

February 28, 2011

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

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

Notice of Establishment of Subsidiary Due to Demerger (Simple Incorporation-Type Demerger)

Belluna Co., Ltd. announces that a meeting of its Board of Directors held on February 28, 2011 passed a resolution authorizing the Company to demerge its golf course business, currently part of the real estate management businesses, and transfer it to El Dorado Co., Ltd. (the incorporated entity, hereafter “El Dorado”) as of March 31, 2011. Details are as follows.

Certain disclosures and details are omitted in this announcement because the demerger is a simple incorporation-type demerger solely pertaining to the Company.

Description

1. Purpose of demerger

The demerging of the golf course business, which has different characteristics from the Belluna Group’s mainstay mail order business, is designed to develop a system tailored to the characteristics of the golf course business to allow flexible organizational operation and speedy decision-making.

2. Summary of demerger

(1) Demerger Schedule

Resolution of demerger plan passed at meeting of the Board of Directors: February 28, 2011

Date of establishment of new company: March 31, 2011 (TBD)

(Note) (i) This demerger will be implemented by the Company as a simple incorporation-type demerger under the rules defined in Article 805 of the Companies Act. It will therefore be implemented without a resolution of a general meeting of shareholders.

(ii) There will be no issue of new shares in this demerger.

(2) Demerger method

The demerger will be implemented by way of incorporation-type demerger, in which the Company will be the splitting company and El Dorado will be the incorporated entity.

The Company will implement the spin-off-type demerger with stocks to be issued by El Dorado, the incorporated entity, are allocated to the Company, the splitting entity.

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(3) Allocation related to demerger

El Dorado will issue 200 common stocks in this demerger and allocate all of them to the Company.

(4) Handling of share options and bonds with share options of the Company

The Company issued 2012 euro-yen denominated convertible bond type bonds with share options and a total face amount of JPY11 billion on March 26, 2007. There will be no change in the handling of these bonds with stock options as a result of this demerger.

(5) Reduced capital in demerger

The Company's capital will not be reduced as a result of this demerger.

(6) Rights and obligations to be acquired by the incorporated entity

El Dorado will acquire the assets, liabilities, and other rights and obligations, as well as status under contract pertaining to the said business.

(7) Possibility of performing the obligations

The Company believes that the obligations that the Company and El Dorado will bear in this demerger are likely to be performed. For all obligations to be transferred to the incorporated entity, the Company will use the concomitant assumption of obligation method.

3. Basic information about the parties to the demerger

(1) Trade Name	BELLUNA CO., LTD (Splitting Company) (As of December 31, 2010)	El Dorado Co., Ltd. (Incorporated entity) (To be established on March 31, 2011)
(2) Principal place of business	4-2, Miyamoto-Cho, Ageo City, Saitama Prefecture	4-2, Miyamoto-Cho, Ageo City, Saitama Prefecture
(3) Representative	President and CEO Kiyoshi Yasuno	TBD
(4) Description of business	Mail order business, outsourcing business, financial services business, others	Golf course business
(5) Capital	10,607 million yen	10 million yen
(6) Date of establishment	June 14, 1977	March 31, 2011 (Tentative)
(7) Number of shares outstanding	56,592,274 shares	200 shares
(8) Fiscal Year-end	March 31	March 31
(9) Major Shareholders and shareholding ratio	Kiyoshi Yasuno 18.73% Friend Stage Co., Ltd. 12.84% BBH for Fidelity Low Price Stock Fund 9.01% Nihon Ribowaru Inc. 7.70% Japan Trustee Services Bank, Ltd. 6.50%	BELLUNA CO., LTD. 100.00%

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(10) Financial position and results in the fiscal year immediately before the demerger

	Fiscal year ended March 2010
Net assets	54,217 million yen (Consolidated)
Total assets	119,703 million yen (Consolidated)
Net asset per share	1,081.64 yen (Consolidated)
Sales	100,101 million yen (Consolidated)
Operating income	4,332 million yen (Consolidated)
Ordinary income	4,267 million yen (Consolidated)
Net income	1,276 million yen (Consolidated)
Net income per share	25.47 yen (Consolidated)

4. Overview of the demerging business

(1) Description of the demerging business

Golf course business

(2) Financial results of the demerging business for the fiscal year ended March 2010

	BELLUNA CO., LTD (Splitting Company)	El Dorado Co., Ltd. (Incorporated entity)	
Sales	Consolidated sales (A)	(B)/(A)	Golf course business (B)
	100,101 million yen	0.5%	510 million yen

(3) Assets, liabilities and amounts to be demerged (Estimated to occur on March 31, 2011)

	El Dorado Co., Ltd.
Current assets	63 million yen
Fixed assets	1,225 million yen
Total assets	1,288 million yen
Liabilities	550 million yen

5. Status of the listed company after demerger

There will be no change in the trade name, principal place of business, representative, description of business, capital, or fiscal year-end.

6. Future outlook

As the incorporated entity will be a 100% subsidiary of the Company, the demerger will have no impact on the consolidated financial results of the Company. The impact on the non-consolidated financial results will be minimal.

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(Reference) Consolidated earning forecasts for the fiscal year under review (Released on May 13, 2010)
and consolidated results for previous fiscal year

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Consolidated earning forecasts for the fiscal year under review (Ending March 2011)	106,500	5,800	5,700	2,800	55.86 yen
Consolidated results for previous fiscal year (Ended March 2010)	100,101	4,332	4,267	1,276	25.47 yen

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