

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 72nd Ordinary General Meeting of Shareholders” by Sumitomo Forestry Co., Ltd. (“Company”) to be held on June 22, 2012. The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between this English translation and the Japanese original.

May 31, 2012

To Our Shareholders

Akira Ichikawa
President/Director
Sumitomo Forestry Co., Ltd.
3-2, Otemachi 1-chome
Chiyoda-ku, Tokyo

NOTICE OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Our Shareholders:

We would like to express our appreciation for your courtesies always shown us.

You are cordially invited to our 72nd Ordinary General Meeting of Shareholders (“Meeting”) to be held as described hereunder.

If you are unable to attend the Meeting, you can exercise your voting rights by either postal mail or by Internet, etc.. Please review “Reference Documents for the General Meeting of Shareholders” as follows and exercise your voting rights in accordance with “Guidance Notes on the Exercise of Voting Rights” (see pages 2-3).

- 1. Date and Time:** Friday, June 22, 2012 at 10:00 a.m.
- 2. Place:** Main Conference Room of the Company on the 8th Floor of Keidanren Kaikan at 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
- 3. Agenda:**

Matters to be reported:

Items No 1: Reports on the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements for the 72nd Business term (from April 1, 2011 to March 31, 2012);

Items No 2: Report on the Results of Audits of the Consolidated Financial Statements for the 72nd Business term by the Accounting Auditor and the Board of Statutory Auditors.

Proposals to be resolved:

Proposal No 1 : Appropriation of Surplus

Proposal No 2 : Election of Seven (7) Directors

Proposal No 3 : Election of Three (3) Statutory Auditors

Proposal No 4 : Payment of Bonuses to Directors

4. Guidance Notes on the Exercise of Voting Rights:

(1) Method of Exercising Voting Rights

- a. If you attend the Meeting in person, please submit the enclosed voting form to the receptionist at the Meeting.
- b. If you are unable to attend the Meeting in person, please exercise your voting rights via either by postal mail or by Internet etc.

Voting by Postal Mail

Please indicate your approval or disapproval of each item on the enclosed voting form, and return it to our share register agent no later than 5:30 p.m. on Thursday, June 21, 2012 (Japan Standard Time).

Voting by Internet etc.

Please exercise your voting rights in accordance with “Guide to Exercising Voting Rights by Internet etc.” on page 3, and register your approval or disapproval of each item to be voted no later than 5:30 p.m. on Thursday, June 21, 2012 (Japan Standard Time).

(2) Matters of Exercising Voting Rights

- a. If you exercise your voting rights both by postal mail and by Internet etc., we will only accept the vote registered by Internet etc. as valid.
- b. If you exercise your voting rights more than once by Internet etc., we will only accept the last exercise of your voting rights as valid.

– End –

The Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements for the 72nd Business term are disclosed on our website (<http://sfc.jp/english/>) in accordance with the relevant laws and regulations, and Article 17 of the Articles of Incorporation of the Company. Accordingly, those documents are not included in “Notice of the 72nd Ordinary General Meeting of Shareholders”.

If there are any items that require amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements by the day before the Meeting, we will announce the amendments either by postal mail or by posting them on our website (<http://sfc.jp/english/>).

【Guide to Exercising Voting Rights by Internet etc.】

1. Exercising Voting Rights via the Internet

(1) Exercising voting rights via the Internet by your personal computer is available only by accessing the website as noted below. This site is also available via the Internet by cellular phone.

Online voting site: <http://www.webdk.net> (Japanese only)

(2) Please access the voting website for exercising voting rights by your personal computer or your cellular phone, and log in the website with the voting code and password written on the enclosed voting form. Then register your approval or disapproval of each item no later than 5:30 p.m. on Thursday, June 21, 2012 (Japan Standard Time), following the instructions on the screen.

(3) Any access fees to internet service providers and any communication fees (including, but not limited to telephone fees) for the usage of the website for voting shall be borne by the shareholders.

(4) When you exercise voting right via Internet by your personal computer, you need to use Microsoft® Internet Explorer 6.0 or latest version as the internet browser software to access the voting website.

(Microsoft is a trademark of Microsoft Corporation in the United States, registered in the United States and other countries.)

(5) When you exercise voting right via Internet by cellular phone, a type of cellular phones with 128-bit SSL communication only can access the online voting system for security purposes. Other models are not compatible with this system.

