

## **REVIC Completes Stock Transfer Pertaining to ARRK Corporation and Others**

June 23<sup>rd</sup>, 2014

Regional Economy Vitalization Corporation of Japan

The Regional Economy Vitalization Corporation of Japan (“REVIC”), following a decision by the REVIC Committee, has resolved to implement a transfer of stock of ARRK Corporation and related companies (hereinafter collectively “the ARRK Companies”). As a result, REVIC no longer holds any stock in the ARRK Companies.

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

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

### **2. Background**

A decision was made to provide support to the ARRK Companies on March 31, 2011, under Article 25, Clause 4 of the Enterprise Turnaround Initiative Corporation of Japan Act (Act 63, of 2009; includes changes to the Act thereafter; hereinafter “the Act”), and subsequently on June 23<sup>rd</sup> of the same year it was resolved to implement a purchase of debt under Article 28, Clause 1 of the Act, and a capital increase under Article 31, Clause 1 of the Act.

On August 24<sup>th</sup> and 25<sup>th</sup> of the same year, in line with the business revitalization plan, REVIC acquired Class A Preferred Stock representing 74.5% of the voting rights in ARRK (based on conversion to common stock) with a ¥9,000 million cash injection, and Class C Preferred Stock representing 8.8% of the voting rights in ARRK (same basis) with a ¥10,230 million investment in kind\*<sup>1</sup>, for a total 83.3% share of the voting rights (same basis).

REVIC then proceeded with the business revitalization of the ARRK Companies. Having reached a certain level of progress with regard to the revitalization, REVIC moved forward with the process of transferring stock held in the ARRK Companies, and reached an agreement to transfer stock to ORIX Corporation (purchasing entity was OPI · 11, a company formed by ORIX Corporation; hereinafter “ORIX”). In response to this decision, REVIC plans to convert into common stock a portion of the Class A Preferred Stock and all of the Class C Preferred Stock that it holds (refers to the exercise of a put option in consideration of common stock; same as for below) and transfer those stock to ORIX via subscription to a public tender offer. Furthermore, the Class A Preferred Stock not being transferred to ORIX is planned to be transferred to ARRK through the exercise of a put option in exchange for monetary payment.

\*1 A debt-equity swap, arising from REVIC’s underwriting of payment in cash for part of the debt acquired through debt purchase.

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

**3. Amount of debt**

With the ¥9,000 million cash injection and ¥10,230 million debt equity swap with the ARRK Companies, REVIC holds 150,000,000 Class A and 23,000,000 C Preferred Stock. Now, 50,000,000 of the Class A and all of the Class C Preferred Stock are to be converted to common stock, equating to 270,000,000 common stock (approximately 81.03% of voting rights in ARRK; based on conversion to common stock), and will be transferred to ORIX.

100,000,000 Class A Preferred Stock are to be transferred to ARRK through the exercise of the put option in exchange for monetary payment.

**4. Comments from State Ministers in charge of REVIC**

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 Stock Transferee**

### **ORIX Corporation**

Head office: World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku,  
Tokyo, 105-6135, Japan

President: Makoto Inoue

Date established: April 17, 1964

Paid-in capital: ¥194,039 million

Business outline: Diversified Financial Services