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Stock Code: 3003
March 4, 2010

TO OUR SHAREHOLDERS

Shoei Co., Ltd.
2-1, Kanda-Nishikicho 1-chome,
Chiyoda-ku, Tokyo
Kenji Watanabe
Director, Representative Executive Officer and President

NOTICE OF THE 80th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Shoei Co., Ltd. (hereinafter referred to as the “Company”) cordially requests your attendance at the 80th Ordinary General Meeting of Shareholders, which will be held as outlined below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet as outlined below. After reviewing the REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS attached hereto, please indicate your approval or disapproval of the proposal on the enclosed Exercise of Voting Rights Form, and return the Form to the Company with your selections, or access the designated Web site to exercise your voting rights via the Internet.

- 1. Date and Time:** Thursday, March 25, 2010, 10 a.m.
- 2. Place:** Conference Room, 2nd Floor, Gakushi Kaikan
28, Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo

3. Objectives of the Meeting

Matters to Be Reported:

1. The Business Report and the Consolidated Financial Statements for the 80th Business Term (From January 1, 2009, to December 31, 2009), as well as the Audit Reports of the Accounting Auditors and the Audit Committee on the Consolidated Financial Statements
2. The Non-Consolidated Financial Statements for the 80th Business Term (From January 1, 2009, to December 31, 2009)

Matter to Be Resolved:

Proposal: Election of Five (5) Directors

4. Other Matters related to the Exercise of Voting Rights

1. **Method of providing notification regarding amendments to the Reference Materials for the General Meeting of Shareholders and the attached documents**

Notification of amendments will be provided via the Internet on our website (<http://www.shoei.co.jp/>).

2. **Deadline for the exercise of voting rights in writing or via the Internet**

We kindly ask that you exercise your voting rights no later than 6 p.m. on the day prior to the General Meeting of Shareholders (Wednesday, March 24, 2010).

3. **Handling of duplicated voting in which voting rights are exercised both in writing and via the Internet**

In the event of duplicate voting, the voting rights exercised via the Internet will be valid.

(Notes)

- You are kindly requested to present the enclosed Exercise of Voting Rights Form to the receptionist when you attend the meeting.

If attending the meeting as the proxy of a corporation, the proxy is kindly requested to prepare a power of attorney or a notice on deputation for duties and submit it together with the Exercise of Voting Rights Form to the receptionist.

- If you intend to exercise your voting rights via the Internet Web site (<http://www.it-soukai.com>), you are requested to review the “Exercise of Voting Rights via the Internet” attached hereto (Pages 19 and 20).

The Company participates in the “Electronic Voting Platform for Institutional Investors” which is operated by ICJ Inc.

[Attachment]

Extract From the Business Report (From January 1, 2009 to December 31, 2009)

This attachment document is an extract from the original Business Report.
For our financial statements, please refer to our “*Kessan Tanshin*” (Consolidated Earnings Report; in Japanese) now available on our website or “Consolidated Earnings Report” (English translation) scheduled to be available on our website in mid-March. The following extract contains additional information not contained in this Consolidated Earnings Report and has been provided to shareholders as useful information on our management condition.

1. Matters Concerning Current Status of the Shoei Group

(1) Analysis of Operating Results

(i) Consolidated Results

Japan’s economy in fiscal 2009 (year ended December 31, 2009) showed signs of recovery in some areas, such as increases in exports; however, the business environment continued to be particularly severe. The factors causing the unease included ongoing harsh employment conditions, deflation and concerns surrounding the appreciated yen.

In the Company’s core business segment, the real estate leasing market, conditions became even more depressed. The vacancy rates of office buildings in central Tokyo exceeded 8% for the first time in 5 years and 10 months and the competition for wooing tenants became increasingly intense, which kept the prices of rents on a trend of decline. Also, the real estate investment market was extremely sluggish overall despite signs, in property sales, of J-REITs returning to property acquisitions at the end of the year.

Operating in this harsh environment, the Shoei Group (hereinafter referred to as the “Group”) worked determinedly to surmount all adversity under the keyword of “perseverance.” In the Real Estate Business, the Group focused on reducing vacancy rates and preserving rents, while in the Marketable Securities Investment Business, it reduced its spot positions and implemented a careful positioning of operations.

As a result, net sales decreased 41.1% from the previous year to ¥15,610 million, operating income decreased 52.8% to ¥5,002 million, and ordinary income decreased 68.0% to ¥2,293 million. While this result was a significant drop in both revenues and profit compared with the previous fiscal year, the Group was roughly able to secure the level of the forecasted operating results announced at the release of the second quarter operating results. However, with respect to posting a net loss, the Company has decided to abandon the Chiyoda Ward Yonbancho Redevelopment Project. This decision was made to limit the Company’s future risks and to strengthen its financial base in light of expectations that recovery in the real estate market may take considerable time. Due to book entries accompanying this decision, such as loss on valuation, net loss for the fiscal 2009 was ¥7,072 million.

Fiscal 2009 Consolidated Results

	FY08	FY09	Change	(¥ million) %
Net sales	26,504	15,610	- 10,894	- 41.1
Operating income	10,598	5,002	- 5,596	- 52.8
Ordinary income	7,169	2,293	- 4,876	- 68.0
Extraordinary income	9,833	1,437	- 8,396	-
Extraordinary loss	- 13,991	- 16,034	- 2,043	-
Net income/loss	1,938	- 7,072	- 9,011	-

(ii) Results by Segment

(Real Estate Business)

In the Real Estate Business in fiscal 2009, both revenues and profit declined as there were no sales of condominiums or real estate for sale. Net sales decreased 47.1% year on year to ¥11,707 million; likewise, operating income decreased 53.1% to ¥4,430 million.

