting of the Board of Directors

The Board of Directors of the Company shall respect as much as possible the above advice provided by the Independent Committee, and make a final decision on whether the Company will set the Plan into motion or not, or change or cancel the Plan set into motion. After making such decision, the Board of Directors of the Company shall immediately disclose a summary of such decision, a summary of the advice by the Independent Committee, and other matters that the Board of Directors of the Company deems appropriate.

After starting the procedures under the Plan, and until the Board of Directors of the Company makes a resolution to or not to set the Plan into motion, the Large Volume Purchaser shall not initiate the Large Volume Purchase. In the case the Plan is set into motion, the Company shall not provide the Large Volume Purchaser with any economic consideration such as cash.

- (5) Change or cancellation of the Plan set into motion

In the case that the Large Volume Purchaser withdraws the Large Volume Purchase, the preconditions on which the Board of Directors of the Company made a decision to set the Plan into motion are changed, or that the Board of Directors considers that it is inappropriate to set the Plan into motion, the Board of Directors may change or cancel the Plan set into motion while respecting as much as possible the advice provided by the Independent Committee.

In the case the Plan set into motion is cancelled, the allotment of share warrants without charge shall be cancelled if it is before the effective date of the allotment of share warrants without charge, or obtain such share warrants without charge if it is after the effective date of the allotment of the share warrants without charge and before the start of the exercise period.

6. Specific countermeasures under the Plan

The Board of Directors of the Company may take, as countermeasures under the Plan, countermeasures permitted by laws and regulations and the Articles of Incorporation of the Company including allotment of share warrants without charge.

For details on the allotment of share warrants without charge as a countermeasure under the Plan, please refer to Schedule 2, "A Summary of Share Warrants."

7. Effective term, abolishment, and modification of the Plan

The Plan will take effect as of the time the Plan is approved by a majority of the votes of shareholders present at the Ordinary General Meeting of Shareholders to be held on June 25, 2009, and will continue to be in effect until the date of the Ordinary General Meeting of Shareholders concerning the closing of accounts for the 2010 fiscal year (scheduled to be held in June 2011), provided that even during this effective term, the Plan may be abolished if a resolution to abolish the Plan is adopted at the General Meeting of Shareholders of the Company or such resolution is adopted at a meeting of the Board of Directors of the Company. If the Plan is abolished or amended, the Company will immediately disclose such fact to our shareholders.

If it is appropriate to reflect within the Plan laws and regulations or rules of financial instruments exchanges newly established, amended, or abolished during the effective term of the Plan, the provisions or the definitions of terms used in the Plan may be read as such to a reasonable extent, or the Board of Directors may amend the Plan as such, in consideration of the purport of such newly established, amended, or abolished laws and regulations or rules of financial instruments thereof.

III. Decision on each effort above by the Board of Directors of the Company and the reasons for such decision

1. Efforts that contribute to the realization of the basic policy

Each of the efforts described in the above II are prepared as concrete measures for the purpose of continuously increasing the corporate value and subsequently the common interest of our shareholders, and can contribute to the realization of the basic policy.

Therefore, such efforts are in accordance with the basic policy and meet the common interest of our shareholders, not for the maintenance of the position of each directors of the Company.

2. Rationality of the Plan

(1) The Plan is in accordance with the basic policy

The Plan is in accordance with the basic policy, as the Plan is a framework to ensure the corporate value of the Company and subsequently the common interest of our shareholders by requesting a Large Volume Purchaser who offers to make a Large Volume Purchase of the Company's shares to provide the information on the Purchase in advance, and ensuring the information and time that are necessary for our shareholders to determine whether they should accept such offer or not, or for the Board of Directors of the Company to propose an alternative plan or to negotiate with the Large Volume Purchaser for the benefit of our shareholders.

