

Machinery Division



Summary of the Year Ended March 31, 2013

The year ended March 31, 2013 was the first year of Medium-term Management Plan 2014. Division results were lower than initially planned largely due to rapid changes in the external environment.

Factors included increasing competition with European automotive companies in the Russian automotive market fueled by the deteriorating European economic environment. In the industrial machinery business, a weaker Chinese market and the strong yen affected performance. Market conditions were also intensely challenging in the marine business. However, these changes in the external environment did not begin recently, so we should have enhanced the probability of achieving planned results by estimating a certain amount of risk.

On the other hand, we improved results in business focus areas and other operations through initiatives to create stable sources of earnings, which is a key thrust of Medium-term Management Plan 2014. In the independent power producer (IPP) business, we obtained preferential negotiating rights for a coal-fired IPP project in Mongolia, and four projects in the solar power generation business in Japan proceeded smoothly. We also participated in the water business for the first time, in the Republic of Ghana. This project will supply enough drinking water for approximately 500 thousand people, and is the first investment in a desalinization project by a Japanese company in the Sub-Saharan region. We expect it to begin commercial operation in 2014. Moreover, we improved asset efficiency by accelerating asset sales and compression from the point of view of liquidity and potential.

Strategy

Medium-term Management Plan 2014 targets the establishment of a stable earnings foundation. We are therefore aggressively replacing assets and constructing a new business model. This involves clarifying priority areas in which we will

concentrate resources, and we have plotted the course for doing so. Reflecting our assessment of issues during the year ended March 31, 2013, we will concentrate on improving the accuracy of our measures to raise the probability that we will achieve our plan for the year ending March 31, 2014. Our current initiatives should generate results in three to five years as we build our portfolio of stable sources of earnings step by step.

We will expand the core automotive business in steady markets such as Thailand, the Philippines and Puerto Rico. In the growing Russian market, we will increase earnings through differentiation based on product features and functions while strengthening marketing.

We restructured the Infrastructure Project & Industrial Machinery Unit in April 2013. This will help us leverage our advantages in the power, environmental infrastructure and plant businesses to promote efficient and flexible operations. In the IPP business, we have steadily acquired expertise through projects to date. As a result, in July 2012 we acquired preferential negotiating rights for a coal-fired IPP project in Mongolia. We will continue to cooperate with our partners as we concentrate on steadily generating earnings from project orders received and adding new assets to our portfolio. In the renewable energy business, we intend to start up operations at our projects in the solar power generation business in Japan on time. Concurrently,



Managing Executive Officer
President, Machinery Division

Toshihiko Kita

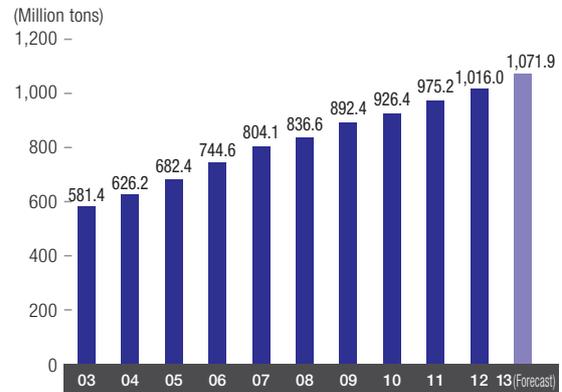


we will accelerate new investment in areas including wind power, geothermal power and bioenergy. In the infrastructure improvement business, in June 2013 we received an order for civil and track works as part of a plan to build a dedicated Delhi-Mumbai freight corridor, a key Indo-Japanese economic cooperation project. Our portion of the project is financed with Japanese overseas development assistance loans and is valued at approximately ¥110 billion. Sojitz forecasts that it will generate stable earnings in about four years, based on the progress of the project. In the plant engineering, procurement and construction (EPC) business, we are concentrating our human resources in the ASEAN region, Russia and the NIS, where we have a clear advantage. This will increase the probability and profitability of orders. In the industrial machinery and bearing business, we will capture opportunities as the Chinese market recovers and focus on building business in Asia.

In our traditional marine and aerospace businesses, we intend to enhance profitability over the medium and long term. In the aerospace business, we will complement the solid commercial aircraft business by cooperating with Boeing to develop the cybersecurity business. Challenging conditions continue in the marine business, in which we will invest for future growth. In the IT business, we will transform our management structure to respond accurately to rapidly changing conditions in the information and communications technology market while promoting selection and concentration that will include focusing on the total solutions market.

