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**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	
	:	
CHIYODA AMERICA, INC.,	:	Case No. 09-15059 (AJG)
	:	Chapter 11 Case
Debtor.	:	
-----	X	

**PLAN SUPPLEMENT - II**

- Exhibit A - Proposed Exit Facility Financing Letter Agreement from CAI
- Exhibit B - Proposed Equity Commitment Letter Agreement from Shinko
- Exhibit C - Liquidation Analysis
- Exhibit D - Cash Flow Projections
- Exhibit E - Designation of Post-Confirmation Directors and Officers

Dated: October 6, 2009  
 New York, New York

By: /s/ Michael Z. Brownstein  
 Michael Z. Brownstein

Blank Rome LLP  
 The Chrysler Building  
 405 Lexington Avenue  
 New York, NY 10174-0208  
 and  
 Joel C. Shapiro, Esquire  
 One Logan Square  
 130 N. 18<sup>th</sup> Street  
 Philadelphia, PA 19103  
 Attorneys for Debtor

# **EXHIBIT A**

Chiyoda Gravure Corporation  
1-18-16 Osaki, Shinagawa-ku  
Tokyo 141-0032, Japan

Chiyoda America, Inc.  
708 Third Avenue  
5th Floor, Suite 97  
New York, New York 10017  
U.S.A.

August 17, 2009

Re: Proposed Exit Facility Financing

Dear Sirs:

Reference is hereby made to the proposed filing by Chiyoda America, Inc. (the "Borrower") for reorganization under Chapter 11 of Title 11 of the United States Code (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York in the City of New York, the State of New York, the United States of America (the "Bankruptcy Court"), and the proposed plan of reorganization (the "Plan") to be filed in connection therewith.

Chiyoda Gravure Corporation (the "Lender") is pleased to advise you of its commitment to offer to the Borrower a senior secured exit facility financing in the maximum principal amount not to exceed \$7,500,000 (the "Exit Facility") in the Chapter 11 Case.

The foregoing commitment is subject to satisfaction of each of the following conditions:

- a. entry, on or before November 30, 2009, of a final and non-appealable order by the Bankruptcy Court confirming the Plan substantially in the form attached as Exhibit A hereto or otherwise in form and substance acceptable to the Lender in its sole and absolute discretion;
- b. the execution and delivery of definitive documentation for the Exit Facility substantially in the form attached as Exhibit B hereto (the "Exit Facility Documentation") and otherwise in form and substance acceptable to the Lender in its sole and absolute discretion, and satisfaction of all conditions precedent to the Exit Facility as provided in the Exit Facility Documentation;
- c. no more than 10% in amount of claims in Class 5 under the Plan having opted out of, or otherwise not provided, releases under the Plan;
- d. the execution and delivery of other appropriate legal documentation, including but not limited to financing documents, security documents, and articles of incorporation and bylaws of reorganized CAI, each of which must be satisfactory in form and substance to the Lender in its sole and absolute discretion;
- e. the capital structure of CAI upon occurrence of the effective date of the Plan being acceptable to the Lender in its sole and absolute discretion, including, without limitation, the absence of any secured or unsecured debt other than in accordance with the requirements of the Exit Facility;
- f. the Lender's receipt of and satisfaction with the 12 month cash budget projection and other financial information from Executive Sounding Board Associates, Inc.; and

Handwritten signature and initials in the bottom right corner of the page.

- g. the absence at all times of any material adverse change, measured as of the date of delivery by Mike DuFrayne, of budget and projections in the financial condition, business, prospects, profitability, assets or operations of CAI and in the projections and feasibility analysis contained in the disclosure statement for the Plan. It is understood and agreed that any adverse change in the terms, conditions, assumptions or projections supplied to the Lender and on which the Lender based its decision to issue this commitment letter may, in the Lender's business discretion, be construed by the Lender as a material adverse change.

