

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



May 18, 2007

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

NOTICE ABOUT PLANNED GRANTING OF STOCK OPTIONS
UNDER NEW SHARE SUBSCRIPTION FORMULA

TOKYO (May 18, 2007) – SPARX Group Co., Ltd. (hereafter “SPARX”) announced today that its Board of Directors resolved on May 18, 2007 that SPARX will propose a free issue of equity warrants for the purpose of stock options at its 18th Annual General Meeting of shareholders to be held on June 21, 2007. Details about the proposal are below.

For reference:

Proposal: “Planned Granting of Stock Options under New Share Subscription Formula”

Pursuant to the provisions of Articles 236, 238 and 239 of the Corporate Law of Japan, on behalf of Company Directors (excluding External Board Directors), other employees of SPARX, its subsidiaries and its related companies (hereinafter collectively referred to as the “SPARX Group”), we seek approval to entrust the Board of Directors with the work of determining guidelines for new share subscription rights relating to the issuance of stock options.

The granting of new share subscription rights for SPARX Directors falls under the remuneration criteria spelled out in Article 361, 1-3 of the Corporate Law of Japan. The proposal also calls for remuneration in the form of stock options for Directors subject to a “Five Director Selection” clause, provided that agenda item is approved. This is separate from a Director compensation plan (of no more than 600 million yen annually—excepting certain Directors) which was approved at the 15th Annual General Meeting of shareholders held on June 22, 2004.

1. Reasons for the issuance of new share subscription rights under very favorable conditions to non-shareholders of SPARX:

Approval to entrust the Board of Directors of SPARX Group with the work of issuing new share subscription rights free of charge, for the purpose of stock options, is being sought to improve

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incentives designed to foster business growth and secure superior personnel among SPARX Group Directors and employees, as well as persons having continuous contractual relations with SPARX Group in the form of consignment or subcontracting work in connection with the asset management operations. The new share subscription rights would be subject to the following guidelines: Beneficiaries include Directors and employees of SPARX Group, as well as persons having continued continuous contractual relations with SPARX Group in the form of consignment or subcontracting work in connection with the asset management operations.

One of the new share subscription plans sets the amount to be paid for exercising the 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 available, the amount to be paid to excise new share subscription rights shall be at a level lower than the market price of the stock, namely, ¥1 per share (hereinafter, "Stock Option Plan B"). For Directors and employees of SPARX Group, the granting of the said new share subscription rights, as part of SPARX Group's incentives, will enable SPARX Group to curtail cash payments and defer payment of remuneration by setting a fixed period for exercising rights after the granting of new share subscription rights. This step is aimed at increasing the motivation of people who have continual contractual relations at SPARX Group in a way that enhances business operations.

In terms of the economics, the stock option plan is expected to have almost the same affect as the granting of assignment-limited shares, which is a type of stock incentive plan often implemented at companies in the U.S.

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

(1) Upper limit of planned new stock subscription rights:

The upper limit shall be 1,000 units.

(2) Contents of planned new share subscription rights:

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

A total of 1,000 common shares of SPARX's stock shall be the upper limit, and the number of shares encompassed by one (1) unit of the new share subscription rights shall be one (1) share. If an adjustment to the number of shares provided for in this section is carried out, however, the number of shares encompassed by the new share subscription rights shall be subject to a similar adjustment.

If SPARX implements a stock split or stock merger, new stock subscription rights not yet exercised as of the said stock split or stock merger time shall be processed under the following

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calculation formula for the purpose of adjusting the number of shares encompassed by the new share subscription rights.

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

Further, if SPARX implements a new share issuance or a disposal of its treasury stock (excluding cases based on the exercise of new share subscription rights and new common stock preemptive rights) at a price lower than the market price of SPARX's shares, the number of shares that are encompassed by the new share subscription rights shall be altered in accordance with the following formula:

$$\text{Price paid for adjusted shares} = \text{No. of shares before adjustment} \times (\text{Exercise price of shares before adjustment} / \text{Exercise price of shares after adjustment})$$

Regarding the "exercise price after adjustment," refer to (ii) below.

In addition to the above notation, if after the date of issuing new share subscription rights described herein SPARX carries out a *gratis* assignment of shares or new share subscription rights; merges with some other Company; implements a corporate split, or executes a capital decrease; or, if it requires an adjustment to the number of shares similar to that noted in 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 exercising new share subscription rights:

The value of assets to be contributed for one (1) share, which encompasses exercising of new share subscription rights (hereinafter referred to as "Exercise Price"), shall be the amount obtained by multiplying by 1.05 the higher of the following two options: the average of closing price of SPARX's common shares traded on the JASDAQ Stock Exchange on individual days (excluding days when no market transactions are made) during the month before the month in which the new share subscription rights are issued, or the closing price of ordinary transactions of SPARX's common shares on the JASDAQ Stock Exchange on the issuance date (if there is no closing price, the closing price of the immediately preceding day). Fractions less than ¥1 shall be rounded up to ¥1.

