(Attached Document for the Notice of the 3rd Ordinary General Shareholders' Meeting)

Third Fiscal Year

Reports

(April 1, 2005
to March 31, 2006)

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双日株式会社

Business Report for the Third Fiscal Year (From April 1, 2005 to March 31, 2006)

I Business Overview

(1) Group Business Activities and Operating Results

Economic environment

The fiscal year drew to a close with no mitigation of the sense of unease surrounding international circumstances. Sources of concern included the expansion of terrorist threats by radical Islamic groups, the problem of Iran's nuclear development efforts, and widespread natural disasters that ranged from hurricanes in the southern United States to the devastation wrought by a major earthquake in Pakistan.

Crude oil prices fluctuated at an unprecedented high level, temporarily reaching US$70.85 per barrel for WTI at the end of August, provoking fears about the adverse effect on each aspect of the economy. Nevertheless, expansion of global trade continued, and for the second year in a row the world economy achieved steady growth.

In the United States, the economy expanded at a steady pace despite downside risk from the twin deficits and high crude oil prices, bolstered by factors such as a recovery in employment and an improved income environment, the wealth effect resulting from a housing boom and strong capital investment.

In Europe as well, where the sense of a slow start was undeniable, exports recovered against a backdrop of vigorous foreign demand, which propelled the corporate sector and led to steady economic expansion.

In Asia, China's economy continued to grow at a rate of nearly 10% despite restrictive measures. The NIEs and ASEAN also maintained positive growth, as a result of completing adjustments to IT and digital products-related inventories and export-led growth. India's economy grew at a robust pace as well.

In Japan the recovery trend continued, led by private sector demand in the form of capital investment and personal consumption. External demand also was positive, as exports mainly to the U.S., China and other Asian countries grew at a steady pace. As financial instability became less of a concern, and evidence of an end to deflation became more persuasive, the Bank of Japan decided in March to end its quantitative easing policy, and Japan's economy appeared more confident of shaking off its prolonged slump. For the year, the Nikkei Average rose by nearly 50%.

Group operating results

On October 1, 2005, the Company merged with the former Sojitz Corporation, its wholly-owned subsidiary company, and following the transfer of the subsidiary's operations to the Company as the surviving entity, the Company changed its trade name to Sojitz Corporation.

Because the former Sojitz Corporation was a consolidated subsidiary of the Company, this merger did not have a material affect on Group operations.

Group operating results for the fiscal year are described below.

Following completion of a review of low-margin transactions pursued by the Company until the prior fiscal year, consolidated net sales for the fiscal year increased 6.3% year-on-year to ¥4,972,059 million. When the details of net sales are compared with the prior fiscal year by type of transaction, export transaction net sales decreased 0.7% in the Machinery & Aerospace segment and Chemicals & Plastics segment. Import net sales, however, increased 7.2% for the Machinery & Aerospace segment and Energy & Mineral Resources segment, domestic net sales increased 7.9% for the Consumer Lifestyle Business segment, the Chemicals & Plastics segment and the Energy & Mineral Resources segment, and net sales from transactions in other countries increased 7.9% for overseas subsidiaries, the Machinery & Aerospace segment and the Consumer Lifestyle Business segment.

By business segment, net sales compared with the prior fiscal year rose 12.0% in the Energy & Mineral Resources segment as natural resources price also soared, 10.6% in the Consumer Lifestyle Business segment, 10.2% in the Machinery & Aerospace segment, 6.2% in the Chemicals & Plastics segment and 3.4% at overseas subsidiaries, respectively. On the other hand, net sales decreased 13.3% and 2.2% compared with the prior fiscal year in the Real Estate Development & Forest Products segment, where the market for wood materials also was weak, and in Other Products, respectively.

Although the sale of Nakau Co., Ltd. by the Consumer Lifestyle Business segment reduced gross trading profit slightly, consolidated gross trading profit was ¥242,166 million, only 0.9% lower than in the prior consolidated fiscal year. This reflected positive factors such as strong performance in the Energy & Mineral Resources segment, and a recovery at overseas subsidiaries. Consolidated operating income increased 16.3% year-on-year to ¥76,202 million. The Group substantially improved selling, general and administrative expenses, which were reduced by ¥12,761 million compared with the prior consolidated fiscal year. Factors included lower expenses as a result of the sale of Nakau Co., Ltd., expanded results from rationalization, and lower depreciation and amortization expense because of fixed asset disposal. Recurring profit, boasted by the increase in operating income plus improved interest income and expense resulting from a reduction in interest-bearing debt and higher equity in earnings of unconsolidated subsidiaries and affiliates such as Metal One Corporation, improved substantially year-on-year, climbing 35.6% to ¥78,773 million. Extraordinary income totaled ¥20,025 million, including a gain on sale of investment securities of ¥9,522 million and a gain on change in equity method accounting of ¥5,797 million. Extraordinary loss, on the other hand, totaled ¥29,384 million, including a loss and provision for loss on dissolution of subsidiaries and affiliates of ¥11,645 million as a result of the Group’s continuing review of low-profit businesses, including overseas investments, based on its selection and focus initiatives under its current medium-term New Business Plan, a restructuring loss of ¥5,482 million, a loss on sale of investment securities of ¥3,367 million, a dilution loss from changes in equity interest of ¥2,954 million and impairment losses on fixed assets of ¥2,022 million resulting from application of asset impairment accounting during the consolidated fiscal year. As a result, the net extraordinary income/loss was ¥9,358 million. Based on the above changes, income before income taxes and minority interests was ¥69,414 million, current corporation, residence and business taxes were ¥16,484 million, deferred taxes were ¥5,840 million, minority interests in consolidated subsidiaries totaled ¥3,383 million, and consolidated net income was ¥43,706 million.

The operating results for each business segment of the Group are described below.

Machinery & Aerospace

In the automobile sector, sales of complete built-up (CBU) vehicles and exports of Complete Knock Down (CKD) components remained strong. In particular, exports of Subaru automobiles in CIS/Northern Europe mainly through Subaru Motor LLC, a consolidated subsidiary, exports of Mitsubishi and Hyundai automobiles and knockdown parts to MMC Automotriz, S.A. in Venezuela, and exports of CBU Suzuki and Mitsubishi automobiles for the Middle East and Africa regions were excellent. We also executed a program to strengthen upstream and downstream businesses designed to expand our automobile value chain. For example, in our upstream business, we achieved participation in the components manufacturing and sales business in Southeast Asia, which is growing remarkably, through an investment in AAPICO Hitech PCL, a leading automotive parts manufacturer in Thailand, while in our downstream business we established a distributor in Ukraine with the goal of increasing sales of Subaru automobiles in that country. We decided to set up a new bus and truck manufacturing and sales joint venture with Isuzu Motors Limited in Ukraine as well. Through these and other measures, we strengthened our overseas sales business. To further broaden our automobile-related value chain in the future, we will continue to aggressively execute this approach.

In the bearing business, exports of products and components to China remained robust. Sales to Kunshan NSK Co., Ltd., our joint venture company with NSK Ltd., and to Shaoxing Asahi Bearing Co., Ltd., our joint venture company with Asahi Industry Co., Ltd., were especially strong. Finally, with the goal of strengthening our bearing parts sales, we established Changshu Showa Bearing Components Co., Ltd. in Jiangsu Province, China in cooperation with Showa Precision Tools Co., Ltd.

In aircraft sales activities, in its capacity as an import sales consultant to Boeing in the U.S. the Company contributed to a large agreement with All Nippon Airways Co., Ltd. in fiscal 2004 for Boeing's B787 next-generation strategic mid-series aircraft, and to a major agreement with Japan Airlines Ltd. that included commitments for Boeing's B737 New Generation aircraft. Moreover, as a distribution agent for commuter aircraft and business jets manufactured by Bombardier Inc. of Canada, the Company is aggressively pursuing sales to the private sector, including Japan's domestic airlines, as well as sales to government agencies such as the Ministry of Land, Infrastructure and Transport's Civil Aviation Bureau. In the aircraft leasing sector, the Company began a joint ownership program with companies such as Icelandair Co., Ltd. and UFJ Central Leasing Co., Ltd. for nine B737-800 aircrafts (Company share 26%), providing a stepping stone to a new form of leasing business in which the Company is responsible for marketing, lease management and other activities on a fee basis.

In its defense millitary business, the Company delivered its first Boeing AH-64D Apache helicopter to Japan's Ground Self-Defense Force on March 15, 2006. This program will be continued for approximately 20 years in the future.

In its fleet chartering business, the Company successfully maintained strong earnings in its own fleet chartering business, despite a weakening of rates during the second half of the fiscal year, based on fixed charter agreements concluded when charter rates were high. Earnings also were boosted by the sale of certain Company-owned vessels, and strong performance in the brokering of new ship construction, sale and purchase of second-hand ships, and chartering and sales of marine-related equipment at Sojitz Marine & Engineering Corporation, which has an excellent customer base. As a whole, this sector continued to achieve strong operating results again in fiscal 2005.

Energy & Mineral Resources

Although U.S. gas projects in the Gulf of Mexico were disrupted by hurricanes, North Sea Oil Field interests and other working oil field interests continued to produce steadily. Taken together with a sharp rise in prices, the energy sector made a steady contribution to earnings. During fiscal 2005, the Company acquired new gas field concessions in the North Sea, and began full-scale production in March 2006. LNG Japan Corporation, a joint venture owned 50% by the Company, enjoyed a large increase in earnings centered on an increase in distributions from owned concessions as a result of the jump in crude oil prices, which helped boost consolidated earnings.

In the metal resources segment, the division contributed substantially to earnings growth through a molybdenum mine in Canada in which the Company holds an interest, and by its participation in the vanadium business in South Africa and the United States, as a result of increased market prices sudden for molybdenum and vanadium.

Since beginning operations in 2005, the Company's nickel project in the Philippines has been expanding steadily. The Company has initiated a study for construction of a second facility with annual nickel refining capacity of about 10,000 tons, identical to the current operation, with the goal of beginning production in 2009.

In its coal business, development of the Minerva Coal Mine in Australia is proceeding and commercial production was begun in fiscal 2005. In its alumina project, which is also in Australia, the Company is proceeding with an expansion project to increase current production by 250,000 tons to 3.5 million tons annually, with development on schedule for completion in April 2006. In response to the projected future increase in demand for alumina, the Company also is undertaking a detailed study aimed at boosting annual output to 4.3 million tons.

Metal One Corporation, which is 40% owned by the Company, became an affiliated company accounted for by the equity method under the Energy & Mineral Resources segment in fiscal 2005. This company enjoyed substantial earnings growth in fiscal 2005, supported by a remarkably strong increase in demand across all manufacturing sectors including automobiles and shipbuilding, higher volumes of iron and steel products handled and firm prices.

Chemicals & Plastics

In the chemical segment, NN Chemical Corporation, the Group's core company in this business, changed its trade name to Sojitz Chemical Corporation in October 2005. Sojitz Chemical simultaneously reorganized its management operations into upstream activities under a Basic Minerals and Industrial Materials Group responsible for materials, and mid-to-downstream activities under a Fine Chemicals and Specialty Products Group. As a regional strategy, the company is focusing on further expanding operations in BRICS and Vietnam, and strengthening value chain transactions from the directions of both markets and supply sources.

In its organic chemicals business, the Company raised prices for toluene, xylene and ethyl acetate/butyl acetate, its key domestic products, which are used in solvents and thinners. This move contributed to profit adjustments at chemical manufacturers and was linked to improvement in the Company's net sales and gross trading profit. In the synthetic fiber raw materials business, sales of terephthalic acid and solvents for textiles remained strong, particularly in Thailand and India. In the industrial chemicals business, domestic sales remained steady, centered on raw materials for automotive paints, but the market for powder coating materials and isophthalic acid, the division's main exports, weakened because of softer supply and demand in the Chinese market. On the other hand, positive results were achieved in chlorinated benzene derivative imports from India as a result of focusing efforts on the Company's business as a chemical product intermediary in China and India, where the Company is looking to boost sales. In its inorganic chemicals and industrial minerals business, the Company enjoyed solid growth in mineral products and refractory-related products, supported by good conditions in both domestic and overseas industrial materials manufacturing. Chlor-alkali products were negatively affected by overseas markets, and prices and sales for PVC/EDC declined, but this business still was able to contribute to higher earnings because of higher domestic prices for caustic soda and increased export volume. In the cosmetics business, the Company continued to sell cosmetic creams containing co-enzyme Q10, which it began selling in 2005, and also added lotions and soaps to this line. By supplying products that meet market needs in the expanding health and anti-aging products market, the Company achieved strong improvements in operating results.

In the plastics segment, Pla-Net Corporation's sales of resin raw materials for the automotive sector in Japan and Southeast Asia grew steadily, as the sharp rise in raw materials prices rippled through the industry and caused successive price increases. In addition, in the OA and electric home appliance sector, the Company established Nichibei Electric Parts (Beijing) Co., Ltd., a cellular phone precision parts processing joint venture in China, and began supplying next-generation color liquid crystal parts to European manufacturers' production facilities in China. Finally, to respond to growing demands from raw materials customers for settlement in yuan as a result of the growth in domestic Chinese consumption of automobiles, televisions and other products and the shift to production of resin raw material in China, the Company established Sojitz Plastics (Shenzhen) Ltd., which will hold the domestic wholesale rights and foreign trade rights as a wholly-owned subsidiary of Sojitz Plastics (China) Ltd., the Company's plastics sales company in Hong Kong.

The Company successfully expanded its share of sales in the fertilizer business. In addition to a rapid, worldwide increase in prices of chemical fertilizer raw material, the Company's joint venture companies in Thailand, Vietnam and the Philippines, where the Company is developing chemical fertilizer manufacturing and sales joint ventures, were able to maintain sales volume at prior year levels as a result of strong sales efforts, despite a substantial drop in overall demand for chemical fertilizers in these countries because of unseasonable weather.

PT Kaltim Methanol Industri, a methanol manufacturer in Indonesia in which the Company is a major shareholder, achieved record annual sales of 740,000 tons, thanks to accident-free, stable operations. Methanol market conditions were more favorable than projections, as a result of early shutdowns of non-competitive existing equipment, mainly in Europe and North America, and delays in bringing new large-scale facilities on-line.

Real Estate Development & Forest Products

In light of current market conditions in the condominium business, the Company's primary business in the construction and urban development segment, which were characterized by a rapid run-up in prices of land available for purchase and further polarization of sales, Sojitz continued to bolster its controls from a purchasing, planning and sales perspective and concentrated on maintaining earnings.

In the Tokyo metropolitan area, the Company constructed a number of studio condominium projects in Akasaka, Shinbashi, Kudanshita and similar areas, including Mid Southern Residence Gotenyama, an urban high-rise condominium project with 240 units, nearly all of which have been sold. In suburban condominium projects, the Company worked aggressively to introduce all-electric condominiums designed to promote the shift to energy conservation, successfully selling all 540 units in The Residence Tokyo East, a mixed use project including commercial facilities, and all 611 units at Park West Tokyo, and nearly all of the 738 units at Grand Residence.

In the Kansai region, where competition for sales has intensified, the Company is marketing units in three projects totaling approximately 430 units, including the Lestage Takatsuki condominiums designed for families. Sales at all three projects have been brisk.

In commercial facilities development activities, Phase II expansion construction (45 new specialty stores plus a multiplex cinema) of Mallage Saga, which opened in March 2003, was begun in March 2006, and the sale of Mallage Kashiwa, which opened in July 2004 in Kashiwa City in Chiba Prefecture was completed. With an eye on the revision of Japan's three urban development laws, the Company plans to continue development of the Mallage series of large-scale shopping centers, as well as broaden its activities into development of local shopping centers and urban core-type shopping centers in the future.