In the leasing business, both revenues and profit declined because although rent income from properties acquired in operation for the full year and property constructions newly completed during the fiscal year, as well as other revenues, roughly covered the lost rent portion from properties sold in the previous fiscal year, dividends income from investments in silent partnership were whittled down as a result of properties sold in the previous fiscal year.

(¥ million)

		FY08	FY09	Change	%
Net sales	Leasing	12,129	11,707	- 422	- 3.5
	Condominium sales	17	-	- 17	-
	Fund redemption, asset replacement	10,000	-	- 10,000	-
	Total	22,146	11,707	- 10,439	- 47.1
Operating income	Leasing	5,294	4,430	- 863	-16.3
	Condominium sales	16	-	- 16	-
	Fund redemption, asset replacement	4,141	-	- 4,141	-
	Total	9,452	4,430	- 5,021	- 53.1

Operating in a severe market, the Company raised staff numbers in the leasing division to improve its information gathering capabilities and respond to tenant needs to preemptively prevent the vacating of tenants and secure new tenants. As a result, the Company reduced the vacancy rates of office buildings it owns in Tokyo significantly below the market level, to 2.43% as of December 31, 2009.

Tokyo Office Building Vacancy Rates

(%)

	December 2008	June 2009	December 2009
The Company's properties	3.48	2.42	2.43
Market	4.72	7.25	8.09

(Market data source: Miki Shoji Co., Ltd.; data is for the central five wards of Tokyo)

Investment during fiscal 2009 totaled ¥3.1 billion. Investment was used only for expenses related to the progress of properties under development in accordance with the Company's policy of investment restraint.

Our primary investment properties for the fiscal year were as follows.

Property	Location	Ownership	Date of completion	Category
Rest Villa Kitakamakura	Kamakura City, Kanagawa Prefecture	Full ownership	February 2009	Care facility
Toyoko-Inn Hiratsuka Station North Exit 1	Hiratsuka City, Kanagawa Prefecture	Full ownership	March 2009	Business hotel
Nishi Arai Station West-side Area A Development Project (provisional name)	Adachi Ward, Tokyo	Full ownership	Scheduled completion April 2010	Commercial facility
Toranomon 1-chome Development (provisional name)	Minato Ward, Tokyo	Partial ownership	Scheduled completion August 2010	Office building

(Marketable Securities Investment Business)

Owing to a year-on-year decrease in dividends due to the contraction of the balance of stock holdings, net sales from this segment in fiscal 2009 fell 21.3% year on year to ¥1,455 million, and operating income decreased 38.4% to ¥1,126 million. Investment gains, posted in non-operating income, increased 58.4% to ¥1,022 million. Although there was a decrease in premium income as the stock market began to climb and volatility lowered, this result was due to a gain on spot sales.

Marketable Securities Investment Business Results

(¥ million)

	FY08	FY09	Change	%
Net sales	1,850	1,455	- 394	- 21.3
Operating income	1,828	1,126	- 702	- 38.4
Non-operating income (investment gains)	645	1,022	376	58.4
Operating income & non-operating income	2,473	2,148	- 325	- 13.2

(Environmental Business)

In fiscal 2009, sales amount of collected valuable substances decreased due to slumps in the steel, aluminum and other markets and there was a decrease in the volume of waste handled due to sluggish corporate activity. As a result, net sales were ¥2,447 million, down 2.4% year on year. However, because of cost cutting at factories, achievements in making business more efficient and the fall in fuel costs due to the drop in light oil prices, operating income rose 15.6% year on year to ¥373 million.

The Company's environmental business is managed by TOSMAC-i Co., Ltd., a consolidated subsidiary. For the fiscal year under review, consolidated results for this segment are for the year from October 2008 to September 2009 because of the subsidiary's March balance sheet date.

Environmental Business Results

	FY08	FY09	Change	%
Net sales	2,508	2,447	- 60	- 2.4
Operating income	323	373	50	15.6

(¥ million)

(FY08: October 2007 - September 2008; FY09: October 2008 - September 2009)

(2) Key Issues for the Company

(i) Management Policies

The Group is constantly striving to transform the Company into a small, strong, and speedy organization—namely, “A small niche company with a strong presence.”

In “Advance 21 Part II” (medium-term management plan for second half of fiscal 2001 to fiscal 2004) and “3S Challenge 45” (medium-term management plan for fiscal 2005 to fiscal 2007), the Company, aiming to broaden the earnings foundation, implemented aggressive real estate investment. In the medium-term management plan that began in fiscal 2008, the Company switched to a management policy of prudence when the economic situation took a turn for the worse, advocating “perseverance” as slogan. However, under the global recession that followed the shock of Lehman Brothers failure in September 2008, Japan's real estate market slumped to more stringent circumstances than anticipated. In response, the Company has been implementing full-scale financial restructuring since fiscal 2009 and consequently posted a net loss of ¥7,072 million in fiscal 2009. Taking the above circumstances into consideration, the Company has formulated a three-year medium-term management plan and management vision effective from fiscal 2010 to form clearer constructs for future management.

(ii) Medium-term Management Plan (Target Indices and Key Issues for the Company)

The fundamental thinking for the medium-term management plan is based on “strengthening a foundation for future sustainable growth.”

The following are the four main points of the plan.

- (a) Realize steady revenues each year based on leasing income.
- (b) Further strengthen the financial base through efforts to further reduce outstanding debt.
- (c) Because the asset portfolio has already reached sufficient size, the focus of the next three years shall be on improving the quality of owned real estate.
- (d) Form a small but elite professional group.

With respect to the above, the Company shall take the following concrete steps.

