

April 6, 2006

Sojitz Corporation  
UFJ Central Leasing Co., Ltd.

### **Sojitz and UFJ Central Lease Establish Aircraft Operating Leasing Company in Iceland**

Sojitz Corporation and UFJ Central Leasing Co., Ltd., in partnership with Icelandair and Kaupthing Bank, have established a joint venture in Reykjavik, Republic of Iceland to undertake aircraft operating leasing. The joint venture, called The China Ice Limited Partnership was established in March, with 26% investment from Sojitz, 15% from UFJ Central Leasing, 40% from Icelandair and 19% from Kaupthing Bank.

Operating leasing is an off-balance-sheet transaction, where the leasing fee is based on a pre-calculated residual of the value of the aircraft after the expiration date of the subject contract, and in which the lessee returns the aircraft to the lessor at the expiration date of the leasing contract,

Within this year, The China Ice will purchase nine newly manufactured Boeing B737-800 aircrafts (189 passengers), which B737-800 is the newest popular Boeing model, and conduct operating leasing for Air China International (Air China) and the HNA Group (Hainan Airlines).

For The China Ice operations, Sojitz will play a role in procurement cost reduction through the placing of volume orders, as well as in marketing and monitoring management, and UFJ Central Lease will develop investors to whom aircraft with lessees will be sold. Further, expansion of the aircraft leasing business will be expected as a result of efforts by Icelandair. Thus, the strengths and motives of the respective companies have coincided, resulting in the establishment of the joint venture. Operations by The China Ice Limited Partnership are expected to generate sales of approximately ¥2,400 million in the first fiscal year and approximately ¥4,100 million in the second.

As a reflection of the favorable transition of the world economy, demand for aircraft is recovering quickly. Demand for aircraft in China and India in particular is growing at a rate of around 20% per year. Air China and Hainan Airlines are in a hurry to procure equipment with the use of operating lease contracts, as well as purchasing aircraft outright. The establishment of The China Ice is a result of responding promptly to such circumstances.

Furthermore, there is a demand to replace equipment with energy-efficient equipment as a result of the influence of the high-price of crude oil. The number of Boeing aircraft ordered marked 1,002 for the year 2005, which is a record-setting performance, and, depending of the model, the company has no production slots available for a few years. Such improvements in the balance of demand and supply have been reflected in leasing fees.

The aircraft industry, which had been sluggish since the 2001 terrorist attacks in the US, is now reaching a turning point, and a favorable environment is expected to continue. Beginning with the establishment of The China Ice Limited Partnership, Sojitz and UFJ Central Lease plan to reinforce the nonconventional aircraft operating leasing business with fee revenues, through well thought out leasing periods and fund-savings.

###