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Name of Representative	Hiroyasu Takei, Representative Director, Chairman and CEO
Securities Code Number	3113
Market of Public Listing	2 <sup>nd</sup> Sections of TSE, OSE and NSE
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## **Progress of Medium-term Management Plan and Outline of Future Business Policy**

Oak Capital wishes to report on the progress made in the implementation of its three-year Medium-term Management Plan announced on April 9, 2008. Along with this progress report, an outline is herewith provided of the future direction of our business.

With the central strategic issue being “the maintenance of stable cash flows through business reorganization and the launch of new business activities,” the present Medium-term Management Plan’s course of action calls for the erection of new business pillars being “branded business,” “risk management” and “advisory services” in addition to the existing “investment banking operations”.

With consumer confidence remaining weak and the stock markets in a state of disorder due to the financial crisis, however, IPOs of portfolio companies have been put on hold while the exit realization of other investments is being postponed. As a consequence, progress in developing the new businesses - with the exception of risk management - has thus far been rather limited.

Under these circumstances and having taken into account far-reaching changes within the business environment that are likely to affect the implementation of the present medium-term management plan, Oak Capital has committed itself to cope with the challenges of the times ahead by putting a new system in place.

### **1) Oak Capital’s perception of the business environment**

The chief cause of the current global financial crisis triggered by the collapse of the U.S. subprime mortgage market can be said to be the cavalier attitude towards risk whereby investors piled into speculative bets going after short-term profits. Oak Capital is of the opinion that the age in which these short-term deals were part of mainstream investment tactics has come to an end with the present financial crisis functioning so to speak as a turning point.

Changes in the business environment are subsequently prompting a fundamental mentality shift among investment firms causing them to reflect on the basics and very nature of investments: to support the growth of business enterprises with a long-term vision. Oak Capital believes that the tide has now turned with investment capital no longer flowing into speculative financial instruments but into sound investment projects targeting concrete and well-defined business areas where steady growth can be anticipated.

### **2) Oak Capital’s investment stance – long-term investments becoming new pivot point**

For a long time past, Oak Capital has come to favor investments with a long-term vision in line with its basic policy of growing together with its portfolio companies by recognizing latent strengths of businesses possessing brand equity or unique technologies and by lending support and investing in their future development. In this respect and in order to maintain a sound balance sheet, Oak Capital has from the beginning opted not to pursue expansion of scale utilizing borrowed capital even at a time when leveraged investments were considered the norm. Although real estate investments were deemed to be high-yielding, Oak Capital chose not to engage in them for the same reason. In other words, our proprietary investment principles have all the time remained steadfast.

Nevertheless, Oak Capital also invested in short-term profit deals with the object of generating sufficient periodic income by the end of each fiscal year. While for some years these short-term investments proved to be lucrative, for other years they have resulted in substantial loss (cf. Graph 1).

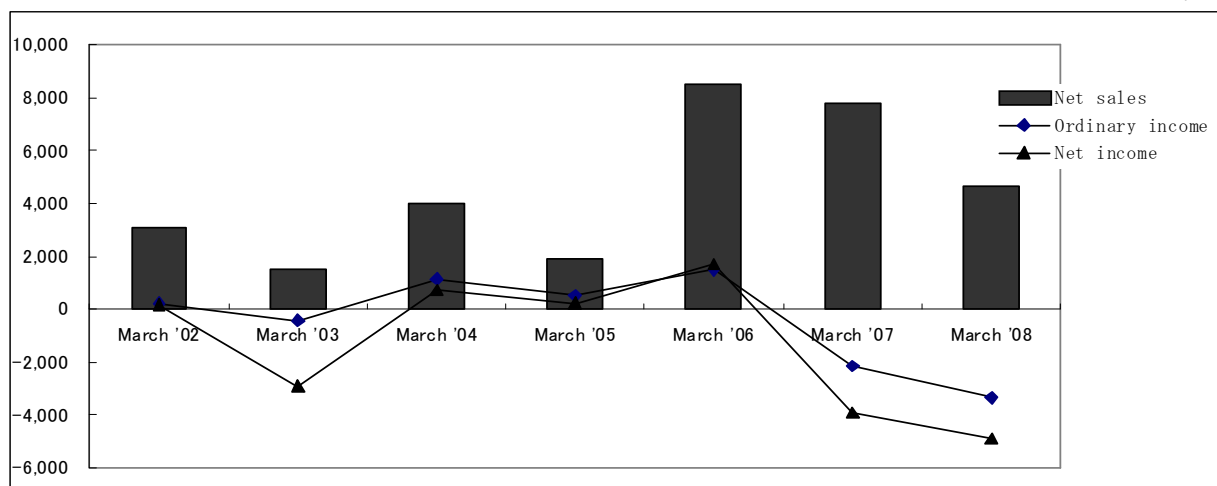
Particularly when considering our company’s size, challenging a “high-risk – high-return” type of investment is not deemed to be the appropriate approach. Henceforth, Oak Capital has decided to fix a

clear line of demarcation for defining investments aimed at short-term profits and shift its investment stance away from pure investments toward “enterprise cultivator”-type investments (investments aimed at nurturing businesses). By abandoning all pure investment activities seeking only short-term profits, Oak Capital will install a new pivot around which future investments will revolve focusing on businesses with long-term growth and sustainable prosperity potentials that are not easily swayed by changes in the business environment.

