Annual Securities Report
for the fiscal year ended March 31, 2011

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Mitsui & Co., Ltd. filed with the Chief of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 24, 2011.

As used in this report, "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), "we", "us", and "our" are used to indicate Mitsui & Co., Ltd. and subsidiaries, unless otherwise indicated. "Share" means one share of Mitsui's common stock, "ADS" means an American Depositary Share representing 20 shares, and "ADR" means an American Depositary Receipt evidencing one or more ADSs. Also, "dollar" or "$" means the lawful currency of the United States of America, and "yen" or "¥" means the lawful currency of Japan.

All financial statements and information contained in this report have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP except where otherwise noted.

A Cautionary Note on Forward-Looking Statements
This report includes forward-looking statements based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "expect", "anticipate", "estimate", "plan" or similar words. The forward-looking statements in this report are subject to various risks, uncertainties and assumptions. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial position, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual operating results to differ materially from those contained or implied in any forward-looking statement. Our expectations expressed in these forward-looking statements may not turn out to be correct, and our actual results could materially differ from and be worse than our expectations.

Important risks and factors that could cause our actual results to differ materially from our expectations are discussed in "2. Operating and Financial Review and Prospects, 4. Risk Factors" or elsewhere in this report and include, without limitation:

- changes in economic conditions that may lead to unforeseen developments in markets for products handled by us;
- fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions;
- adverse political developments in the various jurisdictions where we operate, which among things, may create delays or postponements of transactions and projects;
- changes in laws, regulations or policies in any of the countries where we conduct our operations; and
- significant changes in the competitive environment.

We do not assume, and specifically disclaim, any obligation to update any forward-looking statements which speak only as of the date made.

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1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

Fiscal year			92nd	91st	90th	89th	88th
Year ended			March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Consolidated financial data							
	Revenues	(Millions of Yen)	4,679,443	4,096,445	5,504,789	5,715,112	4,777,109
	Income from continuing operations before income taxes and equity in earnings	(Millions of Yen)	272,697	126,040	242,178	398,938	307,185
	Net income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	306,659	149,719	177,607	410,061	301,502
	Comprehensive income (loss) attributable to Mitsui & Co., Ltd.	(Millions of Yen)	191,345	353,671	(218,115)	123,556	425,744
	Total trading transactions	(Millions of Yen)	9,942,472	9,358,379	13,125,144	14,795,021	13,561,974
	Total Mitsui & Co., Ltd. shareholders' equity	(Millions of Yen)	2,366,192	2,230,128	1,881,663	2,183,660	2,110,279
	Total equity	(Millions of Yen)	2,553,334	2,429,806	2,111,446	2,427,636	2,348,966
	Total assets	(Millions of Yen)	8,598,124	8,368,984	8,364,243	9,537,829	9,813,312
	Shareholders' equity per share	(Yen)	1,296.66	1,222.11	1,033.22	1,202.03	1,182.48
	Basic net income attributable to Mitsui & Co., Ltd. per share	(Yen)	168.05	82.12	97.59	227.20	174.26
	Diluted net income attributable to Mitsui & Co., Ltd. per share	(Yen)	168.05	82.11	97.32	224.82	165.32
	Shareholders' equity ratio	(%)	27.52	26.65	22.50	22.89	21.50
	Return on Equity (ROE)	(%)	13.34	7.28	8.74	19.10	15.92
	Price Earnings Ratio (PER)	(Times)	8.87	19.13	10.10	8.89	12.62
	Net cash provided by operating activities	(Millions of Yen)	504,474	632,360	582,666	415,791	239,275
	Net cash used in investing activities	(Millions of Yen)	(484,021)	(180,093)	(290,892)	(104,778)	(418,028)
	Net cash provided by (used in) financing activities	(Millions of Yen)	33,820	(214,445)	(9,774)	(185,129)	272,289
	Cash and cash equivalents at end of year	(Millions of Yen)	1,441,059	1,401,399	1,147,809	899,264	800,032
	Number of employees (excluding average number of part-time employees)	(Number of persons)	40,026 (19,378)	41,454 (19,507)	39,864 (18,990)	39,161 (18,399)	41,761 (15,768)

(Notes)
1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America.
2. Total Trading Transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.
3. Revenue and total trading transactions do not include consumption taxes.
4. "Shareholders' equity" or "equity" in shareholders' equity, shareholders' equity per share, shareholders' equity ratio and return on equity (ROE) in the above table refers to "total Mitsui & Co., Ltd. shareholders' equity" in the consolidated balance sheets.

2. History

Mitsui Bussan Kabushiki Kaisha ("Mitsui & Co., Ltd." in English) was originally incorporated on July 25, 1947, as Daiichi Bussan Kabushiki Kaisha with common stock of ¥195,000, with the main purpose of importing, exporting and selling a wide variety of products.

Since our establishment, our business results have developed strongly, and we have grown in scale as the result of capital increases or stock dividends, the issuance of foreign currency-denominated and domestic convertible bonds, along with integration with other new companies. On February 16, 1959, we changed our name to our present name of Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.), and took the form of a general trading company in both name and practice. From then until the present day, we have continued to expand our business through mergers and acquisitions of other businesses and companies.

The significant developments for the company that occurred during this time, including name changes, mergers, establishment of major affiliated companies, listings on securities exchanges, and other, are as follows.

Jul. 1947	Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000
May 1949	Listed on Tokyo Stock Exchange
Nov. 1954	Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange
Apr. 1956	Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.)
Mar. 1958	Established Nihon Remington Univac, a predecessor of Nihon Unysis, Ltd.
Feb. 1959	Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.)
Feb. 1959	Listed on Fukuoka Stock Exchange
Jan. 1963	Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine)
May 1963	Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in 1971)
Feb. 1965	Decided to participate in Robe River iron mine in Australia
Apr. 1966	Established Mitsui & Co. (U.S.A.) Inc.
Oct. 1966	Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
Mar. 1971	Split off lease business and established Mitsui leasing, Ltd. (currently JA Mitsui Leasing, Ltd.)
Sept. 1971	Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi
Oct. 1971	Signed basic agreement on Iran Petrochemical Project
May 1976	Established Aim Services Co., Ltd. with ARA (currently ARAMARK Corporation)
Nov. 1976	Moved head office to Otemachi, Chiyoda-ku, Tokyo, where it is at present
Jul. 1985	Participated in North West Shelf LNG project in Western Australia
Apr. 1988	Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC)
Dec. 1990	Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd.
Oct. 1991	Introduced Chief Operating Officer system
Feb. 1994	Established P.T. Paiton Energy, an electric power company in Indonesia
Jun. 1994	Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects
Jul. 1999	Established Mitsui & Co. Europe PLC (currently Mitsui & Co. Europe Holdings PLC)
Apr. 2002	Introduced Managing Officer system
Mar. 2003	Participated in ownership interest in International Methanol Company of Saudi Arabia
Jun. 2003	First appointment of external director
Sept. 2003	Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company
Apr. 2004	Abolished Domestic Branches and Offices Segment and included them in each business unit by product
Apr. 2006	Introduced overseas regional business unit system (currently three overseas regional business unit system)
Jun. 2007	Acquired Steel Technologies, Inc, a U.S. steel processing service center
Feb. 2010	Decided to participate in the Marcellus Shale Gas production development project in the US

3. Business Overview

We are a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with our trading activities, organizing and coordinating international industrial projects by using the global office network and ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron and steel, mineral and metal resources, machinery and infrastructure projects, chemicals, energy, foods and retails, consumer service and IT. We also participate in the development of natural resources such as oil, gas, iron and steel raw materials. We have been proactively making strategic business investments in certain new industries such as IT, renewable energy and environmental solution businesses.

While we organize the above mentioned businesses into several business units based on products and services as well as regions, each business department in the business units pursues its business coordinating multilaterally with other business departments, overseas trading subsidiaries and affiliates.

The U.S. Department of State designates Iran, Sudan, Syria and Cuba as state sponsors of terrorism and subjects them to export controls. As a globally operating organization, we conduct business with entities in various countries including Iran, Sudan and Syria. Our activities with entities in these states are insignificant when compared to our entire business (limited to approximately 1% of our consolidated revenues, gross profit and assets for the years ended March 31, 2011, 2010 and 2009). However, we are aware that our reputation is determined largely by others and is inherently outside of our direct control.

In addition, we have internal procedures to ensure compliance with both the sanctions imposed by the Security Council of the United Nations, and the licensing and other requirements of Japanese regulations with respect to export of products for military use and/or dual use to certain countries including those countries mentioned above, and we pay attention to compliance with the relevant regulations of other countries, which include the Export Administration Regulations of the U.S. Department of Commerce as well as other relevant U.S. regulations.

Our Iran-related operations consist both of business activities where we act as principal and those where we act as agent. As principal, we have purchased crude oil, oil products and petrochemical products such as ammonia and methanol from Iranian entities and sold them in Japan and elsewhere. In addition, we have sold some steel and chemical products to Iranian entities but in smaller amounts when compared with the purchase transactions. We have also acted as an agent for Japanese companies (such as Japanese engineering and heavy machinery companies), and assist them with various aspects of entering into and completing industrial projects in Iran. Mitsui has only one asset located in Iran: a subsidiary which renders services to support Mitsui's implementation of the above-mentioned activities. We currently have no plan to expand our Iran-related operations.

The Iran Sanctions Act of 1996, as amended, or the ISA, provides for certain sanctions against any person, including a non-U.S. company, that among other things knowingly makes investments of $20 million or more (or any combination of smaller investments with an aggregate value of $20 million or more in any 12-month period) that contribute to the enhancement of Iran's ability to develop petroleum resources, or that transfers goods or services made with the knowledge that they will contribute materially to that country's weapons capabilities. In July 2010, the ISA was enhanced by expanding the scope of sanctions-triggering activity, which now includes the provision of goods, services, technology, information, or support that could facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products as well as exportation of such products to Iran. We closely monitor these and other regulatory changes and continue to enhance our internal control mechanism to ensure full compliance with the enhanced rules.

Our Sudan-related operations consist of sales of sugar, where our counterparties are neither Sudanese governmental bodies nor entities engaged in oil exploration and production in the country.

(1) In this report, "overseas trading subsidiary" means subsidiaries such as Mitsui & Co. (U.S.A.), Inc., which represent major parts of the geographic operating segments of Americas; Europe, the Middle East and Africa; and Asia Pacific.

Our Syria-related operations consist of sales of chemical products such as urethanes and agrochemicals (insecticides) as well as sundry goods such as photographic film, neither of which are designed for any military use, to non-governmental entities.

We do not have any assets or employees in Sudan and Syria due to extremely low activity levels. We do not expect to expand our activities with these countries in the foreseeable future.

We have 436 affiliated companies for consolidation, which consist of 194 overseas subsidiaries, 81 domestic subsidiaries, 114 overseas associated companies and 47 domestic associated companies.

Iron & Steel Products Segment

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit, which has:
Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥39.4 billion or 4.6% and ¥6.4 billion or 2.1% of our consolidated total, respectively.

This segment handles various iron and steel products used in a wide range of industries including the automotive, appliances, transportation, construction and energy sectors. They, together with 8 subsidiaries and 15 associated companies, serve customers in these industries worldwide and provide support services for steel manufacturers. The Iron & Steel Products Segment conducts, trading, marketing, processing and distribution of:

- steel sheet for automotive, containers and appliances, steel plates for shipbuilding and others;
- steel products for oil and gas projects including OCTG and line pipes;
- steel bars and other steel construction materials;
- wire rods, specialty steel and bearings;
- semi-finished items including steel slabs to be processed into steel plate, sheet and steel billets to be processed into steel bars and wire rods.

This segment has made investments in subsidiaries and associated companies including steel service centers for processing and distribution; electric furnace steel makers and rolling mills as manufacturing bases; and steel products distribution companies, and this segment has also developed its services based on the proprietary supply-chain network by making use of accumulated IT and logistics expertise. By working closely with manufacturers and users, we optimize distribution and inventory control, thus sharing with customers and suppliers the benefit of associated cost reductions.

For example:

- This segment has established steel service centers, galvanizing and tin-plating facilities at our subsidiaries and/or joint ventures with Japanese and overseas steel makers and other local partners in order to meet the rising demand from manufacturers of automotive, appliances and others that have their production centers all over the world. The most representative case is Shanghai Bao-Mit Steel Distribution Co., Ltd., a joint venture established with Shanghai Baosteel Group Corporation, a Chinese integrated steel manufacturer, in order to build a network of steel products service centers in China.
- Recently, this segment has focused on businesses in emerging countries whose steel products markets have grown rapidly. In Asia, Regency Steel Asia Pte Ltd., a steel products wholesale subsidiary has expanded its wholesale operations. This segment also focuses on business opportunities in India by setting up joint ventures with local partners and creating our service networks such as coil centers.
- This segment frequently draws upon the unit's logistics expertise in delivering a wide range of materials and products processed properly in large volume under an optimized schedule along with expertise in project financing. We also take advantage of the business relationships and marketing channels of other business units in the fields of mineral and metal resources, energy, industrial plants, shipping and machinery. This enabled this segment to be involved in various industrial projects including the Papua New Guinea LNG project operated by Exxon Mobil Corporation where we supplied steel pipes and the mining projects operated by Rio Tinto plc and Vale S.A. supplying rails for minerals transportation.
- In the domestic market which has substantially matured, this segment concentrates on reorganizations of subsidiaries to improve their sales force and operational efficiency, and to enhance its internal control base.

For example, this segment established Mitsui & Co. Steel Ltd. by consolidating 4 subsidiaries for steel products in April 2008. In addition, in September 2010, this segment transferred its export business automobile, shipbuilding and construction, from the parent company to Mitsui & Co. Steel Ltd. in order to respond to the needs of steel products supply to overseas and joint businesses with domestic customers, which have accelerated to advance overseas.

Recently, an increase in steel production and consumption in newly developing countries such as China and India, as well as a decrease in demand in developed countries stemming from slow down of the economies triggered by financial crisis in the United States are ongoing in tandem. In the domestic market where sluggish demand especially for construction usage continue, this segment focuses on optimizing distribution networks in the partnership with local steel products wholesalers. At the same time, this segment is working to be an insider and build up the operating base in the developing countries.

Mineral & Metal Resources Segment

The Mineral & Metal Resources Segment consists of one business unit, the Mineral & Metal Resources Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥186.2 billion or 21.7% and ¥167.3 billion or 54.5% of our consolidated totals, respectively.

This segment, together with 10 subsidiaries and 10 associated companies, is engaged in various business activities including:

- trading, investment, logistics management and transportation services related to iron and steel raw materials, such as iron ore, metal scrap, ferro-alloys and other minerals;
- trading, investment, logistic management and transportation of non-ferrous metal raw materials and ingots such as copper, lead, zinc, nickel, aluminium, alumina, magnesium, cobalt, titanium, other non-ferrous metals; and sales and marketing of semi-fabricated non-ferrous products such as construction materials; and
- metal recycling and environmental solutions business.

In the field of iron and steel raw materials, this segment started investments in raw materials sourcing projects in the 1960's based on concept of "develop-and-import", aiming at stable procurement of those raw materials for the Japanese iron and steel industries. Those projects are now supplying raw materials to major iron and steel manufacturing countries including Japan.

The following table provides information on investments of this segment in iron ore resource projects in Australia.

Iron Ore Mining Activities

Joint Venture or Investee	Mitsui's Subsidiary or Associated Company	Name of Mines	Location	Mitsui's Percentage of Ownership	Other Major Participants and Their Percentages of Ownership	
Robe River Iron Associates	Mitsui Iron Ore Development Pty. Ltd.	Mesa A, Mesa J, West Angelas	Pilbara Region, Western Australia	33.00%	Rio Tinto Nippon Steel Sumitomo Metal Industries	53.00% 10.50% 3.50%
Mt. Newman Joint Venture	Mitsui -Itochu Iron Pty. Ltd.	Mt. Whaleback	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Yandi Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Yandi	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Mt. Goldsworthy Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Mining Area C	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%

In addition, this segment has a 15% ownership interest (or 18.2% in terms of voting shares as of March 31, 2011), of Valepar S.A., the controlling shareholder of Vale S.A. (the former "Companhia Vale do Rio Doce", which has been renamed legally effective May 22, 2009) in Brazil. Vale S.A. is a mining enterprise with operations that include mining of iron ore, non-ferrous metals, coal and fertilizers. This segment purchased the ownership interest in Valepar S.A. in September 2003. In July 2008, Vale S.A. made a public offering of its shares. Valepar S.A. maintained the current controlling ownership at Vale S.A. by exercising its priority subscription rights, and Mitsui contributed to Valepar S.A. on a pro rata basis. Mitsui's additional investment amount was ¥78.4 billion.

Iron ore mining businesses remain our core business, and continue to focus on investments for the enhancement of production capacity and operational efficiency in existing mining operations. While iron ore demand temporarily stagnated worldwide, mainly in developed countries, due to the economic slow down triggered by the financial crisis in the United States, our equity production tonnage is expected to be increasing in accordance with a mid and long term increase in demand of mainly China which is the world largest crude steel producer, and the newly developing countries. See “3. Equipment and Facilities, 1. Overview of Capital Expenditures” regarding further information and discussion on development of this segment’s iron ore mining projects, and Review and Analysis of Operating Results of the Mineral and Metal Resources Segment in “7. Analysis of Financial Condition, Operating Results and Cash Flows” regarding the projects’ production status and outlook on prices of iron ore.

Revenues from iron ore producing activities account for a significant portion of this segment. The table below sets forth the break down of revenues of the Mineral & Metal Resources Segment.

	Revenues			
	Billions of Yen			
	Revenues from Sales of Products		Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Iron Ore Producing Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2011	¥ 263.4	¥ 222.5	¥ 8.1	¥ 494.0
2010	¥ 136.2	¥ 127.4	¥ 8.4	¥ 272.0

(*) Revenues from sales of other products mainly consist of sales of scrap metals and non-ferrous metals such as copper and aluminum.

This segment recognizes recycling as industrial solutions to environmental problems, and has set metal recycling business as one of its key businesses. In Japan, through Mitsui Bussan Metals Co., Ltd., a wholly owned subsidiary, we engage in wide range of products and services in metal resources, recycling and non-ferrous metal products. In addition, this segment holds 17.6% of the issued ordinary shares of Sims Metal Management Limited (Australia), a metal and electronics recycler with worldwide operating bases in Australia and Europe as well as in North America, its main operating zone. Mitsui and Sims Metal Management Limited seek opportunities for a joint recycling solutions business in Japan and abroad.

This segment participates in a joint venture named for Erdos EJM Manganese Alloy Co., Ltd, which produces Silico-Manganese in the Inner Mongolia Autonomous Region, China, with 24.5% ownership, together with Erdos Electrical Power and Metallurgical Co., Ltd. (“Erdos EPMC”) and JFE Steel Corporation, a major Japanese integrated steel manufacturer. This project started production of Silico-Manganese in July 2006. Erdos EPMC operates five major businesses in the Inner Mongolia Autonomous Region: power generation, coal mining, ferrous alloy production, water pumping from the Yellow River and chemical businesses. In April 2007, this segment completed the acquisition of 25% share ownership in Erdos EPMC. In July 2010, Mitsui has added investment with other shareholders as pro-rata basis. Mitsui regards EPMC as a strategic partner in China, and above and beyond this additional investment, Mitsui hopes to draw on its integrated strengths to support and promote the company's new business ventures.

This segment has been operating, not only mining business but also other joint venture projects to meet the increasing demand for iron and steel raw materials in Japan and abroad. POSCO Terminal Co., Ltd. (Korea) is the representative case established with POSCO, an integrated steel manufacturer in Republic of Korea. It provides logistics services including bulk material transportation, storage and transshipment involving iron and steel raw materials for various customers in Asia.

In non-ferrous metals field, this segment has been engaged in trading raw materials and ingots such as copper, nickel, cobalt, aluminium, alumina and other non-ferrous metals, and also expanding its investments and participations in various non-ferrous metals mining and smelting projects to secure stable supply sources of the raw materials and ingots. For example:

- This segment participates in copper mining activities in Chile, through Compañía Minera Doña Inés de Collahuasi SCM (Chile) with a 7.4% interest and Los Pelambres copper mine with a 1.3% interest, which have annual production capacities of about 500,000 tons and 360,000 tons of copper, respectively. In addition, in May 2010 this segment acquired a 25% interest in Caserones copper and molybdenum mining project in Chile, which had been 100% held by Pan Pacific Copper Co., Ltd. Production is expected to start in 2013 and the average annual production volume in the first five years is expected to be about 180,000 tons of copper and about 3,000 tons of molybdenum.

- This segment participates in a nickel-cobalt smelting project named Coral Bay in the Rio Tuba area in the Republic of Philippines with 18% interest which has been developed jointly with Sumitomo Metal Mining Co., Ltd., Sojitz Corporation and a local partner. In February 2007, we decided to participate in the expansion plan for the second production line, and in July 2010 we improved efficiency of the first production line. As a result, the current production capacity became 24,000 ton Nickel content and 1,500 ton cobalt content per annum from the original capacity of 10,000 ton and 750 ton, respectively. In September 2010, this segment decided to participate in the Taganito nickel project in the Philippines with 15% interest which has been developed by Sumitomo Metal Mining Co., Ltd. Production capacity of the project is expected to be 30,000 ton Nickel content and 2,600 ton cobalt content per annum. In April 2005, this segment, jointly with Sumitomo Metal Mining Co., Ltd., concluded an agreement for participation in the Goro Nickel Project in New Caledonia, which has been developed by former Inco Limited, (currently called Vale Canada Limited). This project started its first upstream process ramp up in the beginning of 2010 and is shipping interim products as of March 31, 2011. It is expected to produce in total about 60,000 tons of nickel and about 4,000 to 5,000 tons of cobalt per annum eventually.
- This segment directly and indirectly has a 15% interest in NIPPON AMAZON ALUMINUM CO., LTD. which has invested in aluminium smelting and alumina refining business in Brazil. We recognize that aluminium continues to be a significant material and pursue relevant business opportunities.
- This segment established a special department for rare metals which underpin high-tech industries. The segment has picked up lithium, rare-earth element, tungsten and PGM (Platinum Group Metals) to be pursued proactively and been studying development and undertaking feasibility studies of various rare metal projects.

Machinery & Infrastructure Projects Segment

The Machinery & Infrastructure Projects Segment consists of three business units, the Infrastructure Projects Business Unit, the Motor Vehicles Business Unit and the Marine & Aerospace Business Unit. The Motor Vehicles Business Unit changed its name to the Motor Vehicles & Construction Machinery Business Unit in June 2011.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥92.4 billion or 10.8% and ¥30.4 billion or 9.9% of our consolidated totals, respectively.

Infrastructure Projects Business Unit

The business activities of the Infrastructure Projects Business Unit, together with 25 subsidiaries and 15 associated companies, cover a wide range of involvement in project development, construction, business operations and management, implementation and related services, including:

- electric power projects such as power plants, power transmission and substation facilities;
- renewable energy projects such as wind power, solar thermal power and photovoltaic power generation facilities;
- water supply projects such as seawater desalination plants, wastewater processing facilities and water supply and sewerage facilities;
- energy / basic industries projects such as oil and gas development, oil refineries, LNG receiving facilities and pipelines, steel plants, non-ferrous metal plants and chemical plants;
- project development such as airport, port, road and other public facilities;
- transportation-related business such as rolling stock and railway facilities and systems;

This business unit is undertaking various projects that may stimulate economic growth in developing countries and countries rich in natural resources. In response to various needs in such countries, this business unit applies its project engineering capabilities including expert knowledge in financing, logistics, taxation and legal affairs. This business unit often arranges financing for projects by international financial institutions and export credit agencies worldwide.

The following are examples of the types of projects and the activities in which this business unit renders services, mainly as an agent in securing the contract, arranging financing and executing the contract:

- In the Commonwealth of Independent States ("CIS"), including Russia, the Middle East, Brazil and Indonesia, this business unit has been engaged in the structuring and the arrangement of debt and equity project financing for various natural gas and/or oil projects, together with export credit agencies and commercial banks.
- This business unit has acted as the Engineering, Procurement and Construction ("EPC") contractor for the construction of infrastructure facilities including power plants, various oil and gas production facilities and petrochemical plants in which it has procured manufacturing equipment from Japanese and overseas subcontractors and has administered implementation of the projects under construction.
- For the Taiwan High Speed Rail project, this business unit is the commercial leader of a consortium consisting of Japanese railway car manufacturers and general trading companies, which supplied rolling stock and transportation facilities.

In addition to the conventional EPC approach of acting as an intermediary between project owners and sub-contractors, this business unit is increasing activities which often involve arrangement of sophisticated financing schemes, business operations and management through equity participation, and operation and maintenance of plant and facilities after their construction completion. Based on this concept, the unit has been proactively investing in several types of infrastructure projects. In particular, independent power producer ("IPP") business overseas lies as a core domain. Most of these IPP projects operate under long term power sales contracts with users such as state-owned electricity companies, which enable them to forecast long term and stable returns.

- IPM Eagle LLP and IPM (UK) Power Holdings Limited, which this business unit established jointly with International Power plc, are the core operation of our overseas power producing businesses. IPM Eagle LLP (ownership: International Power plc 70% and Mitsui 30%), which was established upon its acquisition of the international power generation portfolio held by Edison Mission Energy in USA in December 2004, owns and operates ten power plants in Europe, Australia and Asia etc. (gross 4,541 megawatts in total, including those under construction) as of March 2011. IPM (UK) Power Holdings Limited (ownership: International Power plc 75% and Mitsui 25%), which was established in June 2007 upon the reorganization of the ownership of power generating assets in the United Kingdom separately held by International Power plc and Mitsui, owns and operates five power plants in the United Kingdom (4,978 megawatts in total) as of March 2011. Some of the above-mentioned projects sell electricity at wholesale on the power market, instead of supplying it under long term contracts, so that the joint ventures optimize their profit structure.
- This business unit formed a joint venture with Calpine Corporation to construct, own and operate the 1,005 megawatt combined cycle power plants called Greenfield Energy Center LP (Canada). The joint venture started commercial operation in October 2008 based on a 20 year Clean Energy Supply contract with Ontario Power Authority, Canada.
- This business unit has a 36.3% voting interest in P.T. Paiton Energy, an Indonesian power producer, which owns a 1,230 megawatt coal fired power plant at the Paiton Power Generation Complex in East Java, Indonesia. (In addition, IPM Eagle LLP owns a 44.7% voting interest.) P.T. Paiton Energy sells electricity to P.T. PLN (Persero), a government-owned electric utility company, under a long term power purchase agreement which is valid until the year 2040. P.T. Paiton Energy signed a US$1,215 million project financing agreement with Japan Bank for International Cooperation and eight commercial banks in March 2010 to finance an expansion project that P.T. Paition Energy builds, owns and operates an additional 815 megawatt thermal power plant in the proximity of the existing plant. The new plant is anticipated to commence commercial operation in April 2012 and will generate and supply electricity to P.T. PLN (Persero) for 30 years under a long term power purchase agreement.
- In June 2010 this business unit and Tokyo Gas Co., Ltd. acquired from Gas Natural SDG, S.A. a portfolio of five power companies and relevant companies including a pipeline company in Mexico, of which total enterprise value is approximately US$1,200 million, through MT Falcon Holdings Company S.A.P.I. de C.V. (Mexico) (Ownership: Mitsui 70% and Tokyo Gas Co., Ltd. 30%). Subsequently, this business unit sold its economic stake in MT Falcon Holdings Company S.A.P.I. de C.V. to Chubu Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. in March 2011, resulting in this business unit's ownership of 40%. The power companies have an aggregate total generating capacity of gross 2,233 megawatt (net 893 megawatt). The full generating capacity of the power companies is contracted to the Mexican national power authority, Comision Federal de Electricidad under long-term (25 years) power purchase agreements.

Reflecting these developments, the combined power generation capacities for the unit's equity share in various power projects as of the end of March 2011 in operation and under construction were net 4,499 megawatt and net 699 megawatt, respectively. As well as the above-mentioned projects, these power generation capacities included those under the operation of Umm Al Nar in the United Arab Emirates, Valladolid III in Mexico and Amman East in Jordan etc. and those under construction such as Ras Laffan C in Qatar (commercial operation started in April 2011) etc.

This business unit is also engaged in following projects:

- In March 2008 Mitsui signed a service agreement with Comisión Federal de Electricidad in regards to the concession rights for construction and operation of an LNG receiving terminal in Manzanillo city. Mitsui participates in this project with a 37.5% interest. Commercial start-up is planned around in late 2011. In addition, this business unit owns a 25% interest in the LNG terminal in Altamira, Mexico. The facility provides services of receiving and regasification of LNG for the ultimate customer, Comisión Federal de Electricidad, a state power company.
- In July 2008, Mitsui, together with Toyo Engineering Corporation, an associated company of this business unit, acquired Earth Tech Mexican Holdings, S.A. de C.V. (presently renamed as Atlatec Holdings, S.A. de C.V.), a water and wastewater treatment engineering and construction company. The company specializes in design, construction and operation of industrial and municipal water and wastewater treatment plants and currently owns, operates and develops water treatment facilities for Petroleos Mexicanos, a Mexican state-owned oil company, and for several states in Mexico jointly with the Americas Segment. In addition, this business unit, together with Hyflux Ltd., the leading provider of integrated water management in Singapore, acquired 22 water treatment operation assets in China from Hyflux Ltd. and one of its affiliates through a 50:50 joint venture created by both companies, Galaxy NewSpring Pte. Ltd. in November 2010. Galaxy NewSpring Pte. Ltd. will continue to capture the growing water infrastructure demand in China, and expand its water business with new customers such as local governments and industrial parks.
- MITSUI GAS E ENERGIA DO BRASIL LTDA., formerly named Gás Participaçãoes Ltda., which Mitsui wholly acquired in April 2006, participates in seven local gas distribution companies with a 24.5% interest in each, with other shareholders, Petrobras Gas S.A., and the respective state governments in Brazil.
- In June 2008, Mitsui and Petróleo Brasileiro S.A. ("Petrobras"), a Brazilian state owned oil company, agreed to start deepwater drilling services with an ultra-deepwater drillship. P & M Drilling International B.V. (Netherlands), an operating vehicle company established in equal shares by Mitsui and Petrobras, owns a drillship which was built in July 2009, and engages in leasing for an operator, who will in turn provide the services with Petrobras. This business unit is proceeding with the project together with the Marine & Aerospace Business Unit.

This business unit runs rolling stock leasing businesses providing relevant maintenance and management services.

- In North America, Mitsui Rail Capital, LLC. (United States) engages in operating leasing of freight cars for railway companies and logistic management and maintenance service of freight cars for coal transportation to power companies.
- In Brazil, Mitsui Rail Capital Participaçãoes Ltda. engages in long-term leasing of freight cars, locomotives and grain terminals for subsidiaries of major grain shippers of the United States and major railroad companies.
- In Europe, Mitsui Rail Capital Europe B.V. and its subsidiary, MRCE Dispolok GmbH (Germany), engage in operating leasing of locomotives in Europe.

Also, this business unit is engaged in the construction and operation of wind power, solar thermal power and photovoltaic power generation facilities and other environment-related projects such as the infrastructure for the low-carbon society including the smart grid.

Our major competitors include other Japanese general trading companies, international financial institutions, global engineering companies, general contractors, multi-national IPP's and investment funds. Those competitors, however, can be important partners in some cases.

Motor Vehicle Business Unit

The Motor vehicle Business Unit, together with 22 subsidiaries and 19 associated companies, is engaged in the following business activities:

- Import and export, assembly and manufacturing, distribution and dealership of motor vehicles, motor cycles and their parts, retail finance; and
- Trading of industrial machinery including mining and construction equipment, production equipment and machine tools.

This business unit has a long track record of exporting and marketing Japanese automobiles and has developed networks of our subsidiaries and associated companies as import wholesalers, dealers and assembler for Japanese vehicles in many regions of the world. For example, we have been exporting Toyota and motor vehicles of other Japanese manufacturers to various countries worldwide including Canada (Toyota), Chile (Toyota), Peru (Toyota), Indonesia (Yamaha), Thailand (Hino) and Malaysia (Daihatsu).

In addition, this business unit has diversified its activities by allocating our financial and human resources strategically to prioritized areas of our motor vehicles business worldwide, such as logistics services for manufacturing components, retail operations, retail finance. For example:

- This business unit has operated PT. Bussan Auto Finance, a retail finance subsidiary for Yamaha motorcycles;
- This business unit has ownership in Penske Automotive Group, Inc., an automobile dealership group in the United States, with a 16.8% voting share. By combining what they learned from our involvement in Penske Automotive Group, Inc. with their knowledge of the global market, this business unit continues to explore other opportunities to expand into retail dealership operations in developing markets such as Russia, China and Brazil;
- This business unit has been handling the logistics operations of automobile parts for some of Toyota’s manufacturing operations in North America, Europe, India and China; and
- The business unit acquired a 19.1% voting share in ASAHI TECH CORPORATION (Japan), a manufacturer of ductile iron cast parts and aluminum forged parts for major automakers in January 2007. Subsequently, ASAHI TECH CORPORATION increased the capital by receiving the funds from RHJ International SA, its largest shareholder. This business unit’s voting share was diluted to 11.3% as of the end of March 2011 because of the capital increase.

In this business unit’s construction machinery and industrial system businesses, it has been acquiring and establishing distributors and dealers in major overseas markets, in order to respond growing worldwide demand to these products. This business unit is engaged in distribution of construction machinery and mining equipment such as off-road mining dump trucks and hydraulic excavators through Komatsu-Mitsui Maquinarias Peru S.A., Road Machinery, LLC (United States) and KOMEK Machinery LLC (Russia). In Australia, Komatsu Marketing Support Australia Pty. Ltd. (formerly Komatsu Australia Pty. Ltd.), an associated company, has extended distribution of construction machinery and mining equipment businesses, while another associated company, Komatsu Australia Corporate Finance Pty. Ltd. is engaged in leasing of these equipments. This business unit is also engaged in trading and distribution of high-precision machine tools, supplied by Japanese manufacturers. Jointly with Mori Seiki Co., Ltd, this business unit acquired Ellison Technologies, Inc. (United States) in March 2007. This business unit is engaged in sales and finance businesses in Europe through MG Finance GmBH (Germany), a joint venture with Mori Seiki Co., Ltd and Gildemeister GmbH since March 2009. Both of Road Machinery, LLC and Ellison Technologies, Inc. were acquired jointly with the Americas Segment. While this business unit controls Road Machinery LLC from the viewpoint of merchandise oriented strategy, the Americas Segment controls Ellison Technologies, Inc. to put more importance on the regional business strategy.

Marine & Aerospace Business Unit

The Marine & Aerospace Business Unit, together with 11 subsidiaries and 19 associated companies, is engaged in the following business activities:

- sales, marketing and intermediary service of cargo vessels, tankers, container vessels, refrigerator vessels, car carriers, LNG and LPG carriers, Floating Storage and Offloading ("FSO") and Floating Production, Storage and Offloading ("FPSO") facilities as well as owning and operating, leasing and financing for these vessels and facilities, ship management services, an intermediary service for chartering vessels and sales of second hand vessels, and marketing equipment for vessels; and
- marketing and sales of passenger aircraft and cargo aircraft, helicopters, aircraft engine, defense-related equipment and aerospace systems, leasing of passenger aircraft and cargo aircraft and aircraft engines.

The vessel and marine project related activities include marketing newly built vessels (mainly commercial vessels) to ship owners and shipping firms in Japan and overseas, ship management services, acting as broker for chartering vessels and for the sale and purchase of second hand vessels, and marketing equipment for vessels to shipbuilding companies. This business unit owns and operates vessels by its own or together with key partners.

This business unit is engaged in energy-related marine projects, including joint ownership and operation of LNG vessels, and joint ownership and operations management of FSO and FPSO facilities. In February 2010 this business unit decided to subscribe for shares of MODEC Inc. through a third party allotment and to raise its shareholding ratio to 15.0%, and entered into a business alliance agreement with an aim to jointly promote FSO and FPSO businesses. In addition, this business unit arranges various types of financing for our customers and/or those projects, such as syndicated loans involving international financial institutions for large scale transactions. We also provide direct loans to some of our clients.

The following are recent developments in energy-related marine projects businesses:

- In December 2007, Mitsui, NYK Bulkship (Europe) Ltd. and Teekay Corporation in a three company consortium, entered into a contract for the long term charter of four new LNG vessels from the Angola LNG Project, which is developed by Chevron, Angola national oil company Sonangol and others, and will be delivered in 2011 and 2012.
- In June 2009, together with the Infrastructure Projects Business Unit, this business unit set up a joint venture with Petrobras in Brazil, which owns drill ships for sub sea oil field development. This business unit arranged the building and chartering contracts of the drill ships.
- In March 2010, this business unit decided to participate in a chartering project of an FPSO to Petrobras, which MODEC Inc. had been carrying out, together with Mitsubishi Corporation and Mitsui O.S.K. Lines. The shareholding of this business unit in the project will be 27.5%.

In aerospace systems related activities, the business unit provides and arranges sales, operating leases and finance leases of passenger and cargo aircraft and aircraft engines to airlines in Japan and overseas. This business unit is also engaged in the import and sale of aircraft, helicopters and defense-related equipment, including helicopters of Bell Helicopter Textron, Inc. and Agusta Westland of the United States. In March 2008, Mitsui acquired non-voting preferred shares in Japan Airline Corporation ("JAL"), convertible into common shares, for ¥20.0 billion with an aim to reinforce JAL's business infrastructure such as renovation of its aircraft fleet and to develop new business with JAL in future. In January 2010, protection filed by JAL under Japan's Corporate Restructuring Law was approved by the Tokyo District Court, and this led this business unit to have impairment on the non-voting preferred shares.

Chemical Segment

The Chemical Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit. In April 2009, in order to efficiently cope with the restructuring of the chemical industry globally, Mitsui has re-grouped its Chemical Segment from the First Chemicals Business Unit and the Second Chemicals Business Unit to the current ones.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥64.8 billion or 7.5% and ¥10.6 billion or 3.5% of our consolidated totals, respectively.

Basic Chemicals Business Unit

Together with 6 subsidiaries and 1 associated company, the Basic Chemicals Business Unit is engaged in trade, sales, distribution and production of the following commodities and related activities:

・ Petrochemical businesses
  - Natural gas chemicals: methanol and its derivatives, (acetic acid etc.).
  - Chlor-Alkali: Salt, Ethylene Dichloride (“EDC”), Vinyl Chloride Monomer (“VCM”), caustic soda, polyurethanes, Poly-Vinyl Chloride
  - Olefins and Polyolefins : olefins (ethylene, propylene, butadiene and others), polyolefins (polyethylene, polypropylene)
  - Aromatics & Polyester Materials: Aromatics, Styrene Monomer (“SM”), Para-Xylene (“PX”), Purified Terephthalic Acid (“PTA”), PET (polyethylene terephthalate) Resin
  - Industrial chemicals: phenol, acetone, bisphenol A, Methyl Methacrylate (“MMA”), Nylon intermediates, acrylates intermediates

In the petrochemical products areas, the unit’s main activity is trading of the above-mentioned products in Japan and worldwide through extensive business relationships with customers and suppliers such as Mitsui Chemicals, Inc., Toray Industries, Inc., Tosoh Corporation, The Dow Chemical Company (“Dow”), BP p.l.c., and Bayer AG.

This business unit has invested in the following manufacturing operations and logistic facilities:

・ This business has an investment in a methanol joint venture, International Methanol Company (Saudi Arabia), which has a production capacity of 1 million tons per annum of methanol. International Methanol Company is a 35% owned associated company of Japan-Arabia Methanol Company Ltd., in which Mitsui holds a 55% equity interest;

・ In addition to a sea salt joint venture business in Shark Bay, Australia, Mitsui acquired a major share in the Onslow salt field in Australia in August 2006 and as a result, this business unit’s annual salt production capacity increased to 3.8 million tons, which enabled them to secure a stable supply for the chlor-alkali industry in Japan and other Asian countries.

・ In December 2010, this business unit and Dow established an equally-owned new joint venture company for producing chlorine and caustic soda in Texas, the United States. The construction of the facility is expected to be completed in the beginning of 2013 and the production will commence in the middle of the same year. The chlorine produced by the new joint venture will be converted to EDC by Dow through a tolling conversion arrangement and will enhance Mitsui’s stable supply of caustic soda and EDC to the marketplace.

・ This business unit holds a subsidiary and parcel chemical tanker operator DAIICHI TANKER CO., LTD., which runs a fleet of owned and chartered ships serving its customers, in Japan.

This business unit has been successful in earning revenues by increasing market share in basic petrochemicals such as olefins and aromatics. Moreover, the latent steady growth of demand for petrochemicals in the world, particularly in China and other Asian countries, would be earnings driver for this unit despite the deceleration in demand caused by recent economic slow down.

During the past several years, most worldwide petrochemical companies have been engaged in drastic restructurings of their sales structures as well as mergers and acquisitions in order to cope with the changes in the market structure of petrochemical products including increasing demand from China and other Asian countries, rising material costs reflecting higher crude oil prices and shifting in olefin production to the Middle East using cost-effective natural gas. In these operating environments, we are aiming to remain competitive, by strengthening our market position with further expansion of our trade volume and market share. This business unit’s sales channels to various customers in diverse geographic areas enable us to make geographical and/or time swap arrangements. Its global logistics services network functions as a competitive advantage in gaining more business transactions.

Performance Chemicals Business Unit

The Performance Chemicals Business Unit has 12 subsidiaries and 13 associated companies and is engaged in sales, trade, distribution and production of the following commodities and related activities:

· Ammonia, sulphur, sulphuric acid

· Fertilizer businesses
  - Urea, ammonium sulfate, phosphate rock, diammonium phosphate, fused magnesium phosphate, potash

· Agri science businesses
  - Crop protection chemicals (herbicide, insecticide, fungicide, intermediates for these chemicals), feed additives

· Photovoltaic power related business
  - Raw materials for cells, solar module components, solar modules and battery materials

· Specialty chemical businesses
  - Detergent intermediates and oleo chemicals, colors & functional chemicals, rosin, flavors & fragrances intermediates

· Performance materials business
  - Engineering plastics, synthetic rubber, silicone resin, plastic additives and inorganic chemicals (titanium dioxide and iodine)

· Advanced materials business
  - Materials for FPD (flat panel display), PCB (print circuit board), cell phone and semiconductor industry, SCM related businesses

In agri science business, this business unit has extended the distribution of agricultural chemical products worldwide through subsidiaries such as Mitsui AgriScience International SA/NV.

In fertilizer business, this business unit is engaged in import, export and offshore transactions involving various types of fertilizers, fertilizer raw materials and phosphoric acid derivatives. In July 2010, this business unit acquired a 25% interest in a phosphorus ore development project in the Bayóvar area of Peru's Piura Province, in which Compañia Minera Miski Mayo S.A.C. (Peru), a subsidiary of Vale S.A. had a 100% economic interest. Production started in July 2010 toward the annual production volume of refined phosphorus of about 3.9 million tons. This business unit purchases the phosphorus ore produced by the company in accordance with this business unit's share in the company and sells it mainly to Asian region including Japan.

In the ammonia and sulphur field, this business unit operates logistics systems for various industries in Japan and overseas. For example, this business unit exports sulphur, a byproduct of petroleum refining, to Asian countries, by operating specialized tankers. In addition, this business unit together with the Infrastructure Projects Business Unit holds a 75% interest in P.T. Kaltim Pasifik Amoniak (Indonesia), and contributes to stable supply of ammonia.

In order to overcome various unfavorable economic conditions such as depletion in the supply of mineral resources or an increase in acquisition cost of raw materials from our existing suppliers, this business unit has been seeking opportunities to participate in new supply sources.

This business unit established the Renewable Energy Division in June 2008 to expand the solar power related business looking down at the entire value chain of the business. We transferred solar related business of the IT Business Unit into this business unit which has been dealing with photovoltaic materials and modules. This business unit aims to collaborate with the Infrastructure Projects Business Unit which is in charge of IPP and other business units in the photovoltaic power generation related areas.

In Japan, for the purpose of sales enhancement and efficient business operations, two sales subsidiaries related to products such as solvent and industrial chemicals merged to form Mitsui Bussan Chemicals Co., Ltd. in April 2009, and three sales subsidiaries related to plastic materials merged to form Mitsui Bussan Plastics Trade Co, Ltd. in April 2008.

Energy Segment

The Energy Segment consists of two business units, Energy Business Units I and II.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥196.0 billion or 22.8% and ¥56.5 billion or 18.4% of our consolidated totals, respectively.

This segment, together with 30 subsidiaries and 8 associated companies, is engaged in the following:

Energy Business Unit I
- Exploration and production of oil and gas, coal, uranium and other energy resources;
- Trading of oil, petroleum products, coal, uranium and other energy resources; and
- Petroleum refining and marketing of gasoline, liquefied petroleum gas ("LPG") and other petroleum products in the Japanese domestic market; and

Energy Business Unit II
- Development of natural gas and liquefied natural gas ("LNG") projects;
- Trading of LNG;
- Development of new gas commercialization technology (natural gas hydrate etc.); and
- Development of carbon credit business, biomass ethanol business, fuel cell and other next generation energy sources.

The Energy Segment is engaged in various LNG, natural gas and oil development projects which require long lead time for their development and implementation. We are involved in the following seven LNG projects currently in operation:

- Abu Dhabi Gas Liquefaction Limited, in which we hold 15% interest in natural gas liquefaction and LNG exporting activities, and which has some 5.6 million tons per annum LNG production capacity;
- Northwest Shelf JV ("NWS JV") in Australia, in which we hold 8.3% interest in natural gas production and liquefaction and LNG exporting activities, and which has some 16.3 million tons per annum production capacity;
- Qatar Liquefied Gas Company Ltd., in which we hold 7.5% interest in natural gas liquefaction and LNG exporting activities, and which has some 9.6 million tons per annum production capacity. We also hold 1.5% interest in Qatar Liquefied Gas Company Ltd. 3, which started production in November 2010 with some 7.8 million tons per annum production capacity;
- Oman LNG L.L.C., in which we hold 2.8% interest in natural gas liquefaction and LNG exporting activities, and which has some 7.1 million tons per annum production capacity;
- Equatorial Guinea LNG Company, S.A., in which we hold 8.5% interest in natural gas liquefaction and LNG exporting activities, and which has some 3.7 million tons per annum production capacity;
- Sakhalin Energy Investment Company Ltd. ("SEIC"), in which we hold 12.5% interest in natural gas liquefaction and LNG exporting activities, and which has some 9.6 million tons per annum production capacity; and
- Tangguh LNG project in Indonesia, in which we hold 2.3% interest in natural gas liquefaction and LNG exporting activities, and which has some 7.6 million tons per annum production capacity

Under long term contracts, the NWS JV supplies most of its LNG output to Japanese (partly to Korean) electricity and gas utility companies. In addition, in May 2006, the JV started LNG supply to China, via Guangdong LNG terminal. Also, the JV started the production at the fifth LNG processing train in September 2008, of which capacity is 4.4 million tons per annum. An "LNG processing train" is a set of facilities in a liquefaction plant to produce LNG from natural gas.

As for Sakhalin II project, SEIC started the year-round crude oil production in December 2008, and commenced LNG shipment in March 2009 based on the long term sale and purchase agreements. Mitsui recognizes dividend income from SEIC in its consolidated financial result in fiscal 2010. SEIC accomplished its maximum crude oil production at 150 thousand barrels per day, and established about 9.6 million tons annual LNG production capacity (two trains of LNG plant). Virtually most of the LNG production capacity was sold under the long term sale and purchase agreements with customers in Japan, Korea and US West Coast, including buyers' optional volume. Mitsui, as a shareholder of SEIC, will make every effort to achieve and maintain the stable production and to further develop the project together with other shareholders, Gazprom, Shell and Mitsubishi.

We own 2.3% interest, through our affiliates KG Berau and KG Wiriagar (Japan), in the Tangguh LNG project in Indonesia, which started production in July 2009 with production capacity being 7.6 million tons per annum.

With respect to our LNG related operations, this segment has entered into various long term sales contracts, based on "take or pay" conditions, with customers such as Japanese utility companies. We believe the worldwide LNG business has been undergoing gradual structural changes since the late 1990s as follows:

- Exploration and development of natural gas and production of LNG require significant capital and financial commitments. Moreover, this involves a broad range of logistical and technological expertise, including linking suppliers to distributors and consumers while developing plants in order to efficiently extract and liquefy the natural gas for transportation and then re-gasifying the LNG. Up until the mid-1990s, purchase commitments by buyers with full "take or pay" obligations for a period of 20 years or more had been an essential element for equity holders, distributors and sellers of LNG projects to make the capital and financial commitment to build LNG production facilities. These equity investors had resisted making capital and financial commitments without being able to fully secure stable long-term purchase commitments. In recent years, however, equity holders of several LNG projects have been making investments without fully securing long-term purchase commitments from buyers.
- Due to technological innovations, LNG producers have successfully reduced capital costs with respect to the construction of LNG production plants and LNG vessels. Technological innovation has also enabled the producers to increase the design capacities of LNG production plants and LNG vessels allowing them to benefit from economies of scale. These technological developments allow LNG to be more competitive with other types of energy sources.
- In response to the needs of LNG buyers, the LNG spot market has been expanding, whereby the percentage of spot trades in worldwide LNG contracts rose to 19% in 2010 from 1.3% in 1992.
- In addition to the traditional core LNG markets in Japan, new markets have been emerging in countries such as China and India due to increasing demand for electricity. Despite the setback in tight supply-demand balance due to the recent recession of developed countries and increasing supply from unconventional natural gas due to technological advances and innovations, the LNG market is expected to develop worldwide considering the sizable economies of these countries and the increasing popularity of LNG as a "clean energy" source.

Identifying, exploring and developing oil and gas reserve prospects are key factors to success for the Energy Segment. The principal strategic regions for this business are Oceania, Southeast Asia, the Middle East and North America.

Oceania (Australia and New Zealand)

The development and production projects of offshore oil fields of Enfield and the Vincent in which Mitsui E&P Australia Pty Limited has participating interests are the core projects of this segment in terms of capital expenditures including cost of mineral right, exploration, and development next to the Sakhalin II project.

In March 2004, Mitsui E&P Australia Pty Limited acquired a 40% interest in each of exploration block WA-28-L and exploration block WA-271-P located in the North West Shelf area in Australia, which together contained three undeveloped oil fields, Enfield, Vincent, and Laverda. Commercial production from Enfield oil field started in July 2006. Subsequently, some of the major production wells were shut-in due to unexpected sand production and water breakthrough, and the joint venture conducted consecutive repair work and additional drilling, which stabilized production in those wells. Due to natural decline, the average production rate during January to March 2011 period was approximately 17,028 barrels per day. At the same time, Mitsui E&P Australia Pty Limited reached final investment decision for Vincent oil field, adjacent to Enfield oil field, in March 2006. Vincent started commercial production in August 2008. In April 2009, a fire occurred on board the floating production storage and offloading facility and resulted in the facility being shut-down until June 2009. As a result of the incident, production has been constrained to minimize gas flaring due to the gas compressor outage. Production was shutdown to reinstate the gas compressor during January to March, 2011, therefore the average production rate during the period was decreased to approximately 6,127 barrels per day. But after accomplishment of reinstatement work, recent production rate increased to approximately 28,000 barrels per day.

Mitsui E&P Australia Pty. Limited owns 35% interest in Tui area oil field offshore North Island of New Zealand. Commercial production of Tui area oil project started in July 2007. It also owns interests in Casino gas and condensate field and in Henry and Netherby gas fields, both of which are located offshore South Australia. Casino gas and condensate field started commercial production in February 2006 while Henry and Netherby gas fields started in February 2010.