In addition, in the outlet mall business, the Company began construction of Kobe Sanda Premium Outlet (tentative name) in Kita Ward, Kobe. Scheduled to open in the summer of 2007, this will be the sixth outlet mall in Japan developed, owned and managed through Chelsea Japan Co., Ltd.

In the forest products and building materials segment, new housing starts increased about 4% over the prior year (calendar year). Much of this new construction was related to condominiums, however, and the environment for wood-frame residential units, which use larger quantities of wood, became more competitive as this segment of the market declined slightly. During the first half of the year in particular, the balance of supply and demand was unsettled for all wood materials, the bulk of which is plywood, and demand slumped and prices fell. As a result, the earnings at the Company's forest products and building materials group also fell below projections. Although the supply and demand balance stabilized during the second half of the year, especially in the fourth quarter, and earnings recovered as well centered on the plywood-related business, the degree of the recovery differed depending on the product, and for the full year sales as a whole did not recover.

In the future, the Company's policy will be to direct its efforts to the following upstream production businesses, based on its excellent domestic and foreign distribution bases for customers.

1. Formation of a business in Khabarovsk in Russia to manufacture the single sheets used as raw material for plywood and sell the output to Seihoku Group, Japan's largest plywood manufacturer group.
2. Joint establishment of a lumber factory in Jiangsu Province, China with Tachikawa Forest Products Co., Ltd., with operations slated to begin in September 2006.
3. Preparations for Phase II investment in operations to process materials from Russia in Manzhouli, China for sale to the Japan and U.S. markets, to expand on Phase I which is proceeding well.

In response to environmental problems, the Company has concluded a wood resource materials monopoly sales agreement that has received Forest Stewardship Council (FSC) certification (sustainable forest management certification) with a Great Britain firm that is developing a forestation project in the Solomon Islands. The Company has begun selling the certified source wood materials to domestic plywood manufacturers in Japan, and anticipates demand for this material as a component for environmentally-friendly products to grow in the future.

From a sales perspective, the Company is to expand sales to direct demand customers utilizing the Group's nationwide sales network to the maximum extent. For example, the Company will increase package sales of lumber, plywood and construction materials to housing manufacturers and homebuilders by Group subsidiaries, Sun Building Materials Corporation, Sojitz Housing Materials Corporation.

<u>Consumer Lifestyle Business</u>

In the Foods Group, the Company worked to develop its businesses in upstream sectors, including trilateral transactions involving Canadian and Australian wheat, imports of rice from China and imports of chocolate from the Europe.

In the mid- and downstream segments of the business, Sojitz Foods Corporation, a specialized trading company/wholesaler whose main functions are in development and importing, further strengthened its manufacturer functions by acquiring a marine products processing company (Iwate Prefecture, Japan) and apple juice concentrate producer (Shandong Province, China), successfully laying the groundwork for rapid growth in the future.

In China, where economic growth has been remarkable, further growth is anticipated as the sales volume of deep frozen tuna increases steadily.

In the woodchip business, income was higher, boosted partly by the contribution to full-year earnings of the third wood chip manufacturing plant the Company jointly established in the prior fiscal year with a government-owned wood materials import/export corporation in Vietnam.

In the retail business, the first shop established by Payless ShoeSource Japan Co., Ltd., a shoes retailing company formed in cooperation with Payless ShoeSource, Inc., the largest shoes retailing chain in the U.S., was opened at TOKYO-BAY LaLaport in Funabashi City in Chiba Prefecture in November 2004. Based on the positive results of this store, the Company has begun preparations to open a second shop.

In the textiles business, in November 2005, the Company established Sojitz Satellite Corporation in the Apparel Division. The Company's goal is to improve customer service based on unique marketing created from the consumer's perspective, by specializing in business planning including branding based on product planning and point-of-sale proposals, and by supplementing the quick-response organization, production management and distribution functions, to take maximum advantage of the overseas joint venture and subcontract factories that are a Company strong point. Furthermore, to address the U.S. market the Company established Sojitz Apparel USA Ltd. in December 2005. By cooperating with overseas joint ventures, and utilizing subcontract plants in countries other than China such as Indonesia and Thailand, the Company will seek to expand its OEM business with U.S. apparel companies.

In the materials segment, Qingdao Jifa Longshan Dyeing & Weaving Co., Ltd., a joint venture dying factory established in November 2004 with Qingdao Jifa Longshan Investment Co., Ltd. and several Japanese firms including Daiwabo Co., Ltd., and Daiwa Dying Co., Ltd., began full-scale operation during the fiscal year, creating a China production base with excellent technological capabilities. The Company also made an additional capital investment in its subsidiary Sojitz Textile (Shanghai) Co., Ltd., and received approval of the subsidiary as a commercial firm. Based on these changes, the Company anticipates receiving the domestic sales, importing and exporting rights for China during fiscal 2006, and will move ahead with building an organization to expand sales in Japan, China, Europe and the U.S., using China as a base.

In raw material activities, the Company deepened its relationship with Lenzing AG (Austria), the world's leading manufacturer of rayon fiber, and began exclusive use of TENCEL® brand rayon in cotton for apparel and sleepwear. The Company plans to further expand new applications development and increase sales worldwide in the future.

In the sleepwear products sector, the Company executed a capital increase in Shanghai Fujilife Co., Ltd., a joint venture plant established in China in 2002, strengthening its production capacity and also acquiring the rights to sell in China and export. The Company plans to further strengthen its Japan, China, Europe, U.S. and global sales organizations by utilizing its production bases in China and the functions of Sojitz Textile (Shanghai) Co., Ltd.

Overseas Subsidiaries

In the United States, vigorous sales of computers and telecommunications-related equipment were supported by the bullish domestic U.S. market. Civilian aircraft sales to Japan's airlines, a traditionally strong product segment for U.S. companies, and sales of Nike products in Asia and Latin America, also were robust. On the other hand, in materials-related products, exports of steel manufacturing raw materials from Latin America to steel mills in North America and China remained strong for the second year in a row. Additions to the Company's earnings performance came from Autrans Corporation, the Company's auto parts logistics and sub-assembly subsidiary, and its automobile dealers holding company Sojitz Motors U.S.A., Inc.

In Europe, sales of industrial machinery, ship machinery and auto parts remained strong, and sales of digital home electrical appliances made in Hong Kong and China within the European region also expanded at a steady pace. In chemicals and plastics-related products, speciality chemicals and food raw materials enjoyed substantial sales growth within Europe and outside the region, while solvent sales in Turkey also remained robust. In special packaging materials sales, time was required to make price adjustments following the rapid increase in crude oil prices, but during the latter half of the fiscal year, sales grew at a firm pace. In other actions, investments in North Sea oil and gas concessions were completed in cooperation with Company headquarters, and the Company strengthened sales of marine products inside and outside the European region.

In Asia, the basic industry and life materials segment was strong, with sales of chemical products such as synthetic fiber raw materials and raw materials for paints and adhesives, plastics for automobiles, home electrical appliances and office automation devices, and foods such as wheat, palm oil and rice bran oil all demonstrating further expansion amidst continuing economic growth. The Company took steps to strengthen its capital relationship with overseas affiliates in Asia, by giving Sojitz Asia Co., Ltd. (Singapore) jurisdiction over Asian operations, creating an organization capable of responding to Asia's ongoing economic integration under AFTA (Asean Free Trade Area) and other arrangements, and promoting a single management organization for the entire Asia region, including enhancements to the basic risk management organization. Finally, the Company focused on further commercial expansion in India by establishing an overseas affiliate in that country in April 2005, which is already off to a strong start.

In China, the Company continued to achieve strong sales related to chemical goods raw materials and plastics, which are enjoying vigorous demand as the Chinese market maintains a high rate of growth. Exporting efforts by the Company's China plants, which have improved quality and are price competitive, also contributed to earnings. The Company's business to support Japanese firms expanding into China also continued to make investments in China at an energetic pace, and this business remains strong. In wood products-related activities, processing of Russian materials in China for export to Japan and other countries also is expanding well. The Company also began handling charcoal for import into China, where demand for energy is vigorous, and this also contributed to earnings. Another boost to earnings came from a large increase in dividends earned from power generation projects in China. Finally, real estate activities in Hong Kong also helped boost earnings as Hong Kong property markets recovered.

Other Businesses

In the IT sector, the device-related division of Nissho Electronics Corporation, a consolidated subsidiary, enjoyed strong demand that helped increase consolidated net sales and earnings. Capital gains, including investment start-ups that successfully listed their stock on a securities market through an IPO, also contributed substantially to earnings growth in fiscal 2005, duplicating the results achieved in fiscal 2004. In the contents business for animated cartoons and other products, the Company is developing its contents planning, production, procurement, and distribution domestically and internationally through a joint investment company established with Index Corporation, which is developing a global mobile contents and media business, and an equity participation in The Klock Worx, an independent distribution company.

In the environmental sector, the Company is undertaking an integrated automobile recycling business, including used parts sales, through equity participations in two recycling facilities operated by CRS Saitama Co., Ltd. and Tsuneishi CRS Corporation. Both companies properly dismantle and scrap process automobiles in accordance with Japan's Automobile Recycling Law, which was enforced in 2005.

[Consolidated Statement of Income by Transaction Type]

(Unit: millions of yen)

	FY 2005		FY 2004		Comparison with the Prior FY	
	(17.4 - 18.3)	Composition Ratio (%)	(16.4 - 17.3)	Composition Ratio (%)	Change	Rate of Change (%)
Export	764,204	15.4	769,704	16.5	↓ 5,500	↓ 0.7
Import	1,214,944	24.4	1,132,897	24.2	82,047	7.2
Domestic Transactions	2,008,210	40.4	1,860,767	39.8	147,443	7.9
Offshore Transactions	984,699	19.8	912,533	19.5	72,166	7.9
Total	4,972,059	100.0	4,675,903	100.0	296,156	6.3

[Consolidated Statement of Income by Business Segment]

(Unit: millions of yen)

	FY 2005		FY 2004		Comparison with the Prior FY	
	(17.4 - 18.3)	Composition Ratio (%)	(16.4 - 17.3)	Composition Ratio (%)	Change	Rate of Change (%)
Machinery & Aerospace	958,343	19.3	869,771	18.6	88,572	10.2
Energy & Mineral Resources	1,207,031	24.3	1,077,758	23.0	129,273	12.0
Chemicals & Plastics	632,861	12.7	596,144	12.8	36,717	6.2
Real Estate Development & Forest Products	419,746	8.4	484,403	10.3	↓ 64,657	↓ 13.3
Consumer Lifestyle Business	868,055	17.5	784,550	16.8	83,505	10.6
Overseas Subsidiaries	768,547	15.4	743,118	15.9	25,429	3.4
Others	117,474	2.4	120,156	2.6	↓ 2,682	↓ 2.2
Total	4,972,059	100.0	4,675,903	100.0	296,156	6.3

Notes 1. Reorganization of Business Segments

To securely achieve the goals of our current Medium-term Management Plan and to make the decision-making process faster, the Company streamlined its business segments starting from FY 2006. The income statement of the prior FY has been modified to reflect the changes found in the current business structure. The new business segments are as follow:

- The Construction and Urban Development Segment and the Forest Products Segment have been integrated into the Real Estate Development & Forest Products Segment.
- The Textiles Segment, the Food Segment and the General Commodities & Consumer Business Segment have been integrated into the Consumer Lifestyle Business Segment.
- A section of the mineral-resources-related business, which was originally included in other businesses, has been integrated into the Energy & Mineral Resources Segment.

2. The major products of each Segment can be found in the Company's Financial Report. See Section II The Company's

Business Summary, (1) Major Business Activities of Each Segment.

Fund-Raising Status of the Company

The Company set the improvement of the stability of its financing structure as a basic policy of the mid-term plan. As the enforcement of the policy to expand the direct funding measures, the Company has raised a loan in total of 95 billion yen six times since the issuance of the publicly-offered corporate bonds in the amount of 30 billion yen in June 2005, through which the Company gained momentum to start its funding in the corporate bond market.

Also, to fund indirectly, the Company, in a positive manner, has borrowed long-term from financial institutions. Additionally, to increase the funding opportunities, the Company has made term loans in the amount of 148.1 billion yen in the expanding syndicate loan market in March 2006, while reducing its interest-bearing debts by repaying the short-term loans, and establishing more secure and efficient financing structure.

(2) Business Outlook and Challenge

Business Outlook

The economy in the U.S. will stay stable for a while, however, it is anticipated to start losing its momentum due to the full penetration of the effect of the interest rate raise in the market, the weakening housing market and slow consumption followed by that.

The European economy, on the other hand, will stay on a gradual recovery trend depending on its productivity. In the European economy, the individual consumption is expected to play a key role, however, the low employment rate caused by the wage differences within EU and the price hike due to the fuel price raise may hinder the individual consumption growth.

In the Asian market, it is noted that China is aiming at steady growth driven by consumption, changing their path from excess investment and excess production, and is expected to avoid economic overheating and reach a cruising speed.

Also, NIEs and ASEAN still have a concern over the fuel price hike, however, it is expected that their economy will show healthy movement owing to the strong demand from China.

In Japan, the economy will show gradual growth and stability, backed up with continuous strong individual consumption and business investment, and continuous steady increase in export. However, we still have some concerns such as rising long-term interest rate, possible slowdown in individual consumption due to the tax rate hike and the increase in the share of social insurance contributions, and possible appreciation of the yen. In the FY 2006, an even more cautious estimate of the situation is demanded.

Business Challenge

Our business goal is to ensure the achievement of further improvement of the growth strategies, the acceleration of the capital and financial strategies and the upgrading of the risk management system by executing the fundamental policies listed in our mid-term management plan, "New Stage 2008."

As for the further improvement of the growth strategies, we intend to execute our growth strategies by integrating the growth strategies for each business segment, which are based on the expansion of functions and business investment, with the three-year management plan, followed by the establishment of a follow-up system.

On the accele ration of the capital and financial strategies, we are planning to increase the stability of the financing structure and reorganize the capital structure through the dialogue with the market. Also, to realize the reorganization of the capital structure, we will improve our capital structure by raising external capital to minimize the reduction of the equity while redeeming preferred shares to suppress the dilution of the stock value.

As for the upgrading of the risk management, we streamlined our risk management system based on our basic policies declared in the FY 2005, which include: reformation of the risk management system; reformation of the risk assessment system; reformation of the after-the-fact control system; establishment of the internal control system; establishment of the compliance control system; and reformation of the portfolio management. We believe it is our task to enhance the new risk management system on the Group level.

Also, we will continue to reform our profit structure and improve our business portfolio by promoting the SCVA Management (business portfolio management by risk return), withdrawing from less profitable business to focus on business with more competitive superiority.

