

## Affirmed BBB/Negative rating on Belluna

December 29, 2009

**Issuer: Belluna Co., Ltd.** (securities code no.: 9997)

JCR has affirmed the BBB/Negative and the BBB rating on senior debts and bonds of the issuer, respectively.

Issue	Amount(bn)	Issue Date	Due Date	Coupon	Rating
bonds no.2	Y10	Sept. 21, 2005	Sept. 21, 2010	0.96%	BBB

### <Rationale>

Belluna Co., Ltd. has recovered its loans, aiming at its "sound financial structure," one of the major targets, and its loan balance in its advanced finance business has decreased. As a result, risks of interest payment refund claims and credit losses are receding and there are some signs of improvements in its financial performance which has declined so far. Sales in its catalogue business whose sales and profit have declined so far begin to rebound. On the other hand, profitability in its single-item mail order and BOT businesses becomes weaker. In our view, although it appears the Company's operating profit is expected to increase significantly in FY 2009 ending March 31, 2010, there is still uncertainty over earnings recovery in the primary mail order business under its uncertain external environment. Our "Negative" outlook reflects such factors and JCR will watch its financial performance hereafter.