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Ardepro Co., Ltd.

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Ardepro to Issue Convertible Bond for Private Placement

The board of directors of Ardepro today approved the offering of a newly issued convertible-type bond with stock acquisition rights for private placement as outlined below.

1. Purpose of offering of convertible-type bond with stock acquisition rights (“convertible bond”) for private placement

As the supply of new income properties (mainly office buildings) has stagnated in the wake of the collapse of the asset bubble in the early 1990s, the demand for existing properties has remained firm. Because investment yields on Japanese income properties are higher than in Western industrialized nations, we expected money to flow into the Japanese property market from both Japanese and foreign investors, improving the market liquidity for prime existing properties and boosting demand for real estate revitalization services in the medium to longer term. However, after the subprime loan crisis surfaced it became difficult for buyers to obtain financing for real estate transactions, making the business environment challenging for the real estate industry.

With the intent of acquiring major properties, primarily property for development and income office buildings, on August 28, 2007, we issued an approximate 10 billion yen unsecured convertible-type bond with stock acquisition rights (“No. 1 CB”) that was taken up by GS TK Holdings 4 Joint Company (“GSTK4”), a unit of Goldman Sachs.

Although the climate surrounding the real estate industry has changed substantially since we issued the No. 1 CB, Goldman Sachs understands that 1) the demand for our real estate revitalization services can be expected to grow in the medium to longer term after the turmoil that was triggered by the subprime loan crisis that is affecting the entire real estate industry runs its course and 2) the future sale of properties currently held by the company can be expected to contribute to earnings. Therefore, we have decided to issue a No. 2 convertible-type bond with stock acquisition rights (“No. 2 CB”) in an amount equal to the No. 1 CB for placement with GSTK4 to offset the No. 2 CB maturing on August 27, 2008.

In conjunction with the issuance of the No. 2 CB we have also received the continued support of our partner financial institutions, so we believe that we will be able to navigate this challenging economic environment and resume a course for growth.

2. Financing obtained and intended use

The total amount of the No. 2 CB offering is 10,002,720,000 yen, and this will be used to offset the No. 1 CB (10,002,720,000 yen) maturing on August 27, 2008.

Therefore, this is not new financing.

3. Earnings results and equity financing for the latest three years

(1) Consolidated earnings results for the latest three years (units: ¥million)

Years ended July 31	2005	2006	2007
Net sales	13,583	43,001	78,184
Operating income	3,110	7,171	12,505
Recurring profit	1,905	6,698	11,617
Net income	1,078	3,739	6,512
Earnings per share (yen)	1,763.17	5,572.12	1,884.08
Dividend per share (yen)	500	1,600	560
Net assets per share (yen)	6,080.47	15,694.78	4,468.84

Note 1. Ardepro executed a 5-for-1 stock split on August 1 2006.

(2) Current number of outstanding shares and potential shares (as of August 6, 2008)

	Number of shares	Pct. of shares issued
Shares issued	4,217,839	100%
Common stock equivalents at current conversion price (exercise price)	303,050	7.2%
Common stock equivalents at minimum conversion price (exercise price)	303,050	7.2%
Common stock equivalents at maximum conversion price (exercise price)	303,050	7.2%

(3) Recent share price information

i. Most recent three years

	July 2006	July 2007	July 2008
Opening price	¥67,000	¥29,100	¥33,250
High	¥272,000 ¥30,200*	¥44,850	¥41,400
Low	¥51,700 ¥24,310*	¥28,230	¥4,320
Closing price	¥29,570	¥33,300	¥4,340