- (a) Strengthen profitability
 - Strive to improve vacancy rates and rent by strengthening the Company's leasing power.
 - Over the next three year period aim for operating income ¥5.0 billion or more each year.
- (b) Further strengthen the financial base
 - Aim to reduce outstanding debt so that the average debt repayment period* is 20 years or less.

* The average debt repayment period is (interest-bearing debt minus cash and deposits) divided by (ordinary income plus depreciation and amortization)
- (c) Improve the quality of owned real estate
 - Implement renewal works of various facilities including measures to address environmental issues.
 - Consider replacing owned real estate with better quality real estate when opportunities arise.
- (d) Raise the capability of personnel
 - Introduce personnel evaluation systems that encourage education and training and support the improvement of employee knowledge in order to form a small but elite professional group.

(iii) Management Vision (Medium and Long-term Management Strategy)

The Company contributes to the development of society as a real estate professional by providing society with secure, comfortable and environmentally friendly real estate. Also, by truly understanding that it owes its prosperity to the support of the many stakeholders, and by acting with sincerity and earnestness, the Company is deepening its relationship of trust with these people.

Corporate Vision

- The Company shall contribute to the development of society by providing its customers with secure and comfortable offices and living environments.

- The Company shall deepen its relationship of trust with the shareholders and other stakeholders by constantly striving to transform itself and by acting with sincerity and earnestness.

[Action Policy]

1. Fully understand the link between customer satisfaction and the Company's prosperity and in all activities consider what should be done for the sake of customer satisfaction.
2. Act with sincerity and earnestness in dealings with the various stakeholders who support us.
3. Abide by the rules such as laws and regulations, and internal regulations, and carry out actions based on morality and ethics.
4. Learn the advanced skills and operational competencies required as a professional.

2. Matters Concerning Officers

(1) Directors and Executive Officers

(i) Directors

Position at the Company	Name	Business in charge	Status of important concurrent positions
Chairperson of the Board of Directors	Masaaki Sato	Chairman of the Nomination Committee Member of the Audit Committee Chairman of the Remuneration Committee	
Director	Kenji Watanabe	Member of the Nomination Committee Representative Executive Officer, President and CEO	
Director	Kazuo Kojima	Senior Executive Officer and CFO General Manager of Corporate Planning and Finance, Marketable Securities Investment	
Director	Masao Fujioka	Senior Executive Officer and CSO General Manager of Public Relations & Investors Relations	
Director	Ryuji Yasuda	Member of the Nomination Committee Member of the Remuneration Committee	Professor, Graduate School of International Corporate Business Strategy, Hitotsubashi University Outside Director, Daiwa Securities Group Inc. External Director, Fukuoka Financial Group, Inc. External Director, The Bank of Fukuoka, Ltd. Outside Director, Sony Corporation Outside Director, Sony Financial Holdings Inc. Outside Director, YAKULT HONSHA CO., LTD.
Director	Satoru Anzaki	Member of the Nomination Committee Member of the Remuneration Committee	Outside Director, Eisai Co., Ltd.
Director	Kenichiro Otake	Member of the Nomination Committee Member of the Remuneration Committee	Vice Chairman, Representative Director, Otsuka Holdings Co., Ltd. Chairman, TKC National Federation
Director	Kimikazu Noumi	Member of the Nomination Committee Member of the Audit Committee Member of the Remuneration Committee	Visiting Professor, Graduate School of Hitotsubashi University Representative Director and CEO, Innovation Network Corporation of Japan Outside Director, FIDEA Holdings Co., Ltd.
Director	Sadahiko Yoshimura	Member of the Nomination Committee Chairman of the Audit Committee Member of the Remuneration Committee	Outside Corporate Auditor, ISHIHARA HOLDINGS INC.

(Notes)

- Ryuji Yasuda, Satoru Anzaki, Kenichiro Otake, Kimikazu Noumi and Sadahiko Yoshimura are outside directors as prescribed in Article 2, item 15 of the Companies Act.
- Audit Committee member Masaaki Sato served as Deputy President of Mizuho Bank, Ltd. and held other important positions and has a respectable degree of knowledge in finance and accounting.
Audit Committee member Kimikazu Noumi served as President of Norinchukin Zenkyoren Asset Management Co., Ltd. and Chairman and Representative Director, Chief Executive Officer of Aozora Bank, Ltd. and held other important positions and has a respectable degree of knowledge in finance and accounting.
Audit Committee member Sadahiko Yoshimura is qualified as a certified public accountant and has acquired a wealth of experience and expert knowledge from his involvement in the financial affairs of a large number of enterprises and has a high degree of knowledge in finance and accounting.

(ii) Outside Officers

Status of important concurrent positions

Position at the Company	Name	Concurrent positions in other organizations	Notes
Outside director	Ryuji Yasuda	Professor, Graduate School of International Corporate Business Strategy, Hitotsubashi University Outside Director, Daiwa Securities Group Inc. External Director, Fukuoka Financial Group, Inc. External Director, The Bank of Fukuoka, Ltd. Outside Director, Sony Corporation Outside Director, Sony Financial Holdings Inc. Outside Director, YAKULT HONSHA CO., LTD.	(Note)
	Satoru Anzaki	Outside Director, Eisai Co., Ltd.	(Note)
	Kenichiro Otake	Vice Chairman, Representative Director, Otsuka Holdings Co., Ltd. Chairman, TKC National Federation	(Note)
	Kimikazu Noumi	Visiting Professor, Graduate School of Hitotsubashi University Representative Director and CEO, Innovation Network Corporation of Japan Outside Director, FIDEA Holdings Co., Ltd.	(Note)
	Sadahiko Yoshimura	Outside Corporate Auditor, ISHIHARA HOLDINGS INC.	(Note)

(Note) The Company has no important business relations with the organization(s).

