

News Release

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ARDEPRO Co., Ltd.

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Notice Concerning Issuance of Stock Options

The board of directors of ARDEPRO Co., Ltd. today approved a resolution to submit a proposal titled "Item concerning issuance of stock acquisition rights as stock options" at the annual general meeting of shareholders scheduled for October 24, 2008. Details are as follows.

ARDEPRO will ask shareholders to approve a resolution giving the board of directors the right to determine terms for the issuance of stock acquisition rights for distribution as stock options to ARDEPRO directors and employees pursuant to Articles 236, 238 and 239 of the Companies Act.

Stock acquisition rights granted to ARDEPRO directors will be recognized as remuneration, etc. under the provisions of Article 361 of the Companies Act. Therefore, shareholders will also be asked to approve the distribution of up to 2,500 stock acquisition rights as stock options to the company's directors as remuneration separate from directors' remuneration that has already been approved.

The monetary value of stock acquisition rights granted to ARDEPRO directors will be calculated as follows: The fair value of each stock acquisition right as calculated on the distribution date will be multiplied by the total number of stock acquisition rights to be issued to individuals who are directors as of the distribution date. The fair value of each stock acquisition right as of the distribution date will be calculated using the Black-Scholes pricing model based on various terms as of the distribution date.

There are five directors who will be eligible to receive these stock acquisition rights.

1. Reason for need to distribute stock acquisition rights at favorable terms to certain individuals

ARDEPRO plans to grant at no cost stock acquisition rights in order to increase the motivation of directors and employees and reinforce their desire to improve the company's performance.

2. Individuals to receive stock acquisition rights

ARDEPRO directors and employees

3. Summary of stock acquisition rights

(1) Description of stock acquisition rights

1) Number and type of shares to be used for stock acquisition rights

ARDEPRO common stock will be distributed (“number of shares per right” hereafter) when stock acquisition rights are exercised and the number of shares per right will be one.

The following formula will be used to adjust the number of shares per right, with any fraction of one share discarded, in the event that ARDEPRO conducts a split (including a gratis share allocation, same hereafter for stock splits) or consolidation of its common stock following the stock acquisition right distribution date (“distribution date” hereafter).

$$\text{Adjusted number of shares} = \frac{\text{Number of shares before adjustment}}{\text{Ratio of split or consolidation}}$$

In addition, ARDEPRO will adjust the number of shares per right within a reasonable range in the event that there is another event following the distribution date that requires an adjustment of the number of shares per right.

2) Amount paid upon exercise of stock acquisition rights

The amount to be paid when exercising a stock acquisition right is the amount to be paid for each share of stock received due to the exercise of the right (the “exercise price” hereafter) multiplied by the number of shares per right.

The exercise price will be the higher of (1) the average closing price of ARDEPRO common stock on the Tokyo Stock Exchange for each day (except days when ARDEPRO shares were not traded) of the month preceding the month when the stock acquisition rights were distributed, rounding up any fraction of one yen, and (2) the closing price of ARDEPRO common stock on the distribution date (the closing price on the nearest preceding day if there was no closing price on this date).

The exercise price will be adjusted if any of the following events occur following the distribution date.

i) If ARDEPRO conducts a split or consolidation of its common stock, the exercise price will be adjusted using the following formula, rounding up any fraction of one yen.

$$\text{Adjusted exercise price} = \frac{\text{Exercise price before adjustment}}{\text{Ratio of split or consolidation}} \times \frac{1}{\text{Ratio of split or consolidation}}$$

ii) If ARDEPRO issues common stock or sells treasury stock at a price below market price (excluding the exercise of stock acquisition rights (including rights attached to convertible bonds) with the right to receive ARDEPRO common stock), the exercise price will be adjusted using the following formula, rounding up any fraction of one yen.

$$\text{Adjusted exercise price} = \frac{\text{Exercise price before adjustment} \times \left(\frac{\text{Number of outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share}}}{\text{Number of outstanding shares} + \text{Newly issued shares}} \right)}{\text{Number of outstanding shares} + \text{Newly issued shares}}$$

In the above formula, the number of outstanding shares is the number of shares issued less treasury stock. In the event that treasury stock is sold, the number of newly issued shares becomes the number of shares of treasury stock sold.

iii) In addition to the above items i) and ii), ARDEPRO will adjust the exercise price within a reasonable range in the case that there is another event following the distribution date that inevitably requires an adjustment of the exercise price.

3) Exercise period

October 25, 2010 through October 24, 2018

4) Conditions for exercise of stock acquisition rights

i) When exercising a stock acquisition right, the holder of the right must be a director, corporate auditor or employee of ARDEPRO. However, this does not apply in cases where the exercise has been approved by the ARDEPRO board of directors.

ii) Stock acquisition rights may not be inherited.

iii) Other conditions for the exercise of stock acquisition rights will be prescribed in stock acquisition right contracts signed by ARDEPRO and each holder of the rights, in accordance with resolutions approved at shareholders meetings and the board of directors.

5) Item concerning increase in paid-in capital and capital surplus due to increase in shares issued resulting from exercise of stock acquisition rights

i) In the case that stock is issued due to the exercise of stock acquisition rights, the amount credited to paid-in capital shall be half of the maximum increase in paid-in capital, etc. as prescribed in Company Calculation Rules Article 40, Paragraph 1, rounding up any fraction of one yen.

ii) In the case that stock is issued due to the exercise of stock acquisition rights, the amount credited to the capital surplus shall be the maximum increase in paid-in capital in item i) above less the amount credited to paid-in capital.

6) Acquisition of stock acquisition rights through purchases

Approval of the board of directors is required for a transfer of ownership of stock acquisition rights through a purchase.

7) Conditions for cancelation of stock acquisition rights

i) A stock acquisition right will be canceled in the event that, prior to the exercise of a right by its holder, the holder is no longer able to exercise the right as prescribed in 3. (1) 4) i).

ii) A stock acquisition right will be canceled when the holder declares that the right has been abandoned.

8) Handling of stock acquisition rights in event of acts of organizational realignment

In the event of a merger (only cases where ARDEPRO ceases to exist), absorption and divestiture, new company divestiture, exchange of stock or transfer of stock (collectively referred to as "acts of organizational realignment"), holders of stock acquisition rights remaining ("remaining stock acquisition rights" hereafter) as of the effective date of the act of organizational realignment shall, in each case, receive stock acquisition rights of the company ("reorganization target company") prescribed in Article 236, Paragraph 1, 8 (a) to (e) of the Companies Act. In this case, the remaining stock acquisition rights shall be cancelled and the reorganization target company shall issue new stock acquisition rights. However, this provision is applicable only in cases where the distribution of new stock acquisition rights by the reorganization target company is stipulated in the absorption merger contract, new company merger contract, absorption divestiture contract, new company divestiture plan, stock exchange contract or stock transfer plan.

9) Handling of shares of less than one trading unit

Fractional shares resulting from the exercise of stock acquisition rights will be discarded.

(2) Number of stock acquisition rights

Maximum of 16,150 rights (with 2,500 rights for ARDEPRO directors)

The maximum number of shares that can be received through the exercise of stock acquisition rights is 16,150 (with 2,500 shares for ARDEPRO directors). If the number of shares per right is adjusted as prescribed in item (1) 1), the maximum number of shares will instead be the adjusted number of shares received multiplied by the above maximum number of rights.

(3) Payment for stock acquisition rights

No payment will be required to receive stock acquisition rights.