(2) The efforts neither damage the common interest of our shareholders nor are intended to maintain the position of each directors of the Company

Due to the following reasons, the Company believes that a framework to prevent the control of the Company by an inappropriate person in light of the basic policy neither damages the common interest of our shareholders nor is intended to maintain the position of each directors of the Company

(i) The efforts are in accordance with the "Guidelines of Defense Measures Against Takeovers" and the "Measures Against Takeovers".

The Plan completely fulfills the three principles defined in the "Guideline of Defense Measures Against the Takeovers" (principle of ensuring and increasing the corporate value and the common interest of shareholders, the principle of advance disclosure and the intent of shareholders, and the principle of necessity and adequacy), and takes into account the content of the "Measures Against Takeovers".

(ii) The efforts respect the intent of shareholders (resolution at a shareholders meeting and the sunset provision)

The Plan may be continued subject to the approval of our shareholders at a General Meeting of Shareholders.

Also, as described in the above II.-7, "Effective term, abolishment, and modification of the Plan", there is a sunset provision in the Plan that limits the effective term of the Plan to two years, and even if it is before the expiration of the effective period, the Plan may be abolished if a resolution to abolish the Plan is adopted at a General Meeting of Shareholders of the Company or such resolution is adopted at a meeting of the Board of Directors of the Company.

In this regard, the continuation or abolishment of the Plan depends on the intent of our shareholders.

(iii) Setting of rational and objective reasons to set the Plan into motion

As described in the above II.-5-(3), “Where the Large Volume Purchaser complies with the Purchase Procedures”, it is provided that the Plan cannot be set into motion unless the predefined rational and detailed objective requirements are fulfilled. This means that the provision ensures prevention of the Board of Directors of the Company from arbitrarily setting the Plan into motion. Additionally, the reasons for setting the Plan into motion are provided after analyzing appropriate and rational takeover defense measures based on the analysis of precedents in Japan and in reference to the “Guidelines of Defense Measures Against Takeovers” mentioned above.

(iv) Establishment of Independent Committee

The Company has separately established the Independent Committee to ensure the objectivity and rationality of a decision made by the Board of Directors of the Company concerning discussions and negotiations with a Large Volume Purchaser, extension of the examination period, and the fulfillment of reasons for setting the Plan into motion. Considering the purposes for establishing the Independent Committee, it consists of persons who are independent from the Board of Directors of the Company, and the Committee can obtain advice from external third party professionals (e.g. financial advisers, attorneys, and certified public accountants) at the cost to the Company.

The Independent Committee will evaluate and consider the adequacy of the reason for setting the Plan into motion, and provide the Board of Directors with advice pursuant to the procedures defined in the “Independent Committee Rules”. The Board of Directors of the Company will respect as much as possible the advice provided by the Independent Committee, and make a final decision whether the Company should set the Plan into motion or not, or change or cancel the Plan set into motion.

(v) The Plan is not a dead hand defense mechanism

As it is provided that the Plan can be abolished by the Board of Directors consisting of directors elected at a General Shareholders Meeting, it is possible that a Large Volume Purchaser may appoint new directors at a General Shareholders Meeting and the Board of Directors consisting of such directors can abolish the Plan.

Therefore, the Plan is not a dead hand defense mechanism (a takeover defense measure that cannot be stopped even if the majority of directors of the Board of Directors is changed).

IV. Effects on our shareholders and investors

1. Effects at the time of continuing the Plan

There will be no allotment of share warrants at the time of continuing the Plan. Therefore, there will be no specific effects on the rights or interests of our shareholders and investors.

2. Effects at the time of execution of countermeasures under the Plan (at the time of allotment and exercise of share warrants)

In the event that a resolution to allot share warrants without charge as a countermeasure is adopted, the Company will publicly announce the record date for allotment and allot share warrants without charge to the shareholders listed or recorded on the last register of shareholders on such record date. In this regard the shareholders are required to register themselves on the last register of shareholders as of the recorded date.

