

June 22, 2009

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

Code No.: 9997 1st Section of the Tokyo Stock Exchange

Report on Investigation of Inappropriate Use of Postage Discount System (Third-Class Mail) and Notice on Prevention of Recurrence

As announced on May 29, 2009, with respect to a series of incidents involving the misuse of the postal discount service, it became clear that Belluna Co., Ltd. and its subsidiaries (hereinafter the “Group”) had sent advertising materials using the postage discount system for third-class mail (hereinafter “the system”) in the past.

The Group recognizes that the resultant inappropriate use of the system is a very serious matter. Under the directions of President and Representative Director, the Internal Auditing Department, Executive Corporate Planning Department, and legal and other third-party professionals conducted an investigation to understand the facts and identify the cause. As a result, the Group has become aware that the causes were a lack of understanding of the purpose of the system and inadequate controls over business and operations at the time of confirming use of the system. The Group received a report on the investigation at an extraordinary meeting of the Board of Directors held on June 22, 2009, and decided to introduce the following measures to prevent a recurrence, in addition to undertaking reforms of the compliance system from September 2008. In addition, disciplinary action will be taken against one supervisor and one staff member, proportional to their responsibility.

[Measures to prevent recurrence]

- (1) Improvement of education: Regular study meetings will be held on laws and ordinances concerning the Group’s business and operations, with the opportunity to discuss the importance of compliance and the Group’s compliance policy. The Group’s sensitivity to compliance will be increased. A system with an automatic self-correcting function will be established to identify and solve problems autonomously.
- (2) Strengthening of the system of control: A procedure will be established for internal applications for the start and change of and withdrawal from business and operations, and reporting and approval systems will be strengthened. In addition, a clear rule will be set out to create standards for the start of transactions and make regular examinations obligatory. A system will be established to ensure an effective check by the head office’s administrative divisions.

With respect to the amount of the difference from the official postage, we will take steps to rectify the situation by consulting with Japan Post Service Co., Ltd. and the parties concerned to discuss solutions, including voluntary repayment.

The effect of this matter on the Group’s earnings outlook is presently uncertain. The Group will immediately disclose any revision that needs to be made to the outlook.

The Group again extends its deepest apologies for its actions and any concerns it caused. The Group has reflected again on its social responsibility, and will make every possible effort to prevent any recurrence of the incident and regain social trust.

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