

November 18, 2008

To whom it may concern

Company name	Charle Co., Ltd.
Representative	Katsuya Hayashi, Director and Representative Executive Officer (Code number 9885: Second Section of the Osaka Securities Exchange)
Contact	Masafumi Okamoto, Executive Officer in charge of IR Phone: +81-78-792-7431

Request for Submission of an “Improvement Report” from the Osaka Securities Exchange

Charle Co., Ltd. (the “Company”) hereby announces that the Company received a request today for submission of an “improvement report” from the Osaka Securities Exchange for the reasons described below, in accordance with the Exchange’s “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security and the Like.”

The Company will respond in good faith to the request for this report made by the Osaka Securities Exchange.

Reason for the request made by the Osaka Securities Exchange for submission of an improvement report

On September 19, 2008, the Company disclosed in a press release its affirmative view regarding a tender offer for the shares of common stock of the Company, which will be conducted as part of a management buyout (the “MBO”).

On that occasion, in “Measures Taken to Ensure Fairness in the Evaluation of the Offer Price and Measures Taken to Prevent Conflicts of Interest” (the “Measures to Ensure Fairness”), the Company disclosed with respect to the MBO that (1) because directors who are members of the founding family will be involved in the purchase, those directors refrained from participating in any discussions concerning the transaction and (2) the Company received an explanation about legal issues from a legal advisor.

However, the Company subsequently acknowledged that, according to the results of the investigation and inquiries made to the Company by a third-party committee, (1) the advisor to the founding family had been involved in the process of examining the management plan by outside directors and had given advice; and (2) that the Company did not receive an original of the letter of, and refused to accept, the legal opinion given by a legal counsel which stated that “it is highly possible that the management plan was prepared for the purpose of lowering the stock value”.

Consequently, the information disclosed at the time when the Company expressed its view on September 19, 2008 is misleading to investors concerning material matters from the viewpoint of investment judgment, such as the Measures to Ensure Fairness in the MBO. It is attributable to a serious flaw in the timely disclosure system of the Company and is deemed improper disclosure, requiring the Company to strongly improve its information disclosure system. As a result, the Company was requested to submit an improvement report, which includes causes and improvement measures therefor, by December 2, 2008, pursuant to the provision stipulated in Article 23, Paragraph 1, of the “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security and the Like.”