

**Condensed Transcript of Q&A Session at Fiscal 2009 First Quarter Results Briefing**  
**(July 31, 2009)**

Q: In the Consumer Lifestyle Business segment ordinary income was in the red because of difficult conditions for the fertilizer business, but what are the circumstances of the textile, real estate development and foods businesses?

A: The general commodities and textile business managed to escape the red as a result of the restructuring of the textile business conducted last year. The fertilizer business is expected to be in the black from the second quarter. Real estate development is facing certain difficulties and we do not have much expectation regarding earnings.

Q: What is the automobile inventory situation in Russia and the NIS regions?

A: The inventory roughly halved from the time of the peak. The number of vehicles sold, however, is declining and reduction of inventory is expected to be slower than initially forecasted.

Q: In the Consumer Lifestyle Business, will the circumstances improve due to returning to black of the fertilizer business from the second quarter onwards ?

A: In the first quarter, in addition to the fertilizer business, there was also the impact of a fall in the lumber business such as timber and plywood. The future looks brighter, however, as there is a wide-held view that the number of housing starts etc. are expected by many to improve from July.

Q: With respect to the outlook of recovery from the second quarter onwards, will it be possible to achieve the initial plan?

A: Although there are some grounds for concern in this very unstable environment, a resumption of profitability from the second quarter is thought to be possible even from an environmental perspective. Consequently, we have made no revision to the initial forecasts at this time.

Q: Please provide a segment-by-segment account of the outlook for the second quarter.

A: We are expecting the ordinary income of some units will not return to black on a cumulative six month basis. It is possible for Energy & Metal Division to mostly keep to the black and the Chemicals & Functional Materials Division is also expected to return to the black.

Q: How much inventory reduction was achieved for the fertilizer business in the first quarter and can this inventory be reduced in the second quarter? Also what is the status of inventory reduction in other businesses?

A: Total inventories peaked in September last year at ¥452.0 billion. This June, inventories were ¥354.2 billion, roughly ¥100.0 billion down from the peak. In the case of the fertilizer business, its inventory is now down to a third of the peak amount.

Q: In the red for the first quarter, were any of the results unexpected?

A: We foresaw the first quarter of this year was going to be difficult but we also expected to remain in the black. The market was harsher than anticipated and the business transaction volume was lower than expected.