Southeast Asia

Mitsui Oil Exploration Co., Ltd. has been actively engaged in oil and natural gas exploration, development and production projects in Thailand and neighboring Southeast Asian countries as well as in the Middle East. In June 2005, Mitsui Oil Exploration Co., Ltd. acquired assets in offshore Thailand, 46.3% interest in the B8/32 Concession and the adjacent Block 9A Concession, jointly with a partner in Thailand. The purchase price was US$820 million, and Mitsui Oil Exploration Co., Ltd. acquired approximately 40% share. In October 2007, Mitsui Oil Exploration Co., Ltd. and its co-concessionaires agreed with the Thai Ministry of Energy to extend the production period of four offshore blocks (Block No. 10 - 13) in the Gulf of Thailand to 2022. Together with Mitsui Oil Exploration Co., Ltd., Energy Segment continues putting a high priority on expanding oil and gas equity reserves. In March 2006, Mitsui agreed with Mitsui Engineering & Shipping Co., Ltd. to purchase 6% of the total issued shares of Mitsui Oil Exploration Co., Ltd. of which Mitsui held a 44.4% share prior to concluding the agreement. As a result of the transactions, Mitsui Oil Exploration Co., Ltd. became a subsidiary of Mitsui with a 50.3% voting share. As of March 31, 2011, Mitsui's ownership interest is 69.91%, reflecting additional share purchase transactions.

Middle East

In Oman, Mitsui E&P Middle East B.V. has 35% share in the Block 27 oil fields and the Block 9 oil fields in production. Additionally in May 2011, Mitsui E&P Middle East B.V acquired 20% stakes of Meleiha / Meleiha Deep / West Raazzak in The Arab Republic of Egypt from International Finance Corporation. In March 2010, Mitsui divested all its shares of 20% of United Petroleum Development Co., Ltd. (Japan), participating in exploration and production activities in the El Bunduq Field, which is located on the offshore border of United Arab Emirates and Qatar.

North America

MitEnergy Upstream LLC (United States), established by Mitsui, Mitsui & Co. (U.S.A.) Inc. and Mitsui Oil Exploration Co., Ltd., acquired 50% share of an undivided interest in oil and gas leasehold assets of Pogo Producing Company located offshore in the Gulf of Mexico in April 2006. In December 2009, MitEnergy Upstream LLC entered into a purchase and sale agreement to divest all of its Gulf of Mexico oil and gas assets to Energy XXI, Inc. for approximately US$283 million with an aim to reinvest the sale proceeds to other high growth potential opportunities.

In February 2010, Mitsui E&P USA LLC, which was established by this segment and its subsidiary, Mitsui Oil Exploration Co., Ltd., entered into an agreement with Anadarko Petroleum Corporation to participate in the development and production of the Marcellus Shale gas project in the state of Pennsylvania. The partners of this project will be drilling a few thousand wells during a span of over ten years and the total development cost of Mitsui E&P USA LLC is estimated to be between US$3 billion and US$4 billion depending on the progress. Mitsui E&P USA LLC will carry US$1,400 million of Anadarko's future development in consideration of its interest in the project. Mitsui E&P USA LLC and Anadarko Petroleum Corporation also reached an agreement to jointly acquire new leases in the state of Pennsylvania for a period of ten years to further expand the business. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of the project.

See description regarding the spill incident in the Gulf of Mexico in "4. Risk Factors" and Note 28, "THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO."

In addition, seeking to replenish and enhance our oil and gas reserves, we are engaged in exploration activities in the above-mentioned regions as well as Mozambique, Namibia and Ghana. We also are currently seeking unconventional development of oil and gas resources, such as oil sands in Canada and oil shale in the U.S.

As a result of the above-mentioned developing activities, our oil and gas reserves decreased from 369 million BOE at the end of March 2010 (according to ASC 932; including 36 million barrels for Mitsui

Oil Exploration Co., Ltd.'s minority interest) to 368 million BOE at the end of March 2011 (according to ASC 932; including 31 million barrels for Mitsui Oil Exploration Co., Ltd.'s minority interest). See "5. Financial Information, 1. Consolidated Financial Statements, and 3. Supplemental Information on Oil and Gas Producing Activities" included elsewhere in this Annual Securities Report.

The Energy Segment participates in oil and gas related joint venture operations, typically as a "non-operator" equity holder, relying on our project partner, the "operator", which is responsible for operation management including exploration, development and production of oil and gas resources. In these projects, the Energy Segment collaborates with partners that has sufficient technical knowledge and expertise to reduce operational risks, and also contributes to a limited extent as a non-operator on management of time schedules, capital expenditures, production plans, and safety and environmental standards related to the projects. Also see discussion on our exploration, development and production of mineral resources and oil and gas in "4. Risk Factors."

With respect to oil and gas exploration, development and production ("E&P") business, it is important to maintain or increase oil and gas reserves as is the case for major oil and gas companies, and Mitsui's Energy Segment is also aiming to increase its reserves by expanding current projects and investing in new opportunities. Although our reserve is less than those of major oil and gas companies in the world, its volume can be ranked as a top level company among the Japanese oil and gas companies.

The following tables provide information on our investments in coal resource projects undertaken by the Energy Segment.

COAL

Joint Venture or Investee	Mitsui's Subsidiary or Associated Company	Name of Mines[(1)]	Location	Mitsui's Percentage of Ownership	Other Major Participants and Their Percentages of Ownership	
BHP Mitsui Coal Pty. Ltd.	BHP Mitsui Coal Pty. Ltd.	Poitrel South Walker Creek	Queensland, Australia	20.00%	BHP Billiton	80.00%
Bengalla Joint Venture	Mitsui Coal Holdings Pty. Ltd.	Bengalla	New South Wales, Australia	10.00%	Rio Tinto Wesfarmers Taiwan Power	40.00% 40.00% 10.00%
Kestrel Joint Venture	Mitsui Coal Holdings Pty. Ltd.	Kestrel	Queensland, Australia	20.00%	Rio Tinto	80.00%
Dawson Joint Venture	Mitsui Coal Holdings Pty. Ltd.	Dawson	Queensland, Australia	49.00%	Anglo American	51.00%
German Creek Joint Venture	Mitsui Coal Holdings Pty. Ltd.	German Creek	Queensland, Australia	30.00%	Anglo American	70.00%

(1) "Name of Mines" indicates the names of principal producing mines.
(2) In addition to the above-mentioned coal mining projects, through Mitsui Coal Holdings Pty. Ltd., we have small interests in two projects in Australia operated by Anglo American, namely, Moranbah North Joint Venture in Queensland and Drayton Joint Venture in New South Wales. Our ownership percentage and annual production capacity of Moranbah North Joint Venture and Drayton Joint Venture are 4.75%, 4.5 million tons and 3.83%, 4.8 million tons, respectively.

The above mentioned joint ventures experienced production adjustments due to recession of the world economy triggered by financial crisis as well as reductions in crude steel production by steel manufacturers in the first half of the previous fiscal year. In the second half, coal production retrieved gradually along with recovery of the world economy led by economic growth in the emerging countries. In the second half of this fiscal year, production and delivery of most coal mines in southeast Australia were effected by consecutive heavy rain starting in September. However coal mines operation has been recovering in recent days. In the medium and long term, demand of both thermal coal and metallurgical coal are expected to increase along with economic growth of Asian countries including India and China. In response to such increasing global demand, we continue to make proactive capital investments to expand the capacities of existing projects, and our equity production tonnage is expected to increase after this fiscal year onward. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of this segment's coal mining projects, and Review and Analysis of Operating Results Discussion and Analysis of Operating Results for the Years Ended March 31, 2011 and 2010 of the Energy Segment in "7. Management's Discussion and Analysis of Financial Condition, Operating Results and Cash Flows" regarding the projects' production status and outlook on prices of coal.

Revenues from oil and gas producing activities and coal mining activities (based on U.S. GAAP) account for a critical portion of this segment. The table below sets forth the break down of revenues of the Energy Segment.

	Revenues				
	Billions of Yen				
	Revenues from Sales of Products			Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Oil and Gas Producing Activities	Revenues from Coal Mining Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2011	¥206.4	¥106.9	¥1,086.6	¥ 0.1	¥1,400.0
2010	¥173.7	¥ 93.0	¥980.6	¥ 10.3	¥1,257.6

(*) Revenues from sales of other products mainly consist of sales of crude oil and petroleum products.

The Energy Segment is also participating in uranium development to contribute to its stable supply for nuclear power facilities. In October 2008, Mitsui acquired a 49% interest in six uranium blocks including the Honeymoon mine in South Australia, from Uranium One Inc. Honeymoon mine is in its development stage and aiming for production commencement in the middle of the fiscal 2011. Annual production is planned to reach approximately 400 tons on a uranium concentrate basis. This segment plans to execute exploration activities and seek for commercialization in the other blocks also.

The Energy Segment is engaged in oil trading operations conducted by Mitsui, Mitsui Oil (Asia) Hong Kong Limited, and Westport Petroleum, Inc.

The international markets for crude oil and petroleum products are highly competitive and volatile. These commodities are listed and traded on various markets such as NYMEX in New York, ICE in London, SGX in Singapore and TOCOM in Tokyo, and our competitors in these markets are major oil and gas companies, national oil companies of oil producing countries, and oil traders including Japanese trading companies. In maintaining our competitive edge under these circumstances, it is critical for this segment to maintain good relationship with customers and suppliers as well as to mitigate price risk by utilizing hedging tools such as the futures markets. This segment is active to secure long-term offtake contracts of petroleum products such as fuel oil and condensate to be sold to worldwide companies including Japanese utility and refining companies. Long-term offtake contracts are sales and purchase contracts for various commodities, such as crude oil and petroleum products, entered into by suppliers and buyers, or “offtakers” of such commodities for more than one year. Westport Petroleum, Inc. is engaged in sales to and purchases from the customers both inside and outside U.S. with respect to petroleum products such as fuel oil and gasoline.

Within Japan, this segment is also engaged in refining and sales of oil and gas related products through Mitsui Oil Co., Ltd., our oil sales subsidiary, and Kyokuto Petroleum Industries, Ltd. (Japan). Kyokuto Petroleum Industries, Ltd. is a refinery jointly owned (50:50) by the ExxonMobil Corp. Group and Mitsui Oil Co., Ltd.

In the domestic refining and marketing business for oil and gas related products, we are facing severe competition from domestic oil refining and distributing companies due to the structural surplus capacity of refineries in Japan. Kyokuto Petroleum Industries, Ltd. and Mitsui Oil Co., Ltd. are in relatively sound financial situations, and are pursuing efficient and competitive operations.

In the LPG business, Mitsui Liquefied Gas Co., Ltd. (Japan) merged with Marubeni Liquefied Gas, Inc. in April 2008 to form Mitsui Marubeni Liquefied Gas Co., Ltd. with Mitsui’s ownership interest being 60%. In April 2010, Mitsui, Marubeni, Mitsui Marubeni Liquefied Gas Co., Ltd. and Nippon Oil Corporation, a fully-owned subsidiary of JX Holdings, agreed to commence detailed discussions to integrate Mitsui Marubeni Liquefied Gas Co., Ltd. and the LPG business unit of Nippon Oil Corporation. Under these conditions, the companies agreed to commence discussions toward a possible integration of their LPG businesses to strengthen the competitiveness and profitability through rationalization and improvement of business efficiency. In March 2011, ENEOS GLOBE Corporation, the largest LPG distributor in Japan, was established as a result of the integration, and Mitsui’s ownership interest was diluted to 30%.

To realize low-carbon society, the Energy Segment is exploring environmental businesses such as emission reduction projects in the emerging countries based on Clean Development Mechanism (CDM), and in Central-Eastern Europe based on Green Investment Scheme (GIS), as well as domestic credit projects in the Japanese market.

Foods & Retail Segment

The Foods & Retail Segment consists of one business unit, the Foods & Retail Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥76.5 billion or 8.9% and ¥2.7 billion or 0.9% of our consolidated totals, respectively.

The Foods & Retail Segment, together with 20 subsidiaries and 15 associated companies, engages in:

- Food resources business area: investment in the overseas food resources business such as production and distribution of grain and sugar manufacturing, import and domestic/offshore trade of grain (corn, wheat, barley, and rice), oilseeds and oils (soybeans, canola, and palm oil), and raw sugar etc;
- Food materials business area: investment in the overseas food materials business such as dairy farming, canola oil processing, manufacturing of edible oil products, roasting and sales of coffee beans, shrimp farming, and broiler chicken raising, import and domestic/offshore trade of food materials in Japan (processed foods, beverage materials, dairy products, and foodstuffs), manufacture and sales of food materials (beverages and beverage ingredients, sugar, broiler chicken, starch and saccharified products, functional food ingredients, and feed and functional feed);
- Food products and wholesaling business area: domestic distribution and wholesale through the nationwide wholesaler subsidiary MITSUI FOODS CO., LTD.;
- Retail business area: import and domestic trade of food products and food materials, containers, packaging materials, and miscellaneous daily goods, support services such as supply chain management including logistics management, and product planning and development for retailers; and
- Agri-food business

The Foods & Retail Segment is involved in a wide range of fields in a value chain of foods, from the global procurement of food materials and production of foodstuffs to the traffic and wholesale of foods, packaging materials and sundry goods.

The global demand for food is expected to increase due to world population growth and economic growth in emerging countries. In the food resources and materials business areas, this segment aims to secure safe and stable supply sources of food and expand market channels to Japan and Asia in order to meet the global demand for food, through investments in overseas food resources and materials businesses and the joint operations with the reliable partners. This segment purchases grain, oilseeds, and raw sugar mainly from the United States, Canada, Brazil, Australia, Thailand, Malaysia and other countries in the world and sell them primarily in Japan and other Asian countries. This segment sells coffee to Japan and United States, mainly from Brazil. This segment purchases raw materials for beverages, such as tea leaves and juice, marine products, stock farm products, and dairy products from major supply sources around the world.

In the food resources business area, this segment is engaged in the following businesses as the core of its grain business:

- This segment started to purchase shares in Multigrain AG, which is engaged in agricultural production and grain distribution business, mainly soybeans, in Brazil, from August 2007. As a result of the purchases, this segment's ownership in Multigrain AG reached 45.1%. In January 2011, this segment agreed with CHS Inc., the equal partner with the same ownership, to purchase entire holding interest in Multigrain AG held by wholly owned subsidiary of CHS Inc. Subsequently, this segment also reached agreement to purchase the remaining ownership with the minority shareholder, PMG Trading AG. Consequently Multigrain AG became a wholly-owned subsidiary of Mitsui in May 2011. The total investment amounts to US$508 million. Mitsui strives to strengthen agricultural production and grain distribution business in Brazil, which has high competitiveness in food supply, so that Mitsui can secure a stable supply of grain mainly to Asian market, through Multigrain AG as a core subsidiary in its grain business.

- United Harvest, LLC (United States), which was equally owned by United Grain Corp. (United States), a subsidiary of the Americas Segment, and CHS Inc., an agricultural cooperative-based company in the United States, is engaged in grain origination and export and was one of the largest exporters of wheat from the United States exporting approximately 4.09 million tons of wheat for the year ended March 31, 2011. In December 2010, United Grain Corp. and CHS Inc. agreed to dissolve United Harvest, LLC. After the dissolution completed in March 2011, United Grain Corp. continues the business of grain origination and export as a manager of the export terminal and country elevators transferred from United Harvest, LLC. In addition, Mitsui determined that it will make an additional investment of US$72 million in United Grain Corp., which will be used to expand the export terminal. Mitsui's total investment in United Grain Corp. will be approximately US$200 million including the additional investment. Ownership interests in United Grain Corp. of this segment and the Americas Segment are 20% and 80%, respectively.

In the food materials business area, this segment is engaged in the following overseas businesses;

- VENTURA FOODS, LLC, a joint venture formed with CHS Inc., is a supplier of edible oil for the institutional market in the United States. This segment invested in this company through WILSEY FOODS, INC., in which ownership interests of this segment and the Americas Segment are 70% and 20%, respectively.
- This segment owns a coffee export subsidiary, Mitsui Alimentos Ltda. in Brazil, world's largest coffee-producing country.
- In December 2007, this segment, together with the Americas Segment, agreed to establish a joint venture of canola oil processing business in Canada with Louis Dreyfus Group. Ownership interests of this segment and the Americas Segment are 28% and 12%, respectively. In February 2010, the canola oil processing facilities started its commercial production following the completion of the construction in December 2009.
- This segment also made investments in a dairy farming business in New Zealand and a shrimp farming business in China.

In domestic food materials business, Mitsui Norin Co., Ltd. is engaged in manufacturing and sales of tea leaves and tea-based products, PRI Foods Co., Ltd. is engaged in domestic broiler chicken raising, processing and sales, San-ei Sucrochemical Co., Ltd. is engaged in manufacturing and sales of starch and saccharified products, Mitsui Sugar Co., Ltd. is engaged in sugar refining and sales, MIKUNI COCA-COLA BOTTLING CO., LTD. is engaged in production and sales of soft drinks, and Nippon Formula Feed Manufacturing Co., Ltd. is engaged in manufacturing and sales of compound feedstuffs.

Competition in the food resources and materials business areas varies depending on raw materials and products, such as grain, feed, raw sugar and food materials, but is primarily based on price and quality of products. Many Japanese trading companies, international producers and others are competitors to varying degrees with respect to food raw materials this segment handles.

In the food products and wholesaling business area, MITSUI FOODS CO., LTD. plays a vital role in this segment's wholesale operations. Its wide-range of business activities and customers include general merchandise stores, supermarkets, convenience stores, catering and restaurant chains throughout Japan, focusing on processed food and liquor transactions. MITSUI FOODS CO., LTD. meets the sophisticated and diversified needs for reduced distribution costs, secure temperature-controlled supply, and faster delivery. In April 2006, MITSUI FOODS CO., LTD. and Mitsui agreed with KOKUBU CO., LTD. ("KOKUBU"), a major Japanese food wholesaler, to form a business alliance. In October 2007, this segment transferred 70% of the shares of Hokushuren Co., Ltd. (Japan), formerly a foods and liquor wholesale subsidiary, to KOKUBU, following transfer of MITSUI FOODS CO., LTD.'s businesses in the Hokkaido area (excluding Seven & i Holdings Co., Ltd.-related businesses) to Hokushuren Co., Ltd. In January 2009, Hokushuren Co., Ltd. and HOKKAIDO KOKUBU CO., LTD., KOKUBU's wholly owned subsidiary, merged to form SHUREN KOKUBU CO., LTD., in which this segment holds a 26.3% ownership interest as a result of the merger. In December 2010, MITSUI FOODS CO., LTD. acquired a 100% stake in Umezawa Co., Ltd., formerly a foods wholesale affiliated company of Mitsui, and merged it in April 2011. Nihon Penet Co., Ltd., Mitsui's wholly owned subsidiary, transferred a part of its pet-related businesses to MITSUI FOODS CO., LTD. in February 2011.

MCM Foods Holdings Limited is engaged in the import and sales of canned food products and groceries in England and other European market.

In the retail business area, Mitsui maintains a comprehensive alliance with Seven & i Holdings Co., Ltd., Japan's nationwide diversified retailer. Seven & i Holdings is a comprehensive distribution group that runs approximately 39,000 stores in 16 countries worldwide and its business range from convenience stores, to general merchandise outlets, restaurants, department stores, banks and IT businesses.

As of the end of February 2011, Mitsui owned 1.8% of Seven & i Holdings Co., Ltd.'s outstanding shares.

Mitsui offers the following supply services to Seven & i Holdings Co., Ltd. through the domestic subsidiaries, such as MITSUI FOODS CO., LTD., Retail System Service Co., Ltd. (Japan) and VENDOR SERVICE CO., LTD., Bussan Logistics Solutions Co., Ltd.

- supply processed food, liquor, fast food, sundry goods and consumables to 7-Eleven stores in Japan;
- supply food materials, containers and packaging materials to vendors who supply boxed lunches, pre-cooked meals and processed food to 7-Eleven stores in Japan;
- supply various products to 7-Eleven stores in Japan by temperature-controlled transportation; and
- provide services to 7-Eleven stores overseas through the subsidiaries, BUSSAN BEIJING LOGISTICS ENTERPRISE LTD. in China and MITSUI BUSSAN LOGISTICS, INC. in the United States.

Competitors in the products and wholesaling business and retail business are mainly general trading companies and wholesalers in Japan. In the traffic area, competitors are also traffic companies that operate third party logistics providing customized and integrated warehousing and transportation services. Domestic wholesalers are facing fierce competition with others, and from time to time they conduct mergers and acquisitions to increase revenues and reduce logistics costs.

In June 2008, the Agri-Food Business Strategic Planning Dept. was established in the Logistics & Financial Markets Segment. The aim of this department is to contribute to the maintenance and advancement of domestic agriculture through supporting for agricultural management and production as well as the development of advanced logistical services for agricultural products, utilizing knowledge regarding agriculture and agricultural logistics. In October 2010, this department was transferred to this segment.

Consumer Service & IT Segment

This segment is comprised of the Consumer Service Business Unit and the IT Business Unit. Effective April, 2009, the Consumer Service Business Unit was established through reorganizing the First and the Second Consumer Service Business Units. Media-related business was transferred from the First Consumer Service Business Unit to the IT Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥45.4 billion or 5.3% and ¥3.7 billion or 1.2% of our consolidated totals, respectively.

Consumer Service Business Unit

Together with 12 subsidiaries and 15 associated companies, the Consumer Service Business Unit is engaged in the following:

- service business including contract food service, uniform rental and facility management;
- medical and healthcare-related businesses including supporting pharmaceutical companies via CRO (Contract Research Organization), CMO (Contract Manufacturing Organization), CSO (Contract Sales Organization), wholesale and dispensing pharmacy operation, hospital operation and management, healthcare-related information service and other long-term care related services;
- fashion business such as global procurement of apparel and accessories and brand-related importing and licensing of mainly fashion brands;
- real estate business including development of housing, office buildings, logistical facilities, and related services such as real estate solutions and self-storage business; and
- housing and industrial materials businesses such as housing materials, wood chips, pulp and paper products, packaging materials and off-the-road tires for mines.

In the field of service business, as joint businesses with ARAMARK Corporation in the United States, AIM SERVICES CO., LTD. provides a variety of services, such as contract food service, refreshment service and related support services for companies, schools, hospitals and social welfare facilities, while ARAMARK Uniform Japan Co., Ltd. (Japan) provides uniform rental services.

In the field of medical and healthcare-related businesses, this business unit is engaged in a variety of businesses in both the pharmaceutical value chain area and the healthcare service networks area. In the pharmaceutical value chain area, this business unit provides solutions to the pharmaceutical industry at the various stages in the pharmaceutical value chain, including supporting pharmaceutical manufacturing (including R&D), distribution and sales. In the healthcare service networks area, in Japan and overseas, mainly in Asia, this business unit provides integrated services, aiming at the development of domestic and global healthcare networks of enterprises that provide preventive care, medical care, and senior-related services. As part of this business unit's initiatives in this area, in May 2011, this business unit acquired a 30% interest in Integrated Healthcare Holdings Sdn. Bhd (Malaysia) ("Integrated Healthcare"), a holding company of a group of subsidiaries and investments in the healthcare business, from Khazanah Nasional Bhd in Malaysia, a 100% share owner of Integrated Healthcare, for approximately 3.3 billion Malaysian ringgit, an amount equivalent to roughly ¥89.0 billion. Integrated Healthcare's investment holdings include hospital groups such as Parkway Hospitals Singapore Pte Ltd., Singapore's largest; Pantai Hospitals Sdn. Bhd, the second largest in Malaysia. It also has an investment in Apollo Hospitals Enterprise Limited, India's largest hospital group. In addition to its hospital business, Integrated Healthcare pursues involvement throughout Asia in healthcare-related ventures, including institutions that provide education in regard to medical care and ventures that provide services for clinical studies in an effort to develop new drugs.

In the field of fashion business, this business unit provides services to accommodate developments in the markets in:

- original equipment manufacturing ("OEM") business for apparel manufacturers; and
- brand marketing business including brand licensing.

In the OEM business area, Mitsui Bussan Inter-Fashion Ltd. is engaged in planning and production of apparel and accessories, by using Mitsui's global networks and incorporating a vast range of business functions at various stages in the value chain, including design, planning and procurement of materials as well as sewing and processing. Transferring OEM business to Mitsui Bussan Inter-Fashion Ltd., this business unit aims to strengthen its specialty and cost efficiency.

With respect to brand marketing business, this business unit is engaged in both license and import business involving international brands such as Burberry and Max Mara, while some trademark rights such as Pierre Cardin and Hanae Mori are held by this business unit. This business unit enters into license agreements to retain their exclusive marketing manufacturing rights and establishes joint ventures with the brand holders, which control licensing or distributing imported products, thereby establishing a nationwide sales network.

In the field of real estate business, this business unit is engaged in development and management of condominiums, office buildings and other logistical properties. In March 2011, this business unit acquired a 50% portion of joint ownership of Ohtemachi PAL Building for ¥36 billion. This business unit is engaged in real estate related services such as real estate solutions and self-storage business in Japan. This business unit also develops houses and office buildings overseas. Moreover, it operates senior housing properties abroad.

In the field of the housing and industrial materials businesses, Sumisho & Mitsuibussan Kenzai Co., Ltd. supplies housing materials in the Japanese market. This business unit operates afforestation projects with Japanese and the local partners in Australia, producing and exporting woodchips to Japan. Mitsui Bussan Packaging Co., Ltd. (Japan) sells various paper products and packaging materials mainly in Japan and Asia. This business unit also provides mines with off-the-road tires and related services in South America, Russia and Southeast Asia.

IT Business Unit

The IT Business Unit provides a variety of services, which are delivered through the unit's 9 subsidiaries and 12 associated companies established in the following five major fields:

· mobile and internet businesses including sales agency of mobile handset and telecommunications lines, development and providing services of mobile contents, and internet-based marketing services;

· IT outsourcing business including network and systems integration ("NI/ SI") businesses, documents process outsourcing services, and call-center services;

· electronics distribution business including import, export and domestic trade of semiconductor devices and equipment/materials for semiconductor and liquid crystal ("LC"), and export and offshore trade of liquid crystal displays ("LCD") and parts;

· green IT business including energy-saving, light emitting diode ("LED") and rechargeable battery; and

· media-related businesses including television shopping channels and broadcasting.

In the field of mobile and internet businesses, this business unit is engaged in EC (e-commerce) businesses and electronic payment services in Asian countries and Russia. In December 2010, this business unit acquired a 14.9% stake in QIWI Limited. It is engaged in the largest operation of payment terminals which are widely used in Russia and other overseas countries to pay mobile usage fees and public utility bills as well as electronic payments. On the other hand, T-GAIA Corporation (former Telepark Corp., a former subsidiary for domestic mobile handset sales and distribution) merged with MS Communications Co., Ltd., a domestic large scale agency and distributor engaged in the same business line, in October 2008, and continued to be listed on the Tokyo Stock Exchange. As a result of the merger, this business unit's voting interest was diluted to 22.8%, and T-GAIA Corporation became an associated company of this business unit. In February 2011, this business unit decided to participate in a share purchase program through public tender offering implemented by T-GAIA Corporation in consideration of Mitsui's strategy to optimize its business portfolio. As a result of the participation in the program, this business unit's share was diluted to 5.3% from 22.8% in April 2011, and T-GAIA Corporation ceased to be associated company.

In the field of IT outsourcing business, Mitsui Knowledge Industry Co., Ltd. and Nihon Unisys, Ltd., both listed on the Tokyo Stock Exchange, provide integrated NI/SI solutions to a wide range of customers.

· Mitsui Knowledge Industry Co., Ltd. provides comprehensive information and communication technology ("ICT") services, such as various kinds of system introduction/maintenance/operation, network system designing/building/maintenance support and data center business to enterprises including telecommunications carriers, government offices, local municipalities and medical and educational public bodies. Mitsui owns a 58.4% voting interest in Mitsui Knowledge Industry Co., Ltd. as of March 2011.

· Nihon Unisys, Ltd. is engaged in the designing and development of computer systems, business process outsourcing services, support services and other peripheral services as well as sales of computer systems. These services are provided to enterprises in the financial, manufacturing, retail and public sectors. Mitsui owns a 32.5% voting interest in Nihon Unisys, Ltd. as of March 2011.

J-SCube Inc. is engaged in documents process outsourcing services such as data entry, scanning and related system sales. Moshi Moshi Hotline, Inc. is one of the major call center operators in Japan. Moshi Moshi Hotline, Inc. is listed on the Tokyo Stock Exchange, with this business unit's current voting interest at 34.4% as of March 2011.

In the field of electronics business, this business unit is engaged in import, export and domestic trade of semiconductor devices and equipment/materials for semiconductor and LC mainly through Mitsui Electronics Inc, and also other subsidiary companies provided semiconductor and LC-related products and services in China.

This business unit is also engaged in export and offshore trade of LCD and related parts. Aiming to broaden geographic reach in the growing LCD market, in January 2010, this business unit decided to invest in TPV Technology Limited, which is one of the world largest PC monitor and LCD television manufacturers, holding plants mainly in China and listed on the Hong Kong and the Singapore stock exchanges. TPV Technology Limited produced 56.5 million units of PC monitor and 14.8 million units of LCD television for the year ended December 31, 2010 and ranked respectively 1st and 3rd in the world, in terms of production volume. As a result of a subscription for shares through a third party allotment and a joint cash offer for shares in TPV Technology Limited on the Hong Kong and the Singapore stock exchanges together with China Electronics Corporation group, a major shareholder of TPV Technology Limited, this business unit's ownership became 15.1% in April 2010. In March 2011, this business unit acquired an additional 5.1% of stake through a trust agreement with a financial institution, resulting in holding 20.2% interest in TPV Technology Limited, making it a Mitsui's associated company. With this additional investment, the total investment amount became ¥28.9 billion.

In the field of green IT business, in February 2011, this business unit acquired a 21.0% stake in Tianjin EV Energies Co., Ltd. with the aim of entering manufacturing and sales of rechargeable batteries for electric vehicles and smart grids in China. It also acquired a 15.6% stake in Formosa Epitaxy Incorporation, listed in the Taiwan stock exchange, and participated in LED manufacturing business.

In the field of media-related businesses, this business unit provides television shopping services operated by QVC Japan, Inc., which was established jointly with QVC Inc. of the United States. In March 2009, this business unit acquired an 85% stake in ShopNet Co., Ltd., Taiwan's third largest provider of 24-hour television shopping. It also acquired a 25% stake in CCTV SHOPPING CO., LTD., which provides goods and services including logistics to China International TV Corporation, Chinese TV shopping operator. And its subsidiary, World Hi-Vision Channel, Inc. is engaged in digital BS television service under the name of BS channel 12 "TwellV" in Japan.

This business unit is dependent on the business of our subsidiaries and associated companies, most of which are located in Japan and rapidly growing Asia.

Logistics & Financial Markets Segment

The Logistics & Financial Markets Segment is engaged in transportation and logistics services, insurance and financial business in Japan and abroad. Financial Markets Business Unit changed its name to Financial & New Business Unit in April 2011.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥29.5 billion or 3.4% and minus ¥0.7 billion or minus 0.2% of our consolidated totals, respectively.

Financial Markets Business Unit

This business unit has 17 subsidiaries and 1 associated company and is engaged in the following business activities:

- trading in various commodity derivatives such as precious metals, non-ferrous metals listed on the London Metal Exchange ("LME"), energy, and soft commodities;
- financial equity investments including principal investment and venture capital operation;
- asset management business such as real estate fund (listed REIT and private fund) and infrastructure fund; and
- leasing business

Mitsui and its subsidiaries such as Mitsui & Co. Commodity Risk Management Ltd. (former Mitsui & Co., Energy Risk Management Ltd.), Mitsui & Co. Precious Metals, Inc. (*1), and Mitsui Bussan Commodities Ltd. (United Kingdom) are engaged in trading and brokerage in various commodity derivatives such as precious metals, non-ferrous metals listed on the LME, energy, and soft commodities.

In the principal investment field, this segment deals with corporate investments mainly through subsidiaries such as Mitsui & Co., Global Investment Ltd. (*2) and Mitsui & Co. Global Investment, Inc. (United States) (*3). In order to make a profit from investments and to pioneer new business domains for Mitsui, these subsidiaries are adding value to investee companies and focusing on specific growing industries and regions such as Japan, United States, and China. As well as venture capital above mentioned, MITSUI & CO., PRINCIPAL INVESTMENTS LTD. also invest to growth companies on a global basis.

We are also engaged in sales and marketing of various derivatives and financial instruments of our own development to investors and market participants which contributed for expanding Mitsui's business area by using investor's capital. Japan Alternative Investment Co., Ltd. (Japan) acts as placement agent for alternative investment products such as infrastructure fund and funds of hedge funds.

In REIT related businesses, Mitsui & Co., Logistics Partners Ltd. (Japan) provides asset management service to Japan Logistics Fund Inc, a listed REIT on the Tokyo Stock Exchange that is only Japanese REIT specializing in logistics properties such as warehouses and distribution centers. In June 2008, this business unit launched an emerging market infrastructure fund with Challenger Financial Service Group, an Australian-based financial services organization. This fund, while meeting the growing demands of global investors to invest in infrastructure assets, is intended to contribute to the development of emerging market economies by providing the needed capital to the infrastructure space, enabling the rapid growth in the regions.

As of the end of March 2011, this business unit has a 33.4% voting interest in JA Mitsui Leasing, Ltd., a general leasing company with its strengths in leasing of information-processing equipment and large scale equipment, as well as industrial machinery, aircraft and ocean vessels. JA Mitsui Leasing, Ltd. was established as a holding company in April 2008 to integrate the operations of Mitsui Leasing & Development, Ltd. (Japan), an associated company of the unit, and Kyodo Leasing Co., Ltd., a major leasing company in Japan. In October 2008, JA Mitsui Leasing, Ltd. merged with its two wholly-owned subsidiaries, Mitsui Leasing & Development, Ltd. and Kyodo Leasing Co., Ltd. In October 2009, each of Mitsui and The Norinchukin Bank invested ¥30 billion in JA Mitsui Leasing, Ltd. for its newly issued shares by private placement which was intended to strengthen the financial condition of JA Mitsui Leasing, Ltd.

As of March 31, 2011, this business unit has a 2.2% share of outstanding common stock in Cedyna Financial Corporation (Japan, formerly Central Finance Co., Ltd.), a consumer credit and credit card company in Japan. (*4)

(*1) Mitsui Bussan Precious Metals (Hong Kong, China) Ltd. was merged into Mitsui & Co. Precious Metals, Inc. in October 2010.
(*2) MVC Corporation changed its name to Mitsui & Co., Global Investment Ltd. in November 2010.
(*3) Mitsui & Co. Venture partners, Inc. (United States) changed its name to Mitsui & Co. Global Investment Inc. in November 2010.
(*4) Mitsui disposed its shareholding in Cedyna Financial Corporation in April 2011.

Transportation Logistics Business Unit

The Transportation Logistics Business Unit provides sophisticated, high value added logistics services to customers, leveraging its longstanding experience in offering such services group-wide. This business unit is also engaged in insurance related business.

Together with 9 subsidiaries and 2 associated companies, this business unit is engaged in the following business activities:

· Logistics infrastructure projects, including port development projects in emerging countries, and transport-infrastructure such as railway and airports etc;
· Provide integrated logistics services with international transportation services including combined multi transportation centering on container shipping, transportation of plants and other special cargoes, tramper shipping, logistics solution services such as supply chain management warehousing and distributions; and
· Insurance agency services and insurance-related risk management business

This Business Unit is developing logistics infrastructure with the aim of expanding its business activities in emerging economies including the BRICs countries.

Mitsui was selected to undertake the maintenance and operation of the cargo terminal for the international routes handled by Tokyo International Airport (Haneda Airport) in accordance with the provisions of the "Act on Promotion of Private Finance Initiatives" (so-called "PFI"), and established a 100% subsidiary, Tokyo International Air Cargo Terminal Ltd.(Japan) ("TIACT"), for that objective. In October 2010, TIACT began its operation as a 24 hour cargo terminal in parallel with the start of international flight services at Haneda Airport. This business unit and the Infrastructure Projects Business Unit invested in TIACT at 50:50.

In the integrated logistics services, for the international logistics business, this business unit has established TRI-NET (JAPAN) INC. and other core subsidiaries, which are located in Japan, the Americas, Europe, South East Asia, and China. Each of those subsidiaries collaborates with the Head Office and overseas trading subsidiaries worldwide to provide customers with solutions to logistics needs through international combined multimodal transportation services using various modes of land, sea and air transportation. And through its tramp shipping services, this business unit provides transportation for bulk cargoes, such as coal, grain and fertilizers, as well as project transportation services for power generation plants, chemical plants and other facilities. In the development of its warehousing business, Tri-net Logistics Co., Ltd. (*1) has focused in particular in distributive processing services and transportation services for bulk chemicals. And Tri-net Logistics Co., Ltd. (*) uses its logistics engineering capabilities to produce advanced logistics design solutions.

In Russia, this business unit signed an operational partnership agreement with Russian Railways. In China, this business unit reached an agreement with Jinjiang International Holdings Co., Ltd. to make a 49% investment in Shanghai Jinjiang International Cold Logistics Development Co. Ltd., an affiliated company of Jinjiang Group. Through this investment, this business unit participated in cold storage and distribution business in China where a rapid acceleration in demand for chilled and frozen food products, along with increased interest in food safety and reliability, has been seen. Additionally, in the Middle East, this business unit has expanded logistics operation in Dubai which is operated into partnership with AW Rostamani Group.

In collaboration with the Financial Markets Business Unit, this business unit also develops REITs based on logistics-related real estate.

In the insurance and risk management field, this business unit provides insurance agency services through Mitsuibussan Insurance Co., Ltd. Several subsidiaries, including Insurance Company of Trinet Asia Pte., Ltd. (Singapore), operate as captive insurance companies and also use their experience and knowledge of risk management to provide direct insurance writing services. In December 2009, this business unit became the largest shareholder of ACAL Holdings Pte Ltd. (Singapore), a reinsurance company in Lloyd’s. In addition, this business unit has 19.8% share interest in an associated company, Mitsui Direct General Insurance Company, Limited, a direct marketing non-life insurance company specializing in Internet-based sales.

(*1) In April 2010, Mitsui Bussan Logistics Holdings Ltd. was merged into Tri-net Logistics Co., Ltd.

Americas Segment

The Americas Segment is engaged in sales, intermediary service and manufacturing of various commodities and conducts related business led by overseas trading subsidiaries in North, Central and South America, together with its affiliated companies. This segment consists of 9 trading subsidiaries including Mitsui & Co. (U.S.A), Inc. (United States), Mitsui & Co. (Canada) Ltd. (Canada) and Mitsui & Co. (Brasil) S.A. (Brazil), 25 other subsidiaries and 7 associated companies.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥76.4 billion or 8.9% and ¥15.9 billion or 5.2% of our consolidated total, respectively.

Mitsui & Co. (U.S.A.), Inc., or Mitsui U.S.A., is our largest overseas subsidiary, and it carries out many diversified business activities together with subsidiaries and associated companies, in collaboration with the operating segments of the Head Office in Japan. Mitsui U.S.A. has been leading our entry in the U.S. market, and we believe that Mitsui U.S.A. is one of the major exporters of American products.

Business activities of Mitsui U.S.A.’s major operating divisions are as follows:

· The Iron & Steel Products Division maintains alliances with steel makers, steel processors, and major local customers in the U.S. and other countries. It specializes in streamlining the processes at each step of value chain of steel products, managing inventory and process arrangements. Mitsui U.S.A. acquired Steel Technologies Inc., a steel processor which operates more than 20 steel processing facilities in North America, in June 2007, as a core operation of this division. It processes flat-rolled steel and provides a wide range of value added services including pickling, cold strip and blanking for automotive steel plate. It has various customers and its focus is automotive manufactures and their affiliated parts suppliers. In March 2010, Mitsui U.S.A. entered into a definitive agreement with Nucor Corporation to own and operate a flat rolled processing network and other steel related projects throughout North America. In April 2010, Mitsui U.S.A. contributed Steel Technologies Inc. into a newly established holding company, to be named NuMit LLC, and then 50% of the interest in NuMit LLC was sold to Nucor Corporation. Steel Technologies Inc. serves as the foundation for NuMit LLC, and enhances its flat rolled steel processing operations in North America. NuMit LLC also strives to expand its business domain to other steel related projects throughout the world. Mitsui U.S.A. intends to invest the proceeds from the transaction into further NuMit LLC's investments. Sales and distribution of energy related steel products inclusive of tubular products sales and distribution within Americas and other areas is another core operation, operated by Champion Pipe & Supply, Inc.

- The Energy & Mineral Resources Division engages in iron-ore; copper concentrate and cathode; aluminum ingot; nickel; cobalt; other non-ferrous metal materials; iron and steel raw materials; steel and nonferrous metal scrap; crude oil; petroleum coke, petroleum products, bio-ethanol, natural gas and coal. The initiatives with Sims Metal Management Inc., an associated company of the Mineral & Metal Resources Segment, including electrical and electronic recycling, are also handled at this division. Westport Petroleum, Inc. in which this division has a 80% voting share and the Energy Segment has the remaining 20% voting share, is engaged in sales to and purchases from the energy industry with respect to pipeline and cargo trading of petroleum products throughout major international energy markets. Effective September 2010, control over the company was transferred to the Energy Segment keeping this segment's share in the company. In December 2009, MitEnergy Upstream LLC, a subsidiary in which this division and the Energy Segment invest, sold all of its Gulf of Mexico oil and gas assets. See also "Energy Segment" for more details about the asset sale.
- The Infrastructure Business Division pursues with the large scale projects and businesses in the field of infrastructures related to the power generations, water treatment, transportation and natural resources, and energy (Oil & Gas) in Americas, mainly in Brazil and Mexico. This division has subsidiaries such as a wind power generation company in Texas, U.S. A. and a water treatment company in Mexico. The division engages also in providing newly built vessels to major oil and shipping companies and in aircraft leasing business for regional airlines and provides sophisticated, high value added logistics services through Tri-Net Logistics Management Inc., leveraging its longstanding experience in such field, while engaging in transportation and logistics related business in America.
- The Motor Vehicles & Construction Machinery Division engages in import and export, dealer business, logistics business, and other businesses in the distribution process of commercial products as a business partner of various manufacturers. Especially, this division focuses on downstream markets in the value chain. An example of such initiatives is an investment in Penske Automotive Group, Inc. This division also strives to expand its geographic area as well as business domain for the investments by leveraging its market presence built up through the existing business operations.
- The Chemicals Division is engaged in the trade and business of various chemical products such as petrochemical products, food and feed additives, chemical fertilizer, pesticide, plastic materials, and resin additives. Novus International, Inc., a feed additive manufacturing subsidiary, produces and sells amino acids. In addition, Intercontinental Terminal Company LLC is engaged in the chemical tank terminal operation. SunWize Technologies, Inc. engages in sales and installation of solar power systems and modules.
- The Foods, Consumer Service & IT Business Division deals with grain, coffee, foods materials, other foods products, and real estate. This division has a subsidiary, United Grain Corp. ("UGC"), which invested in United Harvest, LLC ("UH"), a joint venture with CHS Inc. ("CHS") for export facility operations for wheat and other grains. In December 2010, UGC and CHS agreed to dissolve UH. After the dissolution completed in March 2011, UGC has continued the business of grain accumulation and export as the sole manager of the export terminal and country elevators transferred from UH. In addition, Mitsui determined that it will make an additional investment to expand the export terminal, resulting in Mitsui's total investment in UGC of approximately US$200 million. This division also has a 20% minority interest in WILSEY FOODS, INC. See also "Foods & Retail Segment" for business collaboration with CHS Inc. Additionally, Mitsui Foods Inc. is specialized in the import food distribution business. As for the real estate business, MBK Real Estate LLC handles the development and sale of unit houses and leasing of senior housing properties in the states of California and Washington. CornerStone Research & Development, Inc. focuses on manufacturing service of supplements.
- The Financial Markets Division had engaged in financial equity investments including principal investment and venture capital operation, but in October 2009 transferred most of its investments except AFC LLC (United States) to the Logistic & Financial Markets Segment due to the increased importance of global unified investment operation. AFC LLC was established by Mitsui U.S.A. after it acquired in September 2007 Affiliated Financial Corporation and BayQuest Capital Corporation, both of which provided automotive related financing services throughout the United States, and merged them into AFC LLC. In October 2010, this segment dissolved AFC LLC judging that the auto finance business would be unprofitable under severe market conditions.

Europe, the Middle East and Africa Segment

The Europe, the Middle East and Africa Segment is engaged in sales and intermediary service of various commodities and conducts related businesses led by overseas trading subsidiaries in Europe, the Middle East, Africa and CIS countries.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥20.0 billion or 2.3% and ¥0.6 billion or 0.2% of our consolidated totals, respectively.

This segment consisted of 11 trading subsidiaries, including Mitsui & Co. Europe Holdings PLC (United Kingdom), Mitsui & Co. Europe PLC (United Kingdom), Mitsui & Co. Deutschland GmbH (Germany), 7 subsidiaries and 4 associated companies.

Mitsui & Co. Europe PLC, our wholly-owned subsidiary with its head office in London, manages the overall business activities in Europe, the Middle East, Africa and CIS countries through 11 overseas trading subsidiaries and other branch offices and liaison offices. Mitsui & Co. Europe PLC collaborates with our subsidiaries and associated companies of other operating segments.

Recently, the major parts of business in this segment have been sales and intermediary service of steel products, chemicals and machinery. For example, this segment provided assistance services for SCM of steel products procured by Statoil ASA. In the chemical business, this segment has been engaged in sales and intermediary service of various chemical products and materials supported by our global network and relationship with large scale manufacturers including Bayer Aktiengesellschaft.

Over the years, in Central and Eastern Europe, Mitsui has established trading subsidiaries and representative offices to expand business opportunities in the region, and have continuously participated in joint ventures, mainly with Japanese manufacturers. In connection with the enlargement of European Union, Japanese automobile, electric and chemical manufacturers are rushing to set up operations in the region. This segment is collaborating with them by taking advantage of our existing business bases.

In April 2008, MBK Real Estate Europe Limited was transferred to this segment from the Consumer Service Business Unit. This segment also had a 40% voting share in Mitsui Automotive Europe B.V. (Netherlands), a subsidiary of the Motor Vehicle Business Unit. In the year ended March 31, 2010, the Motor Vehicle Business Unit, together with this segment, wound up Mitsui Automotive Europe B.V. taking into consideration the low growth under the matured automotive market in Europe.

In the Middle East we have established trading subsidiaries Mitsui & Co., Middle East Ltd. (United Arab Emirates), Mitsui and Co. (Middle East) B.S.C.(c) (Bahrain), Mitsui and Co., Iran Ltd. (Iran) and Mitsui and Co. Kuwait W.L.L. (Kuwait). Mitsui & Co., Middle East Ltd. owns offices in United Arab Emirates, Qatar and Oman. Mitsui has several representative offices in the Middle East countries including Saudi Arabia. These trading subsidiaries and offices in the Middle East collaborate with the Head Office primarily in the field energy development and production and projects of petrochemical plants and power plants.

Asia Pacific Segment

The Asia Pacific Segment is engaged in sales and intermediary service of various commodities and conducts related businesses led by overseas trading subsidiaries in Asia and Oceania countries.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2011 were ¥31.3 billion or 3.6% and ¥54.3 billion or 17.7% of our consolidated totals, respectively.

This segment consisted of 18 trading subsidiaries, including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Hong Kong) Ltd. (Hong Kong, China), Mitsui & Co. (China) Ltd. (China), Mitsui & Co. (Thailand) Ltd. (Thailand), Mitsui & Co. (Australia) Ltd. (Australia), 4 subsidiaries and 5 associated companies.

China

China joined the WTO in 2001 and enjoyed double-digit growth in gross domestic product from 2003 to 2007. Though the growth speed slowed down to some extent due to the financial turmoil, the growth rates of 2008 through 2010 still remained high at 9.6%, 8.7% and 10.3%, respectively, and China has overtaken Japan as the world's second largest economy in 2010.

We have been increasing our operations in, and shifting corporate resources to, Greater China, which includes mainland China and Hong Kong, in order to expand and strengthen our business operations in key industries in China such as steel products, chemicals, mineral and metal resources, foods and retail, IT, and transportation and logistics.

Our presence in China as of March 31, 2011 is comprised of seven local trading subsidiaries, all of which have been permitted to conduct import and export and wholesale trade domestically within China. Those trading subsidiaries include Mitsui & Co. (China) Ltd., an investing company in Beijing, Mitsui & Co. (Shanghai) Ltd., which is located in China's bonded area, Mitsui & Co. (Hong Kong) Ltd, and Mitsui & Co. (Guangdong) Ltd. In addition, we have established representative offices of Mitsui and branches and offices of local trading subsidiaries in thirteen cities in China.

Mitsui & Co., (China) Ltd. has made investments jointly with the business units of the Head Office in critical joint ventures in key industries in China such as steel products, mineral and metal resources, and foods.

ASEAN Region

In the ASEAN region, trading subsidiaries including Mitsui & Co. (Asia Pacific) Pte. Ltd., Mitsui & Co., (Thailand) Ltd., Mitsiam International Ltd. (Thailand) and PT Mitsui Indonesia (Indonesia), subsidiaries and associated companies jointly collaborate with the Head Office and engage in various business activities involving, among other things, chemical and metal products and industrial type projects. Trading subsidiaries also establish various subsidiaries and participate in joint ventures formed with the third parties. As a representative example, Mitsui & Co., (Asia Pacific) Pte. Ltd. owns a 26% interest in Thai Tap Water Supply Public Company Limited (Thailand) through Mitsui Water Holdings (Thailand) Ltd., to supply tap water to the provincial authorities near Bangkok, Thailand under long-term water supply agreements.

Southwest Asia

Our operations in India used to be concentrated primarily in exporting commodities, such as iron ore and textiles, to Japan and other areas of the world. However, with the increasing deregulation of the Indian economy, we are currently engaged in not only import and export-related transactions but also domestic distribution through Mitsui & Co., India Pvt. Ltd. Furthermore, we are pursuing investment opportunities in domestic distribution channels.

Oceania

In Australia, Mitsui & Co. (Australia) Ltd. is active in the development of minerals such as iron ore and coal, energy and agricultural exports in collaboration with corresponding operating segments, mainly in the Head Office. As described in the Mineral & Metal Resources Segment and the Energy Segment above, Australia is a critical geographic area in our corporate strategy. Mitsui & Co. (Australia) Ltd. participates in Mitsui Iron Ore Development Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd. with equity shares of 20% and 30%, respectively.

All Other Segment

The operations of the All Other Segment include financing services, office services and other services to external customers, and/or to us and associated companies.

Gross profit and net income for this segment for the year ended March 31, 2011 were ¥0.9 billion or 0.1% and ¥3.6 billion or 1.2% of our consolidated totals, respectively.

The All Other Segment has 10 subsidiaries. The activities of major subsidiaries in this segment are as follows:

- Mitsui & Co. Financial Services Ltd. is engaged in financial services such as commercial loan and cash management services, provided to the wholly-owned domestic subsidiaries.
- Mitsui & Co. Financial Services (Asia) Ltd., Mitsui & Co. Financial Services (Europe) B.V. and Mitsui & Co. Financial Service (U.S.A.) Inc. are engaged in-house financial services to wholly owned subsidiaries in Asia, Europe and Americas, respectively.