Major activities during the fiscal year under review

Position	Name	Major activities
Outside director	Ryuji Yasuda	Ryuji Yasuda attended all 13 meetings of the board of directors held during this fiscal year, all 5 meetings of the Nomination Committee, and all 6 meetings of the Remuneration Committee. He has extensive experience as a university professor and as a business consultant and has expertise in corporate business strategy. From a broad perspective, he has made comments on management plans, organizational operations, and various other issues.
	Satoru Anzaki	Satoru Anzaki attended all 13 meetings of the board of directors held during this fiscal year, all 5 meetings of the Nomination Committee, and all 6 meetings of the Remuneration Committee. He has been involved in corporate management for many years, and has made comments on general managerial issues, including annual management plans, medium-term management plans, business plans, and various risks associated with business operations, based on his wealth of expertise as a company executive.
	Kenichiro Otake	Kenichiro Otake attended 7 of the 9 meetings of the board of directors held after his assumption of the position of Director, 2 of the 3 meetings of the Nomination Committee, and 3 of the 4 meetings of the Remuneration Committee. He gained broad experience and insight through long-standing and wide-ranging involvement across the entire business industry while working at the Ministry of Finance and National Tax Agency, and also has experience as Vice Chairman, Representative Director of Otsuka Holdings Co., Ltd. Based on such experience and insight, he has made comments on various issues from a broad perspective.
	Kimikazu Noumi	Kimikazu Noumi attended all 9 meetings of the board of directors held after his assumption of the position of Director, 7 of the 8 meetings of the Audit Committee, all 3 meetings of the Nomination Committee, and all 4 meetings of the Remuneration Committee. He has the experience of serving in financial and investment businesses for many years and excellent insight obtained from his abundant CEO experiences as President of Norinchukin Zenkyoren Asset Management Co., Ltd. and Chairman and Representative Director of Aozora Bank, Ltd. Based on such experience and insight, he has made comments on various issues from a broad perspective, mainly in such areas as finance and investment.
	Sadahiko Yoshimura	Sadahiko Yoshimura attended all 9 meetings of the board of directors held after his assumption of the position of Director, all 8 meetings of the Audit Committee, all 3 meetings of the Nomination Committee, and all 4 meetings of the Remuneration Committee. He has acquired a wealth of experience and expert knowledge as an accountant from his involvement in the financial affairs of a large number of enterprises. Based on these experience and knowledge, he has made a variety of comments on matters such as strengthening the Company's financial structures, supervising the Company's business execution, and establishing internal control over the reliability of financial reporting.

(Note) The numbers of meetings of the board of directors, the Nomination Committee, and other above-mentioned committees are those applicable to the period during which they assumed office.

Outline of limited liability agreement

The Company has entered into a limited liability agreement with all of the 5 outside directors pursuant to the Company's Articles of Incorporation. The outline of the agreement is as follows:

- In the event that outside directors are liable to the Company for damages after the conclusion of said agreement pursuant to the first paragraph of Article 423 of the Companies Act and they have acted in good faith and without gross negligence in the performance of their duties, the liability of the outside directors shall be limited to the aggregate total of the amounts prescribed in each of the items of the first paragraph of Article 425 of the Companies Act.

(iii) Executive Officers

Position at the Company	Name	Business in charge or important concurrent positions
President and CEO	Kenji Watanabe	
Senior Executive Officer and CFO	Kazuo Kojima	General Manager of Corporate Planning and Finance, Marketable Securities Investment
Senior Executive Officer	Takeshi Nakagawa	Group General Manager of Real Estate Group
Senior Executive Officer and CSO	Masao Fujioka	General Manager of Public Relations & Investors Relations
Managing Executive Officer and CCO	Yutaka Yamauchi	General Manager of Corporate Auditing, Secretary, Human Resources, General Affairs and System Administration

(Note) Kenji Watanabe, Kazuo Kojima and Masao Fujioka concurrently serve as directors and executive officers.

(2) Remuneration for Directors and Executive Officers

Classification	Number of persons	Remuneration (¥, thousand)
Directors	8	86,224
(of the above, outside directors)	(7)	(46,942)
Executive officers	6	94,221
Total	14	180,445

(Notes)

1. The amount to be paid to executive officers does not include the employee salaries of executive officers who concurrently serve as employees, or ¥35,793 thousand.
2. The amount to be paid to directors who concurrently serve as executive officers is ¥83,598 thousand, which is included in the remuneration for executive officers.
3. The above-mentioned amounts include incentive stock options and stock options exercisable after retirement value of ¥29,539 thousand (¥5,914 thousand for directors, ¥23,625 thousand for executive officers).

No bonuses shall be paid for the fiscal year under review.

(3) Policy for Determining Details of Remuneration for Executive Officers and Other Officers

(i) Policy

The Company gives priority to the sustainable growth of shareholder value, and remuneration for officers shall be granted based on a structure conducive to the priority.

- (A) In order to increase incentives for better business performance and to secure qualified personnel, greater remuneration shall be granted to officers who make greater contributions to the improvement of business performance.
- (B) The principal duty of directors is to supervise the execution of company operations, and their responsibilities and contributions are not directly linked to the sustainable growth of shareholder value. In view of this fact, their remuneration shall not be performance-based but shall be a fixed amount in principle. By contrast, executive officers take primary responsibility for business performance, and the linkage of remuneration with achieved performance shall be further strengthened.
- (C) Accordingly, remuneration systems for directors and executive officers (including executive officers who concurrently serve as directors) shall be different from each other.

