May 22, 2007

For immediate release,

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Company name:	NIPPON RESTAURANT SYSTEM, INC.
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Preparation of the Share Transfer Plan and Conclusion of the Final Agreement

NIPPON RESTAURANT SYSTEM, INC. (hereinafter "Nippon Restaurant System") and DOUTOR COFFEE CO., LTD. (hereinafter "Doutor Coffee") announced their "Basic Agreement on Management Integration" on April 26, 2007. Nippon Restaurant System and Doutor Coffee have recently reached an agreement, pending approval at their respective general meetings of shareholder to be held on June 28, 2007, to establish DOUTOR･NICHIRES Holdings Co., Ltd. (hereinafter "Joint Holding Company") through a share transfer to take place on October 1, 2007, and are pleased to announce that at their respective Board of Directors Meetings held today drafted the "Share Transfer Plan" and the "Management Integration Agreement " (hereinafter "Final Agreement") as follows.

1. Purpose of the management integration through a share transfer

In order to form a corporate group capable of maintaining their competitive edge into the future through the concentration of the highly complementary areas of their respective companies, Nippon Restaurant System and Doutor Coffee have decided that it would be in the best interests of the respective companies' shareholders, employees and numerous stakeholders to optimize the enterprise value of their respective companies through a management integration and establish the Joint Holding Company.

By utilizing the management resources and know-how of both companies, the management integration aims to further reinforce and expand "beverages," which are the strengths of Doutor Coffee and "meals," which are the strengths of Nippon Restaurant System, while at the same time establish a structure that optimizes the value newly created through the combination of the new store development capabilities of Doutor Coffee with Nippon Restaurant System's new business development, thereby promoting the optimization of the value of the Group.

In the spirit of mutual respect and equality, the two companies intend to nurture an open and challenging corporate climate through aggressive communication and exchanges of personnel, thereby consolidating its position as "Japan's leading company of excellence in the food-services industry," that can answer to the deep-rooted expectations of our diverse customers.

(Benefits of the management integration)

⑴ New business development

Development of new types of enterprises, development of new business models (suburb model, complex model)

⑵ Development of chain stores

Accelerating the opening of new directly-operated stores by expanding store locations (1st floor, 2nd floor, basement, road surface) and sharing of information regarding properties. Shifting types of operations of unprofitable stores

⑶ Store operation

Franchising directly-operated stores, sharing of operation know-how

⑷ Product development

Joint development of product menus, joint procurement of ingredients, sharing of logistics centers

⑸ Administration and overhead

Reducing costs by sharing overhead functions, strengthening human resources development (recruiting as a group, common training programs) and centralizing management through the integration of systems

2. Summary of the share transfer

(1) The basic share transfer scheme

The two companies will jointly establish a holding company through the share transfer method.

(2) Schedule of the share transfer

March 31, 2007	Record date for Ordinary General Meeting of Shareholders (Doutor Coffee)
April 26, 2007	Board of Directors Meeting to approve Basic Agreement on the Share Transfer (Both companies)
April 26, 2007	Conclusion of Basic Agreement on the Share Transfer (Both companies)
May 14, 2007	Record date for Extraordinary General Meeting of Shareholders (Nippon Restaurant System)
May 22, 2007	Board of Directors Meeting to approve the Final Agreement and the Share Transfer Plan (Both companies)
May 22, 2007	Signing of the Final Agreement (Both companies)
June 28, 2007 (Tentative)	General Meeting of Shareholders to approve the Share Transfer Plan (Nippon Restaurant System: Extraordinary General Meeting of Shareholders) (Doutor Coffee: Ordinary General Meeting of Shareholders)
September 25, 2007 (Tentative)	Delisting of stocks (Both companies)
October 1, 2007 (Tentative)	Effective date of share transfer
October 1, 2007 (Tentative)	Registration date of incorporation of the Joint Holding Company

October 1, 2007 (Tentative)	Listing of the shares of the Joint Holding Company
End of November (Tentative)	Issue date of shares of the Joint Holding Company

However, please be advised that the dates may change, based upon deliberation by both parties, in the event that compelling circumstances occur in the course of the management integration proceedings.

(3) Share transfer ratio

Company name	Doutor Coffee	Nippon Restaurant System
Share transfer ratio	1.0	1.687

(Note 1) For each common share of Doutor Coffee, 1 common share of the Joint Holding Company will be allocated and issued; for each common share of Nippon Restaurant System, 1.687 common shares of the Joint Holding Company will be allocated and issued. Moreover, fractional shares of less than one share will be rounded off.

However, please be advised that the above share transfer ratio may change, based upon deliberation by both parties, in the event that material changes occur in the various conditions that form the bases for calculations.

(Note 2) Shares scheduled to be issued by the Joint Holding Company

50,609,761 shares

(Based on the total number of issued shares of both companies as of March 31, 2007)

(4) Basis for calculating the share transfer ratio

1) Basis and background to the calculation

In order to ensure fairness in the calculation of the share transfer ratio, Nippon Restaurant System appointed Daiwa Securities Co., Ltd. (hereinafter “Daiwa Securities”), Doutor Coffee appointed Nomura Securities Co., Ltd. (hereinafter “Nomura Securities”), respectively, as financial advisors in the current management integration to calculate the share transfer ratio and received the relevant share transfer calculation results from their respective financial advisors.