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	MBK Steel Products West Co., Ltd.	Wholesale of steel products	Japan	100.0
	MITSUI BUSSAN KOZAI HANBAI CO., LTD.	Wholesale of steel products	Japan	89.1
	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products for construction and other steel products	Japan	100.0
	Seikei Steel Column Corp.	Manufacture and sales of steel tube	Japan	51.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	98.9
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	92.5
Mineral & Metal Resources	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of scrap, ferroalloys and non-ferrous material products	Japan	100.0
	Mitsui Raw Materials Development Pty. Limited	Investment in Sims Metal Management Ltd., a scrap metal recycler	Australia	100.0
	Japan Collahuasi Resources B.V.	Investments in a copper mine in Chile	Netherlands	61.9
	Mitsui Bussan Copper Investment & Co., Ltd.	Investments in a copper mine in Chile	Japan	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure Projects	Mitsui & Co. Plant Systems, Ltd.	Sales of various plants, electric power facilities and transportations	Japan	100.0
	MBK Project Holdings Ltd.	Investments in manufacturers of plant-related materials and equipment	Japan	100.0
	Atlatec Holdings, S.A. de C.V.	Designing, building and operation of water treatment plants	Mexico	85.0
	Cactus Energy Investment B.V.	Investment in an LNG terminal in Mexico	Netherlands	100.0
	MITSUI GAS E ENERGIA DO BRASIL LTDA.	Investments in gas distribution companies	Brazil	100.0
	Mit Investment Manzanillo B.V.	Investment in an LNG terminal in Mexico	Netherlands	100.0
	Drillship Investment B.V.	Investment in deepwater drilling service business	Netherlands	100.0
	Mitsui & Co. Power & Infrastructure Development Ltd.	Management of power generation business	Japan	100.0
	Mitsui & Co., Power Development and Management Americas, S. de R.L. de C.V.	Operation and maintenance of power plants	Mexico	100.0
	MIT POWER CANADA LP INC.	Investment in Greenfield Power Generation Project in Ontario	Canada	100.0
	Mitsui Rail Capital Holdings, Inc.	Freightcar leasing and management in North America	U.S.A.	100.0
	Mitsui Rail Capital Europe B.V.	Locomotive leasing and management in Europe	Netherlands	100.0
	Mitsui Rail Capital Participações Ltda.	Freightcar leasing and management in Brazil	Brazil	100.0
	Toyota Chile S.A.	Import and sales of automobiles and auto parts in Chile	Chile	100.0
	TF USA Inc.	Investment in auto parts logistics business	U.S.A.	100.0
	Mitsiam Motors Co., Ltd.	Sales of trucks and buses	Thailand	99.0
	Mitsui Automotive CIS Investment B.V.	Investment in automotive-related companies in Russia	Netherlands	100.0
	PT. Bussan Auto Finance	Motorcycle retail finance	Indonesia	90.0
	BAF (Thailand) Co., Ltd.	Motorcycle retail finance	Thailand	100.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0
	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	Orient Marine Co., Ltd.	Shipping business	Japan	100.0
	Lepta Shipping Co., Ltd.	Shipping business	Liberia	100.0
	Clio Marine Inc.	Shipping business	Liberia	100.0
	OMC SHIPPING PTE. LTD.	Shipping business	Singapore	100.0
	GOG Drillship Investment Inc.	Investment in deepwater drilling service business	U.S.A.	100.0
	Mitsui Bussan Aerospace Co., Ltd.	Import and sales of helicopters and defense and aerospace products	Japan	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemical	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol producing business in Saudi Arabia and sales of products	Japan	55.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Mitsui Bussan Frontier Co., Ltd.	Export of electronics devices and management of SCM businesses	Japan	100.0
	Daito Chemical Industries, Ltd.	Production and sales of industrial chemicals	Japan	70.0
	P.T. Kaltim Pasifik Amoniak	Production and sales of anhydrous ammonia	Indonesia	75.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	Mitsui Bussan Plastics Trade Co., Ltd.	Sales of plastics and chemicals	Japan	100.0
	Mitsui Bussan Chemicals Co., Ltd.	Sales and trading of solvents and coating materials	Japan	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	Mitsui Bussan Fertilizer Resources B.V.	Investment in phosphorus ore mining in Peru and global marketing business	Netherlands	100.0
Energy	Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan	69.9
	Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	Mitsui E&P Australia Pty. Limited	Exploration, development and production of oil and natural gas	Australia	100.0
	Mitsui E&P USA LLC	Exploration, development and production of oil and gas	U.S.A.	100.0
	MitEnergy Upstream LLC	Exploration, development and production of oil and natural gas	U.S.A.	100.0
	Mitsui Oil Co., Ltd.	Sales of petroleum products in Japan	Japan	89.9
	Westport Petroleum, Inc.	International trading of petroleum products and crude oil	U.S.A.	100.0
	Mitsui Oil (Asia) Hong Kong Limited	Physical and derivatives trading of oil and petroleum products	Hong Kong	100.0
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0
	Mitsui & Co. Uranium Australia Pty. Ltd.	Investments in uranium mining business	Australia	100.0
	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands	100.0
	Mitsui Gas Development Qatar B.V.	Development and production of natural gas and condensate	Netherlands	100.0
	Mitsui & Co. LNG Investment Limited	Investment in LNG projects	United Kingdom	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Foods & Retail	Toho Bussan Kaisha, Ltd.	Import and sales of agricultural and marine products	Japan	96.3
	MCM Foods Holdings Limited	Investments in canned foods and sushi sales businesses	United Kingdom	100.0
	WILSEY FOODS, INC.	Investments in processed oil food company	U.S.A.	90.0
	PRI Foods Co., Ltd.	Production, processing and sales of broilers	Japan	46.4
	San-ei Sucrochemical Co., Ltd.	Manufacture and sales of sugars, pharmaceuticals, feedstuffs and other products	Japan	70.0
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	87.6
	Mitsui Alimentos Ltda.	Export of coffee beans and domestic sales of roasted coffee	Brazil	100.0
	MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan	99.9
	Bussan Logistics Solutions Co., Ltd.	Operation and management of logistics centers	Japan	100.0
	VENDOR SERVICE CO., LTD.	Procurement and demand chain planning and management of food materials	Japan	100.0
Consumer Service & IT	BUSSAN REAL ESTATE CO., LTD.	Real estate sales, leasing and management	Japan	100.0
	Mitsui Bussan Inter-Fashion Ltd.	Planning and management of production and distribution of apparel	Japan	100.0
	ShopNet Co., Ltd.	TV shopping in Taiwan	British Virgin Islands	87.2
	J-SCube Inc.	Outsourcing services for data entry and other back-office tasks	Japan	100.0
	Mitsui Knowledge Industry Co., Ltd.	Planning, development and sales of information and communication systems	Japan	58.4
	Mitsui Electronics Inc.	Sales of electronics device and equipment	Japan	100.0
Logistics & Financial Markets	Mitsui & Co. Global Investment Ltd.	Investment in venture businesses	Japan	100.0
	Mitsui & Co., Principal Investments Ltd.	Investment in private equity	Japan	100.0
	Mitsui Bussan Commodities Ltd.	Trading of non-ferrous metals	United Kingdom	100.0
	Mitsui & Co. Precious Metals, Inc.	Trading of precious metals	U.S.A.	100.0
	Mitsui & Co. Commodity Risk Management Ltd.	Trading of energy derivatives	United Kingdom	100.0
	TRI-NET (JAPAN) INC.	International integrated transportation services	Japan	100.0
	Trinet Logistics Co., Ltd.	Domestic Warehousing Business	Japan	99.9
	Tokyo International Air Cargo Terminal Ltd.	Operation of air cargo terminal at Tokyo International Airport	Japan	100.0
	Mitsuibussan Insurance Co., Ltd.	Non life and life insurance agency services	Japan	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Americas	Mitsui Foods, Inc.	Trading of canned foods, juice ingredient and coffee; manufacturing and sales of frozen foods	U.S.A.	100.0
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	Champions Pipe & Supply, Inc.	Sales of OCTG (steel pipe for oil & gas production) and other steel products for energy industry	U.S.A.	100.0
	MBK Real Estate LLC	Real estate-related business	U.S.A.	100.0
	Mit Wind Power Inc.	Investment in wind power generation company	U.S.A.	100.0
	CornerStone Research & Development, Inc.	Processing and packaging of healthcare foods and supplements	U.S.A.	100.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0
	SunWize Technologies, Inc.	Sales and installation of photovoltaic systems	U.S.A.	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	88.8
	Game Changer Holdings Inc.	Investment in steel processing company	U.S.A.	100.0
	Fertilizantes Mitsui S.A. Industria e Comercio	Production and sales of fertilizers	Brazil	100.0
	Novus International, Inc.	Manufacture and sales of feed additives	U.S.A.	65.0
	Mitsui Automotriz S.A.	Retail sales of automobiles and auto parts	Peru	100.0
	Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A.	100.0
	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	Mitsui & Co. (Brasil) S.A.	Trading	Brazil	100.0
Europe, the Middle East and Africa	MBK Real Estate Europe Limited	Real estate-related business	United Kingdom	100.0
	Plalloy MTD B.V.	Compounding of plastic raw materials	Netherlands	60.0
	Mitsui & Co. Europe Holdings PLC	Management of business in Europe, the Middle East and Africa	United Kingdom	100.0
	Mitsui & Co. Europe PLC	Trading	United Kingdom	100.0
	Mitsui & Co. Deutschland GmbH	Trading	Germany	100.0
	Mitsui & Co. Benelux S.A./N.V.	Trading	Belgium	100.0
	Mitsui & Co. Italia S.p.A.	Trading	Italy	100.0
	Mitsui & Co., Middle East Ltd.	Trading	United Arab Emirates	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporati on	Ownership of Voting Shares (%)
Asia Pacific	Mitsui Water Holdings (Thailand) Ltd.	Investment in water supply business	Thailand	100.0
	Mitsui & Co. (Asia Pacific) Pte. Ltd.	Trading	Singapore	100.0
	Mitsui & Co. (Hong Kong) Ltd.	Trading	China	100.0
	Mitsui & Co. (China) Ltd.	Trading	China	100.0
	Mitsui & Co. (Shanghai) Ltd.	Trading	China	100.0
	Mitsui & Co. (Taiwan) Ltd.	Trading	Taiwan	100.0
	Mitsui & Co. Korea Ltd.	Trading	Korea	100.0
	Mitsui & Co. (Thailand) Ltd.	Trading	Thailand	100.0
	Mitsiam International Ltd.	Trading	Thailand	55.0
	Mitsui & Co. (Australia) Ltd.	Trading	Australia	100.0
All Other	MITSUI BUSSAN BUSINESS PARTNERS CO.,LTD.	Provision of HR & GA services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui Bussan Forest Co., Ltd.	Afforestation and lumbering	Japan	100.0
	Mitsui & Co. Financial Services Ltd.	Financing services within the Group	Japan	100.0
	Mitsui & Co. Financial Services (Asia) Ltd.	Financing services within the Group	Singapore	100.0
	Mitsui & Co. Financial Services (Europe) B.V.	Financing services within the Group	Netherlands	100.0
	Mitsui & Co. Financial Services (U.S.A.) Inc.	Financing services within the Group	U.S.A.	100.0
	Mitsui Bussan Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui Bussan Financial Management Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0

(Note) Mitsui & Co. Commodity Risk Management Ltd. changed its name from Mitsui & Co. Energy Risk Management Ltd. in April 2010.

(3) Major Associated Companies

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
	Nippon Steel Trading Co., Ltd.	Trading of iron and steel products, non-ferrous metals, machinery	Japan	25.2
Mineral & Metal Resources	Valepar S.A.	Holding company of Vale S.A.	Brazil	18.2
	Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	25.0
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminum smelting business in Brazil	Japan	20.9
	Coral Bay Nickel Corporation	Smelting of nickel and cobalt	Philippines	18.0
	SUMIC Nickel Netherlands B.V.	Investments in nickel producing business in New Caledonia and sales of products	Netherlands	47.6

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure Projects	Toyo Engineering Corporation	Plant engineering	Japan	22.9
	Galaxy NewSpring Pte. Ltd.	Investments in water business in China	Singapore	50.0
	AES JORDAN HOLDCO, LTD.	Investment in power producing business in Jordan	Cayman Islands	40.0
	RLC Power Holding Company Limited	Investment in water and power producing business in Qatar	United Arab Emirates	25.0
	P.T. Paiton Energy	Power generation in Indonesia	Indonesia	36.3
	IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	IPM (UK) Power Holdings Limited	Investments in power generation business	Gibraltar	26.3
	Compania de Generacion Valladolid S. de R.L.. de C.V.	Power generation in Mexico	Mexico	50.0
	MT Falcon Holdings Company, S.A.P.I de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	Toyota Canada Inc.	Import and sales of Toyota automobiles and parts	Canada	50.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	16.8
	PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
	KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD	Sales of construction and mining equipment	Australia	40.0
Energy	BHP Mitsui Coal Pty. Ltd.	Mining and sales of Australian coal	Australia	16.8
	ENEOS GLOBE Corporation	LPG imports and marketing, fuel cell and photovoltaic systems marketing	Japan	30.0
	Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0
Foods & Retail	Multigrain AG	Production, origination, processing, logistics and merchandising of agriproducts	Switzerland	45.1
	NIPPON FORMULA FEED MANUFACTURING CO., LTD.	Manufacturing and sales of compound feedstuffs	Japan	42.9
	Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	Japan	32.3
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	44.7
	MIKUNI COCA-COLA BOTTLING CO., LTD.	Production and sales of soft drinks	Japan	35.7
Consumer Service & IT	AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Sales of building materials and contract construction work	Japan	50.0
	T-GAIA Corporation	Sales and distribution of mobile phones and agency for telecommunication services	Japan	22.8
	QVC JAPAN INC.	TV shopping using a 24-hour dedicated channel	Japan	40.0
	Moshi Moshi Hotline, Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4
	Nihon Unisys, Ltd.	Development and sales of information systems	Japan	32.5
	TPV Technology Limited	Design, manufacturing and sales of display related products	Bermuda	20.2

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Logistics & Financial Markets	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	33.4
	Mitsui Direct General Insurance Company, Limited	General insurance	Japan	19.8
Americas	MED3000 Group. Inc.	Managerial and data-based services for physicians	U.S.A.	46.5
Europe, the Middle East and Africa	ITC Rubis Terminal Antwerp SA	Chemical tank leasing	Belgium	50.0

(Note) Mitsui Marubeni Liquefied Gas Co., Ltd. was merged with the liquefied petroleum gas business of JX Nippon Oil & Energy Corporation and changed its name to ENEOS GLOBE Corporation in March 2011. Furthermore, the company was reclassified to associated company from subsidiary.

(4) Other Affiliated Companies

Not applicable.

5. Employees

(1) Mitsui & Co., Ltd. and Subsidiaries

As of March 31, 2011

Operating Segment	Number of Employees	
Iron & Steel Products	2,128	(142)
Mineral & Metal Resources	548	(28)
Machinery & Infrastructure Projects	11,952	(6,317)
Chemical	2,820	(191)
Energy	981	(732)
Foods & Retail	5,568	(4,543)
Consumer Service & IT	4,351	(5,321)
Logistics & Financial Markets	1,506	(1,544)
Americas	4,391	(310)
Europe, the Middle East and Africa	1,489	(26)
Asia Pacific	2,349	(116)
All Other	1,943	(108)
Total	40,026	(19,378)

(Note) The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.

(2) Mitsui & Co., Ltd.

As of March 31, 2011

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
6,136	42.2	19 years 0 month	12,462

Operating Segment	Number of Employees
Iron & Steel Products	419
Mineral & Metal Resources	241
Machinery & Infrastructure Projects	805
Chemical	709
Energy	394
Foods & Retail	416
Consumer Service & IT	628
Logistics & Financial Markets	285
Americas	207
Europe, the Middle East and Africa	207
Asia Pacific	379
All Other	1,446
Total	6,136

(Notes) 1. The number of employees includes 1,362 seconded employees, 12 extended employment staff and 29 contract administrative staff. However, 361 contract workers (including 191 workers seconded to Mitsui from outside Mitsui) and 205 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

1. Overview of Business Results

(1) Operating Results

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2011 and 2010, 2) Operating Results by Operating Segment."

(2) Cash Flows

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 6) Cash Flows."

2. Purchases, Sales Contracts and Trading Transactions

(1) Purchases

In all operating segments, as the difference between the amount of purchases and total trading transactions is minimal compared to the amount of total trading transactions, this item is omitted.

(2) Sales Contracts

In all operating segments, as the difference between the amount of contracts and the amount of total trading transactions is minimal, this item is omitted.

(3) Trading Transactions

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Management's Discussion and Analysis of Operating Results," and Note 17, "SEGMENT INFORMATION."

3. Management Issues

This Management Issues section contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements involve assumptions, risks, uncertainties and other factors, including, but not limited to, these described in “4. Risk Factors.” Such risks, uncertainties and other factors may cause Mitsui’s actual results to be materially different from any future results expressed or implied by these forward-looking statements.

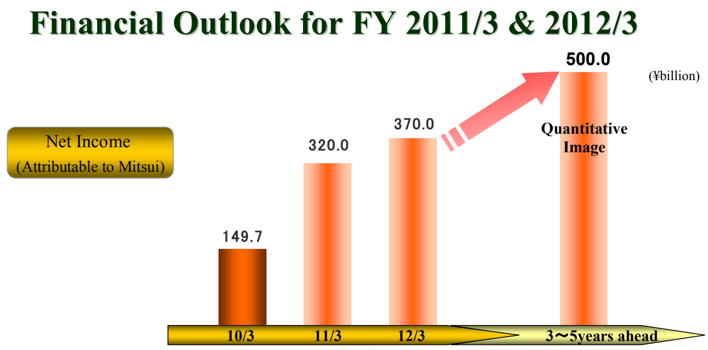
(1) Medium-Term Management Plan through March 31, 2012

Note: The following describes the contents of the Medium-Term Management Plan through March 31, 2012 announced in May 2010. Descriptions may be included that may differ from our current understanding of the economic environments.

We formulated and announced our new Medium-Term Management Plan covering the period through March 31, 2012, “Challenge & Innovation 2012” - Stronger Mitsui & Co., more distinctive and respected Mitsui & Co. - as we aim to realize the vision outlined in our Long-Term Management Vision “Dynamic Evolution as a 21st Century Global Business Enabler”, released in March 2009. Based on these initiatives, we intend to concentrate our efforts on further reinforcing our revenue base and business engineering capabilities.

1) The Business Plan for the Period Ending March 31, 2012

Anticipating recovery of the global economy led by strong economic growth in emerging countries, we took into consideration increases in commodity prices. Increases in sales volumes and commodity prices in non-resource business areas are also expected to be seen, reflecting expansion of demand in those areas. Based on such assumptions, we forecasted earnings for the year ended March 31, 2011 of ¥320.0 billion. Thanks to an increase in equity production in the mineral resources and energy businesses, as well as further growth in non-resource business segments, we forecasted the earnings for the year ending March 31, 2012 of ¥370.0 billion. Furthermore, through achievement of the key initiatives described below, we envisage achieving net income attributable to Mitsui & Co., Ltd. of ¥500.0 billion over the subsequent three to five years, namely the period from 2013 to 2015.



	10/3	11/3	12/3	3～5years ahead
ROE	7.3%	13.5%	14.0%	12-15%
Net DER (times)	0.92	1.0	1.0	About 1.0
(¥ trillion yen) Total assets	8.4	9.1	9.9	10-12
Shareholders’ equity	2.23	2.5	2.8	
Net interest-bearing debt	2.1	2.5	2.7	

2) Four Key Initiatives of the Medium-Term Management Plan

The four key initiatives of the Medium-Term Management Plan are: i) Reinforcement of the earnings base and business engineering capabilities, ii) Acceleration of the implementation of global strategy and strategic deployment of human resources to bolster this acceleration, iii) Evolution of portfolio strategies, and iv) Enhancement of the management system to support a stronger company. We discuss each in more detail below.

i) Reinforcement of the earnings base and business engineering capabilities

We intend to reinforce the earnings base and business engineering capabilities through the following efforts:

Mineral Resource & Energy areas - Increase equity production and reserves	• Optimize existing projects through expansion and maintenance as well as acquire new high quality assets • Strengthen global trading and marketing functions
Non-resources business areas - Reinforcement of earnings base	• Expand trading activities and investments in emerging markets, in particular, Asia • Accelerate investment activities by leveraging global marketing network • Pursue the globally growing opportunities in infrastructure areas through enhancement of investment activities (power generation, water supply and transportations) and related raw materials supply business • Focus on upstream (resources and raw materials) in each value chain • Develop company-wide cross sectional projects by leveraging our business engineering capabilities (Automotive Strategy, Medical Healthcare and Agri-Food business)
Strategy for Environment and Energy	• Further strengthen gas value chain (Resource -> Supply infrastructure -> power generation) • Focus on renewable energy (solar, wind power, etc.) • Develop new businesses to provide industrial solutions to environmental issues
Reinforcement of our foothold in domestic business	• Further strengthen the domestic customer base as leverage for the acceleration of global initiatives • Take a proactive approach in reorganizing industries and consolidating business

Our key strategies in the four business areas (*)

Mineral Resources & Energy	(1) Maintain and improve the earnings base by acquiring high quality assets and recycling our existing assets (2) Enhance competitiveness and value of existing large-scale projects through further expansion of the project scale (3) Strengthen the global marketing function to address the increase in demand from emerging economies (4) Employ industrial solutions to environmental issues and develop new businesses with sights set on the future
Global Marketing Networks (steel products, machinery and chemical products)	(1) Build business platforms in the emerging countries with a focus on Asia (2) Create new businesses by strengthening relationships with key customers and partners (3) Accelerate investments by leveraging our global marketing network and focusing on the upstream in the value chain
Lifestyle Business	(1) Develop the global business portfolio (especially in Asia) and strengthen marketing function (2) Reinforce initiatives in the area of food resources and materials (3) Further strengthen initiatives in the key business areas (electronics distribution, TV shopping, environmental IT, medical and healthcare and outsourcing business, etc.)
Infrastructure	(1) Expand the electric power business as an IPP player and take on the challenge to develop the concentrated renewable energy business (2) Expand and strengthen our business engineering capabilities in the marine energy business, transportation and gas distribution business in the energy value chain (3) Expand water business with existing overseas business platforms (4) Take initiatives to develop urban transportation projects and infrastructure for a low-carbon-emission society

Note: From this Medium-Term Management Plan, the Consumer Services area changed its name to the Lifestyle Business area, and the Marine & Aerospace Business Unit and the Transportation Logistics Business Unit, both of which were previously included in Global Marketing Networks area, will be transferred to the Infrastructure area.

ii) Acceleration of the implementation of global strategy and strategic deployment of human resources

We will implement our global commodity-based business strategy for each business unit in the headquarters and provide a local-based origination function for the regional business unit which best serves the needs of our customers and society with a strategic focus on the BRICs, Mexico and Indonesia. We shall also solidify our global marketing capability which serves not only within regions but also between regions in order to capture the growing demand in the Asian economies. We will formulate an overall strategic alliance across the industries with strong partners around the world. In support of these initiatives, we will further put our efforts on promoting the globalization of our human resources through measures such as shifting human resources to Asia and placing more emphasis on hiring employees in Asian countries.

iii) Evolution of the portfolio strategies

We will continue to dynamically allocate management resources to strategic business domains and set clear policy through our systems including the Portfolio Management Committee. We will also continue initiatives for strategic divestiture and recycling of assets. In addition, together with the global deployment of personnel, we will enhance the transfer of expertise across the units and focus on fostering managerial talent with a broad view by making continuous efforts on human resources deployment.

iv) Enhancement of the management system to support sustainable growth

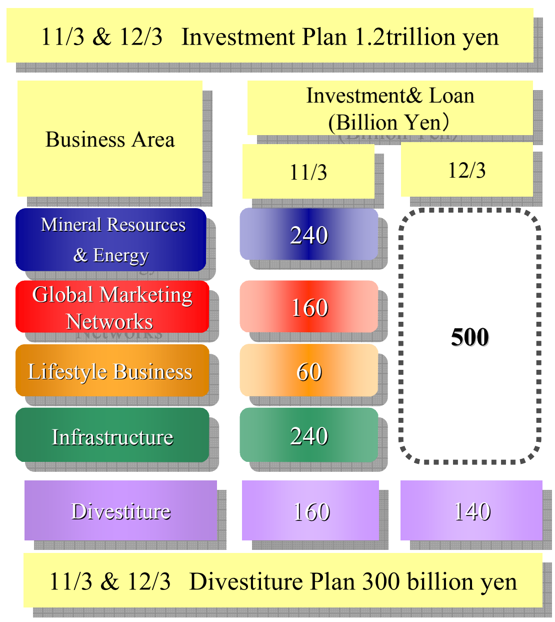
To prevent a recurrence of the inappropriate transactions which took place in the Medium-Term management outlook period, we decided to implement more thorough on-site management, enhanced internal control of business processes, and promotion of mobilization of personnel. In conjunction with these efforts, we will commence a company-wide initiative to improve business processes. Given that information strategy is an essential part of our group management base, we will also move ahead with global implementation of information system programs and structures, and a change in employee awareness of these issues, while working to optimize investments in information systems as a part of company-wide strategy.

3) Investment Plan of the Medium-Term Management Plan

During the Medium-Term Management Plan, we planned a total sum of ¥1,200.0 billion in capital expenditures for investments and loans. Of this amount, ¥700.0 billion (*) was planned to be invested in the year ended March 31, 2011.

We also planned to recycle assets totaling approximately ¥300.0 billion for the two-year period ending March 31, 2012, out of which ¥160.0 billion was expected to be executed in the year ended March 31, 2011. As a result, net cash outflow for investment activities for the year ending March 31, 2011 was expected to be approximately ¥540.0 billion. While cash flow from operating activities was expected to be solid, the free cash flow for the year ended March 31, 2011 was expected to be negative.

Note: This amount includes expenditures of ¥200.0 billion for which decisions were made in the year ended March 31, 2011 but execution of which was deferred to the year ended March 31, 2011.



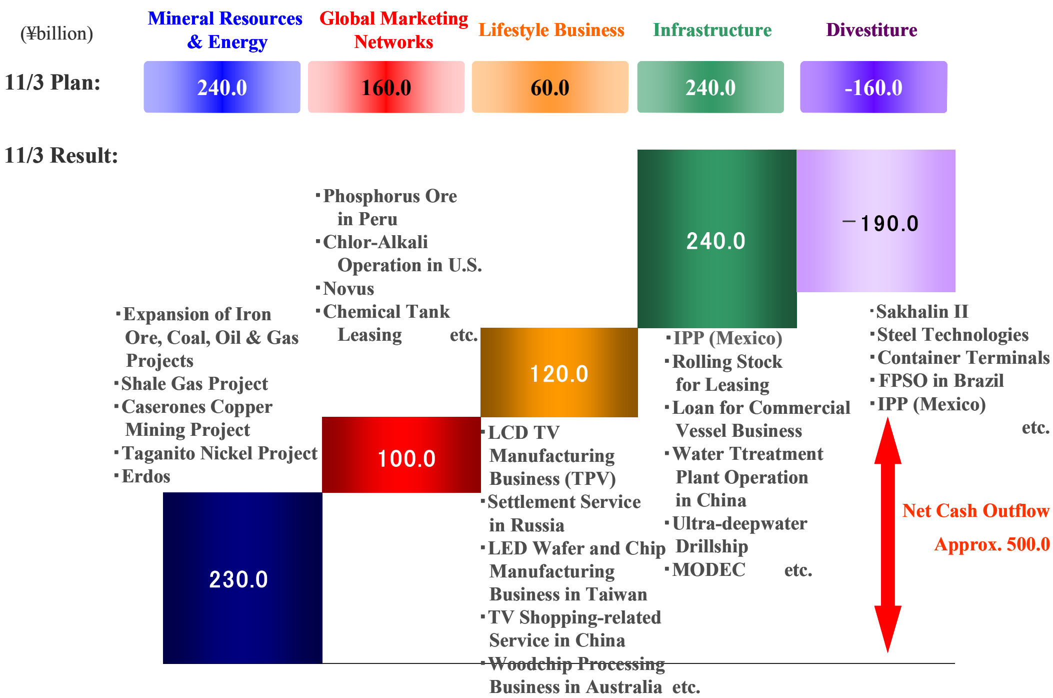
(2) Progress with the Medium-Term Management Plan

Progress with four key initiatives and the investment plan of the Medium-Term Management Plan were as follows:

1) Reinforcement of the Earnings Base and Business Engineering Capabilities

Progress with investment plans and key policies in each business area
During the year ended March 31, 2011, we executed new investments and loans of approximately ¥690 billion, while we collected approximately ¥190 billion through disposal of assets and investments.

We made progress on our key strategies toward reinforcement of the earnings base and business engineering capabilities as well as investments and loans in each of the four business areas as follows:



i) In the Mineral Resources & Energy business area, we continued to focus on aggressive investment to execute plans for expanding large-scale projects. In Australian iron ore and coal mining activities, we invested a total of ¥40.2 billion and ¥14.8 billion, respectively, as part of our plan to maintain and increase production capacity. In response to growing demand of emerging economies for iron ore, we approved an investment for Robe River Joint Venture port expansion in Western Australia with Rio Tinto, a major mining company, in December 2010. We also approved investment funding for further growth of its Western Australia iron ore business, which is handled by three joint ventures with BHP Billiton, another major mining company in March 2011. The capital investments for both projects are expected to be AU$1.25 billion and US$370 million, respectively. To increase our equity tonnage of oil and natural gas steadily we executed capital investments of ¥130.6 billion in total for the oil and gas producing activities including those at the Enfield oil field and the Vincent oil field in Australia, the Tui oil field in New Zealand, the Thailand project by Mitsui Oil Exploration Co., Ltd. and the Marcellus shale gas project in the United States, a large scale unconventional energy resource project, in which capital investment reached ¥53.5 billion during the period. On the other hand, we received redemption of ¥30.1 billion from Sakhalin Energy Investment Company Ltd, and started to receive dividends from the same company during the period. We also made efforts to acquire and develop new non-ferrous metal assets. During the period, while we invested to purchase a 25% interest in the Caserones copper and molybdenum mining project in Chile and develop for ¥19.2 billion in total, we also decided to participate in the Taganito nickel project in Philippines with a 15% interest in September 2010. In addition, we strive to streamline our domestic businesses in response to decreasing demands in Japan due to the declining population. We decided to transfer our oil trading business from the head office of Mitsui to Asia (Singapore), where the oil demand is expected to increase. Furthermore, in the liquefied petroleum gas ("LPG") business, we integrated Mitsui Marubeni Liquefied Gas Co., Ltd., our 60% subsidiary, and LPG business of JX Nippon Oil & Energy Corporation into a new company in March 2011.

ii) In the Global Marketing Networks business area, we are taking on challenges to create new businesses by strengthening relationships with key customers and partners with a focus on upstream areas in the value chain. In iron and steel products area, we contributed Steel Technologies Inc. into a newly established holding company, NuMit LLC, after which 50% of the interest in NuMit LLC was sold to Nucor Corporation, the largest electric furnace steel mill in the world, for ¥18.7 billion. This creates a platform to serve both Nucor Corporation and Mitsui in expanding their steel processing operations, and other joint steel-related projects worldwide. In the chemicals area, we acquired a 25% interest in Compania Minera Miski Mayo S.A.C., a company for phosphorus ore development project in Peru which Vale S.A. had been developing, in July 2010. Also in December 2010, we, together with The Dow Chemical Company, one of the largest chemical manufacturers in the U.S., formed a 50:50 joint venture company for a chlor-alkali project in Texas, the U.S. investing ¥9.9 billion. In the motor vehicle area, we decided to assemble automobile for Toyota Motor Corporation in Limited Liability Company Sollers-Bussan, a 50:50 joint venture with a major Russian car manufacturer, OJSC Sollers, in March 2011. The joint venture will construct a new plant in Vladivostok and start assembling automobiles with technical assistance from Toyota Motor Corporation in the spring of 2012.

iii) In the Lifestyle business area, we are reinforcing the electronics distribution, food and medical healthcare businesses, focusing on Asian markets. In April 2010, we made a joint cash offer with China Electronics Corporation group, the largest IT group in China, for shares in TPV Technology Limited ("TPV"), the largest EMS manufacturer of liquid crystal display ("LCD") products, resulting in our share in TPV of 15.1%. After we acquired an additional 5.1% share in TPV in March 2011, our cumulative investment amount and share in TPV were ¥28.9 billion and 20.2%, respectively. With this investment, we have enhanced our business relationship with TPV, which we had established through supplying them with LCD modules and related components, with an aim to further expand our LCD-related business, the market for which is expected to expand further. In September 2010, we reached an agreement with Bright Food (Group) Co., Ltd., one of China's largest food conglomerates, on the formation of a strategic partnership encompassing a wide range of food-related business activities. In November 2010, we established a joint venture for import and domestic sales of feedstuff in China with New Hope Group, the largest stockbreeding company in China, with which we entered into a strategic partnership agreement during the year ended March 31, 2010, as an example of materialization of the strategic partnership. In the medical healthcare area, we embarked on a project to expand our business domain to Asia where the demand for medical services is expected to increase due to rapid population growth and an aging society. In April 2011, we reached an agreement with Khazanah Nasional Bhd, an investment company owned by the government of Malaysia, to purchase a 30% share in Integrated Healthcare Holdings Sdn. Bhd, which owns major hospital groups including Parkway Hospitals Singapore Pte Ltd., Singapore's largest, and various healthcare related businesses throughout Asia, for 3.3 billion Malaysian Ringgit.

We are also reinforcing initiatives in the area of food resources and materials. In January 2011, we reached an agreement to acquire an additional 44.2% stake for US$225 million in our associated company, Multigrain AG, which holds an agricultural production and grain distribution business in Brazil, from CHS Inc., the largest agricultural cooperative-based company in the United States. With this additional acquisition, our share in Multigrain AG will be 88.4% and Multigrain AG will become our subsidiary. We position Multigrain AG as our core subsidiary for the grain business, and strive to strengthen its business and to secure a stable supply of grain from Brazil for the Asian market.

iv) In the Infrastructure business area, we are expanding the electric power business as an independent power producer. We, together with Tokyo Gas Co., Ltd., acquired natural gas-fired power stations in Mexico for ¥106.8 billion in June 2010. Subsequently we divested a 30% stake in the power stations to Chubu Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. with an aim to strengthen the business infrastructure of the power stations by combining the experiences and expertise of both companies, and simultaneously to recover a part of the investment at an early stage. As a result, our net generating capacity worldwide rose to 5.2 gigawatt with an increase of 0.8 gigawatt as of March 31, 2011. We, together with Hyflux Ltd., a major water firm in Singapore, acquired 22 water treatment plant operation assets located in rapidly developing provinces in China for approximately ¥20.0 billion, including tap water treatment plants and wastewater treatment plants in December 2010, through a 50:50 joint venture company, Galaxy NewSpring Pte. Ltd. Galaxy NewSpring Pte. Ltd. plans to further expand its water business, capturing growing demand for water infrastructure in China.

2) Acceleration of the Implementation of Global Strategy and Strategic Deployment of Human Resources to Bolster Such Acceleration

We are reinforcing our global marketing functions with a special focus on rapidly growing Asian markets, and as a consequence, gross profit in the Global Marketing Networks business area, such as iron and steel products and chemicals in the Asia Pacific Segment is increasing. In addition, we achieved several cross-industry strategic alliances with strong partners, including our participation in the phosphorus ore development project in Peru being developed by Vale S.A., and additional investment in Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd., which is making inroads in chemical businesses such as polycrystalline silicon and polyvinyl chloride. To accelerate these initiatives, we steadily increased our efforts in promoting the globalization of our human resource base by, among other measures, shifting approximately 140 employees from our domestic offices to Asian offices, as well as shifting more than 30 employees of foreign trading subsidiaries and affiliated companies to domestic offices. In addition, we changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate our regional business strategy, capturing the momentum of growth in emerging markets. Effective April 1, 2011, the business units in the Head Offices oversee operations in China, Taiwan, Korea and CIS countries.

3) Evolution of the Portfolio Strategies

Working primarily through the Portfolio Management Committee, we continue to examine the portfolio strategy of each business unit, referring to key performance indicators on investments according to Mitsui's guidelines for investment in and withdrawal from business operations. This examination process enables us to improve qualities of our assets, to make strategic divestments and to allocate our management resources dynamically. As mentioned above, we are also shifting human resources to the growing Asian region as part of company-wide initiatives. In addition, we continue to transfer expertise across business units and focus on fostering managerial talent by implementing staff exchange programs company-wide.

4) Reinforcement of the Management Structure to Achieve Sustainable Growth

As part of a company-wide initiative to improve business processes, we have thoroughly reviewed business processes. We gathered and organized all the problems in light of internal control and efficiency issues, and revised business process-related regulations to deal with such problems. In addition, we are introducing a new next-generation core system, which serves as a common group-wide information platform, use of which will streamline business processes and reduce system costs. The new system went live in November 2010 for Mitsui and successively for each of the other principal domestic subsidiaries. The new system has the flexibility to enable us to modify it in accordance with changes in business environment, and to add unique functions to meet each business unit's needs, including links with customers/vendors, logistics companies and customs, so that we can differentiate ourselves from competitors.

(3) Business Plan for the Year Ending March 31, 2012

1) Forecast Net Income for the Year Ending March 31, 2012

[Assumption]		
Exchange rate (JPY/USD)	80.00	85.22
Crude oil (JCC)	$94/bbl	$80/bbl

(Billions of Yen)

	Mar-12 Outlook	Mar-11 Actual	Increase /Decrease	Description of Increase/Decrease
Total trading transactions	11,500.0	9,900.0	1,600.0	Increase in commodity prices and sales volume
Gross profit	890.0	859.2	30.8	Increase in prices of iron ore, oil and gas
SG & A expenses	(540.0)	(533.0)	(7.0)	
Provision for doubtful receivables	(10.0)	(9.2)	(0.8)	
Operating income	340.0	317.0	23.0	
(Other expenses)				
Interest expenses	(10.0)	(0.7)	(9.3)	Decline in return on foreign currency deposits
Dividend income	60.0	51.0	9.0	Increase in oil and gas prices, and full year contribution of Sakhalin II project
Gain on sales of securities, PPE and other gains-net	(10.0)	(94.7)	84.7	Settlement of the oil spill incident in the Gulf of Mexico for the year Mar-11
Income before income taxes and equity in earnings	380.0	272.6	107.4	
Income taxes	(210.0)	(203.9)	(6.1)	
Income before equity in earnings	170.0	68.7	101.3	
Equity in earnings of associated companies	290.0	242.2	47.8	Increase in iron ore prices
Net income before attribution of noncontrolling interests	460.0	310.9	149.1	
Net income attributable to noncontrolling interests	(30.0)	(4.2)	(25.8)	
Net income attributable to Mitsui & Co., Ltd.	430.0	306.7	123.3	

Assumed foreign currency exchange rates for the year ending March 31, 2012 are ¥80/US$, ¥85/AU$ and ¥50/BRL, while average foreign currency exchange rates for the year ended March 31, 2011 were ¥85.22/US$, ¥80.72/AU$ and ¥49.53/BRL. Also, we assume the oil price (Japan Crude Cocktail) will continue to be US$94/Barrel through March 31, 2012, resulting in an average oil price of US$94/Barrel applicable to our financial results for the year ending March 31, 2012.

Gross profit for the year ending March 31, 2012 is expected to be ¥890.0 billion, reflecting the higher commodity prices in the Mineral Resources & Energy area. Interest expense (net) is expected to increase to ¥10.0 billion, taking into account a decline in return on foreign currency deposits especially in the Australian dollar. We anticipate a dividend income of ¥60.0 billion due to the higher oil and gas prices as well as the full-year contribution of dividends from the Sakhalin II project. Equity in earnings of associated companies is expected to be ¥290.0 billion mainly due to a run-up in iron ore prices.
As a result, net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2012 is expected to be ¥430.0 billion.

Forecast of annual operating results by operating segment compared to the operating results for the year ending March 31, 2012 is as shown below:

(Billions of Yen)	Year ending March 31, 2012	Year ended March 31, 2011(*1)	Change
Iron & Steel Products	9.0	8.4	0.6
Mineral & Metal Resources	205.0	167.4	37.6
Machinery & Infrastructure Projects	28.0	40.1	(12.1)
Chemical	14.0	12.8	1.2
Energy	120.0	56.6	63.4
Foods & Retail	10.0	2.8	7.2
Consumer Service & IT	4.0	3.9	0.1
Logistics & Financial Business (*2)	5.0	(0.7)	5.7
Americas	18.0	15.9	2.1
Europe, the Middle East and Africa	2.0	0.1	1.9
Asia Pacific	45.0	40.4	4.6
All Other/Adjustments and Eliminations	(30.0)	(41.0)	11.0
Consolidated total	430.0	306.7	123.3

*1 As the business units in the Head Offices oversee operations in China, Taiwan, Korea and CIS countries effective April 1, 2011, each product base business department of the foreign trading subsidiaries in the area is included in the corresponding product base business unit in the Head Office for the year ending March 31, 2012. The figures for the year ended March 31, 2011 have been restated in conformity to this change.

*2 The Logistics & Financial Business Segment changed its name from the Logistics & Financial Markets Segment, reflecting the change of its name of the Financial & New Business Unit from the Financial Markets Unit on April 1, 2011.

i) The projected net income attributable to Mitsui & Co., Ltd. from the Mineral & Metal Resources Segment for the year ending March 31, 2012 is ¥205.0 billion, an increase of ¥37.6 billion from the year ended March 31, 2011. The primary reason for the increase is a run-up in iron ore prices against a backdrop of growing demand for iron ore in China. We have assumed a certain level of iron ore price through March 31, 2012 in our forecast, taking into account the forecasted demand and supply balance for iron ore, spot market prices of iron ore, etc., but would like to refrain from disclosing price assumptions.

ii) The projected net income attributable to Mitsui & Co., Ltd. from the Energy Segment is ¥120.0 billion, an increase of ¥63.4 billion from the year ended March 31, 2011. We assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2012 to be US$94/barrel, US$14/barrel higher than the price applied for the year ended March 31, 2011. We have taken into consideration reversal effect of the settlement of the oil spill incident in the Gulf of Mexico recorded in the year ended March 31, 2011 and the positive impact of the increase in oil prices as well as an increase in coal prices. We also expect the appreciation of the Australian Dollar against the U.S. dollar and an increase in exploration expenses to have some negative impact.

iii) The projected net income attributable to Mitsui & Co., Ltd. from the Iron & Steel Products Segment is ¥9.0 billion, an increase of ¥0.6 billion from the year ended March 31, 2011 based on the assumption that domestic demand will continue to be sluggish while overseas demand will continue to be strong. The projected net income attributable to Mitsui & Co., Ltd. of the Chemical Segment is ¥14.0 billion, a ¥1.2 billion increase from the year ended March 31, 2011 due to recovery of trading activities for basic petrochemicals of upstream products and polyvinyl chloride and contribution from the Peruvian phosphorous rock business despite the negative impact from the appreciation of the Australian dollar against the US dollar. The projected net income attributable to Mitsui & Co., Ltd. of the Machinery & Infrastructure Projects Segment is ¥28.0 billion, a decline of ¥12.1 billion from the year ended March 31, 2011, reflecting the reversal effects of gain on sale of the Mexican power project and gain on sale of the unlisted security recorded at Mitsui & Co. (Hong Kong) Ltd. during the year ended March 31, 2011.

iv) The projected net income attributable to Mitsui & Co., Ltd. from the Consumer Services & IT Segment is ¥4.0 billion, an increase of ¥0.1 billion from the year ended March 31, 2011 reflecting reversal effect of valuation losses related to real estate this segment reported during the year ended March 31, 2011, which is largely offset by a decline in reversal of deferred tax liabilities related to dividends received from associated companies. The projected net income attributable to Mitsui & Co., Ltd. from the Logistics & Financial Business Segment is ¥5.0 billion, a ¥5.7 billion increase from the year ended March 31, 2011 due mainly to an improvement in earnings at Mitsui & Co. Commodity Risk Management Ltd. The projected net income attributable to Mitsui & Co., Ltd. from the Foods & Retail Segment is ¥10.0 billion, an increase of ¥7.2 billion from the year ended March 31, 2011 due to the reversal effect of mark-to-market valuation losses on commodity derivative contracts and an improvement in earnings at Multigrain AG.

v) The projected net income attributable to Mitsui & Co., Ltd. from the Americas Segment is ¥18.0 billion, an increase of ¥2.1 billion from year the ended March 31, 2011, reflecting a moderate recovery in the U.S. economy despite a decline in earnings at Novus International, Inc. due to a decline in sales prices. The projected net income attributable to Mitsui & Co., Ltd. from the Europe, the Middle East and Africa Segment is ¥2.0 billion, an increase of ¥1.9 billion from the year ended March 31, 2011 reflecting the solid performance of steel products and chemical trading businesses. The projected net income attributable to Mitsui & Co., Ltd. from the Asia Pacific Segment is ¥45.0 billion, an increase of ¥4.6 billion from the year ended March 31, 2011, due to increases in this segment's portion of net incomes of subsidiaries of the Mineral & Metal Resources and Energy segments, reflecting an increase in commodity prices.

Key commodity prices and other assumptions for the year ending March 31, 2012

The table below shows the assumptions of the key commodity prices and other parameters for the projected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2012. Impacts of the price movements for each commodity on annual net income attributable to Mitsui & Co., Ltd. are included in the table.

March 2011	Impact on Net Income attributable to Mitsui & Co., Ltd. for the Year ending March 31, 2012			March 2012 (Estimated)
80	Commodity	Crude Oil/JCC	¥1.5 bn (US$1/bbl)	94 (*1)
139.5 (*2)		Iron Ore	¥1.9 bn (US$1/ton)	(*3)
9.9 (US$/lb)		Nickel (*4)	¥1.8 bn (US$1/lb)	10.0 (US$/lb)
85.22	Forex (*5)	USD	¥1.8 bn (¥1/USD)	80
80.72		AUD	¥2.8 bn (¥1/AUD)	85
49.53		BRL	¥1.4 bn (¥1/BRL)	50

(*1) Oil price trend is reflected in net income with a 0-6 month time lag. Currently:
6 month time lag: about 15%, 3 month time lag: about 59%, no time lag: about 26%

(*2) Average of representative reference prices (Fine 62% Fe CFR North China) during December 2009 to November 2010.

(*3) We refrain from disclosing the iron ore prices used for March 2012 forecast.

(*4) Jan-Dec LME cash average price

(*5) Impact of currency fluctuation on net income of overseas subsidiaries and associated companies (denomination in functional currency) against JPY. Impact of currency fluctuation between their functional currencies against revenue currencies, mainly US$, is not included.

Note: Impact of currency fluctuation on operating results

For the year ended March 31, 2011 and 2010, net income attributable to Mitsui & Co., Ltd. from overseas subsidiaries and associated companies totaled ¥362.9 billion and ¥174.3 billion, respectively. Functional currencies of those subsidiaries and associated companies are mainly the U.S. dollar, Australian dollar and Brazilian Real.

We estimated aforementioned impact of currency fluctuation with following assumptions:

a) Specifically, in the course of the formulation of the business plan, forecast net income of overseas subsidiaries and associated companies attributable to Mitsui & Co., Ltd. was tallied according to the functional currency of each company. Firstly, we calculated the net income attributable to Mitsui & Co., Ltd. that is denominated in the Australian dollar and the Brazilian real, and for those subsidiaries and associated companies which use functional currencies other than those two currencies, we converted all of the projected net income attributable to Mitsui & Co., Ltd. into the equivalent amount in U.S. dollars. We evaluated the impact of currency exchange fluctuations on forecast net income attributable to Mitsui & Co., Ltd. that is presented in these three currencies. According to our evaluation, we estimate that the appreciation of the yen against the U.S. dollar causes a reduction in net income attributable to Mitsui & Co., Ltd. of approximately ¥1.8 billion for each one yen rise. Additionally, we estimate the impact of the appreciation of the yen on the net income attributable to Mitsui & Co., Ltd. of those consolidated subsidiaries and associated companies which have the Australian dollar or the Brazilian real as their functional currencies to be a decrease of ¥2.8 billion for each rise of one yen against one Australian dollar, and a decrease of 1.4 billion for each rise of one yen against one Brazilian real.

b) The net income attributable to Mitsui & Co., Ltd. of mineral resources and energy related production subsidiaries and associated companies that have the Australian dollar or the Brazilian real as their functional currencies are subject to significant impacts from currency fluctuations between those two currencies and the U.S. dollar, the quoted currency for sales contracts. It is necessary to take the amounts of such impacts into consideration separately from the sensitivity resulting from the yen equivalence valuation of net income attributable to Mitsui & Co., Ltd. in each of the three currencies mentioned in a) above.

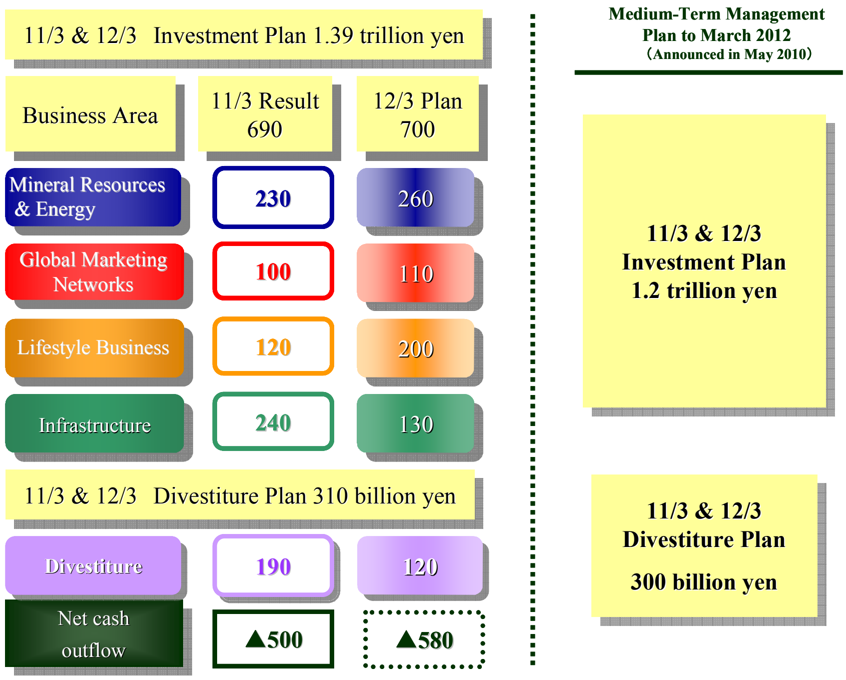
c) Furthermore, some subsidiaries and associated companies, including the mineral resources and energy related production companies, carry out hedging on the exchange rates between their functional currencies and the U.S. dollar, which is the contract currency for sales contracts. There are also cases in which they carry out exchange hedging for yen equivalence valuation of net income attributable to Mitsui & Co., Ltd. that is denominated in foreign currencies. It is necessary to take the impact of these factors into consideration separately from the sensitivity resulting from the yen equivalence valuation of net income attributable to Mitsui & Co., Ltd. in each of the three currencies mentioned in a) above.

2) Investment Plan for the Year Ending March 31, 2012

During the year ending March 31, 2012, we plan total sum of ¥700 billion expenditure for investments and loans. Medium-Term Management Plan had a provisional budget of ¥500 billion allocated for the year ending March 31, 2012. We continue to see many good investment opportunities that potentially good fits with our portfolio and play to our strength, particularly in capturing the opportunities in the growth regions. After applying our selective process to the potential projects that are in the pipeline and are currently being studied, we have made a judgment to increase the investment budget to the ¥700 billion level.

The ¥700 billion investment plan consists of investments in the Mineral Resources & Energy area for ¥260 billion mainly to invest into expansion projects and on-going projects, in the Infrastructure area for ¥130 billion, in the Global Marketing Networks area for ¥110 billion and in the Lifestyle Business area for ¥200 billion, which includes the projects that were announced in April 2011, namely the investment in Integrated Healthcare Holdings Sdn. Bhd and the acquisition of the pharmaceutical contract manufacturing business of Mercian Corporation. Concurrently we expect to implement divestiture projects amounting to ¥120 billion.