While it will take Oak Capital some more time to solidify the foundation for this new business orientation to become fully effective, we firmly believe that by accumulating investment results anew, Oak Capital’s own growth and trustworthiness will be restored.

(Graph 1) Transition of Oak Capital’s business performance on a non-consolidated basis

(millions of yen)

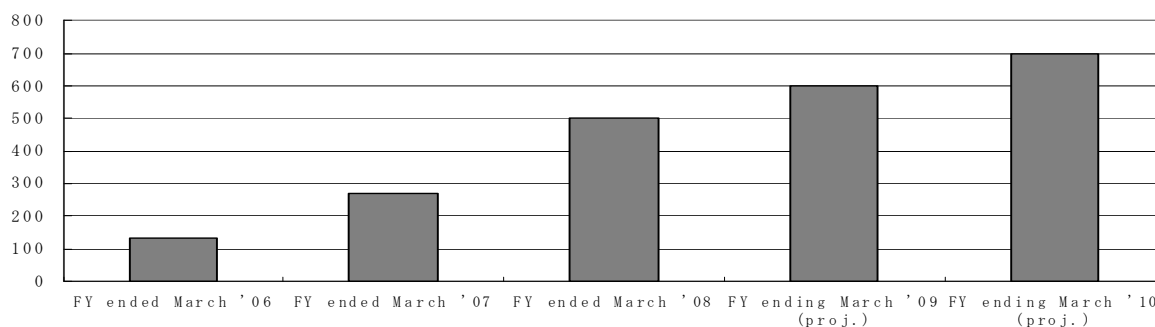


	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008
Net sales	3,092	1,477	4,029	1,877	8,499	7,817	4,669
Ordinary income	222	- 420	1,118	510	1,481	- 2,156	- 3,350
Net income	163	- 2,894	728	219	1,712	- 3,925	- 4,904

### 3) A new business approach for the future – establishment of core companies in each business field

Since the inception of insurance agent BSL Insurance (hereinafter “BSLi”) in 2001, Oak Capital has steadily obtained excellent business results through the business alliance formed with 4 nonlife insurers (Aioi Insurance Co., Nipponkoa Insurance Co., Kyoei Fire & Marine Insurance Co. and Asahi Fire & Marine Insurance Co.) who participated in the capital of BSLi.

(Graph 2) Transition of volume of nonlife insurance contracts



Following the example of this successful business setup, Oak Capital is strongly resolved on establishing core companies or intermediate holding companies in each of the business fields where its portfolio companies are

active and recruit business partners capable of conducting toward their growth and prosperity.

In addition to the business expansion opportunities that can be gained through the networks with business and investment partners as well as through synergies within consortia created by combining portfolio companies sharing the same line of business, Oak Capital wishes to secure greater mobility for its fund-raising activities.

Oak Capital has formulated the concept of business holding companies for each field of business along the lines that follow:

① **Branded businesses**

Establishment of an intermediate holding company that is to look after and increase the number of companies with strong brands such as top-ranking silverware manufacturer, Christofle and venerable producer of high-grade lacquerware by appointment to the Imperial Household, Yamada Heiando.

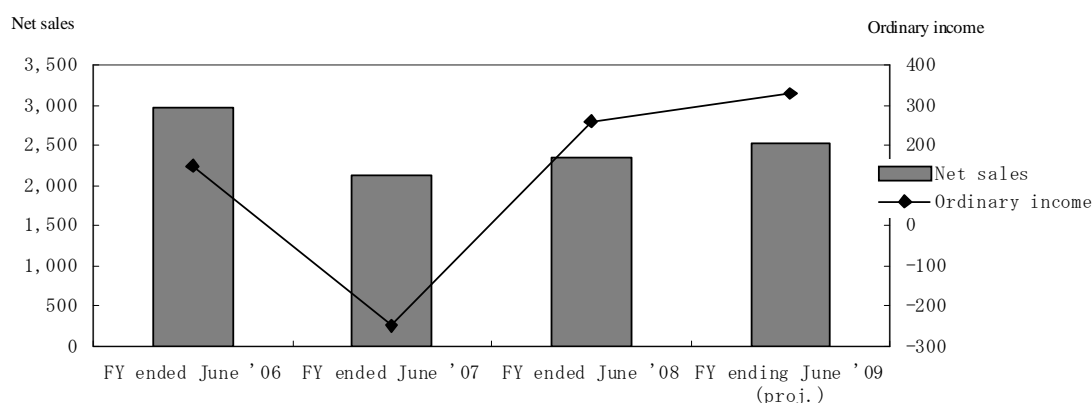
② **ICT (Information and Communications Technology) business**

Formation of a consortium of high-tech companies specialized in information and communications technologies with long-established developer of computer graphics content, CAD Center Corporation (hereinafter, CAD)\*<sup>1</sup> functioning as the nucleus.

