

Three Consumer Finance Subsidiaries to Merge

KYOTO AIFUL Corporation has announced that three of its consumer finance subsidiaries Happy Credit Corporation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd. will merge on April 1, 2004.

1. Purpose of merger

The three consumer finance subsidiaries will merge in an effort to improve operating and cost efficiencies by optimizing the allocation of outlets, personnel, and operating assets and by unifying operations under a new brand.

2. Merger overview

(1) Business divestiture by Sanyo Shinpan

Sanyo Shinpan currently operates a consumer finance business and a credit card and installment sales finance business. The company will divest its credit card and installment sales finance business on April 1, 2004, and this business will be acquired by AIFUL subsidiary LIFE Co., Ltd.

(2) Merger of three consumer finance companies

Happy Credit, Sinwa, and Sanyo Shinpan, with its remaining consumer finance business, will merge on April 1, 2004 following the divestiture of Sanyo Shinpan's credit card and installment sales finance business. Happy Credit will be the surviving company while Sinwa and Sanyo Shinpan will be dissolved. Happy Credit's name will then be changed to Tryto Corporation.

3. Merger details

(1) Business divestiture by Sanyo Shinpan

1) Schedule

| | |
|-------------------|---|
| January 26, 2004 | Sanyo Shinpan's board of directors approve divestiture agreement |
| February 13, 2004 | LIFE's board of directors approve divestiture agreement Both companies sign divestiture agreement Sanyo Shinpan's general shareholders meeting approves divestiture agreement |
| April 1, 2004 | Divestiture date |

LIFE will acquire this business without general shareholders meeting approval, in accordance with the simplified business divestiture and acquisition procedures in Article 374-23-1 of the Commercial Code.

2) Divestiture method

LIFE will acquire operations divested by Sanyo Shinpan.

3) Divestiture allocation

Allocation ratio

AIFUL, as a shareholder of Sanyo Shinpan, will be granted 68 new shares in LIFE.

Allocation ratio calculation basis

The foregoing stock allocation ratio was calculated based on the current net asset value of the acquired operations with reference to LIFE's per-share stock price in the most recent stock transaction, as LIFE is an unlisted company.

4) Changes in LIFE 's capital resulting from the divestiture and acquisition

- | | |
|---------------------------------|-------------|
| 1. Capital | No increase |
| 2. Capital reserve | ¥5 million |
| 3. Profit reserve | No increase |
| 4. Voluntary and other reserves | No increase |

5) Cash payments

LIFE will not make any cash payments as a result of the divestiture and acquisition.

6) Rights and obligations assumed by LIFE

LIFE will assume the assets, liabilities, contractual positions, and all accompanying rights and obligations related to the operations acquired from Sanyo Shinpan, all legal positions, rights and obligations in litigation, mediation and arbitration related to the acquired operations, and all accompanying legal positions, rights and obligations.

7) Expectations for the fulfillment of obligations

LIFE and Sanyo Shinpan believe both companies are capable of fulfilling obligations for which the settlement date arrives after the divestiture date.

8) Executives assuming new positions at the acquiring company

No executives will assume new positions.

9) Details of divested operations

1. Credit card business and installment sales finance business operated by Sanyo Shinpan.
2. Value of acquired assets and liabilities

LIFE is expected to acquire assets totaling ¥2,125 million and liabilities totaling ¥2,120 million on April 1, 2004.

(However, these amounts could change depending on future circumstances.)

(2) Merger of three consumer finance companies

1) Schedule

| | |
|-------------------|---|
| January 26, 2004 | Board of directors at Happy Credit, Sinwa, and Sanyo Shinpan approve merger agreement |
| February 13, 2004 | Three companies sign merger agreement |
| February 13, 2004 | General shareholder meetings at the three companies approve merger agreement |
| April 1, 2004 | Merger date |

2) Merger method

Merger in which Happy Credit will be the surviving company and Sinwa and Sanyo Shinpan will be dissolved.

3) Merger ratio

| Company | Happy Credit Corporation | Sinwa Co., Ltd. | Sanyo Shinpan Co., Ltd. |
|--------------|--------------------------|-----------------|-------------------------|
| Merger ratio | 1 | 1 | 100 |

Notes 1. Stock allocation ratio

One share of Happy Credit common stock shall be granted for one share of Sinwa common stock.

100 shares of Happy Credit common stock shall be granted for one share of Sanyo Shinpan common stock.

2. Merger ratio calculation basis

The merger ratio was determined based on the results of examinations and consultations concerning the enterprise value of each company as a wholly owned subsidiary of AIFUL at board of directors meetings held on January 26, 2004 at each company.

3. New shares issued as a result of the merger

850,000 shares of common stock

4) Merger cash payments

Happy Credit will make no cash payments as a result of this merger.

