



18 December 2009

HARAKOSAN CO., LTD. ¥2,500,000,000

Series A Zero Coupon Convertible Bonds due 2012

On-going negotiations with Bondholders asking for the early redemption

(English version of the release dated 17 December 2009)

We hereby inform you of the current status of the on-going negotiations with holders (the “Bondholders”) of Series A Zero Coupon Convertible Bonds due 2012 (the “Bonds”) and the actions to be taken from now on.

As set out in the press release of 24 November 2009 (*Notice of early redemption in respect of the ¥2,500,000,000 Series A Zero Coupon Convertible Bonds due 2012*), Harakosan Co., Ltd (the “Company”) received notices of early redemption from Bondholders in respect of Bonds with an aggregate amount of ¥2,300,000,000 (to be redeemed at par). The early redemption date is scheduled for 21 December 2009.

The Company has been negotiating with Bondholders with a view to agreeing a buy-back of the Bonds at a reduced price. However, as of today, no agreement regarding the buy-back has been reached with the Bondholders. Furthermore, with regard to paying back the amount of ¥2,300,000,000, it is impossible to fulfill this commitment due to a shortage of funds.

The Company has been negotiating with Bondholders, and will continue negotiating with the after 21 December. The Company is also contemplating a meeting of the Bondholders so that they have a better understanding of the Company’s financial situation and what the Company proposes to do in respect of the Bonds. We will inform you again as soon as the details of the meeting have been determined.

End