

(Code Number: 8564)

June 9, 2009

To Our Shareholders,

15-1 Nishi-Shinjuku 8-Chome, Shinjuku-ku, Tokyo  
TAKEFUJI CORPORATION  
Akira Kiyokawa, Representative Director & President

## Notice to Convene the 42nd Annual General Shareholders' Meeting

You are cordially invited to our 42nd Annual Shareholders' Meeting scheduled to be held as follows.

**If you are unable to attend the meeting on that day, you may exercise your voting rights by submitting documents for voting, after reading the material enclosed with the convocation notice. We would ask you to complete and forward the enclosed document for voting back to us by 6 PM, on Thursday June 25, 2009 after closely reviewing the reference materials below.**

Yours sincerely,

Notes

- 1. Schedule** 10:00 am on June 26, 2009, Friday
- 2. Venue** The Tower Hall, Roppongi Academy Hills 49  
49<sup>th</sup> Floor, Roppongi Hills Mori Tower  
10-1 Roppongi 6-chome, Minato-ku, Tokyo  
(Previously, we had held its ordinary meeting of shareholders at the Conference Room of the Head Office of the Company in Shinjuku-ku, Tokyo. This year, however, we have changed the venue to the above-mentioned location so that a larger number of our shareholders are able to participate in the meeting. Please note the change by referring to the Access Map to the Venue of the Ordinary Meeting of Shareholders, attached at the bottom of this document.)

### 3. Agenda for the meeting

#### Reporting items

1. Report on the operations, consolidated balance sheet and consolidated income statement for the 42nd fiscal year and the results of audits of the consolidated financial statements by the external auditor and the Board of Corporate Auditor
2. Report on the non-consolidated balance sheet and non-consolidated income statement for the 42nd fiscal year

#### Resolution items

- Proposition No.1:** Appropriation of retained earnings at the end of 42nd fiscal year
- Proposition No.2:** Partial revision of the Articles of Incorporation
- Proposition No.3:** Appointment of twelve directors on board
- Proposition No.4:** Appointment of two corporate auditors
- Proposition No.5:** Appointment of one corporate substitute auditor
- Proposition No.6:** Offer of retirement benefits for retired directors

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Prior to attending the meeting on June 26, please submit the enclosed form to exercise your voting rights to one of our receptionists.

If we find any revisions in the reference documents for the annual shareholders' meeting, the non-consolidated balance sheet and non-consolidated income statement, consolidated balance sheet and consolidated income statement, we will announce the modifications or changes on our website (address:<http://www.takefuji.co.jp/>).

## Attached Documents

### **Report on Business Operations**

(from April 1, 2008 to March 31, 2009)

#### **1. Overview of Business Performance**

##### **(1) Takefuji Group's business operation and results in FY ended March 2009**

In the Japanese economy during the consolidated fiscal year under review, corporate performance visibly deteriorated as the financial crisis originating in the United States and the global economic slowdown negatively affected the real economy. As a result, the Japanese economy entered a serious recession phase which manifested itself in falling stock prices and sluggish individual consumption induced by the worsening employment situation.

In the consumer finance industry, on the eve of full enforcement of the amended Money Lending Business Law, lenders are forced to review their earning models by adopting stricter credit control, and to streamline their operations. Furthermore, lenders are facing a severe management environment as the number of claims for interest refunds remained at a high level, while withdrawal of small- and medium-sized lenders continued.

Amid this environment, the Takefuji Group strived to achieve, as the highest priority tasks, initiatives aimed at strengthening and upgrading its system of compliance with laws and regulations, and its internal management system. Meanwhile, in order to steadily fulfill the goals of the Business Improvement Plan that we submitted on June 16, 2008, to the Kanto Regional Finance Bureau upon a business improvement order from the bureau on May 16, 2008, we strived to further strengthen our compliance system and increase awareness of compliance with laws and regulations among all of our employees, specifically by establishing the TAKEFUJI CORPORATION Management Ethical Charter, implementing training sessions with invited external experts, and introducing an intranet-based e-learning education system for successful passing of the Test for managers of money lending operations, among other measures.

In addition, we strived to comprehensively practice our founding principle of "Customer First," in order to offer services that our customers can use with greater confidence. As a part of this initiative, in October 2008 we launched a new brand called "benecere." Under this brand, we sought to win new customers by introducing a point-based reward system feature and adding a feature that enables customers to participate in a donation program for social contributing organizations, as well as by winning new customers and enhancing customer convenience by switching existing customers over to loan agreements with APRs at and below 18%, while improving asset quality. Also, we optimized our operations leading to signing of loan agreements by setting up a toll-free customer center, while closing and merging a total of 150 manned and 312 unmanned branch offices in order to control credit costs.

Furthermore, we formulated our three-year Medium-Term Business Plan, whose initial year ends on March 31, 2010, in order to secure stable profits after the full enforcement of the amended Money Lending Business Law. Prior to the implementation of the plan, during the consolidated fiscal year under review we increased our allowance in preparation for claims for interest refunds in the near future, and also implemented an early write-off of bad debt.

As a result of the above, the balance of direct cash loans to customers at the end of the year was 861,517 million yen (down 27.9% from the end of the previous consolidated fiscal year) and the number of customer accounts stood at 1,481,000 (down 19.2% on a year-on-year basis).

Herewith operating revenues on a consolidated basis for the year amounted to 186,349 million yen, (down 31.1% from the previous year). Operating loss stood at 210,612 million yen due to an increase of provision for losses for refunds of interest received from customers, while ordinary loss was 214,669 million yen. As a result, net loss stood at 256,137 million yen partly due to a liquidation of deferred tax assets.

## **(2) Takefuji Group's conditions of investment in equipment in FY ended March 2009**

Investment in equipment the Takefuji Group made during the fiscal year under review totaled 2,650 million yen. This investment was directed primarily to activities related to the development of a new online system.

## **(3) Takefuji Group's financial conditions in FY ended March 2009**

Regarding funding for the current consolidated fiscal year, we worked to raise 70 billion yen by issuing convertible bond-type bonds with subscription rights to shares through third-party allocation, and promoted repayment of borrowings aimed at optimizing our fund procurement structure, and early redemption of bonds aimed at reducing fund procurement cost. As a result, the total amount of interest-bearing debt decreased by 173,623 million yen from the end of the previous consolidated fiscal year to 365,741 million yen. We will continue our efforts to diversify fundraising resources and rationalize our fundraising structure, maintain a stable financial position and raise funds in a flexible and efficient manner, mindful of liquidity.

## **(4) Takefuji Group's future major issues**

The operating environment surrounding the Takefuji Group is expected to remain severe as the aggregate debt control will be introduced and the maximum allowable APR will be lowered after full enforcement of the amended Money Lending Business Law, with accompanying intensification of competition that crosses previous industry borders. Claims for interest refunds are expected to decrease but still a major source that squeezes profits, among other factors. To effectively deal with management issues arising from such an environment, and with the objective of securing profits and stably distributing profits, the Takefuji Group formulated the Medium-Term Business Plan to be implemented from the consolidated fiscal year ending March 31, 2010, to March 31, 2012.

The strategy and measures established in the Medium-Term Business Plan are as follows:

### a. Promotion of asset quality improvement

We will strive to retain quality customers and win new customers with our new brand, benecere, while reducing loans past due through bolstering our collection management system and reviewing our write-off method.

### b. Reform of organization

We will work to enhance our productivity and further cut costs to implement efficient business operations. Specifically, we will close and merge stores, mindful of local characteristics of store locations, integration of business organizations, such as regional branches, and optimization of personnel assignments.

### c. Prompt response to claims for interest refunds

We will strive to cut total costs associated with interest refunds by shifting to a system that emphasizes early settlement of interest refund claims in the stage prior to litigation.

While steadily implementing the measures described above, we also newly established, in order to maintain and expand our revenues, a Personnel and Organization Reform Committee, Business Operation and Revenues Improvement Committee and New Business Promotion Committee as bodies that is directly under the Executive committee, the decision-making institution for major business execution. By cross-sectional integration of wisdom, and by maximally taking advantage of the Takefuji Group's human resources, we will strive to steadily achieve the goals of the Medium-Term Business Plan.

Under our management philosophy of "Customers First," the Takefuji Group will further enhance its accumulated knowhow and systems to offer products and services that meet the diverse needs of our customers to help them realize their dreams and in their daily life. By bolstering a customer-supporting counseling system and further strengthening our compliance system, as well as building a new business model in which we can contribute socially and economically, we will seek to establish our position as a consumer finance company for customers and in turn enhance our corporate value over the medium-to-long term. We seek our valued shareholders' continued support of the Takefuji Group.

**(5) Takefuji Group's historical business results and financial situation for the last three fiscal years**

Item	Fiscal Year	39 <sup>th</sup> FY	40 <sup>th</sup> FY	41 <sup>st</sup> FY	42 <sup>nd</sup> FY
		(Ended March 2006)	(Ended March 2007)	(Ended March 2008)	(Consolidated FY under review) (Ended March 2009)
Operating revenues	(mil. yen)	351,259	328,920	270,479	186,349
Ordinary income or loss	(mil. yen)	92,248	-163,764	42,285	-214,669
Net income or loss	(mil. yen)	46,924	-481,274	14,105	-256,137
Net income or loss per share	(yen)	333.18	-3,420.42	100.63	-1,880.05
Total asset	(mil. yen)	1,770,909	1,583,172	1,392,899	958,464
Net assets	(mil. yen)	973,626	457,714	433,776	149,648
Net asset per share	(yen)	6,919.26	3,252.98	3,151.03	1,108.12

- Notes: 1. For 39<sup>th</sup> fiscal year, ordinary income decreased because of the posting of a provision for losses for refund of interest received from customers, etc. Also, net income decreased by adopting the Accounting Standard for Impairment of Fixed Assets ("Opinion on Establishment of Accounting Standard for Impairment of Fixed Assets [Business Accounting Council, August 9, 2002]) and the Guidance on Accounting Standard for Impairment of Fixed Assets (ASBJ Guidance No. 6, October 31, 2003).
2. The Takefuji Group recorded an ordinary loss and a net loss in the 40<sup>th</sup> fiscal year, owing to factors such as changes in accounting standards concerning claims for interest refunds. In the same fiscal year, the Group also began to apply the Accounting Standard for Presentation of Net Assets on the Balance Sheet (ASBJ Standard No. 5, December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets on the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005).
3. For an overview of 42<sup>nd</sup> fiscal year, please refer to "(1) Takefuji Group's business operation and results in FY ended March 2009" above.

**(6) Significant parent and consolidated subsidiaries of TAKEFUJI CORPORATION**

(i) Relation with parent company

None

(ii) Major subsidiaries subject to consolidation

Company name	Issued capital	Equity ownership percentage	Core business
Kyoritsu Estate Co., Ltd.	¥ 10 mil.	100% (indirectly)	Others
TWJ VC CO., LTD.	US\$ 1.96 mil.	100%	Venture capital
Takefuji Capital Co., Ltd.	¥ 15 mil.	100%	Others
Take One Co., Ltd.	¥ 9,290 mil.	100%	Golf course management
G.H INVESTMENT CO., LTD.	¥ 3,000 mil. +HK\$ 1,000	100%	Others
TWJ Co., Ltd.	¥ 15,000 mil.	100%	Venture Capital
TWJ EURO CO., LTD.	£ 50,000	100%	Venture Capital
TDS Co., Ltd.	¥ 8,800 mil.	100%	Real estate rental

Notes: 1. Kyoritsu Estate Co., Ltd. is a 100 % subsidiary of Take One Country Club Ltd.

**(7) Major business segments of Takefuji Corporation (As of March 31, 2009)**

Consumer finance is the core business of the Group while subsidiaries undertake other miscellaneous business operations.

Segment	Business
Consumer finance	Direct cash loan business, Credit card business
Others	Golf course management, Real estate development; management; rental business, Venture capital business

**(8) Takefuji Group's major branches and offices (As of March 31, 2009)****(i) Takefuji Corporation**

Head office	15-1, Nishi-Shinjuku 8-Chome, Shinjuku-Ku, Tokyo								
Regional Office	Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Osaka, Okayama, Fukuoka								
Branch office	47 prefectures	1,051 in total	<table border="0"> <tr> <td>Manned office</td> <td>210</td> </tr> <tr> <td>Unmanned office</td> <td>840</td> </tr> <tr> <td>Internet</td> <td>1</td> </tr> </table>	Manned office	210	Unmanned office	840	Internet	1
Manned office	210								
Unmanned office	840								
Internet	1								
Others	CDs, ATMs 54,904 in total		<table border="0"> <tr> <td>Takefuji</td> <td>1,161</td> </tr> <tr> <td>Tie-up</td> <td>53,743</td> </tr> </table>	Takefuji	1,161	Tie-up	53,743		
Takefuji	1,161								
Tie-up	53,743								
	Unmanned contract machines		<table border="0"> <tr> <td>In manned office</td> <td>211</td> </tr> <tr> <td>In unmanned office</td> <td>840</td> </tr> </table>	In manned office	211	In unmanned office	840		
In manned office	211								
In unmanned office	840								
		1,051 in total							

**(ii) Subsidiaries**

Kyoritsu Estate Co., Ltd.	Itabashi-ku, Tokyo
TWJ VC CO., LTD.	Delaware, USA
Takefuji Capital Co., Ltd.	Chuo-ku, Tokyo
Take One Co., Ltd.	Shinjuku-ku, Tokyo (Golf course; Tsuru-city, Yamanashi pref.)
G.H INVESTMENT CO., LTD.	Hong Kong, China
TWJ Co., Ltd.	Shinjuku-ku, Tokyo
TWJ EURO CO., LTD.	London, UK
TDS Co., Ltd.	Shimokyo-ku, Kyoto

**(9) Employees of Takefuji Group (As of March 31, 2009)**

No. of employees	YoY change	Average age	Av. length of service
2,434	-209	33.1 years	8 years

Notes: 1. No. of employees means number of full-timers. Part-time employees (577) are excluded from the abovementioned employees.

