

**Condensed Transcript of Q&A Session Regarding Results Briefing
for the Year Ended March 31, 2016 (May 10, 2016)**

- Q. The current environment is characterized by such negative trends as the strong yen and economic slowdown in emerging countries. In this environment, what is your rationale for projecting increased profit for the year ending March 31, 2017?
- A. One factor expected to contribute to increased profit that has been incorporated into forecasts is the realization of returns from infrastructure-related projects in which we have been involved since the year ended March 31, 2016. In the Retail Division, meanwhile, we are accumulating a portfolio of projects that are highly likely to prove beneficial in Vietnam, a country in which Sojitz is particularly strong. To combat the risk of downward pressure placed on earnings by yen appreciation, we will accelerate the execution of new investments and loans in order to provide a buffer against such pressure in the form of new revenues. This undertaking has been given an incredibly important position among our plans for the year ending March 31, 2017.
- Q. Cash dividends for the year ending March 31, 2017, are projected to total ¥8 per share. Am I right to assume that this level of dividend payments can be stably maintained into the future?
- A. Our basic policy is to pay stable dividends to shareholders on an ongoing basis, and we have no intention of changing this policy.
- Q. Aggregate free cash flow has been a positive ¥150.0 billion over the defined four-year period. What are your projections for the remaining two years of the medium-term management plan?
- A. We will continue to adhere to our policy of maintaining a positive free cash flow over the defined period. Positive free cash flow of more than ¥60.0 billion was generated in the year ended March 31, 2016, and we intend to utilize a portion of this cash during the year ending March 31, 2017. Nevertheless, aggregate free cash flow for the three-year period of the medium-term management plan ending March 31, 2018, will remain in the positive.

Q. The net debt equity ratio is projected to come to 1.2 times in the year ending March 31, 2017. How does this forecast relate to the plans of Medium-term Management Plan 2017?

A. In the year ending March 31, 2017, we will aggressively conduct new investments and loans, and our forecasts thus account for a projected rise in interest-bearing debt that is expected to result in the net debt equity ratio coming to around 1.2 times. The medium-term management plan puts forth the policy of keeping the net debt equity ratio below 1.5 times. This policy reflects our belief that we will be able to maintain a ratio of less than 1.5 times even if uncontrollable risks materialize in their fullest, an example of which would be yen appreciation or stock price declines of the highest level that can be expected.

Q. If, during the three-year period of the medium-term management, the company is able to conduct investments that generate a sufficient level of profit without depleting the entire investment and loan budget of ¥300.0 billion, what will the remainder of this budget be used for?

A. We are currently in the process of accelerating efforts to expand and grow earnings foundations centered on non-resource business, and we do not think that the Company is at a stage in which we should be actively decreasing total equity. At the moment, the total monetary value of our list of investment and loan candidates is more than ¥300.0 billion, and we believe conducting investments and loans that exceed this amount is an option should we be presented with promising projects.

Q. The thermal coal business for which impairment loss was recognized during the year ended March 31, 2016, seems to still be plagued by low market prices. What is the company's policy for this business going forward?

A. We have no plans to increase thermal coal assets going forward. Rather, we feel that these assets may need to be replaced in the future. It will be necessary to retain a certain amount of thermal coal assets to respond to the certain degree of coal-fired thermal power generation demand seen in Asia. However, we are in the process of restructuring businesses in the Energy Division and the Metals & Coal Division from the ground up in consideration of the potential shift toward different energy sources. While it is true that overall profitability has been poor in these operations,

we have managed to stay in the black in terms of cash costs. We therefore intend to remain hopeful for the future as we maintain holdings in promising projects.

Q. Could you provide a breakdown by product line of your forecasts for the profit for the year in the Energy Division and the Metals & Coal Division in the year ending March 31, 2017?

A. In the Energy Division, we expect LNG-related operations to continue turning a profit in the year ending March 31, 2017. Other oil and gas businesses, meanwhile, face adverse conditions, and we will continue working to cut costs in these businesses accordingly. The Metals & Coal Division will see profit generated in the steel-related operations of Metal One Corporation, but performance will likely be poor in businesses related to coal and other resources, despite our effort of lowering operating costs. In these fields, we will replace certain assets while maintaining holdings in necessary businesses. However, we do not intend to increase assets in these fields going forward.

Q. Recently, the pressure placed on general trading companies by external credit ratings has been growing. Are there any specific points that will be considered with regard to rating institutions when operating Sojitz's business going forward?

A. The Company has acquired credit ratings from four ratings institutions. These institutions have stated that they have no particular concerns with regard to Sojitz's financial health. However, it has been mentioned that there is some concern with regard to how the Company will grow its earnings in the future. We therefore believe that the fastest way to raise our credit rating will be to clearly explain our growth plans during interactions with rating institutions, making this a matter of exceptional importance.

Q. Asset replacement costs in the year ending March 31, 2017, are forecast to total ¥5.0 billion. Do you have any specific candidates in mind?

A. We do not have any specific candidates in mind. Rather, we view this cost forecast as a buffer for supporting and facilitating the asset replacement decisions of management. Basically, the net asset replacement costs of ¥5.0 billion have been incorporated into forecasts in order to allow for bold decisions to be made even

under circumstances when the recording of losses is inevitable.

Q. The medium-term management plan targets profit for the year of ¥60.0 billion or more in the year ending March 31, 2018. Do you anticipate that profit will grow leading up to this year?

A. Realizing profit for the year of ¥60.0 billion with the Company inherent earnings capacity alone would be quite difficult, but we intend to work toward this goal nonetheless. We view mergers and acquisitions as a viable option for furthering us on this quest and have therefore established a special merger and acquisition task force. This task force will commence its revenue-pursuing activities in the latter half of the year ending March 31, 2017, or early in the next year.

Q. In the year ending March 31, 2017, gross profit is forecast to increase. What factors are expected to contribute to this increase?

A. In the year ended March 31, 2016, a year-on-year decrease of ¥17.0 billion was seen in gross profit, and roughly ¥11.0 billion of this decrease can be attributed to the impacts of resource price drops on the Energy Division and the Metals & Coal Division. However, it is not as though we expect gross profit to increase due to a rapid recovery in the performance of the Energy Division and the Metals & Coal Division during the year ending March 31, 2017. Rather, we anticipate that profit will be accumulated in the Automotive Division, the Aerospace & IT Business Division, the Infrastructure & Environment Business Division, and the Retail Division.

Q. Robust profit for the year is expected in the Chemicals Division in the year ending March 31, 2017. What is the rationale behind this forecast?

A. Sojitz's chemical operations are based around methanol, industrial salts, resins, and solvents. While these operations are influenced by economic trends, demand for resins and other products for use in automobiles and motorcycles is relatively strong. In addition, we are endeavoring to acquire new revenues sources in fields such as packaging materials for food products and ingredients. For this reason, we do not expect any significant declines in the overall profits of the Chemicals Division.