[English Version]

November 19, 2008

To whom it may concern

Company name	Charle Co., Ltd.
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Reception of Results of Review Conducted by the Review Committee

As announced in the "Restatement of the View Regarding a Tender Offer in the Company Shares" dated November 7, 2008, Charle Co., Ltd. (the "Company") decided to withdraw its affirmative view regarding the tender offer (the "Tender Offer") by Southern Eagle Inc. and Otto Inc. (collectively the "Tender Offerors") for shares of common stock of the Company and refrain from expressing its opinion on this subject until restatement of its view. In this context, the Company decided to request a review committee composed of external experts (the "Review Committee") to conduct another review and verification of the management plan, which provides fundamental values for the calculation of the Company's stock value, which in turn was one of the bases upon which the initial affirmative view was made, while ensuring maximal transparency and fairness in the process of decision-making.

The Company is pleased to announce that it received the report regarding the results of the verification from the Review Committee on November 18, 2008, as stated in the attachment attached hereto.

Meanwhile, the Company had planned to restate its view regarding the Tender Offer on or around November 19, 2008 upon taking into account the verification results as above. However, the Company announces that it now plans to restate its view on or around November 21, 2008, as it is currently in the process of deciding upon the content of such restatement.

[English Version]

November 18, 2008

To Charle Co., Ltd.

Investigation Report

Review Committee,
Charle Co., Ltd.

1. Details and Purpose of Establishment of the Review Committee

(1) Details of establishment

Charle Co. Ltd. (the "Company") announced the "Announcement of An Affirmative View Regarding a Tender Offer in the Company Shares" (the "Initial Statement") on September 19, 2008 (the Company's trade name at the time was Ten-Arrows Co., Ltd.), and adopted a resolution that expressed an affirmative view regarding a tender offer (the "Tender Offer") which was described in the Initial Statement. However, taking into account questions that arose in internal reports, etc. concerning the procedures and processes leading up to the announcement of the Initial Statement, the Company established a third-party committee (the "Committee") on October 26, 2008, in order to investigate and evaluate the facts of the aforementioned procedures and processes.

The Committee reported the results of the investigation to the Company on October 31, 2008, in which the Committee noted that suspicions remained that there was a conflict of interest issue between the tender offerors and the Company with regard to the Tender Offer. Specifically, the Committee concluded in this report that "an issue of transparency and fairness did appear to exist with regard to the process of decision-making" for approval of the management plans (the "Management Plans"), which provided fundamental values for the calculation of the Company's stock value, which in turn was one of the bases upon which the affirmative view of the Company with respect to the Tender Offer was determined, and "Collectively, these conditions do not permit the assertion that there was a conflict of interest issue on the part of outside directors in this matter, but on the other hand, the suspicion that there remained a conflict of interest issue cannot be reasonably eliminated."

Accepting the results of the investigation as above with sincerity, on November 7, 2008, the Company decided to withdraw its Initial Statement and to establish a review committee composed of external experts (the “Review Committee”).

(2) Purpose of establishment

In a tender offer, the company targeted in the tender offer is obliged to express its affirmative or contrary view thereto, and for ordinary investors deciding whether or not to subscribe to the tender offer, such expression is significant for the process of decision-making. Accordingly, it is important that such expression be made independently from the tender offerors, who seek the success of the tender offer (in other words, subscription by investors).

In particular, because the Tender Offer corresponds to a so-called management buyout (MBO) which presupposes investment by members of the founding family of the Company, who are also directors of the Company, it is reasonably feared that the tender offerors, who have access to internal information, might make the Tender Offer at an unduly low purchase price, and ordinary investors, without being informed of such information, may subscribe for the Tender Offer, and as a result, suffer losses. In the interest of ordinary investors, it is incumbent upon the Company to eliminate to the utmost degree the influence of the tender offerors, independently calculate the stock value of its shares and conduct comprehensive verification of the judgment of the tender offerors, and express its view.

However, with respect to the Tender Offer, the Committee pointed out that there were problems of transparency and fairness in the process of approval of the Management Plans and a (reasonable) suspicion that there was a conflict of interest issue on the part of outside directors in this matter cannot be eliminated. In other words, the suspicion was expressed that the Company had been influenced by the tender offerors, and thus the Management Plans were prepared under circumstances in which it cannot be denied that there was the risk of undue damages to the interests of ordinary shareholders.