2. The Company had 2,415 employees (210 less than the figure at the end of the previous fiscal year).

**(10) Main sources and amounts of borrowings of the Company (As of March 31, 2009)**

Name	Amount borrowed (million yen)
Bull Capital Co., Ltd.	109,263
American Family Life Assurance Company Japan	20,000
ING Bank N.V.	18,000
Scotiabank	13,000
UBS AG Bank	10,000

Note: Besides the borrowings stated above, several syndicated loans managed by BNP Paribas Bank (with an outstanding amount of 24,000 million yen) exist.

## 2. Stock Information (As of March 31, 2009)

- (1) Total number of shares to be issued by the Company   **430,000,000**  
(2) Number of shares outstanding at year-end   **134,919,815** (excludes treasury stock of 9,375,385)  
(3) Number of stockholders   **54,540**  
(4) Principal shareholders (shareholders holding one-tenth or more of outstanding shares excluding treasury stocks)

No corresponding shareholder exists. The 10 largest shareholders are as listed below.

Name	Shareholders' equity in the company	
	No. of shares (Unit: 1,000)	Ownership ratio(%)
Daio Co., Ltd.	7,746	5.74
Marutake Sangyo LTD.	7,459	5.53
Taketeru Takei	6,941	5.14
Japan Trustee Services Bank, Ltd.	6,276	4.65
Hiroko Takei	4,927	3.65
Toshiki Takei	4,866	3.61
Northern Trust Company (AVFV) Sub account American Client	4,600	3.41
The Bank of New York - JASDEC Treaty Account	3,147	2.33
Chase Manhattan Bank GTS Clients Account Escrow	2,836	2.10
The Bank of New York, Treaty JASDEC Account	2,584	1.91

- Notes: 1. The Company holds Treasury stock of 9,375,000 shares, which is excluded from the list above.  
2. Ownership ratio is calculated by deducting Treasury stock  
3. We received a copy of a report for large holdings (change report no. 5) as of January 7, 2009, from Brandes Investment Partners LP. This states that they hold the shares as of December 29, 2008. As we are unable to confirm the effective number of shares they hold at the end of fiscal year, we do not regard them in the list above.

Large Holders

Name or corporation	Brandes Investment Partners LP
Address	11988 El Camino Real, Suite 500, San Diego, CA USA
Holding number of shares	13,997,718
Holding ratio of shares	9.70%

4. We received a copy of a report for large holdings (change report no. 3) as of April 13, 2009, from the Tokyo Branch of UBS Securities Japan, Ltd. and its joint owners. This states that they hold the shares as of April 7, 2009. As we are unable to confirm the effective number of shares they hold at the end of fiscal year, we do not regard them in the list above.

(i) Large Holders

Name or corporation	UBS Securities Japan, Ltd. Tokyo Branch
Address	Otemachi First Square, 1-5-1 Otemachi, Chiyoda-ku, Tokyo
Holding number of shares	8,599
Holding ratio of shares	0.01%

(ii) Large Holders

Name or corporation	UBS AG (Bank)
Address	Shin Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo
Holding number of shares	3,360,914
Holding ratio of shares	2.33%

### 3. Warrants of Takefuji Group

#### (1) State of stock acquisition rights owned by directors of the Company which were issued as compensation for duty execution

Date of issuance resolution	July 18, 2008	
Number of stock acquisition rights	2,490	
Type and number of shares subject to stock acquisition rights	24,900 shares of common stock (10 shares per one stock acquisition right)	
Payment for stock acquisition rights	No payment is required in exchange for stock acquisition rights (issuance without compensation)	
Value of property invested for the exercise of stock acquisition rights	15,070 yen per one stock acquisition right (1,507 yen per share)	
Exercise period for stock acquisition rights	From August 13, 2010 to August 12, 2012	
Exercise conditions for stock acquisition rights	Notes	
Ownership by directors	Directors (excluding external directors)	Number of stock acquisition rights 2,490
		Number of shares subject to the rights 24,900
		Number of holders 10

- Notes: 1. Parties to which stock acquisition rights have been allotted (hereinafter "stock acquisition right holders") must remain as directors of the Company, or stay in corresponding positions at the Company until the exercise of stock acquisition rights.
2. Stock acquisition right holders may exercise stock acquisition rights after relinquishing their positions stated in Note 1, up to six months after the latter of the start of the exercise period or the date on which the position was relinquished, provided the exercise falls within the exercise period for such rights, when the Board of Directors agree that justifiable grounds exist, including retirement upon expiration of service terms, among others.
3. Heirs to stock acquisition right holders may exercise stock acquisition rights for up to six months after the latter of the start of the exercise period or the date of death, when the stock acquisition right holders satisfy the condition stated in Note 1 at the time of their death. Heirs may also exercise stock acquisition rights within the period prescribed in Note 2, when they become eligible to exercise the rights based on the condition set in Note 2.
4. Other conditions pertaining to the exercise of stock acquisition rights shall be set out in the Stock Acquisition Rights Allotment Agreement concluded by and between the Company and stock acquisition right holders.

#### (2) Stock acquisition rights issued to employees and others as compensation for execution of duties during the fiscal year under review

None

**(3) Other significant matters pertaining to stock acquisition rights, etc.**

Issuance of Euro-yen convertible bond-type bonds with subscription rights to shares due 2018 based on the resolution of the Board of Directors meeting held on May 23, 2008

<b>Characteristics of convertible bond-type bonds with subscription rights</b>	
Total amount of issued convertible bonds	70 billion yen
Paid-in amount of each convertible bond	50 million yen
Rate of interest	1.5% annually
Issue date of convertible bonds	June 19, 2008
Redemption method and date	Redemption on June 19, 2018, at 100% of the principal amount of the convertible bonds
Offering method	Based on the purchase agreement, all convertible bonds shall be purchased by UBS AG, London Branch
<b>Description of the stock acquisition rights</b>	
Total number of issued stock acquisition rights	1,400
Type and number of shares subject to stock acquisition rights	<ul style="list-style-type: none"> <li>• Common stock</li> <li>• The number of new shares of common stock shares issued with the exercising of the Stock Acquisition Rights shall be the number calculated by dividing the total pay-in amount for the Bonds related to the exercise by conversion price</li> </ul>
Payment for stock acquisition rights	No payment is required in exchange for stock acquisition rights
Details and value of assets invested in upon exercising of stock acquisition rights	<ul style="list-style-type: none"> <li>• The assets invested in upon the exercising of the Stock Acquisition Rights shall be the convertible bonds related to the corresponding Stock Acquisition Rights, and the value of said bonds will be the same as the pay-in amount thereof.</li> <li>• Initial conversion price: 2,352 yen</li> </ul>
Exercise period for stock acquisition rights	From July 3, 2008 to June 5, 2018
Increases in capital and capital reserves upon issuance of shares through exercising of stock acquisition rights	<ul style="list-style-type: none"> <li>• The amount of capital increased upon the issuance of shares through exercising of the Stock Acquisition Rights shall be 0.5 of the limit for the increase of capital or the like as calculated in accordance with the provisions of Article 40 of the Corporate Accounting Regulations, and any resulting fractions of less than one full yen shall be rounded up.</li> <li>• The amount of capital reserves increased upon the issuance of shares through exercising of the Stock Acquisition Rights shall be the amount that is deducting the increased capital from the limit for increases of capital.</li> </ul>
Condition for exercise of stock acquisition rights	See notes below

Notes: 1. No Stock Acquisition Right may be exercised in part only.

2. Until June 20, 2017 (excluding June 20 itself), in any 20 trading days during 30 consecutive trading days ending a consolidated quarter, only in the case the closing price of the Company's common shares exceeds 120% of the conversion price applied on the last trading day, Stock Acquisition Rights may be exercised from the first day to the last day of the following quarter (for the quarter beginning April 1, 2017, from April 1, 2017 to June 19, 2017). Stock Acquisition Rights may be exercised at any time in the case the closing price of the Company's common shares exceeds 120% of the conversion price applied on the last trading day on any trading day on or after June 20, 2017.

## 4. Company Executives

### (1) Profiles of directors and auditors

Name	Title and responsibilities	Other positions held such as representative of other company
Akira Kiyokawa	Representative Director & President	
Taketeru Takei	Representative Director & Executive Vice President (Business & Marketing Division as Chief, in charge of Business Administration Department, Training and Education Department, Secretariat Office, CSR Promotion Office, Corporate Planning Department)	Representative Director TWJ. Co. Ltd. President of Asuka International Foundation Director Daio Co., Ltd.
Katsunori Aita	Managing Director & Executive Officer (in charge of Personnel Department, Customer Relations Office)	
Kengo Sato	Managing Director & Executive Officer (in charge of Legal Department, Loan Administration Department and Advertising Department)	
Tsunefumi Shindo	Director & Executive Officer (in charge of Information System Department, Credit Card Business Department,)	
Satoru Shishido	Director & Executive Officer (in charge of Inspection Department)	
Mikio Yamamoto	Director & Executive Officer (in charge of General Affairs Department)	
Akiko Hokazono	Director & Executive Officer (in charge of New Office Development Department)	
Shigefumi Nakamura	Director & Executive Officer (in charge of the Finance Department)	
Junichi Yoshida	Director & Executive Officer (Deputy General Manager of Business and Marketing Division as Vice Chief, in charge of Business Operation Department)	
Tadashi Tojo	Director & Executive Officer (in charge of Examination Department and Finance Department)	
Shigeo Sato	Director & Executive Officer (in charge of Accounting Department)	
Akiyuki Nagase	Outside Director	Representative Director and President of Nagase Brothers Inc. Representative Director and President of Yotsuya-Otsuka Inc. Board Chairperson of Tokyo Seiko School Representative Director and President of Itoman Swimming School Inc.
Hiroshi Hirai	Corporate Auditor	
Takeshi Kasai	Corporate Auditor	
Toshiyuki Tsuchiya	Corporate Auditor	
Yoshihiro Ogura	Auditor	Attorney at law

Notes: 1. Tadashi Tojo retired as a director as of March 20, 2009, and Shigefumi Nakamura retired as a director as of March 31, 2009.

2. Outside Director Akiyuki Nagase is an outside board member as defined in Article 2, Paragraph 15, of the Companies

- Act.
3. The two corporate auditors, Toshiyuki Tsuchiya and Yoshihiro Ogura, are outside auditors as defined in Article 2, Paragraph 16 of the Companies Act.
  4. Auditor Hiroshi Hirai had served as a director in charge of finance and accounting at the Company for many years. Hirai possesses appropriate knowledge of finance and accounting.
  5. Auditor Takeshi Kasai had been responsible for finance and accounting operations at a listed company (trading company) for many years. Kasai possesses appropriate knowledge of finance and accounting.
  6. Auditor Toshiyuki Tsuchiya has extensive business experience at securities companies and other financial institutions, and possesses appropriate knowledge with regard to finance and accounting.
  7. Other than the above, changes in directors and auditors during the fiscal year under review are as follows:
    - (1) Appointment
      - (i) Akira Kiyokawa was newly elected as a director at the 41st Ordinary General Meeting of Shareholders of the Company held on June 27, 2008, and assumed the position on the same day. Kiyokawa was elected a Representative Director of the Company at the Board of Directors meeting held on June 27, 2008.
      - (ii) Junichi Yoshida, Tadashi Tojo and Shigeo Sato were newly elected as directors at the 41st Ordinary General Meeting of Shareholders of the Company held on June 27, 2008, and assumed the positions on the same day.
    - (2) Retirement
      - (i) Hikaru Kondo retired as director at the close of the 41st Ordinary General Meeting of Shareholders of the Company held on June 27, 2008.

## (2) Compensation paid to directors and auditors

Classification	Number of recipients	Compensation
Directors	14	161 million yen
Corporate Auditors	4	40 million yen
Total	18	201 million yen
(Outside director and Outside auditors)	(3)	(25 million yen)

- Notes:
1. The maximum amount of a director's compensation was resolved at the 28th Ordinary General Meeting of Shareholders of the Company held on June 29, 1995, as less than 450 million yen annually (excluding employee salary), and the maximum amount of stock options was resolved at the 41st Ordinary General Meeting of Shareholders of the Company held on June 27, 2008, as less than 20 million yen annually.
  2. A resolution was passed at the 29th Regular General Shareholders Meeting held on June 18, 1996, setting a ceiling on annual compensation for corporate auditors of 60 million yen.
  3. The above includes a director who retired upon the completion of the 41st Ordinary General Meeting of Shareholders of the Company held on June 27, 2008.
  4. The amount of compensation includes the provision of the reserve for directors' retirement benefits at 44 million yen, which was processed as expenses in the consolidated fiscal year under review (a total of 38 million yen for 14 directors and a total of 5 million yen for four auditors), as well as the compensation from stock options at 3 million yen (total of 3 million yen for 12 directors).
  5. In addition to the above, 186 million yen was paid as compensation (including bonuses) to 10 employees also serving as directors.
  6. In addition to the above, the following was paid as directors retirement bonuses based on a resolution passed at the 41st Regular General Shareholders Meeting held on June 27, 2008:
    - 31 million yen to 1 retiring director

## (3) Items related to outside directors and auditors

### (i) Outside Director Akiyuki Nagase

- 1). Concurrently held positions at other companies such as managing director
  - Serving as representative director and president of Nagase Brothers Inc. and representative director and president of Yotsuya-Otsuka Inc., and Itoman Swimming School Inc. There are no special

relationships between the Company and Nagase Brothers Inc., Yotsuya-Otsuka Inc., or Itoman Swimming School Inc.