\* Note 1: Oak Capital's investment in CAD took place in February 2007 and although the company's business was in particular bad shape at the time, Oak Capital managed to pull the company into the black one year later. For the fiscal year ended June 30, 2008, the company posted a periodic earnings surplus and achieved across-the-board performance recovery. Today, the company continues to operate at a profit (cf. Graph 3).

(Graph 3) Performance of CAD

(millions of yen)



	FY ended June '06	FY ended June '07	FY ended June '08	FY ending June '09 (proj.)
Net sales	2,963	2,133	2,353	2,520
Ordinary income	149	-249	260	330

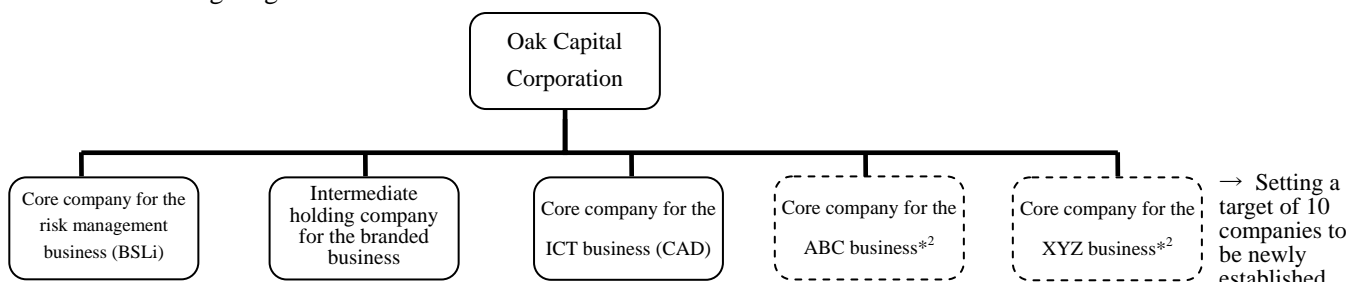
Track record of major clients and projects realized by CAD:

- Ministry of Defense: Various simulation systems
- Ministry of Land, Infrastructure, Transport and Tourism: Virtual tour of a dam to be constructed in Fukushima Pref.
- Tokyo Metropolis Shintosh Foundation: System for visualizing an urban development project
- Institute of Industrial Science, the University of Tokyo: 3-D hazard maps covering all 23 wards of the Tokyo Metropolis
- Nihonbashi Renaissance: Redevelopment of a Nihonbashi urban zone
- NHK Science and Technical Research Laboratories: System for interactive reproduction of 3-D audio-visual contents
- Mitsubishi Estate: 100-year development in Marunouchi (future cityscape)
- Mitsubishi Precision: Sukagawa Flight Academy
- Musée du Louvre: 3-D laser measuring and virtual reality stereoscopic visualization

#### 4) The “Premium 10” concept calling for investments into new growth areas

With the object of expanding the number of successful undertakings within each area of growth, Oak Capital will commit itself to establishing and further cultivating relationships with its investees and potential business partners. Our aim is to put up 10 business pillars in addition to and including existing ones, each representing a different, promising business field such as “Risk Management,” “Branded Business” and “ICT Business” field, by starting up core companies or intermediate holding companies. The concept behind this undertaking has been named “Premium 10”<sup>\*2</sup>. Further details related to the enactment of this concept will be released as they are decided upon.

“Premium 10” Organogram



\*Note 2: The target business fields of “Premium 10”:

In addition to the existing business fields, Oak Capital anticipates to set new investment targets, adding on such new categories as medical and healthcare, environment-related business, retail and service, elderly market business, food-related business and overseas investments.

#### 5) Impact on performance and outlook

Since the details of aforementioned undertakings have not been officially decided upon, we will reflect their effect on our business results once all details have been sufficiently clarified.

The atmosphere surrounding Oak Capital’s business remains tense and adequate solutions for removing the present adversity may not be found overnight. With the global economy undergoing dramatic change, we have no choice but to stage our own revolution.

Having reflected on the state of our business after a lapse of eight years since we embarked upon investment banking activities, we have come to the conclusion that the only road leading to growth is the rebuilding of our investment business up to the right level.

With this goal in mind, we are in the midst of laying a new foundation by bringing our creativity into full play and acting speedily. We believe that this will help restore the trust in our company and enable us to give fuller expression to our commitment to social responsibility.

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