



NEWS RELEASE

No.2004-C-499
Sep 29, 2004

R&I Removes Sojitz Corp. from Rating Monitor

Rating and Investment Information, Inc. (R&I), has removed the following ratings from the Rating Monitor scheme, and affirmed them as follows:

ISSUER: Sojitz Corp. (Sec. Code: Unlisted)
Senior Long-term Credit Rating; Long-term Bonds (2 series)

R&I RATING: B+ (Affirmed; Removed from the Rating Monitor scheme)

Domestic Commercial Paper Programme

R&I RATING: b (Affirmed; Removed from the Rating Monitor scheme)

RATIONALE:

On September 29, holding company Sojitz Holdings Corp. (Sojitz HD) announced that arrangements for its 370 billion yen capital increase scheme, the mainstay of the New Business Plan previously announced, had been decided. According to the scheme just announced, 360 billion yen in preferred shares to be issued by Sojitz HD will be purchased by UFJ Bank (330 billion yen), Mizuho Corporate Bank (10 billion yen), Bank of Tokyo Mitsubishi (10 billion yen) and UBS Group (10 billion yen) respectively. In addition, UBS will purchase convertible bonds worth a further 10 billion yen. Using this as liquidation funds, Sojitz HD will dispose of about 410 billion yen in special losses including losses related to withdrawing from unprofitable businesses and losses on disposition of real estate. The outlook for the year ending March 31, 2005 is for a consolidated net loss of about 380 billion yen, but Sojitz will now be able to cover the losses through the capital injection and avoid considerable damage to its equity capital. Furthermore, debt on a consolidated basis for Sojitz HD was 1,557.1 billion yen as of March 31, 2004, but as a result of the capital support and other measures, the company will reduce this figure to 1,000 billion yen by the fiscal year ending March 31, 2007. The plan also includes reducing consolidated net Debt-to-Equity Ratio (DER: net debt/equity capital) from 4.9 times to about 3 times and making the company's finances sound.

Targeting loans to large lot borrowers, UFJ Bank, Sojitz's principle supporting bank, formulated a plan to make a concerted effort to dispose of its non-performing loans in the first half of the 2004 period. In view of UFJ Bank's plans, R&I had placed Sojitz on the Rating Monitor scheme with a view to downgrading. Furthermore, taking into consideration the fact that UFJ Holdings Inc., the holding company of UFJ Bank, had commenced talks for a management integration with Mitsubishi Tokyo Financial Group Inc., R&I judged that even if assistance from UFJ Bank continued, there was a strong possibility that Sojitz would be forced to review its existing business plan and consequently downgraded the company's Senior Long-term Credit Rating and Commercial Paper rating and placed the company rating on the Rating Monitor scheme. This decision was based on concerns that if in the course of reviewing its business plan, the company was forced to accelerate "selection and focus" measures and reduce its debts in excess of the amount in its existing business plan, the company would be forced to post additional losses and there would be a possibility that its equity capital would deteriorate considerably. As a result of the final decision to go ahead with the capital increase, R&I predicts that the additional losses will be covered in line with the business plan review and significant damage to the company's equity capital can be avoided. Consequently, it has removed the rating from the Rating Monitor scheme.

However, in its settlement of accounts for the year ended March 31, 2004 and in the disposal

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NEWS RELEASE

of the merger of the former Nichimen Corp. and Nissho Iwai Corp. on April 1, 2004, Sojitz undertook the disposal of about 200 billion yen in streamlining low earning assets and businesses and in disposing impairment losses for the former Nissho Iwai-related assets and “reduced the risk of future additional losses”. However, the company has announced additional losses of about 410 billion yen as a result of the recent review of its business plan. Although it can be said that risk has been lowered in comparison to what it had been previously, the possibility of the company’s incurring further losses in excess of those anticipated in the process of further accelerating business “selection and focus” and the disposal of unprofitable businesses and assets cannot be overlooked. Taking these factors into consideration, R&I has affirmed the Senior Long-term Credit Rating at B+ and the rating for the Domestic Commercial Paper Programme at b. From hereon, R&I will continue to pay attention to the progress under the new business plan.

R&I RATINGS:

ISSUER: Sojitz Corp. (Sec. Code: Unlisted)

**Senior Long-term Credit Rating: B+ (Affirmed;
Removed from the Rating Monitor scheme)**

ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 11	Nov 20, 1997	Nov 20, 2007	Yen 3,000
Unsec. Str. Bonds No. 19	Aug 27, 1998	Aug 26, 2005	Yen 4,000

(formerly issued by Nissho Iwai Corp.)

**R&I RATING: B+ (Affirmed;
Removed from the Rating Monitor scheme)**

ISSUE: Domestic Commercial Paper Programme

ISSUE LIMIT: Yen 500,000 million

**R&I RATING: b (Affirmed;
Removed from the Rating Monitor scheme)**

**ISSUER: Sojitz International Finance Cayman Ltd.
(Former Nissho Iwai International Finance (Cayman) Ltd.)**

ISSUE: Bonds Rated	Date Arranged	Issue Amount (mn)
Euro Medium-term Note Programme	Mar 22, 1996	US\$ 1,500

(Notes issued by Sojitz International Finance Cayman Ltd.
is supported by Keepwell agreements with Sojitz Corp.)

**R&I RATING: B (Affirmed;
Removed from the Rating Monitor scheme)**

**ISSUER: Sojitz HK (Cayman) Ltd.
(Former Nissho Iwai HK (Cayman) Ltd.)**

ISSUE: Bonds Rated	Date Arranged	Issue Amount (mn)
Asian Dragon Medium-term Note Programme	Aug 08, 1995	US\$ 1,000

(with Keepwell Agreement with Sojitz Corp.)

**R&I RATING: B (Affirmed;
Removed from the Rating Monitor scheme)**

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NEWS RELEASE

ISSUER: Sojitz UK plc
(Former Nissho Iwai Europe plc)

ISSUE: Bonds Rated	Date Arranged	Issue Amount (mn)
Euro Medium-term Note Programme (with Keepwell Agreement with Sojitz Corp.)	Aug 09, 1996	US\$ 2,000

R&I RATING: B (Affirmed;
Removed from the Rating Monitor scheme)

An R&I Senior Long-term Credit Rating is an opinion regarding an issuer's overall capacity to pay its entire financial obligations, without taking into account the degree of recovery of specific obligations.

A Senior Long-term Credit Rating will be assigned to all issuers. Ratings for individual issues may differ from the Senior Long-term Credit Rating depending on the terms and conditions of the issue.

NOTE: Ratings for Medium-term Note Programmes are preliminary ratings, and ratings for individual notes are in general the same as the rating for the programme. There is, however, a possibility that ratings for specific notes will be different. When necessary, R&I may assign ratings for individual notes.