Please contact the following Help Desk for inquiries about exercising voting rights via the Internet.

**Agent for Shareholder Registry Management:
The Sumitomo Mitsui Trust & Banking Co., Ltd.
Stock Transfer Agency Department (Help Desk)
Phone (toll-free within Japan): 0120-186-417
(AM9:00~PM9:00, Japan Standard Time)**

2. Electronic Voting Platform for Institutional Investors

Institutional investors, who have applied to use “Electronic Voting Platform for Institutional Investors” operated by ICJ Inc. in advance, may use the voting platform to exercise your voting rights.

– End –

CONSOLIDATED BALANCE SHEET

As of March 31, 2012

(Millions of Yen)

ASSETS

Current assets:

Cash and deposits	¥	64,870
Notes and accounts receivable-trade		120,536
Accounts receivable from completed construction contracts		4,347
Short-term investment securities		15,000
Merchandise and finished goods		15,268
Work in process		1,172
Raw materials and supplies		4,537
Real estate for sale		34,880
Costs on uncompleted construction contracts		28,397
Deferred tax assets		7,971
Short-term loans receivable		4,759
Accounts receivable-other		43,471
Other		5,052
Allowance for doubtful accounts		(1,329)

Total current assets **348,930**

Non-current assets:

Tangible fixed assets:

Buildings and structures		26,850
Machinery, equipment and vehicles		12,312
Land		24,475
Lease assets		3,779
Construction in progress		5,973
Other		12,252

Total tangible fixed assets **85,641**

Intangibles fixed assets:

Goodwill		924
Other		7,466

Total intangible fixed assets **8,390**

Investments and other assets:

Investment securities		48,487
Long-term loans receivable		2,045
Deferred tax assets		1,251
Other		11,963
Allowance for doubtful accounts		(3,211)

Total investment and other assets **60,534**

Total non-current assets **154,566**

Total assets **¥ 503,496**

CONSOLIDATED BALANCE SHEET

As of March 31, 2012

(Millions of Yen)

LIABILITIES

Current liabilities:

Notes and accounts payable-trade	¥	98,076
Accounts payable for construction contracts		57,349
Short-term loans payable		20,761
Lease obligations		1,217
Income taxes payable		5,749
Advances received on uncompleted construction contracts		38,567
Provision for bonuses		8,931
Provision for directors' bonuses		95
Provision for warranties for completed construction		1,843
Provision for loss on disaster		60
Asset retirement obligations		536
Other		21,237

Total current liabilities **254,421**

Non-current liabilities:

Bonds payable		15,000
Long-term loans payable		28,284
Lease obligations		2,661
Deferred tax liabilities		7,316
Provision for retirement benefits		10,033
Provision for retirement benefits for directors and statutory auditors		81
Provision for loss on business liquidation		1,435
Asset retirement obligations		844
Other		14,085

Total non-current liabilities **79,740**

Total liabilities

334,161

NET ASSETS

Shareholders' equity:

Capital stock		27,672
Capital surplus		26,872
Retained earnings		114,233
Treasury stock		(268)

Total shareholders' equity **168,499**

Accumulated other comprehensive income:

Valuation difference on available-for-sale securities		5,734
Deferred gains or losses on hedges		192
Foreign currency translation adjustment		(5,291)

Total accumulated other comprehensive income **634**

Minority interests

202

Total net assets

169,335

Total liabilities and net assets

¥ **503,496**

CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2012

	(Millions of Yen)
Net sales	¥ 831,870
Cost of sales	694,997
<u>Gross profit</u>	<u>136,873</u>
Selling, general and administrative expenses	117,682
<u>Operating income</u>	<u>19,191</u>
Non-operating income:	
Interest income	269
Purchase discounts	394
Dividends income	895
Foreign exchange gain	777
Other	1,884
Total non-operating income	4,219
Non-operating expenses:	
Interest expenses	1,296
Sales discounts	619
Equity in losses of affiliated companies	314
Other	466
Total non-operating expenses	2,695
<u>Ordinary income</u>	<u>20,714</u>
Extraordinary income:	
Gain on sales of fixed assets	295
Gain on sales of investment securities	5
Gain on abolishment of retirement benefit plan	156
Total extraordinary income	455
Extraordinary loss:	
Loss on retirement of fixed assets	211
Impairment loss	3,038
Loss on valuation of investment securities	68
Loss on disaster	71
Loss on sales of securities of subsidiaries and affiliates	99
Total extraordinary loss	3,487
<u>Income before income taxes</u>	<u>17,683</u>
Income taxes-current	9,709
Income taxes-deferred	(1,282)
<u>Income before minority interests</u>	<u>9,255</u>
Minority interests in loss	(16)
<u>Net income</u>	¥ <u>9,271</u>

