HARAKOSAN CO., LTD.

Notice of early redemption request of ¥2,500,000,000 Series A Zero Coupon Convertible Bonds due 2012

We received from Bondholders asking for the early redemption of Series A Euro-yen Convertible Bonds with Stock Acquisition Rights due 2012 issued on 21 December 2007, as follows:

Please note that we will immediately provide new notice should there be changes in the detail.

Note

1. Bonds for early redemption:

   Harakosan Co., Ltd. Series A Zero Coupon Convertible Bonds due 2012

2. Early redemption date:

   21 December 2009

3. Reason for early redemption:

   Due to the receipt of Put Option execution notice from the Bondholders

4. Principal amount subject to the early redemption under prior notice

   ¥2,300,000,000 (Price of early redemption: ¥100 per ¥100 face value)

5. Procedure for early redemption:

Expiration date of Put option	20 October 2009
Early redemption date	21 December 2009

6. Effect to Harakosan's business:

   Affected by the rapid deterioration of the real estate market and the monetary strain policy in Japan, Harakosan group has been placed in a severe financial condition, and if the above Bonds were to be redeemed, Harakosan will be placed in a further severe condition. Therefore, we at Harakosan decided to start negotiating with Bondholders to let us purchase at a discounted price for the Series A Bonds.

   We will disclose the on-going situation of the negotiation and its effect to the business results.

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<For reference>

Outline of the 'Japanese Yen Zero Coupon Convertible Bonds Series A due 2012' as released on 5 December 2007.

1. Issue date: 21 December 2007 (London time)
2. Issue amount: Yen2,500million
3. Unredeemed amount: Yen2,500million
4. Original redemption date 21 November 2012 (London time)
5. Interest rate: '0' coupon
6. Convertible price: Yen2,442.6-per share (Original convertible price: Yen244,260-)
7. Redemption at the Option of the Bondholders:

   (Terms & Conditions 7.8 & 7.9 extracts) The holder of any Bond is entitled, at his option , unless notice of redemption of such Bond by the Company(Harakosan) shall have been given to require the Company to redeem such Bond on 21 December 2009. To exercise his option, the Bondholder shall complete, execute and deposit at the specified office of any Agent, at his own expense, during normal business hours of such Agent not less than 30 nor more than 60 days prior to the Bondholders Optional Redemption Date a notice of redemption in the form obtainable from any Agent, together with such Bond.

End

Note: Concerning the purchase of the Series A Convertible Bonds, we are planning to directly purchase them through an intermediary licensed under Class 1 Financial Products Broker.