

Chemicals Division



Summary of the Year Ended March 31, 2013

Medium-term Management Plan 2014 targets the establishment of a powerful earnings foundation by further strengthening areas where Sojitz has an advantage, including investment in upstream businesses.

Earnings declined for the year ended March 31, 2013. Trading volume decreased as a result of influences including changes in the economic environment of Europe and China. Key factors were lower demand from Japanese companies including home appliance and automobile manufacturers, and weak demand for rare earths. In the methanol business, however, higher plant utilization rates and stable market prices supported solid results.

Our operating environment remained challenging, but we were able to steadily execute the strategies of Medium-term Management Plan 2014. In Mexico, we invested in one of the world's largest barite mines. Barite is used in shale gas and oil extraction. We also made additional investments to increase the production capacity of our marine chemicals business in India, which we initiated in 2011. In existing projects for which we have made investments and loans, our butadiene business partner in Brazil completed a plant expansion, and we made steady progress in preparing for full-scale operation of the rare earths refining business by Lynas Corporation of Australia. We also raised asset quality by reviewing assets and proceeding with replacement, including withdrawing from businesses with low growth potential or profitability.

Strategy

With the external environment changing dramatically, the Chemicals Division is responsible for continuing to generate stable earnings for the Sojitz Group. We must therefore

change ahead of markets and customers so that our earnings continue to evolve. We will not be complacent in existing businesses. Rather, we will generate steady growth by accelerating globalization and continuing to strengthen our value chain.

In the year ending March 31, 2014, we will successively launch and begin full-scale operations at upstream projects in which we have made business investments. First and foremost, we need to move these projects forward according to plan and steadily monetize them. In the marine chemicals business, we initiated commercial production of industrial salt in April 2013 and plan on sales of 1.3 million tons during the year ending March 31, 2014. In the butadiene business, we have begun sales in North America and elsewhere and will continue to acquire buyers. We began shipments of rare earths from Lynas Corporation in February 2013 and plan to ship approximately 3,000 tons during the year ending March 31, 2014. In the Mexican barite business, we plan to begin sales to North American shale gas drillers and other users during the year ending March 31, 2014. Our sales strategy will leverage geographical advantages through efficient production and creative logistics.

At the same time, we will further enhance areas in which we excel by continuing to concentrate



Managing Executive Officer
President, Chemicals Division

Satoshi Mizui



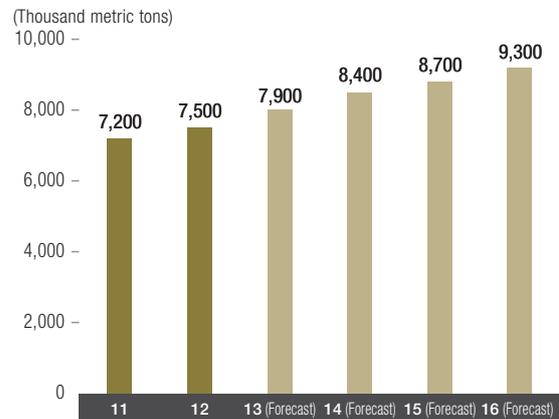
investment and loans in upstream areas. The business focus area of methanol is representative. We intend to build a supply organization that handles 2 million tons of methanol, twice our current volume, by making business investments in Asia, Oceania and Africa, where we can obtain competitive natural gas.

Our regional strategy involves planning new approaches to entering overseas markets given that emerging markets are changing constantly. Specifically, we have positioned Mexico, the Philippines and Turkey as priority markets because of their emergence as manufacturing centers for products such as automotive components and office automation equipment. We will focus on developing processing businesses such as plastic resins to serve these markets and strengthen our value chain.

New businesses will create future opportunities. We will concentrate on high-potential businesses associated with overseas medical markets. The Life Science Business Development Office, established during the year ended March 31, 2012, conducted specific studies during its first year and is positioned to shift to business investment.

