

**The following is a translation summary of the official announcement given to the JASDAQ and the media in Tokyo, Japan.**



May 31, 2006

Company: SPARX Asset Management Co., Ltd  
(JASDAQ Code: 8739)

**NOTICE ABOUT PLANNED GRANTING OF STOCK OPTIONS UNDER THE NEW SHARE**

**SUBSCRIPTION FORMULA.**

Regarding the captioned matter in the press release that was announced on May 12, 2006, we intend to inform you again, in reflection of the enforcement of the Corporate Law on May 1, 2006 (changed are made in the underlined portions below). There are no particular alterations in the contents of the granting: namely, the granting target persons and the number of shares to be granted.

Details of the Granting

1. Reasons for making it necessary to invite persons that are willing to undertake new share subscription rights under particularly advantageous conditions, from among non-shareholders of our company:

To raise the incentives for business improvement of our company among the directors and employees of our company, its subsidiaries, and related companies (hereinafter collectively referred to "Our Company Group"), as well as persons having continued contract relations with Our Company Group in the form of consignment and subcontracting in connection with the asset operation work of Our Company Group, and also to secure excellent personnel, we would like to seek approval to entrust the Board of Directors of our company with the work of issuing new share subscription rights free of charge, for the purpose of stock options, under the following guidelines. The beneficiaries of the granting will be the aforementioned personnel: directors and employees of Our Company Group, as well as persons having continued consignment/subcontracting contract relations with Our Company Group in connection with our asset operation work.

One available new share subscription plan is designed to set the amount to be paid for the exercise of new share subscription rights at the time of their issuance based on the market price of the stock (hereinafter, "Stock Option Plan A").

Under the other plan, the amount to be paid in for the exercise of new share subscription rights shall be at a level lower than the market price of the stock, namely, ¥1 per share

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(hereinafter, "Stock Option Plan B"). For the directors and employees of Our Company Group, the granting of the said new share subscription rights, as part of incentives, will enable our company to curtail cash payment and make deferred payment of remunerations by setting a fixed period of rights exercise after the granting of new share subscription rights. The step is also aimed at increasing the motivation of people who have continued contract relations with Our Company Group toward the business improvement of Our Group.

Economically, the stock option plan is expected to have almost the same effects as those of granting assignment-limited shares, which is a kind of stock incentive plan implemented in the U.S.

2. Guidelines for the issuance of new stock subscription rights related to Stock Option Plan A

(1) Upper limit of new stock subscription rights whose granting is planned

The upper limit shall be 2,000 units.

(2) Contents of new share subscription rights planned to be granted

(i) Class and number of shares that are the objective of the new share subscription rights

A total of 2,000 common shares of our company shall be the upper limit, and the number of shares that are the objective of one (1) unit of the new share subscription rights shall be one (1) share. If adjustment of the number of shares as provided for in this section is carried out, however, the number of shares that are the objective of new share subscription rights shall be subject to similar adjustment.

If our company implements a stock split or stock merger, new stock subscription rights not yet exercised as of the said stock split or stock merger time, among the new share subscription rights, shall be processed under the following calculation formula for the purpose of adjusting the number of shares that will be the objective of the new share subscription rights.

No. of shares after adjusted = No. of shares before adjusted x Split (or merger) ratio

Further, if our company implements new share issuance or disposal of treasury shares (excluding cases based on the exercise of new share subscription rights) at a price lower than the market price of our company's shares, the number of shares that are the objective of new share subscription rights shall be altered in accordance with the following formula:

No. of shares after adjusted = No. of shares before adjusted x  $\frac{\text{Exercise price before adjusted}}{\text{Exercise price after adjusted}}$

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Regarding “exercise price after adjusted,” refer to (ii) below.

In addition to the above, if our company carries out gratis assignment of shares or new share subscription rights; merges with some other company; implements a corporate split, or executes capital decrease, after the date of issuing new share subscription rights; or, if it requires adjustment of the number of shares similarly to the aforementioned cases, the number of said shares shall be appropriately adjusted, within a reasonable range.