As a result, net cash to be used in the investing activities is expected to be ¥580 billion, and the free cash flow is forecasted to be negative while cash flows from operating activities continue to be positive. The negative free cash flow, which is led by strong demand for investments, is in line with the original premise of the Medium-Term Management Plan.



4. Risk Factors

(1) Declines in volume of trade and the flow of goods and materials resulting from worldwide or specific region's economic downturns may adversely affect our business, operating results and financial condition.

Our global business activities are affected by economic conditions both globally and regionally. Among other locations, we are particularly vulnerable to downward economic trends in Japan, China and the United States. An economic downturn may cause a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, and subsequently a decline in demand from our customers for our products and services, which may have an adverse impact on our business, operating results and financial condition.

(2) Fluctuations in commodity prices, especially crude oil, iron ore, coal and copper, may adversely affect our business, operating results and financial condition.

We are engaged in trades in and, as the case may be, production of a variety of commodities in the global commodities market including mineral resources and energy products. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, exchange rate fluctuations. These factors are beyond our control. Among others, significance of operating results from our mineral resources and energy producing activities in our overall operating results has considerably intensified, reflecting the rising prices of such commodities as well as increased production in these operations. The unexpected market fluctuations may adversely affect our business, operating results and financial condition, as follows.

- Fluctuation in a commodity market may cause reduction of trading transactions in which we act as a principal or an agent.
- In trading of commodities or derivative instruments losses may occur as a result of unexpected fluctuations.
- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment has been made, it may occur that the invested amount is not recoverable through sales of the produced products due to fall in price or we may have difficulty to divest our proprietary equity at a reasonable price.

For further information about the impact of commodity price fluctuations on our operating results for the year ended March 31, 2011 and possible effects in the future, see "7. Management's Discussion and Analysis of Financial Condition, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2011 and 2010."

(3) Exchange rate fluctuations may adversely affect our operating results.

We are exposed to risk of exchange rate fluctuations and exchange rate fluctuations may have an adverse effect on our operating results. Although our reporting currency is the Japanese yen, a significant portion of our business operations, consolidated revenues and operating expenses is denominated in currencies other than the Japanese yen. As a result, appreciation or depreciation in the value of other currencies as compared to the Japanese yen could result in material transactional gains or losses. As most of revenues, costs of revenues, and selling, general and administrative expenses incurred from regular business activities at overseas subsidiaries and associated companies are quoted in the U.S. dollar, the Australian dollar, the Brazilian real, or other currencies, our net income may be affected by the fluctuations of these currencies and we are exposed to translation risk in our assets and liabilities denominated in foreign currencies. In addition, exchange rate fluctuations may reduce the value of investment in overseas subsidiaries and associated companies and adversely affect our accumulated other comprehensive income.

For further information about the impact of exchange rate fluctuations on our operating results for the year ended March 31, 2011 and in the future, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (2) Summary of Consolidated Financial Results for the Year Ended March 31, 2011" and "(4) Liquidity and Capital Resources."

(4) We are subject to substantial amount of counterparty credit risks from diversified clients with which we have business transactions or financial dealings and /or credit risks from various projects.

We are exposed to large-scale counterparty credit risks, including the following:

- While many of our customers purchase products and services from us on credit, we may also provide

financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2011, our current trade receivables (less unearned interest and allowance for doubtful receivables—current) were ¥1,904.9 billion, representing 22.2% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2011 was ¥16.4 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

It is not possible for our credit risk management policy to eliminate risks completely relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases in company bankruptcies may make it difficult for us to collect receivables.

(5) Changes in interest rates could have an adverse effect on our operating results.

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥250.1 billion short-term debt and ¥3,127.4 billion long-term debt as of March 31, 2011. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

For information on the status of our funding, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources."

(6) If the value of assets for which we act as lessor, such as real property, rolling stock, ocean transport vessels and equipment declines, we may record impairment losses.

Assets for which we act as a lessor, such as real property, rolling stock, ocean transport vessels and equipment are exposed to potential significant impairment losses due to the decline in the value of these assets. As of March 31, 2011, the value of these assets in which we act as lessor, presented on our Consolidated Balance Sheets as "Property leased to others—at cost, less accumulated depreciation," was ¥259.7 billion. The carrying amounts of these assets in which we act as lessor are affected by certain factors, which are beyond our control such as their global supply and demand, prevailing interest rates, prices of relevant products and services and regional and/or global cyclical trends. It can never be sure that no impairment losses occur on these assets and any impairment losses with respect to such assets may have an adverse effect on our operating results and financial condition.

For information on our accounting policies and estimates with respect to impairment on long-lived assets, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates."

(7) Declines in the market value of equity and/or debt securities in Japan may decrease the value of our pension assets which in turn may increase the cost of satisfying our unfunded pension obligations.

Declines in the market value of Japanese government bonds, other debt securities and marketable equity securities in Japan would reduce the value of our pension plan assets. A decline in the value of our pension plan assets or an increase in our unfunded pension obligations could adversely affect our operating results and financial condition.

For information on our pension costs, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates" and Note 14, "PENSION COSTS AND SEVERANCE INDEMNITIES."

(8) Our liquidity could be adversely affected by a downgrade in our credit ratings, significant changes in the lending or investment policies of our creditors or investors.

A downgrade in our credit ratings or significant changes in the lending or investment policies of our creditors or investors could result in an increase in our interest expense and could adversely impact our ability to access debt markets, and could have an adverse effect on our financial position and liquidity.

For information on our funding sources and credit ratings, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources."

(9) Due to our significant investments in marketable equity securities, a substantial decline in the stock market could negatively affect our investment portfolio.

A significant portion of our investment portfolio consists of marketable equity securities. At March 31, 2011, our marketable equity securities were carried at a fair value of ¥429.6 billion, representing 5.0% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition.

For information on our accounting policies and estimates with respect to impairment of marketable securities, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates."

(10) Some of our operations are concentrated in a limited number of regions or countries, which could harm our business, operating results and financial condition if activity levels in these regions or countries decline.

Various types of businesses worldwide sometimes expose us to risks associated with regional political and economic instabilities, in addition to aspects of the global economic environment such as commodity market conditions, demand and supply for commodities, currency exchange rates and interest rates. Furthermore, some of our business activities may be exposed to concentration risk in particular industries located in specific regions or countries. For example:

- In Russia and Brazil, we have significant interests in the exploration, development and production of mineral resources and energy.
- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.

As a result, declining levels of trading activities or asset volumes in specific sectors or in certain regions or countries, or unexpected political or economic instabilities could have a disproportionately negative effect on our business, operating results and financial condition.

(11) We may not be able to successfully restructure or eliminate unprofitable or underperforming subsidiaries or associated companies in a timely manner.

As of March 31, 2011, we had 275 consolidated subsidiaries and 161 associated companies. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

(12) Our alliances by forming joint ventures with third parties and strategic investments in third parties may not necessarily result in successful operations.

We participate in various businesses directly or indirectly through joint ventures or by making strategic investments in other companies and business enterprises. The outcome of these joint ventures and strategic investments is unpredictable because:

- operational success is critically dependent on factors that are beyond our control such as the financial condition and performance of the partner companies or the strategic investees; or
- with respect to certain associated companies, we may be unable to exercise adequate control over the management, operations and assets of the companies in which we invested or may be unable to make major decisions without the consent of other shareholders or participants due to lack of common business goals and strategic objectives with our alliance partners.

Any occurrence of these events could have an adverse effect on our operating results and financial condition.

(13) Our businesses in exploration, development and production of mineral resources and oil and gas may not develop in line with assumed costs and schedules, and are subject to the risks associated with estimating reserves and the operating performance of third party operators.

Reflecting the rising prices of mineral resources and oil and gas as well as increased production in recent years, exploration, development and production of mineral resources and oil and gas are becoming more significant to our operating results and financial condition. Mining and oil and gas projects involve risks, such as the following:

- development of projects may face schedule delays or cost overruns due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations;
- reserves are estimated based on available geological, technical, contractual and economic information, and thus actual development and production may significantly differ from originally estimated reserves; and
- exploration activities may not produce successful results as originally expected due to technical difficulties in estimating the likelihood of success.

We participate as a non-operator in many of these projects. Under these circumstances, we carefully consider the business potential and profitability of projects based on the information and data provided by operators, who substantially control operations of such projects, including decision-making in the course of development and production. In addition to the above-mentioned risks, an operators' failure in managing those projects may adversely affect our operating results and financial condition.

(14) Intense competition from other Japanese general trading companies and others could have an adverse effect on our operating results and financial condition.

Products and services we provide are generally under competition. Other Japanese general trading companies as well as other competitors which engage in similar business activities in various fields may have stronger business associations and relationships with our customers, suppliers and business partners in both domestic and global markets; or stronger global network and regional expertise, diversified global customer bases, greater financial engineering skills and market insights.

Unless we can successfully continue to meet the changing needs of our customers by providing them with innovative and integrated services in a cost effective manner, we may lose our market share or relationships with our existing customers, and we may have an adverse effect on our operating results and financial condition.

(15) We may lose opportunities for entry into new business areas because of the limitation of resources on business, particularly required human resources.

We have been focusing newly on upstream business in the value chain (resources and materials) and on expanding consumer- oriented businesses. Additionally, we are undertaking a reorganization of our traditional businesses in industrial products and raw materials to better reflect the globalization of the economy and the rapid progress of information technology. In these new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which can cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

(16) Restrictions under environmental laws and regulations may have a significant impact on our business, operating results and financial condition.

Various projects and business transactions worldwide we are involved in are subject to extensive environmental laws and regulations. In particular, the Mineral & Metal Resources Segment and Energy Segment may be adversely affected by present or future environmental regulations or enforcement in connection with our exploration, development and production activities. For example, we are subject to complex sets of environmental regulations in Australia, Brazil, Russia, and the Middle East. These laws and regulations may require us to perform site clean-ups; require us to curtail or cease certain operations; impose fines and payments for significant environmental damage; require us to install costly pollution control equipment; and require us to modify our operations. Newly enacted environmental laws and regulations or changes therein and protests by environmental groups may materially impact the progress of these projects.

Once an environmental accident occurs, as the owner of mineral resource and energy interests, regardless of the degree of our contribution to such accidents or acts of negligence, we may be imposed to bear fines or payments for compensation from environmental authorities or other concerned parties, even in situations where we have no involvement at all in actual operations as a non-operator. These fines and/or compensation payments may include clean-up costs, compensation for environmental damages, compensation for health hazard and/or property damage to those affected by the accident, compensation for absence from work and/or for loss of earnings.

Mitsui and its United States subsidiary, Mitsui & Co. (U.S.A.), Inc. are shareholders of Coronet Industries Inc. ("Coronet"), a former manufacturer of animal feed supplements, each with 18% and 12% share interest respectively. Coronet has been working with the U.S. Environmental Protection Agency and the State of Florida in an investigation on environmental conditions related to its prior operations at its facility in the state of Florida. Currently deliberations continue with the environmental authorities in relation to appropriate environmental measures and concrete clean-up methods, as well as their implementation. In addition, Coronet has been named as defendant in a civil action initiated by residents residing in areas adjacent to the facility, in which the residents are demanding compensation for damages. Mitsui and Mitsui & Co. (U.S.A.), Inc., together with prior owners of Coronet's assets, have been named as defendants in such action, and are currently in negotiations for a settlement.

(17) We face uncertainty regarding the oil spill incident at the Mississippi Canyon 252 Block in the Gulf of Mexico.

On April 20, 2010, a third party semi-submersible drilling rig, the Deepwater Horizon Mobile Offshore Drilling Unit (MODU), which was conducting exploration work on the Mississippi Canyon 252 block in the Gulf of Mexico, experienced a blow-out event that led to an explosion, fire and the extensive release of oil into the Gulf of Mexico (the Incident). MOEX Offshore 2007 LLC (MOEX Offshore), a 100% subsidiary of MOEX USA Corporation (MOEX USA), has a 10% working interest in the block as a non-operator (Interest). MOEX USA is a 100% subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) in which Mitsui & Co., Ltd. (Mitsui) has a 69.91% equity interest. BP Exploration and Production Inc. (BP), the owner of a 65% interest in the block and the operator of the exploration project in the block, worked with U.S. government agencies to drill relief wells for the plugging of the well permanently. On September 19, 2010, BP publicly announced that the operations to plug the well were successfully completed and that it would proceed to complete the abandonment of the well and plug and abandon the relief wells.

BP and MOEX Offshore entered into the Macondo Prospect Offshore Deepwater Operating Agreement (the Operating Agreement). BP had been sending invoices periodically to MOEX Offshore setting forth the amount BP calculated represents MOEX Offshore's 10% proportionate share, under the terms of the Operating Agreement, of the sums that BP expended relating to the Incident. The most recent invoice, dated May 3, 2011, stated that MOEX Offshore's share of the expenses relating to the Incident is approximately US$2.144 billion. MOEX Offshore had been withholding payment of these invoices. According to the financial report of BP p.l.c., the ultimate parent of BP, for the year ended December 31, 2010, BP p.l.c. expects to incur costs of US$40.9 billion related to the Incident. In addition to this, in the quarterly financial report of BP p.l.c. for the three-month period ended March 31, 2011, BP p.l.c. recorded approximately US$400 million of costs related to the Incident for that period.

On May 20, 2011, MOEX Offshore, MOEX USA and MOECO (collectively, MOEX Parties) entered into a settlement (Settlement) with BP and BP Corporation North America Inc. (collectively, BP Parties). The Settlement resolved all of BP's claims against the MOEX Parties arising from the Incident, including payment of the invoices BP had been sending to MOEX Offshore, as well as possible additional claims for future costs incurred by BP. Under the terms of the Settlement, the MOEX Parties are to pay US$1.065 billion, and MOEX Offshore is to transfer the Interest and most of its claims against parties involved in the Incident to BP. In return, BP simultaneously is waiving and releasing all of its claims against the MOEX Parties and all other Mitsui companies. In addition, BP agreed to fully indemnify the MOEX Parties and all other Mitsui companies as to most of the claims arising from the Incident, including the claims made under Oil Pollution Act of 1990, etc., asserted in the civil lawsuits brought by various private businesses, governments, property owners and individuals and the admiralty action and cross-claims brought by other defendants, which are discussed below. Excepted from BP's indemnification obligation are punitive damages, solely to the extent arising from conduct of the MOEX Parties, and civil penalties assessed against the MOEX Parties. There are also some additional categories of claims that have been excluded from the indemnity, but none of those claims has been alleged against the MOEX Parties at this point.

Mitsui recognized an impairment loss for the amounts invested to acquire the interest of this lease that were booked as "Property and Equipment (Mineral Rights)" in "Impairment loss of long-lived assets," and also recognized expense relating to the well that had been capitalized as "Property and Equipment (Projects in Progress)" in "Other (income) expense-net" for the year ended March 31, 2011. As a result of the Settlement, Mitsui recognized the Settlement amount as "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2011 and "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31, 2011.

As of June 24, 2011, Mitsui is not able to estimate the total amount of any additional liabilities that it and its consolidated subsidiaries may incur as a result of the Incident, and therefore, Mitsui has not recorded any additional related accounting liabilities for claims not covered by the BP indemnity. However, this is not intended to represent an opinion of Mitsui that it and its consolidated subsidiaries will not incur any future liability related to the Incident. Rather, it is the result of the application of accounting rules to the currently available set of facts where the relevant accounting rules do not require loss recognition in situations where a loss is not considered probable or cannot be reasonably estimated.

Mitsui considered the following factors in determining that, as of June 24, 2011, Mitsui did not accrue additional accounting liabilities as a result of the Incident with respect to the claims not covered by the BP indemnity.

The National Oil Spill Commission, the United States Coast Guard (USCG), the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE), the United States Department of Justice, the United States Congress and various United States federal and state agencies are conducting investigations into the cause of the Incident and appropriate industry and government reforms, and to determine if any civil or criminal laws have been broken or to evaluate changes to safety regulations for offshore exploration operations. Although some reports have been released by these federal and state governments and agencies, most investigations are ongoing.

A complaint filed by the United States with the federal district court for the Eastern District of Louisiana on December 15, 2010 seeks from MOEX Offshore, among other things, civil penalties under the Clean Water Act (CWA) and other relief. The BP's indemnity provided in the Settlement does not cover the CWA civil penalties. The complaint alleges that MOEX Offshore is an owner of an offshore facility within the meaning of the CWA and thus MOEX Offshore is subject to liability for civil penalties under the CWA. In making its determination as to the amount of civil penalties under the CWA, the court will consider the seriousness of the violation or violations, the degree of culpability involved and the history of prior violations, among other factors.

In March and April 2011, in the federal district court for the Eastern District of Louisiana, the State of Alabama, the State of Louisiana and certain other Louisiana governmental entities filed complaints seeking from the MOEX Parties and others penalties under their respective state environmental laws.

The lawsuits seeking to impose penalties against the MOEX Parties and others are at an early stage. At this time, the MOEX Parties are unable to reasonably estimate what liability they will have for penalties.

Most of the civil lawsuits that have been brought by various types of businesses, government, property owners and individuals, including the lawsuits seeking penalties described above, were sent for pretrial proceedings to a federal district court judge in the Eastern District of Louisiana (MDL Proceedings). There are several lawsuits in various federal district courts and state courts that have not been consolidated into the MDL Proceedings in which the MOEX Parties have been named as defendants. An admiralty action and cross-claims were filed against the MOEX Parties as part of the MDL Proceedings, seeking indemnification and contribution. The plaintiffs in some of the civil lawsuits, in addition to seeking recovery for alleged property damages, personal injuries, and economic losses, have requested the award of punitive damages from the MOEX Parties and others. As discussed above, punitive damages, solely to the extent arising from conduct of the MOEX Parties, if awarded, will not be covered by the indemnity provided by the BP Parties in the Settlement.

Discovery, including document production and the examination of witnesses, is now underway in the cases in the MDL Proceedings. A trial concerning certain of the issues in the MDL Proceedings lawsuits has been scheduled to start in February 2012. Under the terms of the Settlement, the MOEX Parties will continue to defend, at their expense, the lawsuits in cooperation with BP.

The civil lawsuits are at an early stage and so Mitsui is unable to reasonably estimate what liability, if any, will be assessed against the MOEX Parties, including liability for punitive damages.

MOEX Offshore has sought insurance coverage with respect to the Incident, but it is possible that there may be no insurance recovery. In addition, the maximum potential insurance recovery is substantially less than the Settlement amount.

This report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently available to it and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the outcome of other events in the Gulf of Mexico relating to the Incident. Such risks, uncertainties and other factors may cause Mitsui's actual results, financial position or cash flows to be materially different from any future results, financial position or cash flows expressed or implied by these forward-looking statements. These risks, uncertainties and other factors involve the nature and scope of Mitsui's liability with respect to the events in the Gulf of Mexico relating to the Incident, including, but not limited to:

(a) It is not clear whether the MOEX Parties will have any liability for any of the claims concerning the Incident that are to be paid by the BP Parties under the indemnity provided to the MOEX Parties under the terms of the Settlement should the BP Parties fail to make payment as required by the Settlement, and if so what the amount of the liability is likely to be.

(b) Whether additional or amended legal proceedings will be brought against MOEX Offshore and its affiliates by governmental entities and the outcome of such proceedings if they are brought cannot be predicted. It is possible that MOEX Offshore and its affiliates could be assessed substantial civil or criminal penalties and fines and that injunctive relief could be granted under various laws. To date, no such penalty, fine or injunctive order has been imposed on MOEX Offshore.

(c) The complaint of the United States alleges that MOEX Offshore is an owner of an offshore facility within the meaning of the CWA and thus MOEX Offshore is subject to liability for civil penalties under the CWA. In making its determination as to the amount of civil penalties under the CWA, the court is to consider the seriousness of the violation or violations, the degree of culpability involved and the history of prior violations, among other factors. MOEX Offshore does not know if any such civil penalties will be imposed upon MOEX Offshore and, even if imposed, MOEX Offshore is unable to reasonably estimate the size of any possible loss.

(d) Many state and federal lawsuits have been filed by, among others, rig workers and their family members, resort owners, restaurant owners, real estate owners, real estate agents, seafood suppliers, fisheries, fishermen, charter boat owners, boat sales/service shop owners, marina owners, shareholders of businesses involved in the Incident, states, municipalities, foreign governments, employees of businesses affected by the Incident, and pension funds. These lawsuits are based on a variety of different legal theories, and some include claims for punitive damages, which, if awarded, will not be covered by the indemnity given to the MOEX Parties by the BP Parties in the Settlement. These lawsuits are at a very early stage and so Mitsui is unable to reasonably estimate at this time what liability if any MOEX Offshore and its affiliates may have.

These risks, uncertainties and other factors also involve the other factors contained in Mitsui's Annual Securities Report and Quarterly Reports or in its other public filings, press releases or website disclosures, and Mitsui undertakes no obligation to publicly update or revise any forward-looking statements. As a result, given these factors and the magnitude of the Incident and the ongoing clean-up efforts, any such liability could have a material adverse effect on Mitsui's consolidated financial position, consolidated operating results or consolidated cash flows.

(18) We are subject to extensive laws and regulations in Japan and other countries throughout the world. Changes in these laws and regulations or unilateral change of contractual terms by a government could adversely affect our business, operating results and financial condition.

Our business operations are subject to extensive laws and regulations in Japan and other countries throughout the world. Our operations are subject to laws and regulations governing, among other things, commodities, consumer protection, business and investment approvals, environmental protection, currency exchange control, import and export (including restrictions from the viewpoint of national and international security), taxation, and antitrust. For instance, many of our infrastructure projects in developing countries are subject to less developed legal systems. As a result, our costs may increase due to factors such as the lack of a comprehensive set of laws and regulations, an unpredictable judicial system based on inconsistent application and interpretation of laws and regulations, and changing practices of regulatory and administrative bodies. For example, we are subject to sudden and unpredictable changes to: tariffs for products and services that we provide; technical specifications with respect to environmental regulations; income tax and duty rates; and foreign currency exchange controls with respect to repatriation of investments and dividends.

Furthermore, while we are involved in the exploration, development and production activities through various contractual arrangements, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene and alter the contractual terms of our oil and gas as well as mineral resource producing operations involving production rates, pricing formulas, royalties, environmental protection cost, land tenure or otherwise. If these regulatory bodies unilaterally alter such contractual terms, or if the cost of complying with revised or newly established laws and regulations increases, our business, operating results and financial condition could be adversely affected. In order to comply with laws and regulations, we may bear considerable additional costs.

(19) Employee misconduct could adversely affect our operating results and reputation.

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily de-centralized. As a result, we cannot fully ensure that our employees comply with all applicable laws and regulations as well as our internal policies. For example, our employees may engage in unauthorized trading activities and exceed the allotted market risk exposure for various commodities or extend an unauthorized amount of credit to a client, which, in either case, may result in unknown losses or unmanageable risks. Moreover, our employees could engage in various unauthorized activities prohibited under the laws of Japan or other jurisdictions to which we are subject, including export regulations, anticorruption laws, antitrust laws and tax regulations. The efforts we undertake to ensure employees' compliance with applicable laws and regulations as well as our internal policies may not succeed in preventing misconduct by our employees. Depending on its nature, employees' misconduct could have negative effects on our operating results and reputation.

(20) Failure to maintain adequate internal control over financial reporting could negatively affect our reputation.

We are engaged in business activities in a variety of products and services worldwide and thus our internal control over financial reporting needs to be established for numerous transaction patterns. We may be unable to maintain adequate internal control over financial reporting, and thus not be able to assert that our internal control over financial reporting is effective. This could adversely affect the capital market's perception of us and may cause negative market reactions.

(21) Climate change and destruction of nature may adversely affect our operating results.

Among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, coal, oil and gas, and salt producing operations, leading to increased costs and/or decreased revenues. In the case that production sites, productive facilities, and infrastructure used for shipments such as roads, railways and ports, are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions could also adversely affect foods raw material producing activities in which we have investments.

Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as the Kyoto Protocol, which came into effect for that objective. Introduction of government-imposed greenhouse gas emission restrictions including environmental tax, and cap and trade schemes of emission credit could adversely affect the operating results of our businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses where we have minority share holdings.

Furthermore, as a result of the Great East Japan Earthquake of March 2011, there may be negative economic effects such as an economic downturn, deterioration in the operating conditions of a large number of companies, and falls in stock prices. In addition, there may be a slowdown in economic activities due to the shortage of electricity. Owing to such factors, a decline in our revenues may take place, the financial conditions of companies to which we have extended credit may worsen, impairment may occur on the stocks we hold, and as a result, this may have an adverse effect on our operating results.

(22) The actual amount of dividend payment our shareholders of record receive may differ from the forecasts announced prior to the record date.

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in other markets. Our dividend payout practice is no exception.

We ordinarily announce a certain dividend payout policy at the beginning of each fiscal year and also provide guidance for annual dividends based on the forecast of our financial results including consolidated net income. Interim dividends are paid to shareholders on record of September 30 of each fiscal year after reviewing our financial results during the first six months of each fiscal year as well as our forecast of our financial results during the last six months of the same fiscal year. The decision of declaration and payment is solely a matter of discretion of our Board of Directors, and such a decision may be made after the September 30 record date, and thus may differ from our guidance provided prior to such record date.

The amount and payment of year-end dividend are determined by our Board of Directors based on the actual financial results including consolidated net income. It also requires the approval of shareholders at the annual general meeting held in June of each year, if we propose to declare the year-end dividend. Our Board of Directors decides and submits a proposal for the year-end dividend declaration a few weeks before the annual general meeting. If the shareholders' approval is given, dividend payments are made to shareholders of record.

The shareholders of record may sell shares after the March 31 record date with the anticipation of receiving a certain dividend payment. However, the declaration of year-end dividends is approved by our shareholders only in June, usually based upon a proposal submitted by our Board of Directors. As such, we may have announced dividend-related forecasts prior to the record date; but, in making a decision on the year-end dividend declaration, neither our shareholders nor our Board of Directors are legally bound by such forecast. Moreover, where our consolidated net income turns out to be lower than we originally forecast, we may not submit any year-end dividend proposal to the annual general meeting of shareholders.

(23) Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price range limitations for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits on these exchanges. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

(24) As holders of ADSs, you will have fewer rights than a direct shareholder and you will have to act through the depositary to exercise those rights.

The rights of shareholders under Japanese law to take actions, including exercising voting rights, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders recorded on our register of shareholders. Because the depositary, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, as ADS holders, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights except through and with the consent of the depositary.

5. Material Contracts

For the year ended March 31, 2011, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

For major business combinations that occurred in the year ended March 31, 2011 and the previous fiscal year, see Note 3, "BUSINESS COMBINATIONS." Also, for the major acquisitions and sales of assets in the year ended March 31, 2011, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, and 5) Assets, Liabilities and Shareholders' Equity."

6. Research & Development

For the year ended March 31, 2011, research and development ("R&D") expenses totaled ¥3.8 billion. Management recognizes that individual R&D activity will not have a significant effect on our future operating results.

7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

Please take note that our management's discussion and analysis of financial position, operating results and cash flow contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those anticipated in these forward-looking statements as a result of the items mentioned in "4. Risk Factors" or other factors.

In accordance with the provisions of the U.S. Financial Accounting Standards Board (FASB)'s Accounting Standards Codification (ASC) 205-20 , "Presentation of financial statements: Discontinued operations", the companies present the result of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line item in the Statements of Consolidated Income under (loss) income from discontinued operations—net (after income tax effect). The results of discontinued operations are not reclassified in the Statements of Consolidated Income and the Statements of Consolidated Cash Flows for the year ended March 31, 2011 due to immateriality to the results of operations and cash flow of the companies.

As used in this "2. Operating and Financial Review and Prospects", "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), and "we," "us," and "our" are used to indicate Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

In the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements, the "Company" is used to refer to Mitsui & Co., Ltd., and the "companies" is used to refer to Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

All references to "Note" throughout "2. Operating and Financial Review and Prospects" relate to the Notes to Consolidated Financial Statements contained elsewhere in this report.

Throughout "2. Operating and Financial Review and Prospects," we describe the domicile of our subsidiaries and associated companies in parentheses following names of those companies. For example, Mitsui Iron Ore Development, Pty. Ltd. (Australia) means that the company's name is Mitsui Iron Ore Development, Pty. Ltd. and that it is domiciled in Australia.

(1) Key Performance Measures under Management's Discussion

Although our operating results and financial position are affected by various factors including the items stated in "4. Risk Factors," management believes that as of the end of the fiscal year under review, the following indicators can be usefully employed to discuss trends in our performance and financial condition.

1) Gross Profit, Operating Income (*) and Equity in Earnings of Associated Companies

We undertake world-wide business activities, involving diversified risk-return profiles, ranging from intermediary services as agent to development and production activities of mineral resources and energy. In this context, changes in the amounts of gross profit, operating income and equity in earnings of associated companies by operating segment reflect the overall progress of our business, and greatly affect the amount of net income in the Statements of Consolidated Income.

(*) Operating income is included in the measure of segment performance periodically reviewed by the management. Operating income is comprised of our (a) gross profit, (b) selling, general and administrative expenses and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

2) Trends in the Price of and Supply-Demand for Mineral Resources and Energy

In a reflection of a crunch in supply and demand and rising prices in mineral resources and energy as a result of the rapid growth of emerging economies in recent years, there has been an increase in the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses. As a result of this, the condition of the market and the production amount for mineral resources and energy will become a significant variable in operating results in the next fiscal year onwards. Furthermore, investment for development in businesses with interests in production of mineral resources and energy in the light of price fluctuations and expected supply and demand has an important place within the overall gross assets and cash flow of the consolidated group. For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources

Segment and the Energy Segment in “(3) Management’s Discussion and Analysis of Operating Results, 2) Operating results by operating segment.”

3) Investment Plans and Cash Flow from Investing Activities; and Financial Leverage

Consistent with our Medium-Term Management Outlook announced in May 2010, we have been engaged in establishing a group-wide strategic business portfolio, by leveraging proactive investment activities in the four business areas of Mineral Resources and Energy; Global Marketing Networks, including steel products, chemicals and machinery; Infrastructure, including power generation; and Lifestyle Business, including outsourcing services and content businesses. In parallel, management monitors the progress of investment plans quarterly and implements divestitures of existing assets in order to maintain an optimum portfolio structure and also to generate cash flows as a source for the above-mentioned investments.

Mitsui is monitoring and managing a group-wide financial leverage seeking to secure an efficient return on equity as well as maintaining and improving credit ratings and financial stability in order to secure necessary capital resources for investments as well as to refinance our interest bearing debt. For further information regarding details of expenditures and our financial policy, see “(4) Liquidity and Capital Resources.”

(2) Summary of Consolidated Financial Results for the Year Ended March 31, 2011

1) Operating Environment

In line with expectations, the global economy maintained a moderate rate of recovery on the whole, benefitting from the effects of the fiscal and monetary policies implemented by many governments and central banks.

In the advanced economies, the transition from governmental demand to private demand has been effective in general and has led to moderate growth, although a high level of unemployment still persists and there are real risks in the weak sovereign balance sheets and unstable real estate markets in some of the countries. On the other hand, the emerging economies maintained a high rate of growth due to recovery of exports and strong domestic demand, although awareness is necessary of new macroeconomic risks including strong inflationary pressure due to over-heating of assets and rising food and commodity prices. Geopolitical uncertainties are increasing in the Middle East and Northern African regions due to social and economic tensions.

The U.S. economy is continuing to show recovery supported by demand from the private sector and general improvements in financial conditions, although the pace of improvement in the unemployment rate is still lackluster and housing markets remain depressed. There still exists an output gap which may be potentially balanced by higher export levels. The core economies in Europe led by Germany demonstrated self-sustained growth and are expected to continue this trend albeit at a moderated rate. The potential financial turbulence from the peripheral countries of the euro area still poses a risk factor, which could dampen growth in those countries with a possibility of spilling over in the region. Having demonstrated one of the highest recovery rates in 2010 among the advanced countries, Japan faces the devastating impact of the unprecedented natural disaster caused by the recent earthquake in Eastern Japan in March 2011. As of this date, the macroeconomic impact of the disaster is still unknown and uncertainty remains concerning the effects of possible power shortages and the situation at the Fukushima nuclear power plant.

The emerging economies have been the growth driver for the world economy. Global capital flows into emerging economies continue to be strong owing to the growth prospects and relatively high yields in those markets. There is some concern over the over-heating of assets and inflation in certain emerging economies.

China’s growth is expected to remain robust with a healthy shift of demand from the public sector to the private sector. Consumption growth will be supported by growth in credit and policy efforts to raise household income, although investments in infrastructure projects have become more moderate due in part to raising of interest rates and policies enforced to curb real estate transactions. It remains to be seen how successful China can balance the curtailment of strong inflationary pressure and achievement of the target growth rate. The ASEAN countries led by Indonesia and the newly industrialized Asian economies are expected to demonstrate their potential growth based on strong consumption and exports. The Latin American region will continue to be a beneficiary of strong commodity export prices and capital inflows, and Brazil's economic activities will contribute to the region's growth. These favorable external factors, however, may lead to policy risks of managing balance sheet exposures of the economies in this region.

Global economic prospects continue to support commodity prices. Oil price has exceeded the $100 per barrel (WTI) mark in February 2011 as demand and risk premiums have increased in response to the oil supply situation triggered by the geopolitical uncertainties in the Middle East and Northern African regions. Metal prices also increased driven by recovery in the advanced economies and the strong demand from the emerging economies. The robust demand for food crops worldwide resulted in broad-based price increases and the markets demonstrated high volatility. Turning to the equity market, stock prices in Asia, Latin America, and the United States have approached pre-crisis peaks although stocks in Japan are lagging due in part to the appreciation of the yen and the impact of the recent earthquake. The Nikkei index, after starting at ¥11,089 at the beginning of the fiscal year, dropped below the ¥9,000 mark at one point and later recovered to ¥10,700 at the very beginning of calendar year 2011, reflecting the positive effects of the fiscal and monetary polices of the Japanese government and the recovering trend of global equity markets; the index later dropped quickly to a level of ¥8,200 after the earthquake but eventually recovered to ¥9,755 at the end of March 2011. Foreign exchange markets remained volatile and tensions continued to exist among different management policies of key currencies and the desired roadmap to curbing global imbalances. The yen continued to strengthen moderately against the U.S. dollar and the euro over the past fiscal year and demonstrated a sharp and abrupt appreciation immediately after the earthquake peaking at ¥76.25 per U.S. dollar, and later showed stabilization following an official international market intervention and closed at ¥83.15 to the U.S. dollar at the end of March 2011.

Overall we see a strong trend of recovery with the emerging countries continuing to show high growth and the U.S. showing stronger recovery. Caution is required in monitoring the additional downside risk stemming from the geopolitical developments in the Middle East and Northern African regions, the sovereign balance sheet risks in parts of Europe, the effects of the earthquake in Japan, as well as the continued level of volatility observed in the commodity markets and the foreign currency exchange markets. We will continue to closely monitor the dynamics of the commodity markets, financial markets and economic conditions, and navigate through such risks.

2) Operating Results, Financial Condition and Cash Flow

i) Operating results

Mitsui & Co., Ltd. and its subsidiaries posted net income attributable to Mitsui & Co., Ltd. of ¥306.7 billion, an increase of ¥157.0 billion from ¥149.7 billion for the corresponding previous year. Major developments during the year were as follows:

- The Mineral & Metal Resources and the Energy segments reported sharp increases in gross profit reflecting a run-up in iron ore and oil prices. Some of the non-commodity segments, such as the Foods & Retail Segment which recorded mark-to-market valuation losses on commodity derivative contracts, the Consumer Service & IT Segment in which the real estate and the IT service related businesses reflected the Japanese economic downturn posted declines in gross profit from the corresponding previous year.

- In addition to the increase in gross profit, equity in earnings of associated companies increased sharply reflecting a run-up in commodity prices as well as increase in sales volume. Furthermore, dividend income increased reflecting higher oil-linked LNG prices due to a rise in oil prices and dividend coming in from the Sakhalin II project.

- Gain on sales of securities increased and loss on write-downs of securities declined from the previous year, reflecting gains recognized for reclassification from subsidiary to associated company such as those on MT Falcon Holdings Company S.A.P.I. de C.V. and Mitsui Marubeni Liquefied Gas Co., Ltd. as well as impairment losses on preferred shares in Japan Airlines Corporation and listed securities recorded for the corresponding previous year. Meanwhile, a loss for the settlement between several of its subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico ("the settlement") was recorded.

- All segments excluding the Chemical Segment, which underperformed in the trading activities for petrochemical products, and the Energy Segment, which recorded the loss for the settlement, posted increases in net income attributable to Mitsui & Co., Ltd. including an increase in the Mineral & Metal

Resources attributable to higher iron ore prices. This reflected the recovery in prices and trade volume, as well as the reversal effect of impairment losses on securities, long-lived assets and goodwill recorded in the corresponding previous year.

Return-on-Equity for the year ended March 31, 2011 was 13.3%, an increase of 6.0% from 7.3% for the corresponding previous year.

ii) Financial condition

Total assets as of March 31, 2011 were ¥8.6 trillion, an increase of ¥0.2 trillion from ¥8.4 trillion as of March 31, 2010. Investments and plant, property and equipment ("PPE") increased ¥0.2 trillion due to expansion and new investments, partly offset by a drop in equity prices in Japan and the appreciation of the Japanese yen against the U.S. dollar and the euro. Current assets were equivalent to the level of March 31, 2010, including an increase in trade receivables reflecting recovery in prices and market conditions, as well as declines due to the reclassification of some subsidiaries to associated companies. Total Mitsui & Co., Ltd. shareholders' equity as of March 31, 2011 was ¥2.4 trillion, an increase of ¥0.2 trillion from March 31, 2010. This reflects an increase in retained earnings despite the aforementioned appreciation of the Japanese yen against foreign currencies as well as lower equity prices. The net debt-to-equity ratio ("Net DER") (*) as of March 31, 2011 was 0.82 times.

(*) See "(4) Liquidity and Capital Resources" regarding "Net DER."

iii) Cash flow

Net cash provided by operating activities for the year ended March 31, 2011 was ¥504.5 billion. Net cash provided by operating activities was comprised of operating income of ¥317.0 billion and dividends received of ¥200.7 billion, including those from associated companies. Net cash used in investing activities for the year ended March 31, 2011 was ¥484.0 billion including expansion-related expenditures for natural resources in the Energy and the Mineral & Metal Resources segments and the acquisition of natural-gas-fired power stations in Mexico. Accordingly, free cash flow (*) for the year ended March 31, 2011 represented in a net inflow of ¥20.5 billion.

(*) Sum of net cash flow for operating activities and cash flow for investing activities

3) Impact of Foreign Currency Exchange Fluctuation on Operating Results

For the year ended March 31, 2011 and 2010, net income attributable to Mitsui & Co., Ltd. from overseas subsidiaries and associated companies totaled ¥362.9 billion and ¥174.3 billion, respectively. Functional currencies of those subsidiaries and associated companies are mainly the U.S. dollar, Australian dollar and Brazilian Real.
For the impact of currency fluctuation on expected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2012, see "3. Management Issues (3) Business Plan for the Year Ending March 31, 2012."

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2011 and 2010

1) Analysis by income statement account

Revenues

Under U.S. GAAP, revenues are reported based on the gross amount billed to a customer or on the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) in accordance with degree of risk against reward in the following manner.

- Revenues are reported based on gross amounts for transactions where we have the related risks and rewards of ownership such as transactions mainly where we are the primary obligor in the arrangement and/or assume general inventory risk without any significant mitigation of our risk level.
- Revenues are reported based on net amounts where we assume a low degree of related risks and rewards, effectively acting as an agent for the applicable products or services. A typical example of reporting revenues based on net amounts is a transaction where we receive a commission or fee at a fixed rate based on transaction volume or amount.

We classified our revenues into sales of products, sales of services and other sales with the corresponding costs of revenues.

The table below provides these three categories of revenues by operating segments in "Operating Segment Information" in Note 17, "SEGMENT INFORMATION." (*)

	Billions of Yen											
	Years Ended March 31,											
	2011				2010				Change			
	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total
Iron & Steel Products	¥ 135.3	¥ 27.3	¥ 0.4	¥ 163.0	¥ 82.7	¥ 28.1	¥ 0.3	¥ 111.1	¥ 52.6	¥ (0.8)	¥ 0.1	¥ 51.9
Mineral & Metal Resources	485.9	8.2	(0.1)	494.0	263.6	8.4	-	272.0	222.3	(0.2)	(0.1)	222.0
Machinery & Infrastructure Projects	128.1	68.3	97.9	294.3	91.3	69.3	66.7	227.3	36.8	(1.0)	31.2	67.0
Chemical	819.0	32.7	0.6	852.3	779.5	34.4	0.7	814.6	39.5	(1.7)	(0.1)	37.7
Energy	1,399.9	8.2	(8.1)	1,400.0	1,247.3	9.3	1.0	1,257.6	152.6	(1.1)	(9.1)	142.4
Foods & Retail	505.6	73.9	0.3	579.8	469.2	71.3	0.2	540.7	36.4	2.6	0.1	39.1
Consumer Service & IT	68.9	65.3	12.1	146.3	70.2	78.4	14.0	162.6	(1.3)	(13.1)	(1.9)	(16.3)
Logistics & Financial Markets	2.7	32.5	32.0	67.2	4.3	28.3	30.2	62.8	(1.6)	4.2	1.8	4.4
Americas	371.8	8.7	16.3	396.8	435.8	11.7	16.1	463.6	(64.0)	(3.0)	0.2	(66.8)
Europe, the Middle East and Africa	121.5	20.2	0.2	141.9	88.8	14.2	0.1	103.1	32.7	6.0	0.1	38.8
Asia Pacific	115.9	25.9	0.1	141.9	68.9	22.3	0.0	91.2	47.0	3.6	0.1	50.7
Total	4,154.6	371.2	151.7	4,677.5	3,601.6	375.7	129.3	4,106.6	553.0	(4.5)	22.4	570.9
All Other	0.4	0.1	1.6	2.1	0.6	0.1	2.0	2.7	(0.2)	0.0	(0.4)	(0.6)
Adjustments and Eliminations	(0.2)	0.1	(0.1)	(0.2)	(11.7)	(1.1)	(0.1)	(12.9)	11.5	1.2	0.0	12.7
Consolidated Total	¥ 4,154.8	¥ 371.4	¥ 153.2	¥ 4,679.4	¥3,590.5	¥ 374.7	¥ 131.2	¥4,096.4	¥ 564.3	¥ (3.3)	¥ 22.0	¥ 583.0

Sales of Products

Sales of products are revenues from sales transactions of products and mainly include the following four types of transactions:

- the sale of products as a principal in the various transactions;
- the sale of manufactured products in the wide range of industries such as metals, chemicals, foods and machinery;
- the sale of natural resources from iron ore and coal mining activities and oil and gas producing activities; and
- the development and sale of real estate.

For the year ended March 31, 2011, revenues from the sales of products were ¥4,154.8 billion, an increase of ¥564.3 billion, or 15.7%, from ¥3,590.5 billion for the corresponding previous year. Major factors by operating segment were as follows:

- Revenues from the Mineral & Metal Resources Segment were ¥485.9 billion, an increase of ¥222.3 billion from ¥263.6 billion for the corresponding previous year. Reflecting higher iron ore prices, Mitsui Iron Ore Development Pty. Ltd. (Australia) and Mitsui-Itochu Iron Pty. Ltd. (Australia) reported increases of ¥93.3 billion and ¥34.1 billion, respectively. Furthermore, Mitsui reported an increase of ¥76.5 billion mainly due to an increase in copper trading businesses primarily for China.
- Revenues from the Energy Segment were ¥1,399.9 billion, an increase of ¥152.6 billion from ¥1,247.3 billion for the corresponding previous year. Major part of revenues from the sales of products of the Energy Segment is from trading businesses of crude oil and petroleum products. Reflecting higher oil prices and an increase in volume, Mitsui Oil (Asia) Hong Kong Ltd. (Hong Kong) and Mitsui Oil Co., Ltd. (Japan) reported increases of ¥56.1 billion and ¥54.4 billion, respectively. By the same token, oil and gas producing businesses including Mitsui Oil Exploration Co., Ltd., which reported an increase of ¥23.7 billion, increased their revenues. Meanwhile, a decline of ¥51.5 billion was recorded at Mitsui Marubeni Liquefied Gas Co., Ltd. (Japan) (*) due to its reclassification from subsidiary to associated company resulting from its merger with the liquefied petroleum gas ("LPG") business of JX Nippon Oil & Energy

Corporation. Regarding price trends of oil and gas for the year ended March 31, 2011, see the discussion under "Energy Segment" of "Operating Results by Operating Segment."

- Revenues from the Iron and Steel Products Segment were ¥135.3 billion, an increase of ¥52.6 billion from ¥82.7 billion for the year ended March 31, 2010. Export business of steel products to developing countries increased by ¥39.3 billion.
- Revenues from the Chemical Segment were ¥819.0 billion, an increase of ¥39.5 billion from ¥779.5 billion for the corresponding previous year reflecting the market recovery and an increase in sales volume.
- Revenues from the Foods & Retail Segment were ¥505.6 billion, an increase of ¥36.4 billion from ¥469.2 billion for the corresponding previous year due to an increase in sales volume of grains.
- Revenues from the Asia Pacific Segment and the Europe, the Middle East and Africa Segment were ¥115.9 billion and ¥121.5 billion, increases of ¥47.0 billion and ¥32.7 billion from ¥68.9 billion and ¥88.8 billion for the corresponding previous year, respectively, reflecting the recovery in chemicals as well as iron and steel products markets.
- Revenues from the Americas Segment were ¥371.8 billion, a decline of ¥64.0 billion from ¥435.8 billion for the corresponding previous year due to the reclassification of Steel Technologies Inc. (United States) from subsidiary to associated company.

(*) Mitsui Marubeni Liquefied Gas Go., Ltd. changed its name to ENEOS GLOBE Corporation due to the merger with the LPG business of JX Nippon Oil & Energy Corporation in March 2011.

Sales of Services

Sales of services include the revenues from trading margins and commissions related to various trading transactions in which we act as a principal or an agent. For example:

- We provide various services such as logistics and warehouse services, information and communication services and technical support. In these cases, the billed amounts for these services are recognized as revenues.
- We facilitate arrangement of the contracts between manufacturers and customers and deliveries of the products between suppliers, and also enter into back-to-back sales and purchase transactions of products. In these cases, the net amounts of sale and purchase prices (namely, margins for our intermediary services) are recognized as revenues.

For the year ended March 31, 2011, revenues from the sales of services were ¥371.4 billion, a decline of ¥3.3 billion, or 0.9%, from ¥374.7 billion for the corresponding previous year.

Other Sales

Other sales principally include the revenues from:

- derivative commodity instruments and derivative financial instruments held for trading purposes;
- the revenues from leasing activities of real estate, rolling stock, ocean transport vessels and machinery equipment; and
- the revenues from external consumer financing.

For the year ended March 31, 2011, revenues from other sales were ¥153.2 billion, an increase of ¥22.0 billion, or 16.8%, from ¥131.2 billion for the corresponding previous year. The increase was mainly attributable to a contribution from MT Falcon Holdings Company, S.A.P.I de C.V. (Mexico), which was newly established to acquire natural-gas-fired power stations in Mexico.

Gross Profit

Gross Profit Classified by Category of Revenues

For the year ended March 31, 2011, gross profit was ¥859.2 billion, an increase of ¥157.2 billion, or 22.4%, from ¥702.0 billion for the corresponding previous year. The Gross Profit ratio ("GP ratio"), or ratio of gross profit divided by revenues, for the year ended March 31, 2011 was 18.4%, an increase of 1.3 percentage points compared to the corresponding previous year. GP ratios in the following table are calculated as degree of gross profit classified by category of revenues divided by corresponding revenue amount.

	Billions of Yen					
	Years Ended March 31,					
	2011		2010		Changes	
	Gross Profit	GP Ratio	Gross Profit	GP Ratio	Gross Profit	GP Ratio
Gross Profit from Sales of Products..........	¥ 565.7	13.6%	¥ 394.5	11.0%	¥ 171.2	2.6%
Gross Profit from Sales of Services	234.0	63.0%	239.1	63.8%	(5.1)	(0.8)%
Gross Profit from Other Sales..................	59.5	38.9%	68.4	52.1%	(8.9)	(13.2)%
Total...	¥ 859.2	18.4%	¥ 702.0	17.1%	¥ 157.2	1.3%

For the year ended March 31, 2011, gross profit from sales of products was ¥565.7 billion, an increase of ¥171.2 billion from ¥394.5 billion for the corresponding previous year, which was primarily attributable to the following factors:

- Gross profit at the Mineral & Metal Resources Segment was ¥178.1 billion, an increase of ¥114.0 billion from ¥64.1 billion for the corresponding previous year. Reflecting higher iron ore prices, Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd. reported increases of ¥83.7 billion and ¥25.8 billion, respectively.
- Gross profit at the Energy Segment was ¥199.5 billion, an increase of ¥55.4 billion from ¥144.1 billion for the corresponding previous year. Due to an increase in both oil prices and production, Mitsui Oil Exploration Co., Ltd. (Japan) and Mitsui E&P Middle East B.V. (Netherlands) reported increases of ¥21.1 billion and ¥9.7 billion, respectively, and Mitsui E&P Australia Pty Limited (Australia) reported an increase of ¥3.9 billion due to the increase of oil prices. Furthermore, Mitsui Oil Co., Ltd. and Mitsui Coal Holdings Pty. Ltd. (Australia) reported increases of ¥10.5 billion and ¥7.1 billion, due to solid market conditions and higher coal prices, respectively. Westport Petroleum, Inc. (United States) also reported an increase of ¥6.5 billion due mainly to the recovery of demand for fuel oil and improvement of the Asian market condition. Meanwhile, a decline of ¥9.9 billion was recorded due to the reclassification of Mitsui Marubeni Liquefied Gas Co., Ltd. to an associated company.
- Gross profit at the Iron & Steel Products Segment was ¥11.9 billion, an increase of ¥6.2 billion from ¥5.7 billion for the corresponding previous year reflecting robust demand in Asia and a recovery of demand in automotive and home appliance sectors in Japan.

The GP ratio from sales of products for the year ended March 31, 2011 was 13.6%, an increase of 2.6 percentage points compared to the corresponding previous year. The increase was mainly attributable to increases in gross profit ratios of Mitsui Iron Ore Development (Australia) and Mitsui-Itochu Iron (Australia) due to an increase in iron ore price.

For the year ended March 31, 2011, gross profit from sales of services was ¥234.0 billion, a decline of ¥5.1 billion from ¥239.1 billion for the corresponding previous year. The Consumer Service & IT, Americas and Chemical Segments recorded declines due to declines in revenues.

The GP ratio from sales of services for the year ended March 31, 2011 was 63.0%, a decline of 0.8 percentage points compared to the corresponding previous year.

For the year ended March 31, 2011, gross profit from other sales was ¥59.5 billion, a decline of ¥8.9 billion from ¥68.4 billion for the corresponding previous year. Principal factor of the decline was declines in revenues of derivative trading businesses at Mitsui and Mitsui Oil (Asia) Hong Kong Limited (Hong Kong, China). The foreign exchange losses related to derivative trading business posted in other expense – net were ¥8.9 billion and ¥6.9 billion for the year ended March 31, 2011 and the corresponding previous year, respectively.

