

IRCJ reaches agreement on purchase of Daiei Group Companies debt

Tokyo, February 28, 2005 – Following its approval on December 28, 2004 of an application for assistance by The Daiei Inc. and related companies (“Daiei”) under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003, the Industrial Revitalization Corporation of Japan (“the IRCJ”) today, under Article 25, Clause 1 of the same act, reached agreement with financial institutions on the purchase of debt owed by Daiei.

Note: This agreement on the purchase of debt means that agreement has been reached between the necessary financial institutions and the IRCJ in respect of either a) sale of debt by the financial institutions concerned to the IRCJ at market price or b) financial support by the financial institutions concerned (for example debt forgiveness while continuing to hold the balance of debt, debt equity swaps, etc.). Any decision by the IRCJ to purchase the debt of companies it has approved for assistance is only made at a point when it is evident that the revitalization plan of the business concerned can be progressed as planned.

1. Name(s) of company concerned

The Daiei Inc.	Jyujiya Co., Ltd.
K.K. Canal City OPA	K.K. Nakago
The Sakae Inc.	Kyushu Supermarket Daiei K.K.
Japan Distribution Leasing Corp.	K.K. Urayasu Chuokaihatsu
K.K. Orange Estate	K.K. Seriti Foods
K.K. Daily Top	K.K. Nishi-Kobe Oriental Kaihatsu

2. Amount of debt to be purchased

	(Million yen)	
Principal value of total debt	1,020,562	(A)
Principal value of debt to be purchased as per note a) above	394,336	(B)
Principal value of debt for which financial support to be provided by financial institutions as per note b) above	626,225	(A-B)

Note:

- The actual amount of debt purchased may change between this announcement and completion of the purchase.

3. Amount of financial assistance

Debt forgiveness:	405.0 billion yen
Cancellation of preferred shares:	192.0 billion yen of preferred shares

Notes:

- Unchanged from time of decision to support
- The above figure may change between this announcement and completion of the debt purchase due to factors such as the sale of collateral.

4. Schedule

An extraordinary general meeting of Daiei Group shareholders will be held in March 2005. A capital increase through a third party share allocation will be implemented in May 2005.

5. Comments from the state ministers in charge of the Industrial Revitalization Corporation of Japan

Prime Minister:	None expressed
Minister of Finance:	None expressed
Minister of Economy, Trade and Industry:	As I said when assistance was approved on December 28, 2004, I trust that the IRCJ will act responsibly in this matter.

Note on comments from ministers: The IRCJ is a quasi-governmental organization. As such the IRCJ is required to obtain comments about decisions to assist private-sector companies from the government ministers in charge of the IRCJ.

6. Treatment of trade and other creditors

The agreement on the purchase of debt as outlined above is an agreement between relevant financial institutions and the IRCJ; there will continue to be no effect on the claims of trade and other creditors.

For more information, please contact

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About the IRCJ

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 200 employees and is based in Tokyo. For more information please visit www.ircj.co.jp