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## Issue by third-party allotment of Unsecured Convertible Bond with Stock Acquisition Rights and Attached Call Option (with inter-bond pari passu clause) maturing in 2013

**TOKYO, February 15, 2010**—RISA Partners, Inc. (“RISA Partners”) at a board meeting held on February 15, 2010, resolved to issue by way of a third-party allotment an Unsecured Convertible Bond with Stock Acquisition Rights and Attached Call Option (with inter-bond pari passu clause) (hereinafter, “the 2013 convertible bond issue”), maturing in 2013.

### 1. Outline of issuance

(1) Issue date	March 3, 2010
(2) Total number of new stock acquisition rights	90
(3) Issue price for bonds and new stock acquisition rights	• Payment amount per bond: ¥100 million (¥100 per ¥100 face value) • Payment amount per new stock acquisition right: no payment shall be required on conversion of new stock acquisition right.
(4) Number of shares underlying this issuance of new stock acquisition rights	175,046 shares
(5) Total issue amount	¥9.0 billion
(6) Conversion price and revision stipulations	The conversion price shall be initially determined at ¥51,415. Regarding the conversion price, if the average value for the closing price of the Company's ordinary shares in the 30 consecutive trading days commencing from the 45 <sup>th</sup> trading day prior to December 22, 2010 ('the conversion price determination date') shall be equal to a value greater than ¥1 less than the effective conversion price on December 22, 2010, the conversion price for the period on and subsequent to January 4, 2011 ("the date of entry into force") shall be revised to the determination date price (however, from the day following the determination date until the date of entry into force (including the day itself) the



	conversion price shall be subject to adjustment until the date of effective issuance).
(7) Subscription method	Third party allotment. (Third parties scheduled: NEC Capital Solutions Limited, Deutsche Bank AG, London Branch)

## 2. Objectives and reasons for the issuance

### (1) Main aims of, and background to, issuance of stock acquisition rights

Since its foundation in 1998 as an investment bank originating in Japan, Risa Partners, Inc. (“the Company”) has established cooperative business relationships with 75 financial institutions with a concentration in the fields of corporate revitalization and the disposal of non-performing loans and has built up an established position in the corporate finance market. The Company has also created a unique business model providing wide-ranging investment and advisory services and has managed to maintain a constant and consistent level of operating income despite the adverse impact of the financial crisis, which has continued since the summer of 2008, and so been able to confirm the stability of its operating platform.

This was particularly evident in FY2009 when, despite an unprecedented environment in which a huge volume of the funds formerly available for investment and financing rapidly dwindled away across global markets, the Company was successful in completing an offer, mainly marketed into domestic pension funds, in the corporate investment fund area (which has achieved steady growth and which is one of the key businesses for the Company) totalling over ¥20bn for its second fund of this type. The Company realized exit strategies from a large project invested in with its first fund and, along with the substantial profits realized from this investment, this success has confirmed market confidence in the Company and given credibility to the ongoing potential of the business model.

Moreover, the business and capital alliance with NEC Capital Solutions Limited (hereinafter referred to as ‘NEC Capital Solutions’) in February 2009 has broadened the range of services that the Company can offer and has allowed the Company to realize a large and diverse range of projects from amongst the consulting cases that have resulted from our joint business activities. We therefore believe that, by adroitly combining the service lines and client bases of both companies, a solid new foundation has now been laid for the strengthening of our earnings structure into the future.



At the same time, the Company had some large real estate investments employing leverage in the pursuit of high returns within its investment portfolio and, although investment in this area has been limited since the market peaked in the second half of 2007, investment values have declined sharply in response to the rapid deterioration in the market. The Company therefore booked large asset impairment losses and disposed of unrealized losses on its portfolio over the course of the two terms from FY2008 to FY2009.

Now that the financial crisis appears to be easing to some extent, the Japanese economy and financial markets are gradually recovering and so, vouched for by the strength it has shown in practice, expectations for the Company's innovative investment banking capabilities will be even greater, which is why the Company is looking upon 2010 to become a key strategic year for building corporate growth into the medium and long term.

The funds raised by this structure will be employed, amongst other purposes: to facilitate the redemption of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on March 31, 2010, and the early repayment of the Yen Denominated Convertible Bond with Stock Acquisition Rights maturing on April 28, 2014, for which the redemption can be brought forward to April 2010; to secure funds for the Company's own investment in the corporate investment fund or with the aim of preparing for positive activity as a buyer in the market for non-performing loans disposals, which the Company expects to expand into the future. The Company has determined that raising stable funds to support capital requirements is a key element in securing the growth of the Company over the medium to long term and that, by linking this aim to the widening of the range of its fundraising methods and combining together various financing options for the purposes of strengthening its capital base, it can further raise its creditworthiness and rating.

