



January 6, 2010

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Issuance of new shares by way of a third-party allotment and change of parent company

Cedyna would like to announce that at its board meeting held on January 6, 2010, it decided to issue new shares (the “Shares”) to SMFG Card & Credit, Inc. (“FGCC”) by way of a third-party allotment (the “Third-Party Allotment”). The proposed issuance is subject to approval at an extraordinary general shareholders’ meeting (the “Extraordinary Shareholders’ Meeting”) of Cedyna scheduled for March 12, 2010, as well as to filings with, and permissions and approvals of, the relevant authorities. Details of the Third-Party Allotment is as follows.

Cedyna would also like to announce an anticipated change of its parent company as a result of the Third-Party Allotment.

Notes

I. Issuance of new shares by way of a third-party allotment

1. Overview of offer for subscription

(1) Date of issue	May 31, 2010
(2) Number of new shares to be allotted	Common stock: 324,675,300 shares
(3) Issue price per share (amount to be paid)	¥154
(4) Capital to be acquired	¥49,999,996,200
(5) Method of subscription or allotment (subscriber)	Third-party allotment (FGCC)
(6) Other remarks	All items above are subject to: (i) approval of the proposal for the Third-Party Allotment at the Extraordinary Shareholders’ Meeting; (ii) filings with, and permissions and approvals of, the relevant authorities; and (iii) securities registration statements coming into effect in accordance with the Financial Instruments and Exchange Act.

1. FGCC is a 100%-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (“SMFG”), and is Cedyna’s current largest shareholder.
2. In accordance with Article 124, Paragraph 4 of the Companies Act, Cedyna will grant voting rights in respect of the ordinary general shareholders’ meeting that is scheduled to take place in June 2010 (the “2010 Ordinary Shareholders’ Meeting”) attached to the Shares to FGCC, who is expected to acquire the Shares after the record date for the 2010 Ordinary Shareholders’ Meeting.

2. Aims and purpose of the subscription

The consumer finance industry, to which Cedyna belongs, has been facing a harsh environment due to persistently large numbers of demands return interest payment, changes required by the full implementation of the amended Money Lending Industry Law, and several regulations that have tightened as a result of amendments to the Installment Sales Act and other laws. In addition, there has been a deflationary spiral of steep declines in demand and in prices within the Japanese economy following the insolvency filings by Lehman Brothers that has lead to deterioration of people’s employment and income circumstances, which has made the business environment Cedyna operates in extremely harsh.

In the midst of this environment, on April 1, 2009, OMC Card, Inc., Central Finance Co., Ltd. and QUOOQ Inc. underwent a merger (the “Merger”) and commenced operations as Cedyna Financial Corporation with the aim of “becoming one of the largest consumer finance companies in Japan, with the highest expertise and maneuverability, through credit card, shopping credit and solutions businesses as our core businesses”.

Since the Merger, Cedyna has quickly exploited combined synergies. In order to differentiate itself from competitors, it has been working to promote management efficiency and integrate its existing operations. In specific terms, Cedyna has been taking decisive action to reform its management structure on a companywide level by, for example, revising cost structures including a change in personnel structure through means such as the voluntary retirement of 827 employees, and by dramatically revising the structure of the business with a review of operational systems.

In this context, Cedyna has been continuously investing in areas foreseen to add value to its business, by for example, investing in new operations to expand its business, developing its next generation systems and by business restructuring, thereby improving the revenue structure, which Cedyna considers to be a pressing issue. Furthermore, Cedyna recognizes the importance of working to strengthen its capital base and its financial soundness in order to ensure stable business in the future.

Each of Cedyna and FGCC have taken the above facts into consideration and agreed that Cedyna would raise additional funds required by the company through a third-party allotment with FGCC as the subscriber.

The funds anticipated to be raised are approximately ¥50 billion. Various means of raising such a large quantity of funds timely and securely were investigated, and at the present time, it was deemed that the Third-Party Allotment would be the most effective and secure method. Furthermore, both Cedyna and FGCC recognize that the Third-Party Allotment will further strengthen relationships between SMFG group and Cedyna. The Third-Party Allotment will also permit Cedyna to further promote dramatic reforms to its business and cost structures as a swift response to the business environment which is expected to become even harsher. These are the main reasons for the decision to carry out the Third-Party Allotment.