Furthermore, this commitment letter will expire in the event that: (i) the Borrower will not have commenced the Chapter 11 Case on or before Monday, August 31, 2009; (ii) this commitment letter will not have been executed by the Borrower and returned to the Lender prior to August 18, 2009; (iii) dismissal or conversion of the Chapter 11 Case to a case under another chapter of the United States Bankruptcy Code will have been entered by the Bankruptcy Court; or (iv) a trustee, examiner or other person or entity with like powers will have been appointed.

By signing this commitment letter, the Borrower agrees to proceed in good faith and expeditiously to obtain, as soon as possible, all necessary Bankruptcy Court approval in connection with the Borrower's execution hereof and its obligations hereunder.

This commitment letter will be governed by the laws of the State of New York. This commitment letter is not assignable by the Borrower, and any purported assignment shall be null and void. This commitment letter may not be amended or any provision hereof waived or modified unless such amendment, waiver or modification is agreed to by both the Lender and the Borrower in writing.

This commitment letter will have no force and effect unless and until it is executed by both parties hereto and delivered to the Lender. This commitment letter may be executed in counterparts, all of which taken together will be considered one and the same instrument.

Please acknowledge your acceptance of the terms hereof by returning to us the executed counterpart of this commitment letter.

Very truly yours,

Chiyoda Gravure Corporation

By: Hiro Yoshi Sato  
Hiro Yoshi Sato  
President

ACCEPTED AND AGREED:

Chiyoda America, Inc.

By: Hiroshi Mizumoto  
Hiroshi Mizumoto  
Vice President

# **EXHIBIT B**

Shinko Kigyo Corporation  
1-18-16 Osaki, Shinagawa-ku  
Tokyo 141-0032, Japan

Chiyoda America, Inc.  
708 Third Avenue  
5th Floor, Suite 97  
New York, New York 10017  
U.S.A.

September 24, 2009

Re: Equity Commitment Letter

Dear Sirs:

Reference is hereby made to the filing on August 19, 2009 by Chiyoda America, Inc. ("CAI") for reorganization under Chapter 11 of Title 11 of the United States Code (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York in the City of New York, the State of New York, the United States of America (the "Bankruptcy Court"), and the proposed plan of reorganization (the "Plan") filed in connection therewith.

Shinko Kigyo Corporation, a corporation organized under the laws of Japan ("Shinko"), is pleased to advise you of its commitment to subscribe for all of the authorized shares of the common stock of reorganized CAI (the "Shares") and to pay as consideration therefor the amount of at least \$650,000 but no more than \$850,000 in cash, payable on the effective date of the Plan (the "Effective Date"), subject to the terms of this commitment letter.

The foregoing commitment is subject to satisfaction of each of the following conditions:

- a. entry on or before September 30, 2009 of a final and non-appealable order by the Bankruptcy Court approving a debtor in possession financing (the "DIP Financing") in form and substance satisfactory to Shinko in its sole and absolute discretion;
- b. entry, on or before November 30, 2009, of a final and non-appealable order by the Bankruptcy Court confirming the Plan substantially in the form of the Plan filed with the Bankruptcy Court on August 19, 2009, with any amendments to be acceptable to Shinko in its sole and absolute discretion;
- c. no more than 10% in amount of claims in Class 5 under the Plan having opted out of, or otherwise not provided, releases under the Plan;
- d. execution and satisfaction of all conditions precedent to the effectiveness thereof, on or before the Effective Date, of the exit facility financing (the "Exit Facility"), substantially in the form attached as Exhibit A hereto or otherwise in form and substance acceptable to Shinko in its sole and absolute discretion;