(ii) Value of assets to be provided on the occasion of the exercise of new share subscription rights

The value of assets to be contributed for one (1) share, which is the objective of the exercise of new share subscription rights (hereinafter referred to as “Exercise Price”), shall be the amount obtained by multiplying the higher of the following two: the average of closing prices of our company’s common shares at the JASDAQ Stock Exchange on individual days (excluding a day when no market transaction was made) during the month before the month to which the new share subscription rights issuance day belongs, or the closing price of ordinary transaction of our company’s common shares at the JASDAQ Stock Exchange on the issuance date (if there is no closing price, the closing price of the immediately preceding date), by 1.05. Fractions less than ¥1 shall be rounded up to ¥1.

If our company implements a stock split or stock merger after the issuance of new share subscription rights, the Exercise Price shall be adjusted in line with the following calculation formula, and fractions less than ¥1, arising as a result of adjustment, shall be rounded up to ¥1.

$$\text{Exercise Price after adjusted} = \text{Exercise Price before adjusted} \times \frac{1}{\text{Stock split/merger ratio}}$$

Also, if our company carries out new share issuance or disposal of treasury stock at price levels lower than the market price (excluding cases based on exercise of new share subscription rights), adjustment shall be made in accordance with the following calculation formula, and fractions less than ¥1, arising as a result of adjustment, shall be rounded up to ¥1.

Exercise Price after adjusted=

$$\text{Exercise Price before adjusted} \times \frac{\text{No. of newly issued or disposed of shares} \times \text{Per-share payment amount}}{\text{No. of previously issued shares (excluding treasury shares)} + \text{Per-share market price}}$$
$$\text{No. of previously issued shares (excluding treasury shares)} + \text{No. of newly issued or disposed shares}$$

In addition to the above, if our company conducts gratis assignment of shares or new share subscription rights; merges with some other company; implements a corporate split, or executes capital decrease, after the date of issuing new share subscription rights; or, if it requires adjustment of the Exercise Price similarly to the aforementioned cases, the said Exercise Price shall be appropriately adjusted within a reasonable range.

(iii) Period during which new share subscription rights can be exercised

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The period shall be set within the range of July 1, 2009 to June 30, 2015, by a resolution of the Board of Directors of our company.

(iv) Conditions for the exercise of new share subscription rights

- ① Persons given the allotment of new share subscription rights shall be required to be directors, corporate auditors, employees, advisers, or consultants of our company, its subsidiaries, or related companies, or persons in continual contract relationships with our company, its subsidiaries, or related companies for consignment or subcontracting irrespective of nominal names, at the time of rights exercise. However, if a person who was given the allotment of new share subscription rights retires due to the expiration of his or her term of office; if a person retires due to the arrival of the retirement age, or if a retiring person is recognized to have made special contributions to our company, there may be cases in which that person can exercise new share subscription rights even after his or her resignation.
- ② Other conditions shall be governed by new share subscription rights agreements to be concluded between our company and new share subscription rights holders based on resolutions by general meetings of shareholders and the Board of Directors of our company.

(v) Matters related to paid-in capital and capital reserve that increase when issuing shares through exercise of new share subscription rights

- ① The amount of paid-in capital, which increases when issuing shares through the exercise of new share subscription rights, shall be the amount of 1/2 of the increase limit amount for the paid-in capital, etc., to be calculated pursuant to the Corporate Calculation Regulations, Article 40, Paragraph 1, and fractions less than ¥1, arising as a result of the said calculation, shall be rounded up to ¥1.
- ② The amount of capital reserve, which increases when issuing shares through the exercise of new share subscription rights, shall be a figure derived by deducting the increasing amount of paid-in capital from the increase limit amount for the paid-in capital, etc., shown in ① above.

(vi) Restriction of assignment of new share subscription rights

For the assignment of new share subscription rights, approval of the Board of Directors is required.

