

I. Monthly Business Results for November 2006



The loans balance at the end of November showed positive results of approximately 13.7 billion yen increase on a branch-office basis, and achieved our sales target for the second consecutive month, following October.

We thank all our stakeholders for their ongoing support and understanding. All employees and officers are united in their commitment to continuing to advance our business, responding the needs of our customers and improving their convenience based on our principle of Customer First.

Meanwhile, a draft revision of the Moneylending Control Law, which calls for a lowering of the maximum legal lending rate (to 20% for loans of less than 100,000 yen, 18% for loans of less than 1 million yen, and 15% for loan of 1 million yen or more) and regulations on the total lending amount (in principle, lending limit to one third of a customer's annual income), was passed in a plenary session of the Upper House on December 13, 2006. These regulations will become effective at the end of 2009, and they will inevitably have a significant impact on business conditions in consumer finance industry. We therefore regard **the shift to an efficient business model in line with the new system** after the amendment of the law as an urgent task, and to implement this we have established a business strategy team to conduct a drastic review of all aspects of our business, including sales, financing and systems. We have also been **promoting further rationalization and streamlining of all operations**, while comprehensively reducing costs.

Although large unsecured loans with high risk such as the so-called Consolidated Loans have become more common in recent years, we will continue to **stick to the maximum lending amount per customer of 1 million yen for unsecured loans** and **diversify risks by maintaining a careful operating stance with the strict credit standard**. We believe that these initiatives may mitigate the negative impact when the regulation on total lending amount has been introduced.

These developments have underscored for us the growing importance of ensuring that all employees and officers are aware of compliance issues and of fully enforcing internal management systems. Based on this recognition, we are **taking a number of steps to Further Strengthen Our Compliance System**, which are discussed below. Bearing in mind that the sum of daily initiatives is essential for strengthening and enhancing the compliance system, all employees and officers will cooperate in a comprehensive approach to instilling a law-abiding spirit at every level of the Company.

Unit of amount: millions of yen)	2005/11	2006/3	2006/11	Ratio/ No. of YoY change	Ratio/ No. of change from March 06
Direct Cash Loans	1,598,768	1,540,046	1,542,059	-3.5%	0.2%
Installment Receivable	450	494	578	28.5%	17.0%
No of customer accts	2,431,086	2,322,917	2,284,341	-6.0%	-1.6%
No of New Accts	25,426	21,894	18,377	-27.7%	-
No of branch office (※)Inc. Automatic quick loan application machines	1,898	1,898	1,896	(-2)	(-2)
Manned	523	523	523	(0)	(0)
Unmanned(※)	1,374	1,374	1,372	(-2)	(-2)
Internet	1	1	1	(0)	(0)
No. of unmanned loan contract machines (Yen-musubi machines)	1,888	1,888	1,866	(-22)	(-22)

II. Takefuji Strengthens the Compliance System

We have been placing the top priority on compliance from a Corporate Social Responsibility (CSR) management perspective and established the Compliance Administrative Office in 2003. We have also set up a Compliance Committee, inviting outside experts, to focus on establishing a framework and a system for compliance and to strengthen and improve the compliance system on a Company-wide basis. The Compliance Committee and the Compliance Administrative Office have been promoting important initiatives. For instance, they are examining ways to prevent serious incidents and violations, and they are discussing and planning preventive steps and remedial and improvement actions when an accident or violation occurs. It is also essential for Risk Control based on effective Compliance Management to maintain and improve transparency and corporate governance as a company trusted by society and to minimize risks associated with corporate management. As part of such initiatives, we are pleased to inform you that we have implemented the following measures. For more details, please refer to [the News Release](#).

1. Acquisition of Compliance Officer Qualifications: To increase legal knowledge and improve the awareness of compliance required in our industry, we have been actively encouraging our employees to acquire the Compliance Officer Qualification (sponsored by Kinzai Institute for Financial Affairs, Inc.) since FY 2004. The total number of compliance officers reached 1,693, with 730 employees added in the current fiscal year.

