



AIFUL Corporation

Press Release

December 1, 2010

AIFUL Group Sets Basic Policy on Reorganization (Subsidiary Spinoff and Merger)

KYOTO, December 1, 2010 — AIFUL Corporation (“AIFUL” or “the Company”), Life Co., Ltd. (“LIFE”), City’s Corporation (“City’s”), City Green Corporation (“City Green”) and Marutoh KK (“Marutoh”) announced that the five companies had collectively ratified a basic policy on Group reorganization (company spinoff and merger) at their respective boards of directors meetings held today. This basic policy is projected to take effect from April 1, 2011.

An outline of specific schedules and other details relating to Group reorganization (company spinoff and merger) will be provided in a timely manner, when determined.

1. Objectives of Group Reorganization

Confronted by a very challenging operating environment due largely to such factors as an increase in interest refund claims following a ruling of the Japanese Supreme Court in January 2006, financial turmoil triggered by the sub-prime loan crisis, and controls on the total amount an individual can borrow following comprehensive implementation of amendments to Japan’s Money lending business act in June 2010, the AIFUL Group is undertaking steps to restructure its business. These steps include a full-fledged reform of the Group’s cost structure encompassing cutbacks in personnel and other measures in line with organizational integration and the elimination and consolidation of bases, and are complemented by the sale of consumer finance subsidiaries and the application of financial support entailing the consensual business revitalization alternative dispute resolution procedures (“the ADR process”).

In addition to implementing this full-fledged cost structure reform, the Group is also maximizing efforts to consolidate its organization and business. These efforts take into consideration each of the selection and concentration perspectives and are based on a business reorganization policy consistent with the Group’s Business Revitalization Plan.

In specific terms, the Group will consolidate its consumer finance businesses to AIFUL and credit sales and credit card businesses to Life to take full advantage of each brand’s recognition across their business activities and operations. In addition, steps will be taken to merge the business finance operations of City’s and City Green as well as the real estate rental operations of Marutoh with AIFUL.

AIFUL aims to further improve business efficiencies across the entire Group through the consolidation of head office operations, back office divisions and credit management as well as debt collection divisions, following the implementation of the Group reorganization.

2. Overview of Group Reorganization

(1) Corporate spinoff of Life

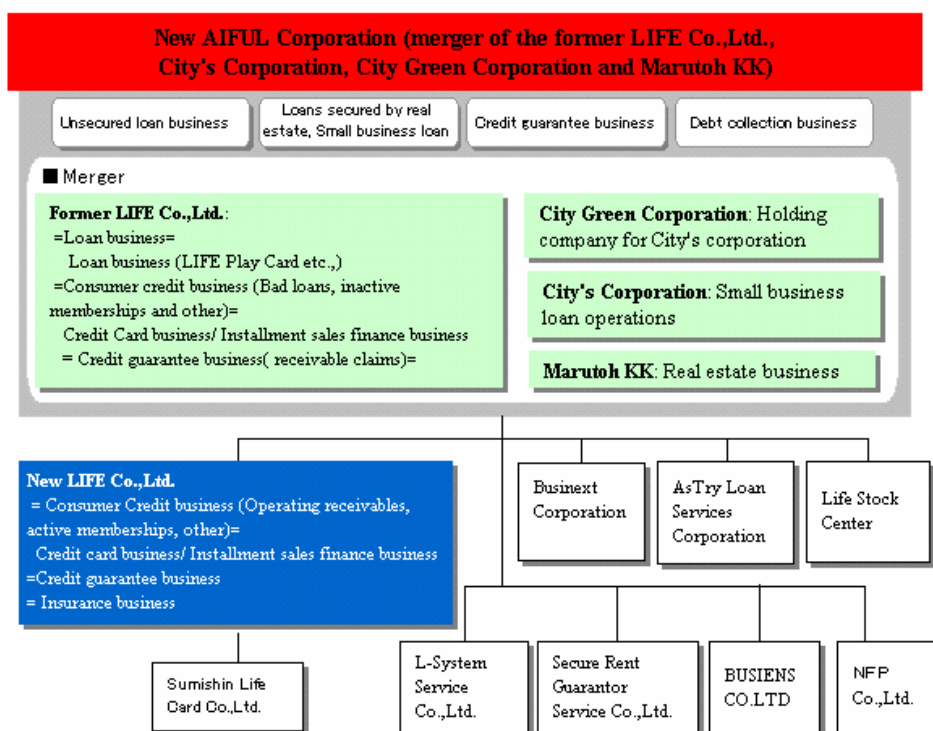
After obtaining the necessary approvals to operate as a Consumer credit business (engaging in credit card shopping, money lending and related activities), Life Card Co., Ltd. (“New Life”), a wholly owned subsidiary established by Life in July 2010, will acquire by way of corporate spinoff and merger Life’s credit sales (credit card and installment sales finance) business as well as the credit guarantee and insurance businesses previously transferred to Life. The effective date of acquisition is scheduled for April 1, 2011.

