

Condensed Transcript of the Q&A Session at Fiscal 2012 Third Quarter Results Briefing
(February 5, 2013)

Q. On a quarterly basis, performance in the Machinery Division was down during the third quarter in comparison to the second quarter. What were the causes of this decline?

A. A trend of revenues from IT-related businesses being concentrated in the fourth quarter has continued for a number of years. We therefore anticipate that substantial revenues will be recorded during the fourth quarter of the fiscal year ending March 31, 2013, as well. Revenues generated by the plant project business were similarly low during the third quarter. However, we forecast that a certain degree of revenues will be recorded in the fourth quarter as a number of projects are scheduled for this period.

Q. Likewise, on a quarterly basis, third quarter performance in the Energy & Metal Division was down in comparison to the second quarter. Why did this decrease occur?

A. Substantial losses were recorded in the bioethanol business during the third quarter. In the fourth quarter, however, we expect that the losses associated with this business will decrease significantly.

Q. How do conditions look for the Machinery Division's automotive businesses?

A. Third quarter performance in the automotive business took a significant downturn when compared to the second quarter. One factor to which this downturn can be attributed is the automotive business in Venezuela. In this business, we have been adjusting production levels in consideration of the issues related to the establishment of restrictions on the allocation of transactions in foreign currencies and the possibility of currency devaluation. These conditions are continuing on into the fourth quarter. Similarly, the automotive business in Russia suffered due to pressure from the aggressive sales efforts of European automobile manufacturers against a backdrop of weak euro, and sales volumes were even lower than expected. Profit margins started to decline in the third quarter as a result. Conversely, automotive businesses in Thailand, the Philippines, Puerto Rico, and other countries saw strong performance with sales volumes exceeding our forecasts.

Q. Operating income and ordinary income are currently rather low in comparison to forecasts. Do you think it is possible to achieve the figures presented in your full-year

forecasts?

A. The entire Company is coming together to work toward achieving the figures we forecasted for the fiscal year ending March 31, 2013, and we project that all divisions will see some degree of recovery in revenues during the fourth quarter. Specifically, we will generate profits in the plant project and IT businesses of the Machinery Division, while losses in the Energy & Metal Division's bioethanol business will be reduced. In the Chemicals Division, certain business halted production during the third quarter to perform scheduled maintenance. Production will resume in this business during the fourth quarter. Meanwhile, relatively strong performance is being seen in the Consumer Lifestyle Business Division's fertilizer business in Thailand.

Q. During the fiscal year ending March 31, 2013, it seems as though profits were affected by the accumulated impacts of a number of factors that were detrimental to performance, such as the bioethanol business and temporary declines in the production volumes of certain oil and gas projects in which Sojitz holds interests. Can it be expected that profits will recover during the fiscal year ending March 31, 2014, following the disappearance of such temporary influences?

A. In regard to the bioethanol business, we will stop the recording of losses from the next fiscal year ending March 31, 2014. As for the gas and oil projects in which we hold interests and in which the start or resumption of production has been delayed, we currently expect that production at these projects will start around June 2013.

Q. Under the current medium-term management plan, you had initially projected that extraordinary loss of ¥10.0 billion in the fiscal year ending March 31, 2013, and ¥5.0 billion in the fiscal year ending March 31, 2014, would be recorded as a result of the costs associated with asset replacement. At present, what are the circumstances surrounding these costs?

A. On an item-to-item basis, some asset downsizing costs are proving to be higher than we anticipated while others are lower. However, when all of these disparities are accounted for, we believe that total costs will be lower than initially forecasted.

Q. With regard to foreign currency translation adjustments listed under net assets on the balance sheets, how sensitive is Sojitz to fluctuations in exchange rates?

A. About half of the Company's foreign currency assets are in US dollars. Taking into account our hedging measures, a fluctuation of ¥1 to the US dollar would result in a change of approximately ¥1.4 billion in the value of foreign currency translation adjustments. However, this is only true for the half of assets in US dollars.

Q. It seems as though Sojitz is successfully strengthening its balance sheet due to factors such as the recovery in shareholders' equity stemming from the smooth progression of asset replacement and the depreciation of the Japanese yen. Looking at the current situation, do you believe that you are making good progress toward achieving the balance sheet goals outlined in the current medium-term management plan?

A. It is true that total equity is recovering due to the depreciation of the yen and that this has resulted in improvement in financial indicators such as the debt equity ratio. However, our original goal was to increase total equity by generating profits throughout the period. We are therefore unsatisfied with this situation. Accordingly, we cannot feel confident about our current position, even if the balance sheet is indeed being strengthened. For this reason, increasing total equity by generating profits will be a top priority for the fiscal year ending March 31, 2014, and onward.

Q. The Consumer Lifestyle Business Division is performing favorably. Do you believe that the favorable performance in the fertilizer, overseas industrial park, and other businesses will continue on into the fiscal year ending March 31, 2014?

A. We are seeing impressive performance in the fertilizer business in Thailand, and we believe that we will be able to maintain a similar level of performance in this business during the fiscal year ending March 31, 2014. We are also developing fertilizer businesses in Vietnam and the Philippines, but these businesses have yet to reach the scale of the Thailand business in terms of income. However, we are working to improve the profitability of the two subsidiaries that handle the businesses in Vietnam and the Philippines, and we have high expectations for the future growth potential of these businesses. The overseas industrial park-related businesses we are developing in various regions have also been performing favorably during the fiscal year ending March 31, 2013. We project that these businesses will produce a certain degree of results during the fiscal year ending March 31, 2014.