There will be some dilution of control resulting from the Third-Party Allotment. However, it will allow the promotion of a swift response to the harsh business environment and of reforms to the business and cost structures. This will contribute greatly to furthering Cedyna’s performance and is in turn linked to creating a stable management and financial base. Therefore, Cedyna believes that the Third-Party Allotment will bring substantial profits to its existing shareholders.

3. Amount of funds to be raised, their use and expected timing of use

(1) Amount of funds to be raised (estimated net receipt)

Total amount to be paid	¥49,999,996,200
Estimated costs incurred with issuance	¥540,000,000
Estimated net receipt	¥49,459,996,200

(2) Specific purposes for which raised funds will be used

It is anticipated that the ¥49.5 billion estimated net receipt expected to be raised by the Third-Party Allotment will be appropriated as follows: approximately ¥5 billion will be invested in new business development, including the expansion of financial services overseas in regions such as South-East Asia; approximately ¥19 billion will be invested in development of next generation systems for credit card and other businesses in co-operation with Sumitomo Mitsui Card Company, Limited; and approximately ¥25.5 billion will be invested in business restructuring (including investments in integrating businesses within Cedyna after the Merger, realizing synergies through linkages within SMFG group, reforming cost structure, and upgrading infrastructure to respond to legislative changes such as

the Installment Sales Act).

(3) Expected timing of use of funds to be raised

It is anticipated that the raised funds will be used in the following timeframes: for investment in new business development including expansion of financial services overseas, between June 2010 and March 2013; for investment in the development of next generation systems, between June 2010 and March 2015; for investment in cost structure reforms, between June 2010 and March 2015.

The funds raised by the Third-Party Allotment will be held in Cedyne's bank account until they are appropriated as described above.

4. Rationale for the expenditure of funds

Cedyne believes that the use of the funds is reasonable from a management perspective because (i) the Third-Party Allotment will result in stronger co-operation between SMFG group and Cedyne as one of the core companies in the SMFG Group's credit card business strategy and (ii) after funds are raised through the Third-Party Allotment for the purposes of improving profitability through investment in new business development and dramatically improving the cost structure through investment in next generation systems and business restructuring, the management and financial base of Cedyne will be more stable and Cedyne's credit card, consumer credit and solutions businesses will also become stronger and develop further, leading to improved financial performance.

5. Rationale for the conditions of the issue

(1) Basis for calculation of issue price and specific details

The per-share price to be paid for the Third-Party Allotment takes into account Cedyne's business performance trends, the number of shares to be issued, recent stock market trends and other factors. It is calculated to be ¥154 per share, based on a simple arithmetic mean of closing share prices for Cedyne on the Tokyo Stock Exchange of ¥169, multiplied by a factor of 0.91. The mean was for the period of one month prior to the business day before the board meeting regarding the Third-Party Allotment. (The consideration is at a discount of 9.94% on the closing price of ¥171 on January 5, 2010, the business day immediately prior to the board meeting.)

Cedyne believes, that based on the market prices for its common stock over the month up to the business day before the board meeting regarding the Third-Party Allotment, the issue price for the Third-Party Allotment is not particularly favorable to the subscriber and that the Third-Party Allotment will not be a particularly favorable issuance of shares.. However, since the issue price for the Third-Party Allotment is not expected to be implemented until May 31, 2010, a reasonable period after the board meeting, the issue price may differ from the market price of the shares on the payment date. Therefore, there are plans to obtain approval by way of a special resolution under the Companies Act regarding the Third-Party Allotment, as set out in paragraph 10 below ("10. Terms of the issue") at the Extraordinary Shareholders' Meeting to be held in advance of the Third-Party Allotment's payment date.

(2) Basis for the rationale behind the number of shares to be issued and scale of dilution of shares

The number of shares to be issued is 324,675,300 (3,246,753 voting rights), and the current number of shares outstanding is 487,596,479 (4,852,618 voting rights). Therefore, the dilution ratio of control will be 66.59% (66.91% for voting rights).

