

**Condensed Transcript of Q&A Session at Fiscal 2010 Third Quarter Results Briefing**  
**(January 31, 2011)**

Q: The automotive business is recovering as expected but ship prices are falling. So under the current economic environment, how likely is the Machinery Division to achieve its ordinary income target of ¥14 billion in fiscal 2011?

A: Our *Shine 2011* medium-term management plan envisions a rebound in our automotive business, thanks in large part to improved earnings at our automotive subsidiaries in Venezuela and Russia. Earnings at both companies are in line with plans. If automotive operations in Asia and elsewhere also continue to perform well, we should be able to reach our goal for fiscal 2011.

Q: I would like to ask about the effect of tax system reforms. Sojitz has a considerable amount of deferred tax assets. If the tax reform bill is passed this fiscal year, I think it will generate some tax burden for you. How much of an impact are you estimating?

A: We intend to revise our tax planning after carefully studying the bill's provisions and taking into consideration conditions in the fourth quarter of this year as well as our profit targets from fiscal 2011 onwards. As such, I cannot comment about the specific impact at this time.

Q: Do you expect to post any large extraordinary losses in the fourth quarter?

A: We do have some concerns about an impairment loss of some oil and gas interests. This is related to long-term work stoppages due to problems at production facilities, and we are accordingly conducting a thorough review of our asset valuations for these interests. We expect we will have to post some losses, but we also expect to post some extraordinary income. We therefore expect our net extraordinary losses not to exceed the ¥10 billion that we have forecasted.

Q: Please explain the gap in ordinary income and net income between divisions. The Energy & Metal Division posted net income of ¥16.2 billion in the first three quarters on ordinary income of ¥19.5 billion but the Consumer Lifestyle Business Division shows zero net income on ordinary income of ¥5.2 billion. Please explain what went on between the ordinary income line and the net income line in these two divisions.

A: The Energy & Metal Division posted extraordinary losses in the third quarter on the sale of gas interests in the United States. In addition, equity in earnings of affiliates accounts for a significant share of the division's ordinary income and these earnings are not taxed. The Consumer Lifestyle Business, on the other hand, paid considerable taxes in its overseas fertilizer business, which has been an earnings driver this year, and although that business had considerable income, minority interests subtracted from that. Finally,

the division's other businesses, including real estate, did not contribute to profits. The net result of these factors was net income of zero.

Q: To what extent have you factored in earnings contributions from new investments and loans into your forecasts for fiscal 2010 and 2011?

A: We now expect copper interests acquired earlier this year to contribute more to profits than we originally estimated, thanks to the sharp rise in copper prices since we acquired them. Our Australian coal business has also increased its investment in coal mines, and the increased output should contribute to higher profits. As for rare earth, we have not yet worked out a concrete scheme but are making every effort to live up to customers' expectations.

Q: What impact are the heavy rains in Australia having on your coal business?

A: The Australian subsidiary's fiscal year ends in December, so we expect little impact on our fiscal 2010 results. From this January, however, possible delays in the restoration of railway services could curtail sales, even though production activities have been little affected by the flooding and presently are operating as expected.

Q: Would you please explain the progress of new investments and loans? Is there any change in the annual plan to spend ¥90 billion?

A: As of the end of the third quarter, we have invested about ¥27 billion. We expect this to surpass ¥80 billion by the end of fiscal 2010. This is below our original plan because we now expect some planned investments to be delayed until April or later.