- 2). Concurrently held positions at companies such as Outside Director  
None
- 3) Relationship with parties such as those doing substantial business with the Company  
None
- 4) Main activities during the fiscal year
  - (a) Attended 12 of the 15 board of director meetings, and provided advice and made proposals from an objective perspective independent from management in order to ensure appropriate and fair decision-making by the board of directors.
  - (b) The Company received a business improvement order from the Kanto Local Finance Bureau on May 16, 2008, based on the provisions of Article 24-6-3 of the Money Lending Business Law. The facts which led to the issuance of the order occurred between March 2006 and March 2007. Prior to the receipt of the order, Nagase regularly made proposals based on the perspectives of compliance with laws and regulations at meetings of the Board of Directors, and after the receipt of the order he continues to make proposals and express opinions concerning strengthening of the internal control system, among other issues.
- 5) Summary of the limited liability contract  
Based on the provisions of the Company's Articles of Incorporation, the Company signed a liability limitation agreement with Mr. Nagase in compliance with the provisions Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427-1 of said Law, provided, however, the ceiling amount of damages based on the agreement shall be such amount set in laws and regulations.

(ii) Corporate auditor Toshiyuki Tsuchiya

- 1) Concurrently held positions at other companies such as managing director  
None
- 2). Concurrently held positions at companies such as Outside Director  
None
- 3) Relationship with parties such as those doing substantial business with the Company  
None
- 4) Main activities during the fiscal year
  - (a) Attended all 15 meetings of the Board of Directors and all 13 meetings of the Board of Auditors, provide appropriate opinions to ensure compliance with laws, regulations, and the Articles of Incorporation with respect to the execution of duties by directors, and commented on audit methods and other matters, including the execution of duties by other corporate auditors.
  - (b) The Company received a business improvement order from the Kanto Local Finance Bureau on May 16, 2008, based on the provisions of Article 24-6-3 of the Money Lending Business Law. The facts which led to the issuance of the order occurred between March 2006 and March 2007. Prior to the receipt of the order, Mr. Tsuchiya regularly made comments on the importance of compliance-based management at meetings of the Board of Directors and Board of Auditors, and after the receipt of the order he continues to make proposals and express opinions concerning strengthening of the internal control system, among other issues.
- 5) Summary of the limited liability contract  
Based on the provisions of the Company's Articles of Incorporation, the Company signed a liability limitation agreement with Mr. Tsuchiya in compliance with the provisions Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427-1 of said Law, provided, however, the ceiling amount of damages based on the agreement shall be such amount set in laws and regulations.

(iii) Auditor Yoshihiro Ogura

- 1) Concurrently held positions at other companies such as managing director  
None
- 2) Concurrently held positions at companies such as Outside Director  
Serves as outside auditor at Tokyo Aircraft Instrument Co. Ltd.
- 3) Relationship with parties such as those doing substantial business with the Company  
None
- 4) Main activities during the fiscal year
  - (a) Attended all 15 meetings of the Board of Directors and all 13 meetings of the Board of Auditors, and appropriately gave opinion to ensure appropriate business from the perspective as a lawyer.
  - (b) The Company received a business improvement order from the Kanto Local Finance Bureau on May 16, 2008, based on the provisions of Article 24-6-3 of the Money Lending Business Law. The facts which led to the issuance of the order occurred between March 2006 and March 2007. Prior to the receipt of the order, Mr. Ogura regularly made proposals on securing appropriateness in the Company's business at meetings of the Board of Directors and Board of Auditors, and after the receipt of the order he continues to make proposals and express opinions concerning strengthening of the internal control system, among other issues.
- 5) Summary of the limited liability contract  
Based on the provisions of the Company's Articles of Incorporation, the Company signed a liability limitation agreement with Mr. Ogura in compliance with the provisions Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427-1 of said Law, provided, however, the ceiling amount of damages based on the agreement shall be such amount set in laws and regulations.

## 5. Auditing Firm

### (1) Name and changes in name of auditing firm

Ernst & Young ShinNihon LLC

Note: Ernst & Young ShinNihon LLC changed its name from Ernst & Young ShinNihon on July 1, 2008, due to the change in the type of auditing firm.

### (2) Summary of limited liability contract

None

### (3) Amounts of accounting auditor and other fees for the term

	Amount paid
Amounts of accounting auditor and other fees for the term	93 million yen
Total of monies and other asset profits payable by the Company and its subsidiaries to accounting auditor	121 million yen

Notes: 1. "Accounting auditor and other fees for the term" includes audit fees under the Financial Instruments Exchange Law.  
2. Amounts stated above include consumption tax.

### (4) Details of activities of the accounting auditor involving compensation other than those set out in Article 2-1 of the Certified Public Accountants Law

The Company is receiving from the accounting auditor agreed procedural services for bona fide transferred receivables in connection with funding.

### (5) Policy for determining dismissal or non-reappointment of accounting auditors

When there are impediments to the accounting auditor's performance of duties and when adjudged necessary, the Board of Directors, with the concurrence of the Audit Committee or at its request, convenes a general shareholders meeting for the purpose of dismissal or non-reappointment of the accounting auditor.

When the Audit Committee deems that all items under Article 340-1 of the Companies Act apply to the accounting auditor, the Committee, with the concurrence of all members, dismisses the accounting auditor. In this event, auditors selected by the Audit Committee render reports on the dismissal and reasons therefore at the first general shareholders meeting convened after the dismissal.

## **6. Company structure and policy**

### **(1) Structures for assuring congruence of directors' job performance with laws, ordinances and the Articles of Incorporation, and for the appropriateness of other work**

Based on Article 362-4-6 of the Companies Act and Articles 100-1 and 100-3 of its implementing regulations, the following Internal Control Basic Policy has been adopted.

#### **(i) Structure for assuring congruence of director and employee job performance with laws, ordinances and the Articles of Incorporation**

- 1) To accomplish congruence of director, executive officer and employee job performance with laws, ordinances and the Articles of Incorporation, and to fulfill its social responsibilities, the "Basic policy for risk control by compliance management," the Management Ethical Charter and other rules and guidelines are to be prescribed and made known to directors, executive officers and employees, thereby deepening compliance with laws, ordinances and social ethics.
- 2) Establish a Compliance Committee comprising outside employed parties, examine important compliance problems, and present reports and proposals on the results and countermeasures to the Board of Directors. Establish a "Compliance general control unit" under the Compliance Committee to operate as the Committee's secretariat and carry out general supervision of all-Company activity related to compliance promotion.
- 3) Position a "Compliance responsible officer" in each branch, block, loan collection office and head office department, who will ascertain the compliance situation, problems, etc., render reports, implement countermeasure consultations and conduct education. In each branch, appoint a "Compliance officer," who by using the Compliance Manual implements weekly training following a curriculum prescribed in a compliance program incorporating the basic mental attitude, content of laws and ordinances, case studies and others, and strive for more comprehensive compliance.
- 4) To enable early discovery of problems and prompt countermeasures, establish and operate a compliance hotline as a means whereby employees directly provide information on legally dubious conduct and the like.
- 5) The Company shall cut off all relationships with antisocial forces, which threaten the order and security of civil society, and respond resolutely to such forces in close cooperation with the police and other external organizations.

#### **(ii) Matters related to preservation and administration of information on directors' execution of duties**

- 1) Following internal document control regulations, record and preserve in written or electromagnetic media information related to the minutes of Board of Directors and other meetings and to circular letter and other director job performance.
- 2) Such preserved documents shall always be viewable by directors and auditors.

#### **(iii) Regulations and other structures related to risk control**

- 1) The Company shall establish the Risk Management Committee under the Board of Directors in accordance with its risk management regulations. The Committee will plan, draft and discuss basic policies for establishing a risk management organization and ensuring the fair and proper administration of duties. It will also undertake other significant matters concerning risk management, draft measures and present them. Subcommittees shall be set up under the Risk Management Committee for each risk area, and undertake activities, including the collection and assessment of information about risks, and examination of specific responses. The Compliance Administrative Department shall act as the secretariat for the Risk Management Committee, and shall ensure that all employees are informed of matters such as discussions and decisions by the

Committee.

- 2) In accordance with decisions made by the Risk Management Committee, each Company department shall take actions such as steps to avoid, restrain or reduce risks, as well as monitoring. Directors in charge of each department shall report on the state of risk management in their departments to the Risk Management Committee, and the Risk Management Committee shall report on the state of Company-wide risk management to the Board of Directors.

(iv) Structure for assuring efficient execution of directors' duties

Execution of the following is intended to clarify objectives and accelerate decision-making.

- (a) Development and operations of job jurisdictions and decision-making rules
- (b) Weekly Executive Committee consisting of directors in charge of business execution
- (c) Formulation of Medium-Term Business Plan, setting of earnings objectives based thereon, and monthly and quarterly earnings management using IT tools
- (d) Monthly earnings reviews by the Board of Directors

(v) Structure for assuring appropriateness of operations in the corporate group, comprising the Company and its subsidiaries

- 1) Apply the "Basic policy for risk control by compliance management," Management Ethical Charter to all subsidiaries, and work to build a Group compliance structure.
- 2) The cognizant division in each subsidiary checks and follows the situation of the subsidiary's compliance with laws and ordinances, risk control and others, and renders reports to the Board of Directors as necessary.
- 3) The audit department carries out internal audit functions and audits subsidiaries, reporting the results to the officer in charge of the cognizant division, who as necessary provides improvement guidance and support.
- 4) To ensure the reliability and appropriateness of financial reports, the Basic Policy on Internal Control Concerning Financial Reporting and the Basic Policy on Internal Control Concerning Information Technology-Related Operations are developed to construct an internal control system concerning financial reporting, as well as regularly evaluating situations regarding development and operations for maintenance and improvement.

(vi) Matters related to independence from the Board of Directors of employees when auditors request their placement to assist in audits

- 1) Auditors can issue orders to audit department-affiliated employees on matters necessary for audit work.
- 2) Employees who have received orders from auditors necessary for audit work are not subject to directives and orders from the Board of Directors in that regard.

(vii) Structure for director and employee reports to auditors, and for other reports to auditors

- 1) In addition to legally required matters, directors promptly report to auditors matters substantially affecting the Company and its Group, the internal audit situation and the like.
- 2) The Compliance Administrative Department reports to auditors on compliance hotline messages and their content.

(viii) Other structures for assuring auditors' effective conduct of audits

- 1) Arrange periodic exchanges of views between auditors and representative directors.
- 2) Arrange links with the audit department that is the internal audit division, for the effective execution of audits.

## **(2) Basic policy for joint stock company governance**

### **(i) Content of basic policy**

In regard to how decisions on the Company's financial and business policies should be managed, the Company's view is that they are determined by free trading on the stock market. Consequently, judgment as to whether to respond to purchase proposals in conjunction with shifts in joint stock company control rights should in the final analysis be based on the intention of all stockholders.

But in recent years Japan's capital markets have seen the emergence of cases of unilateral large purchases of share certificates and others without the concurrence of target companies' management. In view of their objectives, these large purchases are clearly detrimental to corporate value and stockholders' joint interests, there is concern that stockholders are in effect coerced into selling, sufficient information and time are not provided for the target company directors and stockholders to study the purchase terms or for the directors to propose alternatives, negotiations are necessary with the purchaser to bring about more advantageous terms, and other issues emerge. There is a significant number of cases in which the activity does not contribute to the target's corporate value and the joint interests of stockholders.

Including the above examples, the Company's view is that persons or entities conducting inappropriate large purchases, or similar conduct raising concerns about injury to corporate value and the joint interests of stockholders, are not appropriate for controlling decisions about the Company's financial and business policies.

### **(ii) Measures for basic policy implementation**

To encourage ongoing long-term investment by multiple investors, and as measures to improve its corporate value and stockholder joint interests, the Company is already executing the policies shown below. We believe that these measures contribute to realization of the basic policies in (i) above.

#### **1) Medium-Term Business Plan measures to improve corporate value**

In the consumer finance industry, amendments to the Money Lending Business Law have been enforced in stages. The Company expects operating conditions to become extremely difficult in the future, in light of these amendments and additional factors, including a lowering of the maximum lending rate and the introduction of aggregate debt control. In this environment, the Company is resolved to return to its grassroots of a genuine "customer-first" approach that was its founding spirit, combining it with efficient management and focusing on bolstering corporate value across the board.

Specifically, we are seeking to improve productivity and cost-reduction by launching a new brand called "benecere," in order to win new customers and retain quality customers, while improving credit quality by quickly amortizing bad debts and bolstering our collection management system, closing and merging stores, integrating sales organizations, streamlining operations with IT tools, and optimizing personnel assignments, among other initiatives. In addition, we will aggressively consider business collaboration and M&A in areas where high synergies are expected to be obtained with our core business of consumer finance, as well as development of new businesses that take advantage of the Company's management resources, among other areas, to diversify income sources. Moreover, by further bolstering our investor relations activities both inside and outside Japan, and implementing prompt and continuous fair disclosure, we will seek to continue improving transparency.

#### **2) "Corporate governance reinforcement" measures to improve corporate value**

As arrangements essential for improving corporate value and joint stockholder interests, the Company has long positioned "corporate governance reinforcement" as an important issue. We are implementing the following policies as specific measures.

##### **(a) Filling out corporate governance**

Working to improve corporate value is the Company's basic management policy, in which corporate ethics establishment and filling out corporate governance are considered essential for implementation.

For this reason the Takefuji Corporation Management Ethical Charter is prescribed, and

instruction in it confirms corporate ethics. We are also promoting all-around strengthening of management transparency and efficiency, improving soundness, deepening compliance and accelerating disclosure.

(b) Corporate governance structure

The Company has elected to have an audit committee, positioned with the Board of Directors under the General Shareholders meeting, and has set up a Compliance Committee to which outside intellectuals are invited. Full-scale introduction of an executive officer system in June 2004 is intended to fill out and reinforce work execution functions. Moreover, we have instituted a normal business committee, in a system for full debate of management issues and prompt decision-making.

The audit department in charge of internal audits implements audits periodically and as necessary in relation to overall compliance with related laws and ordinances, protection of personal information and other internal controls, as necessary provides guidance and advice on improvements, and renders reports on the results to the Board of Directors and the Audit Committee.

- 3) The Company has implemented the preceding policies centered on Medium-Term Business Plan, but going forward will continue carrying them out more effectively on a medium/long-term perspective, and thereby work to improve corporate value and secure joint stockholder interests.