However, the Third-Party Allotment aims to create a stable basis for growth and to strengthen Cedyne's financial base by implementing an improved cost structure and profitability via appropriation of the funds into investment in new business, development of next generation systems and business restructuring. For the above reasons, a contribution to corporate and shareholder value is anticipated, and so the number of shares to be issued and the scale of dilution of the shares is thought to be reasonable.

(3) Procedures before payment

Further to the board's resolution on the Third-Party Allotment, there are plans to explain the necessity and appropriateness of the Third-Party Allotment to shareholders at the Extraordinary Shareholders' Meeting and to request shareholders' approval by way of a special resolution under the Companies Act.

Furthermore, as a result of the Third-Party Allotment, Cedyne will become a consolidated subsidiary of a bank holding company, SMFG, and will therefore need to implement certain procedures that are required under the Banking Act and other applicable laws and regulations that must be carried out before the payment date following the board meeting regarding the Third-Party Allotment. These procedures include, among others, the divestiture of some of Cedyne's businesses and affiliated companies, changes to the business purposes that is listed in Cedyne's Articles of Incorporation.

In order for these procedures to be carried out smoothly and surely, the payment date has been set to May 31, 2010.

6. Reason for choice of subscriber

(1) Profile of subscriber

(as of September 30, 2009)

(1) Name	SMFG Card & Credit, Inc.		
(2) Head office	1-2, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo		
(3) Representative	Kazuya Jono, Representative Director and President		
(4) Business	Management and administration of subsidiaries and affiliates, etc.		
(5) Capital amount	¥100 million		
(6) Date of incorporation	October 1, 2008		
(7) Shares issued and outstanding	22,349 shares		
(8) Fiscal year end	March 31		
(9) Number of employees	31 employees		
(10) Main customers	Not applicable.		
(11) Main bank	Not applicable.		
(12) Major shareholders and shareholding ratio	Sumitomo Mitsui Financial Group, Inc. 100%		
(13) Relationships between companies			
Capital relations	FGCC holds 45.84% of Cedyne's share.		
Personnel relations	Cedyne's President and Representative Director, Hiromichi Funahashi, also serves as an outside director for FGCC. FGCC's Representative Director and President, Kazuya Jono, also serves as an outside director for Cedyne. 11 Cedyne employees are seconded to FGCC.		
Business relations	No applicable relationships exist.		
Related party status applicability	FGCC is an "other affiliated company" holding 45.84% of Cedyne's share.		
(14) Financials for the last three fiscal years (non-consolidated)			
Fiscal year ended	March 2007	March 2008	March 2009
Net assets	—	—	¥123,250.4 million
Total assets	—	—	¥123,268.7 million
Net assets per share	—	—	¥5,514,808
Operating revenue	—	—	¥88.8 million
Operating profit(loss)	—	—	¥(58.3) million
Ordinary profit(loss)	—	—	¥(58.3) million

Net income(loss)	—	—	¥(16,977.6) million
Net income(loss) per share	—	—	¥(1,137,531)
Dividend per share	—	—	—

Note 1) FGCC was established on October 1, 2008, and as such there are no figures for financial performance and position for either the year ended March 2007 or the year ended March 2008.

Note 2) Cedyna has received information from the subscriber that neither the subscriber nor its officers and shareholders have any relationships with antisocial forces. Furthermore, the 100%-owning parent company of the subscriber, SMFG, is listed on the First Section of the Tokyo, Osaka and Nagoya Stock Exchanges. In the light of information disclosed through the listing as well as information acknowledged by Cedyna regarding previous capital, business and other relations between Cedyna, the subscriber and SMFG, Cedyna has confirmed that neither the subscriber nor its officers and shareholders have any relationships with antisocial forces. Written confirmation to this effect has been filed with the Tokyo Stock Exchange and Nagoya Stock Exchange.

(2) Reason for choosing the subscriber

Cedyna has agreed with FGCC that FGCC will be the subscriber to all of the Shares, which will allow Cedyna to be one of the core companies in SMFG group's credit card business strategy. This will strengthen co-operation with the SMFG Group as well as to further strengthen and nurture Cedyna's credit card, consumer credit and solutions businesses.