(3) Sales Performance Trend and the Status of Assets of our Group and the Company

1. Sales Performance Trend and the Status of Assets of our Group

The sales performance and the status of assets for the current term and the last three quarters are as follow:

Item / Term	FY 2002	FY 2003 First Quarter	FY 2004 Second Quarter	FY 2005 Third Quarter (Current Term)
Sales		million yen 5,861,737	4,675,903	4,972,059
Income from Ordinary Operations		million yen 48,461	58,088	78,773
Current Net Income or Net Deficit (↓)		million yen ↓ 33,609	↓ 412,475	43,706
Current Net Income or Net Deficit per share (↓)		yen ↓ 172.52	↓ 1,876.48	126.21
Total Assets		million yen 3,077,022	2,448,478	2,521,679
Net Assets		million yen 316,234	280,241	426,949
Net Assets per share		yen 235.43	↓ 1,440.26	↓ 368.95
Consolidated Subsidiaries and other		329	329	321
Companies Subject to the Equity Method		228	188	192

Notes
1. The statistics for the FY 2002 is not available since our Company was established in the FY 2003.
2. Our Company merged with former Sojitz Corporation, a wholly owned subsidiary of our Company as of October 1, 2005. The Company has been operating as a merging company and has changed its business name to "Sojitz Corporation."
3. All figures, where the unit of million yen is applicable, are rounded down to the nearest million yen.
4. Accounting standards issued by ASBJ are applied to calculate the current net income or net deficit per share, and net assets per share.
   The current net income or net deficit per share is calculated by subtracting the number of the Company's own shares from the average number of common shares issued during the term. Also, the net assets per share is calculated by subtracting the number of preferred shares issued by the end of the term multiplied by the issuing price from the net assets at the end of the term, and dividing it by the number of common shares issued by the end of the term with the number of treasury stocks subtracted.
5. During the first quarter, to realize early integration of our management, the Company merged subsidiaries based on the consolidation plan, and executed downsizing and reassessed the Group's expenditure, while enhancing our financial standing by strengthening the equity and reducing interest-bearing debts.
   Also, we improved our financial characteristics even further by dealing with transactions with loss such as reorganizing our affiliate companies and reassessing our foreign debts.
6. After reassessing our less profitable transactions, the sales for the second quarter was found to be down by 20.2% compared to the prior term.
   Our total profit increased thanks to the new consolidation of our consolidated subsidiaries in the Textiles Segment and other businesses, however, due to the divestiture and streamlining of our consolidated companies, the profit has decreased by 1.9% compared to the prior term. Our operating income increased by 9.3% compared to the prior term owing to improvements such as the rationalization of our general administrative and selling expenses. Our income from ordinary operations jumped by 19.9% compared to the prior term due to the improvements as found in the equity method investment. The Company, along the ongoing mid-term management plans declared in September 2004, revalued less profitable business including selling of freehold properties and overseas investments, recorded the extraordinary losses such as the loss on sale of, and retirement of tangible fixed assets, the loss on revaluation of fixed tangible assets, the loss on the improvements of business structure, and the loss on the allowance reserve for streamlining of affiliates. Also, the Company strictly revalued the probability of the earning strategies of the current mid-term management plans, which led to the reversal of deferred tax assets. Due to the facts stated above, the current net loss was calculated as 412,475,000,000 yen.

2. Sales Performance Trend and the Status of Assets of our Company

The sales performance and the status of assets for the current term and the last three quarters are as follow:

Item \ Term	FY 2002	FY 2003 First Quarter	FY 2004 Second Quarter	FY 2005 Third Quarter (Current Term)
Sales		million yen —	—	1,328,787
Operating Income		million yen 2,897	2,160	1,335
Income from Ordinary Operations		million yen 164	186	19,767
Current Net Income or Net Deficit (↓)		million yen 83	↓ 563,141	16,808
Current Net Income or Net Deficit per share (↓)		yen 0.43	↓ 2,561.51	48.55
Total Assets		million yen 504,917	316,597	1,810,259
Net Assets		million yen 472,421	280,246	442,417
Net Assets per share		yen 967.26	↓ 1,439.89	↓ 330.61

Notes
1. The statistics for the FY 2002 is not available since our Company was established in the FY 2003.
2. Our Company merged with former Sojitz Corporation, a wholly owned subsidiary of our Company as of October 1, 2005. The Company has been operating as a merging company and has changed its business name to “Sojitz Corporation.”
3. All figures are rounded down to a million of yen.
4. Accounting standards issued by ASBJ are applied to calculate the current net income or net deficit per share, and net assets per share.
   The current net income or net deficit per share is calculated by subtracting the number of the Company’s own shares from the average number of common shares issued during the term.
   Also, the net assets per share is calculated by subtracting the number of preferred shares issued by the end of the term multiplied by the issuing price from the net assets at the end of the term, and dividing it by the number of common shares issued by the end of the term with the number of treasury stocks subtracted.

II The Company's Business Summary (As of March 31, 2006)

(1) Description of Business

Our Company merged with former Sojitz Corporation, our wholly owned subsidiary, on October 1, 2005, and launched newly as Sojitz Corporation after the change of its brand name.

Our Group (our Company and affiliates) trades overseas and domestically as a general trading company, and also is engaged in the sale and manufacturing of various types of products, and provides various services to our clients on a global level. We demonstrate our talent in planning, adjusting, and coordinating various projects. Our investments in a variety of businesses and financial activities are international, and we provide multidirectional services all over the world.

Our Group consists of 397 subsidiaries and 200 affiliates that promote our businesses described above (out of the total 597 related companies, 513 are targeted for consolidation).

The outline of our business segments is as follows.

(Business Segments)

(as of March 31, 2006)

Type of business	Major Products or Services	Major Related Company (Description of Business/Classification of Consolidation)
Machinery & Aerospace	automobiles and car parts/ equipment and facilities for manufacturing automobiles/ construction machinery/ bearing/ power generator/ industrial machinery/ vessels, automobiles, aeroplanes and all related equipment/ electronic, communication and home electronic equipment/ industrial plant equipment related to steel and cement/ medial-related machinery/ metal processing machinery and related equipment	･Sojitz Aerospace Corporation (import/export and Japanese sales of aerospace- and defense-related equipment/subsidiary) ･Sojitz Machinery Corporation (machinery general trading company/subsidiary) ･Sojitz Marine & Engineering Corporation (sale, purchase and charter brokerage of vessels, Japanese sales and import/export of marine-related equipment and materials/subsidiary) ･MMC Automotriz, S.A. (sale and assembly of automobiles/subsidiary) ･Sojitz Aircraft Leasing B.V. (leasing of aeroplanes/subsidiary) 111 subsidiaries (24 domestic, 87 overseas) 41 affiliates (5 domestic, 36 overseas)
Energy & Mineral Resources	Oil, petroleum/ petroleum products/ nuclear fuel/ machinery for nuclear power generation/ coal/ ironstone/ alloy iron/ alumina/ aluminum/ copper/ lead/ tin/ royal metals/ machinery and equipment for offshore oil production/ power generation/ transformation of electrical energy/ equipment for distributing electricity/ energy and chemical plant/ steel-related business	･Ject Corporation (offshore and domestic trade and sale of coke, carbon materials, petroleum products, LPG/subsidiary) ･Sojitz Energy Corporation (sale of petroleum products/subsidiary) ･Tokyouso Co., Ltd. (oil storage facility management, warehousing and transportation/subsidiary) ･Catherine Hill Resources Pty. Ltd. (owns coal mines/ holding company in Australia/subsidiary) ･Sojitz Moly Resources, Inc. (invests in molybdenum mines/subsidiary) ･Alconix Corporation (sale of nonferrous products, materials for construction and electronic industries/ affiliate) (*1) ･LNG Japan Corporation (LNG business and related investments/affiliate) ･Nissho Petroleum Gas Corporation (import and sale of LPG and petroleum products/affiliate) ･Metal One Corporation (import/export and Japanese sale of steel-related products/affiliate) ･Japan Alumina Associates (Australia) Pty. Ltd. (produces alumina/affiliate) 41 subsidiaries (12domestic, 29 overseas) 27 affiliates (8 domestic, 19 overseas)

Type of business	Major Products or Services	Major Related Company (Description of Business/Classification of Consolidation)
Chemical & Plastics	organic chemicals/inorganic chemicals/ fine chemicals/ industrial salt/ medical drug/ fertilizer/ cosmetics/ chemical materials for food products/ ceramic industry, mineral produce/ general-purpose resin/ raw materials for synthetic resin such as engineering plastics/ industrial packaging/ film and sheet for food products/ electronic materials such as liquid crystal and electrolytic copper foil/ plastic molding machine and other synthetic resin products	・Global Chemical Holdings, Inc. (holdings company, chemical product business/subsidiary) ・Sojitz Chemical Corporation (trading of chemical products and inorganic mineral products/ subsidiary) (*2) ・Pla-Net Holdings, Inc. (Holdings company, plastics business/ subsidiary) ・Pla-Net Corporation (domestic and offshore trading of plastics and related products/subsidiary) ・Pla Matels Corporation (domestic and international trading of plastics and related products/subsidiary) (*3) ・P.T. Kaltim Methanol Industri (sale and manufacturing of methanol/subsidiary) ・Thai Central Chemical Public Co., Ltd. (production and sale of fertilizer, sale of imported fertilizer/ subsidiary) ・Arysta Lifescience Corporation (fertilizer-related business/affiliate) 55 subsidiaries (24 domestic, 31 overseas) 38 affiliates (9 domestic, 29 overseas)
Real Estate Development & Forest Products	planning, building and subdividing condominium buildings/development and sale of housing sites/sale, purchase, development, lease and management of buildings/ construction contract/ sale, purchase, lease, brokerage, and management of real estate/development of commercial facilities/ construction materials/ imported raw wood/ sawmilling and wood products such as plywood and bonded wood/ housing-related materials	・Sun Building Materials Corporation (sale of construction materials/ subsidiary) ・Sojitz Housing Materials Corporation (sale of lumber, plywood and all types of construction materials/ subsidiary) ・Sojitz Commerce Development Corporation (development, construction, operation and lease of retail property/ subsidiary) ・Sojitz General Property Management Corporation (property management/ subsidiary) (*4) ・Sojitz Urban Development Corporation (real estate sales, management, lease and brokerage/ subsidiary) ・Sojitz Realnet Corporation (sale, purchase, brokerage of real estate/ subsidiary) ・Yoshimoto Ringyo Co., Ltd. (sale of lumber and plywood/ subsidiary) ・Chelsea Japan Co., Ltd. (development, ownership, leasing and management of commercial facilities/ subsidiary) ・Tachikawa Forest Products (N.Z.) Ltd. (sawmilling and sale of lumber products/ affiliate) 33 subsidiaries (18 domestic, 15 overseas) 15 affiliates (7 domestic, 8 overseas)

Type of business	Major Products or Services	Major Related Company (Description of Business/Classification of Consolidation)
Consumer Lifestyle Business	raw feathers and feather products/ cotton and chemical fiber/ bonded textile/ knitted clothes and knit products/ fibrous raw material/ fibrous raw material for industrial supplies and related products/ apparel/ interior accessory/ bedclothes, bedding and home interior accessory and related products/ cereal grain/ wheat flour/ oils and fats/ oilcake and raw materials for feed/ stock farm products and marine products/ farmed marine products and processed food/ fruit and vegetables/ frozen vegetables/ frozen food/ snack and candy/ ingredients for snack and candy/ coffee beans/ sugar/ other food products and ingredients/ nursery items/ general merchandise/ wood chips and afforestation	･Singapore Co., Ltd. (planning, manufacturing and selling of clothing/subsidiary) ･Sojitz General Merchandise Corporation (import/export and sale of general merchandise/ subsidiary) ･Sojitz Foods Corporation (sale of farmed marine products, processed food and other food products and raw materials of food products/ subsidiary) ･Daiichibo Co., Ltd. (manufacturing and sale of textiles, storage distribution, shopping center management/ subsidiary) ･Nichimen Infinity Inc. (planning, manufacturing and sale of apparel/ subsidiary) ･Nissho Iwai Meat & Agri-Products Corporation (import and domestic sale of meat, gardening products and feed/ subsidiary) ･Now Apparel Ltd. (production, management and sale of secondary textile products/ subsidiary) ･Vietnam Japan Chip Vung Ang Corporation (manufacturing and sale of wood chip and tree-planting program/ subsidiary) ･Nissho Iwai Paper & Pulp Corporation (sale of wrapping and packaging materials, containers and machinery/ affiliate) ･Fuji Nihon Seito Corporation (manufacturing, refining, processing and sale of sugar/ affiliate) (*3) ･Payless Shoesource Japan Co., Ltd. (shoe retailer/ affiliate) ･Yamazaki-Nabisco Co., Ltd. (manufacturing of snacks and candy/ affiliate) 37 subsidiaries (22 domestic, 15 overseas) 33 affiliates (14 domestic, 19 overseas)
Overseas Subsidiaries	General trading company dealing with various products, headquartered in major cities abroad. Their business activities hold a great variety.	･Sojitz Corporation of America (subsidiary) ･Sojitz Europe plc (subsidiary) ･Sojitz Asia Pte. Ltd. (subsidiary) ･Sojitz (China) Co., Ltd. (subsidiary) ･Sojitz (Hong Kong) Limited (subsidiary) 68 subsidiaries (68 overseas) 20 affiliates (20 overseas)
Others	occupational-ability-related consulting/ local corporation/ logistic services/ insurance agency services/ venture capital/ management and operation of corporate rejuvenation fund/ business related to IT industry/ IT contents/ biomedical/ environmental programs/ real-estate leasing/ information processing/ computer software development	･Sojitz Insurance Agency Corporation (insurance agency services/ subsidiary) ･Sojitz Kyushu Corporation (domestic local corporation/ subsidiary) ･Sojitz Shared Services Corporation (occupational-ability-related consulting/ subsidiary) ･Sojitz Logistics Corporation (logistic services business, land, sea, and air cargo handling, international nonvessel operating common carrier (NVOCC) transportation / subsidiary) ･Nissho Electronics Corporation (providing solution and services related to IT, data processing, electronics and visual fields/ subsidiary) (*3) ･Synergy Capital Ltd. (management and operation of corporate rejuvenation fund/ affiliate) 52 subsidiaries (32 domestic, 20 offshore) 26 affiliates (13 domestic, 13 offshore)

(*1) Alconix Corporation has been listed on the JASDAQ market since April 24, 2006.
(*2) On October 1, 2005, NN Chemical Corporation changed its brand name to Sojitz Chemical Corporation.
(*3) Three of our affiliate companies are listed on the stock exchange: Nissho Electronics Corporation (the 1st section of the Tokyo Stack Exchange); Fuji Nihon Seito Corporation (the 2nd section of the Tokyo Stock Exchange); and Pla Matels Corporation (JASDAQ).
(*4) On March 1, 2006, Nicom Property Management Corporation changed its business name to Sojitz General Property Management Corporation.

