Condensed Transcript of Question and Answer Session
at Results Briefing for Fiscal Year Ended March 31, 2015

Date: May 12, 2015 (Tuesday)
Location: Nihonbashi Mitsui Hall

Main Questions and Answers

Q1: Dividend policy going forward
A1: We previously planned to potentially raise our dividend payout ratio once we had confirmed sufficient progress toward attainment of our GC2015 Mid-Term Management Plan's targets. We no longer see any prospect of achieving the plan's targets for the current fiscal year ending March 2016 (consolidated net profit of ¥250-300 billion, net debt/equity ratio of 1.5). We have therefore decided against raising our dividend payout ratio for the time being. However, we fully recognize that our dividend payout ratio is low. We will consider to raising our dividend payout ratio in our next Mid-Term Management Plan to be launched next fiscal year.

Q2: Analysis of previous fiscal year's impairment losses
A2: We have analyzed, thoroughly investigated and summarized the factors and reasons behind the impairment losses on an asset-by-asset basis. In response to impairment losses booked on acquisitions in particular, we plan to revise our post-acquisition controls and management organization.

Q3: Cushion factored into earnings forecast for fiscal year ending March 2016
A3: Our operating environment, particularly the resource price outlook, is still uncertain. We were more conservative than usual in terms of the cushion (roughly ¥20 billion) factored into our earnings forecast. We regard our consolidated net profit forecast of ¥180 billion as a minimum target. We aim to surpass it.

Q4: Free cash flow outlook for fiscal year ending March 2016
A4: We aim to achieve positive free cash flow by increasing cash inflows from operations and divestment of existing investments relative to cash outflows for new investments and other purposes.

Q5: Do you aim to achieve positive cash flow on a post-dividend basis?
A5: In the fiscal year ending March 2016, we aim to achieve positive cash flow before payment of dividends.

Q6: Outlook for new investments in fiscal year ending March 2016
A6: We have already internally approved about ¥200 billion of new investments. Additionally, we have budgeted another ¥100-150 billion for other investments. Total new investments during the GC2015 plan's term consequently may exceed our initial ¥1.1 trillion budget for new investments, but our first priority is positive free cash flow.

Q7: Asset reallocation plans
A7: We may reallocate even assets on which we stand to reap gains upon exiting.

Q8: Reason behind operating cash flow's quarter-to-quarter variability
A8: Some of our businesses' operating cash flows vary substantially from quarter to quarter due to seasonal factors.

Q9: Outlook for Gavilon in fiscal year ending March 2016
A9: In the fiscal year ended March 2015, Gavilon incurred a ¥31.5 billion loss, mainly as a result of a goodwill impairment loss. We expect Gavilon to experience a major earnings recovery in the current fiscal year by virtue of non-recurrence of the impairment loss and improved earnings in certain sectors in which it has been performing poorly.

Q10: Assessment of Helena Chemical business
A10: We consider our business strategy in the US agricultural chemical business to be a success story or model case. We hope to realize company-wide ripple effects across all business domains by replicating this strategy.

Q11: Status of Roy Hill Mine's development
A11: Development of the project is proceeding smoothly.

Q12: Businesses likely to contribute to profit growth under next Mid-Term Management Plan
A12: In resource businesses, we are projecting growth in our equity production volume from crude oil and iron ore projects and others. In non-resource businesses, we are steadily expanding our earnings foundation by strengthening existing operations.