At the time of allotment of share warrants, share warrants will be allotted without charge to each of our shareholders as of the allotment date that will be separately determined by the Board of Directors of the Company at the time of making the resolution of allotment of share warrants, at a rate of one (1) share warrant per common share held by the shareholder. In this case, shares held by those who are categorized as people who cannot exercise the share warrants in I-(f) "A Summary of Share Warrants" will be diluted as a result of the exercise of share warrants by other shareholders. In addition, if some shareholders do not take prescribed procedures in exercising their share warrants within the period during which the share warrants may be exercised, the shares held by such shareholders will be diluted by the exercise of share warrants by other shareholders as a result.

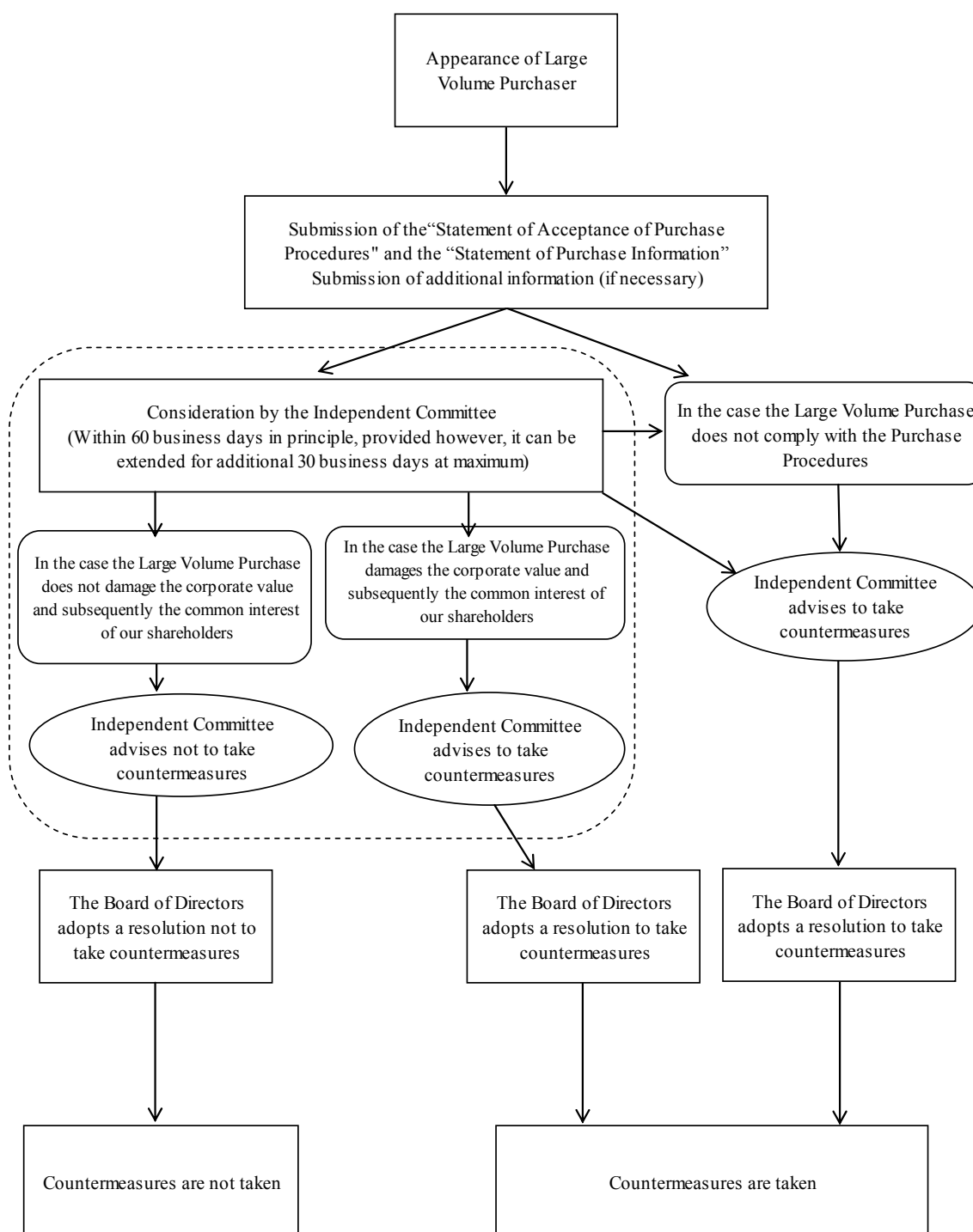
If the Company elects to apply the provision allowing the Company to acquire share warrants in exchange for the shares of the Company, our shareholders are not required to take any procedures for the exercise of their share warrants, and holding shares are not diluted. In this case, although the Company does not send a request for exercising the share warrants, the shareholders may be required to submit a document specified by the Company committing that he/she is not a person who is categorized as those who cannot exercise the share warrants in I.-(f), "A Summary of Share Warrants". .