Note 1. Asterisks (*) denote the high and low subsequent to the stock split

ii. Most recent six months

	Feb	Mar	Apr	May	Jun	Jul
Opening price	¥17,170	¥14,000	¥5,100	¥10,500	¥11,730	¥5,480
High	¥17,690	¥14,400	¥10,980	¥13,820	¥12,250	¥6,770
Low	¥12,600	¥4,980	¥4,440	¥9,820	¥4,480	¥4,320
Closing price	¥15,240	¥5,020	¥10,300	¥11,680	¥4,980	¥4,340

iii. Share price on trading day immediately preceding the resolution

	August 5, 2008
Opening price	¥4,030
High	¥4,050
Low	¥3,630
Closing price	¥3,850

(4) This equity financing

Issue of convertible-type bond with stock acquisition rights for private placement

Date of issue	August 27, 2008
Funds procured	10,002,720,000 yen
Shares issued at time of private placement	4,217,839
Shares issued for this offering	30,000
Purchaser of convertible bonds	GS TK Holdings 4 Joint Company
Common stock equivalents at time of private placement	2,598,100 shares at initial conversion price of 3,850 yen

(5) Most recent three years equity financing

Private placement of stock

Date of issue	May 22, 2006
Funds procured	3,499,596,000 yen (issue price of 164,000 yen)
Shares issued at time of private placement	667,840
Shares issued for this private placement	21,339
Purchasers	DKR Soundshore Oasis Holding Fund Ltd. 10,975 shares Tera Brains Co., Ltd. 6,097 shares BSL Co., Ltd. (currently Oak Capital Co., Ltd.) 3,048 shares Cedar DKR Holding Fund Ltd. 1,219 shares
Initial use of proceeds	Funds for mergers and acquisitions for growth of the Ardepro Group and for the purchase of real estate
Planned timing for use of proceeds	June 2006 through December 2006
Actual use of proceeds	Proceeds are used to acquire real estate

Private placement of newly issued shares

Date of issue	August 28, 2007
Funds procured	20,000,008,800 yen (issue price of 26,450 yen)
Shares issued at time of private placement	3,458,595
Shares issued for private placement	756,144
Purchaser of shares	GS TK Holdings 4 Joint Company
Initial use of proceeds	Funds for the purchase of real estate
Planned timing for use of proceeds	September 2007 through July 2008
Actual use of proceeds	Almost the entire amount has been used to purchase real estate

Private placement of No. 1 unsecured convertible-type bond with stock acquisition rights

Date of issue	August 28, 2007
Funds procured	10,002,720,000 yen
Shares issued at time of private placement	3,458,595
Common stock equivalents at time of private placement	297,700 shares at initial conversion price of 33,600 yen
Current conversion status	Number of shares converted: 0 shares (Remaining: ¥10,002,720,000 at a conversion price of ¥33,600)
Initial use of proceeds	Funds for the purchase of real estate
Purchaser of convertible bonds	GS TK Holdings 4 Joint Company
Planned timing for use of proceeds	September 2007 through July 2008
Actual use of proceeds	Almost the entire amount has been used to purchase real estate

4. Major shareholders

Before Private Placement (January 31, 2008)		After Private Placement	
Shareholder	Pct.	Shareholder	Pct.
Tatsuya Akimoto	40.99	Tatsuya Akimoto	40.99
GS TK Holdings 4 Joint Co.	17.93	GS TK Holdings 4 Joint Co.	17.93
State Street Bank and Trust	3.64	State Street Bank and Trust	3.64
Akimoto Tatsunoko International Scholarship Foundation	2.37	Akimoto Tatsunoko International Scholarship Foundation	2.37
The Master Trust Bank of Japan (Trust account)	1.89	The Master Trust Bank of Japan (Trust account)	1.89
Morgan Stanley and Co. Inc.	1.37	Morgan Stanley and Co. Inc.	1.37
Bank of New York GCM Client	1.1	Bank of New York GCM Client	1.1
Japan Trustee Service Bank (Trust account)	1.07	Japan Trustee Service Bank (Trust account)	1.07
Goldman Sachs International	1.06	Goldman Sachs International	1.06
Pictet & Cie	0.98	Pictet & Cie	0.98

Note 1. If the entire amount of the No. 2 unsecured convertible-type bond with stock acquisition rights placed with GS TK Holdings 4 Joint Company were converted, its ownership of the Company would be 49.21%.

