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To whom it may concern

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**Notice Concerning an Investigation into Incidents Relating to Commodities Transactions
and Future Preventative Measures**

Sojitz Holdings Corporation (hereinafter referred to as "Sojitz Holdings" or "the Company") announced on March 10, 2005, details of a loss totaling ¥17,987 million incurred by Sojitz Corporation (hereinafter referred to as "Sojitz"), a consolidated subsidiary, in connection with futures transactions on the London Metal Exchange (LME) copper and aluminum markets. At the same time, Sojitz Holdings announced details of its decision to establish the Incident Investigation Committee. This committee has conducted an investigation into the causes of the loss. At the same time, the Company's Audit Dept., together with the cooperation of external experts, has conducted parallel investigations into all transactions of a similar nature in Japan and overseas. The results of both investigations are briefly as follows.

We deeply regret the concern and inconvenience caused to all interested parties as a result of the loss incurred.

1. Results of Investigations into Losses Incurred in Connection with Commodities Transactions on the LME Copper and Aluminum Markets

1) Investigation Method

The Incident Investigation Committee was established on March 10, 2005. Chaired by Yasuyuki Kuroda, an independent attorney, the Committee is comprised of Mr. Kuroda, two external attorneys, two officers from Sojitz's Legal Department, and three officers from Sojitz Holdings' Audit Department, for a total of eight members. The Committee interviewed a number of individuals concerning the transactions and conducted a thorough check of related documents. The Committee handed down its Incident Investigation Report to the managements of Sojitz Holdings and Sojitz on March 25, 2005.

2) Incident Overview

Three members (a General Manager in his 50s, a Deputy General Manager [concurrent position: Manager] in his 40s, and a Manager also in his 40s) of Sojitz's Non-Ferrous Metals Dept., Energy & Mineral Resources Division, fabricated and falsified documents relating to copper and aluminum futures transactions over an extended period, thereby breaching Sojitz's internal regulations, resulting in substantial losses. Once this situation was uncovered, Sojitz took steps to immediately unwind the subject transactions, incurring a loss totaling ¥17,987 million. This incident was a significant breach of Sojitz's internal regulations by three individuals. Sojitz had no part in the transactions, and there are no legal ramifications or breaches of statutory law. Furthermore, there are no legal ramifications or breaches of statutory law.

The subject breach of Sojitz's internal regulations was related to aluminum transactions after June 2003 and copper transactions after October 2003.

3) Causes of the Incident

The structure of futures trading in the Non-Ferrous Metals Dept. is divided into two areas: ordinary position-taking transactions with spot trading, and extraordinary position-taking transactions without spot trading. (Please see definitions that follow.) Trading limits and cumulative loss limits are set for each in accordance with Sojitz's internal regulations. Furthermore, each operating section, which undertakes transactions on a daily basis, is separated from the check and audit function pursuant to each department's internal management guidelines. This system had control functions within the operating sections. In this case, the General Manager responsible for the checks and balances function was directly involved in trading, which was an effective breach of Sojitz's internal regulations. Furthermore, documents were intentionally fabricated and falsified in order to conceal the subject transactions.

The structure of futures trading is also supported by accounting departments, because of their

role in checking contracts and settlements on a daily basis. An intermediate function is performed by the Risk Management Dept., which periodically checks transactions. Again, in this case, documents were willfully fabricated and falsified in breach of Sojitz's internal regulations, effectively circumventing the institutionalized checks and balances system.

4) Action Taken

The three individuals who directly participated in the subject transactions were dismissed on March 30, 2005, pursuant to Sojitz's internal disciplinary code.

2. Results of Internal Audit in Connection with Similar Transactions

In conjunction with the investigation into this specific matter by the Incident Investigation Committee, Sojitz Holdings' Audit Dept., together with the cooperation of several external experts, conducted separate internal audits in connection with similar transactions both in Japan and overseas. Following a thorough investigation, the Company's Audit Dept. has verified that there are no other transactions in breach of internal regulations. The scope of the internal audit included a review of commercial contact, inventories, and futures transaction contents and detail for the following transactions:

- Petroleum (crude oil, naphtha, gasoline, kerosene, gas oil, fuel oil)
- Non-ferrous metals (tin, nickel)
- Precious metals (gold, silver, platinum, other)
- Foods (sugar, coffee, soybean, soybean cake, corn, shrimp and prawn)
- Finance (swap transactions, foreign currency forward contracts)

3. Measures to Prevent Future Occurrence

The Sojitz Group has identified key measures designed to prevent any reoccurrence of the subject incident based on a report by the Incident Investigation Committee, and is committed to promptly implementing all preventative measures, including:

- Reinforce compliance throughout the organization, beginning with senior executives
- Reestablish internal control systems

Ordinary and Extraordinary Position-Taking Transactions

Ordinary position-taking transactions with spot trading:

1. Transactions related to fixed items and their smooth and prompt purchase and delivery.
A short position is to sell an item that is not currently owned. A long position is to buy an item for which a sales agreement is not in place.
2. Transactions for which items are bought and sold forward as a hedge against price fluctuation risks associated with short and long positions.

Extraordinary position-taking transactions without spot trading:

1. Derivative transactions entered into for the purpose of securing profits from market fluctuations in connection with product markets in which Sojitz marketing departments and subsidiaries operate.
2. Transactions operated by Financial Department of financial products, financial derivatives, foreign exchange and interest rates.