

IRCJ approves application for assistance for Fre'c Corporation

Tokyo, April 27, 2004 – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by Fre'c Corporation under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

1. Outline of business approved for assistance

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| Company name | Fre'c Corporation |
| Date of establishment | 1968 |
| Capital | ¥386 million |
| Head office | Hanamigawa-ku, Chiba City, Chiba-ken |
| Representative | Takao Kumoda |
| Number of employees | 1,008 (as of the end of March 2003) |
| Outline of business | Fre'c operates fresh food supermarkets in Chiba Prefecture, Saitama Prefecture, and other Tokyo metropolitan areas. Fre'c has a network of stores in prime locations. Possessing an excellent procurement system mainly at the Funabashi Market, the company's competitive advantage is its ability to supply low-priced produce. Fre'c plays an important role in making stable supplies of fresh food products to areas where the market for food sales is growing rapidly, in particular in Chiba. |

2. Name of financial institution or other party jointly submitting application

Chiba Bank

3. Outline of revitalization plan for Fre'c and rationale for IRCJ involvement

1. Structure

1) Business plan

(1) Business synergies with sponsor

Position Fre'c's core business in food supermarkets in Chiba Prefecture and Saitama Prefecture will be positioned taking into account the profitability and market characteristics of each business, their competitive advantages, and the

comprehensive synergies with the Company's sponsor C TWO-NETWORK CO., LTD.

(2) Concentrate management resources and select branch locations

The company will concentrate investment in the five main divisions of its core businesses: fruit and vegetables, meat, fish, processed foods, alcohol. At the same time small outlets with floor space of 500-1,000m² will be limited to certain areas to secure supply chain advantages.

(3) Business restructuring

Non-core businesses that have no direct connection with food supermarkets will be sold or liquidated forthwith.

(4) Integration of personnel and structure of management operations

Management and human resources will be integrated into C TWO-NETWORK, which excels at motivating employees.

2) Business reorganization

Currently the plan to reorganize the company is as follows:

(1) Secure the debt redemption status necessary for the corporate separation, by receiving debt forgiveness from financial institutions.

(2) Until the company is separated, non-core businesses will be disposed of and the remaining businesses will be streamlined as much as possible into the operations that will remain.

(3) After assessing which parts of the core and non-core businesses to transfer, the company will be separated and merged into C TWO-NETWORK. As a result, C TWO-NETWORK will take control of the company's assets and assume responsibility for its liabilities (excluding primary contingent liabilities)

(4) Following the separation and merger, C TWO-NETWORK will purchase shares in C TWO-NETWORK that had been assigned to Fre'c, and Fre'c will be liquidated.

2. Outline of financial assistance

A request to financial institutions will be made for financial support of approximately ¥7

billion in the form of debt forgiveness.

3. Implications for management

To clarify management responsibility, the President of Fre'c Takao Kumoda and the other directors will lose their right to directors' retirement benefits, while the company will be broken up and the remaining parts of the company liquidated. Furthermore, none of the directors of Fre'c will become directors of C TWO-NETWORK.

4. Implications for shareholders

After Fre'c has been integrated into C TWO-NETWORK, the remaining parts will be liquidated. No assets will remain after the liquidation and so there are not expected to be any dividend payments to shareholders. This will constitute all the implications for shareholders.

5. IRCJ rationale for providing assistance

Fre'c operates fresh food supermarkets in Chiba Prefecture, Saitama Prefecture, and other Tokyo metropolitan areas. The company has a network of stores in prime locations. Possessing an excellent procurement system mainly at the Funabashi Market, the company's advantage is its ability to supply low-priced produce. However, the company amassed excessive liabilities through overinvestment in real estate and the aggressive opening of new stores. It also has low profitability because some of its stores lose money. These issues were judged to make it too difficult for the company to revitalize its business by itself.

We believe that through this revitalization plan the excessive liabilities will be eliminated through financial assistance, and that the business integration with C TWO-NETWORK will secure a strong financial and operating base. As a result, we believe that its business can be revitalized as a responsive, consumer-oriented food supermarket.

4. Comments from the State Minister In Charge Of Industrial Revitalization And Administrative Reforms and the minister relevant to the company seeking assistance.

None expressed

*Note on comments from ministers:

The IRCJ is a quasi-governmental organization. As such it is IRCJ policy to obtain comments about decisions to assist private-sector companies from the government ministries that regulate the industries in which these companies operate.

5. Debt repurchase application period

From April 27, 2004 until June 25, 2004

Note: The debt repurchase application period is a period established for the purpose of consensus building between the financial institutions concerned and the IRCJ in regard to debt repurchase and the revitalization plan. This period is so named because, where agreement is achieved in legal terms, the financial institutions concerned apply to the IRCJ for debt repurchase etc.

6. Request for temporary cessation of demands for credit repayment

Under Article 24, Clause 1 of the Industrial Revitalization Corporation Act, financial institutions and other creditors of Fre'c have been requested not to recover loans or exercise any other rights they may have as creditors before the end of the debt repurchase application period as per item 5 above.

7. Treatment of trade and other creditors

The decision to provide assistance concerns only the request for financial support made to financial institutions in regard to amounts lent to the assisted business and has 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 130 employees and is based in Tokyo. For more information please visit www.ircj.jp