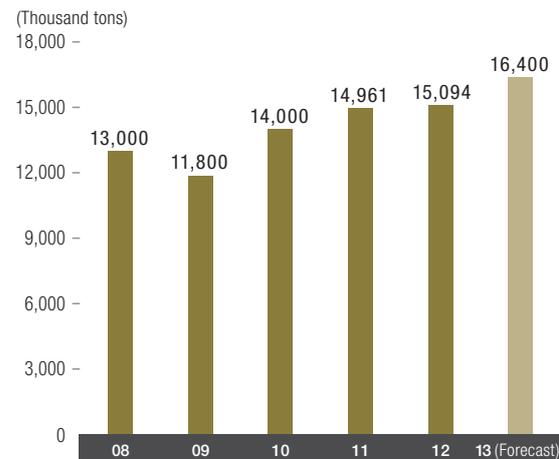
The Chemicals Division handles an enormous number of products, and supports the development of suppliers and customers in emerging countries and elsewhere by building global value chains. Cultivating our people will be crucial to increasing our value and continuing to develop. We intend to constantly develop people with a global perspective who can succeed internationally. Initiatives during the year ended March 31, 2013 included stepping up assignment and posting of head office staff to overseas companies and enhancing the capabilities of local personnel overseas so that approximately one-third of our career-track employees are engaged in overseas businesses. We will continue to boldly shift personnel overseas while concentrating on training younger employees and local personnel outside of Japan.

Global Barite Demand



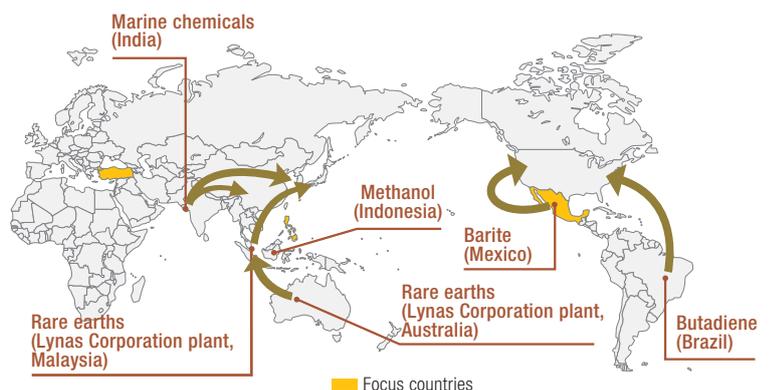
Source: Merchant Research & Consulting Ltd.

Synthetic Rubber Demand



Source: Tokyo Commodity Exchange

Sojitz: Business Focus Areas and Product Flow



Chemicals Unit

- ▶ Methanol, solvents, liquid chemicals, high-performance resin monomers, butadiene, phenol and feedstock for resins and synthetic fibers

Methanol Business



Methanol manufacturing facilities of PT. Kaltim Methanol Industri

Methanol has various applications in a wide range of fields. It is used as a chemical raw material for products such as adhesives, synthetic fibers and high-performance plastics, and is also used to produce the fuels methylethyl, a substitute for LPG, and biodiesel. Fuel applications are expanding rapidly, especially in China, where demand for gasoline additives is increasing. In addition, the development of a process for producing olefins, which are a basic chemical feedstock, from methanol is driving growth in demand.

Sojitz has an 85% share in the Indonesia-based methanol manufacturer PT. Kaltim Methanol Industri (KMI). In addition to offtake from this company, Sojitz procures methanol from the market and sells it primarily to customers in Asia. KMI has a solid reputation among customers for its ability to make deliveries in a short time, its proximity to growing Asian markets, and its flexible lot sizes. Sojitz is enhancing its presence in the Asian market with a combination of products from KMI and external sources, and is also using its methanol sales and distribution capabilities to expand sales of other liquid chemicals.

Sojitz plans to launch a second methanol manufacturer on the scale of KMI in a region where it can secure competitive raw materials to meet demand in future growth markets.