(iii) Effort to prevent control of the Company by persons deemed inappropriate in light of the Basic Policy

As a part of its initiatives to prevent parties deemed inappropriate in light of the basic policy outlined in Section (i) above from acquiring control of the Company's financial and business policy decisions, Countermeasures on the Large-Scale Acquisition of Company Shares (hereafter the "Plan") was introduced by resolution at the Board of Directors Meeting held on October 25, 2006, and the Plan was approved at the 40th Ordinary General Meeting of Shareholders held on June 28, 2007.

1) Outline of the Plan

(a) Establishment of procedures for triggering the Plan

The primary objective of the Plan is to secure and enhance corporate value and the common interest of shareholders. The Plan states that in the event of a share purchase or similar action, the person or persons effecting or proposing a large-scale acquisition (hereafter "Acquirer") shall be required to provide in advance information related to the large-scale share acquisition as it is believed that the allowance of sufficient information and sufficient time to enable shareholders to make a proper decision or to enable the Company to negotiate with the potential Acquirer will protect and enhance the corporate value of the Company and the common interests of shareholders.

(b) Use of gratis allotment of Stock Acquisition Rights and the Independent Committee

If an Acquirer affects an Acquisition without complying to the procedures set out in the Basic Plan or otherwise acts in a way that is deemed to be harmful to the Company's corporate value or the common interests of its shareholders (See Section 2 below for details), the Company will allot stock acquisition rights having an exercise condition that does not allow the Acquirers to exercise and an acquisition provision to the effect that the Company may acquire the stock acquisition rights from parties other than the Acquirers in exchange for shares in the Company by means of a gratis allotment of stock acquisition rights (hereafter "Stock Acquisition Rights"). To eliminate arbitrary decisions by the Company's Board of Directors in implementing the Plan, decisions relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or the acquisition of the Stock Acquisition Rights, will be made through the judgment of an Independent Committee composed only of members who are highly independent from the management of the Company, such as (i) an outside director of the Company, (ii) an outside auditor of the Company, or (iii) other experts (experienced businesspeople, government

officials, persons familiar with investment banking operations, lawyers, certified public accountants, academic experts, etc.). Transparency will be ensured by timely disclosure to the Company's shareholders.

- (c) Exercise of Stock Acquisition Rights and the Company's acquisition of Stock Acquisition Rights  
If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and either the shareholders other than the Acquirer exercises the Stock Acquisition Rights or the shareholders other than the Acquirer receives shares in the Company in exchange for the Company acquiring the Stock Acquisition Rights, then it would be possible for the ratio of Company shareholder voting rights held by the Acquirer to be diluted by up to 50%.

2) Requirements for the gratis allotment of Stock Acquisition Rights

The Company, with the decision of the Company's Board of Directors, will implement a gratis allotment of Stock Acquisition Rights if an Acquirer or the purchase action meets any of the following requirements. The Independent Committee will determine whether the following requirements have been met.

(a) The Acquisition action is not in compliance with the information disclosure procedures outlined in the Plan, has not allowed sufficient time for assessment by the Independent Committee, or is not in compliance with any other procedure outlined in the Plan.

(b) In the event an acquisition threatens to cause obvious damage the corporate value or the common interest of shareholders through the following or similar actions:

- A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company at an inflated price
- The assumption of temporary control of Company management and compelling management decisions harmful to the Company and beneficial to the Acquirer, such as seeking low-cost acquisition of material Company assets
- The utilization of Company assets as collateral or settlement resources for actions of the Acquirer or companies associated with the Acquirer
- The assumption of temporary control of Company management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price to take advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends

(c) An acquisition threatens to have the effect of a coercive two-tier takeover (where a person undertaking the takeover attempts to acquire the Company shares by takeover bid or other means offering less favorable conditions in the second step than in the first step, or without disclosing the conditions of the second step) in which the shareholders are coerced into selling their shares of the Company despite unfavorable prices or other conditions

(d) Acquisitions that do not provide the Company's Board of Directors with a period of time reasonably necessary to submit an alternative proposal to the Acquisition

(e) Acquisitions in which essential information or any other data considered reasonably necessary to assess the acquisition terms is not provided to Company's shareholders, or the provision of such information (if any) is inadequate

(f) Acquisitions whose terms (including amount and type of consideration for the acquisition, acquisition timing, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's employees, business partners, customers and any other stakeholders in the Company) are significantly inadequate or inappropriate in light of the Company's fundamental worth

(g) Acquisitions that materially threaten to be against the corporate value of the Company and the common interests of shareholders, by destroying the brand or relationship with shareholders, customers, society and any other stakeholders of the Company, which are indispensable to the generation of the Company's corporate value.

3) The Effective Period of the Plan

The Plan shall remain in effect from the conclusion of 40th Ordinary General Meeting of Shareholders held on June 28, 2007 to the conclusion of an Ordinary General Meeting of Shareholders scheduled to be held in June 2010.

4) Abolishment, Revision and Amendment to the Plan

The Plan shall, even before the expiration of its effective term, be abolished by resolution of a General Meeting of Shareholders of the Company or by resolution of the Board of Directors, consisting of directors appointed at General Meetings of Shareholders of the Company. As such, the Plan will be abolished if it is deemed to be the will of the shareholders. In addition, during the effective term of the Plan, the Company's Board of Directors may, upon receiving the consent of the Independent Committee, revise or change the Plan as long as it is not against the spirit of the mandate agreed upon when the Plan was approved at the General Meeting of Shareholders.

In the event the Company abolishes, revises or amends the Plan, the Company's Board of Directors and the Independent Committee will promptly provide full disclosure that the abolishment, revision or amendment has occurred and the content and reasons for the abolishment, revision or amendment.

(iv) Regarding the Board of Directors Decision and Reasons for the Decision in the Above Section (iii)

The Company's Board of Directors has determined, based on the following reasons, that the Plan agrees with the Basic Policy, does not damage the common interest of Company shareholders and is not intended to sustain the positions of the Board of Directors.

1) The requirements of the guidelines with regard to the Anti-Takeover Measures are satisfied

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and the Common Interests of Shareholders released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (i.e., the principle of securing and enhancing the corporate value and common interests of the shareholders, principle of prior disclosure and reflection of the will of shareholders, and principle of necessity and proportionality).

2) Introduction for the purpose of ensuring and enhancing the common interests of the shareholders

The Plan has been introduced for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of the shareholders by introducing a mechanism that enables the Board of Directors to present an alternative proposal to the shareholders, ensures that shareholders have the time and information necessary to decide whether or not to accept such proposal, and for the Board of Directors to negotiate for the benefit of the shareholders on occasions when it receives an acquisition proposal for the shares in the Company from a Acquirer.

3) Shareholders' opinions will be emphasized

The Company confirmed the intentions of its shareholders with respect to the introduction of the Plan at the 40th Ordinary General Meeting of Shareholders held on June 28, 2007. As set out in Section (iii)-3, The Effective Term of the Plan and Section (iii)-4, Abolishment, Revisions and Amendment to the Plan, the effective period of the Plan shall be the period until the conclusion of an Ordinary General Meeting of Shareholders scheduled to be held in June 2010, and the Plan shall be promptly changed or abolished, even before expiration of the effective term, by resolution of a General Meeting of Shareholders of the Company. In that sense, any changes and details associated with the Plan shall be based on the rational intentions of the Company's shareholders.

The Articles of Incorporation of the Company provide that the term of office of the directors of the Company shall be one (1) year. Therefore, the Company is also able to reflect the intent of the shareholders with respect to the Plan through the exercise of their voting rights concerning the proposal for the election of directors at the ordinary general meetings of shareholders held each year.

4) Disclosure of information and emphasis on the decisions of independent parties

In introducing the Plan, the Company has established an Independent Committee as an organization

that will eliminate arbitrary decisions by the Board of Directors and to ensure shareholders of the objectivity and reasonableness of judgments associated with the implementation of the Plan.

The Independent Committee shall be made up of three (3) or more members who are highly independent from the management of the Company and appointed from among (i) external corporate directors, (ii) external corporate auditors and (iii) other experts outside the company.

In the event a purchase tender is submitted for Company shares, the Independent Committee, acting in accordance with the Rules of the Independent Committee, will judge whether the acquisition would have a detrimental effect on the corporate value and the common interest of shareholders. The Company Board of Directors will give full consideration to the Committee's judgment and pass a resolution pursuant to the Corporation Law of Japan.

The system ensures the transparent application of the Plan for the purpose of protecting corporate value and the common interest of shareholders by establishing a system wherein the Independent Committee strictly monitors the Board of Directors to secure against arbitrary application of the Plan and the Board of Directors provides full disclosure of its decisions to all shareholders.

5) Reasonable and objective requirements for implementation of the Plan are established

As stated in (iii)-2 "Requirements for the gratis allotment of Stock Acquisition Rights" above, the Plan is established in a manner that ensures the Company Board of Directors will not execute countermeasures unless reasonable and detailed objective requirements determined in advance are satisfied and the mechanism to secure against arbitrary application of the Plan by the Company Board of Directors has been enforced.

6) Obtaining the advice of third-party experts

If an Acquirer emerges, the Independent Committee may seek to obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the expense of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

7) The term of office of directors of the Company is one year

The term of office of the directors of the Company shall be one year. Therefore, the Company is also able to reflect the intent of the shareholders with respect to the Plan through the exercise of their voting rights concerning the proposal for the election of directors at the ordinary general meetings of shareholders held each year.

8) The Plan is not a dead-hand or slow-hand type of defensive measure

As stated in (iii), (iv) Abolishment, Revisions and Amendment to the Plan above, the Plan may be abolished by a person who acquires a large number of share certificates of the shares in the Company through an election at a general meeting of shareholders of directors nominated by that person and through a resolution of the Board of Directors attended by the so-elected directors.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped).

Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the Board of Directors cannot be replaced all at once).

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Note: The monetary amounts, number of shares, percentages and other figures presented in this report are rounded to the nearest whole number.

## Consolidated Balance Sheet

(as of March 31, 2009)

(Unit: million yen)

Item of accounts	Amount	Item of accounts	Amount
<b>Assets:</b>		<b>Liabilities:</b>	
<b>Current assets</b>	<b>886,541</b>	<b>Current liabilities</b>	<b>124,173</b>
Cash in hand and at banks	47,871	Current portion of long-term borrowings	91,595
Direct cash loans to customers	861,517	Accrued income taxes	461
Installment receivables	465	Allowance for bonuses	639
Raw materials and supplies	241	Other current liabilities	31,478
Accrued interest income on loans to customers	7,914	<b>Total fixed liabilities</b>	<b>684,642</b>
Short-term loans receivable	49,992	Bonds	88,567
Deferred income tax assets	13	Convertible bond-type bonds with subscription rights to shares	70,000
Other current assets	15,523	Long-term borrowings	115,579
Less: Allowance for credit losses	-96,994	Deferred income tax liabilities	8
<b>Fixed assets</b>	<b>71,923</b>	Allowance for losses for refund of interest received from customers	403,357
<b>Tangible fixed assets</b>	<b>45,195</b>	Allowance for retirement benefit of employees	3,610
Buildings & Structures	<b>6,144</b>	Allowance for retirement benefit of directors and corporate auditors	147
Machinery & Vehicles	68	Other fixed liabilities	3,374
Equipment, furniture and fixture	4,140	<b>Total liabilities</b>	<b>808,816</b>
Land	34,649	<b>Net assets</b>	
Golf course	195	<b>Shareholders' equity</b>	<b>152,034</b>
<b>Intangible fixed assets</b>	<b>5,174</b>	<b>Common stock</b>	<b>30,478</b>
<b>Investment &amp; other assets</b>	<b>21,554</b>	<b>Capital surplus</b>	<b>52,263</b>
Investments in securities	10,981	<b>Retained earnings</b>	<b>105,761</b>
Long term deposits	5,580	<b>Treasury stock</b>	<b>-36,469</b>
Other investments	4,992	<b>Valuation and foreign currency translation adjustment</b>	<b>-2,527</b>
		<b>Net unrealized gains on investments in securities</b>	<b>-1,943</b>
		<b>Foreign currency translation adjustment</b>	<b>-584</b>
		<b>Share subscription rights</b>	<b>141</b>
		<b>Total Net assets</b>	<b>149,648</b>
<b>Total Assets</b>	<b>958,464</b>	<b>Total Liabilities &amp; Net assets</b>	<b>958,464</b>

## Consolidated Profit and Loss Statement

(from April 1, 2008 to March 31, 2009)

(Unit: million yen)

Item of accounts	Amount	
<b>Operating Revenues</b>		
Interest income on direct cash loans	178,337	
Commissions earned	69	
Other financial incomes	2,611	
Other operating income	5,331	186,349
<b>Operating Expenses</b>		
Financial Expenses	19,049	
Borrowing interest expenses	7,874	
Bond interest expenses	10,188	
Other financial expenses	987	
Other operating expenses	377,911	396,961
<b>Operating loss</b>		<b>210,612</b>
<b>Non operating income</b>		
Dividends income received	698	
Interest on refund	174	
Other non-operating income	115	987
<b>Non operating expense</b>		
Loss on disposal or sales of fixed assets	182	
Foreign exchange losses	1,331	
Bond issuance cost	1,798	
Option premium paid	1,709	
Other non-operating expenses	24	5,043
<b>Ordinary loss</b>		<b>214,669</b>
<b>Extraordinary income</b>		
Gain on sales of investments in securities	688	
Others	31	718
<b>Extraordinary losses</b>		
Loss on devaluation of investments in securities	766	
Loss on sale of investment securities	124	
Loss on impairment of fixed assets	386	
Loss on integration or close of branches	1,896	
Loss on commitment facility cancellation	2,165	
Loss on redemption of bonds	10,475	
Other non-operating expenses	173	15,985
<b>Net loss before income taxes</b>		<b>229,935</b>
Corporation taxes, inhabitants taxes & enterprise tax	766	
Deferred income taxes expense	25,435	26,201
<b>Net loss</b>		<b>256,137</b>

## Consolidated Statement of Changes in Net Assets

(from April 1, 2008 to March 31, 2009)

(Unit: million yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	30,478	52,263	393,367	-48,248	427,861
Changes of items during current fiscal year					
Dividends			-16,464		-16,464
Net income			-256,137		-256,137
Acquisition of treasury stock				-3,225	-3,225
Cancellation of treasury stock			-15,005	15,005	-
Net changes of items other than shareholders'					
Total changes of items during current fiscal year			-287,606	11,779	-275,827
Balance as of March 31, 2009	30,478	52,263	105,761	-36,469	152,034

	Valuation and foreign currency translation adjustment				Share subscription rights	Total Net assets
	Net unrealized gains on investments in securities	Deferred hedge gains or losses	Foreign currency translation adjustments	Total valuation and foreign currency adjustment		
Balance as of March 31, 2008	1,619	4,383	-128	5,875	41	433,776
Changes of items during current fiscal year						
Dividends						-16,464
Net income						-256,137
Acquisition of treasury stock						-3,225
Cancellation of treasury stock						-
Net changes of items other than shareholders'	-3,562	-4,383	-457	-8,402	101	-8,301
Total changes of items during current fiscal year	-3,562	-4,383	-457	-8,402	101	-284,128
Balance as of March 31, 2009	-1,943	-	-584	-2,527	141	149,648

## Notes to Consolidated Financial Statements

### 1. Significant Accounting Policies for Consolidated Financial Statements

#### (1) Scope of consolidation

(i) As of March 31, 2009, the number of consolidated subsidiaries were 8 as listed below;

Kyoritsu Estate Co., Ltd.  
TWJ VC Co., Ltd.  
Takefuji Capital Co., Ltd.  
Take One Co., Ltd.  
G.H Investment Co., Ltd.  
TWJ Co., Ltd.  
TWJ EURO Co., Ltd.  
TDS Co., Ltd.

