

ETIC Reaches Agreement on Purchase of Debt of ARRK Corporation / Others

June 23rd, 2011

Enterprise Turnaround Initiative Corporation of Japan

The Enterprise Turnaround Initiative Corporation of Japan (“ETIC”), following its decision on March 31th, 2011 to provide support to ARRK Corporation under Article 25, Clause 4 of the Enterprise Turnaround Initiative Corporation of Japan Act (Act 63, of 2009, hereafter “the ETIC Act”) today, under Article 28, Clause 1 of the same Act, reached agreement on the purchase of debt owed to ARRK Corporation.

1. Names of companies concerned

ARRK Corporation (“ARRK”) and its subsidiaries Yasuda Inc., Showa Seiki Kogyo, Co., Ltd., Gifu Die & Mold Engineering Co., Ltd., Sol-Plus Co., Ltd., Sagami-hara-Buhin Co., Ltd., Clover Electronics Co., Ltd., Toho System Co., Ltd.

2. Amount of debt to be purchased

	(Million yen)	
Principal value of total debt, etc.	58,454	(A)
Principal value of debt to be purchased	31,047	(B)
Principal value of debt for which the financial support to administrate or to process has been agreed in accordance with revitalization plan	27,407	(A - B)

Notes:

1. The amount in (B) above is prior to any repayment of debt from the sale of collateral or other such actions. Moreover, as outlined in the business revitalization plan, the amount is premised on ARRK being transferred all the debt of the subsidiary companies listed in 1. above with the indemnification.
2. The amounts listed above may change during the course of proceedings up to the time of actual debt purchase.

3. Comments from State Ministers in charge of ETIC

Prime Minister, Minister of Internal Affairs and Communications, Minister of Finance, Minister of Economy, Trade and Industry: No opinion expressed

Minister of Health, Labour & Welfare: “I have no objection to the decision. However, I ask that in advising on and guiding the implementation of the corporate revitalization plan,

ETIC should aim to ensure that ARRK Corporation complies with related laws and regulations, and that ARRK Corporation also provides adequate opportunities for substantive discussions with the workforce with due consideration of employment stability and other such factors.”

4. Amount of financial support

Financial support requested: 23,786 million yen

**The amount of financial support includes debt forgiveness as well as the amount of a debt/equity swap with payment-in-kind used to underwrite a third-party share issue*

5. Treatment of trade and general creditors

This agreement on the purchase of debt involves agreement between ETIC and the financial institutions providing loans to ARRK. There will continue to be no impact on trade and general creditors.

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