(2) The Group's Business Location

1. The Company

JPN:	HQ	Tokyo
	Branch Office	Sapporo, Sendai, Fukuoka (Note) Nagoya Branch was newly established on April 1, 2006.
Outside Japan:	Branch Office	Singapore, Philippines, Thailand, Malaysia, Myanmar, Pakistan, Saudi Arabia, South Africa Republic

2. Subsidiaries

JPN:	Local Corporation	Sendai, Hamamatsu, Toyama, Fukui, Hiroshima, Fukuoka, Nagasaki, Naha
Outside Japan:	Overseas Subsidiary	30 countries including: USA, Canada, Brazil, Mexico, Britain, Netherlands, Italy, Germany, Russia, UAE, Iran, India, Singapore, Malaysia, Philippines, Indonesia, Thailand, China, Taiwan, New Zealand

(3) Stock Information

1. The total number of shares authorized to be issued	Common Stock	989,000,000 shares
	(at the end of the last fiscal year	989,000,000 shares)
	Class-I Preferred Shares	90,000,000 shares
	(at the end of the last fiscal year	110,000,000 shares)
	Class-II Preferred Shares	33,000,000 shares
	(at the end of the last fiscal year	33,000,000 shares)
	Class-III Preferred Shares	11,000,000 shares
	(at the end of the last fiscal year	11,000,000 shares)
	Class-IV Preferred Shares	40,000,000 shares
	(at the end of the last fiscal year	40,000,000 shares)
	Class-V Preferred Shares	15,000,000 shares
	(at the end of the last fiscal year	15,000,000 shares)
	Class-VI Preferred Shares	1,000,000 shares
	(at the end of the last fiscal year	2,000,000 shares)
2. The total number of shares issued	Common Shares	404,208,888 shares
	(at the end of the last fiscal year	240,246,254 shares)
	First Series Class-I Preferred Shares	6,300,000 shares
	(at the end of the last fiscal year	26,300,000 shares)
	Second Series Class-I Preferred Shares	26,300,000 shares
	(at the end of the last fiscal year	26,300,000 shares)
	Third Series Class-I Preferred Shares	26,300,000 shares
	(at the end of the last fiscal year	26,300,000 shares)
	Forth Series Class-I Preferred Shares	26,300,000 shares
	(at the end of the last fiscal year	26,300,000 shares)
	First Series Class-II Preferred Shares	26,300,000 shares
	(at the end of the last fiscal year	26,300,000 shares)
	First Series Class-III Preferred Shares	1,500,000 shares
	(at the end of the last fiscal year	1,500,000 shares)
	First Series Class-IV Preferred Shares	19,950,000 shares
	(at the end of the last fiscal year	19,950,000 shares)
	First Series Class-V Preferred Shares	10,875,000 shares
	(at the end of the last fiscal year	10,875,000 shares)
	Second Series Class-V Preferred Shares	2,000,000 shares
	(at the end of the last fiscal year	2,000,000 shares)
	First Series Class-VI Preferred Shares	—
	(at the end of the last fiscal year	1,000,000 shares)
3. The number of shareholders	Common Stock	120,085 people
	Class-I Preferred Shares	6 people
	Class-II Preferred Shares	5 people
	Class-III Preferred Shares	2 people
	Class-IV Preferred Shares	1 person
	Class-V Preferred Shares	2 people

(Note) The total number of shares issued has increased/decreased during the current fiscal year due to the following reasons:

Common Stock	Increase due to the exercise of stock acquisition rights attached to the bonds with stock acquisition rights		140,433,005 shares
	Increase due to the conversion of 1,000,000 Class-VI Preferred Shares into Common Stock		23,529,629 shares
Preferred Shares	Decrease due to the conversion into Common Stock	Class-VI	1,000,000 shares
	Decrease due to the own share purchase and cancellation	Class-I	20,000,000 shares

4. Major Shareholders

A. Common Stock

Name of Shareholders	Investment in the Company		Investment in the Major Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
UBS AG London Asia Equities	26,554	6.59 %	—	— %
Japan Trustee Services Bank, Ltd.(Note 2)	15,480	3.84	—	—
The Master Trust Bank of Japan, Ltd. (Note 3)	13,938	3.46	—	—
Morgan Stanley Japan Limited	11,130	2.76	—	—
Lehman Brothers Asia Capital Company	8,033	1.99	—	—
State Street Bank and Trust Company 505019	7,857	1.95	—	—
Isao Nasu	7,300	1.81	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,908	1.71	—	—
JP Morgan Chase CREF JASDEC Lending Account	6,145	1.52	—	—
E*Trade Securities Co., Ltd.	6,104	1.51	—	—

(Note) 1. The number of shares held is rounded down to the nearest thousand, and the percentage of voting rights is rounded down to two decimal places.
2. The number of the shares held by Japan Trustee Services Bank, Ltd. includes 15,366,000 shares which are held in trust accounts.
3. The number of the shares held by The Master Trust Bank of Japan, Ltd. includes 13,534,000 shares which are held in trust accounts.

B. Class-I Preferred Shares

Name of Shareholders	Investment in the Company		Investment in the Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	55,500	— %	—	— %
Mizuho Corporate Bank, Ltd.	13,500	—	—	—
Resona Bank, Limited	7,200	—	—	—
Trust & Custody Services Bank, Ltd. (trust account)	4,500	—	—	—
Mitsubishi UFJ Trust & Banking Corporation	3,000	—	—	—
Norinchukin Bank	1,500	—	—	—

C. Class-II Preferred Shares

Name of Shareholders	Investment in the Company		Investment in the Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,500	— %	—	— %
Mizuho Corporate Bank, Ltd.	4,500	—	—	—
Resona Bank, Limited	1,800	—	—	—
Mitsubishi UFJ Trust & Banking Corporation	1,000	—	—	—
Norinchukin Bank	500	—	—	—

D. Class-III Preferred Shares

Name of Shareholders	Investment in the Company		Investment in the Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
Lehman Brothers Asia Capital Company	1,000	— %	—	— %
Lehman Brothers Commercial Corporation Asia Limited	500	—	—	—

E. Class-IV Preferred Shares

Name of Shareholders	Investment in the Company		Investment in the Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,950	— %	—	— %

F. Class-V Preferred Shares

Name of Shareholders	Investment in the Company		Investment in the Shareholders by the Company	
	Number of Shares Held (thousands)	% of Total Voting Rights	Number of Shares Held (thousands)	Investment Ratio
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,875	— %	—	— %
Mizuho Corporate Bank, Ltd.	1,000	—	—	—

(4) Acquisition, Disposal and Holding of the Company's Own Shares

1. Shares Acquired

Common Stock	44,217 shares	Aggregate amount spent for share purchase	26,985 thousand yen
Preferred Shares	20,000,000 shares	Aggregate amount spent for share purchase	44,000,000 thousand yen

Among shares listed above, the following shares were acquired from specific shareholders:

Seller The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust & Banking Corporation, Norinchukin Bank

Preferred Shares	20,000,000 shares	Aggregate amount spent for share purchase	44,000,000 thousand yen

2. Shares cancelled

Preferred Shares	20,000,000 shares	Aggregate amount of share cancellation	44,000,000 thousand yen

3. Shares Held at the Fiscal Year-End

Common Stock 165,757 shares

(5) Major Lenders

Name of Lenders	Remaining Balance Payable	Number of the Company's Shares Held by the Lenders	
		Number of Shares Held (Thousands)	% of Total Voting Rights
(Notes 1,7) The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,183 billion yen	112,733	1.71 %
(Notes 2,7) Mizuho Corporate Bank, Ltd.	1,063	19,000	—
(Note 7) Sumitomo Trust & Banking Co., Ltd	705	938	0.23
(Notes 3,7) Norinchukin Bank	671	2,000	—
(Note 7) Sumitomo Mitsui Banking Corporation	409	—	—
(Notes 4,7) Mitsubishi UFJ Trust & Banking Corporation	403	7,309	0.82
(Note 5) Resona Bank, Limited	399	9,000	—
(Note 7) Development Bank of Japan	230	—	—
Aozora Bank, Ltd.	177	648	0.16
Shinkin Central Bank	175	—	—

(Notes)
1. The number of the Company's shares held by The Bank of Tokyo-Mitsubishi UFJ, Ltd. includes 55,500,000 Class-I preferred shares, 18,500,000 Class-II preferred shares, 19,950,000 Class-IV preferred shares and 11,875,000 Class-V preferred shares.
2. The number of the Company's shares held by Mizuho Corporate Bank, Ltd. includes 13,500,000 Class-I preferred shares, 4,500,000 Class-II preferred shares and 1,000,000 Class-V preferred shares.
3. The number of the Company's shares held by Norinchukin Bank includes 1,500,000 Class-I preferred shares and 500,000 Class-II preferred shares.
4. The number of the Company's shares held by Mitsubishi UFJ Trust & Banking Corporation includes 3,000,000 Class-I preferred shares and 1,000,000 Class-II preferred shares.
5. The number of the Company's shares held by Resona Bank, Limited includes 7,200,000 Class-I preferred shares and 1,800,000 Class-II preferred shares.
6. As of the end of this fiscal year, our Company's Class-I, II, IV and V preferred shares are nonvoting shares.
7. The Company has authorized the transfer of all/part of the loan lent by the lender upon request of the lender.

(6) Status of the Company Group's Employees

Segment	Number of Employees
Machinery & Aerospace	2,452
Energy & Mineral Resources	893
Chemicals & Plastics	4,175
Real Estate Development & Forest Products	1,287
Consumer Lifestyle Business	4,515
Overseas Subsidiaries	1,867
Others	2,024
Total	17,213

Status of the Company's Employees

Number of Employees	Comparison to the Prior Term	Average Age of Employees	Average Years of Continuous Employment
1,928	1,900 (increase)	40.0	15.1

(Notes) 1. The chart above does not include 180 locally-hired overseas employees.
2. The increase of 1,900 in the number of our employees is mainly due to the merger with former Sojitz Corporation.
3. The average years of continuous employment is calculated including years spent at former Sojitz Corporation.

(7) Status of Business Combinations

1. Essential Subsidiary Legal Entities and Affiliate Companies

(Subsidiary Legal Entities)

Company name	Capital share	Capital ratio	Major business contents
Sojitz U.S. company	US$581,449,093	100.00 %	Offshore trade business
Sojitz EU company	13,240 million yen ST£73,117,500	100.00	Offshore trade business
Sojitz Asia company	US$134,956,632	100.00	Offshore trade business
Sojitz Hong Kong company	HK$703,840,000	100.00	Offshore trade business
Nichimen Infinity Inc.	2,946 million yen	100.00	Planning, manufacturing and sale of male/female and children clothes
Pla Matels Corporation	793 million yen	(Note 1) 46.55	Offshore trade and sale/procure of resin materials and products
Planet Holding Corporation	6,164 million yen	100.00	Holding company of resin business
Planet Corporation	3,000 million yen	(Note 2) 100.00	Offshore trade and sale/procure of resin materials and products
Global Chemical Holdings Corporation	5,000 million yen	100.00	Holding company of chemical business
Sojitz Chemical Corporation	4,985 million yen	(Note 3) 100.00	Domestic and offshore transaction of chemicals and non-organic mineral products
Nissho Electronics Corporation	14,336 million yen	40.19	Network service business

(Notes) 1. Planet Corporation who is a subsidiary of Pla Matels Corporation has capitalized 46.55% in Pla Matels Corporation.
2. Planet Holding Corporation who is a subsidiary of Planet Corporation capitalized 100% in Planet Corporation.
3. Name of Sojitz Chemical Corporation has been changed from NN Chemical Corporation As Of October 1, 2005 and Global Chemical Holding Corporation who is a subsidiary of Sojitz Chemical Corporation has capitalized in Sojitz Chemical Corporation.

(Affiliated Companies)

Company name	Capital stock	Capital ratio	Major business contents
Metal One Corporation	100,000 million yen	40.00 %	Import/export, offshore transactions and domestic sale of steel related products, etc.
NNG Japan Corporation	8,002 million yen	50.00	LNG business and relative loans and investments

2. Progress of Business Combinations
   1. The Company has been merged with the old Sojitz Corporation who was a business subsidiary on October 1, 2005, its trade name has been changed to “Sojitz Corporation”.
   2. The Company made Zensho Co., Ltd. a company accounted for under the equity method as part of re-structure of business portfolio being promoted by the Company’s group by transferring 33.01% out of 51.41% of shares that the Company has in Nakau Co., Ltd. to Zensho Co., Ltd. on March 2, 2005 but has transferred remaining 18.39% of shares to Zensho Co., Ltd. by July 28, 2005.

3. Result of Business Combination
   1. There are 321 companies of consolidated subsidiaries and 192 companies accounted for under the equity method.
   2. The result of this term of business combination of the Company group is described in “Business progress and result of the business combination of business summary in the business report”.

(8) Directors and Corporate Auditors

Position	Responsibility or major job	Name
Representative Director and President		Akio Dobashi
Representative Director and Executive Vice President	Adviser to the President Responsible for Business group and Overseas Operations	Yutaka Kase
Representative Director and Executive Vice President	Adviser to the President (Corporate Group)	Masaki Hashikawa
Representative Director and Senior Managing Executive Officer	CCO Responsible for New Business Development Group, Legal Department and Compliance Department	Yasuyuki Fujishima
Director, Senior Managing Executive Officer	Responsible for Risk Management Department and Risk Management Planning Division	Katsuhiko Kobayashi
Director, Managing Executive Officer	Assistant to Adviser for Business Group and Overseas Operations, Human Resources & General Affairs Department	Keisuke Ishihara
Director, Managing Executive Officer	CFO Responsible for Finance Department and Corporate Accounting Department	Yoji Sato
Director		Shigeo Muraoka
Director		Yoshihiko Miyauchi
Full-time Corporate Auditor		Joji Wada
Full-time Corporate Auditor		Shunsaku Yahata
Full-time Corporate Auditor		Kenji Okazaki
Corporate Auditor		Yoshiaki Ishida
Corporate Auditor		Kazuo Hoshino

(Note) Changes in Directors and Corporate Auditors within this fiscal year

1. Yoshihiko Miyauchi, Shunsaku Yahata and Kazuo Hoshino were newly elected as Director or Corporate Auditor at the second Ordinary General Shareholders' Meeting held on June 28, 2005.
2. Yutaka Kase, Yasuyuki Fujishima, Keisuke Ishihara and Yoji Sato assumed office on October 1, 2005, the date of merger between the Company and old Sojitz Corporation due to the approval of the merger agreement between the Company and old Sojitz Corporation at the second Ordinary General Shareholders' Meeting held on June 28, 2005.
3. Hidetoshi Nishimura resigned from Director and Masaru Nakatani and Masaji Shinagawa resigned from Corporate Auditors on June 28, 2005.
4. Shigeo Muraoka is an independent director stipulated in Article 188, Paragraph 2, Item 7-2 of the Commercial Code.
5. Shunsaku Yahata, Yoshiaki Ishida and kazuo Hoshino are independent corporate auditors stipulated in Article 18, Paragraph 1 of the Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies).

(9) Remuneration and Other Benefit Paid to Directors and Corporate Auditors as Consideration of Their Services of Implementation of the Duties.

Category	Director		Corporate Auditor		Total		Remarks
	Number of persons to be paid	Amount paid (millions of yen)	Number of persons to be paid	Amount paid (millions of yen)	Number of persons to be paid	Amount paid (millions of yen)	
Remuneration pursuant to resolution of General Shareholders' Meeting	9	117	7	68	16	185	* 1 , * 2
Retiring Allowances pursuant to resolution of General Shareholders' Meeting	—	—	4	5	4	5	
Total		117		74		191	

* 1. Directors: Resolution at the Ordinary General Shareholders' Meeting held on June 28, 2005.
Monthly amount 24,000,000 yen (Excluding salary as employees)

* 2. Corporate Auditors: Resolution at the Ordinary General Shareholders' Meeting held on June 28, 2005.
Monthly amount 8,500,000 yen

(10) Amounts of Remuneration, etc. for Accounting Auditors

1. Total amount of remuneration, etc. paid by the Company and its subsidiaries, etc. to Accounting Auditors.

416,000,000 yen

2. Out of the total amount of the above item 1, total amount of remuneration, etc. paid by the Company and its subsidiaries, etc. to Accounting Auditors as consideration of services of Article 2, Paragraph 1 (Audit certification work) of Certified Public Accountant Law (Law No. 103 of 1948).

405,000,000 yen

3. Out of the total amount of above item 2, total amount of remuneration, etc. for the Company's Accounting Auditors paid by the Company to Accounting Auditors.

228,000,000 yen

(Note) The audit agreement between the Company and the Accounting Auditors does not distinguish between remuneration for audits based on the Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies) and remuneration for audits based on the Securities and Exchange Law. For this reason, the amount of the above item 3 includes remuneration amount for audits based on the Securities and Exchange Law.

III Important Facts on Status of Business Combinations Generated After the Fiscal Term

1. The Company entered into the agreement on acquisition of the Company's Preferred Shares below on April 28, 2006 with the authorization given by the resolution of its Board of Directors held on April 28, 2006.