In the event that the Board of Directors of the Company adopts a resolution to allot share warrants without charge as a countermeasure, if, after shareholders to whom share warrants are to be allotted without charge are determined, the Company cancels to allot share warrants or acquires without charge share warrants that were allotted without charge, there will be no resulting dilution of value per share, and thus, investors who purchased or sold shares of the Company on the assumption that dilution of value per share would occur might incur damages due to fluctuation of share value.

END

Schedule 1	Contents of the Plan (Flowchart in the case of initiation of Large Volume Purchase)
Schedule 2	A Summary of Share Warrants
Schedule 3	Independent Committee Regulations
Schedule 4	Biographical Outline of Independent Committee Members
Schedule 5	Status of Shares of the Company (as of March 31, 2009)

Contents of the Plan (Flowchart in the case of initiation of Large Volume Purchase)



(Note) The above flowchart was prepared to make it easier to understand the procedure related to the Plan. For details, please refer to the main text of the document.

A Summary of Share Warrants

I. Description of the Share Warrants

- (a) Type and number of shares for which the Share Warrants are issued

The type of shares for which the Share Warrants are issued shall be common shares of the Company. The total number of shares for which the Share Warrants are issued shall be equal to the final aggregate number of outstanding shares (excluding the number of common shares of the Company held by the Company) as of the record date for allotment, which shall be separately determined by the Board of Directors of the Company.

- (b) Issue price of each Share Warrant

Each Share Warrant shall be issued without charge.

- (c) Value of assets to be contributed upon exercise of each Share Warrant

The value of assets to be contributed upon the exercise of each Share Warrant shall be one (1) yen or more.

- (d) A capital increase when new shares are issued upon the exercise of the Share Warrants and capital reserve

As separately determined by the Board of Directors of the Company.

- (e) Restrictions on transfer of the Share Warrants

A transfer of the Share Warrants requires the approval of the Board of Directors of the Company.

- (f) Conditions for exercise of the Share Warrants

- 1) Any person who falls under any of the following may not exercise the Share Warrants:

- (i) a Large Volume Purchaser (Note 1);
- (ii) a joint holder of a Large Volume Purchaser (Note 2);
- (iii) a person having special relationship with a Large Volume Purchaser (Note 3);
- (iv) a person to whom or by whom the Share Warrants are transferred or succeeded from a person who falls under any of the above (i) to (iii) without the approval of the Board of Directors of the Company; and
- (v) a person related to a person who falls under any of the above (i) to (iv) (refers to a person who is recognized by the Board of Directors of the Company as a person who substantially controls, is controlled by, is jointly controlled with, a Large Volume Purchaser, or a person who is recognized by the Board of Directors of the Company as a person who acts in collaboration with a Large Volume Purchaser).