(vii) Reasons and conditions for obtaining new share subscription rights

- ① Our company can obtain all of the new share subscription rights owned by new share subscription rights holders free of charge, based on a resolution by its Board of Directors, if a motion for approving an absorption/merger agreement in which our company shall be the absorption/merger-related extinction company, a new establishment/merger agreement in which our company shall be the new establishment/merger-related extinction company, a stock

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exchange agreement in which our company shall become the stock exchange-related wholly-owned subsidiary company, or a stock transfer plan in which our company shall become the stock transfer-related wholly-owned subsidiary company is approved by a general meeting of shareholders.

② If a new share subscription rights holder is unable to exercise his or her new share subscription rights because he or she ceases to meet the conditions for the exercise of new share subscription rights before exercising the said rights, if the new share subscription rights holder renounces all or part of the said rights, or if a related agreement with a new share subscription rights holder is concluded, our company can obtain the said new share subscription rights free of charge.

(viii) If there are fractions less than 1 share in the number of shares to be delivered to a new share subscription rights holder who exercises new share subscription rights  
Fractions less than one (1) share, which arises, if the number of shares – the objective of new share subscription rights – is adjusted pursuant to the provisions in any of the items above, shall be omitted.

(ix) Issuance of new share subscription rights certificates

New share subscription rights certificates related to new share subscription rights shall be issued only if their issuance is requested by a new share subscription rights holder.

The new share subscription rights holder may not ask our company to change already issued new share subscription rights certificates of the registered type to those of the non-registered type, or vice versa.

(3) Payment to be made in exchange for purchase-invited new share subscription rights

Because the new share subscription rights are allotted free of charge, no payment is required to be made by the would-be holders of new share subscription rights.

3. Guidelines for the issuance of new stock subscription rights related to Stock Option Plan B

(1) Upper limit of new stock subscription rights planned to be granted

The upper limit shall be 6,000 units.

(2) Contents of new share subscription rights planned to be granted

(i) Class and number of shares that are the objective of the new share subscription rights

A total of 6,000 common shares of our company shall be the upper limit, and the number of shares that are the objective of one (1) unit of the new share subscription rights shall be one (1) share. If adjustment of the number of shares as provided for in this paragraph is carried out, however, the number of shares that are the objective of new share subscription rights shall be

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subject to similar adjustment.

If our company implements a stock split or stock merger, new stock subscription rights not yet exercised as of the said stock split or stock merger time, among the new share subscription rights, shall be processed under the following calculation formula for the purpose of adjusting the number of shares that will be the objective of the new share subscription rights.

$$\text{No. of shares after adjusted} = \text{No. of shares before adjusted} \times \text{Split (or merger) ratio}$$

Further, if our company implements new share issuance or disposal of treasury shares at a price lower than the market price of its shares (excluding cases based on the exercise of new share subscription rights), the number of shares that are the objective of new share subscription rights shall be altered in accordance with the following formula:

$$\text{No. of shares after adjusted} = \text{No. of shares before adjusted} \times \frac{\text{Exercise Price before adjusted}}{\text{Exercise Price after adjusted}}$$

Regarding “Exercise Price after adjusted,” refer to (ii) below.

In addition to the above, if our company conducts gratis assignment of shares or new share subscription rights; merges with some other company; implements a corporate split, or executes capital decrease, after the date of issuing new share subscription rights; or, if it requires adjustment of the number of shares similarly to the aforementioned cases, the number of said shares shall be appropriately adjusted, within a reasonable range.

(ii) Value of assets to be provided on the occasion of the exercise of new share subscription rights

The payment amount for one (1) share, which is the objective of the exercise of new share subscription rights, shall be ¥1.

(iii) Period during which new share subscription rights can be exercised

The period shall be set within the range of July 1, 2006 to June 30, 2018, by a resolution of the Board of Directors of our company.

(iv) and (ix) The same as under the Stock Option Plan A.

(3) Payment to be made in exchange for purchase-invited new share subscription rights

Because the new share subscription rights are allotted free of charge, no payment is required to be made by would-be holders of new share subscription rights.

[End]