Moreover, the Company hopes that it can achieve a smoother and more stable level of business development into the future, whilst at the same time securing stable financing, by employing the third-party allocation method so that investors will gain a better understanding of the workings of the synergies between its operations and of the Company's business strategy. NEC Capital Solutions (a listed company on the First Section of the Tokyo Stock Exchange), which has concluded a business and capital agreement with the Company, as mentioned above, is scheduled to become a preferred stockholder of the Company's stock as a result of this allocation, and a close operating relationship has also already been forged between the two companies as a result of these ties. The Deutsche Bank Group is a financial institution, which has been developing its business operations in Japan for many years and has remained a stable, global financial group in the midst of the recent financial crisis.



(2) Reasons for deciding on the issuance of this bond with new stock acquisition rights

In deciding on this current fundraising, the Company has, in the course of extensive and serious discussions, prioritised the certainty of achieving financing, whilst taking into account the importance both of reinforcing the capital structure in the interests of existing shareholders and of considering the impact of the interest burden. In conclusion, and after comparing this method with other alternatives (e.g. bank borrowing, straight bond issuance, increase in capital by a public offering of securities, third-party allocation of shares etc.), the Company decided that, the most preferable option at present, would be to issue a convertible bond with new stock acquisition rights, taking the following factors into consideration.

- ① The ability to raise funds more rapidly and certainly by means of a third-party allocation than would be possible by means of an increase in capital by a public offering of securities or by an allotment to shareholders.
- ② Despite the degree of dilution occasioned by the conversion, an expansion of capital could be looked for from the conversion of the new stock acquisition rights into ordinary shares, which would serve to strengthen the capital structure of the Company.
- ③ There is a 140% call option attached to the issue such that should the share price exceed 140% of the initial conversion price at any point over a set period, the bond can be called for early redemption by the exercise of this call option, which in turn should act as a mechanism to stimulate conversion into ordinary stock.
- ④ A put option is also attached and, although the put option can be exercised on a specified date, because this exercise date is set for a specific date, the redemption date can be predicted with some degree of certainty and, because the redemption amount is the same as the paid-in amount, there is no risk to the Company of having to bear an excessive burden.
- ⑤ The conversion price can be reset downwards and so, in the case of the average value of the share price falling below the initial conversion price over the course of a set period, the conversion price may be reset leading to an increase in the number of ordinary shares outstanding as a result of conversion of new share acquisition rights but, because this reset function can only be used on one occasion, effectively setting a lower limit to the conversion price, it should be possible to limit the impact of potential dilution.
- ⑥ Since in general terms the exercise periods from the new share acquisition rights are widely dispersed, it should be possible to reduce the impact on the supply-demand balance for the Company's shares, to some extent, in comparison with the issuance of a large number of shares such as would be occasioned by a capital increase where shares are issued at the current price.



- ⑦ The coupon on the bond is fixed and so, for the period until the bond is redeemed, only this interest needs be paid and given that the interest rate does not differ greatly from the Company's current funding levels, no large increase in the Company's interest rate payment burden will be occasioned.

### 3. Amount of funds to be raised, use of funds and expenditure schedule

#### (1) Amount of funds to be raised (estimated amount of net proceeds)

Total paid-in amount	Estimated amount for issuer expenses	Estimated amount of net proceeds
¥9 billion	¥50 million	¥8.95 billion

Notes: 1. The estimated amount for issuer expenses does not include consumption tax, etc.

2. The main items in issuer expenses consist of commissions for subcontracting office work, payments made to institutions undertaking valuations and lawyers' fees.

#### (2) Specific uses for funds raised

Specific uses	Amounts	Expenditure schedules
Redemption of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on March 31, 2010	¥2.48 billion	March 2010
Early redemption of the Yen Denominated Convertible Bond with Stock Acquisition Rights maturing on April 28, 2014	¥6.47 billion	April 2010

Notes 1. In the event that the cost of the early redemption of the Yen Denominated Convertible Bond with Stock Acquisition Rights with a maturity date of April 28, 2014 should be less than ¥6.47 billion, the remaining portion shall be allocated either as loan asset investments or for operating requirements.

2. The funds shall be kept in the deposit account of the Company's bank during the period between the funds being raised and the expenditure being carried out.

### 4. Reasoning behind the use of funds

As mentioned in point 2.(1) above, the purpose of this issue of a bond with new stock acquisition rights is to prepare funds for the repayment on maturity of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on March 31, 2010, and the early repayment of the Yen Denominated Convertible Bond with Stock Acquisition Rights with a maturity date of April 28, 2014.



