

October 23, 2006

**AIFUL Announces Basic Outline of Merger by Absorption of Subsidiaries**

KYOTO — AIFUL Corporation has announced the basic outline of a merger by absorption of the consolidated subsidiaries id Credit Corporation and Net One Club Corporation, which was approved at today's meeting of the board of directors. The merger is scheduled for March 31, 2007.

*1. Objective of Merger*

Predecessor companies id Credit Corporation and Net One Club Corporation have been engaged in the Internet consumer finance business since February 2006. The merger by absorption responds to changes in the environment surrounding the consumer finance industry and is intended to increase the effectiveness of marketing and management.

*2. Overview of the Merger*

(1) Schedule

Approval of the merger agreement by board of directors: January 2007

Signing of the merger agreement: January 2007

Approval of the merger agreement by the general meeting of shareholders:

In accordance with Article 796, Paragraph 3 of the Company Law, no general meeting of AIFUL Corporation's shareholders will be convened.

In accordance with Article 784, Paragraph 1 of the Company Law, no general meeting of the shareholders of either id Credit Corporation or Net One Club Corporation will be convened.

Effective date: March 31, 2007

(2) Merger method

AIFUL Corporation will be the merging corporation in this merger by absorption, and id Credit Corporation and Net One Club Corporation will be dissolved.

(3) Merger ratio

Because id Credit Corporation and Net One Club Corporation are wholly owned subsidiaries, there will be no new share issue.

3. Summary information on merging companies

(As of March 31, 2006)

(1) Name	AIFUL Corporation (Amalgamated company)	id Credit Corporation (Predecessor company)	Net One Club Corporation (Predecessor company)
(2) Principal activities	Consumer finance	Consumer finance	Consumer finance
(3) Established	February 1, 1978	September 30, 2005	September 30, 2005
(4) Location of headquarters	381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto	1-2-2 Yuraku-cho, Chiyoda-ku, Tokyo	1-2-2 Yuraku-cho, Chiyoda-ku, Tokyo
(5) Representative	Yoshitaka Fukuda	Kazumitsu Oishi	Kazumitsu Oishi
(6) Capital	¥83,317 million	¥2,500 million	¥1,000 million
(7) Number of shares issued	142,035,000 shares	2,500 shares	2,500 shares
(8) Shareholders' equity	¥632,917 million	¥2,057 million	¥866 million
(9) Total assets	¥2,204,482 million	¥2,356 million	¥937 million
(10) Account settlement date	March 31	March 31	March 31
(11) Number of employees	3,066	10	8
(12) Principal customers	Corporations and individuals	Individuals	Individuals
(13) Principal shareholders and ratio of holdings	Yoshitaka Fukuda, 19.7% Yamakatsu Co., Ltd., 9.4% Marutaka Co., Ltd., 8.6% Erio Lease Co., Ltd., 7.1%	AIFUL Corporation, 100%	AIFUL Corporation, 100%
(14) Principal bank of account	The Sumitomo Trust & Banking Co., Ltd. Aozora Bank, Ltd.	-	-
(15) Relationship of companies concerned	Capital relationship	AIFUL Corporation holds 100% of the outstanding shares of the predecessor companies.	
	Personnel relationship	Executives and employees of the predecessor companies were seconded from AIFUL Corporation.	
	Business relationship	AIFUL Corporation loaned systems to the predecessor companies.	

(16) Performance in the Last Three Fiscal Years

	AIFUL Corporation (Amalgamated company)			id Credit Corporation (Predecessor company)	Net One Club Corporation (Predecessor company)
Fiscal year end	March 2004	March 2005	March 2006	March 2006	March 2006
Operating revenue (¥ million)	334,977	340,615	343,515	2	3
Operating income (¥ million)	95,238	107,581	87,548	-417	-116
Ordinary income (¥ million)	98,932	112,533	94,632	-442	-133
Net income (¥ million)	53,086	67,301	50,381	-442	-133
Net income per share (yen)	560.82	711.20	355.77	-177,185.48	-53,533.67
Dividends per share (yen)	60.00	60.00	60.00	-	-
Shareholders' equity per share (yen)	5,534.17	6,188.00	4,469.03	822,814.51	346,466.32

\*Because the predecessor companies were established on the dates shown in (3) above, performance data is only available for one fiscal year.

4. Status Following the Merger

- (1) Name: AIFUL Corporation
- (2) Principal activities: Consumer finance
- (3) Headquarters: 381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto
- (4) President: Yoshitaka Fukuda
- (5) Paid in capital: ¥83,317 million (The merger will cause no change.)
- (6) Total assets: The effect of the merger on total assets will be insignificant.
- (7) Account settlement date: March 31
- (8) Effect on performance: The effect of the merger on the performance of AIFUL Corporation will be insignificant.