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2012

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of the beginning of the 72 nd business term	27,672	26,872	107,584	(267)	161,861	4,876	154	(4,005)	1,025	224	163,110
Changes of items during the period											
Dividends from surplus			(2,657)		(2,657)						(2,657)
Net income			9,271		9,271						9,271
Purchase of treasury stock				(1)	(1)						(1)
Disposal of treasury stock		(0)		0	0						0
Change in scope of equity method			26		26						26
Net changes of items other than shareholders' equity					-	857	37	(1,286)	(391)	(22)	(413)
Total changes of items during the period	-	(0)	6,639	(1)	6,638	857	37	(1,286)	(391)	(22)	6,225
Balance as of the end of the 72 nd business term	27,672	26,872	114,223	(268)	168,499	5,734	192	(5,291)	634	202	169,335

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2012

(Millions of yen)

ASSETS

Current assets:

Cash and deposits	¥	58,829
Notes receivable-trade		52,641
Accounts receivable-trade		58,044
Accounts receivable from completed construction contracts		753
Short-term investment securities		15,000
Merchandise and finished goods		10,600
Real estate for sale		33,302
Costs on uncompleted construction contracts		17,044
Advance payments-trade		345
Prepaid expenses		1,039
Deferred tax assets		5,545
Short-term loans receivable		9
Short-term loans receivable from subsidiaries and affiliates		17,310
Accounts receivable-other		62,797
Other		338
Allowance for doubtful accounts		(2,730)

Total current assets **330,864**

Non-current assets:

Tangible fixed assets:

Buildings		10,271
Structures		356
Machinery and equipment		86
Vehicles		2
Tools, furniture and fixtures		600
Land		10,418
Forest		8,731
Forestation projects		204
Lease assets		3,045
Construction in progress		836

Total tangible fixed assets **34,550**

Intangibles fixed assets:

Telephone subscription right		182
Leasehold right		4
Right of using forest road		186
Right of using facilities		2
Software		4,586
Lease assets		2

Total intangible fixed assets **4,962**

Investments and other assets:

Investment securities		39,269
Securities of subsidiaries and affiliates		25,228
Investments in capital of subsidiaries and affiliates		1,749
Long-term loans receivable		389
Long-term loans receivable from employees		37
Long-term loans receivable from subsidiaries and affiliates		6,309
Claims provable in bankruptcy, claims provable in rehabilitation and other		3,113
Long-term prepaid expenses		593
Other		4,098
Allowance for doubtful accounts		(3,650)

Total investment and other assets **77,135**

Total non-current assets

Total assets **¥ 447,510**

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2012

(Millions of yen)

LIABILITIES

Current liabilities:

Notes payable-trade	¥	7,832
Accounts payable-trade		75,103
Accounts payable for construction contracts		71,512
Current portion of long-term loans payable		5,800
Lease obligations		1,263
Accounts payable-other		7,625
Income taxes payable		4,063
Accrued consumption taxes		1,104
Accrued expenses		968
Advances received		775
Advances received on uncompleted construction contracts		31,965
Deposits received		23,377
Unearned revenue		1,419
Provision for bonuses		5,800
Provision for directors' bonuses		95
Provision for warranties for completed construction		1,695
Provision for loss on disaster		60
Asset retirement obligations		528

Total current liabilities **240,984**

Non-current liabilities:

Bonds payable		15,000
Long-term loans payable		18,900
Guarantee deposited		4,974
Lease obligations		1,640
Deferred tax liabilities		3,570
Provision for retirement benefits		4,230
Provision for loss on business of subsidiaries and affiliates		3,671
Provision for loss on business liquidation		1,435
Asset retirement obligations		731
Other		219

Total non-current liabilities **54,370**

Total liabilities **295,354**

NET ASSETS

Shareholders' equity:

Capital stock		27,672
Capital surplus:		
Legal capital surplus		26,613
Other capital surplus		259
<u>Total capital surplus</u>		<u>26,872</u>
Retained earnings:		
Legal retained earnings		2,857
Other retained earnings		
Reserve for advanced depreciation		1,444
General reserve		76,387
Retained earnings brought forward		11,090
Total other retained earnings		88,922
<u>Total retained earnings</u>		<u>91,779</u>

Treasury stock **(268)**

Total shareholder's equity **146,055**

Valuation and translation adjustments:

Valuation difference on available-for-sale securities		5,906
Deferred gains or losses on hedges		195

Total valuation and translation adjustments **6,102**

Total net assets **152,156**

Total liabilities and net assets **¥ 447,510**

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2012

(Millions of yen)

Net sales:	
Net sales	¥ 376,345
Net sales of completed construction contracts	303,843
Total net sales	680,189
Cost of sales:	
Cost of sales	357,041
Cost of sales of completed construction contracts	225,903
Total cost of sales	582,944
<u>Gross profit</u>	<u>97,245</u>
Selling, general and administrative expenses:	83,532
<u>Operating income</u>	<u>13,713</u>
Non-operating income:	
Interest income	411
Interest on securities	17
Purchase discounts	336
Dividends income	3,104
Other	1,259
Total non-operating income	5,127
Non-operating expenses:	
Interest expenses	500
Interest on bonds	203
Sales discounts	505
Other	250
Total non-operating expense	1,458
<u>Ordinary income</u>	<u>17,383</u>
Extraordinary income:	
Gains on sales fixed assets	285
Gains on sales of investment securities	5
Total extraordinary income	290
Extraordinary loss:	
Loss on sales of fixed assets	144
Loss on valuation of investment securities	68
Loss on disaster	67
Loss on sales of securities of subsidiaries and affiliates	159
Loss on equity participation in subsidiaries and affiliates	920
Loss on liquidation of subsidiaries and affiliates	546
Total extraordinary loss	1,904
<u>Income before income taxes</u>	<u>15,768</u>
Income taxes-current	6,564
Income taxes-deferred	(587)
<u>Net income</u>	¥ <u>9,791</u>

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2012

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets	
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		Deferred gains or losses on hedges
		Legal capital surplus	Other capital surplus		Other Retained earnings							
					Reserve for advanced depreciation	General reserve	Retained earnings brought forward					
Balance as of the beginning of the 72 nd business term	27,672	26,613	259	2,857	1,347	76,687	3,754	(267)	138,921	5,046	201	144,168
Changes of items during the period												
Reversal of general reserve						(300)	300		-			-
Dividends from surplus							(2,657)		(2,657)			(2,657)
Net income							9,791		9,791			9,791
Purchase of treasury stock								(1)	(1)			(1)
Disposal of treasury stock			(0)					0	0			0
Net changes of items other than shareholders' equity					98		(98)		-	860	(6)	855
Total changes of items during the period	-	-	(0)	-	98	(300)	7,336	(1)	7,133	860	(6)	7,988
Balance as of the end of the 72 nd business term	27,672	26,613	259	2,857	1,444	76,387	11,090	(268)	146,055	5,906	195	152,156

Proposal No 2: Election of Seven (7) Directors

The terms of office of all seven (7) directors will expire at the closing of the Meeting pursuant to Article 22 of the Articles of Incorporation.

Accordingly, the Company hereby proposes the election of seven (7) directors.

The candidates for the Directors are as follows:

(Current positions, responsibilities and significant concurrent positions are underscored)

No.	Name (Date of birth)	Career summary, positions and responsibility in the Company, and significant concurrent positions	Number of shares in the Company owned
1	Ryu Yano (April 21, 1940)	April 1963 Joined the Company December 1988 <u>Director</u> June 1992 <u>Managing Director</u> June 1995 <u>Senior Managing Director</u> April 1999 <u>President / Director</u> June 2002 <u>President and Executive Officer</u> April 2010 <u>Chairman of the Board</u>	79,675 shares
2	Akira Ichikawa (November 12, 1954)	April 1978 Joined the Company June 2007 <u>Executive Officer</u> June 2008 <u>Director</u> <u>Managing Executive Officer</u> April 2010 <u>President / Director</u> <u>President and Executive Officer</u>	32,200 shares
3	Hideyuki Kamiyama (November 29, 1951)	April 1975 Joined the Company June 2004 <u>Executive Officer</u> April 2005 <u>Managing Executive Officer</u> June 2005 <u>Director</u> April 2007 In charge of Corporate Planning, General Administration, Finance, Information Systems and Internal Audit June 2008 <u>Divisional Manager of Timber & Building</u> <u>Materials Division</u> June 2009 <u>Senior Managing Executive Officer</u> April 2010 <u>Divisional Manager of Real Estate Business</u> <u>Division</u> April 2011 <u>Executive Vice President and Executive</u> <u>Officer</u> <u>Divisional Manager of Forestry &</u> <u>Environment Division</u> (also oversees Oversea Business Division and Real Estate Division) June 2011 <u>(also oversees Forestry & Environment</u> <u>Division and Overseas Business Division)</u>	22,100 shares