The issuance of this bond with new stock acquisition rights is aimed at providing the funds for the redemption of these two existing bonds with new stock acquisition rights and is also being conducted in the hope that the Company's equity can be strengthened as a result of the conversion of these rights into ordinary shares in the future. The Company believes that the further reinforcement of the Company's capital base should provide a greater degree of flexibility in financing options in the future and will be a very important factor in facilitating the Company's growth over the medium to long term.

##### **5. Reasonableness of the issuance conditions, etc.**

###### **(1) Basis for assessing issuance conditions are reasonable**

In connection with the issuance conditions, including issuance price, conversion price and coupon for this convertible bond with stock acquisition rights, the Company has made a comprehensive review taking into consideration the following factors: the liquidity of the Company's equity, current share price levels, the volatility of the Company's stock, and the credit costs borne by the Company's bondholders. Moreover, in connection with the conversion price of the bond with stock acquisition rights, because there is only one occasion scheduled in the ten-month period post issuance on which the conversion price for this convertible bond with stock acquisition rights can be reset downwards, even if the price of the Company's shares were to decline from the price current at the date of issuance, the stock acquisition rights would be exercised and so a strengthening of the Company's capital base can be expected as a result. Furthermore, the reason for setting the timing for the downward reset option for the conversion price ten months from the date of issuance, and before the exercise date for put option which falls one year after issuance, is to allow the conversion price to be adjusted once with the aim of encouraging the conversion of the rights into ordinary shares rather than their being held to redemption. The Company has taken advice from its legal counsel and taken into account the valuation report prepared by Plutus Consulting which is given below and so, on the basis of the special characteristics of the convertible bond with new stock acquisition rights as outlined above, the Company has judged that the issuance conditions for the bond are reasonable. In the interests of ensuring fairness, the Company commissioned Plutus Consulting (Minato-ku, Tokyo), as an independent third party, to conduct a valuation analysis of the convertible bond with stock acquisition rights and has obtained a copy of the valuation report prepared by them on the convertible bond with stock acquisition rights (hereinafter referred to as 'Plutus valuation report'). According to the Plutus valuation report, the targeted number of shares delivered in response to demands for the conversion of the new stock acquisition rights attached to the convertible bond with new stock acquisition rights would amount to a reasonable proportion of the ordinary daily turnover in the Company's shares recorded on a normal trading day and, on the assumption that



the parties to whom the new shares are allocated disposed of such shares by sale within a range that would not have a major impact on the market price. Moreover, the report also calculates that, taking into account the 140% call option, the put option granted to the parties receiving allocations, the option to reset the conversion price approximately ten months post-issuance and the volatility and the liquidity of the Company's share price amongst other factors, the new stock acquisition rights are fairly valued on the basis of the Monte Carlo simulation which is one of the models widely used for calculating the price of equity options. Given that the Company has confirmed that the economic profit to be gained by the attachment of new stock acquisition rights to the bond is roughly equivalent to the estimated fair value of the new stock acquisition rights, the Company has therefore decided that it is rational for the issue price of the new stock acquisition rights to be gratis. Furthermore, in light of the issues noted at 2. (2) 'Reasons for deciding on the issuance of this bond with new stock acquisition rights' above, the Company has also decided that the other conditions of issuance are also reasonable.

All of the Company's internal auditors have received an explanation of the main points concerning the issuance and the points noted at 2. (2) 'Reasons for deciding on the issuance of this bond with new stock acquisition rights' above and have decided and expressed the opinion that overall, on taking into consideration the contents of the Plutus valuation report and since the economic profit to be gained by the attachment of new stock acquisition rights to the bond is roughly equivalent to the estimated fair value of the new stock acquisition rights, the conditions of the issuance are not excessively beneficial to the parties due to receive allocations in the issue.

(2) Foundation for judging that the issuance volume and scale of potential dilution are reasonable

The number of latent shares underlying the convertible bond with stock acquisition rights is estimated at 59.86% of a total number of voting rights of 292,415 outstanding as of February 15, 2010, and, if all the new share acquisition rights were converted at the lowest possible conversion price following a downward reset, this proportion would rise to 99.77% of a total number of voting rights of 292,415 outstanding. The stabilization of the Company's capital base afforded by this financing should contribute to increasing the flexibility of the Company's funding capabilities and, since this factor is indispensable for securing the continued growth of the Company, the Company believes that it can expect this issuance to raise the medium to long term value of the Company. In particular, the Company thinks that the further strengthening of its bonds with NEC Capital Solutions, a strategic business partner with whom a business and capital agreement was concluded in February last year, is likely to result from the latter agreeing to become a party scheduled to be included in the allocation and that this development will contribute to increasing



the corporate value of the Company into the medium and long term. Moreover, the coupon conditions on this convertible bond with new stock acquisition rights compare relatively favourably with those available for raising capital with subordinated debt, etc. and the limiting of the reset function on the conversion price to one occasion only will act to prevent dilution.