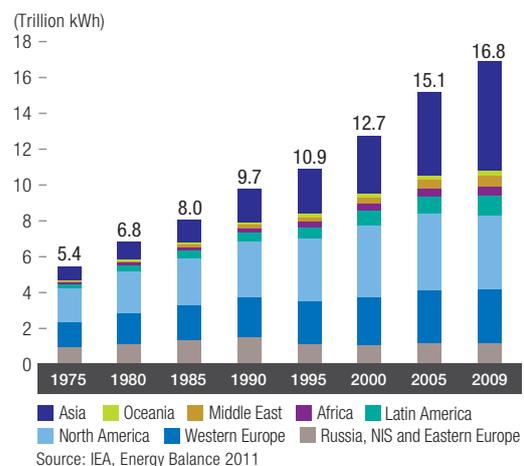
Social issues are growing in scale and intensity worldwide, which is creating opportunities for general trading companies. The supply of drinking water in Africa and the operation of efficient and environmentally friendly power plants typify how Sojitz can demonstrate its worth and increase earnings over the medium and long term by delivering what particular countries really need. We will achieve medium-to-long-term growth by taking the initiative in pioneering solutions to problems with an organization that enables each employee to connect with the value and delight we deliver.

Rail Transport Volume in India



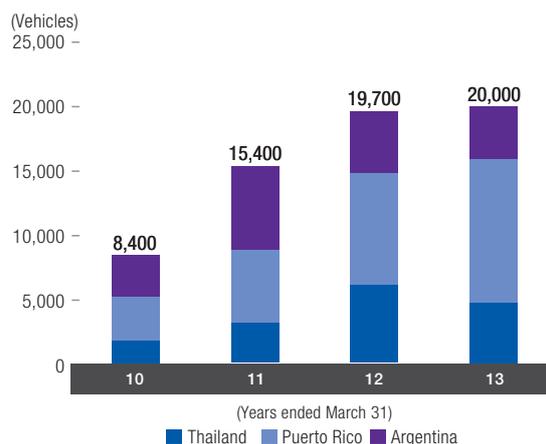
Source: Ministry of Railways, Government of India

Global Electric Power Demand



Source: IEA, Energy Balance 2011

Sojitz's Hyundai Automobile Sales Volume (Thailand, Puerto Rico and Argentina)



Automotive Unit

- ▶ Completely built-up (CBU) vehicle export; local vehicle assembly, manufacturing and sales; wholesale and retail; component and tire exports; automotive equipment and engineering

Automotive Business

Sojitz is expanding its automotive business in fast-growing emerging countries where continued growth in automobile demand is expected, such as the ASEAN countries, Russia, the NIS and Latin America. We are taking on new challenges by handling additional brands from emerging overseas manufacturers in our operating companies, which drive the automotive unit's revenues.

Sales are strong in the markets we cover, driven by worldwide expansion in automobile sales. Sojitz is solidifying its presence in various growing markets and is continuing to steadily move forward with new developments. For example, our automobile manufacturing and sales company in the Philippines is working to expand business in its fiftieth year of operation, and our importer and wholesale distributor in Puerto Rico received the Hyundai Motor Company's Global Best Distributor Award.

On the other hand, the operating environment remains unpredictable due to factors including effects of European financial problems. In these conditions, Sojitz will further deepen and increase the sophistication of its risk exposure management to ensure steady earnings and establish an optimal business portfolio. To ensure sustainable growth, we will also continue personnel development to foster managers for our key operating companies overseas.



Headquarters of Mitsubishi Motors Philippines Corporation



Headquarters of Hyundai de Puerto Rico

Marine & Aerospace Unit

- ▶ Commercial aircraft sales representative for The Boeing Company, Bombardier Inc., etc.; defense and related equipment agency and sales; business jets
- ▶ Newbuilding, second-hand ships, ship chartering, ship equipment sales; ship owning

Aerospace Business

Sojitz is the sales representative in Japan for Boeing, Bombardier and other major aircraft manufacturers, and has the top domestic share in commercial aircraft sales. We are also concentrating on sales of the most advanced defense equipment as the sales representative in Japan for major U.S. and European manufacturers in the defense industry. In the business jet business, we offer flight operation services and conduct charter flight sales worldwide through our associate, Aviation Concepts.

