

February 20, 2007

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

Code No.: 9997 1st Section of the Tokyo Stock Exchange

Notice of a Basic Agreement on the Acquisition of Nursery Co., Ltd.

The Company announced that, at the meeting of Board of Directors held on February 20, 2007, it resolved to conclude a basic agreement on the purchase of shares of Nursery Co., Ltd. (“Nursery”) with Nursery and their shareholders, as follows. Following this resolve today, terms and schedule for the purchase will be discussed and finalized in due course.

Description

1. Purpose of Purchase

Under its objective of becoming a diversified conglomerate, the Company fully and effectively utilizes its management resources including database cultivated through its existing businesses, aiming to develop new synergies and to achieve greater corporate value. In particular, development and enforcement of businesses focused on a certain category or target group shall be key factors for its stable growth. For this challenge, if necessary, the Company would arrange M&A or other alliances with other companies.

Nursery started a mail order business for nurses from 2001, and it has aimed to satisfy the specified customers with high-quality clothes and supplies for nursing at reasonable prices.

In acquiring the Nursery, the Company shall utilize their database, infrastructure and knowledge gained from the mail order business targeted at nurses. Furthermore, the Company would be able to expand its business into a new market related to nurses.

2. Overview of Nursery Co., Ltd.

Company Name:	Nursery Co., Ltd.
Main Business Lines:	Manufacture and marketing of clothes and supplies for nursing
Representative:	President Osamu Teshirogi
Location:	792-7 Iwai-cho, Ashikaga-shi, Tochigi, Japan
Date of Establishment:	May 15, 2001
Term of Fiscal Year:	May to April
Capital:	34 million yen (as of April 30, 2006)
Net Sales:	418 million yen (for fiscal year ended April 30, 2006)
Number of Employees:	50 employees (as of April 30, 2006)

### 3. Forecast

There will be minimal effect to the Company's financial results for fiscal year ending March 31, 2007.

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Please note that this is summary translation of the original Japanese-language document.