   Details are as follows:

   (1) Type of Shares

   The Company's Second Series Class-I Preferred Shares
   The Company's Third Series Class-I Preferred Shares
   The Company's Fourth Series Class-I Preferred Shares
   The Company's First Series Class-II Preferred Shares
   The Company's First Series Class-IV Preferred Shares
   The Company's First Series Class-V Preferred Shares
   The Company's Second Series Class-V Preferred Shares

   (2) Acquisition Price of Shares

Type	Acquisition Price per share	Issue price and ratio to the issue price	
Second Series Class-I Preferred Shares	2,160 yen	2,000 yen	108%
Third Series Class-I Preferred Shares	2,120 yen	2,000 yen	106%
Fourth Series Class-I Preferred Shares	2,080 yen	2,000 yen	104%
First Series Class-II Preferred Shares	2,040 yen	2,000 yen	102%
First Series Class-IV Preferred Shares	2,300 yen	10,000 yen	23%
First Series Class-V Preferred Shares	5,160 yen	12,000 yen	43%
Second Series Class-V Preferred Shares	10,000 yen	10,000 yen	100%

(Note) In case acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share.

   (3) Total Amount of Acquisition Price of Shares

Second Series Class-I Preferred Shares	56,808,000,000 yen
Third Series Class-I Preferred Shares	55,756,000,000 yen
Fourth Series Class-I Preferred Shares	54,704,000,000 yen
First Series Class-II Preferred Shares	53,652,000,000 yen
First Series Class-IV Preferred Shares	45,885,000,000 yen
First Series Class-V Preferred Shares	56,115,000,000 yen
Second Series Class-V Preferred Shares	20,000,000,000 yen
Total	342,920,000,000 yen

(Note) In case acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 354,128,000,000 yen.

(4) Total Number of Shares to be Acquired

Type	Number of shares to be acquired	Ratio to the total issued shares
Second Series Class-I Preferred Shares	26,300,000 shares	100%
Third Series Class-I Preferred Shares	26,300,000 shares	100%
Fourth Series Class-I Preferred Shares	26,300,000 shares	100%
First Series Class-II Preferred Shares	26,300,000 shares	100%
First Series Class-IV Preferred Shares	19,950,000 shares	100%
First Series Class-V Preferred Shares	10,875,000 shares	100%
Second Series Class-V Preferred Shares	2,000,000 shares	100%
Total	138,025,000 shares	

(5) Companies from which the Company will Acquire Shares, Number of Shares to be Acquired and Total Amount of Acquisition Price

Second Series Class-I Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,500,000 shares	39,960,000,000 yen
Mizuho Corporate Bank Ltd.	4,500,000 shares	9,720,000,000 yen
Resona Bank Ltd.	1,800,000 shares	3,888,000,000 yen
Mitsubishi UFJ Trust & Banking Corporation	1,000,000 shares	2,160,000,000 yen
Norinchukin Bank	500,000 shares	1,080,000,000 yen
Total	26,300,000 shares	56,808,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 57,860,000,000 yen.

Third Series Class-I Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,500,000 shares	39,220,000,000 yen
Mizuho Corporate Bank Ltd.	4,500,000 shares	9,540,000,000 yen
Resona Bank Ltd.	1,800,000shares	3,816,000,000 yen
Mitsubishi UFJ Trust & Banking Corporation	1,000,000shares	2,120,000,000 yen
Norinchukin Bank	500,000 shares	1,060,000,000 yen
Total	26,300,000 shares	55,756,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 56,808,000,000 yen.

Fourth Series Class-I Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,500,000 shares	38,480,000,000 yen
Mizuho Corporate Bank Ltd.	4,500,000 shares	9,360,000,000 yen
Resona Bank Ltd.	1,800,000 shares	3,744,000,000 yen
Mitsubishi UFJ Trust & Banking Corporation	1,000,000 shares	2,080,000,000 yen
Norinchukin Bank	500,000 shares	1,040,000,000 yen
Total	26,300,000 shares	54,704,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 55,756,000,000 yen.

First Series Class-II Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,500,000 shares	37,740,000,000 yen
Mizuho Corporate Bank Ltd.	4,500,000 shares	9,180,000,000 yen
Resona Bank Ltd.	1,800,000 shares	3,672,000,000 yen
Mitsubishi UFJ Trust & Banking Corporation	1,000,000 shares	2,040,000,000 yen
Norinchukin Bank	500,000 shares	1,020,000,000 yen
Total	26,300,000 shares	53,652,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 54,704,000,000 yen.

First Series Class-IV Preferred Shares

Name of company from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	19,950,000 shares	45,885,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 49,875,000,000 yen.

First Series Class-V Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	10,875,000 shares	56,115,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 58,725,000,000 yen.

Second Series Class-V Preferred Shares

Name of companies from which the Company will acquire shares	Number of shares to be acquired	Total amount of acquisition price
The Bank of Tokyo-Mitsubishi UFJ Ltd.	1,000,000 shares	10,000,000,000 yen
Mizuho Corporate Bank Ltd.	1,000,000 shares	10,000,000,000 yen
Total	2,000,000 shares	20,000,000,000 yen

(Note) In case the acquisition is implemented after October 2007, acquisition price per share will be added by equivalent to 2% of the issue price of each preferred share. Assuming that all the preferred shares are acquired at the acquisition price per share after such addition, the total amount of acquisition price will be 20,400,000,000 yen.

(6) Acquisition Date

(i) March 31, 2007, (ii) the specified date (“additional acquisition date”) designated by the Company between April 1, 2007 and the date of Ordinary General Shareholders’ Meeting to be held in June 2007, (iii) September 28, 2007, and (iv) March 31, 2008.

(7) Total Amount of Acquisition on Each Acquisition Date

Total amount of CB (as defined below) converted during the period from the day of the resolution of the Board of Directors with regard to the acquisition on the acquisition date immediately before the relevant acquisition date (In case of the first acquisition date, the date of issuance of the third and fourth series unsecured convertible bonds (Hereinafter referred to as "CB")) until the day of the resolution of the Board of Directors with regard to the acquisition on the relevant acquisition date.

Despite the above-mentioned, the Company may decide, at its discretion, the total amount of acquisition which exceeds the above-mentioned amount.

(8) Order of Acquisition

Second Series Class-I, Third Series Class-I, Fourth Series Class-I, First Series Class-II, Second Series Class-V, First Series Class-IV, and First Series Class-V in order of priority

(9) Acquisition Method

- Class-I/Class-II Preferred Shares

On the acquisition date of March 30, 2007 and an additional acquisition date, acquisition shall be implemented through necessary procedures stipulated in the Commercial Code based on the "Acquisition of our own shares" to be submitted to the Ordinary General Shareholders' Meeting to be held on June 27, 2006.

When Class-I/Class-II Preferred Shares remain outstanding after the acquisition on the acquisition date of March 30, 2007 and the additional acquisition date, the Company shall make resolution on the "Acquisition of our own shares" at the Ordinary General Shareholders' Meeting or other General Shareholders' Meetings immediately after the Ordinary General Shareholders' Meeting to be held on June 27, 2006 and acquisition shall be implemented based on relevant resolution through necessary procedures stipulated in the Company Law on the acquisition date of September 28, 2007 and March 31, 2008.

- Class-IV/Class-V Preferred Shares

Acquisition shall be implemented through necessary procedures stipulated in the Company Law in accordance with the provision for acquisition of Preferred Shares by the Company, which will be added by the amendment of the Articles of Incorporation on these preferred shares.

(10) Conditions Precedent

Acquisition of preferred shares by the Company based on the agreement is subject to all following conditions:

1) all of CB, the issue of which was approved on April 28, 2006 are issued,
2) the proposal of amendment to the Company's Articles of Incorporation to increase the number of shares authorized to be issued and the number of shares of Common Stock to be issued is approved at the Ordinary General Shareholders' Meeting (Hereinafter referred to as "This General Meeting of Shareholders") to be held on June 27, 2006, and resolutions of the General Meetings of Class Shareholders required under the Company Law are passed,
3) each proposal with regard to reductions of stated capital and additional paid-in capital is approved at this General Meeting of Shareholders, and reductions of stated capital and additional paid-in capital become effective,
4) the proposal of "Establishment of authorized limits for acquisition of own shares" with regard to Class-I/Class-II Preferred Shares at this General Meeting of Shareholders is approved,
5) with regard to outstanding preferred shares which were not acquired in accordance with this agreement on the acquisition date of March 30, 2007 and additional acquisition date (in case the Company specifies it), the proposal of "Establishment of authorized limits for acquisition of own shares" is approved at the Ordinary General Meeting of Shareholders or other General Meetings of Shareholders immediately after this General Meeting of Shareholders,
6) the proposal of amendment to the Company's Articles of Incorporation to add a provision for acquisition of Class-IV/Class-V Preferred Shares by the Company at this General Meeting of Shareholders is approved, and consents from all the relevant Class Shareholders are obtained, and also the acquisition of preferred shares is legally possible under the Commercial Code and the Company Law.

(11) Restriction of Transfer

Each shareholder of preferred shares shall not be allowed to transfer those preferred shares held in possession to third parties without prior consent of the Company during a period between April 28, 2006 and March 31, 2008.

(12) Period of Agreement

From April 28, 2006 until the date whichever comes first among the below.

1. The date on which acquisition and settlement of all preferred shares are completed in accordance with this agreement.
2. The date on which conditions precednet mentioned in (10) were determined not to be fulfilled.
3. On March 31, 2008

2. On April 28, 2006, the Board of Directors of the Company resolved to propose at the Ordinary General Meeting of Shareholders to be held on June 27, 2006 on establishing authorized limits for acquisition of our own shares pursuant to the provisions of Article 210 of the Commercial Code with regard to the preferred shares below.

The contents are as follows:

(1) Classes of Shares to be Acquired

Second Series Class-I Preferred Shares of the Company
Third Series Class-I Preferred Shares of the Company
Fourth Series Class-I Preferred Shares of the Company
First Series Class-II Preferred Shares of the Company

(2) Total Number of Shares to be Acquired

Class	Total number of shares to be acquired	Portion to the total number of outstanding shares
Second Series Class-I Preferred Shares	up to26,300,000 shares	100%
Third Series Class-I Preferred Shares	up to 26,300,000 shares	100%
Fourth Series Class-I Preferred Shares	up to 26,300,000 shares	100%
First Series Class-II Preferred Shares	up to 26,300,000 shares	100%
Total	up to 105,200,000 shares	

(3) Total Amount of the Acquisition Price of Shares

220,920,000,000, yen (Max.)

(4) Parties from whom the Shares Are to be Acquired

The Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Corporate Bank Ltd., Resona Bank Ltd., Mitsubishi UFJ Trust & Banking Corporation and The Norinchukin Bank

(5) Term of Period

From the time the reduction of of stated capital and the reduction of additional paid-in capital to be proposed at the Company's Ordinary General Meeting of Shareholders to be held on June 27, 2006 become effective until the closing of the next following ordinary general meeting of Shareholders to be held in June 2007.

(Note) The above proposal is subject to an approval and adoption of "Acquisition of Our Own Shares", "Reduction of Stated Capital" and "Reduction of Addition Paid-in Capital" at the Company's Ordinary General Meeting of Shareholders to be held on June 27, 2006.

3. On April 28, 2006, the Board of Directors of the Company resolved to propose at the General Meeting of Shareholders to be held on June 27, 2006 on amending the Articles of Incorporation to add acquisition clauses with regard to the preferred shares below.
The main items regarding the acquisition clauses are as follows:

(1) Classes of Shares to Which the Acquisition Clauses Are Is Added
First Series Class-IV Preferred Shares of the Company
First Series Class-V Preferred Shares of the Company
Second Series Class-V Preferred Shares of the Company

(2) Total Number of Shares to Which the Acquisition Clauses Are Added

Class	Total number of shares to be acquired	Proportion to the total number of outstanding shares
First Series Class-IV Preferred Shares	up to19,950,000 shares	up to 100%
First Series Class-V Preferred Shares	up to10,875,000 shares	up to 100%
Second Series Class-V Preferred Shares	up to 2,000,000 shares	up to 100%
Total	up to 32,825,000 shares (upper limit)	

(3) Acquisition Price of Shares to Which the Acquisition Clauses are Added

First Series Class-IV Preferred Shares	up to 2,300 yen
First Series Class-V Preferred Shares	up to 5,160 yen
Second Series Class-V Preferred Shares	up to 10,000 yen

Note: If shares are acquired in and after October 2007, the acquisition price per share will be as follows:

First Series Class IV Preferred Shares	2,500 yen
First Series Class V Preferred Shares	5,400 yen
Second Series Class V Preferred Shares	10,200 yen

4. On April 28, 2006, the Board of Directors of the Company resolved to propose at the Ordinary General Meeting of Shareholders to be held on June 27, 2006 on reduction of stated capital and additional paid-in capital.
The details are given below.

(1) Purpose of Reducing Stated Capital and Additional Paid-in Capital
The Company has been studying the capital quality improvement as one of its top priorities. On April 28, 2006, the Board of Directors of the Company resolved to purchase the outstanding preferred shares subject to the condition that established of authorized limits for purchase of our own shares shall be approved and adopted at the Ordinary General Meeting of Shareholders to be held on June 27, 2006. To do this, the Company proposes to transfer certain amounts to "Additional Paid-in Capital" by way of "Reduction of Stated Capital" and "Reduction of Additional Paid-in Capital" in order to secure adequate capital surplus legally required for such purchase.
With regard to purchasing preferred shares, it is a pre-condition that the capital improvement by the conversion into common stock of the convertible bonds whose issuance was separately resolved by the Board of Directors on April 28, 2006.

(2) Details of Reduction of Stated Capital

1) Summary of Reduction of Stated Capital

Pursuant to the provisions of Article 375, Paragraph 1 of the Commercial Code, 120,549,826,669 yen will be reduced without charge from the amount of stated capital of 130,549,826,669 resulting in the amount of 10,000,000,000 yen. The entire amount to be reduced will be transferred to "Other Capital Surplus."

2) Capital Reduction Method

Only the amount of capital will be reduced without any change in the total number of public notice for outstanding shares.

3) Reduction Schedule

Resolution of the Board of Directors	April 28, 2006 (Friday)
Resolution of the general meeting of shareholders	June 27,2006 (Tuesday) (Scheduled)
Public notice and publication in the official gazette for creditor objection	June 28, 2006 (Wednesday) (scheduled)
Final date of creditor objection	July 28, 2006 (Friday) (scheduled)
Effective date	July 29, 2006 (Saturday) (scheduled)
Application date of the capital reduction registration	July 31, 2006 (Monday) (scheduled)

(3) Details of Reduction of Stated Capital

1) Summary of Reduction of Stated Capital

Pursuant to the provisions of Article 289, Paragraph 2 of the Commercial Code, 89,176,808,017 yen will be reduced from the reduction of additional paid-in capital of 91,676,808,017 yen, and such reduced amount will be transfered to "Other Capital Surplus."

The amount of additional paid-in capital after such reduction will be 2,500,000,000 yen. This amount is equivalent to 1/4 of the Company's stated capital after reduction, 10,000,000,000 yen.

2) Schedule for Reduction of additional paid-in capital

Resolution of the Board of Directors	April 28, 2006 (Friday)
Resolution of the general meeting of shareholders	June 27,2006 (Tuesday) (Scheduled)
Public notice and publication in the official gazette for creditor objection	June 28, 2006 (Wednesday) (scheduled)
Final date of creditor objection	July 28, 2006 (Friday) (scheduled)
Effective date	July 29, 2006 (Saturday) (scheduled)

The above reductions of stated capital and additional paid-in capital only transfer between certain items within the “Capital” section on the balance sheet and do not immediately change the net asset amount of the Company, nor do they change the number of the outstanding shares. Therefore, net asset value per share does not change due to the proposed reductions.