- e. the execution and delivery of other appropriate legal documentation, including but not limited to financing documents, security documents, and articles of incorporation and bylaws of reorganized CAI, each of which must be satisfactory in form and substance to Shinko in its sole and absolute discretion;
- f. the capital structure of CAI upon occurrence of the Effective Date being acceptable to Shinko in its sole and absolute discretion, including, without limitation, the absence of any secured or unsecured debt other than in accordance with the requirements of the Exit Facility and the Plan;
- g. termination, satisfaction and payoff of all obligations under any DIP Financing and release of all claims and liens relating thereto, except to the extent that the Exit Facility will be secured by the liens securing the DIP Financing;
- h. Shinko's receipt of and satisfaction with the 12 month cash budget projection and other financial information from Executive Sounding Board Associates, Inc., and the absence at all times of any material adverse change, measured as of the date of delivery by Executive Sounding Board Associates, Inc., of budget and projections in the financial condition, business, prospects, profitability, assets or operations of CAI and in the projections and feasibility analysis contained in the disclosure statement for the Plan. It is understood and agreed that any adverse change in the terms, conditions, assumptions or projections supplied to Shinko and on which Shinko based its decision to issue this letter may, in Shinko's business discretion, be construed by Shinko as a material adverse change.

This commitment letter will expire, and Shinko shall have no obligations to perform any term hereof, in the event that: (i) this commitment letter will not have been executed by CAI and returned to Shinko by September 28, 2009; (ii) dismissal or conversion of the Chapter 11 Case to a case under another chapter of the United States Bankruptcy Code will have been entered by the Bankruptcy Court; or (iii) a trustee, examiner or other person or entity with like powers will have been appointed.

By signing this commitment letter, CAI agrees to proceed in good faith, expeditiously and as soon as possible, to take any and all actions as may be required to effectuate the issuance of the Shares and to obtain all necessary Bankruptcy Court approval in connection with CAI's execution hereof and its obligations hereunder.

This commitment letter will be governed by the laws of the State of New York. This commitment letter is not assignable by CAI, and any purported assignment shall be null and void. This commitment letter may not be amended or any provision hereof waived or modified unless such amendment, waiver or modification is agreed to by both CAI and Shinko in writing.

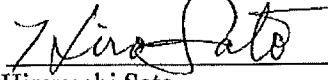
This commitment letter will have no force and effect unless and until it is executed and delivered to Shinko. This commitment letter may be executed in counterparts, all of which taken together will be considered one and the same instrument.

[Remainder of page intentionally left blank]

Please acknowledge your acceptance of the terms hereof by returning to us the executed counterpart of this commitment letter.

Very truly yours,

Shinko Kigyo Corporation

By:   
Hiroyoshi Sato  
President

ACCEPTED AND AGREED:

Chiyoda America, Inc.

By: \_\_\_\_\_  
Hiroschi Mizumoto  
Vice President

Please acknowledge your acceptance of the terms hereof by returning to us the executed counterpart of this commitment letter.

Very truly yours,  
Shinko Kigyo Corporation

By: \_\_\_\_\_  
Hiroyoshi Sato  
President

ACCEPTED AND AGREED:

Chiyoda America, Inc.  
By: \_\_\_\_\_  
Hiroshi Mizumoto  
Vice President

# **EXHIBIT C**

# EXHIBIT C

TO

FIRST AMENDED DISCLOSURE STATEMENT WITH RESPECT TO  
FIRST AMENDED PLAN OF REORGANIZATION OF  
CHIYODA AMERICA, INC.

LIQUIDATION ANALYSIS

CHIYODA AMERICA, INC.

Summary of Significant Liquidation Analysis Notes and Assumptions  
Based on Projected Financial Position at September 30, 2009

Pursuant to Section 1129(a)(7) of the Bankruptcy Code (often called the "Best Interest Test"), each holder of an impaired claim or Equity Interest must either (a) accept the Plan or (b) receive or retain under the Plan property of a value as of the Plan's Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

In preparing the Liquidation Analysis, the Debtor has projected an amount of Allowed Claims. The Liquidation Analysis was prepared before the deadline for filing Claims against the Debtor's estate. As such, claims may be filed after the date of which this Liquidation Analysis was prepared. Also, filed claims have not been fully evaluated by the Debtor and no order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims used in the Liquidation Analysis. Accordingly, the estimate of the amount of Allowed Claims used in the Liquidation Analysis should not be relied upon for any purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different than the amount estimated in the Liquidation Analysis.

