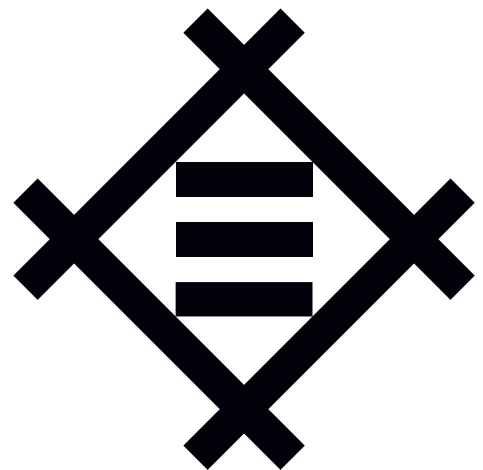




360° business innovation.



MITSUI & CO., LTD.
ANNUAL REPORT 2016

MITSUI & CO.

Expansion on the move

Feed additive manufacturing

Novus is a major manufacturer of the feed additive methionine (an essential amino acid).

In order to respond to the growing demand for food around the world Mitsui plans to expand the manufacturing capacity for producing methionine, whose market is expected to continue to grow at an annual rate of 5% over the long term.

Production capacity
of methionine

320,000 tons
in 2015



440,000 tons
in 2020 (planned)



Healthcare

Mitsui is expanding its healthcare businesses centered on IHH, the largest private hospital group in Asia and Turkey, which is expanding its business in such ways as acquiring a healthcare group in India.

Mitsui is developing medical ancillary businesses by investing in MIMS Group, a drug information company that operates in 12 different countries in Asia and Oceania (see page 59), and also by agreeing to invest in DaVita Care, a dialysis clinics operator in Asia.

Total number disclosed
by IHH Healthcare Bhd.

Over **7,000 beds**
in 2015



Close to 10,000 beds
in 2016

Tank terminal

In order to respond to increasing demand, Mitsui is moving forward with construction to expand its chemical tank terminals, which Intercontinental Terminals Company has operated for many years in the U.S. port of Houston. In addition, Mitsui is expanding ITC Rubis, located in Europe's main port of Antwerp, Belgium (see page 64).

By capturing the rising demand for both chemical and petroleum products, Mitsui is aiming for the expansion of a stable business that is less affected by commodity market conditions.

ITC / ITC Rubis
total tank capacity

2.1 million m³
in 2015



3.4 million m³
in 2020 (planned)



IPP

Mitsui has stakes in a power generation business that comprises 70 plants in 21 countries around the world.

By raising profitability through the completion of projects under construction and engaging in asset replacement, Mitsui is establishing a superior portfolio diverse in geographical location and fuel mix in its efforts to achieve sustainable growth (see page 51).

Equity share of power
generation capacity

9.6 GW
in 2015



11.1 GW
in 2016

Reinforcement on the move

Iron ore

In its iron ore business, Mitsui has been working with its partners in Australia and Brazil for many years.

We continue to expand production capacity and work to reinforce our competitiveness based on our core assets, in efforts to contribute to a stable supply in the global market and to respond to the global demand for iron ore, which is expected to increase over the medium to long term (see page 48).



LNG

As part of our efforts to comprehensively reinforce our key strengths in reserves, production and cost competitiveness, we are strengthening our diverse LNG portfolio and logistical capabilities on a global scale in the aim of establishing ourselves as a reliable supplier of energy resources to meet the needs of various consumers around the world.

Innovation on the move



Internet of Things

Mitsui has newly invested in OSIsoft, the global leader in IoT for industrial customers. OSIsoft has developed the PI System, which is already used by 65% of Fortune 500 companies in 125 countries around the world. The Mitsui & Co. Group will leverage the PI System to optimize its business operations and establish new business models (see page 61).

High-speed mobile data services

Mitsui has invested in Afrimax, a high-speed mobile data communications operator in Sub-Saharan Africa that uses the fourth-generation telecommunications standard Long-Term Evolution (LTE).

Using the Vodafone brand, Afrimax's business partner, Mitsui will contribute to expand Internet usage in the region, where the penetration rate currently remains at around 7%.



Fund for new pharmaceutical development

Mitsui has been expanding the size of NovaQuest, a series of private equity funds focused on pharmaceutical development, by collaborating with other large investors, including Quintiles, a major provider of outsourced pharmaceutical services.

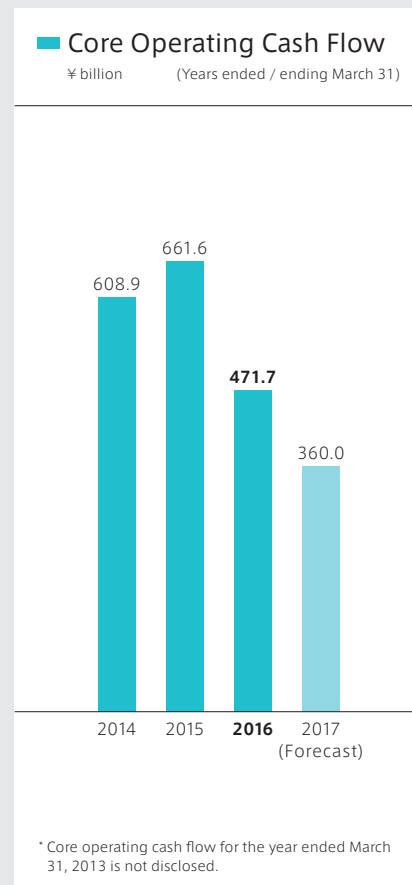
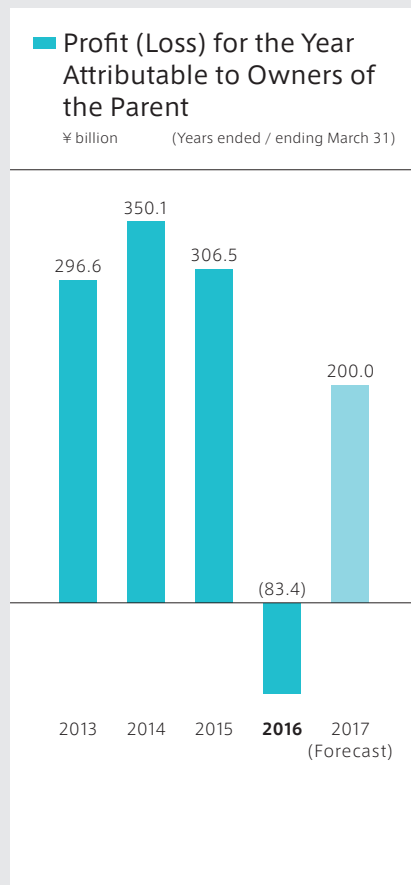
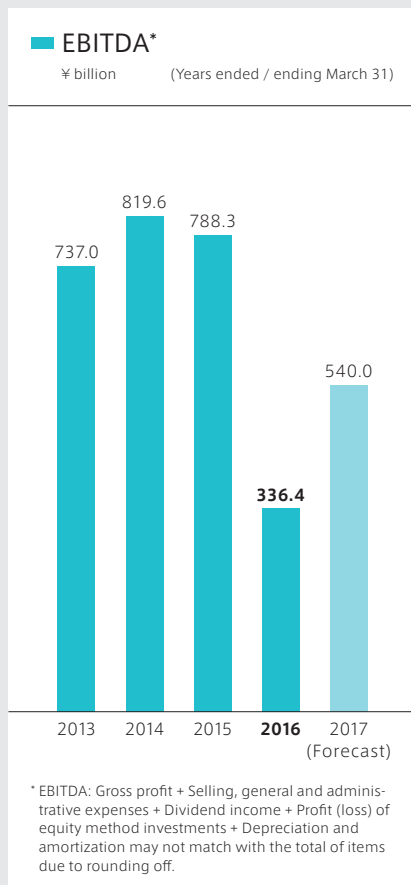
Mitsui will engage in efforts to further support NovaQuest to provide solutions in the development of new pharmaceutical products, which is experiencing rapidly increasing costs.

Manufacturing carbon fiber light-weight tanks

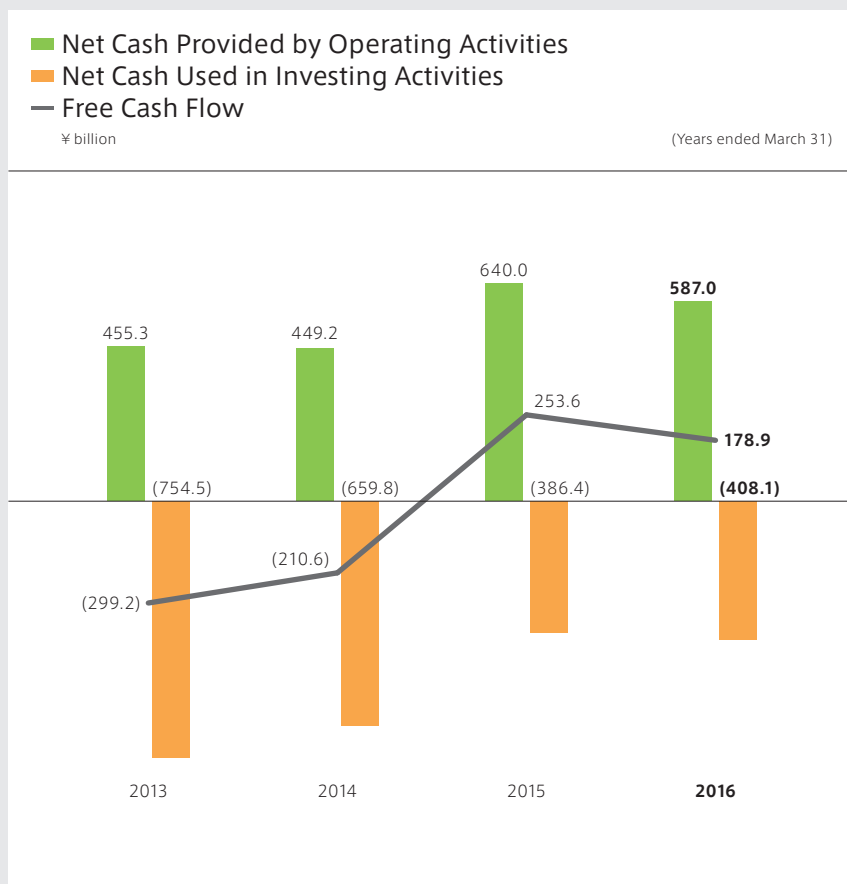
Mitsui has invested in Hexagon Composites, a composite tank manufacturer that uses carbon fiber to manufacture pressure tanks.

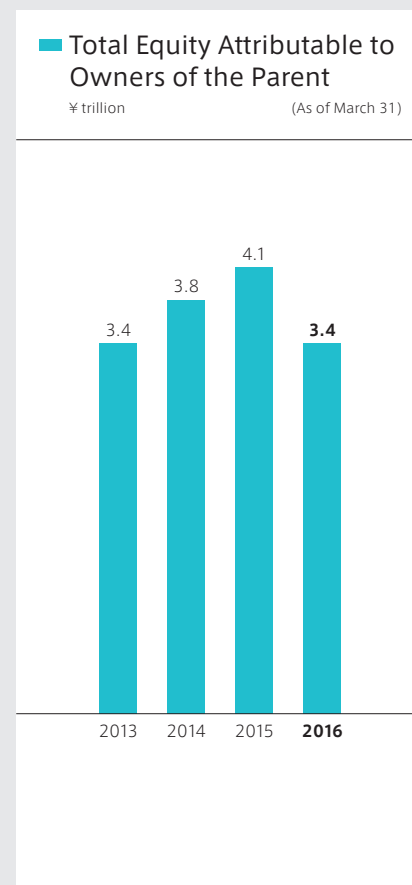
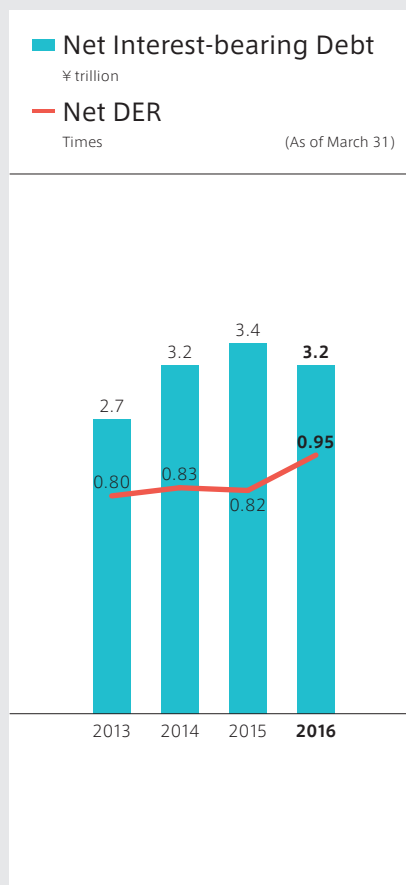
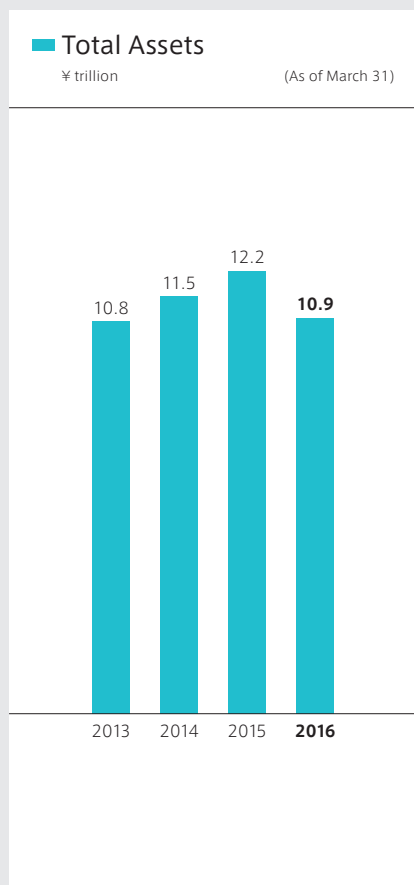
By expanding the company's business in the global market, Mitsui will help reduce greenhouse gas emissions in the transportation industry by promoting the use of light-weight parts and materials (see page 55).



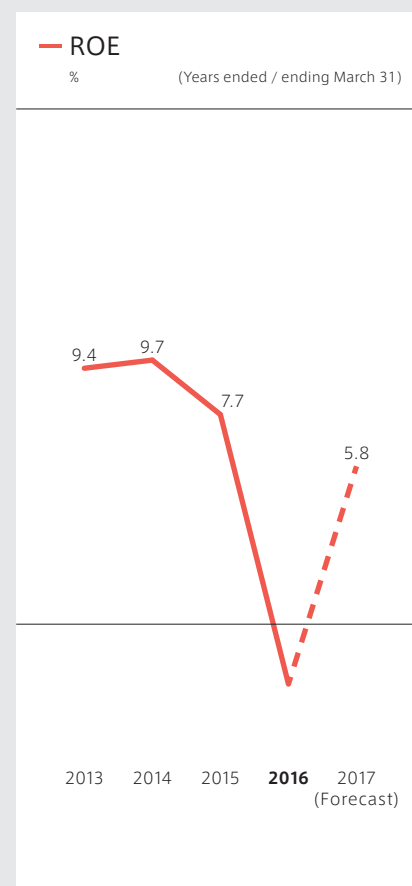
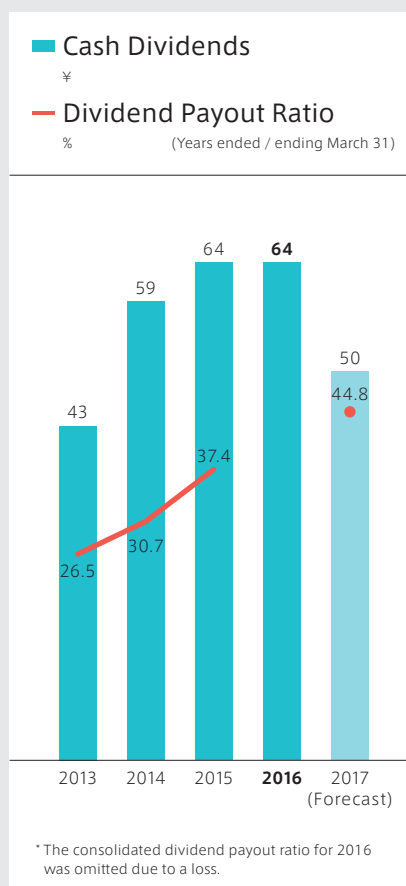
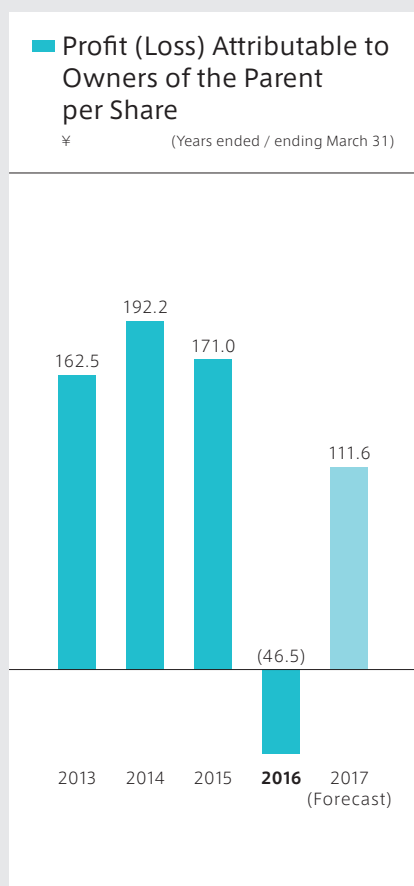


Financial





Highlights (IFRS)



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To Our Stakeholders

Mitsui upholds the basic idea of developing and growing together as a member of society and creating value for a future where people's aspirations can be fulfilled. This idea acts as an indispensable compass that guides us through severe operating environments. From both financial and non-financial perspectives, this integrated report introduces and explains our response to the issues we currently face, the accomplishments we have made through our initiatives thus far, and the challenges we will boldly take on towards the future. We hope that, through this report, our stakeholders can gain a better sense of our unwavering commitment to value creation.

Please refer to our *Annual Securities Report* for more detailed financial information, *Sustainability Report 2016* for more detailed environmental, social, and governance (ESG) information, and other Mitsui publications for other relevant information. All of these documents can be found on the Company's website.

 <https://www.mitsui.com/jp/en/>

General Manager, IR Division

A Cautionary Note on Forward-Looking Statements

This Annual Report contains statements (including figures) regarding Mitsui & Co., Ltd. ("Mitsui," "Mitsui & Co.," "Company")'s corporate strategies, objectives and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui's management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to: (i) changes in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui's ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

Message from the CEO

Mitsui & Co. aims to achieve sustainable growth for stakeholders around the world, drawing on our strengths at the business frontline to maximize value creation throughout the consolidated Group.

Looking back on my first year as CEO

For the fiscal year ended March 2016, my first as President & CEO, we booked substantial impairment losses and recorded a net loss* of ¥83.4 billion. This was the first consolidated net loss ever recorded by Mitsui, a result that I take very seriously indeed. The commodity market was greatly affected by an unexpectedly large decline in demand from China and other emerging economies, and our switch from U.S. GAAP to IFRS means that commodity market fluctuations influence realized gains and losses more than they did previously. Despite these contributing factors, I recognize that the reason for Mitsui's net loss was that, above all, we have not made sufficient progress in our efforts to establish an earnings base capable of withstanding these cycles in the commodity market.

However, one of the more positive outcomes for the year was the generation of a solid ¥470 billion in core operating cash flow. This demonstrates our fundamental competitiveness in the resources and energy fields, supported by the groundwork we have laid to enable

sustained cash flow and profits from non-resource fields, such as machinery and infrastructure, and chemicals.

Behind each of our accomplishments are frontline employees who have taken the initiative to develop and expand their own businesses. Reflecting this, during the year we established Mitsui Global Business Management Guidelines with the aim of implementing best practices in business development at all our business locations. Our intent is to operate under a decentralized but cohesive management structure in which individual businesses devise their own growth plans, with Head Office support and resources used to ensure effective implementation. As CEO I will continue to visit as many of our business locations as I can to encourage this approach.

We are also moving forward with initiatives to maximize the productive use of our limited operating resources, for example, by reallocating human resources and pursuing efficiency in decision making and other business processes.

* Profit (loss) for the year attributable to owners of the parent



President and Chief Executive Officer

Tatsuo Yasunaga

Growing businesses with stable earnings

Although we take pride in the fundamental competitiveness of our resources and energy business, it is clear that we need to continue strengthening our downside resistance by expanding businesses that are capable of stable earnings.

Mitsui has already established a solid core of this kind of business. We recently increased our investment in Novus, a feed additive manufacturer in the key strategic domain of Food and Agriculture, and we are planning to strengthen and increase its manufacturing capacity in order to meet the growing global demand for food. In the Hydrocarbon Chain domain, in the U.S. we have started producing methanol from cost-competitive natural gas, and we are strengthening our ability to meet the increasing demand for petroleum and petrochemical products by expanding our tank terminal facilities. In the Infrastructure domain, the total net power generation capacity of Mitsui's IPP business now exceeds 11GW (as of March 2016) and we are the leading Japanese company in the growing market for overseas power generation.

In the Mobility domain, earnings have increased in the automotive retailing business that makes up part of

our business partnership with the Penske Group, and our recent investment in its truck leasing business has immediately started contributing to earnings. We expect these contributions will be sustainable due to strong growth in the demand for logistics.

By leveraging the existing businesses that are already Mitsui's strengths, as well as increasing their functions, developing them horizontally, and expanding into surrounding business fields, we forecast a profit of ¥140 billion for the year ending March 2017 from stable earning businesses, with the target of ¥200 billion for the year ending March 2020.

In pursuing earnings stability, we are focusing investment in areas where we can leverage existing businesses and expertise. Examples of our business developments include: carbon fiber, a material increasingly in demand as a lightweight material in automobiles and many other applications; livestock, fishery, and food science businesses, which are being driven by population increases; ancillary businesses around the hospital network in Asia; various businesses utilizing IoT and big data; and businesses catering to growth in developing countries, such as high-speed mobile communications and TV shopping.

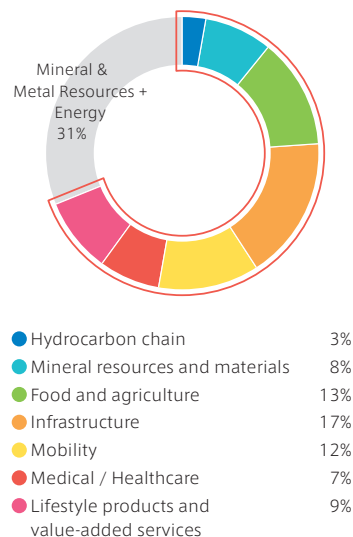
Expanding stable earning businesses (non-resource businesses)

Profit for the year ending March 31, 2017 from stable earning businesses, mainly in three key strategic domains (Infrastructure, Food & agriculture and Mobility), is expected to be approximately ¥140.0 billion (approximately 70% of total).

Key Strategic Domains	Main businesses*
Hydrocarbon chain	Tank terminal, Methanol
Mineral resources and materials	Marketing of steel products and plastics, Automotive components in the Americas
Food and agriculture	Agricultural chemicals, Edible oil products in U.S., Sugar
Infrastructure	IPP, FPSO leasing, Gas distribution in Brazil
Mobility	Marketing of automobiles and Truck leasing, Rolling stock leasing, Integrated freight transportation in Brazil
Medical / Healthcare	Hospitals in Asia, Supporting pharmaceutical development
Lifestyle products and value-added services	TV shopping, Leasing business, Food service

* Businesses (including expansion/additional investment) printed in blue commenced full-year profit contribution in the year ending March 31, 2017.

Ratio of profit from stable earning businesses by key strategic domains (area bordered in red)



Reinforcing mineral resources and energy

Mineral resource and energy prices seem unlikely to show a predictable recovery in the short term, as it will take time for the economies of China and other developing countries to regain their feet. However, I think we will see a recovery in the medium to long term as supply and demand adjusts.

So with weak commodity prices continuing to exert a severe influence on our earnings, we have a strong imperative to take advantage of the situation to strengthen our competitiveness. And despite perceptions that the current business environment must be creating bargains, we will even more carefully investigate and select projects with strict attention to expected profitability, looking to expand existing interests and acquire attractive new interests. There are also promising opportunities in resources and energy infrastructure, which has an earnings model more resistant to the direct effects of the commodity market. Our iron ore export marine facility business in Australia has already begun contributing to earnings, and we are continuing to make progress in our U.S. LNG export project, aiming for commercial operations by 2018.

Establishing a recurring model of divestment

We have regularly engaged in asset recycling as part of our efforts to raise the quality of our portfolio, and now I want to take this a step further. To increase Mitsui's cash flow generating capabilities and raise our earning power to the next level, we need to make asset recycling a recurring model in our earnings.

The aim is to continually raise earnings by optimizing our portfolio through the establishment of a "build and sell" cycle. An example in our IPP business would be selling all, or part of, our equity holdings in any particular construction project upon completion of the construction phase. Through these kinds of recycling, we forecast earnings contributions totaling ¥50 billion for the year ending March 2017.



Tightening investment discipline and reallocating resources

With impairment losses in the year ended March 2016 having such a serious impact on our financial results, we are paying renewed attention to investment discipline.

In the resources and energy fields, while we think our project selection and track record in the industry already stand up to close scrutiny, we are putting in place even stricter standards to strengthen our resistance to commodity market volatility. Specifically, we are increasing the rigor of our investigation into medium- to long-term price forecasts, development and production plans, and other key project elements.

In non-resource fields, we will use strong due diligence processes and draw on our group-wide skills and expertise to avoid overpaying in competitive bids for strategically attractive assets.

Another way to tighten investment discipline is to reallocate people from resources and energy into other fields. Through interaction and collaboration we can improve competitiveness, combining skills in general management and structuring investment with expertise and networks in specific industries.

Unleashing individual talents

Amid a prolonged downturn in commodities, Mitsui's people must relentlessly pursue growth and earning opportunities. And the management team must make every effort to encourage this.

One of my personal initiatives this year has been to meet directly with the leadership teams of client and partner companies. Businesses can only develop and expand when there are strong, trusting relationships between the people involved, and I intend to continue meeting widely with the key influencers whose success is closely entwined with our own.

Connected with this is the need to create a highly productive environment that allows individuals and individual entities to fully exert their true capabilities.

As I mentioned earlier, our consolidated businesses will each establish individual growth strategies following the Mitsui Global Business Management Guidelines, while Head Office will provide support that enables each company to expand and strengthen competitiveness in order to maximize potential, thereby strengthening the long-term competitiveness of the entire Group.



At the individual employee level we are taking steps to increase efficiency while also providing a better work-life balance. For example, we have started trials of initiatives such as remote working and staggered working hours. Since we work with overseas subsidiaries and local partners, early-morning and late-night phone conferences are not uncommon. We want to find the optimal style of working that takes into account the situations of specific regions and businesses, and clearly separates tasks that are team-based or can be completed alone, so that we can increase productivity. These measures are also aligned with the Abenomics policy of promoting “dynamic engagement of all citizens.”

Nation-building and industrial development: unique value from Mitsui in the quest for a sustainable society

Economic and social globalization is highlighting the issues we share worldwide, including environmental problems and the need for stable food and energy supplies. These issues impact everything we do. In energy, for example, we need to balance economic viability

with environmental considerations and the needs of society. The global energy mix has seen transitions from coal to oil, from oil to gas, and now increasingly from fossil fuels to renewable energy. Based on the adoption of an international framework for environmental measures beyond 2020 set during COP21 (the 21st United Nations Climate Change Conference), we will continue to enhance Mitsui’s ability to provide a stable supply of LNG, and will promote a shift to gas as an energy source in developing countries.

When Mitsui participates in resource development, we always strive to create a win-win situation for our host country through nation-building and long-term initiatives that contribute to industrial development, such as the improvement of power and transport infrastructure, the development of agriculture, industry, and healthcare, and the cultivation of human resources. These initiatives also lead to the sustainability of our own business and often unearth new business opportunities.

In this way, we are continuing the approach we have practiced since Mitsui’s founding—building relationships of trust with partners and customers while taking the role of a pioneer, exploring uncharted regions and business areas to boldly seek business opportunities.

Business plan and shareholder returns

For the year ending March 31, 2017, we expect the enhancement of our stable earning businesses to make a significant contribution to the revival of our earnings, and with the robust implementation of asset recycling we are forecasting consolidated profit of ¥200 billion, compared to the loss of ¥83.4 billion recorded in the previous year.

Taking into account our aim of providing stable and continuing dividends, and based on a comprehensive analysis of Mitsui's situation, including projected earnings and EBITDA with an assumed core operating cash flow of ¥360 billion, we forecast a dividend for the year of ¥50 per share. We will continue to consider share buy-backs as an option to improve capital efficiency, acting flexibly in accordance with the business environment and taking into account factors such as trends in investment demand, free cash flow levels, interest-bearing debt and return on equity. Our forecast ROE of 5.8% for the year ending March 2017 is well below the target of 10–12% outlined in our medium-term management plan. The downturn in the commodity markets far exceeded the level we envisaged, and it is clear that achieving the original ROE target will be extremely difficult. As we formulate our next medium-term management plan, which will start from April 2017, I intend to deepen discussion on how to raise ROE to double figures. This discussion will encompass continuation of asset recycling and raising profits from stable businesses up to ¥200 billion by the year ending March 2020 in response to the changing business environment.

Mitsui's commitment to value creation

Mitsui & Co. has always sought to create opportunities out of change. This attitude has driven the evolution of our business, and despite the difficult environment we are more committed than ever to generating new business value. We are creating more opportunities to meet and speak with our investors and other stakeholders, and we hope that through this dialogue and our careful explanation of strategy and approach we can increase understanding of Mitsui. At the same time, I am sure we can gain useful insights that can improve our operations and contribute to sustainable growth.

I look forward to your guidance and support.

July 2016



President and Chief Executive Officer

Medium-term Management Plan —Challenge & Innovation for 2020 —Demonstrating Mitsui Premium—

(announced in May 2014)

Basic Policy

- ▶ Provide industrial solutions to our customers' needs through higher level of competitiveness, managerial excellence and successful business innovation and development
→ Establishing key strategic domains in line with our core strengths
- ▶ Enhance earnings base of Existing Business and fully execute Projects in the Pipeline
- ▶ Pursue both New Investments and Shareholder Returns backed by strong cash generation capabilities

(announced in May 2016)

Quantitative Targets (year ending March 31, 2017)

- | | |
|---|----------------|
| ▶ EBITDA: | ¥540.0 billion |
| ▶ Profit for the year attributable to owners of the parent: | ¥200.0 billion |
| ▶ Core operating cash flow: | ¥360.0 billion |
| ▶ ROE: | 5.8 % |
| ▶ Annual dividend forecast: | ¥50 per share |



Our Vision for 2020

- ▶ Create new value through the effective collaboration of businesses in accordance with Key Strategic Domains
- ▶ Balanced allocation to growth investments and shareholder return
- ▶ EBITDA: Constantly over ¥1 trillion
- ▶ Achieve sustained profit growth and double-digit ROE

Message from the CFO

By exercising our specialized functions to help drive performance through close collaboration with the business frontline, and also fulfill stewardship responsibilities through objective selection and sound judgment, we strive to improve the Group's profitability and value as well as maintain and further enhance our financial stability.

Representative Director,
Executive Managing Officer,
Chief Financial Officer

Keigo Matsubara



Summary of results for the fiscal year ended March 31, 2016

Looking back on the fiscal year ended March 31, 2016, the global economy lacked resilience as growth in emerging countries remained generally weak and signs of an economic slowdown arose in developed countries.

Growth was sluggish in the United States in the second half of the year due to stagnant exports and reduced capital investment. In Japan, the economy remained in an economic standstill as a result of a decline in consumer spending, and the recovery in Europe remained slow. In China, growth was relatively weak due to reductions in excess capacity and adjustments in the real estate market. Polarization among the emerging economies continued as the Indian economy benefited from lower crude oil prices while tough economic conditions persisted in Brazil and Russia, where dependence on exports remains high. In addition, the price of iron ore (62% Fe, CFR North China) was significantly affected by weakening conditions in the Chinese economy, mostly remaining at around US\$50 per ton while plummeting to below US\$40 per ton at one point. With a forecast for increasing supply, the Dubai Crude price remained at around US\$30s to US\$40s per barrel, dropping temporarily to low US\$20s per barrel.

Under this environment, profit for the year attributable to owners of the parent decreased by ¥389.9 billion, resulting in a loss of ¥83.4 billion. This loss was due primarily to impairment losses in the Metals Business Area's copper businesses, in Energy,

and in Machinery & Infrastructure's IPP businesses, which totaled ¥350.0 billion, in addition to a decline of ¥222.0 billion from the impact of market movements, namely the drop in commodity prices. Furthermore, EBITDA decreased by ¥451.9 billion, to ¥336.4 billion, as part of the aforementioned impairment losses was recorded in profit of equity method investments.

While we suffered significant impact from falling crude oil and gas prices, we were able to secure ¥471.7 billion in core operating cash flow, reflecting our strong ability to generate cash. Of this amount, over 70% came from Energy and Metals. Also, profits and cash flow in Chemicals increased significantly, due primarily to the strong performance of the feed additive business.

Forecast for the fiscal year ending March 31, 2017

In the fiscal year ending March 31, 2017, a strong sense of stagnation in the global economy is expected to continue, in addition to sluggishness in the metal resources and energy prices. However, we are expecting nearly ¥140.0 billion in profit from businesses that generate stable earnings with minimal direct impact from the commodity market. Also, we are expecting roughly ¥60.0 billion in profit in our Mineral & Metal Resources Segment, which includes the iron ore business that boasts world-class competitiveness. As a result, we anticipate ¥200.0 billion in profit for the year. Included in this amount is ¥50.0 billion in profit from asset recycling, which we have been promoting with the aim of enhancing corporate value. In addition, we forecast EBITDA of ¥540.0 billion.

Stepping-up enforcement of investment discipline

On a business unit basis, we have well established practices for investment discipline throughout the Company, which entails promotion of investment and asset recycling while being mindful of investment cash flow and enhancement of the quality of the asset portfolio through prioritizing and selecting projects. Furthermore, in major large-scale opportunities, we have introduced a system where management early on determines and clarifies the primary requirements for investment decision, as well as whether it is worthwhile to pursue the project, and we have worked to improve the effectiveness of this system.

Our efforts on strict enforcement of investment discipline have been consistent. However, it is with great concern that we view the recording of significant impairment losses, and the subsequent fall from profitability to loss in the last fiscal year, and we will focus on further reinforcing strict adherence to investment discipline under an increasingly volatile operating environment. Within the screening and decision-making process for an investment, rather than revising the actual hurdle rate, we will adopt even more objectivity in evaluating such factors as medium- to long-term demand estimates and price forecasts used to calculate profitability, and the feasibility of the business plans. This approach will also involve reevaluating to past precedents for sterner objectivity in investment decisions.

In resource and energy fields, amid market super-cycles, we will make decisions on acquisitions and expansions by rigorously adhering to the basic stance of "acquiring when prices are low and refraining when they are high." Furthermore, I believe the key to success in other fields is to avoid high-price acquisitions by making selective and concerted efforts toward businesses in which we can leverage our existing businesses and expertise.

Allocating cash flow

The fiscal year ending March 31, 2017 marks the final year of our current medium-term management plan. During the year, we expect to generate core operating cash flow of ¥360.0 billion as well as acquiring ¥270.0 billion from asset recycling. From these amounts, we intend to allocate between ¥390.0 billion and ¥490.0 billion to investment in existing businesses and projects in the pipeline. Accordingly, we anticipate the cumulative total cash inflow from core operating cash flow and asset recycling over the three-year period of the plan to be ¥1.5 trillion and ¥800.0 billion, respectively. With the allocation of approximately ¥1.3 trillion to investments in existing businesses and projects in the pipeline, we forecast recurring free cash of nearly ¥1 trillion, which we will allocate to growth investments and shareholder return in a balanced manner as well as maintain a positive cumulative total net free cash flow for the three-year period of the plan. Additionally, in the fiscal year ending March 31, 2017, as recurring free cash flow of between ¥140.0 billion and ¥240.0 billion will not be sufficient to cover both growth investments and shareholder return, we have decided to introduce hybrid financing (subordinated syndicated loan) in order to enable flexible implementation of our management strategies.

