Overview of the Year Ended March 31, 2011

In the year ended March 31, 2011, we achieved profitability one year earlier than originally planned with recovery in overall performance. This was primarily due to progress in restructuring our automotive business, which recorded a considerable loss in the previous fiscal year. We worked to reduce inventory and use assets more efficiently in the Russia and NIS automotive business, which was in a slump in the previous fiscal year. At the same time, we established a mechanism to comprehensively gauge and manage risk exposure, as well as a system for managing currency fluctuations and other risks. We successfully expanded earnings by focusing on the fast-growing regions of Asia and Central and South America. In the Venezuela automotive business, we addressed labor problems through labor-management agreements and are returning to stable production.

The infrastructure business picked up significantly. We received orders for three large IPP projects in Saudi Arabia and Oman, and concluded an agreement for a large-scale fertilizer plant in the Republic of Tatarstan in Russia. Having steadily accumulated a backlog of orders in the year ended March 31, 2011, we expect stable earnings in the future.

In the IT business, we initiated and completed a takeover bid to acquire a majority interest in equity-method affiliate SAKURA Internet Inc., making it our consolidated subsidiary. This action will lead our information and communication technology (ICT) business to further growth.

The marine business remained relatively firm over the course of the year despite a sharp drop in cargo movement in the dry bulk carrier business due to flooding in Australia. In the aircraft business, we continued our steady performance as Japan’s top sales representative for commercial aircraft. In the promising growth area of business jets, we established a foothold in the Philippines with a business that operates six aircraft.

Strategies for the Future

We have established a new mission for the division: Lead new businesses with technological innovation, and

In the year ended March 31, 2011, the Machinery Division improved earnings in the automotive business and achieved profitability across the board. We will continue moving toward sustained growth through ongoing improvement of our earnings foundation and by shifting to businesses that provide long-term, steadily growing returns.
create new value by establishing and operating public and production infrastructure. Based on this mission, we will advance initiatives aimed at sustained growth. We will continue working to improve our earnings foundation. At the same time, with a focus on strong growth in the next medium-term management plan, we will expand investment in businesses that provide long-term, steadily growing returns. The business reform verification team established in April 2011 will lead a thorough examination of asset efficiency, drastically narrow its focus on priority areas, enhance growth sectors and aggressively reallocate assets.

Specifically, in the automotive business, we aim to maximize earnings while continuing to strictly manage risk exposure. We expect significant improvements in profitability in Russia, the NIS and Venezuela. At the same time, we will grow the business in Southeast Asia and Central and South America, where robust demand can be expected.

In the infrastructure business, we will step up active investment in the plant business, which we expect to contribute to earnings over the medium-to-long term. We aim to aggressively build a backlog of orders in fertilizer plants and also actively invest in the IPP business to accumulate good assets. These businesses are the key to realizing steady returns over the medium-to-long term.

In the IT business, we will work to achieve significant growth in the promising ICT business by strengthening coordination among Group companies with a focus on Nissho Electronics Corporation, which became a subsidiary in the year ended March 31, 2010. We will grow earnings from service businesses such as cloud platform and IT outsourcing, which we hope to develop into fields of expertise for Sojitz.

In the marine business, we will continue to secure income from our stable earnings foundation of ship-owning, newbuilding and second-hand ship trading. At the same time, we will develop new products in the environment and energy conservation fields, and focus on market development in Central and South America. In the aircraft business, we will expand the range of products handled by our sales representative business while strengthening the promising growth areas of business jets and components.

In addition, in April 2011, we established the Environment & Urban Infrastructure Development Office under direct control of the Machinery Division. Through this office, we intend to strengthen inter- and intra-divisional coordination to build a multi-faceted business in the field of smart cities, a market with considerable growth potential.

In the past, the Machinery Division was a major pillar of earnings for Sojitz. Although we were not able to contribute to earnings in the past two years, the structural reforms we enacted got us through the crisis and have invigorated the division. By fully exercising our unique ability “to organize projects,” we will create synergies with other divisions and grow once more into an earnings driver for Sojitz.

Yoshihisa Suzuki
President, Machinery Division
Fast-developing countries in Southeast Asia, the Middle East and other regions are planning numerous IPP projects open to foreign investment to address rapidly rising demand for electricity. In the year ended March 31, 2011, Sojitz acquired business licenses for three IPP projects in Saudi Arabia and Oman. We will continue to step up efforts in this area to build a stronger, more stable earnings foundation for the long-term.

Main Businesses of the Machinery Division

Automotive Business

Expanding the earnings base through cost-competitive products in growing markets

Operating Environment
The key markets of Russia and the NIS have begun to recover. Demand remains solid in Southeast Asia while markets in Latin America are expanding steadily.