If SPARX 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 (fractions less than ¥1 arising as a result of adjustment shall be rounded up to ¥1):

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times (1.0 / \text{the split or merger})$$

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ratio)

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

Exercise Price after adjustment = Exercise Price before adjustment x ((No. of shares already outstanding + ((No. of new shares x Price paid per share) / Price per share)) / (No. of shares already outstanding + No. of new shares))

In addition to the above notation, if after the date of issuing new share subscription rights described herein SPARX carries out a *gratis* assignment of shares or new share subscription rights; merges with some other Company; implements a corporate split, or executes a capital decrease; or, if it requires an adjustment to the number of shares similar to that noted in the aforementioned cases, the number of said shares shall be appropriately adjusted within a reasonable range.

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

The period shall be set within the range of July 1, 2010 to June 30, 2016, by a resolution of the Board of Directors of SPARX.

(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 SPARX, its subsidiaries, or related companies, or persons in continual contractual relationships with SPARX, 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 employment term; or if a person retires upon reaching retirement age; or if a retiring person is recognized as having made special contributions to SPARX, then there may be cases in which that person can exercise new share subscription rights even after his or her resignation from SPARX.

② Other conditions shall be governed by new share subscription rights agreements to be concluded between SPARX and new share subscription rights holders based on resolutions passed at General Meetings of Company Shareholders and SPARX's Board of Directors.

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

① The amount of paid-in capital, which increases when issuing shares through exercising new

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share subscription rights, shall be the amount of 1/2 of the increase limit amount for paid-in capital, etc. to be calculated pursuant to 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 reserves, which increases when issuing shares through exercising new share subscription rights, shall be a figure derived by deducting the increasing amount of paid-in capital from the increase limit amount for paid-in capital, etc. as shown in ① above.

(vi) Restriction of assignment for new share subscription rights:

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

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

① SPARX can reacquire all 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 approving an absorption/merger agreement in which SPARX shall be the target of an absorption or merger-related transaction Company or approving a stock exchange agreement in which SPARX shall become a stock exchange-related wholly-owned subsidiary Company of another company, or a stock transfer plan in which SPARX shall become a 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 exercising of new share subscription rights before exercising the said rights, or if the new share subscription rights holder renounces all or part of the said rights, SPARX 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 encompassed by 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 SPARX to change already issued new share subscription rights certificates of the registered type to those of the non-registered type, or visa versa.

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(3) Payment to be made in exchange for new share subscription rights through subscription invitation

Because the new share subscription rights are allotted free of charge, no payment is required from 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 4,000 units.

(2) Contents of planned new share subscription rights:

(i) Class and number of shares encompassed by new share subscription rights:

A total of 4,000 common shares of SPARX shall be the upper limit, and the number of shares that are encompassed by one (1) unit of the new share subscription rights shall be one (1) share. If an adjustment to the number of shares as provided for in this paragraph is carried out, however, the number of shares that are encompassed in the new share subscription rights shall be subject to a similar adjustment.

If SPARX 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 SPARX implements a new share issuance or disposal of treasury stock at a price lower than the market price of its shares (excluding cases based on the exercising of new share subscription rights), the number of shares that are encompassed by new share subscription rights shall be altered in accordance with the following formula (fractions less than 1 share arising as a result of an adjustment shall be omitted).

Price paid after adjustment = No. of shares before adjustment x (Exercise price before adjustment / Exercise price after adjustment)

Regarding "Exercise price after adjustment," refer to (ii) below.

In addition to the above notation, if after the date of issuing new share subscription rights described herein SPARX carries out a *gratis* assignment of shares or new share subscription rights; merges with some other Company; implements a corporate split, or executes a capital

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decrease; or, if it requires an adjustment to the number of shares similar to that noted in the aforementioned cases, the number of said shares shall be appropriately adjusted within a reasonable range.

(ii) Value of assets to be provided on exercising new share subscription rights:

The payment amount for one (1) share, which is encompassed by the exercising 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, 2007 to June 30, 2019, by a resolution of the Board of Directors of SPARX.

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

(3) Payment to be made in exchange for new share subscription rights through subscription invitation:

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

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