Maintaining financial stability while improving capital efficiency

In regard to our financial position in the fiscal year ended March 31, 2016, with the impact from decreased fair value of LNG investments reflecting the fall in crude oil prices and the stronger yen, total assets stood at ¥10.9 trillion, shareholders' equity totaled ¥3.4 trillion, and the net debt-to-equity ratio was 0.95 times. In addition, while taking into consideration the decrease in core operating cash flow following the decline in the commodity

Cash Flow Management (Results and Forecasts)

(announced in May 2016)

¥ billion

(Years ended / ending March 31)

		2015 Result (a)	2016 Result (b)	Total (a) + (b)	2017 Forecast	Three-year Total Forecast
RESOURCES	Core operating cash flow ①	660.0	470.0	1,130.0	360.0	1,490.0
	Asset recycling ②	340.0	190.0	530.0	270.0	800.0
	Investment in existing businesses and projects in the pipeline ③	-530.0	-330.0	-860.0	-390.0~-490.0	-1,250.0~-1,350.0
	Recurring FCF ①+②+③	470.0	330.0	800.0	140.0~240.0	940.0~1,040.0
ALLOCATION	Growth investments (New investments)	-190.0	-270.0	-460.0	<ul style="list-style-type: none"> • Achieve positive free cash flow (three-year total) • Pursue both growth investments and shareholder return 	
	Shareholder return (Dividend, share buyback)	-115.0	-115.0	-230.0		
Borrowing/repayment of interest-bearing debt (±)						

Free cash flow (FCF)

market, we are maintaining an amount of cash and cash equivalents that cover more than two-year's worth of interest-bearing debt repayments. In this way, we are maintaining control of our overall financial position at a very safe leverage level.

Meanwhile, we expect return on equity (ROE) at 5.8% for the fiscal year ending March 31, 2017, indicating the difficulty of reaching the medium-term management plan's ROE target of 10% to 12%. However, I would like to continue to discuss ways to reach double-digit ROE, including how to reach ¥200.0 billion in profits from businesses that generate stable earnings by the fiscal year ending March 31, 2020.

At Mitsui, we break down ROE as a product of two separate ratios, profit-to-risk assets and risk assets-to-shareholders' equity. While we pay close attention to the profit-to-risk assets ratio to improve profitability in the business units, we keep the amount of risk assets within 80% of shareholders' equity at a Company-wide level to secure financial stability.

As an important management issue, we will continue our efforts toward maintaining financial stability while improving capital efficiency going forward.

Undertaking initiatives in the CFO divisions

In order to play its part in the enhancement of businesses that generate stable earnings in non-resource areas, which is a key measure for thoroughly reinforcing our earnings base, the CFO divisions will selectively allocate human resources to those fields and work together with the business units to reinforce our earnings base. For each individual investment opportunity, we will look to avoid making acquisitions at the high point by closely examining the feasibility and validity of the project plan based on objective demand estimates and risk analyses. In this way, we will steadily promote the selection and materialization of superior projects.

Furthermore, not only will we focus on bolt-on investments, which aims for business expansion, and entirely new investments, we will strive to comprehend the actual conditions of existing businesses at the ground level in addition to identifying issues in their financial situation and work processes, and implementing improvements as required. By doing so, we will work to improve the quality of each business. While particularly placing the highest priority on promptly restructuring businesses that have recorded significant losses, we will engage in initiatives to realize the potential of each business by thorough reanalysis.

By exercising the specialized functions of the CFO divisions to help drive performance through close collaboration with the business frontline, and also fulfill stewardship responsibilities through objective selection and sound judgment, we will strive to improve the Group's profitability and value as well as maintain and further enhance our financial stability.

Communicating with investors and financial institutions

I have been continually active in communicating with investors and financial institutions, and these occasions have proven to be most enlightening. By openly discussing the Company's business strategies and financial policies, we have received a variety of opinions from individuals with objective perspectives that differ from the Company's. As severe conditions in the operating environment continue, I believe that it will become even more important to communicate with various stakeholders and leverage the opinions we receive to improve our management. Going forward, I would like to ask for continued support from our stakeholders as we work toward enhancing our corporate value and realizing greater growth.

July 2016

Balance Sheets

(As of March 31, 2016)

¥ trillion

Current assets 4.3	Other liabilities 2.5	Total assets Shareholders' equity Net DER	¥10.9 trillion ¥3.4 trillion 0.95 times
Non-current assets 6.6	Interest-bearing debt* ¹ 4.7 (3.2)		
	Shareholders' equity* ² 3.4		
	Non-controlling interests 0.3		

*1. Figures in parentheses in interest-bearing debt are "net interest-bearing debt," which is interest-bearing debt minus cash and cash equivalents and time deposits.

*2. In this report, "shareholders' equity" means "total equity attributable to owners of the parent."

Credit Ratings

(Updated in May 2016)

Rating agency	Rating (Outlook in Parentheses)	
Moody's	Short-term	P-2
	Long-term	A3 (Negative)
Standard & Poor's	Short-term	A-1
	Long-term	A (Negative)
Rating and Investment Information (R&I)	Short-term	a-1+
	Long-term	AA- (Negative)

Achievements in Fiscal Year Ended March 31, 2016 in Line with the Current Medium-term Management Plan

To further reinforce our earnings base, we promoted the expansion of businesses outside of the fields of resources and energy that are expected to accumulate profits without being directly affected by market conditions. In our resource and energy businesses, which represent one of the Company's strengths, we strengthened combined initiatives that consist of production volumes, reserve volumes, and cost competitiveness.

Expanding Stable Earning Businesses (Non-resource Businesses)

Key Strategic Domains	Areas of Particular Strength	Examples of Bolstering Profitability
Hydrocarbon Chain	Chemicals business in U.S. on the back of competitive feedstock (e.g. shale gas) and strong product demand, downstream business in Energy area	<ul style="list-style-type: none"> ▶ Methanol production in U.S.: commenced production ▶ Expansion of U.S. tank terminal business: Phase-I completed, Phase-II on going ▶ Cameron LNG in U.S.: construction on-going
Mineral Resources and Materials	Automotive materials and components	<ul style="list-style-type: none"> ▶ Carbon fiber products in Norway: invested ▶ Carbon fiber composites in South Korea: invested
Food and Agriculture	Expanding business by utilizing market presence	<ul style="list-style-type: none"> ▶ Novus (methionine product) in U.S.: progressed expansion plan ▶ Expanded Salmon business in Chile: invested
Infrastructure	Growing group of infrastructure projects that generate stable cash flow	<ul style="list-style-type: none"> ▶ Expansion of natural gas distribution business in Brazil: invested ▶ IPP business in Oman: agreed to participate
Mobility	Strong automobile dealerships, commercial logistics business in Americas	<ul style="list-style-type: none"> ▶ Truck leasing in U.S.: commenced profit contribution ▶ VLI in Brazil: commenced full-year profit contribution
Medical / Healthcare	Expanding peripheral business around core hospital network, supporting pharmaceutical business	<ul style="list-style-type: none"> ▶ IHH (Asian hospital group): expanded ▶ MIMS (Asian pharmaceutical information service): joint acquisition ▶ NovaQuest (U.S. pharmaceutical fund): expanded

Cash Flow Allocation (Year Ended March 31, 2016)

	¥ billion	Major Items
Core Operating Cash Flow	+470.0	Energy: +206.0 (−142.0 from the previous year), Mineral & Metal Resources: +135.0 (−25.0), Overseas: +65.0 (+30.0), Machinery & Infrastructure: +63.0 (−7.0)
Divestiture	+190.0	Repayment of loan in FPSO leasing, Sales of chlor-alkali business in U.S., Sales of domestic real estate
Gross Investments and Loans	−600.0	Existing Business and Projects in the Pipeline −330.0 New Business −270.0
(Breakdown)	Iron & Steel Products	−15.0 Wind turbine towers manufacturing
	Mineral & Metal Resources	−40.0 Port and infrastructure expansion in Australian iron ore operations
	Machinery & Infrastructure	−125.0 Gas distribution, FPSO, Passenger railway transportation in Brazil
	Chemicals	−35.0 Methanol production in U.S., Carbon fiber products in Norway
	Energy	−205.0 Projects in Thailand and Middle East, Gas field in Australia
	Lifestyle	−55.0 Pharmaceutical information in Asia-Oceania, Pharmaceutical fund in U.S.
	Innovation & Corporate Development	−50.0 IoT·data analysis, TV shopping business in India
	Overseas	−75.0 Tank terminal expansion in U.S., Salmon in Chile, Methionine in U.S.
Shareholder Return (Dividend)		While the profit for the year ended Mar/16 was below original forecast, envisaged annual dividend for the year ended Mar/16 was maintained at ¥64/share, taking into consideration EBITDA, Core Operating Cash Flow as well as stability and continuity of dividend amount comprehensively.

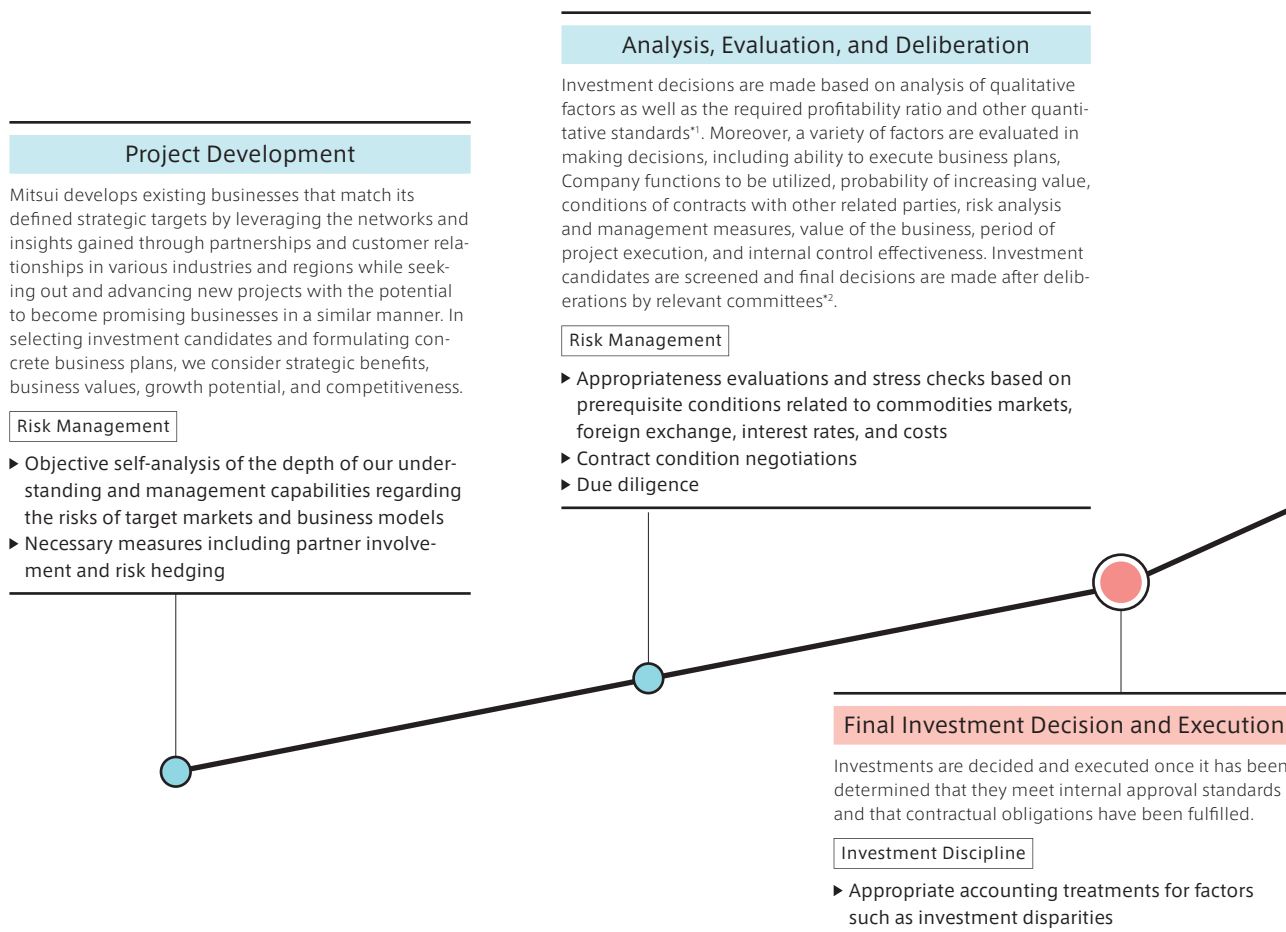
Lifecycle Management of Investments and Practicing Disciplined Portfolio Management

Firmly rooted in our global trading business, we develop our operations in a wide range of industries. Mitsui has continued to expand the scope of these operations into new areas of the value chain, including resource development, infrastructure development, manufacturing and processing, logistics, retail, and services, while providing industrial solutions to customers and partners. In expanding its business areas, Mitsui examines value chains and markets from an overarching perspective, seeking out investment opportunities that match the following strategic targets, and acting on these opportunities as deemed appropriate.

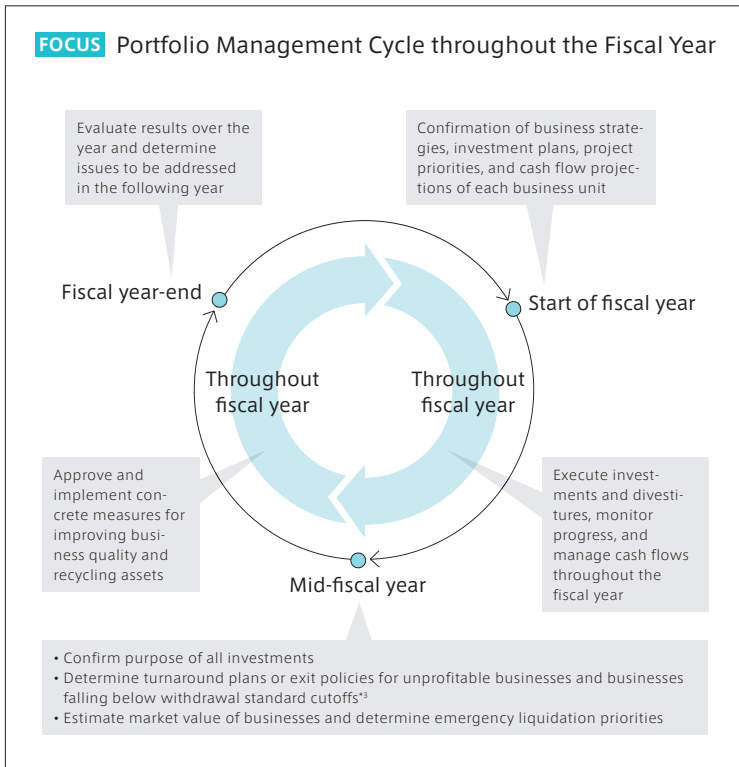
Strategic Targets

- ▶ Strengthening earnings bases of existing businesses and leveraging economies of scale
- ▶ Generating inter-business synergies through strategic positioning on the value chain
- ▶ Acquiring new function platforms
- ▶ Expanding into new business fields and taking on the challenge of creating innovative new business models

Striving to improve business quality and ensure returns, Mitsui applies its refined risk management capabilities to all stages of business, beginning with selecting investment candidates and continuing on through the process of making investment decisions, starting up projects, and strategically recycling assets. In addition, the Company aims to strengthen its business portfolio, balance cash flow allocation, and improve capital efficiency by practicing disciplined investment and flexible asset replacement.



FOCUS Portfolio Management Cycle throughout the Fiscal Year



Strategic Asset Recycling

Businesses we have invested in are continually evaluated based on growth potential, ability to increase value with Company functions, and strategic benefits. If it is deemed that a business' viability is beginning to peak, we will consider new strategies, such as merging businesses into other companies, or the possibility of asset recycling, and then put these plans into effect.

Investment Discipline

► Stringent adherence to portfolio management cycle **FOCUS**

Value Addition through Operation and Management

Mitsui plays a direct role in operating businesses and managing companies in order to boost their competitiveness and value. The Company's functions are utilized to this extent by appointing professionals who are highly specialized in the respective business area, dispatching employees from the Head Office as necessary, and pursuing close coordination between the Head Office and individual businesses. Furthermore, inter-business collaboration is promoted to help Mitsui explore new markets and business models.

Risk Management

- Monitoring of and response to market conditions, competition, and other operating environment changes
- Tracking of facility operation ratio and income and expenditure trends and responding to any issues
- Management of risks related to factors including finances, taxation, labor, legal affairs, credit, and the environment

Investment Discipline

- Confirmation of effectiveness of internal controls
- Appropriate asset value assessments and timely and appropriate accounting treatments

Development Projects (Greenfield Projects)

Mineral resource, energy resource, and infrastructure development projects are advanced together with partners. By carefully monitoring project progress and flexibly responding to unforeseen circumstances, projects are completed within the planned budgets and timeframes.

Risk Management

- Project management (budgets, construction period, credit, contracts, finances, environmental concerns, etc.)

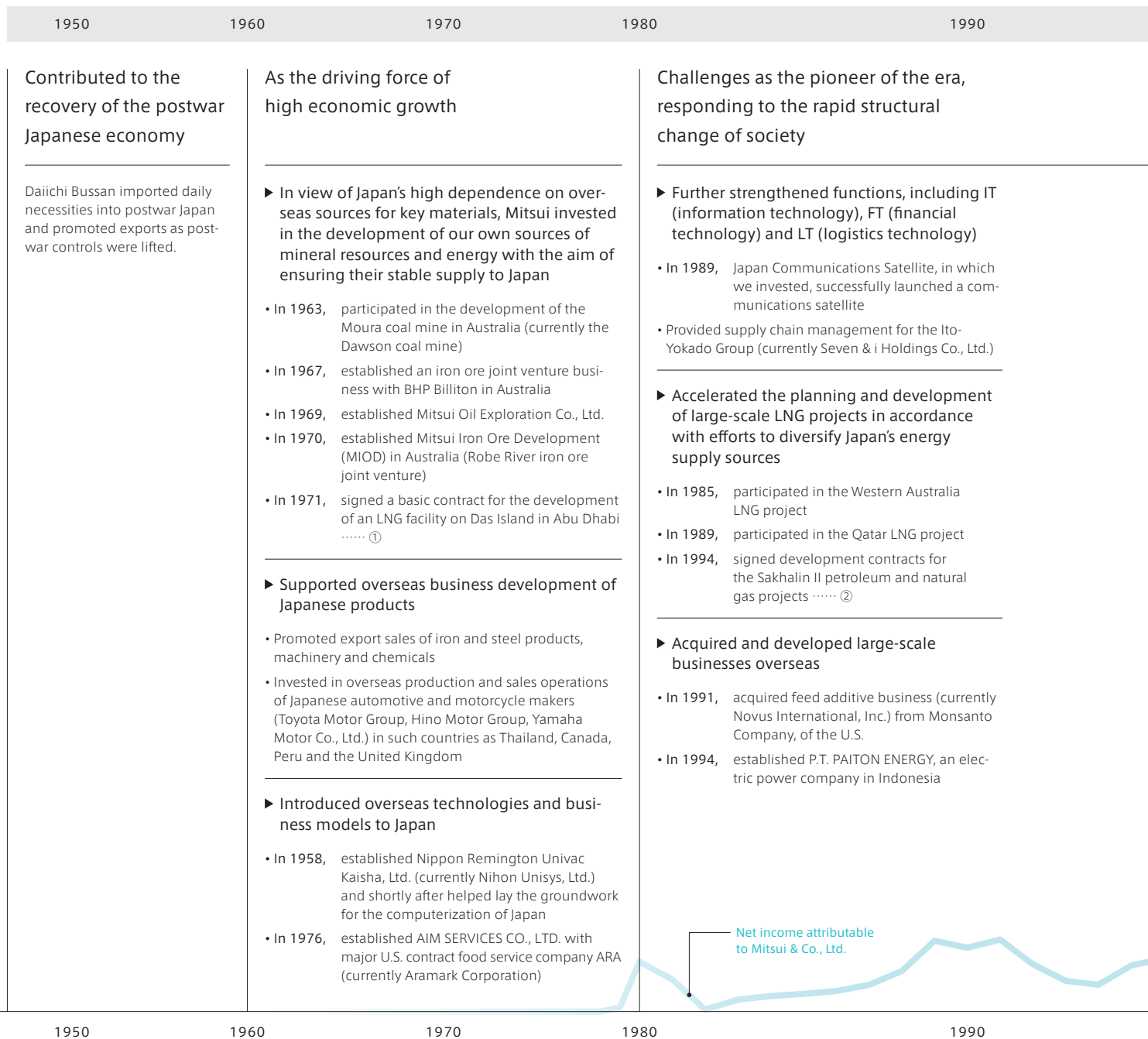
*1. Quantitative standards considered include consolidated internal rate of return, ratio of consolidated investments and loans outstanding to guarantees, and risk-return ratio. The risk-return ratio is the ratio between the amount of risk assets associated with a specific project and the profit for the year projected to be generated through the Company's equity holdings in the project. Risk assets refer to the maximum amount of anticipated loss on operating receivables and investments, assets such as property, and off-balance-sheet positions such as liability on guarantee belonging to the consolidated group, calculated by multiplying internally established risk weight according to latent risks such as credit and market risks.

*2. Projects subject to approval after deliberation among all business units undergo discussions regarding factors such as investment, loan, and guarantee standards by the Council on Individual Proposals, the Portfolio Management Committee, the Corporate Management Committee, and the Board of Directors.

*3. Withdrawal standard cutoffs include the risk-return ratio, core operating cash flow, insolvency indicators, and other profitability standards as well as qualitative standards.

Mitsui's Continuing Evolution by Meeting the Changing Needs of the Times

Since its establishment, Mitsui has been developing various businesses around the world through dynamic and flexible evolution by constantly reevaluating its role and function, and addressing the needs of the times.



①The Abu Dhabi LNG project (UAE)



②Sakhalin II projects (Russia)
©Sakhalin Energy Investment Company Ltd.

2000

2005

2010

2015

Responding to the rapid economic growth in emerging nations and global changes to the industry as well as proactively expanding our business scale by promptly addressing changing customer needs

► Long-term initiatives in developing resource and energy businesses to enhance our ability to provide sustainable supply

- In 2003, purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company ③
- In 2010, acquired working interest in shale gas in the Marcellus area and, in the following year, in shale oil in the Eagle Ford area, both in the U.S.
- In 2012, established a strategic partnership with Corporación Nacional del Cobre de Chile and acquired copper interests
- In 2013, acquired interest in the Jimblebar Iron Ore mine in Western Australia
- In 2015, completed second phase of expansion of Robe River J/V mine and port
- In 2016, acquired working interest in Kipper gas and condensate field in Australia

► Response to new needs for enhancing industry and enriching lifestyles

- In 2001, launched 24-hour shopping channel in Japan with QVC network
- In 2001, invested in the major U.S. automobile dealer Penske Automotive Group
- In 2007, commenced capital and business alliance with Sogo Medical Co., Ltd.
- In 2008, launched chemical tank terminal business at the Port of Antwerp in Europe
- In 2011, invested in Asia's largest private hospital group Integrated Healthcare Holdings (currently IHH Healthcare Bhd.) ④
- In 2013, invested in the Americas business of major automotive pressed parts manufacturer Gestamp Automoción
- In 2013, invested in telecommunications company belonging to major Indonesian conglomerate the Lippo Group, commenced participation in high-speed mobile data telecommunications service business
- In 2015, invested in major U.S. truck leasing company Penske Truck Leasing ⑥
- In 2015, invested in MIMS Group, a drug information service company in Asia and Oceania
- In 2015, commenced commercial production of methanol in the U.S.

► Developing infrastructure businesses that contribute to nation building and industrial promotion in countries around the world

- In 2004, jointly acquired 13 power generating assets with International Power (currently ENGIE)
- In 2006, acquired a gas distribution business in Brazil
- In 2006, invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand
- In 2014, invested in VLI S.A., a Brazilian integrated logistics company owned and operated by Vale S.A. ⑤
- In 2015, participated in passenger railway transportation business in Brazil, owned and operated by Odebrecht TransPort S.A.

Profit for the year attributable to owners of the parent

2000

2005

2010

2015

USGAAP

IFRS



③Vale's Carajás iron ore mine (Brazil)
©Photo: Dario Zalis / Vale



④Mount Elizabeth Novena Hospital, an IHH hospital (Singapore)



⑤Locomotive of VLI S.A. (Brazil)



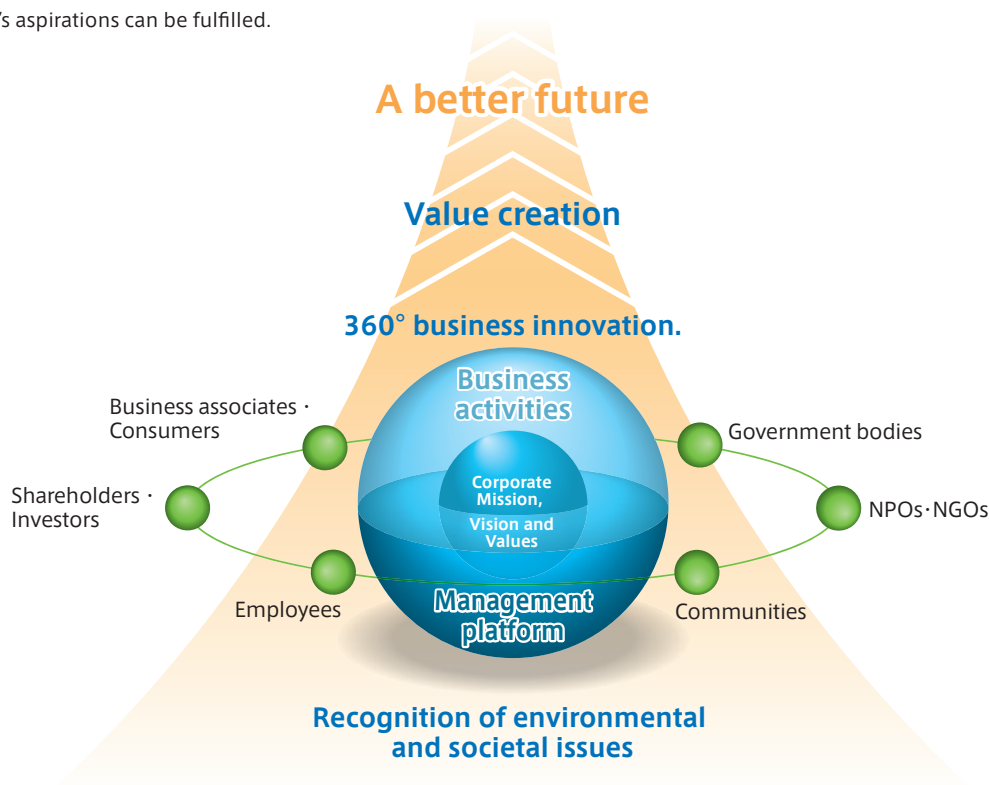
⑥PTL truck

Mitsui's Value Creation

"360° business innovation." is our corporate slogan. It expresses our message of connecting ideas, information, customers, and partners, as well as our business, around the world. The slogan also conveys the new possibilities that arise through these connections, which can lead to business and industrial innovations. Our value creation starts with our corporate activities, including our frontline operations, embodying this slogan.

There has always been a close relationship between the growth of a corporation and the development of society. Going forward, this relationship will hold an even greater significance. With a high level of sensitivity, all members of Mitsui, from managers to employees, recognize the various issues facing society today. As such, we believe that the value creation process begins by lending an ear to the voices of our stakeholders and considering ways in which we can contribute to the resolution of the issues they deal with. Our management platform, which centers on our management philosophy of Mission, Vision & Values, and our strong business foundation help to encourage our awareness of social issues and support our activities to resolve them.

Through such activities, we assess social needs by communicating with our stakeholders based on the values that we share with society. Making full use of the comprehensive strengths we possess on a global basis, we work to discover industrial-based solutions to these needs. While continuing to create value in this manner, our mission is to contribute to the creation of a sustainable society in which people's aspirations can be fulfilled.



Mitsui's Management Philosophy

Mission

Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.

Vision

Aim to become a global business enabler that can meet the needs of our customers throughout the world.

Values

- Build trust with fairness and humility.
- Aspire to set high standards and to contribute to society.
- Embrace the challenge of continuous innovation.
- Foster a culture of open-mindedness.
- Strive to develop others and oneself to achieve full potential.

MITSUI'S MATERIALITY

The next few pages introduce the specific process in which we create value through our business activities. This process is closely related to the Five CSR Material Issues (Materiality) we identified in 2015, which represent important management indicators. In identifying the issues on which we should focus our efforts, we took into account our ongoing dialogue with business associates, NPOs and NGOs, as well as external experts. Also, we gave consideration to the compatibility and synergistic effects with international frameworks, such as the U.N. Global Compact, as well as with our key corporate initiatives and strategies for each business domain.

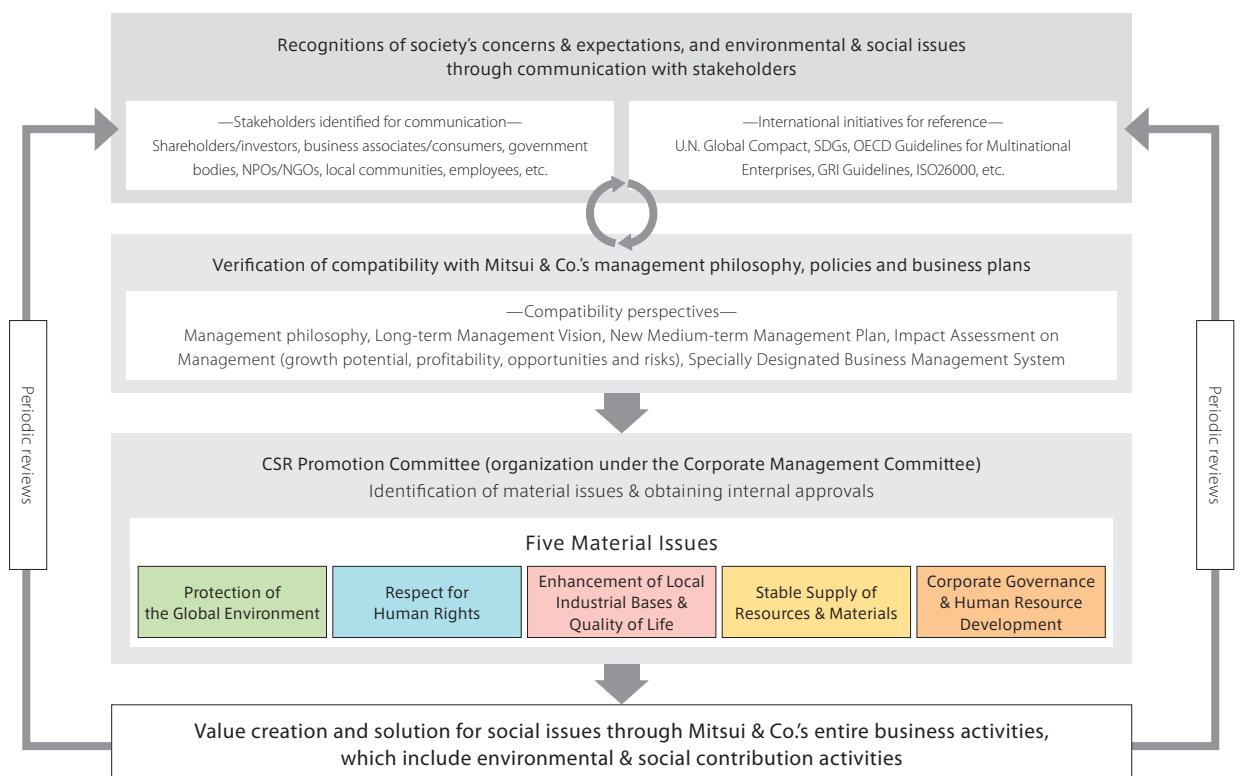
These Five Material Issues provide us with guiding principles to accurately assess society's needs and expectations of Mitsui and fulfill our social responsibility as a provider of industrial solutions for the creation of a sustainable society. At the same time, the Materiality issues themselves will change periodically in line with the constantly changing times. As such, these Material issues help heighten our level of sensitivity toward frontline operations and encourage dialogue with our stakeholders. In doing so, the Materiality issues embody our corporate slogan of "360° business innovation.", and lead us to value creation.

► Please refer to pages 86–91, as well as our *Sustainability Report 2016*, for more information.

Five Material Issues



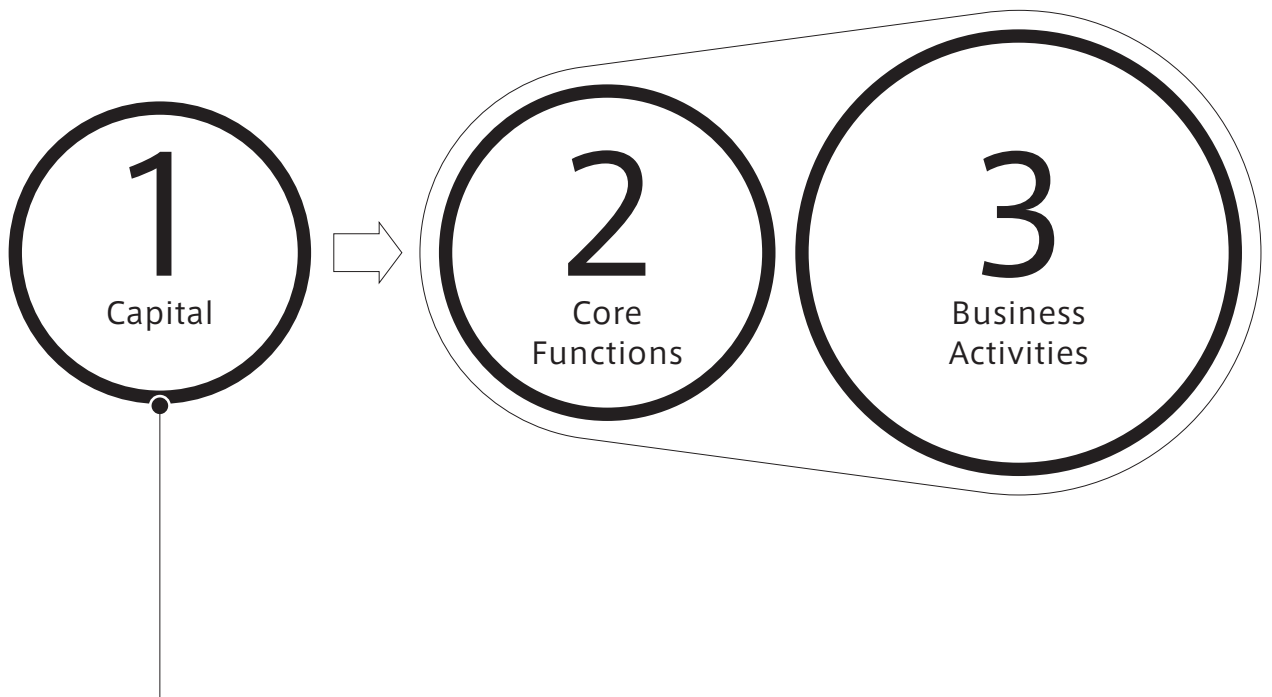
Identification and Review Processes for Material Issues



The Value Creation Process

Through global development of all kinds of businesses within a wide variety of industries and value chains, Mitsui has realized unique industrial solutions and value creation. At the core of these unique solutions and value lies a growth cycle that evolves the Company's business activities by enhancing the five types of capital and improving their basic functions.

(Turn to pages 26 and 27 to see Mitsui's process for creating value through its business activities as well as examples of that value.)