The GP ratio from other sales for the year ended March 31, 2011 was 38.9%, a decline of 13.2 percentage points compared to the corresponding previous year. Principal factor of the decline was a decline of gross profit ratio of the derivative trading businesses.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2011 were ¥533.0 billion, a decline of ¥13.2 billion, or 2.4%, from ¥546.2 billion for the corresponding previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Personnel	¥ 268.5	¥ 276.1	¥ (7.6)
Welfare	11.6	11.4	0.2
Travel	29.2	26.5	2.7
Entertainment	8.0	8.3	(0.3)
Communication	48.6	47.5	1.1
Rent	18.6	21.7	(3.1)
Depreciation	15.8	15.6	0.2
Fees and Taxes	8.2	9.9	(1.7)
Others	124.5	129.2	(4.7)
Total	¥ 533.0	¥ 546.2	¥ (13.2)

- Personnel expenses were ¥268.5 billion, a decline of ¥7.6 billion from ¥276.1 billion for the corresponding previous year. This decline is mainly attributable to a decline in net periodic pension costs reflecting amortization of actuarial losses related to plan assets.
- Travel expenses were ¥29.2 billion, an increase of ¥2.7 billion from ¥26.5 billion for the corresponding previous year. This was due to the reversal of limitations on overseas business trips triggered by the H1N1 influenza pandemic that were imposed during the corresponding previous year.
- Rent expenses and other expenses declined by ¥3.1 billion and ¥4.7 billion, respectively, from the corresponding previous year. There were miscellaneous small factors in both declines.

The table below provides selling, general and administrative expenses broken down by operating segment. See more details of the discussion and analysis in “Operating Results by Operating Segment.”

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 30.8	¥ 32.1	¥ (1.3)
Mineral & Metal Resources	17.5	15.4	2.1
Machinery & Infrastructure Projects	77.7	75.9	1.8
Chemical	47.0	49.4	(2.4)
Energy	56.1	57.9	(1.8)
Foods & Retail	65.3	63.0	2.3
Consumer Service & IT	56.9	61.7	(4.8)
Logistics & Financial Markets	29.3	28.9	0.4
Americas	52.8	61.7	(8.9)
Europe, the Middle East and Africa	18.3	19.6	(1.3)
Asia Pacific	25.4	25.3	0.1
Total	477.1	490.9	(13.8)
All Other	6.1	5.0	1.1
Adjustments and Eliminations	49.8	50.3	(0.5)
Consolidated Total	¥ 533.0	¥ 546.2	¥ (13.2)

- The Foods & Retail and the Mineral & Metal Resources segments reported increases, while the reclassification of Steel Technologies Inc. from subsidiary to associated company resulted in a decline for the Americas Segment. The Consumer Service & IT Segment also reported a decline mainly due to the reclassification of IT subsidiaries.

Provision for Doubtful Receivables

Provision for doubtful receivables for the year ended March 31, 2011 was ¥9.2 billion, a decline of ¥2.0 billion, or 17.9%, from ¥11.2 billion for the corresponding previous year. In the Americas Segment, AFC HoldCo, LLC (United States), an automotive retail finance subsidiary, reported a decline of ¥3.4 billion due to the winding-up of its business. Meanwhile, in the Machinery & Infrastructure Projects Segment, PT. Bussan Auto Finance (Indonesia), a motorcycle retail finance subsidiary, reported an increase reflecting an expansion of its operations and increase in allowances for past-due loan receivables.

Interest income and interest expense

Interest income for the year ended March 31, 2011 was ¥40.0 billion, an increase of ¥4.1 billion, or 11.4%, from ¥35.9 billion for the corresponding previous year, while interest expense was ¥40.7 billion, a decline of ¥5.6 billion, or 12.1%, from ¥46.3 billion for the corresponding previous year. As a result, interest expense, net of interest income was ¥0.7 billion, a decline of ¥9.7 billion, or 93.3%, from ¥10.4 billion for the corresponding previous year.

- Increase in interest income attributable to an increase in the amount of Australian dollar denominated investment at Mitsui Iron Ore Development Pty. Ltd. was ¥3.6 billion.
- Interest expense for Sakhalin II project declined as a result of decline in the principal amount due to a capital redemption.
- In addition, there was an overall decline in interest expense due to the declines in US dollar and Japanese yen interest rates.

Interest rate trends for the year ended March 31, 2011 pertaining to interest rate levels for yen and US dollars, the principal currencies in which we have borrowings, and developments in policy interest rates were as follows.

- While the Bank of Japan retained its zero interest rate policy, it continued to supply ample liquidity to the market to further strengthen monetary easing in order to break out of deflation, taking measures such as setting up the Asset Purchase Program in October 2010. Reflecting these monetary easing policies, the yen short-term interest rate (the average of the month-end Japanese yen three-month London Interbank Offered Rate ("LIBOR")) for the year ended March 31, 2011 declined to 0.21% from 0.36% for the corresponding previous year. On the other hand, the average yield rate on 10-year Japanese Government Bonds was 1.14% for the year ended March 31, 2011, slightly lower than 1.36% for the corresponding previous year. While there was a stage when debentures were being bought in response to the decline in stock prices immediately after the Great East Japan Earthquake, the government bond market continued a back and forth struggle due to concern on rising interest rates brought on by a deterioration of the balance of supply and demand for government bonds arising from caution towards the Japanese government's fiscal discipline, including the earthquake recovery budget draft. However, the government bonds issued were safely bought up against the backdrop of a domestic surplus of savings, and the average yield rate on 10-year Japanese Government Bonds was supported by the aforementioned monetary easing policies amid uncertainties regarding the influence that the economic slump and nuclear accident following the earthquake would have on the domestic economy.
- As the Federal Reserve Bank (the "FRB") also retained its zero interest policy, providing enough liquidity to the markets through the implementation of additional monetary easing policies such as one decided by the Federal Open Market Committee in November 2010 to purchase an additional $600 billion in long-term government bonds by June 2011, U.S. dollar short-term interest rates remained low. On the other hand, there was consciousness of the economic recovery and re-assessment of monetary easing due the influence of stronger than expected economic indicators, and the U.S. dollar long-term interest rate (10-year Government Bond) saw a stage through the last half of the fiscal year where pressure was applied to raise interest rates. However, in a situation where U.S. employment conditions are not recognized to have recovered, the FRB hasn't broken from its prudent position towards interest rate hikes, stating its assessment that "While the U.S. economy is on a self-sustaining path to recovery, the recovery in the labor market has been delayed, and inflation remains low for the immediate future." As a result, the U.S. dollar

short-term interest rate (the simple average of the month-end U.S. dollar three-month LIBOR) during the year ended March 31, 2011 declined to 0.36%, down from the average of 0.41% during the corresponding previous year. Meanwhile, amidst concerns of inflation caused by escalating prices for resources centered on emerging countries, on April 7, 2011, the European Central Bank raised the interest rate by 0.25 percentage points from 1.0% to 1.25%, and does not deny the possibility of additional rate increases depending on future price fluctuations. There is the possibility that the U.S. dollar might respond to these movements, and considering factors such as the end of additional monetary easing policies mentioned above in June 2011, the risk that U.S. dollar interest rates might fluctuate unstably must be carefully observed.

For the progress of our investment and loan plan and financial strategy, see "4. Liquidity and Capital Resources."

Dividend Income

Dividend income for the year ended March 31, 2011 was ¥51.0 billion, an increase of ¥13.3 billion, or 35.3%, from ¥37.7 billion for the corresponding previous year.

Reflecting an increase in oil-linked LNG prices due to a run-up in oil prices and dividend coming in from the Sakhalin II project, dividend income from five LNG projects in Abu Dhabi, Qatar, Oman, Equatorial Guinea and Sakhalin was ¥31.0 billion in total, an increase of ¥9.0 billion from the corresponding previous year.

Gain on Sales of Securities

Gain on sales of securities for the year ended March 31, 2011 was ¥39.5 billion, an increase of ¥18.6 billion, or 89.0%, from ¥20.9 billion for the corresponding previous year.

- For the year ended March 31, 2011, due to the divestiture of 30% interests in MT Falcon Holdings Company S.A.P.I. de C.V. out of 70%, a remeasurement gain on the remaining 40% interests and a gain on sales of the 30% interests were recorded in the Machinery & Infrastructure Projects Segment. Furthermore, a gain of ¥9.1 billion on the divestiture of unlisted securities was reported at Mitsui & Co. (Hong Kong) Ltd. in the Asia Pacific Segment, and a remeasurement gain of ¥8.8 billion was recorded in the Energy Segment due to the reclassification of Mitsui Marubeni Liquefied Gas Co., Ltd. from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Energy Corporation.
- For the corresponding previous year, a gain on the sale of United Petroleum Development Co., Ltd. (Japan) was recorded.

Loss on Write-Down of Securities

Loss on write-downs of securities for the year ended March 31, 2011, was ¥19.5 billion, an improvement of ¥29.0 billion, or 59.8%, from ¥48.5 billion for the corresponding previous year.
On March 31, 2009, The Nikkei Stock Average stood at ¥8,109.53. Thereafter, the Nikkei index gradually moved up, although erratically, as the global economy continued to recover, and ended at ¥11,089.94 on March 31, 2010. Entering the year ended March 31, 2011, it dropped below the ¥9,000 mark at one point in late August under uncertainties about the global economy. It later recovered to ¥10,700 at the very beginning of calendar year 2011, reflecting the positive effects of the fiscal and monetary polices of the Japanese government and the recovering trend of global equity markets; the index later dropped quickly to a level of ¥8,200 after the earthquake. However, through the intervention of cooperative selling of the yen agreed up on by a G7 Finance Ministers and Central Bank Governors' Meeting, the pace of yen appreciation was halted, and calm returned to the stock markets. The Nikkei Stock Average eventually recovered to ¥9,755.10 at the end of March 2011. (The above mentioned stock prices are closing prices.)

- Reflecting an other-than-temporary decline related to the foreign exchange translation loss in the investment value of the current portion of preferred shares of Valepar S.A., the Mineral & Metal Resources Segment recorded an impairment loss of ¥3.1 billion.
- A ¥20.0 billion impairment loss on preferred shares in Japan Airlines Corporation in the Machinery & Infrastructure Projects Segment and a ¥15.1 billion loss on listed shares in Seven & i Holdings Co., Ltd. in the Foods & Retail Segment were recorded for the corresponding previous year.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment—net for the year ended March 31, 2011 was ¥0.2 billion, an increase of ¥0.2 billion from a gain of ¥0.0 billion for the corresponding previous year. There were miscellaneous small transactions in both periods.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the year ended March 31, 2011 was ¥18.3 billion, an increase of ¥9.6 billion, or 110.3%, from ¥8.7 billion for the corresponding previous year.

- In the Energy Segment, Mitsui & Co. Uranium Australia Pty. Ltd. (Australia) reported an impairment loss of ¥6.9 billion in mineral rights and mining equipments related to the Honeymoon uranium mine due mainly to the delay of the development schedule. Mitsui Oil Co., Ltd. (Japan) also recorded an impairment loss of ¥4.0 billion on distribution facilities reflecting changes in the business environment in Japan. Furthermore, MOEX offshore 2007 LLC (United States), a subsidiary of Mitsui Oil Exploration Co., Ltd., recorded an impairment loss on mineral rights related to the Mississippi Canyon 252 lease in the Gulf of Mexico for the year ended March 31, 2011.
- A prolonged downturn in railway freight transport in Europe resulted in impairment losses on intangible assets of ¥2.9 billion at Mitsui Rail Capital Europe B.V. (Netherlands) in the Machinery & Infrastructure Projects Segment for the corresponding previous year.

For more information on impairment losses on long-lived assets, see Note 10, "IMPAIRMENT LOSS ON LONG-LIVED ASSETS."

Impairment Loss of Goodwill

Impairment loss of goodwill for the year ended March 31, 2011 was ¥0.6 billion, an improvement of ¥9.3 billion, or 93.9%, from ¥9.9 billion for the corresponding previous year. There were miscellaneous small transactions for the year ended March 31, 2011. For the corresponding previous year, losses of ¥3.1 billion at Mitsui Rail Capital Europe B.V., ¥3.1 billion at AFC HoldCo, LLC, an automotive retail finance subsidiary, and ¥2.9 billion at SunWize Technologies, Inc. (United States), a retailer and installer of photovoltaic systems, latter two of which were subsidiaries of the Americas Segment, were recorded, respectively.

For more information on impairment loss of goodwill, see Note 12, "GOODWILL AND OTHER INTANGIBLE ASSETS."

Settlement of the Oil Spill Incident in the Gulf of Mexico

A loss of ¥88.6 billion for the settlement between Mitsui's subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico was recorded for the year ended March 31, 2011. See the relevant description in "4. Risk Factors" for details.

Other Expense—Net

Other expense-net for the year ended March 31, 2011 was a loss of ¥7.4 billion, a deterioration of ¥7.8 billion from a gain of ¥0.4 billion for the corresponding previous year.

- For the year ended March 31, 2011, Mitsui Oil Exploration Co., Ltd. in the Energy Segment reported foreign exchange fluctuation profits of ¥4.7 billion, and in the Mineral & Metal Resources Segment, Mitsui recorded a ¥4.0 billion profit on foreign exchange derivative contracts, intended to reduce exposure to the fluctuating foreign exchange rate at iron ore mining operations. Meanwhile, in the Consumer Service & IT Segment, a loss allowance for an office development business in Japan was recorded by Mitsui, and in the Energy Segment, exploration expenses of ¥4.9 billion and ¥4.5 billion were recorded by Mitsui E&P Australia Pty Limited and Mitsui E&P Mozambique Area 1 Limited (United Kingdom), respectively, and an exploration expense related to the Mississippi Canyon 252 lease in the Gulf of Mexico was recorded by MOEX offshore 2007 LLC. The Logistics & Financial Markets Segment recorded a foreign exchange loss of ¥8.9 billion on commodity trading activities, which corresponded to a related gross profit in the same segment.
- For the corresponding previous year, Mitsui recorded foreign exchange losses of ¥11.8 billion including a

loss of ¥6.9 billion on commodity trading activities in the Logistics & Financial Markets Segment, which corresponded to a related gross profit in the same segment. In addition, in the Energy Segment, Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited respectively recorded exploration expenses of ¥10.9 billion and ¥3.5 billion. In the Mineral & Metal Resources Segment, Mitsui Raw Material Development Pty. Ltd. (Australia) reported a foreign exchange fluctuation profit of ¥6.8 billion on borrowings denominated in U.S. dollars.

For more information on other expense-net, see Note 19, "OTHER EXPENSE (INCOME)—NET."

Income Taxes

Income taxes for the year ended March 31, 2011 were ¥203.9 billion, an increase of ¥114.7 billion, or 128.6%, from ¥89.2 billion for the corresponding previous year (*1).

- "Income from continuing operations before income taxes and equity in earnings" for the year ended March 31, 2011 was ¥272.7 billion (domestic: a ¥31.0 billion loss, foreign: a ¥303.7 billion income), an increase of ¥146.7 billion from ¥126.0 billion (domestic: a ¥62.9 billion loss, foreign: a ¥188.9 billion income) for the corresponding previous year. In response, applicable income taxes also increased. These resulted from a significant increase in income from continuing overseas operations before income taxes and equity in earnings thanks to rises in prices of iron ore and crude oil on the commodities markets, although such income was partially offset by the recognized loss for the settlement of the oil spill incident in the Gulf of Mexico. Loss from continuing domestic operations before income taxes and equity in earnings improved reflecting the reversal effect of loss on write-down of securities pertaining to listed securities and preferred shares in Japan Airlines Corporation recorded for the corresponding previous year. However, it was impacted by the continuing economic slump, and we were forced to record a loss.
- For the corresponding previous year, valuation allowance for deferred tax asset for a ¥15.1 billion impairment loss on shares in Seven & i Holdings Co., Ltd. was recorded. In contrast, in the year ended March 31, 2011, we evaluated the recoverability of deferred tax assets pertaining to the loss of ¥88.6 billion for the settlement of the oil spill incident in the Gulf of Mexico, and established valuation allowance for that total amount.
- For the year ended March 31, 2011, and the corresponding previous year, the reversal of deferred tax liabilities related to dividends received from associated companies was approximately ¥25.0 billion respectively (*2).

The effective tax rate on "income from continuing operations before income taxes and equity in earnings" for the year ended March 31, 2011 was 74.8%, an increase of 4.0 percentage points from 70.8% for the corresponding previous year.

- Ratio of tax effect on equity in earnings of associated companies against "income from continuing operations before income taxes and equity in earnings" for the year ended March 31, 2011 was 25.8%, a decrease of 7.8 percentage points from 33.6% for the corresponding previous year.
- Effect of setting up of valuation allowances for deferred tax assets for the year ended March 31, 2011 was 20.0%, an increase of 2.6 percentage points from 17.4% for the corresponding previous year.
- Effect of taxation on dividends for the year ended March 31, 2011 was negative 8.2%, a deterioration of 18.1 percentage points from negative 26.3% for the corresponding previous year, due mainly to the above mentioned reversal of deferred tax liabilities.
- The effect of expenses not deductible for tax purposes and income not taxable for the year ended March 31, 2011, was 0.0%, a decrease of 6.5 percentage points from 6.5% for the corresponding previous year.

(*1) Tax effect on equity in earnings of associated companies is included in "Income Taxes."

(*2) We, in principle, record deferred tax liabilities on undistributed retained earnings of associated companies calculating the expected tax amount payable based on the assumption that we would sell investments in associated companies in the future. At the time of profit distribution from associated companies, we reverse the deferred tax liabilities while recording an income tax expense on the dividends received. In a case where a certain portion of dividends received is treated as non-taxable, such as in the treatment of dividends under Japanese tax law, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and the balance is credited to tax expenses. For deferred tax liabilities related to undistributed retained earnings of associated companies, see "5. Critical Accounting Policies And Estimates."

Equity in Earnings of Associated Companies - Net

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥242.1 billion, an increase of ¥110.6 billion, or 84.1%, from ¥131.5 billion for the corresponding previous year as a result of the following:

- Increases of ¥46.9 billion at Valepar S.A. (Brazil), reflecting a boost in earnings at its investee, Vale S.A. (“Vale”), mainly due to increases in prices and shipments of iron ore, and of ¥24.2 billion at Robe River Mining Company (Australia), an investment vehicle company for our Australian iron ore mining business, reflecting higher iron ore prices, were recorded. An increase was also recorded at Japan Australia LNG (MIMI) Pty. Ltd. (Australia) mainly due to higher LNG prices linked to oil prices. Kyokuto Petroleum Industries, Ltd. (Japan) reported an increase of ¥5.0 billion due to a decline in its cost to sales ratio.
- Overseas power production businesses reported a decline of ¥15.4 billion in earnings. Mainly due to the rise in power prices in the U.K., mark-to-market valuation gains and losses such as those on long-term power derivative contracts declined by ¥12.2 billion from the corresponding previous year. Multigrain AG (Switzerland) also reported a decline of ¥3.4 billion mainly due to an increase in logistics costs for the grain distribution business and mark-to-market valuation losses on commodity derivative contracts reflecting an increase in soybean prices for the agricultural production business.
- Impairment loss on investment in the Nibancho Center Building Project, a real estate business, was reported in the Consumer Service & IT Segment for the year ended March 31, 2011. Due to a decline in stock prices, a ¥7.9 billion impairment loss on investment in Nihon Unisys, Ltd. (Japan) and a ¥7.3 billion impairment loss on investment in Moshi Moshi Hotline, Inc. (Japan) were recorded in the same segment for the corresponding previous year. An impairment loss of ¥8.3 billion was also recorded for the corresponding previous year, reflecting an other-than-temporary decline in the investment value of SUMIC Nickel Netherlands B.V. (Netherlands), an investment vehicle for nickel business in New Caledonia.

Loss from Discontinued Operations—Net (After Income Tax Effect)

Loss from discontinued operations for the year ended March 31, 2011 was nil, an improvement from a loss of ¥0.8 billion for the corresponding previous year. MitEnergy Upsteam LLC (United States) was the major discontinued operation for the corresponding previous year.

For more information on discontinued operations, see Note 4, “DISCONTINUED OPERATIONS.”

Net Income before attribution of Noncontrolling Interests

As a result of the above factors, net income before attribution of noncontrolling interests for the year ended March 31, 2011 was ¥310.9 billion, an increase of ¥143.4 billion, or 85.6%, from ¥167.5 billion for the corresponding previous year.

Net Income attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the year ended March 31, 2011 was ¥4.3 billion, a decline of ¥13.5 billion, or 75.8%, from ¥17.8 billion for the corresponding previous year. Mitsui Oil Exploration Co., Ltd. reported a decline of ¥19.5 billion. The main factor was an increase in net loss before attribution of noncontrolling interests reflecting the settlement of the oil spill incident in the Gulf of Mexico.

Net Income attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd for the year ended March 31, 2011 was ¥306.7 billion, an increase of ¥157.0 billion, or 104.9%, from ¥149.7 billion for the corresponding previous year.

2) Operating Results by Operating Segment

The business units of Mitsui's Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with overseas branches and overseas trading subsidiaries in planning and executing their strategies for products and regions. The overseas branches and overseas trading subsidiaries are separate operating units, which are delegated responsibility for the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their subsidiaries and associated companies in collaboration with the business units. Therefore, our operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of overseas branches and overseas trading subsidiaries.

For the disclosure pursuant to ASC280 "Operating Segment", our operating segments have been aggregated based on the nature of the products and other criteria into eight product-focused reportable operating segments and three region-focused reportable operating segments, totaling eleven reportable operating segments.

During the year ended March 31, 2011, Westport Petroleum, Inc., which was formerly operating under Americas Segment, was transferred to Energy Segment. The operating segment information for the corresponding previous year has been restated to conform to the current year presentation.

Operating income (loss) is included in the operating segment information as a measure of the management's reviewing segment performance periodically. Operating income is comprised of our (a) gross profit, (b) selling, general and administrative expenses and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

Our operating segment information for revenue, gross profit, operating income (loss), equity in earnings (losses) of associated companies and net income (loss) attributable to Mitsui & Co., Ltd. for the year for the year ended March 31, 2011 and the corresponding previous year is as follows:

Operating Segment Information

Revenues

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 163.0	¥ 111.1	¥ 51.9
Mineral & Metal Resources	494.0	272.0	222.0
Machinery & Infrastructure Projects	294.3	227.3	67.0
Chemical	852.3	814.6	37.7
Energy	1,400.0	1,257.6	142.4
Foods & Retail	579.8	540.7	39.1
Consumer Service & IT	146.3	162.6	(16.3)
Logistics & Financial Markets	67.2	62.8	4.4
Americas	398.8	463.6	(66.8)
Europe, the Middle East and Africa	141.9	103.1	38.8
Asia Pacific	141.9	91.2	50.7
Total	4,677.5	4,106.6	570.9
All Other	2.1	2.7	(0.6)
Adjustments and Eliminations	(0.2)	(12.9)	12.7
Consolidated Total	¥ 4,679.4	¥ 4,096.4	¥ 583.0

Gross Profit

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 39.4	¥ 34.0	¥ 5.4
Mineral & Metal Resources	186.2	72.5	113.7
Machinery & Infrastructure Projects	92.4	90.6	1.8
Chemical	64.8	65.7	(0.9)
Energy	196.0	149.7	46.3
Foods & Retail	76.5	83.6	(7.1)
Consumer Service & IT	45.4	52.0	(6.6)
Logistics & Financial Markets	29.5	31.3	(1.8)
Americas	76.4	78.4	(2.0)
Europe, the Middle East and Africa	20.0	16.7	3.3
Asia Pacific	31.3	27.9	3.4
Total	857.9	702.4	155.5
All Other	0.9	0.5	0.4
Adjustments and Eliminations	0.4	(0.9)	1.3
Consolidated Total	¥ 859.2	¥ 702.0	¥ 157.2

Operating Income (Loss)

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 8.3	¥ 1.2	¥ 7.1
Mineral & Metal Resources	168.9	56.8	112.1
Machinery & Infrastructure Projects	7.1	10.7	(3.6)
Chemical	18.2	14.9	3.3
Energy	139.2	91.4	47.8
Foods & Retail	11.1	20.4	(9.3)
Consumer Service & IT	(11.2)	(8.8)	(2.4)
Logistics & Financial Markets	0.3	1.5	(1.2)
Americas	22.6	12.4	10.2
Europe, the Middle East and Africa	2.2	(4.0)	6.2
Asia Pacific	5.4	2.9	2.5
Total	372.1	199.4	172.7
All Other	(5.2)	(4.5)	(0.7)
Adjustments and Eliminations	(49.9)	(50.4)	0.5
Consolidated Total	¥ 317.0	¥ 144.5	¥ 172.5

Equity in Earnings (Losses) of Associated Companies—Net

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 4.5	¥ 4.5	¥ 0.0
Mineral & Metal Resources	120.4	35.3	85.1
Machinery & Infrastructure Projects	33.1	38.3	(5.2)
Chemical	3.7	2.7	1.0
Energy	52.4	35.3	17.1
Foods & Retail	1.3	7.8	(6.5)
Consumer Service & IT	7.9	(6.2)	14.1
Logistics & Financial Markets	7.0	5.1	1.9
Americas	6.6	3.4	3.2
Europe, the Middle East and Africa	0.0	1.2	(1.2)
Asia Pacific	4.0	3.8	0.2
Total	240.9	131.2	109.7
All Other	-	-	-
Adjustments and Eliminations	1.2	0.3	0.9
Consolidated Total	¥ 242.1	¥ 131.5	¥ 110.6

Net Income (Loss) attributable to Mitsui & Co., Ltd

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 6.4	¥ 3.2	¥ 3.2
Mineral & Metal Resources	167.3	62.9	104.4
Machinery & Infrastructure Projects	30.4	19.3	11.1
Chemical	10.6	11.9	(1.3)
Energy	56.5	83.8	(27.3)
Foods & Retail	2.7	(0.8)	3.5
Consumer Service & IT	3.7	(9.8)	13.5
Logistics & Financial Markets	(0.7)	(0.8)	0.1
Americas	15.9	(9.6)	25.5
Europe, the Middle East and Africa	0.6	(3.8)	4.4
Asia Pacific	54.3	25.7	28.6
Total	347.7	182.0	165.7
All Other	3.6	1.5	2.1
Adjustments and Eliminations	(44.6)	(33.8)	(10.8)
Consolidated Total	¥ 306.7	¥ 149.7	¥ 157.0

Discussion and analysis regarding the operating results of each operating segment is as follows:

Iron & Steel Products Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 163.0	¥ 111.1	¥ 51.9
Gross Profit	39.4	34.0	5.4
Operating Income	8.3	1.2	7.1
Equity in Earnings of Associated Companies - Net	4.5	4.5	0.0
Net Income attributable to Mitsui & Co., Ltd.	6.4	3.2	3.2

Revenues for the year ended March 31, 2011 were ¥163.0 billion, an increase of ¥51.9 billion from ¥111.1 billion for the corresponding previous year. Supported by Eco-car tax reduction and Eco points, there was a steady demand for automobiles and home appliances, although overall the Japanese market remained sluggish, especially for construction. The Great East Japan Earthquake slowed sales for automobiles, precision machines and home appliances. Under such circumstances an increase in export of steel products for emerging countries contributed to the ¥35.9 billion and ¥11.8 billion increases in revenues at Mitsui and Mitsui & Co. Steel Ltd. (Japan).

Gross profit for the year ended March 31, 2011 was ¥39.4 billion, an increase of ¥5.4 billion from ¥34.0 billion for the corresponding previous year. Increase in sales for home appliances and export for automotive industry contributed to the ¥3.5 billion increase in gross profit at Mitsui & Co. Steel Ltd. Due to an increase in the price of steel products emerging countries in Asia, Regency Steel Asia Pte Ltd. (Singapore) reported an increase in gross profit.

Operating income for the year ended March 31, 2011 was ¥8.3 billion, an increase of ¥7.1 billion from ¥1.2 billion for the corresponding previous year, reflecting the increase in gross profit and the decline in selling, general and administration expenses.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥4.5 billion, the same amount for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥6.4 billion, an increase of ¥3.2 billion from ¥3.2 billion for the corresponding previous year.

Mineral & Metal Resources Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 494.0	¥ 272.0	¥ 222.0
Gross Profit	186.2	72.5	113.7
Operating Income	168.9	56.8	112.1
Equity in Earnings of Associated Companies - Net	120.4	35.3	85.1
Net Income attributable to Mitsui & Co., Ltd.	167.3	62.9	104.4

Revenues for the year ended March 31, 2011 were ¥494.0 billion, an increase of ¥222.0 billion from ¥272.0 billion for the corresponding previous year. The main factor contributing to the increase was higher prices for iron ore. Starting from this year, the pricing system for mining companies and steelmakers shifted from a four-decade-old pricing system based on annual fixed-price contracts to prices based on the spot market on a shorter term basis such as quarterly. Anticipating that global demand for iron ore would pick up with the global economy showing signs of recovery, led by consistent increases in demand in China, spot prices continued to increase from August 2009 until they peaked in April 2010. After slipping back to levels that were seen at the beginning of 2010, spot prices again crept up during July through February 2011. Accordingly, representative contract prices for products sold during the year ended March 31, 2011 based on a daily average of short-term references during December 1, 2009 through November 30, 2010 were settled at levels substantially higher than the prevailing annual fixed contract prices as well as short-term market references during the corresponding previous year. Consequently, the increases in revenues recorded by Mitsui Iron Ore Development Pty. Ltd. and Mitsui Itochu Iron Pty. Ltd. were ¥93.3 billion and ¥34.1 billion, respectively. Furthermore, Mitsui reported an increase of ¥76.5 billion due mainly to an increase in sales volume of copper business for Chinese market.

Gross profit for the year ended March 31, 2011 was ¥186.2 billion, a substantial increase of ¥113.7 billion from ¥72.5 billion for the corresponding previous year. The main factor contributing to the increase was higher prices for iron ore. The increases in gross profit recorded by Mitsui Iron Ore Development Pty. Ltd. and Mitsui Itochu Iron Pty. Ltd. were ¥83.7 billion and ¥25.8 billion, respectively. Furthermore, increases in prices of non-ferrous metals also contributed to the increase in gross profit.

Operating income for the year ended March 31, 2011 was ¥168.9 billion, an increase of ¥112.1 billion from ¥56.8 billion for the corresponding previous year, reflecting the increase in gross profit.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥120.4 billion, an increase of ¥85.1 billion from ¥35.3 billion for the corresponding previous year. Major factors were as follows:

- Earnings at Robe River Mining Company were ¥39.2 billion, an increase of ¥24.2 billion from ¥15.0 billion for the corresponding previous year, reflecting increases in iron ore prices.
- Compañía Minera Doña Inés de Collahuasi SCM recorded earnings of ¥19.5 billion, an increase of ¥2.9 billion from ¥16.6 billion for the corresponding previous year. This improvement is mainly attributable to the substantial increase in copper prices, which was partially offset by declines in sales volume and a reversal effect of revaluation gains on provisionally priced copper sales that remained subject to final pricing, recorded in the corresponding previous year (*). Compañía Minera Doña Inés de Collahuasi SCM has a different fiscal year end than that of Mitsui.
- Valepar S.A. posted earnings of ¥56.9 billion, an increase of ¥46.9 billion from ¥10.0 billion for the corresponding previous year, reflecting an increase in earnings at Vale mainly due to an increase in prices and shipped volume of iron ore. As the fiscal year of Valepar S.A. commences on January 1 and ends on December 31 of each year, we recognize their profit and loss with a three month time lag.
- Reflecting an other-than-temporary decline in the investment value of SUMIC Nickel Netherlands B.V., an investment vehicle for nickel business in New Caledonia, this segment recorded an impairment loss of ¥8.3 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥167.3 billion, a substantial increase of ¥104.4 billion from ¥62.9 billion for the corresponding previous year. In addition to the above factors, the following contributed to the earnings for the period:

- Reflecting an other-than-temporary decline related to the foreign exchange translation loss in the investment value of the current portion of preferred shares of Valepar S.A., this segment recorded an impairment loss of ¥3.1 billion.
- Other expenses—net included a ¥4.0 billion profit on foreign exchange derivative contracts, an increase of ¥5.0 billion from the corresponding previous year, recorded at Mitsui. The derivative contracts are intended to reduce exposure to the fluctuating foreign exchange rate at iron ore producing businesses in Australia.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies, including Robe River Mining Company, at the time of profit distribution declined by approximately ¥3.0 billion from the corresponding previous year.

(*) Collahuasi’s copper concentrate and cathode sales are provisionally priced at the time of shipment and the provisional prices are finalized in a contractually specified future period (generally one to four months from the shipment date) primarily based on quoted London Metal Exchange (LME) prices. The provisionally priced sales in any year, which remain subject to final pricing, are revaluated at the year-end forward prices at the end of each year and final adjustments are made in the following year when final prices are fixed.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Iron Ore, and Our Equity Production

- Short-Term Pricing and Supply-Demand Balance

  Due to the economic slowdown triggered by the financial crisis in fall 2008, crude steel production in the world rapidly declined, and as a result, iron ore producers were forced to adjust their shipments and productions as well as some of their expansion plans in response to the decreased demand.

  Reflecting such imbalance between supply and demand, Australian iron ore producers settled iron ore contracts for the year ended March 31, 2010 with major iron ore consumers in Asian countries such as Japan, Korea and Taiwan with price reductions of 32.9% for fine ore and 44.5% for lump ore from the prices for the year ended March 31, 2009. Subsequently, a major Brazilian iron ore producer also concluded negotiations with main iron ore consumers, such as those of Japan, Korea and Europe, with price reductions of 28.2% for fine ore, 44.5% for lump ore from the prices for the year ended March 31, 2009. Negotiation of iron ore prices under annual contracts for China was not settled for the year ended March 31, 2010, but the prices at same level as the prices applicable for customers other than China were used for annual contracts while spot contracts gained more share in China compared with the year ended March 31, 2009.

  Reflecting the expansion of the spot market, a structural change in iron ore pricing has been seen from annual contract pricing to more diversified contract pricing methods with a closer link to spot CFR China prices. Sales during the year ended March 31, 2011 were carried out mainly using short-term index linked pricing, which was applicable to short-term transactions such as quarterly.

  Crude steel production of China, which once decelerated due to the economic downturn, showed a recovery after March 2009, and crude steel production in 2008, 2009, and 2010 showed a gradually increasing trend of 500 million tons, 570 million tons, and 630 million tons respectively, and in 2011, the levels of production has remained high. In the developed countries, crude steel productions stayed stagnated during the first half of 2009 due to the recession triggered by the financial crisis but started to pick up gradually in the second half. In response to the increased demand, the spot price (Fe62% CFR China) went up to nearly U.S.$160/ton at the end of the year ended March 31, 2010 from about U.S.$60/ton at the beginning of the year. Subsequently, the spot price reached a peak of U.S.$182/ton in April 2010, and then declined to the U.S.$120/ton range in mid-July 2010. Thereafter, prices turned upward against the backdrop of strong demand centered on China, and the spot price reached its historical high price of U.S.$193/ton in February 2011. As of June 17, 2011 the spot price was U.S.$173/ton.

  Fluctuations in iron ore prices directly affect revenues from the equity-based production at our iron ore subsidiaries and associated companies. For the year ending March 31, 2012, we estimate that the impact on consolidated net income (attributable to Mitsui & Co., Ltd.) from a change of U.S. $1 per ton in iron ore price would be approximately ¥1.9 billion.

  For the year ended March 31, 2011, the equity-based shipments of our overseas subsidiaries and associated companies amounted to approximately 44 million tons of iron ore. The above-mentioned effect is calculated based on the assumptions of an estimated increase or decrease in production in the year ending March 31, 2012, in line with our holdings after the year ended March 31, 2011, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. In the currencies of natural resource producing countries such as the Australian dollar and Brazilian real, there is a general trend toward currency movements in line with the market prices for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

- Middle- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Production

Due to the contraction of activity and trade provoked by the dramatic escalation of the financial crisis, the demand for iron ore temporarily decreased. However, demand in developing countries especially China recovered and grew even further. In the mid- and long-term, it is expected that demand for steel in developing countries remains strong and demand for iron ore expands. In order to respond to such increasing demand, major iron ore producers intend to continue investing to expand their production capacity. As of March 31, 2011, noteworthy developments in iron ore projects in which we hold stakes are as follows: (Unless otherwise noted, production amounts represent a 100% basis.)

- Our iron ore mining joint ventures led by the BHP Billiton group are following a gradual expansion plan. An expansion plan to increase annual production capacity from 129 million tons to 155 million tons was completed in December 2009 and shipments have started. In March 2011, joint venture members approved a plan which, in addition to the expansion of railways, ports, and existing mines in parallel with the current construction, involves additions to loading equipment at ports, development of iron ore blending equipment and existing mines (mines in which BHP Billiton holds a 100% share), and expands installed capacity to more than 220 million tons by the first half of 2014.
- In the iron ore mining joint venture led by the Rio Tinto Group, the joint venture members agreed to a plan in December 2010 to add 53 million tons to the existing 80 million tons of installed capacity at Cape Lambert Port in Western Australia, bringing its total installed capacity to 133 million tons. Regarding production capacity, the joint venture decided to develop the Mesa A mine in the Pilbara region of Western Australia, and the new mine made its first commercial shipment in March 2010. The mine has a full scale capacity of 25 million tons per annum, and along with the existing Mesa J mine, total production capacity is maintained at 32 million tons per annum.

Including those we are participating in, most of the iron ore mining projects have plans for expanding their production capacity in response to forecasted iron ore demand increases in the mid- and long-term. As there are too many uncertainties including demand from China and other emerging countries, it is difficult for our management to draw up definitive forecasts on supply-demand balance and prices. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

Machinery & Infrastructure Projects Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 294.3	¥ 227.3	¥ 67.0
Gross Profit	92.4	90.6	1.8
Operating Income	7.1	10.7	(3.6)
Equity in Earnings of Associated Companies - Net	33.1	38.3	(5.2)
Net Income attributable to Mitsui & Co., Ltd.	30.4	19.3	11.1

Revenues for the year ended March 31, 2011 were ¥294.3 billion, an increase of ¥67.0 billion from ¥227.3 billion for the corresponding previous year. Major factors are as follows:

- The Infrastructure Projects Business Unit reported an increase of ¥33.7 billion in revenues due mainly to the contribution from MT Falcon Holdings Company, S.A.P.I. de C.V., which acquired natural-gas-fired power stations in Mexico.
- The Motor Vehicles Business Unit reported an increase of ¥37.3 billion in revenues reflecting the solid performance of overseas automotive-related businesses.
- The Marine & Aerospace Business Unit reported a decline of ¥3.9 billion in revenues. While market prices for bulk freighters fluctuated reflecting demand for iron ore in China, difficult market conditions influenced by a possible oversupply of vessels to be built in coming years negatively affected the operation and chartering of vessels in addition to the reversal effect of gain on sales of vessels recorded in the corresponding previous year.

Gross profit for the year ended March 31, 2011 was ¥92.4 billion, an increase of ¥1.8 billion from ¥90.6 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥0.6 billion in gross profit due to a decline in execution of plant business at Mitsui and the reclassification of the brine electrolyzer manufacturing subsidiary from subsidiary to associated company, despite the contribution from MT Falcon Holdings Company, S.A.P.I. de C.V., which acquired natural-gas-fired power stations in Mexico.

- The Motor Vehicles Business Unit reported an increase of ¥4.9 billion in gross profit, reflecting the increase in revenues.
- The Marine & Aerospace Business Unit reported a decline of ¥2.4 billion in gross profit, mainly due to the reversal effect of gain on sales of vessels recorded in the corresponding previous year.

Operating income for the year ended March 31, 2011 was ¥7.1 billion, a decline of ¥3.6 billion from ¥10.7 billion for the corresponding previous year. While gross profit increased, MT Falcon Holdings, S.A.P.I. de C.V. reported an increase in selling, general and administrative expenses and PT. Bussan Auto Finance reported an increase in provision for doubtful receivables reflecting expansion of operations and increase in allowances for past-due loan receivables.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥33.1 billion, a decline of ¥5.2 billion from ¥38.3 billion for the corresponding previous year.

- In the Infrastructure Projects Business Unit, overseas power producers, such as IPM (UK) Power Holdings Limited (Gibraltar), IPM Eagle LLP (United Kingdom) and P.T. Paiton Energy (Indonesia), reported equity in earnings of ¥13.4 billion in total, a decline of ¥14.3 billion from ¥27.7 billion for the corresponding previous year. Mainly due to the rise in power prices in the U.K., mark-to-market valuation gains and losses, such as those on long-term power derivative contracts, declined by ¥11.2 billion from the corresponding previous year. Meanwhile, Mitsui Gas e Energia do Brasil Ltda (Brazil) reported equity in earnings of ¥7.2 billion from its investees, local gas distribution companies in Brazil, an increase of ¥1.9 billion from the corresponding previous year due to an increase in volume of gas sales reflecting the economic growth in Brazil.
- The Motor Vehicles Business Unit reported an increase of ¥4.4 billion from the corresponding previous year due to solid performance at both automotive-related and mining and construction machinery-related businesses mainly in emerging economies, including PT. Yamaha Indonesia Motor Manufacturing (Indonesia), a motorcycle manufacturing and distributing company.
- The Marine & Aerospace Business Unit reported an increase of ¥3.9 billion from the corresponding previous year. The main cause of the increase was the reversal effect of an impairment loss of ¥3.9 billion on its holdings of an associated company chartering LNG vessels recorded for the corresponding previous year, due to a subdued market.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥30.4 billion, an increase of ¥11.1 billion from ¥19.3 billion for the corresponding previous year. In addition to the above-mentioned factors, there were also the following factors:

- Due to the reclassification of MT Falcon Holdings Company S.A.P.I. de C.V. from subsidiary to associated company as a result of divestiture of its 30% interests out of 70%, a remeasurement gain on the remaining 40% interests and a gain on sales of the 30% interests were recorded as a gain on sales of securities.
- For the corresponding previous year, a loss of ¥20.0 billion on write-downs of all of its preferred shares in Japan Airlines Corporation, and impairment losses on intangible assets and goodwill of ¥2.9 billion and ¥3.1 billion, respectively, at Mitsui Rail Capital Europe B.V. due to a prolonged downturn in railway freight transport in Europe, were recorded.

Chemicals Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 852.3	¥ 814.6	¥ 37.7
Gross Profit	64.8	65.7	(0.9)
Operating Income	18.2	14.9	3.3
Equity in Earnings of Associated Companies - Net	3.7	2.7	1.0
Net Income attributable to Mitsui & Co., Ltd.	10.6	11.9	(1.3)

Revenues for the year ended March 31, 2011 were ¥852.3 billion, an increase of ¥37.7 billion from ¥814.6 billion for the corresponding previous year. Major factors are as follows:

- The Basic Chemicals Business Unit reported an increase of ¥30.3 billion in revenues mainly due to recovery of the market and an increase in sales volume of petrochemical products including phenol.
- The Performance Chemicals Business Unit reported an increase of ¥7.4 billion in revenues mainly due to a substantial run-up in prices of ammonia and an increase in volume.

Gross profit for the year ended March 31, 2011 was ¥64.8 billion, a decline of ¥0.9 billion from ¥65.7 billion for the corresponding previous year. Major factors are as follows:

- The Basic Chemicals Business Unit reported a decline of ¥3.8 billion in gross profit. This was mainly due to underperforming trading activities for basic petrochemical products and intermediate of polyvinyl chloride (PVC), both being affected by a decline in volume primarily attributable to curtailment of production volume at suppliers, and by cost increases in charter fees for the related vessels. On the other hand, Shark Bay Salt Pty. Ltd. (Australia), a salt manufacturing company, continued to show a solid performance.
- The Performance Chemicals Business Unit reported an increase of ¥3.0 billion in gross profit. P.T. Kaltim Pasifik Amoniak (Indonesia), an ammonia manufacturing and marketing joint venture, recorded an increase of ¥5.5 billion in gross profit due to an increase in both prices and volume of ammonia compared to the corresponding previous year. Furthermore, Mitsui Bussan Plastics Trade Co., Ltd. (Japan), a plastics and chemicals trading company, showed a solid performance due to an increase in demand for automotive parts and electronics mainly in China, while the LCD business posted a decline in gross profit mainly due to a decrease in demand for LCD materials for televisions.

Operating income for the year ended March 31, 2011 was ¥18.2 billion, an increase of ¥3.3 billion from ¥14.9 billion for the corresponding previous year. The decline in gross profit was offset by a decline in selling, general and administrative expenses.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥3.7 billion, an increase of ¥1.0 billion from ¥2.7 billion for the corresponding previous year. This was mainly due to an increase of ¥2.1 billion in earnings at International Methanol Company (Saudi Arabia), a methanol manufacturing joint venture, reflecting the improvement in prices of methanol.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥10.6 billion, a decline of ¥1.3 billion from ¥11.9 billion for the corresponding previous year.

Energy Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 1,400.0	¥ 1,257.6	¥ 142.4
Gross Profit	196.0	149.7	46.3
Operating Income	139.2	91.4	47.8
Equity in Earnings of Associated Companies - Net	52.4	35.3	17.1
Net Income attributable to Mitsui & Co., Ltd.	56.5	83.8	(27.3)

Anticipating that global demand for oil would pick up with the global economy showing signs of recovery driven by emerging countries, and a gradual resurgence of speculative funds flowing into energy markets, oil prices (WTI) recovered to US$86 per barrel in April 2010. WTI dropped back to US$60 per barrel due to prospects of slower economic recovery in the advanced countries triggered by fiscal problems in European countries such as Greece and concerns over easing of the high growth rates in emerging economies. In an adjustment to this pessimistic trend, and an influx of speculative funds to the energy market with depreciation of the U.S. dollar, the WTI futures market recovered to US$90 per barrel in December 2010 and boosted over US$100 per barrel in February 2011 reflecting the geopolitical uncertainties surrounding the democracy movement in the Middle East and Northern African regions. Accordingly, Japan Crude Cocktail (JCC) recorded an increase from US$80 per barrel in April 2010 to US$103 per barrel in March 2011. The JCC price trend is generally reflected in the net income of our overseas oil and gas producing subsidiaries and associated companies in this segment with a zero to six-month time lag. Considering these time lags, Mitsui periodically calculates the weighted average JCC price applied to the operating results of those oil and gas producing subsidiaries and associated companies for internal review purposes. Such weighted average JCC prices for the years ended March 31, 2011 and 2010 were US$80 per barrel and US$62 per barrel, respectively.

Revenues for the year ended March 31, 2011 were ¥1,400.0 billion, an increase of ¥142.4 billion from ¥1,257.6 billion for the corresponding previous year. Major factors are as follows:

- Due to higher oil prices and increase in production, Mitsui Oil (Asia) Hong Kong Limited (Hong Kong, China) and Mitsui Oil Co., Ltd. reported increases of ¥53.2 billion and ¥54.4 billion in revenues, respectively. Mitsui Oil Exploration Co., Ltd. reported an increase of ¥23.7 billion in revenues while other oil and gas producing subsidiaries also reported increases.
- Mitsui Marubeni Liquefied Gas Co., Ltd (*1) recorded a decline of ¥52.8 billion due to its reclassification from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Gas Energy Corporation.
- The average of quarterly price on sales of typical Australian premium hard coking coal for the year ended March 31, 2011 increased by approximately 70% from the annual contract price of US$128 per ton FOB for the corresponding previous year. At the same time, thermal coal prices increased by around 40% from the annual contract price of US$71 per ton FOB for the corresponding previous year. For the year ended March 31, 2011, revenues at Mitsui Coal Holdings Pty. Ltd. increased by ¥13.9 billion, reflecting higher coal prices.

Gross profit for the year ended March 31, 2011 was ¥196.0 billion, a substantial increase of ¥46.3 billion from ¥149.7 billion for the corresponding previous year primarily due to the following:

- Due to higher oil prices and increase of production, Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Middle East B.V. reported increases of ¥21.1 billion and ¥9.7 billion, respectively. Due to higher oil prices, Mitsui E&P Australia Pty Limited reported an increase of ¥3.9 billion.
- Gross profit at Mitsui Coal Holdings Pty. Ltd. increased by ¥7.1 billion, reflecting higher coal prices, which were partly offset by the stronger Australian dollar against the U.S. dollar.
- Mitsui Oil Co., Ltd. recorded an increase of ¥10.5 billion in gross profit due to solid market conditions and Westport Petroleum, Inc. (United States) reported an increase of ¥6.5 billion due mainly to the recovery of demand for fuel oil and the market for Asia. On the other hand, Mitsui Marubeni Liquefied Gas Co., Ltd. recorded a decline of ¥9.4 billion due to its reclassification from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Gas Energy Corporation.

Operating income for the year ended March 31, 2011 was ¥139.2 billion, an increase of ¥47.8 billion from ¥91.4 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥52.4 billion, an increase of ¥17.1 billion from ¥35.3 billion for the corresponding previous year. An increase at Japan Australia LNG (MIMI) Pty. Ltd. was recorded due to higher LNG prices linked to oil prices, which were partly offset by the stronger Australian dollar against the U.S. dollar. Kyokuto Petroleum Industries, Ltd. reported an increase of ¥5.0 billion due to a decline in its cost to sales ratio.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥56.5 billion, a decline of ¥27.3 billion from ¥83.8 billion for the corresponding previous year. In addition to the above-mentioned developments, there were also the following factors:

- Dividends from five LNG projects (Abu Dhabi, Qatar, Oman, Equatorial Guinea and Sakhalin II) were ¥31.0 billion in total, an increase of ¥9.0 billion from the corresponding previous year, reflecting higher oil-linked LNG prices and dividends coming in from the Sakhalin II project recognized starting from the year ended March 31, 2011.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥4.0 billion.
- For the year ended March 31, 2011, exploration expenses of ¥4.9 billion and ¥4.5 billion were recorded by

Mitsui E&P Mozambique Area 1 Limited and Mitsui E&P Australia Pty Limited, respectively, and an exploration expense related to the Mississippi Canyon 252 lease in the Gulf of Mexico was recorded by MOEX offshore 2007 LLC. Meanwhile, Mitsui Oil Exploration Co., Ltd. reported foreign exchange fluctuation profits of ¥4.7 billion. For the corresponding previous year, Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited respectively recorded exploration expenses of ¥10.9 billion and ¥3.5 billion.

- A remeasurement gain of ¥8.8 billion was recorded due to the reclassification of Mitsui Marubeni Liquefied Gas Co., Ltd. from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Energy Corporation for the year ended March 31, 2011. For the corresponding previous year, a gain on the sale of United Petroleum Development Co., Ltd. was recorded.
- Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥6.9 billion in mineral rights and mining equipment related to the Honeymoon uranium mine due mainly to the delay of the development schedule(*2). Mitsui Oil Co., Ltd. also recorded an impairment loss of ¥4.0 billion on distribution facilities reflecting changes in the business environment in Japan. Furthermore, MOEX offshore 2007 LLC, a wholly owned subsidiary of MOEX USA Corporation, which in turn is wholly owned by Mitsui Oil Exploration Co., Ltd., recorded an impairment loss on mineral rights related to the Mississippi Canyon 252 lease in the Gulf of Mexico for the year ended March 31, 2011.
- A loss of ¥88.6 billion for the settlement between Mitsui's subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico was recorded. Therefore, net loss attributable to noncontrolling interests increased by ¥19.5 billion at Mitsui Oil Exploration Co., Ltd. See the relevant description in "4. Risk Factors" for details.

(*1) Mitsui Marubeni Liquefied Gas Co., Ltd changed its name to ENEOS GLOBE Corporation due to the merger with the liquefied petroleum gas business of JX Nippon Oil & Energy Corporation on March 2011.