5. Effect on earnings results

There will be no effect on either consolidated or unconsolidated earnings results.

6. Suitability of offering terms

(1) Basis for calculation of offering price

Ardepro has determined that the issue price (100% of face value) is generally appropriate after analyzing various factors that affect the value of the convertible bond. The conversion price was set at 3,850 yen taking into consideration the 3,850 yen closing price of Ardepro common stock on the Tokyo Stock Exchange on the trading day proceeding the date on which the board of directors resolved to issue this convertible bond (August 5, 2008).

(2) Basis for determining the reasonability of the amount of the offering and the dilution of shares

The No. 2 CB represents 38.12% of outstanding shares, if potential shares are included. We have determined that the amount of the offering and the dilution of shares associated with the No. 2 CB are reasonable because by issuing the No. 2 CB in conjunction with the retirement of the No. 1 CB, Ardepro will be able to maintain the financial foundation needed to resume a course for future growth.

7. Reason for Selection of Purchaser

(1) Profile of purchaser

Name	GS TK Holdings 4 Joint Company	
Activities	Purchase and ownership of securities	
Established	January 29, 2007	
Head office	46 th floor, Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo	
Name and title of CEO	Sahu Ankur, Executive Officer Representative, GS PIA Holdings Joint Company	
Capital	1 million yen	
Shareholder	GS PIA Holdings Joint Company (100%)	
Relationship with Ardepro	Capital	Owns 756,144 shares of Ardepro common stock and 10,002,720,000 yen Ardepro No. 1 unsecured convertible-type bond with stock acquisition rights.
	Business	None
	Personnel	One outside director at Ardepro
	Related parties	None

Note 1. GS PIA Holdings Joint Company, a major shareholder of GS TK Holdings 4 Joint Company, is wholly owned by a member of the Goldman Sachs group.

(2) Reason for selection of purchaser

Goldman Sachs has a deep understanding of Ardepro's business model. Furthermore, the Company believes that it can build a strong partnership with this company that includes measures to improve corporate governance. For example, Ardepro plans to add an executive from Goldman Sachs to its board of directors and its Executive Committee.

(3) Policy of purchaser concerning Ardepro stock and convertible bonds

The Company understands that Goldman Sachs plans to hold Ardepro stock and convertible bonds over the medium to long term, in principle, participating in the Company's management with the goal of increasing corporate value.

Appendix: Issue summary

- 1 . Name of bond offered Ardepro Co. Ltd. No. 2 unsecured convertible-type bond with stock acquisition rights ("bond with stock acquisition rights"), with the bond alone referred to as "the bond" and the stock acquisition rights alone referred to as "the stock acquisition rights."
- 2 . Amount of bond offering 10,002,720,000 yen
- 3 . Price per bond 100,027,200 yen, one type