► Five Types of Capital

Organizational Capital

- 15 industry-specific business units at the global headquarters
- 3 regional business units, covering overseas markets across all industries by region
- Corporate staff divisions, supporting business activities with professional knowledge

Human Capital

- Expertise specialized in a diverse range of industries
- Regional expertise
- Business development capabilities
- On-site managerial excellence
- Versatility and flexibility to act globally

Social and Relational Capital

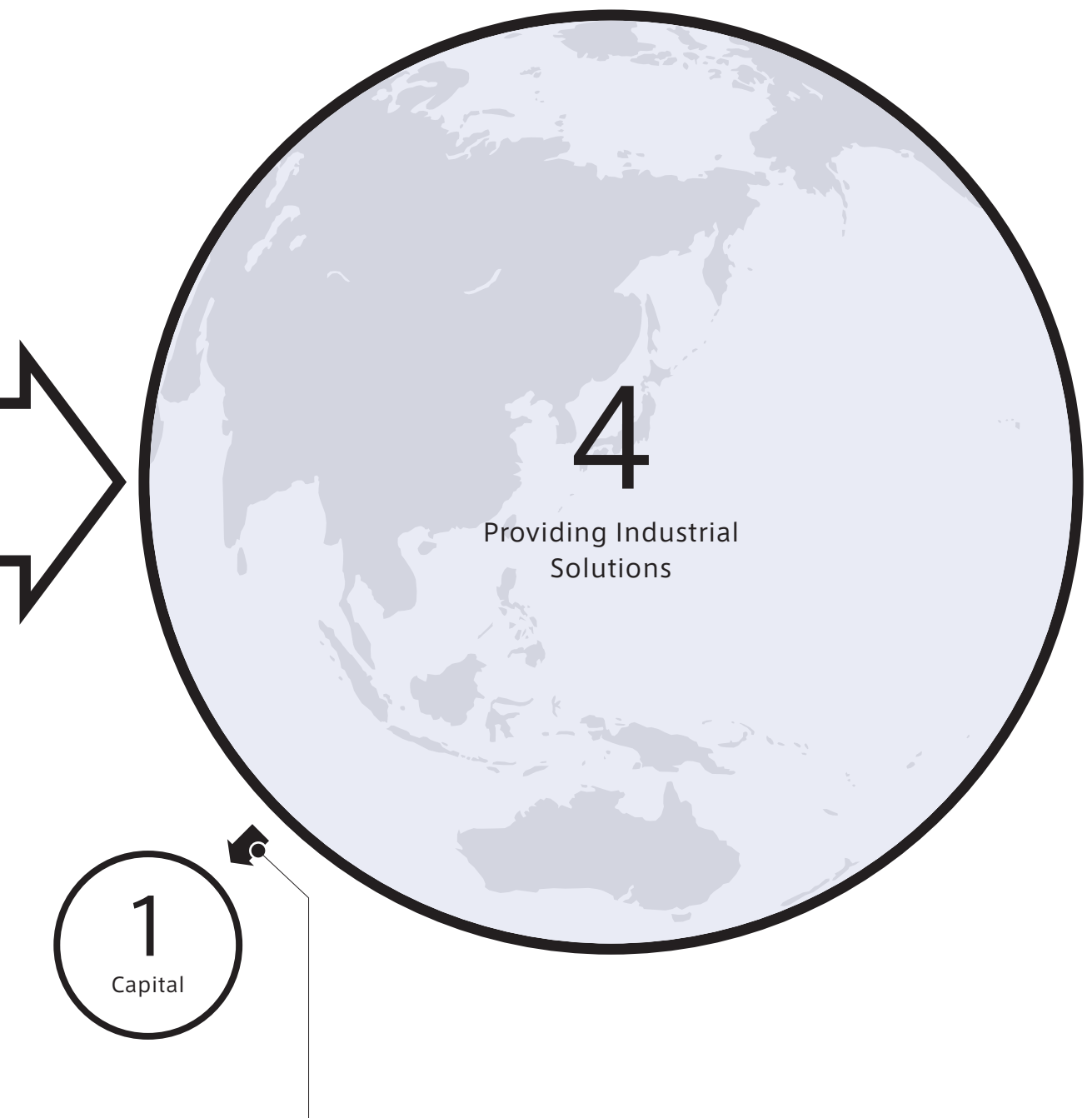
- Presence across a diverse range of industries
- Transactional relationships and partnerships with customers and suppliers
- Collaborations and alliances with global majors and local industrial capital
- Contribution to a sustainable society, trust-based relationships with local communities

Financial Capital

- Financial foundation with scale and stability
- Shareholders' equity*: ¥3.4 trillion
- Net DER: 0.95 times
- * Total equity attributable to owners of the parent

Natural Capital

- Iron ore, copper, and other mineral resources
- Crude oil, gas, and other energy resources
- Air, water, soil, and forests
- Biodiversity and healthy ecosystems

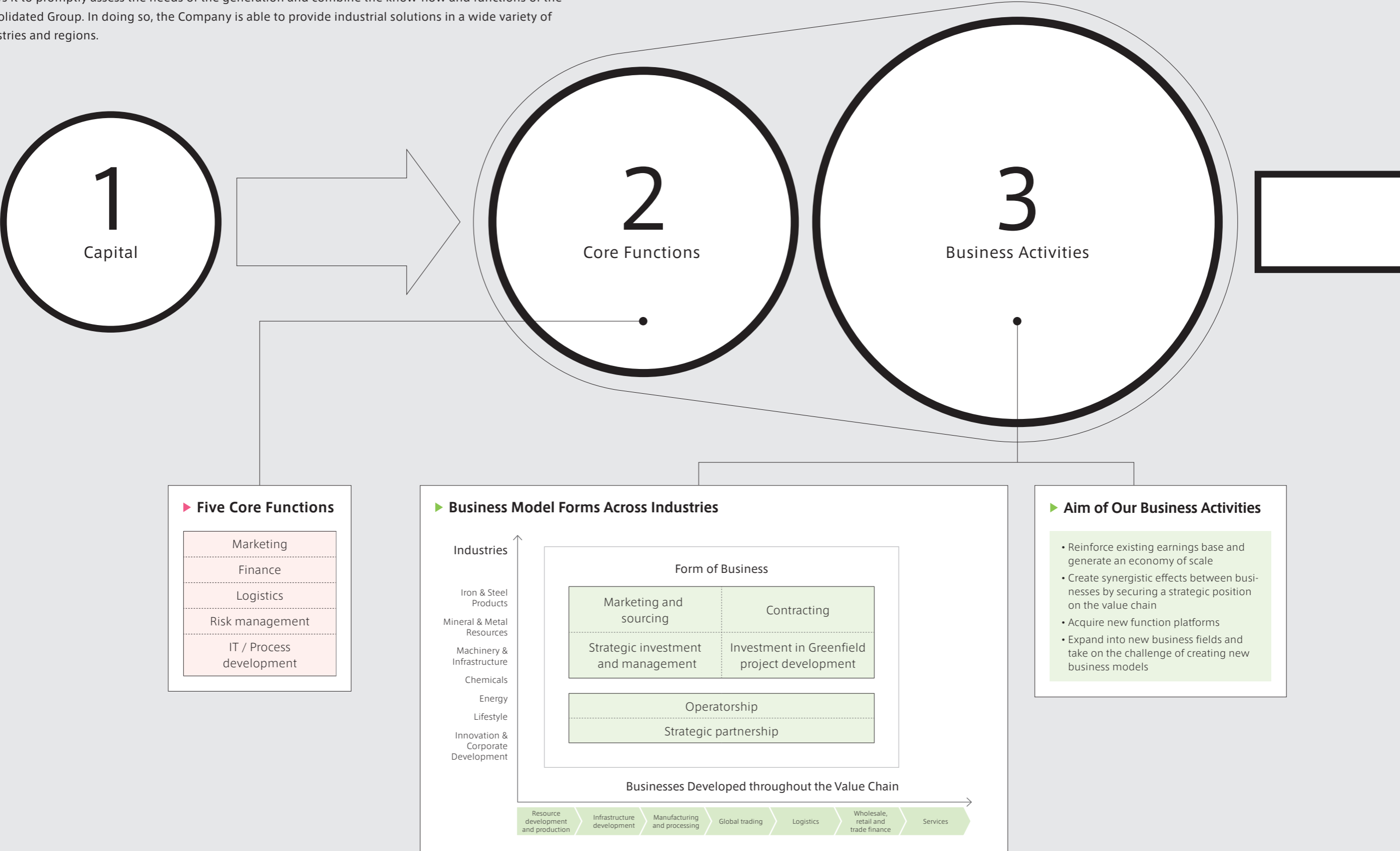


► **Feedback and Effects on Capital**

Organizational Capital	Improve continuously in corporate governance and internal controls
Human Capital	Develop talents with the ability to deliver on expectations to create meaningful work
Social and Relational Capital	Contribute to constructing infrastructure necessary for growth and development of nations and regions and improve basic social services Create new value for customers and partners and develop businesses that earn the praise and trust of local communities
Financial Capital	Reinforce financial foundation by implementing financial strategies that focus on profitability improvement, soundness and efficiency
Natural Capital	Conduct supply chain management to ensure stable supply of resources and materials while helping to preserve the environment

Creating New Value through Delivery of Industrial Solutions

By integrating the five core functions, Mitsui engages in various forms of business activities that meet the aim of each of its businesses. In addition, the Company makes full use of the knowledge and network it has obtained through its business activities, giving the Company a wide-ranging view of the value chain that allows it to promptly assess the needs of the generation and combine the know-how and functions of the consolidated Group. In doing so, the Company is able to provide industrial solutions in a wide variety of industries and regions.



4

Providing Industrial Solutions Based Around Key Strategic Domains

▶ Meeting the Changing Needs of the Times

- Supply and demand gaps and economic disparities between regions
- Changes in the global landscape from the growing influence of emerging economies
- Seismic shifts in the global market, such as sharp rises in commodity prices
- Obsolescence of existing business models and changes in industry structures
- Rise of new industries from technological innovation

▶ Integration of Entire Group's Expertise and Functions

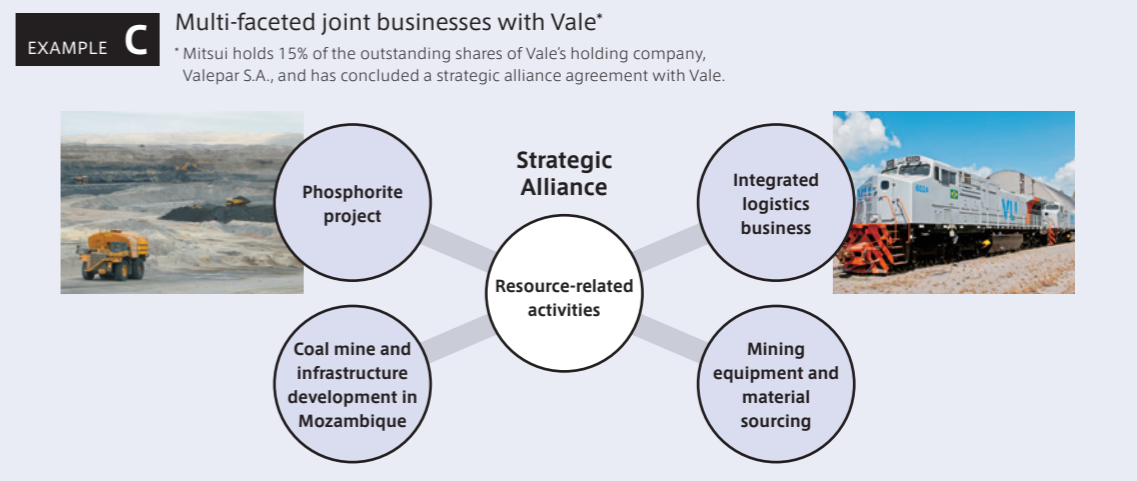
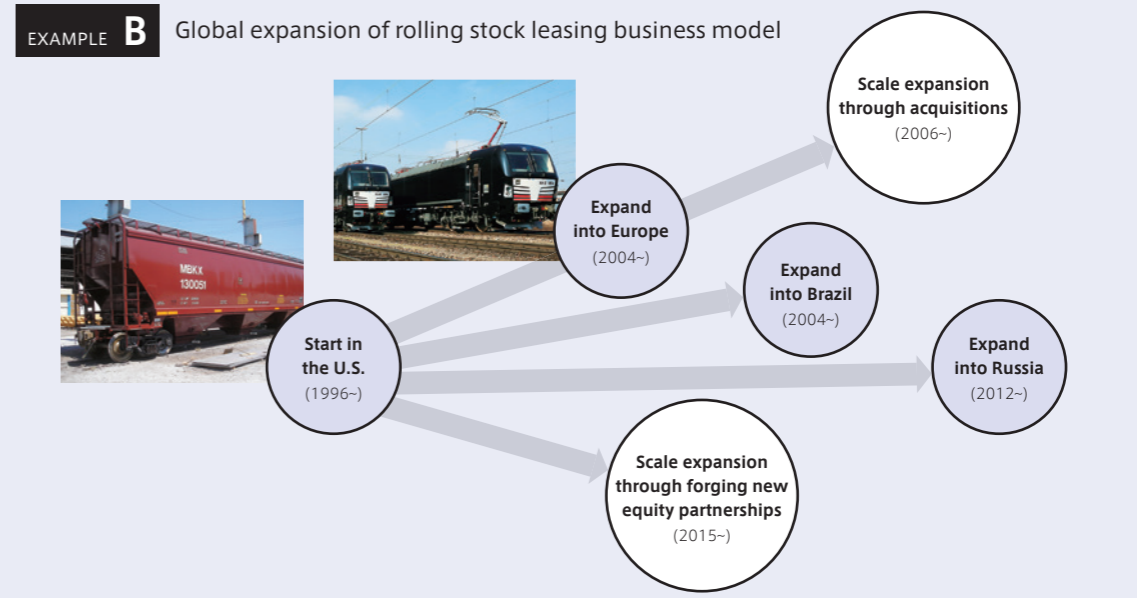
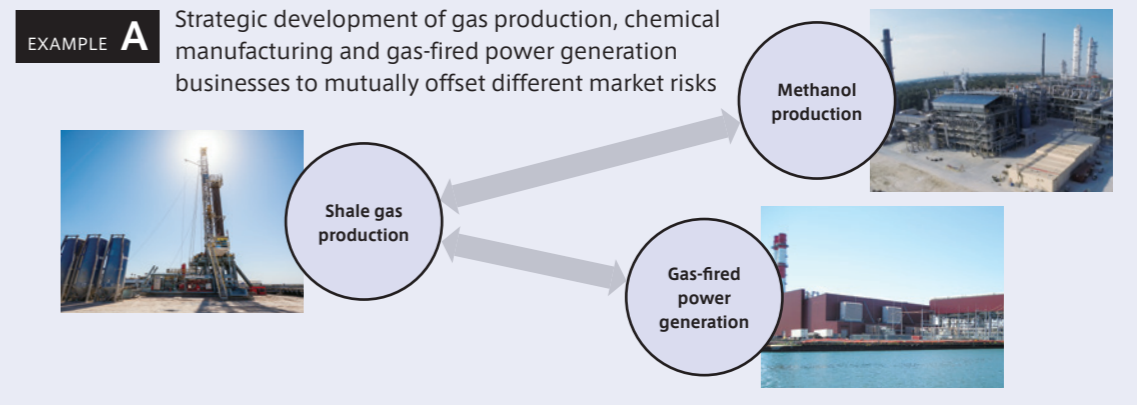
- Collaboration across segments enables organizational flexibility to regroup businesses as needs change
- Strategic organizational design promotes Company-wide sharing of core functions as well as bringing about innovation
- Corporate staff divisions integrate diverse expertise into best practices that are applied to business development

▶ Cross-organizational Business Collaboration Based Around Key Strategic Domains

Key Strategic Domains	Product Segments						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Hydrocarbon Chain	●	●	●	●	●	●	●
Mineral Resources (Underground & Urban) and Materials	●	●	●	●	●	●	●
Food and Agriculture			●	●		●	●
Infrastructure	●	●	●	●	●	●	●
Mobility	●		●	●		●	●
Medical / Healthcare				●		●	●
Lifestyle Products and Value-added Services			●	●		●	●

▶ Providing Industry-based and Region-based Industrial Solutions









- Utilizing an overhead view of the value chain to create businesses that transcend industry groupings ▶ EXAMPLE A
- Rollout of successful models into new markets ▶ EXAMPLE B
- Diversification of businesses in cooperation with local partners ▶ EXAMPLE C



Strategies Unfolding in the Key Strategic Domains

The fields and details of business activities currently conducted in the value chains of the key strategic domains through the value creation process described on the previous pages are as follows:

7 Key Strategic Domains

		Related Product Segments
		
Hydrocarbon Chain	<p>Energy upstream to downstream and development of related businesses</p> <ul style="list-style-type: none"> Upstream oil and gas projects, commercialization (LNG, chemicals manufacturing, power generation) Transportation and related businesses (ships, steel products, infrastructure development) 	
Mineral Resources (Underground & Urban) and Materials	<p>Mineral mining to material processing, building a recycling-oriented society</p> <ul style="list-style-type: none"> Development and production of mineral resources, processing, distribution and recycling of products With focus on technical advancement, development of steel and chemical materials businesses 	
Food and Agriculture	<p>Provide solutions for increasing and stabilizing food supply</p> <ul style="list-style-type: none"> Fertilizer and food resources, food product materials Agricultural chemicals, food and nutrition chemicals 	
Infrastructure	<p>Contribute to nation-building and develop business derived from infrastructure</p> <ul style="list-style-type: none"> Electric power generation, water treatment and supply, port development Next-generation urban development 	
Mobility	<p>Services related to manufacturing, marketing and financing of transportation machinery</p> <ul style="list-style-type: none"> Automobiles, industrial machinery, ships, aircraft, mass transit and rail transportation systems Logistics business and expansion to other key strategic domains 	
Medical / Healthcare	<p>Business development in healthcare and pharmaceutical value chain</p> <ul style="list-style-type: none"> Hospital business and its ancillary services Pharmaceutical development, manufacturing and marketing 	
Lifestyle Products and Value-added Services	<p>Consumer-linked businesses utilizing innovative functions (IT, finance, logistics)</p> <ul style="list-style-type: none"> Clothing and food (distribution, data, e-commerce) Housing (real estate, financial and related services) 	

Business Development							
Resource Development	Construction, Operation	Manufacturing, Processing	Global Trading	Logistics	Wholesale, Retail, Trade Finance	Services	
Crude oil Gas Coal	Crude oil and gas production facilities Pipelines Gas-fired power generation LNG terminals	Petroleum products Chemical products LNG	Energy steel products Sales of petroleum and chemical products Trading	Storage, logistics networks Oil and LNG carriers Gas distribution Chemical tank terminals	Product sales	IoT	
Iron ore Copper Coal Salt Others	Collection facilities Port facilities	Steel products processing Green chemicals Lightweight materials	Steel products Resins Scrap Electronic materials		Commodity derivatives	IoT	
Grains Salmon Phosphate rock	Collection facilities Port facilities	Edible oils Refined sugar Tea	Grains Coffee Fertilizers and agrochemicals	Marine transport Rail transport	Fertilizers and agrochemicals	Agriculture IT	
	IPP Logistics infrastructure Water supply and wastewater treatment Various plants Smart city development		Infrastructure steel	Power transmission	Retail sales of power and gas Infrastructure funds	Port terminals Engineering Thermoelectric supplies IoT	
	Railways and ports	Automobiles Automotive parts Engine development	Automobiles Construction and mining machinery Ships Aircraft Rolling stock Parts and components	Automobiles Automotive parts	Distributors Dealers Sales finance Leasing and rental	Ship ownership and operation Freight and passenger transport IoT	
		Pharmaceutical products Key raw materials for pharmaceuticals	Key raw materials for pharmaceuticals		Pharmaceutical products Pharmacies Funds for pharmaceutical development	Hospitals Ancillary service businesses Healthcare staffing services	
Paper-manufacturing resources Lumber	Office buildings Smart cities	Apparel OEM Housing materials Packaging	Construction materials Paper materials	Logistics facilities	TV shopping Fashion brands Housing materials Food distribution Retail support Electronic payment Fund business	Senior living Contract food services Facility management High-speed telecommunications IoT	



Growth of Key Strategic Domain of “Mobility”

- 35 ▶ What is “Mobility”
- 35 ▶ The Growth Story of “Mobility”
- 36 ▶ Introduction of Major Projects
 - ▶ North American Truck Leasing, Rental & Logistics Business
 - ▶ Integrated Logistics Business in Brazil

- 38 ▶ A Dialogue—
“Management × Frontline”
Creating Unique Value in
Mitsui’s Key Strategic
Domain of “Mobility”



What is "Mobility"

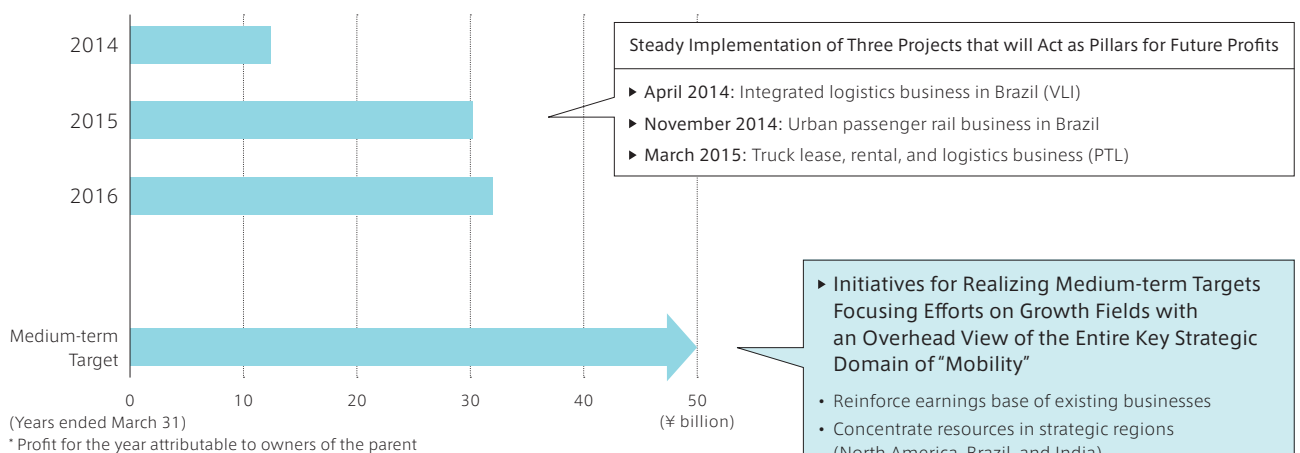
With an overhead view of the value chains in such areas as automobiles, industrial machinery, ships, aircraft, and mass transit, Mitsui is developing businesses that provide a wide variety of services related to the manufacturing, marketing, and financing of transportation machinery. In addition to the supply side of transportation machinery, Mitsui views the user side as a prime business opportunity as well and, as such, is working to develop logistic and other new businesses and opportunities that connect "Mobility" with other key strategic domains.



The Growth Story of "Mobility"

With our current medium-term management plan (covering the three-year period from fiscal 2015 to fiscal 2017), we have tied a variety of businesses together under the key strategic domain of "Mobility." In doing so, we have expanded the range of growth opportunities and are beginning to realize new accomplishments in terms of profits. Going forward, we will work to further enhance the overall earnings base of "Mobility."

► Profit for the Year* of Integrated Transportation Systems Business Unit

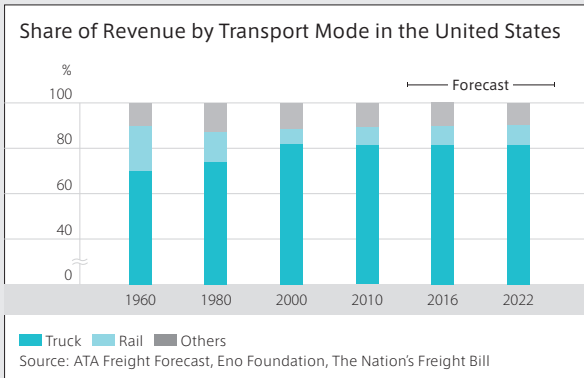
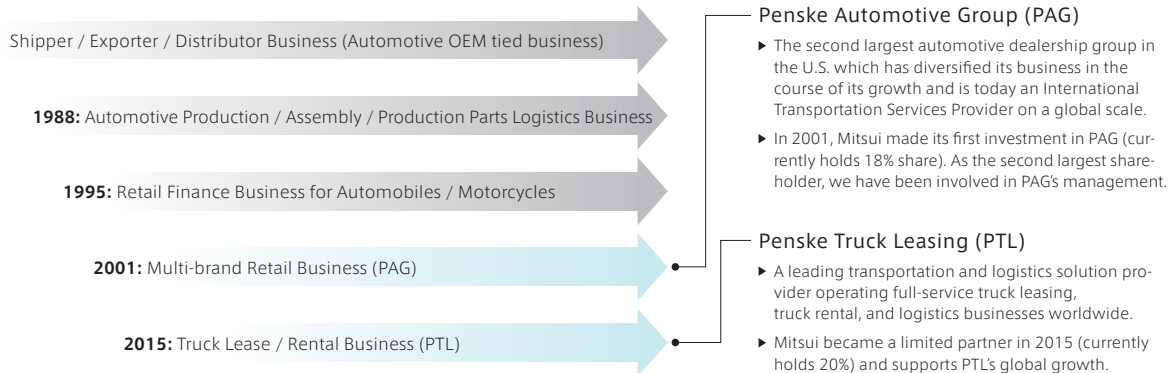


Introduction of Major Projects

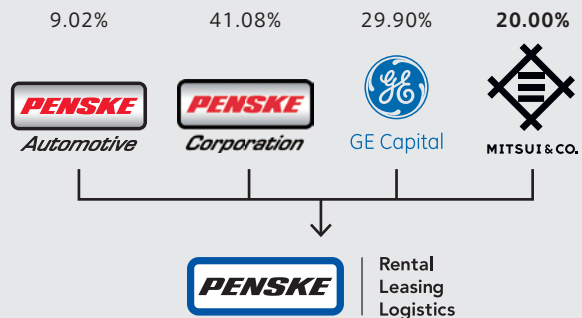


North American Truck Leasing, Rental & Logistics Business

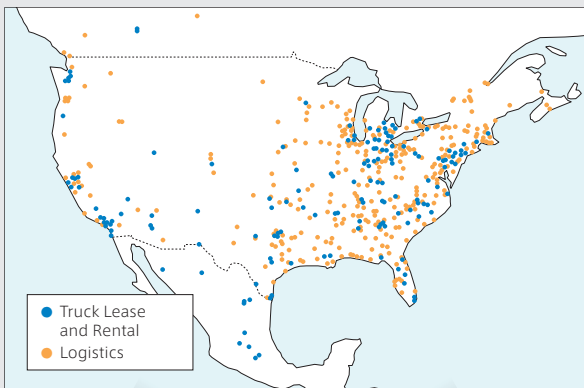
Transition of Mitsui's Automotive Business



Partners of PTL (Equity Interest Holders) (as of June 2016)



PTL North America Network



Global Expansion

- Lease & Rental Business: U.S. / Canada / Australia
- Logistics Business: U.S. / Canada / Mexico / Brazil / China / India / Western Europe (U.K. / Netherlands / Germany)

Overview of Services Provided by PTL

Full-Service Leasing

- Vehicles customized to corporate customer needs
- Preventive and full maintenance by utilizing more than 700 North American locations

Contract Maintenance

- Maintenance for customer proprietary equipment
- Optimizing uptime and asset value through rigorous services, powerful systems and quality assurance

Truck Rental

Short-term rental

- Commercial Rental: Supporting customer's capacity requirement
- Consumer Rental: Serving reliable, fuel-efficient truck to local and one-way household movers

Logistics

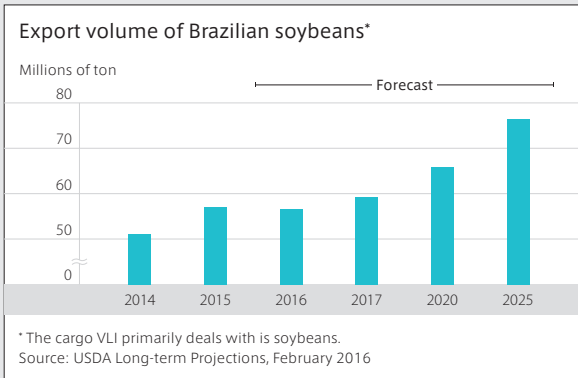
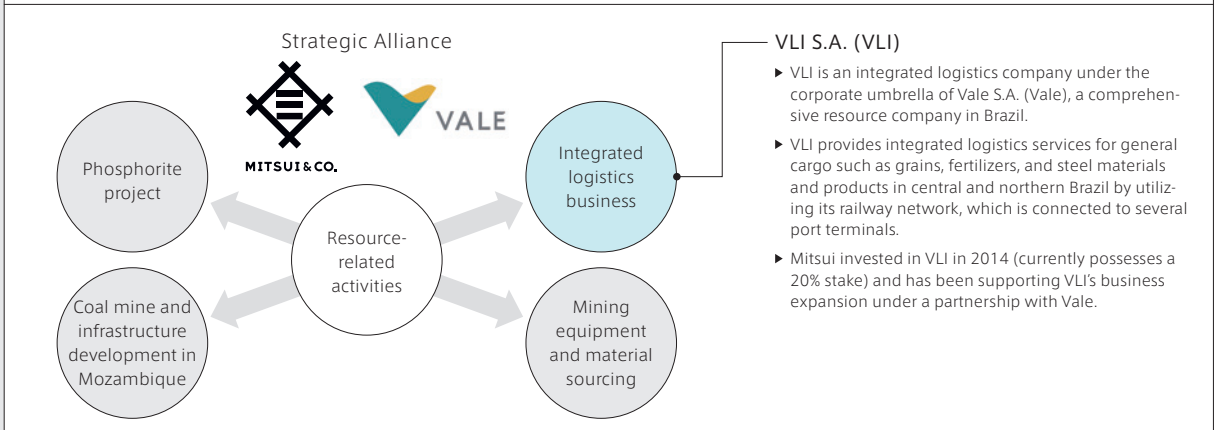
Delivering concrete solutions to customer's complex supply chain and logistics needs

- Dedicated Contract Carriage: Transportation by private fleet and driver
- Distribution Center Management: Managing point of storage and point of distribution for customer cargo
- Transportation Management: Comprehensive management of material flow, load planning, load monitoring, customer orders, inventory, information, metrics & analytics

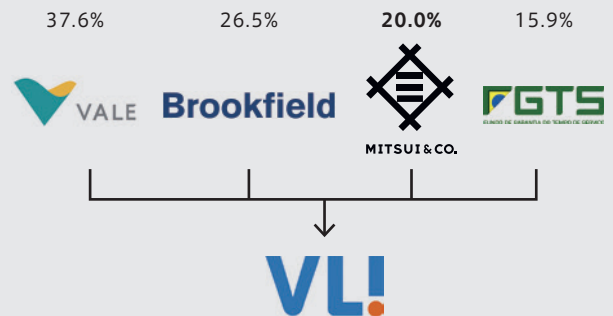


Integrated Logistics Business in Brazil

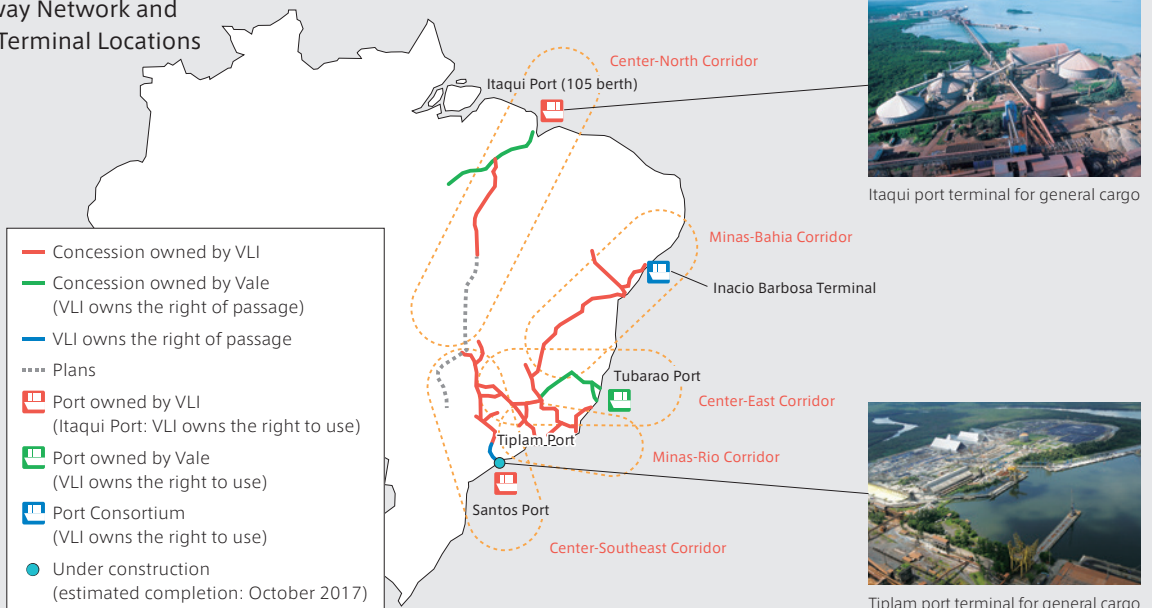
Diversified Business Collaboration with Vale



Organization of VLI's Shareholders



► Railway Network and Port Terminal Locations





A Dialogue—"Management × Frontline"

Creating Unique Value in Mitsui's Key Strategic Domain of "Mobility"

Managing Officer;
Chief Operating Officer of the Integrated
Transportation Systems Business Unit

Hiromichi Yagi

Career

- 1983 Joined Mitsui & Co., Ltd.
- 2014 Managing Officer;
Chief Operating Officer of
Planning & Administrative Div.
(Machinery & Infrastructure)
- 2015 Managing Officer;
Chief Operating Officer of
the Integrated Transportation
Systems Business Unit
(current position)



Representative Director,
Executive Vice President

Shintaro Ambe

Principal Positions

Oversees the Infrastructure Projects
Business Unit, Integrated Transportation
Systems Business Unit, Energy Business
Unit I, and Energy Business Unit II

Career

- 1977 Joined Mitsui & Co., Ltd.
- 2009 Managing Officer;
Chief Operating Officer of
Infrastructure Projects
Business Unit
- 2014 Representative Director,
Executive Vice President
(current position)



Representative Director,
Executive Vice President

Motomu Takahashi

Principal Positions

Oversees the Iron & Steel Products
Business Unit, Mineral & Metal
Resources Business Unit, Healthcare &
Service Business Unit, and Consumer
Business Unit

Career

- 1977 Joined Mitsui & Co., Ltd.
- 2009 Managing Officer;
Deputy Chief Operating Officer,
Americas Business Unit
- 2010 Managing Officer;
Chief Operating Officer of
Iron & Steel Products
Business Unit
- 2014 Senior Executive
Managing Officer;
Chief Operating Officer of
Americas Business Unit
- 2016 Representative Director,
Executive Vice President
(current position)

(In this dialogue, Mr. Takahashi provides commentary from the perspective of his former position as Chief Operating Officer of Americas Business Unit as well.)

In accordance with its seven key strategic domains, Mitsui aims to provide industrial solutions by producing synergistic effects through collaboration between its business units. In addition to the key strategic domains of the “Hydrocarbon Chain” and “Infrastructure,” where Mitsui has already demonstrated its strengths, Mitsui is effectively facilitating collaborations within the consolidated Group to produce various results in the domain of “Mobility.”

Through specific examples from the perspectives of management and the frontline, this section introduces the ways in which Mitsui is expected to develop in regard to its value creation and growth vision.

Establishing a New Earnings Base through Flexible “Repositioning”

A truck leasing and rental business, and a truck logistics business in North America (Penske Truck Leasing Co., L.P. (PTL))

Ambe: In the transportation machinery business up to this point, Mitsui has helped various manufacturers in the fields of automobiles, marine vessels, and aircraft to develop their business overseas. In doing so, Mitsui has worked to establish and enhance sales networks and involved itself in overseas manufacturing and finance businesses. While we have possessed a high level of expertise in the frontline operations in each of these areas, from the perspective of management, we felt a sense of insufficiency in regard to horizontal expansion. As such, nearly four years ago, we began considering the kinds of effects we could generate if we tied together all areas of our transportation machinery business under the concept of “Mobility” and formulated business strategies accordingly. For example, for the frontline operations of the automobile business, we made efforts to discover dealership businesses for passenger vehicles after we invested in the Penske Automotive Group (PAG) in 2001. At the same time, we enhanced the trusting relationship we have with the Penske group of companies and examined future projects in which we could collaborate. Meanwhile, in the frontline operations of our railcar leasing business, we recognized through modal shift analysis (or, in other words, an analysis of the trend toward shifting from truck transportation to rail transportation) that truck transportation still had the potential for continued growth in North America. As a result of thorough deliberations at the management level based on the expertise possessed in each of our frontline operations, we were able to gain a high level of confidence regarding the future potential of the truck business in North America. Accordingly, management helped push for the investment in Penske Truck Leasing (PTL).

In our automobile business before the investment in PTL, we provided sales and manufacturing support mainly to automotive manufacturers. However, as PTL’s commercial vehicle business deals with the end user, our investment in the company allowed us to acquire a new position that can generate different kinds of business opportunities. Therefore, I feel this investment carries a strong significance for Mitsui.

Yagi: As Mr. Ambe mentioned, we acquired shares in PAG, the second-largest automotive dealership group in the United States, in 2001, and increased our share in the company shortly thereafter. Currently, we possess 18% of PAG’s shares. After our initial investment, we worked to establish a firm trust-based relationship with PAG by collaborating with them in their automobile dealership business. At the same time, from the perspective of the key strategic domain of “Mobility,” we searched for new opportunities for further growth in the U.S., which is a highly developed country yet still growing in both population and freight transportation, and focused the attention of our search on the field of (i) commercial vehicles segment, which are stronger against economic fluctuations than passenger vehicles and allow us to easily exercise our existing expertise and strengths, and (ii) the transportation services industry, which allows us to branch out from the manufacturing industry. While we had long been exploring opportunities to invest in PTL, it was PTL’s high regard for our vast customer base that helped us reach an agreement to acquire a 20% interest in the company.

