

July 23, 2008

Company: LAC Holdings, Inc.  
Representative: Gen Mishiba, President, CEO, and COO  
Stock Code: 3857 (OSE Hercules Securities Market and  
JASDAQ Exchange)  
Inquiries: Michiyuki Umeda, Public Relations Officer  
Telephone: 03-5537-1406

To whom it may concern:

### **Information Regarding the Contract to Acquire the Business Operations of NIWS Co. Ltd. and NIWS Co. HQ Ltd.**

The board of directors for LAC Holdings, Inc. (hereafter referred to as LACHD) met today regarding the succession of operations related to the dealership business of NIWS Co. Ltd. and NIWS Co. HQ Ltd. (hereafter referred to as NIWS), which is currently in the process of Civil Rehabilitation. The board has reached a decision and signed a Transfer of Business Contract to acquire NIWS's business. The details are as follows.

#### Details

##### **1. Reasons for Acquiring the Business**

LACHD has signed a Transfer of Business Contract to take over the dealership business of NIWS, which filed for bankruptcy protection under Civil Rehabilitation Law on April 30, 2008.

NIWS's dealership business includes information systems and sales of network hardware and software, in addition to IT solution consulting, information system environment planning, system requirement consulting, system planning, hardware and software installation, and existing system maintenance. They have particularly focused on developing the skills and infrastructure necessary for maintaining a high degree of expertise in [the field of] building strategic information systems for financial institutions using open client-server UNIX-based platforms.

We believe that by coordinating the system integration services business of our subsidiary A&I System Co., Ltd. (hereafter referred to as A&I) and the security solutions business of our subsidiary Little eArth Corporation Co., Ltd. (LAC) with NIWS's dealership business, we can achieve a high degree of operational synergy in each of those companies' areas.

We plan to acquire all substantial parts of NIWS's dealership business, including their assets and liabilities, expertise, and everything else crucial to operations, once they have gone through their bankruptcy proceedings under Civil Rehabilitation Law.

##### **2. Business Policies Following the Acquisition**

Following the acquisition of NIWS's business, we plan to continue maintaining and developing the fundamental services offered to the client base NIWS has built up, without altering the company's core business practice of catering to financial institutions. In addition, we will be able to provide a more highly value-added one-stop service through the fusion of LACHD's own portfolio, centered around system integration services business and security solutions business, with NIWS's dealership business.

We have made the following assumptions with regard to the improvement of customer service and business synergy following the business acquisition:

### **Improving Service to Our Customers**

When it comes to operations involving NIWS's main clients — major financial institutions — our plans include support for critical company infrastructure and strict risk management with regard to personal information protection.

- **Maintaining a Stable Level of Service**

As for NIWS's dealership business, we will continue to provide, under the stable management of LACHD, the services that clients have come to rely on over the years as we take over and, as a principle, carry on NIWS's business operations in the manner already established.

- **Achieving a One-Stop Service**

We are planning to unite LACHD's system integration services business and security solutions business with NIWS's dealership business, and by doing so produce a one-stop service that customers in the financial sector can benefit from.

### **Business Synergy**

Through cooperation between IBM, a client of LACHD's, we possess a competitively superior business platform for providing high-tech IT infrastructure in the area of open computing for the customers with whom we have already built business relationships. With a framework for cooperation between NIWS's valuable dealership business and LACHD's system integration services business and security solutions business, the procurement, development, and maintenance of network hardware and software for information systems plus the provision of security services will allow us to offer our customers a immense range of IT solutions.

- **Promoting Our System Integration Services Among NIWS's Clients**

We will be promoting the system development and maintenance services and consulting services offered by LACHD subsidiary A&I among the major financial institutions that make up NIWS's existing customer base.

- **Promoting Our Security Solution Services Among NIWS's Clients**

We will be promoting the "total security solutions" services that LACHD subsidiary LAC excels in among the major financial institutions that make up NIWS's existing customer base.

- **Promoting NIWS's Dealership Services Throughout LACHD**

We will be promoting NIWS's dealership business among all the clients served by the various LACHD subsidiaries.

### **3. Assets Acquired**

(1) Operations Acquired

The dealership business belonging to NIWS Co. Ltd. and NIWS Co. HQ Ltd.

(2) Sales Volume (prospective sales by the dealership business for the fiscal year ending in June 2008)

Sales: ¥24.4 billion

Gross profit on sales: ¥3.3 billion

This business acquisition includes only the operations of a single business division, and at the present time, sales administration expenses related to this division cannot be identified with precision, which is why only figures for sales volume and gross profit are given. It is also difficult, for the fiscal year ending in June 2007, to separate out operations and results included in the dealership division that are not part of our acquisition, which is why we are not providing those figures.

(3) Assets and Liabilities Being Acquired: Items and Amounts

The assets and liabilities included in the acquisition will consist of those assets and liabilities connected with the operations in question on the day of the acquisition, to be determined upon completion of the acquisition process itself. A statement of assets and liabilities as of the acquisition's closing date will be presented, and a timeframe of two months from the time of this presentation will be set for completing the acquisition of all assets and liabilities in question.