- 4 . No certificates issued for bond with stock acquisition rights Ardepro will not issue certificates for this bond with stock acquisition rights. Pursuant to the provisions of Article 254, Paragraphs 2 and 3 of the Corporation Law, neither the bond nor the stock acquisition rights may be transferred separately.
- 5 . Interest The bond bears no interest.
- 6 . Amount paid per bond 100,027,200 yen (100 yen per 100 yen of face value)
- 7 . Redemption price 100 yen per 100 yen of face value
- 8 . Application date August 27, 2008
- 9 . Payment date /Issue Date August 27, 2008
- 10 . Subscription method Private placement in which all convertible bonds will be purchased by GS TK Holdings 4 Joint Company
- 11 . Collateral and guarantee There is no physical collateral or guarantee for the convertible bonds. Furthermore, no assets have been set aside for the convertible bonds.
- 12 . No bond administrator Because this bond with stock acquisition rights meets the exception stipulated in Article 702 of the Corporation Law, there will be no bond administrator.
- 13 . Redemption method and time
- (1) The bond will be redeemed at 100 yen per 100 yen of face value on August 27, 2009.
- (2) 1 If any of the following events occur, the holder of the convertible bonds has the right to demand that Ardepro redeem all or part of the bonds at 100 yen per 100 yen of face value.
- (i) A tax revision results in the deduction at source or other deduction of taxes concerning payments made by Ardepro with regard to the bonds
- (ii) An official decision that causes Ardepro's obligations concerning the convertible bonds to be transferred to a third party. Such decisions include a corporate reorganization (defined in item 14 (16)); the sale or transfer of all of Ardepro's assets, or effectively all of Ardepro's assets (but only if conditions of the sale or transfer result in the transfer to a third party of obligations concerning the convertible bonds); and other corporate reorganizations.
- (iii) Ardepro's shares are delisted
- 2 If a holder of the convertible bonds requests an early redemption as prescribed in item 1, the holder must submit a request on the form prescribed by Ardepro (the early redemption request form) no later than 30 days prior to the requested redemption date. The form must include the amount of the bonds to be redeemed, the redemption date and other information along with the holder's official seal. Furthermore, the form must be submitted at the redemption payment location designated in Article 19 (Location for Redemption Payments).

3 The request for early redemption will become effective when the early redemption request form arrives at the redemption payment location. The convertible bond holder who submits the early redemption request cannot cancel the request afterward.

- (3) If the redemption date prescribed in this document is a bank holiday, the redemption date will be the next bank business day.
- (4) Ardepro can repurchase and retire the bonds at any time beginning on the day following the issue date.

14 . Items Concerning Stock Acquisition Rights

- (1) Number of stock acquisition rights attached to the bonds
Ardepro will issue a total of 100 stock acquisition rights, with one right attached to each bond.
- (2) Cash payment upon exchange of stock acquisition rights for stock
No payment is needed.
- (3) Distribution date for stock acquisition rights
August 27, 2008. Provided, however, that the fulfillment of the payment obligations for the bond on the payment date as specified in Item 9 is a condition for the distribution.
- (4) Type of stock delivered upon exercise of stock acquisition rights calculation method for number of shares per type
Ardepro common stock will be delivered upon exercise of the stock acquisition rights. The Company will deliver either newly issue common stock or stock held as treasury stock. The number of shares is the largest whole number obtained by dividing the total amount paid for the bonds to which the stock acquisition rights being exercised are attached divided by the conversion price in Item (8) 2 in this section (or the adjusted conversion price as prescribed in Item (10)). Fractions of shares will be discarded and a cash payment made instead.
- (5) Exercise period
Holders of the bond with stock acquisition rights may exercise the stock acquisition rights at any time between August 28, 2008 and August 26, 2009 ("the exercise period"). However, if the last day is a bank holiday, the exercise period will end on the next bank business day. In addition, the stock acquisition rights cannot be exercised (1) after the Company purchases and retires the bond to which the right is attached as stipulated in Item 13 (4) and (2) beginning on the day that the Company defaults on the bonds. In addition, if a holder of convertible bonds requests early redemption of the bond as stipulated in Item 13 (2), the applicable stock acquisition rights cannot be exercised from the time the early redemption request form is submitted to the redemption payment location. The stock acquisition rights will be cancelled at the time they can no longer be exercised under the provisions of Article 287 of the Company Law.
- (6) Other conditions for exercise of stock acquisition rights
Partial exercise of the stock acquisition rights is not allowed.
- (7) Purchase of stock acquisition rights by Ardepro
No items are prescribed concerning the purchase of stock acquisition rights.
- (8) Description and amount of assets to be paid upon exercise of stock acquisition rights
 - 1) When a stock acquisition right is exercised, the bond attached to that right is the asset used to pay for the stock. The price of the applicable bond is the same as

the amount paid for the bond.