While an annual salary for management oversight duties shall be paid to directors, a cash bonus as a short-term incentive shall not be paid, and, from the viewpoint of sharing the sustainable growth of corporate value and potential risks with shareholders, medium-term incentive-type stock options and stock options exercisable after retirement as a long-term incentive shall be granted to directors.

As the role of executive officers lies in the sustainable growth of shareholder value, their remuneration shall include an annual salary linked to their responsibilities and cash bonuses linked to their contribution to business performance and, from the viewpoint of sharing the sustainable growth of corporate value and potential risks with shareholders, medium-term incentive-type stock options and stock options exercisable after retirement as a long-term incentive shall be granted to executive officers.
- (D) From the viewpoint of granting bonuses according to business performance, cash bonuses shall be linked to consolidated net income.
- (E) Each component of remuneration shall be of the appropriate level according to assigned responsibilities in terms of value and structural proportion, taking into account the result of an external institution's survey regarding the remuneration of domestic and foreign corporate managers.

(ii) Remuneration Structure for Officers

The remuneration structure for officers is as follows.

Directors

- Annual salary
- Incentive-type stock options (medium-term incentive)
- Stock options exercisable after retirement (long-term incentive)

Executive officers

- Annual salary
- Cash bonus
- Incentive-type stock options (medium-term incentive)
- Stock options exercisable after retirement (long-term incentive)

- (A) Cash bonuses shall be up to 3% of consolidated net income.
- (B) Incentive-type stock options with a three-year exercise period whose exercise price is based on the market price at the time of granting shall be granted in accordance with the officers' responsibilities in order to improve the incentives for greater medium-term business performance.
- (C) Stock options exercisable after retirement with a 20-year exercise period whose exercise price is based on the market price at the time of granting, and which are considered as a long-term incentive, shall be of fixed numbers in consideration of the oversight function with regard to directors, and shall be granted in accordance with responsibilities and contribution to the enhancement of corporate value with regard to executive officers.

3. Accounting Auditors

(1) Name: KPMG AZSA & Co.

(2) Remuneration for the Fiscal Year Under Review

Remuneration with respect to the operations prescribed in Article 2, paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948): 37.2 million yen

(Note) Since the remuneration for the audit operations pursuant to the Companies Act and the remuneration for audit operations pursuant to the Financial Instruments and Exchange Law are not clearly separated in the audit contract and cannot be substantively separated between the Company and accounting auditors, the above-stated amount represents the aggregate amount of these remunerations.

(3) Total amount of cash and other property benefits to be paid by the Company and its consolidated subsidiaries to accounting auditors: 37.2 million yen

(4) Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditors

In cases where the Audit Committee deems that an accounting auditor is having difficulty in conducting audit operations appropriately, or where it deems the dismissal or non-reappointment of the accounting auditor to be appropriate for any other reason, the Company shall propose the dismissal or non-reappointment of the accounting auditor as an agenda item at a general meeting of shareholders.

In the case where it is deemed that the accounting auditor is subject to any of the reasons for dismissal prescribed in Article 340, paragraph 1 of the Companies Act, the Audit Committee shall dismiss the accounting auditor and the committee member selected by the committee shall report the dismissal and the reasons thereof at the first general meeting of shareholders held since the dismissal.

[Reference]

Companies Act

Gist of Article 340 (Dismissal of Independent Auditors by Examining Committee)

(in accordance with the word replacement applied subject to the provision of paragraph (4) of the same Article)

(1) The Examining Committee may dismiss an independent auditor if that independent auditor:

- (i) has breached his or her duty in the course of his/her duties, or neglected his/her duties;
- (ii) has engaged in conduct inappropriate for an independent auditor; or
- (iii) has difficulty in, or is unable to cope with the execution of his/her duties due to mental or physical disability.

4. Corporate System and Policy

(1) Policy for Decisions on Distribution of Surplus

In order to achieve medium- and long-term growth and increase shareholders' returns, the Group makes it its basic dividend policy to sustain the consolidated dividend payout ratio of 30%, considering the balance between the increase in internal reserves and the return of profits to shareholders.

For the fiscal year under review, the Company paid an interim dividend of 10 yen per share as originally planned. However, the Company has decided not to pay a year-end dividend as the Company ended up recording a significant loss for the full term.

For fiscal 2010 year, the Company plans to pay a full-year dividend of 10 yen per share (including an interim dividend of 5 yen per share), taking into account that the severe business environment is expected to continue and that the Company needs to strengthen its financial foundation.

(2) System to Ensure the Properness of Operations

The following are the key points of the decisions made by the board of directors in order to develop a system to ensure the properness of operations of the Company.

The Company is working to establish a corporate governance system that has the basic policies of strengthening the power of execution to maximize shareholder value and strengthening the function of the board of directors' "checks and balances" for operating divisions.

- (i) Matters concerning directors and employees responsible for assisting with the duties of the Audit Committee
The body responsible for assisting with the duties of the Audit Committee shall be the Corporate Auditing Office.

Employees responsible for assisting with the duties of the Audit Committee shall belong to the Corporate Auditing Office.

- (ii) Matters concerning the independence of such directors and employees from executive officers (hereinafter including division executives, described in (viii) below)

The consent of the Audit Committee shall be required to determine personnel changes, performance appraisals, and salaries with respect to the employees.

- (iii) System to report to the Audit Committee by executive officers and employees, and other systems to report to the Audit Committee

Matters to be reported by executive officers and employees to the Audit Committee are as follows.

- Where they discover any facts that may cause serious damage to the Company, they shall report on matters related to said facts.
- The executive officer in charge of the accounting and tax planning group shall report on details regarding profit and loss and assets.
- General managers and executive officers in charge of business operations shall report on the status of risk management implemented by each committee of each operating division.
- The chief compliance officer shall report on the activities of the Corporate Ethics Committee and any actions reported by executive officers and employees that violate the "Shoei Group Code of Corporate Conduct."
- The general manager of the Internal Auditing Office shall report on the status of implementation of internal audits.

