

ETIC Completes Share Transfer Pertaining to Fuji Technica Inc. and Others

March 15th, 2013
Enterprise Turnaround Initiative Corporation of Japan

The Enterprise Turnaround Initiative Corporation of Japan (“ETIC”), following a decision by the ETIC Committee, has resolved to implement a transfer of shares of Fuji Technica & Miyazu Inc. As a result, ETIC no longer holds any share in Fuji Technica & Miyazu Inc.

1. Names of companies concerned

Fuji Technica Inc. (hereafter, “Fuji Technica”) and Fuji Assembly Systems, Inc. (hereafter “FAS”); (collectively, “the Fuji Technica companies”).

Note: Fuji Technica & Miyazu Inc. (“hereafter, Fuji Technica & Miyazu”) is the new trade name of Fuji technical after the transfer of business of Miyazu Seisakusho Inc. (“hereafter, Miyazu Seisakusho”) to Fuji Technica in line with its business revitalization plan.

2. Background

ETIC resolved to provide support to the Fuji Technica companies on September 17th, 2010, under Article 25, Clause 4 of the Enterprise Turnaround Initiative Corporation of Japan Act (Act 63, of 2009; includes changes to the Act thereafter; hereafter “the Act”), and subsequently on November 12th of the same year resolved to implement a purchase of debt under Article 28, Clause 1 and Article 31, Clause 1 of the Act.

On December 15th of the same year and February 21st, 2011, in line with the business revitalization plan ETIC acquired an 81.15% share of voting rights (based on after conversion to common stock) in Class A Preferred Stock with a ¥5,300 million cash injection and a 3.86% share of voting rights (same basis) in Class B Preferred Stock with a ¥869 million investment in kind*, for a total 85.01% share of voting rights (same basis). ETIC retains a portion of Class A Preferred Stock and Class B Preferred Stock that have been converted to common stock.

In line with the business revitalization plan, on December 16th, 2010 all business of Miyazu Seisakusho was transferred to Fuji Technica. Which, on July 1st, 2011, changed its trade name to Fuji Technica & Miyazu.

After this transfer the liquidation process of Miyazu Seisakusho was completed in line with the business revitalization plan. Additionally, at the time of ETIC’s decision to provide support Fuji Technica held 83% of voting rights in FAS, but as of August 8th, 2012 all shares held have been sold.

ETIC then proceeded with the business revitalization of Fuji Technica & Miyazu. Having reached a certain level of progress with regard to the revitalization, ETIC moved forward with the process of transferring shares held in Fuji Technica & Miyazu, and reached an

agreement to transfer shares to Phoenix Capital Co., Ltd. (purchasing entities were formed by Phoenix Capital Co., Ltd. and were Phoenix Capital Partners Nine LPS and Phoenix Capital Eleven, hereafter “Phoenix Capital”). In response to this decision, ETIC plans to transfer the shares to Phoenix Capital via subscription to a public tender offer.

**This is ETIC’s underwriting of the raising shares, a part of which consists of paid-in cash. It obtained them through its credit purchase operation from the subject lenders. (It is so called debt-equity-swap. (=DES))*

Note: Please refer to the appendix for an outline of the share transferee.

3. Amount of debt

Of the ¥5,300 million cash injection and ¥869 million debt equity swap with Fuji Technica, ETIC received Class A and B Preferred Shares, which after conversion of a portion to common stock equated to holdings of 299,255 shares of Class A Preferred Stock (all outstanding Class A Preferred Stock), equivalent to 32.99% of voting rights (based on after conversion to common stock), and 8,493,116 shares of common stock (77.6% of common stock), equivalent to 52.02% of voting rights (same basis). Now, all of these shares are to be transferred.

4. Comments from State Ministers in charge of ETIC

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

ENDS

Appendix: Outline of the Share Transferee

Phoenix Capital Co., Ltd.

Head office:	9th Floor Kishimoto Building 2-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
President:	Toshihiko Mimura
Date established:	January 21, 2002
Paid-in Capital:	¥10,000,000
Shareholders:	Its own board members and PricewaterhouseCoopers Co., Ltd.