As we advanced business collaborations after this acquisition, we began providing strategic logistics solutions to our customers in a variety of industries in the Americas through PTL. In doing so, specific opportunities for providing value began to emerge. In addition, we have commenced a business collaboration with PAG in Australia in which we are working to promote the commercial vehicles distribution, truck leasing and rental, and power systems distribution businesses. In these ways, we are realizing effective collaborations between businesses in the key strategic domain of “Mobility” one after another, centered on PAG and PTL. As we continue to progress, I strongly feel that we are discovering opportunities for growth in our frontline operations that exceed the range of what we could expect from a single business operating on its own.

Takahashi: To slightly change perspective here, if we look at the overall trends in the automotive industry in the United States, we see that the majority of final assembly plants were originally concentrated in the Midwest, with auto parts factories located in nearby areas. However, as the result of efforts to optimize production, the majority of final assembly plants have been moved outside the country to Mexico. Meanwhile, essential auto parts continue to be produced in the Midwest, which creates the need

Creating Unique Value in Mitsui's Key Strategic Domain of "Mobility"

for considering the entire NAFTA region when assessing the supply chain of the U.S. automotive industry. Amid these kinds of structural changes to the industry, transportation network services for auto parts are becoming more and more important. One of the most pressing issues facing the expansion and growth of the U.S. automotive industry is devising ways to deliver the optimal amount of auto parts to final assembly plants located far away within a timely schedule. PTL provides services that help meet the needs of the automotive industry in the U.S. by responding to this issue. In addition, PTL is also providing comprehensive logistics solutions for delivering fresh food products to major restaurant chains, thereby developing a strong presence across the U.S. in areas other than the automotive industry.

Turning to the U.S. truck transportation industry, 80% of goods in the U.S. are transported by truck, which means that truck transportation represents the lifeline of logistics in the country. At the moment, small and mid-sized operators account for over half of the truck transportation market share. As the logistics network begins to extend across all of the NAFTA region, however, I believe that the industry will have no choice but to make reforms to its structure.

PTL possesses the necessary track record and level of expertise to provide high-quality services to its customers. In addition, the company is spearheading new investments that respond to various types of rules and regulations from such perspectives as environment and safety. For example, the majority of truck accidents in the NAFTA region are caused by drivers working too many hours. To respond to this, PTL has in place a structure to prevent accidents caused by driver exhaustion. The company thoroughly monitors how many hours drivers have been driving as well as how many breaks they have taken through management systems that leverage IT. This system represents one example of how PTL is responding to issues through anticipatory investment.

Taking into consideration the changes that continue to occur in the truck industry in the U.S., the Americas Business Unit has repeatedly examined ways to leverage the superior service foundation that PTL possesses within the consolidated Mitsui Group's shift toward higher-value-added businesses in a wide range of fields, including steel products, auto parts, food products, and retail. In fact, we have already achieved considerable progress in this endeavor. For example, we are examining ways in which we can advance the growth strategies of our U.S.-based business partner who develops food concessions businesses around the world by leveraging PTL's functions. Furthermore, the functions PTL possesses provide us with a strong competitive edge when making proposals to potential business partners for new collaborative projects.

Yagi: I would like to discuss a few examples of how I feel PTL contributes to business expansion. PTL is one of our most important customers in the truck sales business, which we are developing in North America alongside a Japanese business partner. Through our investment in PTL, we are now able to provide higher added value to the business in such ways as offering our partner advices based on PTL's needs, for example, in developing new generation truck models.

In addition, we are giving consideration to expanding PTL's business to other geographical areas. We are drawing up plans to



accelerate the pace of growth for the entire Mitsui Group. These include offering a combination of PTL's services to our existing operating companies and joint ventures in other geographical locations in a similar manner as we have done in North America, thereby contributing to the growth of these businesses.

Ambe: On the frontlines of our businesses located throughout the world, we are taking on the issues that our corporate customers are dealing with. We also have established relationships in which we can directly deliver strategic proposals to the top management of these corporate customers as well as our business partners. I believe that these relationships represent the value we can offer in terms of expanding the business of PTL. I also strongly believe that we can develop our businesses in other key strategic domains in the same way as we have done with PTL in the domain of "Mobility."

Takahashi: To once again change perspectives, I would like to talk about the field of automobile raw materials. Roughly 100 million vehicles are being produced annually in the global automobile market. Out of the 100 million tons of materials used in the production of these vehicles, the most heavily used material is steel. For many years, Mitsui has been purchasing steel products from Japanese steel manufacturers, who boast a high share in the global steel market, and selling these products to automobile manufacturers in the U.S. In conjunction with the shift by Japanese automobile manufacturers in the 1980s toward establishing local production bases in the U.S., we entered the coil center business, which acts as a base for processing and distribution, in the country in 1985 with the aim of establishing a hybrid business model that combined steel product distribution with business investment.

After making our entrance into this business, we acquired Steel Technologies LLC in 2007, which operated 25 steel service centers in the U.S. at the time. This acquisition allowed us to increase our transactions with the three major U.S. automobile manufacturers, thereby dramatically expanding our business base. In 2013, we turned the Americas business group of Gestamp Automoción, one of the world's largest automotive pressed parts manufacturers based in Spain, into a joint venture, allowing for the company's full-fledged participation in the auto

parts processing business. In addition, with the recent heightened awareness toward environmental issues, we have invested in raw material areas such as aluminum and carbon fiber, which are used as lightweight materials to replace heavy steel sheets. Specifically, for aluminum materials, we are engaging in businesses in the U.S. and China that deal with aluminum forged parts used in automobile suspension systems. Also, for carbon fiber, we acquired a 25% stake in a Norwegian manufacturer of composite pressure vessels in February 2016 (see page 55 for details). We are currently examining the feasibility of establishing a joint venture that would conduct the manufacture and sale of high-pressure hydrogen tanks for vehicles powered by natural gas and fuel cells by leveraging the processing technologies of this Norwegian company and the carbon fiber production technologies of Japanese manufacturers.

In these ways, we have a history of exploring fields related to automobile raw materials, which has allowed us to assemble a group of personnel who are well-versed in each specific field. It is from this group of outstanding personnel that we derive our competitive edge in the automobile parts and raw materials businesses within our key strategic domain of "Mobility."

Ambe: We anticipate that Mitsui still has significant room to expand its business in the fields of automotive parts and raw materials. Moreover, the approach we have taken in these fields of cultivating a competitive edge through the thorough exploration of an individual area also applies to our automotive business. As an example, we have made concerted efforts and acquired a high level of know-how in the auto parts logistics business utilizing truck transportation geared toward our Japanese corporate clients. At the time we invested in PTL, we integrated this business with PTL's logistics business. Accordingly, the know-how we have acquired in our business is now being leveraged and expanded within PTL's logistics business.

Capturing significant cargo transportation demand by taking a holistic view of the growing markets

VLI S.A., an integrated logistics service company in Brazil

Takahashi: We have a long history with the Brazil-based comprehensive resource company Vale S.A. in the iron ore business. In 2003, we got involved in the management of Vale through an investment to acquire a 15% stake in Vale's controlling company Valepar S.A. Vale is an extremely valuable business partner for Mitsui, primarily within the resource development business. The resource development business requires a wide variety of materials, equipment, and services. Since our involvement in Vale's management, we have been contributing to improving the efficiency of Vale's resource development business by providing construction machinery used in mine development as well as offering maintenance services. Also, we had been leasing freight cars and providing other materials and equipment to VLI S.A. long before we invested in them in 2014.

Currently, we are working closely with Vale in integrated comprehensive projects in Mozambique from developing a coal mine to upgrading existing rail lines, constructing new rail lines, and developing port infrastructure.

Yagi: I would like to mention the circumstances that led up to our investment in VLI. In 2010, the general freight transportation market in Brazil was facing aging infrastructure, high transportation costs, and a low level of transportation efficiency. At the time, Vale, which had the general freight transportation business of VLI under its corporate umbrella, received a consultation from the Brazilian Government regarding the upgrade of domestic infrastructure for general freight transportation. Realizing the Government's strong desire for upgrades, Vale adopted plans to promote infrastructure upgrades by utilizing the capital of a third party and reached out to us for an investment in VLI. Accordingly, we invested in VLI in 2014, acquiring a 20% stake in the company for roughly ¥70.0 billion.

Ambe: Generally speaking, rail is the most suitable means for long-distance transportation. However, as the railroad network in Brazil is underdeveloped, the country has a high dependency on using trucks for long-distance transportation, which lacks efficiency. In addition, Brazil has insufficient port facilities, which act as the focal point for imports and exports. As a result, distribution costs are extremely high, which become a serious obstruction to the country's economic growth. Meanwhile, complicated issues regarding land ownership in Brazil make upgrading railroad networks even more difficult. We recognize that, facing our nation-building efforts in Brazil, this is an issue we must work toward resolving over a long period of time in a steadfast manner. Accordingly, as management, we are coping with the issue from a long-term perspective.

Yagi: With such understanding by management, we are working earnestly to steadily resolve each issue before us in our frontline operations, improving the operational efficiency of existing freight cars and increasing transportation volumes. Specifically, we are taking initiatives to repair signal systems and switch over to using larger freight cars and high-performance locomotives. In addition, through collaboration between the Americas Business Unit and the Iron & Steel Products Business Unit, we are reducing frictional resistance by replacing existing freight car wheels and railway with high-quality, Japanese-manufactured products, thereby improving speed and fuel efficiency and promoting longer operating life. Furthermore, in order to improve operational efficiency, an approach to efficient production systems used by Japanese automobile manufacturers is being introduced



Creating Unique Value in Mitsui's Key Strategic Domain of "Mobility"

to VLI with the support of our automotive business units. Also, we are having railroad operation experts from our railcar leasing company in North America offer their suggestions on how to further improve the efficiency of rail transport operation in Brazil. As a result of these efforts, VLI recorded a transportation volume of 34.9 billion ton-km* in 2015, up 9% compared with 2014. I believe that these kinds of business improvements that leverage the network and know-how of each consolidated group business represent the unique value that Mitsui can offer.

Currently, the volume of cargo that can be transported by rail only account for around 20% of Brazil's total transportation volume, and over half of this volume is still being transported using inefficient trucks. By improving railroad transportation efficiency and expanding transportation capacity, including port shipments, I believe we can rapidly increase VLI's transportation volume, which will in turn allow for significant increases in profits.

*The transport of one ton over the distance of one kilometer

Looking toward the Future of the Key Strategic Domain of "Mobility"

Forging a culture of open-mindedness and strategically allocating management resources

Ambe: The business of general trading companies is often divided in and analyzed as two segments: resources and non-resources. What is important for Mitsui, where resource and energy supposedly occupy a high ratio of the entire business, is the establishment of a business model in every value chain that is not directly affected by market conditions. I believe that the truck leasing and rental and logistics businesses of PTL as well as the integrated transportation services business of VLI are representative examples of this kind of business model. As we have explained using examples from these businesses, adopting a different approach in the value chain or, in other words, strategically "repositioning" ourselves, allows us to expand our business without being directly affected by market conditions. In doing so, we are able to further increase the depth of our earning base.

As we aim for ¥200.0 billion in profits from business fields other than resources and energy by the fiscal year ending March 31, 2020, the expectation of our management is high for the domain of "Mobility." And I firmly believe that this domain will sufficiently fulfill this expectation.

Yagi: In the key strategic domain of "Mobility," through the strategic repositioning, we are gradually realizing a scenario where we can provide new value to our business partners and expand the business areas. I also feel there has been an extremely positive response in our frontline operations regarding the efforts we are making. Our basic strategy to increase profits going forward is set to further accelerate the pace of these efforts.

As for the envisaged specific quantitative goal for profits, we have adopted a target to grow the profit scale of the Integrated Transportation Systems Business Unit from ¥32.0 billion for the fiscal year ended March 31, 2016 to ¥50.0 billion over the medium term.

Ambe: The "Mobility" domain is the one where companies can differentiate their business through deeply rooted local networks and expertise. As such, the barriers to entering the domain are relatively high. At Mitsui, we have a group of personnel who are thoroughly exploring frontline operations and businesses across a wide range of areas. By drawing on the expert knowledge and network that these personnel possess, we have contributed to improving the corporate value in each of our businesses, even in cases where we are a minority shareholder with less than a 50% stake. In that sense, I believe that the thorough pursuit of initiatives in each of our frontline operations is integral to achieving success in the key strategic domain of "Mobility." If we aimed simply for horizontal collaboration, we would not be able to realize the development we have made thus far.

Yagi: On a consolidated basis, the employees of the Integrated Transportation Systems Business Unit account for over 30% of the entire group workforce. In addition, the unit has over 150 affiliated companies. This substantial number of employees are assigned to our affiliated companies around the world, which means that, as a frontline leader, I am constantly struggling to do whatever I can to shorten the sense of distance between these employees. I place high value on the direct dialogue I have on a regular basis with employees from around the world, and I strongly encourage the sharing of information and ideas between our headquarters and affiliated companies in an open manner. My approach to management places the most value on using daily conversation and the exchange of information to create an atmosphere in which employees can maintain a high level of motivation on the frontline and work in a lively manner on their own initiative. I believe that this kind of atmosphere enhances employees' desire to work hard, and eventually leads to increased profits for our Company.

Ambe: I believe that the Integrated Transportation Systems Business Unit is making unified efforts to run the difficult frontline operation. The process for increasing Mitsui's profits going forward will most likely entail increasing the number of affiliated companies. In doing so, however, maintaining and enhancing governance and internal control become an important issue. For example, it might be possible to expansively divide its organization, however, it would be unacceptable if we become unable to leverage the superior aspects of "Mobility"





which we are gradually shaping into a monolith, by the organizational division. With an awareness of these issues at the management level, I would like to support our frontline operations going forward.

Yagi: Rather than maintaining and enhancing governance and internal control by our business unit only, with an assistance of the Business Supporting Units*, I would like to balance them with initiatives to increase profits.

In the fiscal year ending March 31, 2017, we will make efforts to steadily improve our operations and corporate value in various businesses, such as urban transportation in Brazil, and work to tie these efforts into earlier profit contribution. In addition, by deploying the successful business models of developed countries into emerging countries, we anticipate that there is still a considerable number of new businesses which we can enter, and will challenge them from now on.

Meanwhile, there is a potential that transportation methods will dramatically change due to technological innovations and environmental regulations. I, together with our business unit, will thoroughly pursue the potential that this change may bring.

* Business Supporting Units provide support for the administrative and financial management to each business segment (please see the organization chart on page 85).

Takahashi: There is also potential for dramatic change in fields related to materials. I believe that in the near future material-related changes will lead to the relocation of automobile production bases as well as subsequent changes in auto parts distribution. Our strength in the "Mobility" domain lies in the ability to properly anticipate these kinds of changes and take the initiative by leveraging the expertise and networks we have in specific material areas.

By thoroughly assessing the various businesses within the key strategic domain of "Mobility," we can reaffirm the value we should pursue as well as the direction of our business strategy. In doing so, I feel that new businesses and scenarios are emerging one after the other. As the fields I oversee, I would like to pursue the wide variety of business opportunities in the material-related fields.

Ambe: The "repositioning" that we have pursued in the key strategic domain of "Mobility" has the potential to be applied to other key strategic domains. For example, with regard to the Hydrocarbon Chain domain which represents another Mitsui's strength, in the gas value chain, we are taking initiatives in businesses that create future demand through collaboration among the gas development, liquefaction (LNG) business and businesses of other key strategic domains. Specifically, from the distribution side, we are focusing our efforts on LNG carriers, receiving terminals and domestic LNG transport. From the demand side, we are working to develop gas-fired power generation and new applications of LNG. In these ways, we are making concerted efforts in downstream businesses that will lead to the creation of LNG demand. By realizing business expansion centered on Mitsui's strengths, we are increasing profits across the gas value chain.

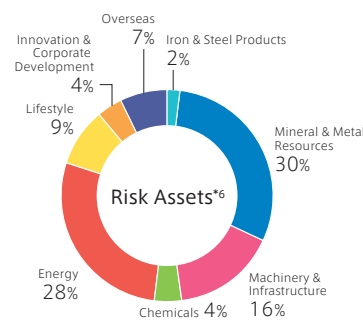
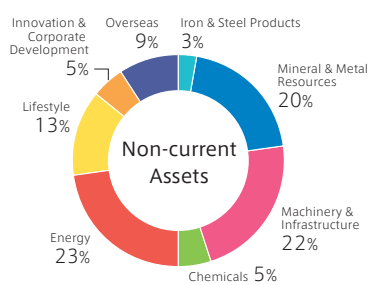
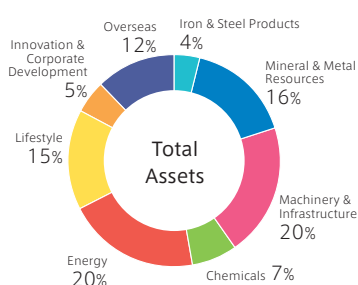
Going forward, we will accelerate our Company-wide pace for growth by pursuing "repositioning" efforts in other key strategic domains.











Results by Operating Segment

(Year Ended March 31, 2016, IFRS)

	 Iron & Steel Products 	 Mineral & Metal Resources 	 Machinery & Infrastructure 	 Chemicals 	 Energy 	
¥ billion						
Business Units	Iron & Steel Products Business Unit	Mineral & Metal Resources Business Unit	Infrastructure Projects Business Unit Integrated Transportation Systems Business Unit	Basic Chemicals Business Unit Performance Chemicals Business Unit (former unit name)*2	Energy Business Unit I Energy Business Unit II	
EBITDA	10.9	(93.8)	29.2	30.1	210.1	
Gross profit	32.0	98.7	127.1	76.5	109.0	
Main business	Iron and steel products	Australian iron ore Australian coal production and sales	Machinery sales and lease-related services	Chemical sales	Petroleum / gas production and sales	
Dividend income	2.1	1.4	3.6	1.3	35.3	
Main business					LNG business	
Equity in earnings (loss)*3	4.8	(204.1)	8.0	8.0	(22.3)	
Main business	Steel products distribution Processing / Manufacturing	Australian iron ore Brazilian iron ore Chilean copper production and sales	IPP Automotive / Construction machinery sales and leases Energy infrastructure	Middle East methanol production	LNG business Petroleum products distribution businesses	
Selling, general and administrative expenses	(29.0)	(37.0)	(127.7)	(65.0)	(50.7)	
Depreciation and amortization	1.0	47.2	18.2	9.4	138.8	
Profit (loss) for the year attributable to owners of the parent	6.3	(162.5)	18.3	17.7	(3.9)	
Core operating cash flow	4.8	134.5	62.9	19.6	206.0	
Total assets	392.2	1,591.4	2,009.8	732.5	1,973.5	
Non-current assets	190.8	1,256.6	1,398.8	295.3	1,458.1	
Investments accounted for using the equity method	107.4	722.6	778.2	99.7	256.8	
Other investments	76.1	92.8	88.3	68.1	347.3	
Property, plant and equipment	8.9	430.8	215.7	94.1	731.6	
Other non-current assets*5	(1.6)	10.4	316.6	33.4	122.4	
Number of employees (non-consolidated)	327	245	788	569	420	
Number of employees (consolidated)	1,519	429	16,172	2,274	764	

Composition of Operating Segments



	 Lifestyle 	 Innovation & Corporate Development 	 Americas 	 EMEA (Europe, the Middle East and Africa) 	 Asia Pacific 	Company Totals* ¹
	Food Resources Business Unit Food Products & Services Business Unit Consumer Service Business Unit (former unit name) ²	IT & Communication Business Unit Corporate Development Business Unit	Americas Business Unit	EMEA Business Unit	Asia Pacific Business Unit	
	9.9	12.5	69.4	5.3	40.9	336.4
	116.5	52.9	114.8	20.5	23.3	726.6
	Food products Food resources Fashion Housing and industrial materials	Information systems Domestic / International logistics Finance / Insurance Commodity derivatives	Feed additives Chemical tank terminals Senior living properties Iron and steel products	Chemicals Iron and steel products Machinery	Chemicals Iron and steel products Food resources Food products	
	3.7	4.9	0.1	0.3	0.8	54.7
	18.5	7.8	8.2	3.7	35.5	(132.0)
	Asian hospitals U.S.-based edible oil products	Domestic TV shopping Domestic leases	Steel processing	Steel processing Chemical tank terminals	Australian iron ore Australian coal production and sales ⁴	
	(142.0)	(57.8)	(63.5)	(19.7)	(20.4)	(566.0)
	13.2	4.6	9.8	0.5	1.7	253.2
	(14.0)	16.1	28.3	3.5	11.6	(83.4)
	(8.9)	7.6	55.5	1.8	7.3	471.7
	1,523.8	510.5	648.8	151.3	402.9	10,910.5
	820.1	336.1	298.6	28.6	239.5	6,623.8
	305.6	113.7	80.0	14.8	38.6	2,515.3
	242.4	159.7	12.8	4.4	18.7	1,179.7
	136.8	38.7	148.4	3.0	25.3	1,938.4
	135.3	24.0	57.4	6.4	1,56.9	990.4
	808	406	230	158	236	6,006
	9,778	3,571	3,829	874	1,280	43,611

*1. Company totals include "others" and "adjustments and eliminations," which are otherwise not indicated.

*2. The organization is listed under its former name, which it had until March 2013. For details on the new organizations, please see page 54 (Chemicals Segment) and page 58 (Lifestyle Segment).

*3. Share of profit of investments accounted for using the equity method.

*4. Equity in net income for the Asia Pacific segment includes the segment's interests in Australian iron ore and coal businesses.

*5. "Other" under "non-current assets" includes non-current receivables, investment property, intangible assets, and deferred tax assets.

*6. Risk assets refer to the maximum amount of anticipated loss on operating receivables and investments, assets such as property and off-balance-sheet positions such as liability on guarantee belonging to the consolidated group, calculated by multiplying independently established risk weight according to latent risks such as credit and market risks.

Iron & Steel Products Segment

Iron & Steel Products Business Unit



Managing Officer,
Chief Operating Officer of
Iron & Steel Products Business Unit
Noboru Katsu

Business Portfolio

▶ Supporting a wide range of industries with iron and steel products

Through the Iron & Steel Products Segment, we provide our customers both in Japan and overseas with services relating to the procurement and supply of iron and steel products. In addition, we invest in steel service centers that function as processing and distribution bases, in electric furnace steel mills and rolling mills that act as manufacturing bases, and in component suppliers and the iron and steel distribution industry.

INFRASTRUCTURE

- Supply and sales expansion of steel products for infrastructure projects mainly in Asia, the Middle East and Africa
- Supply and sales expansion of high-value-added steel products such as rails to Africa, Brazil and Australia

AUTOMOTIVE

- Automotive components manufacturing business and service center business

ENERGY

- Supply and sales expansion of high-value-added steel products related to shale gas development and renewable energy, in addition to conventional steel products used in the energy industry
- Fabrication and assembly of offshore structures, as well as their maintenance including inspection, repair and technical assistance

Risks and Opportunities

▶ Excess supply expected to lead to industry reorganization

Due to the downturn in resource prices as well as the increase in steel product exports from China attributable to an excess in supply from Chinese steel manufacturers, worldwide market conditions are deteriorating severely, and, as a result, the difficult business environment is expected to persist. Against this backdrop, fierce competition among steel distributors accompanying the integration of suppliers could create an environment that sees even more intensified reorganization.

Over the medium to long term, the domestic iron and steel market is expected to shrink gradually due to population decline, among other factors. However, we anticipate that the Americas and Asia will drive a global economic recovery, resulting in increased demand for iron and steel products. Many business opportunities are expected to arise from this development.



Strengths

- Domestic and global distribution networks
- Development of advanced services through value chain creation
- Strong relationships with leading Japanese and foreign business partners

Updates of Current Medium-term Management Plan

► Strategic alliance with Gestamp Automoción

In the strategic automotive domain, Mitsui is strengthening its earnings base and expanding its business through a wide range of initiatives with Gestamp Automoción, S.A. (GA), a major global automotive press manufacturer based in Spain.

Initiatives with GA: Americas automotive business

In 2013, we participated in the business of GA's operating companies in the Americas. The Gestamp Group has 22 plants and two R&D bases in four countries (the U.S., Mexico, Brazil, and Argentina), producing and selling important pressed parts, including bodies and chassis. In recent years, automobiles have been expected to achieve even greater levels of both environmental performance and safety through decreased weight and more-sophisticated bodies. Accordingly, demand is rising for automotive parts that employ a technology known as "hot stamping" (hot press modeling) for which GA is a global leader in terms of technological competency. We will strengthen our relationship with GA and leverage both companies' strengths to capture demand in the automotive components business in the U.S., which continues to enjoy a robust economy, as well as emerging countries. In addition, we will meet a wide range of needs in the value chain for automotive components.



Sample of automotive parts manufactured by Gestamp

Initiatives with GA: Wind power generation business

Mitsui's investment in GA's automotive business in the Americas provided an opportunity for the Company to extend its cooperation with GA into the field of renewable energy. In September 2015, we invested in the world's largest manufacturer of wind power generation towers and flanges, the GRI Renewable Industries Group (GRI), which, like GA, is part of the Gonvarri-Gestamp Group. GRI has 12 manufacturing centers in seven countries around the world. It is a major company in the renewable energy industry that has a system to supply towers and flanges of equal quality to countries around the world. Going forward, Mitsui and GRI will make a continuing contribution to the development of wind power, which is expanding globally. To accomplish this objective, we will examine possibilities such as establishing new businesses in Asia and the Americas, where increased wind power facility development is anticipated, and creating new manufacturing plants for offshore wind power equipment, which is becoming more commonly used in Europe and other regions.



Wind power generation tower under construction

» Mineral & Metal Resources Segment

Mineral & Metal Resources Business Unit



Managing Officer,
Chief Operating Officer of
Mineral & Metal Resources Business Unit
Shinichiro Omachi

Business Portfolio

- ▶ **Businesses relating to the development of resources, production, processing, and sales through investments**

IRON ORE

- Joint ventures with Rio Tinto and BHP Billiton in Australia
- Indirect shareholding of Vale, a producer and seller of iron ore in Brazil

COAL

- Joint ventures with Anglo American, Rio Tinto, and BHP Billiton in Australia

FERROUS RAW MATERIALS AND RECYCLING SOLUTIONS

- Metal scrap business through Sims in the U.S. and Australia
- Diversified businesses in areas such as coal, power generation, ferroalloys, and chemical products through Erdos Electrical Power & Metallurgical Co., Ltd. in Inner Mongolia, China
- Mineral and metal resources recycling business in Japan and overseas, with a focus on global environmental protection

COPPER

- The Collahuasi, Anglo American Sur, and Caserones projects in Chile

NICKEL

- The Coral Bay and Taganito projects in Philippines

ALUMINUM

- Alunorte projects in Brazil and Alumina and aluminum ingot businesses through Albras
- Aluminum coil center business through Garmco Singapore

- ▶ **Global trading business utilizing our logistics network**

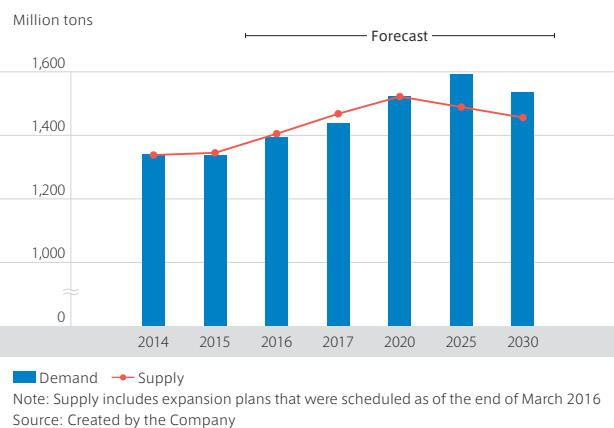
Iron ore, ferrous raw materials such as metal scrap, hot briquetted iron, pig iron and ferroalloys, remanufactured automotive parts, coal, petroleum coke, copper concentrates and copper cathodes, nickel, aluminum, rare metals, etc.

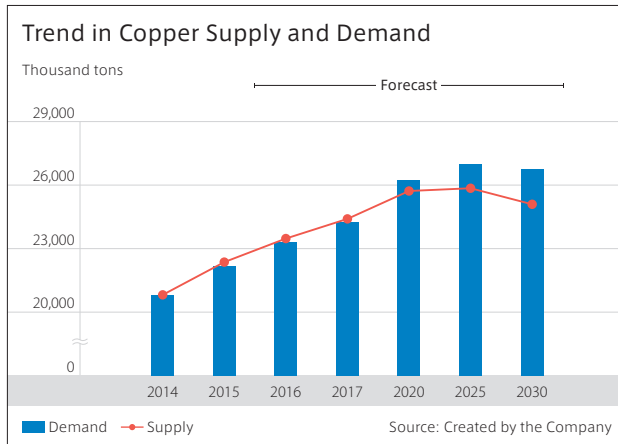
Risks and Opportunities

- ▶ **Tight market outlook due to demand growth in the long term, while price stagnation risk in the short term**

In the short term, there is a risk that sluggish economic growth in China and emerging countries could lead to a continuing economic slowdown. Steel and non-ferrous metals are core industrial materials, and demand for these materials is likely to grow over the long term. On the other hand, supply and demand is expected to be tightened due to supply limitations resulting from the limited availability of high-quality undeveloped projects, in addition to rising development and production costs, depletion of reserves, and deterioration of quality minerals from existing mines. The segment believes the mineral and metal resources business will continue to be an important aspect of its operations.

Trend in Iron Ore Seaborne Trade
Supply and Demand





Strengths

- Existing assets with outstanding cost competitiveness and expansion capabilities
- Solid partnerships with major global resource companies, including Rio Tinto, BHP Billiton, Vale, Anglo American and Codelco
- Expertise of technical specialists in identifying projects with quality

Updates of Current Medium-term Management Plan

► Expansion of iron ore mine production and port capacities in Western Australia

Development of a new mining area and expansion of production capacity at West Angelas iron ore mine in Western Australia were completed in the first half of 2015. As a result, the production capacity at the West Angelas mine has increased from 29 million tons per annum (Mtpa) to 35 Mtpa. In addition, following phase 1 in 2014, phase 2 of the expansion at Cape Lambert, an iron ore loading port, was completed in July 2015 as per the original plan. Accordingly, the shipping capacity at the port has reached 206 Mtpa.

Furthermore, the Jimblebar iron ore mine, also in Western Australia, commenced shipping in the second half of 2013,



Cape Lambert Port (Australia), an iron ore shipping port

approximately six months ahead of the original schedule. The mine achieved full capacity of 35 Mtpa in the January-to-March quarter of 2015. Mitsui will continue to consider the expansion of production capacity and port loading facilities.

Our iron ore businesses in Australia are some of the most cost-competitive businesses in the world and, as such, they will continue to be regarded as one of our core assets going forward. By promoting cost reductions through improvements in operational efficiency, we will continue to strengthen the cost competitiveness of these businesses. In this way, we will work to establish a supply structure that can respond to the global demand for iron ore, which is expected to increase over the medium to long term.

► For Mitsui's equity share in iron ore production, please refer to "Iron Ore: Equity Share of Production" on page 19.

► Providing multi-functional solutions in the copper industry

Mitsui's involvement in the copper industry is primarily concentrated in Chile, with Collahuasi, Anglo American Sur and Caserones comprising its core business. Most significantly, we are evolving our business as a multi-functional solutions provider for mining houses and other customers. In our trading business, we ensure the security of our supply with well-diversified sources (not only equity copper, but also third party) and the flexibility to meet our customers' requirements. We have commenced a copper concentrates blending operation that is able to adjust quality levels, which benefits society with efficient resource utilization. In addition, we provide support to our invested mines in Chile to further enhance their operational efficiency. We are also involved in the support of infrastructure such as water supply, electricity, and other ancillary services for the mining industry. In 2014, as part of our strategic alliance with Corporación Nacional del Cobre de Chile (Codelco), the world's largest copper producer, we jointly participated in a venture capital fund to support innovative technology development in the copper and mining industries, with the aim of developing new applications and further enhancing production efficiency. Going forward, we will cultivate further collaborations in mining and ancillary industries.



Los Bronces copper mine of Anglo American Sur (Chile)

» Machinery & Infrastructure Segment

Infrastructure Projects Business Unit

Integrated Transportation Systems Business Unit



Managing Officer,
Chief Operating Officer of
Infrastructure Projects Business Unit
Yoshio Kometani



Managing Officer,
Chief Operating Officer of Integrated
Transportation Systems Business Unit
Hiromichi Yagi

Business Portfolio

► Creating infrastructure that contributes to the future of society and nation-building

ELECTRIC POWER

- Independent power producer (IPP) business with thermal power, hydropower and renewable energy

MARINE ENERGY / BASIC INDUSTRY

- Marine energy business including FPSO (floating production, storage and offloading system for offshore oil and gas) facilities
- Core infrastructure business including LNG facilities for offloading/unloading, pipeline and local gas distribution business

WATER TREATMENT AND SUPPLY / LOGISTICS

- Development and operation of water supply and sewage, desalination, and wastewater treatment facilities in Mexico, China, Europe and Middle East
- Development and operation of logistics and social infrastructure projects mainly involving seaport and airport business

► Supporting social and economic activity with a wide range of land, sea, and air transportation systems

SEA

- Sales of newbuilding ships, provision of ship management services, brokerage for chartering vessels and for sales and purchases of second-hand ships for ship owners and shipping companies in Japan and overseas, and sales of ship machinery to shipbuilders
- Ownership and operation of commercial ships and LNG ships

LAND

- Export, manufacturing and sales of Japanese automobiles and parts
- Import wholesaling, dealing and manufacturing of Japanese vehicles, logistics for vehicle parts, retail operations and retail finance worldwide
- Sales and ancillary services involving dump trucks for mining operations, hydraulic excavators, etc.
- Arrangement for rolling stock and locomotive operating and finance leasing in North America, Brazil, Europe and Russia, as well as provision of relevant operating, maintenance and management services
- General freight transport and passenger transport business in Brazil
- Truck leasing and truck rental business in North America

AIR

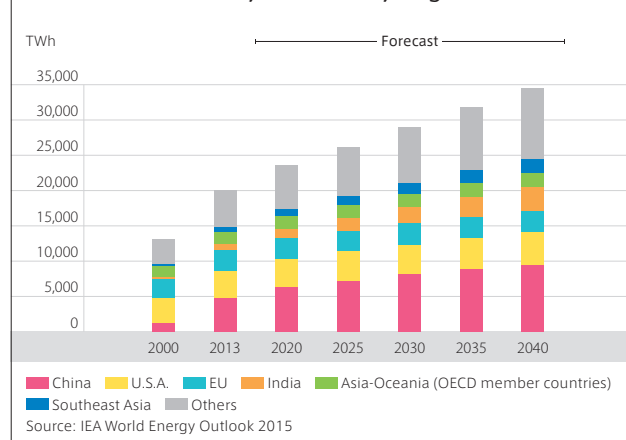
- Sales, provision and arrangement of operating leases and finance leases for passenger aircraft, as well as aircraft engines to airlines in Japan and overseas

Risks and Opportunities

► Rising demand for infrastructure investment

In emerging countries, where economies and populations continue growing markedly, demand is rising for the development of basic infrastructure, including electrical, water-related, and logistical infrastructure. As for industrialized countries, aging infrastructure is leading to increased demand for repairs, while efforts to create a low-carbon society are boosting demand for related infrastructure investment. Moreover, as facilities and equipment for energy resource development become more advanced, larger, and more complex, development demand is rising overall. In the United States, the progress of shale oil and gas development is heightening demand, not only for infrastructure development but also for pipeline transportation, downstream chemical manufacturing, gas-fired power generation and LNG shipping facilities.

Forecast of Electricity Demand by Region



► Solid increase in demand for transportation machinery in line with economic growth

Growth in emerging economies is sluggish, and resources and energy prices have declined from the second half of 2014. The lower demand for mining machinery has had a temporary influence on results. However, emerging economies are expected to continue to grow, and resource and energy prices are expected to increase over the medium to long term. Accordingly, demand for mining machinery should recover, and market conditions are expected to pick up due to an increase in land- and sea-based logistics.