- (iv) Other systems aimed at ensuring effective audits by the Audit Committee

In order to enhance the auditing functions of the Audit Committee and to appropriately verify and oversee management operations, the committee chairman who serves as outside director shall attend the meetings of the board of directors and other important committees related to internal controls. The members of the Audit Committee (full-time) regularly attend the important company meetings and inspect and examine important documents, such as internal circulars for managerial decisions. All members of the Audit Committee shall attend the meetings of the Internal Audit Committee, whose members consist of the president and CCO. At these meetings, they are to report on the results of internal audits and seek responses to matters to be corrected from relevant divisions, offices, and groups. They provide instructions on corrections, conduct follow-ups for the implementation of corrections, and report on the results thereof to the president. The Internal Audit Committee fulfills the checks-and-balances mechanisms within operating divisions, in coordination with the Audit Committee. In order to ensure the appropriateness of financial reporting, the representative executive officer and president establishes an internal control system and has the Corporate Auditing Office evaluate the effectiveness thereof.

- (v) System to ensure the properness of operations in the corporate group comprised of the Company, its parent company (if any) and subsidiaries

The jurisdiction and matters to be implemented annually of the Real Estate Group and subsidiaries of the Company shall be precisely prescribed in the “company regulations” and the annual management plan for each year. Subsidiaries shall be managed in accordance with the “regulations on business management of subsidiaries.” Moreover, in order to establish internal controls across the Group, representatives of subsidiaries shall be appointed as group officers who are assigned responsibility for internal controls within their respective company. The group officers shall report on business performance and a range of management issues at the monthly performance report meeting. Furthermore, any decision on the matters concerning subsidiaries that meet certain standards requires consultation with the relevant division of the Company and the approval of the president. In principle, the general manager of the Internal Auditing Office shall hold the concurrent post of corporate auditor of subsidiaries and conduct periodic audits of subsidiaries.

- (vi) System for the preservation and management of information regarding the execution of duties by executive officers

Important information shall be preserved and managed in accordance with the “regulations on management of documents, etc.” and must be made available for inspection by the Audit Committee at any time.

- (vii) Regulation on the management of risk of loss, and other systems

Pursuant to the “crisis management regulations” and “risk management regulations,” a risk management system shall be developed and the operation thereof shall be enhanced under the leadership of the chief compliance officer. As for risk management, the Company regards it as important that structures to reduce potential risk factors be incorporated in business operations, and such structures be monitored as to whether they are working properly or not. Potential risks shall be examined primarily at theme-specific meetings such as the ALM meeting, the financial strategy meeting, and management meetings of subsidiaries. The state of risks of the entire Group shall be reviewed at Comprehensive Risk Management Conferences held every quarter, and the necessary countermeasures shall be implemented.

- (viii) System to ensure efficiency in the execution of duties by executive officers

As a company adopting the committee system, the Company adopts the structures in which the directors’ function of management supervision shall be separated from the executive officers’ function of business execution; thereby the directors supervise the executive officers’ execution of duties. With regard to the function of business execution, executive officers play the part of business execution pertaining to overall management (corporate and business management, creation of overall corporate strategy, formulation and execution of business plans). Under the supervision of executive officers, division executives assume responsibilities of managing the relevant division, operations and advanced professional projects, as well as formulating and executing individual business strategies. The board of directors shall examine draft annual plans formulated by operating divisions and decide on a final annual plan. Executive officers in charge of business divisions shall, based on their authorities, formulate specific policy items in line with the annual plan and implement them. With regard to business management, time schedules pertaining to the planning, execution and progress of projects shall be managed on a monthly basis, and the results shall be reported at the monthly performance report meeting, followed by instructions on matters to be solved and the prompt solutions thereof. In addition to quarterly financial results reported by executive officers every three months, the board of directors shall receive reports from the monthly performance report meeting and provide instructions such as the revision of targets, if necessary. Relevant operating divisions shall revise the plan in line with these instructions and implement the new plan. In areas where the Company deems that further reforms are required (reviewed annually), specialized committees (attended by the directors and the relevant executive offices) shall be established to discuss the matters. One outside director takes part in each committee, in consideration of the respective fields of expertise of outside directors.

- (ix) System to ensure compliance of execution of duties by employees with laws and regulations and the Articles of Incorporation

With regard to internal controls, the implementation of business management, operational control, compliance, risk management and internal audit shall be accompanied by the observance of various rules, deliberations at committees, etc.

In particular, internal control frameworks to ensure accuracy and reliability in financial reporting shall be reinforced.

With a view to fulfilling corporate social responsibility in terms of compliance, the Company shall ensure thorough compliance with laws and regulations and the Articles of Incorporation, and rejects any relationship with antisocial forces, which threaten public order and safety and impede economic activities. The Company also commits itself to the upholding of corporate ethics and the assurance of sound management practices. The Corporate Ethics Committee shall verify the state of compliance in accordance with the “Shoei Group Code of Corporate Conduct.”

The Company has introduced the following checking system. Internal circular resolution matters are

checked by specialized divisions from the perspectives of respective professional fields. Then the division in charge of compliance checks the matter in a comprehensive manner. Each of these divisions provides signature confirmation and comments as necessary in the space provided on the internal circular to the effect that the final approver is able to make his/her decision taking the record on the internal circular into consideration.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal: Election of Five (5) Directors

The terms of office of all nine (9) directors expire at the closing of this meeting. Accordingly, we hereby propose that five (5) directors—a decrease of four (4) directors to improve the efficiency in the execution of operation and supervision based on the decision of the Nomination Committee—be elected.

