

## IRCJ approves application for assistance for Fujiyugyo Co., Ltd.

**Tokyo, December 19<sup>th</sup>, 2003** – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by Fujiyugyo Co., Ltd. (“Fujiyugyo”) under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

### 1. Outline of business approved for assistance

Company name	Fujiyugyo Co., Ltd.
Date of establishment	1964
Capital	¥303 million
Head office	Sapporo, Hokkaido
Representative	Akihiro Koga.
Number of employees	87 (as of the end of September 2003)
Outline of business	Fujiyugyo is a specified agent of Fuji Kosan, which is part of Nippon Oil Corporation. The company mainly sells oil and refined products (kerosene, gasoil, grade A crude oil, asphalt, and LPG) in Hokkaido and Tohoku. Fujiyugyo is the largest oil wholesaler in Hokkaido and so plays a key role providing stable supplies of energy in the cold regions of Hokkaido and Tohoku.

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

Fuji Kosan Co., Ltd.

### 3. Outline of revitalization plan for Fujiyugyo and rationale for IRCJ involvement

#### 1. Structure

The revitalization plan for Fujiyugyo is currently envisaged as follows:

- 1) There is no plan at this time to reorganize the company through mergers or acquisitions.
- 2) Change in capital

Shares held by the two main shareholders, Fuji Kosan and Fuji Sangyo (who together hold 88% of the shares outstanding) will be cancelled without compensation. In addition, capital will be reduced by 95%, and a reverse share split (share consolidation) will be carried out. At the same time, Fujiyugyo will be recapitalized with a ¥2 billion injection from sponsor Fuji Kosan, and a maximum 500 million yen injection from the IRCJ.

- 3) Fujiyugyo will apply for recognition under the revised Industrial Revitalization Law

#### 2. Outline of financial assistance

Fujiyugyo is seeking financial assistance (through loan forgiveness) of ¥4.32 billion.

#### 3. Implications for management

1. The current president, Akihiro Koga, will resign.
2. The other directors will be demoted and their salary will be cut by an average 20%.
3. Members of the new management team will be decided based on their determination to revitalize the company and following discussions between the IRCJ and Fuji Kosan.
4. Directors will not be eligible for directors' retirement bonuses.
5. All shares in Fujiyugyo held by the management will be cancelled without compensation.

#### 4. Implications for shareholders

Two companies of the Fuji Kosan group hold 88% of the shares outstanding in Fujiyugyo. These shares will be cancelled without compensation.

Additionally, capital will be reduced by 95% and shares will be consolidated. Fuji Kosan, a sponsor, will recapitalize the company and will assume the responsibilities of the shareholders.

## 5. IRCJ rationale for providing assistance

We believe that Fujiyugyo has a special niche in the non-gasoline fuel market, with a competitive core business that is supported by a stable customer base and comprehensive sales capabilities.

However, Fujiyugyo accumulated an excess burden of debt because of unrecoverable real estate loans it made to a consolidated subsidiary in the past. Given the credit problems the company has, we believe the company would be unlikely to be able to successfully engage in rehabilitation by itself.

With this financial assistance, the cooperation of financial institutions and sponsors to clear Fujiyugyo's credit record, and the implementation of the revitalization plan, the IRCJ believes that Fujiyugyo can be successfully revitalized.

## 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

December 19, 2003 to February 13, 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 Fujiyugyo 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](http://www.ircj.jp)