

May 18, 2005

To whom it may concern

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**Notice Concerning Establishment of Stock Repurchase Program for
1st Series Class I Preferred Stock
(Repurchase of Own Stock Pursuant to Article 210 of the Japanese Commercial Code) and
Issuance of Convertible Bonds**

Sojitz Holdings Corporation (“Sojitz Holdings”) has resolved at the meeting of its Board of Directors, held on May 18, 2005, to propose the establishment of a stock repurchase program for own stock concerning the 1st Series Class I Preferred Stock pursuant to Article 210 of the Japanese Commercial Code to the annual general meeting of shareholders, scheduled for June 28, 2005 (as stated in I. herein), and to issue convertible bonds by allocation to third parties (as stated in II. herein).

Sojitz Holdings has already issued preferred stock of totally ¥626 billion, and the conversion period of the 1st Series Class I Preferred Stock (outstanding amount issued: ¥52.6 billion) will start on May 14, 2006. Upon establishment of the stock repurchase program for the 1st Series Class I Preferred Stock, the preferred stock will be repurchased and cancelled within the range of the increase in shareholders’ equity by way of converting the aforementioned convertible bonds into common stock. The capital structure improvement consequently will be enhanced without reducing shareholders’ equity and by mitigating dilution of shareholders’ value. Please refer to attached “Establishment of Stock Repurchase Program for 1st Series Class I Preferred Stock and Issuance of Convertible Bonds”.

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.

I. Establishment of Stock Repurchase Program for 1st Series Class I Preferred Stock

1. Reason

Sojitz Holdings aims to mitigate the dilution of its common stock value by way of repurchasing the 1st Series Class I Preferred Stock, with the conversion period into common stock to begin from May 2006.

2. Details

(1) Series and class

1st Series Class I Preferred Stock of Sojitz Holdings

(2) Total number of stocks subject to repurchase

Up to 26,300,000 (i.e., 100% of the outstanding 1st Series Class I Preferred Stock)

(3) Total repurchase amount

Up to 60 billion yen

(4) Shareholders to whom the repurchase is proposed

UFJ Bank, Mizuho Corporate Bank, Bank of Tokyo-Mitsubishi, Resona Bank, Mitsubishi Trust and Banking Corporation and Norinchukin Bank

(5) Repurchase period

From the effective date of the capital reduction, which will be proposed to the annual general meeting of shareholders scheduled for June 28, 2005, to the date of resolution of the next annual general meeting of shareholders expected to be held in June 2006.

Notes:

The above content is subject to approval of the following agendas by the annual general meeting of shareholders scheduled for June 28, 2005:

- "Loss disposition proposal concerning FY2004 (FYE March 2005)"
- "Capital reduction"
- "Repurchase of own stock (1st Series Class I Preferred Stock)"

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II. Issuance of Convertible Bonds

		2nd Series Unsecured Convertible Bonds with Stock Acquisition Rights Guaranteed by Sojitz Corporation
Issue Amount	¥60 billion	
Purchaser	Nomura Securities Co.,Ltd.	
Issue Date	June 3, 2005	
Maturity Date	June 1, 2007	
Coupon	0%	
Conversion Feature	Convertible into the Sojitz Holdings Corporation common stock	
	Conversion Period	June 6, 2005 – May 31, 2007
	Initial Conversion Price	¥ 506.4
	Conversion Price Revision	Conversion price will be revised on a monthly basis from June 24, 2005 to May 25, 2007 90% of average VWAP of Sojitz Holdings Corporation common stock for 5 days prior to and including the fourth Friday of each month
	Lower Convertible Price	¥ 289
	Upper Convertible Price	¥ 1,012.8
Call Option	100% at par on the fourth Friday of each month following issuance	
Purchaser's Put Option	98% at par on the fourth Friday of each month following issuance	

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(For your reference)

1. Use of proceeds:

(1) Use of proceeds from this fund raising

The proceeds will be mainly used to repurchase the 1st Series Class I Preferred Stock of Sojitz Holdings. However, the fund will be loaned to Sojitz Corporation, a subsidiary of Sojitz Holdings, for operating purposes until such actual repurchase.

(2) Change in the use of proceeds from the previous fund raising

N/A

(3) Impact on the financial results

There will be no impact on the financial results for FYE March 2006.

