

Affirmed BBB+/Stable on sr.debts of Belluna

March 8, 2007

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

JCR has affirmed the BBB+/Stable, the preliminary BBB+ and the BBB+ ratings on the senior debts, shelf registration and bonds of the issuer, respectively.

Shelf Registration:

Maximum: Y20 billion

Valid: two years effective from Aug. 30, 2005

Issues Amount(bn)	Issue Date	Due Date	Coupon	Rating
bonds no.2 Y10	Sept. 21, 2005	Sept. 21, 2010	0.96%	BBB+
convertible				
bonds no.2 Y5	Apr. 15, 2002	Mar. 30, 2007	0.2%	BBB+

<Rationale>

Belluna is a large catalog mail order service company. It has been strengthening business segments other than catalog business, making use of the database accumulated by catalog business. Whether Belluna can stave off drop in earnings of catalog business remains uncertain due in part to the late start in online shopping via Internet. Furthermore, business environments of its finance business and Karemu business, which is exhibition sales business for kimono fabrics, are now deteriorating. Although the current operating performance is going well, JCR deems it necessary to watch carefully the future developments as to whether Belluna can retain the current level of earnings power over the intermediate term. The Company's interest-bearing debt has been on the rise along with the increasing loans receivable. Belluna keeps its good capital structure in essence.