As a consequence, the Company established the Review Committee, which is composed of members who are completely independent from the Company, and requested the Review Committee to verify from an independent standpoint whether the Management Plans, which were subsequently approved by the Company, are appropriate and reasonable even if there had been the possibility of apparent conflicts of interest.

2. Composition of the Review Committee

Chairperson: Akio Sato

Lawyer, Sato Sogo Law Office

Committee member: Mitsuo Matsubayashi

Representative Director, WAKU Consulting Corp.

Committee member: Nobuyoshi Togawa

Certified Public Accountant/Tax Accountant, Representative Partner, Competant Tax Accountancy Office

There is not at present, nor have there been in the past, any relations of interests and/or transactions between the Company and any committee member.

3. Target of Review

Specifically, the Management Plans refer to two management plans, the management plan which was created on August 31,2008, (the "Plan as of August 31") and the management plan which was created on September 13, 2008, (the "Plan as of September 13"). The Plan as of August 31 presented lower operating income projections while the Plan as of September 13 presented higher operating income projections (In the following, the former may be called the "Downside Case" and the latter the "Upside Case.").

The Review Committee decided to conduct an overall verification of the two Management Plans and verify whether or not there were items which raised concerns about the rationality and/or credibility of the Management Plans, in addition to placing emphasis on several items (indicated in 6. below) which had significant impact on figures in the Management Plans and items which had been set forth in the calculation instructions which were prepared under the direction of the outside directors, especially with respect to the Plan as of August 31, concerning which the Committee pointed out apparent conflicts of interest.

4. Investigation Period

From November 7 to November 17, 2008

5. Investigation Method and Limitations of the Investigation

(1) Investigation method

In conducting the investigation, taking into account the tight restriction on time, the Review Committee adopted an investigation method in which the responsibilities of each committee member were defined and divided as below, and coordination regarding each process was conducted on the basis of consultations between the members.

①Akio Sato・・・ Selection of and decision on the investigation method; investigation of work processes of each committee member from legal and social viewpoints; overall coordination

② Mitsuo Matsubayashi・・・Primarily verification of the feasibility of the strategic projects from a business consulting perspective

③Nobuyoshi Togawa・・・Verification of figures regarding existing businesses and strategic projects from an accounting perspective

The committee members (mainly Mr. Matsubayashi and Mr. Togawa) checked and examined relevant documents and ledger sheets in the relevant locations and conducted interviews of management executives of the Company and persons involved in preparing the Management Plans.

The persons that were questioned during such interviews are listed in the attachment.

(2) Limitations of investigation

It must be noted that, as stated in the investigation period indicated in 4. above, it cannot be denied that there was a restriction on time for the investigation, which has resulted in certain limitations of the investigation.

6. Results of the Verification

(1) Conclusion

The Review Committee judged that both the Plan as of August 31 (the Downside Case) and the Plan as of September 13 (the Upside Case) cannot be considered unreasonable.

(2) Discussions on each issue

① Assumptions (Characteristics of the Management Plans)

A defining characteristic of the Management Plans is that “existing businesses” and “strategic projects” (explained below) are separately itemized in the profit-and-loss projections and subsequently the relevant figures in these two items are combined. For example, the declining trend in net sales in the past was reflected in net sales of existing businesses, and at the same time, sales projections for the strategic projects were made separately from those for the existing businesses, and the relevant figures were totaled.

② Existing businesses

As for the existing businesses, both the Plan as of August 31 and the Plan as of September 13 showed a year-on-year decline of 5.6%, that is, a decline in which total net sales is projected at 94.4% compared with the previous fiscal term. However, the basis for computing this annual average figure, the number of years, was not made clear.

In this context, the Review Committee judged that it would be appropriate to adopt the average values for the most recent five years on the basis of taking into account that a) the Management Plans are five-year plans; b) the Company is a listed company that files an Annual Securities Report and the major financial indicators disclosed in the “Changes in major financial indicators” (so-called “Financial Highlights”) in the report have been prepared for the past five years; and c) the period for which the Annual Securities Reports are available for public inspection is considered to be five years.

