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The Japanese Institute of Certified Public Accountants

Tsuguoki (Aki) Fujinuma

Chairman and President

On the Administrative Action on ChuoAoyama PricewaterhouseCoopers

Yesterday, the Financial Services Agency (FSA) announced that it has decided to take administrative action on ChuoAoyama PricewaterhouseCoopers, by way of ordering it to suspend part of its business for two months between July and August 2006, and by ordering the revocation of certification, or one-year suspension, of the certified public accountants (CPAs) who were lead partners in connection with the alleged misstatement of Kanebo. The considerable impact of this case and of the administrative action on capital markets and all companies affected is much regretted. The Japanese Institute of Certified Public Accountants (JICPA) will make every effort to minimize the impact on capital markets.

JICPA accept this administrative action with the utmost seriousness and we reaffirm our commitment to improve professional accountants' services and heighten their awareness of the code of ethics by strengthening self-regulation in order to recover confidence in CPA audits quickly and respond to the expectation of the public.

Upon the arrests of the three auditors of Kanebo, JICPA issued a Chairman and President's Statement ('The Statements') on September 16, 2005, and urged all members who perform audits to realize what the public expects of CPAs and to perform their audits fairly and strictly as independent auditors. In The Statements issued on October 25, 2005, we announced measures to request immediate implementation of the audit partner rotation by the four largest audit corporations as a self-regulation, to make a mandatory requirement for taking certain subjects such as the code of ethics and audit quality control out of the total CPE credit (40 hours), and to address the issues related to the Quality control standards of the audit firm issued by the FSA's Business Accounting Council. Development of rules and the provision to address these measures are almost completed, now that we are in the implementation phase of these measures. In The Statements issued on April 6, we presented plans for the establishment of the Center for Listed Company Audit Firms and the introduction of registration of the firms.

We are in the process of considering a series of concrete measures. The proposed amendments to the Constitution of JICPA which addressed the reforms of our organization and

governance to strengthen the functions of self-regulation will be put before the General Assembly which is due to convene in early July. We also plan to make further revisions to our Constitution and of relevant rules and regulations concerning the establishment of the Center for Listed Company Audit Firms, and the comprehensive amendment of the Code of Ethics, in order to submit them to the Special Assembly which is due to convene in the autumn of this year.

We believe that the various self-regulatory measures under consideration will effectively function in unison with the raft of measures implemented since the amended CPA Law was made effective on April 1, 2004, and we are certain that public confidence in CPA audits will be restored and that monitoring by the Certified Public Accountants and Auditing Oversight Board (CPA AOB) will maintain and improve audit quality.