

July 20, 2010

FALCO SD HOLDINGS Co., Ltd.

346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto 604-0911 Japan

Representative Director, President: Kenjiro Hirasaki

(Stock code: 4671, First Section, Tokyo Stock Exchange and Osaka Securities Exchange)

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Announcement Regarding Establishment of a Subsidiary

FALCO SD HOLDINGS Co., Ltd. hereby announces that a decision was made at the extraordinary Board of Directors meeting held on July 20, 2010 to establish a new subsidiary company.

Details

1. Purpose of Establishing New Subsidiary Company

FALCO SD HOLDINGS intends to streamline its business through establishment of its wholly owned subsidiary to support business relating to management of the entire FALCO Group.

2. Overview of Subsidiary

(1) Company name	FALCO Business Support Co., Ltd.
(2) Business description	Contracted management business
(3) Date established	August 2, 2010 (scheduled)
(4) Address of head office	346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto
(5) Name and title of representative	Tadashi Yasuda, Representative Director, President
(6) Capital	5 million yen (scheduled)
(7) Number of shares issued	200 shares (scheduled)
(8) Fiscal year end	March 31
(9) Number of employees	To be decided.
(10) Main business office	Head office
(11) Major shareholders and percentage of shares	FALCO SD HOLDINGS Co., Ltd. 100%
(12) Business outlook	Business plan is under review and is not expected to fall under categories of the timely disclosure rules.

3. Schedule

Scheduled date of establishment of subsidiary: Monday, August 2, 2010

Scheduled date of commencement of business: Friday, October 1, 2010

4. Impact on Future Operating Results

Impact on FALCO SD HOLDINGS' consolidated operating results will be minor.