

June 10, 2004

To Our Shareholders

671 Nijohanjiki-cho, Bukkoji-agaru, Karasuma-dori,
Shimogyo-ku, Kyoto-shi, Kyoto
WATABE WEDDING CORPORATION
President & Representative Director: Takao Watabe

NOTICE OF THE 40TH ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 40th Annual Meeting of Shareholders.

If you are unable to attend the meeting, you may vote by mail. In order to exercise your rights by mail, please review the attached reference materials, indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights form, then sign and return it so it will arrive by Monday, June 28, 2004.

Notice of Meeting

- 1. Date:** Tuesday, June 29, 2004 at 10:00 a.m.
- 2. Place:** Main Conference Room, 3rd Floor, Hartopia Kyoto
375 Shimizu-cho, Karasuma-higashi-iru, Takeyacho-dori, Nakagyo-ku, Kyoto-shi, Kyoto
- 3. Objectives of meeting**
Reporting: Presentation of the Business Report, Balance Sheet, and Statement of Income for the 40th Business Period (from April 1, 2003 to March 31, 2004)

Agenda:

- Proposal 1:** Appropriation of Retained Earnings for the 40th Business Period
- Proposal 2:** Partial Changes to the Articles of Incorporation
For the gist of the proposal, please refer to the "Reference Material for the Exercise of Voting Rights" on page 2.
- Proposal 3:** Election of 10 Directors
- Proposal 4:** Issue of New Stock Reservation Rights as Stock Options
For the gist of the proposal, please refer to the "Reference Material for the Exercise of Voting Rights" on pages 4-6.
- Proposal 5:** Presentation of Retirement Allowance to the Retiring Director

If you plan to attend the meeting, please submit the enclosed Exercise of Voting Rights form to the receptionist at the meeting.

Reference Material for the Exercise of Voting Rights

1. Number of voting rights of all shareholders:80,000

2. Proposals and References

Proposal 1: Appropriation of Retained Earnings for the 40th Business Period

The Company seeks to maintain stable dividend payments as its basic policy, considering business trends and further reinforced financial standing while realizing that returning its profits to its shareholders is an important business policy. Based on such policies, it is proposed for profit distribution for this period that a year-end dividend be 15 yen per share, which consists of an ordinary dividend of 10 yen per share and a commemorative dividend of 5 yen in commemoration of the 50th anniversary of the company as well as listing the Company's stock on the first section of the Tokyo Stock Exchange and on the first section of the Osaka Stock Exchange. Accordingly the annual dividend will be 25 yen per share including the interim dividend of 10 yen per share that has been already paid.

Proposal 2: Partial Changes to the Articles of Incorporation

(1) Reasons for change

The “Amendments to the Law for Commercial Code and for Special Exceptions to the Commercial Code Concerning Corporate Audit, Etc.” (2003 Law No. 132) was enacted on September 25, 2003 and it approves treasury share acquisition on the basis of the resolutions from the Board of Directors in accordance with the articles of incorporation. Therefore, Article 6 will be newly established which stipulates regulations for treasury share acquisition in order to perform agile management addressing changes in the economic climate. As a result of this change, articles following Article 6 will be renumbered.

(2) Contents of change

The contents of changes are as follows.

(Changes are underlined.)

Present	New articles (Draft)
(Newly established)	<p><u>(Treasury Share Acquisition)</u> <u>Article 6</u> <u>The Company can acquire the treasury share on the basis of resolutions from the Board of Directors in accordance with the regulations of Article 211-3, Section 1, No. 2 of the Commercial Code.</u></p>
Articles <u>6</u> to <u>30</u> (Omitted)	Articles <u>7</u> to <u>31</u> (Not changed)

Proposal 3: Election of 10 Directors

The term of office of all the 9 current Directors expires at the close of this Annual Meeting of Shareholders and Mr. Haruhito Isomoto will resign from the position. Accordingly it is proposed that 10 Directors be elected for improvement of the business management system and corporate governance reinforcement.

Please note that Mr. Yoshio Uehara and Mr. Norio Hirai, Director candidates, satisfy the requirements for outside directors stipulated in Article 188, Section 2, No. 7-2 of the Commercial Code.

Candidates for Directors are as follows.