As the Company has adopted the Committee System, directors play a principal role in the system of “checks and balances” for operating divisions led by the representative executive officer under the concept of separating management execution and oversight functions.

As outside directors are supposed to play a principal role in such system in particular, the management of the Company has clear features, such as outside directors accounting for the majority of all the directors and the so-called independent directors* accounting for at least two-thirds (2/3) of the outside directors.

* “Independent director” refers to an outside director who meets the “Requirements for Independent Directors” prescribed in the Company’s internal rules, which were established based on the “Independent Director Code” publicly announced by the Japan Association of Corporate Directors on October 13, 2005.

The nominees for directors and reasons for recommendation are as follows:

Nominee No.	Name (Date of birth)	Brief personal history, position, business in charge and important concurrent positions	Number of the Company’s shares held	Special interests in the Company
1	Yukio Obara (February 8, 1947)	April 2002 Representative Director, Deputy President, Mizuho Holdings, Inc. January 2003 Representative Director, Deputy President, Mizuho Financial Group, Inc. March 2003 Representative Director, Deputy President, Mizuho Bank, Ltd. June 2004 Corporate Auditor (full-time), Mizuho Financial Group, Inc. June 2004 Corporate Auditor, Mizuho Holdings, Inc. June 2004 Corporate Auditor, Mizuho Corporate Bank, Ltd. June 2005 President & CEO, Mizuho Information & Research Institute, Inc. March 2010 Director, Mizuho Information & Research Institute, Inc. (Present)	–	None
2	Masao Fujioka (August 19, 1950)	April 2002 General Manager of Otemachi Corporate Banking Division No.1, Mizuho Corporate Bank, Ltd. March 2003 Executive Officer, General Manager of Otemachi Corporate Banking Division No.1, Mizuho Corporate Bank, Ltd. April 2004 Managing Executive Officer in charge of Corporate Banking, Mizuho Corporate Bank, Ltd. March 2006 Managing Executive Officer, Chief Risk Officer, Chief Human Resources Officer, Mizuho Corporate Bank, Ltd. April 2007 Managing Director and Managing Executive Officer, Chief Risk Officer, Chief Human Resources Officer, Mizuho Corporate Bank, Ltd. March 2009 Retired from Mizuho Corporate Bank, Ltd. March 2009 Director, Senior Executive Officer and CSO, General Manager of Public Relations & Investors Relations, Shoei Co., Ltd. (Present)	14,500	None

Nominee No.	Name (Date of birth)	Brief personal history, position, business in charge and important concurrent positions	Number of the Company's shares held	Special interests in the Company
3	Kenichiro Otake (July 10, 1946)	<p>June 2001 Director-General of the Tax Bureau, Ministry of Finance</p> <p>July 2004 Commissioner, National Tax Agency</p> <p>July 2005 Deputy President, the Shoko Chukin Bank</p> <p>July 2008 Vice Chairman, Representative Director, Otsuka Holdings Co., Ltd. (Present)</p> <p>March 2009 Director, Shoei Co., Ltd. (Present)</p> <p>July 2009 Chairman, TKC National Federation (Present)</p>	4,500	None
4	Kimikazu Noumi (October 24, 1945)	<p>June 2002 Senior Managing Director, the Norinchukin Bank</p> <p>June 2004 President, Norinchukin Zenkyoren Asset Management Co., Ltd.</p> <p>February 2007 Chairman and Representative Director, Chief Executive Officer, Aozora Bank, Ltd.</p> <p>May 2008 Special-appointment Professor, Graduate School of Hitotsubashi University</p> <p>March 2009 Director, Shoei Co., Ltd. (Present)</p> <p>July 2009 Visiting Professor, Graduate School of Hitotsubashi University (Present)</p> <p>July 2009 Representative Director and CEO, Innovation Network Corporation of Japan (Present)</p> <p>October 2009 Outside Director, FIDEA Holdings Co., Ltd. (Present)</p>	10,000	None
5	Sadahiko Yoshimura (October 18, 1947)	<p>May 2002 Executive Director, Shin Nihon & Co. (now Ernst & Young ShinNihon LLC)</p> <p>May 2004 Deputy Chief Executive Officer, Ernst & Young ShinNihon LLC</p> <p>August 2008 Senior Advisor, Ernst & Young ShinNihon LLC</p> <p>March 2009 Director, Shoei Co., Ltd. (Present)</p> <p>July 2009 Corporate Auditor, ISHIHARA HOLDINGS INC. (Present)</p>	10,000	None

(Note) Nominee for director Yukio Obara will resign his present position above on March 24, 2010.

Nominees Kenichiro Otake, Kimikazu Noumi and Sadahiko Yoshimura are the candidates for the outside directors.

The reasons for recommending the respective nominees are as follows:

Yukio Obara served in such positions as Representative Director, Deputy President of Mizuho Bank, Ltd. and has CEO experience as President & CEO of Mizuho Information & Research Institute, Inc. These experiences will enable him to fulfill a key role in decision-making concerning serious management issues and overseeing business execution.

Masao Fujioka served as Managing Director of Mizuho Corporate Bank, Ltd. in charge of risk management. Furthermore, he has been in charge of the Company's overall management planning and administration since March 2009 as Director, Senior Executive Officer and CSO of the Company. These experiences will enable him to fulfill a key role in business execution and decision-making concerning the Company's serious management issues. He will have served as director for the Company for one year at the conclusion of this meeting.