Nippon Restaurant System, referring to the calculation results of the share transfer ratio by Daiwa Securities, and Doutor Coffee, referring to the calculation results of the share transfer ratio by Nomura Securities, comprehensively considered factors such as the financial situation, assets and future projections of the respective companies and upon repeated deliberations on the share transfer ratio ultimately reached the decision that the above share transfer ratio was indeed reasonable.

The basis and background to the calculation do not differ to the contents contained in the press release, “The Basic Agreement on Management Integration,” dated April 26, 2007.

2) Relationship with the calculation organization

Daiwa Securities, which is the calculation organization for Nippon Restaurant System, does not fall under the category of being a related party to Nippon Restaurant System.

Nomura Securities, which is the calculation organization for Doutor Coffee, does not fall under the category of being a related party to Doutor Coffee.

(5) On dividends paid from surplus

Both companies from the perspective of maintaining stable dividends, intend to pay out the year-end dividends for the fiscal year ended March 31, 2007 of Doutor Coffee and the year-end dividends for the fiscal year ending May 31, 2007 of Nippon Restaurant System, according to the predictions contained in the flash financial report for the fiscal year ended March 31, 2007 for Doutor Coffee and to the predictions contained in the flash financial report for the interim period ending May 31, 2007 for Nippon Restaurant System.

(6) Handling of stock acquisition rights (stock options) issued by Doutor Coffee

When this share transfer is approved at the General Meeting of Shareholders to approve the plans for the share transfer, Doutor Coffee will obtain gratis and cancel all stock acquisition rights unexercised as of September 30, 2007. In the event that stock acquisition rights are exercised during the period before which they are obtained gratis, Doutor Coffee, instead of issuing new shares, will allot the treasury stocks in its possession.

(7) Handling of treasury stock of the company, which is to become a wholly-owned subsidiary

Nippon Restaurant System and Doutor Coffee will cancel 186 shares and 1,624,410 shares of their treasury stock, respectively, by September 30, 2007, so that ultimately the total number of issued shares as of September 30, 2007 will not exceed 14,999,814 shares for Nippon Restaurant System and 25,305,075 shares for Doutor Coffee.

(8) Management integration promotion structure

An Integration Preparatory Committee has been established upon the signing of the Basic Agreement. Henceforth the Integration Preparatory Committee will continue to play a central role in the promotion of the management integration.

(9) Matters relating to the listing application of the Joint Holding Company

Nippon Restaurant System and Doutor Coffee intend to apply for the listing on the Tokyo Stock Exchange of the shares of the Joint Holding Company to be newly established. October 1, 2007 is scheduled to be the listing date. Upon completion of the share transfer, the shares of Nippon Restaurant System and Doutor Coffee will be delisted as of September 25, 2007 (tentative).

3. Summary of the companies involved in the share transfer (consolidated basis)

(1) Trade name	Doutor Coffee	Nippon Restaurant System
(2) Principal businesses	Roasting and sales of coffee, procurement, sales and import/export of food products, restaurant and Coffee shop management, development of and consulting to restaurant and coffee shop franchises.	Operating multiple-type restaurant chain, importing and sales of imported goods.
(3) Date of establishment	April 1962	June 1973
(4) Location of head office	1-10-1 Jinnan, Shibuya-ku, Tokyo	10-11, Sarugakucho, Shibuya-ku, Tokyo

(5) Name of representative	Yutaka Toriba, President and Representative Director	Minoru Yamauchi, President and Representative Director
(6) Common stock	11,141 million yen (as of March 31, 2007)	3,505 million yen (as of November 30, 2006)
(7) Total number of issued shares	26,929 thousand shares (as of March 31, 2007)	15,000 thousand shares (as of November 30, 2006)
(8) Net assets	42,891 million yen (as of March 31, 2007)	28,813 million yen (as of November 30, 2006)
(9) Total assets	53,429 million yen (as of March 31, 2007)	34,687 million yen (as of November 30, 2006)
(10) Settlement of accounts	March 31	May 31
(11) No. of employees	992 employees (as of March 31, 2007)	763 employees (as of November 30, 2006)
(12) Principal customers	General customers	General customers
(13) Principal shareholders and percentage of equity participation	Hiromichi Toriba 20.44% Harbinger Capital Partners Master Fund I, Ltd. 9.84% Japan Trustee Services Bank, Ltd. (trust account) 4.93% Citigroup Principal Investments Japan Co., Ltd. 3.52% Bank of New York GCM Client Accounts EISG 2.76% (as of March 31, 2007)	Hirofumi Obayashi 26.67% Madam Hiro Co., Ltd. 14.93% Japan Trustee Services Bank, Ltd. (trust account) 8.46% The Master Trust Bank of Japan, Ltd. (trust account) 6.49% Minoru Yamauchi 3.79% (as of November 30, 2006)
(14) Main banks	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Shoko Chukin Bank	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation
(15) Relationships of companies involved	Capital relationship	NA
	Personnel relationship	NA
	Business relationship	NA
	Situation pertaining to related parties	NA