(3) Subscriber's policy on holding the share

As one of the core companies in SMFG group's credit card business strategy, FGCC's policy is to hold Cedyna's shares over the medium to long term. Furthermore, Cedyna plans to request a pledge in writing agreeing that if FGCC makes a full or partial transfer of the Shares to a third party within 2 years from the day the Shares are issued, (i) then the name of the recipient, the number of shares transferred and other pertinent details must be reported in writing to Cedyna, (ii) following receipt, Cedyna will disclose any such details to the Tokyo Stock Exchange and Nagoya Stock Exchange, and (iii) the details will be offered for public inspection.

(4) Confirmation of the subscriber's sufficient assets in order to pay in capital

Cedyna has received disclosure from the subscriber, FGCC, of business reports showing that FGCC's financial statements for the year to March 2009. Cedyna has checked FGCC's operating revenue, total assets, net assets, cash and deposits and other figures. Cedyna has also checked the ordinary revenue, total assets, cash deposits and other figures as disclosed in recent quarterly securities report and in recent annual securities report submitted to the Local Financial Bureau. Cedyna is confident that FGCC has adequate funds for the Third-Party Allotment, taking into consideration several factors including FGCC and SMFG's business activities, size, and previous trading and capital relations with Cedyna.

7. Major shareholders and shareholding ratios after the subscription

Before the subscription (as of September 30, 2009)		After the subscription	
SMFG Card & Credit, Inc.	45.84%	SMFG Card & Credit, Inc.	67.49%
The Daiei, Inc.	9.03%	The Daiei, Inc.	5.42%
Acom Co., Ltd.	6.58%	Acom Co., Ltd.	3.95%
Mitsui & Co., Ltd.	2.21%	Mitsui & Co., Ltd.	1.33%
Deutsche Securities Inc.	1.90%	Deutsche Securities Inc.	1.14%
Ginsen Co., Ltd.	1.68%	Ginsen Co., Ltd.	1.01%
Nippon Life Insurance Company	0.86%	Nippon Life Insurance Company	0.52%
The Dai-ichi Mutual Life Insurance Company	0.80%	The Dai-ichi Mutual Life Insurance Company	0.48%
Sumitomo Mitsui Card Co., Ltd.	0.79%	Sumitomo Mitsui Card Co., Ltd.	0.47%
SMBC Guarantee Co., Ltd.	0.72%	SMBC Guarantee Co., Ltd.	0.43%

Note: Shareholding ratios after the subscription have been calculated by adding the planned number of shares in the Third-Party Allotment to the number of shares recorded on the register of shareholders as of September 30, 2009.

8. Future prospects

The Third-Party Allotment will permit Cedyne's business to become stronger, richer, and further developed, and will allow for more proactive business development. As such, it is expected that in the medium to long term there will be a positive effect on financial performance and therefore on corporate and shareholder value.

Furthermore, as one of the core companies in SMFG group's credit card business strategy, Cedyne views the Third-Party Allotment as an opportunity to further strengthen co-operation with FGCC. After the Third-Party Allotment, it is anticipated that Cedyne will become a consolidated subsidiary of SMFG.

However, there will be no impact on profits for the year ending March 2010.

Procedures relating to Code of Corporate Conduct

As a result of the Third-Party Allotment, it is anticipated that there will be a change of the company's controlling shareholder. Furthermore, the resulting dilution ratio is expected to be 66.91% (which is more than 25%) based on the number of voting rights attached to shares issued and outstanding before the board meeting regarding the Third-Party Allotment. To reflect the fact that there will be an extremely large impact on existing shareholders, the share issue will not be particularly favorable to the subscriber, but Cedyne will need to explain the necessity and appropriateness of the Third-Party Allotment to the shareholders and receive the approval of shareholders. As such, Cedyne plans to request shareholders' approval by way of a special resolution under the Companies Act at the Extraordinary Shareholders' Meeting for the Third-Party Allotment, on the terms as set out in paragraph 10 below ("10. Terms of the issue") as well as on the change in controlling shareholder and dilution of control.