2. Profit distribution to shareholders

(1) Profit distribution policy

As top management priorities, Sojitz Holdings aims to achieve the stable payment of dividends and the enhancement of both competitiveness and shareholder value through efforts to maximize and efficiently apply retained earnings. Sojitz Holdings determines appropriate dividend levels by taking into account the state of its capital structure, shareholders' equity and financial needs for growth-oriented investment.

(2) Dividend determination policy

The basic policy for dividend determination is identified in (1) above.

During FY2004 (FYE March 2005), Sojitz Holdings carefully reviewed its asset portfolio for the purpose of fortifying its financial position, and it has incurred a substantial deficit in retained earnings due to the extraordinary loss resulting from such a drastic review. To recover this deficit, Sojitz Holdings intends to table a resolution for approval at its annual general meeting of shareholders scheduled in June 2005 to transfer its capital reserve to other capital surplus and to reduce capital. This reduction of capital represents a transfer within the shareholders' equity section and does not change the net asset value of Sojitz Holdings; furthermore, the number of shares issued and outstanding will also remain unchanged. Accordingly, this initiative will have no impact on shareholders' equity per share. Sojitz Holdings aims to distribute dividends in FY2006 by accumulating current year earnings while taking into consideration the balance with the needs for the retention of earnings in order to improve its financial position and reinforce its management base.

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(3) Use of retained earnings

Retained earnings will be used for investments aimed at profit growth.

(4) Others

N/A

(5) Dividend payment in the past three fiscal years

	FYE March 2004	FYE March 2005
Net income per share	¥0.43	(¥2,561.51)
Dividend p.a. per share	-	-
Real payout ratio	-	-
Net income to equity ratio	0.0%	-
Dividend to equity ratio	-	-

Notes:

1. Data is only available for the past two fiscal years as Sojitz Holdings was established on April 1, 2003.
2. Net income per share is the net income per common share, and is obtained from net income divided by the average number of shares during each fiscal year.
3. Dividend p.a. per share is the dividend per common share.
4. Net income to equity ratio is obtained from net income divided by shareholders' equity (i.e. the average between the figures at the beginning and at the end of the fiscal year).
5. No statement on dividend p.a. per share, real payout ratio or dividend to equity ratio as Sojitz Holdings has not paid a dividend for the past two fiscal years.
6. No statement on net income to equity ratio for FYE March 2005 due to net loss.

3. Equity financing over the past three fiscal years

(1) Equity financing

Date	Capital increase	Capital after the new issue	Capital reserve after the new issue	Note
May 14, 2003	¥266,000 million	¥143,000 million	¥314,181 million	1
May 16, 2003	¥7,181 million	¥146,606 million	¥317,755 million	2
Oct 29, 2004	¥360,000 million	¥331,106 million	¥502,255 million	3

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Notes:

1. This relates to the third party allocations of 1st Series Class I Preferred Stock, 2nd Series Class I Preferred Stock, 3rd Series Class I Preferred Stock, 4th Series Class I Preferred Stock, 1st Series Class II Preferred Stock and 1st Series Class III Preferred Stock.
2. This relates to the third party allocation of common stock.
3. This related to the third party allocations of the 1st Series Class IV Preferred Stock, 1st Series Class V Preferred Stock, 2nd Series Class V Preferred Stock and 1st Series Class VI Preferred Stock
4. In addition to the above equity financing, Sojitz Holdings issued Yen Denominated Convertible Bonds in the amount of 5 billion yen due 2005 on May 29, 2003, Yen Denominated Convertible Bonds in the amount of 5 billion yen due November 2005 on November 5, 2003, and 1st Series Unsecured Convertible Bonds (guaranteed by Sojitz Corporation) in the amount of 10 billion yen on October 29, 2004. The 5 billion yen Convertible Bonds due 2005 issued on May 29, 2003, as well as the 10 billion yen 1st Series Unsecured Convertible Bonds (guaranteed by Sojitz Corporation), have been fully converted to common stock. Of the 5 billion Yen Denominated Convertible Bonds due November 2005 issued on November 5, 2003, 4 billion yen has been converted to common stock as of April 30, 2005.