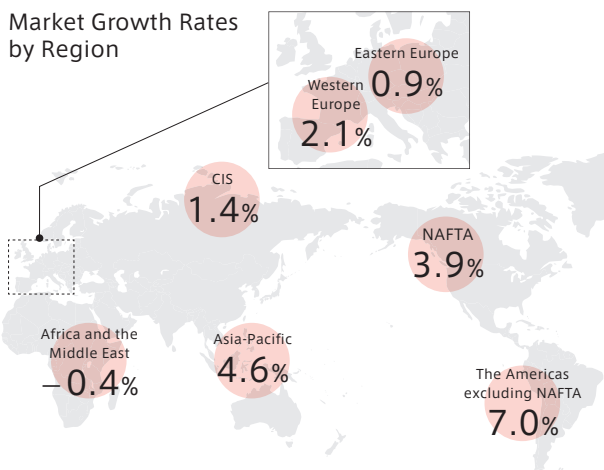
In the United States, the manufacturing industry is undergoing a revival, and the underlying trend of improvement in U.S. business conditions is having a favorable effect on the Company's automobile, truck, machine tool, and construction machinery businesses. Economic expansion in emerging economies has fostered growing concern about associated environmental problems. In addition, there is a modal shift toward public means of transportation that alleviate traffic congestion. As a result, demand for passenger railway facilities is expected to increase. Due to ongoing global economic growth, the number of airline passengers is expected to increase over the medium to long term, and consequently, demand for airframes and engines is also expected to rise.

Scale of the Global Railway Market

2011–2013:
Approx. ¥19 trillion

2017–2019:
Approx. ¥22 trillion

Market Growth Rates by Region



* Based on yearly average of ¥125 to euro

* Sum of all carriages including urban, intercity, passenger and freight (system, infrastructure, and maintenance service domains)

Source: UNIFE World Rail Market Study forecast

Strengths

- Project development; regional development; business model (project) structuring; business management
- Global marketing expertise cultivated over many years; global trading network
- Infrastructure development and operations knowledge and know-how
- Fund-raising; financing
- Relationships of trust with excellent domestic and international partners, including the Toyota Group; the Penske Group of the United States; and shipowners and shipping companies in Japan and overseas

Updates of Current Medium-term Management Plan

► Promotion of IPP business

Mitsui has established a superior IPP business portfolio diverse in such elements as geographical location and fuel-mix. Factoring in the power plants that are currently under construction, Mitsui possess a net generation capacity of 11.1GW on a global scale (as of March 2016). By gradually completing construction on projects in development and new projects, we are significantly enhancing our earning potential. At the same time, we are carrying out strategic asset recycling to further improve the quality of our portfolio.

- As of March 2016, 42 turbines have commenced commercial operations at the Jirau Hydroelectric Power Plant (total capacity of 3.75GW) on the Madeira River in northern Brazil, in which Mitsui made a 20% investment in January 2014. All 50 turbines are slated to be completed during 2016, making the Jirau Hydroelectric Power Plant the fourth-largest power plant in Brazil.
- In January 2016, Mitsui began participation in two natural gas-fired combined cycle power plants (total capacity of 3.2GW) in the Ibri Industrial Area and Sohar Industrial Area, both located in northern Oman. Mitsui is the leading investor in these plants, with a 50.1% shareholding. Through the commencement of commercial operations in 2019, these plants are expected to



Jirau Hydroelectric Power Plant

provide approximately 30% of electricity consumed in the northern region of the country, which includes the capital city of Muscat.

- Mitsui has been investing in an ultra-supercritical coal-fired power plant in Malaysia (total capacity of 2.0GW; commercial production slated to commence in 2019) with major electric utility company Tenaga Nasional Berhad. In its efforts to engage in strategic asset recycling, Mitsui sold 15% of its 30% share in the plant to The Chugoku Electric Power Co., Inc. in March 2016, after completion of debt financing through the world's largest issuance of Islamic bonds (as of 2015) in December 2015.

► **Promotion of gas distribution business in Brazil**

Through participation in the gas distribution business in Brazil, Mitsui is engaging in efforts to establish a gas distribution infrastructure in Brazil and ensure a stable supply of gas. In 2015, we acquired additional shares in the business. The gas distribution business in Brazil consists of regional monopolies based on concessions granted by state governments. The expansion of the gas distribution business lineup, which steadily generates cash revenues, is significantly contributing to our earnings.

In 2006, we acquired Mitsui Gás e Energia do Brasil Ltda (Mitsui Gás), which at the time had equity interests in gas distribution companies in seven states in Brazil. In addition to acquiring a portion of shares in Companhia de Gás do Ceará S.A. in 2014, we acquired a portion of shares in Petrobras Gás S.A., which owns local gas distribution companies, from the semi-public Brazilian multinational corporation Petróleo Brasileiro S.A. – Petrobras in December 2015. Through these acquisitions, the number of states served by gas companies in which Mitsui Gás has an equity interest increased to 19, with the amount of gas supplied by these companies rising to 30 million m³ per day.



Gas distribution business in Brazil

► **Collaborative expansion through equity participation in North American truck leasing and rental business as well as logistics business based on solid relationship with the Penske Group**

In 2001, Mitsui made its first investment in the Penske Automotive Group (PAG), the second-largest automotive retailer in the United States. In March 2004, Mitsui increased its investment in PAG to approximately 15% and made it an associated company. Since then, we have been involved in PAG's management in cooperation with Penske Corporation, PAG's largest shareholder. The solid relationship cultivated with the Penske Group over the years has developed into a strategic partnership. Accordingly, in March 2015 we acquired a 20% limited partner interest in Penske Truck Leasing Co., L.P. (PTL) for approximately US\$750 million (¥91.0 billion). In doing so, we have newly invested in truck leasing, truck rental, and logistics businesses in North America. By leveraging the know-how accumulated through our truck manufacturing, assembly, distribution, and truck retail businesses in countries around the world, not only will we use trucks to provide road transport services, we will also create optimal logistics solutions by reducing transportation costs and making logistics infrastructure more efficient. In addition, we are making efforts to create synergistic effects with other business segments. Through PTL's businesses, we will play an important role in transportation infrastructure while aiming for further global expansion.



A PTL truck

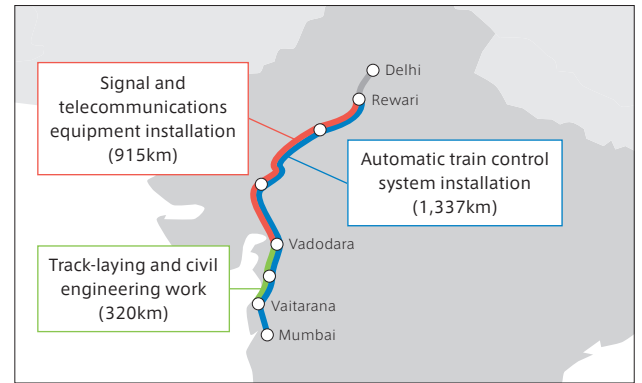
► Railway construction for the Western Dedicated Freight Corridor Project in India

In the Western Dedicated Freight Corridor (DFC) Project in India, Mitsui has won contracts through syndicates of local construction contractors and Japanese manufacturers to perform track-laying and civil engineering work totaling 320 km and to install signal and telecommunications equipment as well as an automatic train control system along a 1,344 km section of the project. Work for the project commenced with the goal of completing construction around 2022.

The governments of Japan and India aim to realize the DFC Project through a strategic global partnership. As the backbone of the Delhi-Mumbai Industrial Corridor, the project plans to create a strong economic foundation through the consolidation of infrastructure such as industrial parks, which will be established near new freight lines, logistics bases, power stations, highways, and harbors.

As part of its national strategy, the Japanese government is pushing strongly for the overseas development of packaged infrastructure projects with a focus on operation, maintenance, and management by private companies. Rail transport, in which Japan possesses a high level of technology and proven record of

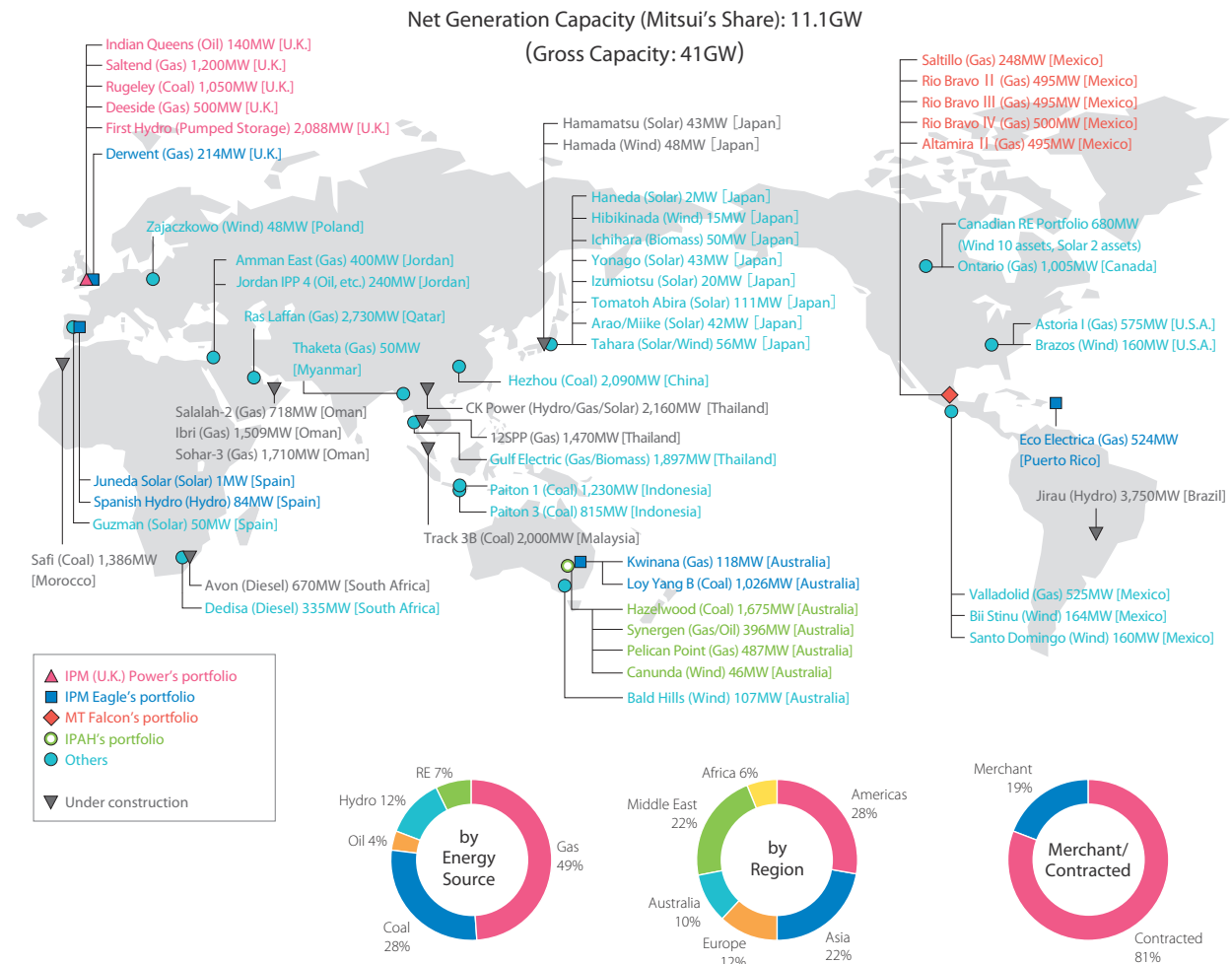
safety, has been positioned as a valuable area in this strategy. As the Western DFC project entails the construction of high-quality infrastructure, the Japanese government is providing yen loans under the Special Terms for Economic Partnership (STEP) on the condition that Japanese technology is used. Accordingly, Japanese-made rail and signaling systems are being installed. Taking advantage of these political measures, Mitsui is focusing its efforts on the development and implementation of projects to establish rail infrastructure overseas.



Section covered by contract

Portfolio of IPP (Independent Power Producer) Business

As of March 31, 2016



» Chemicals Segment

Basic Materials Business Unit

Performance Materials Business Unit

Nutrition & Agriculture Business Unit



As of April 2016, the Chemicals Segment has shifted from a two business unit structure to a three business unit structure, comprising the Basic Materials Business Unit, the Performance Materials Business Unit, and the Nutrition & Agriculture Business Unit. The Nutrition & Agriculture Business Unit will act as a connecting point between the chemicals and food domains in order to contribute to the expansion of food production and address the need for high-value-added food products. To this end, the unit will integrate existing business activities in such areas as agricultural supplies, fertilizers and pesticides, feed additives, food additives, and sugar alcohols, as well as establish a global foundation for the food and nutritional science business.

Business Portfolio

► Leveraging chemistry's cross-business, cross-industry potential to breed new value

VALUE CHAIN RELATING TO FOOD AND AGRICULTURE

- Agricultural chemicals business in Europe and the U.S.
- Phosphorus ore business in Peru and fertilizer businesses both within and outside Japan
- Food and nutrition sciences business

GREEN AND BIOCHEMICAL BUSINESS

Responding to growing market needs for environmentally friendly and sustainable energy

- Manufacture of bio-succinic acid in Canada
- Oleochemical business using palm oil as raw materials in Malaysia and China

PROJECTS BASED ON VARIOUS COMPETITIVE FEEDSTOCK

- Production and sales of methanol in Saudi Arabia and the U.S.
- Salt production business in Australia

OVERSEAS PROJECTS WITH JAPANESE MANUFACTURERS

HOLDING PROPRIETARY TECHNOLOGY

- Production and sales of high-performance polyethylene resin in Singapore
- Production and sales of raw materials for high-performance polycarbonate in Germany

Risks and Opportunities

► Change in industrial structure due to demand-supply structure and higher-value-added products

Due to the shale revolution, the petrochemical industry in North America has regained its competitiveness, and North America is becoming a supply region comparable with the Middle East. Furthermore, as plants become larger and production capacities increase, the commoditization of petrochemical intermediates is accelerating. As a result, securing highly cost-competitive petrochemical intermediates is becoming more important. Moreover, changes are occurring in the trade flow of petrochemicals due to increasing local production and consumption in China and Southeast Asia as well as the progress of structural reforms in Europe, including the elimination and consolidation of mineralization plants.

In the areas of performance and advance materials as well as specialty chemicals, three growth areas are garnering a significant amount of attention against the backdrop of a global macro environment consisting of a higher awareness toward the environment, improved quality of life, and advances in technological innovations. These growth areas are automobiles, where efforts to make vehicles lighter and electric powered such as electric vehicles and fuel cell vehicles, are progressing; consumer products, such as foods, detergents, and personal care products; and the ICT and new industries, which include the liquid-crystal displays of smartphones, in addition to robotics and healthcare.

In the agricultural chemicals and food and nutrition science areas, the need for high-value-added food is increasing significantly with the increase in global food production and an improved awareness towards health, which has led to market expansion.

Strengths

- Solid partnerships with leading global companies, including DuPont, Dow Chemical, and Celanese, as well as major chemical manufacturers in Japan and Asia
- Global sales and distribution network, superior customer base

Updates of Current Medium-term Management Plan

► Commencement of production at the methanol manufacturing business in Texas

Commercial production of methanol commenced in October 2015 at Fairway Methanol LLC, a 50-50 joint venture between Mitsui and the major U.S. chemicals company Celanese Corporation (Celanese). In addition to having access to a stable supply of



The methanol manufacturing business Fairway Methanol LLC in the U.S. (annual production capacity of 1.3 million tons)



Managing Officer,
Chief Operating Officer of
Basic Materials Business Unit
Katsurao Yoshimori



Executive Managing Officer,
Chief Operating Officer of
Performance Materials Business Unit
Taku Morimoto



Managing Officer,
Chief Operating Officer of
Nutrition & Agriculture Business Unit
Kenichi Hori

feedstock gas and securing price competitiveness due to the shale revolution, Fairway Methanol has ensured a superior business position through the utilization of Celanese's existing infrastructure.

Methanol is a key downstream component of the hydrocarbon value chain, which spans from natural gas to chemical products. Methanol is used to meet an extensive range of needs, including those for housing materials, high-performance plastics for automobiles and electronics, and medical supplies. Going forward, demand for methanol is expected to increase steadily. Mitsui aims to build a healthy and stable business portfolio that is less susceptible to the effects of gas price fluctuations. Accordingly, in addition to methanol projects in North America and other regions, Mitsui is continuing to examine the feasibility of an ammonia manufacturing business, which also uses natural gas as a raw material. Through these means, Mitsui will globally expand the range of the hydrocarbon value chain.

► Expansion of the carbon fiber-related business

The carbon fiber-related business covers the two key strategic domains of "mineral resources and materials" and "mobility." In April 2015, Mitsui commenced collaborative research with the Innovative Composite Materials Research and Development Center (ICC) of the Kanazawa Institute of Technology geared toward the mass production of carbon fiber processed goods. Additionally, in February 2016 Mitsui entered into a business partnership and capital investment agreement with Hexagon Composites ASA, a Norwegian manufacturer of composite pressure vessels. Also, in March of the same year, Mitsui entered into another business partnership and capital investment agreement with Hankuk Carbon Co., Ltd., a South Korean composites manufacturer.



Hydrogen refueling station for fuel-cell vehicles

Amid the increasing importance of developing lighter parts and materials to reduce the energy consumption of transportation vehicles, primarily automobiles, the market for lightweight materials such as carbon fiber is expected to rapidly expand going forward. In order to capitalize on the rapid growth of the entire carbon fiber supply chain, Mitsui aims to expand the portfolio of carbon fiber-related businesses.

► Commencement of production of raw materials for petrochemical detergents with the Thairoil Group

Commercial production of linear alkylbenzene (LAB) commenced in February 2016 at LABIX, a joint venture between Mitsui and the Thai Oil Public Company Limited (Thairoil Group).

Demand for LAB, a raw material for petrochemical detergent, is expected to increase steadily in line with the growth in population in Southeast Asia as well as the widespread use of electric washing machines in the region. In order to respond to the growing demand in the region, Mitsui established LABIX with the Thairoil Group. In addition to the stable supply of competitively priced raw materials and the operational know-how of the Thairoil Group, LABIX has secured a superior business position by leveraging the sales networks Mitsui has established in the region.

Mitsui is formulating plans for businesses in Malaysia and China that manufacture and sell natural raw materials for detergents and surfactants derived from palm oil. Mitsui will leverage the strengths of its businesses related to raw materials for natural and petrochemical detergents and command a view over a value chain that extends from raw materials to finished products such as detergents and surfactants. In doing so, Mitsui aims to expand its customer base and develop new businesses going forward.



LABIX's linear alkylbenzene manufacturing business in Thailand
(annual production capacity of 100,000 tons)

Energy Segment

Energy Business Unit I

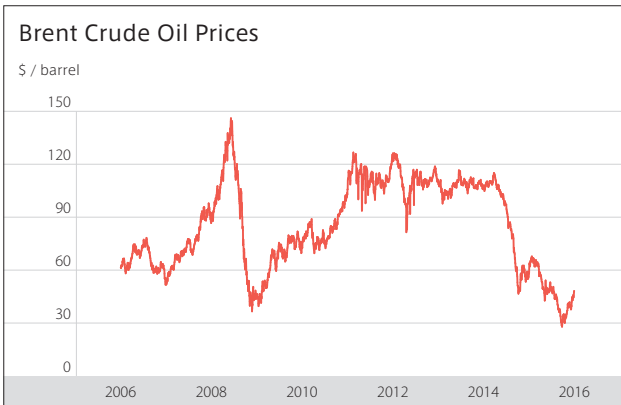
Energy Business Unit II



Managing Officer,
Chief Operating Officer of
Energy Business Unit I
Hiroyuki Tsurugi



Managing Officer,
Chief Operating Officer of
Energy Business Unit II
Hirotsu Fujiwara



Business Portfolio

► Our mission to deliver a stable supply of energy resources

- Exploration, development and production of energy resources including oil and natural gas/LNG (main businesses are shown in the chart below)
- Trading and marketing of oil, natural gas/LNG, petroleum products, coal, uranium, etc.
- Environmental and next-generation energy businesses toward the realization of a low-carbon society

Risks and Opportunities

► Relentless efforts toward sustainable growth under stagnant market conditions

Crude oil price looks set to remain lower for longer while global crude oil production remains high. Meanwhile, global competition to acquire energy resources remains intense, and it is ever more difficult to secure reserves and expand production. Under these conditions, achieving long-term sustainable growth is becoming an increasingly difficult task in the resource development business.

Mitsui's Recoverable Reserves (end of March 2016)

Crude oil (billion barrels)	0.31 (−0.02)
Natural gas (billion barrels of oil equivalent)	0.86 (±0)
Total (billion barrels of oil and oil equivalent)	1.17 (−0.01)

* Figures in parentheses represent comparisons with the previous fiscal year

Main Upstream/Midstream Assets (Natural Gas/LNG/Oil)

As of March 31, 2016

	Exploration					Development			Production
	Bid	Seismic	Processing	Drilling	Valuation	FEED	FID	Development	Production
Natural gas/ LNG project	Australia: 18 permits (MEPAU) New Zealand: 7 blocks (MEPAU) Thailand: Block L10/43, G7/50 (MOECO) Vietnam: Blocks B&48/95, 52/97 ¹ (MOECO) Cambodia: Block A (MOECO) Indonesia: Tuna, West Papua 1 & 3 (MOECO) Myanmar: M3, AD-9, AD-11, MD-5, EP-2, PSC-G, MOGE-3 (MOECO) Brazil: BAR-M215/217/252/254 Norway: PL642 (MOGN) United Kingdom: 22/19e, 22/19c					USA: Marcellus Shale (MEPUSA) ² Eagle Ford Shale (MEPTX) ² Cameron LNG (subsidiary that participated in the planning of the liquefaction business) (MITUSA) Australia: Kipper, Meridian CSG (MEPAU) ² , Browse LNG (JAL-MIMI) Mozambique: Area 1 ¹ (MEPMOZ)			Russia: Sakhalin II LNG (Sakhalin Energy) Australia: NWS LNG (JAL-MIMI), Casino/Henry/Netherby, Meridian CSG (MEPAU) New Zealand: Kupe (MEPAU) Thailand: Blocks 10.11.12.13.10A.11A.G4/48, Block B12/27, Blocks 14A.15A.16A, Blocks B8/32&9A, Block G4/43, G8/50 (MOECO) Indonesia: Tangguh LNG (KG Berau/KG Wiriagar) USA: Marcellus Shale (MEPUSA), Eagle Ford Shale (MEPTX) Qatar: Qatargas 1 LNG (MILNED), Qatargas 3 LNG Oman: NOGJV (MEPME), Oman LNG Abu Dhabi: Abu Dhabi LNG Equatorial Guinea: Equatorial Guinea LNG United Kingdom: Britannia (MEPUK)
Oil project						USA: Eagle Ford Shale (MEPTX) ² Australia: Laverda/Cimatti ¹ Italy: Tempa Rossa (MEPIT)			Russia: Sakhalin II (Sakhalin Energy) Australia: Wanaea Cossack (JAL-MIMI), Enfield, Vincent (MEPAU) Thailand: Blocks 10.11.12.13.10A.11A.G4/48, Blocks 8/32 & 9A, Block G4/43, L11/43 (MOECO) Oman: Blocks 3, 4, 9, 27 (MEPME) USA: Eagle Ford Shale (MEPTX) United Kingdom: Alba, Britannia (MEPUK)

¹ Proved undeveloped ² Partly in production

However, we view this severe business environment as an opportunity to strengthen our portfolio and, as such, are working to establish an even more solid earnings base. In the upstream business, including LNG projects, we are working to improve profitability by promoting proactive initiatives and taking advantage of falling development costs caused by lower commodity prices. We are also promoting the development of undeveloped reserves and acquisition of good quality assets, which will further enhance the resilience of our earnings base to fluctuations in crude oil prices. Continuation of these initiatives over the long term should lead to sustainable reserve replacement, expanded production and reinforced long-term profitability.

In addition to our efforts in the upstream and particularly in LNG, we will bolster our efforts in demand creation, primarily in emerging countries, as well as reinforcing our global logistics structure, thereby enhancing our presence and strengthening our resistance to the impact of market conditions throughout the value chain. In doing so, we will enhance the sustainable value-creating capabilities of our business portfolio. We will also advance our initiatives toward non-fossil fuels to promote the establishment of a next-generation energy portfolio in preparation for the future.

Global energy demand is seen to rise over the long term, primarily in emerging countries. At the same time we are seeing a shift to cleaner energy, and even deviation away from fossil fuel. By assessing the trends in the energy business from a long-term perspective, we are aiming to continue to demonstrate our ability to create value, and to contribute to the sustainable growth of society through stable supply of a variety of energy resources.

Strengths

- High technological capabilities centered on Mitsui Oil Exploration Co., Ltd.
- Comprehensive strengths that enable diverse value creation emanating from resource development
- Over half a century worth of abundant achievements and knowledge, a solid customer base, and business partnerships and network

Updates of Current Medium-term Management Plan

► Progress of major pipeline projects

- Cameron LNG: Construction work steadily progressing with the aim of commencing operations in 2018
- Mozambique LNG: Progress being made with the formulation of development plans and the acquisition of permits and licenses geared toward final investment decision (FID)
- Browse LNG: Decision made to revise development plans
- Tempa Rossa: Aiming to commence production changed to by end of 2017

► Enhancing three key strengths — resources, production and cost competitiveness

Acquisition of interest in Kipper gas field

Mitsui's wholly owned subsidiary Mitsui E&P Australia Pty Ltd. (MEPAU) acquired a 35% interest in the Kipper gas field, located off the coast of Victoria, Australia, from Santos Ltd.

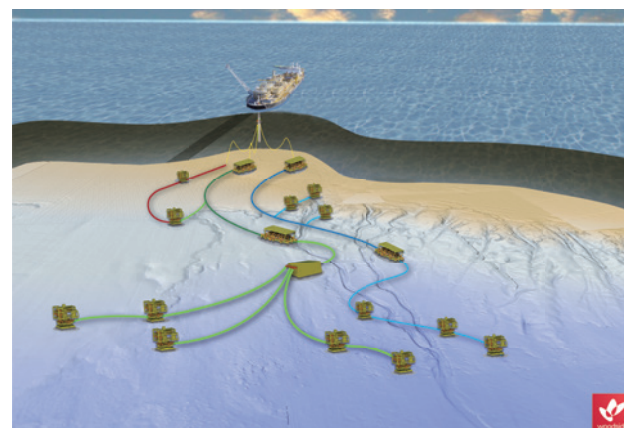
This acquisition was made possible by matching the needs of both companies, MEPAU on one hand, to enhance its local domestic gas business, which it has been pursuing for a long time, and Santos on the other hand, to meet its need to adjust its portfolio. Through the acquisition, MEPAU will strengthen its resistance to the crude oil market and increase its presence in the domestic gas market of Australia. For these reasons, the acquisition is an important stepping stone for MEPAU's endeavor to further expand its businesses.

Final investment decision of Greater Enfield Project

In June this year, MEPAU made a final investment decision to develop a group of undeveloped oil fields that are jointly owned with Australia's Woodside Energy Limited (Woodside) and located in offshore Western Australia. The project will involve total investment of about US\$1.9 billion (of which MEPAU's portion is 40%, or about US\$0.8 billion), mainly towards drilling of production wells and construction of subsea facilities with the aim of starting production of crude oil by around mid-2019.

The oil fields to be developed were found and their reserves added through exploration and appraisal activities over the years, and with the required investment and operating costs driven down by utilizing existing production facilities, the project economics is viewed to have achieved strong downward resilience to crude oil prices.

This investment decision is supported by the expertise accumulated over the years by both Mitsui and MEPAU, as well as the strong partnership with the operator Woodside. The decision will help us achieve our objectives of replacing our reserves and production, and strengthening our capability to stably deliver energy resources while improving our cost competitiveness. We look forward to working together with Woodside in steadily advancing this development forward with due care to safety and the environment.



Greater Enfield Project: Involving a subsea tie-back to the production facility at the Vincent oil field, the Ngujima-Yin Floating Production Storage Offloading vessel. Image courtesy of Woodside

» Lifestyle Segment

Food Business Unit

Food & Retail Management Business Unit

Healthcare & Service Business Unit

Consumer Business Unit



As of April 2016, the Lifestyle Segment has shifted from a three business unit structure to a four business unit structure, comprising the Healthcare & Service Business Unit, the Consumer Business Unit, the Food Business Unit, and the Food & Retail Management Business Unit. The Healthcare & Service Business Unit will accelerate the global expansion of Mitsui's healthcare business and pharmaceutical support business as well as service businesses, including outsourcing business. At the same time, the unit will intensify its efforts to develop businesses in peripheral fields as well as new businesses that leverage IT and data.

Business Portfolio

► Building a food value chain

- Securing and supply of grains, oils and fats, sugars, livestock and marine products, beverage materials, dairy products and other such items worldwide
- Supply of edible oils, refined sugar, compound feed stuffs and other products on a global scale
- Sales of processed foods and alcoholic beverages, etc., for supermarkets, convenience stores, contract food and catering services, and restaurant chains
- Support for Japanese retailers, including convenience stores, in their efforts to achieve global expansion

► Providing consumer services that enrich the world

MEDICAL AND HEALTHCARE

- Hospital business and its ancillary business
- Pharmaceutical manufacturing, and development support business
- Manufacturing and sales of generic pharmaceuticals

SERVICES

- Outsourcing business focusing mainly on contract food services and facility management services
- Healthcare staffing services and educational business

REAL ESTATE

- Development, leasing and property management of office buildings, industrial facilities and residences

HOUSING AND INDUSTRIAL MATERIALS

- Woodchips, pulp and paper products, and lumber businesses, sales of Off Road tires, manufacturing and sales of sanitary ware

FASHION

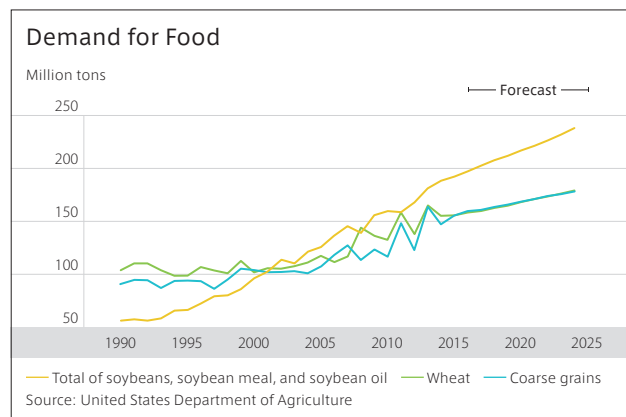
- Brand marketing business for global markets, OEM business for apparel and export of advanced functional materials and textile fabrics

Risks and Opportunities

► Growing need for securing stable supplies of food resources

As the global population and economy grow, the need to secure food resources and stable food supplies is expected to become more pressing due to the widening gap between the supply capabilities of unevenly distributed food-producing regions and

constantly increasing food demand. In addition, the advancement of the Trans-Pacific Partnership (TPP) and other multinational economic partnership agreements is expected to change the structure of trade and industry, and industrialization and structural change in Japan's agriculture are likely to accelerate.



► Acceleration of structural change in consumer markets

In Japan's mature consumer market, consumption is expected to decline at a moderate pace due to a declining birthrate and a population that is contracting and aging. The changes are not only quantitative. For example, there are substantial changes in the quality and contents of services required, such as an emphasis on medical and healthcare services and the pursuit of safety, security and convenience. On the other hand, the consumer markets of emerging countries, mainly in Asia and the Middle East, and of the United States—an incubation center for new business models—are expected to grow in both quantitative and qualitative terms due to population growth, improvements in living standards and changes in lifestyles.

Strengths

- Global origination and sales network for grain and other food resources
- Relationships of trust with a diverse range of excellent partners throughout the value chain in Japan's food markets
- Experience in a wide range of advanced business and service models



Managing Officer,
Chief Operating Officer of
Food Business Unit
Miki Yoshikawa



Managing Officer,
Chief Operating Officer of
Food & Retail Management Business Unit
Shin Hatori



Managing Officer,
Chief Operating Officer of
Healthcare & Service Business Unit
Koji Nagatomi



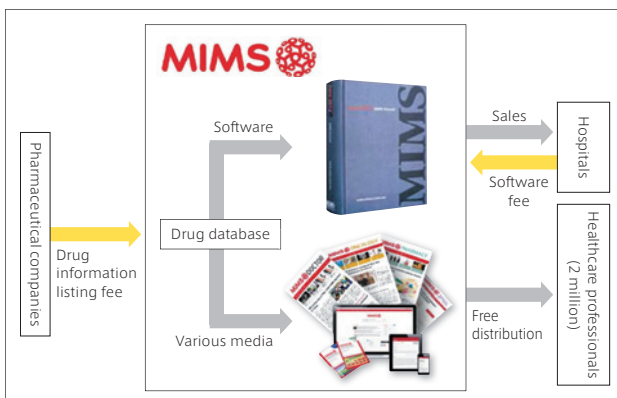
Managing Officer,
Chief Operating Officer of
Consumer Business Unit
Itaru Nishimura

Updates of Current Medium-term Management Plan

► Investment in healthcare information company in Asia and Oceania

In October 2015, Mitsui acquired MIMS Group, a prominent healthcare information company in Asia and Oceania, in collaboration with SMS Co., Ltd. (SMS) [40% investment by Mitsui, US\$100 million]. MIMS Group's name recognition, which derives from its presence in 12 different countries and over 50 years of experience, as well as a membership of approximately 2 million healthcare professionals, serves as the company's foundation. Leveraging this foundation, MIMS Group provides drug information services through various forms of media, including websites, printed publications, and mobile applications.

By combining the know-how SMS possesses in developing and operating information services with our global network of medical-related businesses, we will promote the expansion of existing businesses and the development of new businesses. In doing so, we will contribute to improving the quality and efficiency of healthcare in Asia and Oceania.



Business model of MIMS Group

► Business expansion of industrial facilities development in Asia

In April 2015, Mitsui invested in a subsidiary of the major listed Indonesian real estate company PT. Surya Semesta Internusa Tbk in collaboration with TICON Industrial Connection Public Company Limited, a leading provider of factories and warehouses for lease in Thailand. In July 2015, we established a joint venture

for the rental warehouse and factory development business with Ascendas Pte Ltd. (Singapore), the largest Asian developer, and UEM Group, which belongs to the government of Malaysia's strategic investment fund Khazanah Nasional Berhad. In the logistics facilities development business in China, in which the Company and Mitsubishi Estate Co., Ltd. have jointly invested, we carry out operations at logistics centers in Shanghai and Tianjin, and are moving forward with considerations for facilities in other cities as well. Through such cooperation with our business partners in Asia, we will strategically develop industrial facilities in the region going forward.

► Business expansion of the U.S.-based edible oil products manufacturer by acquisitions

In February 2016, VENTURA FOODS, LLC, a leading U.S.-based edible oil products manufacturer of which Mitsui's consolidated subsidiary WILSEY FOODS, INC. owns 50%, acquired a sauces and condiments business from Wing's Food Products Limited of Canada.

In addition, Ventura Foods acquired a U.S.-based dressings, sauces and mayonnaise business from Cargill, Incorporated in May 2016.

Through these acquisitions, we will enhance our lineup of high-value-added and other products in North America and also expand our networks of customers and manufacturing bases to further improve profitability.



Retail brand products offered by Ventura Foods

» Innovation & Corporate Development Segment

IT & Communication Business Unit

Corporate Development Business Unit



Executive Managing Officer,
Chief Operating Officer of
IT & Communication Business Unit
Nobuaki Kitamori



Executive Managing Officer,
Chief Operating Officer of
Corporate Development Business Unit
Yasuyuki Fujitani

Business Portfolio

▶ ICT business, featuring added value unique to Mitsui

- High-speed Internet infrastructure business in emerging economies
- Operation of service platforms and service business, including marketing
- Broadcasting services and TV shopping business
- IoT
- SI, cyber security, and cloud service business

▶ Expanding into new areas by utilizing financial and logistics expertise to evolve our business

- Asset management, leasing and insurance
- Buyout investment and venture investment
- Commodity derivatives and provision to clients and group companies with hedging tools for price fluctuation risks of commodities
- Logistics center business including warehousing and delivery centers and the establishment and proposal of logistics strategies for clients

Risks and Opportunities

▶ Emerging economies expecting high growth and new business

Emerging economies are showing high growth potential in the ICT business field, particularly in communications infrastructure, where expanded investment is expected, as well as in the service business industry, which has also seen a shift in investment. In addition, such things as high-speed Internet infrastructure and TV shopping, both widespread in developed countries, are growing in emerging economies.

▶ Creating business by capturing ICT innovation and a change in business model

The rapid deployment of smartphones and tablets and the evolution of ICT infrastructure, such as cloud computing, are driving the creation of a variety of new businesses that utilize IoT (Internet of Things) and Big Data. Business environments are changing rapidly, and as a result, there is a need to take swift action as technological innovation, as well as new services and business models, leads the way toward a next-generation society in which advanced ICT services and the real economy are closely linked, as demonstrated by the optimal control of infrastructure.

▶ Expansion of global asset management business

Given the recent trend in which countries around the world are implementing monetary easing initiatives and enhancing their legal frameworks, Mitsui is expanding its real estate asset management business, combining the knowledge of the real estate and finance businesses, in both developed and emerging economies around the world.

