

**Condensed Transcript of Q&A Session Regarding Results Briefing for the
Six-Month Period Ended September 30, 2016 (November 4, 2016)**

- Q. An upward revision was instituted to the full-year forecasts for the Metals & Coal Division. How was the rising price of coal incorporated into these forecasts?
- A. When revising our full-year forecasts, we raised our assumption for the price of coal during the third quarter only. For the fourth quarter, our assumption remains unchanged.
- Q. The Energy Division is forecast to record loss for the year attributable to owners of the Company of ¥2.0 billion on a full-year basis. Given the fact that loss for the year of ¥3.0 billion was recorded in the six-month period ended September 30, 2016, why did you choose not to revise the full-year forecast?
- A. Hedging measures are in place for approximately 80% of oil- and gas-related interests, and we will be able to hedge at better prices during the second half of the fiscal year. In addition, the rising oil price is expected to lead to improved second-half earnings in an LNG-related operating company, and we thus believe that we will be able to limit full-year loss for the year to ¥2.0 billion.
- Q. Progress toward full-year forecasts is low in the Aerospace & IT Business Division due to the impacts of the impairment losses recognized on ships owned by Sojitz. In light of this situation, why did you choose not to revise forecasts?
- A. We are currently endeavoring to receive new business by cultivating opportunities on a global basis. The anticipated second-half benefits of these efforts were considered in the decision not to revise full-year forecasts.
- Q. Is there any risk of impairment losses being recognized with regard to ships owned by Sojitz or South American grain operations during the second half of the fiscal year?
- A. In principal, we test for impairment each quarter. If assets do not display sufficient business feasibility or future cash flow generation potential, we will conduct impairment in accordance with the established procedures.
- Q. I understand that Sojitz has received several orders for freight railways in India. When do you expect the earnings from these orders to be recognized?
- A. The total amount of these orders is approximately ¥350.0 billion. However, the timings

at which the order revenues will be recorded is different for each order, and, accordingly, we will not be recognizing earnings all at once. These orders are expected to begin contributing to earnings in 2017 and 2018, and the Company will continue recording revenues related to these orders up until 2021.

Q. Could you please explain your plans for investments and loans? It has been stated that Sojitz has decided to forgo conducting certain chemical- and automobile-related investments. How will this impact your plans for investment and loans of ¥125.0 billion in the year ending March 31, 2017? If this amount is not reached, will the remaining amount be carried over to the year ending March 31, 2018?

A. The current list of candidates is already sufficient for conducting ¥125.0 billion worth of investments and loans. However, investments and loans will not be made for the sole purpose of achieving the amount of ¥300.0 billion earmarked for the three-year period of the current medium-term management plan. Rather, we will practice investment discipline in executing investments and loans.

Q. In regard to the coal business, Sojitz has set forth a policy of transitioning a portion of its asset portfolio from thermal coal to coking coal. What is your stance toward investing in coking coal amidst the rising prices for this resource?

A. In the coal business, we place great importance on our connections with customers. Accordingly, we will work to secure a diverse range of supply sources and leverage Sojitz's functions to provide customers with coking coal that meets their needs. Even if prices do rise, we still believe that, by analyzing customer needs, it will be possible to invest in resource interests in a manner that meets these needs.

Q. The Company has announced its plan to branch out from upstream operations to develop midstream operations in the Energy Division. As this move will likely result in a decline in profitability, does this mean that additional management resources will be allocated to the Energy Division?

A. The reason we are tackling new challenges in the Energy Division is because this division's business does not end with LNG terminal operations. Quite the contrary, there are several cases in which business ventures extend to infrastructure and power generation projects. We therefore see these operations as being included in this business.

Q. It was stated that Sojitz intends to make investments and loans totaling ¥121.0 billion in

focus area of non-resource businesses, and that these investments and loans will contribute ¥5.0 billion to earnings in the year ending March 31, 2018. From what field will these earnings contributions come? With the assumption that investments will be conducted and given the fact that investments and loans totaled ¥27.0 billion in six-month period ended September 30, 2016, do you feel it will be possible to complete the plan for the year ending March 31, 2017, by carrying out investments and loans totaling ¥125.0 billion?

A. We expect to be able to carry out our plan for investments and loans. Looking at scheduled investments and loans, the current environment allows us to estimate the degree of earnings that will be generated from investments and loans in the renewable energy field, for example. We expect the ¥5.0 billion worth of earnings contributions to come from this field and other fields for which we can make this sort of estimate.

Q. I understand that the ¥121.0 billion worth of investments and loans to be conducted in the focus area of non-resource businesses is anticipated to generate relatively quick earnings contributions of ¥5.0 billion in the year ending March 31, 2018. This amount seems to represent a yield rate that is lacking in terms of returns on total investment and loan amounts. Is it safe to assume that returns will improve in the future? Also, how would you assess the investments conducted over the past year and a half?

A. A central pillar of our policies is to target return on assets of 3% after first reaching the 2% level, and return on assets has been improving over the past two years. This upward trend is a result of the improvements in return on assets seen in each division. We achieved these improvements by better tracking the performance of assets in each division to cut back on assets with diminished returns and replace them with assets that can consistently display sufficient profitability.

Q. I would like to confirm the trends in core earnings leading up to the year ending March 31, 2018. Core earnings were down ¥5.0 billion in the six-month period ended September 30, 2016. While this decline was apparently largely a result of poor market conditions and foreign exchange influences, the trend still seems to be downward even when these factors are excluded. It looks as though it might be possible that the decline in core earnings will offset the benefits of investments and loans anticipated to appear in the year ending March 31, 2018. What are your thoughts with this regard?

A. Looking at the profit and loss summary for the six-month period ended September 30, 2016, we will see that gross profit and operating profit were relatively unchanged year

on year while share of profit of investments accounted for using the equity method declined. Earnings were down for energy- and resource-related businesses, and other businesses will have to compensate for this decrease. Accordingly, we feel it is crucial to create new revenue sources by acquiring new commercial rights. Through these efforts, we will endeavor to prevent core earnings from declining.

Q. The target for profit for the year attributable to owners of the Company in the year ending March 31, 2018, is ¥60.0 billion. Has there been any change to your confidence in the Company's ability achieve this target or in your confidence in likelihood that the ¥300.0 billion worth of investments and loans earmarked for the period of the medium-term management plan will be conducted? How has your outlook changed?

A. We realize that it will be difficult to accomplish the target of ¥60.0 billion for profit for the year attributable to owners of the Company without conducting investments and loans. Positioning these investments and loans as the base for our operations, we must improve the degree to which we can generate profits. Accumulating quality assets will be absolutely essential to this undertaking. While there are some investment candidates that we have been forced to give up on, our current list of candidates is more than long enough to ensure that we can conduct investments and loans totaling ¥300.0 billion, and the execution of such investments and loans will accelerate beginning this fall. The target of ¥300.0 billion was decided based on a comprehensive evaluation of factors including earnings capacity, procurement concerns, investment recovery, and cash flows. Furthermore, we are allowing for the possibility that this amount might be exceeded in cases in which we can do so while maintaining financial discipline. We intend to focus investments and loans on non-resources businesses. This stance is a reflection of our awareness of the importance of targeting fields in which we can guarantee both stable returns and business success. Moreover, the target figure is based on our commitment to winning the recognition of the market by living up to its earnings expectations and creating results through our own hard work.