2. Training for all employees: The Claim Eradication Seminars were held from September 13 to September 15 for 2,773 employees in branch offices and the Loan Administration Department in the Headquarters. We also conducted a compliance seminar on November 8 for all 438 branch office managers and a seminar to raise awareness of compliance and increase legal knowledge from December 19 to December 21 for all employees.

3. Preparation of a manual on transaction records: As part of our efforts to improve internal rules and manuals, we prepared the Manual on Transaction Records for recording the processes with customers more accurately and in more detail and distributed it to all branch offices on November 22 .

III. Report on Overseas IR Activities

We implemented the first overseas IR activity in the current fiscal year for three days from November 22 to 24 in London, followed by the second overseas IR activity in the form of IR Roadshow for five days from November 27 to December 1 in the United States. We conducted overseas IR activities for the first time since February 2005 and attracted a high level of interest from our shareholders and investors abroad, as the amendment to the related laws and regulations was approaching the final stage. In each location, questions and answers were actively exchanged on a positive note. We met a total of 28 companies and 46 investors in London centering on the Samurai Conference, an investor forum hosted by Merrill Lynch Japan Securities Co., Ltd., and 40 companies and 65 investors in six cities - New York, Boston, Denver, Los Angeles, Seattle, and San Francisco - in the United States.

These overseas IR activities attracted not only institutional investors who already own Takefuji shares and bonds, but also a number of new investors considering an investment in our Company. At the IR meetings, Takefuji's Representative Director & President Hikaru Kondo explained the current status of the Japanese consumer finance industry, the expected impact of the amended laws and regulations, and our medium and long-term strategies as well as capital policies, including the outlines of new business models. We believe that our shareholders and investors have been able to develop a deeper understanding of the Company thanks to this series of meetings. We will continue to step up our IR activities for individual and institutional investors both in Japan and abroad and use every opportunity to **maintain timely and highly transparent fair disclosure**.



IV. Social Contribution Activities

A guide dog seminar held for employees - Guide dog goods also sold

We held a guide dog seminar for employees on December 14 so that more employees can recognize the roles that guide dogs play. We invited instructors from the Japan Guide Dog Association, which works to train and introduce guide dogs, and Mr. Happy (a golden retriever aged three and a half), whose chief role is to promote the use of guide dogs, played his own part. We learned many things about guide dogs, such as how to train, correct and reward them and what to do for users walking with a guide dog on the street. At the end of the seminar, Representative Director & Senior Managing Director Taketeru Takei, who also heads the Social Contribution Office, tried walking with Mr. Happy with his eyes covered. After the seminar, guide dog support goods such as T-shirts, bandanas, cups, key holders, and straps for mobile phones featuring a guide dog motif were sold. Part of the proceeds from the sales will be used for raising and training guide dogs. The event reminded us how important guide dogs are for the visually impaired.



We encourage branch office managers and other employees to do something good for their subordinates as well as our customers at least once a day. The Company is committed to continuing to undertake down-to-earth social contribution activities to convey its gratitude to the society.

BAMBOO NEWS



Ms. Estes Evegena Rejoins Takefuji Bamboo

Takefuji Bamboo, a women volleyball team that participates in V-Premium League (formerly known as the V-League) has concluded a contract with Ms. Estes Evegena (whose former name was Ms. Artamonova Evegena) and welcomed her as a new and much anticipated member on November 18. Ms. Estes was a member of Takefuji Bamboo four years ago in the ninth V-League and was key to the team achieving second place in the season. She is one of the world's best volleyball players and has a brilliant track record in many international competitions starting from the age of 17. As a captain, Ms. Estes led the Russian team to a silver medal in the 2004 Athens Olympics. Nicknamed Genya, this wonderful 193-centimeter athlete is sure to be an outstanding player in the 2006/07 Series of the V-Premium League, which kicks off on January 6, 2007, bringing to bear a style that combines splendid defense with strong offense delivered from a maximum height of 325 centimeters. We hope that you will continue to offer your warm support to Takefuji Bamboo and to Genya.