(ii) Special purpose companies subject to disclosure

1) Summary of special purpose companies subject to disclosure and summary of transactions using such special purpose companies

With stabilization of its funding as the objective, the Company is liquidating beneficiary rights in trust supported by operating loans receivable. For this liquidation, the Company is using special purpose joint stock companies. In liquidating beneficiary rights on trust, the Company transfers their preferred portion to the special purpose companies, and receives, as proceeds from the sale of such portion, funds the special purpose companies raise by issuing corporate bonds, using the transferred assets as underlying assets.

The Company also engages in recovery operations for operating loan receivables, and owns the subordinated portion of the beneficiary rights on trust.

The liquidation described above resulted in transaction balances at one special purpose company as of March 31, 2009. Assets of the concerned special purpose companies totaled ¥114,554 million on their nearest closing date (on a simple aggregation basis). Their liabilities came to ¥114,544 million on the same date (on a simple aggregation basis). The Company holds no voting shares or other rights in the special purpose company. The Company dispatches no director or employee to either of them.

2) Amounts of transactions with the special purpose companies during the fiscal year under review

The Company processes asset transfer transactions with the special purpose companies subject to disclosure as financing transactions. For this reason, amounts and the like of such transactions with the special purpose companies subject to disclosure are omitted from statement.

#### (2) Application of the equity method

No entities are subject to the equity method of accounting

#### (3) The fiscal year of consolidated subsidiaries

The fiscal year-end date of each subsidiary listed hereunder is as follows;

TWJ Co., Ltd.	February 28
Take One Co., Ltd.	January 31
G.H Investment Co., Ltd	December 31

For these consolidated subsidiaries, their financial statements at the above fiscal year-end date are used respectively in the preparation of consolidated financial statements of Takefuji Corporation. Adjustments are made in the consolidated accounts for any significant transactions that occur between these dates and the consolidated balance sheet date.

(4) Significant accounting policies

(i) Basis and method of valuation of significant assets

1) Securities

Other securities:

Where there is a market quotation:

Market value as determined by the quoted price at the end of the fiscal year. The difference between the acquisition cost and the market value, excluding the related income taxes, is included directly in net assets, and the cost of securities sold is computed using the moving average method.

Where there is no market quotation:

Cost as determined by the moving average method.

2) Raw materials and supplies

Raw material and supplies value is determined by cost method in accordance with the last purchased price method (book value devaluation method due to a decrease in profitability).

(Changes in accounting policy)

From the consolidated fiscal year under review, the Accounting Standards for Measurement of Inventories (ASB No. 9, July 5, 2006) is applied. The impact of this change on business results is nil.

(ii) Depreciation of the fixed assets

1) Tangible fixed assets: mainly percentage method

Depreciation is mainly computed on the declining-balance method at rates based on the estimated useful lives of assets, except that the depreciation method for buildings (excluding auxiliary facilities attached to buildings), which were acquired on or after April 1, 1998, is the straight-line method. The range of useful lives is from 10 to 50 years for buildings and structures and from 4 to 15 years for equipment, furniture and fixtures

2) Intangible fixed assets: mainly percentage method

Software costs for internal use are amortized on the straight-line method for 5 years, which is the estimated useful life. Other intangible fixed assets are amortized on the straight-line method.

(iii) Accounting method for deferred tax assets

The bond issuance costs are posted in full as expenses at the time of expenditure.

(iv) Basis of calculating allowances

1) Allowance for credit losses

In providing for possible credit losses on direct cash loans, the Company records an allowance for loans (including delinquent loans past due 30 days or less) using an actual percentage based on all write-offs, including those arising from personal bankruptcy of customers. With respect to specific loans classified as doubtful, such as delinquent loans past due for longer periods, the Company records an allowance for credit losses thereon at the estimated uncollectible amounts based on the write-offs of such loans with similar credit risk ratings over a certain period.

2) Allowance for losses for refund of interest received from customers

In providing for possible losses for refund of interest received from customers exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, the Company records an allowance for losses for the refund of interest received from customers based on the anticipated losses for refund reclaim from customers at the end of the current fiscal year.

3) Allowance for bonuses

In providing for bonuses payable to employees, the Company records an allowance for the current fiscal year portion thereof based on the expected payment of bonuses for employees.

4) Allowance for retirement benefits of employees

The Company records an allowance for retirement benefits based on projected benefit obligations and pension fund assets as at the balance sheets date. Actuarial gain or loss is charged or credited to income in the fiscal year next to the year when that was incurred.

5) Allowance for retirement benefits of directors and corporate auditors

The Company records an allowance for directors' and corporate auditors' retirement benefits at the amount that would be payable if directors and corporate auditors retired at the end of the fiscal year in accordance with the Company's internal rules.

(v) Other significant accounting policies for the preparation of consolidated financial statements

1) Basis of recognition of interest income on direct cash loans

Interest income on direct cash loans is recognized on an accrual basis. Accrued interest income is recognized at either the contracted rate applied to individual loan or the maximum rate permitted by the Interest Rate Restriction Law in Japan, whichever is lower.

2) Accounting for hedging activities

Interest-rate swap transactions and foreign currency swap transactions are concluded to hedge risks related to interest-rate fluctuations and foreign currency exchange fluctuations related to interest expenses for bonds and borrowings. Regarding interest-rate swap transactions, the exceptional accrual method is adopted because the transaction meets the requirements of the method provided by Japanese GAAP. Regarding foreign currency swap transactions, the specific allocation method is adopted because the transaction meets the requirements of the method provided by Japanese GAAP.

As for an evaluation method for the effectiveness of hedging activities, the evaluation is omitted since transactions meet the requirements of the exception rule or the allocation rule for interest-rate swaps.

3) Accounting treatment of consumption tax etc.

Transactions subject to consumption tax for the Company and its one domestic consolidated subsidiary are stated as amounts that include related consumption tax. Those for four other consolidated subsidiaries in Japan are stated as amounts that exclude such tax.

(5) Revaluation of assets and liabilities of consolidated subsidiaries

The market method is fully applied to revaluation of assets and liabilities of consolidated subsidiaries.

(6) Reclassification

Consolidated Statements of Income

Profit on investments in partnerships, which was separately posted until the previous consolidated fiscal year, is included in "other non-operating income" because it is no longer largely influential in the amount. Profit on investments in partnerships of the current consolidated fiscal year amounted to 5 million yen.

## 2. Changes in basic matters which become the basis of presenting consolidated financial statements

Standard Accounting Treatments to the Accounting of Overseas Subsidiaries in the Consolidated Financial Statements

The Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18, May 17, 2006) is applied from the consolidated fiscal year under review, and corrections which are necessary for consolidation settlement are applied.

The impact of this change on income and loss is immaterial.

## 3. Footnote to Consolidated Balance Sheet

(1) The assets pledged as security are as follows:

	(millions of yen)
Direct cash loans to customers	302,003
Secured liabilities	(millions of yen)
Current portion of long-term borrowings	35,598
Long-term borrowings	73,665
<u>Total</u>	<u>109,263</u>

Amounts stated above is the portion related to the financing scheme by way of trusts of direct cash loans to customers.

(2) Accumulated depreciation on tangible fixed assets: 28,837 millions of yen

## 4. Footnote to Consolidated Statements of Income

Loss on commitment facility cancellation

This is a loss due to the cancellation of a commitment facility by way of true sale and due to early repayment.

## 5. Footnotes to Consolidated Statement of Changes in Net Assets

(1) Type and the total number of issued stocks and treasury stocks

	The number at the end of previous fiscal year (thousand shares)	Increase during current fiscal year (thousand shares)	Decrease during current fiscal year (thousand shares)	The number at the end of current fiscal year (thousand shares)
Issued stocks				
Common stocks	147,295	–	3,000	144,295
Total	147,295	–	3,000	144,295
Treasury stocks				
Common stocks	9,647	2,729	3,000	9,375
Total	9,647	2,729	3,000	9,375

<Note> 1 An increase in treasury stock of 2,729,000 shares consists of 2,729,000 shares of treasury stock acquired on the basis of a Board of Directors resolution and 0 thousand shares purchased as shares of less than one trading unit.

2. Decrease by 3,000,000 shares of common stock of issued stocks and of treasury stocks is due to cancellation of treasury stocks based on the resolution of the board of directors' meeting.

(2) Share subscription rights and treasury stocks

Item	Details of share subscription rights	Shares for share subscription rights	The number of shares for share subscription rights (shares)				Amount at the end of current fiscal year (millions of yen)
			March 31, 2008	Increase	Decrease	March 31, 2009	
Takefuji	Euro-Yen convertible bond-type bonds with subscription rights to shares due 2018	Common stocks	–	29,761,904	–	29,761,904	–
Takefuji	Share subscription rights as stock options	–	–	–	–	–	141
Total		–	–	–	–	–	141

(3) Items regarding dividends

(i) Dividends paid

Resolution	Type of stocks	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Annual General Shareholders' Meeting on June 27, 2008	Common stocks	12,388	90	March 31, 2008	June 30, 2008
Board of directors on November 6, 2008	Common stocks	4,076	30	September 30, 2008	December 5, 2008

(ii) Dividends after the end of current fiscal year of which record date belongs to current fiscal year

Resolution	Type of stocks	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
The Annual General Shareholders' Meeting on June 26, 2009	Common stocks	2,698	Retained earnings	20	March 31, 2009	June 29, 2009

**6. Footnotes to Statistics Per Share**

Net assets per share: 1,108.12 yen

Net income per share: 1,880.05 yen

Net income per share-diluted is net loss per share, and also not presented since there are no potential dilutive stocks.

<Note> Basis for calculating net income and net loss per share, net income per share-diluted is as follows:

Net income per share	
Net loss (millions of yen)	256,137
Net income not available to common shareholders (millions of yen)	—
Net loss for common stock (millions of yen)	256,137
Average number of shares outstanding during the current fiscal year (thousand shares)	136,239
Outline of potential stocks, which are not dilutive and which therefore were excluded from the calculation of net income per share-diluted	<p>Subscription rights to shares as stock options resolved by the Board of Directors meeting held on November 8, 2007</p> <p style="text-align: right;">470,300 shares</p> <p>70 billion yen in Euro-yen convertible bond-type bonds with subscription rights to shares due 2018</p> <p>Share subscription rights as stock options based on the resolution of the Board of Directors meeting held on July 18, 2008</p> <p style="text-align: right;">24,900 shares</p>

## 7. Footnotes to Stock Options

(1) Amount and account of stock options expensed in the current fiscal year

Other of other operating expenses      101 million yen

(2) Summary and changes of stock options

Outline of stock options

	Stock options granted in fiscal year ended March 31, 2008	Stock options granted in fiscal year ended March 31, 2009
Title and number of grantees	Employees of the Company: 2,507	Directors of the Company: 12
Type and number of stock options (Note)	Common stocks: 536,750 shares	Common stocks: 27,400 shares
Grant date	November 29, 2007	August 12, 2008
Conditions for vesting	Grantees are required to remain directors, corporate auditors or employees of the Company, or in other similar positions until stock options are exercised.	Grantees are required to remain directors or in other similar positions until stock options are exercised.
Requisite service period	No requisite service periods have been specified.	No requisite service periods have been specified.
Exercise period	From November 9, 2009 to November 8, 2011	From August 13, 2010 to August 12, 2012

<Note> The number of stock options is presented as the number equivalent to common stocks.