In addition, businesses other than those transferred to New Life including the Life Play Card in the loan business, bad loans from consumer credit business, and receivable claims in the guarantee business of Life following the corporate spinoff and merger (“former Life”) will be merged with AIFUL as follows.

(2) Business Integration of Other Group Companies by Way of Merger with AIFUL as the Surviving Company

With a scheduled effective date of April 1, 2011, the businesses of four companies (former Life, City’s, City Green and Marutoh) will be integrated with AIFUL by way of merger.

3. Illustration of the Group’s Reorganization



4. Earnings Forecast

AIFUL has not disclosed an earnings forecast for the fiscal year ending March 31, 2011, due to difficulties in reasonably estimating earnings projections at the present time. This decision is predicated on the large number of uncertain factors that exist at present, including the impact from enforcement of the money lending business act and concerns about a substantial increase in demand for interest repayment. In the event that during the current fiscal year AIFUL is in a position to disclose earnings forecasts based on the impact of these measures on earnings results, AIFUL will release this information in a timely manner.

5. Company Profiles (as of September, 30)

Trade Name	AIFUL CORPORATION	LIFE Co.,Ltd.
Location	381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto	1-3-20, Eda-nishi, Aoba-ku, Yokohama city, Kanagawa
Representative	Yoshitaka Fukuda, President and Representative Director	Kazuyuki Isono, President and Representative Director
Principal business	Consumer finance business	Consumer credit business Consumer finance business
Capital	¥ 143,324 million	¥ 70,000 million
Date of establishment	February 1, 1978	March 4, 1948
Total shares issued and outstanding	238,685,568 Shares	1,400,068 Shares
Net Assets	¥ 142,498 million	¥ 58,664 million
Total Assets	¥ 701,825 million	¥ 335,708 million
Fiscal year-end	March 31.	March 31.
Principal shareholders (% of ownership)	Adtime Co.,Ltd. : 19.86% Yoshitaka Fukuda : 12.40% Marutaka Co.,Ltd. : 5.14%	AIFUL Corporation : 95.88%

Trade Name	Marutoh KK	City's Corporation	City Green Corporation
Location	381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto	1-1 Nishi-Oji-cho, Kusatsu City, Shiga	1-1 Nishi-Oji-cho, Kusatsu City, Shiga
Representative	Masami Munetake, President and Representative Director	Masami Munetake, President and Representative Director	Masami Munetake, President and Representative Director
Principal business	Real estate business	Small business loan	Holding Company for City's Corporation
Capital	¥ 70 million	¥ 700 million	¥ 100 million
Date of establishment	May 21, 1981	May 29, 1969	March 1, 1989
Total shares issued and outstanding	140,000 Shares	3,050,000 Shares	2,000 Shares
Net Assets	¥ Δ1,598 million	¥ Δ 961 million	¥ 386 million
Total Assets	¥ 6,514 million	¥ 14,975 million	¥ 389 million
Fiscal year-end	March 31.	March 31.	March 31.
Principal shareholders (% of ownership)	AIFUL Corporation: 100%	City Green Corporation : 57.80% AIFUL Corporation: 42.20%	AIFUL Corporation : 100%