

Deposit Insurance Corporation of Japan



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Immediate Guideline for Disposal of Preferred Stocks of former Long-Term Credit Bank of Japan and former Nippon Credit Bank

Deposit Insurance Corporation of Japan (DICJ) has decided the entrustment institution on disposal of preferred stocks purchased from former Long –Term Credit Bank of Japan and former Nippon Credit Bank, based on the Law concerning Emergency Measures for the Revitalization of the Financial System. Immediate guideline for disposal of the concerned stocks is as follows;

1. DICJ entrusts the selected trust banks with disposal of listed stocks which was purchased at the end of Special Public Management Term and are currently possessed by DICJ.

In entrusting disposal of stocks, DICJ will ensure that the disposal should be managed appropriately and smoothly in accordance with the following fundamental policy.

- In judging the disposal, we will maximize the final amount of debt collection, in view of minimizing the public cost.
- We will minimize the market impact, by means of diversifying the time of disposal over about next decade as well as regulating the disposal amount considering the market situation, for instance, such as refraining from selling while the market is in stagnation.
- In addition, we will give due consideration to the liquidity of each brand in disposal.

It is scheduled to enter into disposal at the best time determined by the entrustment institutions by considering the market situation.

Once the disposal is started, DICJ will regularly supervise the entrustment institution by monitoring the execution of disposal and appraising the investment performance in order that appropriate disposal should be done.

2. Regarding unlisted stocks, DICJ will continue to dispose at a fair price appropriately and smoothly for the time being.

In addition, stocks of capital injected banks among listed, we do not intend to entrust disposal of them and we do not basically dispose until all preferred stocks which DICJ undertook for the purpose of capital reinforcement are fully cleared by concerned banks.

3. In case of the request of redemption, until the end of November 2006, we will continue the current practice as long as any loss does not cause for DICJ.

In case that an issuer makes requests of redemption and sale for a particular third party on and after December 2006, the entrustment institution will judge whether or not it is acceptable in accordance with the principal of minimization of public costs as well as the impact on the market. In judging the issue, due consideration should be given that judgment be made on conditions that it is more reasonable than market transaction, based on such points as price terms and liquidity.