## 8. Figures Are Rounded to the Nearest Appropriate Unit

## Non-Consolidated Balance Sheet

(as of March 31, 2009)

(Unit: million yen)

Item of accounts	Amount	Item of accounts	Amount
<b>Assets:</b>		<b>Liabilities:</b>	
<b>Current assets</b>	<b>881,552</b>	<b>Current liabilities</b>	<b>147,806</b>
Cash in hand and at banks	42,935	Short-term borrowings from affiliates	23,884
Direct cash loans to customers	861,517	Current portion of long-term borrowings	91,595
Installment receivables	465	Accounts payable-other	23,067
Raw materials and supplies	235	Accrued expenses	5,183
Prepaid expenses	765	Accrued income taxes	204
Accrued interest income on direct cash loans to customers	7,914	Deposit received	308
Short-term loans receivable	49,992	Unearned income	2,824
Accounts receivable-other	1,455	Allowance for bonuses	638
Deposits	13,150	Other current liabilities	103
Other current assets	119	<b>Fixed liabilities</b>	<b>684,626</b>
Less: Allowance for credit losses	-96,994	Bonds	88,567
		Convertible bond-type bonds with subscription rights to shares	70,000
<b>Fixed assets</b>	<b>95,540</b>	Long-term borrowings	115,579
<b>Tangible fixed assets</b>	<b>32,655</b>	Long-term accounts payable-other	14
Buildings	5,310	Allowance for losses for refund of interest received from customers	403,357
Structures	553	Allowance for retirement benefits of employees	3,605
Vehicles and delivery equipment	10	Allowance for retirement benefits of directors and corporate auditors	147
Equipment, furniture and fixtures	4,094	Long-term unearned income	2,878
Land	22,688	Other fixed liabilities	479
<b>Intangible fixed assets</b>	<b>5,171</b>	<b>Total liabilities</b>	<b>832,432</b>
Land leasehold rights	485	<b>Net assets:</b>	
Software	3,906	<b>Shareholders' equity</b>	<b>146,059</b>
Telephone rights	141	<b>Common stock</b>	<b>30,478</b>
Other intangible fixed assets	639	<b>Capital surplus</b>	<b>52,263</b>
<b>Investments and other assets</b>	<b>57,714</b>	Additional paid-in capital	52,263
Investments in securities	8,909	<b>Retained earnings</b>	<b>99,787</b>
Investments in affiliates	38,233	Legal reserve	7,619
Investments in partnerships	1	Other retained earnings	92,167
Long-term prepaid expenses	319	General reserve	365,961
Investments in real estates	446	Retained earnings brought forward	-273,793
Leasehold deposits	4,121	<b>Treasury stock</b>	<b>-36,469</b>
Long-term deposits	5,580	<b>Valuation and foreign currency translation adjustments</b>	<b>-1,541</b>
Other investments and other assets	107	<b>Net unrealized gains on other Share subscription rights</b>	<b>-1,541</b>
			<b>141</b>
		Total net assets	144,659
<b>Total assets</b>	<b>977,092</b>	<b>Total liabilities and net assets</b>	<b>977,092</b>

## Non-Consolidated Profit and Loss Statement

(from April 1, 2008 to March 31, 2009)

(Unit: million yen)

Item of accounts	Amount	
<b>Operating revenues</b>		
Interest income on direct cash loans	178,337	
Commissions earned	69	
Other financial incomes	2,578	
Other operating income	4,459	185,443
<b>Operating expenses</b>		
Financial expenses	19,593	
Borrowing interest expenses	8,417	
Bond interest expenses	10,188	
Other financial expenses	987	
Other operating expenses	377,461	397,054
<b>Operating loss</b>		<b>211,611</b>
<b>Non operating income</b>		
Dividend income received	447	
Profit on investments in partnership	115	
Interest on refund	174	
Other non-operating income	109	845
<b>Non operating expense</b>		
Loss on disposal or sales of fixed assets	182	
Foreign exchange losses	1,262	
Bond issuance cost	1,798	
Option premium paid	1,709	
Other non-operating expenses	24	4,974
<b>Ordinary loss</b>		<b>215,740</b>
<b>Extraordinary income</b>		
Gain on sales of investments in securities	495	
Other	31	526
<b>Extraordinary losses</b>		
Loss on devaluation of investments in securities	716	
Loss on sale of investment securities	124	
Loss on impairment of fixed assets	386	
Loss on integration or close of branches	1,896	
Loss on commitment facility cancellation	2,165	
Loss on redemption of bonds	10,475	
Other non-operating expenses	173	15,935
<b>Net loss before income taxes</b>		<b>231,149</b>
Corporation taxes, inhabitants taxes & enterprise tax	348	
Deferred income taxes expense	25,435	25,784
<b>Net loss</b>		<b>256,933</b>

## Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2008 to March 31, 2009)

(Unit: million yen)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Legal reserve	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance as of March 31, 2008	30,478	52,263	7,619	365,961	14,609	388,188	-48,248	422,682
Changes of items during current fiscal year								
Dividends					-16,464	-16,464		-16,464
Net income					-256,933	-256,933		-256,933
Acquisition of treasury stock							-3,225	-3,225
Cancellation of treasury stock					-15,005	-15,005	15,005	-
Net changes of items other than shareholders' equity								
Total changes of items during current fiscal year					-288,402	-288,402	11,779	-276,623
Balance as of March 31, 2009	30,478	52,263	7,619	365,961	-273,793	99,787	-36,469	146,059

	Valuation and foreign currency translation adjustments			Share subscription rights	Total Net assets
	Net unrealized gains/losses on other investments in securities, net of taxes	Deferred hedge gains or losses	Total valuation and foreign currency adjustment		
Balance as of March 31, 2008	1,791	4,383	6,174	41	428,897
Changes of items during current fiscal year					
Dividends					-16,464
Net income					-256,933
Acquisition of treasury stock					-3,225
Cancellation of treasury stock					-
Net changes of items other than shareholders' equity	-3,332	-4,383	-7,715	101	-7,615
Total changes of items during current fiscal year	-3,332	-4,383	-7,715	101	-284,237
Balance as of March 31, 2009	-1,541	-	-1,541	141	144,659

## Notes to Non-Consolidated Financial Statements

### 1. Significant Accounting Policies

#### (1) Basis and method of valuation of securities

(i) Investments in subsidiaries and affiliates: Cost determined by the moving average method.

(ii) Other securities:

Where there is a market quotation:

Market value as determined by the quoted price at the end of the fiscal year. The difference between the acquisition cost and the market value, excluding related income taxes, is included directly in net assets, and the cost of securities sold is computed using the moving average method.

Where there is no market quotation:

Cost as determined by the moving average method.

#### (2) Basis and method of valuation of inventories

Raw material and supplies value is determined using the cost method in accordance with the last purchased price method (book value devaluation method due to a decrease in profitability).

(Changes in accounting policy)

From the consolidated fiscal year under review, the Accounting Standards for Measurement of Inventories (ASB No. 9, July 5, 2006) is applied. The impact of this change on business results is nil.

#### (3) Depreciation of fixed assets

(i) Tangible fixed assets: percentage method

Depreciation is mainly computed on the declining-balance method certain, based on the estimated useful lives of assets except that the depreciation method for buildings (excluding auxiliary facilities attached to buildings), which were acquired on or after April 1, 1998, is the straight-line method. The range of useful lives is from 15 to 50 years for buildings, from 10 to 30 years for structures, and from 4 to 15 years for equipment, furniture and fixtures

(ii) Intangible fixed assets: straight-line method

Software costs for internal use are amortized on the straight-line method for 5 years, which is the estimated useful life. Other intangible fixed assets are amortized on the straight-line method.

#### (4) Accounting method for deferred tax assets

The bond issuance costs are posted in full as expenses at the time of expenditure.

#### (5) Basis of calculating allowances

(i) Allowance for credit losses

In providing for possible credit losses on direct cash loans, the Company records an allowance for loans (including delinquent loans past due 30 days or less) based on an actual percentage based on all write-offs, including those arising from personal bankruptcy of customers. With respect to specific loans classified as doubtful such as delinquent loans past due for longer periods, the Company records an allowance for credit losses thereon at the estimated uncollectible amounts based on the write-offs of such loans with similar credit risk ratings over a certain period.

(ii) Allowance for losses for refund of interest received from customers

In providing for possible losses for the refund of interest received from customers exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, the Company records an allowance for losses for the refund of interest received from customers based on the anticipated losses for refund reclaim from customers at the end of the current fiscal year.

(iii) Allowance for bonuses

In providing for bonuses payable to employees, the Company records an allowance for the current fiscal year portion thereof based on the expected payment of bonuses for employees.

(iv) Allowance for retirement benefits of employees

The Company records an allowance for retirement benefits based on projected benefit obligations and pension fund assets as at the balance sheets date. The actuarial gain or loss is charged or credited to income in the fiscal year next to the year when that was incurred.

(v) Allowance for retirement benefits of directors and corporate auditors

The Company records an allowance for directors' and corporate auditors' retirement benefits at the amount that would be payable if directors and corporate auditors retired at the end of the fiscal year in accordance with the Company's internal rules.

(6) Basis of recognition of interest income on direct cash loans

Interest income on direct cash loans is recognized on an accrual basis.

Accrued interest income is recognized at either the contracted rate applied to individual loans or the maximum rate permitted by the Interest Rate Restriction Law in Japan, whichever is lower.

(7) Other significant accounting policies for the preparation of financial statements

1) Accounting for hedging activities

Interest-rate swap transactions and foreign currency swap transactions are concluded to hedge risks related to interest-rate fluctuations and foreign currency exchange fluctuations related to interest expenses for bonds and borrowings. Regarding interest-rate swap transactions, the exceptional accrual method is adopted because the transaction meets the requirements of the method provided by Japanese GAAP. Regarding foreign currency swap transactions, the specific allocation method is adopted because the transaction meets the requirements of the method provided by Japanese GAAP.

As for an evaluation method for the effectiveness of hedging activities, the evaluation is omitted since transactions meet the requirements of the exception rule or the allocation rule for interest-rate swaps.

2) Accounting treatment of consumption tax etc.

Transactions subject to consumption tax are stated at the amount which includes the related consumption tax.

## 2. Footnote to Non Consolidated Balance Sheet

(1) The assets pledged as security are as follows:

	(millions of yen)
Direct cash loans to customers	302,003
Secured liabilities	(millions of yen)
Current portion of long-term borrowings	35,598
Long-term borrowings	73,665
<u>Total</u>	<u>109,263</u>

Amounts stated above are the portion related to the financing scheme by way of trusts of direct cash loans to customers.

(2) Accumulated depreciation on tangible fixed assets: 26,786 millions of yen

(3) Monetary receivables from and payables to related companies:

	(millions of yen)
Short-term monetary claims	4
Long-term monetary claims	0
Short-term monetary obligations	23,931

**3. Footnotes to Non-Consolidated Profit and Loss Statement**

(1) Affiliates transactions

	(millions of yen)
Operating revenues	5
Operating expenses	558

(2) Loss on commitment facility cancellation

This is a loss due to the cancellation of a commitment facility by way of true sale and due to early repayment.

**4. Footnotes to Non-Consolidated Statement of Changes in Net Assets**

Type and the number of treasury stocks

	The number at the end of previous fiscal year (thousand shares)	Increase during current fiscal year (thousand shares)	Decrease during current fiscal year (thousand shares)	The number at the end of current fiscal year (thousand shares)
Common stocks (Note)	9,647	2,729	3,000	9,375
Total	9,647	2,729	3,000	9,375

<Note> 1. The factors of the number increased by 2,729,000 shares are acquisition of treasury stock resolved by the board of directors by 2,729,000 shares and purchase of under unit stocks by 0 thousand shares.

2. Decrease by 3,000,000 shares of common stock of issued stocks and of treasury stocks is due to cancellation of treasury stocks based on the resolution of the board of directors' meeting.

## 5. Footnotes to the Deferred Tax Accounting

The tax effects of temporary differences which give rise to significant portions of the deferred income tax assets and liabilities are as follows:

		(millions of yen)
Current deferred income tax assets;		
Direct cash loans to customers		7,467
Accrued interest income on direct cash loans to customers		1,996
Allowance for credit losses		12,966
Allowance for bonuses		258
Other		424
Sub total		23,110
Valuation allowance		-23,110
Total		-
Fixed deferred income tax assets;		
Tangible fixed assets		7,992
Investments in securities		235
Valuation difference on available-for sale securities		624
Investments in affiliates		14,323
Allowance for losses for refund of interest received from customers		163,360
Allowance for retirement benefits of employees		1,460
Accumulated deficit		109,589
Other		12,579
Sub total		310,162
Valuation allowance		-310,162
Total		-

## 6. Footnotes to Related Party Transaction

(Additional information)

Starting in the fiscal year under review, the Accounting Standard for Related Party Disclosures (ASB Statement No. 11, October 17, 2006) and the Guidance on Accounting Standards for Related Party Disclosures (ASB Guidance No. 13, October 17, 2006) are applied. There is no change with respect to the scope of disclosure by the application of the standards.

(1) Affiliated companies, etc.

Type	Company name	Ratio of voting rights held	Relationship		Transactions	Amount transacted (millions of yen)	Account	Outstanding balance at the end of the fiscal year (millions of yen)
			Directors	Involved Business				
Subsidiary	TWJ Co., Ltd.	(Equity ownership) Direct 100%	Additional post 1	Borrowing of funds	Payment of interest	303	Affiliates	13,184
							Short-term borrowings	
							Accrued expenses	26

(Note) Loan interest rate at the time of funds borrowing is reasonably determined by taking into account market interest rates. No collateral is offered in the borrowings.

(2) Directors and primary individual shareholders, etc.

Type	Company name	Ratio of voting rights held	Relationship		Transactions	Amount transacted (millions of yen)	Account	Outstanding balance at the end of the fiscal year (millions of yen)
			Directors	Involved Business				
Company in which more than the majority of voting rights is owned by directors and their relatives (including subsidiaries of the company)	Daio Co., Ltd.	(Owned) Direct 5.7% Indirect 0.1%	Additional post 1	Use of facility	Payment or use of facility	53	Prepaid expense	4
							Account payable	1

<Notes> 1. Consumption taxes are included in the transactions.

2. All conditions and methods of the transactions mentioned above are determined by the same way as general transactions in consideration of market supply and demand as well as the trend of market prices and others.

3. Taketeru Takei, a director of the Company, and his relatives have 100% of voting rights of Daio Co., Ltd

**7. Footnotes to Statistics Per Share**

Net assets per share: 1,071.14 yen

Net income per share: 1,885.90 yen

Net income per share-diluted is net loss per share, and also not presented since there are no potential dilutive stocks.

