

IR Meeting on Financial Results for the Three-Month Period Ended June 30, 2011

Questions and Answers

- 1. Time:** August 2, 2011, 17:00~18:00
- 2. Location:** Conference call
- 3. Speakers:** Joji Okada, Executive Managing Officer, Chief Financial Officer
Keigo Matsubara, Global Controller
Kenichi Hori, General Manager of Investor Relations Division

4. Questions and Answers:

Q. You have posted a ¥5.9 billion increase in net income for the Energy Segment for this period. Could you give us a breakdown of oil, LNG and coal?

A. A decline of ¥1.0 billion was recorded for Mitsui Coal Holdings Pty. Ltd., which is a major coal producing subsidiary, while an increase of ¥6.9 billion was recorded for the other businesses, mainly oil and gas including LNG.

Q. Could you explain when earnings of Integrated Healthcare Holdings Sdn. Bhd. will be seen and how large that will be?

A. We expect earnings will be fully reflected in our overall performance in the 3Q of this fiscal year. However, the purchase price allocation has not been made yet. Once this is done, amortization may be posted. And in the coming two to three years we expect to see contributions from peripheral businesses related to this company.

Q. (Page 4 of the presentation material) Can we understand that the Divestiture & Evaluation Profit/Loss includes divestitures of the hot briquetted iron production and marketing company in Venezuela and INPEX Corporation? In addition, is it correct to understand that loss allowance related to vessels under construction is not included here?

A. The Divestitures of Venezuelan company and INPEX Corporation are included in the Divestiture & Evaluation Profit/Loss column. However, a loss allowance for vessels under construction is not included here.

Q. (Page 4 of the presentation material) Could you give us a breakdown of an ¥8.0 billion cost increase in Energy between coal and oil/gas? Also, can we understand that the increase for coal is a temporary cost increase related to the heavy rain and will improve from 2Q onward?

A. In the 8 billion under Energy, coal would be ¥4.0 billion and exploration expenses for oil and gas would be ¥3.0 billion. The remaining ¥1.0 billion would be operating cost increase. The ¥4.0 billion for coal includes a temporary cost as well as an increase in royalty.

Q. (Page 4 of the presentation material) Your plan at the beginning of the term indicated that cost in Energy & Mineral Resources will increase by ¥20 billion for the whole year, but in the 1Q you already have ¥11 billion. Excluding the temporary effect of coal, can we understand that the increase in costs is trending as initially planned? As for miscellaneous area, you indicate an increase of ¥14 billion from improvement of business environment, etc, while your initial business plan indicates an increase of ¥10 billion. Could you give us an image of how to understand the figure you give for 1Q and for the whole year?

A. Regarding the cost in Energy & Mineral Resources, please understand we are making progress as planned. Impacts other than those related to the Great East Japan Earthquake in the miscellaneous column are increases in the non-resources segments, which we believe are increasing more than expected.

Q. How do you see this net income of ¥132.7 billion in relation to the initial business plan for the 1Q? And what is your view on this good performance compared with the ¥430 billion target set for the whole year?

A. The idea I had for the 1Q was roughly ¥100 billion, and our performance exceeds this initial expectation. We believe we are progressing more than steadily so far. As there are some uncertainties in the economic situation, we have not made any revisions to our annual target in the 1Q.

Q. Can you explain why MIOD posted a decline in profit? And Collahuasi also posted a decline, so what are the reasons?

A. We can only give you a ballpark number on MIOD, but there was a positive impact of ¥14 billion due to price increases. On the other hand, there were a negative impact related to some price adjustments in the 1Q of the previous fiscal year, exchange rate impact of a negative ¥4 billion, costs such as royalty fees increased, giving a negative impact of ¥3 billion, and weather related impacts. For the 4Q of the previous fiscal year MIOD's figure was ¥30.3 billion. If you compare with that, you may get a different picture. For copper, because of the destruction of the ship loader, Collahuasi tried to switch to alternative transportation. However, the incident led to a decline in shipment during the January to March period.

Q. Could you update us on the current situation regarding the oil spill incident of Gulf of Mexico after the settlement with BP?