(16) Business results of the recent 3 financial terms (consolidated basis)

	Doutor Coffee			Nippon Restaurant System		
Month/year of settlement	March 2005 Results	March 2006 Results	March 2007 Results	May 2004 Results	May 2005 Results	May 2006 Results
Net sales (millions of yen)	62,704	66,313	68,596	24,635	26,341	27,824
Operating income (millions of yen)	4,882	5,347	4,337	4,737	5,148	5,807
Ordinary income (millions of yen)	5,068	5,392	4,694	4,775	5,166	5,868
Net income (millions of yen)	2,743	2,769	2,185	2,504	2,717	3,371
Net income per share (yen)	125.81	118.66	85.16	359.38	383.31	224.70
Annual dividends per share (yen)	20.00	25.00	25.00	20.00	20.00	22.00
Net assets per share (yen)	1,486	1,648	1,695	2,625	3,204	1,822

4. Profile of the new company to be established through the share transfer (tentative)

(1) Trade name

DOUTOR･NICHIRES Holdings Co., Ltd.

(2) Business

Exercise overall control over the Group through planning, operations, administration, etc., to the end of optimizing the entire Group.

(3) Head office

Shibuya-ku, Tokyo

(4) Management

Chairman and Representative Director	Hirofumi Obayashi (Currently Chairman and Representative Director of Nippon Restaurant System)
President and Representative Director	Yutaka Toriba (Currently President and Representative Director of Doutor Coffee)
Director	Minoru Yamauchi (Currently President and Representative Director of Nippon Restaurant System)
Director	Masanori Hoshino (Currently Vice President and Director of Doutor Coffee)
Director	Rokuro Inamori (Currently Managing Director of Doutor Coffee)
Director	Takafumi Kidaka (Currently Director of Nippon Restaurant System)
Director (Outside)	Hiroshi Zaizen (Currently Outside Corporate Auditor of Doutor Coffee)
Director (Outside)	Michiko Inagaki (Currently President and Representative Director of Felix, Co., Ltd.)

Full-time Corporate Auditor	Keisuke Takahashi (Currently Full-time Corporate Auditor of Nippon Restaurant System)
Full-time Corporate Auditor	Tetsuo Miyabayashi (Currently Full-time Corporate Auditor of Doutor Coffee)
Corporate Auditor (Outside)	Hiroshi Kajikawa (Currently Outside Corporate Auditor of Doutor Coffee)
Corporate Auditor (Outside)	Shigekane Yoshijima (Former Managing Director of Marubeni Nisshin Feed Co., Ltd.)

Hiromichi Toriba (Currently the Honorary Chairman of Doutor Coffee) will assume the post of Honorary Chairman of the Joint Holding Company.

(5) Common stock: 1 billion yen

(6) Net assets: To be decided

(7) Total assets: To be decided

(8) Number of shares to be issued: 50,609,761 shares (one unit of stock will be 100 shares)

(9) Settlement of accounts

The last day of February is scheduled to be the settlement date for the Joint Holding Company.

Consequently the settlement date of Doutor Coffee will be changed from the last day of March to the last day of February and the settlement date of Nippon Restaurant System will be changed from the last day of May to the last day of February.

(10) Accounting Auditor: KPMG AZSA & Co.

(11) Transfer agent : Mizuho Trust & Banking Co., Ltd.

(12) Outline of the accounting process accompanying the share transfer

In terms of the accounting process to be used for this management integration, the Joint Holding Company will adopt the “Accounting Standard for Business Combinations” (the Business Accounting Deliberation Council, October 31, 2003) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Business Accounting Standard Implementation Guidance No. 10, December 27, 2005) and employ the pooling of interest method. Note that goodwill will not be charged.

(13) Anticipated effects of the share transfer on performance

The business projections for the fiscal year ending February 28, 2008 are scheduled to be released in mid-September 2007.

Currently the medium-term goal is to achieve 125 billion yen in net sales and 16 billion yen in ordinary income on a consolidated basis by the end of the fiscal year ending February 28, 2011.

(14) Dividend policy

The Joint Holding Company intends to achieve both high profits and growth and become a leading company of excellence. In terms of dividends, while dividends corresponding to performance will be the basic policy, the Joint Holding Company intends to take into account the maintenance of internal reserves to further reinforce the corporate constitution and to prepare for future business expansion, and at the same time return company profits to the shareholders based on a dividend payout ratio of 20% to 30%.

(15) Hospitality programs for shareholders

For our valued shareholders who are listed the register of shareholders and register of beneficial shareholders and have over 1 unit (100 shares) of stocks as compiled on the last day of February of each year, we will be offering merchandise worth 2,500 yen to shareholders of over 100 and less than 500 shares, and merchandise worth 4,500 yen for shareholders of 500 shares or more.

(16) Other

The completion of this management integration assumes that various conditions for the share transfer will be met, including the approval by the shareholders, etc. and that no other material events that may hinder this share transfer will occur.