

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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**FALCO to Transfer Management Business to its Subsidiary
by (Simple Absorption-type) Corporate Split**

FALCO SD HOLDINGS Co., Ltd. hereby announces that it has resolved at the Board of Directors meeting held on July 20, 2010 to split off its human resources & general affairs (excluding business relating to stocks), accounting & finance, purchasing, legal affairs, public relations and other businesses associated with these (hereinafter referred to as management business) and merge these businesses into its subsidiary (simple absorption-type split, hereinafter referred to as the Split), effective October 1, 2010.

Since the Split will be made through a simple absorption-type split with its subsidiary as successor company, disclosure items and descriptions are partly omitted.

Details

1. Objective of the Split

FALCO SD HOLDINGS seeks to streamline its business through establishment of FALCO Business Support Co., Ltd. (FALCO SD HOLDINGS' wholly owned subsidiary, hereinafter FALCO Business Support), a company specializes in supporting business concerning management of the entire FALCO Group, to which its relevant business will be split off.

2. Outline of the Corporate Split

(1) Schedule

| | |
|--|-------------------------------------|
| Board resolution of corporate split | Tuesday, July 20, 2010 |
| Signing of corporate split contract | Monday, August 16, 2010 (scheduled) |
| Date of corporate split (effective date) | Friday, October 1, 2010 (scheduled) |

(2) Method

FALCO SD HOLDINGS will be the transferor company and FALCO Business Support will be the successor company (simple absorption-type split).

(3) Share allotment for the Split

Since the Split will take place between a wholly owing parent company and its wholly owned subsidiary, share allotment or provision of other assets as consideration for the Split will not be made.

(4) Increase in capital or other, resulting from the Split

There will be no increase in capital or other, resulting from the Split.

(5) Rights and obligations transferred to successor company

Except as specified in the contract of the Split, FALCO SD HOLDINGS will transfer to the successor company all assets, liabilities and accompanying rights and obligations of its management business on the date of the Split.

(6) Ability to fulfill obligations

FALCO SD HOLDINGS believes that, in relation to the Split, all debt obligations of FALCO SD HOLDINGS and FALCO Business Support can be fulfilled.

3. Overview of Transferor and Successor Companies (As of March 31, 2010)

| | | |
|--|--|--|
| (1) Company name | FALCO SD HOLDINGS Co., Ltd. (transferor company) | FALCO Business Support Co., Ltd. (successor company) |
| (2) Business description | Holding company | Contracted management business |
| (3) Date established | March 1, 1988 | August 2, 2010 (scheduled) |
| (4) Address of head office | 346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto | 346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto |
| (5) Name and title of representative | Kenjiro Hirasaki, Representative Director, President | Tadashi Yasuda, Representative Director, President |
| (6) Capital | 3,371 million yen | 5 million yen |
| (7) Number of shares issued | 12,356,177 shares | 200 shares |
| (8) Net assets | 11,585 million yen (consolidated) | 10 million yen (non-consolidated) |
| (9) Total assets | 32,827 million yen (consolidated) | 200 million yen (non-consolidated) |
| (10) Fiscal year end | March 31 | March 31 |
| (11) Major shareholders and percentage of shares | Hiroharu Akazawa 5.35% Employee stock ownership program 4.32% Bank of Kyoto, Ltd. 4.30% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.56% Kenjiro Hirasaki 2.40% Client stock ownership program 2.19% Japan Trustee Services Bank, Ltd. (For trust) 2.03% | FALCO SD HOLDINGS Co., Ltd. 100% |

*1 Figures of FALCO SD HOLDINGS represent its status as of March 31, 2010, and those of FALCO Business Support are forecast at the time of its foundation scheduled on August 2, 2010.

*2 Although FALCO SD HOLDINGS owns 407,377 treasury stocks, it is excluded from the major shareholders on the above list.

4. Overview of Business Divisions to Be Split Off

(1) Business description of the division to be split off

Management business

(2) Financial Results of the division to be split off

(Unit: Million Yen)

| | Management business (from August to March) (a) | Results FY March 2010 (6-month results) (b) | Ratio (a/b) |
|------------------------|---|--|-------------|
| Net sales | 280 | 11,914 | 2.35% |
| Gross operating profit | 10 | 4,777 | 0.21% |
| Operating income | 10 | 134 | 7.46% |
| Ordinary profit | 10 | 302 | 3.31% |

(3) Items and amounts of assets and liabilities to be split off (as of March 31, 2010)

(Unit: Million Yen)

| Assets | | Liabilities | |
|----------------|------------|---------------------|------------|
| Item | Book value | Item | Book value |
| Current assets | 180 | Current liabilities | 90 |
| Fixed assets | 10 | Fixed liabilities | 100 |
| Total | 190 | Total | 190 |

5. Profile of Listed Company after the Corporate Split

- | | |
|--------------------------------------|--|
| (1) Company name | FALCO SD HOLDINGS Co., Ltd. |
| (2) Business description | Holding company |
| (3) Address of head office | 346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto |
| (4) Name and title of representative | Kenjiro Hirasaki, Representative Director, President |
| (5) Capital | 3,371 million yen |
| (6) Net assets | 11,585 million yen (consolidated) |
| (7) Total assets | 32,827 million yen (consolidated) |
| (8) Fiscal year end | March 31 |

6. Outlook

Impact of the Split on FALCO SD HOLDINGS' consolidated and non-consolidated operating results will be minor.