- 2) The amount to be paid per share (conversion price) upon exercise of a stock acquisition right is initially 3,850 yen. However, the conversion price may be adjusted as described in Item (10).

- (9) Increase in paid-in capital and legal reserve due to exercise of stock acquisition rights
 - 1) When shares are newly issued upon the exercise of stock acquisition rights, the increase in paid-in capital will be half of the maximum increase in paid-in capital, calculated in accordance with Article 40-1 of the Company Calculation Rules. All amounts resulting from this calculation will be rounded up to the nearest whole yen.
 - 2) When shares are newly issued upon the exercise of stock acquisition rights, the increase in the legal reserve is the maximum increase in paid-in capital less the increase in paid-in capital as described in item 1).
- (10) Adjustment of conversion price

- 1) Ardepro may adjust the conversion price as follows.

If an event described in section 2) (i) or (ii) occurs following the issue of the convertible bonds, the conversion price will be adjusted using the following conversion price adjustment formula.

$$\begin{aligned}
 \text{Adjusted exercise price} &= \text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of shares delivered} \times \text{Amount paid per share}}{\text{Market price per share}}}{\text{Existing Number of outstanding shares} + \text{Shares delivered}}
 \end{aligned}$$

- 2) The following shall apply when the conversion price for the bond with stock acquisition rights is adjusted using the conversion price adjustment formula and at the time that the conversion price is applied following adjustment.

() In the event that Ardepro common stock is delivered at a payment value that is lower than the market price specified in Item 3) (ii). Excluding, however, distributions in exchange for the acquisition of securities (rights) listed in (iii) below, in exchange for the acquisition of stock delivered in exchange for the acquisition of such securities (rights), or from the exercise of stock acquisition rights delivered in exchange for such securities (rights); or distributions from the exercise of stock acquisition rights listed in (iii) below, or distributions in exchange for the acquisition of stock distributed as the result of the exercise of such rights.) (iv) below or the stock acquisition rights in this private placement), the adjusted conversion price will become effective starting on the day after the payment date for this common stock (the final day when there is a payment period of two or more days, same hereafter) or, if there is a record date for shareholders to receive this stock as an allocation, the day after this record date.

() When Ardepro conducts a stock split or gratis share distribution of its common stock

The adjusted conversion price becomes effective (a) on the day following the record date for a common stock split, (b) on the day after

the record date for the right to receive a gratis distribution of common stock, and (c) the day after the stock split becomes effective if there is no record date for the right of shareholders to receive the gratis share distribution.

- () This item is applicable if the Company issues at a price below the market price prescribed in item 3) (ii) (a) common stock, (b) stock that can be received in exchange for Ardepro common stock or that requires an exchange of Ardepro common stock, (c) securities (rights) that can be received in exchange for stock acquisition rights for the receipt of Ardepro common stock or securities (rights) that require this exchange; (d) stock acquisition rights (including stock acquisition rights attached to convertible bonds, same hereafter) for the receipt of stock, where Ardepro common stock can be received by exercising the rights or stock can be received in exchange for Ardepro common stock. This item include gratis share distributions. In this case, all securities (rights) and stock acquisition rights issued (securities with acquisition rights hereafter) will be deemed to have been acquired under the original terms or exercised to receive Ardepro common stock (in the case of (a) stock that is acquired in exchange for Ardepro common stock or that requires this exchange; (b) securities (rights) obtained in exchange for stock acquisition rights that can demand the delivery of Ardepro common stock, or that require this exchange; (c) stock acquisition rights for the receipt of stock that can be obtained in exchange for Ardepro common stock, or that requires this exchange; additionally, it is deemed that all such stock or stock acquisition rights have been acquired at the initial terms and have been exercised to receive Ardepro common stock). The adjusted conversion price will be calculated based on the conversion price adjustment formula and this adjusted price will become effective on the payment date (allocation date in the case of stock acquisition rights and convertible bonds) or the day after the gratis share distribution becomes effective.

