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## **Proactive Measures Being Taken by JAIC to Enhance Its Long Term Business Model and Shareholder Value**

The global financial crisis and deterioration of the IPO and M&A exit markets since September 2008 has impacted the entire financial sector, particularly the venture capital asset class. This has also impacted JAIC Group's results for FY09 as reported in the Summary of Consolidated Financial Statements released on May 11, 2009.

JAIC Group has embarked on a series of measures, that include a new management team, and a renewed business plan, so that it can position itself well to deliver superior returns to its shareholders in the mid and long term.

To formalize and promptly execute these series of measures, to make it transparent to all stakeholders, and to ensure sufficient working capital to execute this new vision, JAIC Group has approached its financial institutional partners, and is in discussions with them to amend terms and conditions for its borrowings and corporate bonds (private placements); these terms are primarily to reschedule the loan payments. These steps are being taken through the formal alternative dispute resolution (ADR) process\*. The ADR process is a specially certified dispute resolution procedure prescribed by the Special Measures for Industrial Revitalization Act.

It should be noted that the subject of JAIC's requests is purely that of payment rescheduling; no requests of any kind have been made for such matters as debt forgiveness or the lowering or waiver of interest payments. The results of the discussions will be disclosed promptly when decisions have been reached.

We do not expect the ADR process in any way to impede our operations, investment activities, portfolio/fund management and other management functions. We expect to announce the progress on the ADR process shortly and look forward to continued support from our financial partners, shareholders and business partners.

**\*Features of the *ADR process***

- The ADR process is an approval procedure as prescribed under the Act on Special Measures concerning Industrial Revitalization. It is not a lawsuit or a legal procedure but is a procedure for resolution based on discussions between related parties.
- The ADR process is a private restructuring procedure where agreement is reached on recovering the business through the involvement of a neutral and fair specialist.
- Under the ADR process, discussions are held only with creditors related to borrowings and corporate bonds (private placements); clients are not involved and the value of the business will not be impaired.  
Thus, there should be extremely little possibility of investee companies and LP investors being directly impacted.