As a result, the averaged declining rate in total net sales for the past five years (from the fiscal term ended March 2003 to the fiscal term ended March 2008) resulted in a year-on-year declining rate of 6.1% (that is, at 93.9% compared with the previous fiscal term). This slightly larger (0.5%) declining rate in total net sales compared to the value assumed in the Management Plans means there was a greater decline in total net sales.

Furthermore, from the perspective that the more recent values should more precisely reflect the actual circumstances of the Company’s existing businesses, the declining rate was calculated based on the figures for the six-month periods ended September 30 (from the interim-term ended September 2003 to the second quarter ended September 2008), and in such case, the averaged declining rate is 6.9% (that is, at 93.1% compared with the previous term).

③ Strategic projects

A. Assumptions (regarding the strategic projects)

As the Company had been experiencing declines in its existing businesses, in August 2007, a request was made of an outside consulting company, and in October 2007, results were provided by the consulting company with respect to new strategic projects. On the basis of the results provided, the Company formulated new strategic projects, and the details of the strategic projects consisted of ① new channel strategy, ② new product development, ③ sales promoting measures and ④ cost reduction strategy. These strategic projects were separately evaluated in terms of their feasibility and the results of the evaluations were reflected in both the Plan as of August 31 and the Plan as of September 13.

B. Investigation method

The Review Committee conducted interviews with the persons in charge of each strategic project regarding the current conditions of respective strategic projects. The Review Committee also investigated by inspecting the proposal documents of the Management Council held on March 12, 2008, relevant materials related to the strategic projects, subsidiaries' business plans, and the like.

C. Verification methodology and processes

In the review, several consultants evaluated the seven viewpoints described below, which are important for evaluating the Management Plans and each strategic project, on the basis of information and materials obtained, information obtained from the interviews and each consultant's experience.

a. Project management (PM)
- Project manager (experience)
- Project management (Progress management, issue management, etc.)

b. Personnel (skill, experience, awareness)
- Level of expertise for the project (degree of experience, etc.)
- Degree of specialization in the project (prioritization)

c. Responsiveness
- Collaboration with other relevant departments (sales, personnel and/or product development)
- Responsiveness to changes

d. Merchandise
- Presence/absence of merchandise
- Sales performance
- Merchandise knowledge

e. Agents and special agents (sales channels)

- Response of the agents
- Responsiveness to new products

f. Competition

- Surveys, analysis and operating performance

g. External environment

- Consumer buying preferences
- Preferences for low prices
- Legal regulations

As a result of interviews conducted with the persons concerned with regard to the processes for preparing the calculation instructions with respect to the Plan as of August 31 and the proposal document of the Board of Directors with respect to the Plan as of September 13, the Review Committee confirmed that the calculation instructions and the proposal documents were prepared from virtually the same perspective as that of the Review Committee.

D. Reviewed results

As a result of the above investigation, the Review Committee judged that the calculation instructions with respect to the Plan as of August 31 and the proposal document of the Board of Directors with respect to the Plan as of September 13 do not deviate from the results of the review through the comparison of financial data.

The A1 Project, the most influential project among the strategic projects, is one of the Company’s most important projects. Although the progress of the A1 Project by investing a certain number of staff can be recognized, in terms of strategy and risk a certain allowable range cannot be denied with regard to the design, PM, sales channel, target customers and information systems. Through discussions about such an allowable range, the Review Committee reached an impression that both the Plan as of August 31 and the Plan as of September 13 are within allowable range.

E. A question and its evaluation

The Review Committee raised a question on the inclusion of the A1 Project, under which a net loss continues to be projected even after five years in the Plan as of August 31 (because if the project is integrated in the Plan, the break-even point will decline, leading to unfair devaluation of the stock value). The Review Committee requested the Company to provide clear explanation on this point.

The outline of the Company's explanation is as follows:

The ladies' innerwear wholesale business, which is the Company's core business, is conducted in the method of multi-level marketing, or "MLM", which is a door-to-door sales method using agents and special agents. In the past 10 years, net sales of this business have shown a declining trend (See ②). One of the major causes is attributed to not being able to slow the departure of agents, special agents and customers of special agents (the "Mates"). It was considered that this door-to-door sales channel cannot sufficiently respond to the needs of customers today. As a consequence, in order to stop the declining trend in net sales, it was considered necessary for the Company to set up a mail-order sales channel, which would minimize the loss of customers and provide another purchasing option to customers, in addition to the existing door-to-door sales channel. Accordingly, the Company decided to carry out the A1 Project. Further, of the companies which have adopted the MLM, many of them adopt multiple channels including a mail-order sales channel, and the Company judged that it would be necessary to promptly establish this sales channel to survive, taking into account current trends.

