

IRCJ reaches agreement on purchase of Kanebo, Ltd. and 34 group companies debt

Tokyo, July 30, 2004 – Following its approval on May 31, 2004 of an application for assistance by Kanebo, Ltd. ("Kanebo") and related companies 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 Kanebo.

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

Kanebo, Ltd. and 34 companies (see separate sheet)

2. Amount of debt to be purchased

	(Million yen)	
Principal value of total debt	555,654	(A)
Principal value of debt to be purchased as per note a) above	110,819	(B)
Principal value of debt for which financial support to be provided by financial institutions as per note b) above	444,835	(A-B)

Notes:

1. Amount 'B' above (110,819 million yen) includes any instances in which, instead of purchasing debt, the IRCJ supplies finance to Kanebo that is then used to repay loans from financial institutions.
2. Amount 'A-B' above (444,835 million yen) includes any amounts offset from matters such as the distribution of funds received from the transfer of the cosmetics division or fixed term deposits maturing between the agreement to purchase debt and the actual purchase of debt.
3. The actual amount of debt purchased may change between this announcement and completion of the purchase.

3. Amount of financial assistance

Debt forgiveness: 99,500 million yen (unchanged from time of decision to support)

4. Schedule

Late August 2004	Distribution of funds received from transfer of cosmetics division
Early September 2004	Implementation of financial assistance; reduction and increase of capital

5. Comment from the State Minister In Charge Of Industrial Revitalization And Administrative Reforms or other ministers relevant to the company being assisted

Prime Minister: None expressed.

Minister of Finance: "With this debt purchase, the IRCJ's role in this case will

increase. The steady execution of the revitalization plan is of paramount importance, and I hope that the IRCJ works responsibly to implement it.”

Minister of Economy, Trade and Industry: “As I expressed at the announcement on May 31, 2004 of the decision to assist Kanebo, I trust that with this agreement on debt purchase the IRCJ will continue to guide and implement measures appropriately.”

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.

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

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

#

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 160 employees and is based in Tokyo. For more information please visit www.ircj.co.jp

Kanebo, Ltd. and its 34 group companies

Kanebo, Ltd.

Kanebo Cosmetics Sales Co., Ltd. (Hokkaido)

Kanebo Cosmetics Sales Co., Ltd. (Tohoku)

Kanebo Cosmetics Sales Co., Ltd. (Kansai)

Kanebo Cosmetics Sales Co., Ltd. (Higashi Kanto)

Kanebo Cosmetics Sales Co., Ltd. (Tokyo)

Kanebo Cosmetics Sales Co., Ltd. (Minami Kanto)

Kanebo Cosmetics Sales Co., Ltd. (Central Japan)

Kanebo Cosmetics Sales Co., Ltd. (Kansai)

Kanebo Cosmetics Sales Co., Ltd. (Central Shikoku)

Kanebo Cosmetics Sales Co., Ltd. (Kyushu)

Kanebo Cestmoi Co., Ltd.

Kanebo Pharmaceuticals (Pharmaceutical Division)

Kanebo Spinning Corporation

Kanebo Stocking Co., Ltd.

Kanebo Fashion Laboratory (KFL) Co., Ltd.

Kanebo Foods Limited

Kanebo Food Sales Co., Ltd. (Hokkaido)

Kanebo Food Sales Co., Ltd. (Tohoku)

Kanebo Food Sales Co., Ltd.

Kanebo Food Sales Co., Ltd. (Nagoya)

Kanebo Food Sales Co., Ltd. (Osaka)

Kanebo Food Sales Co., Ltd. (Hiroshima)

Kanebo Food Sales Co., Ltd. (Kyushu)

Kanebo RainbowHat Co., Ltd.

LB Co., Ltd. (Saitama)

LB Co., Ltd. (Nagoya)

Kanebo Logistics, Limited

Shop & Shops Co., Ltd.

Kanebo Chemical Industries, Ltd.

Kanebo Bell-touch, Ltd.

Kanebo Real Estate, Co., Ltd.

Kanebo Holiday Co., Ltd?

Kanebo Kosan Co., Ltd.

Bell Finance Co., Ltd