



July 27, 2004

Sojitz Holdings Corporation

**Comments on Standard and Poor's Rating Action on
Sojitz Corporation, a Consolidated Subsidiary**

Standard and Poor's Ratings Services (S&P), today announced that it revised the CreditWatch status on consolidated subsidiary Sojitz Corporation to developing, which means the ratings on Sojitz' long-term corporate and senior unsecured bonds could be revised downward or upward, after Sojitz Holdings Corporation released its Fundamental Policy of New Business Plan on July 23. S&P's press release stated that upward revisions to ratings "depend on the impact of the new plan, including a capital increase, in strengthening Sojitz' financial profile." The press release also stated "the new plan does not appear to indicate any debt forgiveness or a debt-for-equity swap on Sojitz's debt obligations, although some uncertainty remains."

On July 14, S&P said its 'B+' ratings on Sojitz's senior unsecured bonds issues remained on CreditWatch with negative implications, with the lowering of its long-term corporate credit rating on Sojitz to 'CCC' from 'B-'. Despite comments in S&P's press release acknowledging Sojitz's active efforts to dispose of problem assets and that Sojitz remains on track with its Business Plan (S&P refers it as a restructuring plan), following a review of Sojitz's Business Plan, S&P has determined that there is an increased likelihood that Sojitz will be forced to revise its Business Plan and seek financial support with a selective default in the form of debt forgiveness or a debt-for-equity swap.

Sojitz Holdings has repeatedly announced in press releases it is committed to its policy of continuing autonomous management efforts, and is examining measures to accelerate progress under the Business Plan. As announced recently, Sojitz Holdings plans to reinforce capital mainly through UFJ Bank Limited and other financial institutions including the UBS Group in order to refortify shareholders' equity under the New Business Plan, which aims to establish a sound financial position and accelerate strengthening of earnings power. Sojitz Holdings plans to announce further details in early September 2004.

The Sojitz Group is in position to make steady progress on accelerating its revival with the continued cooperation of its customers, shareholders and financial institutions.