

July 12, 2006

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

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

Notice of Losing Effect of the 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 had the right to exercise early redemption, at 100 percent of the 100 yen par value of each bond. However, the closing share price on July 11, 2006, was below the conditions for the right, at least 120% of the conversion price.

Following this, the Company decided not to exercise the right today, and the right lost effect.

When the requirements are met hereafter, the right, however, may newly accrue, and if so, the Company will notice again.

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