

December 15, 2005

Dear Sirs:

Name of Company: BELLUNA CO., LTD.
Code No. 9997 1st Section of the Tokyo Stock Exchange

Notice of Development of the New Mid-term Business Plan, "ASUNARO-Plan"

The Company developed the new mid-term business plan, "ASUNARO^(*)-Plan", on which the corporate and group management operating in FY 2007 to FY 2011.

Note: (*) A Japanese word "ASUNARO" means trees which are similar to cypresses and range only in Japan. Japanese associate "ASUNARO" with someone steadily exerting himself / herself to come true his / her dream or to advance toward the next stage.

Description

1. Background of the new plan development

In 1996, the Company developed so-called "Swan-Plan", the former mid-term business plan for FY2000, and completed in FY2003. Especially after FY2001, each business of the Company group expanded favorably, in which Catalog business remarkably grew up as a central business of the group, and both consolidated sales and profits were recorded double-digit growth.

On the other hand, the mail order market, the Company belonging to, is severe to increase sales and profits, because of competition with too many of retail stores in the market and with new mail order companies operating businesses through new media (Internet, TV and mobile phone Internet) and single-item mail order businesses. In such drastically changing economic and business environment of recent years, adaptability to changes is more necessary. As a result of the conclusion that more well-balanced portfolio management will be a key factor for remarkable growth in such severe market, and each business of the group should be independent of Catalog business, the Company developed the new mid-term business plan, "ASUNARO-Plan".

2. Keynote of the new plan

The following five themes are keynote of the new plan.

(1) *Innovation of business method*

- From a general mail-order company to a "general corporate company on the mail order basis"^(*)

Note: (*) A word, "general corporate company on the mail order basis", means a company operating various and correlated businesses with utilizing all the infrastructures, which have been cultivated through the expansion of mail order business.

(2) *Increase the efficiency of the existent businesses ~having fidelity to basic mind on business~*

- Low-cost, High-Quality and High-Morale
- Supposition and verification

(3) *Improvement and reform of the Company's constitution*

- Getting rid of an old sense of value
- Adapting speedily to changes
- Accepting and challenging the new
- Establishing a solid framework for compliance
- Nurturing enterprising personnel as leaders on the next stage

(4) *Challenge to new businesses*

- Reinforcement and development of original services on E-commerce business
- Operation outsourcing business as a new business and others in overseas markets

(5) *Satisfaction of all the stakeholders*

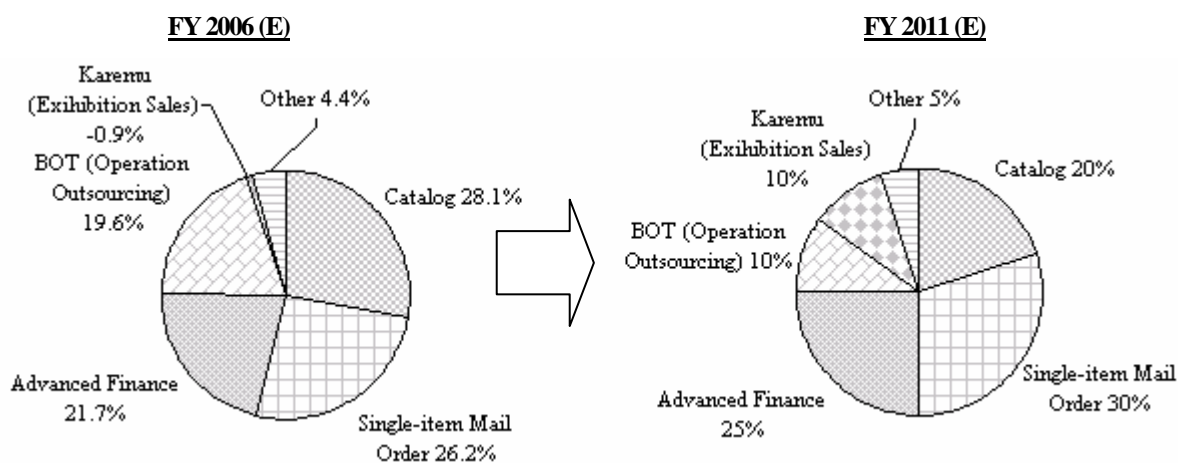
- Development of the policy for returning value to shareholders
- Increase the satisfaction of customers, employees and the Company
- Aiming at severe but hearty constitution for employees

3. Managerial targets

(1) *Managerial targets completed in FY2011*

- Operating Profit 20 billion yen
- Operating Profit Ratio 10%
- ROE 13%

(2) *Consolidated breakdown of operating profit by business segment (as an aim)*



Business Segment	FY 2006 (E)	FY 2011 (E)
Catalog Business	28.1%	20%
Single-item Mail Order Business	26.2%	30%
Advanced Finance Business	21.7%	25%
BOT (Operation Outsourcing Business)	19.6%	10%
Karemu (Exhibition Sales Business)	-0.9%	10%
Other Business	4.4%	5%
Total	100.0%	100%

4. Business method

An evolutionary method of database business

~ aiming to “BELLUNA as a general corporate company on the mail order business basis” ~

- Exploiting not only data base but all the infrastructures of the Company
- Catalog business is not a core business, but one of businesses of the Company
- M&A will be one of methods to expand existing businesses or to create new businesses

5. Strategy

(1) Strategy for business expansion of the Company group (Stock Business Strategy)

Resources of the Company were distributed more to the flow businesses, such as Catalog business, than to the stock businesses, such as Finance business. However, as the growth and profits are higher than others, more resources shall be concentrated on the stock businesses than before.

As a result of this distribution, the growth and profit of the Company group will increase steadily.

(2) Strategy for B to C business (Branding and Targeting)

1. Branding

- Supplying merchandises and services adjusting each customer's life stage or life scene
- Widely diffusing the perception that customers can get and do everything they want in BELLUNA

2. Targeting

- Customers in their 50s to 60s (and 70s); a core of Consumers, and having characteristics that they are attracted to advertisements of newspaper leaflets.
- Customers in their 30s to 40s and 20S; a large number of Producers, and having characteristics that they experienced so-called 'Bubble Years' or accommodate easily to Internet and mobile phone Internet.

6. Policy for returning value to shareholders as from FY 2006

Payout Ratio + Repurchase Own Shares: 30% (as a target) ^(*3)

Note: (*3) The result may increase or decrease at a few percentages.

[Reference]

The Company resolved at a meeting of its Board of Directors held on December 15, 2005, to bring the share split and the dividend increase policy up at the 30th general shareholders' meeting in June, 2006. The Company shall split shares as 2 for 1 and increase cash dividend from ¥25 to ¥30, in order to return more profits to shareholders. The detailed information of the share split (free distribution) and the dividend increase are mentioned in a press release on December 15, 2005, which please confirm.

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