Ecological Materials & Resources Unit

- ▶ Rare earths, lithium compounds, aluminum hydroxide, industrial salt, graphite, cellulose materials, high-performance nonwoven cloth, raw materials for paint, liquid crystal, display materials, carbon fiber and LED materials

Rare Earths Business

Rare earths are used in a variety of industries, from hybrid cars to LCD televisions. However, the world relies heavily on China for more than 90% of global supplies. Sojitz has over 40 years of experience importing rare earths from China, and in 2013 began imports from Lynas Corporation Limited, an Australian company in which Sojitz invested in 2011. With these sources, we are aiming to handle more than 50% of rare earth imports into Japan. We are also investing in a company in the rare earths recycling business, which in addition to stable procurement from China and other countries will enable us to contribute to the development of the rare earths industry.



Lynas Corporation's rare earths concentration plant in Australia



Rare earths refining at Lynas Corporation's Malaysia plant

Barite Business

Sojitz has invested in a barite mine in Mexico, and will begin supplying barite for oil and gas drilling fluids in the year ending March 31, 2014. The shale gas revolution has spurred interest in and is expected to expand demand for barite, which is used as a weighting agent during the oil and gas drilling process.

Through our barite business, we are maneuvering to expand into related raw materials that are also used as oil and gas drilling chemicals. In particular, we will respond to the recent increase in concern about environmental and safety issues by focusing on development of environmentally friendly materials.



Barite mine in Mexico in which Sojitz has invested

Industrial Salt Business

Caustic soda and chlorine, both produced from industrial salt, have an array of applications as they are basic raw materials essential to many industries.

Caustic soda is used in a wide range of

industries, including paper and pulp, chemical fibers and alumina refining. Chlorine is applied in various chlorine derivatives such as sodium hypochlorite used to disinfect tap water, PVC resin raw materials and urethane raw materials. Our main markets for industrial salts supplies are for the Far East (primarily Japan), China, Southeast Asia, and the Middle East. Strong demand is expected in these markets over the medium to long term.

Sojitz handles industrial salt (solar evaporated salt) produced in India and Australia, and has a leading share among trading companies in Japan. Annual production of solar evaporated salt fluctuates with the weather, but we have been able to disperse the climate risk and have ensured stable supply through procuring from multiple sources.

In addition, Sojitz established Archean Chemical Industries Pvt. Ltd. (ACIPL) as a joint venture with the Archean Group, a leading Indian industrial conglomerate, to develop new solar evaporation ponds in India. The first shipment of industrial salt produced by ACIPL was made in April 2013. Our participation in this joint venture will allow us to double the volume of industrial salt we handle, and meet our supply obligations in markets of potential growth by applying our expertise.



First shipment of industrial salt produced by ACIPL

Life Science Business Development Office

- ▶ Green chemicals and monomers: Green chemical (plant-derived) and green polymer businesses
- ▶ Agrosience: Agrochemicals (raw materials, intermediates and finished products) and agriculture-related business
- ▶ Medical and health care: Hospital support business and peripheral businesses (pharmaceuticals, etc.); planning, development and sales of cosmetics (through Sojitz Cosmetics Corporation)

Life Science Business

Sojitz is creating businesses through investments in the life science field, primarily in the areas of green chemicals and monomers, agrosience, and medical and health care, which we have positioned as our business focus areas.

Green Chemicals and Monomers

Interest is growing in chemicals from renewable resources with little environmental impact as global warming and population growth continue to deplete fossil resources. We aim to create a new green society, and

have become the exclusive distribution partner in East Asia for Myriant Corporation, a U.S. manufacturer of plant-based bio-succinic acid. Sales began in 2013.

We are targeting further business expansion to help create a green society by supplying and broadening the use of environmentally friendly finished products such as biodegradable plastics, which are produced from green chemicals.



Bio-succinic acid plant of Myriant Corporation

Agrosience

Responding to needs to increase food production, Sojitz is expanding agriculture-related businesses in Asia, where populations are growing rapidly. We are focusing on the provision of agrochemicals and other agricultural materials.

Medical and Health Care

To meet people's desire for beauty and health, Sojitz provides support services centered on hospitals as well as various peripheral services, including the pharmaceuticals business. These businesses support the creation of better health care environments and communities. In addition, Sojitz Cosmetics Corporation seeks to contribute to society by developing cosmetics that satisfy customer needs, and by providing related services.