Strengths, Distinguishing Features and Initiatives
Sojitz has an upstream-to-downstream value chain in the automotive business that extends from production-related fields such as equipment and engineering to CBU vehicle export, local vehicle assembly, wholesale, retail and beyond, to tires and components. We are looking to expand the earnings foundation by operating world-class, cost-competitive automobile import and sales businesses in growing emerging countries.

Strategies for the Future
In the year ended March 31, 2011, Sojitz established a mechanism for comprehensively monitoring and managing exposure. We will employ this mechanism to thoroughly manage risk while conducting asset replacement. At the same time, we aim to optimize our portfolio with a focus on rapidly growing emerging countries.

Infrastructure Project Business

Expertise in large-scale projects cultivated through the plant business

Operating Environment
Focused on emerging and resource-rich countries, which were the first to recover after the collapse of Lehman Brothers, demand remains strong for backbone infrastructure: steel, fertilizer, energy and power plants. Business opportunities are expanding in these sectors, including opportunities to invest in businesses and to sell advanced technologies.

Strengths, Distinguishing Features and Initiatives
Sojitz has cultivated expertise in large-scale projects through a track record of results built by working closely with top global manufacturers and developers. We have also accumulated extensive knowledge of building strong networks in Asia, the Middle East, Russia and the NIS and Africa, where we have concentrated management resources. These strengths enable us to respond precisely to various consumer needs.

Strategies for the Future
Sojitz has positioned the IPP business as a key sector and aims to accumulate outstanding assets globally as long-term stable sources of earnings. We are also working to increase the number of orders in our plant business. These initiatives will help establish a strong earnings foundation.
Sojitz has established the Environment & Urban Infrastructure Development Office to develop business in the field of smart cities, which aim to achieve a sustainable low-carbon society by taking advantage of IT. At present we are participating in the creation of the master plan for the China-Japan Caofeidian Eco-Industrial Park concept in Tangshan City, China. Going forward, we intend to establish our presence in the creation of future cities through joint public-private initiatives in Japan and overseas.

**IT Business Unit**

**Businesses**
- Sales and maintenance of communications and IT equipment; systems integration
- Software development and sales
- Data centers, cloud services and managed services
- Business Process Outsourcing (BPO) and Information Technology Outsourcing (ITO)

**IT Business**
Expanding the IT services business and developing business in Asian markets

High-speed Internet backbone routers from Juniper Networks, Inc.

**Operating Environment**
Corporate investment in IT remains restrained, but the cloud services market in Japan is expanding rapidly. Demand for ITO, BPO and other IT services is rising as corporate IT investment and the business model shift from hardware to services.

**Strengths, Distinguishing Features and Initiatives**
Sojitz is taking steps to firmly establish stock-type IT services that are in tune with current trends. We have positioned Nissho Electronics Corporation, a comprehensive IT solution provider, as the core company of our information and communication technology (ICT) business. We are also promoting coordination among Group companies such as Sojitz Systems Corporation and SAKURA Internet Inc., which have unique strengths in a variety of ICT fields.

**Strategies for the Future**
Sojitz will expand the IT services business of Nissho Electronics and develop it in Asian markets. We will also strengthen the business in the field of software and services by pursuing capital alliances with IT service providers in Japan and overseas.

**Marine & Aerospace Unit**

**Businesses**
- Newbuilding, second-hand ships, ship charting, ship equipment sales business and ship-owning business
- Commercial aircraft sales representative for The Boeing Company, Bombardier Inc., etc.; defense equipment agency and sales business; business-jet business

**Marine and Aerospace Businesses**
Comprehensive strengths in the marine business and the top share of the domestic commercial aircraft agency business

**Operating Environment**
The dry bulk carrier market, the focus of our shipping business, was firm throughout the year despite the effects of flooding in Australia. In the airline industry, the defense business is experiencing environmental changes, but the commercial aircraft agency business is stable.

**Strengths, Distinguishing Features and Initiatives**
The strength of our marine business is our ability to provide one-stop, comprehensive services encompassing maritime and shipbuilding fields from ship equipment, newbuilding, second-hand ships and ship charting to ship owning. In the aircraft business, Sojitz is the sales representative for major overseas manufacturers. We also offer comprehensive business jet services from sales to operational management as a result of our association with Aviation Concepts Inc., which has a U.S. air operating certificate for on-demand charter flights.

**Strategies for the Future**
In the marine business, Sojitz will expand business with overseas shipyards and equipment manufacturers and develop new environment-related products in fields such as water treatment and wind power generation. We will also cultivate new business in the markets of Central and South America. In our ship-owning business, we will continue to replace assets. In the aircraft business, we will develop the parts business and the business-jet business in Asia.