In light of the above, the Company believes that this issuance of a convertible bond with new stock acquisition rights will be linked to the preservation of existing shareholders' interests and that the size of the issue and the scale of the potential dilution are reasonable and in keeping with the aims set out for the issue.

*Note: Additionally, the number of latent shares underlying the convertible bond with stock acquisition rights that would be created if all of the preference shares allocated to NEC Capital Solutions were to be converted would amount to 44.32% of a total number of voting rights of 394,979 outstanding.*

## 6. Reasons for choosing the parties due to receive allocations

### (1) Outline of the parties due to receive allocations

(As of February 15, 2010)

(1) Company name	NEC Capital Solutions Limited
(2) Corporate Address	5-29-11 Shiba, Minato-ku, Tokyo
(3) Representative	President and Representative Director, Hidetaka Itahashi
(4) Content of business	<ul style="list-style-type: none"> <li>• Information processing equipment, communications equipment, office equipment, industrial machinery, Leasing of equipment etc.</li> <li>• Instalment sales and factoring, financing, money collection agency and other services</li> </ul>
(5) Capital	¥3,776,880,000
(6) Established	November 30, 1978
(7) Number of shares outstanding	21,533,400 shares
(8) Financial year-end	March 31
(9) Number of employees	521 (Consolidated)
(10) Main clients	NEC Corporation, others
(11) Main banks	<ul style="list-style-type: none"> <li>Sumitomo Mitsui Banking Corporation</li> <li>The Sumitomo Trust &amp; Banking Co. Ltd.</li> <li>Development Bank of Japan Inc.</li> <li>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</li> </ul>
(12) Large shareholders &	NEC Corporation 37.66%



shareholding ratios	Sumitomo Mitsui Finance & Leasing Company Limited	25.03%	
(13) Relationship with the Company			
Capital relationship	<p>The Company concluded a capital and business agreement with NEC Capital Solutions in February 2009 and the latter company agreed to acquire all the preferred shares with conversion rights into ordinary shares in a third-party capital raising that the Company decided to issue (for a total consideration of ¥4bn) on the same day.</p> <p>If NEC Capital Solutions were to exercise all of its rights to convert these preferred shares into ordinary shares, it would acquire approximately 26% of the voting rights in the Company as of the time prior to the issuance of the convertible bond with new share acquisition rights and it is expected that the Company would become an equity-accounted affiliated subsidiary of NEC Capital Solutions as a result.</p>		
Personnel relationship	<p>Mr Tomoyuki Kato is an advisor NEC Capital Solutions and serves as an external director of the Company. Furthermore, one employee of NEC Capital Solutions is seconded to the Company.</p>		
Trading relationship	<p>Centring on the commission for promoting cooperation between the two companies set up by NEC Capital Solutions and the Company, the two companies conduct joint sales operations at financial institutions with which the Company has relationships and undertake joint investment in the field of distressed debt.</p>		
Relevant circumstances about related parties	<p>There are no related parties between NEC Capital Solutions and the Company. Furthermore, the related parties and companies of NEC Capital Solutions are not related parties of the Company.</p>		
(14) Recent three-year management results & financial conditions (Unit: million yen)			
Term	March 2007 (Non-consolidated)	March 2008 (Consolidated)	March 2009 (Consolidated)
Net assets	59,316	62,012	56,387
Total assets	732,121	780,334	754,125
Net assets per share (¥)	2,754.65	2,879.83	2,618.67
Sales	265,739	264,115	260,995
Operating income	7,031	5,983	3,615
Ordinary income	7,032	5,912	3,360
Net income	4,074	3,945	(3,806)
Net income per share (¥)	189.21	183.25	(176.75)



Dividend per share (¥)	44	44	44
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(1) Company name	Deutsche Bank AG, London Branch		
(2) Corporate Address	Winchester House, 1 Gracechurch Street, London EC2N 2DB, United Kingdom		
(3) Representative	Chief Executive Officer (CEO) Josef Ackermann		
(4) Content of business	Banking		
(5) Capital	1,589million euro (As of December 31, 2009)		
(6) Established	1870		
(7) Number of shares outstanding	619.5 million shares (As of September 30, 2009)		
(8) Financial year-end	December 31		
(9) Number of employees	77,053 (Consolidated, as of December 31, 2009)		
(10) Main clients	Investors and issuers		
(11) Main banks	-		
(12) Large shareholders & shareholding ratios	AXA S.A.	5.36%	
	Credit Suisse Group	3.86%	
(As of December 31, 2008)			
(13) Relationship with the Company			
Capital relationship	There is no significant capital relationship between the two companies. Furthermore, there are no capital relationships worthy of special mention between the related parties or related companies of the two companies.		
Personnel relationship	There are no significant personnel relationships between the two companies. Furthermore, there are no personnel relationships worthy of special mention between the related parties or related companies of the two companies.		
Trading relationship	There is no significant trading relationship between the two companies. Furthermore, there are no trading relationships worthy of special mention between the related parties or related companies of the two companies.		
Relevant circumstances about related parties	There are no related parties between Deutsche Bank AG and the Company. Furthermore, the related parties and companies of Deutsche Bank AG are not related parties of the Company.		
(14) Recent three-year consolidated results & financial conditions	(Unit: million euro)		



