

August 26, 2010

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

Code No.: 9997 1st Section of the Tokyo Stock Exchange

Notice of Merger of Consolidated Subsidiary (Simplified Merger/Short Form Merger)

Notice is hereby given that a meeting of its Board of Directors held on August 26, 2010 passed a resolution authorizing the Company to merge El Dorado Co., Ltd., its wholly owned subsidiary, by absorption. Details are as follows.

Certain disclosures and details are omitted in this announcement because the merger is taking place by absorption of a wholly owned subsidiary.

Description

1. Purpose of merger

The Belluna Group's real estate rental and (re)development business has been operated by a subsidiary, El Dorado Co., Ltd. The merger is designed to enforce governance and achieve efficiencies in management and corporate finance.

2. Summary of merger

(1) Merger schedule

Resolution passed at board of directors meeting	August 26, 2010
Signing of merger contract	August 26, 2010
Date of merger (effective date)	October 1, 2010

(Note) This merger will be implemented by the Company as a simplified merger in accordance with the rules defined under Article 796, Paragraph 3 of the Companies Act in Japan and Article 195, Paragraph 3 of the Ordinance for Enforcement of the Companies Act and by El Dorado Co., Ltd. as a short-form merger in accordance with the rules defined under Article 784, Paragraph 1 of the Companies Act. It will therefore be implemented without obtaining a resolution of a general meeting of shareholders.

(2) Merger method

The merger will be implemented by way of merger by absorption, in which the Company will be the merging corporation and El Dorado Co., Ltd. will be dissolved.

(3) Details of allocation related to the merger

Because the company absorbed, El Dorado Co., Ltd., is a wholly owned subsidiary of the Company, there will be no issue of new stocks and no increase in capital in this merger.

BELLUNA

(4) Handling of share options and bonds with share options of the absorbed company
El Dorado Co., Ltd. has not issued any share options and bonds with share options.

3. Basic Information About the Parties to the Merger (as of March 31, 2010)

(1) Trade Name	BELLUNA CO., LTD. (Company surviving absorption-type merger)	El Dorado Co., Ltd. (Company absorbed in absorption-type merger)
(2) Description of Business	Mail order business, outsourcing business, financial services business, others	Real estate rental and (re)development business, etc.
(3) Date of establishment	June 14, 1977	May 26, 1998
(4) Principal place of business	4-2, Miyamoto-Cho, Ageo City, Saitama Prefecture	4-6-7, Kashiwaza, Ageo City, Saitama Prefecture
(5) Representative	President and CEO Kiyoshi Yasuno	President Shigeru Sudo
(6) Capital	10,607 million yen	10 million yen
(7) Number of shares outstanding	56,592,274 shares	200 shares
(8) Net assets	54,217 million yen (consolidated)	-4,001 million yen (non-consolidated)
(9) Total assets	119,703 million yen (consolidated)	14,188 million yen (non-consolidated)
(10) Net assets per share	1,081.64 yen (consolidated)	-20,009,564.92 yen (non-consolidated)
(11) Fiscal Year-end	March 31	March 31
(12) Sales	100,101 million yen (consolidated)	1,281 million yen (non-consolidated)
(13) Operating income	4,332 million yen (consolidated)	-229 million yen (non-consolidated)
(14) Ordinary income	4,267 million yen (consolidated)	-718 million yen (non-consolidated)
(15) Net income	1,276 million yen (consolidated)	-718 million yen (non-consolidated)
(16) Net income per share	25.47 yen (consolidated)	-3,591,761.45 yen (non-consolidated)
(17) Major Shareholders and shareholding ratio	Kiyoshi Yasuno 18.73 % Friend Stage Co., Ltd. 12.84 % Nihon Ribowaru Inc. 7.70 % BBH for Fidelity Low Price Stock Fund 7.51 % Japan Trustee Services Bank, Ltd. 6.91 %	BELLUNA CO., LTD. 100.00 %

4. Status After Merger

(1) Trade name	BELLUNA CO., LTD.
(2) Description of major business	Mail order business, outsourcing business, financial services business, others
(3) Principal place of business	4-2, Miyamoto-Cho, Ageo City, Saitama Prefecture
(4) Representative	President and CEO Kiyoshi Yasuno
(5) Capital	10,607 million yen
(6) Fiscal year-end	March 31

5. Future Outlook

The effect of the merger on the non-consolidated and consolidated financial results of the Company will be minimal.

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