▶ Supporting corporate growth through the provision of management know-how and risk capital

Buyout funds and other private equity funds, which provide management know-how and funding, are playing an increasingly important role in supporting corporate growth. Moreover, from the viewpoint of institutional investors looking to diversify investment risk and investment targets, private equity funds are expected to continue to be an attractive asset class.

▶ Continued diversification of global logistics needs due to growth in consumer markets in emerging economies

While logistics to and from Japan are declining, intraregional logistics and logistics infrastructure are expected to expand among emerging countries as their economies and consumer markets grow. Furthermore, due to the diversification of consumer needs, there is a need for value-added logistics services.

Strengths

- Creation of business models that leverage our network of strong domestic and overseas partners
- Development of new business areas that leverage our core ICT subsidiaries and our results in venture investment
- Nurturing of human resources in management, investment, and risk management

Updates of Current Medium-term Management Plan

► Participation in TV shopping business in India

In October 2015, Mitsui completed an additional investment in Naaptol Online Shopping Private Limited (Naaptol), which operates a TV shopping business in India (Mitsui's current share is approximately 25%). Naaptol is a leading comprehensive home shopping business operator in India, which manages 24-hour TV shopping channels, merchandising that leverages advertising networks and e-commerce.

The TV shopping market in India is expected to grow at an annual average rate of 45%, and it will reach ¥500 billion in market size by 2020. In this business environment, we deliver high-quality products to our customers through Naaptol, which supports the operation of multilingual TV shopping and nationwide logistics networks, based on our know-how and expertise in TV shopping businesses in Japan and China.



Program shooting image at Naaptol

► Investment and participation in company that develops and sells IoT data management software

Mitsui has entered into a strategic business partnership with the U.S. company OSIssoft, LLC (OSIssoft), which develops and sells IoT/M2M (Machine to Machine) data management software for industrial customers. Additionally, in March 2016 Mitsui acquired an equity stake in the company. Recently, there is a growing

need for optimized operations that leverage even more sophisticated data analysis and visualization as well as innovations in business models. PI System, a data management infrastructure developed by OSIssoft, has a high level versatility that can centrally manage a vast amount of operational data, working to improve customers' operational efficiency, quality, and safety, as well as support their strategic decision making. PI System has been introduced at over 1,000 electric and utility companies as well as at 95% of major oil and gas companies around the world. Through this strategic business partnership and investment, we will support the expansion of OSIssoft's PI System through its global network of affiliated customers and business partners and will look to develop new IoT solutions that bridge our customers with OSIssoft and various partners.



► Initiatives in domestic buyout fund

In September 2015, Mitsui established the private equity firm MSD Investments Ltd. (MSD Investments) in collaboration with Sumitomo Mitsui Banking Corporation and the Development Bank of Japan Inc. Mitsui invested ¥10 billion in a fund managed by MSD Investments, which has begun operations.

Many companies in Japan today face a challenging economic environment and a wide range of management problems, including intense competition in domestic and overseas markets as well as business succession issues. As a strategic partner with a long-term outlook, MSD Investments will leverage the broad range of networks and business know-how possessed by its three sponsors to realize the self-reliance and sustainability of its portfolio companies. In this way, MSD Investments will assist these companies in advancing to the next phase of growth.

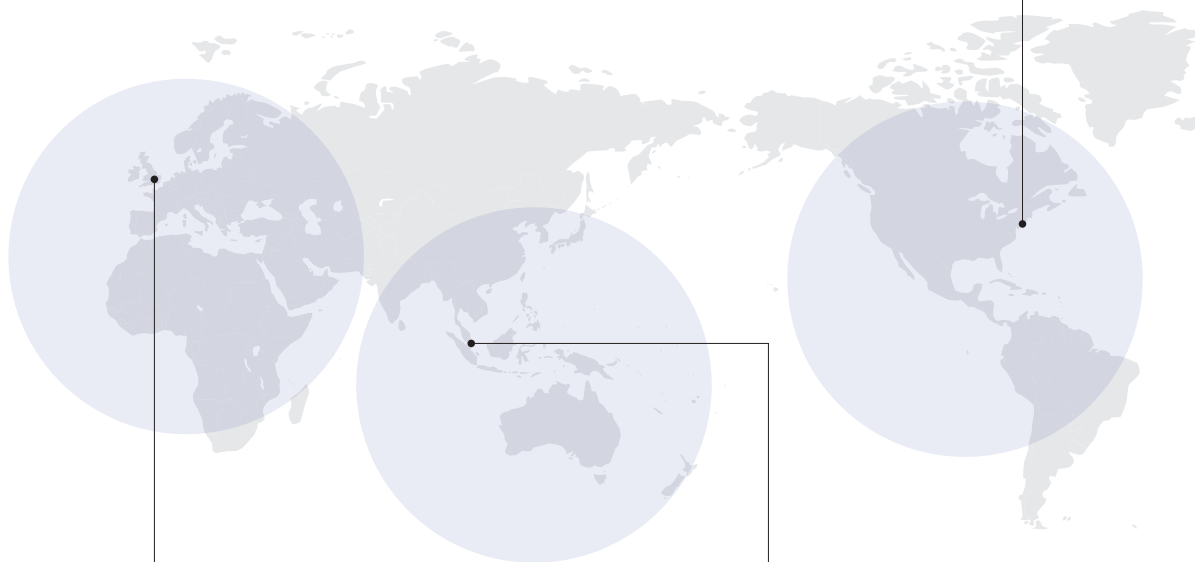
Mitsui will draw upon its expansive network both in Japan and overseas, as well as the business management know-how it has cultivated over the years, to contribute to the growth of the portfolio companies of MSD Investments by supporting their global expansion and improving their management.

Strengths in the Three Overseas Regional Segments



» Americas Segment

- Many years of experience in investing in the United States, an incubation center for new businesses
- Wide range of business activities with deep roots in South and Central America
- Diverse human resources with strong roots in the region



» EMEA (Europe, the Middle East and Africa) Segment

- Fast growing markets such as Turkey, Africa and the Middle East
- Ability to structure projects in new business fields based on relationships with trusted leading local partners established over the years
- Diverse human resources strongly rooted in the local communities that enable us to uncover innovative business activities that engage distinctive regional characteristics, and promptly react to changes in the local business environments



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» Asia Pacific Segment

- Countries and regions where economies are continuing to grow markedly
- Relationships with trusted leading local partners established over the years
- Diverse human resources with strong roots in the region



» Americas Segment

Americas Business Unit



Senior Executive Managing Officer,
Chief Operating Officer of
Americas Business Unit
Yasushi Takahashi

Business Portfolio

Leveraging our extensive expertise in business investment in the U.S., an incubation center for new businesses

METALS BUSINESS AREA

- Streamlining processes at each stage of the value chain in alliances with steelmakers, steel processors, major customers, and recycling companies
- Provision of a full range of processing services of steel products through Steel Technologies LLC (50% shareholding) and other affiliated companies
- Provision of oil and gas well tubular products and other energy-related steel products through Champions Pipe & Supply, Inc. and Cinco Pipe and Supply, Inc.

MACHINERY & INFRASTRUCTURE BUSINESS AREA

- Development and operation of large-scale infrastructure projects and related businesses centered on power generation, water treatment, transportation, and energy and mineral resources mainly in Brazil and Mexico
- Expansion and reinforcement of businesses related to automotive, construction machinery, ships, aerospace, and transportation

CHEMICALS BUSINESS AREA

- Trading of products such as petrochemical products, food and feed additives, chemical fertilizers, pesticides, synthetic resins, and resin additives
- Production and sales of amino acids used in feedstuffs at Novus International, Inc.
- Tank terminal operations at Intercontinental Terminals Company LLC

LIFESTYLE BUSINESS AREA

- Businesses related to food materials and processed food products, medical and healthcare, housing and industrial materials, fashion, services, and real estate
- Grain origination and export business at United Grain Corporation of Oregon
- Single family and multi-family residential development, and senior housing development and operation at MBK Real Estate LLC

OTHERS

- Identifying and forming new projects in the Energy and Innovation & Corporate Development business areas

Risks and Opportunities

► Stable U.S. economy and strong potential in Central and South America

While consumer spending and the employment environment remain solid, the United States continues to support the growth of the global economy. However, the sluggish profits of energy-related companies due to the slump in oil prices and currency depreciation in developing countries have affected the U.S. economy. It is necessary to pay careful attention to these kinds of economic trends. In this setting, Mitsui will pursue further growth by strengthening existing businesses and creating new businesses. On the other hand, the pace of growth in Central and South America is slowing as a result of declining natural resource prices and currency depreciation caused by the pressure of capital outflow from U.S. interest rate hikes. However, with its large-scale economy, Latin America is an attractive market with high growth potential. Going forward, Mitsui will continue to focus on growing business opportunities with an emphasis on infrastructure and service sectors while maintaining a disciplined investment strategy.

Updates of Current Medium-term Management Plan

► Participating in Chilean Atlantic salmon farming, processing, and sales business

Mitsui has acquired 23.4% shares in Salmenes Multiexport S.A. (SM) in October 2015, a subsidiary of the major Chilean salmon farming, processing, and sales company Multiexport Foods S.A. (MF).

Due to an ever-increasing global population and rising standards of living, the demand for fishery products, a source of high-quality animal-based protein, is increasing each year. MF is a major Chilean salmon company that owns integrated production facilities, including everything from farming to processing. In major markets such as the United States, Brazil, and Japan, MF sells smoked salmon, salmon fillets, sliced raw fish (sashimi), and other products. Mitsui has sold MF's products mainly to the Japanese market for approximately 20 years; and through building stronger relationships and investment in SM, Mitsui will further leverage its Group network to expand sales channels to the global market, which is expected to see an increase in salmon demand, while continuing to offer an even more stable market supply. In doing so, we will work to improve SM's business value.



Salmon farm, Multiexport Foods S.A. (Chile)

» EMEA (Europe, the Middle East and Africa) Segment

EMEA (Europe, the Middle East and Africa) Business Unit



Senior Executive Managing Officer,
Chief Operating Officer of EMEA (Europe,
the Middle East and Africa) Business Unit
Atsushi Kume

Business Portfolio

Mitsui & Co. Europe PLC, other subsidiaries and branches, along with the affiliated companies, cooperate with each of the head-quarter business units and regional business units.

METALS BUSINESS AREA

- Sale of oil and gas well casings and line pipes, providing Supply Chain Management services for the energy-related industry, and fabrication and assembly of offshore structures as well as their inspection, repair and maintenance
- Processing and sales of steel products, including automotive and electrical steel sheets in Europe
- Joint venture with a packaging manufacturer, as well as the sale of tin materials, in Africa, Turkey and Turkey's neighboring countries
- The sale of steel materials for transportation infrastructure, such as building and rail materials, with main focus in Middle East and Africa
- Sales and intermediary services for iron and steel raw materials, steel scrap, as well as nonferrous metals and their products

ENERGY BUSINESS AREA

- Development and promotion of energy resources projects including LNG
- Sales and intermediary services involving energy resources

MACHINERY & INFRASTRUCTURE BUSINESS AREA

- Power generation business (thermal, wind and solar power) in Europe, the Middle East and Africa
- Water utility and sewer concession business in Europe
- Offshore-related business (FPSO)
- Port operation business mainly in Africa
- Building and chartering ships, and leasing locomotives, aircraft and aircraft engines

CHEMICALS BUSINESS AREA

- Sales and intermediary services involving chemical products and materials
- Operation of chemical tank terminals in Belgium

LIFESTYLE BUSINESS AREA

- Fashion brand and license businesses aimed at the Japanese and Asian markets
- Medical and healthcare-related businesses including pharmaceutical manufacturing support business
- Global development support for European services centered on the education industry
- Sales and intermediary services involving food and food materials

Risks and Opportunities

► A wide range of business opportunities in Europe, the Middle East and Africa

While Europe was faced with a debt crisis a few years ago, the European economy has continued to recover modestly, benefiting from the low price of crude oil, the depreciation of the euro, and the quantitative easing policy by the European Central Bank. In the Middle East, in the midst of growing concern about the influence of oil prices, which have been declining since 2014, and heightened geopolitical risk, the region is faced with an increasing need to develop public infrastructure and new industrial foundations through utilization of energy resources and the development of human resources, who will be expected to support the region going forward. In Africa, although the region's economic foundation remains weak, the continent has been attracting considerable attention as the last frontier for the development of the abundant resources that could support future growth and the development of infrastructure. The aim is to capitalize on those resources and the rising demand for food, which is led by the growing population in Africa.

Updates of Current Medium-term Management Plan

► Promoting the second phase (expansion) at ITC Rubis Terminal Antwerp S.A., a tank terminal operator in Belgium

The port of Antwerp is the second largest port in Europe after Rotterdam and boasts the largest cluster of petrochemical industry for the region. Europe is anticipating a solid demand for chemicals as well as an increase in chemical imports, from such regions as the Middle East and North America, and demand related to bio-fuel. In addition, higher liquid chemical distribution is expected in Antwerp following active port development and activities to attract chemical businesses spearheaded by the Belgian government. Accordingly, the need for tank terminals is expected to rapidly increase going forward.

Mitsui has been involved in the operations at ITC Rubis since 2008, leveraging the know-how of its U.S. subsidiary Intercontinental Terminals Company LLC, which possesses a proven track record in tank terminal operations that spans over 44 years. Since commencing full operations of the first phase of the terminal in the second half of 2012, ITC Rubis has been steadily contributing to earnings. We are now moving forward with the second phase, carrying out construction to expand the terminal. In January 2016, we commenced services of a facility that can directly transload from vessel to freight car, a first of its kind at the port. At the same time, we are advancing the expansion of landing bridges and tank facilities, with operations being phased in gradually, beginning in October. Through these efforts, we aim to further expand earnings by capturing the growing demand in the region in a way that meets the needs of our customers.



ITC Rubis Terminal

» Asia Pacific Segment

Asia Pacific Business Unit



Senior Executive Managing Officer,
Chief Operating Officer of
Asia Pacific Business Unit
Satoshi Tanaka

Business Portfolio

In the Asia Pacific Segment, trading subsidiaries including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Thailand) Ltd. and Mitsui & Co. (Australia) Ltd., subsidiaries and associated companies jointly collaborate with other business units and regional business units.

ASEAN REGION

- Engaging in various businesses involving chemical products, steel and metal products, industrial projects and foods
- Supplying tap water under long-term water supply agreements with local public water utilities in Thailand

SOUTHWEST ASIA

- Import- and export-related transactions
- Various manufacturing and sales operations in India with Indian companies, and pursuing opportunities for investment in infrastructure including logistics infrastructure in India

OCEANIA

- Development of mineral resources such as iron ore and coal
- Energy business including wind power generation
- Export sales of agricultural crops including wheat

Risks and Opportunities

► Continued stable growth in Asia centered on local demand

Due to the sluggish Chinese economy and delayed economic recoveries in developed nations, exports are generally flat. Nevertheless, many countries are dependent on imports of energy resources, and lower resource prices have a positive influence on domestic demand in these countries. India, Indonesia, Myanmar, and other emerging Asian economies are strategic regions for Mitsui. In the short term, we need to be cautious about the risk that a rise in U.S. interest rates could lead to capital outflow. However, over the medium to long term, we anticipate solid growth, centered on domestic demand. We also expect growth in opportunities for investment, such as in consumer goods related to lifestyle products as well as infrastructure.

Updates of Current Medium-term Management Plan

► Investment in Indian drug and medical supplies wholesaler

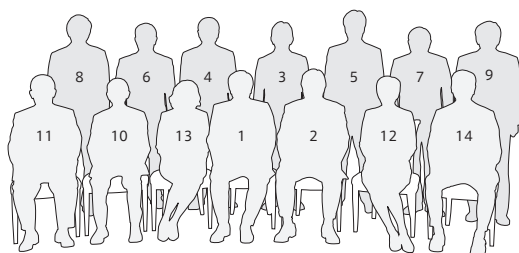
In August 2015, Mitsui acquired 20% of shares in Keimed Private Limited (Keimed), a major drug and medical supplies wholesaler based in India, from the founding family of the Apollo Group, an operator of the largest hospital chain in the region. Keimed currently deals with around 20,000 kinds of pharmaceuticals from approximately 200 different drug manufacturers, thus realizing a vast product lineup. The size of the drug and medical supplies market in India is expected to expand further due to such factors as an expanding middle class arising from the country's economic development as well as the establishment of medical infrastructure, including health insurance systems and medical institutions. By leveraging our global network, we will procure a wide range of cutting-edge drugs and medical supplies from around the world, including Japan, and provide them to medical institutions in India through Keimed, thereby contributing to the improvement of medical technology in the region. In addition, we will support the further expansion of Keimed's business by providing the company with know-how in effective logistics operations, which we have cultivated over many years.



Keimed's drug and medical supplies distribution center (India)

Board of Directors and Independent Directors

As of June 21, 2016



- 1 Masami Iijima 2 Tatsuo Yasunaga 3 Shintaro Ambe 4 Motomu Takahashi
5 Hiroyuki Kato 6 Yoshihiro Hombo 7 Makoto Suzuki 8 Keigo Matsubara 9 Shinsuke Fujii
10 Ikujiro Nonaka 11 Toshiro Muto 12 Izumi Kobayashi 13 Jenifer Rogers 14 Hirotaka Takeuchi

Directors Years as a Director / Number of Mitsui shares held

Masami Iijima 8 years / 81,172 shares

Representative Director,
Chairman of the Board of Directors
1974 Joined Mitsui & Co., Ltd.
2015 Representative Director, Chairman of the
Board of Directors (current position)

Tatsuo Yasunaga 1 year / 21,441 shares

Representative Director,
President and Chief Executive Officer
1983 Joined Mitsui & Co., Ltd.
2015 Representative Director, President and Chief
Executive Officer (current position)

Shintaro Ambe 4 years / 29,466 shares

Representative Director, Executive Vice President
1977 Joined Mitsui & Co., Ltd.
2014 Representative Director, Executive Vice
President (current position)

Motomu Takahashi New / 42,258 shares

Representative Director, Executive Vice President
1977 Joined Mitsui & Co., Ltd.
2016 Representative Director, Executive Vice
President (current position)

Hiroyuki Kato 2 years / 33,027 shares

Representative Director,
Executive Vice President
Chief Information Officer (CIO),
Chief Privacy Officer (CPO)
1979 Joined Mitsui & Co., Ltd.
2016 Representative Director, Executive Vice President,
CIO, CPO (current position)

Yoshihiro Hombo 2 years / 25,112 shares

Representative Director,
Senior Executive Managing Officer
1979 Joined Mitsui & Co., Ltd.
2014 Representative Director, Senior Executive
Managing Officer (current position)

Makoto Suzuki 1 year / 44,605 shares

Representative Director,
Senior Executive Managing Officer
Chief Compliance Officer (CCO)
1981 Joined Mitsui & Co., Ltd.
2015 Representative Director, Senior Executive
Managing Officer, Chief Compliance Officer (cur-
rent position)

Keigo Matsubara 1 year / 11,531 shares

Representative Director, Executive Managing Officer
Chief Financial Officer (CFO)
1979 Joined Mitsui & Co., Ltd.
2015 Representative Director, Executive Managing
Officer, Chief Financial Officer (current position)

Shinsuke Fujii New / 12,186 shares

Representative Director, Executive Managing Officer
1981 Joined Mitsui & Co., Ltd.
2016 Representative Director, Executive Managing
Officer (current position)

Independent Directors Years as a Director / Number of Mitsui shares held

Ikujiro Nonaka 9 years / 19,594 shares

External Director
1958 Joined Fuji Electric Co., Ltd.
1977 Professor, Management Faculty, Nanzan University
1979 Professor, National Defense Academy of Japan
1982 Professor, Institute of Business Research, Hitotsubashi University
1995 Professor, Graduate School of Knowledge Science, JAIST
1997 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of
Business, University of California, Berkeley
2000 Professor, Graduate School of International Corporate Strategy,
Hitotsubashi University
2006 Professor Emeritus, Hitotsubashi University (current position)
2007 First Distinguished Drucker Scholar in Residence,
Drucker School of Claremont Graduate University (current position)
External Director, Mitsui & Co., Ltd. (current position)
2012 Specially Appointed Professor, Waseda University (current position)

Toshiro Muto 6 years / 9,966 shares

External Director
1966 Entered the Ministry of Finance
1999 Director-General of the Budget Bureau, Ministry of Finance
2000 Administrative Vice Minister, Ministry of Finance
2003 Special Advisor, Ministry of Finance
Deputy Governor, Bank of Japan
2008 Chairman, Daiwa Institute of Research Ltd. (current position)
2009 Director, Principal, The Kaisei Academy
2010 External Director, Mitsui & Co., Ltd. (current position)

Izumi Kobayashi 2 years / 1,337 shares

External Director
1981 Joined Mitsubishi Chemical Industries, Ltd.
(currently Mitsubishi Chemical Corporation)
1985 Joined Merrill Lynch Futures Japan Inc.
2001 President, Merrill Lynch Japan Securities Co., Ltd.
2002 External Director, Osaka Securities Exchange Co., Ltd.
2007 Vice Chairperson, Japan Association of Corporate Executives
2008 Executive Vice President, Multilateral Investment Guarantee Agency,
World Bank Group
2014 External Director, Mitsui & Co., Ltd. (current position)
2015 Vice Chairperson, Japan Association of Corporate Executives
(current position)

Jenifer Rogers 1 year / 1,046 shares

External Director
1989 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
1990 Registered as Attorney at Law, admitted in New York
1991 Joined Industrial Bank of Japan Limited, New York Branch
(currently Mizuho Bank)
1994 Joined Merrill Lynch Japan Securities Co., Ltd.
2000 Merrill Lynch Europe Plc
2006 Bank of America Merrill Lynch (Hong Kong)
2012 General Counsel Asia, NEW Asurion Asia Pacific Japan LLC (current position)
2015 External Director, Mitsui & Co., Ltd. (current position)

Hiroataka Takeuchi New / 0 shares

External Director
1969 Joined McCann-Erickson Hakuhodo Co., Ltd.
1976 Lecturer, Harvard Business School
1977 Associate Professor, Harvard Business School
1983 Associate Professor, Hitotsubashi University - Faculty of
Commerce and Management
1987 Professor, Hitotsubashi University - Faculty of Commerce and Management
1998 Dean of The Graduate School of International Corporate Strategy,
Hitotsubashi University
2010 Professor Emeritus, Hitotsubashi University (current position)
Professor, Harvard Business School (current position)
2016 External Director, Mitsui & Co., Ltd. (current position)

Full-time and Independent Audit & Supervisory Board Members

As of June 21, 2016



Audit & Supervisory Board Members Years as an Audit & Supervisory Board Member / Number of Mitsui shares held

Joji Okada 1 year / 42,889 shares

Full-time Audit & Supervisory Board Member

1974 Joined Mitsui & Co., Ltd.

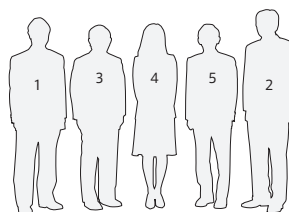
2015 Full-time Audit & Supervisory Board Member
(current position)

Takashi Yamauchi 1 year / 47,185 shares

Full-time Audit & Supervisory Board Member

1976 Joined Mitsui & Co., Ltd.

2015 Full-time Audit & Supervisory Board Member
(current position)



- 1 Joji Okada
- 2 Takashi Yamauchi
- 3 Hiroyasu Watanabe
- 4 Haruka Matsuyama
- 5 Hiroshi Ozu

Independent Audit & Supervisory Board Members Years as an Audit & Supervisory Board Member / Number of Mitsui shares held

Hiroyasu Watanabe 7 years / 4,504 shares

External Audit & Supervisory Board Member

1969 Entered the Ministry of Finance

1997 Director-General, Tokyo Taxation Bureau, National Tax Agency

1998 Director-General, Customs and Tariff Bureau, Ministry of Finance

2000 President, Policy Research Institute, Ministry of Finance

2002 Commissioner, National Tax Agency

2004 Professor, Graduate School of Finance, Accounting and Law, Waseda University

2009 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Haruka Matsuyama 2 years / 69 shares

External Audit & Supervisory Board Member

1995 Appointed assistant judge at Tokyo District Court

2000 Registered as Attorney at Law, joined Hibiya Park Law Offices

2002 Partner of Hibiya Park Law Offices (current position)

2014 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Hiroshi Ozu 1 year / 308 shares

External Audit & Supervisory Board Member

1974 Appointment as Public Prosecutor

2007 Vice Minister of Justice

2012 Attorney General

2014 Registered as Attorney at Law

2015 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Managing Officers

As of June 21, 2016

Managing Officers

* Serves concurrently as Director

President

Tatsuo Yasunaga*

President and Chief Executive Officer;
Chairman, Internal Controls Committee; Head of Crisis Management Headquarters

Executive Vice Presidents

Shintaro Ambe*

Executive Vice President; Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit; Energy Business Unit I; Energy Business Unit II; Chairman, Power & Energy Strategy Committee

Motomu Takahashi*

Executive Vice President; Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Healthcare & Service Business Unit; Consumer Business Unit

Hiroyuki Kato*

Executive Vice President; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Information Technology Promotion Division, Regional Business Promotion Division, Corporate Communications Division, Environmental - Social Contribution Division, Business Supporting Unit (Each Planning & Administrative Division)), Domestic Offices and Branches; Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee

Senior Executive Managing Officers

Yoshihiro Hombo*

Senior Executive Managing Officer; Basic Materials Business Unit; Performance Materials Business Unit; Nutrition & Agriculture Business Unit; Food Business Unit; Food & Retail Management Business Unit

Makoto Suzuki*

Senior Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Audit & Supervisory Board Member Division, Human Resources & General Affairs Division, Legal Division, Trade & Logistics Control Division, Corporate Logistics Development Division, New Head Office Building Development Department); Business Continuity Management; New Headquarter Project; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Response Division

Atsushi Kume

Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit

Satoshi Tanaka

Senior Executive Managing Officer; Chief Operating Officer of Asia Pacific Business Unit

Takeshi Kanamori

Senior Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in China

Yasushi Takahashi

Senior Executive Managing Officer; Chief Operating Officer, Americas Business Unit

Executive Managing Officers

Keigo Matsubara*

Executive Managing Officer; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III, IV)); Chairman, Disclosure Committee; Chairman, J-SOX Committee

Shinsuke Fujii*

Executive Managing Officer; IT & Communication Business Unit; Corporate Development Business Unit; Chairman, Portfolio Management Committee

Katsunori Aikyo

Executive Managing Officer; General Manager of Nagoya Office

Toru Suzuki

Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd.

Yasushi Yoshikai

Executive Managing Officer; General Manager of Investment Administrative Division

Yasuyuki Fujitani

Executive Managing Officer; Chief Operating Officer of Corporate Development Business Unit

Taku Morimoto

Executive Managing Officer; Chief Operating Officer of Performance Materials Business Unit

Nobuaki Kitamori

Executive Managing Officer; Chief Operating Officer of IT & Communication Business Unit

Motoo Ono

Executive Managing Officer; General Manager of Human Resources & General Affairs Division

Yukio Takebe

Executive Managing Officer; Chairman & Managing Director of Mitsui & Co. (Australia) Ltd.

Shinsuke Kitagawa

Executive Managing Officer; General Manager of Osaka Office

Managing Officers

Shingo Sato

Managing Officers; President of Mitsui & Co. (Thailand) Ltd.

Noboru Katsu

Managing Officers; Chief Operating Officer of Iron & Steel Products Business Unit

Katsurao Yoshimori

Managing Officers; Chief Operating Officer of Basic Materials Business Unit

Osamu Toriumi

Managing Officers; General Manager of Legal Division

Takakazu Uchida

Managing Officers; General Manager of Finance Division

Hikomichi Yagi

Managing Officers; Chief Operating Officer of Integrated Transportation Systems Business Unit

Shinichiro Omachi

Managing Officers; Chief Operating Officer of Mineral & Metal Resources Business Unit

Hiroyuki Tsurugi

Managing Officers; Chief Operating Officer of Energy Business Unit I

Hirotsu Fujiwara

Managing Officers; Chief Operating Officer of Energy Business Unit II

Kenichi Hori

Managing Officers; Chief Operating Officer of Nutrition & Agriculture Business Unit

Itaru Nishimura

Managing Officers; Chief Operating Officer of Consumer Business Unit

Masazumi Takahashi

Managing Officers; General Manager of Internal Auditing Division

Shin Hatori

Managing Officers; Chief Operating Officer of Food & Retail Management Business Unit

Shinji Tsuchiya

Managing Officers; President of Mitsui & Co. (Brasil) S.A.

Hiroshi Meguro

Managing Officers; Chief Representative of Mitsui & Co., Ltd. in CIS; General Director of Mitsui & Co. Moscow LLC

Kimiro Shiotani

Managing Officers; Global Controller

Miki Yoshikawa

Managing Officers; Chief Operating Officer of Food Business Unit

Yoshio Kometani

Managing Officers; Chief Operating Officer of Infrastructure Projects Business Unit

Toshiaki Maruoka

Managing Officers; President of Mitsui & Co. (Canada) Ltd.

Motoaki Uno

Managing Officers; President & Chief Executive Officer of P.T. Mitsui Indonesia

Koji Nagatomi

Managing Officers; Chief Operating Officer of Healthcare & Service Business Unit

Kohei Takata

Managing Officers; General Manager of Planning & Administrative Division (Food & Services)

Sayu Ueno

Managing Officers; General Manager of Corporate Planning & Strategy Division

Yumi Yamaguchi

Managing Officers; President & CEO, Mitsui Global Strategic Studies Institute

In Pursuit of Corporate Governance Befitting of Mitsui



Chairman of the Board
Masami Iijima



External Director
Izumi Kobayashi



External Director
Jenifer Rogers

One year has passed since Japan's Corporate Governance Code came into effect. During this time, the Company has reinforced its efforts to maintain and enhance an effective corporate governance structure that is "befitting of Mitsui."

This special corporate governance section features a discussion between Masami Iijima, Mitsui's Chairman of the Board who also serves as Chairman of the Governance Committee, Izumi Kobayashi and Jenifer Rogers, both External Directors and Governance Committee members.

Ongoing Initiatives to Strengthen Corporate Governance

Iijima: Rather than merely meeting external standards, I think the most important element in ensuring robust corporate governance is to enhance the Board of Directors' business execution auditing and supervisory functions, in collaboration with the external directors and the Audit & Supervisory Board Members. Mitsui has been implementing a string of initiatives and refinements since as far back as 2003 to support this, for example, by appointing external directors and voluntarily placing advisory bodies to the Board. Ms. Rogers joined us as a new external director in June 2015, raising our total number of external directors to five, accounting for over one-third of all directors. Also in 2015, we introduced meetings specifically for external directors, enabling them to freely discuss issues and exchange opinions, drawing on their diverse backgrounds and perspectives. These meetings are another way to ensure that the ideas and opinions of our external directors are effectively incorporated into our deliberations.

Other revisions to the composition of our advisory boards support effective governance. For the three advisory committees to the Board—namely, the Governance Committee, the Nomination Committee, and the Remuneration Committee—an external director always serves as the chair if internal directors comprise the majority of a committee. We also ensure that external directors make up over half of the committee in cases where the committee chair is an internal director. For deliberations at board meetings, while rules state that an agenda item is carried if over half of the Board votes affirmatively, there are instances where we reopen deliberations if there are objections from external directors. I think this is good evidence that we value the opinions of our external officers and want to help them fulfill their responsibilities.

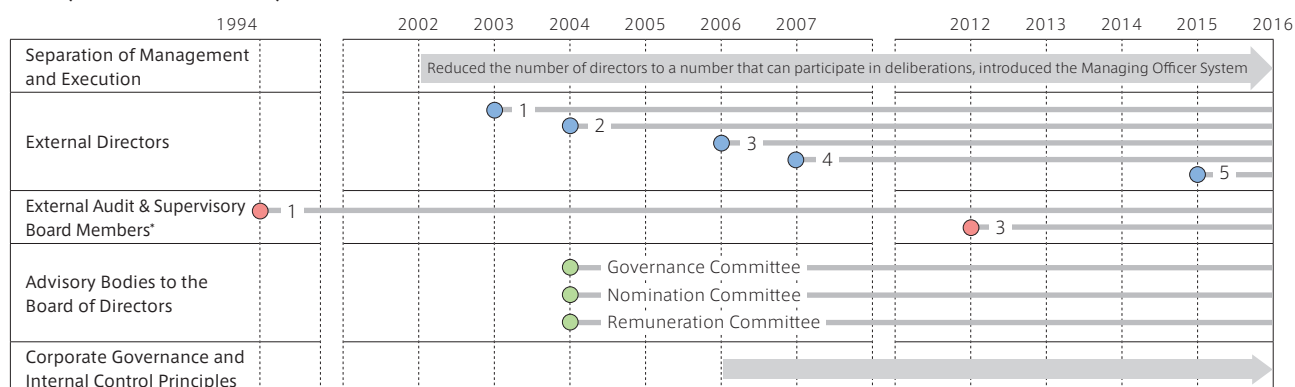
We are constantly aware of the need to maintain effective corporate governance, and this is underpinned by our Audit & Supervisory Board.

In March 2016, we surveyed all directors and Audit & Supervisory Board Members regarding the organization and management of the Board and individual job responsibilities. The outcome of this survey was evaluated by the Board of Directors after discussion at the Governance Committee. Nearly all directors and Audit & Supervisory Board Members were satisfied with the exercise of management auditing functions, and I think this is a useful reflection of the progress we have made in corporate governance, particularly during 2015.

Rogers: General trading companies have a fairly complex business structure, so external directors need to understand a wide range of information. In the year since my appointment I have received very useful explanations from the secretariat of the Board of Directors from both a qualitative and quantitative perspective. I have deliberated closely with the Board, working hard to grasp the market environment facing each business and constantly considering how best to ensure effective management supervision of Mitsui. I have also found a lot of value in exchanging opinions with managers of other companies, and referencing these opinions to consider the state of and way forward for corporate governance at Mitsui.

Iijima: As Ms. Rogers noted, Mitsui is extremely diverse in its business sectors and global footprint. This means that our external directors have to be able to offer a particularly broad perspective. The combined experience and expertise of Ms. Rogers and our other external directors has allowed our internal directors to consider matters in ways that they simply could not have done on their own.

History of the Governance System



* The number of External Audit & Supervisory Board Members (number appointed / upper limit according to the Articles of Incorporation), was temporarily 4/7 and subsequently 3/5.

The Role of External Directors Amid a Changing Business Environment

Kobayashi: With the introduction of Japan's Corporate Governance Code, the opinions of external directors have an even greater influence on a company's management. More importantly perhaps, the responsibilities of external directors have also increased, as they now have to consider matters from a wider perspective when offering their opinions. Accordingly, I think we are seeing a heightened sense of creative tension and responsibility among external directors. In fact, it goes even further than that, because with the introduction of the Stewardship Code there is renewed consideration being given to what a corporation should be and how it should behave—consideration that goes well beyond quantitative information disclosure such as earnings and ROE.

I agree with Mr. Iijima that the recently established external director meetings have been an excellent initiative. These meetings allow us to share our views on various management issues, and also to understand the perspectives of the Audit & Supervisory Board Members and independent auditors. I find this particularly useful.

Iijima: Communication with the Audit & Supervisory Board Members, independent auditors, and the Internal Auditing Division helps our external directors better understand the Company's business. We introduced this communication opportunity in response to comments we received when evaluating the Board's effectiveness. The external directors have also expressed their desire to contribute more actively to business planning. Looking ahead, I would like to reflect the opinions of the external directors in the formulation process for our next medium-term management plan, as well as our next 10-year long-term management vision.

Rogers: With my background as an attorney and also as a foreigner, I believe there are many things expected of me by the Company's shareholders and employees. As an American, I was brought up in a culture where debating issues openly and rigorously is commonplace. As such, I take this approach at Board meetings and ask questions from every angle, which I think differs from the way issues are typically deliberated in Japanese culture. I think Board meetings should be a forum for directors to exchange information and opinions from both a qualitative and quantitative perspective, drawing out the diverse perspectives of external directors and incorporating those ideas into the Company's management.

Kobayashi: It's not only the environment for corporate governance that is changing—the corporate business models are also drastically changing as digitization continues to advance around the world. When we talk about innovation, we tend to focus on technology itself. However, I believe that so-called soft capabilities that work to effectively utilize innovative technology in industries and markets are also important. As Mitsui without a doubt has core strengths in these capabilities, I believe that opportunities for the Company to create significant value will increase as we go forward. In formulating our long-term management vision, it is vital that we are quick to recognize changes in market trends and customer needs, as well as changes in the criteria investors use to evaluate us as a company. I would also like an opportunity for the external directors to get involved in research and discussion on future market trends and business model scenarios, as such, we as external directors will suggest useful business themes and new perspectives.