<Note> Basis for calculating net income and net loss per share, net income per share-diluted is as follows:

Net income per share	
Net loss (millions of yen)	256,933
Net income not available to common shareholders (millions of yen)	—
Net loss for common stock (millions of yen)	256,933
Average number of shares outstanding during the current fiscal year (thousand shares)	136,239
Outline of potential stocks, which are not dilutive and therefore were excluded from the calculation of net income per share-diluted	Subscription rights to shares as stock options resolved by the Board of Directors meeting held on November 8, 2007 470,300 shares 70 billion yen in Euro-yen convertible bond-type bonds with subscription rights to shares due 2018 Share subscription rights as stock options based on the resolution of the Board of Directors meeting held on July 18, 2008 24,900 shares

**8 Figures Are Rounded to the Nearest Appropriate Unit**

# Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements

## INDEPENDENT AUDITORS' REPORT

11th May 2009

To the Board of Directors of  
Takefuji Corporation

Ernst & Young ShinNihon LLC

Yoshitaka Otahara, CPA  
Engagement Partner

Tetsu Shimamura, CPA  
Engagement Partner

We have audited, pursuant to Article 444, paragraph 4 of the Corporate Law of Japan, the financial statements, which consist of the balance sheet, profit and loss statement, statement of changes in stockholder's equity, supplementary schedules of Takefuji Corporation (hereinafter referred to as the "Company") for the 42nd fiscal year from April 1, 2008 to March 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As a result of our audit, we find that the consolidated financial statements of Takefuji and its subsidiaries present the condition of property, profit or loss fairly in all material respects in accordance with accounting standards generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

## Transcript of Accounting Auditors' Audit Report on Non-Consolidated Financial Statements

### INDEPENDENT AUDITORS' REPORT

11th May 2009

To the Board of Directors of  
Takefuji Corporation

Ernst & Young ShinNihon LLC

Yoshitaka Otahara, CPA  
Engagement Partner

Tetsu Shimamura, CPA  
Engagement Partner

We have audited, pursuant to Article 436, paragraph 2-1 of the Corporate Law of Japan, the financial statements, which consist of the balance sheet, profit and loss statement, statement of changes in stockholder's equity, non-consolidated notes and supplementary schedules of Takefuji Corporation (hereinafter referred to as the "Company") for the 42nd fiscal year from April 1, 2008 to March 31, 2009. These financial statements and supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the financial statements and supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As a result of our audit, we find that the non-consolidated financial statements of Takefuji and its subsidiaries present the condition of property, profit or loss fairly in all material respects in accordance with accounting standards generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

## **Transcript of Audit Committee's Audit Report on Consolidated Financial Statements**

### **AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Corporate Auditors has prepared the following report with regard to the discharge of duties by Directors during the 42nd fiscal year from April 1, 2008 to March 31, 2009. The Report was prepared on the basis of audit reports by the individual Corporate Auditors and represents an opinion of all the Corporate Auditors after deliberation among them.

#### **1. Methods and scope of audit by the individual Corporate Auditors and by the Board of Corporate Auditors**

The Board of Corporate Auditors established auditing policies and auditing plans for the fiscal year for review, and received reports from each individual Corporate Auditor on the discharge of auditing activities and the results thereof. In addition, it received reports on the discharge of duties from Directors and others and from the Independent Auditor, and, as and when necessary, requested their explanations regarding such reports.

Each individual Corporate Auditor, in accordance with the auditing standards for Corporate Auditors set by the Board of Corporate Auditors, communicated with Directors, the internal auditing department of the Company and other employees in the effort of collecting information and creating an environment for auditing. Moreover, Corporate Auditors attended the meeting of the Board of Directors and other important meetings, received reports from Directors and other employees on discharge of duties and, as and when necessary, requested their explanations with regard to those reports. Corporate Auditors also inspected documents related to important decisions and examined operations and assets at the Company's head offices and major facilities. Corporate Auditors monitored and examined the systems established to ensure that the discharge of duties by Directors to be in compliance with laws and regulations and with the Company's Articles of Incorporation.

Corporate Auditors also monitored and examined the said systems pursuant to Paragraph 1 and 3, Article 100 of the Enforcement Regulations of the Corporation law in order to ensure that the Company's operations to be conducted complaint with the Board Resolution (internal control system). With respect to internal control concerning financial reporting, we received reports regarding evaluation of the internal control and situations of audit from directors and Ernst & Young ShinNihon LLC, and requested explanations from them when necessary. With respect to the basic policy as stipulated in Article 118, Item 3 (a) of the Enforcement regulations of the Corporate Law and actions as stipulated in Article 118, Item 3 (b), we reviewed their contents, mindful of the situations of discussions at meetings of the Board of Directors and other forums. With respect to subsidiaries, Corporate Auditors took steps to facilitate communications with directors and corporate auditors of such subsidiaries and, as and when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, Corporate Auditors reviewed the Business Report and the supplementary statements thereto for the fiscal year.

In addition, Corporate Auditors monitored and examined as to whether the Independent Auditor maintains their independence and carries out their audits in an appropriate manner.

Corporate auditors received reports from the Independent Auditor on the discharge of their audits and, as and when necessary, requested their explanations regarding those reports.

Corporate Auditors also received reports from the Independent Auditor that they have taken steps for developing the better "system to ensure appropriate discharge of their duties" (as stipulated in Article 131 of the Company Accounting Regulation Ordinance) in compliance with the "Quality Control Standard Relating to Auditing"(adopted by the business Accounting Deliberation Council on October 28, 2005). When necessary, Corporate Auditors requested their explanations on these reports. Based on the foregoing methods, Corporate Auditors reviewed the financial statements for the fiscal year (Balance Sheets, Statements of Income, Statement of Changes in Stockholder's Equity, and Notes on significant accounting policies) and supplementary statements thereto as well as the consolidated financial statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statement of Changes in Stockholder's Equity, and Notes on Consolidated Accounting policies).

## 2. Result of the Audit

### (1) Result of audit of the business report

- 1) In our opinion, the Business Report and the supplementary statements thereto present fairly the situation of the company, in compliance with the provisions of applicable laws and regulations and the articles of incorporation.
- 2) In our opinion, there were no wrongful acts or material violations of applicable laws and regulations or the Article of Incorporation in discharge of their duties by Directors.
- 3) In our opinion, the resolution by the Board of Directors regarding internal control systems is appropriate, and there is no particular matter to point out in connection with the discharge of duties by directors in terms of the compliance with that internal control system by Directors.
- 4) In our opinion, the fundamental policy for persons principally making decisions on financial and operational policy described in the Business Report is appropriate, and there is no particular matter to point out. Our measures for the Article 118 Item 3 (b) of the Enforcement Regulations of the Corporate Law describes in the Business Report complies with this fundamental policy, are not contrary to the interests of shareholders, and do not seek to protect the status of the company's directors.

### (2) Result of the audit of financial statements and the supplementary statements thereto

In our opinion, the auditing methods used and the audit results presented by Ernst & Young ShinNihon LLC, the Accounting Auditor, are appropriate.

### (3) Result of the audit of consolidated financial statements

In our opinion, the auditing methods used by Ernst & Young ShinNihon LLC, the Independent Auditor is appropriate.

12th May 2009

Board of Corporate Auditors,	
Takefuji Corporation	
Corporate Auditor (Full Time)	Hiroshi Hirai
Corporate Auditor (Full Time)	Takeshi Kasai
Standing outside auditor	Toshiyuki Tsuchiya
External Auditor	Yoshihiro Ogura

## Supplemental Explanation

### Proposition No.1: Appropriation of retained earnings at the end of 42nd fiscal year

The Company considers the return of earnings to shareholders to be a top management priority. Our basic policy is to reward our valued shareholders by continuing to provide stable dividends in long-term.

Based on this policy, the Company plans to distribute retained earnings in the current fiscal year as follows:

#### 1. Matters concerning year-end dividends

##### (1) Types of assets to be distributed

Cash

##### (2) Allocation of assets to be distributed to shareholders and their total amount

20 yen per share of common stock                      Total 2,698,396,300 yen

Payment of the amount stated above will bring annual dividends, including interim dividends, to 50 yen per share.

##### (3) Effective date of dividend payments

June 29, 2009

#### 2. Matters concerning the distribution of other retained earnings

##### (1) Item and amount of increase in retained earnings

Retained earnings brought forward                      280,000,000,000 yen

##### (2) Item and amount of decrease in retained earnings

General reserve    280,000,000,000 yen

**Proposition No.2: Partial revision of the Articles of Incorporation**

1. Objectives of changes of these Articles of Incorporation

Shareholders will be asked to approve the following amendments due to the January 5, 2009 enactment of the “Law Amending the Partial Revision of the Commercial Code Concerning Book-Entry Transfer of Corporate Securities for Rationalization of Settlements Related to the Trading of Equities” (Law No. 88 of 2004, hereafter the “Settlement Rationalization Law”).

- (1) Based on Article 6 of the Settlement Rationalization Law, all provisions of the Articles of Incorporation concerning the issuance of share certificates are legally deemed to have been deleted on January 5, 2009. Consequently, the provisions in Article 7 of the current Articles of Incorporation (Issuance of Share Certificates) shall be deleted, and at the same time, statements concerning share certificates shall be deleted and amended.
- (2) Because the Law Concerning Custody and Transfers of Share Certificates, Etc., (Law No. 30 of 1984) is no longer effective, the provisions concerning beneficial shareholders and the register of beneficial shareholders are to be deleted and amended.
- (3) Supplementary rules for the register for lost share certificates will be established as a transitional measure because the stock transfer agent will continue to maintain this register for a period of one year starting on the day after enactment of the Settlement Rationalization Law.
- (4) Numbers of articles and other items are to be revised in association with the above deletion of provisions.

2. Description of Changes to Articles of Incorporation

(Underlined portions represent changed portions.)

Current Articles of Incorporation	Proposed Changes
<p>(Issuance of Share Certificates)  <u>Article 7 The Company shall issue share certificates representing its issued stock.</u>            Article <u>8</u> ~ Article <u>9</u> (Provisions omitted)</p>	<p>(Deleted)             Article <u>7</u> ~ Article <u>8</u> (No Change)</p>
<p>(Non-Issuance of Shares Constituting Less Than One (1) Unit)  <u>Article 10 Irrespective of the regulation in Article 7, the Company shall not issue any certificates for shares constituting less than one (1) unit of shares, unless otherwise provided for in the Share Handling Regulations.</u></p>	<p>(Deleted)</p>
<p>(Rights Pertaining to Shares Constituting Less Than One (1) Unit)            Article <u>11</u> A shareholder of the Company <u>(including the beneficial shareholder; the same applies hereinafter)</u> may not exercise any rights, except for the rights set forth below, with respect to shares constituting less than one (1) unit held by such shareholder.            (Hereafter omitted)</p>	<p>(Rights Pertaining to Shares Constituting Less Than One (1) Unit)            Article <u>9</u> A shareholder of the Company may not exercise any rights, except for the rights set forth below, with respect to shares constituting less than one (1) unit held by such shareholder             (No Change)</p>

Current Articles of Incorporation	Proposed Changes
<p>(Shareholder Register Manager)  Article <u>12</u> (Provisions omitted)  2 (Provisions omitted)  3 The preparation and keeping of, <u>and other administrative work relating to the register of shareholders (including the register of beneficial shareholder; the same applies hereinafter), the register of stock acquisition rights and the register of lost share certificates</u> of the Company shall be entrusted to the shareholder register manager and shall not be handled by the Company.</p> <p>Article <u>13</u> ~ Article <u>41</u> (Provisions omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Shareholder Register Manager)  Article <u>10</u> (No Change)  2 (No Change)  3 The preparation and keeping of the register of shareholders <u>and</u> the register of stock acquisition rights, and other administrative work relating to the register of shareholders <u>and</u> the register of stock acquisition rights shall be entrusted to the shareholder register manager and shall not be handled by the Company.</p> <p>Article <u>11</u> ~ Article <u>39</u> (No Change)</p> <p>Supplementary rules  Article 1 <u>The preparation and keeping of, and other administrative work relating to the register of lost share certificates shall be entrusted to the shareholder register manager and shall not be handled by the Company.</u></p> <p>Article 2 <u>The previous and this articles shall be deleted on January 6, 2010.</u></p>

### Proposition No.3: Appointment of twelve directors

The appointment of twelve directors below is subject to approval at the ordinary general meeting of shareholders, due to the expiry of the terms of ten directors at the conclusion of this general meeting of shareholders.

