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For Immediate Release

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PARCO decides details of ESOP Trust Utilizing Employee Shareholding Association

PARCO Co., Ltd. ("PARCO") today decided the details of the "ESOP Trust Utilizing Employee Shareholding Association" ("the Plan"), which the company resolved to introduce on June 29, 2011. They are as follows.

1. Purpose

PARCO is introducing the Plan as part of its benefits for employees with the aim of helping PARCO and PARCO Group company employees (collectively "PARCO Group Employees") to accumulate savings, while also increasing their motivation for work and raising their awareness of the importance of proactively participating in management. PARCO envisages that its corporate value will be improved as a result.

2. Overview of the Plan

The Plan is open to all employees who are members of the PARCO Group Employee Shareholding Association.

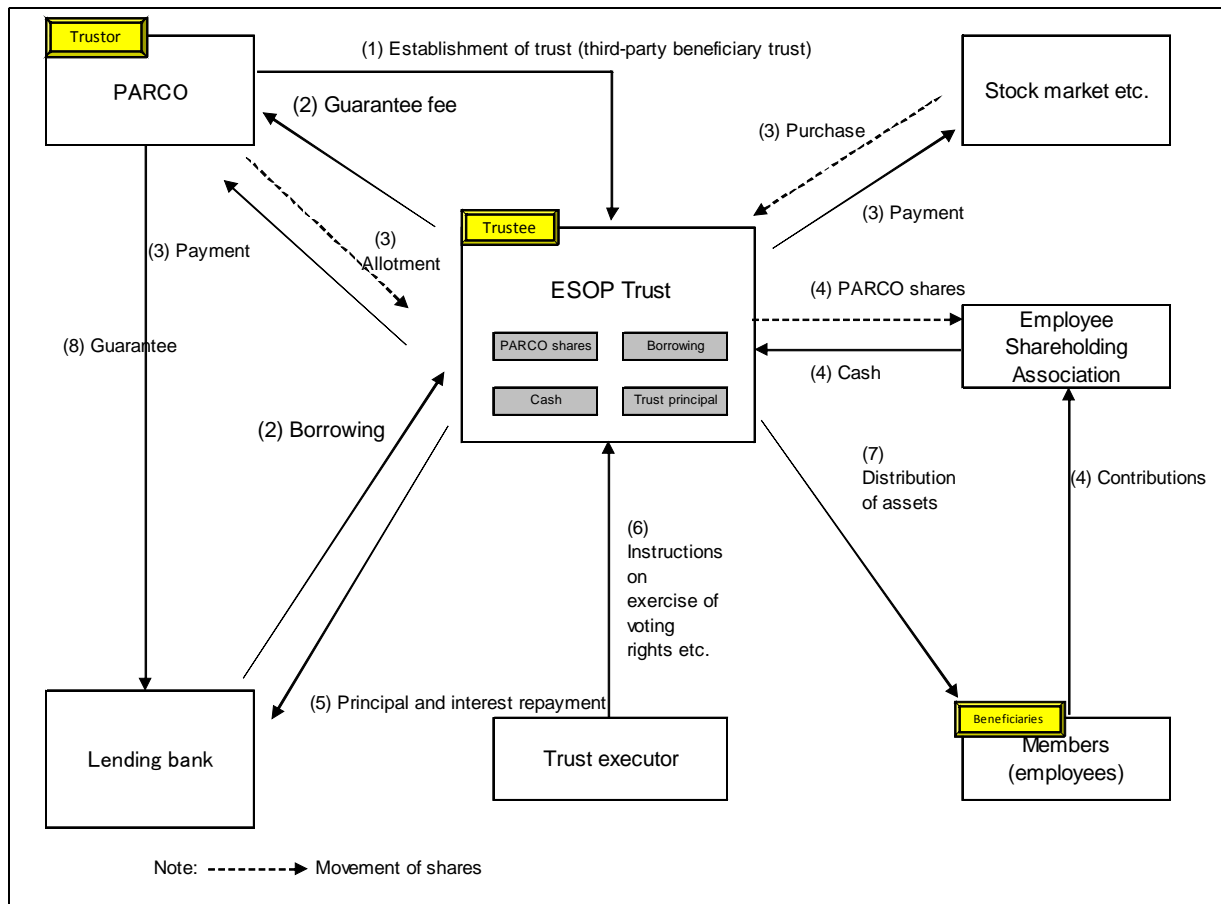
PARCO will establish a trust ("the Trust") with members of the Employee Shareholding Association who meet certain requirements as the beneficiaries.