(Current positions, responsibilities and significant concurrent positions are underscored)

No.	Name (Date of birth)	Career summary, positions and responsibility in the Company, and significant concurrent positions	Number of shares in the Company owned
4	Hitoshi Hayano (July 10, 1953)	April 1977 Joined the Company June 2005 Executive Officer April 2006 Managing Executive Officer June 2006 <u>Director</u> April 2007 Divisional Manager of Real Estate Business Division April 2010 <u>Divisional Manager of Housing Division</u> April 2011 <u>Senior Managing Executive Officer</u>	22,900 shares
5	Shigeru Sasabe (February 28, 1954)	April 1977 Joined the Company April 2007 General Manager of Personnel Department June 2008 Executive Officer September 2008 General Manager of Personnel Department General Manager of General Administration Department and Personnel Department October 2008 General Manager of General Administration Department April 2010 <u>Managing Executive Officer</u> In charge of Corporate Planning, General Administration, Environmental Management, Corporate Communications, Personnel, Finance, Information Systems and Internal Audit June 2010 <u>Director</u> April 2011 In charge of General Administration, Personnel, Corporate Communications, Internal Audit, Intellectual Property, and Tsukuba Institute (also oversees Corporate Planning, Finance, and Information Systems) April 2012 <u>In charge of General Administration, Personnel, Corporate Communications, Internal Audit, Intellectual Property, Environmental Management, Divisional Manager of Lifestyle Service Division and General Manager of Lifestyle Service Department, Lifestyle Service Division</u> (also oversees Corporate Planning, Finance, Information Systems and Tsukuba Institute)	11,521 shares

(Current positions, responsibilities and significant concurrent positions are underscored)

No.	Name (Date of birth)	Career summary, positions and responsibility in the Company, and significant concurrent positions	Number of shares in the Company owned
6	Hideo Watabe (August 4, 1952)	<p>April 1976 Joined the Company</p> <p>June 2006 Executive Officer</p> <p>April 2007 Deputy Divisional Manager of Real Estate Business Division and General Manager of Real Estate Solution Department, Real Estate Business Division.</p> <p>June 2009 <u>Managing Executive Officer</u></p> <p>April 2010 Divisional Manager of Real Estate Business Division and General Manager of Real Estate Solution Department, Real Estate Business Division</p> <p>October 2010 Divisional Manager of Real Estate Business Division</p> <p>June 2011 <u>Director</u></p> <p>April 2012 <u>Deputy Divisional Manager of Housing Division and General Manager of Renovation & Leasing Section, Housing Division</u></p>	12,700 shares
7	Ken Wada (December 26, 1956)	<p>July 1983 Joined the Company</p> <p>April 2007 General Manager of Fukuoka Branch, Housing Division</p> <p>April 2008 Deputy Divisional Manager of Housing Division (in charge of Business Strategy and SUCCEED Business)</p> <p>June 2008 Executive Officer Deputy Divisional Manager of Housing Division (in charge of Business Strategy and SUCCEED Business)</p> <p>April 2009 Deputy Divisional Manager of Housing Division (in charge of Business Strategy, Corporate Marketing , Product Development and FOREST MAISON Business)</p> <p>April 2010 <u>Managing Executive Officer</u> Deputy Divisional Manager of Housing Division (in charge of Corporate Marketing and FOREST MAISON Business) and General Manager of Marketing Strategy Department, Housing Division</p> <p>April 2011 Deputy Divisional Manager of Housing Division (in charge of Marketing)</p> <p>June 2011 <u>Director</u></p> <p>April 2012 <u>Deputy Divisional Manager of Housing Division and General Manager of Custom-Build Housing Section, Housing Division</u></p>	25,100 shares

Note:

1. None of the candidates above has any special conflicts of interest with the Company.
2. Number of shares in the Company owned by the candidates stated above are as of March 31, 2012.
3. SUCCEED and FOREST MAISON are brands of the Company's construction services for leasing housing.