Term	December 2007	December 2008	December 2009 (Unaudited)
Net assets	39,315	31,914	— (Note 1)
Total assets	1,925,003	2,202,423	— (Note 2)
Net assets per share (euro)	79.32	52.59	57.81
Sales	30,745	13,490	27,952
Net income	6,510	(3,896)	4,958
Net income per share (euro)	13.65	(7.61)	7.92
Dividend per share (euro)	4.50	0.50	0.75 (Note 3)

*Note 1: As of February 4, 2010, unaudited consolidated results for the party due to receive an allocation had not yet been disclosed.*

*Note 2: A round number of euro 1,501billion has been disclosed for this item in the unaudited consolidated accounts information noted above.*

*Note 3: The dividend number is a projected amount because the proposal has not yet been passed by the general meeting of shareholders of the party due to receive an allocation.*

*\* Additionally, the Company has confirmed that neither of the parties due to receive allocations nor the directors nor major shareholders of the parties due to receive allocations (main investors) have any connections whatsoever with any organizations engaged in violent or anti-social activities and have presented documentation certifying to this effect to the Tokyo Stock Exchange Group Inc.*

## (2) Reasons for selecting parties due to receive allocations

### ■ NEC Capital Solutions

NEC Capital Solutions has a customer base centring on the NEC group, public offices, and major corporations along with a specialization in the fields of asset finance and a network and know-how which are quite different from those possessed by the Company and, since the business and capital agreement concluded in February 2009, it has become an important partner to the Company. Since the agreement was concluded, the two companies have achieved a degree of success in their combined efforts and cooperation in the field of providing financing solutions to companies and have managed to realize synergies as a result of the agreement between them. As far as the Company is concerned, deepening and strengthening the synergies deriving from the agreement with NEC Capital Solutions forms an extremely important part of the Company's management strategy and so the Company selected NEC Capital Solutions as a party to receive an allocation because management judged that reinforcing not just the operational but also the capital relationship between the two companies to be an ideally suitable means of promoting the



growth of both parties.

■ Deutsche Bank AG, London Branch

Deutsche Bank is both one of the largest financial institutions in the world and an organization with a long history of business development in the Japanese market. Its commitment to the Japanese financial markets is strong and its credibility as a trustworthy financial institution along with its wealth of experience and success in the fields of corporate and distressed debt investment in addition to its thorough knowledge of the Company's operations and financial strategy made Deutsche Bank a natural choice as a party to receive an allocation.

(3) Retention policies of the parties due to receive an allocation

■ NEC Capital Solutions

It has been communicated to the Company by NEC Capital Solutions that the latter's intention for shares in the Company acquired as a result of the exercise of its new stock acquisition is that they should form a long-term, continuous holding with the aim of strengthening still further the relationship between the two companies described above.

■ Deutsche Bank AG, London Branch

The Company understands that Deutsche Bank intends to exercise its rights to convert into ordinary shares when the bank judges that the movements in the market are favourable and that it intends to hold the shares for a certain period thereafter but it has received no indication as to the bank's intentions regarding the Company's shares in the longer term and the possibility exists that the holding may be sold off at a suitable time in the future.

(4) Contracts related to the borrowing and lending of share certificates

There are no plans to conclude contracts regarding the borrowing or lending of share certificates related to this financing between the Company and either NEC Capital Solutions or Deutsche Bank, both of which, as parties due to receive allocations, qualify as special interested parties (as defined in Chapter 1, Article 1, Clause 31 of the Cabinet Office regulations governing the disclosure of corporate matters, etc.) of the Company.

(5) Verification of the existence of funds required by the parties due to receive allocations for payment

■ NEC Capital Solutions

The Company has ascertained that NEC Capital Solutions confirmed in the quarterly report which it submitted on February 4, 2010 that, as a party due to receive an allocation, it had



sufficient cash and other liquid assets to make payment for the allocation of convertible bonds with new stock acquisition rights.

■ Deutsche Bank AG, London Branch

The company has confirmed that, according to the audited consolidated financial statements for FY2008 and the unaudited consolidated financial statements for FY2009 filed by Deutsche Bank, the credit and financial condition of the bank, as a party due to receive an allocation, means that it has sufficient assets to make payment for the allocation of convertible bonds with new stock acquisition rights.

