



I firmly believe in the importance of getting results, and will do my utmost to combine effective leadership with sound corporate governance to achieve the quantitative targets set in our new medium-term management plan, and beyond that, to fulfill our vision for Mitsui.

> In the previous fiscal year, ended March 31, 2016, Mitsui booked substantial impairment losses, primarily due to deteriorating market conditions in resources and energy, and we also recorded the first consolidated net loss in our history. Having reflected on these outcomes, during the year ended March 31, 2017 we focused on enhancing businesses that are resilient to commodity market fluctuations, while taking comprehensive measures to strengthen the competitiveness of our Resources & Energy businesses. In doing so, we identified and improved a number of weaknesses, and through the sustained efforts of Mitsui people right across the Group we demonstrated our ability to set and achieve goals. In fact, supported by a bottoming-out in commodity markets, we achieved results well in excess of our initial estimates.

> Our new medium-term management plan, "Driving Value Creation", began in April 2017, and targets record profit of 440 billion yen. This target represents significant growth over our most recent results and could be viewed as overly ambitious. However, I am confident that reaching our three-year quantitative targets will be only one of many milestones we pass on the road to fulfilling our long-term vision for Mitsui as a group that draws on its comprehensive strengths and continuously takes the initiative to incubate and develop new businesses.

Changes in the business environment are opportunities for growth

There are four key changes in the business environment that inform Mitsui's new medium-term management plan: climate change, globalization, growing populations and improving living standards in developing countries, and technological innovation. Although each of these topics would merit in-depth examination by itself, I will limit my observations to the primary factors influencing our business planning.

Looking first at climate change, decarbonization has become a major theme in both advanced and emerging economies, demanding changes in our business models in resources, energy, and infrastructure sectors.

Turning to globalization, although we are seeing a slowdown in the form of globalization that has been led by the U.S. and Europe, we are increasingly seeing countries and their people joining together in a form of "partial globalization" that is based on regional ties, shared systems and values, and common challenges and problems. Reflecting this, we see a need for a business development model aligned with the issues faced by each region or trading block, rather than pursuing a single global model.

Living standards in developing nations, meanwhile, are trending upward as their populations grow. This is accompanied by an increase in demand for food, food products and medical services, as well as rapidly changing consumer tastes and expectations.

The fourth key change, technological innovation, impacts every aspect of our work at Mitsui. As digital transformation progresses, businesses are becoming more productive, with greater pace and variation in development models. Consumers, too, are being empowered by information, so we have to embrace the opportunities arising from new tools with which to meet the different demands and tastes of consumers worldwide.

These major changes in the business environment signal the approach of an era in which our previous experiences of success—and perhaps the entire growth model of developed economies—no longer provide a reliable signpost to the future. It is clear to me that we must rapidly realign our business to the new reality, but I also believe strongly that these changes will give strong impetus to the ongoing development and success of Mitsui.

Enhancing our strengths and creating new business

Dealing with disruptions in the business environment is nothing new for Mitsui. We have consistently been able to develop new business models when circumstances have undermined the sustainability of the current approach.

This track record of adaptation gives me confidence that we can confront the dramatic changes currently facing the world and turn them into opportunities for growth. I certainly do not underestimate the challenges we face, but at the same time I know that exploring new frontiers is central to the Mitsui story.

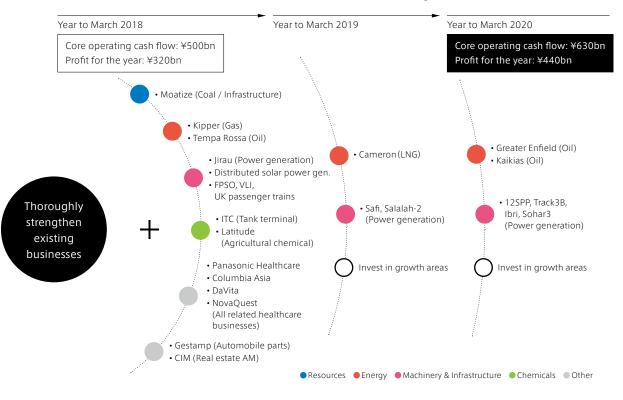
Let me be clear that when we talk about exploring new frontiers, we do not mean completely abandoning the past and blindly following each new trend. Rather, we mean adapting our accumulated strengths and capabilities to the new era, using our strong business foundations to enter new growth areas with the confidence that we can accommodate change and grow our corporate value.

This approach is embodied in two key initiatives of the new medium-term management plan: *building a robust profit base and thoroughly strengthening existing businesses* and *establishing selected new growth areas*.

Building a robust profit base and thoroughly strengthening existing businesses

Resources & Energy, Machinery & Infrastructure, and Chemicals are the three business areas at the core of our new plan. These areas have long been significant revenue drivers for Mitsui, but we have no intention of settling for the status quo. With an eye on the rapidly changing business environment, over the three years of the plan we are determined to strengthen these already solid businesses.