- (2) Stock price information for the past three fiscal years and immediately before the new issue:

	FYE March 2004	FYE March 2005	FYE March 2006
Opening price	¥339	¥725	¥520
High	¥794	¥777	¥543
Low	¥205	¥325	¥447
Closing price	¥718	¥528	¥460
Price-earnings ratio	1,676 times	-	-

Notes:

1. Data is only available for the past two fiscal years and the most recent figures as Sojitz Holdings was established on April 1, 2003.
2. Stock prices are prices on the Tokyo Stock Exchange.
3. Stock prices for FYE March 2006 are as of May 18, 2005.
4. Price-earnings ratio is obtained from the stock price (closing price) as of the end of the applicable fiscal year divided by net income per share of the applicable fiscal year.
5. No statement on price-earnings ratio for FYE March 2005 due to net loss.

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

Sojitz Holdings Corporation

May 18, 2005

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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

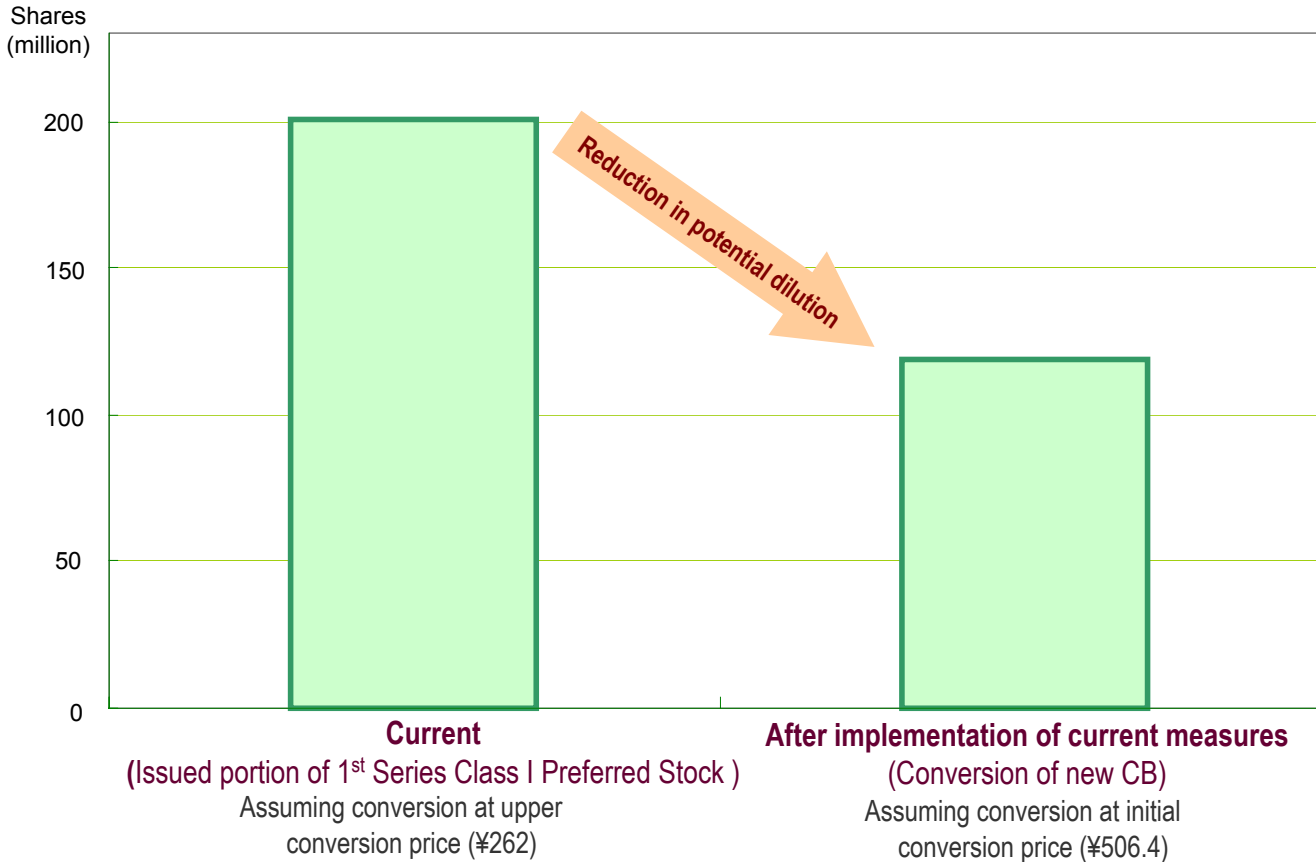
Handling of Previously Issued Preferred Stock