In this context, the A1 Project does not itself have features of an independent, new business, as it just intends to set up a new sales channel other than the door-to-door sales, as part of the business reform of Charle's businesses. Therefore, the Company believed that there was no point in evaluating whether the A1 Project itself is in the red or the black, and that it is more important whether or not the decay of the Company's overall existing businesses can be halted.

As seen above, in view of the slowdown of the growth of the conventional door-to-door sales method, and because the Company judged it necessary to conduct the A1 Project in order to slow the departure of agents, special agents and the Mates and provide another purchasing option, the Company included the A1 Project in calculating the relevant figures in the Plan as of August 31.

As a result of its careful consultation on the above, the Review Committee concluded that the Company's view has no arbitrariness or irrationality.

④ Personnel expense

A. Details in the preparation and the substance of the personnel expense plan

The personnel expense plan is based on the Medium-Term Personnel Strategy that the Personnel Department of the Company commenced preparation of in November 2007. In the Medium-Term Personnel Strategy, a future five-year employment and recruiting plan, etc. is contemplated and a quantified personnel expense plan using a certain wage increase rate is formulated. The personnel expense in the Management Plans was calculated in accordance with these related plans.

According to the Management Plans, the personnel expense is projected to increase during the period of the plan (the average of the rate of increase of personnel expense for the next five years is 3.0%).

B. Question

As described above, a certain declining rate is incorporated regarding the net sales of the existing businesses in the Management Plans. However, as seen above, in the same Management Plans, the personnel expense is predicted to increase. The Review Committee raised a question on the adequacy of the plan to increase the personnel expense while net sales are declining, and requested the Company to provide a clear explanation on this point.

C. Investigation method

In this investigation, the Review Committee conducted interviews with the persons in charge of personnel affairs regarding the future perspectives of the Company’s personnel plan and also obtained materials on the Medium-Term Personnel Strategy.

D. Evaluation

The Company provided the following explanation:

First, at the time of discussing the recruitment plan for April 2009, the age composition of the employees was unbalanced, and the Personnel Department of the Company judged that to ensure sustainable growth in the medium-and long-term, recruiting should continue to some extent.

Meanwhile, as for personnel downsizing, the Company recognizes that it is difficult to proceed with further personnel downsizing because solicitation of voluntary retirement was conducted in March 2006, resulting in the reduction of 79 employees, and a total of approximately 100 employees were reduced, including those who retired before and after the solicitation of voluntary retirement (the number of employees as of March 31, 2006 decreased by 27% from the end of the previous term).

In addition, in order to deal with the strategic projects, the Company subdivided departments and divisions in April 2008, and workload related thereto is expected to increase.

Furthermore, it was quantitatively confirmed that overtime hours have increased since April 2006, after the implementation of personnel downsizing after the execution of the voluntary retirement system. (For example, the ratio of employees who worked overtime (an average of 45 hours or longer per month) was approximately 10%-15% prior to the year ended March 2006, while it increased to 14%-19% thereafter. Similarly, the ratio of employees who worked overtime (an average of 65 hours or longer per month) also increased from 2.8%-4.0% prior to the year ended March 2006 to 3.7%-5.8% thereafter.)

Taking into account the above, the Company formulated a plan to increase personnel expense in the Management Plans despite the falling trend in net sales in the existing businesses.

As a result of careful consultation on the above view, the Review Committee concluded that the Company’s view has no arbitrariness or irrationality.

E. Others

The Review Committee verified the consistency between the quantified materials for the Medium-Term Personnel Strategy prepared by the Company and the personnel expense plan in the Management Plans, as another review procedure regarding the personnel expense, and no problematic issue was found.

⑤ Other matters

The Review Committee determined that there are no specific matters which could give rise to doubts about reasonability and adequacy.   In addition, below certain specific the points to be noted.

A. Gross profit

In the Management Plans, gross profit margin is projected to move at almost a certain level in the future with the current level as a basis. The Review Committee judged that it is not inconsistent in comparison with transition in the past.

