

Condensed Transcript of the Q&A Session at Fiscal 2012 Second Quarter Results Briefing (November 2, 2012)

Q: I am aware that Sojitz intends to continue advancing asset replacement into the future. What are your projections for extraordinary items to be incurred fiscal 2012 in relation to asset replacement?

A: I assume you are referring to the fact that the projected figure for extraordinary loss is ¥8.0 billion, which, considering that we have already recorded extraordinary losses exceeding ¥10.0 billion due to the decline in the stock prices of listed stocks held by the Company, does not seem to include the initially forecasted extraordinary loss of ¥10.0 billion to be incurred in association with asset replacement. First, let me start by saying that some of the projects to be conducted as part of asset replacement are already undergoing negotiations. I believe we will be able to disclose more information regarding these projects in the near future. The initial forecasts had called for the incurrence of extraordinary loss due to asset replacement, but, looking at the current progress of these projects, we now believe that some extraordinary income will be generated. When this income is taken into account, our overall forecast comes to project extraordinary loss of ¥8.0 billion.

Q: What are your projections for the bioethanol business in fiscal 2013 onward?

A: We have currently completed construction of nine mills, but we have not been able to harvest a volume of sugar canes that matches the crushing capacity of these facilities. We are in the process of expanding the area of our fields, and we aim to be able to harvest a volume that will require the full capacity of the nine mills to process within the three-year period of the current medium-term management plan. In fiscal 2012, the volume of sugar canes processed was lower than expected due in part to unfavorable weather conditions. However, as we are expanding the area of our fields, we should be able to minimize losses if processing volumes increase.

Q: What are your forecasts for performance in the automotive business in Venezuela during the second half of the fiscal year and onward?

A: President Hugo Chavez was reelected, and we therefore do not expect any significant changes in conditions in this market. In the fiscal 2012, the establishment of restrictions

on the allocation of transactions in foreign currencies forced us to carefully manage overall exposure to such transactions. We have accordingly limited the capacity at which we run our operations in this country. Also, it is possible that we may have some risks from currency devaluation, and we have thus accounted for the temporary losses that could stem from the currency devaluation in the revised forecasts.

Q: In regard to the revised forecasts, industry trends and operating environment conditions in the second half of the fiscal year are expected to be harsher than those seen in the first half. Regardless of this fact, the revised forecasts project results in the second half of the year that are similar to those achieved in the first half. Is this a conservative forecast, or are you optimistic about the second half of the year?

A: The revised forecasts do not include an optimistic outlook. Even the initial forecasts were formulated based on the expectation that the operating environment would continue to grow harsher, and therefore did not include an optimistic element. However, the initial forecasts did not project the extent to which conditions in the mineral resource market would deteriorate, which was much greater than we had expected. Also, they did not account for the temporary drop in production volumes following trouble with energy-related facilities. This drop in production volumes was most regrettable, especially considering the fact that conditions in oil and gas markets were generally in line with our initial forecasts. In the second half of the fiscal year, it is unlikely that production will recover. Also, it was necessary for us to make adjustments for the difference between the initially forecasted prices for mineral resources and the prices we currently face. In light of these factors, we significantly lowered our forecasts for revenues, leading to the release of the current forecasts.

Q: What is the link between your investment and loan plans and the asset replacement? Also, I believe you had initially intended to use earnings from fiscal 2012 to fund planned investments. However, earnings growth is less than had been expected. At this point in time, how do you expect this to impact investment and loan plans?

A: We do not intend to alter investment and loan plans at the moment. While we recorded losses on the valuation of listed stocks held by the Company in fiscal 2012, cash flows have been generated according to schedule, and we therefore see no need to change investment and loan plans. Needless to say, we will continue to conduct asset replacement going forward, and we realize that this is an endeavor we must complete.

Q: To summarize today's briefing, the principal reasons for this revision to forecasts include facility trouble and conditions that deviated from expectations for certain businesses, the impacts of which resulted in declines totaling between ¥10.0 billion and ¥12.0 billion. The revised forecasts project ordinary income of ¥32.0 billion. If the temporary decline of between ¥10.0 billion and ¥12.0 billion is added back into this figure, it would seem that Sojitz's currently earning capacity is around ¥45.0 billion for ordinary income. Is this accurate?

A: This is not how we see it. In fiscal 2013, we will see the start of production at facilities in which had previously invested. For example, we have already implemented initiatives that will raise coal volumes to 10 million tons when completed. In chemicals, we expect industrial salt operations to begin contributing to earnings. This means that the improvements seen in fiscal 2013 will not be limited to the disappearance of fiscal 2012's temporary negative impacts. Rather, we hope that in fiscal 2013 prior investments will begin generating returns.