

IRCJ transfers, receives payment in full for Daiei Group debt

Tokyo, November 10, 2006—The Industrial Revitalization Committee of the Industrial Revitalization Corporation of Japan (“the IRCJ”) has approved the transfer and repayment in full of debt held in The Daiei Inc. group of companies (“Daiei”). As a result, the IRCJ will no longer hold any debt or other obligations of Daiei.

1. Name of company concerned

The Daiei Inc. and group companies as shown on attached sheet.

2. Process to date

On December 28, 2004 the IRCJ approved an application for assistance by Daiei under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. On February 28, 2005, the IRCJ reached agreement on the purchase of Daiei’s debt under Article 25, Clause 1 of the same act.

In March 2005, a sponsoring group comprising Marubeni Corporation (“Marubeni”) and Advantage Partners, Inc. (“Advantage Partners”; now Advantage Partners, LLP) was selected, and in May 2005, a third-party capital increase was carried out with the IRCJ, Marubeni Retail Investment, the wholly-owned Marubeni subsidiary and DRF Limited as recipients. DRF Limited is the operator of an anonymous partnership invested in by a fund established by Advantage Partners, as well as both overseas and domestic institutional investors.

Following this, the IRCJ pursued business revitalization in collaboration with the sponsoring group, and as a measurable amount of progress had been achieved, in August 2006 the IRCJ transferred all the equity it held in Daiei to Marubeni.

Note: Through a capital investment of ¥10.0 billion and a debt-equity swap of ¥40.0 billion the IRCJ acquired shares corresponding to 33.67% of voting rights in Daiei.

3. Debt amounts, etc.

The principal value of Daiei’s debt was ¥366,646 million, for which the IRCJ paid ¥247,022 million to financial institutions. Following debt forgiveness of ¥112,583 million in accordance with the revitalization plan, a DES of ¥40,000 million was implemented. The remaining debt of ¥214,064 million was reduced to ¥133,821 million through operating revenues, the disposal of collateral and other such sources. With the current announcement, ¥8,102 million of the remaining debt has been transferred to financial institutions, and the IRCJ has received payment in full for the remaining ¥125,719 million.

5. Comment from the State Ministers in charge of the Industrial Revitalization Corporation of Japan

None expressed

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 three government ministers in charge of the IRCJ.

For more information, please contact

Corporate Planning Department
The Industrial Revitalization Corporation of Japan
Tel: 03-6212-6437

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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. Based in Tokyo, the IRCJ had more than 200 employees at its peak of its operations; the number is currently approximately 100. For more information please visit www.ircj.co.jp

Outline of Daiei group companies

Jyujiya Co., Ltd.

K.K. Canal City OPA.

K.K. Nakago

(As of March 2006 became Gourmet City Kinki Co., Ltd.)

The Sakae Inc.

(As of March 2006 became Gourmet City Kyushu Co., Ltd.)

Kyushu Supermarket Daiei K.K.

Japan Distribution Leasing Corp.

K.K. Urayasu Chuokaihatsu

(Merged with Daiei and deregistered in July 2006)

K.K. Orange Estate

(Merged with Daiei and deregistered in July 2006)

K.K. Seriti Foods

K.K. Daily Top

(Scheduled to be liquidated in November 2006 as part of business restructuring)

K.K. Nishi-Kobe Oriental Kaihatsu

(Shares sold in June 2006 as part of business restructuring)