Note 1: A "Large Volume Purchaser" shall refer to: 1) a holder (refers to a "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act including a person deemed as a holder under Paragraph 3 of the same article of the said Act (including a person who is recognized by the Board of Directors of the Company as a person falling under such

definition)) of the “share certificate, etc.” (as defined in Article 27-23, Paragraph 1 of the said Act) issued by the Company, if the “holding ratio of share certificates, etc.” (as defined in Article 27-23, Paragraph 4 of the said Act) of the holder, combined with such ratio of its joint holder (as defined in Note 2) has become or is deemed by the Board of Directors of the Company to have become twenty (20) percent or more; or 2) a person who has issued a public notice of initiation of “tender offer” (as defined in Article 27-2, Paragraph 6 of the said Act) to purchase share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the said Act) issued by the Company, if the “ratio of ownership of share certificates, etc.” (as defined in Article 27-2, Paragraph 8 of the said Act) to be owned after the purchase by the person, when combined with such ratio of a “person having special relationship” (as defined in Note 3) with such person, will become twenty (20) percent or more.

Note 2: A “joint holder” shall refer to a “joint holder” as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act including a person who is deemed to be a joint holder under Paragraph 6 of the same article of the said Act (including a person who is recognized by the Board of Directors of the Company as a person falling under such definition).

Note 3: A “person having special relationship” shall refer to a “person having special relationship” as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including a person who is recognized by the Board of Directors of the Company as a person falling under such definition).

2) In the event that a person residing in a foreign jurisdiction is required, in exercising the Share Warrants, under applicable foreign laws and regulations, to: (i) perform prescribed procedures; (ii) satisfy prescribed conditions (including prohibition of exercise of such Share Warrants for a certain period of time and submission of prescribed documents); or (iii) to do both (hereinafter collectively referred to as “Procedures and Conditions under Governing Law”), the person residing in such jurisdiction may exercise the Share Warrants only after all Procedures and Conditions under Governing Law are performed or satisfied, provided, however, that the Company shall have no obligation to perform or satisfy the Procedures and Conditions under Governing Law that are required to be performed or satisfied by the Company to enable the person residing in such jurisdiction to exercise the Share Warrants. In the event that a person residing in such jurisdiction is not permitted to exercise the Share Warrants under the said laws and regulations, the person residing in such jurisdiction may not exercise the Share Warrants.

3) Notwithstanding the above 2), a person residing in the United States may exercise the Share Warrants only if: (i) the person represents and warrants to the Company that

it is an accredited investor as defined in U.S. Securities Act of 1933, Rule 501(a); and (ii) the person pledges to the Company that common shares of the Company which the person will come to own by exercising the Share Warrants held by him/her will be transferred only through a regular transaction (without any prior arrangement and without any prior soliciting) at the Tokyo Stock Exchange. Only in such case, the Company will perform or satisfy the Procedures and Conditions under Governing Law relating to the U.S. Securities Act of 1933, Regulation D and relevant U.S. state laws that are required to be performed or satisfied by the Company to enable the person residing in the United States to exercise the Share Warrants. Notwithstanding the foregoing, if, due to amendments to the relevant laws and regulations of the United States or for any other reasons, the Board of Directors of the Company considers that the Company should not permit a person residing in the United States to legally exercise the Share Warrants under the U.S. Securities Act even if the person satisfies the requirements stipulated in the above (i) and (ii), the person residing in the United States may not exercise the Share Warrants.

4) Even if a person who holds the Share Warrants is unable to exercise the Share Warrants pursuant to the above 1) to 3), in no event shall the Company be held liable for damages nor does it assume any responsibility to the person holding the Share Warrants.

(g) Exercise period of the Share Warrants

The period during which the Share Warrants may be exercised shall be a period separately determined by the Board of Directors of the Company to be held within two (2) months after the effective date of the Share Warrants.

(h) Acquisition of Share Warrants by the Company

The Company may, by a resolution of the Board of Directors of the Company, acquire the Share Warrants held by a person who does not fall under any of the provisions from (i) to (v) of the above (f) 1), by issuing one (1) common share of the Company for one (1) Share Warrant, on the day designated by the Board of Directors of the Company, which shall occur within the period from the effective date of the allotment of the Share Warrants without charge to the expiration of the exercise period of the Share Warrants.

