

Q and A

1. Regarding the application for reorganization proceedings.

Q. What is happening?

A. On Friday October 26, 2007, the company applied for reorganization proceedings and an order to preserve assets. On the same date, the Osaka district court issued the order to preserve assets. The Osaka district court appointed the lawyers Toshiaki Higashibata and Noriaki Takahashi as interim trustees.

Q. What are 'reorganization proceedings'?

A. 'Reorganization proceedings' are one form of bankruptcy procedure. However, for companies in difficult circumstances but with the possibility of restructuring, the purpose is to restructure and maintain the business, coordinating creditors', shareholders' and other stakeholders' interests. This is different from normal bankruptcy procedures where the objective is not to continue the business of the company and all assets of the company are liquidated, and is considered a restructuring procedure.

Q. What is an 'order to preserve assets'?

A. This is where the court appoints an interim trustee for the purpose of assessing whether the company can be restructured according to the reorganization proceedings. All payments are frozen and the state of affairs of the company is investigated. The authority of the company directors is transferred to the interim trustee appointed by the court.

2. Regarding procedures and lessons from now on.

Q. What should staff and instructors do?

A. For the time being all branches will be closed and instructors and staff should wait at home for instructions.

Q. How should I respond if students ask questions?

A. Information regarding Nova's 'order to preserve assets' is posted on the Nova homepage for students.

Q. What will happen to branch operations from now on?

A. It has been necessary to close all branches temporarily to avoid confusion and to check whether restructuring is possible. All branch lessons, MM lessons and Nova Kids lessons are suspended. We can not provide lessons to the students for a while. Lessons which have already been booked are also cancelled.

3. Regarding salaries

Q. Will salaries be paid?

A. It is with regret that we have to inform you that Nova does not have sufficient funds to pay salaries at the present time. We are unable to give an assurance that the company will pay salaries.

Q. Why are you asking us to stand by at home when you can't guarantee that salaries will be paid?

A. As a trustee, appointed to maintain the company's assets, it is necessary for me to close all the branches so that we can immediately investigate whether it is possible to reorganize and reconstruct the company by looking for an appropriate sponsor. Therefore, we ask you to wait at home and stand by.

Q. Will you be able to find a sponsor and then will the salaries be paid?

A. We regret to say that at this point due to the company's situation and the limited time to negotiate with potential sponsors it is not possible for us to comment on the likelihood of being able to find a sponsor that will be able to pay salaries.

Q. What will happen if a sponsor can not be found?

A. If we are unable to find a sponsor to take over the company soon, regrettably we will have to commence bankruptcy proceedings.

4. About procedures from now on.

Q: What will happen to the company?

A: Government administrators are ceasing business in all the branches immediately to secure the company assets. They will research the possibilities of rehabilitation of the company business by recruiting appropriate sponsors. For a while, instructors and branch staff are to stand by at home.

Q: How will information be given out from now on?

A: Supervisors will contact you, or please check the company homepage on which information will be continually updated.

Q: How is employment insurance processed?

A: For instructors who wish to resign please submit a resignation in writing to the Foreign Personnel Quality Control Group in Osaka or Tokyo. Later the headquarters will send the documents necessary to receive the unemployment allowance, such as the 'Rishoku-hyo', to the person.