Candidate #	Name (Date of Birth)	Primary Position and Profile (Current Title at Other Company)	# of shares of the Company Held by the Candidate
1	Takao Watabe (February 12, 1941)	<p>October 1978-present <u>WATABE WEDDING CORPORATION</u> President & Representative Director</p> <p>October 1977 Senior Managing Director & Representative Director</p> <p>October 1964 Senior Managing Director</p> <p>August 1961 Joined Watabe Wedding Corporation (President & Representative Director, K.K.MEGURO GAJOEN)</p>	452,000
2	Yoshio Watabe (March 16, 1949)	<p>March 2004-present <u>WATABE WEDDING CORPORATION</u> Division Director, Group Management Division & Senior Managing Director</p> <p>June 1991 Senior Managing Director</p> <p>December 1977 Managing Director</p> <p>April 1971 Joined Watabe Wedding Corporation (President & Representative Director, Okinawa Watabe Wedding Co., Ltd.)</p>	273,300
3	Tadao Nishimura (November 14, 1936)	<p>June 1991-present <u>WATABE WEDDING CORPORATION</u> Managing Director & Division Director, Administration Division</p> <p>June 1988 General Manager, Financial Management & Director</p> <p>May 1984 Joined Watabe Wedding Corporation</p>	73,100
4	Masahiko Shimazaki	<p>March 2004-present <u>WATABE WEDDING CORPORATION</u> Deputy Division Director, Group Management Division & Director</p> <p>January 2004-present Division Director, Shanghai Business Division & Director</p> <p>June 2002 Division Director, Overseas Business Division & Director</p> <p>April 2002 Division Director, Overseas Business Division & Executive Officer</p> <p>December 1998-present <u>SHANGHAI SAISON DES BRIDES TRADE CO., LTD.</u> President</p> <p>October 1997-present <u>SHANGHAI WATABE WEDDING CO., LTD. (SHANGHAI SHOP)</u> President</p> <p>February 1993-present <u>WATABE WEDDING (SHANGHAI) CO., LTD. (Shanghai Factory)</u> President</p> <p>September 1981 Joined Watabe Wedding Corporation (President & Representative Director, Il Filo Co., Ltd.)</p>	40,000
5	Toshio Fujimoto (August 16, 1942)	<p>June 2002-present <u>WATABE WEDDING CORPORATION</u> <u>Deputy Division Director, Administration Division & Director</u></p> <p>March 2001 Deputy Division Director, Administration Division & Executive Officer</p> <p>June 2000 General Manager, Human Resources and General Affairs Department & Executive Officer</p> <p>November 1999 Joined Watabe Wedding Corporation</p> <p>October 1998 <u>BANK OF KYOTO</u> General Manager, Personal Banking Division</p> <p>April 1966 Joined Bank of Kyoto, Ltd.</p>	1,200

6	Chiaki Tsukamae (January 19, 1945)	June 2002-present March 2001 April 2000 April 1995 April 1963 (President & Representative Director, AVICA PRODUCE CORPORATION)	<u>WATABE WEDDING CORPORATION</u> Director Division Director, Marketing and Sales Division & Executive Officer Joined Watabe Wedding Corporation <u>SANWA BANK</u> General Manager, Omiya Branch Joined Sanwa Bank, Ltd.	-
7	Yasuo Watabe (November 17, 1946)	October 1999-present June 1991 October 1973 August 1966	<u>WATABE WEDDING CORPORATION</u> Director Senior Managing Director Managing Director Joined Watabe Wedding Corporation	283,000
8	Yoshio Uehara (September 27, 1946)	June 1994-present November 1992-present May 1988 May 1973 (Senior Managing Director & Representative Director, AGP Co., Ltd.)	<u>WATABE WEDDING CORPORATION</u> Director <u>AGP Co., Ltd</u> Senior Managing Director & Representative Director Director Registered as CERTIFIED PUBLIC ACCOUNTANT	-
9*	Katsumi Ueda (March 12, 1950)	March 2004-Present June 2002 July 2001 March 1996 March 1972	<u>WATABE WEDDING CORPORATION</u> General Manager, East Japan Administration Department & Executive Officer General Manager, Hawaii Branch & Executive Officer Joined Watabe Wedding Corporation <u>BANK OF TOKYO-MITSUBISHI, LTD.</u> General Manager, Busan Branch Joined Bank of Tokyo, Ltd. (presently, Bank of Tokyo-Mitsubishi, Ltd.)	100
10*	Norio Hirai (September 26, 1940)	June 2003-present June 2001 June 1997 June 1995 June 1991 June 1989 April 1965	<u>OMRON CORPORATION</u> Special Corporate Adviser Executive Vice President & Director Senior Managing Director & Representative Director Senior Managing Director Managing Director Director Joined Tateishi Electronics Co. (presently, OMRON Corporation)	-

Notes:

1. Mr. Takao Watabe, director candidate, doubles as President & Representative Director of K.K.MEGURO GAJOEN, which is a competitor of the Company.
2. There is no special interest between any of other candidates and the Company.
3. The asterisk (*) indicates newly appointed candidates.