No.	Name (Date of Birth)	History & Titles	No. of shares held
1	Akira Kiyokawa (February 17, 1942)	<p>April 1964      Joined Nomura Securities Co., Ltd.  December 1985    Director of Nomura Securities Co., Ltd.  May 1993        Senior managing director of Nomura Securities Co., Ltd.  August 1993     Director and President of the Nomura Trust &amp; Banking Co., Ltd.  June 1999        Director and President of Nomura Asset Management Co., Ltd.  November 2000   Director and President of Nomura Asset Management Co., Ltd.  June 2002        Joined Takefuji Corporation as an advisor  June 2002        Representative Director and President of Takefuji Corporation  June 2004        Stepped down as Representative Director and President of Takefuji Corporation  August 2005     Representative Director and President of F&amp;K Consulting Co., Ltd.  May 2008        Rejoined Takefuji Corporation as an advisor  June 2008        Representative Director, President and CEO of Takefuji Corporation (present post)</p>	6,090
2	Taketeru Takei (February 2, 1970)	<p>June 1993        Joined Takefuji Corporation  June 1998        Director and GM of Secretariat Office  June 1999        Director and Chief of Business and Marketing Division  June 2000        Managing Director of Takefuji Corporation  June 2002        Chief of Business and Marketing Division  June 2002        Senior managing director of Takefuji Corporation  June 2004        Chief of Business and Marketing Division  June 2004        Representative Director of Takefuji Corporation, senior managing director and executive officer  June 2008        Chief of Business and Marketing Division  June 2008        Representative Director of Takefuji Corporation, Executive Vice President and executive officer  June 2008        Chief of Business and Marketing Division  June 2008        In charge of Business Administration Department, Training and Education Department, Secretariat Office, and CSR Promotion Office (present post)  August 2008     In charge of Corporate Planning Department (present post)</p> <p>(Posts held in other corporations etc.)  TWJ: Representative Director  President of Asuka International Foundation</p>	6,941,400

No.	Name (Date of Birth)	History & Titles	No. of shares held
3	Katsunori Aita (June 27, 1963)	<p>April 1988      Joined Takefuji Corporation</p> <p>June 2002      Director and GM of Sendai Regional Branch</p> <p>September 2002      Vice Chief of Business and Marketing Division</p> <p>June 2004      Director and Executive Officer Vice Chief of Business and Marketing Division</p> <p>June 2005      Director and executive officer</p> <p>June 2008      Managing director and executive officer</p> <p>August 2008      Managing director and executive officer In charge of Personnel Department and Customer Relations Office (present post)</p>	7,120
4	Kengo Sato (July 14, 1959)	<p>April 1983      Joined Takefuji Corporation</p> <p>May 1991      Vice Chief of Business and Marketing Division</p> <p>June 1996      GM of Osaka Regional Branch</p> <p>June 2000      GM of Loan Administration Dept.</p> <p>June 2004      Executive Officer and GM of Loan Administration Dept.</p> <p>June 2005      Director and executive officer</p> <p>June 2008      Managing director and executive officer In charge of Legal Department, Loan Administration Department, and Advertising Department (present post)</p>	320
5	Tsunefumi Shindo (May 18, 1949)	<p>April 1974      Joined Oki Electric Industry Co., Ltd.</p> <p>April 1993      Oki Electric Industry Co., Ltd.: GM of System Development Dept.</p> <p>October 2000      Oki Software Co., Ltd.: GM of Information System Project Dept.</p> <p>April 2002      Oki Software Co., Ltd.: GM of Business Dept.</p> <p>December 2005      Was delegated from Oki Electric Industry Co., Ltd. to Takefuji Corporation as GM of Information System Dept.</p> <p>March 2006      Joined Takefuji Corporation as Executive Officer</p> <p>June 2006      Director and Executive Officer In charge of Information System &amp; Credit Card Business Depts. (present post)</p>	210

No.	Name (Date of Birth)	History & Titles	No. of shares held
6	Satoru Shishido (January 25, 1947)	<p>April 1965      Joined Ministry of Finance</p> <p>July 1996      Kanto Regional Finance Bureau: Manager of Local Financial 3rd Dept.</p> <p>July 1998      Kanto Regional Finance Bureau: Manager of Loan Dept.</p> <p>July 1999      Kanto Regional Finance Bureau: GM of Nagano Office</p> <p>July 2001      Kanto Regional Finance Bureau: Chief Administrative Inspector of Financial Dept.</p> <p>April 2002      Joined the Association of Employment Development for Senior Citizens as Manager of Accounting Dept.</p> <p>October 2003    Joined Japan Organization for Employment of the Elderly and Persons with Disabilities as Manager of Contracts and Property Administration</p> <p>April 2006      Joined Takefuji Corporation as Senior Adviser</p> <p>June 2006      Director and Executive Officer</p> <p>June 2007      Director and Executive Officer In charge of Inspection Dept. (present post)</p>	210
7	Mikio Yamamoto (January 6, 1960)	<p>April 1982      Joined Hazama Corporation</p> <p>July 2003      Hazama Corporation: GM of Business Planning Dept., Planning Division</p> <p>January 2005    Joined Takefuji Corporation as Deputy GM of General Affairs Dept.</p> <p>June 2006      Executive Officer</p> <p>June 2007      Director and Executive Officer In charge of General Affairs Dept. (present post)</p>	230
8	Junichi Yoshida (July 16, 1968)	<p>February 1988    Joined Takefuji Corporation</p> <p>August 2001      Deputy GM, Nagoya Regional Branch</p> <p>January 2004      Manager, Compliance Administrative Office</p> <p>August 2004      GM of Business Administration Dept.</p> <p>December 2007    Executive Officer</p> <p>June 2008      Director and Executive Officer</p> <p>January 2009      Director and Executive Officer, Vice Chief of Business and Marketing Division In charge of Business Operation Department (present post)</p>	330
9	Shigeo Sato (September 29, 1956)	<p>July 1975      Joined Nippon Telegraph and Telephone Public Corporation (currently NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION)</p> <p>July 2004      Manager, Financial Section, Fukushima General Affairs Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>June 2006      Manager, Tax and Fund Section, Finance Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>May 2007      Joined Takefuji Corporation as GM, Accounting Department</p> <p>June 2008      Director and Executive Officer In charge of Accounting Department (present post)</p>	210

No.	Name (Date of Birth)	History & Titles	No. of shares held
10	Akiyuki Nagase (September 18, 1948)	<p>April 1974      Joined Nomura Securities Co., Ltd.  May 1976      Founded Nagase Brothers Inc. as Representative Director &amp; President (present post)</p> <p>April 1989      Founded Tokyo Seiko Gakuen as Board Chairperson (present post)  June 2004      Takefuji Corporation's Outside Director (present post)  October 2006    Representative Director and President of Yotsuya Otsuka, Inc. (present post)  January 2008    Representative Director and President, Itoman Swimming School inc. (present post)</p> <p>(Positions held in other corporations etc.)  President and Representative Director of Nagase Brothers Inc.  President and Representative Director of Yotsuya Otsuka, Inc.  Board Chairperson of Tokyo Seikogakuen  President and Representative Director of Itoman Swimming School inc.</p>	0
11	* Kentaro Itai (December 22, 1973)	<p>March 1997      Joined Takefuji Corporation  February 2000    Branch Manager, Iida Branch Office  April 2002      Branch Manager, Tajimi Branch Office  June 2007      Deputy General Manager, Public Relations Department  June 2008      General Manager, Public Relations Department (present post)</p>	0
12	* Toshiaki Nishikawa September 11, 1948	<p>April 1974      Joined Sanyo Securities Co., Ltd.  January 1978      Joined Okasan Securities Co., Ltd.  June 1993      Director, Okasan Securities Co., Ltd.  May 1998      Representative Director and President, Ibaraki Securities Co., Ltd. (currently Sieg Securities Co., Ltd.)  June 2001      Representative Director and President, Super Sieg Securities Co., Ltd. (currently New-S Securities Co., Ltd.)  January 2003    Representative Director and President, New-S Securities Co., Ltd. (company name changed) (present post)</p> <p>(Positions held in other corporations, etc.)  Representative Director and President, New-S Securities Co., Ltd.</p>	0

(Notes) 1. Mr. Taketeru Takei, a candidate for director, is also serving on the board of directors of Daio Corporation, with which the Company has dealings for facility use.

2. There is no special relationship of interest between the Company and other candidates.

3. Mr. Akiyuki Nagase, a candidate for director, is a candidate for outside director. The reason for Mr. Nagase's candidacy is his expertise in management acquired through many years of experience as President and Representative Director of Nagase Brothers Inc. Mr. Nagase is qualified to furnish the Company with objective advice and suggestions based on his expertise.

During Mr. Akiyuki Nagase's term of office, the Company received a business improvement order from the Kanto Local Finance Bureau, based on the provisions of the Article 24-6-3 of the Money Lending Business Law. Mr. Nagase had made recommendations on a day-to-day basis from a legal observance perspective at Board of Directors meetings. After receiving the order, Mr. Nagase made proposals and expressed his opinions on matters, including

reinforcement of the internal control organization toward recurrence prevention.

Mr. Nagase is presently serving as an Outside Director Director of the Company. He has held the position for five years as of the end of the ordinary general meeting of shareholders. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies act, the Company has signed an agreement with Mr. Akiyuki Nagase, which limits his liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies act; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws and regulations. If the candidacy of Mr. Akiyuki Nagase is approved, the Company plans to continue the agreement with Mr. Nagase to limit his liabilities for damages.

4. Mr. Toshiaki Nishikawa, a candidate for director, is a candidate for outside director. The reason for Mr. Nishikawa's candidacy is his expertise in management acquired through many years of experience as President and Representative Director of New-S Securities Co., Ltd. Mr. Nishikawa is qualified to furnish the Company with objective advice and suggestions based on his expertise.

If the candidacy of Mr. Toshiaki Nishikawa is approved, the Company plans to, in pursuant to the provisions of Article 427, Paragraph 1 of the Companies act, sign an agreement with Mr. Nishikawa, which limits his liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies act; provided, however, that the limit of liabilities for damages under such agreements shall be the amount prescribed in laws and regulations.

5. \* Newly appointed

#### Proposition No.4: Appointment of two corporate auditors

The term of office held by corporate auditors Mr. Takeshi Kasai and Mr. Yoshihiro Ogura will expire at the conclusion of the current ordinary general meeting of shareholders. We request our shareholders to elect two corporate auditors.

This proposition has been approved by the Board of Corporate Auditors.

The candidates for corporate auditors are as follows:

No.	Name (Date of Birth)	History & Titles	No. of shares held
1	Takeshi Kasai (March 1, 1944)	April 1966      Joined Nissho Corporation (currently Sojitz Corporation) July 1999      Acting Director in charge of the No. 2 Functional Group, Nissho Iwai Corporation (currently Sojitz corporation) July 2000      Director, Sun Building Materials Corporation July 2001      Managing Director, Beisei Trading inc. February 2004      Joined Takefuji Corporation as an assistant to corporate auditor June 2004      Full-time corporate auditor (present post)	100
2	Yoshihiro Ogura (December 8, 1945)	April 1973      Registered as an attorney (present post) March 1996      Interim corporate auditor, Takefuji Corporation June 1996      Corporate auditor, Takefuji Corporation (present post)	0

(Notes) 1. There is no special relationship of interest between the Company and each candidate for corporate auditors.

2. Mr. Yoshihiro Ogura, a candidate for corporate auditor, is a candidate for outside auditor. The reason for Mr. Ogura's candidacy is his professional knowledge and experience acquired through many years as an attorney. Mr. Ogura is qualified to furnish the Company with advice on ensuring the appropriateness of the Company's operations, and also provide objective and neutral audit based on his expertise.

Mr. Ogura has not been involved in company management other than serving as an outside auditor, but we have determined that he is capable of executing his duties as an outside auditor for the reasons described above.

During Mr. Yoshihiro Ogura's term of office, the Company received a business improvement order from the Kanto Local Finance Bureau, based on the provisions of the Article 24-6-3 of the Money Lending Business Law. Mr. Ogura had made recommendations on a day-to-day basis from a legal observance perspective at meetings of the Board of Directors and the Board of Auditors. After receiving the order, Mr. Ogura made proposals and expressed his opinions on matters, including the reinforcement of the internal control organization to prevent a recurrence.

Mr. Ogura is presently serving as an outside auditor of the Company. He has held the position for 13 years as of the end of the ordinary general meeting of shareholders.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies act, the Company has signed an agreement with Mr. Yoshihiro Ogura, which limits his liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies act; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws and regulations. If the candidacy of Mr. Ogura is approved, the Company plans to continue the agreement with Mr. Ogura to limit his liabilities for damages.

**Proposition No.5: Appointment of one corporate substitute auditor**

With the convocation of this General Meeting of Shareholders, the appointment of Mr. Yuichi Omori as a substitute auditor made at the 41st Ordinary General Meeting of Shareholders held on June 28, 2008 will become null and void. The Company requests its shareholders to appoint one new substitute auditor at the General Meeting, to prepare for a case in which the Company does not have the statutory number of auditors.

This proposition has been approved by the Board of Corporate Auditors.

The candidate for corporate substitute auditor is as follows:

Name (Date of Birth)	History & Titles	No. of shares held	
Isao Moriya (September 5, 1937)	March 1968	Registered as a Certified Public Accountant	0
	May 1968	Registered as a tax accountant	
	October 1970	Opened the Moriya CPA Office (present post)	
	April 1976	Sanwa & Co. (currently Deloitte Touche Tohmatsu)	
	February 1981	Representative Employee, Deloitte Touche Tohmatsu	
	June 2003	Auditor, Pioneer Corporation	
	(Positions held in other corporations, etc.) President, Moriya CPA Office		

(Notes) 1. There is no special relationship of interest between the Company and candidate for corporate substitute auditor.

2. Mr. Isao Moriya is a candidate for outside auditor. The reason for Mr. Moriya's candidacy is his professional knowledge as a Certified Public Accountant and abundant experience acquired in accounting firms and auditing firms. Mr. Moriya is qualified to furnish the Company with advice on ensuring the appropriateness of the Company's operations, and also provide objective and neutral audit based on his expertise.

Mr. Moriya has not been involved in company management other than serving as an outside auditor, but we have determined that he is capable of executing his duties as an outside auditor for the reasons described above.

If the candidacy of Mr. Moriya is approved, Pursuant to the provisions of Article 427, Paragraph 1 of the Companies act, the Company plans to sign an agreement with Mr. Moriya, which limits his liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies act; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws and regulations.

**Proposition No.6: Offer of retirement benefits for retired directors**

The Company plans to pay retirement benefits to Mr. Shigefumi Nakamura, who resigned from his position as a director on March 31, 2009, and Ms. Akiko Hokazono, whose term as a director will expire at the completion of the current ordinary general meeting of shareholders, in recognition of their services during their terms, pursuant to the Company's prescribed standard and within the scope of the allowed amount.

We request our shareholders to allow the Board of Directors to set specific amounts, payment dates, and payment methods of retirement benefits for Mr. Nakamura and Ms. Hokazono.

The service history of the two retiring directors is as follows:

Name	History	
Shigefumi Nakamura	June 2007	Director, Takefuji Corporation
	March 2009	Resigned from his position as a director of Takefuji Corporation
Akiko Hokazono	June 2007	Director, Takefuji Corporation (present post)