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**To whom it may concern**

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**Notice Regarding Dissolution of Affiliate**

Sojitz Corporation today announced the dissolution of an affiliate, with details as follows.

**1. Company Overview**

- (1) Company: Payless ShoeSource Japan Co., Ltd.
- (2) Head office: Tsuchiya Bldg., 13-4 Ginza 1-chome, Chuo-ku, Tokyo
- (3) Representative: Shoji Odai
- (4) Business: Retailing of shoes and accessories
- (5) Established: December 12, 2003
- (6) Capital: ¥729 million
- (7) Shareholders: Payless ShoeSource Asia Private Limited (60%)  
Sojitz Corporation (40%)

**2. Reason for Dissolution**

Payless ShoeSource Japan Co., Ltd. was established to develop US-based Payless ShoeSource, Inc.'s retailing concept in Japan. However, Sojitz has decided to dissolve the company to allocate its management resources to expanding wholesale operations rather than retailing businesses.

**3. Outlook**

Dissolution of this company is scheduled to be completed by November 2006. Because the company only incurred minor losses, this dissolution is expected to have only a marginal impact on Sojitz's projected consolidated financial results for the year ending March 31, 2007.

Sojitz has agreed to continue cooperating with Payless ShoeSource, Inc. of the U.S. on supplying shoes (wholesale trading) to Japanese firms by leveraging the product procurement capabilities of its partner. Sojitz will focus on expanding these operations going forward.