During a predetermined period the Trust will acquire using borrowed funds the number of PARCO shares that the Employee Shareholding Association is expected to acquire over a five-year period the future. PARCO will act as guarantor for the borrowing undertaken by the Trust.

Following the introduction of the Plan, the acquisition of the PARCO's shares by the Employee Shareholding Association will be undertaken by the Trust. If the Trust has accumulated residual assets on net gains on the sale of shares to the Employee Shareholding Association at the end of the trust period, these will be distributed to employees meeting the beneficiary criteria. If a decrease in the market price of PARCO's shares means that the Trust is unable to repay the loan in full at the end of the trust period, PARCO will repay the lending bank any outstanding portion of the loan. Accordingly, in such cases there will be no additional call on employees for funds.

At the same time as deciding the details of the Plan, PARCO also resolved to sell to the Trust 96,500 shares (worth approx. ¥64 million) of its total holding of 97,083 treasury shares (as of February 2011). For further details, please refer to the press release of July 6, 2011 entitled “Disposal of treasury stock by third-party allotment.”

3. Structure of the Plan



- (1) PARCO establishes an ESOP Trust with members of the Employee Shareholding Association who meet certain requirements (predetermined in the trust agreement) as beneficiaries
- (2) The Trust borrows from the lending bank the necessary funds for acquiring PARCO’s shares. At the time of borrowing the funds, a guarantee agreement is concluded between PARCO, the Trust and the lending bank. Based on this guarantee agreement PARCO guarantees the Trust’s borrowings and receives a guarantee fee from the Trust
- (3) During a predetermined period, the Trust acquires from PARCO and the stock market the number of PARCO shares that the Employee Shareholding Association is expected to acquire over a fixed period in the future
- (4) Throughout the trust period the Trust periodically sells its holdings of PARCO shares to the Employee Shareholding Association at market price, based in principle on a predetermined plan
- (5) The Trust repays principal and interest on its borrowings using proceeds from the sale of PARCO shares to the Employee Shareholding Association, dividends on its holdings of PARCO shares and so forth



- (6) Throughout the trust period, the trust executor appointed for the beneficiaries exercises the voting rights of the PARCO shares held by the Trust and issues other instructions pertaining to trust asset administration
- (7) If the Trust has residual assets after repayment of borrowings in (5) above, the Trust determines the beneficiaries (i.e. those members of the Employee Shareholding Association who meet the predetermined requirements in the trust agreement) and distributes these assets to them in accordance with their contribution ratio
- (8) If the Trust has residual debt after repayment of principal and interest in (5) above, PARCO will repay the remaining debt based on the guarantee agreement in (2) above

4. Overview of the Trust

- (1) Trustor PARCO Co., Ltd.
- (2) Trustee The Sumitomo Trust & Banking Co., Ltd.
(Re-entrustee: Japan Trustee Services Bank, Ltd.)
- (3) Beneficiaries Members of the Employee Shareholding Association who meet the beneficiary requirements
- (4) Trust agreement date Aug. 1, 2011 (provisional)
- (5) Trust period Aug. 1, 2011 – Aug. 31, 2016 (provisional)
- (6) Purpose of the Trust Stable and continuous provision of shares to the Employee Shareholding Association and determination of the beneficiaries
Completion of procedures and delivery of the trust assets to the beneficiaries

5. Details of acquisition of PARCO shares by the Trust

- (1) Type of shares PARCO common stock
- (2) Total amount to be paid for shares ¥17,500 million
- (3) Acquisition period Aug. 1, 2011 – Aug. 23, 2011
- (4) Acquisition methods Acquisition of PARCO shares from the market and through PARCO's disposal of treasury stock by third-party allotment

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