5. By resolution of the board of directors held on April 28, 2006, the Company decided to issue convertible bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabuyoyakuken-tsuki shasai*) through allotment to a third-party as follows:
The details are given below:

(1) Bonds to be Issued	Third series unsecured convertible bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabuyoyakuken-tsuki shasai*)
(2) Total Amount of Bonds	150 billion yen
(3) Amount of Each Bond	One billion yen
(4) Form of Bonds with Stock Acquisition Rights	Bearer form The bonds and the stock acquisition rights incorporated in the bonds with stock acquisition rights cannot be transferred separately from each other.
(5) Interest Rate	No interest shall be applied to the bonds.
(6) Issue Price	100 yen at a principal amount of 100 yen However, the stock acquisition rights shall be issued without charge.
(7) Redemption Price	100 yen at principal amount of 100 yen
(8) Initial Conversion Price	Initial conversion price shall be the largest amount among the following [1] to [3] (initial conversion price determination date: May 9, 2006): [1] Average of the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange for each of the consecutive trading days from March 20, 2006 to May 1, 2006 [2] Average of the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange for each of the consecutive trading days from April 28, 2006 to May 9, 2006 [3] Closing price of the shares of common stock of the Company on the Tokyo Stock Exchange on the date of determination of the conditions, etc. (May 9, 2006) The conversion price shall be revised with the volume weighted average prices of the shares of common stock of the Company on the Tokyo Stock Exchange.
(9) Period of Request for Exercise of Stock Acquisition Rights	May 26, 2006 to May 22, 2008
(10) Redemption Method	a. Redemption at maturity b. Advance redemption at the option of the Company c. Advance redemption at the option of the bondholders d. Purchase and cancellation
(11) Closing Date	May 25, 2006
(12) Issue Date of Bonds	May 25, 2006
(13) Maturity Date	May 23, 2008
(14) Place of Issuance	Japan
(15) Method of Offering	Third-party allotment
(16) Security or Guarantee	Unsecured, non-guaranteed
(17) Handling in the Case of the Amendment of Commercial Code or Other Laws or Regulations	On and after the date of the resolution of the board of directors concerning the issuance of bonds with stock acquisition rights, when the Commercial Code or other laws or regulations relating to the issue of the share certificate or bonds with stock acquisition rights are amended (including the Company Law enforcement), the Company can replace relevant provisions in the terms and conditions of the bonds with stock acquisition rights and take other necessary measures in a manner which the

	Company deems appropriate, with regard to the handling of the matters relating to the relevant amendment, pursuant to the rules for the amended Commercial Code or other laws or regulations of Japan and to the purport of the terms and conditions of the bonds with stock acquisition rights.
(18) Use of Funds	The net proceeds of the issue of the bonds with stock acquisition rights will be applied to a part of the funds for purchasing Second Series Class-I Preferred Shares, Third Series Class-I Preferred Shares, Fourth Series Class-I Preferred Shares, First Series Class-II Preferred Shares, First Series Class-IV Preferred Shared, First Series Class-V Preferred Shares, and Second Series Class-V Preferred Shares issued by the Company. Notwithstanding the foregoing, the net proceeds will be applied to the Company's operating funds until the proceeds are used as above.

6. By resolution of the board of directors held on April 28, 2006, the Company decided to issue convertible bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabuyoyakuken-tsuki shasai*) through allotment to a third-party allotment as follows:
The details are given below.

(1) Bond to Be Issued	Fourth series unsecured convertible bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabuyoyakuken-tsuki shasai*)
(2) Total Amount of Bonds	150 billion yen
(3) Amount of Each Bond	One billion yen
(4) Form of Bonds with Stock Acquisition Rights	Bearer form The bonds and the stock acquisition rights incorporated in the bonds with stock acquisition rights cannot be transferred separately from each other.
(5) Interest Rate	No interest shall be applied to the bonds.
(6) Issue Price	100 yen at a principal amount of 100 yen However, the stock acquisition rights shall be issued without charge.
(7) Redemption Price	100 yen at principal amount of 100 yen
(8) Initial Conversion Price	Initial conversion price shall be the largest amount among the following [1] to [3] (initial conversion price determination date: May 9, 2006): [1] Average of the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange for each of the consecutive trading days from March 20, 2006 to May 1, 2006 [2] Average of the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange for each of the consecutive trading days from April 28, 2006 to May 9, 2006 [3] Closing price of the shares of common stock of the Company on the Tokyo Stock Exchange on the date of determination of the conditions, etc. (May 9, 2006) The conversion price shall be revised with the volume weighted average prices of the hares of common stock of the Company on the Tokyo Stock Exchange.
(9) Period of Request for Exercise of Stock Acquisition Rights	July 1, 2006 to May 22, 2008
(10) Redemption Method	a. Redemption at maturity b. Advance redemption at the option of the company c. Advance redemption at the option of the bondholders d. Purchase and cancellation
(11) Closing Date	May 25, 2006
(12) Issue Date of Bonds	May 25, 2006
(13) Maturity Date	May 23, 2008

(14) Place of Issuance	Japan
(15) Method of Offering	Third-party allotment
(16) Security or Guarantee	Unsecured, non-guaranteed
(17) Handling in the Case of the Amendment of Commercial Code or Other Laws or Regulations	On and after the date of the resolution of the board of directors concerning the issuance of bonds with stock acquisition rights, when the Commercial Code or other laws or regulations relating to the issue of the share certificate or bonds with stock acquisition rights are amended (including the Company Law enforcement), the Company can replace relevant provisions in the terms and conditions of the bonds with stock acquisition rights and take other necessary measures in a manner which the Company deems appropriate, with regard to the handling of the matters relating to the relevant amendment, pursuant to the rules for the amended Commercial Code or other laws or regulations of Japan and to the purport of the terms and conditions of the bonds with stock acquisition rights.
(18) Use of Funds	The net proceeds of the issue of the bonds with stock acquisition rights will be applied to a part of the funds for purchasing Second Series Class-I Preferred Shares, Third Series Class-I Preferred Shares, Fourth Series Class-I Preferred Shares, First Series Class-II Preferred Shares, First Series Class-IV Preferred Shared, First Series Class-V Preferred Shares, and Second Series Class-V Preferred Shares issued by the Company. Notwithstanding the foregoing, the net proceeds will be applied to the Company's operating funds until the proceeds are used as above.

7. By the Board of Directors held on April 28, 2006, the Company decided to merge Global Chemical Holdings, Inc., which is a wholly-owned subsidiary of the Company and is the chemical industry holding company, and Sojitz Chemical Corporation, a wholly-owned subsidiary of Global Chemical Holdings, Inc. into the Company.
The details are given below.

(1) Purpose of Merger

The Company has been promoting its chemical business while closely connecting the manure and methanol businesses run by Sojitz head office and the chemical business run by Sojitz Chemical Corporation, the core business company. Lately, to more efficiently promote the group-level management and to accelerate global business expansion by uniting and utilizing the general trading company functions owned by the Company’s group, the Company decided to combine the chemical businesses into itself and to merge Global Chemical Holdings, Inc., which is the wholly-owned subsidiary of the Company and is the chemical industry holding company, and Sojitz Chemical Corporation, the wholly-owned subsidiary of Global Chemical Holdings, Inc. into the Company.

(2) Gist of Merger

1) Merger Schedule

Meeting of the Board of Directors to Authorize the Merger Agreement	End of June, 2006 (scheduled)
Signing of the Merger Agreement	End of June, 2006 (scheduled)
Date of Merger	October 1, 2006 (scheduled)
Commercial Registration of Merger	Beginning of October, 2006 (scheduled)

2) Merger Method

The Company will continue as the surviving company. Global Chemical Holdings, Inc., and Sojitz Chemical Corporation will be dissolved.

3) Merger Ratio

At the time of the merger, the Company will not issue new shares and will not increase the amount of capital because the Company holds all issued shares of Global Chemical Holdings, Inc., and the latter holds all issued shares of Sojitz Chemical Corporation.

4) Merger Subsidy

No merger subsidy is paid.

(3) Circumstances after Merger (Scheduled)

1) Business Name Sojitz Corporation

2) Business Contents	General trading company
3) Location of the Head Office	1-20, Akasaka 6-chome, Minoto-ku, Tokyo
4) Representative	Akio Dobashi, Representative director
5) End of Fiscal Year	March, 31
6) Influence on the Business Results	In the unconsolidated account settlement, since this merger corresponds to the trading under common control in “Accounting Standards Regarding Company Integration” applied from April 2006, the omnibus share distinction loss is expected to reach about 10 billion yen as the special loss at the date of the merger. In the consolidated account settlement, Global Chemical Holdings, Inc., and Sojitz Chemical Corporation are the consolidated subsidiaries of the Company, and this merger does not affect the business results of Sojitz group.

8. By the Board of Directors held on April 28, 2006, the Company decided to merge Sojitz Urban Development Corporation, the wholly-owned subsidiary of the Company into the Company.
The details are given below.

(1) Purpose of Merger

The Urban Development Department of the Company has been promoting the condominium business and other businesses in partnership with Sojitz Urban Development Corporation.
Lately, to more efficiently promote the group-level management and to promote business efficiency improvement and cost reduction by uniting and utilizing the general trading company functions owned by the Company’s group, the Company decided to completely integrate the relevant businesses and to merge Sojitz Urban Development Corporation into the Company.

(2) Gist of Merger

1) Merger Schedule

Meeting of the Board of Directors to Authorize the Merger Agreement	May 23, 2006 (scheduled)
Signing of the Merger Agreement	End of May, 2006 (scheduled)
Date of Merger	August 1, 2006 (scheduled)
Commercial Registration of Merger	Beginning of August, 2006 (scheduled)

2) Merger Method

The Company will continue as the surviving company. Sojitz Urban Development Corporation will be dissolved.

3) Merger Ratio

At the time of the merger, the Company will not issue new shares and will not increase the amount of capital because the Company holds all issued shares of Sojitz Urban Development Corporation.

4) Merger Subsidy

No merger subsidy is paid.

(3) Circumstances after Merger (Scheduled)

1) Business Name	Sojitz Corporation
2) Business Contents	General trading company
3) Location of the Head Office	1-20, Akasaka 6-chome, Minoto-ku, Tokyo
4) Representative	Akio Dobashi, Representative director
5) End of Fiscal Year	March, 31
6) Influence on the Business Results	In the unconsolidated account settlement, since this merger corresponds to the trading under common control in “Accounting Standards Regarding Company Integration” applied from April 2006, the omnibus share distinction loss is expected to reach about 4 billion yen as the special loss at the date of the merger. In the consolidated account settlement, Sojitz Urban Development Corporation is the consolidated subsidiary of the Company, and this merger does not affect the business results of Sojitz group.

Consolidated Balance Sheet (as of March 31, 2006)

Account	Amount	Account	Amount
	Million Yen		Million Yen
Assets		**Liabilities**	
Current Assets	1,510,454	Current Liabilities	1,416,716
Cash and deposits	521,937	Trade notes and accounts payable	451,438
Trade notes and accounts receivable	613,513	Short-term debts	
Marketable securities	6,471	Commercial paper	775,555
Inventories	214,163	Bonds payable (within 1 year)	29,200
Short-term loans	44,237	Income taxes payable	9,358
Deferred income tax	8,886	Deferred tax liabilities	7,774
Others	116,416	Allowance for employee bonuses	41
Allowance for doubtful accounts	↓15,172	Others	5,148
Fixed Assets	1,010,200	**Fixed Liabilities**	138,198
Tangible fixed assets	246,665	Bonds	640,887
Intangible fixed assets	100,131	Long-term borrowings	99,036
Consolidated adjustment accounts	76,897	Deferred tax liabilities	473,109
Others	23,233	Reserve for retirement benefits	13,553
Investments and other assets	663,403	Deferred tax liabilities on revaluation	25,558
Investments in securities	488,291	reserve	445
Long-term loans	38,867	Others	29,185
Long-term receivables	176,527	**Total Liabilities**	2,057,603
Deferred income tax	23,880	**Minority interest**	37,125
Others	58,793	**Shareholders' Equity**	
Allowance for doubtful accounts	↓122,956	**Capital**	130,549
Deferred assets	1,024	**Capital surplus**	166,754
		Retained earnings	92,487
		Land revaluation difference	↓2,619
		Net unrealized holding gains on securities	90,547
		Foreign exchange translation adjustment	↓50,655
		Treasury stock	↓113
		Total shareholders' equity	426,949
Total Assets	2,521,679	**Total liabilities, minority interest and shareholders' equity**	2,521,679

Consolidated Statement of Income (from April 1, 2005 to March 31, 2006)

Account	Amount	
	Million Yen	Million Yen
Operating Activities		
Operating Profit and Loss		
Net sales		4,972,059
Cost of sales		4,729,892
Gross profit on sales		242,166
Selling, general and administrative expenses		165,964
Operating income		76,202
Non-operating Profit and Loss		
Non-operating revenue		
Interest income	13,213	
Dividends income	6,816	
Equity in net income of unconsolidated subsidiaries	19,149	
Gain on sales of investment securities	2,042	
Others	18,496	59,718
Non-operating expenses		
Interest expenses	38,571	
Commercial paper interest	1,572	
Miscellaneous expenses	17,003	57,147
Ordinary Income		78,773
Extraordinary Profit and Loss		
Extraordinary profit		
Gain on sales of tangible fixed assets	3,962	
Gain on sales of investment securities	9,522	
Gain on sales of investments	12	
Reversal of allowance for doubtful accounts	5,797	
Gain on sales of specific foreign receivables	617	
Gain on prior-period recovered debts	112	20,025
Extraordinary Loss		
Loss on sales/disposal of tangible fixed assets	1,723	
Loss on impairment of long-lived assets	2,022	
Loss on sales of investment securities	3,367	
Loss on sales of investments	1,238	
Loss on valuation of investment securities	950	
Loss on changes in equity	2,954	
Loss resulting from subsidiary reorganization and reserve	11,645	
Loss resulting from restructuring	5,482	29,384
Income before income tax		69,414
Corporate income tax, corporate inhabitant tax and enterprise tax	16,484	
Corporate income and other tax adjustments	5,840	
Minority interest		3,383
Net income		43,706

Basis of presenting consolidated financial statements

1. Matters regarding the scope of consolidation
   (1) Number of consolidated affiliates: 321
   The names of principal consolidated affiliates are not listed here because they are listed in Item (7) "Business integration status," Chapter II "Enterprise Overview" of the Annual Report.
   Additional 24 companies have been included in the consolidation due to new establishment, acquisition, or other reason, but the total number of consolidated affiliates is 32 smaller than in the previous period because of selling, liquidation, or conversion to a company to which the equity method does not apply.
   (2) Names of principal non-consolidated affiliates
   CRC Investment Inc.
   Reason for excluding this company from the consolidation
   Since the total assets, net sales, and net income of this company are so low that they would not significantly influence the consolidated financial statements, the company is excluded from the scope of consolidation.
2. Matters regarding the application of the equity method
   (1) Number of non-consolidated affiliates and subsidiaries to which the equity method applies: 192
   The names of principal subsidiaries to which the equity method applies are not listed here because they are listed in Item (7) "Business integration status," Chapter II "Enterprise Overview" of the Annual Report.
   The equity method has begun to apply to additional 32 companies that were newly established, acquired, or otherwise added and 28 companies have been excluded from the application of the equity method due to selling or other reason.
   (2) Names of principal non-consolidated affiliates and subsidiaries to which the equity method does not apply
   Shinwa Gose Co., Ltd.
   Reason why the equity method does not apply to this company
   Since the net income and retained earnings of this company are so low that they would not significantly influence the consolidated financial statements, the company is excluded from the target to which the equity method applies.
3. Matters regarding business years of consolidated affiliates
   A total of 192 consolidated affiliates use settling days different from the consolidated settling day. If the settling day of a consolidated affiliate differs from the consolidated settling day by up to three months, the financial statements of the affiliate are used for consolidated accounting. If the settling day difference significantly influences a business transaction, adjustment required for consolidation is made on the business transaction. If the settling day of a consolidated affiliate differs from the consolidated settling day by longer than three months, a settlement procedure that is considered as reasonable for a consolidated affiliate is conducted for that affiliate on the consolidated settling day.
4. Matters regarding the accounting standards
   (1) Asset valuation method
   1. Marketable securities (including investment securities)
      Trading securities
      ……Based on the market value method.
      Cost of sales is generally calculated using the moving average method.
      Bonds held to maturity
      ……Based on the amortization method (straight line method).
      Other marketable securities
      With fair market value
      ……Such securities are valuated by the market value method based on the market value on the consolidated settling day (related valuation differences are directly charged or credited to the shareholders' equity and cost of securities sold is calculated using the moving average method).
      Without fair market value
      ……Such securities are valuated at their cost based on the moving average method.
      Investments in a limited partnership for investment or a similar partnership (that can be considered as marketable securities in accordance with Article 2, Paragraph 2 of the Securities and Transaction Law) are stated at their net equity value based on the most recent financial statements that are available on the settlement report day as specified in the partnership agreement.
   2. Derivatives
      Based on the market value method
   3. Investment-purpose money trust
      Based on the market value method
   4. Inventories
      Inventories are generally valuated at their cost based on the specific identification method or moving average method, but foreign consolidated affiliates and other use a lower-of-cost-or-market method based on the specific identification scheme.