Iijima: That's a good point. With Japan changing drastically, Mitsui also has to change. For the Board of Directors to function in the best way possible, we must embody the concept of Challenge & Innovation, which, like the concepts of People First and Open-Mindedness, is a component of our management philosophy. That includes making the best possible use of our external directors' skills and experience. Going forward, I would like to facilitate open-minded communication that leverages the system of eight external officers, including Audit & Supervisory Board Members, to its full potential. By pooling together our cumulative knowledge through this kind of communication, we will be able to enhance our discussions on strategic direction and reflect the opinions of the external officers within our business plans and long-term management vision.

Making Mitsui Stronger through Communication and Effective Corporate Governance

Rogers: Although Mitsui has a relatively high number of external directors compared with other Japanese companies, there needs to be an appropriate balance on the board because internal directors have a deep understanding of the Company's complex business structure. Mitsui offers external directors a substantial amount of information on individual projects that helps us to understand specific strategies and project backgrounds, which in turn enhances the quality of our discussions. However, I would like to see the Company provide opportunities for us to give our opinion from a broader perspective regarding the future market environment, business portfolios and other such matters. This will make our discussions much more significant and relevant to the Company's management.

Iijima: Perhaps one way to achieve that is to avoid being constrained by the board meeting. I would like to increase opportunities for two-way communication between external directors and managing officers and employees, particularly in discussions on business strategy. Increasing the amount of time we have to directly exchange opinions is not only useful for our on-site business execution, it also allows us to hear the valuable opinions of the external directors concerning the selection of managing officers and employees to the managerial ranks and decisions on a suitable candidate to take over the CEO position.

Kobayashi: I too would like to see more opportunities for two-way communication. As an external director, I would like to gain a closer understanding of the Company's on-site operations, so I can get more of a feel for the Company's approach at the business frontline. I would also like to enhance the quality of discussions at the director level, which is one way to meet the expectations of the Company's shareholders and other stakeholders.

Iijima: Corporate governance is something that evolves with the times and with changes in the business environment. As I stated before, corporate governance is meaningless if a company implements it in form only. I hope we continue to incorporate the proposals of our directors and Audit & Supervisory Board Members, including the remarks made here by Ms. Kobayashi and Ms. Rogers. I think that part of our corporate evolution is to pursue a corporate governance structure that is effective and truly reflects who we are as a company.

From a business perspective, it would be naive of us to believe that we can survive and prosper within our current frameworks. We have to constantly develop our business to realize a strong, attractive Mitsui that can succeed in any era. However, as we are unable to change our business overnight, the long-term support of our shareholders is essential. If we want to continue being worthy of this support, it is important for us to enhance our dialogue with all our stakeholders—particularly shareholders and other investors—and ensure widespread understanding of our strategy and potential. I firmly believe Mitsui has a very bright future, and I hope our stakeholders maintain a keen level of interest and anticipation.

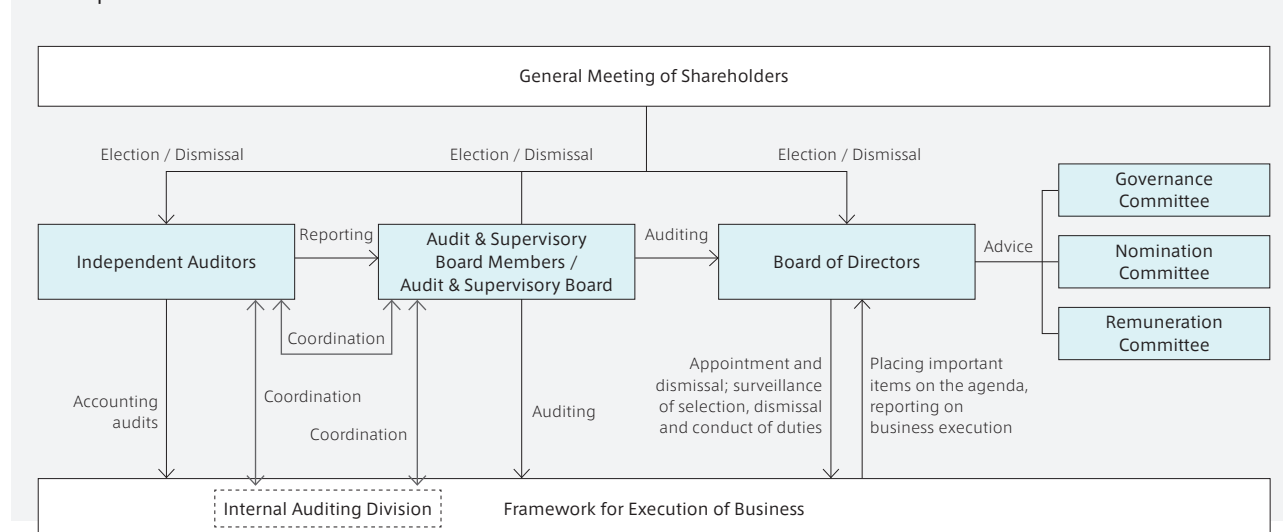


Conditions of Corporate Governance

Corporate Governance System

Organizational Format	Company with Audit & Supervisory Board
Number of Directors	14 (of whom 5 are external Directors) / Term: 1 year
Number of Audit & Supervisory Board Members	5 (of whom 3 are external Audit & Supervisory Board Members) / Term: 4 years
Ratio of External Directors	35.7%
Ratio of Female Directors / Audit & Supervisory Board Members	15.8%
Organization Supporting Decision Making of Board of Directors	Governance Committee, Nomination Committee, Remuneration Committee
Independent Auditor	Deloitte Touche Tohmatsu LLC / Term: 1 year
Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles	http://www.mitsui.com/jp/en/company/outline/governance/system/
Corporate Governance Report	http://www.mitsui.com/jp/en/company/outline/governance/outlook/
Meetings of the Board of Directors (FY2016)	16 meetings (including 1 extraordinary meeting)
Meetings of the Audit & Supervisory Board (FY2016)	18 meetings

The Corporate Governance Framework



BOARD OF DIRECTORS

The Board of Directors is the highest management monitoring body at Mitsui. Each Director, as a member of the Board of Directors, oversees the execution of duties of the Representative Directors, Directors, and Managing Officers, who are responsible to run the business of Mitsui.

To achieve the prioritized value of "clarification of the division of roles between management oversight and execution" and ensure the supervisory functions of its Board of Directors, Mitsui introduced the Managing Officer System in April 2002 and transferred significant authority for the execution of business to the Managing Officers. Mitsui appoints no more than the number of directors necessary to enable effective deliberations. From the perspective of promoting the division of management supervision and execution roles, the Company prioritizes the appointment of external directors when it increases the number of Board members.

At Board of Directors' meetings, matters that are deliberated or reported on abide by the Company's internal regulations. In addition to matters concerning fundamental policies related to management, important business execution and matters authorized by resolutions of the General Meeting of Shareholders, Mitsui passes resolutions on matters determined by law and company statute. We also receive reports regarding matters determined by law and the status of important business operations.

Regular meetings of the Board of Directors are held once every month in principle and extraordinary meetings are held from time to time at any time if deemed necessary.

► Appointment of Directors

Mitsui selects candidates for positions of director giving consideration to the following appointment standard for directors. Selection of candidates for positions of director is conducted after confirmation is obtained from the Nomination Committee that the necessary requirements based on the selection processes and the appointment standard for directors established by the Nomination Committee are fulfilled.

- Person with excellent overall character who possesses qualities valuable for the management of Mitsui
- Person possessing both strong leadership skills and high moral caliber and with law-abiding spirit and a strong intention to contribute to public interest
- Person with no health concerns for the execution of duties
- Person possessing capability for smooth performance as a director of "decision making related to the execution of operations of the company" and "oversight of the execution of duties by directors" to be conducted by the Board of Directors
- Person excelling in capability, forecast and insight to make best judgments for the Company strictly in compliance with duty of care of a good manager and duty of loyalty expected of a director and in accordance with the "business judgment rule"

► Policy on Training for Directors

Upon assumption, opportunities are given to directors for gaining full understanding of the business, financial affairs, organization, etc. of the company, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfill their duties including the role expected of directors which is mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

► Evaluation of Effectiveness of the Board of Directors

Each year the Board of Directors analyzes and evaluates its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each Director, and discloses a summary of the results.

In the year ended March 31, 2016, the opinions of all Directors and Audit & Supervisory Board Members were sought in regard to the composition and operational status of the Board of Directors, their individual responsibilities, etc. After discussions were held by the Governance Committee, the effectiveness of the Board of Directors was evaluated by the Board of Directors based on these opinions. Below is a summary of this evaluation.

- The Board of Directors has a wealth of diversity and has prepared a structure to secure effective management oversight.
- Each Director and Audit & Supervisory Board Member, upon understanding the Board of Directors' duty to carry out oversight and auditing of the management, is fulfilling their responsibilities as a Director or Audit & Supervisory Board Member based on their individual expertise from an objective standpoint separate from business execution.
- The Board of Directors is, in regard to the management's decision making, fully performing its management oversight function by identifying problems as necessary after considering risks from multiple angles, and earnestly responding to beneficial comments/suggestions from the external Directors and external Audit & Supervisory Board Members.

The Company will continue striving to improve the effectiveness of the Board of Directors.

Conditions of Corporate Governance

► Advisory Bodies to the Board of Directors

Mitsui has established the Governance Committee, the Nomination Committee and the Remuneration Committee as advisory bodies to the Board of Directors in which the External Directors and External Audit & Supervisory Board Members are included as committee members or chair.

Advisory bodies	Governance Committee	Nomination Committee	Remuneration Committee
Committee chair	Chairman of the Board of Directors	External Director	External Director
Composition (including committee chair)	Chairman of the Board of Directors President and Chief Executive Officer 3 External Directors 1 Internal Director 1 External Audit & Supervisory Board Member	President and Chief Executive Officer 2 External Directors 2 Internal Directors	President and Chief Executive Officer 2 External Directors 2 Internal Directors
Role	This committee is tasked with studying the state and future vision of Mitsui's corporate governance while taking into consideration the viewpoint of External Directors and External Audit & Supervisory Board Members.	This committee is tasked with establishing the selection standards and processes to be applied in nominating Directors and Managing Officers and evaluating proposal of Director nomination.	This committee is tasked with studying the system and decision-making process related to remuneration and bonuses for Directors and Managing Officers as well as evaluating the remuneration proposals for Directors.
Results in the fiscal year ended March 31, 2016	The Governance Committee met three times and carried out reviews of matters such framework of corporate governance of the Company, amendment of the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" and the effectiveness of the Board of Directors. The Committee reported to the Board of Directors the results.	The Nomination Committee met three times and carried out a review of the standards and the process for nominating Directors and Managing Officers. The Committee reported that the candidates met the selection criteria of the Directors.	The Remuneration Committee met once and carried out a review of the remuneration structure for Directors and Managing Officers. Based on the review, the Committee reported to the Board of Directors the revision of basic remuneration of External Directors.

AUDIT & SUPERVISORY BOARD

As a company with an Audit & Supervisory Board, Mitsui's Audit & Supervisory Board Members have a mandate from the shareholders to monitor the execution of duties by the Directors. While each of the five currently appointed Audit & Supervisory Board Members carries out auditing as an independent body, the Audit & Supervisory Board is in place to serve as the sole and exclusive consultative body forming opinions related to audits and to ensure the auditing activities by the Audit & Supervisory Board Members are conducted in an effective manner.

Auditing by the Audit & Supervisory Board Members covers a variety of areas, among which are execution of duties by Directors, decision-making processes at the meetings of the Board of Directors and others, status of construction and operation of the internal control system, independence of the Independent Auditors, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.

Meetings of the Audit & Supervisory Board are held once per month as a general rule in order to receive reports, hold discussions and make decisions on important audit-related matters.

Full-time Audit & Supervisory Board Members attend important internal meetings and meetings of committees, including the Corporate Management Committee. In addition to periodic meetings between the Audit & Supervisory Board Members and the Chairman and the President and CEO, Full-time Audit & Supervisory Board Members also receive reports and exchange opinions during individual meetings with Directors and Managing Officers and hold regular meetings with the officers and general managers in charge of the corporate staff divisions.

► Appointment of Audit & Supervisory Board Members

The Audit & Supervisory Board deliberates on whether the candidate for the Audit & Supervisory Board Members is agreeable or not, prior to the submission by the Board of Directors to the General Meeting of Shareholders. The Board of Corporate Auditors holds prior discussion with the Directors on procedures for deciding Audit & Supervisory Board Member candidates and determining proposals regarding candidates.

Mitsui appoints External Audit & Supervisory Board Members with the objective of further heightening the neutrality and independence of the auditing system, and in particular it is expected that the External Audit & Supervisory Board Members will give objective voice to their auditing opinion from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members, the Audit & Supervisory Board takes into consideration such factors as relations with Mitsui, its management and important staff members and confirms that no issues with independence arise.

► Support Systems

The Audit & Supervisory Board Member Division is an organization to assist in the performance of the duties of the Audit & Supervisory Board Members, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

• Cooperation with Internal Audits

Full-time Audit & Supervisory Board Members frequently exchange information with the Internal Auditing Division, which is an organization responsible for internal controls and risk management under the direct control of the President and CEO, in addition to, in principle, attending all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division

periodically reports on the plans and results of internal audits to the Audit & Supervisory Board. The Audit & Supervisory Board Members, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and internal control-related divisions, and also ask for their cooperation on matters related to audits.

Also, Audit & Supervisory Board Members, including External Audit & Supervisory Board Members, attend meetings of the Board of Directors and, in the same manner as Directors, receive regular reports on internal audit results and plans through the Board of Directors.

• Relationship with Independent Auditors

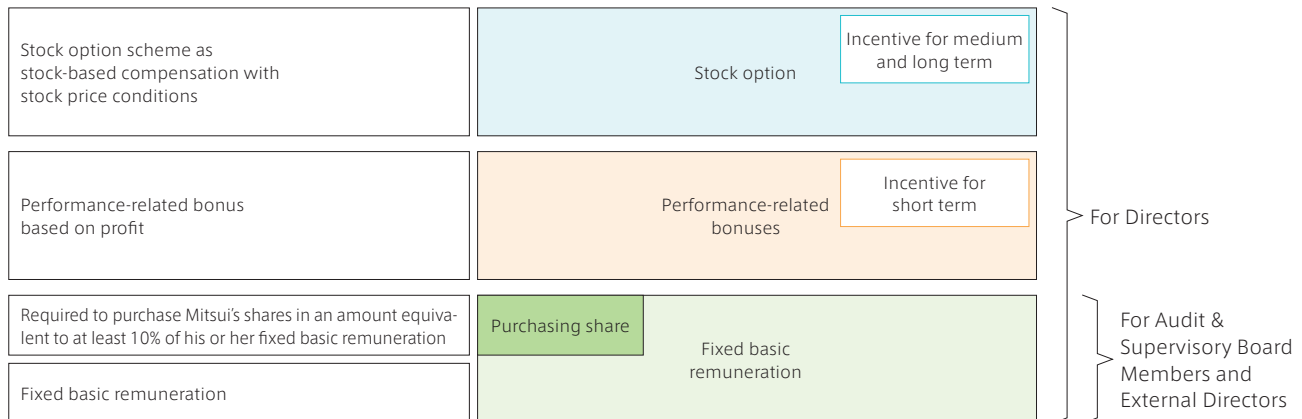
At the end of the fiscal year, the Independent Auditors report to the Audit & Supervisory Board the audit procedures and results of audits on accounting and internal controls and exchange opinions on these. During a fiscal year, the Audit & Supervisory Board Members hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their audit plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

► Policy on Training for Audit & Supervisory Board Members

Upon assumption, opportunities are given to Audit & Supervisory Board Members for gaining full understanding of the business, financial affairs, organization, etc. of the company, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfill their duties including the role expected of Audit & Supervisory Board Members which is mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

REMUNERATION OF DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS

Structure of Remuneration



* The retirement compensation program has been abolished, and except for those payments that were approved prior to the abolition of the program, no retirement compensation is paid.

► Remuneration of Directors

Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration, performance-related bonuses based on the profit for the year attributable to owners of the parent and stock-based compensation stock options with stock price conditions as medium- and long-term incentive compensation and limited to within the amounts resolved at the General Meetings of Shareholders.

- Performance-related bonuses paid to Directors other than External Directors are calculated based on a formula that the Remuneration Committee has deemed appropriate and the Board of Directors has approved subsequently. Total performance-related bonuses are 0.1% of profit for the year attributable to owners of the parent (¥500 million if profit for the year attributable to owners of the parent is greater than ¥500 billion). Individual amounts to be paid out are calculated based on the category of position of each Director.
- The stock option scheme is granted to directors in order to have them share the benefits and risks of stock price fluctuations with the Company's shareholders and to give them greater incentive to make contributions to improvements in medium- and long-term business performance and corporate value. Under the stock option scheme, subscription rights to shares, up to annual amounts of ¥500 million and 500,000 shares, are assigned to all Directors. The period for the right to exercise subscription rights to shares is 27 years from the day following the passage of three years from the allotment date. The exercise price is set at ¥1. In the case eligible recipients lose their Director and/or Managing Officer, and/or Audit & Supervisory Board Member status, and 10 years pass from the following day of such forfeiture, they are no longer able to exercise their subscription rights to shares.
- Each Director (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million

through the Mitsui Executives' Shareholding Association.

- Directors are not paid retirement compensation, with the exception of those payments that were approved prior to the abolition of the program.

As for the External Directors, in order to maintain the position of a neutral third party, the remuneration is limited to a fixed remuneration which does not include a performance-related portion, and there is no obligation of share purchasing for the External Directors.

► Remuneration of Audit & Supervisory Board Members

Remuneration of the Audit & Supervisory Board Members is determined through deliberation among the Audit & Supervisory Board Members, the total of which should not exceed the amount determined at the General Meeting of Shareholders. Audit & Supervisory Board Members receive only monthly fixed remuneration, which is not related to the performance of Mitsui. Retirement compensation is not paid to the Audit & Supervisory Board Members.

Remuneration

Category of Position	Number of Recipients ^{*1}	(¥ million)			
		Basic Remuneration	Bonus	Stock Option	Total Remuneration ^{*2}
Directors (Excluding External Directors)	12	715	0	94	809
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	4	127	—	—	127
External Directors and External Audit & Supervisory Board Members	9	107	—	—	107
Total	25	949	0	94	1,043

*1. The above includes Directors and Audit & Supervisory Board Members who retired from office in the fiscal year 2016.

*2. In addition to the above amounts, a total of ¥689 million was paid to 127 retired Directors, and ¥59 million to 18 retired Audit & Supervisory Board Members, as special retirement compensation and pensions (representing payments determined prior to the abolition of those systems).

EXTERNAL DIRECTORS / EXTERNAL AUDIT & SUPERVISORY BOARD MEMBERS

▶ Selection Criteria

External Directors

- The prospective person's extensive business experience and knowledge are required to deliberate and knowledge of his or her particular area of business should be used.
- Mitsui puts great value on ensuring independence of External Directors from Mitsui in the pursuit of their management oversight functions.
- With a view to overseeing business operations in a way that reflects the perspectives of our diverse stakeholders, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

There is a possibility of problems arising in individual transactions, such as conflicts of interest between the External Director and Mitsui, but it will be decided to make appropriate efforts by the Board of Directors.

External Audit & Supervisory Board Members

The External Audit & Supervisory Board Members shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and, in particular, it is expected that the External Audit & Supervisory Board Members will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members, the Audit & Supervisory Board shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.

▶ Criteria of Independence for External Officers (Directors/Audit & Supervisory Board Members)

External Directors or External Audit & Supervisory Board Members of Mitsui who do not fall under any of the following items are to be judged to have independence.

- (1) Person who is currently or was in the past 10 years an executive director, executive officer, managing officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of Mitsui or Mitsui's consolidated subsidiaries
- (2) Person or the executing person of a corporation holding either directly or indirectly 10% or more of the total number of the voting rights of Mitsui
- (3) Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries^{*1} or the executing person of the same
- (4) Major business partner of Mitsui or Mitsui's consolidated subsidiary^{*2} or the executing person of the same
- (5) Independent auditor of Mitsui or Mitsui's consolidated subsidiary or employee, etc. of the same
- (6) Person providing professional services such as consultant, lawyer and certified public accountant who received from Mitsui monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent fiscal year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
- (7) Person or the executing person of a corporation who received the annual total of ¥10 million or more of donations or aid funds from Mitsui or Mitsui's consolidated subsidiary in the most recent fiscal year
- (8) Person who has fallen under any of (2) to (7) above in the past three years
- (9) Spouse or relative within the second degree of kinship (hereinafter referred to as "close relatives") of the person who is currently or has been recently the important executing person of Mitsui or Mitsui's consolidated subsidiary (including director who is not the executing person in the case of External Audit & Supervisory Board Member)
- (10) Close relatives of the person who currently falls or has fallen recently under any of (2) to (7) above (excluding the one who is not important)

*1. If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent fiscal year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent fiscal year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.

*2. If Mitsui or Mitsui's consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most recent fiscal year or the relevant business partner provided Mitsui or Mitsui's consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of Mitsui or Mitsui's consolidated subsidiary.

▶ Support Systems

Mitsui believes that adequate support systems are necessary to enable External Directors to participate in discussions of the Board of Directors and realize supervisory roles. In preparation for both regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given. In addition to the timely provision of corporate information by the Full-time Audit & Supervisory Board Members at the Audit & Supervisory Board Member Division, the essence of the meetings between Full-time Audit & Supervisory Board Members and the Audit & Supervisory Board Member Division is provided to External Audit & Supervisory Board Members periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors.

Conditions of Corporate Governance

▶ Meeting Composed of All External Directors

The meeting composed of all External Directors is held periodically, for the purpose of exchanging information and opinions regarding important matters in management among External Directors, or among External Directors and/or Internal Directors, Audit & Supervisory Board Members and Managing Officers. The meeting composed of all External Directors was held three times in the year ended March 31, 2016.

▶ Cooperation among External Directors and External Audit & Supervisory Board Members in Audits, Internal Audits, Corporate Audits, and Independent Audits, as well as Their Relationship with Internal Control Departments

The External Directors and External Audit & Supervisory Board Members, through the Board of Directors and the

Audit & Supervisory Board, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls. Furthermore, at External Director meetings, External Directors, Corporate Auditors, and Independent Auditors exchange opinions and information on auditing policy.

▶ Reasons for Appointing Each External Director and External Audit & Supervisory Board Member / Major Activity in the Fiscal Year Ended March 31, 2016

Name	Independent Director	Reasons for Appointment as External Director	Attendance at Meetings in FY2016 (Number of Meetings Attended / Total Number of Meetings)	Advisory Bodies to the Board of Directors	Significant Concurrent Positions
Ikujiro Nonaka	○	Mr. Nonaka is appointed so that the management may benefit from his deep insight and supervisory capabilities related to management acquired over the years as an expert in international corporate strategy as well as for his independent oversight.	(16/16)	Governance Committee Nomination Committee (committee chair)	External Director, Trend Micro Incorporated
Toshiro Muto	○	Mr. Muto is appointed so that the management may benefit from his deep insight into fiscal and monetary affairs and economics in general, gained at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight.	(16/16)	Remuneration Committee (committee chair)	—
Izumi Kobayashi	○	Ms. Kobayashi is appointed so that the management may benefit from her wide-ranging knowledge and experience accumulated over many years both in Japan and overseas as a representative of private sector financial institutions and a multilateral development bank, as well as for her independent oversight.	(16/16)	Governance Committee Remuneration Committee	External Director, ANA HOLDINGS INC. External Director, Suntory Holdings Limited
Jenifer Rogers	○	Ms. Rogers is appointed as an External Director so that management may benefit from her global perspective gained over the years at international financial institutions and her knowledge and experience gained over the years through her work experiences, etc., in Japanese companies, as well as for her independent oversight.	(14/14) (Since her appointment in June 2015)	Governance Committee	—
Hiroataka Takeuchi	○	Mr. Takeuchi is appointed as an External Director so that management may benefit from his deep insight and supervisory capabilities related to management gained over the years as an expert in international corporate strategy, as well as for his independent oversight.	(Appointed in June 2016)	—	External Director, GreenPeptide Co., Ltd.

Name	Independent Audit & Supervisory Board Member*	Reasons for Appointment as External Audit & Supervisory Board Member	Attendance at Meetings in FY2016 (Number of Meetings Attended / Total Number of Meetings)	Advisory Bodies to the Board of Directors	Significant Concurrent Positions
Hiroyasu Watanabe	○	Mr. Watanabe is appointed in expectation of the expression of his objective audit opinions from an independent and neutral standpoint and from the experience and perspective he has gained, mainly at the Ministry of Finance and also as a graduate school professor.	Meetings of Board of Directors (14/16)	—	External Audit & Supervisory Board Member, NOMURA Co., Ltd. External Audit & Supervisory Board Member, Japan Petroleum Exploration Co., Ltd.
			Meetings of Audit & Supervisory Board (16/18)		
Haruka Matsuyama	○	Ms. Matsuyama is appointed in expectation of the expression of her objective audit opinions from an independent and neutral standpoint from the many years of experience and perspective she has gained, mainly as an attorney at law.	Meetings of Board of Directors (15/16)	Governance Committee	External Director, T&D Holdings, Inc. External Director, Mitsubishi UFJ Financial Group, Inc. External Director, VITEC HOLDINGS CO., LTD.
			Meetings of Audit & Supervisory Board (18/18)		
Hiroshi Ozu	○	Mr. Ozu is appointed in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has gained, mainly as a prosecutor.	Meetings of Board of Directors (14/14) (Since his appointment in June 2015)	—	External Audit & Supervisory Board Member, TOYOTA MOTOR CORPORATION
			Meetings of Audit & Supervisory Board (14/14) (Since his appointment in June 2015)		

* An External Director and an External Audit & Supervisory Board Member who is unlikely to have conflicts of interest with general shareholders, as stipulated by the stock exchange

POLICY RELATED TO ACQUISITION AND HOLDING OF LISTED SHARES

When holding listed shares for any purposes other than purely for investment returns, the Company holds such listed shares only in the case where it is judged to be reasonable after strict and comprehensive examination of several factors, including the necessity for maintaining or strengthening relationships with the investee, medium- to long-term economic rationale, and future outlook. With respect to our asset portfolio that includes listed shares, the Company reviews the

significance of holding such assets every year in light of medium-to long-term economic rationale and future outlook, and reports said significance to the Board of Directors. With respect to exercising voting rights for listed shares held by the Company, deliberation is conducted on a case-by-case basis as to whether or not a proposal should be approved by comprehensively taking into consideration any impact that the relevant proposal may have on corporate value of the investee.

INDEPENDENT AUDITORS

Mitsui appoints certified public accountants belonging to Deloitte Touche Tohmatsu LLC as Independent Auditors to carry out auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of consolidated financial statements in English. To

secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu, which belongs to the same network as Deloitte Touche Tohmatsu LLC.

Internal Controls

At Mitsui, we define internal controls as a system for the control and supervision of our operations by the management team.

The Board of Directors has the role of and responsibility for providing the basic design of internal controls on a Company-wide consolidated basis based on the Companies Act, related laws, the Articles of Incorporation and other internal rules, and of overseeing the design, operation and assessment of internal controls. Representative Directors, Directors and Managing Officers have the role of and responsibility for maintaining, operating and assessing internal controls at Mitsui and its affiliated companies based on the basic design for internal controls set out by the Board of Directors, and the role of and responsibility for establishing an internal control environment that facilitates awareness of internal controls among the officers and the employees of the Company. Basic design is drafted by the Internal Controls Committee, an organization under the Corporate Management Committee, which is also responsible for the development, maintenance and improvement of effectiveness of the integrated management system for internal controls. In building and operating internal control systems, Mitsui pursues the following four objectives:

- 1 Improvement of effectiveness and efficiency of operations;
- 2 Ensuring compliance with generally accepted accounting principles and the reliability of financial reporting;
- 3 Compliance with applicable laws and regulations, along with management principles and in-house rules including various codes of conduct reflecting management principles (hereafter referred to as "laws, regulations and in-house rules"); and
- 4 Safeguarding of Company assets.

Mitsui has in place the structure shown on the next page. We are committed to ensuring the maintenance and proper operation of that structure. In order to achieve these objectives as well as the management objectives of the Company, the following organizations play their role within the structure:

COMPLIANCE

Mitsui has a strong belief that a sound reputation is the foundation of the Company's business. At Mitsui, we define compliance as complying with corporate ethics and social norms in addition to laws, regulations, and internal rules of the Company. By word "compliance". Mitsui requires its employees and officers to act in accordance with its corporate ethics, based on its management philosophy and social norms in addition to laws and regulations as well as internal rules of the Company. To those ends, we carry out corporate management with emphasis on compliance. With the Chief Compliance Officer as a chairperson and including an external lawyer as an observer, the Compliance Committee develops Mitsui's compliance system and maintains and enhances its effectiveness.

In working toward the maintenance and improvement of the compliance system, we continuously strive to raise compliance awareness and educate through training. We use as many opportunities as possible to share lessons learned and points to be noted.

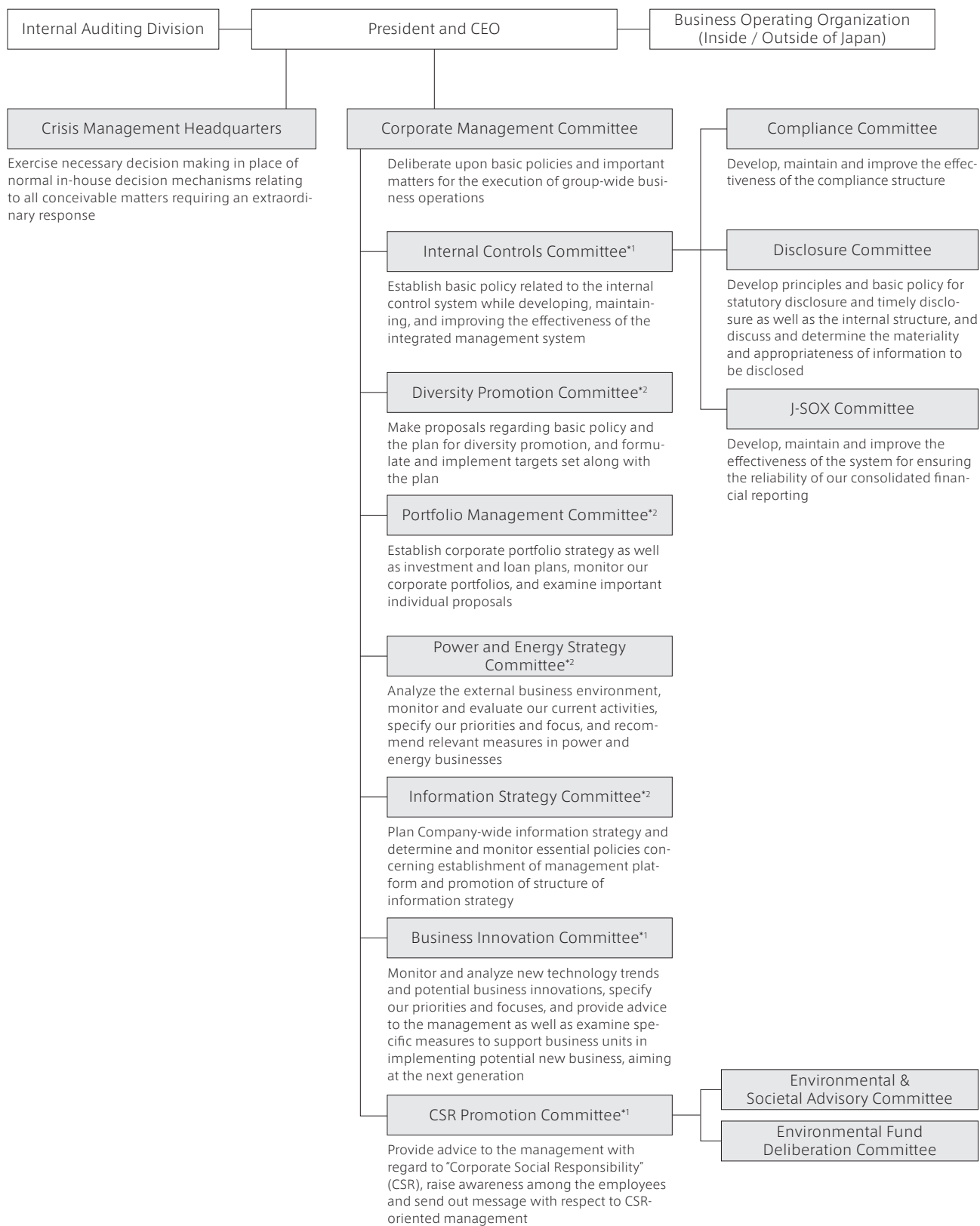
To improve the awareness and knowledge of its officers and employees regarding compliance issues in the year ended March 31, 2016, Mitsui distributed the compliance handbook to all employees, in addition to implementing various e-learning and training sessions. Moreover, we held

"Compliance Review Week" as an opportunity for employees to rethink their views toward compliance on a personal level. Seminars were held during the week where employees exchanged information and opinions. At the same time, we conducted compliance questionnaires, which targeted all officers and affiliated company employees working in both Japan and overseas. Furthermore, for the development and operation of compliance programs at affiliated companies, we conduct individual visits to major affiliated companies and provide support for compliance officers at those companies. In these ways, we are working to develop a compliance system for the entire consolidated group.

In the event of an act that is against compliance policy, rules to rectify such violations are of utmost importance. Therefore, by using reporting and consulting routes, we make continuous efforts to carefully understand various cases where violations occurred. We believe that strict correspondence is important when a problem comes to light.

Moreover, we aim to establish an independent compliance framework at the frontline that is integrated with management as it moves forward for the "challenge and innovation" in new business. We constantly keep in mind the creation of an environment in which compliance violations do not occur and "natural compliance" can be carried out.

Framework for Internal Controls and Execution of Business Activities



*1. Sub-committees to the Corporate Management Committee

*2. Advisory bodies to the Corporate Management Committee

RISK MANAGEMENT

The Chief Operating Officers of business units and regional business units manage risks arising from the operation of Mitsui's businesses within their authorization delegated from the management. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Management Officer in charge in accordance with the standards of the internal approval system. In business fields considered typically to have higher levels of risks, including environment-related business and business with a high

public profile, a particularly careful investigation is carried out through the Specially Designated Business Management System. Construction and maintenance of the risk management systems and response to significant risks on a Company-wide level are handled by such organizations as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee and the Crisis Management Headquarters. The corporate staff divisions are responsible in their respective fields for surveillance of the risk position of the Company as a whole, risk control within the prescribed range of their authority, and assistance of the relevant Representative Directors and Managing Officers.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Mitsui implements the internal controls framework as stipulated in the Financial Instruments and Exchange Act of Japan. In addition to Company-wide discipline, Mitsui has been conducting self-assessment by units subject to

evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls and business process level controls.

INTERNAL CONTROLS RELATED TO INFORMATION SYSTEMS AND INFORMATION SECURITY

The Information Strategy Committee establishes important policies related to global group information strategy. Further, the committee leads Mitsui's efforts to build and operate information systems, develop internal rules required for information security, and strengthen the management of risks related to information, including the risk of information leakage. The committee ensures the establishment of systems to control risk associated with information assets

appropriately. Specifically, it establishes rules for process of procurement, introduction and operation of information assets; code of conduct for the system supervisory divisions regarding IT security; requirements for information risk management systems and the basics of information management; and internal rules relating to the handling of personal information required in the course of business operations as well as Cyber Security Countermeasures.

INTERNAL AUDITS

The Internal Auditing Division verifies the status of development and management of internal controls, evaluates the suitability and effectiveness of risk management, and gives advice and suggestions for improvements.

During the regular audits that cover Mitsui, overseas offices, overseas trading subsidiaries, and Japanese and overseas affiliated companies, particularly subsidiaries, Internal Auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and

operations, compliance and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item and extraordinary examinations to get the whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes and methods to prevent recurrence.

