

December 28, 2005

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

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

Notice of Right to Exercise Call Option on the 2nd Unsecured Convertible Bonds

Regarding the 2nd unsecured convertible bonds with 120% call option (the Bonds) which the Company issued on April 15, 2002, the requirements for a 120% call option of the Bonds, provided in the agreement with companies commissioned on behalf of the bondholders, were met on December 28, 2005. By virtue of this qualification, the Company has the right to exercise early redemption, at 100 percent of the 100 yen par value of each bond.

If the Company elects to exercise the right based on the aforementioned requirements, it will publish and disseminate notice of the procedure for redemption to bondholders within 20 days of the time the right accrues to the Company, and during a period more than 30 days and less than 60 days prior to the date upon which the Bonds are redeemed. Currently, the Company has not decided whether or not to exercise the right.

As the right accrues to the Company when the closing price of the Company's shares on the Tokyo Stock Exchange for each of the last 20 consecutive trading days is at least 120% of the conversion price in effect on each such trading day, the Company may continue to reserve the right on and after December 29, 2005.

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