

**Condensed Transcript of Q&A Session at Fiscal 2010 Second Quarter Results Briefing**

**(October 29, 2010)**

Q: You booked business restructuring losses in the form of an extraordinary loss for the fiscal first half (April–September) and you currently have bad debts of ¥80 billion. Is there any possibility of you booking additional losses going forward? Also, how quickly do you think bad debts will decline?

A: We rigorously reassess asset values on a quarterly basis. Our company policy is to set aside additional provisions as they are needed, so we do not anticipate any further losses. With respect to what we think will happen going forward, it will depend on how the operating environment pans out, so we cannot comment further at this juncture.

Q: Please explain your strategy for rare earth elements.

A: Many countries besides China are beginning to resume production, so we intend to pursue opportunities outside of China and even acquire interests if we have the chance to do so. We expect it to be some time before other countries start production, however, so we intend to explore a variety of avenues for securing rare earth elements, including reexamining current production arrangements in China and current arrangements vis-à-vis imports from China.

Q: What was management's rationale for upwardly revising the full-year earnings forecast? Specifically, you have revised the net income forecast to ¥12 billion, meaning that you expect net income of ¥3 billion in the fiscal second half. Please explain your reasons.

A: We revised down our net sales and gross profit forecasts to account for the impact of a strong yen, while we revised our operating income forecast to factor in the reduction in expenses due to the yen's appreciation. We revised our ordinary income forecast to reflect improvements in net interest expenses and increase in equity in earnings of affiliates. We revised our net income forecast to account for extraordinary losses we will incur in selectively concentrating our resources in key areas in the aim of making it more certain that we will achieve our fiscal 2011 target of ¥56 billion in ordinary income.

Q: The Machinery Division returned to profitability in the first six months, and you expect the segment to earn a profit in the fiscal second half. How is the automotive business performing?

A: In the automotive business, production has stabilized in Latin America, and performance in Russia is firm. The business is also performing favorably in Asia. We expect the segment as a whole to earn a profit over the full fiscal year.

Q: What are your plans for the food resources business?

A: In Asia and Latin America, we will focus on the grain and oil pressing businesses, and we plan to secure fisheries resources in addition to our Japan-based tuna farming business. We also intend to raise fertilizer production volume from its current level.

Q: How well is real estate held for sale selling and what are your near-term prospects?

A: Some indicators of condominium sales performance, such as the proportion of condos sold in the first month after listing, are improving. However, we recognize that real estate market conditions are still adverse.

Q: What are your plans for bond issuance in the fiscal second half?

A: Our basic policy is to execute new investments and loans while continuing to reallocate assets. We plan to suspend bond issuance for the current fiscal year.

Q: You have revised up net non-operating income (net equity in earnings of affiliates) significantly. What is the reason behind the revision? Also, how much of the equity in earnings of affiliates do one-time factors account for?

A: We revised up equity in earnings of affiliates after closely reexamining certain businesses, including a steel business company. We booked a one-time gain of ¥3 billion due to the business integration of a Sojitz Group bioethanol production company with an industry peer.

Q: How is the automotive business in Russia performing? What are automotive business's prospects for next fiscal year?

A: The automotive business in Russia is already on track to return to profitability, and we expect it to contribute positively to our earnings next fiscal year. For the Automotive Unit as a whole, we expect business in Latin America to improve, and we also expect business in Southeast Asia to contribute positively to our earnings next fiscal year.