

**Establishment of Stock Repurchase Program for
1st Series Class I Preferred Stock
and
Issuance of Convertible Bonds (CB)**

Sojitz Holdings Corporation

May 18, 2005

Disclaimer

This document is prepared in order to announce facts relating to Sojitz Holdings Corporation's repurchase of 1st Series Class I Preferred Stock and issuance of convertible bonds. This communication is not an offer to sell or a solicitation of any offer to buy the securities of Sojitz Holdings Corporation (the "Company") in Japan, the United States nor any other countries. The securities have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an exemption from such registration requirement. If any public offering of securities is made in Japan, the United States or any other countries, it will be by means of a prospectus that may be obtained from the Company or any selling security holder that will contain detailed information about the Company and management, as well as financial statements.

Handling of Previously Issued Preferred Stock

Our Goals for Improving Capital Structure

Enhance shareholders' value while mitigating dilution

Concrete Methodologies

While maintaining the current level of shareholders' equity, we will take the following steps with respect to preferred stock repurchase and cancellation:

- ◆ Establish a stock repurchase program for 1st Series Class I Preferred Stock and plan to repurchase and cancel during FY2005
- ◆ Issue new convertible bonds (CB)

Our Policy

After implementing the current round of concrete measures, we will enhance possibilities for repurchase and cancellation of preferred stock by accumulating current year earnings.

Current Measures

Handling of Previously Issued Preferred Stock

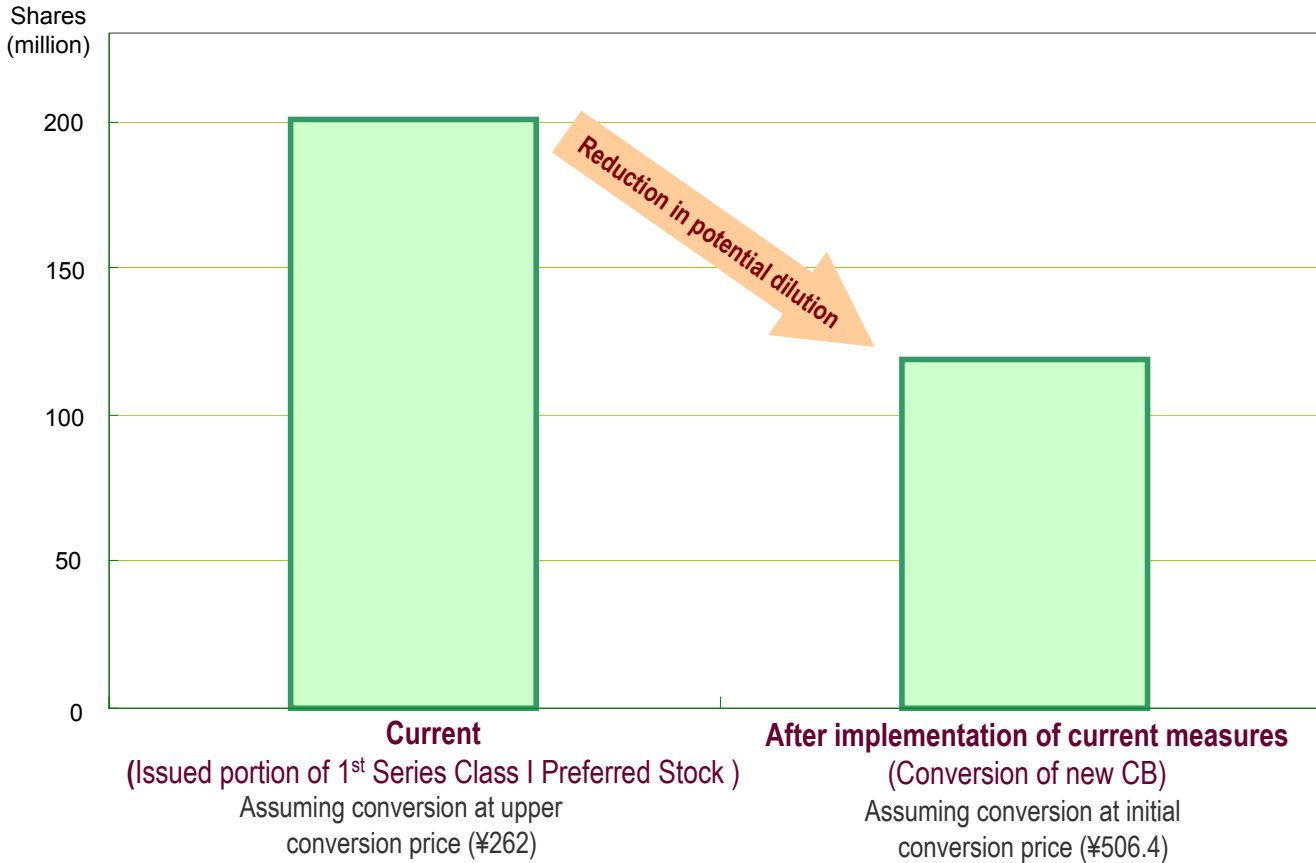
- ◆ Establish a stock repurchase program for up to ¥60.0 billion of 1st Series Class I Preferred Stock (subject to the approval at general shareholders' meeting in late June 2005)
 - 1st Series Class I Preferred Stock repurchase and cancellation to be completed prior to start of conversion period (May 2006).