(6) Other important contracts

- ① In connection with the issuance of this convertible bond with new stock acquisition rights, the Company is due to enter into an agreement on the payment date with Deutsche Securities, which is an affiliated company of Deutsche Bank AG, London Branch which is one of the parties due to receive an allocation, to the effect that, starting from the payment date and calculated for a period until the 45th day prior to the corresponding day of the twelfth month, the Company shall not, without the prior permission of Deutsche Securities in writing, take any action of any kind in the form of issuance or disposal of the Company's ordinary shares or of any securities convertible into or exchangeable for the Company's ordinary shares (excluding, however, the exercise of any new share acquisition rights (including those attached to bonds with new share acquisition rights) already existing at the time of the the issuance of the convertible bond with share acquisition rights and the exercise of the conversion rights belonging thereto and the issuance or disposal of ordinary shares based upon the exercise of rights to claim the acquisition of preferred stock).
- ② Furthermore, NEC Capital Solutions, which is a shareholder of the Company and is due to receive an allocation is due to enter into an agreement on the payment date with Deutsche Securities, which is an affiliated company of Deutsche Bank AG, London Branch, to the effect that, starting from the payment date and calculated for the end of the day on the final day of a period of 180 days, NEC Capital Solutions shall not, without the prior permission of Deutsche Securities in writing, transfer, lend or convey any of the Company's shares (including such portion as may be acquired by the exercise of this convertible bond with stock acquisition rights or by the the exercise of rights to claim the acquisition of preferred stock) held by NEC Capital Solutions to any third party and, further, that it shall not, by means of the establishment of any pledges or mortgage rights etc., assign such rights to any third party and shall refrain from any contracts or dealing (including, but not limited to, dealing in derivatives) leading to the transfer of ownership rights (not limited to the legal definition but also including the economic meaning) to the convertible bond with new stock



acquisition rights (including the portion consisting of new stock acquisition rights) or to the Company's shares (including such portions as may be acquired as a result of the exercise of rights to claim the acquisition of preferred stock and the exercise of this convertible bond with stock acquisition rights).

#### 7. Major shareholders and their shareholding ratios post fundraising

Calculated on the assumption that the preferred shares allocated to NEC Capital Solutions in March 2009 are not converted into ordinary shares and that solely the full amount of stock acquisition rights attached to this convertible bond with new stock acquisition rights are exercised

Pre-fundraising (as of December 31, 2009)		Post-fundraising	
Atsushi Imuta	10.77%	Deutsche Bank AG, London Branch	28.87%
JWAY Ltd.	6.20%	NEC Capital Solutions, Ltd.	8.25%
The Bank of New York 132561	4.87%	Atsushi Imuta	6.77%
J.P. Morgan Chase Oppenheimer Jasdec Lending Account	4.04%	JWAY Ltd.	3.90%
Misuzu Imuta	3.78%	The Bank of New York 132561	3.06%
Japan Trustee Services Bank, Ltd. (Trust acc.)	3.61%	J.P. Morgan Chase Oppenheimer Jasdec Lending Account	2.55%
The Master Trust Bank of Japan, Ltd. (Trust acc.)	3.19%	Misuzu Imuta	2.38%
Nikko Citi Trust Bank, Ltd. (Inv. trust acc.)	2.74%	Japan Trustee Services Bank, Ltd. (Trust acc.)	2.27%
Takashi Watanabe	1.09%	The Master Trust Bank of Japan, Ltd. (Trust acc.)	2.01%
State Street Bank and Trust Company 505104	1.00%	Nikko Citi Trust Bank, Ltd. (Inv. trust acc.)	1.72%

*Note: 4,046 treasury shares are excluded from this list of 'Major shareholders and their shareholding ratios'*



Calculated on the assumption that the full amount of both the preferred shares allocated to NEC Capital Solutions in March 2009 and the stock acquisition rights attached to this convertible bond with new stock acquisition rights are exercised

Pre-fundraising (as of December 31, 2009)		Post-fundraising	
Atsushi Imuta	10.77%	NEC Capital Solutions, Ltd.	24.64%
JWAY Ltd.	6.20%	Deutsche Bank AG, London Branch	23.72%
The Bank of New York 132561	4.87%	Atsushi Imuta	5.56%
J.P. Morgan Chase Oppenheimer Jasdec Lending Account	4.04%	JWAY Ltd.	3.21%
Misuzu Imuta	3.78%	The Bank of New York 132561	2.52%
Japan Trustee Services Bank, Ltd. (Trust acc.)	3.61%	J.P. Morgan Chase Oppenheimer Jasdec Lending Account	2.09%
The Master Trust Bank of Japan, Ltd. (Trust acc.)	3.19%	Misuzu Imuta	1.95%
Nikko Citi Trust Bank, Ltd. (Inv. trust acc.)	2.74%	Japan Trustee Services Bank, Ltd. (Trust acc.)	1.87%
Takashi Watanabe	1.09%	The Master Trust Bank of Japan, Ltd. (Trust acc.)	1.65%
State Street Bank and Trust Company 505104	1.00%	Nikko Citi Trust Bank, Ltd. (Inv. trust acc.)	1.42%