- ◆ 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

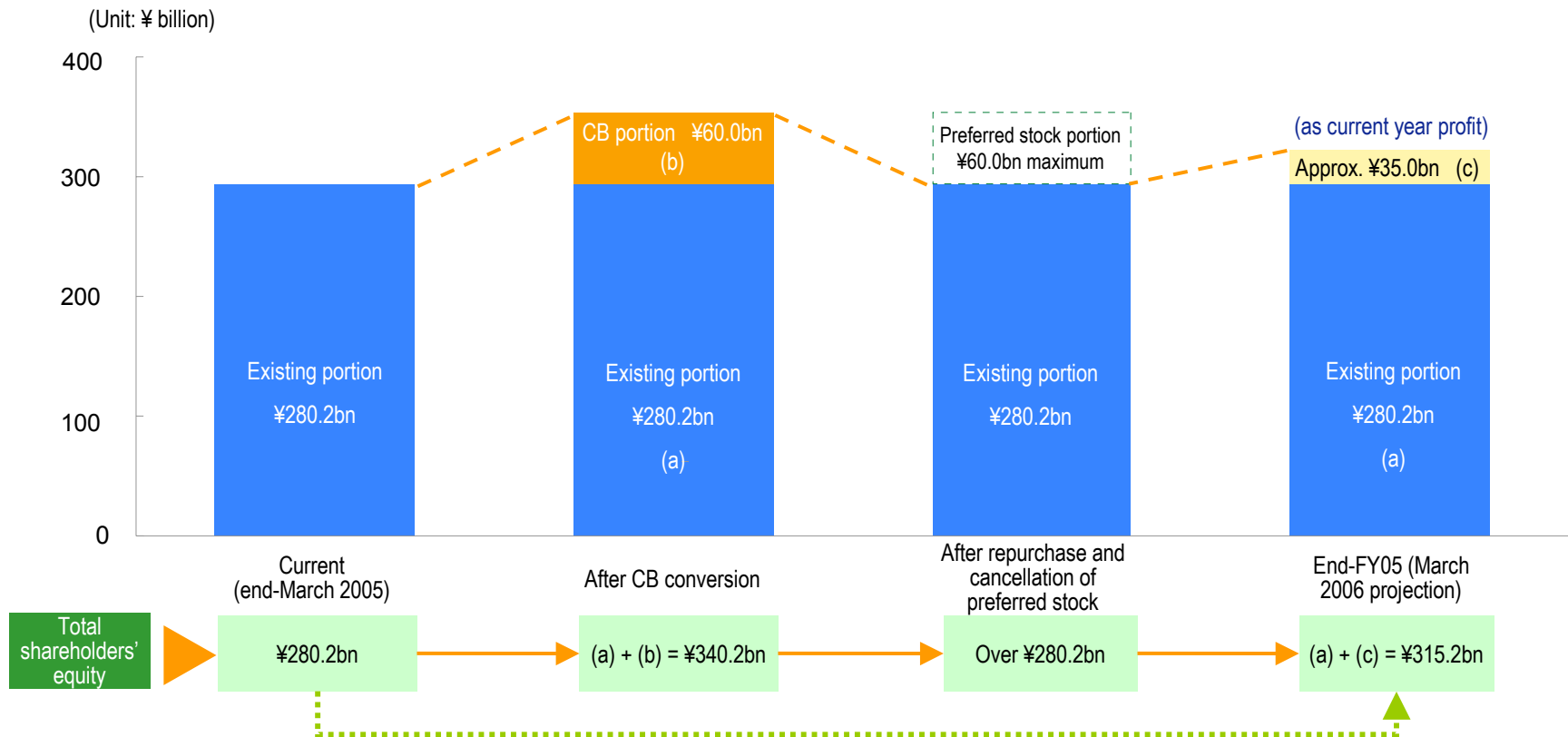
Potential Dilution of Common Stock after Implementation of Current Measures



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.