(4) Acquisition Value and Settlement Procedure

- i. Acquisition Value: The acquisition is valued at ¥8.43 billion (taxes not included). As outlined in the Transfer of Business contract, there is the possibility this amount will be reduced by up to ¥700 million.
- ii. Valuation Adjustment: Provisions have been made allowing for a reduction in the valuation of the acquisition in the case that a portion of the assets listed in the contract cannot be transferred.
- iii. Settlement Procedure: We plan to pay for this acquisition in cash.
- iv. Calculation Basis: To ensure that the value of the acquisition was calculated fairly, we asked an outside third party to perform the calculations. The calculations relied on the discounted cash flow (DCF) method and also took cost comparisons with similar companies into consideration. With the DCF approach, the value of the business was determined by estimating future cash flow from the output of NIWS's dealership business and discounting its current value at a fixed discount rate. The cost comparison with similar companies was done by obtaining multipliers for all financial figures corresponding to the valuation of similarly sized exchange-listed companies with similar business operations, and using that comparison to calculate the value of the business.

**4. Overview of the Acquiring Company**

On or about August 1, 2008 following the acquisition, specifics regarding the newly formed company are outlined below:

- (1) Corporate Name: IT Crew Co., Ltd.
- (2) Address: Kayabacho-First Bldg, 1-17-21 Shinkawa, Chuo-ku, Tokyo
- (3) Establishment: July 17, 2008
- (4) Board Members:
 

President and COO	Mitsunobu Yoneda
Director and Executive Corporate Officer	Takafumi Yoshimura
Director	Juro Nakauchi
Director	Yoshitaka Oka
Corporate Auditor	Yasunori Hata
Corporate Auditor	Michinori Shiraishi

Executive Corporate Officer	Hideaki Nuwa
Executive Corporate Officer	Kazuya Kimura
Corporate Officer	Tetsuhiro Udagawa
Corporate Officer	Yuji Yanagida

The CEO will be appointed by Mitsunobu Yoneda, executive vice-president of NIWS Co. HQ Ltd. Directors Juro Nakauchi (LACHD director and former executive corporate officer at IBM Japan) and Yoshitaka Oka (LACHD special advisor and former CEO of A&I) as well as two corporate auditors will represent LACHD on the board of directors.

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| (5) Business Activities:    | All types of software development, sales, and computer equipment as well as the sale of computer peripherals, installation, and maintenance. |
| (6) Company Capitalization: | ¥1.01 billion  |
| (7) Shareholders:           | LAC Holdings Inc., 100%  |
| (8) Fiscal Year-End:        | March 31   |
| (9) Employees:              | 361 (planned)  |

## 5. The Effect on Our Business

Once we have a forecast on what effects this acquisition will have on LACHD's business outlook, we will release this information.

## 6. Overview of NIWS Co. HQ Ltd. and NIWS Co. Ltd. as of July 1, 2008

### NIWS Co. HQ Ltd.

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|----------------------------------|---|
| (1) Corporate Name:              | NIWS Co. HQ Ltd.  |
| (2) Representative:              | Chairman and CEO Ken Ono  |
| (3) Address:                     | Kayabacho-First Bldg, 1-17-21 Shinkawa, Chuo-ku, Tokyo                        |
| (4) Establishment:               | July 17, 1992   |
| (5) Principle Business:          | holding company for directing and managing the operations of its subsidiaries |
| (6) Number of Employees:         | 466 (including employees transferred to NIWS Co. Ltd.)                        |
| (7) Company Capitalization:      | ¥500 million  |
| (8) Major Shareholders:          | Neptune Holdings LP, 62.52%<br>NC Holdings LP, 4.57%                          |
| (9) Relationship to Our Company: | There is no financial, personal, or commercial relationship with our company. |

### NIWS Co. Ltd.

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|----------------------------------|---|
| (1) Corporate Name:              | NIWS Co. Ltd.   |
| (2) Representative:              | President Ken Ono   |
| (3) Address:                     | Kayabacho-First Bldg, 1-17-21 Shinkawa, Chuo-ku, Tokyo                        |
| (4) Establishment:               | August 8, 2005  |
| (5) Principle Business:          | Computer software development and sales                                       |
| (6) Number of Employees:         | 390 (all employees were transferred from NIWS Co. HQ Ltd.)                    |
| (7) Company Capitalization:      | ¥2.85 billion   |
| (8) Major Shareholders:          | NIWS Co. HQ Ltd., 100%  |
| (9) Relationship to Our Company: | There is no financial, personal, or commercial relationship with our company. |



## **7. Overview of Accounting Procedures**

We will provide information on the goodwill amortization of the company after acquisition costs and assumed assets and liabilities have been determined. In addition, we are planning on a 10-year period during which the amortization will affect our plans.

## **8. Schedule**

July 31, 2008 (tentative): Transfer of the Business (may change depending on the Civil Rehabilitation proceedings)