For the year ended March 31, 2008, a large amount of inventory written down was reported and the Company excluded this amount in calculating the gross profit margin, on the grounds that the inventory written down was accrued temporarily. As this treatment is deemed to be consistent with the implementation of the Company's policy to decrease the amount of inventory written down and disposal loss by properly adjusting the inventories level and the strategic projects for reduction of the inventory loss (which is included in "④ cost reduction strategy"), the Review Committee considered that this treatment caused no special issue.

B. Sales promotion expense

The Review Committee reviewed whether or not the Company's projections on sales promotion expense stated in the Management Plans are consistent with the sales promotion measures of the Company, because in the sales promotion plan under the Management Plans, the percentage of sales promotion expense is relatively high and one of the strategic projects intended by the Company has a primary function of sales promotion. Specifically, the Review Committee analyzed documents and other materials submitted by the Company and conducted interviews with the persons in charge of sales promotion measures with regard to the strategic project which has the function of the sales promotion and projections of the relevant expenses, as well as changes to the previous sales promotion measures and the conditions of accrued expenses.

As a result, the Review Committee found no significant inconsistency between the Company's sales promotion measures and the Company's policy on the new strategic project and the sales promotion expense stated in the Management Plans.

C. General and administrative expense

The Review Committee made a comparison of general and administrative expense in the Management Plans with past actual figures, and current forecasts for the year ending March 2009, and recognized a certain increase and decrease. The Review Committee determined that the reason should be analyzed, and therefore investigated the grounds for this in the Management Plans.

Such investigation requires consideration of the status prior to the preparation of the Management Plans. First, the Company was established through integration of the former Charle Co., Ltd. and the former Ten-Arrows Co., Ltd., the pure holding company of the former Charle Co., Ltd. (through an absorption-type company split) (*kyushu-bunkatsu*) effective October 1, 2008, in which the former Ten-Arrows Co., Ltd. was the successor company and the former Charle Co., Ltd., the wholly-owned subsidiary of Ten-Arrows Co., Ltd., was split off, in accordance with the Japanese Companies Act.). Although this integration was decided at the Board of Directors meeting held on January 30, 2008, because the preparation of the Management Plans had begun before then, the Management Plans were prepared with a view to the conditions before the integration. In other words, a part of the management-related expenses of the former Ten-Arrows Co., Ltd., a pure holding company of the former Charle Co., Ltd., was billed to the former Charle Co., Ltd. before the integration. In the Management Plans, such expenses incurred before the integration were succeeded.

Therefore, the Management Plans should be revised in line with the method of calculating expense to be incurred in the future. In this investigation, the Review Committee analyzed whether or not such revisions remain as simple changes in accounting items, or whether or not it would have a material impact on final income values. More specifically, the Review Committee reviewed whether or not the expenses conform with those stated in the Management Plans after analyzing the details of the expenses to be billed by the holding company before the integration. No specific matter was found that may give significant impact on the final income values calculated in the Management Plans.

(Attachment)

List of Persons Interviewed by the Review Committee

Outside directors
Executive Officer
Executive Officer
General Manager, Accounting Dept., Administration Headquarters (concurrently serving as Manager, Accounting Dept.)
Accounting Section, Accounting Dept., Administration Headquarters
Manager, Administration & Management Section, Corporate Management & Planning Dept.
Administration & Management Section, Corporate Management & Planning Dept.
Administration & Planning Section, Corporate Management & Planning Dept.
Administration & Planning Section, Corporate Management & Planning Dept.
Manager, Personnel Section, General Affairs & Personnel Dept., Administration Headquarters
Chief, Marketing Headquarters
General Manager, Marketing Dept., Marketing Headquarters
Manager, Marketing Control Section, Marketing Dept., Marketing Headquarters
Manager, Merchandise Management Section, Merchandise Management Dept., Marketing Headquarters
Chief, Customer Support Headquarters (concurrently serving as General Manager, Customer Support Headquarters)
General Manager, CRM Promotion Dept., Customer Support Headquarters
Manager, CRM Promotion Section 1, CRM Promotion Dept., Customer Support Headquarters
Manager, CRM Promotion Section 2, CRM Promotion Dept., Customer Support Headquarters
Manager, Support Planning Section 3, Member Support & Planning Dept., Member Support Headquarters
President and Representative Director of Transmethod Co., Ltd.