   (2) Fixed asset depreciation method
   1. Tangible fixed assets
      The declining balance method is generally used. However, the straight line method is used for buildings (excluding attached facilities) that were acquired since April 1, 1998.
      The principal useful lives are as follows:
      Buildings and structures (including fixed assets for rental): 3 to 65 years

Machinery and transportation equipment: 2 to 25 years

2. Intangible fixed assets

The straight line method is generally used. Software for in-house use is depreciated by the straight line method based on the in-house service life (5 years). Certain consolidated affiliates use the unit-of-production method for mining rights.

(3) Accounting standards for significant reserves/allowances

1. Allowance for doubtful accounts

In preparation for losses from bad receivables, bad loans, or other bad debts, possibility of recovery is considered for general debts based on the actual bad debt write-off rate, whereas it is considered individually for specific debts with default possibility. The expected write-off amount as the result of this consideration is stated.

2. Allowance for employee bonuses

In preparation for the payment of employee bonuses, the amount expected to be paid is stated.

3. Reserve for retirement benefits

In preparation for the payment of retirement benefits to employees, this reserve is stated at the amount that is reasonably expected to be paid at the end of this period, based on the retirement benefit liabilities at the end of this period and the expected amount of pension assets.

(4) Standards for converting significant assets or liabilities in foreign currency to those in local currency

Credits and debts in foreign currency are converted to those in yen at the spot exchange rate on the consolidated settling day and the exchange discrepancy is stated as profit or loss. The assets and liabilities of an affiliate located overseas are converted to yen equivalents at the spot exchange rate on the settling day and earnings and expenses are converted to yen equivalents at the spot exchange rate on the settling day of the affiliate and earnings and expenses are converted to yen equivalents at the current-period exchange rate.

The exchange discrepancy is included in the minority interest and in the foreign exchange translation adjustment contained in the Shareholders' Equity section.

(5) Accounting method for significant lease transactions

For finance lease transactions in which the ownership of lease products is not recognized as transferred to the debtor, the accounting method for ordinary lease transactions is used. For lease transactions handled by, for example, certain consolidated affiliates located overseas, however, accounting methods associated with the particular sale transactions are used.

(6) Significant hedge accounting method

1. Hedge accounting method

   In general, deferred hedge accounting is used. Exchange reservations, currency swaps, and currency options that fulfill the allocation requirements are subjected to allocation accounting. Interest rate swaps that fulfill specific matching criteria are subjected to the accounting method that is pertinent to the specific criteria.

2. Hedging instruments and hedged items

   Exchange reservation, currency swap, and currency option transactions are used as hedging instruments against exchange rate variation risks involved in transactions in foreign currencies; interest rate swap, interest rate cap, and interest rate option transactions are used as hedging instruments against interest rate variation risks involved in debts, loans, coupon bonds, and similar transactions; commodity future, forward delivery, and similar transactions are used as hedging instruments against precious metals, grain, petroleum, and other merchandise price variation risks.

3. Hedge policy

   To avoid currency, interest rate, marketable security value, merchandise price variation risks, derivative transactions are generally used to hedge these risks in accordance with in-house management regulations.

4. Hedge effectiveness evaluation method

   Cumulative fluctuations in cash flows or exchange/interest rates as hedged items are compared with those as hedging instruments at half-year intervals. The hedge effectiveness is evaluated based on the fluctuations in both quantities. However, effectiveness evaluation is not conducted on interest rate swaps that rely on accounting methods to which specific matching criteria are applied.

(7) Other basic matters for presenting consolidated financial statements

1. Accounting for deferred assets

   Stock issue cost is amortized on the straight line basis over three years.

   Bond issue cost is amortized on the straight line basis over the period of bond maturity or the maximum period (three years) specified by the Commercial Code Enforcement Regulations, whichever is shorter. However, if this cost is low in amount, it is included in the lump-sum expenses.

2. Treating paid interests associated with large real-estate development projects as part of historical cost

   Interests paid for a large real-estate development project (whose total investment is 2 billion yen or more and whose development period exceeds one year) during the normal development period are treated as part of the historical cost.

3. Accounting for consumption tax

   Based on the tax excluded method

4. Application of the consolidated tax system

   The consolidated tax system is applied.

5. Matters regarding valuation of assets and liabilities of consolidated affiliates

   The assets and liabilities of consolidated affiliates are totally valuated at their market values.

6. Matters regarding amortization of consolidated adjustment accounts

   Consolidated adjustment accounts are amortized on the straight line basis over five to twenty years. However, if they are low in monetary amount, they are paid off on a bullet basis in the year of acquisition.

7. Some terms and formats of consolidated financial statements are based on the Rules and Regulations of Financial Statements, in accordance with Article 200 of the Commercial Code Enforcement Regulations.

Changes in accounting policy

(Accounting standards associated with the impairment of fixed assets)

Since the current consolidated accounting year, the accounting standards associated with the impairment of fixed assets (Statement about the Establishment of Accounting Standards Associated with the Impairment of Fixed Assets issued by the Business Accounting Deliberation Council on August 9, 2002 and Guidelines for the Application of Accounting Standards Associated with the Impairment of Fixed Assets issued as business accounting standard application guidelines No. 6 on October 31, 2003) have applied. As a result, the income before income taxes has been reduced by 2,022 million yen.

The cumulative impairment losses are directly deducted from appropriate asset values.

Changes in listing

(Consolidated statement of income)

"Loss on sales of investments" (375 million yen in the previous consolidated accounting year), which was included in "Loss on sales of investment securities" under "Extraordinary loss" in the previous consolidated accounting year is listed as a separate item in the current consolidated accounting year because its significance has been increased.

Notes on the consolidated balance sheet

1. Monetary amounts are rounded down to ¥millions.
2. Cumulative depreciation of tangible fixed assets 123,499 million yen

3. Mortgaged assets	266,536 million yen
4. Guaranteed debts	43,130 million yen
5. Discounts on trade notes receivable	29,112 million yen
6. Repurchase of trade notes receivable endorsed	305 million yen

7. Certain domestic consolidated affiliates revaluated business land in accordance with Law Concerning Revaluation of Land (Law No. 34 enforced on March 31, 1998) and state the land revaluation differences in the section of Shareholders' Equity.
   - Revaluation method
     In general, land is revaluated based on appraisal reports from real estate appraisers as defined in Article 2, Paragraph 5 of the Enforcement Ordinance of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998).
   - Dates of revaluation
     By March 31, 2002
   - Difference between the market value of revaluated land at the end of the current period and the book value
     1,072 million yen

Notes on the consolidated statement of income

1. Monetary amounts are rounded down to ¥millions.

2. Net income per share	126.21 yen

Reference: Business segment information

Business segment information

[From April 1, 2005 To March 31, 2006]

(Unit: Million yen)

	Machinery and space/aero-nautics	Energy and metal resources	Chemical products and synthetic resins	Architecture and wood	Life industry	Subsidiaries overseas	Other business
I. Sales and operating income/loss							
Sales							
(1) Sales to outside customers	958,343	1,207,031	632,861	419,746	868,055	768,547	117,474
(2) Internal sales between segments	12,434	10,279	46,354	3,105	14,015	318,325	20,792
Total	970,778	1,217,310	679,216	422,851	882,070	1,086,872	138,266
Operating expenses	954,737	1,199,293	662,659	413,244	874,096	1,082,226	135,698
Operating income	16,040	18,017	16,556	9,606	7,973	4,646	2,568
II. Assets (at the end of March 2006)	325,062	462,958	360,939	232,052	292,281	441,054	176,164

	Total	Elimination or corporate	Consolidated
I. Sales and operating income/loss			
Sales			
(1) Sales to outside customers	4,972,059	-	4,972,059
(2) Internal sales between segments	425,306	(425,306)	-
Total	5,397,366	(425,306)	4,972,059
Operating expenses	5,321,956	(426,098)	4,895,857
Operating income	75,409	(792)	76,202
II. Assets (at the end of March 2006)	2,290,514	231,165	2,521,679

Notes:

1. The unallocatable operating expenses that fall in the "Elimination or corporate" category amount to 3,770 million yen. The main portion is expenses of skill groups of this company and the previous Sojitz Corp.
2. The company-wide assets that fall in the "Elimination or corporate" category amount to 447,487 million yen. The main portion is in the form of cash, deposits, idle funds for investment, such as government and private bonds, and marketable investment securities.
3. Business segmentation change and products handled by each business segment
   To ensure that the current medium-term managerial plan will be successfully implemented, by simplifying the group management organization and quickening decision-making processes, the business segmentation has been changed in the current consolidated accounting year as follows. The segment information in the previous consolidated accounting year is presented based on the segmentation used in the current consolidated accounting year.
   - The previous business segments "Architecture and urban development" and "Wood" have been integrated to a single segment "Architecture and wood."
   - The previous business segments "Fiber," "Food," and "Goods and retail" have been integrated to a single segment "Life industry."
   - Part of iron/steel-related business that was included in "Other business" has been integrated to the business segment "Energy and metal resources."
   - Products handled by each business segment are identified in Item (1) Principal business handled by each company group, Chapter II Business Overview of the Annual Report.

Accounting Auditors' Audit Report Concerning Consolidated Financial Statements: Full Copy

Independent Auditors' Audit Report

May 15, 2006

To the Board of Directors,
Sojitz Corporation

Ernest and Young ShinNihon

Designated member Managing member	Certified public accountant	Fumio Konishi	Seal
Designated member Managing member	Certified public accountant	Hiroyuki Okuyama	Seal
Designated member Managing member	Certified public accountant	Toshinari Takeno	Seal

KPMG AZUSA & Co.

Designated member Managing member	Certified public accountant	Masaji Tomiyama	Seal
Designated member Managing member	Certified public accountant	Naoto Yokoi	Seal
Designated member Managing member	Certified public accountant	Junji Ono	Seal

In accordance with the provisions in Article 19, Paragraph 2, Item 3 of the Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies), we, the audit corporations, audited the consolidated financial statements, which were the consolidated balance sheet and consolidated statement of income, for the third business year from April 1, 2005 to March 31, 2006 of Sojitz Corporation. The executives of the company are responsible for the preparation of these consolidated financial statements. We, the audit corporations, are responsible for expressing our opinions on these consolidated financial statements from an independent viewpoint.

We, the audit corporations, conducted audit based on audit standards that are generally considered as fair and reasonable in Japan. These audit standards require us, the audit corporations, to ensure in a reasonable fashion that the consolidated financial statements do not contain anything that is significantly false. The audit is based on sampling survey and includes examination of all that is written in the consolidated financial statements, including the accounting policy used by the executives, the method by which the executives have applied the policy, and the estimates obtained by the executives. We, the audit corporations, believe that we have obtained reasonable basis for our expressing opinions as the results of our audit. In addition, this audit includes the audit conducted on consolidated or non-consolidated affiliates with a procedure we, the audit corporations, considered as necessary.

We, the audit corporations, recognize that the results of our audit prove that the above consolidated financial statements correctly represent the property and income/loss status of the enterprise group consisting of Sojitz Corporation and its consolidated affiliates.

The subsequent events No.1 to 6 described in the annual report may significantly influence the property and income/loss status of the enterprise group consisting of Sojitz Corporation and its consolidated subsidiaries as they stand in the next and subsequent periods.

No noteworthy interest relationship exists between the company and us, the audit corporations, or any managing member in accordance with the provisions in the Certified Public Accountants Law.

Board of Corporate Auditors' Audit Report on Consolidated Financial Statements: Full Copy

Audit Report on Consolidated Financial Statements

The board of corporate auditors heard each auditor's report on the audit of the consolidated financial statements (consolidated balance sheet and consolidated statement of income) for the third business year from April 1, 2005 to March 31, 2006 as well as the audit method, discussed the reports, and prepared this audit report as an opinion agreed upon by all the corporate auditors.

1. Overview of the auditor's audit method

When auditing, each corporate auditor complied with the corporate auditors' audit standards established by the board of corporate auditors, observed the audit policy for this period, followed the audit schedule and assignment plan, heard reports on the consolidated financial statements from directors, executive officers, and accounting auditor, and conducted audit.

2. Results of audit

We recognize that the method and result of the audit conducted by Ernest and Young ShinNihon and KPMG AZUSA & Co. are considered as reasonable.

May 23, 2006

Sojitz Corporation Board of Corporate Auditors

Auditor (regular)	Joji Wada	Seal
Auditor (regular)	Shunsaku Yahata	Seal
Auditor (regular)	Kenji Okazaki	Seal
Auditor	Katsuaki Ishida	Seal
Auditor	Kazuo Hoshino	Seal

Note: Regular auditor Shunsaku Yahata and auditors Katsuaki Ishida and Kazuo Hoshino are outside auditors as defined in Article 18, Paragraph 1 of the (previous) Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies).