- ◆ Issue and allocate ¥60.0 billion CB to Nomura Securities Co.,Ltd.

Considering the actual CB situation, we will repurchase and cancel preferred stock, thereby enhancing efforts to improve our capital structure while aiming to mitigate dilution.

Mitigating Dilution

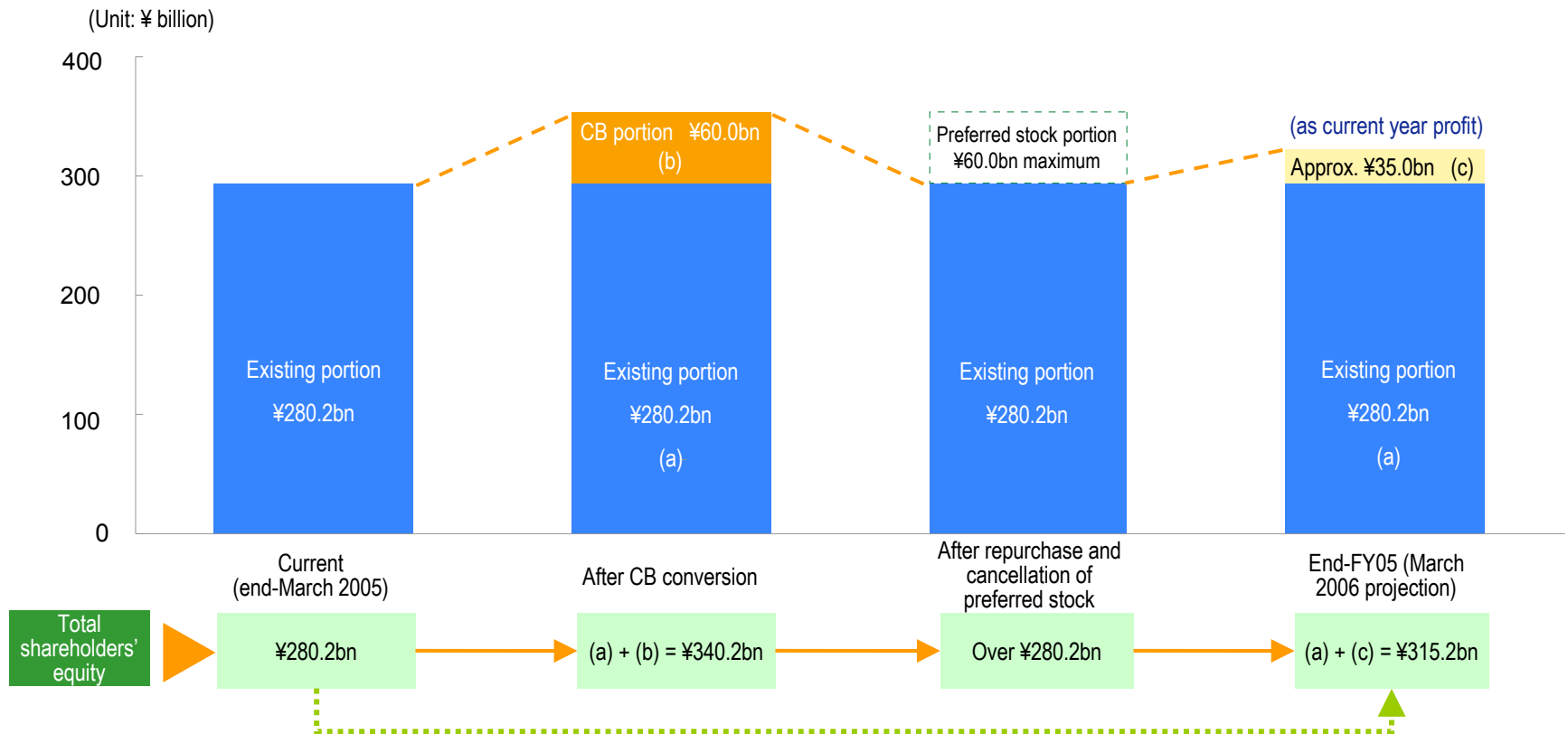
Potential Dilution of Common Stock after Implementation of Current Measures



Funds procured through CB issuance will be used for preferred stock repurchase and cancellation in an effort to mitigate significant dilution of shareholders' value.