Kenichiro Otake worked in the Ministry of Finance and National Tax Agency and thus has a broad connection with the business industry. His broad experience and judgment as well as experience as Deputy President of the Shoko Chukin Bank will enable him to play a major role in decision-making concerning the Company's serious management issues and supervising the execution of its operations, and he is well qualified as an outside director. Furthermore, he satisfies the aforementioned "Requirements for Independent Directors." He will have served as director for the Company for one year at the conclusion of this meeting.

Kimikazu Noumi has the experience of serving in financial and investment businesses for many years. His abundant CEO experiences as President of Norinchukin Zenkyoren Asset Management Co., Ltd. and Chairman and Representative Director of Aozora Bank, Ltd. will enable him to play a major role in decision-making concerning the Company's serious management issues and supervising the execution of its operations, and he is well qualified as an outside director. Furthermore, he satisfies the aforementioned "Requirements for Independent

Directors.” He will have served as director for the Company for one year at the conclusion of this meeting.

Sadahiko Yoshimura, though he has no experience in company management, has acquired a wealth of experience and expert knowledge as an accountant from his involvement in the financial affairs of a large number of enterprises. In matters such as strengthening the Company’s financial structures, his experience and expert knowledge will enable him to play a major role in supervising the execution of the Company’s operations, especially in terms of internal control over the reliability of financial reporting, and he is well qualified as an outside director. Furthermore, he satisfies the aforementioned “Requirements for Independent Directors.” He will have served as director for the Company for one year at the conclusion of this meeting.

Details regarding limited liability agreements with outside directors are as follows:

Pursuant to Article 427 of the Companies Act and Article 31 of the Articles of Incorporation, the Company entered into a limited liability agreement with each of the five incumbent outside directors. Under this agreement, if any damage is inflicted on the Company by outside directors who have acted in good faith and without gross negligence in the performance of their duties, the Company shall bear liability for the damage up to the two-year total of cash and other property benefits which the outside directors are to receive as a consideration for the execution of their duties during their tenure. The Company plans to renew the agreements with Kenichiro Otake, Kimikazu Noumi and Sadahiko Yoshimura upon approval of their reappointment.

Exercise of Voting Rights via the Internet

1. You can exercise your voting rights either by conventional means or via the Internet.

You can:

- (a) attend the meeting in person, or
- (b) send the enclosed Exercise of Voting Rights Form to the Company by mail, or
- (c) exercise your voting rights via the Internet.

If you exercise your voting rights using any one of the above three methods, you need not additionally exercise your voting rights with any of the other two. For example, if you choose to adopt method (c), you are not required to send the Exercise of Voting Rights Form by mail.

2. Cautions regarding the exercise of voting rights via the Internet

Please carefully read and understand the following matters before you exercise your voting rights via the Internet.

- 1) Your exercise of voting rights is only available by way of accessing the designated Web sites (refer to the URLs below). Take note that you cannot vote via the Internet on a mobile phone. You need the “Exercise of Voting Rights Code” and the “Password” printed on the enclosed Exercise of Voting Rights Form.
- 2) The “Exercise of Voting Rights Code” and the “Password” that are sent for your use are effective only for the 80th Ordinary General Meeting of Shareholders. The Company will issue and give you another code and password for the next meeting.
- 3) If you have exercised your voting rights both by sending the Exercise of Voting Rights Form and via the Internet, only the exercise of voting rights via the Internet shall be deemed effective.
- 4) If you have exercised your voting rights several times via the Internet, only the final exercise shall be deemed as your effective exercise of voting rights.
- 5) The various expenses regarding the Internet (e.g., fee for connection with the provider, communication charge) shall be borne by the shareholders who exercise their voting rights via the Internet.

3. Procedure for the exercise of voting rights via the Internet

- 1) Please access a designated URL (either <http://www.it-soukai.com> or <https://daiko.mizuho-tb.co.jp>). However, you cannot access these URLs from 3 a.m. to 5 a.m., even during the exercise period.
- 2) Input first your “Exercise of Voting Rights Code” and “Password,” then click on the “Log In” button. The “Exercise of Voting Rights Code” and the “Password” are printed at the upper right on the enclosed Exercise of Voting Rights Form.
- 3) Enter your vote of approval or disapproval by following the instructions on the screen.
- 4) The exercise of voting rights is acceptable until 6 p.m. on Wednesday, March 24, 2010.

4. PC environment for use

Personal computer (OS)	Windows [®] models (Not applicable to mobile phones, PDAs or game machines.)
Browser software	Microsoft [®] Internet Explorer 5.5 or later
Internet viewable environment	An Internet-compliant environment allows you to use the Internet service under agreement with a provider.
Screen resolution	A resolution of 1024 × 768 pixels or higher is recommended. Microsoft Windows is a registered trademark or brand of Microsoft Corporation, a U.S. corporation, in the U.S. and other countries.

5. Security

To prevent unauthorized access by anyone other than the Company's shareholders and/or falsification of the details in the exercise of voting rights, our Internet-based voting service adopts encryption technology (SSL 128 bit) for telecommunications security. You are requested to carefully handle the "Exercise of Voting Rights Code" and the "Password," both of which are critical to authenticate your identity. Please keep them secure at all times.

Please also understand that we will never contact shareholders to make an inquiry about their Password.

For Your Inquiries (Japanese only)

1) For all inquiries pertaining to the operation of a personal computer, etc., for the exercise of voting rights via the Internet, please contact:

Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department **INTERNET HELPLINE**

Tel.: 0120-768-524 (toll free)

(Business hours: 9 a.m. to 9 p.m. excluding weekends and holidays)

2) For all other inquiries, including change of address, please contact:

Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department

Tel.: 0120-288-324 (toll free)

(Business hours: 9 a.m. to 5 p.m. excluding weekends and holidays)