9. Results and equity financing in the past three fiscal years

(1) Results for the last three fiscal years (consolidated)

	Fiscal Year Ended February 28, 2007	Fiscal year Ended February 29, 2008	Fiscal Year Ended March 31, 2009
Consolidated revenue	¥155,383 million	¥151,602 million	¥140,254 million
Consolidated operating income	¥32,740 million	¥7,835 million	¥7,448 million
Consolidated ordinary income	¥33,292 million	¥7,900 million	¥7,527 million
Consolidated net income(loss)	¥13,944 million	¥(22,538) million	¥3,974 million
Consolidated net income(loss) per share	¥65.92	¥(106.53)	¥16.56
Dividend per share	¥20.00	¥0.00	¥0.00
Consolidated net assets per share	¥357.57	¥238.07	¥252.36

Note: The above figures are the figures for OMC Card, Inc., the surviving company in the Merger.

(2) Total issued and outstanding shares and potential shares as of January 6, 2010

	Number of shares	Proportion as a percentage of issued and outstanding shares
Total issued and outstanding shares	487,596,479	100%
Number of potential shares at current conversion price (exercise price)	—	—%
Number of potential shares at lowest conversion price (exercise price)	—	—%
Number of potential shares at highest conversion price (exercise price)	—	—%

Note: As of January 6, 2010, there are no potential shares.

(3) Recent share prices

(i) Share prices in the last three fiscal years

	Fiscal Year Ended February 28, 2007	Fiscal year Ended February 29, 2008	Fiscal Year Ended March 31, 2009
Opening price	¥1,860	¥873	¥457
Highest price	¥2,465	¥1,124	¥464
Lowest price	¥800	¥279	¥116
Closing price	¥873	¥492	¥170

(ii) Share prices in the last 6 months

	July	August	September	October	November	December
Opening price	¥215	¥180	¥172	¥152	¥187	¥163
Highest price	¥221	¥190	¥173	¥182	¥198	¥176
Lowest price	¥166	¥166	¥148	¥151	¥158	¥162
Closing price	¥182	¥174	¥155	¥182	¥162	¥169

(4) Equity financing in the last three fiscal years

• First issue of convertible bond-type bonds with stock acquisition rights through a third-party allotment

Date of issue	October 14, 2008
Funds raised	¥13 billion (amount of estimated net receipt: ¥12.91 billion)
Conversion price	¥240
Shares outstanding and issued at time of subscription	213,682,082 shares
Subscriber	Sumitomo Mitsui Financial Group, Inc.
Potential shares due to subscription	At conversion price (¥240): 54,166,666 potential shares
Current status of conversion (exercise)	Number of shares converted (exercised): 54,166,666
Initial use of funds from issue	Investment in systems related to the merger, upgrading business infrastructure, promotion of co-branded card business development and new brand strategies, and investment in next generation systems development.
Expected timing of use of funds as at time of issue	Between October 2008 and March 2012
Current status of appropriation of funds	All funds have been appropriated for the uses noted above.

• Issue of newly subscribed shares through a third-party allotment

Date of issue	October 14, 2008
Funds raised	¥15,999,984,000 (amount of estimated net receipt: ¥15,819,984,000)
Issue price per share (amount to be paid)	¥240
Shares issued and outstanding at time of subscription	213,682,082 shares
Shares issued through the subscription	66,666,600 shares
Shares issued and outstanding after subscription	280,348,682 shares
Subscriber	Sumitomo Mitsui Financial Group, Inc.

Initial use of funds from issue	Investment in systems related to the merger, upgrading business infrastructure, promotion of co-branded card business development and new brand strategies, and investment in next generation systems development.
Expected timing of use of funds as at time of issue	Between October 2008 and March 2012
Current status of appropriation of funds	All funds have been appropriated for the uses noted above.