Note: 4,046 treasury shares are excluded from this list of 'Major shareholders and their shareholding ratios'

## 8. Future outlook

At present, there is no revision to earnings guidance for the year ending December 2010 in response to the issuance of the convertible bond with stock acquisition rights by third-party allocation.

## 9. Procedures for corporate activity standards

Because the execution of the issuance of this convertible bond with new stock acquisition rights by third-party allocation may result in the possibility of equity dilution in excess of 25% as mentioned above in 5.(2), we have explained the situation in as much detail as possible to the external directors (one external director and four external auditing directors), none of whom have any beneficial interest or stake whatever in the parties due to receive allocations, with the aim of



getting their objective views on the need for and suitability of this fundraising by third-party allocation. Additionally, Mr Tomoyuki Kato, who is a non-executive, external director of the Company but who also acts as an advisor to NEC Capital Solutions, which is one of the parties due to receive an allocation, has not participated in the deliberations of the board of directors or in its decision on the issuance of this convertible bond with new stock acquisition rights in the interests of avoiding a conflict of interest. In terms of the need for this fundraising, there is a clear necessity to secure funds to cover the cost of both the redemption of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on March 31, 2010, and the early repayment of the Yen Denominated Convertible Bond with Stock Acquisition Rights with a maturity date of April 28, 2014 and so the all of the above-mentioned external directors concurred in acknowledging the necessity of raising some ¥9 billion in funds to cover these redemptions.

Moreover, although there will be some degree of dilution caused to the existing equity when the new stock acquisition rights attached to this convertible bond issue are exercised and converted into new shares in the future, the fact that the funds required can be secured safely by means of utilizing the third-party allocation method, the likelihood that the Company's financial base can be bolstered by the continuous process of conversion from new stock acquisition rights into ordinary shares, the strengthening looked for in the relationship with NEC Capital Solutions, which is such an important partner to the Company through the business and capital tie-up between the two companies, as well as the benefit of being able to avoid the issuance of a large amount of new shares over a short time period, all combined to elicit agreement from the external directors that selecting the issuance of the convertible bond with new stock acquisition rights was preferable to alternative options such bank borrowings, straight bond issuance, a public subscription for new shares or a third-party allocation of the same.

## 10. Recent three-year consolidated results & equity financings

### (1) Results for the most recent three terms (consolidated)

<i>Unit: Million yen except where noted</i>	December 2007	December 2008	December 2009 (Unaudited)
Sales	27,441	24,780	19,859
Operating income	11,928	7,991	5,092
Ordinary income	10,595	5,123	3,202
Net income	6,659	(2,212)	(2,786)
Net income per share	¥24,141.19	(¥7,603.59)	(¥9,740.55)
Dividend per share	¥1,800.00	¥1,500.00	¥1,500.00 (Note)
Net assets per share	¥98,229.54	¥86,426.11	¥74,465.17



Note: The dividend number is a projected amount because the proposal has not yet been passed by the general meeting of shareholders.

(2) Total number of shares currently outstanding & total number of latent shares (as of February 15, 2010)

	Number of shares	Percentage of shares outstanding	
Total number of shares outstanding	296,461	100.00%	
Latent shares at current conversion (exercise) prices	159,084.69 (No. 4 New Share Acq. Rights)	53.66%	
	10,272 (No. 5 New Share Acq. Rights)	3.46%	
	262 (No. 6 New Share Acq. Rights)	0.09%	
	600 (No. 8 New Share Acq. Rights)	0.20%	
	1,234 (2010 Mat. Yen-denom. CB with New Share Acq. Rights)	0.42%	
	13,860.70 (2014 Mat. Yen-denom. CB with New Share Acq. Rights)	4.68%	
	30,291.99 (No. 1 New Pref. Shares)	10.22%	
	102,564.00	34.60%	
	Number of latent shares at the lowest possible conversion (exercise) price	—	—
	Number of latent shares at the highest possible conversion (exercise) price	—	—

\*As a result of this issue of a convertible bond with new share acquisition rights, adjustments will be made to the number of shares for the No. 4 New Share Acquisition Rights and the No. 8 New Share Acquisition Rights, and the conversion prices will be adjusted for the Yen-denominated Convertible Bond with New Share Acquisition Rights maturing in 2010 and the Yen-denominated Convertible Bond with New Share Acquisition Rights maturing in 2014. Rights, and adjustment will be made to the exercise price for Class 1 preferred shares. Accordingly, there is a possibility that the total number of latent shares may



rise. Details will be announced when finalized.