Proposal No 3: Election of Three (3) Statutory Auditors

One statutory auditor, Satohiko Sasaki will resign at the closing of the Meeting and two (2) statutory auditors, Satoru Takeno and Hiroshi Miki will retire upon the expiration of their terms of office at the closing of the Meeting.

Accordingly, the Company hereby proposes the election of three (3) statutory auditors.

The candidates for the statutory auditors are as follows.

The Board of Statutory Auditors has already approved this proposal.

(Current positions and significant concurrent positions are underscored)

No.	Name (Date of birth)	Career summary, positions in the Company, and significant concurrent positions		Number of shares in the Company owned
1	Hidekazu Tanaka (May 29, 1954)	April 1978 April 2007 April 2010 April 2012	Joined the Company General Manager of Environmental Solution Department, Forestry & Environment Division General Manager of Environmental Business Department, Forestry & Environment Division <u>General Manager of Internal Audit Department (in charge of special assignment)</u>	1,200 shares
2	Shin Nagata (January 13, 1952)	April 1983 March 1987 June 1995 April 1996	Associate Professor of Faculty of Economics and Business Administration at Hokkaido University Associate Professor of Faculty of Agriculture at University of Tokyo Professor of Faculty of Agriculture at University of Tokyo <u>Professor of Graduate School of Agricultural and Life Sciences at University of Tokyo</u>	0 shares
3	Junko Hirakawa (October 9, 1947)	April 1973 February 1979 October 1983 July 1997 February 2003	Registered as an Attorney at law admitted in Japan Registered as an Attorney at law admitted in New York, United States of America Partner of Yuasa & Hara Law & Patent Firm Established Hirakawa, Sato & Kobayashi Law Firm (Currently called City-Yuwa Partners) Partner of Hirakawa, Sato & Kobayashi Law Firm <u>Partner of City-Yuwa Partners</u>	0 shares
		[Significant concurrent position of other company] <u>Outside director of Tokyo Financial Exchange Inc.</u>		

Notes:

- None of the candidates above has any special conflicts of interest with the Company.
- Number of shares in the Company owned by the candidates stated above are as of March 31, 2012.
- Mr. Nagata and Ms. Hirakawa are candidates for the outside statutory auditors as set forth in item 8, paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act. Both Mr. Nagata and Ms. Hirakawa are the candidates for independent auditors stipulated in the Security Listing Regulations of Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.
- The reason for recommending Mr. Nagata as a candidate for the outside statutory auditor: He has specialist knowledge based on abundant experiences in area closely tied to the Company's business domain including forest science and resources. In order to harness this knowledge and experience in its audit, the Company is seeking his appoint an outside statutory auditor. Mr. Nagata has not ever participated in corporate management in any forms to date; however, we have recognized that he is able to perform the duties of an outside statutory auditor for the reason outlined above.
- The reason for recommending Ms. Hirakawa as a candidate for the outside statutory auditor: She is well versed in practical operation of legal affairs both Japan and overseas as a corporate lawyer. The Company is confident in Ms. Hirakawa's ability to appropriately carry out audits of the Company and is accordingly seeking her appointment as an outside statutory auditor. Ms. Hirakawa has not ever participated in corporate management in any forms except in forms of an outside director or an outside statutory auditor of the other company to date; however, we

recognized that she is able to perform the duties of an outside statutory auditor for the reason outlined above.

6. The Company will entered into agreements for “Limited Liability to statutory auditors etc. for damage, stipulated in paragraph 1, Article 423 of the Companies Act” with Mr. Nagata and Ms. Hirakawa pursuant to paragraph 1, Article 427 of the Companies Act. Total liability of theirs shall be limited to the amount stipulated in paragraph 1, Article 425 of the Companies Act.

Proposal No 4: Payment of Bonuses to Directors

The Company hereby proposes to pay bonuses total amount of 95,000,000 yen for seven (7) directors in office at the end of the current fiscal year, taking into account of the operating performance for the 72nd business term and other relevant factors comprehensively.

The Company also proposes that decision for the amounts of bonus to each director is determined by the Board of Directors.

– End –