(i) Issuance of Share Warrants in the case of merger, corporate division, share exchange and share transfer, and conditions therefor

As separately determined by the Board of Directors of the Company.

(j) Restrictions on the issuance of share warrant certificates

No certificates shall be issued for the Share Warrants.

(k) Reasons for the cancellation of Share Warrants, etc.

No reasons and conditions for cancellation of the Share Warrants shall be prescribed.

II. Number of Share Warrants allotted to shareholders

The Share Warrants shall be allotted without charge to each of the shareholders listed or recorded on the last register of shareholders as of the record date for allotment that shall be separately determined by the Board of Directors of the Company, at a rate of one (1) Share Warrant per common share of the Company (excluding common shares of the Company owned by the Company) owned by such shareholder.

III. Effective date of allotment of the Share Warrants without charge

As separately determined by the Board of Directors of the Company.

IV. Amendments due to revision of laws and regulations, etc.

In the event that it is appropriate to reflect new laws, regulations and rules of financial instruments exchange, etc. or revision or abolishment thereof to the Plan, in consideration of the purpose of such establishment, revision or abolishment, the provisions or the definition of the terms defined in the Plan shall be read as such to the extent as reasonable and necessary, or shall be amended by the Board of Directors of the Company.

END

Independent Committee Regulations

Article 1 (Objective)

1. The Independent Committee shall be established, in the case where a large volume of shares of the Company are to be purchased or were purchased, to: determine, from a fair, neutral and independent perspective, whether the Large Volume Purchaser who intends to purchase or purchased such large volume of shares are complying or complied with the prescribed Purchase Procedures, and whether such Large Volume Purchase damages the corporate value of the Company or the Company's shareholders' common interest; to advise the Board of Directors as to whether it is appropriate for the Board of Directors to take countermeasures against such Large Volume Purchase including the allotment of share warrants without charge; and prevent any arbitrary judgment or excessive countermeasures from being made or taken by the Board of Directors of the Company.
2. Unless otherwise expressly stipulated, the terms used in these Regulations shall have the same meanings as defined in the Plan (refers to the "Measures against large volume purchase of shares of the Company (Defense Measures Against Takeovers)," which was adopted at the meeting of the Board of Directors of the Company and approved by the General Meeting of Shareholders of the Company).

Article 2 (Establishment)

The Independent Committee shall be established by the Board of Directors of the Company.

Article 3 (Organization)

1. The Independent Committee shall be composed of all members of the Independent Committee.
2. The number of members of the Independent Committee shall be a minimum of three (3).
3. The members of the Independent Committee shall be appointed by the Board of Directors from the outside directors of the Company, outside statutory auditors of the Company and outside experts (professionals such as attorneys and certified public accountants) who satisfy the following requirements:
 - (1) a person who is not or was not a director (excluding outside directors, hereinafter the same), statutory auditor (excluding outside statutory auditors, hereinafter the same), etc., of the Company or any subsidiary or affiliated company of the Company (hereinafter collectively referred to as the "Company, Etc.");
 - (2) a person who is not or was not a close relative of a director or statutory auditor of the Company, Etc., and
 - (3) a person who has no special interest in the Company, Etc.
4. A member of the Independent Committee shall be a person who entered into an agreement separately designated by the Board of Directors of the Company containing,

among other provisions, the provision concerning the duty of care of a prudent manager.

Article 4 (Term)

The term of a member of the Independent Committee shall last until the end of the second Ordinary Shareholders Meeting from the assumption of the Independent Committee member, unless any of the following paragraphs is applicable. If:

- (1) the effective term of the Plan expires for the first time after the assumption of office;
or
- (2) a member of the Independent Committee who is an outside director or an outside statutory auditor of the Company ceases to be a director or a statutory auditor.