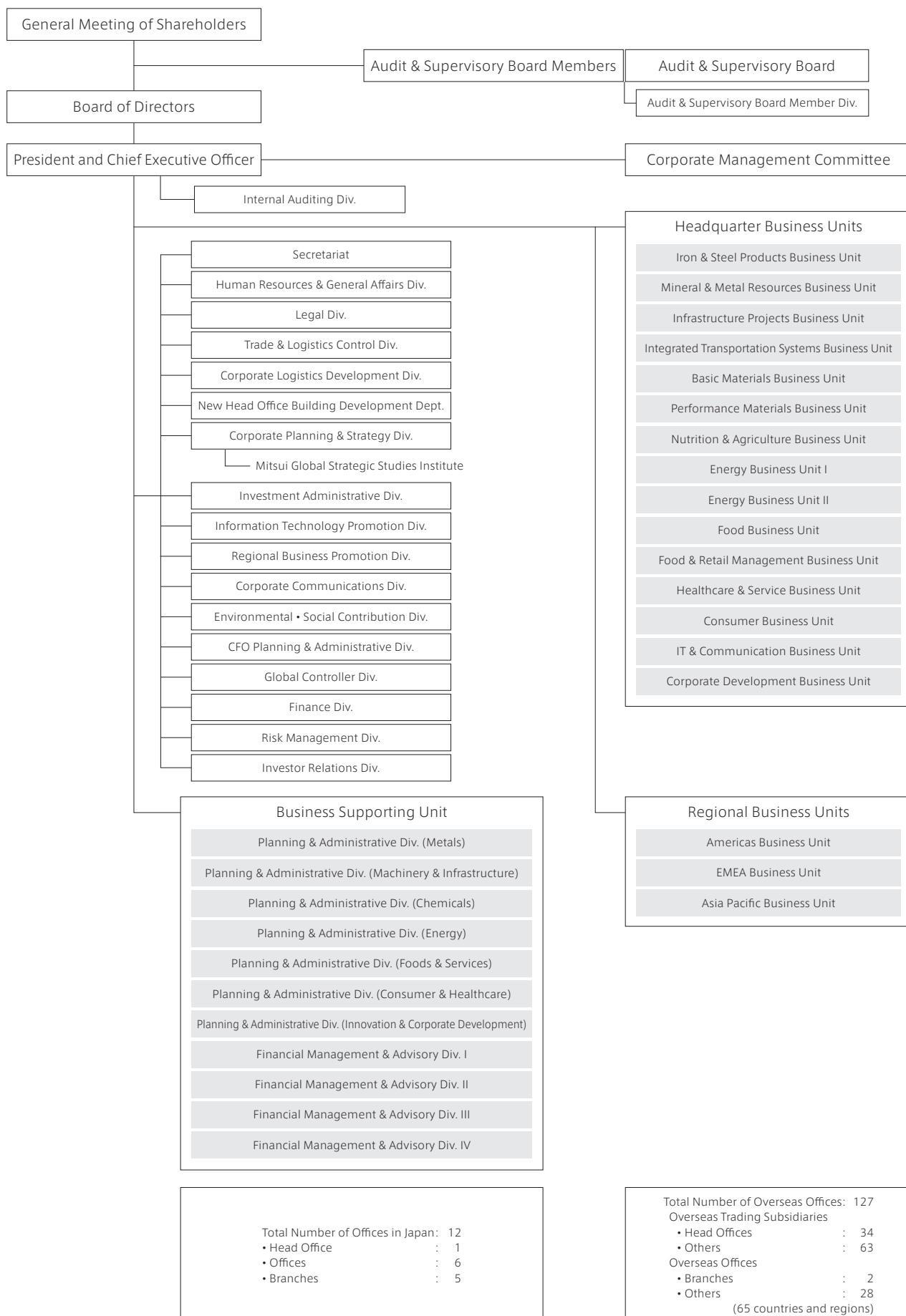
CORPORATE GROUP

While the formulation of the basic design of internal controls is the responsibility of the management, its construction, development and operation involves all members. Mitsui has set out the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles," and as far as is rational in the light of laws and other considerations, it requests all subsidiaries to develop and operate internal control systems based on these principles. As for its

associated companies, Mitsui coordinates with other equity participants and encourages the associated companies to develop and operate equivalent internal controls. An affiliated company supervising officer is appointed for each affiliated company from among Mitsui officers and employees, and these officers are required to oversee management based on the "Rules on Delegation of Authority for Supervising Officers of Affiliated Companies."

Organization Chart

As of April 1, 2016



Total Number of Offices in Japan: 12
 • Head Office : 1
 • Offices : 6
 • Branches : 5

Total Number of Overseas Offices: 127
 Overseas Trading Subsidiaries
 • Head Offices : 34
 • Others : 63
 Overseas Offices
 • Branches : 2
 • Others : 28
 (65 countries and regions)

Tasks and Accomplishments by Each Key Strategic Domain

Key Strategic Domains

	Protection of the Global Environment	Respect for Human Rights	
Hydrocarbon Chain	<ul style="list-style-type: none"> ▶ Promotion of green chemicals business, such as palm oil and other natural oil-derived oleo chemicals business (Malaysia, China) and corn-derived glucose based biochemical business (Canada) ▶ Investment and participation in wood biomass power generation plant (Japan) ▶ Commencement of surface surveys and excavations for the promotion of geothermal power generation projects by Mitsui Oil Exploration (Japan) ▶ Completion of CCS demonstration at a coal-fired power station (Australia) ▶ Investment and participation in fuel and chemical products development business utilizing microbial fermentation (U.S.) ▶ Construction completion and operation commencement of a waste gas recycling plant for LNG project (Qatar) 		
Mineral Resources (Underground & Urban) and Materials	<ul style="list-style-type: none"> ▶ Establishment of J/V with Honest (Japan) and GEM (China) for remanufacturing auto parts by means of Japanese technology 		
Food and Agriculture	<ul style="list-style-type: none"> ▶ Inhibition of N₂O emissions by optimizing the volume of fertilizers applied to farmlands (Canada, U.S., Brazil, Russia, etc.) ▶ Support for the production of rice using farming methods that develop biodiversity, and sales promotion of the rice produced (Toho Bussan), (Japan) ▶ Promotion of effective use of waste products, such as poultry manure as fertilizer and poultry manure-derived snow melting agent (Prifoods), and residual tea leaves as fertilizer material (Mitsui Norin) 	<ul style="list-style-type: none"> ▶ Promotion and support of the sale of RSPO (Roundtable on Sustainable Palm Oil) certified palm oil 	
Infrastructure	<ul style="list-style-type: none"> ▶ Investment and participation in Gonvarri Eólica (Spain) to supply materials for wind power generation-related infrastructure ▶ Promotion of renewable energy IPP business, such as solar power generation (Japan), wind power generation (Australia), and run-of-the river type hydroelectric power generation (Brazil), (Our equity-share power generation capacity: 2GW) ▶ Promotion of smart-city business (Malaysia) ▶ Formation and sale of solar power infrastructure funds (Japan Alternative Investment) ▶ Investment in renewable energy projects through the Emerging Markets Infrastructure Fund ▶ Shortening of transportation distance for logistics services (Trinet group) by utilization of local ports (Japan) 	<ul style="list-style-type: none"> ▶ Contribution to sustenance and enhancement of living environments via various business activities around the world related to water, power generation, gas, and other areas 	

This section introduces initiatives in each Key Strategic Domain that are based on the Five Material Issues.

Please refer to the *Sustainability Report 2016* for more details on our various initiatives in each business field as well as initiatives of the corporate divisions.

Enhancement of Local Industrial Bases & Quality of Life	Stable Supply of Resources & Materials	Corporate Governance & Human Resource Development
<ul style="list-style-type: none"> ▶ Participation in the scholarship program run by Takatuf Oman to support Omani students to study abroad (Oman) ▶ Donation to education-contributing events held at The Petroleum Institute in Abu Dhabi (UAE) ▶ Scholarships to study abroad programs in Japan for faculty members of the Universidade Lurio (Mozambique) 	<ul style="list-style-type: none"> ▶ Promotion of energy related infrastructure business, such as natural gas distribution business (Mexico, Brazil), gas-fired power generation business (Myanmar), and sales of electricity from renewable energy sources (Japan) ▶ Expansion of a diverse and stable supply and securing of energy sources such as crude oil, petroleum products, and LNG around the world. Expansion of upstream oil and gas assets production volume [Equity-share production: 254,000 barrels/day (FY2015/3 ended)→ 258,000 barrels/day (FY2016/3 ended)] ▶ Development and launch of LNG projects (Mozambique, U.S., etc.) ▶ Promotion of E&P business via affiliated companies (Australia, Middle East, Asia, Europe, U.S., etc.) ▶ Promotion of international transportation services (Trinet group) ▶ Provision of hedging functions through commodity derivatives business (Japan, U.K., U.S., Singapore) 	
<ul style="list-style-type: none"> ▶ Continuation of personnel exchange training program with Baosteel (China), (Total since 1992: 82 trainees from China and 502 dispatched to China; in FY2016/3 ended 2 trainees from China and 4 dispatched to China) ▶ Continuation of personnel exchange training program with Vale (Brazil) (10 trainees dispatched to Vale) ▶ Promotion of support, through Vale and Valepar, for activities such as education programs that contribute to society, Japanese language courses, and introduction of Japanese culture (Brazil) ▶ Implementation of science educational programs at primary schools attended by the children of workers in iron ore mines (Mitsui Iron Ore Development), (Australia) ▶ Implementation of scholarship programs and Japanese language education for the local community and workers in coal mines (Mitsui Coal Holdings), (Australia) 	<ul style="list-style-type: none"> ▶ Stable supply of metal materials, such as cobalt and lithium, for secondary batteries for EcoCars and hard metal tools for automobile manufacturing ▶ Continuation of iron ore project development and securing of stable supply of iron ore (Australia, Brazil) ▶ Promotion of the Moatize coal mine project (Mozambique) ▶ Promotion of effective use of copper resources by engaging in the concentrate ore blending business, which operates a process that adjusts the concentration level of complex ore and clean ore ▶ Continuation of copper project development and securing of a stable supply of copper (Chile) ▶ Securing of material ingredient sources for fertilizers by engaging in phosphorus ore deposit development, etc. (Peru) ▶ Promotion of fertilizer distribution business (Japan), animal feed additives manufacturing business (U.S.), and agrochemicals sales business (U.S., Europe) ▶ Global, highly sophisticated hybrid distribution of ammonia and sulfur 	
	<ul style="list-style-type: none"> ▶ Securing and stable supply of food [grain trading volume: 17.5 million tons/year (FY2015/3 ended) → 18 million tons (FY2016/3 ended)] ▶ Promotion of large-scale agriculture being conducted by Agricola Xingu (Brazil) ▶ Increased supply of food resources through the provision of precision agriculture solutions (Canada, U.S., Brazil, Russia, etc.) 	<ul style="list-style-type: none"> ▶ Improvement of traceability of food and food products, utilizing a food safety management database ▶ Execution of Food Sanitation Management Committee meetings and Food Safety seminars (committee meeting: 12 times; seminar: 11 times)
<ul style="list-style-type: none"> ▶ Promotion of water supply and sewerage business (Mexico), port container terminal operations (Indonesia), international cargo terminal operations (Japan), and co-generation business (Thailand, Brazil), etc. ▶ Promotion of tank terminal business in distribution collection sites that serves as the basic distribution infrastructure for the petrochemicals industry (U.S., Belgium) 	<ul style="list-style-type: none"> ▶ Stable supply of the materials, such as rails, steel pipes, steel sheets, rebars, required for infrastructure projects around the world ▶ Investment and participation in Gonvarri Eólica (Spain) to supply materials for wind power generation-related infrastructure 	

Tasks and Accomplishments by Each Key Strategic Domain

Key Strategic Domains

	Protection of the Global Environment	Respect for Human Rights	
Mobility	<ul style="list-style-type: none"> ▶ Stable supply of high environmental-friendly automobile parts through an intensive collaboration with Gestamp (America) ▶ Boosting modal shift by developing railway network and introducing highly fuel-efficient aircraft through our leasing expertise 		
Medical / Healthcare			
Lifestyle Products and Value-added Services	<ul style="list-style-type: none"> ▶ Sale of solar power generation unit (Sumisho & Mitsui Bussan Kenzai) for the residential market (over 1,000 houses) ▶ Acceleration of obtaining certifications (Mitsui Bussan Techno Products): for outdoor clothing fabric business, Bluesign® certification, which sets criteria aimed at abolition of child labor and forced labor, elimination of discrimination, freedom of association, labor health and safety, in addition to consideration of environmental aspects; for recycling business, GRS certification ▶ Promotion of Fujisawa Sustainable Smart Town project (Japan), (CO₂ reduction target: 70%; renewable energy utilization target: 30% and above) ▶ Production and sales of lithium-ion secondary batteries for new-energy vehicles, such as electric, hybrid, and plug-in hybrid automobiles (China) ▶ Investment and participation in smartphone flea market app business, which contributes to the development of the "sharing economy" (Japan, U.S., etc.) 	<ul style="list-style-type: none"> ▶ For outdoor clothing fabric business (Mitsui Bussan Techno Products), further promotion of Bluesign® certification, which sets criteria aimed at the abolition of child labor and forced labor, elimination of discrimination, freedom of association, labor health and safety, in addition to consideration of environmental aspects ▶ Continuation of our donation activities for school lunches in developing countries through AIM Services "Table for Two" (approx. 500,000 meals) 	

▶▶ Please refer to the *Sustainability Report 2016* for more details on our various initiatives in each business field as well as initiatives of the corporate divisions.

Enhancement of Local Industrial Bases & Quality of Life	Stable Supply of Resources & Materials	Corporate Governance & Human Resource Development
<ul style="list-style-type: none"> ▶ Promotion of efficient operations of airline and railway companies through the lease of aircraft and rolling stock ▶ Improvements of transportation methods and logistics in emerging nations through sales, financing, and leasing of automobiles, motorcycles, trucks, and buses ▶ Support for improvement of local communities' industrial bases and livelihoods through sales and maintenance of mining and construction machinery ▶ Reduction of transportation costs for grains, steel products, fertilizers, etc. through integrated logistics business operations (Brazil) ▶ Contribution to the ensuring of safe and reliable railway transportation by developing the network of urban transportation infrastructure for passenger (Brazil) 	<ul style="list-style-type: none"> ▶ Stable supply of various commodities, including LNG from Mitsui project, through the possession and operation of an LNG carrier fleet (17 ships; our equity-share of LNG production volume: about 5 million tons per year, approx. 6% of the entire LNG imports into Japan) ▶ Promotion of efficient transportation through sales of marine ships (52 newly-built ships) ▶ Contribution to stable supply of natural resources through sales and maintenance of mining machinery (in 6 countries) ▶ Contribution to improvement of agricultural productivity through sales and maintenance of agricultural machinery (Asia) ▶ Reduction of transportation cost for grains, steel products, fertilizers, etc. by engaging in integrated logistics business operations (Brazil) 	
<ul style="list-style-type: none"> ▶ Establishment of a fund to widely spread breast cancer screening (Singapore) with a plan for providing free-of-charge treatment for breast cancer patients (120 people in 2 years starting from 2016) ▶ Contribution to providing required medical treatment for people afflicted by large-scale floods through the support of IHH group's Global Hospital (India) ▶ Promotion of pharmaceutical development which contributes to enhancement of patients' quality of life (NovaQuest) 		
<ul style="list-style-type: none"> ▶ Development of communications infrastructure and spread of internet use through engagement in high speed mobile data communications business (Sub-Saharan Africa, Indonesia) ▶ Contribution to the enhancement of the distribution network for consumer products through TV shopping business (India, China) ▶ Support for overseas market development (Asia, Latin America) by local companies and promotion of consumer goods logistics (Trinet group), (Asia, mainly in Japan) ▶ Meeting demands for developing infrastructure through heavy lifting & transport (Huatiang Holdings), (Southeast Asia, mainly Singapore) ▶ Support for the development of pharmaceuticals, IT, and agrochemicals through NovaQuest and venture capital investments undertaken by MGI ▶ Promotion of SENDAI UMINO-MORI AQUARIUM operations (Japan), (approx.1,496,700 visitors for the initial fiscal year: July 1, 2015-March 31, 2016) ▶ Support for community revitalization by holding the Mitsui Foods Food Show for the exhibition and sales of products from regions throughout Japan (Japan) ▶ Continuous support for food education activities through the Kids Kitchen Association (Mitsui & Co., Mitsui Foods, Bussan Food Service) ▶ Support for developing reliable, safe childcare environments with a special focus placed on the personality and development stage of each child, via the promotion of the communication app "Kids Note" service business for childcare facilities, such as kindergartens, and guardians (Japan) ▶ Teaching and training cybersecurity experts by dispatching lecturers for universities and devising curriculums (Japan) 	<ul style="list-style-type: none"> ▶ Maintenance of FSC® CoC certification (by Mitsui Bussan Packaging: FSC® C009939) to ensure that the supply chain of certified paper contributes to sustainable forest resources management ▶ Maintenance of FSC®/CoC certification (Mitsui & Co.'s Life Essentials Business Div., Forest Resources Marketing Dept.: FSC® C104107; Mitsui Bussan Woodchip Oceania Pty. Ltd.: FSC® C107463) and PEFC/CoC certification, to contribute to ensuring responsible management and handling of forest resources ▶ Stable supply of wood products from T.M. Baikol (Russia) for the Japanese, Chinese and Russian markets (approx.110,000 m³) ▶ Expansion of the scope of suppliers from whom we will obtain written consent to our "Supply Chain CSR Policy", by including vendors with whom we have a transaction history of 3 years or more, in addition to our new suppliers (Mitsui Bussan Inter-Fashion), (241 companies for FY2016/3 ended with the accumulated number of 4,391) 	

Major Initiatives to Material Issues



Protection of the Global Environment

Recognition of societal issues

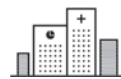
- ▶ Global warming, climate change
- ▶ Loss of biodiversity
- ▶ Energy and water shortage
- ▶ Environmental pollution

Risks

Negative impact on business activities brought about by abnormal weather due to climate change, and higher environmental costs resulting from ecosystem destruction, degradation, etc., as a consequence of business activities.

Opportunities

Expansion of environment-related markets due to increased environmental awareness and the tightening of regulations, and expansion of business domains as a result of energy diversification.



Enhancement of Local Industrial Bases & Quality of Life

Recognition of societal issues

- ▶ Aging infrastructure in developed nations
- ▶ Infrastructure development in emerging countries
- ▶ Food safety and reliability
- ▶ Maintenance of health, securing of medical, nursing-care, and welfare services

Risks

Loss of credibility due to safety or health problems affecting infrastructure users or final consumers of products and services.

Opportunities

Expansion of markets for the infrastructure development business to enhance quality of life, especially in emerging countries, and creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities.



Stable Supply of Resources & Materials

Recognition of societal issues

- ▶ Population increase and expansion of demand for resources and materials
- ▶ Expanded responsibility for environmental and social aspects in supply chains

Risks

Suspension of business operations and instability in the supply of energy and food resources because of climate change and population growth.

Opportunities

Sustainable resources development, reinforced competitiveness through consideration for the environment, labor and social aspects, and measures to ensure traceability across entire supply chains.

This section explains Mitsui's awareness toward social issues within the Five Material Issues that have an influence on the Company's business activities. The section also introduces the main risks the Company faces from the impact of these issues as well as the initiatives the Company is undertaking to tackle such issues.

Please refer to the *Sustainability Report 2016* for more on these initiatives. The report introduces in further detail the approach Mitsui is taking to address all Five Material Issues. At the same time, the report clarifies the relevant objectives and indices within the Company's established themes for initiatives in each material issue, which reflect the Company's management approach based on the GRI G4 Sustainable Reporting Guidelines, 2013. The report also provides specific information on the material aspects and boundaries identified in the G4 Sustainability Reporting Guidelines.

EXAMPLE

Promoting wood biomass power generation business in pursuit of a low-carbon society

In collaboration with Iwakura Corporation, Sumitomo Forestry Co., Ltd., and Hokkaido Gas Co., Ltd., Mitsui has established Tomakomai Biomass Power Co., Ltd. in Tomakomai, Hokkaido, which promotes a wood biomass power generation business that uses wood chips.

The Tomakomai Biomass Project is building generation facilities in the Harumi-cho district of Tomakomai City with a capacity of approximately 5.9MW in order to produce electricity for sale at a fixed price under the Feed-in Tariff Scheme for Renewable Energy. Construction of these facilities commenced in June 2015 with the aim of starting operations in December 2016. These facilities are expected to use approximately 60,000 tons of wood chips—the fuel for power generation—a year. This will be

procured from unused timber in Hokkaido, such as thinned wood, including those from forests owned by Mitsui. This project will have extensive social significance. Moreover, it encourages the maintenance of forest environments while stimulating the development of forestry in Hokkaido and contribute to job creation and regional revitalization.

For Mitsui, the Tomakomai Biomass Project not only represents part of our efforts to realize a low-carbon society, it also represents an effort to contribute to local communities while establishing an expansive network with local companies and governments. By leveraging the experience that we will obtain through this project, we will work to discover new energy businesses and further contribute to the stable energy supply.

EXAMPLE

Developing the high-speed mobile data communication business in sub-Saharan Africa with the aim of reforming education, healthcare, agriculture, etc.

The countries lying south of the Sahara Desert, a region known as sub-Saharan Africa, continue to face serious poverty and economic disparities. However, with their abundant natural resources and growing populations, they are on the threshold of achieving spectacular economic growth. In the process of realizing such growth, the enhancement of infrastructure, improvement of agricultural productivity, and training of human resources are going to be essential.

In 2015 Mitsui invested in the Afrimax Group, which is developing fourth-generation long-term evolution (4G LTE) high-speed mobile data communication service in sub-Saharan Africa. Although mobile phone penetration in the region has reached around 70%, broadband is still lagging and Internet penetration is only about 7%. By 2019, however, the volume of

mobile data traffic is expected to increase by about 20 times over the 2013 level. This project is responding to the growing demand by contributing significantly to improvement of the information and communications environment. Based on our track record with LTE business in Indonesia, which started in 2013, Mitsui is striving to meet the rising demand and enhance the Internet environment.

The improved social infrastructure and human networks created by this project will also form the platform for Mitsui's business in Africa. Utilizing the wide-ranging business channels and development capabilities that are our strengths, we aim to develop business in such fields as education, healthcare, and agriculture and thereby contribute to the development of sub-Saharan Africa.

EXAMPLE

Participating in a newly emerging economy's integrated logistics business to support the stable supply of resources and food at the transport level

Although Brazil has an abundant supply of mineral and metal resources, agricultural products, and other export items, its domestic transport infrastructure is lagging. Reliance on trucks is higher than in developed countries, and expensive transport costs are an issue.

In 2014 Mitsui invested in VLI S.A., a Brazilian integrated logistics enterprise set up by the major iron ore extractor Vale S.A., and provides integrated logistics services using 10,700 kilometers of railroads connecting to port terminals. Mitsui's participation has enhanced business value through the utilization of our knowledge and experience in such areas as the procurement of rolling stock and equipment, as well as our port engineering subsidiary.

Mitsui has been involved in the iron ore business in Brazil since the 1970s and, in collaboration with Vale, has engaged in mine development and infrastructure construction taking local communities and the global environment into consideration. The latest venture into the logistics business aims for the stable supply of not only raw materials for steelmaking and steel products but also other resources and food, such as grain and fertilizer. The modal shift from trucks to rail will also help to alleviate Brazil's serious traffic congestion and air pollution.

While contributing to the solution of environmental and social issues, Mitsui is promoting the response to increased demand for resources and food due to world population growth by supporting the stable supply of resources and food on the logistics side.

10-Year Financial Data (Including Sustainability Data)

Mitsui & Co., Ltd. and subsidiaries
March 31

U.S. GAAP

	2007	2008	2009	2010	2011	2012	2013	
Consolidated Operating Results (For the Year):								
Revenues	¥4,880.7	¥5,738.9	¥5,535.2	¥4,096.4	¥4,679.4	¥5,251.6	¥ 4,911.6	
Gross Profit	903.7	988.1	1,016.3	702.0	859.2	878.3	790.4	
Operating Income	308.9	374.8	394.7	144.5	317.0	348.4	254.6	
Equity in Earnings of Associated Companies	153.1	154.3	84.8	131.5	242.1	232.1	176.2	
Net Income Attributable to Mitsui & Co., Ltd.	301.5	410.1	177.6	149.7	306.7	434.5	307.9	
Consolidated Financial Position (At Year-End):								
Total Assets	9,813.3	9,690.9	8,364.2	8,369.0	8,598.1	9,011.8	10,324.6	
Total Mitsui & Co., Ltd. Shareholders' Equity	2,110.3	2,183.7	1,881.7	2,230.1	2,366.2	2,641.3	3,181.8	
Interest-bearing Debt	3,918.1	3,685.6	3,668.6	3,471.7	3,377.5	3,578.0	4,269.3	
Net Interest-bearing Debt	3,111.5	2,774.0	2,515.1	2,055.7	1,933.9	2,142.8	2,839.4	
Consolidated Cash Flows (For the Year):								
Net Cash Provided by Operating Activities	239.3	415.8	582.7	632.4	504.5	381.0	461.4	
Net Cash Used in Investing Activities	(418.0)	(104.8)	(290.9)	(180.1)	(484.0)	(438.2)	(753.3)	
Net Cash Provided by (Used in) Financing Activities	272.3	(185.1)	(9.8)	(214.4)	33.8	57.4	221.6	
Free Cash Flow	(178.7)	311.0	291.8	452.3	20.5	(57.2)	(291.9)	
Investments and Loans	(770.0)	(710.0)	(520.0)	(360.0)	(690.0)	(650.0)	(960.0)	
Divestitures	240.0	610.0	190.0	210.0	190.0	210.0	220.0	
Net Cash Outflow	(530.0)	(100.0)	(330.0)	(150.0)	(500.0)	(440.0)	(740.0)	
Financial Indicators:								
Return on Equity (ROE) (%)	15.9%	19.1%	8.7%	7.3%	13.3%	17.4%	10.6%	
Return on Assets (ROA) (%)	3.3%	4.2%	2.0%	1.8%	3.6%	4.9%	3.2%	
Net Debt-to-Equity Ratio (Net DER) (times)	1.47	1.27	1.34	0.92	0.82	0.81	0.89	

Amounts per Share:								
Net Income Attributable to Mitsui & Co., Ltd.								
Basic	¥ 174.26	¥ 227.20	¥ 97.59	¥ 82.12	¥ 168.05	¥ 238.10	¥ 168.72	
Diluted	165.32	224.82	97.32	82.11	168.05	—	—	
Cash Dividends	34	46	25	18	47	55	43	
Consolidated Dividend Payout Ratio (%)	19.5%	20.2%	25.6%	21.9%	28.0%	23.1%	25.5%	
Shareholders' Equity	1,182.48	1,202.03	1,033.22	1,222.11	1,296.66	1,447.34	1,743.34	
Stock Price:								
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	2,200	2,020	986	1,571	1,491	1,357	1,313	
Price Earnings Ratio (PER) (times)	12.62	8.89	10.10	19.13	8.87	5.70	7.78	
Price Book-Value Ratio (PBR) (times)	1.86	1.68	0.95	1.29	1.15	0.94	0.75	
Sustainability:								
Number of Employees (Consolidated)	41,761	42,621	39,864	41,454	40,026	44,805	45,148	
Ratio of External Directors (%)	30.8%	30.8%	33.3%	30.8%	30.8%	30.8%	30.8%	
Paper Consumption (thousand sheets; A4-size equivalent)	94,361	92,973	85,547	76,049	66,701	59,810	57,833	

Notes: 1. Figures for prior years have not been reclassified in accordance with Accounting Standard Codification ("ASC") 205-20, "Presentation of Financial Statements - Discontinued Operations."

2. Operating Income is comprised of "gross profit," "selling, general and administrative expenses," and "provision for doubtful receivables."

3. Tax effects on investments in associated companies which were formerly included in "Equity in Earnings of Associated Companies" are included in "Income Taxes" from the year ended March 2010. Figures for prior years have not been reclassified.

4. Per-share information is calculated based on the number of shares issued at year-end.

5. Diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2012 and 2013 are not disclosed because there are no dilutive potential shares.

6. Price earnings ratio (PER) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by basic net income attributable to Mitsui & Co., Ltd. per share.

7. Price book-value ratio (PBR) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by shareholders' equity per share.

8. Ratio of external directors is calculated based on director numbers upon the conclusion of the general meeting of shareholders held after the end of the respective fiscal year.

9. Paper consumption is calculated based on all offices in Japan (Head Office (Tokyo), 6 offices and 5 branches).

IFRS

Billions of Yen	
	2014
	¥ 5,740.7
	859.9
	275.2
	173.7
	422.2
	11,001.3
	3,586.4
	4,455.1
	3,224.4
	521.5
	(704.5)
	(34.7)
	(183.0)
	(1,010.0)
	305.0
	(705.0)
	12.5%
	4.0%
	0.90

	Billions of Yen				Millions of U.S. Dollars
	2013	2014	2015	2016	2016
Consolidated Operating Results (For the Year):					
Revenue	¥ 4,912.1	¥ 5,731.9	¥ 5,404.9	¥ 4,759.7	\$ 43,270
Gross Profit	814.1	880.1	845.8	726.6	6,606
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	183.1	171.2	144.6	(132.0)	(1,200)
Profit (Loss) for the Year Attributable to Owners of the Parent	296.6	350.1	306.5	(83.4)	(758)
EBITDA	737.0	819.6	788.3	336.4	3,058
Consolidated Financial Position (At Year-End):					
Total Assets	10,777.3	11,491.3	12,202.9	10,910.5	99,186
Total Equity Attributable to Owners of the Parent	3,439.1	3,815.8	4,099.8	3,379.7	30,725
Interest-bearing Debt	4,176.4	4,411.1	4,793.9	4,710.5	42,823
Net Interest-bearing Debt	2,739.1	3,178.8	3,382.2	3,215.0	29,228
Consolidated Cash Flows (For the Year):					
Net Cash Provided by Operating Activities	455.3	449.2	640.0	587.0	5,336
Core Operating Cash Flow	—	608.9	661.6	471.7	4,288
Net Cash Used in Investing Activities	(754.5)	(659.8)	(386.4)	(408.1)	(3,710)
Net Cash Provided by (Used in) Financing Activities	236.3	(13.2)	(126.2)	(50.5)	(460)
Free Cash Flow	(299.2)	(210.6)	253.6	178.9	1,627
Investments and Loans	—	—	(715.0)	(600.0)	(5,455)
Divestitures	—	—	340.0	190.0	1,727
Net Cash Outflow	—	—	(375.0)	(410.0)	(3,727)
Financial Indicators:					
Return on Equity (ROE) (%)	9.4%	9.7%	7.7%	(2.2%)	
Return on Assets (ROA) (%)	2.9%	3.1%	2.6%	(0.7%)	
Net Debt-to-Equity Ratio (Net DER) (times)	0.80	0.83	0.82	0.95	

Yen	
	¥ 231.79
	231.78
	59
	25.5%
	2,000.78
	1,459
	6.29
	0.73
	48,090
	30.8%
	56,588

	Yen				U.S. Dollars
Amounts per Share:					
Profit (Loss) for the Year Attributable to Owners of the Parent					
Basic	¥ 162.53	¥ 192.22	¥ 170.98	¥ (46.53)	(0.42)
Diluted	—	192.21	170.95	(46.54)	(0.42)
Cash Dividends	43	59	64	64	0.58
Consolidated Dividend Payout Ratio (%)	26.5%	30.7%	37.4%	—	
Total Equity Attributable to Owners of the Parent	1,884.33	2,128.73	2,287.17	1,885.47	17.14
Stock Price:					
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	1,313	1,459	1,612	1,295	
Price Earnings Ratio (PER) (times)	8.08	7.59	9.43	—	
Price Book-Value Ratio (PBR) (times)	0.70	0.69	0.70	0.69	
Sustainability:					
Number of Employees (Consolidated)	45,148	48,090	47,118	43,611	
Ratio of External Directors (%)	30.8%	30.8%	35.7%	35.7%	
Paper Consumption (thousand sheets; A4-size equivalent)	57,833	56,588	50,155	50,369	

- Notes: 1. EBITDA is the total of "gross profit," "selling, general and administrative expenses," "dividend income" and "share of profit (loss) of investments accounted for using the equity method" and "depreciation and amortization."
2. We do not disclose "Core Operating Cash Flow" of 2013.
3. Figures calculated in accordance with IFRS standards for investments and loans, divestitures, and net cash outflow have not been disclosed for the fiscal years ended March 31, 2013 and 2014.
4. Per share information is calculated based on the number of shares issued at year-end.
5. Diluted earnings per share attributable to owners of the parent in the year ended March 2013, is not disclosed because there are no dilutive potential shares.
6. Price earnings ratio (PER) is calculated based on the year-end closing stock price divided by basic profit (attributable to owners of the parent) per share.
7. The consolidated dividend payout ratio for 2016 was omitted due to a loss.
8. The price earnings ratio (PER) for 2016 was omitted due to a loss.
9. Price book-value ratio (PBR) is calculated based on the year-end closing stock price divided by equity attributable to owners of the parent per share.
10. The U.S. dollar amounts, except cash dividends, represent translations of the Japanese yen amounts at the rate of ¥110.00=U.S.\$1, the approximate rate of exchange on March 31, 2016.
11. The U.S. dollar amounts for cash dividends represent translations of the Japanese yen amounts at the rate in effect on the payment date.

Corporate Information

As of March 31, 2016

Trade Name

MITSUI & CO., LTD.

Date of Establishment

July 25, 1947

Common Stock

¥341,481,648,946

Number of Employees

Consolidated: 43,611

Mitsui: 6,006

Number of Affiliated Companies for Consolidation

Subsidiaries: 275

Associated companies: 187

Investor Information

As of April 1, 2016

Securities Identification Code

8031

Stock Exchange Listings

Tokyo, Nagoya, Sapporo, Fukuoka

Fiscal Year

From April 1 to March 31

General Shareholders' Meeting

June

Administrator of the Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Contact Information for Above

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Business Planning Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

American Depository Receipts

Ratio: 1ADR = 20 common shares

Exchange: OTC (Over-the-Counter)

Symbol: MITSY

CUSIP Number: 606827202

Depository and Registrar

Citibank, N.A. Shareholder Services

P.O. Box 43077, Providence,

Rhode Island 02940-3077, U.S.A.

Tel: 1-877-248-4237 (Toll free in the U.S.)

1-781-575-4555 (Overseas Dial-In)

E-mail: citibank@shareholders-online.com

URL: www.citi.com/adr

As of March 31, 2016

Unit Share

100 shares

Number of Shareholders

400,805 shareholders

Number of Shares Issued

1,796,514,127 shares

(including 3,755,527 treasury shares)

Number of Shares Authorized

2,500,000,000 shares

Major Shareholders

The Master Trust Bank of Japan, Ltd. (trust account)

Japan Trustee Services Bank, Ltd. (trust account)

Sumitomo Mitsui Banking Corporation

Nippon Life Insurance Company

Barclays Securities Japan Limited

Mitsui Sumitomo Insurance Company, Limited

Japan Trustee Services Bank, Ltd. (trust account 7)

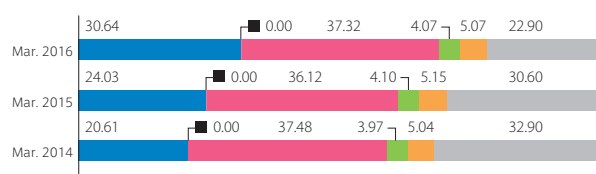
STATE STREET BANK WEST CLIENT – TREATY 505234

THE BANK OF NEW YORK MELLON SA/NV 10

Japan Trustee Services Bank, Ltd. (trust account 9)

Composition of Shareholders

(%)



■ Individuals and others ■ Government / Regional public bodies
 ■ Financial institutions ■ Securities firms
 ■ Other corporate shareholders ■ Foreign shareholders

* The figures in the above graph reflect all shareholders and shares held but exclude shareholders who own less than one trading unit.

Detailed Reports Issued by Mitsui

Financial Information

Annual Securities Report

The *Annual Securities Report* is prepared pursuant to Article 24, Section 1 of the Financial Instruments and Exchange Act and is required to be submitted to the Kanto Finance Bureau. Please refer to this report for more detailed financial information. It is issued in late June of each year.



Download from

<http://www.mitsui.com/jp/en/ir/library/securities/>

Mineral & Metal Resources and Energy-related Information

Production & Reserve Report

This detailed document provides an overview of our mineral & metal resources and energy businesses, including production volumes and reserves, and contains supplemental information related to supply and demand. The *Production & Reserve Report* is issued in September of each year.



Download from

<http://www.mitsui.com/jp/en/ir/library/supplementation/>

CSR-related Information

Sustainability Report

"Our Sustainability" of the *Annual Report 2016* outlines the Company's business activities and activities directed toward corporate social responsibility. The *Sustainability Report* provides a comprehensive update on our latest activities and is issued in August of each year.



Download from

<http://www.mitsui.com/jp/en/csr/csrreport/>

CSR reporting was completed with reference to the following guidelines:

- ▶ GRI (Global Reporting Initiative), *Sustainability Reporting Guidelines 4.0*
- ▶ Ministry of the Environment, Japan, *Environmental Accounting Guidelines 2005*
- ▶ ISO 26000 (*Guidance on social responsibility*)

Mitsui & Co., Ltd.

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Nippon Life Marunouchi Garden Tower

JA Building, 3-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan

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URL: <http://www.mitsui.com/jp/en/>

MITSUI & CO., LTD.



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