Underlying the Liquidation Analysis are a number of estimates and assumptions regarding proceeds that, although developed and considered reasonable by the Debtor's management and financial advisors, are inherently subject to significant business, economic, regulatory and competitive uncertainties and contingencies beyond the control of the Debtor's and their management. The Liquidation Analysis has not been examined or reviewed by independent accountants with standards promulgated by the American Institute of Certified Public Accountants. **ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.** Variances from the estimates may be caused by the following:

General Assumptions

Chiyoda America, Inc. is a manufacturer and distributor of quality gravure printed products for sale to industrial customers throughout North America and has operated for over 20 years and has fewer than 60 employees. Its customers include, for example, kitchen countertop and laminated floor manufacturers, kitchen and bath cabinet manufacturers and ready to assemble furniture makers. The Company also acts as the distributor in the Western Hemisphere for the products manufactured by its European and Japanese affiliates. Operations entail compliance with customers' specifications and numerous quality and manufacturing inspection systems. Chiyoda America, Inc. owns its manufacturing and administrative facility and rents warehouse space from an independent third party.

Due to the complexity of the various operating processes and uncertainty associated with, among other things, adhering to customers' specifications and manufacturing quality standards, management assumes that upon conversion to chapter 7 manufacturing operations would cease immediately. As such, management further assumes that a chapter 7 trustee would maintain a

skeleton work-force, principally technical supervision, equipment maintenance and accounting personnel, for 60 to 90 days and engage professionals to liquidate the plant, property and equipment. Management assumes that the trustee would engage advisors to determine the potential recoveries. Management also assumes that the Worker Adjustment and Retaining Act ("WARN") does not apply to the Debtor's operations.

Based upon the nature of the Debtor's business and operations, the primary assets to be liquidated are accounts receivable, inventory, personal property and equipment, and real property. See below for a discussion of these items. After a review of the Debtor's other assets, including tangible and intangible assets, it is assumed, given the nature and composition of the assets, that they will bring little or no proceeds to the estate in a chapter 7 liquidation. Additionally, the Liquidation Analysis assumes no recoveries from potential insurance recoveries or any litigation, including, but not limited to Avoidance Actions.

For the purposes of this liquidation analysis and as described in the Supplemental Schedule, it is assumed that the obligation to the Debtor In Possession ("DIP") Lender will be satisfied by the proceeds from the sale of the real property.

The Supplemental Schedule is an integral part of this Liquidation Analysis.

No assumption is made for the interest income that could be earned on liquidation proceeds being held prior to distribution. Such amounts would not alter materially the results of the Liquidation Analysis.

No assumption is made for the income tax effect of liquidation since the Debtor has available substantial tax attributes.

#### Cash and cash equivalents

Cash and cash equivalents consist of all cash in banks or operating accounts, and liquid investments with maturities of three months or less and are assumed to be fully recoverable.

#### Accounts Receivable

Accounts receivable consist of trade accounts receivable and includes outstanding amounts due from the Debtor's customers. The recovery of accounts receivable is based on management's estimate of collections given such factors as the aging and historical collections patterns of receivables, and the effects, if any, of the liquidation on collections. This considers reductions for, among other things, business disruption and general reserves for uncollectible accounts. These recoveries are before consideration of liquidation expenses, if any.

#### Inventory

Inventory consists primarily of paper, inks, solvents, coatings and finished goods. Management estimates that the recovery, on the high side, from the liquidation of inventory components to be approximately 10% of the inventory's book value. These estimates are based on management's experience and the assumed salability of the inventory's components. For example, finished goods are customer specific and there are no assurances that customers would buy the inventory. Paper is specially produced according to the Debtor's specification, including printing machine dimensions, and and/or customer requirements. Inks, solvents and coatings are also specially produced according to the Debtor's strict physical property guidelines for manufacturing its products. As such, salability of the inventory is limited due to its incompatibility with competitor production systems and standards and limited disposal channels.