Improvement of Capital Structure

Consolidated Shareholders' Equity (Simulation)



Preferred stock repurchase and cancellation within the range of the increase in shareholders' equity resulting from CB conversion will make it possible to accelerate improvement of capital structure without reducing shareholders' equity.

(Annex) Overview of Preferred Stock Issued

(As of May 17, 2005)

	Outstanding Amount Issued	Shareholders (Financial Institutions)	Current Conversion Price (Range of upper and lower limits)	Current Latent Number of Shares	Starting Date of Conversion Period
(Issued in May 2003)					
1 st Series Class I	¥52.6 bil	(Each series / class: Same portion) UFJ Bank: ¥30.0 bil Mizuho Corporate Bank: ¥9.0 bil Bank of Tokyo-Mitsubishi: ¥7.0 bil Resona Bank: ¥3.6 bil Mitsubishi Trust Bank: ¥2.0 bil Norinchukin Bank: ¥1.0 bil	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 mil shares	5/14/2006
2 nd Series Class I	¥52.6 bil		¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 mil shares	5/14/2008
3 rd Series Class I	¥52.6 bil		¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 mil shares	5/14/2010
4 th Series Class I	¥52.6 bil		¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 mil shares	5/14/2012
1 st Series Class II	¥52.6 bil		¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 mil shares	5/14/2014
1 st Series Class III	¥3.0 bil	Lehman Brothers: ¥3.0 bil	¥503 (No upward correction) Lower limit ¥170.4)	6.0 mil shares	5/14/2004
(Issued in Oct 2004)					
1 st Series Class IV	¥199.5 bil	UFJ Bank: ¥199.5 bil	TBD 10/2024 (No upper limit Lower limit 80%)*	TBD	10/29/2024
1 st Series Class V	¥130.5 bil	UFJ Bank: ¥130.5 bil	TDB 10/2019 (Upper limit 500%)* Lower limit 30%)*	TBD	10/29/2019
2 nd Series Class V	¥20.0 bil	Mizuho Corporate Bank: ¥10.0 bil Bank of Tokyo-Mitsubishi: ¥10.0 bil	TBD 10/2015 (Upper limit 200%)* Lower limit 30%)*	TBD	10/29/2015
1 st Series Class VI	¥7.0 bil	UBS: ¥7.0 bil	¥451.5 (Upper limit ¥601.9 Lower limit ¥200.6)	15.5 mil shares	5/2/2005

*Note: Figures represent ratios vis-à-vis initial conversion price.

(Annex) Overview of Preferred Stock Repurchase

Type of stock	1 st Series Class I Preferred Stock
Total number of stocks	Up to 26,300,000 (i.e., total number of outstanding 1 st Series Class I Preferred Stock)
Total repurchase amount	Up to ¥60.0 billion
Sellers	UFJ Bank, Mizuho Corporate Bank, Bank of Tokyo-Mitsubishi, Resona Bank, Mitsubishi Trust & Banking Corporation, Norinchukin Bank

(Annex) Terms of CB Issue

Issuing entity	Sojitz Holdings Corporation
Guarantor	Sojitz Corporation
Value of issue	¥60.0 billion
Subscription method	Third party allocation to Nomura Securities Co., Ltd.
Term	2 years
Coupon	0%
Issue price	100% at par; warrants issued gratis
Redemption price	100% at par
Initial conversion price	¥506.4
Conversion price revision	Revised to 90% of volume weighted average price (VWAP) for five continuous trading days ending on the fourth Friday of each month following issuance.
Lower conversion price	¥289
Upper conversion price	¥1,012.8
Call option	100% at par on the fourth Friday of each month following issuance
Put option	98% at par on the fourth Friday of each month following issuance
Transfer restrictions	The allocated party may not transfer the CB, integrally or any portion thereof, to a third party without prior written consent of the issuing entity.