(*2) Mitsui & Co. Uranium Australia Pty. Ltd. has a 49% ownership interest in mineral rights of six uranium mines including Honeymoon uranium mine in South Australia through a joint venture with Uranium One Inc., a Canadian uranium producer. The joint venture has been developing Honeymoon mine mainly. The profitability of the project deteriorated due to the delay in the production compared to the original plan and an increase in the development cost as well as appreciation of the Australian dollar against the U.S. dollar. Under such circumstances, we evaluated a fair market value of mineral rights and mining equipment by using discount cash flow model based on its long term business plan revised in accordance with the assumptions that the most updated proved reserve of uranium will be produced in accordance with a production plan, and that such materials to be produced will be sold at spot prices or contract prices. As a result, a decline in the fair value was recognized and the difference between the fair value and the carrying value was recorded as an impairment loss.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for oil and gas, and Our Equity Production

- Short-Term Pricing and Supply-Demand Balance

A report by the International Energy Agency (published May 2011) indicated that world crude oil demand in 2010 calendar year was 87.9 million barrels per day, with an estimated demand for 2011 calendar year of 89.2 million barrels per day. As of June 2011, general observations on short-term supply-demand balance of crude oil by agencies and corporations in this industry suggest that:

- After hitting the bottom in April to June 2009, world crude oil demand is expected to continue to rise in 2011 against the backdrop of rising demand in developing countries. On the other hand, world crude oil supply is also expected to increase. Accordingly, the increase in demand and increase in supply offset each other, and it is predicted there will be no drastic change in the balance of supply and demand.
- The price of crude oil, which had fallen nearly as far as US$30 per barrel in February 2009 due to the influence of credit contraction and economic recession, turned upward on expectations of an economic recovery based on the penetration of economic stimulus and financial market stability measures by various governments and an influx of speculative funds, and in March 2010, it rose to the US$80 per barrel range. Thereafter, fears of defaults on debt by Southern European countries such as Greece surfaced, and the price of crude oil at one point fell below the US$70 per barrel mark as a result of capital fleeing away from risky assets. However, with the capital influx related to depreciation of the US dollar, in addition to the underlying support of increasing demand as a result of economic recovery, in

December 2010, the price of crude recovered to US$90 per barrel. Furthermore, crude prices soared higher due to the developing tense situation associated with democratic movements in the Middle East and Africa and exceeded US$100 per barrel in February 2011. Going into May 2011, crude oil prices went through a correction phase reflecting appreciation of the US dollar against the euro related to worsening financial problems in several Southern European countries, and the opinion that economic recovery will be delayed by the weakness of the US labor market. As of June 17, 2011, crude oil is trading in the range of US$92 per barrel.

- In addition to supply and demand factors, the aforementioned political situation in the Middle East and Africa as well and Southern European countries' credit concerns are factors that potentially contribute to the risk-aversive outflow of speculative capital and may influence the price of crude oil in the short term.
- In LNG movements, amid a rising trend in LNG demand in countries like Korea and Taiwan due to an Asian economic recovery as well as in developing countries, LNG demand increased as a result of the operational shutdown of nuclear power plants due to the Great East Japan Earthquake in March 2011, and the spot price of LNG to Asia rose some 40% from its pre-earthquake levels. Although the LNG prices are expected to remain higher, compared to those of European and North American natural gas, considering the electricity saving efforts and the sufficient supply capability primarily in Qatar, the price rise would be limited.

According to the U.S. Securities and Exchange Commission standards, our equity production amount of oil and gas for the year ended March 31, 2010 was 55 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil; includes 8 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion), and equity production for the year ended March 31, 2011 was 57 million barrels (includes 7 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion).

For the year ending March 31, 2012, a change of U.S.$1 per barrel in crude oil prices is estimated to have an effect of ¥1.5 billion on net income attributable to Mitsui & Co., Ltd. as a result of changes in revenues of our oil and gas related subsidiaries and associated companies. Similar to the discussion regarding iron and steel raw materials, actual results of operations are also influenced by production costs, trends in foreign exchange rates and other factors surrounding those subsidiaries and associated companies.

- Middle- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Production

The middle- and long-term trends in supply, demand and prices of crude oil are subject to far greater levels of uncertainty than recent trends, and it is therefore difficult for the management to make a definitive forecast. On the other hand, with respect to LNG and North American shale gas, we are focusing on the changes in market structure that are currently taking place, and acting accordingly as follows:

- In the past, the market growth has been driven primarily by long-term purchase contracts by power and gas companies operating in Japan and the Far East. Expansion of incumbent projects and greenfield projects coming on stream will increase the volume of supply to the market, while demand, traditionally centered around the Far East, is likely to increase by growing demand from Europe, while huge markets in China and India will emerge. Therefore, globalization in terms of both supply and demand is expected to continue. In addition, as the frequency of supply-demand adjustments in these markets increases, LNG is expected to become a more marketable commodity.
- The loose state of supply and demand is expected to continue until around 2015 due to expansion of incumbent projects and greenfield LNG projects coming on stream. Meanwhile, long-term purchase contracts for a portion of Japanese projects are subject to renewal around 2015, and a reshuffling of LNG suppliers is also expected. In evaluating the opportunities for the expansion of incumbent projects or pursuit of new development projects, we are putting an emphasis on securing stable supply as well as diversifying our source of supply to enhance flexibility.
- While shale gas, which is one unconventional gas that has been increasingly developed in the United States, is recognized to have vast global reserves, it is not expected to rapidly develop in areas outside the United States due to restrictions like the needs for a large supply of water for development and a pipeline near the gas fields for transport. Development of unconventional gas including shale gas will impact on supply and demand balance of natural gas in the United States, but such an impact will be

limited in other areas for some time, and amid rising demand for natural gas as clean energy, LNG is expected to grow along with natural gas from a mid- and long-term perspective.

- Henry Hub prices, which form the basis of natural gas prices in the United States, fell as a result of the development progress of unconventional gas. It is predicted that going forward natural gas will transition to a lower price on a caloric conversion basis compared to crude oil, but in the long term it is likely that demand for replacement of fuels, particularly coal, used in the production of electricity will emerge, and the price will gradually rise.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for coal, and Our Equity Production

- Short-Term Pricing and Supply-Demand Balance

As is the case with the iron ore business, coal (metallurgical coal) producing joint venture businesses in Australia in which we participate together with major foreign mineral resources companies conclude long term sales contracts with Japanese steel manufacturers and major clients in other countries. Previously, the sales price of metallurgical coal was re-negotiated every year. However, the diversification of formats to determine price, such as quarterly pricing mechanism, to year-long fixed prices, has progressed originating from a proposal by major suppliers of metallurgical coal in Australia, who wanted to increase transparency in deciding prices and compatibility with market prices, to each iron and steel manufacturer to move towards a format which re-negotiates prices each quarter. For the year ended March 31, 2010, the annual prices of coal declined sharply compared to the year ended March 31, 2009, reflecting reduced demand stemming from curtailment of production by steel manufacturers, especially in developed countries, owning to economic recession. Unit prices for coal from each mine in production vary according to respective grades and types, but generally, metallurgical coal prices declined approximately 60% from the year ended March 31, 2009. However, entering the year ended March 31, 2010, because China steeply increased its imports of metallurgical coal, the supply-demand balance of metallurgical coal was tight owning to increased demand for coal in the last half of the period. Moreover, record-setting heavy rain and cyclones in Queensland, Australia from January to March 2010 had a negative impact on operations and production facilities, and the crunch in the supply-demand balance increased. Reflecting these supply and demand conditions, price negotiations were settled with an increase in coal prices. Agreed prices for representative premium hard coking coal for the three month period ended June 30, 2010, which was reflected in our business results for the year ended March 31, 2011, increased by approximately 60% from US$128/MT for the year ended March 31, 2010. In December 2010, continuous heavy rain, and from the late December, successive cyclones occurred, causing historic flood damage to Queensland, Australia. A number of coal mines, especially open-pit mines, declared the situation force majeure. As a result, the supply-demand balance tightened, and prices for representative premium hard coking coal for the three month period ended June 30, 2011, which will be reflected in our business results for the year ending March 31, 2012, were reportedly settled with some of Japanese iron and steel manufacturers at US$330/MT.

Prices for representative thermal coal also decreased by 40% for the year ended March 31, 2010 compared to the year ended March 31, 2009, reflecting a decline in oil prices as well as decreased demand for electricity due to the economic slowdown. Entering the year ended March 31, 2010, spot prices of thermal coal picked up due to 1) recovery of world economy, 2) increases in volume imported by China and India and 3) effect of heavy snow in China and cold winter in Europe. Reflecting those factors, thermal coal prices increased by approximately 40% from US$71/MT for the year ended March 31, 2010. Going into the year ended March 31, 2011, as a result of the damage caused by heavy rain and cyclones in Queensland starting from December 2010, in addition to the influence of the railroad accident in South Africa, deluges in Columbia, and cyclones in Indonesia, the supply-demand balance tightened, and the spot price of thermal coal rose to nearly US$140/MT. Reflecting these market conditions, the annual contract price for thermal coal for the year ending March 31, 2012, was settled at US$130/MT.

Our annual equity coal shipment volume for our coal-related overseas subsidiaries and associated companies for the year ended March 31, 2011, was 8.5 million tons. We expect our annual equity coal shipment volume for the year ending March 31, 2012, to be approximately 9.0 million tons.
Generally, in currencies of natural resource producing countries, such as the Australian dollar, there is a high degree of correlation in trends toward currency movements in line with the market for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

- Middle- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Production

In order to respond to tightening supply-demand balance in mid- and long-term resulting from increased demand for metallurgical coal in line with economic growth of developing countries including China, Brazil, and India as well as rising demand of thermal coal for coal fired power plants, especially in India, major coal producers continue investing to increase production capacity. With respect to coal mining joint ventures with the Rio Tinto group, we approved the development of the new mining area owned by Kestrel Joint Venture in Queensland, Australia. This project will extend the operation period of Kestrel Joint Venture by developing the new mining area, as the existing mining areas are expected to be exhausted in 2014. We obtained the government's approvals in November 2008. The operation is expected to commence in 2012. The project estimates a maximum 6.5 million tons per annum coal production and a 20-year operation.

However, as there are too many uncertainties, including demand from China and other emerging countries, it is difficult for our management to state definitive mid- and long-term forecasts. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

Foods & Retail Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 579.8	¥ 540.7	¥ 39.1
Gross Profit	76.5	83.6	(7.1)
Operating Income	11.1	20.4	(9.3)
Equity in Earnings of Associated Companies - Net	1.3	7.8	(6.5)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	2.7	(0.8)	3.5

Revenues for the year ended March 31, 2011 were ¥579.8 billion, an increase of ¥39.1 billion from ¥540.7 billion for the corresponding previous year due to an increase in sales volume of grain.

Gross profit for the year ended March 31, 2011 was ¥76.5 billion, a decline of ¥7.1 billion from ¥83.6 billion for the corresponding previous year.

- In the food resources and materials area, this segment recorded mark-to-market valuation losses on commodity derivative contracts (*1) due to an increase in commodity prices and a decline in gross profit in trading businesses of feed raw materials such as maize.
- Mitsui Foods Co., Ltd. (Japan) recorded an increase in gross profit due to an increase in sales volume and the contribution from newly acquired subsidiary, Umezawa Co., Ltd., a food and beverage wholesaler.
- MCM Foods Co., Ltd. (United Kingdom), a vendor of canned food products and groceries in the European market, recorded a decline in gross profit reflecting the poor performance of the canned food products business.

Operating income for the year ended March 31, 2011 was ¥11.1 billion, a decline of ¥9.3 billion from ¥20.4 billion for the corresponding previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥1.3 billion, a decline of ¥6.5 billion from ¥7.8 billion for the corresponding previous year.

- Multigrain AG, which engages in the agricultural production and grain distribution business in Brazil, recorded ¥4.1 billion in losses, a decline of ¥3.4 billion from the corresponding previous year. Its grain distribution business recorded a loss mainly reflecting additional expenses and a decline in trading volume due to a shortage of transportation capacity in Brazil. It also recorded a loss in regards to the divestiture of its flour milling business. Its agricultural production business recorded a decline in earnings mainly due to mark-to-market valuation losses on commodity derivative contracts reflecting an increase in soybean prices, as well as a decline in the harvest of soybeans and cotton.

- This segment recorded an impairment loss on listed securities in Mikuni Coca-Cola Bottling Co., Ltd. (Japan) for the year ended March 31, 2011, reflecting a decline in share price (*2).

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥2.7 billion, an improvement of ¥3.5 billion from a net loss of ¥0.8 billion for the corresponding previous year. In addition to the above mentioned factors, this segment recorded a ¥15.1 billion impairment loss on its holdings in Seven & i Holdings Co., Ltd., reflecting a decline in share price, for the corresponding previous year.

(*1) Besides mark-to-market valuation losses on derivative contracts, Mitsui maintained inventories that involved unrealized holding gains.

(*2) Mitsui records an impairment loss on a marketable security of an associated company if a decline in the value of the security is other-than-temporary. For example, a market decline for a period of nine or more consecutive months leads to the conclusion that the security has an other-than-temporary decline. This impairment loss was recognized since the fair value decline was observed for more than nine consecutive months.

Consumer Service & IT Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 146.3	¥ 162.6	¥ (16.3)
Gross Profit	45.4	52.0	(6.6)
Operating Loss	(11.2)	(8.8)	(2.4)
Equity in Earnings (Losses) of Associated Companies - Net	7.9	(6.2)	14.1
Net Income (Loss) attributable to Mitsui & Co., Ltd.	3.7	(9.8)	13.5

Revenues for the year ended March 31, 2011 were ¥146.3 billion, a decline of ¥16.3 billion from ¥162.6 billion for the corresponding previous year.

- The IT Business Unit reported a decline of ¥5.4 billion in revenues. While the electronics business and liquid crystal display-related business showed solid performance attributable to resilient demand mainly in China, the media business and the IT service business recorded declines in gross profit reflecting the economic downturn in Japan. This unit also recorded a decline in revenues due to the divestiture of several businesses.
- The Consumer Service Business Unit reported a decline of ¥10.9 billion in revenues mainly due to declines in the real estate business and the divestiture of several businesses.

Gross profit for the year ended March 31, 2011 was ¥45.4 billion, a decline of ¥6.6 billion from ¥52.0 billion for the corresponding previous year.

- The IT Business Unit reported a decline of ¥3.6 billion in gross profit reflecting the decline in revenues.
- The Consumer Service Business Unit reported a decline of ¥3.0 billion in gross profit mainly due to declines in the real estate business and the fashion business amid dampened consumer spending in Japan. This unit also recorded a loss on write downs on inventories in the domestic residential home business further to the write down recorded for the corresponding previous year.

Operating loss for the year ended March 31, 2011 was ¥11.2 billion, a deterioration of ¥2.4 billion from the operating loss of ¥8.8 billion for the corresponding previous year. The decline in selling, general and administrative expenses partially offset the decline in gross profit.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥7.9 billion, an improvement of ¥14.1 billion from ¥6.2 billion in losses for the corresponding previous year. This segment recorded an impairment loss on investment in the Nibancho Center Building Project, a real estate business, for the year ended March 31, 2011, while it recorded ¥7.9 billion and ¥7.3 billion impairment losses on listed securities in Nihon Unisys, Ltd. and Moshi Moshi Hotline, Inc. respectively, reflecting the decline in share price, for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥3.7 billion, an improvement of ¥13.5 billion from a net loss of ¥9.8 billion for the corresponding previous year. Other than the above mentioned factors, this segment reported a loss allowance for the office development business in Japan in "other expenses-net."

Logistics & Financial Markets Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 67.2	¥ 62.8	¥ 4.4
Gross Profit	29.5	31.3	(1.8)
Operating Income	0.3	1.5	(1.2)
Equity in Earnings of Associated Companies - Net	7.0	5.1	1.9
Net Loss attributable to Mitsui & Co., Ltd.	(0.7)	(0.8)	0.1

Revenues for the year ended March 31, 2011 were ¥67.2 billion, an increase of ¥4.4 billion from ¥62.8 billion for the corresponding previous year.

- The Financial Markets Business Unit reported an increase of ¥6.2 billion in revenues due to an acquisition of a company which engages in manufacturing and sales of electric water heaters for business use. Profits corresponding to foreign exchange losses of ¥8.9 billion and of ¥6.9 billion related to the commodity trading business posted in other expenses-net were included in revenues for the year ended March 31, 2011 and for the corresponding previous year, respectively.
- Due to the reversal effect of gain on sales of a leased office building in the corresponding previous year, the Transportation Logistics Business Unit recorded a decline of ¥1.8 billion in revenues, although a moderate recovery of the global economy contributed to an increase in sales volume.

Gross profit for the year ended March 31, 2011 was ¥29.5 billion, a decline of ¥1.8 billion from ¥31.3 billion for the corresponding previous year.

- Due to economic growth in emerging economies mainly in Asia, commodity prices continue their solid performance. However, volatility abated from last summer, and commodity derivatives trading, mainly option trading, by the Financial Markets Business Unit continued to face a tough environment, after active trading in spring with price fluctuation due to fiscal problems in Europe.
- The Transportation Logistics Business Unit recorded a decline in gross profit reflecting the decline in revenues.

Operating income for the year ended March 31, 2011 was ¥0.3 billion, a decline of ¥1.2 billion from ¥1.5 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥7.0 billion, an increase of ¥1.9 billion from ¥5.1 billion for the corresponding previous year. JA Mitsui Leasing, Ltd. (Japan) reported an increase of ¥2.5 billion in earnings due to lower Japanese yen interest rates and a decline in provisions for doubtful receivables.

Net loss attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥0.7 billion, an improvement of ¥0.1 billion from a net loss of ¥0.8 billion for the corresponding previous year. Besides the above-mentioned factors, foreign exchange losses of ¥8.9 billion and of ¥6.9 billion related to the commodity trading business were posted in other expense-net for the year ended March 31, 2011 and for the corresponding previous year, respectively.

Americas Segment

	Billions of Yen					
	Years Ended March 31,					
	2011		2010		Change	
Revenues	¥	396.8	¥	463.6	¥	(66.8)
Gross Profit		76.4		78.4		(2.0)
Operating Income		22.6		12.4		10.2
Equity in Earnings of Associated Companies - Net		6.6		3.4		3.2
Net Income (Loss) attributable to Mitsui & Co., Ltd.		15.9		(9.6)		25.5

Revenues for the year ended March 31, 2011 were ¥396.8 billion, a decline of ¥66.8 billion from ¥463.6 billion for the corresponding previous year. Major factors are as follows:

- Revenues declined by ¥116.5 billion due to the deconsolidation of Steel Technologies Inc. as a result of a transaction in which Mitsui & Co., (U.S.A.), Inc. contributed Steel Technologies Inc. to a newly established holding company, NuMit LLC (United States), a 50% interest of which was subsequently sold to Nucor Corporation, a major electronic furnace steel maker in the United States.
- Champions Pipe & Supply, Inc. (United States) increased revenues by ¥19.3 billion due to increases in volume and prices resulting from robust demand for tubular products for active shale gas developments.
- Mitsui & Co. (U.S.A.), Inc. reported an increase of ¥12.2 billion mainly due to increases in volume and prices of chemical business.

Gross profit for the year ended March 31, 2011 was ¥76.4 billion, a decline of ¥2.0 billion from ¥78.4 billion for the corresponding previous year.

- Champions Pipe & Supply, Inc. (United States) reported an increase of ¥8.3 billion in gross profit reflecting the increase in revenues.
- Novus International, Inc. (United States) recorded a decline of ¥4.0 billion in gross profit, despite an increase in sales volume of feed additive, due to a decline in its gross margin rate, reflecting an increase in supply from competitors that have recovered from operational troubles, and appreciation of the Japanese yen.
- MBK Real Estate LLC. (United States) recorded a decline in gross profit due to a valuation loss on inventory under the uncertain circumstances, such as the high unemployment rate, inflow of houses for foreclosure sale in the market and tighter lending conditions for homebuyers. This decline comes despite an increase in home sales volume, thanks to the strong results in the three-month period ended June 30, 2010, resulting from consumers' strong incentive to buy houses before the expiration of the federal tax credit for first homebuyers in June 2010.
- Gross profit declined by ¥4.9 billion due to the deconsolidation of Steel Technologies Inc.

Operating income for the year ended March 31, 2011 was ¥22.6 billion, an increase of ¥10.2 billion from ¥12.4 billion for the corresponding previous year. Selling, general and administrative expenses declined by ¥5.1 billion due to the aforementioned deconsolidation of Steel Technologies, Inc. Due to winding-up of AFC HoldCo, LLC, an automotive retail finance subsidiary, provision for doubtful receivables also declined by ¥3.4 billion.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥6.6 billion, an increase of ¥3.2 billion from ¥3.4 billion for the corresponding previous year. Earnings at United Harvest, LLC (United States) increased reflecting its strong wheat export business from the United States. In addition, the aforementioned deconsolidation of Steel Technologies, Inc. also contributed to the increase.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥15.9 billion, an increase of ¥25.5 billion from a net loss of ¥9.6 billion for the corresponding previous year. In addition to the above factors, there are the following factors.

- There was a reversal effect of a ¥6.8 billion impairment loss including losses recorded at AFC HoldCo, LLC and SunWize Technologies, Inc., a distributor of photovoltaic systems, amounting to ¥3.1 billion and ¥2.9 billion, respectively, for the corresponding previous year.
- Losses attributable to this segment's interest in Westport Petroleum, Inc. declined ¥3.7 billion due to the recovery of demand for fuel oil and the market for Asia.

Europe, the Middle East & Africa Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 141.9	¥ 103.1	¥ 38.8
Gross Profit	20.0	16.7	3.3
Operating Income (Loss)	2.2	(4.0)	6.2
Equity in Earnings of Associated Companies - Net	0.0	1.2	(1.2)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	0.6	(3.8)	4.4

Revenues for the year ended March 31, 2011 were ¥141.9 billion, an increase of ¥38. 8 billion from ¥103.1 billion for the corresponding previous year reflecting steady demand in the chemical products and steel products businesses.

Gross profit for the year ended March 31, 2011 was ¥20.0 billion, an increase of ¥3.3 billion from ¥16.7 billion for the corresponding previous year, resulting from solid performance of the chemical products and steel products businesses as well as a gain on sale of real estate held for resale.

Operating income for the year ended March 31, 2011 was ¥2.2 billion, an increase of ¥6.2 billion from the operating loss of ¥4.0 billion for the corresponding previous year, reflecting the increase in gross profit and a decline in provision for doubtful receivables and selling, general and administration expenses.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥0.0 billion, a decline of ¥1.2 billion from ¥1.2 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥0.6 billion, an improvement of ¥4.4 billion from a net loss of ¥3.8 billion for the corresponding previous year. In addition to the above mentioned factors, the segment's minority interest in Mitsui Rail Capital Europe B.V. posted impairment losses on intangible assets and goodwill for the corresponding previous year.

Asia Pacific Segment

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 141.9	¥ 91.2	¥ 50.7
Gross Profit	31.3	27.9	3.4
Operating Income	5.4	2.9	2.5
Equity in Earnings of Associated Companies - Net	4.0	3.8	0.2
Net Income attributable to Mitsui & Co., Ltd.	54.3	25.7	28.6

Revenues for the year ended March 31, 2011 were ¥141.9 billion, an increase of ¥50.7 billion from ¥91.2 billion for the corresponding previous year reflecting steady demand in the chemical products and steel products businesses.

Gross profit for the year ended March 31, 2011 was ¥31.3 billion, an increase of ¥3.4 billion from ¥27.9 billion for the corresponding previous year. Markets for chemicals, iron and steel products gradually recovered in the year ended March 31, 2011.

Operating income for the year ended March 31, 2011 was ¥5.4 billion, an increase of ¥2.5 billion from ¥2.9 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2011 was ¥4.0 billion, an increase of ¥0.2 billion from ¥3.8 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥54.3 billion, an increase of ¥28.6 billion from ¥25.7 billion for the corresponding previous year. The main cause of the increase in net income was attributable to an increase in earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd. In addition to the above mentioned factors, Mitsui & Co. (Hong Kong) Ltd. reported a gain of ¥9.1 billion on divestiture of unlisted securities in the year ended March 31, 2011.

All Other

	Billions of Yen		
	Years Ended March 31,		
	2011	2010	Change
Revenues	¥ 2.1	¥ 2.7	¥ (0.6)
Gross Profit	0.9	0.5	0.4
Operating Loss	(5.2)	(4.5)	(0.7)
Equity in Earnings of Associated Companies - Net	—	—	—
Net Income attributable to Mitsui & Co., Ltd.	3.6	1.5	2.1

The activities of this segment primarily include financing services, office services and other services to external customers, and/or to us, and associated companies.

Revenues for the year ended March 31, 2011 were ¥2.7 billion, a decline of ¥0.6 billion from ¥2.7 billion for the year ended March 31, 2010.

Gross profit for the year ended March 31, 2011 was ¥0.9 billion, an increase of ¥0.4 billion from ¥0.5 billion for the year ended March 31, 2010.

Operating loss for the year ended March 31, 2011 was ¥5.2 billion, a deterioration of ¥0.7 billion from a ¥4.5 billion loss for the year ended March 31, 2010.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2011 was ¥3.6 billion, an increase of ¥2.1 billion from ¥1.5 billion for the year ended March 31, 2010

(4) Liquidity and Capital Resources

Use of Non-U.S. GAAP Financial Measures

Net Debt-to-Equity Ratio

We refer to "Net Debt-to-Equity Ratio" ("Net DER") in this "Liquidity and Capital Resources" and elsewhere in this report. Net DER is comprised of "net interest bearing debt" divided by shareholders' equity.

We define "Net Debt-to-Equity Ratio" as follows and the table below shows the calculated amounts:

- calculate interest bearing debt by adding up short-term debt and long-term debt
- calculate net interest bearing debt by subtracting cash and cash equivalents and time deposits from interest bearing debt

Our management considers that Net DER is a useful measure for investors to review the balance between interest bearing debt and shareholders' equity for the purpose of improving our capacity to meet debt repayment and leverage to improve return on equity in our capital structure.

"Net interest bearing debt" and "Net DER" are presented in the table below.

	Year ended March 31, 2011	Year ended March 31, 2010
	(Billions of Yen)	(Billions of Yen)
Short-term debt	250.1	241.4
Long-term debt	3,127.4	3,230.3
Interest bearing debt	3,377.5	3,471.7
Less cash and cash equivalents and time deposits	(1,443.6)	(1,416.0)
Net interest bearing debt	1,933.9	2,055.7
Shareholders' equity	2,366.2	2,230.1
Net DER (times)	0.82	0.92

The most directly comparable financial measures calculated in accordance with U.S. GAAP is considered to be "Debt-to-Equity Ratio" ("DER"). This measure shows ratio of gross interest bearing debt to shareholders' equity and it does not take account of changes in cash position.

	Year ended March. 31, 2011	Year ended March. 31, 2010
DER (times)	1.43	1.56

Free Cash Flow

We define "free cash flow" as the sum of net cash provided by/(used in) operating activities and net cash provided by/(used in) investing activities. Our management believes that such indicator is useful for investors to measure available net cash for investment in strategic opportunities and/or for debt repayment, or the extent of reliance on borrowing from outside sources to procure funds.

The following table shows how we calculated free cash flow.

	Year ended March. 31, 2011 (Billions of Yen)	Year ended March. 31, 2010 (Billions of Yen)	Increase/(Decrease) (Billions of Yen)
Net cash provided by operating activities	504.5	632.4	(127.9)
Net cash used investing activities	(484.0)	(180.1)	(303.9)
Free cash flow	20.5	452.3	(431.8)

1) Funding and Treasury Policies and Objectives

Our management believes our basic funding policy is to secure liquidity required for our smooth operations and to maintain the strength and soundness of our balance sheet. In order to achieve our objectives, our principal strategy is to obtain long-term funds (those with maturities of around 10 years) from financial institutions, including life-insurance companies and banks, and through the issuance of corporate bonds. At the same time, we minimize our refinance risk by deconcentrating the amount of long-term debt to be repaid each fiscal year. In the case where large amounts of financing are required for various projects, we utilize financing programs provided by government financing agencies and/or project financing to obtain long-term financing. Another strategy is to hold sufficient cash and cash equivalents in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effects of a deteriorated financial market on future debt-service requirements. While there is no particular target amount of cash and cash equivalents to be held, considering the current financial market conditions, cash and cash equivalents consist mainly of highly-liquid and highly-rated short-term financial instruments and deposits.

In principle, a domestic financing subsidiary provides a cash management service to wholly-owned domestic subsidiaries, which results in the centralization of funding sources, efficient use of excess funds and securement of liquidity for domestic subsidiaries.

The same policy and practices have been extended to wholly-owned overseas subsidiaries through our regional financing subsidiaries, which, in principle, centralizes the fund raising function and fund operation function. As a result, approximately 87% of total interest bearing debt as of March 31, 2011 was raised by Mitsui and the above-mentioned financing subsidiaries.

2) Funding Sources

In accordance with our basic funding policy above, we choose funding sources from various forms of direct and in-direct financing in order to secure long and stable sources of funds, and procure financing by suitable means considering the financial condition at that point of time.

We procure funds based on our longstanding and wide-ranging relations with financial institutions in Japan and overseas, and principally obtain long-term funds. In addition, we borrow from government financing agencies such as Japan Bank for International Cooperation, and also utilize project financing.

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥300 billion debt shelf-registration and a ¥2,400 billion commercial paper program in Japan, and utilizes suitable one among these facilities depending on the financial situation. Furthermore, Mitsui & Co. (U.S.A.), Inc., Mitsui & Co. Financial Services (Europe) B.V., Mitsui & Co. Financial Services (Asia) Ltd. and Mitsui & Co., Ltd. have arranged a joint Euro medium-term note (“MTN”) program of U.S.$5 billion. Mitsui guarantees notes issued by consolidated overseas subsidiaries. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a U.S. $1.5 billion U.S. domestic commercial paper program, and there are similar commercial paper programs in some other overseas markets and these programs are utilized where appropriate.

It does not appear that the current domestic and overseas capital markets are in difficult condition to issue corporate bonds, Euro medium-term notes or commercial paper in the amounts and time periods necessary for Mitsui. In addition, Mitsui mainly carries out long-term and stable fund procurement, we do not rely on fund procurement means such as commercial paper or short-term loans.

Certain overseas subsidiaries set lines of credit by paying commitment fees to the financial institutions, which were not material in the previous fiscal year and in the current fiscal year. For unused lines of credit financing outside of Japan, including these lines of credit with fees, see Note 13, “SHORT-TERM AND LONG-TERM DEBT.”

Short-term and long-term debt as of March 31, 2011 was mainly denominated in Japanese yen and the rest was primarily denominated in U.S. dollars. Considering the type of interest and currency of our assets, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert interest or currency of our liabilities. We enter into interest rate swaps to convert fixed interest rate into floating interest rate (or vice versa) and currency swaps or foreign currency exchange forward contracts to convert funds in Japanese yen into U.S. dollars (or funds in foreign currency into Japanese yen). The proportion of interest bearing debt with floating interest rate after taking into account interest rate swaps is consistent with the prior years' ratio, and management believes that this level is consistent with the condition of our current balance sheet. See "(6) Others, 4) Quantitative and Qualitative Information Regarding Market Risk" and Note 24, "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES," for further description of our derivative financial instruments. Additionally, regarding interest expense associated with future borrowings and interest rate swaps, see "(6) Others, 2) Tabular Disclosure of Contractual Obligations."

Credit Ratings

To facilitate smooth funds raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. ("R&I"), Moody's Japan K.K. ("Moody's") and Standard & Poor's Ratings Japan K.K. ("S&P"). The ratings as of March 31, 2011 were as follows:

	R&I	Moody's	S&P
Short-term rating	a-1+	P-1	A-1(**)
(Long-term) Issuer rating	AA-	—	A+
Long-term Issue rating	AA-	A2(*)	—
Medium-term note rating	AA-	A2	—

(*) The terminology used at Moody's is "Long-Term Obligation Ratings (senior unsecured)."
(**) The terminology used at S&P is "Short-Term Issuer Credit Ratings."

Taking into account a settlement that was effected between subsidiaries of Mitsui and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico in May 2011, S&P upgraded Mitsui's credit rating from "Negative" to "Stable." Mitsui intends to maintain sound financial foundations and will strive for the maintenance and improvement of its credit rating.

Credit ratings are an assessment by the rating agencies of the credit risks associated with us and are based on information provided by us and other sources that the rating agencies consider reliable. Credit ratings do not constitute a recommendation to buy, sell or hold securities and are subject to change or withdrawal by each of the rating agencies at any time. The rating agencies have different criteria in evaluating the risk associated with a company.

3) Liquidity Management

Cash and cash equivalents were ¥1,441.1 billion as of March 31, 2011, an increase of ¥39.7 billion from March 31, 2010. The majority of cash and cash equivalents are principally denominated in Japanese yen. This increase is primarily attributable to a surplus in free cash flow. As a result, management believes that cash and cash equivalents as of March 31, 2011 satisfy the liquidity requirements for the repayment of short-term debt (¥250.1 billion) and current maturities of long-term debt (¥308.9 billion). At this stage management also believes that this ample liquidity will not be effected if there are no dividends from foreign subsidiaries and foreign corporate joint ventures whose undistributed earnings have been considered to be indefinitely reinvested into themselves.

Although there have been occurrences of delays and cancellations of new issuances in the domestic corporate bond market as a result of the impact of the Great East Japan Earthquake of March 2011, there are currently no signs at all of any effects on our procurement of funds or our ability to ensure adequate liquidity. This is because we ensured that we have abundant liquidity on hand and have developed a cash management system for our consolidated subsidiaries. Even so, it is undeniable that there are factors clouding the prospects for liquidity, such as the impact of the accident at the Fukushima nuclear power plant. Thus, the credit market situation is still required to be monitored closely.

Under such circumstances, we steadily procured necessary funds in accordance with our basic funding policy by utilizing the long-term good relationship with financial institutions and various measures implemented by public financial institutions. The primary source in direct finance is issuance of domestic straight corporate bonds, while the primary source in the indirect finance are borrowings from domestic financial institutions such as banks and life insurance companies. As of March 31, 2011, the proportion of long-term debt to total interest bearing debt on the consolidated basis is 92.6%, at roughly the same level as the ratio at the end of the previous fiscal year (93%).

For the details of the long-term debt, interest rate structure and the maturity profile of our outstanding debt as of March 31, 2011, see Note 13, “SHORT-TERM AND LONG-TERM DEBT.”

Shareholders’ equity as of March 31, 2011 was ¥2,366.2 billion, an increase of ¥136.1 billion from March 31, 2010. On the other hand, net interest bearing debt was ¥1,933.9 billion, a decrease of ¥121.8 billion, and as a result, the net debt-to-equity ratio has fallen to 0.82 times from 0.92 times as of March 31, 2010.

The ratio of current assets to current liabilities as of March 31, 2011 was 169.8%, compared to 179.0% as of March 31, 2010.

Judging by the numbers above, we believe that our balance sheet has been financially strengthened since the last fiscal year end, and at this stage we are not aware of any significant financial difficulties that would affect our operations in accordance with our business plan to March 2012.

As of March 31, 2011, we had given guarantees in relation to obligations of various third parties and associated companies. These guarantees are not expected to have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 21, “CONTINGENT LIABILITIES.”

With the exception of non-recourse financing for individual projects it is our policy not to conclude agreements for important financial transactions with financial institutions that contain additional debt restriction clauses that may cause acceleration of our obligations, including debt incurrence restrictions, negative pledges, restrictions on dividend payments and various financial ratio limits, and there are no material financial covenants in the agreements undertaken.

Assuming that our consolidated subsidiaries and associated companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material contractual or legal restrictions on the ability of our consolidated subsidiaries and associated companies to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥5.3 billion to our defined-benefit pension plans for the year ending March 31, 2012. This cash requirement will be managed under our funding status mentioned above.

4) Investment Plans and Financial Policies of the Medium-Term Management Plan

During the Medium-Term Management Plan announced in May 2010, we planned a total sum of ¥1,200 billion in capital expenditures for investments and loans, and ¥300 billion to recycle assets. Of these amounts, ¥700 billion was planned to be invested in the year ended March 31, 2011, which was the first fiscal year of the Plan, and ¥160 billion was planned for assets recycle (*1).

As progress was generally made as planned throughout the year ended March 31, 2011, outlays for investments and loans totaled approximately ¥690 billion, while approximately ¥190 billion was collected through the divestiture of assets and investments (*2).

As a result, net cash used in investing activities for the year ended March 31, 2011 was ¥484.0 billion. On the other hand, net cash provided by operating activities was ¥504.5 billion, comprised of operating income and dividends received. Accordingly free cash flow for the year ended March 31, 2011 represented in a net inflow of ¥20.5 billion. See “6) Cash Flows”, for further description of cash flows for the year ended March 31, 2011.

During the year ending March 2012, we plan a total of ¥700 billion of expenditures for investments and loans. Above mentioned Medium-Term Management Plan had a provisional budget of ¥1,200 billion over the two years until the year ending March 31, 2012.

We continue to see many good investment opportunities that are potentially good fit with our portfolio and play to our strength, particularly in capturing the opportunities in the growth regions. After applying our selective process to the potential projects that are in the pipeline and are currently being studied, we have made a judgment to increase the investment budget to the ¥700 billion level, by adding ¥200 billion to the budget.

The ¥700 billion investment plan consists of investments in the Mineral Resources & Energy area for ¥260 billion mainly to invest into expansion projects and on-going projects, in the Infrastructure area for ¥130 billion, in the Global Marketing Networks area for ¥110 billion and in the Lifestyle Business area for ¥200 billion, which includes the projects that were announced in April 2011, namely the investment in Integrated Healthcare Holdings Sdn. Bhd, the acquisition of the pharmaceutical contract manufacturing business of Mercian Corporation and the additional investment in Multigrain AG. The additional investment in Multigrain AG, which was announced in May 2011, resulted in Multigrain AG becoming a wholly owned subsidiary.

Concurrently we expect to implement divestiture projects amounting to ¥120 billion.

Based on this expectation, net cash to be used in investing activities is expected to be ¥580 billion, and the free cash flow for the single fiscal year is forecasted to be negative, even if the impact of the settlement effected between subsidiaries of Mitsui and certain BP p.l.c. subsidiaries on May 20, 2011 is excluded. While cash flows from operating activities are expected to continue to be positive. The negative free cash flow, which is led by strong demand for investments, is in line with the original premise of the Medium-Term Management Plan, and we will continue to work on our initiatives to entrench a positive free cash flow.

In accordance with the investments and loans plan mentioned above, it is expected that net interest bearing debt will increase, mainly due to a decline in cash and cash equivalents. On the other hand, as a result of an increase in net income, net debt-to-equity ratio ("Net DER") as of March 31, 2012 is expected to improve slightly from the net DER of 0.82 times as of March 31, 2011.

For the details of the Medium-Term Management Plan, see "3. Management Issues" and for the details of refinancing, see "1) Funding and Treasury Policies and Objectives" and "2) Funding Sources". Many of the projects in the investment plan involve bidding. The outcome of bidding will have an effect on our actual cash flows and financial condition for the year ending March 31, 2012.

(*1) Mitsui defines investment plan with the combined total of investing cash flows of operating segments other than All Other Segment and Adjustments and Eliminations. Financial services from and to us referred to in "1) Funding and Treasury Policies and Objectives" and "3) Liquidity Management" above are provided by the All Other Segment. Acquisitions of and proceeds from sales of available-for-sale securities recorded in cash flow by investing activities are mostly conducted by the All Other Segment for the purpose of fund management.
(*2) As for details according to operating segments, see "6) Cash Flows, Cash Flows from Investing Activities" for the breakdown by operating segment.

5) Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2011 were ¥8,598.1 billion, an increase of ¥229.1 billion from ¥8,369.0 billion as of March 31, 2010.

Total current assets as of March 31, 2011 were ¥4,317.6 billion, an increase of ¥56.5 billion from ¥4,261.1 billion as of March 31, 2010.

Trade receivables and inventories increased by ¥48.4 billion in total, including increases in trade receivables due to the recovery in prices and markets, as well as declines in inventories due to the reclassification of some subsidiaries to associated companies. The increase in trade receivables and increase of ¥39.7 billion in cash and cash equivalents were partly offset by a decline of ¥31.6 billion in other current assets.

Total current liabilities as of March 31, 2011 increased by ¥162.1 billion to ¥2,542.9 billion from ¥2,380.8 billion as of March 31, 2010. The increase in total current liabilities is attributable to an increase of ¥77.8 billion in other current liabilities reflecting the allowance for the settlement of the oil spill incident in the Gulf of Mexico as well as an increase of ¥36.4 billion in trade payables.

As a result, working capital, or current assets less current liabilities, as of March 31, 2011 totaled ¥1,774.7 billion, a decline of ¥105.6 billion from ¥1,880.3 billion as of March 31, 2010.

The sum of “total investments and non-current receivables,” “net property and equipment,” “intangible assets, less accumulated amortization,” “deferred tax assets-non-current,” and “other assets” as of March 31, 2011 totaled ¥4,280.5 billion, an increase of ¥172.6 billion from ¥4,107.9 billion as of March 31, 2010, mainly due to the following factors:

Total of investments and non-current receivables as of March 31, 2011 was ¥3,135.4 billion, an increase of ¥137.6 billion from ¥2,997.8 billion as of March 31, 2010. Within this category, investments in and advances to associated companies as of March 31, 2011 was ¥1,600.8 billion, an increase of ¥197.7 billion from ¥1,403.1 billion as of March 31, 2010.

- A ¥28.9 billion increase in investment in TPV Technology Limited due to its reclassification to associated company as a result of an additional investment in 10.18% of shares for ¥14.6 billion in the Consumer Service & IT Segment.

- Due to the reclassification from subsidiary to associated company as a result of sale of some interests or merger with a third party, increases were posted of ¥19.8 billion for NuMit LLC in which Mitsui & Co., (U.S.A.), Inc. contributed shares of Steel Technologies Inc. in the Americas Segment and of ¥17.3 billion for Mitsui Marubeni Liquefied Gas Co., Ltd. in the Energy Segment. (*)

- Expenditures of cash included following: (Operating Segment are shown in parentheses)

  - A 25% investment in the project company for the Miski Mayo Phosphorus Ore Development Project in Peru for ¥23.3 billion (Chemical);
  - A ¥22.5 billion investment in MT Falcon Holdings Company, S.A.P.I. de C.V. (Machinery & Infrastructure Projects);
  - A 25% investment in the project company for the Caserones Copper Mining Project in Chile for ¥19.2 billion (Mineral & Metal Resources);
  - A ¥10.6 billion investment in the newly formed joint venture with Hyflux for water business in China (Machinery & Infrastructure Projects);
  - An investment in the newly formed joint venture with The Dow Chemical Company for producing chlor-alkali in United States for ¥9.9 billion (Chemical);
  - A ¥8.9 billion additional investment in IPM Eagle LLP (Machinery & Infrastructure Projects); and
  - A ¥8.6 billion loan to the project company for the ultra-deepwater drilling service for Petrobras (Machinery & Infrastructure Projects).

- Meanwhile, an investment in IPM (UK) Power Holdings Limited declined by ¥6.7 billion due to capital redemption in the Machinery & Infrastructure Projects Segment.

- Factors that do not involve cash flows include a decline of ¥48.7 billion resulting from a foreign currency exchange translation adjustment of foreign investments due to the appreciation of the Japanese yen vis-à-vis the U.S. dollar and the Brazilian real as well as net increases in equity earnings of ¥92.4 billion (net of ¥149.7 billion in dividends received from associated companies).

(*) Mitsui Marubeni Liquefied Gas Go., Ltd. changed its name to ENEOS GLOBE Corporation due to the merger with the LPG business of JX Nippon Oil & Energy Corporation in March 2011.

The following table shows the details of investments in and advances to associated companies as of March 31, 2011 and 2010 by operating segment.

	Billions of Yen		
	As of March 31,		
	2011	2010	Change
Iron & Steel Products	¥ 25.3	¥ 24.7	¥ 0.6
Mineral & Metal Resources	531.0	453.3	77.7
Machinery & Infrastructure Projects	355.4	339.5	15.9
Chemical	63.4	28.3	35.1
Energy	131.9	147.7	(15.8)
Foods & Retail	81.0	90.4	(9.4)
Consumer Service & IT	138.9	101.6	37.3
Logistics & Financial Markets	71.9	60.8	11.1
Americas	40.5	18.4	22.1
Europe, the Middle East and Africa	3.4	6.7	(3.3)
Asia Pacific	117.3	102.4	14.9
Total	**1,560.0**	**1,373.8**	**186.2**
All Other	1.2	0.3	0.9
Adjustments and Eliminations	39.6	29.0	10.6
Consolidated Total	**1,600.8**	**1,403.1**	**197.7**

Other investments as of March 31, 2011 were ¥859.8 billion, a decline of ¥106.1 billion from ¥965.9 billion as of March 31, 2010, mainly due to the following:

- A ¥41.3 billion net decline in unrealized holding gains on available-for-sale securities, such as those of INPEX Corporation, reflecting a slide in stock markets;

- A decline of ¥16.3 billion due to the recognition of impairment in investments.

- A ¥30.1 billion decline in investment in Sakhalin Energy Investment Company Ltd. due to capital redemption (in addition, a ¥14.4 billion decline due to a foreign currency exchange translation loss) in the Energy Segment; and

- An increase in investments such as following:
  - ¥8.1 billion for QIWI Limited, a settlement service business company in Russia (Consumer Service & IT);
  - ¥7.9 billion for Formosa Epitaxy Incorporation, a LED chip manufacturer in Taiwan (Consumer Service & IT); and
  - ¥7.8 billion additional investment in MODEC Inc. (Machinery & Infrastructure Projects)

Property leased to others as of March 31, 2011 was ¥259.7 billion, an increase of ¥35.7 billion from ¥224.0 billion as of March 31, 2010, reflecting the acquisition of joint ownership of Ohtemachi PAL Building for ¥37.2 billion.

Net property and equipment as of March 31, 2011 totaled ¥1,030.7 billion, an increase of ¥52.1 billion from ¥978.6 billion as of March 31, 2010. Major components were as follows:

- A ¥59.2 billion increase (including a foreign currency exchange translation loss of ¥1.3 billion) for participation in shale gas project in the United States (Energy);

- An increase of ¥32.2 billion (including a foreign currency exchange translation gain of ¥3.4 billion) at iron ore mining projects in Australia (Mineral & Metal Resources);

- An increase of ¥14.0 billion (including a foreign currency exchange translation loss of ¥12.1 billion) at oil and gas projects other than shale gas project (Energy);

- A ¥18.2 billion decline due to the reclassification of Steel Technologies Inc. from subsidiary to associated company (Americas); and

- A ¥16.2 billion decline due to the reclassification of Mitsui Marubeni Liquefied Gas Co., Ltd. from subsidiary to associated company (Energy).

The following table shows the details of property leased to others - at cost and property and equipment - at cost as of March 31, 2011 and 2010 by operating segment.

	Billions of Yen		
	As of March 31,		
	2011	**2010**	**Change**
Iron & Steel Products	¥ 18.3	¥ 22.6	¥ (4.3)
Mineral & Metal Resources	191.0	158.9	32.1
Machinery & Infrastructure Projects	129.3	137.1	(7.8)
Chemical	59.6	53.8	5.8
Energy	475.8	424.9	50.9
Foods & Retail	58.1	56.8	1.3
Consumer Service & IT	84.2	53.1	31.1
Logistics & Financial Markets	64.7	62.9	1.8
Americas	65.4	83.5	(18.1)
Europe, the Middle East and Africa	14.6	15.0	(0.4)
Asia Pacific	5.5	5.6	(0.1)
Total	**1,166.5**	**1,074.2**	**92.3**
All Other	8.4	9.5	(1.1)
Adjustments and Eliminations	115.5	118.9	(3.4)
Consolidated Total	**¥ 1,290.4**	**¥ 1,202.6**	**¥ 87.8**

Long-term debt less current maturities as of March 31, 2011 was ¥2,818.5 billion, a decline of ¥91.3 billion from ¥2,909.8 billion as of March 31, 2010. Mitsui & Co. (U.S.A.), Inc. recorded a decline in long-term borrowings due to reclassification to current maturities and the appreciation of the Japanese yen. Furthermore, Mitsui posted a decline attributable to the reclassification of its long-term borrowings to current maturities.

Total Mitsui & Co., Ltd. shareholders' equity as of March 31, 2011 was ¥2,366.2 billion, an increase of ¥136.1 billion from ¥2,230.1 billion as of March 31, 2010. A major component of the increase was an increase of ¥250.1 billion in retained earnings, while components that decreased included a net decline of ¥72.2 billion in foreign currency translation adjustments due to depreciation of the U.S. dollar and the Brazilian real against the Japanese yen, and a net decline of ¥27.2 billion in unrealized holding gains on available-for-sale securities.

6) Cash Flows

	Billions of Yen		
	As of March 31,		
	2011	2010	Change
Net cash provided by operating activities	504.5	632.4	(127.9)
Net cash used in investing activities	(484.0)	(180.1)	(303.9)
Net cash (used in) provided by financing activities	33.8	(214.4)	248.2
Effect of exchange rate changes on cash and cash equivalents	(14.6)	15.8	(30.4)
Net increase (decrease) in cash and cash equivalents	¥ 39.7	¥ 253.6	¥ (213.9)

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended March 31, 2011 was ¥504.5 billion, a decline of ¥127.9 billion from ¥632.4 billion for the corresponding previous year. Major components of net cash provided by operating activities were our operating income of ¥317.0 billion and dividend income of ¥200.7 billion, including dividends received from associated companies.

- Increase in operating income were mainly at the Mineral & Metal Resources and the Energy Segment;
- As well as dividends received of ¥51.0 billion from investees other than associated companies including LNG companies in Middle East, dividends received totaling ¥149.7 billion from associated companies, among others from our mineral resources and energy related associated companies such as Japan Australia LNG (MIMI) Pty. Ltd., Compañía Minera Doña Inés de Collahuasi SCM and Valepar S.A. (Brazil); and
- Payments of ¥107.1 billion for corporate income taxes.

Compared with the corresponding previous year, while operating income increased by ¥172.5 billion, net cash outflow from an increase in working capital, or changes in operating assets and liabilities, increased by ¥305.6 billion, resulting in cash outflow of ¥15.2 billion for the year ended March 31, 2011; the corresponding previous year showed net cash inflow of ¥290.4 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended March 31, 2011 was ¥484.0 billion, an increase of ¥303.9 billion from ¥180.1 billion for the corresponding previous year. The net cash used in investing activities consisted of:

- Cash outflows that corresponded to investments in and advances to associated companies were ¥111.1 billion, while cash inflows from sales of investments in and collection of advances to associated companies were ¥39.8 billion. As a result, net cash outflows were ¥71.3 billion. Major components were following: (Operating Segments are shown in parentheses.)
  - A 25% investment in the project company for the Miski Mayo Phosphorus Ore Development Project in Peru for ¥23.3 billion (Chemical);
  - A 25% investment in the project company for the Caserones Copper Mining Project in Chile for ¥19.2 billion (Mineral & Metal Resources);
  - A ¥10.6 billion investment in the newly formed joint venture with Hyflux for water business in China (Machinery & Infrastructure Projects);
  - An investment in the newly formed joint venture with The Dow Chemical company for producing chlor-alkali for ¥9.9 billion (Chemical);
  - A ¥8.9 billion additional investment in IPM Eagle LLP (Machinery & Infrastructure Projects); and

- A ¥8.5 billion loan to the project company for the ultra-deepwater drilling service for Petrobras. (Machinery & Infrastructure Projects)

The major cash inflows were:

- A repayment from the FPSO (Floating Production, Storage and Offloading vessel) leasing business for Brazilian deepwater oil exploration for ¥11.3 billion (Machinery & Infrastructure Projects); and
- Capital redemption from IPM (UK) Power Holdings Limited for ¥6.7 billion. (Machinery & Infrastructure Projects)

・ A total of ¥107.9 billion was paid out for acquisitions of available-for-sale securities, held-to-maturity debt securities and other investments, while proceeds of ¥111.6 billion were received from sales and redemption of those securities and investments. As a result, net cash inflows were ¥3.7 billion. Major components were following:

- An additional investment in TPV Technology Limited for ¥14.6 billion, (Consumer Service & IT);
- An investment in the settlement service business company QIWI Limited for ¥8.1 billion (Consumer Service & IT);
- An investment in the LED chip manufacturer Formosa Epitaxy Incorporation for ¥7.9 billion (Consumer Service & IT); and
- A subscription of newly issued shares in MODEC Inc. for ¥7.8 billion. (Machinery & Infrastructure Projects)

Proceeds from sales of investments mainly consisted of a ¥30.1 billion capital redemption from Sakhalin Energy Investment Company Ltd in the Energy Segment.