Proposal 4: Issue of New Stock Reservation Rights as Stock Options

The attendees shall be requested to approve the issue of new stock reservation rights as stock options to Directors, Corporate Auditors, and employees of the Company as follows, based on the regulations of Articles 280-20 and 280-21 of the Commercial Code.

(1) Reasons for issue of new stock reservation rights with advantages

New stock reservation rights will be issued with the purpose of improvement in willingness to contribute to the Company's achievements and morale among its Directors and employees as well as increased awareness

of its Corporate Auditors about appropriate audit.

(2) Gist of issuing new stock reservation rights

1) Persons who receive new stock reservation rights

Directors, Corporate Auditors and employees.

2) Type of stock and number of shares targeted by new stock reservation rights

Up to 250,000 shares of common stock of the Company

When the Company splits or merges common stocks after the day of issue of the new stock reservation rights (hereinafter called the “Issue Date”), the number of shares to be given shall be proportionally adjusted in accordance with the ratio of the relevant split or merge. This adjustment shall be made only for the number of shares targeted at by the new stock reservation rights that are not exercised as of the time of splitting or merging. Any fraction less than one share shall be discarded if occurring after the adjustment.

3) Total number of new stock reservation rights issued

Up to 2,500 (One new stock reservation right shall be granted for 100 shares of the Company’s common stock)

4) Issue price of new stock reservation right

Free

5) Amount of money to be paid at the exercise of new stock reservation right

The amount to be paid per new stock reservation right (hereinafter called the “Exercise Value”) shall be the average of the daily closing price of the Company’s common stock for regular transactions on the Tokyo Stock Exchange (excluding days when there is no trading) for the past one month from the Issue Date multiplied by 1.05, with any fraction below one yen rounded up. However, if the price falls below the closing price of the Company’s common stock for regular transactions on the Issue Date, the closing price shall be the Exercise Value.

Moreover, when a new stock is issued at a price below the current stock price after the Issue Date (except for exercise of new stock reservation rights) or when treasury stock is sold, the Exercise Value shall be adjusted by means of the following formula and any fraction below one yen shall be rounded up.

$$\text{Exercise Value after adjustment} = \text{Exercise Value before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount to be paid per share}}{\text{Quotation}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the “number of shares already issued” shall refer to the number, which is calculated by deducting the number of treasury stock shares owned by the Company from the total number of shares already issued. For sale of treasury stock, the “number of shares newly issued” shall be replaced by the “number of shares sold” in the formula.

When the Company splits or merges the Company’s common stocks after the Issue Date, the Exercise Value shall be proportionally adjusted in accordance with the ratio of the relevant split or merge and any fraction below one yen from such adjustment shall be rounded up.

6) Period of exercising new stock reservation rights

From August 1, 2006 to July 31, 2009

7) Conditions under which new stock reservation rights shall be exercised

(i) The entitled person shall be a Director, Corporate Auditor, or employee of the Company at the exercise of the rights. However, those who retired from the position due to the expiration of their term of office, when reaching the mandatory retirement age, or for any other justifiable reason, may exercise their rights within 6 months after the relevant retirement.

(ii) Any other details including conditions on inheritance, exercise restrictions and loss of rights in

terms of new stock reservation rights shall be as provided in "Agreement of New Stock Reservation Right Allocation" concluded between the Company and the entitled person on the basis of resolutions from this Annual Meeting of Shareholders and the Board of Directors.

8) Reason and conditions of extinguishing new stock reservation rights

The Company may extinguish unexercised new stock reservation rights without cost in the case where:

(i) New stock reservation rights cannot be exercised because the condition of (i) in 7) becomes invalid before the entitled person exercises the rights, or

(ii) A proposal for any merger agreement under which the Company ceases to exist or any agreement on stock exchange and stock transfer under which the Company becomes a wholly owned subsidiary is approved at a general meeting of shareholders.

9) Restrictions on transfer of new stock reservation rights

An approval from the Board of Directors is required to transfer new stock reservation rights.

Proposal 5: Presentation of Retirement Allowance to the Retiring Director

At the time of the closing of this Annual Meeting of Shareholders, Mr. Haruhito Isomoto will retire from Director due to the expiration of the term of office. In recognition of his service, the Company wishes to grant him retirement allowance within an appropriate range in accordance with a certain standard (bylaw). It is proposed that the specific amount, and the time and manner of the presentation, etc. of the retirement allowance be left to the independent judgment and discretion of the Board of Directors.

Profile of the retiring Director is as follows.

Name	Profile
Haruhito Isomoto	June 2002 Director of the Company (current position)