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July 22, 2013

To Holders of the 1st Series Unsecured Bonds:

AvanStrate Inc.

Re: Offer to Purchase the 1st Series Unsecured Bonds

At its board of directors meeting held today, AvanStrate Inc. (the “Company”) passed a resolution to implement procedures of offer to purchase ¥20 billion (outstanding balance of ¥15.1 billion) in total of the 1st Series Unsecured Bonds of the Company (With Inter-bond Pari Passu Clause) that the Company issued on November 5, 2010 (ISIN Code: JP310532AAB9) (the “Bonds”) from bondholders, on the condition, among other things, that amendments of the terms and conditions of the Bonds, including the extension of the maturity date (the “Term Amendment”), are approved at a bondholders meeting (the “Bondholders Meeting”) and that the court approves such resolution. The offer to purchase (the “Purchase Offer”) will be made under the conditions set forth below. The Company plans to cancel the entire amount of the Bonds purchased through the Purchase Offer promptly after such purchase.

This offer is only open to existing bondholders and any other persons with an entitlement to the Bonds. No new bonds will be issued to any new investors upon the Term Amendment.

For details of the Term Amendment and the Bondholders Meeting, please refer to the press release “Re: Holding of Bondholders Meeting concerning Amendment to the Terms and Conditions (Extension of Maturity Date, etc.) of the 1st Series Unsecured Bond”, dated today.

1. Bonds to be Purchased

AvanStrate Inc. the 1st Series Unsecured Bonds (with inter-bond pari passu clause)
(ISIN Code: JP310532AAB9)

Overview of the Bonds (for reference)

Issue date:	November 5, 2010
Total issue amount:	¥20 billion (outstanding balance ¥15.1 billion)
Maturity date:	November 5, 2013 (before the Term Amendment) (see note below)
Interest rate:	1.94% per annum

<Not for distribution in or into the United States>

(Note) The following changes are proposed for the Term Amendment:

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|-----|---|---|
| (1) | November 5, 2013
(current maturity date) | Redemption of ¥22 million per ¥100 million of each Bond |
| (2) | November 5, 2016 | Redemption of ¥19.5 million per ¥100 million of each Bond |
| (3) | November 5, 2017 | Redemption of ¥19.5 million per ¥100 million of each Bond |
| (4) | November 5, 2018 | Redemption of ¥19.5 million per ¥100 million of each Bond |
| (5) | November 5, 2019 | Redemption of ¥19.5 million per ¥100 million of each Bond |

In order to obtain the bondholders' consent regarding the extension of the maturity date, the interest rate of the Bonds will be increased from the current 1.94% per annum to 3.5% per annum on and after November 6, 2013. Specifically, the payment of an amount equivalent to 2% per annum in cash on each interest payment date, and the lump-sum payment of an amount equivalent to the remaining 1.5% per annum on the last maturity date are proposed.

In order to enable early redemption of the Bonds where the Company's business performance improves and surplus funds are generated, the Company has also proposed adding a new condition that enables the early redemption of all or part of the Bonds at the Company's option.

2. Purchase Price

¥40 million per ¥100 million of each Bond

3. Schedule for Procedures relating to the Purchase Offer

The Company plans to commence the procedures of the Purchase Offer for bondholders after the Term Amendment is approved at the Bondholders Meeting in its original form and such resolution is approved by the court, on the condition, among other things, that financing for the purchase through the Purchase Offer can be expected with certainty. The Company intends to promptly inform the bondholders of the commencement date and end date of the offer period relating to the Purchase Offer, the settlement date for the Purchase Offer, and the details of the procedures of the Purchase Offer after the court approval above.

4. Purpose of the Purchase Offer

The Company is proposing the Term Amendment to holders of the Bonds, and the Company intends to implement the Purchase Offer in order to offer to holders of the Bonds an opportunity to recover their funds at the purchase price for the Bonds at an earlier date by means of the Purchase Offer, in addition to the option to continuously hold the Bonds after the Term Amendment.

5. Other

The Company plans to commence the Purchase Offer for holders of the Bonds, on the condition that, among other things, the Term Amendment is approved at the Bondholders Meeting in its original form and such resolution is approved by the

court.

6. Briefing Session for Bondholders

The Company plans to hold on August 5, 2013, the briefing session as announced in the press release “Re: Notice of Briefing Session for Holders of the 1st Series Unsecured Bonds”, dated today. At the meeting, the Company intends to also explain the Term Amendment and the Purchase Offer. For details regarding such meeting, please refer to the press release “Re: Notice of Briefing Session for Holders of the 1st Series Unsecured Bonds”, dated today. You are cordially invited to attend.

In addition, as stated in the press release “Holding of Bondholders Meeting concerning Amendment to the Terms and Conditions (Extension of Maturity Date, etc.) of the 1st Series Unsecured Bond” dated today, the Company may communicate with individual bondholders for future notifications. For that purpose, bondholders are kindly requested to send the following information by email or facsimile to the Company at the contacts listed below: (1) trade name, headquarters location and name of representative (for corporations) or name and address (for individuals), (2) contact information (name of contact person, address, telephone number, facsimile number and email address) and (3) information on the amount of Bonds held. After hearing from you, the Company intends to send notices directly to you to the extent reasonably possible and permitted by law.

While maintaining a continuous relationship with the main financial institutions, the Company will take various measures to ensure the soundness of its financial structure and will make efforts to enhance its earning power by attracting new customers.

In addition to securing stable funds, the Company will endeavor to build a corporate structure that enhances profitability and enables continuous growth in the future. The Company appreciates your understanding.

* For inquiries regarding the Bondholders Meeting, Purchase Offer and briefing session for bondholders, please contact:

General Affairs Department, Business Management Division,
AvanStrate Inc.

Telephone: 059-352-6451, Fax: 059-352-6401,

For inquiries by e-mail: bond@jp-avanstrate.com

Note:

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