However, the adjusted conversion price becomes effective on the day after the record date if there is a record date for the right to receive a shareholder allocation.

Irrespective of the above items, in cases where the value of Ardepro common stock delivered upon an acquisition or exercise cannot be determined at the time the securities with acquisition rights were issued, it will be deemed that all securities with acquisition rights issued at the time the value was determined were acquired or exercised under terms in force when the value was determined, and that Ardepro common stock was delivered (in the case of (a) stock that is acquired in exchange for Ardepro common stock or that requires this exchange; (b) securities (rights) obtained in exchange for stock acquisition rights that can demand the delivery of Ardepro common stock, or that require this exchange; (c) stock acquisition rights for the receipt of stock that can be obtained in exchange for Ardepro common stock, or that requires this exchange; additionally, it is deemed that all such stock or stock acquisition rights have been acquired at the initial terms and have been

exercised to receive Ardepro common stock). In this case, the adjusted conversion price will be calculated using the conversion price adjustment formula in 1) (i) and become effective beginning on the day that the applicable value was determined.

- (iv) For transactions described in item 2) (i) through (iii), when the record date for granting shareholders rights to receive an allocation has been set and when the approval of the general shareholders, board of directors or other organ of the company following such record date is a condition for the transaction to become effective, then, notwithstanding that which is stated in item 2) (i) through (iii), the post-adjustment conversion price will apply from the date following such approval onwards.

In this case, from the date following such record date until the date on which such transaction is approved, Ardepro common stock will be distributed according the following calculation to holders of stock acquisition rights who exercise the stock acquisition rights. Provided, however, that the distribution of stock certificates must conform the provisions of item (14).

(pre-adjustment conversion price – post-adjustment conversion price) × no. of shares delivered during the applicable time period at the pre-adjustment conversion price

Shares =

Post-adjustment conversion price

Any fractions of a share arising from this adjustment will be ignored and there will be no cash adjustment.

- 3) () The conversion price adjustment formula will be used to calculate the conversion price to the hundredths place, and the figure in the hundredths place will be discarded.
- () The market price used in the conversion price adjustment formula in Item 1) (i) is the average of the closing prices on the Tokyo Stock Exchange for Ardepro common stock for the period of 30 trading days (excluding days when there was no closing price) that starts on the 45th trading day prior to the application date for the adjusted conversion price (the record date in the case of Item 2) (iv). The average will be calculated to the hundredths place, and the figure in the hundredths place will be discarded.
- () The number of shares issued in the conversion price adjustment formula in Item 1) (i) is as of the record date if there is one. If there is no record date, this number will be calculated by subtracting the number of shares of Ardepro common stock held by the Company from the number of shares issued as of one month prior to the date when the adjusted conversion price becomes effective. In the case of a stock split as described in Item 2) (ii), the number of shares delivered in the

conversion price adjustment formula does not include shares delivered for Ardepro common stock held by the Company as of the record date.

- 4) In addition to the cases where the conversion price adjustment in Item 2 is needed, the conversion price may be adjusted as required in the following cases.
 - () When a conversion price adjustment is needed due to a stock consolidation, a merger where Ardepro is the surviving company, an absorption and split where Ardepro is the remaining company, or an exchange of stock in which Ardepro becomes a complete parent company.
 - () Other cases where a conversion price adjustment is needed because of an event that will or may cause a change in the number of shares of common stock issued.
 - () When there are two or more events that require a conversion price adjustment, and the effect of one event on the market price used to calculate the adjusted conversion price based on the other event must be taken into consideration.
- (11) When the conversion price is adjusted as prescribed in Item (10), Ardepro will provide notice of this action in writing to holders of the convertible bonds. The notice will include the reasons for making the adjustment, the current conversion price, the adjusted conversion price, the date the adjusted price becomes effective and other necessary items. However, The adjusted conversion price will become effective on or after the original date of effectiveness if the notice cannot be conducted by the day before the date of effectiveness.
- (12) Method for exercising stock acquisition rights

Requests for the exercise of the stock acquisition rights will be processed at the exercise request reception location designated in Article 20 (the exercise request processing location).

