

**Downgraded rating on Belluna to BBB/Negative from BBB+/Stable**

October 31, 2008

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

JCR has downgraded the rating on senior debts and bonds of the issuer from BBB+/Stable to BBB/Negative and from BBB+ to BBB, 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 is a major mail-order sales company. While the Company fails to stave off drop in earnings from the catalog business, its earnings from the advanced finance business have lowered than expected owing to rapid deterioration in the external environment. The single-item mail order business and the BOT business, which have been the earnings sources for the Company to date, are lowering their earnings power. It is unlikely that the overall earnings power of the Company will improve over the medium term in the face of murky external environment. JCR downgraded the long-term rating on the Company by one notch, taking into consideration the above as a whole. The prospects for the future of the real estate market and financial market remain uncertain. Therefore, the rating outlook is "Negative" and JCR will continue to watch carefully the developments.