

## IRCJ to sell equity, convertible bonds and debt in Tochigi Leather

**Tokyo, October 16, 2006** – The Industrial Revitalization Committee of the Industrial Revitalization Corporation of Japan (“IRCJ”) has decided to sell the equity, convertible bonds with attached warrants, and debt it holds in Tochigi Hikaku K.K. (“Tochigi Hikaku”) and Tochigi Leather Co., Ltd. (“Tochigi Leather”). As a result of this sale, the IRCJ will no longer hold any debt or other obligations of Tochigi Hikaku and Tochigi Leather.

### **1. Names of companies concerned**

Tochigi Hikaku K.K. (former company; scheduled to be dissolved)

Tochigi Leather Co., Ltd. (new company; took over management from the old company in November 2004)

### **2. Process to date**

On July 21, 2004, the IRCJ approved an application for assistance by Tochigi Hikaku under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. On August 31, 2004, the IRCJ reached agreement on the purchase of Tochigi Hikaku’s debt from financial institutions under Article 25, Clause 1 of the same act.

In November 2004, in accordance with the revitalization plan, management of Tochigi Hikaku was transferred to the new company, Tochigi Leather, a capital increase was carried out, and the IRCJ acquired ordinary shares corresponding to 35% of the voting rights through a capital investment of ¥17.5 million. In addition, the IRCJ purchased convertible bonds with attached warrants issued by the target company at the nominal price of ¥52.5 million.

Since then, a measurable degree of progress has been made towards revitalization, enabling the IRCJ to make preparations for, and reach agreement on, the sale of its equity to the sponsor companies Sanyo Leather Co., Ltd. (“Sanyo Leather”) and JOP Co., Ltd. (“JOP”). A sales contract has been concluded and the sale is scheduled to take place at the end of October 2006. The IRCJ also plans to sell the convertible bonds with warrants attached to Sanyo Leather.

Note: an overview of the recipient companies is provided in the attachment.

### **3. Capital amounts, etc.**

Through a capital investment of ¥17.5 million, the IRCJ acquired ordinary shares of Tochigi Leather corresponding to 35% of the voting rights. The IRCJ will sell all of its ordinary shares in Tochigi Leather.

#### **4. Convertible bonds**

The IRCJ purchased convertible bonds with warrants attached at the nominal price of ¥52.5 million. At the time of exit, the IRCJ will sell the remaining amount of ¥41.25 million (¥11.25 million of the initial amount was redeemed in October 2005) to Sanyo Leather.

#### **5. Debt amounts, etc.**

The principal value of Tochigi Hikaku's debt was ¥98,749,000, for which the IRCJ paid ¥9,381,000 to financial institutions. Subsequently, in accordance with the revitalization plan, Tochigi Leather assumed ¥9,875,000 of this debt, for which payment was received in full in June 2006 from business profits and other sources. Tochigi Hikaku's remaining debt of ¥88,874,000 has been sold in full to financial institutions.

#### **6. 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

# # #

#### **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 200 employees and is based in Tokyo. For more information please visit [www.ircj.co.jp](http://www.ircj.co.jp)

### Overview of recipient companies

#### Sanyo Leather Co., Ltd.

Location: Togo-cho 43, Himeji-shi, Hyogo  
Representative: Kunio Kida  
Established: 1910  
Paid-in capital: ¥250 million  
No. of employees: 94  
Main business: Manufacturing of footwear

#### JOP Co., Ltd.

Location : Nihonbashi-Tomizawacho 3-5, Chuo-ku, Tokyo  
Representative: Muneatsu Matsumoto  
Established: 1998  
Paid-in capital: ¥100 million  
No. of employees: 18  
Main businesses: Services and investment business pertaining to leather and leather products