

IRCJ Approves Application for Assistance for OCC Corporation

Tokyo, August 6, 2004 – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by OCC Corporation (“OCC”) under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

1. Outline of business approved for assistance

Company name	OCC Corporation
Date of establishment	1935
Capital	¥500 million (as of August 1, 2004)
Head office	Yokohama, Kanagawa-ken
Representative	Kiyoshi Funaki
Number of employees	295 (as of March 31, 2004)
Outline of business	OCC manufactures and sells submarine communications cable systems, onshore communications cables, and communications equipment. The company’s strength is being one of only a few companies around the world capable of producing communications cables and other equipment that can operate reliably in deep-sea, high water-pressure environments. The company plays an important role in the communications cable industry, especially in the submarine cable industry.

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

Mizuho Project, Ltd.

3. Outline of revitalization plan for OCC and rationale for IRCJ involvement

1. Business Plan

- (1) Concentration and selection of business
Concentrate management resources in the core submarine cables business and onshore cables business after carefully taking into account the marketability, competitive position, profit drivers and the probability of improving profits of each business in the future.
- (2) Optimization of facilities and introduction of production cost variability
Reduce OCC’s enormous production facilities – the cause of its current problems – to a more appropriate level to significantly reduce fixed costs; make production costs variable to increase operating income ratio.
- (3) Improvements to organization and management structure and employee policies
Structure the organization to clarify the profit responsibilities of each division, clarify the responsibilities and authority of each division and create an organizational

structure that enables rapid and accurate decision making.

Forecasts for business revitalization plan

	<i>Millions of yen</i>	
	Year to March 31, 2004	Year to March 31, 2008
Net sales	9,449	13,712
Operating profit/loss	(3,699)	1,094

2. Structure

Shares held by existing shareholders will be reduced by 98%, while Mizuho Project will swap ¥1 billion in debt for equity. A placement of ordinary shares with the IRCJ will raise ¥1.5 billion in funds for capital investment. In doing this, the IRCJ will acquire over half the voting rights of OCC and plans to make OCC into a wholly owned subsidiary.

Following this approval for assistance the company plans to apply for recognition under the Law on Special Measures for Industrial Revitalization

3. Outline of financial assistance

Financial assistance of about ¥29 billion (loan forgiveness and DES) will be sought.

4. Implications for management

All of the directors will resign and will forego their rights to directors' retirement benefits. However, managers who were not responsible for the causes of the current predicament and who will be required during the restructuring of the company in the future are expected to remain in office.

5. Implications for shareholders

98% of capital will be eliminated without compensation

6. IRCJ rationale for providing assistance

OCC manufactures and sells submarine communications cable systems, onshore communications cables, and communications equipment. The company's strength is being one of only a few companies around the world capable of producing communications cables and other equipment that can operate reliably in deep-sea, high water-pressure environments. The company plays an important role in the communications cable industry, especially in the submarine cable industry.

However, huge capital investment and a large amount of inventory procurement led to the company assuming excessive debts. Furthermore, production had a high fixed cost ratio that meant the company was unable to adapt to changes in the level of demand or orders. As a result of these factors, it was judged to be extremely difficult for the company to rebuild itself without assistance.

The IRCJ that by implementing this business revitalization plan there is a strong

prospect that the company can be returned to financial health, utilizing its technological capabilities – its primary advantage in the communications cable industry – to improve profitability and rapidly revitalize its business.

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

None expressed

5. Debt repurchase application period

From August 6, 2004 until September 22, 2004 (applications must arrive at the IRCJ on or before this date).

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