Cash inflows and outflows corresponded to debt securities for fund operations were immaterial.

・ A total of ¥127.5 billion were paid out for increase in long-term loan receivables, while proceeds of ¥97.1 billion were received from collection of long-term loan receivables. As a result, net cash outflows were ¥30.5 billion. PT. Bussan Auto Finance, a motorcycle retail finance subsidiary in Indonesia, reported a cash outflow of ¥27.9 billion reflecting expansion of operations in the Machinery & Infrastructure Projects Segment.

・ A total of ¥330.7 billion was paid out for property leased to others and property and equipment; and proceeds of ¥17.2 billion were provided from sales of property leased to others and property and equipment. As a result, net cash outflows were ¥313.5 billion. Major purchases of equipment included:

- Oil and gas projects other than the shale gas project for a total of ¥77.1 billion (Energy);
- Shale gas project in the United States for ¥53.5 billion (Energy);
- Iron ore mining projects in Australia for ¥40.2 billion (Mineral & Metal Resources);
- Coal mining projects in Australia for ¥14.8 billion (Energy);
- Joint ownership of Ohtemachi PAL Building for ¥37.2 billion (Consumer Service & IT); and
- Leased rolling stock for ¥28.5 billion. (Machinery & Infrastructure Projects)

・ Cash outflow of ¥106.8 billion was paid out for acquisition of subsidiaries corresponded to the acquisition of natural-gas-fired power stations in Mexico by MT Falcon Holdings Company, S.A.P.I. de C.V. Meanwhile, proceeds of ¥23.4 billion were received from sales of subsidiaries including the divestiture of a 50% share in NuMit LLC, to which Mitsui & Co. (U.S.A.), Inc. had contributed Steel Technologies, Inc., for ¥18.7 billion as well as the divestiture of certain interests in MT Falcon Holdings Company S.A.P.I. de C.V.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the year ended March 31, 2011 was a net inflow of ¥20.5 billion.

The following table shows net cash provided by (used in) investing activities by operating segment.

	Billions of Yen	
	As of March 31,	
	2011	2010
Iron & Steel Products	¥ (1.8)	¥ (0.5)
Mineral & Metal Resources	(63.2)	(36.3)
Machinery & Infrastructure Projects	(210.1)	(50.3)
Chemical	(40.8)	(6.4)
Energy	(109.0)	3.6
Foods & Retail	(5.7)	(11.3)
Consumer Service & IT	(70.5)	(6.5)
Logistics & Financial Markets	(10.8)	(27.8)
Americas	9.0	(9.6)
Europe, the Middle East and Africa	(1.2)	2.9
Asia Pacific	13.1	(4.7)
Total	**(491.0)**	**(146.9)**
All Other and Adjustments and Eliminations	7.0	(33.2)
Consolidated Total	**¥ (484.0)**	**¥ (180.1)**

Compared to the year ended March 31, 2010, cash flows used in investing activities for the year ended March 31, 2011 increased by ¥303.9 billion. Major reasons were acquisition of natural-gas-fired power stations in Mexico by MT Falcon Holdings Company, S.A.P.I. de C.V. as well as new and expansion investments in our mineral resources and energy related businesses.

Cash Flows from Financing Activities

For the year ended March 31, 2011, net cash provided in financing activities was ¥33.8 billion, an increase in net inflows of ¥2,482 billion from net cash used by financing activities of ¥214.4 billion for the corresponding previous year. The net cash inflow from the borrowing of long-term debt was ¥31.8 billion which included the net cash inflow of ¥61.7 billion from the project financing at MT Falcon Holdings Company, S.A.P.I. de C.V. which acquired natural-gas-fired power stations in Mexico. Meanwhile, the net cash inflow from the borrowing of short-term debt was ¥50.2 billion mainly by Mitsui & Co. (U.S.A.), Ltd. as well as financial subsidiaries in the United States. Furthermore, the cash outflow from payments of cash dividends were ¥56.6 billion.

See "2) Funding Sources" for funding during the year ended March 31, 2011.

(5) Critical Accounting Policies and Estimates

Accounting policies and estimates are considered to be critical if they are important to our financial condition and results of operations and involve estimates that require management's subjective or significant judgment about the effect of matters that are inherently uncertain.

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The following items require significant management judgments and estimates.

Impairment of Long-Lived Assets

Impairment losses of long-lived assets, other than goodwill and intangible assets not subject to amortization, for the years ended March 31, 2011 and 2010, were ¥18.3 billion and ¥8.4 billion, respectively. The carrying amounts of the long-lived assets, net of accumulated depreciation and amortization, as of March 31, 2011 and 2010, were ¥1,339.3 billion and ¥1,252.4 billion, respectively.

Impairment losses of long-lived assets have had a material impact on our net income in recent years. These losses were mainly due to the declining profitability resulting from deterioration of business environment and the reorganization of business structure of our consolidated subsidiaries.

Our long-lived assets are reviewed for impairment semiannually or more frequently whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.
Cash flow projections used in our review for impairment and fair value calculations are based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent condition of the long-lived asset. In these plans, for example, we assume:

- that the level of most recent selling prices and rents of real estate in the surrounding areas will remain unchanged for a reasonable period in the future;

- that the estimate of the sales prices of the products from facilities and equipment for the certain future period is based on the average price of the equivalent length of period in the past or on the analysts' reports;

- that for the development equipment and mining rights involved in resource businesses such as oil, the most updated proved reserve will be produced in accordance with a production plan by using the long-lived assets, and that such materials to be produced will be sold on the assumption of prices based on futures prices as of the time of the review for impairment, prices estimated by third parties, or sales prices under long-term sales contracts; and

- that the estimate of the revenues from an operation derived from customer relationship for the certain future period is based on the degree of contribution to revenues in the past, on the past ratio of cancellation of contracts, and on analysts' market forecasts.

As for the discount rate used in fair value calculations, when expected variations of cash flows are not considered in the cash flow estimate, a discount rate which includes the risk factor for the cash flow deviation is used. For example:

- Assumptions that marketplace participants would use in their estimates of fair value are incorporated in the discount rate when such information is available; or

- When such information is not available, an expected internal rate of return ("IRR") used for management purposes or a weighted average cost of capital ("WACC") of a company that owns the long-lived asset, whichever is higher, is also considered for the discounted cash flow calculation.

Factors to be considered when estimating future cash flows and determining discount rates vary for each long-lived asset because of the difference in nature of the assets and in operating circumstances, such as location, owner, operator, profitability and other factors.

Impairment of Goodwill

Impairment losses on goodwill for the years ended March 31, 2011 and 2010, were ¥0.6 billion and ¥9.9 billion, respectively. The carrying amounts as of March 31, 2011 and 2010, were ¥28.3 billion and ¥22.7 billion, respectively.

We assess the carrying amount of goodwill for impairment annually and upon the occurrence of an indicator of impairment. We perform our impairment testing of goodwill by comparing the carrying amount with the fair value of each of our subsidiaries as our reporting units. Goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the subsidiary's equity with its carrying amount.

If the fair value of the subsidiary's equity falls below its carrying amount and potential impairment is identified in the first step, the second step is performed by comparing the implied fair value of the goodwill with its carrying value. If the implied fair value of the goodwill falls below its carrying value, an impairment loss is recorded for the difference. The fair value of a subsidiary's equity is allocated to all of the identifiable assets and liabilities of that subsidiary, and the remaining value which can not be allocated to any identifiable assets and liabilities is considered the implied fair value of the goodwill.

Determining the fair value of a subsidiary's equity under the first step of the goodwill impairment test and determining the fair value of individual assets and liabilities of a subsidiary under the second step of the goodwill impairment test are judgmental and often involve the use of significant estimates and assumptions. These estimates and assumptions could significantly impact whether or not an impairment loss is recognized as well as the magnitude of any such loss. In case that stock of a subsidiary which has goodwill on its book is listed on a market, we use the market equity price for the first step. In case that it is not listed, we perform internal valuation analyses using discount cash flow model or utilize third-party valuations when management believes the amounts are material. To determine the fair value of individual assets and liabilities of a subsidiary for the second step, we also use internal valuation analyses using discount cash flow model or utilize third-party valuations if necessary. Similar to impairment of long-lived assets, cash flow projections used in the fair value calculations are based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent business environment of the subsidiary. In these plans, we use the some assumptions used when considering the impairment of long-lived assets

Impairment of Investment Securities

Impairments of equity investments for recent fiscal years have had a significant impact on our income. The following table shows the carrying amounts of marketable and non-marketable equity securities as of March 31, 2011 and 2010, and the impairment loss for the years ended March 31, 2011 and 2010.

	Year ended March 31, 2011		Year ended March 31, 2010	
	Carrying amount	Impairment loss	Carrying amount	Impairment loss
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Marketable equity securities	429.6	5.5	475.2	17.1
Non-marketable equity securities	370.3	10.9	434.2	31.4
Total	799.9	16.4	909.4	48.5

Management principally believes that a 30% or more decline in fair value of a security at the end of quarter for marketable equity securities leads to the conclusion that the security has an other-than-temporary impairment. In addition, if the decline is less than 30%, various factors, such as the duration of the market decline (A decline for more than nine consecutive months is observed), our intention and ability to hold the investment until its market price recovery and the financial conditions of the investee, are considered in concluding if the decline is temporary or not.

Debt securities are reduced to their fair value, when we intend to sell the debt security or it is more likely than not that we will be required to sell the security prior to recovery of its amortized cost basis. When we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before recovery of its amortized cost basis, we will recognize the credit component of an other-than-temporary impairment of the debt security in earnings and the noncredit component in other comprehensive income (loss).

Management believes that the criteria for evaluating an other-than-temporary decline in fair value are reasonable. The aggregate unrealized loss amount of the marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for one year or more was ¥5.0 billion as of March 31, 2011, and that amount was the result of preferred stock that must be redeemed. Additionally, the amount for marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for less than one year was ¥3.4 billion. However, considering the combination of foreign currency exchange rate market trend, length of time to redemption, length of time that fair values have been below cost, the extent of decline and the financial condition of the investees, we expect that their fair values will recover above their costs while we hold these investments.

For current portion of the preferred stock that must be redeemed, losses on write-down were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary.

We assess the carrying value of non-marketable equity securities for impairment semiannually and upon the occurrence of an indicator of impairment. If our portion of net asset measured at fair value(*) falls below the carrying amount by more than 50% we assess the recoverability of the carrying amount of a non-marketable security as we determine a potential impairment exists. Where we have determined that there is an other-than-temporary decline in the fair value of the security, the carrying value of the security is written down to its fair value, which is calculated by discount cash flow method or measured based on net asset taking into consideration various factors affecting the fair value.

We also review investments in listed associated companies for impairment losses using the same other-than temporary criteria for marketable equity securities unless there are reasonable grounds that the decline is temporary in case that the decline ratio is from 30% to 50% and the decline has been for less than nine consecutive months. The amounts of impairment losses for the years ended March 31, 2011 and 2010 were approximately ¥2.0 billion and ¥16.0 billion, respectively, and the amounts were recorded in equity earnings in associated companies-net.

(*) For this analysis, net asset measured at fair value means net of assets and liabilities marked to market based on the most recent and available balance sheet, and excludes excess earning power.

Tax Asset Valuation

Establishing a valuation allowance for deferred tax assets, pursuant to evaluation on its realizability, has had a significant impact on our income. The following table shows the deferred tax assets and valuation allowance for deferred tax assets as of March 31, 2011 and 2010.

	As of March 31, 2011	As of March 31, 2010
	(Billions of Yen)	(Billions of Yen)
Total deferred tax assets	406.7	321.1
Valuation allowance	(220.2)	(164.1)
Deferred tax assets - net	186.5	157.0

We determine the realizability of deferred tax assets based on all available evidence, both positive and negative, including all currently available information regarding tax deductibility on future years and ability to generate sufficient taxable income at Mitsui and subsidiaries prior to the expiration of the loss carryforward pursuant to the relevant tax laws and regulations. Management believes it is more likely than not that all of those deferred tax assets, net of valuation allowance, will be realized. However, the amount of realizable net deferred tax assets may change in the near term if estimates of future taxable income during the carryforward period are changed or if statutory tax rates are changed. Some of the examples we factored in to assess the realizability of deferred tax assets were as follows;

- On the occurrence of future deductible temporary difference, we establish a deferred tax asset; and, at the same time we evaluate when those deferred tax assets will be realized in future. Particularly, when we establish a deferred tax asset in relation to a write-down loss of securities or impairment loss on long-lived assets which are not subject to depreciation for tax purposes and we have no specific schedule of sale or disposal of those assets, we establish a valuation allowance for the deferred tax asset because we view the deferred tax amount as not realizable.

- We evaluate realizability of deferred tax assets on the future deductible temporary difference and tax loss carryforwards at subsidiaries and associated companies. Among others, no deferred tax assets are determined to be realizable, if those subsidiaries and associated companies recorded a significant amount of tax loss carryforwards for each of the past three years and are expected to record a significant tax loss in the current fiscal year as well, considering all our past experiences in determining realizability of deferred tax assets.

- Effective April 1, 2009, a new tax law was introduced in Japan that excludes 95% of dividends received from a foreign investee in which an investor has 25% or more ownership interest from taxable income. Consequently, Mitsui's taxable income level becomes less than the prior level. At the same time, Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return to the National Tax Agency as a consolidated group. As a result of the consolidated tax return filing, realizability of national corporate tax portion of the deferred tax assets at Mitsui is dependant on the estimate of the consolidated tax group's taxable incomes in future.

Deferred tax liabilities for undistributed retained earnings of affiliated companies

Mitsui records deferred tax liabilities on undistributed retained earnings of associated companies excluding corporate joint ventures ("CJV") based on the assumption that we would sell investments in those companies in the future while Mitsui basically does not recognize deferred tax liabilities for undistributed retained earnings of subsidiaries and CJV according to the company's policy that such earnings are indefinitely reinvested into the same companies. The deferred tax liabilities for undistributed retained earnings, which mainly comprise of the aforementioned liabilities, as of March 31, 2011 and 2010 are ¥251.8 billion and ¥206.2 billion, respectively.

As Mitsui does not control associated companies and, therefore, cannot determine amount of and payment timing of dividends from them at the sole discretion of Mitsui, when Mitsui receives dividends from associated companies excluding CJV, Mitsui reverses the deferred tax liabilities at the timing when Mitsui receives the dividends while recording a tax expense on the dividends received. In case that a portion of dividends received is treated as non-taxable such as Japanese tax law that allows us to recognize 95% of dividend received from a foreign investee in which an investor has 25% or more ownership interest as non-taxable effective April 1, 2009, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and such differences are credited to income tax expenses as the dividends are received. The balances credited to tax expense for both the years ended March 31, 2011 and 2010 amounted to approximately ¥25.0 billion.

Reserve estimates for oil and gas producing and mining activities

Reserves are estimates of the amount of product that can be economically and legally extracted from interests in our properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- Asset carrying values may be impaired due to changes in estimated future cash flows.

- Depreciation and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Pension benefit costs and obligations

Employee pension benefit costs and obligations are dependent on various assumptions, including discount, retirement, and mortality rates, which are based on current statistical data, as well as the expected long-term rate of return on plan assets and other factors. In accordance with U.S. GAAP, the difference between actual results and the assumptions is accumulated and amortized to expenses over future periods and, therefore, generally affects the recognized costs in future periods. Management believes that the assumptions used are appropriate; however, differences in actual experience or changes in assumptions may affect our future pension costs and obligations.

We determine the discount rates each year as of the measurement date, based on a review of interest rates associated with long-term Japanese government bonds or high-quality fixed-income corporate bonds. The discount rates determined on each measurement date are used to calculate the benefit obligation as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

Mitsui determines the expected long-term rate of return on plan assets based on the weighted-average rate of return computed by using the expected long-term rate of return on each asset class, which is derived from an extensive study conducted by investment advisors and actuaries on a periodic basis, and the target allocations for each asset class. The study includes a review of anticipated future performance with market analysis of individual asset classes, and also gives appropriate consideration to actual historical returns achieved by the plans. The subsidiaries determine the expected long-term rates of return on plan assets mainly based on the expectations for future returns by investment advisors and actuaries.

The following table illustrates the sensitivity to changes in certain assumptions for Mitsui's pension plans:

	Impact of change in assumption on PBO as of March 31, 2011	Impact of change in assumption on NPPC for the year ending March 31, 2012
50 basis point decrease in discount rate	¥16.3 billion increase	¥1.9 billion increase
50 basis point increase in discount rate	¥15.2 billion decrease	¥1.7 billion decrease
50 basis point decrease in expected long-term rate of return on plan assets	—	¥1.0 billion increase
50 basis point increase in expected long-term rate of return on plan assets	—	¥1.0 billion decrease

See Note 14, "PENSION COSTS AND SEVERANCE INDEMNITIES," for further discussion about the estimates and assumptions on PBO and NPPC.

(6) Others

1) Off-Balance Sheet Arrangements

We use off-balance sheet arrangements in the ordinary course of business to further our trading, fund-raising and other activities. Categories of off-balance sheet arrangements are as follows:

Guarantees

The following tables summarize our guarantees as of March 31, 2011 and 2010.

The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provision or from collateral held or pledged that we could be obliged to pay if there were defaults by guaranteed parties or there were changes in an underlying which would cause triggering events under market value guarantees and indemnification contracts. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Estimated proceeds from collateral and recourse represent the anticipated values of assets we could liquidate or receive from other parties to offset our payments under guarantees. The carrying amounts of liabilities recorded on the Consolidated Balance Sheets reflect our best estimate of future payments we may incur as part of fulfilling our guarantee obligations. Further information on contingent liabilities including those guarantees is provided in Note 21, "CONTINGENT LIABILITIES."

As of March 31, 2011

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	326	34	6
Market Value Guarantees	73	61	—

As of March 31, 2010

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	325	38	6
Market Value Guarantees	74	54	0

In the furtherance of our trading activities, it is a customary practice for us to guarantee, severally or jointly with others, indebtedness of certain of our customers and suppliers and of certain associated companies as well as to guarantee the performance of contracts by such entities.

Sales of Trade Receivables

At March 31, 2011, there was no amount of off-balance sheet arrangements in which certain trade receivables are sold to third parties. At March 31, 2010, the outstanding amounts of off-balance sheet arrangements in which certain trade receivables are sold to third parties were immaterial.

Variable Interest Entities

We are involved with and have significant variable interests in a number of variable interest entities ("VIEs") that are not consolidated because we are not the primary beneficiary, but in which we have significant variable interests. These VIEs mainly engage in leasing and financing activities. Further information is provided in Note 22, "VARIABLE INTEREST ENTITIES."

2) Tabular Disclosure of Contractual Obligations

The following table provides our contractual obligations as of March 31, 2011 and payment due by period of these contractual obligations:

	Balance as of March 31, 2011	Payment Due by Period			
		March 2012	March 2014	March 2016	After March 2016
Contractual Obligations	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Long-Term Debt(1)	3,064	301	721	740	1,302
Capital Lease Obligations(2)	37	5	17	4	11
Operating Leases(3)	97	23	34	16	24
Long-Term Purchase Contracts(4)	3,163	881	1,031	403	848

(1) The amounts of "Long-Term Debt" include bank borrowings and bonds, excluding the effect of the ASC 815, "Derivatives and Hedging," fair value adjustment and capital lease obligations (present value of net minimum lease payments).
(2) "Capital Lease Obligations" represents the schedule of payments for future minimum lease payments.
(3) "Operating Leases" represents the schedule of payments for future minimum rentals. Minimum rental payments have not been reduced by minimum sublease rentals of ¥23.0 billion due in the future under noncancelable subleases.
(4) "Long-Term Purchase Contracts" represents the schedule of payments for long-term purchase obligations, net of advance payments of ¥140 billion made to suppliers as of March 31, 2011.

For additional information regarding long-term debt, capital lease obligations and operating leases, see Note 13, "SHORT-TERM AND LONG-TERM DEBT," and Note 8, "LEASES," respectively.

In addition to the above, we plan to contribute ¥5.3 billion to our defined benefit pension plans for the year ending March 31, 2012.

The table above excludes estimated interest payments on liabilities and estimated payments under interest swap. Total cash paid for interest during the year ended March 31, 2011 was ¥50.6 billion.

Concerning only Mitsui which has approximately 76 % of total interest bearing debt, estimated interest payment on liabilities and estimated payments under interest swap was ¥218.1 billion. The payment amount by period was ¥26.0 billion due by March 2012, ¥49.2 billion due by March 2014, ¥48.3 billion due by March 2016 and ¥94.5 billion due after March 2016.

The table above also excludes unrecognized tax benefits of ¥3.2 billion. We had no unrecognized tax benefits classified as current liabilities. The timing of future cash outflows associated with unrecognized tax benefits classified as non current liabilities is highly uncertain.

The purchased items under "Long-Term Purchase Contracts" are principally ocean transport vessels, oil products, chemical materials, metals and machinery and equipment, either at fixed prices or at basic purchase prices adjustable to the market. In general, our customers, primarily large Japanese industrial companies and shipping firms, are also parties to the contracts, or conclude separate agreements with us, and are committed to purchasing the items from us. Therefore, management does not recognize that these long-term purchase contracts could have seriously adverse effects on our future liquidity. As of March 31, 2011, there was no outstanding balance of purchase contracts which have unconditional payment conditions.

3) Related Party Transactions

When conducting our business operations throughout the world, we form alliances with leading partner companies in Japan and overseas, including manufacturers and companies in the field of natural resources, such as energy and steel raw materials. In addition to investing in, or providing loans to, associated companies where we are a minority shareholder, we conduct selling and purchasing transactions of various products on a recurring basis with such associated companies.

Our principal associated companies include Valepar S.A. (18.24%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), JA Mitsui Leasing, Ltd. (33.40%), Sims Metal Management Limited (17.64%), P.T. Paiton Energy (36.32%), IPM EAGLE LLP (30.00%), and Penske Automotive Group, Inc. (16.80%), among others.

The following table shows information regarding account balances and transactions with associated companies:

	Billions of Yen
	As of March 31, 2011
Accounts receivable, trade	¥ 160.1
Advances to associated companies	168.3
Accounts payable, trade	87.2

Dividends received from associated companies for the year ended March 31, 2011 amounted to ¥149.7 billion.

See Note 6, "INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES."

Prices applied in transactions with associated companies are computed in the same way that such prices would be calculated in transactions with unrelated third parties. In addition, when associated companies are counterparties in transactions with us and we conduct such business under long-term procurement and/or sales contracts, in general, we conclude a corresponding sales contract with the purchasers (unrelated parties) of goods procured by us and/or with suppliers (unrelated parties) of the goods we sell to associated companies. Regarding any other commitments related to transactions with associated companies, we do not normally assume risk in excess of its percentage of share ownership in an associated company.

In furtherance of their trading activities, it is customary practice for us to loan or guarantee, severally and jointly with others, indebtedness of certain customers and suppliers and of certain associated companies as well as to guarantee the performance of contracts by such entities. At March 31, 2011, the aggregate amount of loans (including ¥140.3 billion guarantees) relating to associated companies was ¥344.6 billion. The largest amount outstanding as of March 31, 2011 was loan to FPSO (Floating Production, Storage and Offloading vessel) leasing business for Brazilian deepwater oil exploration and other projects. The loan was mainly from Mitsui. Other major loans to associated companies included loans to the development of natural resources.

In the ordinary course of our business, we have entered into transactions with various organizations with which certain of our Directors and Senior Managements are associated, but no material transactions have been entered into for the three-year period ended March 31, 2011.

As of March 31, 2011, no person was the beneficial owner of more than 10% of our common stock.

4) Quantitative and Qualitative Information Regarding Market Risk

We are subject to market risks associated with fluctuations in such as interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of their operating activities and other activities.

We have formulated market risk management policies, and have established management systems at several levels. In particular, regarding foreign currency exchange rate risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits to positions and losses, as well as prescribing management systems, at each business unit. They also have the responsibility of gaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval.

In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge.

Transactions for the purpose of trading

We are also engaged in trading activities in which they repeatedly purchase and sell financial and commodity derivatives. For such transactions, independent risk management sections separated from trading sections (front offices) carry out measurements of the transactions by monitoring the daily positions and measuring the Value at Risk (VaR). VaR is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidence level, resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates, and commodity prices).

The highest, lowest and average VaRs for the fiscal year-ends and the end of each quarterly period in the previous fiscal year and the current fiscal year are as follows.

Year Ended March 31, 2011

Risk factor	Fiscal year-end	Highest	Lowest	Average
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Interest rates / stock prices	0	82	0	22
Foreign currency exchange rates	34	157	32	75
Commodity prices	3,646	3,646	2,562	3,046

Year Ended March 31, 2010

Risk factor	Fiscal year-end	Highest	Lowest	Average
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Interest rates / stock prices	0	5	0	1
Foreign currency exchange rates	11	195	11	85
Commodity prices	3,301	8,970	3,301	6,804

Please note that the calculation of VaR for each risk factor includes the following transactions.

- Interest rate risk, stock price risk, foreign currency exchange rate risk:

Financial transactions for the purpose of trading carried out at the headquarters

- Commodity price risk:

Commodity derivative transactions in commodities such as nonferrous metals, crude oil and gas, mainly carried out at the Logistics & Financial Markets Segment and the Energy Segment

The abovementioned VaR is calculated based on the variance-covariance method of a 10-day holding period and a confidence level of 99%. As VaR is based on past movements of individual risk factors, our actual results may differ materially from the calculations. In addition, the measurement figures mentioned above do not necessarily take into account correlations between all commodities.

Business transactions other than trading activities

Our positions in business transactions other than trading activities which are subject to market risks from fluctuations in interest rates, foreign currency exchange rates, commodity prices and stock prices are as follows.

Interest rate risk

We are exposed to interest rate risk mainly on debt obligations. We have entered into interest rate derivative transactions to hedge the exposure held on these debts. The interest rate derivative transactions mainly consist of interest rate swaps and cross-currency interest rate swaps.

The amounts of debts categorized by currency and interest rate property (fixed rate or variable rate) at the end of the previous fiscal year and the end of the current fiscal year are as follows. The effects of the abovementioned derivative transactions are taken into consideration.

Currency	End of current fiscal year (March 31, 2011)		End of previous fiscal year (March 31, 2010)	
	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Yen	1,491.0	896.5	1,705.2	822.8
U.S. dollars	627.5	85.6	608.7	79.3
Others	173.6	103.3	199.1	56.6
Total	2,292.1	1,085.4	2,513.0	958.7

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. We hedge these risks with forward exchange contracts, currency swaps and cross-currency interest rate swaps.

At the end of the previous fiscal year and the end of the current fiscal year, the foreign currency exchange positions after taking into consideration the effects of the abovementioned derivative transactions are as follows. In this table, long position shows the condition when losses occur or profits decline if the value of the currency drops, and short position shows the condition when losses occur or profits decline if the value of the currency rises. The figures shown below do not include foreign currency exchange rate risk from investments made in foreign currencies.

Currency	End of current fiscal year (March 31, 2011)		End of previous fiscal year (March 31, 2010)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Yen	59.4	119.3	74.1	192.3
U.S. dollars	73.5	4.5	119.0	0
Others	63.2	21.0	62.6	29.5
Total	196.1	144.8	255.7	221.8

Commodity price risk

As we carry out business activities pertaining to commodities such as nonferrous metals, crude oil and gas, and foods, they are exposed to risks on commodity prices.

The positions exposed to commodity price risks at the end of the previous fiscal year and at the end of the current fiscal year are as follows. These positions include balance of outstanding derivative transactions other than those for trading purposes, such as commodity futures, forward contracts, options, and swaps, and the balance of outstanding commodity transactions and inventories that use derivative transactions for hedging purposes. In this table, long position shows the condition when losses occur or profits decline if the value of the asset drops, and short position shows the condition when losses occur or profits decline if the value of the asset rises.

Classification of commodity	End of current fiscal year (March 31, 2011)		End of previous fiscal year (March 31, 2010)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Nonferrous metal	131.7	126.9	125.5	126.8
Food	133.5	142.3	92.8	95.4
Crude oil and gas Other	14.5	15.7	19.2	22.0
Total	279.7	284.9	237.5	244.2

Stock price risk

We invest in listed companies to strengthen their ties with customers, suppliers and others, as well as to make various types of propositions towards the companies in which they invest, in order to pursue operating revenue and improve corporate value. These investments are exposed to stock price risks.

At the end of the previous fiscal year and the end of the current fiscal year, the fair values of the marketable equity securities held by us were ¥475.2 billion and ¥429.6 billion respectively. The estimated changes in the fair values in the case of a 10% fluctuation in the stock indices representative of the markets on which individual issues are listed, are ¥47.4 billion and ¥44.5 billion respectively. The estimated changes in fair values are ones after taking into consideration the sensitivity of the prices of individual shares to fluctuations in stock price indices.

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2011, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 17, “SEGMENT INFORMATION.” Among our major property and equipment expenditures, we are making focused efforts towards new development and investment for expansion in property and equipment for production in mineral resources and energy resources. The table below shows major mineral resources and energy production operations that were completed by the year ended March 31, 2011, as well as those which are being newly constructed or expanded at present.

Operating segment	Mineral & Metal Resources	
Commodity	Iron Ore	
Company name	Mitsui Iron Ore Development Pty. Ltd.	Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd.
Project (or name of joint venture)	Robe River Joint Venture	Joint venture of each of Mt. Newman, Yandi, Goldsworthy
Country/Region	Australia/Western Australia	Australia/Western Australia
Participating operators	Rio Tinto , etc.	BHP Billiton, etc.
Ratio of Mitsui’s capital investment contribution	33%	7%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Investment decided in December 2010. Yearly iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its current nameplate capacity of 80 million tons to 133 million tons per annum by the end of 2013. This was a partial change to the original plant of expanding yearly port capacity to 180 million tons by the end of 2012, for which the preliminary investment was decided in 2008.	In addition to expansion work at sites such as the Yandi mine, for which the investment was decided in 2008, funding for the following was decided in March 2011: the installation of port blending facilities, and the development of the Jimblebar mine (BHP Billiton holds a 100% share) to increase installed capacity to in excess of 220 million tons per annum.
Total budget when the capital expenditure was decided (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (Note 1)	3.78 billion Australian dollars (1.25 billion Australian dollars)	8.0 billion U.S. dollars (0.37 billion U.S. dollars) This does not include 5.6 billion U.S. dollars (0.4 billion U.S. dollars) for expansion work for the Yandi mine, for which the allocation of investment was decided in 2008.

Operating segment	Energy
Commodity	Coal
Company name	Mitsui Coal Holdings Pty. Ltd.
Project (or name of joint venture)	Kestrel Joint Venture
Country/Region	Australia/Queensland
Participating operators	Rio Tinto
Ratio of Mitsui’s capital investment contribution	20%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Development of mining area adjacent to existing mining area decided in January 2008. Construction of the Project started in 2008 upon obtaining the government’s approvals. The operation is expected to commence in 2012. The Project estimates approx. 6.5 million tons per annum expanded from approx. 4 million tons.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (Note 1)	1.44 billion Australian dollars (0.29 billion Australian dollars)

Operating segment	Energy
Commodity	Shale gas
Company name	Mitsui E&P USA LLC
Project (or name of joint venture)	Marcellus Shale
Country/Region	United States/Pennsylvania
Participating operators	Anadarko Petroleum Corporation
Ratio of Mitsui's capital investment contribution	32.5% (Mitsui: 60% / Mitsui Oil Exploration Co., Ltd. 40%)
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Participation in the development and production of the Marcellus Shale gas project which is currently carried out by Anadarko Petroleum. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P USA's share) will be between 360 MMcfd and 460 MMcfd (equivalent to crude oil approx. 60-77 thousand barrels per day).
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (Note 1)	(Between 3.0 and 4.0 billion U.S. dollars).

(Note) This is the amount estimated at the time of decision of the capital expenditure, and the actual amount of expenditure may exceed the above amounts in the process of development construction.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segments	Office Name	Type of equipment and facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Consumer Service & IT		Hibiya Central Building	Minato-ku, Tokyo		4,126	3	7,093	—	16	Leased to Bussan Real Estate Co., Ltd.
		Bussan Building Annex	Minato-ku, Tokyo		1,924	5,513	960	—	—	Leased to Bussan Real Estate Co., Ltd.
		Ohtemachi Pal Building	Chiyoda-ku, Tokyo		1,380	36,888	333	2	—	Leased to Promise Co., Ltd.
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,509	9,854	5,235	14,593	—	62	Partially leased to Sumitomo Mitsui Banking Corporation, Marunouchi Heat Supply Co., Ltd. (land leased by Marunouchi Heat Supply Co., Ltd.)
	Kansai Office	Office building	Kita-ku, Osaka-city	159	3,038	2,161	7,864	—	7	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi	84	1,525	548	1,233	—	4	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka		15,653	2,045	1,332	—	8	

(2) Domestic Subsidiaries

Operating Segments	Office Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Iron & Steel Products	Mitsui&Co. Steel Ltd.	Yokohama Factory, Mitsui Bussan Coil Center Co., Ltd. and others	Naka-ku, Yokohama-shi and others	739	90,424	2,925	1,523	1,155	141	
Chemical	Daiichi Tanker Co.,Ltd.	Ships	Chuo-ku, Tokyo	80	—	—	3	26	8,383	
	Toyo Marine Co., Ltd.	Ships	Chiyoda-ku, Tokyo	—	—	—	—	1	7,173	
Energy	MITSUI OIL CO., LTD.	Gas station	miscellaneous	87	—	8,095	4,268	1,878	6,226	Including property leased to others
	Mitsui Oil Exploration Co.,Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	122	—	—	2,430	73,655	49,953	
Foods & Retail	MITSUI FOODS CO.,LTD.	Omiya Sogo Butsuryu Center, etc.	Kita-ku, Saitama-shi, Saitama and others	931	6,612	8,932	3,212	1,068	3,177	
	PRI Foods Co., Ltd.	Hosoya Factory and others	Misawa-shi, Aomori and others	570	28,383	4,023	5,301	2,289	606	
	Mitsui Norin Co., Ltd.	Sutama Factory and others	Hokuto-shi, Yamanashi and others	560	31,575	2,669	6,318	1,908	32	
	San-ei Sucrochemical Co., Ltd.	Factory at head office	Chita-shi, Aichi	219	75,942	2,722	800	2,076	2	
Consumer Service & IT	Bussan Real Estate Co., Ltd.	Wakamatsu building, Shinsuna building and others	Chuo-ku, Tokyo and others	146	16,017	144	260	52	22,939	Including property leased to others
	Mitsui Knowledge Industry Co., Ltd.	Higashi Nakano Office and others	Nakano-ku, Tokyo	1,392	3,374	1,550	2,472	1,475	1	
Logistics & Financial Markets	Trinet Logistics Co., Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	366	60,364	7,259	9,177	1,033	21,453	Including property leased to others
Logistics & Financial Markets	Tokyo International Air Cargo Terminal Ltd.	Cargo terminal at Tokyo International Airport	Ota-ku, Tokyo	95	—	—	17,391	973	5	

(Note) For those companies who own numerous equipment and facilities, most notable one is presented. For number of employees and carrying amount, total number and amount in each company are presented.

(3) Overseas Subsidiaries

Operating Segments	Office Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and fixtures	Other (Millions of yen)	Use of Property
					Acreage (m²)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Mineral & Metal Resources	Mitsui Iron Ore Development	Mining equipment for iron ore	Pilbara, Western Australia, Australia	9	—	—	29,296	64,052	17,169	
	Mitsui- Itochu Iron	Mining equipment for iron ore	Pilbara, Western Australia, Australia	3	—	—	21,464	30,325	24,837	
Machinery & Infrastructure Projects	Mitsui Rail Capital Holdings	Rolling stock	Skokie, Illinois, U.S.A.	—	—	—	—	29	14,399	
	Mitsui Rail Capital Europe	Rolling stock	Amsterdam, Netherlands	21	—	—	—	84	59,380	Including property leased to others
	Clio Marine	Ships	Liberia	—	—	—	—	—	5,961	Including property leased to others
	LPG Transport Service	Ships	Bahamas	—	—	—	—	—	5,196	Including property leased to others
Chemical	Kaltim Pasifik Amoniak	Anhydrous ammonia manufacturing facility	Bontang, Indonesia	206	—	—	—	11,495	142	Including property leased to others
	Shark Bay Salt	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	16	—	252	16,870	4,868	2,480	
Energy	Mitsui Coal Holdings	Mining equipment for coal	Emerald, Queensland, Australia and others	21	—	—	8,902	83,553	18,628	
	Mitsui E&P Australia	Crude oil manufacturing facility and others	Indian Ocean, Australia and others	30	—	—	—	45,893	4,990	
	Mitsui E&P Middle East	Crude oil / gas manufacturing facility and others	Oman and others	8	—	—	31	21,249	666	
	Mitsui E&P USA	Gas manufacturing plant and others	Pennsylvania, U.S.A.	13	—	—	—	42,622	—	
	Mitsui & Co. Uranium Australia	Uranium manufacturing facility	Southern Australia, Australia	5	—	—	83	467	2,789	
Americas	Intercontinental Terminals Company	Chemical tank terminal	Houston, Texas, U.S.A.	227	1,796,387	2,468	7,069	115	16,635	
	MBK Real Estate	Senior living properties	Temecula, California, U.S.A. and others	15	—	—	—	21	11,336	Including property leased to others
	Novus International	Feed additive manufacturing plant	Alvin, Texas, U.S.A. and others	518	—	506	1,789	9,510	963	
Europe, the Middle East and Africa (“EMEA”)	MBK Real Estate Europe	Office building	London, United Kingdom	—	—	—	—	—	8,000	Including property leased to others

(Note) For those companies who own more than one equipment and facilities, most notable one is presented. For number of employees and carrying amount, total number and amount in each company are presented.

3. Plans for New Additions or Disposals

As indicated in “1. Overview of Capital Expenditures,” plans for new construction and expansion of material equipment and facilities are focused on new development and investment in expansion for mineral resources and energy resources.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	2,500,000,000
Total	2,500,000,000

2) Number of Shares Issued

As of March 31, 2011

Class	Number of shares outstanding (as of March 31, 2011)	Number of shares outstanding as of issuance date of this report (June 24, 2011)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,829,153,527	1,829,153,527	Securities Exchanges in Tokyo, Osaka, Nagoya, (all listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,829,153,527	1,829,153,527	—	—

(2) Status of the Share Subscription Rights

Not applicable.

(3) Exercise status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issues (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2006 to March 31, 2007 (Note)	62,519	1,787,538	27,446	323,212	27,358	349,547
From April 1, 2007 to March 31, 2008 (Note)	32,645	1,820,183	14,331	337,543	14,285	363,833
From April 1, 2008 to March 31, 2009 (Note)	4,744	1,824,928	2,082	339,626	2,076	365,909
From April 1, 2009 to March 31, 2010 (Note)	4,225	1,829,153	1,854	341,481	1,848	367,758
From April 1, 2010 to March 31, 2011	—	1,829,153	—	341,481	—	367,758

(Note) This is from the conversion of the sixth convertible unsecured bonds to shares, which came to maturity on September 30, 2009.

(6) Status of Shareholders

As of March 31, 2011

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and Local Governments	Financial Institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	—	238	112	2,039	830	68	153,987	157,274	—
Number of shares held (units)	—	7,436,331	629,949	866,850	6,511,752	1,459	2,830,568	18,276,909	1,462,627
Ratio (%)	—	40.69	3.45	4.74	35.63	0.00	15.49	100	—

(Notes) 1. Treasury stock of 3,573, 300 shares are included in "Individuals and other" at 35,733 units (3,573,300 shares).
2. Of 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in "Other corporations," and 15 shares are included in "Shares under one unit."

(7) Status of Major Shareholders

Name of Shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	165,510	9.04
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	124,499	6.80
Sumitomo Mitsui Banking Corporation	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	38,500	2.10
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS (Standing agent: HSBC, Tokyo Branch)	338 PITT STREET SYDNEY NSW 2000, AUSTRALIA (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	36,662	2.00
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	1.91
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	30,509	1.66
STATE STREET BANK AND TRUST COMPANY (Standing agent: HSBC, Tokyo Branch)	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	30,491	1.66
The Chuo Mitsui Trust and Banking Company, Limited (Standing agent: Japan Trustee Services Bank, Ltd.)	33-1, Shiba 3-chome, Minato-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	24,799	1.35
Mitsui Sumitomo Insurance Company, Limited	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	24,726	1.35
NT RE GOVT OF SPORE INVT CORP P. LTD. (Standing agent: HSBC, Tokyo Branch)	168 ROBINSON ROAD #37-01, CAPITAL TOWER SINGAPORE (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	23,687	1.29
Total		534,457	29.21

(Notes) 1. The number of shares is rounded down to the nearest thousand.
2. Percentage of common stock issued is rounded down to two decimal places.
3. The status of major shareholders shown above does not include the following reports on possession of large volume shareholdings and change reports pertaining to reports on possession of large volume shareholdings that were filed with the Director of the Kanto Local Finance Bureau in the past

three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2011, which is the end of our fiscal year. Reports by large volume shareholders include portions held by joint holders, and the number of shares held includes the number of convertible bonds converted into shares.

Name of Shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
AllianceBernstein Japan Ltd.	August 29, 2008	93,716,155	5.14
	September 30, 2008	116,241,355	6.38
	November 28, 2008	90,056,395	4.93
Mitsubishi UFJ Financial Group, Inc.	August 25, 2008	130,666,673	7.16
	October 12, 2009	140,314,863	7.68

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2011

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 3,753,300	—	—
	(Crossholding stock) Common stock 930,700	—	—
Shares with full voting rights (Others)	Common stock 1,823,006,900	18,230,069	—
Shares under one unit	Common stock 1,462,627	—	Shares under one unit (100 shares)
Total shares issued	1,829,153,527	—	—
Total voting rights held by all shareholders	—	18,230,069	—

(Notes) 1. In the column of "Shares with full voting rights (Others)," "1,823,006,900 shares in common stock" and "18,230,069 units of voting rights" include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

2. In the column "Shares under one unit," "1,462,627 shares in common stock" include 50 shares of crossholding stock (under one unit) and 15 shares that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2011

Name of Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	% of interest
Treasury stock:					
Mitsui & Co., Ltd.	2-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo	3,753,300	—	3,753,300	0.20
Crossholding stock:					
Nippon Formula Feed manufacturing Co., Ltd.	9-13, Moriya-cho 3-chome, Kanagawa-ku, Yokohama-shi	930,700	—	930,700	0.05
Total		4,684,000	—	4,684,000	0.25

(9) Stock Option Plans

Not applicable.

2. Acquisition of Treasury Stock and Other related Status

【Class of shares】Acquisition of shares of common stock under Article 155, Item 7, of the Companies Act of Japan and acquisition of shares of common stock due to purchase requests from shareholders opposed to share exchange under Article 155, Item 13, of the Companies Act of Japan.

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Not applicable.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year (Note 1)	194,282	263,406,666
Treasury stock acquired during the current period for acquisition (Note 2)	2,410	3,454,391

(Notes) 1. 93,409 shares acquired due to purchase demands from shareholders opposed to the share exchange between Mitsui and Trinet Logistics Co., Ltd. on April 1, 2010 is included.
2. "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2011, to the issuance date of this report (June 24, 2011.)

(4) Current status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current Period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation (Note 1)	7,643	11,797,735	—	—
Other (Sold due to demand for sale of shares constituting less than one full unit) (Note 2)	10,021	11,765,807	401	579,852
Number of shares of treasury stock held (Note 3)	3,753,300	—	3,755,309	—

(Notes) 1. These shares are those disposed at the share exchange between Mitsui and Trinet Logistics Co., Ltd. on April 1, 2010.
2. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit disposed of during the period from June 1, 2011, to the issuance date of this report (June 24, 2011).
3. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2011, to the issuance date of this report (June 24, 2011).

3. Dividend Policy

Shareholder Return Policy

In order to increase corporate value and maximize shareholder value, we have sought to maintain an optimal balance between (1) achieving sustainable growth through strategic investments in areas of our core strength and growth and (2) paying out cash dividends as direct compensation to shareholders with a target dividend payout ratio of consolidated net income.
Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, where September 30 be set as the record date each year. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.

When formulating the Medium-Term Management Plan and vision for the next three to five years, we reviewed our shareholder return policy. In light of current business circumstances, we forecasted an improvement in earnings reflecting higher prices in commodity prices, against a backdrop of high growth in emerging economies and a gradual but steady recovery of the world economy. To achieve stable supplies among global tightening in mineral resources and energy, we believed that additional investment in expansion of existing projects, acquisition of new competitive interests, and investment in building a stable revenue base for the future are all essential, and determined that there was great demand for such investment. We also recognized that maintaining a robust financial base is important, one that can stand up to large-scale investments in the face of weakened capital markets. However, with a high level of uncertainty still surrounding both the financial markets and the global economy, we also believed that it would also be to the benefit of shareholders in the medium- to long-term if we strive to maintain a strong balance sheet. At the same time, we recognized our shareholders are expecting a stable but high level of shareholder compensation. Accordingly, we would like to maintain the target dividend payout ratio of 20% of consolidated net income as a minimum. While we aim to steadily increase dividends from their current levels through improvements in our performance, we will also consider whether shareholders should be compensated in a more flexible manner, provided that we secure sufficient retained earnings for future business development.

Based on the above fundamental policy, in the process of account closing for the six-month period ended September 30, 2010, we concluded the dividend payout ratio should be 23% for the year ended March 31, 2011 upon review of our operating results, balance sheet and cash flow for that period, our revised earnings forecast for the year ended March 31, 2011 and our future investment plan at that moment.

For the year ended March 31, 2011, we pay an annual dividend of ¥47 per share, or ¥29 per share higher than the previous year, according to the dividend payout ratio of 23% and net income attributable to Mitsui & Co., Ltd. of ¥367.9 billion which excluded the impact of recognized subsequent events relevant to the settlement with BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico. As a result, dividend payout ratio per share was 28.0% (*) and year-end dividend per share was ¥27, excluding an interim dividend of ¥20 per share form the annual dividend of ¥47 per share.

For the year ending March 31, 2012, we intend to make a proposal based on the dividend policy outlined above upon reviewing the operating results. Based on the current earnings forecast of ¥430 billion for the year ending March 31, 2012, our annual dividend per share is calculated to ¥55, or ¥8 per share higher than the previous year.
We will review our actual results and other business environment before final decision for annual dividend.

Dividends for the year ended March 31, 2011 were as follows:
(a) The interim dividend which the Board of Directors resolved on November 2, 2010
Total dividend amount of ¥36,508 million; ¥20 per share
(b) The annual dividend which General Meeting of Shareholders resolved on June 24, 2011
Total dividend amount of ¥49,286 million; ¥27 per share

* Dividend payout ratio per share was calculated as follows:
(i) Dividend per share (¥47) divided by (ii) Net income attributable to Mitsui & Co., Ltd. per share (¥168.05)

4. Trends in the Market Price of the Mitsui's Shares

(1) Highest and Lowest Prices during the Past Five Years

Fiscal year	92nd	91st	90th	89th	88th
Year-end	March 2011	March 2010	March 2009	March 2008	March 2007
Highest (Yen)	1,665	1,589	2,760	3,180	2,325
Lowest (Yen)	995	999	656	1,681	1,408

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Prices by Month during the Past Six Months

Month	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011
Highest (Yen)	1,367	1,367	1,385	1,465	1,558	1,533
Lowest (Yen)	1,226	1,222	1,298	1,351	1,385	1,112

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Statutory Auditors

Directors

Name ***Shoei Utsuda (1)***

Date of Birth February 12, 1943

Shareholdings as of March 31, 2011 (1,000 shares) 83

Prior Positions

- 1967/4 Joined Mitsui & Co., Ltd.
- 1997/6 Director, General Manager of Machinery & Information, Industries Administrative Division
- 2000/6 Representative Director; Executive Managing Director; General Manager of Corporate Planning Division
- 2002/4 Representative Director; Senior Executive Managing Officer; Chief Strategic Officer (Responsible for Administrative Division); Chief Operating Officer of Business Process Re-Engineering Project
- 2002/10 Representative Director, President and Chief Executive Officer
- 2009/4 Director; Chairman of the board (current position)

Name ***Masami Iijima (1)***

Date of Birth September 23, 1950

Shareholdings as of March 31, 2011 (1,000 shares) 38

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer (current position)

Name ***Seiichi Tanaka (1)***

Date of Birth January 12, 1953

Shareholdings as of March 31, 2011 (1,000 shares) 18

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer; General Manager of Human Resources & General Affairs Division
- 2008/4 Executive Managing Officer; Chief Privacy Officer, Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2008/6 Representative Director, Executive Managing Officer; Chief Privacy Officer; Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2008/10 Representative Director, Senior Executive Managing Officer; Chief Privacy Officer; Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2009/4 Representative Director, Senior Executive Managing Officer; Chief Information Officer and Chief Privacy Officer
- 2010/4 Representative Director, Executive Vice President, Chief Information Officer and Chief Privacy Officer
- 2011/4 Representative Director, Executive Vice President (current position)

Name ***Takao Omae (1)***

Date of Birth December 18, 1949

Shareholdings as of March 31, 2011 (1,000 shares) 23

Prior Positions

- 1973/4 Joined Mitsui & Co., Ltd.
- 2005/4 Managing Officer; President of Mitsui Brasileira Importacao e Exportacao S.A.
- 2007/4 Executive Managing Officer; President of Mitsui Brasileira Importacao e Exportacao S.A.
- 2008/4 Executive Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit
- 2009/4 Senior Executive Managing Officer
- 2009/6 Representative Director, Senior Executive Managing Officer
- 2011/4 Representative Director, Executive Vice President (current position)

Name ***Masayoshi Komai (1)***

Date of Birth August 3, 1949

Shareholdings as of March 31, 2011 (1,000 shares) 15

Prior Positions

- 1973/4 Joined Mitsui & Co., Ltd.
- 2007/4 Managing Officer, Executive Deputy Chief Representative in China, Chairman & President of Mitsui & Co. (Shanghai) Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Marine & Aerospace Business Unit
- 2009/4 Executive Managing Officer, Chief Operating Officer of Marine & Aerospace Business Unit
- 2010/4 Senior Executive Managing Officer
- 2010/6 Representative Director, Senior Executive Managing Officer
- 2011/4 Representative Director, Executive Vice President (current position)

Name ***Fuminobu Kawashima (1)***

Date of Birth April 20, 1952

Shareholdings as of March 31, 2011 (1,000 shares) 19

Prior Positions

- 1976/4 Joined Mitsui & Co., Ltd.
- 2007/4 Managing Officer, Chief Operating Officer of Energy Business Unit I
- 2010/4 Executive Managing Officer, Chief Operating Officer of Marine & Aerospace Business Unit
- 2011/4 Senior Executive Managing Officer
- 2011/6 Representative Director, Senior Executive Managing Officer (current position)

Name ***Daisuke Saiga (1)***

Date of Birth March 16, 1955

Shareholdings as of March 31, 2011 (1,000 shares) 9

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Human Resources & General Affairs Division
- 2010/4 Executive Managing Officer, Chief Compliance Officer
- 2010/6 Representative Director, Executive Managing Officer (current position)

Name ***Joji Okada (1)***

Date of Birth October 10, 1951

Shareholdings as of March 31, 2011 (1,000 shares) 22

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Accounting Division
- 2009/4 Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2010/4 Executive Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2011/4 Executive Managing Officer, Chief Financial Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Financial Officer (current position)

Name ***Masayuki Kinoshita (1)***

Date of Birth April 11, 1954

Shareholdings as of March 31, 2011 (1,000 shares) 12

Prior Positions

- 1978/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2011/4 Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Information Officer, Chief Privacy Officer (current position)

Name ***Nobuko Matsubara (1)***

Date of Birth January 9, 1941

Shareholdings as of March 31, 2011 (1,000 shares) 3

Prior Positions

- 1964/4 Entered the Ministry of Labor
- 1987/3 Director of International Labor Division, Minister's Secretariat, the Ministry of Labor
- 1991/10 Director-General of Women's Bureau, the Ministry of Labor
- 1997/7 Vice Minister of the Ministry of Labor
- 1999/4 President, Japan Association for Employment of Persons with Disabilities
- 2002/9 Ambassador Extraordinary and Plenipotentiary of Japan to Italy
- 2002/11 Ambassador Extraordinary and Plenipotentiary of Japan to Albania, to San Marino and to Malta
- 2006/1 Advisor to Japan Institute of Workers' Evolution
- 2006/6 External Director, Mitsui & Co., Ltd (current position)
- 2006/7 Chairman of Japan Institute of Workers' Evolution

Name ***Ikujiro Nonaka (1)***

Date of Birth May 10, 1935

Shareholdings as of March 31, 2011 (1,000 shares) 15

Prior Positions

- 1958/4 Joined Fuji Electric Co.
- 1977/4 Professor, Management Faculty, Nanzan University
- 1979/1 Professor, National Defense Academy of Japan
- 1982/4 Professor, Institute of Business Research, Hitotsubashi University
- 1995/4 Professor, Graduate School of Knowledge Science, JAIST
- 1997/4 Dean, Center for Knowledge Science, Graduate School of Knowledge Science, JAIST
- 1997/5 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of Business, University of California, Berkeley
- 2000/4 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- 2006/4 Professor Emeritus, Hitotsubashi University
- 2007/1 First Distinguished Drucker Scholar in Residence, Drucker School of Claremont Graduate University
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)

Name ***Hiroshi Hirabayashi (1)***

Date of Birth May 5, 1940

Shareholdings as of March 31, 2011 (1,000 shares) 6

Prior Positions

- 1963/4 Entered the Ministry of Foreign Affairs
- 1988/1 Director, Management and Coordination Division, Minister's Secretariat, the Ministry of Foreign Affairs
- 1990/1 Minister, Japanese Embassy in the U.S.A
- 1992/1 Envoy, Japanese Embassy in the U.S.A
- 1993/8 Director-General, Economic Cooperation Bureau, the Ministry of Foreign Affairs
- 1995/8 Chief Cabinet Councilor's Office on External Affairs, Cabinet Secretariat
- 1997/10 Secretary-General, Indo-China Refugees Measures Coordination Conference
- 1998/1 Ambassador Extraordinary and Plenipotentiary to India and to Bhutan
- 2002/9 Ambassador Extraordinary and Plenipotentiary to France and to Andorra
- 2003/1 Ambassador Extraordinary and Plenipotentiary to Djibouti
- 2006/6 Ambassador in charge of Inspection, the Ministry of Foreign Affairs
- 2007/3 Councilor, The Japan Forum on International Relations, Inc.
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
  President, The Japan-India Association
- 2008/4 Visiting Professor, Waseda University, Graduate School of Asia-Pacific Studies
- 2009/6 Vice President, The Japan Forum on International Relations, Inc.
- 2010/11 President, The Japan-India Association
- 2011/4 President, The Japan Forum on International Relations, Inc.