In the year ended March 31, 2013, we delivered a total of 40 commercial aircraft to major Japanese airlines. We plan to further grow sales in the agency business and reinforce our presence in growth areas such as business jets and aircraft parts.



Boeing 787 Dreamliner

Marine Business

The strength of our marine business is its ability to provide one-stop services encompassing maritime and shipbuilding fields from sales of ship equipment and materials to newbuilding, second-hand ships, ship chartering and ship owning.

In the year ended March 31, 2013, we sold three ships and completed newbuilding of one ship, and will continue to maintain our fleet through further asset replacement. We will broaden our scope in the marine and ship charter brokerage businesses, and in the equipment sales business we will strengthen sales of related equipment with a focus on "environmental" and "eco" materials through initiatives such as investing in a ballast water treatment system manufacturer.



Western Tokyo, a Sojitz-owned ship completed in June 2012 (a 58,000-ton bulk carrier)

Infrastructure Project & Industrial Machinery Unit

- ▶ Plants (steel, fertilizer, chemical, energy) and infrastructure (power, transportation, water and renewable energy)
- ▶ Industrial machinery and production systems (surface mounters, bearings, equipment related to the environment and new energy, etc.)

Power & Environmental Infrastructure Business



Barka 3 in Oman

Various challenges to creating a sustainable society, including the assurance of stable energy supplies, have been brought to the fore amid accelerating growth and concentration of population in urban centers and rising standards of living, primarily in emerging countries. The Power & Environmental Infrastructure Department was established as part of the reorganization of the Machinery Division in April 2013, with the aim of facilitating an integrated and efficient approach among businesses involved in upgrading and operating infrastructure such as power, water and transportation amid growing needs for infrastructure improvements to support economic growth balanced with reduced environmental impact.

In the power business, Sojitz is actively engaged in the development and operation of thermal power plants overseas. Three large-scale projects for which we received orders in recent years in Saudi Arabia and Oman have all successfully commenced commercial operation. Sojitz will further seek new environmentally friendly IPP/IWPP (independent power producer/independent water and power producer) projects in Asia and the Middle East, primarily gas-fired power plants and high-efficiency coal-fired power plants.

Addressing the accelerating use of renewable energy, we are developing solar, wind, biomass and other projects in Japan and countries around the world by utilizing the expertise we have cultivated from investing and operating megasolar businesses in Germany. In the water business, we are participating in a water desalination project in Ghana to respond to a global increase in demand for water.

In the transportation business, we are forming strong

partnerships with strategic partners in Japan and overseas to develop transportation infrastructure and rail freight business that promotes a cleaner mode of transportation in concert with the Japanese government's package infrastructure export strategy.

Plant Project Business

Sojitz handles large plants, primarily in the steel, fertilizer, chemical, power and energy sectors. Principal markets include China, Asia, Russia and the NIS, the Middle East and Africa.



Hot rolling facility

In the year ended March 31, 2013, we received orders for a petrochemical plant in Russia and an engineering, procurement and construction (EPC) contract for a large-scale power plant project in Vietnam. We also steadily carried out construction of fertilizer plants in Russia and Turkmenistan and steel plants for Tata Steel in India and Wuhan Iron and Steel (Group) Corporation in China.

We will establish a framework to secure stable earnings over the medium to long term by steadily concluding contracts for promising projects in our principal focus markets in parallel with the creation of a new business model through the expansion of existing businesses in related fields.

Industrial Machinery and Bearing Business

In the industrial machinery and bearing business, Sojitz is pursuing expansion in growth markets based on its networks of product sales dealers in the bearing business and its bearing parts supply chains. We will also focus on accelerating global expansion of semiconductor and mounting businesses primarily through our overseas sales and service bases, and on strengthening our initiatives in the industrial machinery market.

IT Business Department

Amid major changes in information and communications technology stemming from the spread of cloud computing and the application of Big Data, we are providing comprehensive IT solutions tailored to client needs by supplying the most

advanced technologies, building large-scale infrastructure and operating next-generation data centers with Nissho Electronics Corporation, SAKURA Internet, Inc. and Sojitz Systems Corporation.