

**NOTICE TO THE HOLDERS OF THE OUTSTANDING**  
**BELLUNA CO.,LTD.**  
**¥11,000,000,000 1.1 per cent. Convertible Bonds due 2012**  
**(ISIN XS0291538766)**

NOTICE IS HEREBY GIVEN by BELLUNA CO.,LTD. (the “**Issuer**”) regarding certain requirements and restrictions applicable to shares to be delivered upon exercise of the stock acquisition rights incorporated in the BELLUNA CO.,LTD. ¥11,000,000,000 1.1 per cent. Convertible Bonds due 2012 (ISIN XS0291538766) (the “**Bonds**”) in connection with the dematerialization of paper share certificates of Japanese listed companies.

## **Key Points**

(I) On and after the Enforcement Date (January 5, 2009 and defined in Section (1) below) of the Clearing Law (defined in Section (1) below), paper share certificates of Japanese listed companies will no longer be able to be issued, and will be void. Paper share certificates of Japanese listed companies currently in issue will be converted to dematerialized form and recorded in the shareholder’s account opened with an Account Management Institution under the new dematerialized book-entry transfer system to be operated by JASDEC (defined in Section (1) below).

(II) The shares in respect of which the paper share certificates are not deposited with JASDEC prior to December 22, 2008 will be subject to certain trading restrictions (described in more detail in Section (3) below). If you are contemplating to exercise the conversion rights or more precisely the SARs (defined in Section (2) below) and to sell the shares to be delivered upon such exercise prior to the Enforcement Date, you should contact a financial institution and ensure that the paper certificates for the Shares (defined in Section (2) below) to be delivered upon exercise of the SARs will be deposited with JASDEC prior to December 22, 2008, to avoid being subject to the above-mentioned trading restrictions.

(III) Upon exercise of the conversion rights or more precisely the SARs on and after the Enforcement Date, physical delivery or dispatch of the paper certificates for the Shares will not be possible. Delivery of the Shares will be conducted by recording the transfer of the Shares electronically, as described in more detail below. Bondholders must familiarize themselves with and follow the procedures under the new system, including certain issues with respect to the Conversion Notice (as defined in the terms and conditions of the Bonds), as described in more detail below.

## **(1) Background**

The Law Concerning Central Clearing of Bonds, Shares Certificates and Other Securities of Japan (Law No. 75 of 2001, as amended) (the “**Clearing Law**”), enacted in 2004, will come into force on January 5, 2009 (Tokyo time). On and after such date of enforcement (the “**Enforcement Date**”) of this legislation, relevantly:

- a) All Japanese companies whose shares are listed on a stock exchange in Japan, including the Issuer, will no longer be able to issue paper share certificates;

- b) On the Enforcement Date, all paper share certificates currently in issue, including the shares of the Issuer, will be converted to dematerialized form. Under a new dematerialized book-entry transfer system, shares held by a shareholder will be electronically recorded in an account of such shareholder opened with an Account Management Institution (*koza-kanri-kikan*) which is a financial institution such as a bank or a securities firm under the Clearing Law, and a new dematerialized book-entry transfer system will be operated by Japan Securities Depository Center, Inc (“JASDEC”);
- c) On and after the Enforcement Date, all paper share certificates will be void, cease to have effect and cannot be traded. All shareholders who own shares must maintain a trading account to hold the shares. Any transfer of shares must be effected, not via physical delivery of paper share certificates, but by recording electronically the transfer of the shares from the transferor party’s account to the transferee party’s account. The rights regarding voting, dividends etc. owned by a shareholder will not be affected by this change to the new dematerialized book-entry transfer system; and
- d) The current book-entry transfer system for paper share certificates operated by JASDEC will be replaced by the said new dematerialized book-entry transfer system on the Enforcement Date. It is expected that all paper share certificates that are deposited with JASDEC prior to December 22, 2008 (the “**Due Date**”), i.e., two (2) weeks prior to the Enforcement Date, will be converted into the dematerialized form on the Enforcement Date, and the holders of such shares will not be subject to any trading restrictions. On the other hand, with respect to any paper share certificates that are not so deposited, while the shares represented by such share certificates will be dematerialized as well, the holders of such shares will be subject to trading restrictions with regard to such shares for a certain period of time (as explained further in Section (3) below).

## **(2) Deposit of Shares with JASDEC**

The shares of common stock of the Issuer (the “**Shares**”) to be delivered upon exercise of the stock acquisition rights incorporated in the Bonds (the “**SARs**”) may be subject to certain trading restrictions as described in more detail below for a substantial period of time, if the paper certificates for the Shares are not deposited with JASDEC prior to the Due Date, due to the expected transitional treatment of such Shares under the Clearing Law.

