

October 23, 2006

Company Name	Oak Capital Corporation
Name of Representative	Hiroyasu Takei, Representative Director and Chairman
Securities Code Number	3113
Market of Public Listing	2 <sup>nd</sup> Sections of TSE, OSE and NSE
Contact Person	Koji Kirimura, Public & Investor Relations Dept. (Telephone 03-5412-7700)

### **Announcement regarding Extraordinary Loss**

Oak Capital Corporation hereby announces that it has incurred the following extraordinary loss.

#### **1. Outline of Extraordinary Loss**

##### **(1) Reasons for and Details of Extraordinary Loss**

It has recently been decided to sell electronic circuitry support software developer Summit Design, Inc. (hereinafter "SD Co."), a wholly-owned subsidiary of Summit Design Technologies, Inc. (hereinafter "SDTI") and portfolio company of Oak Capital, to a company in the same industry. As a result of the disposition of Oak Capital's entire holdings in SDTI, we expect to incur an extraordinary loss of approximately 900 million yen.

SD Co.'s operations include development, sales, maintenance and design consulting in the area of electronic circuitry design. Although SD Co.'s products have rated highly, especially in Japan where the company has continued to enjoy robust sales, the company increasingly has had to cope with sluggish market conditions particularly in the U.S.A. where sales of newly-launched products have continually fallen below projections. In addition, corporate acquisitions implemented as a measure to prop up profitability backfired causing the deterioration in earnings to accelerate. Against that background, Sage Capital Group, SD Co.'s largest stockholder and de facto holder of SD Co.'s management control rights, decided to proceed with the sale of the company.

In this connection, Oak Capital wishes to point out that the present investment is an exceptional case as it involved the holding of stock with subordinated rights. Having learned from the lessons of our recent investment loss, we will make determined effort to recover the loss amount and meet the expectations of our shareholders.

##### **(2) Company Outline of SDTI:**

Company name:	Summit Design Technologies, Inc.
Business description:	Parent company of Summit Design, Inc.
Establishment:	2002 (as a Delaware corporation)
Oak Capital Holding Ratio:	32% (5,797,978 shares)

##### **(3) Company Outline of SD:**

Company name:	Summit Design, Inc.
Business description:	Development and sales of software
Establishment:	1994 (as a Delaware corporation)

- (4) Transaction Consideration: approximately 75 million yen (@USD0.107665806/share, converted at an exchange rate of @120.00/USD). By way of dividend, Oak Capital will, in proportion to its holding ratio, receive allocation of SDTI's residuary assets upon SDTI's receipt of the acquisition consideration.

## 2. Effect on Business Results ~ Earnings Outlook Revision

### (1) Revision to the Consolidated Performance Forecast Figures for the Fiscal Year Ending March 31, 2007 (April 1, 2006 ~ March 31, 2007)

(Unit: millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	24,000	1,500	2,300
Revised forecast (B)	24,000	1,500	1,400
Increase/(decrease) (B-A)	-	-	-900
Percentage change (%)	-	-	-39.1
[Reference] Previous fiscal year (ended March 31, 2006)	23,032	1,403	2,202

### (2) Revision to the Non-consolidated Performance Forecast Figures for the Fiscal Year Ending March 31, 2007 (April 1, 2006 ~ March 31, 2007)

(Unit: millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	9,000	1,000	1,800
Revised forecast (B)	9,000	1,000	900
Increase/(decrease) (B-A)	-	-	-900
Percentage change (%)	-	-	-50.0
[Reference] Previous fiscal year (ended March 31, 2006)	8,499	1,481	1,712

### (3) Reasons for Revision (consolidated and non-consolidated)

As a result of the incurred extraordinary loss, the Net Income forecast figure has been reduced with 900 million yen. It should be noted that the approximately 1.2 billion yen appraisal loss on investment securities as of September 30, 2006 is not reflected in the above Earnings Outlook Revision in view of the temporary nature of this figure. It should further be noted that the figures announced above constitute a forecast while actual results may materially differ from these figures depending on progress made in realizing investment exits and risk factors such as changes in the economic and stock market conditions.

*Note: This document is a translation in English of that announcement in Japanese for the reference and convenience of foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*