Article 5 (Duties)

1. The Independent Committee shall discuss and resolve the following issues based on the information stated in the Statement of Takeover Information submitted by a Large Volume Purchaser to the Board of Directors of the Company, and, within sixty (60) business days from the day following the day the provision of information from the Large Volume Purchaser is completed (such period may be extended for a maximum of thirty (30) business days as necessary, if any due reason exists), provide advice to the Board of Directors of the Company on:
 - (1) whether such Large Volume Purchase significantly damages the corporate value of the Company or the Company's shareholders' common interest;
 - (2) whether share warrants should be allotted without charge; and
 - (3) any other matters related to the Plan to be determined by the Board of Directors on which the Independent Committee is consulted by the Board of Directors of the Company.
2. In providing advice under the preceding paragraph, the Independent Committee shall present its views in the light of whether the matter is beneficial to the corporate value and the common interest of shareholders of the Company, and shall not attempt to forward the personal interests of the members or any of the directors of the Company.
3. In addition to the matters stipulated in each sub-paragraph of Paragraph 1, the Independent Committee shall perform the following duties:
 - (1) determine the timing and content of disclosure of information concerning the Plan to the shareholders, including information obtained from the Large Volume Purchaser and decisions of the Independent Committee and the Board of Directors of the Company;
 - (2) determine the information provided to the Independent Committee by the Large Volume Purchaser and the Board of Directors of the Company and the time limit for the submission of a response;
 - (3) provide judgment on whether the Large Volume Purchaser is complying with the prescribed Purchase Procedures; and

- (4) other matters that are allowed to be dealt with by the Independent Committee according to the Plan.
4. In the event that the Independent Committee considers that the contents of the Statement of Takeover Information is not sufficient, the Independent Committee may request, by itself or through the Board of Directors of the Company, the Large Volume Purchaser to submit additional information.
5. In the event that the Statement of Takeover Information, or any additional information requested by the Board of Directors of the Company or the Independent Committee, is submitted by the Large Volume Purchaser, the Independent Committee may, within the designated reasonable period, request the Board of Directors of the Company to submit, among other things, opinions concerning the Large Volume Purchase by the Large Volume Purchaser, their supporting materials, and information and materials the Independent Committee considers necessary such as an alternative plan.
6. The Independent Committee may, to collect necessary information, request any director, statutory auditor, employee of the Company or any other person the Independent Committee considers necessary, to attend a meeting and provide explanations about the matters inquired by the Independent Committee.
7. The Independent Committee may, at the cost of the Company, obtain advice from an independent third party (professionals such as investment banks, securities companies, financial advisors, attorneys and certified public accountants).

Article 6 (Convening)

1. Each member of the Independent Committee and the Board of Directors of the Company may convene a meeting of the Independent Committee when a Large Volume Purchase has occurred, or at any other time.
2. A notice of the convening of a meeting of the Independent Committee shall be transmitted to each member of the Independent Committee at least three (3) days before the date of the meeting, provided, however, that such period may be shortened in the case of emergency.
3. A meeting of the Independent Committee may be convened without the convening procedure stipulated in the preceding paragraph, if unanimous consent of all the members of the Independent Committee is obtained.

Article 7 (Chairperson)

1. The person designated in advance by the Independent Committee shall serve as the Chairperson of the Independent Committee.
2. In the case where the person stipulated in the preceding paragraph is unable to chair the meeting, another member of the Independent Committee who is selected in accordance with the sequence predetermined by the Independent Committee shall act on his/her behalf.