 - 1) To exercise a stock acquisition right, the holder must submit a request on the form prescribed by Ardepro (the stock acquisition right exercise request form). The form must include the amount of the convertible bonds to be submitted, the number and type of stock acquisition rights, the exercise date and other information along with the holder's official seal. The form must be submitted at the exercise request processing location during the exercise period.
 - 2) Parties that submit the documents required to exercise stock acquisition rights at the designated location may not subsequently cancel this request.
- (13) Timing of effectiveness of exercise of stock acquisition rights

Parties exercising these stock acquisition rights are holders of shares used for delivery upon the exercise of these rights as prescribed in Article 282 of the Company law.
- (14) Method of delivering stock certificates

Ardepro will deliver stock certificates immediately after the exercise of a stock acquisition right becomes effective. Provided, however, that this does not apply if the

Articles of Incorporation are amended to stipulate that Ardepro does not issue stock certificates.

- (15) Dividends from retained earnings
Regarding dividends from retained earnings (including monetary distributions as prescribed in Article 454-4 of the Company Law), The Company will treat parties that receive Ardepro common stock through the exercise of stock acquisition rights on or prior to a dividend record date in the same manner as all other holders of Ardepro common stock (except stock held by the Company) as of the dividend record date.
- (16) In the event of a merger in which Ardepro is dissolved, an absorption and spin-off, a spin-off to form a new company, an exchange of stock or transfer of stock (organizational realignment actions hereafter), The Company can replace remaining stock acquisition rights held immediately prior to the date of effectiveness of the organizational realignment action with stock acquisition rights of an incorporated company (reorganization target company hereafter) as prescribed in Company Law Article 236-1 items (i) through (v) (successor stock acquisition rights hereafter). In this case, the stock acquisition rights will be cancelled on the date of effectiveness of the organizational realignment action and obligations concerning the bonds will be transferred to the reorganization target company. Holders of Ardepro stock acquisition rights will become holders of the successor stock acquisition rights. Furthermore, all provisions in this document concerning the stock acquisition rights will apply to the successor stock acquisition rights. If there is an absorption and spin-off or a spin-off to form a new company, holders of stock acquisition rights remaining immediately prior to the date of effectiveness of these actions will receive successor stock acquisition rights of the reorganization target company to replace the original stock acquisition rights. However, this replacement is applicable only in cases where the reorganization target company states in the absorption and spin-off contract or a new company spin-off plan that it will assume the obligations associated with the bonds.
- 1) Number of reorganization target company successor stock acquisition rights distributed
The number of successor stock acquisition rights distributed will be the same as the number of stock acquisition rights attached to the remaining bonds held by bondholders immediately prior to the date of effectiveness of the of the organizational realignment action.
 - 2) Type of reorganization target company stock used for exercise of successor stock acquisition rights
Common stock of the reorganization target company
 - 3) Number of reorganization target company shares used for exercise of successor stock acquisition rights
The conversion price of valid stock acquisition rights outstanding immediately prior to the date of effectiveness of the organizational realignment action will be adjusted as prescribed in Item (10) and determined as prescribed in Item (4). The conversion price of the successor stock acquisition rights following the date of effectiveness of the organizational realignment action will be adjusted as prescribed in Item (10).
 - 4) Description and amount of assets to be paid upon exercise of successor stock acquisition rights
When a successor stock acquisition right is exercised, the bond attached to that

right is the asset used to pay for the stock. The price of the applicable bond is the same as the amount paid for the bond as prescribed in Item (8)1).