The paper certificates for the Shares that are deposited with JASDEC prior to the Due Date will not be subject to such trading restrictions. Therefore, to avoid being subject to the trading restrictions, it is important that any paper certificates for the Shares delivered upon exercise of the SARs be deposited with JASDEC prior to the Due Date. Deposit of such paper share certificates with JASDEC can be done by depositing such certificates with Japanese financial institutions, such as securities firms, including those that provide standing proxy services.

If you are contemplating to exercise the SARs on or before January 2, 2009, it is recommended that you contact a financial institution and confirm the deadline for exercising the SARs to ensure that the paper share certificates to be delivered by the Custodian’s Agent to you or at your direction pursuant to the terms and conditions of the Bonds will be deposited with JASDEC prior to the Due Date, in order to avoid any inconvenience which may be caused by the applicable trading restrictions described in more detail in Section (3) below.

You should keep in mind that the customer service departments of such institutions are expected to be very busy during the time leading up to the Due Date. It is advisable that you confirm with such institution as to the

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deadline by which you should deposit the paper share certificates to ensure the timely deposit of such certificates with JASDEC. If such deposit of the paper share certificates is not feasible in respect of the contemplated exercise of the SARs, please consider exercising the SARs on and after January 5, 2009 (London time) instead so that you will receive the Shares under the new system without being subject to the said trading restrictions.

### **(3) Restrictions**

If the Shares delivered in the form of paper share certificates upon exercise of the SARs are not deposited with JASDEC prior to the Due Date, such Shares will be recorded in the name of the registered shareholder (which is likely to be in the name of the Custodian or its nominee, unless the shareholders' registry have been updated prior to the Enforcement Date such that the Shares are recorded in the name of a person or entity other than the Custodian or its nominee) as of the date immediately prior to the Enforcement Date in a "special account" (*tokubetsu koza*) which will be automatically opened by the Issuer based on the information contained in the shareholders' register, in order to protect the rights of such shareholders.

After the Enforcement Date, trading of the Shares recorded in the special account will be suspended for a period of approximately three (3) weeks until the special accounts are fully operational.

In order to sell the Shares recorded in the special account held in the name of the Custodian or its nominee, the Shares must be transferred to a trading account of the Custodian or its nominee, and the Custodian's Agent (on behalf of the Custodian or its nominee) will apply for the book-entry transfer of the Shares to the Bondholder who exercised the SARs, or any other transferee of the Shares if such transfer (effected via physical delivery of paper share certificates) is completed prior to the Enforcement Date and proof of such transfer can be provided to the Custodian or its nominee.

### **(4) Warning with respect to the exercise of the SARs under the new dematerialized book-entry transfer system**

As stated in Section (1)(c) above, on and after the Enforcement Date, any transfer of shares must be effected, not via physical delivery of paper share certificates, but by recording electronically the transfer of the shares from the transferor party's account to the transferee party's account. Accordingly, delivery of the Shares upon exercise of the SARs on and after January 5, 2009 (London time) will be conducted by recording the transfer of the Shares electronically.

Upon exercise by you as a holder of the SARs on and after such date, the Issuer will deliver the Shares to the account of the Custodian or its nominee opened with the Custodian's Agent (as an Account Management Institution (*koza-kanri-kan*), an entity entitled under the Clearing Law to open and maintain an account for another person or entity), by recording electronically the transfer of the Shares to such account. After such transfer, the Custodian's Agent will deliver the Shares to the recipient's account in accordance with your instructions as stated in the Conversion Notice, by recording electronically the transfer of the Shares to the account of the recipient.

If you would like the Shares to be delivered to an account opened with a standing proxy in Japan (which must be an Account Management Institution under the new dematerialized book-entry transfer system), you must clearly state in the Conversion Notice the name and address of such standing proxy, and on whose behalf such standing

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proxy will receive the Shares. If you would like the Shares to be delivered to an account other than as described above, you must clearly state in the Conversion Notice the name and address of the Account Management Institution at which such account is maintained, and the nominee of such account. As stated above, please note that physical delivery or dispatch of the paper certificates for the Shares will not be possible on and after the Enforcement Date since paper share certificates will cease to exist under the new system.

If you have any questions, please direct them to the Issuer in writing at the following address:

BELLUNA CO.,LTD.  
4-2, Miyamoto-cho,  
Ageo,  
Saitama 362-8688  
Attention: Executive Corporate Planning Department  
Fax: +81-48-775-6063

This notice is given by BELLUNA CO.,LTD.  
December 22, 2008