5) New name of merged company

Tryto Corporation

6) Headquarters

9th Floor, 381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto

7) Representative

Taichi Kawakita, President

8) Capital

¥10 million

4. Profile of companies involved in business divestiture and merger

As of March 31, 2003

| (1) Company | LIFE Co., Ltd. (Company acquiring divested operations) | Sanyo Shinpan Co., Ltd. (Company divesting business and dissolved in merger) | Happy Credit Corporation (Surviving company in merger) | Sinwa Co., Ltd. (Company dissolved in merger) |
|--|---|--|--|--|
| (2) Business | Credit cards Installment sales finance Consumer finance Credit guarantee | Installment sales finance Consumer finance | Consumer finance | Consumer finance |
| (3) Established | March 4, 1948 | January 26, 1988 | April 28, 1982 | April 14, 1976 |
| (4) Headquarters | 1-3-20 Edanishi, Aoba-ku, Yokohama, Kanagawa Prefecture | 9th Floor, 381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto | 9th Floor, 381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto | 9th Floor, 381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto |
| (5) Representative | Kunio Morikiyo | Taichi Kawakita | Taichi Kawakita | Taichi Kawakita |
| (6) Capital | ¥70 billion | ¥100 million | ¥10 million | ¥325 million |
| (7) Shares outstanding | 1,400,000 | 2,000 | 2,000 | 650,000 |
| (8) Total assets | ¥496,781 million | ¥12,319 million | ¥30,510 million | ¥21,811 million |
| (9) Fiscal year-end | March 31 | March 31 | March 31 | March 31 |
| (10) Employees | 1,803 | 64 | 168 | 70 |
| (11) Principal shareholders and equity stake | AIFUL 95.88% | AIFUL 100% | AIFUL 100% | AIFUL 100% |
| (12) Relationship with AIFUL | Capital | Sanyo Shinpan, Happy Credit, and Sinwa are wholly owned subsidiaries of AIFUL. AIFUL has a 95.88% equity stake in LIFE. | | |
| | Personnel | AIFUL has one director and one auditor that serve concurrently at the four companies. An AIFUL representative director serves concurrently at Sanyo Shinpan, Happy Credit, and Sinwa. | | |

(13) Earnings results for the most recent three fiscal years

¥ million

| Fiscal year-end | LIFE Co., Ltd. | | Sanyo Shinpan Co., Ltd. | |
|-------------------|----------------|---------------|-------------------------|---------------|
| | Mar. 31, 2002 | Mar. 31, 2003 | Mar. 31, 2002 | Mar. 31, 2003 |
| Loans outstanding | 612,509 | 676,093 | 11,390 | 11,867 |
| Operating revenue | 79,824 | 103,880 | 2,361 | 2,837 |
| Operating income | 1,933 | 7,858 | (86) | 260 |
| Ordinary income | 2,404 | 8,048 | (79) | 259 |
| Net income | 10,908 | 9,149 | (389) | 93 |

* Figures for LIFE and Sanyo Shinpan have been reported since FY3/02 as a result of becoming consolidated subsidiaries at the end of FY3/01.

Loans outstanding include installment receivables and guarantee receivables. LIFE's loans outstanding include off-balance-sheet receivables resulting from receivables securitization.

¥ million

| Fiscal year-end | Happy Credit Corporation | | | Sinwa Co., Ltd | | |
|-------------------|--------------------------|---------------|---------------|----------------|---------------|---------------|
| | Mar. 31, 2001* | Mar. 31, 2002 | Mar. 31, 2003 | Mar. 31, 2001* | Mar. 31, 2002 | Mar. 31, 2003 |
| Loans outstanding | 27,106 | 32,428 | 31,587 | 16,861 | 21,169 | 22,263 |
| Operating revenue | 6,089 | 7,987 | 8,507 | 3,752 | 5,249 | 5,949 |
| Operating income | (495) | 547 | 25 | 1,238 | 907 | 121 |
| Ordinary income | (488) | 548 | 26 | 1,203 | 913 | 118 |
| Net income | (363) | 152 | 9 | 609 | 347 | 3 |

* Happy Credit and Sinwa's profit figures do not include April 1 May 31 because they became consolidated subsidiaries on June 1, 2000.

5. Impact of business divestiture and merger on consolidated earnings

The business divestiture and merger of consolidated subsidiaries will not affect AIFUL's consolidated earnings.

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| AIFUL Corporation |
| Headquarters: 381-1 Takasagocho, Gojo Agar, Karasumadori, Shimogyo-ku, Kyoto |
| President: Yoshitaka Fukuda |
| Stock code: 8515 |
| Exchanges: TSE 1st Section; OSE 1st Section |
| Fiscal year: Ending March 31 |
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