5) Successor stock acquisition right exercise period

The exercise period will begin on either the starting date of the exercise period for the original stock acquisition rights prescribed in Item (5) or the date of effectiveness of the organizational realignment action, whichever is later, and end on the ending date of the exercise period prescribed in Item (5).

6) Other conditions for exercise and purchase of successor of stock acquisition rights

Same as in Items (6) and (7)

7) Increase in paid-in capital and legal reserve resulting from shares issued due to exercise of successor stock acquisition rights

Same as in Item (9)

15. Reason for elimination of need to pay cash in exchange for the stock acquisition rights and basis of calculation of price of assets submitted upon exercise

The stock acquisition rights are attached to convertible bonds. The rights cannot be detached and sold separately. Furthermore, a bond is the payment used when a stock acquisition right is exercised. In consideration of (a) the close mutual relationship between the bonds and stock acquisition rights, (b) the value of the stock acquisition rights and the economic value concerning the issue terms, including the interest rate, early redemption and issue price, the Company decided that no cash payment would be needed in exchange for the stock acquisition rights. In addition, since these are convertible bond type notes with stock acquisition rights, the Company made the amount of assets to be submitted upon the exercise of one right the same as the issue price of one bond. The initial conversion price is equivalent to 127% of the closing price of Ardepro common stock on the Tokyo Stock Exchange on August 5, 2008.

16 . Ranking of the Bonds

In accordance with bond terms for the convertible bonds, the bonds are an ordinary liability for which compulsory execution is possible. Furthermore, this is a direct, unconditional, unsecured and non-subordinated liability of Ardepro. All bonds have the same ranking; there is no preference or subordination among the bonds regarding the timing of their issuance or any other reason.

17 . Acceleration clause

Default and Special Clause for Early Redemption

Ardepro will be in default concerning the bonds (and the stock acquisition rights can no longer be exercised) if items (4) through (6) below are applicable, as well as in the case that any holder of the convertible bonds submits an applicable demand in writing to the Company.

(1) The Company is in violation of a provision for the convertible bonds and fails to fulfill its obligation or make a correction within 30 days of receipt of a notice from a bondholder demanding corrective actions.

(2) The Company defaults on another bond issue or is unable to make a repayment that has come due.

(3) The Company defaults on a debt other than its bonds or is unable to make a repayment that has come due. Or the Company is unable to fulfill its responsibilities concerning a guarantee extended by the Company for the bonds or debts of a third party. However, these events do not constitute a default if the total liability does not exceed 100 million yen (or the equivalent in foreign currency).

- (4) The Company begins bankruptcy, civil rehabilitation, corporate rehabilitation or special liquidation proceedings, or the board of directors approves a resolution to submit a liquidation resolution at the shareholders meeting (except in the case of a merger).
 - (5) The Company decides to begin bankruptcy, civil rehabilitation or corporate rehabilitation proceedings or receives an order to begin special liquidation.
 - (6) The Company's shareholders approve a liquidation resolution (except in the case of a merger).
- 18 . Public Notices for Holders of the Convertible Bonds
- Public notices for holders of the convertible bonds will, except when prescribed otherwise by laws or regulations, be made using the Ardepro's designated electronic public notice method. Furthermore, the Company will quickly notify bondholders that an electronic public notice has been made. However, if the Company is unable to conduct an electronic public notice due to an accident or other unavoidable circumstances, the notice will be placed in a newspaper as specified in the Company's Articles of Incorporation. Furthermore, the Company will quickly notify bondholders that a public notice has been placed in the newspaper. However, except in cases where prescribed otherwise by laws or regulations, the Company can contact bondholders directly instead of making a public announcement.
- 19 . Redemption Payment Office (Location for redemption payments)
- Business Administration Division of Ardepro
- 20 . Exercise Request Processing Location
- Shareholders' Registrar: Sumitomo Trust & Banking Co. Ltd, Shareholder Services Dept.