In Resources & Energy, we will continue our efforts to enhance reserves, production volume and cost competitiveness, pursuing bolt-on investments and identifying ways to reduce costs in existing assets that already have robust cash flow. Current projects will contribute to earnings as we bring them quickly to stable operational status. In Resources, the Moatize coal mine and Nacala infrastructure projects currently underway in Mozambique are expected to be fully operational and produce solid revenue. In Energy, meanwhile, three oil projects are under development—Tempa Rossa in Italy, Greater Enfield in Australia, and Kaikias in the United States-and the Cameron LNG project is currently under construction in the U.S. All of these are progressing steadily. Through growth in production volume and rigorous project cost control we expect to increase revenue without needing to rely on higher commodity prices.



The accumulation of assets and the start of their contributions to earnings and cash flow

In Machinery & Infrastructure, electric power business is key to our strategy. We are consistently improving the quality of our portfolio in this area, particularly through the expansion of renewable energy projects and the promotion of a Develop & Sell model under which we focus on selling assets when their business value tends to be highest, such as at the start of operations. New assets we are currently developing include power generation facilities in the Middle East and South East Asia, and construction is proceeding to plan.

Through collaboration with strong partners, such as the Penske Group, we are enhancing our comprehensive transportation service and logistics business, while working to expand our revenue base through initiatives such as the improvement and expansion of railroad projects in Brazil and the UK.

In Chemicals, we are building on our strengths in the feed additive industry by expanding our methionine manufacturing capacity and taking other steps to improve the competitiveness of Novus. In the U.S., we will drive revenue by expanding our tank terminal project, while pursuing initiatives in high performance materials, such as carbon fiber, and agricultural materials, including pesticides, to contribute to the improvement of agricultural productivity and address environmental needs. We will continue to bolster our powerful network and increase the sophistication of our trading capabilities to deliver new business opportunities.

Our efforts are not limited to these core areas. In working to build a robust profit base we are closely examining all our businesses for opportunities to grow the top line and reduce costs. This includes dispatching highly specialized management support teams to any existing businesses that are not reaching their potential.

Establishing selected new growth areas

Our new medium-term management plan identifies four growth areas: Mobility, Healthcare, Nutrition & Agriculture, and Retail & Services. What these areas have in common is their high potential for growth and transformation amid changes in the business environment. They are also areas in which Mitsui has considerable existing strength, having accumulated business assets, partner and customer networks, and expert human resources. This makes us confident that, as the business environment changes, we can create growth opportunities for Mitsui.

In Mobility, for example, there is an emerging cultural shift from ownership to usership, growing demand for driverless cars, and closer consideration being given to environmental impact. These changes generate countless opportunities, and one of the ways we are responding is by enhancing our service businesses and pursuing automobile part weight reduction initiatives, in collaboration with the Penske Group and Gestamp Automocion.

In Healthcare, medical needs in developing countries are rapidly increasing, particularly in Asia, and we are filling the medical supplydemand gap by establishing a healthcare ecosystem based on our IHH hospital group and Panasonic Healthcare.

In Nutrition & Agriculture, there is increasing demand for high-value-added food and technologies that can help increase global food production. We aim to address this demand and expand our business by making maximal use of the technologies held by Novus and each of our affiliate food science companies.

In Retail & Services, we are pursuing new business development that addresses increasing diversity and the growing power of consumers. At the core of these initiatives are Mitsui companies in the retail sector providing service primarily to Seven & i Group, as well as strong businesses such as Ventura Foods in the food products sector.

Strengthening management to support growth

We can only succeed in our growth initiatives if we have a robust business management platform. For this reason, our new plan includes measures to enhance innovation, governance and the fostering of talented people.

An example of our commitment to managing innovation is the appointment, in May 2017, of Mitsui's first Chief Digital Officer. This appointment reflects our view that rapidly advancing technologies have the power to fundamentally change how corporations go about their business. For Mitsui, these technologies are a threat as well as a major opportunity, and whether we can effectively incorporate them into our existing business—and then use them to generate new business—is a key issue for our future. Our Chief Digital Officer is tasked with accelerating our companywide Digital Transformation policy, the aim of which is to improve productivity in all our businesses and strengthen business creation.

In governance, we are further diversifying the make-up of our Board of Directors and strengthening the Board's functions. I want to see Mitsui develop a proactive style of governance that strengthens our earning power and reflects who we are as a company.

Which brings us to human resources—our people. Worldwide, Mitsui employs 43,000 diverse professionals, and they are without a doubt our greatest strength and competitive advantage. Our people take the lead in every challenge and opportunity that comes our way, and by utilizing their individual capabilities regardless of their race, nationality or gender—we aim to create sustainable new value for society and good business for Mitsui. Good business takes more than skill and knowledge; it is built from trusting relationships with customers and partners. For this reason, under our new plan we will be placing more of our people at the business frontline in Group companies in Japan and worldwide, allowing them to gain the direct experience and business relationships needed to carry Mitsui into the future. We also aim to realize the full potential of each of our highly diverse staff by introducing significant changes to the way we work, including a range of measures to enhance productivity and flexibility.

Our corporate slogan—360° business innovation—encapsulates our determination to draw on Mitsui's diverse interests and foster new value in our many areas of expertise. This determination is also reflected in the theme of our medium-term management plan: Driving Value Creation. I firmly believe in getting results, and with my colleagues around the world we will be working to accelerate Mitsui's value creation and realize our goals, both quantitatively for the next three years and qualitatively with respect to our long-term vision. I very much appreciate your interest in our progress, and look forward to your continued support.

August 2017

President and Chief Executive Officer