10. Terms of the issue

- (1) Type and number of shares to be subscribed Common stock: 324,675,300 shares
- (2) Amount to be paid ¥154 per share
- (3) Total amount to be paid ¥49,999,996,200
- (4) Amount of stated capital and capital reserves increase
- Stated capital will be increased by ¥77 per share (total ¥24,999,998,100)
- Capital reserves will be increased by ¥77 per share (total ¥24,999,998,100)
- (5) Subscription method Third-party allotment
- (6) Application date May 31, 2010
- (7) Payment date May 31, 2010
- (8) Subscriber and shares to be allocated FGCC
- Common stock: 324,675,300 shares

(9) All items above are subject to: approval of the proposal for the Third-Party Allotment at the Extraordinary Shareholders' Meeting; filings with, and permissions and approvals of, the relevant authorities; and securities registration statements coming into effect in accordance with the Financial Instruments and Exchange Act. Furthermore, Cedyne will grant voting rights in respect of the 2010 Ordinary Shareholders' Meeting attached to the Shares to FGCC, who will acquire them after the record date for the 2010 Ordinary Shareholders' Meeting.

II. Change in parent company

1. Circumstances leading to the change

Cedyne intends to allocate all of the 324,675,300 shares to be issued by way of the Third-Party Allotment to FGCC, who is a 100% subsidiary of SMFG. As a result, as noted below, the present "other affiliated companies" FGCC and SMFG are anticipated to become parent companies,.

2. Overview of entities expected to become parent companies

(1) Overview of parent company FGCC

Please refer to Part I, Paragraph 6(1) above, "Overview of subscriber".

(2) Overview of parent company SMFG

(1) Name	Sumitomo Mitsui Financial Group, Inc.
(2) Head office	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
(3) Representative	Teisuke Kitayama, President
(4) Business	Management of the affairs of subsidiaries within the group and relevant ancillary
(5) Capital amount	¥1,851,389 million
(6) Fiscal year end	March 31
(7) Stock exchange listings	Tokyo Stock Exchange First Section, Osaka Securities Exchange First Section, Nagoya Stock Exchange First Section
(8) Relationships between companies	

Capital relations	Through its 100% subsidiary FGCC, SMFG holds 45.84% of Cedyne's share indirectly.
Personnel relations	Cedyne's President and Representative Director, Hironichi Funahashi, also serves as an outside director for SMFG's 100% subsidiary, FGCC. FGCC's Representative Director and President, Kazuya Jono, also serves as an outside director for Cedyne.
Business relations	No applicable relationships exist.
Related party status applicability	SMFG is an "other affiliated company" holding 45.84% of Cedyne's share through FGCC.

3. Number of shares (and voting rights) held by the shareholder in question and proportion of total voting rights held by all shareholders

FGCC	Voting rights (number of shares)	Proportion of total voting rights held by all shareholders (Note)	Major shareholder position
Before the change (as of September 30, 2009)	2,235,034 rights (223,503,400 shares)	46.06%	First
After the change	5,481,787 rights (548,178,700 shares)	67.68%	First

Note: Number of shares deducted from shares issued and outstanding as voting rights not attached: 2,334,679.
Number of shares issued and outstanding as of September 30, 2009: 487,596,479.

4. Scheduled date of change
May 31, 2010 (planned).

5. Future prospects

Cedyne will further strengthen and build up their mutual co-operation in the future among FGCC and SMFG which are Cedyne's anticipated new parent companies. Furthermore, it will be policy for Cedyne to continue to list its stock on the Tokyo Stock Exchange First Section and Nagoya Stock Exchange First Section.

As one of the core companies in SMFG group's credit card business strategy, FGCC's policy is to hold Cedyne's shares over the medium to long term. Furthermore, as FGCC is a 100% subsidiary of SMFG, it is anticipated that Cedyne too will become a consolidated subsidiary of SMFG.

[For reference] Another release issued today in connection with the transaction:

- Sumitomo Mitsui Financial Group, Inc. (Code number 8316) and SMFG Card & Credit, Inc.

"Sumitomo Mitsui Financial Group, through its Wholly-owned Subsidiary SMFG Card & Credit, to Subscribe New Shares Issued by Cedyne Financial Corporation by Way of a Third-Party Allotment; Cedyne Financial Corporation to Become a Consolidated Subsidiary of Sumitomo Mitsui Financial Group".

ENDS