Balance Sheet (as of March 31, 2006)

Account	Amount
	Million Yen
Assets	
Current Assets	797,840
Cash and deposits	280,992
Trade notes receivable	34,454
Trade accounts receivable	181,274
Marketable securities	399
Merchandise	69,145
Real estate for sale	24,042
Merchandise in transit	15,984
Advance payments	15,712
Prepaid expenses	5,303
Deferred tax assets	3,090
Short-term loans	3,067
Short-term loans to subsidiaries	107,352
Guarantee deposits	3,052
Accrued revenue	1,212
Accounts receivable	46,255
Others	9,452
Allowance for doubtful accounts	↓2,954
Fixed assets	1,011,395
Tangible fixed assets	8,680
Buildings	3,755
Structures	373
Machinery	279
Vehicles and transport equipment	101
Instruments and utensils	631
Land	3,539
Intangible fixed assets	5,473
Telephone subscription rights	30
Telecommunication service rights	2
Software	5,411
Others	29
Investments and other assets	997,240
Investment securities	240,431
Subsidiary stock	594,269
Subsidiary bonds	0
Marketable securities of other related companies	715
Funds	2,942
Investments in subsidiaries	27,304
Long-term loans	5,162
Long-term loans to employees	49
Long-term loans to subsidiaries	47,184
Long-term receivables	197,544
Long-term expenses in advance	6,143
Deferred tax assets	10,938
Others	9,428
Allowance for doubtful accounts	↓144,874
Deferred assets	1,024
Stock issue cost	701
Bond issue cost	323
Total Assets	1,810,259

Account	Amount
	Million Yen
Liabilities	
Current liabilities	788,331
Notes payable	8,302
Trade notes payable	26,378
Accounts payable	149,108
Short-term borrowings	469,973
Short-term borrowings from	500
subsidiaries	29,200
Commercial paper	14,111
Accrued payable	3,353
Accrued expenses	852
Accrued income and other taxes	13,280
Advance receipts	66,859
Deposits	513
Income in advance	1,828
Guarantee deposits	1,796
Allowance for employee bonuses	2,273
Others	579,510
Fixed liabilities	95,500
Bonds	409,419
Long-term loans	44,532
Long-term borrowings from subsidiaries	17,999
Reserve for retirement benefits	12,060
Others	
Total Liabilities	1,367,842
Shareholders' Equity	
Capital	130,549
Capital surplus	227,981
Additional paid-in capital	91,676
Other capital surplus	136,304
Gain on reduction of capital or	136,304
capital reserves	
Retained earnings	20,583
Unappropriated retained earnings	20,583
Difference in valuation of other marketable securities	63,387
Treasury stock	↓84
Total shareholders' equity	442,417
Total liabilities, minority interest and shareholders' equity	1,810,259

Statement of Income (from April 1, 2005 to March 31, 2006)

Account	Amount	
Operating Activities	Million Yen	Million Yen
Operating Profit and Loss		
Net sales		1,328,787
Cost of sales		1,301,278
Gross profit on sale		27,508
Operating income		1,335
Gross profit on operating revenues		28,844
Selling, general and administrative expenses		26,227
Operating income		2,616
Non-operating Profit and Loss		
Non-operating revenue		
Interest income	6,564	
Dividends income	26,486	
Others	6,588	39,639
Non-operating expenses		
Interest expenses	16,370	
Commercial paper interest	279	
Miscellaneous expenses	5,838	22,488
Ordinary income		19,767
Extraordinary Profit and Loss		
Extraordinary profit		
Gain on sales of tangible fixed assets	5	
Gain on sales of stock of subsidiaries	1,167	
Gain on sales of investment securities	3,308	
Gain on sales of investments	14	
Reversal of allowance for doubtful accounts	212	
Gain on sales of specific foreign receivables	617	
Gain on prior-period recovered debts	2	5,327
Extraordinary Loss		
Loss on sales/disposal of tangible fixed assets	110	
Loss on impairment of tangible fixed assets	110	
Loss of impairment of long-lived assets	22	
Loss on sales of investment securities	111	
Loss on sales of investments	1,264	
Loss on valuation of investment securities	563	
Loss resulting from subsidiary reorganization and reserve	6,122	
Loss resulting from restructuring	714	9,019
Income before income tax		16,075
Corporate income tax, corporate inhabit tax and enterprise tax	↓2,954	
Corporate income and other tax adjustments	2,220	
Net income		16,808
Retained deficit brought forward	55,818	
Compensation for loss brought forward due to capital reduction	55,818	
Unappropriated earnings brought forward due to merge	3,774	
Unappropriated earnings		20,583

Significant accounting policy

1. Standard and method for valuating marketable securities
   Marketable securities for sales/purchase are valuated at their market value. Cost of sales is generally calculated using the moving average method.
   Bonds to be held to maturity are valuated using the depreciation method (straight line method).
   Stocks of affiliates and subsidiaries are valuated based on their cost determined using the moving average method.
   Other marketable securities with fair market value are valuated by the market value method based on the market value on the closing day of the period (related valuation differences are directly charged or credited to the shareholders' equity and cost of securities sold is calculated using the moving average method). Marketable securities without fair market value are valuated at their cost based on the moving average method.
   Investments in a limited partnership for investment or a similar partnership (that can be considered as marketable securities in accordance with Article 2, Paragraph 2 of the Securities and Transaction Law) are stated at their net equity value on the most recent financial statements that are available on the settlement report day as specified in the partnership agreement.
2. Inventories are generally valuated at their cost based on the specific identification method or moving average method.
3. Derivatives and investment-purpose money trusts are valuated by the market value method.
4. Tangible fixed assets are depreciated by the declining balance method.
   However, the straight line method is used for buildings (excluding attached facilities) that were acquired since April 1, 1998.
   For intangible fixed assets, the straight line method is generally used.
   Software for in-house use is depreciated by the straight line method based on the in-house service life (5 years).
5. In preparation for losses from bad receivables, bad loans, or other bad debts, possibility of recovery is considered for general debts based on the actual bad debt write-off rate, whereas it is considered individually for specific debts with default possibility. The expected write-off amount as the result of this consideration is stated.
6. In preparation for the payment of employee bonuses, the amount expected to be paid is stated.
7. In preparation for the payment of retirement benefits to employees, the reserve for retirement benefits is stated based on the retirement benefit liabilities at the end of this period.
8. Credits and debts in foreign currency are converted to those in yen at the spot exchange rate at the end of the period and the exchange discrepancy is stated as profit or loss.
9. The founding expenses and stock issue expenses are amortized using the straight line method over three years.
   Bond issue cost is amortized on the straight line basis over the period of bond maturity or the maximum period (three years) specified by the Commercial Code Enforcement Regulations, whichever is shorter.
10. For finance lease transactions in which the ownership of lease products is not recognized as transferred to the debtor, the accounting method for ordinary lease transactions is used.
11. For hedge accounting, the deferred hedge accounting method is generally used.
    Exchange reservations, currency swaps, and currency options that fulfill the allocation requirements are subjected to allocation accounting. Interest rate swaps that fulfill specific matching criteria are subjected to the accounting method that is pertinent to the specific criteria.
12. Interests paid for a large real-estate development project (whose total investment is 2 billion yen or more and whose development period exceeds one year) during the normal development period are treated as part of the historical cost.
13. The accounting method for consumption tax is the tax excluded method.
14. The consolidated tax system is applied.

Changes in accounting policy

(Accounting standards associated with the impairment of fixed assets)

Since the current consolidated accounting year, the accounting standards associated with the impairment of fixed assets (Statement about the Establishment of Accounting Standards Associated with the Impairment of Fixed Assets issued by the Business Accounting Deliberation Council on August 9, 2002 and Guidelines for the Application of Accounting Standards Associated with the Impairment of Fixed Assets issued as business accounting standard application guidelines No. 6 on October 31, 2003) have applied.

As a result, the income before income taxes has been reduced by 22 million yen. The cumulative impairment losses are directly deducted from appropriate asset values.

Changes in listing

The merge with the previous Sojitz Corp., a business affiliate, on October 1, 2005 involved review of what should be or should not be included in particular financial statements, including unification of account names. As the result of this review, the following changes have been made effective since this business year.

Balance sheet:

Equipment attached to leased buildings was stated as "Equipment attached to buildings." They are now stated as included in "Buildings."

Statement of income

1) "Operating expenses" were separately stated. As the result of the review relating to the merge, they are included in "Selling, general and administrative expenses."
2) "Stock issue cost amortization" was stated separately. As the result of merge, it is less than 10% of the total non-operating expenses. Therefore, it is now included in "Other non-operating expenses."
3) Subsidiary stock valuation loss, which was stated as such, is now included in "Loss resulting from subsidiary reorganization and reserve."

Additional information

Revision to the retirement benefit plan

We used a combination of defined contribution pension and prepaid retirement benefit plans as our retirement benefit plan. On April 1, 2006, we decided to use the defined contribution pension and retirement lump-sum payment plan or prepaid retirement benefit plan. This change will have only a limited influence on the income/loss in 2006 onward.

Remarks on the balance sheet and statement of income

1. Monetary amounts are rounded down to ¥millions.
2. Monetary credits and debts on subsidiaries

(1) Short-term monetary credits	187,922 million yen
(2) Long-term monetary credits	119,356 million yen
(3) Short-term monetary debts	99,521 million yen
(4) Long-term monetary debts	44,532 million yen

3. Cumulative depreciation of tangible fixed assets 4,629 million yen
4. Mortgaged assets 240,618 million yen
5. Guaranteed debts

(1) Guaranteed debts	312,337 million yen
(2) Discounts on trade notes receivable	20,484 million yen

Notes:

(1) The guaranteed debts include 139,477 million yen resulting from fake guarantee acts.

(2) Outstanding inter-bank transactions, which are the balance representing what is yet to be purchased by banks, are included in the discounts on trade notes receivable because they can be treated as trade note discounts. Their amount is 11,055 million yen.

6. In addition to the fixed assets stated on the balance sheet, we have computer-related equipment as significant fixed assets that are being used as per lease agreements.
7. Transactions with subsidiaries

Sales to subsidiaries	162,775 million yen
Purchase from subsidiaries	224,875 million yen
Non-operating transactions with subsidiaries	38,245 million yen

8. The net profit per share of this period is 48.55 yen.
(The calculation is based on the average total number of ordinary shares issued during the period after the treasury stock deduction.)
9. The net asset increase resulting from the addition of market values of assets as defined in Article 124, Paragraph 3 of the Commercial Code Enforcement Regulations is 63,996 million yen.
10. In accordance with Article 200 of the Commercial Code Enforcement Regulations, the terms and formats of the financial statements are based on the Rules and Regulations of Financial Statements. In addition, "affiliates" are replaced with "subsidiaries" in "Monetary credits on affiliates" in accordance with the provisions in Article 48, Paragraph 1 and Article 55, Paragraph 3 of the same regulations, in "Monetary debts on shareholder controllers" in accordance with Article 80, Paragraph 3, .and in "Transactions with affiliates" in accordance with Article 97, Paragraph 3.

Proposed Appropriation of Profit

Description	Amount
(Appropriation of retained earnings)	yen
Unappropriated retained earnings	20,583,839,214
Total	20,583,839,214
Shall be appropriated as follows:	
Profit carried forward to the next term	20,583,839,214

Accounting Auditors' Audit Report: Full Copy

Independent Auditors' Audit Report

May 19, 2006

To the Board of Directors,
Sojitz Corporation

Ernest and Young ShinNihon

Designated member Managing member	Certified public accountant	Fumio Konishi	Seal
Designated member Managing member	Certified public accountant	Hiroyuki Okuyama	Seal
Designated member Managing member	Certified public accountant	Toshinari Takeno	Seal

KPMG AZUSA & Co.

Designated member Managing member	Certified public accountant	Masaji Tomiyama	Seal
Designated member Managing member	Certified public accountant	Naoto Yokoi	Seal
Designated member Managing member	Certified public accountant	Junji Ono	Seal

In accordance with the provisions in Article 2, Paragraph 1 of the Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies), we, the audit corporations, audited the financial statements, which were the balance sheet, the statement of income, and the accounting section of the annual report for the third business year from April 1, 2005 to March 31, 2006 of Sojitz Corporation. We also audited the statement of the proposed appropriation of retained earnings and the attachment. The accounting sections of the annual report and the attachment that we audited are based on the records from the accounting book. The executives of the company are responsible for the preparation of these financial statements and attachment. We, the audit corporations, are responsible for expressing our opinions on these financial statements and attachment from an independent viewpoint.

We, the audit corporations, conducted audit based on audit standards that are generally considered as fair and reasonable in Japan. These audit standards require us, the audit corporations, to ensure in a reasonable fashion that the financial statements and attachment do not contain anything that is significantly false. The audit is based on sampling survey and includes examination of all that is written in the financial statements and attachment, including the accounting policy used by the executives, the method by which the executives have applied the policy, and the estimates obtained by the executives. We, the audit corporations, believe that we have obtained reasonable basis for our expressing opinions as the results of our audit. In addition, this audit includes the audit conducted on affiliates with a procedure we, the audit corporations, considered as necessary.

As the result of our audit, we, the audit corporations, have the following opinion:
(1) The balance sheet and statement of income comply with the laws and regulations and with the articles of incorporation and correctly represent the property and income/loss status of the company.
(2) The accounting section of the annual report comply with the laws and regulations and with the articles of incorporation and correctly represent the company status.
(3) The statement of proposed appropriation of retained earnings comply with the laws and regulations.
(4) The accounting section of the attachment does not include any problem that needs to be identified in accordance with the provisions in the Commercial Code.

The subsequent events described in the annual report may significantly influence the property and income/loss status of the company in the next and subsequent periods.

No noteworthy interest relationship exists between the company and us, the audit corporations, or any managing member in accordance with the provisions in the Certified Public Accountants Law.

Board of Corporate Auditors' Audit Report: Full Copy

Audit Report

The board of corporate auditors heard each auditor's report on the audit of the activities performed by the directors during the third business year from April 1, 2005 to March 31, 2006 as well as the audit method, discussed the reports, and prepared this audit report as an opinion agreed upon by all the corporate auditors.

1. Overview of the auditor's audit method

When auditing, each corporate auditor complied with the corporate auditors' audit standards established by the board of corporate auditors, observed the audit policy for this period, followed the audit schedule and assignment plan.

(1) Regarding the accounting section, the board of corporate auditors heard reports on the audit plan and policy from the accounting auditors, asked them for explanation about the processes if necessary, and examined the financial statements and attachment.

(2) Regarding non-accounting activities, the corporate auditors attended significant meetings, such as the board of directors' meetings and business meetings, listened to directors and executive officers about their business activities, read significant decision-making documents, surveyed the business and property status at the headquarters and principal establishments, asked the affiliates to present business reports, and examined the business and property status of each affiliate by visiting affiliates if necessary and cooperating with the audit department and affiliates' auditors.
Regarding competitive transactions handled by directors, conflict-of-interests transactions between directors and the company, free benefits provided by the company, unusual transactions with affiliates or shareholders, and the acquisition and disposal of treasury stock, the board of corporate auditors asked directors to present reports if necessary and closely examined the transactions involved.

2. Results of audit

We recognize that:

(1) The method and result of the audit conducted by Ernest and Young ShinNihon and KPMG AZUSA & Co. are considered as reasonable.

(2) The non-accounting section of the annual report comply with the laws and regulations and with the articles of incorporation and correctly represents the company status.

(3) The statement of proposed appropriation of retained earnings does not contain any problem that needs to be identified in the light of the property and other status of the company.

(4) The non-accounting section of the attachment contains correct information and does not include any problem that needs to be identified.

(5) The business activities performed by the directors, including activities on affiliates, were correct and did not seriously violate the laws, regulations, or the articles of incorporations.
Regarding competitive transactions handled by directors, conflict-of-interests transactions between directors and the company, free benefits provided by the company, unusual transactions with affiliates or shareholders, and acquisition and disposal of treasury stock, any infringement of director obligations was not recognized.

May 23, 2006

Sojitz Corporation Board of Corporate Auditors

Auditor (regular)	Joji Wada	Seal
Auditor (regular)	Shunsaku Yahata	Seal
Auditor (regular)	Kenji Okazaki	Seal
Auditor	Kenji Okazaki	Seal
Auditor	Kazuo Hoshino	Seal

Note: Regular auditor Shunsaku Yahata and auditors Katsuaki Ishida and Kazuo Hoshino are outside auditors as defined in Article 18, Paragraph 1 of the (previous) Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Joint Stock Companies).