A. The release of the report of the joint investigation, scheduled by the end of July, seems to have been postponed. As for the update, please refer to the material entitled "consolidated financial results for the three month period ended June 30, 2011".

Q. As the yen continues to appreciate and we are still suffering from the power shortage in Japan, it is sometimes heard that Japanese manufacturers are shifting some of their businesses overseas. Are there any cases where your company is going overseas together with any of those manufacturers?

A. We cannot give you any specific examples but obviously there are manufacturers planning to shift their business overseas and we can help them in various ways, using our broad network overseas. That is as far as we can share with you at the moment in terms of projects we are involved with.

Q. (Page 13 and 14 of Data Book on Consolidated Financial Results) Amongst major affiliates, could you update us on the recent performances and future prospects of Bussan Auto Finance (BAF), Mitsui E&P Australia and Novus?

A. As for BAF, there has been intensifying competition in the motorcycle financing industry in Indonesia. If the repayment is not made, the motorcycle collateralized will be repossessed and resold. But as prices of the used motorcycles are falling due to fierce competition, loan losses are increasing. We are hoping to improve profitability by enhancing performance of the dealers.

Regarding Mitsui E&P Australia, one factor was the decline in the production volume but this is expected to recover going forward.

With regard to Novus, we have seen costs increase and sales volume decline, while prices have not declined much. Price increases of feeds such as corn and soybeans resulted in a decline in poultry production, which in turn suppressed the demand for methionine. We expect this trend to continue for some time, and will need to make efforts to reduce costs further.

Q. Strikes of workers in mines have been recently reported. So I am wondering if labor costs or equipment and materials costs are increasing. Could you share with us the recent trends on this? Am I correct to say that there has not been much pressure to drive up costs in your iron ore operations in Australia and Brazil so far?

A. The copper mine company in which we have a stake in Chile faced workers' strike situation in fall of last year. So far, the actual costs in the mineral and metal resources segment including iron ore are in line with those assumed at the beginning of the fiscal year, but we will continue to monitor them for the rest of the fiscal year.

Q. (Page 4 of the presentation material) You said ¥3 billion worth of the impact from the Great East Japan Earthquake was recognized in the 1Q. I would like to know the breakdown of this ¥3 billion and whether there will be more to come in the 2Q onward or we do not need to take any more into account.

A. Main items included in the ¥3 billion posted in the 1Q are motor vehicle-related and foods-related. According to the latest forecast, we expect to have another ¥3 billion impact in the 2Q onward. About one third of the 3 billion is expected to be motor vehicle-related, which was affected by production adjustments of domestic auto manufacturers, and the remainder consists of items for foods, infrastructure projects and chemicals.

Q. (Page 13 and 14 of Data Book on Consolidated Financial Results) I am interested to know the causes behind the losses suffered by Mitsui Gas Development Qatar.

A. They are exploration expenses.

Q. Even if you exclude the impairment loss for Moshi Moshi Hotline, Inc., has this segment posted a negative growth in the 1Q year on year?

A. Excluding the impairment loss of ¥6.7 billion for Moshi Moshi Hotline, the Consumer Service & IT Segment's net income would have increased by ¥1.4 billion compared to the previous year period.

Q. You said there are causes for concerns you need to closely monitor. Are there any specific signs of slowdown you are already seeing in particular segments?

A. Not specifically yet. But it is still uncertain what will happen if the slowdown in the U.S. economy, monetary tightening to fight inflation in China, and concern over public finance in Europe all together lead to something serious.

Q. Could you tell me the breakdown by segment of the ¥10 billion in reversal of deferred tax liabilities?

A. Of the ¥10 billion, ¥6 billion is attributed to the Mineral & Metal Resources, ¥1.5 billion to the Machinery & Infrastructure Projects, another ¥1.5 billion to the Chemicals, ¥500 million to the Consumer Service & IT and ¥500 million to the Logistics and Financial Business.

Q. How would you divide the increment of ¥32.7 billion from what you had in mind originally for the 1Q between the Mineral & Metal Resources and Energy and the other segments?

A. To give you ballpark numbers, about ¥20 billion is from the Mineral & Metal Resources and Energy Segments and about ¥10 billion is from the others.

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