Article 8 (Method of Resolution)

1. A resolution of a meeting of the Independent Committee shall be adopted by a majority of the votes of members present at the meeting at which all members of the Independent Committee are present, provided, however, that if any member of the Independent Committee is unable to attend the meeting due to accident or any other unavoidable reason, a resolution may be adopted at the meeting by a majority of the votes of members present at which a majority of members of the Independent Committee are present.
2. In the event that any member of the Independent Committee is unable to attend a meeting of the Independent Committee, such member shall, in principle, notify the Secretariat in writing thereof and the reason therefor at least one (1) day before the date of the meeting.
3. Any member of the Independent Committee who has special interest in the matter to be resolved at a meeting of the Independent Committee shall not vote on such resolution.
4. The Independent Committee shall promptly advise the Board of Directors of the Company the result of resolutions and reasons therefor.
5. The Board of Directors of the Company shall, in making the final decision, respect the advice of the Independent Committee stipulated in the preceding paragraph as much as possible.

Article 9 (Minutes)

Two (2) copies of minutes stating a summary of proceedings and results of the items discussed at a meeting of the Independent Committee shall be prepared, and members of the Independent Committee present at the meeting shall affix their signatures and seals.

Article 10 (Disclosure of information to shareholders, etc.)

A summary of the matters advised by the Independent Committee shall be disclosed at the time of disclosure of resolutions of a meeting of the Board of Directors of the Company related to such matters.

Article 11 (Amendment and Abolishment)

Amendments and abolishment of these Regulations shall be made by a resolution of the Board of Directors of the Company.

Supplementary Provisions

These Regulations shall take effect as from June 27, 2007.

These Regulations shall be amended on June 25, 2009.

Biographical Outline of Independent Committee Members

<External Director>

Kaoru Umehara

(Biographical Outline)

April 1957	Joined Kyowa Securities Co., Ltd.
November 1960	Director of Kyowa Securities Co., Ltd.
November 1981	President and Director of Kyowa Securities Co., Ltd. (the present post)
June 1998	External Director of the Company (the present post)
July 1999	Chairman of Regular Members Association of Tokyo Stock Exchange
June 2004	Auditor of JASDAQ Securities Exchange Inc.
July 2004	Governor of Japan Securities Dealers Association

<External Auditor>

Shigeo Ojima

(Biographical Outline)

April 1970	Joined Osaka Securities Exchange
April 2001	Executive Officer and General Manager of Personnel Department of Osaka Securities Exchange Co., Ltd.
June 2002	Director of Osaka Securities Exchange Co., Ltd.
October 2002	Executive Director of Osaka Securities Exchange Co., Ltd.
June 2004	Representative Executive Director of Osaka Securities Exchange Co., Ltd.
June 2009	To be appointed External Auditor (full time) of the Company

<External Auditor>

Masahiko Kadotani

(Biographical Outline)

April 1958	Joined Ministry of Finance
June 1983	Director of Tokai Financial Bureau
June 1988	Director of Securities Bureau of Ministry of Finance
June 1990	Director of National Tax Agency
December 1994	Director General of Japan Finance Corporation for Small and Medium Enterprise
January 2000	Advisor to The Industrial Bank of Japan
June 2006	External Auditor of the Company (the present post)

The members of the Independent Committee are the above three persons for the time being, and a member may be added as necessary in the future.

END

Schedule 5

Status of Shares of the Company (as of March 31, 2009)

- | | |
|--|--------------------|
| 1. Number of shares authorized - | 550,000,000 shares |
| 2. Number of shares issued and outstanding - | 149,503,980 shares |
| 3. Number of shareholders - | 26,797 |
| 4. Major shareholders (Top 10) - | |

Name	Investment Information	
	No. of shares (000's)	Ratio of capital contribution
Japan Trustee Services Bank, Ltd. (Trust Account)	9,840	6.58
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,932	5.31
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	6,034	4.04
JPMorgan Securities Japan Co., Ltd.	2,990	2.00
Trust & Custody Service Bank, Ltd. (Securities Investment Trust Account)	2,675	1.79
Taisei Corporation	2,663	1.78
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,659	1.78
Clariden Leu Limited	2,304	1.54
Resona Bank, Ltd	2,229	1.49
Sumitomo Mitsui Banking Corporation	2,010	1.34