### (3) Recent share price movements

#### ① Most recent three years

	December 2007	December 2008	December 2009
Starting price	¥509,000 □ ¥359,000	¥238,000	¥43,900
High	¥739,000 □ ¥392,000	¥257,000	¥108,500
Low	¥504,000 □ ¥164,000	¥21,510	¥21,520
Close	¥700,000 □ ¥246,000	¥42,300	¥58,500

The company executed a 2 for 1 stock split on April 1, 2007 and the □ symbol indicates the post-split ex-rights price.

#### ② Most recent six months

	2009 Aug	Sep	Oct	Nov	Dec	2010 Jan
Starting price	¥85,300	¥78,000	¥59,000	¥71,100	¥60,400	¥58,500
High	¥98,400	¥84,100	¥80,600	¥75,000	¥66,800	¥70,900
Low	¥77,500	¥55,000	¥49,750	¥53,100	¥56,500	¥53,400
Close	¥78,800	¥58,000	¥73,100	¥60,200	¥58,500	¥53,900

#### ③ Share price on day issuance was decided upon

	February 15, 2010
Starting price	¥54,000
High	¥57,500
Low	¥53,000
Close	¥56,500

### (4) Equity financing over the most recent three years

• Yen-denominated Convertible Bond with New Share Acquisition Rights maturing in 2014

Issue date	April 27, 2007
Amount raised	¥12,040,000,000 (net of commissions)



Conversion price	¥210,368
Number of shares outstanding at issuance	267,746
Number of latent shares due to issuance	Number of latent shares at initial conversion price (¥398,125): 30,291
Current rate of conversion (exercise)	Number of shares created by conversion (exercise): 0 (Outstanding amount ¥12,040,000,000, Conversion price (exercise price) ¥210,368)
Number of latent shares at time	Amount outstanding ¥12,040,000,000, Conversion price (exercise price) ¥210,368 Total number of latent shares at conversion price at time (¥210,368): 57,232
Initial use for funds raised at issue	Investment in loan assets and real estate, etc.
Scheduled timing for expenditure at issue	May 2007 through September 2007
Current appropriation of funds	Whole amount used for investment in loan assets and real estate, etc.

• Third-party allocation (Preferred shares)

Issue date	March 23, 2009
Amount raised	¥3,900,000,000 (net of commissions)
Issue price	¥100,000
Number of shares outstanding at issuance	296,461 ordinary shares
Total number of shares issued	Class 1 preferred share issue: 40,000 preferred shares
Total number of shares outstanding post-issuance	Ordinary shares 296,461 Class 1 preferred share issue: 40,000 preferred shares
Recipient of allocation	NEC Capital Solutions, Limited



Initial use for funds raised at issue	Investment in loan assets and corporate equity investments
Scheduled timing for expenditure at issue	April 2009 onwards
Current appropriation of funds	Whole amount used for investment in loan assets and corporate equity, etc.

*\*These shares have stock acquisition rights attached with an initial acquisition price set at ¥39,000 per acquisition right. Calculated on the basis of the stock acquisition rights being exercised at the initial acquisition price, the number of ordinary shares outstanding would be 102,564 (25.70% of the number of ordinary shares outstanding (296,461) prior to the issuance of the preferred shares).*

Ends



## &lt;Reference&gt;

Outline of bond issue

Subscription method	Third-party allotment
Total issue amount	¥9.0 billion
Payment date	March 3, 2010
Maturity date	March 3, 2013
Maturity value	100%
Coupon rate	2.5% per annum
Allottees	<ul style="list-style-type: none"><li>• NEC Capital Solutions Limited (¥2.0 billion)</li><li>• Deutsche Bank AG, London Branch (¥7.0 billion)</li></ul>
Conversion to ordinary shares	Convertible from March 3, 2010 to March 1, 2013
Initial conversion price	¥51,415 (able to be revised downward one time only on January 4, 2011 to market price, not less than 60% of initial conversion price.)
Call option	Where current market price exceeds 140% of initial conversion price
Put option	On either March 3, 2011 or March 3, 2012
Collateral/guarantees	None
Use of funds	Repayment on maturity of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on March 31, 2010, and the early repayment of the Yen Denominated Convertible Bond with Stock Acquisition Rights, maturing on April 28, 2014

*Important Notice: This document is a partial translation of the original Japanese, released on February 15, 2010, as a guide for non-Japanese investors. The original Japanese remains definitive.*