Name ***Toshiro Mutoh (1)***

Date of Birth July 2, 1943

Shareholdings as of March 31, 2011 (1,000 shares) 1

Prior Positions

- 1966/4 Entered the Ministry of Finance
- 1999/7 Director-General of the Budget Bureau, Ministry of Finance
- 2000/6 Administrative Vice Minister, Ministry of Finance
- 2003/1 Special Advisor ,Ministry of Finance
- 2003/3 Deputy Governor, Bank of Japan
- 2008/6 Visiting Professor, Research Center for Advanced Science and Technology, The University of Tokyo
- 2008/7 Chairman ,Daiwa Institute of Research Ltd.
- 2009/4 Director, Principal, The Kaisei Academy
- 2010/6 External Director , Mitsui & Co., Ltd. (current position)

Corporate Auditors

Name ***Satoru Miura (4)***

Date of Birth March 2, 1947

Shareholdings as of March 31, 2011 (1,000 shares) 26

Prior Positions

- 1970/4 Joined Mitsui & Co., Ltd.
- 2001/6 Director; Chief Operating Officer of Iron & Steel Products Business Unit
- 2002/4 Director; Senior Managing Officer, Chief Operating Officer, Iron & Steel Products Unit, Metals Group
- 2004/4 Executive Managing Officer, Chief Operating Officer, Iron & Steel Products Business Unit
- 2005/4 Executive Managing Officer; General Manager, Nagoya Office
- 2007/4 Executive Managing Officer
- 2007/6 Corporate Auditor (Full−Time) (current position)

Name ***Motonori Murakami (4)***

Date of Birth November 19, 1948

Shareholdings as of March 31, 2011 (1,000 shares) 28

Prior Positions

- 1971/7 Joined Mitsui & Co., Ltd.
- 2003/4 Managing Officer; General Manager, General Accounting Division
- 2006/4 Executive Managing Officer, Assistant to Senior Executive Managing Officer (Corporate Staff Division), Assistant to Chief Financial Officer
- 2007/6 Corporate Auditor (Full- Time) (current position)

Name ***Hideharu Kadowaki (1)***

Date of Birth June 20, 1944

Shareholdings as of March 31, 2011 (1,000 shares) 11

Prior Positions

- 1968/4 Joined the Mitsui Bank
- 1996/6 Director, The Sakura Bank Ltd.
- 1998/4 Managing Director, The Sakura Bank Ltd.
- 1999/6 Managing Director & Executive Managing Officer, The Sakura Bank Ltd.
- 2000/4 Senior Managing Director and Senior Executive Managing Officer, The Sakura Bank Ltd.
- 2001/4 Senior Managing Director and Senior Executive Managing Officer, The Sumitomo Mitsui Banking Corporation
- 2002/12 Senior Managing Director, Sumitomo Mitsui Financial Group, Inc.
- 2003/6 Deputy President, Sumitomo Mitsui Financial Group, Inc.
- 2004/6 Chairman of the Institute, The Japan Research Institute, Limited
- 2004/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)
- 2008/6 Special Advisor & Senior Fellow, The Japan Research Institute, Limited

Name ***Naoto Nakamura (3)***

Date of Birth January 25, 1960

Shareholdings as of March 31, 2011 (1,000 shares) 0

Prior Positions

- 1985/4 Admitted to the member of Second Tokyo Bar Association
- 1985/4 Joined Mori Sogo Law Office
- 1998/4 Founded HIBIYA PARK LAW OFFICES and became a partner
- 2003/2 Founded Law Firm of Naoto Nakamura (currently Law Firm of Nakamura, Tsunoda & Matsumoto) and became a partner
- 2006/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Kunihiro Matsuo (1)***

Date of Birth September 13, 1942

Shareholdings as of March 31, 2011 (1,000 shares) 5

Prior Positions

- 1968/4 Appointment as Public Prosecutor
- 1999/12 Vice Minister of Justice
- 2004/6 Attorney General
- 2006/9 Admission as Attorney at Law
- 2008/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Hiroyasu Watanabe (2)***

Date of Birth April 11, 1945

Shareholdings as of March 31, 2011 (1,000 shares) 0

Prior Positions

- 1969/7 Entered the Ministry of Finance
- 1994/7 Director-General, Nagoya Taxation Bureau, National Tax Agency, the Ministry of Finance
- 1995/5 Director-General, Kinki Finance Bureau, the Ministry of Finance
- 1996/7 Deputy Director-General, Tax Bureau, the Ministry of Finance
- 1997/7 Director-General, Tokyo Taxation Bureau, National Tax Agency, the Ministry of Finance
- 1998/7 Director-General, Customs and Tariff Bureau, the Ministry of Finance
- 2000/6 President, Policy Research Institute, the Ministry of Finance
- 2002/7 Commissioner, National Tax Agency, the Ministry of Finance
- 2003/11 Visiting Professor, University of Tokyo, Graduate Schools for Law and Politics
- 2004/4 Professor, Waseda University, Graduate School of Finance, Accounting & Law
- 2009/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

(1) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2012.
(2) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2013.
(3) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2014.
(4) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2015.
(5) Ms. Nobuko Matsubara, Mr. Ikujiro Nonaka, Mr. Hiroshi Hirabayashi and Mr. Toshiro Mutoh are external directors. Mr. Hideharu Kadowaki, Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe are external Corporate Auditors. Mr. Satoru Miura and Mr. Motonori Murakami are full-time Corporate Auditors.

Mitsui introduced the Managing Officer System in April 2002. Member of Managing officers as of June 24, 2011 are followings. (*Serves concurrently as Director.)

Managing Officers

Name		Title and Principal Positions
Masami Iijima	*	President and Chief Executive Officer; Chairman, Internal Controls Committee
Seiichi Tanaka	*	Executive Vice President; Basic Chemicals Business Unit; Performance Chemicals Business Unit; IT Business Unit; Transportation Logistics Business Unit; Chairman, Environment and New Energy Committee
Takao Omae	*	Executive Vice President; Infrastructure Projects Business Unit; Motor Vehicles & Construction Machinery Business Unit; Consumer Service Business Unit
Masayoshi Komai	*	Executive Vice President; Iron & Steel Products Business Unit; Marine & Aerospace Business Unit; Foods & Retail Business Unit; Chairman, Portfolio Management Committee
Fuminobu Kawashima	*	Senior Executive Managing Officer; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II; Financial & New Business Unit; Domestic Offices and Branches
Daisuke Saiga	*	Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Logistics Management Division); Business Continuity Management; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee
Osamu Koyama		Executive Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute
Shigeru Hanagata		Executive Managing Officer; General Manager, Nagoya Office
Yoshinori Setoyama		Executive Managing Officer, Chief Representative of Mitsui & Co., Ltd. in China
Noriaki Sakamoto		Executive Managing Officer; Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit
Joji Okada	*	Executive Managing Officer; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Segment Controller Division, Finance Division, Investment Administration Division, Credit Risk Management Division, Market Risk Management Division, Investor Relations Division); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Takashi Yamauchi		Executive Managing Officer; Chief Operating Officer, Asia Pacific Business Unit
Masayuki Kinoshita	*	Executive Managing Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Information Technology Promotion Division, Environmental Social Contribution Division, Corporate Communications Division); New Business Promotion; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee
Atsushi Oi		Executive Managing Officer; General Manager, Osaka Office
Takashi Fukunaga		Executive Managing Officer; Chief Operating Officer, Foods & Retail Business Unit
Mitsuhiko Kawai		Executive Managing Officer; Chief Operating Officer, Americas Business Unit
Shintaro Ambe		Executive Managing Officer; Chief Operating Officer, Infrastructure Projects Business Unit
Motomu Takahashi		Executive Managing Officer; Chief Operating Officer ,Iron & Steel Products Business Unit
Noritaka Tanaka		Managing Officer; General Manager, Investment Administration Division
Susumu Uneno		Managing Officer; President, Mitsui & Co. (Thailand) Ltd.
Kazuhiko Fukuchi		Managing Officer; General Manager, Kyushu Office

Name	Title and Principal Positions
Mitsuo Hidaka	Managing Officer; Chief Operating Officer, Energy Business Unit II
Ichizo Kobayashi	Managing Officer; Chief Operating Officer, Marine & Aerospace Business Unit
Makoto Yoshimura	Managing Officer; General Manager, Internal Auditing Division
Tatsuo Nakayama	Managing Officer; Chief Operating Officer, Motor Vehicles & Construction Machinery Business Unit
Motonobu Sato	Managing Officer; General Director, Mitsui & Co. Vietnam Ltd.
Koichi Tanaka	Managing Officer; Deputy Chief Financial Officer; General Manager, Segment Controller Division
Hironobu Ishikawa	Managing Officer; General Manager, Human Resources & General Affairs Division
Hiroyuki Kato	Managing Officer; Chief Operating Officer, Energy Business Unit I
Yoshihiro Hombo	Managing Officer; Chief Operating Officer, Basic Chemicals Business Unit
Kenji Akikawa	Managing Officer; Chief Operating Officer, IT Business Unit
Katsunori Aikyo	Managing Officer; Chief Operating Officer, Transportation Logistics Business Unit
Atsushi Kume	Managing Officer; Chief Operating Officer, Financial & New Business Unit
Toru Suzuki	Managing Officer; Chief Operating Officer, Performance Chemicals Business Unit
Hideyuki Mikayama	Managing Officer; General Manager, Finance Division
Takeshi Kanamori	Managing Officer; Deputy Chief Representative of Mitsui & Co., Ltd. in China; Chairman & Managing Director of Mitsui & Co. (Shanghai) Ltd.
Satoshi Tanaka	Managing Officer; Chief Operating Officer, Consumer Services Business Unit
Makoto Suzuki	Managing Officer; Chief Representative of Mitsui & Co., Ltd. in South West Asia
Yasushi Takahashi	Managing Officer; Chief Operating Officer, Mineral & Metal Resources Business Unit

6. Corporate Governance

(1) Corporate Governance

1) Basic Corporate Governance Policy

Mitsui employs the structure of a company with a board of corporate auditors. In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures.

(a) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number to enable substantial discussions. Beneath the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee as advisory committees in which External Directors and External Corporate Auditors participate as members.

(b) The Corporate Auditors supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Corporate Auditors carry out multiple, effective supervisory activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

To secure "management transparency and accountability," which is one of the requirements in implementing corporate governance, Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Corporate Auditors. Mitsui also establishes an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. To ensure "separation of the functions of business execution and management monitoring," Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers' business activities. Chief Operating Officers of 14 business units within headquarters and three regional business units serve concurrently as Managing Officers and engage in business operation responsively for consolidated group.

2) Status of Implementation of Corporate Governance Policy

(a) Management bodies regarding our management decision-making, business execution and supervision, and other corporate governance structures

i) Corporate governance structure

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11. In June 2003, the first External Director was appointed and four External Directors have been appointed each year since the Ordinary General Meeting of Shareholders held in June 2007. A chairman is a director who does not represent and calls a meeting of the Board of Directors and serves as a chairman of the meeting. As of the date of the issuance of this report, 13 Directors were appointed, eight of whom also serve as Managing Officers. Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in case of increasing the number of board members so that separation of duties between supervision and management is to be enhanced. The tenure of Directors is one year and can be reappointed.

- While increasing the effectiveness of supervisory function by having Corporate Auditors, Mitsui implements corporate governance by maintaining corporate auditor system because it believes that internal Directors who are familiar with our business practices and operations is essential to business of general trading company. By adapting the Committee System participated by External Directors and External Corporate Auditors, Mitsui achieves highly effective corporate governance to secure "management transparency and accountability" and "separation of duties between supervision and management" as well.

- In accordance with the Rules of the Board of Directors regarding resolutions and matters to be reported, the Board of Directors passes a resolution of basic policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of General Meeting of

Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and status of important business operations.

- A meeting of the Board of Directors is held once in every month as a general rule and from time to time whenever necessity arises. In the year ended March 31, 2011, 12 meetings were held, including one extraordinary meeting.

- Mitsui establishes three committees shown below as advisory bodies to the Board of Directors (the compositions of members are as of the date of issuance of this report).

- Governance Committee
  Composition: Chairman of the Board of Directors (committee chair), President and Chief Executive Officer, External Directors 2, internal Directors 3, External Corporate Auditor 1
  Assignment: To study the state and direction of Mitsui's corporate governance with the view points of External Directors and External Corporate Auditor

- Nomination Committee
  Composition: President and Chief Executive Officer (committee chair), External Directors 2, internal Directors 2
  Assignment: To establish the selection standards and processes used in nominating directors and managing officers as well as evaluating director nomination proposals

- Remuneration Committee
  Composition: External Director (committee chair), President and Chief Executive Officer, internal Directors 2
  Assignment: To study the system and decision-making process related to remuneration and bonuses for directors and managing officers as well as evaluating remuneration proposals for them

- At the date of issuance of this report, the Corporate Auditors consists of six Corporate Auditors, including two Full-time Corporate Auditors and four External Corporate Auditors. A meeting of the Corporate Auditors is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2011, 14 meetings were held. Corporate Auditors attend the meeting of the Board of Directors and supervise the procedure of the meeting and the contents of resolutions and other issues to express their opinions in a proactive manner.

ii) Internal control and execution of business activities framework

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the Business Units and Regional Business Units, who, in turn, report to the President and Chief Executive Officer. Mitsui establishes the Corporate Management Committee for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the Chairman, the President and Chief Executive Officer (committee chairman), the Executive Managing Officers in charge of Corporate Staff Unit, and Representative Directors or Managing Officers whom the President and Chief Executive Officer nominates. When needed the Corporate Auditors also attend the Committee. The Corporate Management Committee is held weekly in principle.

- Mitsui proactively implements the internal control framework of the US Committee of Sponsoring Organizations of the Treadway Commission (COSO) and positions its internal control system to achieve the following four objectives: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing of reliability of financial reporting," (3) "Observance of laws and rules that are equivalent to the laws, as well as observance of management philosophy or company rules including all codes of conduct which reflect this philosophy," and (4) "The conservation of company assets." We also position our internal control system as a "structure by which management controls the business executing organization," which is made up of the following five components: "control environment," "risk assessment," "control activities," "information and communication," and "monitoring."

- In the year ended March 31, 2011, Mitsui decided to delist its American depositary shares from

NASDAQ and terminate its registration with the Securities Exchange Commission (SEC) in the year ending in March 31, 2012 since Mitsui believes that it will be able to maintain the same level of discipline in its internal control and transparency even under internal control and disclosure requirement in Japan as it has historically maintained, and the costs and expenses associated with the continued listing on the NASDAQ has become not economically justifiable. Although from the year ending March 31, 2012 and onwards, with the termination of the SEC registration, it will no longer be necessary for Mitsui to take action for the US Sarbanes-Oxley Act of 2002, in order to maintain internal controls at the same level, Mitsui will continue to have the same governance and internal controls in place.

- Mitsui has established major committees pertaining to the execution of business as follows, and is taking measures to respond increasing and diversifying wide range of risks and businesses.

- Internal Controls Committee
  Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system.

- Compliance Committee
  As an organization under the Internal Control Committee, this committee with a lawyer from outside the company among its members, develops, maintains, and improves the effectiveness of the compliance structure.

- Disclosure Committee
  As an organization under the Internal Control Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as develops an organizational structure and mechanism for disclosure, discusses the materiality of information, and determines appropriateness of information to be disclosed.

- SOA Sec. 404 Committee
  As an organization under the Internal Control Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the trustworthiness of our consolidated financial reporting. From the fiscal year ending March 2012, due to the termination of the registration with the SEC, the SOA Sec. 404 Committee will be renamed as the J-SOX Committee.

- Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding corporate portfolio strategy, formulates investment and loan plans, monitors our corporate portfolios, and examines other important investment projects on a case-by-case basis.

- Information Strategy Committee
  As an organization under the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of management platform and promoting structure of information strategy.

- CSR Promotion Committee
  As an organization under the Corporate Management Committee, this committee acts as the central body in achieving management that emphasizes “Corporate Social Responsibility” (CSR), and it provides advice to the Corporate Management Committee, developing fundamental policies and an internal corporate structure for the management of CSR, and raising CSR awareness among employees.

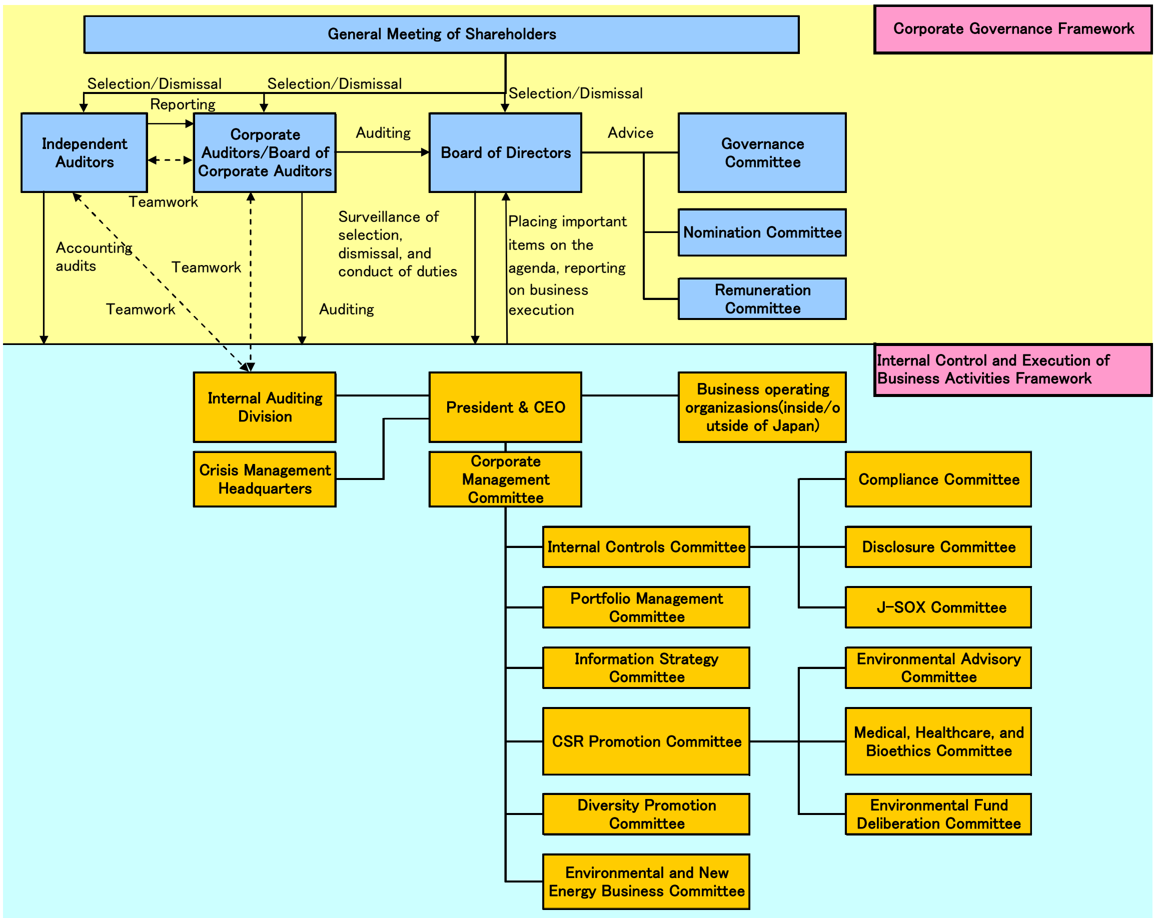
- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and plan related to diversity promotion, and formulates and implements target set along with the plan.

- Environmental and New Energy Committee
  As an advisory body to the Corporate Management Committee, this committee analyzes the external business environment, monitors and evaluates our current activities, specifies our priorities and

focuses, and recommends relevant measures in environmental and new energy business.

- Crisis Management Headquarters
  As a special and nonpermanent organization under the direct control of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response The President and Chief Executive Officer serves the head of this Headquarters.

Overview of our corporate governance and internal control framework is shown as follows:



(b) Status of auditing by the Corporate Auditors, internal auditing and audit of financial statements

i) Auditing by the Corporate Auditors

- The Guidelines of auditing by Corporate Auditors define responsibility of Corporate Auditors, awareness of being the auditor, framework of audit, audit standard and code of conducts. The Board of the Corporate Auditors is reported as to important matters in auditing, deliberate and/or makes a resolution, pursuant to laws and regulations, the Article of Incorporation and the provision of the rules of the Board of Corporate Auditors

- Each Corporate Auditor has a duty to audit following issues: In the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditor, 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 Auditor, and the system of disclosure.

- The Board of Corporate Auditors establishes audit policies and makes audit plans taking into consideration of the materiality, timeliness and other necessary elements. To enhance effective and efficient audit, the Board of Corporate Auditors communicate closely with the Independent Auditor and Internal Auditing Division.

- Full-time Corporate Auditors attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the Chairman and the President and Chief Executive Officer on a periodic basis, respectively, and Full-time Corporate Auditors have discussion with Directors and Managing Officers separately. They also receive reports and exchange opinions at regular meetings with the Executive Managing Officers in charge of Corporate Staff Unit and general managers in Corporate Staff Unit.

- The Corporate Auditors conduct auditing on management status of Mitsui's subsidiaries through visits to domestic and overseas offices and major subsidiaries as well as through cooperation with corporate auditors at subsidiaries.

- The Board of Corporate Auditors has designated Motonori Murakami, Hideharu Kadowaki and Hiroyasu Watanabe as Corporate Auditors who have considerable expertise in finance and accounting.

  Mr. Murakami joined Mitsui & Co., Ltd. in 1971. Before being elected as one of our Corporate Auditors in 2007, he had worked in the field of accounting and was appointed as General Manager of the General Accounting Division in 2000 and as Executive Managing Officer, Assistant to Senior Executive Managing Officer in charge of Corporate Staff Division and Assistant to Chief Financial Officer in 2006.

  Mr. Hideharu Kadowaki has served mainly in the field of financial risk management at Mitsui Bank, Sakura Bank, Sumitomo Mitsui Banking Corporation, and Sumitomo Mitsui Financial Group, Inc. At Sumitomo Mitsui Financial Group, Inc., while overseeing the entire operation of the bank as a Vice President and Representative Director, he was responsible for risk management and internal auditing.

  Mr. Hiroyasu Watanabe had been working for Ministry of Finance and National Tax Agency, and his final position in such field was Commissioner of National Tax Agency. He is currently working as Professor at Waseda University, Graduate School of Finance, Accounting and Law.

- We set up Corporate Auditor Division to assist in the performance of the duties of the Corporate Auditors, and assigns to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

ii) Internal auditing

- Based on the orders or approval of the President and Chief Executive Officer, Internal Auditing Division verifies the status of the development and management of internal controls from the perspective of the effectiveness and efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations, and the preservation of corporate assets. At the same time, the division evaluates the suitability and effectiveness of risk management and gives advice and recommendations for its improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the control of the President and Chief Executive Officer. The composition of the personnel in the division is as follows; as of March 31, 2011, of a total of 90 people, which include one General Manager, 33 inspectors, 36 members of personnel in charge of audits, and 20 staffs, 68 people are stationed in the Internal Auditing Division in the head Office, 10 people are stationed in the Overseas Internal Auditing Offices, six people are stationed in the Business Auditing Division, and six people are stationed in affiliated companies.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, in line with the internal auditing guidelines, 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, such as issues involving multiple organizations and business processes or environmental management systems, and extraordinary audit to get a whole picture of the such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust to identify the responsibility and to recommend measures to clarify causes. Up until the year ended March 31, 2011, the Internal Auditing Division was in charge of evaluation testing in connection with internal control over financial reporting based on the requirements of Section 404 of the US Sarbanes-Oxley Act of

2002. As of the date of issuance of this report, due to the termination of the registration with the SEC, a system is being prepared where the evaluation testing on internal control is made by the operational audit offices in the operational divisions of each business units, and such testing is reviewed and evaluated finally by the Internal Auditing Division as an independent department under Financial Instruments and Exchange Act.

- It is necessary to secure the approval of the President and Chief Executive Officer for the internal auditing policy for each fiscal year as well as the internal auditing plan. Internal audits are implemented either with advance notice to the target organization or without advance notice. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The results of audit are reported to the President and Chief Executive Officer. The report from the organization on implementation status to improve the identified issues is required and to be reevaluated.

iii) Auditing of financial statements

- For the year ended March 31, 2011, the certified public accountants executed audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Koji Inagaki, Nobuaki Fuse, Hidehito Goda, and Junichi Fujii. Additionally, the number of assistants involved in auditing work is 101 people as of March 31, 2011, and this number is comprised of 25 certified public accountants, 32 members of the Japanese Institute of Junior Accountants, and 44 of others.

- For prior consent of the Board of Corporate Auditors when auditing of Mitsui and its consolidated subsidiaries is contracted out, in order to secure prompt financial closing and reliability, the auditing work is in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's accounting auditors implement Companies Act of Japan auditing, Financial Instruments and Exchange Act auditing and auditing of the consolidated financial statements in English.

iv) Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Department and auditing by accounting auditors

- At the end of the fiscal year, the Board of Corporate Auditors receives from the accounting auditors a report outlining audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Corporate Auditors hold monthly meetings with the accounting auditors, receive reports from the accounting auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussion over the execution of effective and efficient accounting audits and internal control audits. On the other hand, in order to secure the independence of accounting auditors required by the US Sarbanes-Oxley Act of 2002, there is a requirement for all of the auditing work entrusted by Mitsui and its consolidated subsidiaries and the non-auditing work entrusted to Deloitte Touche Tohmatsu LLC and the member firms of Deloitte Touche Tohmatsu, including Deloitte Touche Tohmatsu LLC, to be approved in advance by the Board of Corporate Auditors or to be reported to the Board.

- As well as exchanging information as required with Internal Auditing Division for implementing efficient audits, Full-time Corporate Auditors in principle attend all of the feedback sessions over 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 Board of Corporate Auditors. The Corporate Auditors, as necessary, requires reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also requests them a wide range of cooperation in audits.

3) The Relationship with External Directors and External Corporate Auditors and the Results of Their Activities

(a) Relationship with External Directors and reasons for their appointments

Mitsui appoints External Directors according to the following standards.

- External Directors are appointed from among candidates that have extensive business experience and knowledge, necessary to discuss and judge proposals at meetings of the Board of Directors such as investment as well as loan plans and/or have substantive credential and insights from their own particular areas of expertise that are essential to supervise the business operations.

- In the appointment of External Directors, in order for them to conduct their management supervisory function, Mitsui places importance on their independence from Mitsui. Additionally, from the perspective of including standpoints of various stakeholders in the supervision of business activities, candidates with diversity in areas of expertise as well as gender are taken into consideration.

- As Mitsui is a general trading company that engages in business relationships with a broad variety of industries and businesses, it is possible that there may be conflicts in interest between External Directors and the company in certain business transactions. In such case, the issue is to be addressed appropriately through the management and procedure of the Board of Directors.

The four External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 24, 2011, their relationships with Mitsui, and the reasons for their appointment, are as follows. Mitsui has entered into agreements with these External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427, Item 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui and concurrent positions in other organizations held by External Directors etc. (*)	Reasons for appointment as External Director at Mitsui
Nobuko Matsubara (Director, since June 2006)	Ms. Matsubura is former Vice Minister of the Ministry of Labor and later served as Ambassador Extraordinary and Plenipotentiary of Japan to Italy. She is currently the Chairman of the Japan Institute of Workers' Evolution. There is no special interest between Mitsui and Japan Institute of Workers' Evolution.	Ms. Matsubara is appointed as an External Director so that the management may benefit from her knowledge and experience in labor issues gained within the public sectors, as well as for her independent oversight.
Ikujiro Nonaka (Director, since June 2007)	Mr. Nonaka is Professor Emeritus at Hitotsubashi University.	Mr. Nonaka is appointed as an External Director so that the management may benefit from his deep insight and supervisory capabilities related to management as an expert in international corporate strategy, as well as for his independent oversight.
Hiroshi Hirabayashi (Director, since June 2007)	Mr. Hirabayashi is from the Ministry of Foreign Affairs, and has in the past served in various diplomatic service posts, including Ambassador Extraordinary and Plenipotentiary to India and Ambassador Extraordinary and Plenipotentiary to France. Currently, he is President of the Japan-India Association. There is no special interest between Mitsui and the Japan-India Association. Mr. Hirabayashi's eldest daughter works as a non-managerial employee of Mitsui.	Mr. Hirabayashi is appointed as an External Director so that the management may benefit from his wealth of international experience and knowledge gained as a diplomat, as well as for his independent oversight.
Toshiro Mutoh (Director, since June 2010)	Mr. Mutoh is former Vice Minister of the Ministry of Finance and later served as Deputy Governor of the Bank of Japan. He is currently Chairman of Daiwa Institute of Research Ltd. There is no special interest between Mitsui and Daiwa Institute of Research Ltd.	Mr. Mutoh is appointed as an External Director 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.

(*) As of June 24, 2011, concurrent positions in other organizations held by External Directors are mainly as follows.

Name	Concurrent position in other organizations held by External Directors	
Nobuko Matsubara	Daiwa Securities Group Inc.	External Director
Ikujiro Nonaka	Seven & i Holdings Co., Ltd. Trend Micro Incorporated	External Director External Director
Hiroshi Hirabayashi	TOSHIBA CORPORATION DAIICHI SANKYO COMPANY, LIMITED	External Director External Director
Toshiro Mutoh	Sumitomo Metal Industries, Ltd.	External Corporate Auditor

(b) Activities of External Directors in the year ended March 31, 2011.

The activities of External Directors in the year ended March 31, 2011 are as follows.

Name	Major activities
Nobuko Matsubara	Ms. Matsubara participated in all 12 of the Board of Directors meetings held during the year ended March 31, 2011, and offered advice mainly from the perspective of her high degree of knowledge and varied experience of labor issues while working as a Japanese public servant. Ms. Matsubara is also a member of the Governance Committee, an advisory committee to the Board of Directors.
Ikujiro Nonaka	Mr. Nonaka participated in all 12 of the Board of Directors meetings held during the year ended March 31, 2011, and offered advice mainly from the perspective of his high degree of knowledge and varied experience from his graduate and post-graduate research as a professor and international business specialist. Mr. Nonaka is also a member of the Governance Committee and the Nomination Committee, both advisory committees to the Board of Directors.
Hiroshi Hirabayashi	Mr. Hirabayashi participated in 11 of the 12 Board of Directors meetings held during the year ended March 31, 2011, and offered advice mainly from the perspective of his high degree of knowledge and varied international experience from his overseas activities as a foreign diplomat for Japan. Mr. Hirabayashi is also a member of the Nomination Committee, an advisory committee to the Board of Directors.
Toshiro Mutoh	Mr. Mutoh participated in 9 of the 10 Board of Directors meetings held since becoming a director in June 2010, and offered advice mainly from the perspective of his high degree of knowledge and varied experience in finance and other general economic fields gained at the Ministry of Finance and the Bank of Japan. Mr. Mutoh is also Chairman of the Remuneration Committee, an advisory committee to the Board of Directors.

(c) Relationships with External Corporate Auditors and reasons for their appointments

After obtaining the approval of the Board of Corporate Auditors, Mitsui appoints External Corporate Auditors out of candidates who have extensive insights into corporate management or extensive track records in specialist fields that are necessary to carry out an auditing function, and who have no conflict of interest such as dependence, taking into account their relationships with Mitsui, Representative Directors and other Directors, Managing Officers and key personnel, and who are able to participate in meetings of both the Board of Directors and the Board of Corporate Auditors. The four External Corporate Auditors that were appointed at the Ordinary General Meeting of Shareholders held on June 24, 2011, their relationship with Mitsui, and the reasons for their appointment, are as follows. Mitsui has entered in agreements with abovementioned four External Corporate Auditors pursuant to Article 427, Item 1 of the Companies Act of Japan to limit their liability to the extent possible by law.

Name (Date of assumption of office)	Relationship with Mitsui and concurrent positions in other organizations held by External Directors etc. (*)	Reasons for appointment as External Corporate Auditor at Mitsui
Hideharu Kadowaki (Corporate Auditor, since June 2004)	Mr. Kadowaki was formerly Vice President and Representative Director of Sumitomo Mitsui Financial Group, Inc. He is currently Special Advisor & Senior Fellow at the Japan Research Institute, Limited.	Mr. Kadowaki is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, and from the knowledge and perspective he has gained in the business activities in the field of finance, which has been his main field.
Naoto Nakamura (Corporate Auditor, since June 2006)	Mr. Nakamura is an attorney at law.	Mr. Nakamura is appointed as an External Corporate Auditor 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 as an attorney at law, particularly in the field of corporate law.
Kunihiro Matsuo (Corporate Auditor, since June 2008)	Mr. Matsuo was formerly Prosecutor General (retired in 2006). He is an attorney at law.	Mr. Matsuo is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, and from the many years of experience and perspective he has gained, mainly as prosecutor and as an attorney at law.
Hiroyasu Watanabe (Corporate Auditor, since June 2009)	Mr. Watanabe was formerly a Commissioner of National Tax Agency (retired in 2003), He is a professor at the Graduate School of Finance, Accounting and Law, Waseda University.	Mr. Watanabe is appointed as an External Corporate Auditor 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.

(*) As of June 24, 2011, concurrent positions held in other organizations, etc. are mainly as follows.

Name	Concurrent positions held in other organizations	
Hideharu Kadowaki	Mitsui Chemicals, Inc.	External Corporate Auditor
Naoto Nakamura	ASAHI BREWERIES, LTD.	External Corporate Auditor
Kunihiro Matsuo	ASAHI GLASS CO., LTD.	External Director
	Tokyo Stock Exchange Group, Inc.	External Director
	TOYOTA MOTOR CORPORATION	External Corporate Auditor
	Sompo Japan Insurance Inc.	External Corporate Auditor
	Komatsu Ltd.	External Corporate Auditor
	BROTHER INDUSTRIES, LTD.	External Corporate Auditor
Hiroyasu Watanabe	NOMURA Co., Ltd.	External Corporate Auditor
	JX Holdings, Inc.	External Corporate Auditor

(d) Activities of External Corporate Auditors in the year ended March 31, 2011.

The activities of Mr. Hideharu Kadowaki, Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe in the year ended March 31, 2011 are as follows.

Name	Significant activities
Hideharu Kadowaki	Mr. Kadowaki participated in 11 of the 12 Board of Directors meetings, and 13 of the 14 Board of Corporate Auditors meetings, held during the year ended March 31, 2011, and offered advice mainly from the perspective of his high degree of knowledge and varied experience in banking operations. Mr. Kadowaki is also a member of the Governance Committee, an advisory body to the Board of Directors.
Naoto Nakamura	Mr. Nakamura participated in all 12 of the Board of Directors meetings, and all 14 of the Board of Corporate Auditors meetings, held during the year ended March 31, 2011, and offered advice mainly from the perspective of his high degree of knowledge and varied experience as an attorney at law, working primarily on issues related to the fields of Companies Act of Japan.
Kunihiro Matsuo	Mr. Matsuo participated in 9 of the 12 Board of Directors meetings, and 11 of the 14 Board of Corporate Auditors meetings, held during the year ended March 31, 2011, and offered advice mainly from the perspective of his many years of knowledge and varied experience obtained working as a prosecutor and an attorney at law.
Hiroyasu Watanabe	Mr. Watanabe participated in 10 of the 12 Board of Directors meetings, and 12 of the 14 Board of Corporate Auditors meetings, held during the year ended March 31, 2011, and offered advice mainly from the perspective of his high degree of knowledge and varied experience obtained working at the Ministry of Finance and as a graduate school professor.

(e) Supervision by External Directors or External Corporate Auditors or mutual coordination between audits and internal audits, auditing by Corporate Auditors and accounting audits, and relationship with Internal Control Division

The External Directors and External Corporate Auditors, through the Board of Directors and the Board of Corporate Auditors, enhance mutual coordination between internal audits, auditing by Corporate Auditors and accounting audits as well as carry out supervision and audits of internal control. Specifically, they periodically receive reports on the following at the Board of Directors: results of the internal audits and internal audit plans, results of auditing by the Board of Corporate Auditors and audit implementation plans, outlines of management letters by accounting auditors, evaluation results with regard to Section 404 of the US Sarbanes-Oxley Act of 2002, the operational status of compliance programs, and the structure and management of other internal controls.

In addition to the above, as stated in 2) (b) (iv) “Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Department and auditing by accounting auditors,” at meetings such as meetings of the Board of Corporate Auditors, the External Corporate Auditors make efforts towards mutual coordination by periodically receiving reports from the accounting auditors and from the Internal Auditing Department regarding the status and results of their audit activities, and carrying out exchanges of information and opinions.

The External Directors and External Corporate Auditors are given the following support.

i) For External Directors, before regular and extraordinary meetings of the Board of Directors, the Board of Directors Secretariat (Legal Division and Secretariat) provides material on the proposals and gives advance explanations.

ii) In addition to timely provision of company information by the Full-time Corporate Auditors and staff in the Corporate Auditor Division, summaries of meetings between Full-time Corporate Auditors and staff in the Corporate Auditor Division are provided to External Corporate Auditors periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Board of Corporate Auditors and of the Board of Directors.

4) Remuneration of Directors and Corporate Auditors

(a) The remuneration of Directors and Corporate Auditors regarding the year ended March 31, 2011, was as follows:

Category of position	Number of Recipients	Basic Remuneration	Bonus	Retirement Compensation	Total Remuneration
Directors (Excluding External Directors)	9	¥634 million	¥307million	—	¥941 million
Corporate Auditors (Excluding External Corporate Auditors)	2	¥113 million	—	—	¥113 million
External Directors and External Corporate Auditors	9	¥96 million	—	¥2 million	¥98 million
Total	20	¥843 million	¥307 million	¥2 million	¥1,152 million

(Notes) 1. Limits on the remuneration of Directors and Corporate Auditors have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: for Directors, there is a total limit of ¥70 million per month (by its resolution on June 22, 2007); for Corporate Auditors, there is a total limit of ¥20 million per month (by its resolution on June 22, 2007).Unrelated to the above, for Directors (not including External Directors) there is a total limit for bonuses of ¥500 million (by its resolution on June 22, 2007).

2. The bonus shown above is planned amount. The retirement compensation shown above was determined prior to the abolition of such program, and paid during the year ended March 31, 2011.

3. In addition to the amounts shown above, Mitsui paid pensions (payments that were determined prior to the abolition of such program) of ¥612 million to 139 Directors, and a total of ¥63 million to 22 Corporate Auditors in the year ended March 31, 2011.

(b) The following table contains information about remuneration earned by the named directors who earned more than total of ¥100 million per year for the year ended March 31, 2011.

Name	Category of position	Payer	Basic remuneration	Bonus	Total Remuneration
Shoei Utsuda	Director	Mitsui	¥106 million	¥48 million	¥154 million
Masami Iijima	Director	Mitsui	¥109 million	¥48 million	¥157 million
Ken Abe	Director	Mitsui	¥68 million	¥34 million	¥102 million
Junichi Matsumoto	Director	Mitsui	¥68 million	¥34 million	¥102 million
Seiichi Tanaka	Director	Mitsui	¥68 million	¥34 million	¥102 million

(c) Taking into consideration of result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) are determined as a sum of fixed basic remuneration and performance-related bonus based on the consolidated net income. After approved by the Remuneration Committee as appropriate, this bonus is calculated using the following formulas, which was resolved at the Board of Directors meeting.

Directors are not paid retirement compensation, excluding the ones that were determined prior to the abolition of the program.

i) Total amount paid in bonuses for Directors

Total bonuses are calculated as the lesser of consolidated net income x 0.1% and ¥500 million, (if the consolidated net income is minus, i.e. net loss, this item is set as 0 for the calculation).

ii) Amount paid in individual bonuses

The total amount calculated by the method shown above (i) is distributed to each Directors in proportion to the following points which are determined according to each position. Amounts less than ¥ 10,000 is to be rounded off.

(Amount individually paid = total amount paid × position points / sum of position points)

Points by position

Chairman/President	Executive Vice President	Senior Executive Managing Officer	Executive Managing Officer
10	7	6	5

By the composition of the Directors and Corporate Auditors as of the date of the issuance of this report, the maximum amounts paid by each position (in the case of net income of ¥500 billion for the fiscal year) are as follows.

Chairman/President	=	¥500 million × 10 points / (10 points × 2 persons + 7 points × 3 persons + 6 points × 1 person + 5 points × 3 persons = 62 points)	=	¥80.65 million
Executive Vice President	=	¥500 million × 7 / 62 points	=	¥56.45 million
Senior Executive Managing Officer	=	¥500 million × 6 / 62 points	=	¥48.39 million
Executive Managing Officer	=	¥500 million × 5 / 62 points	=	¥40.32 million

(d) Corporate Auditors receive only monthly remunerations which do not include any factor depending on our performance. The monthly remuneration for each of Corporate Auditors is determined by discussions among the Corporate Auditors and within the total limit shown in Note 1 in (a) above. Retirement compensation is not paid to the Corporate Auditors.

(e) Each of Mitsui's Directors (excluding external Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly salary through Mitsui Executives' Shareholding Association.

5) Status of Stocks Held

(a) Stocks for investment held for any purposes other than investment purpose stood at 577 issues and total of the amount recorded in the balance sheet is ¥399,447 million as of March 31, 2011.

(b) Specified Investment Shares among the stocks for investment held for any purposes other than investment purpose (excluding unlisted stocks), of which amount recorded in the balance sheet as of March 31, 2010 exceeds one-hundredth (1/100) of the equity of Mitsui are as follows

Issue	Number of shares held by Mitsui	Amount recorded in the balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd	16,222,480	36,646	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Nippon Steel Corporation	58,297,544	21,395	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
POSCO	482,000	20,945	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TPV Technology Limited	234,583,614	14,697	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamaha Motor Co., Ltd.	8,586,000	12,028	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares held by Mitsui	Amount recorded in the balance sheet (Millions of Yen)	Purpose of holding
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	10,005	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Chemicals, Inc.	34,740,390	9,831	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toray Industries, Inc.	13,776,000	7,521	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Burberry Group plc	6,521,739	6,542	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
INPEX CORPORATION	9,021	6,188	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	6,071	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
JFE Holdings, Inc.	1,554,100	5,851	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DUSKIN CO., LTD.	3,500,000	5,820	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOYOTA MOTOR CORPORATION	1,500,000	5,617	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsubishi UFJ Financial Group, Inc.	11,130,000	5,453	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DAICEL CHEMICAL INDUSTRIES, LTD.	7,560,402	4,861	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KATO SANGYO Co., Ltd.	3,153,000	4,830	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Fudosan Co., Ltd.	3,000,000	4,761	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toho Titanium Co., Ltd.	2,016,226	4,667	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamato Kogyo Co., Ltd.	1,368,000	4,247	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares held by Mitsui	Amount recorded in the balance sheet (Millions of Yen)	Purpose of holding
ISHIHARA SANGYO KAISHA, LTD.	54,744,000	4,215	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
MODEC, INC.	2,466,500	4,136	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
MS&AD Insurance Group Holdings, Inc.	1,422,900	3,692	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

The investment held for any purposes other than investment purpose (excluding unlisted stocks), of which top 30 investments in terms of the amount recorded in the balance sheet as of March 31, 2011 are as follows

Specified Investment Shares (25 issues)

Issue	Number of shares (shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd	16,222,480	34,424	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
POSCO	482,000	18,426	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Nippon Steel Corporation	58,297,544	15,507	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamaha Motor Co., Ltd.	8,586,000	12,466	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
MODEC, INC.	6,957,500	10,554	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Burberry Group plc	6,521,739	10,251	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Chemicals, Inc.	34,740,390	10,213	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	8,545	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
FORMOSA EPITAXY INCORPORATION	74,693,000	8,462	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares (shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Toray Industries, Inc.	13,776,000	8,334	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
INPEX CORPORATION	9,021	5,692	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
ISHIHARA SANGYO KAISHA, LTD.	54,744,000	5,474	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DUSKIN CO., LTD.	3,500,000	5,397	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOYOTA MOTOR CORPORATION	1,500,000	5,025	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KATO SANGYO Co., Ltd.	3,153,000	4,524	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toho Titanium Co., Ltd.	2,016,226	4,286	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsubishi UFJ Financial Group, Inc.	11,130,000	4,273	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	4,193	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Sumitomo Metal Mining Co., Ltd.	2,908,000	4,161	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Fudosan Co., Ltd.	3,000,000	4,119	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
The Dai-ichi Life Insurance Company, Limited	31,639	3,970	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DAICEL CHEMICAL INDUSTRIES, LTD.	7,560,402	3,878	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamato Kogyo Co., Ltd.	1,368,000	3,789	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
JFE Holdings, Inc.	1,554,100	3,782	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KANEKA CORPORATION	5,543,459	3,209	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Regarded as Holding Shares (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	7,524	Execution of voting rights
MS & AD Insurance Group Holdings, Inc.	2,846,100	5,390	Execution of voting rights
Sky Perfect JSAT Holdings Inc.	134,052	3,941	Execution of voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	3,845	Execution of voting rights
TOSHIBA CORPORATION	8,621,000	3,508	Execution of voting rights

Note: In selection of high ranking Issues in terms of the amount recorded on the balance sheet, Specified Shares and deemed held shares are not combined.

(c) There are no stocks held solely for investment purpose.

6) Basic Policy on Internal Control System and Status of System

In the construction of internal control processes, until the current fiscal year, with the US Sarbanes-Oxley Act of 2002 in mind, we promoted a system with the following four purposes: the improvement of management effectiveness and efficiency, a high level of reliability for financial reporting, compliance, and the conservation of company assets. Although it will no longer be necessary for Mitsui to meet the requirements of the US Sarbanes-Oxley Act of 2002 from the year ending March 31, 2012 due to the termination of its registration with the SEC, Mitsui will maintain the current internal control system.

(a) Risk management system

As a general trading company engaging in various businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of Business Units and Regional Business Units within their authorization delegated from the management. Risks associated with our business include quantitative risks, such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk. There are also qualitative risks such as compliance risk and operational risk. In each business unit, measures are taken to manage quantitative risks, such as setting of position limit and loss-cut limit, monitoring positions by specifically delegated divisions. For managing qualitative risks it is obligated to observe related internal regulations. When a business unit / regional unit takes risks greater than the scope of authority of the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or Senior Managing Officer in charge, depending on the importance of the case pursuant to internal approval system.

Furthermore, as stated in "2) Status of implementation of corporate governance policy," as committees regarding business execution and internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee, and the Crisis Management Headquarters are responsible for the establishment and development of risk management structures and the handling of significant risks. These committees consist of Managing Officers and the General Manager of Corporate Staff Unit. With respect to the risks in the fields they are in charge of, each division of Corporate Staff Unit is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

(b) Internal control over financial reporting

For Section 404 of the US Sarbanes-Oxley Act of 2002, which came into effect in the fiscal year ended March 31, 2007, Mitsui has conducted self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of entity level controls, accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the results, Mitsui issued its management report on internal control over financial reporting stating that internal control over financial reporting is effective in its Form 20-F report, which is an annual report filed with the SEC, for the year ended March 31, 2010. In addition, Mitsui obtained an audit opinion from its accounting auditors stating that our internal control over financial reporting is valid for the year ended March 31, 2010.

Although the internal control reporting system pursuant to Financial Instruments and Exchange Act has also been in effect since the fiscal year ended March 31, 2009, in accordance with Cabinet Office Ordinance number 62, issued on August 10, 2007, Mitsui satisfies the requirements of the internal controls reporting system under Financial Instruments and Exchange Act by fulfilling evaluation requirements of Section 404 of the US Sarbanes-Oxley Act of 2002.

As of the date of issuance of this report, Mitsui is scheduled to conform to the internal control reporting system under Financial Instruments and Exchange Act in place of the internal control reporting system under Section 404 of the US Sarbanes-Oxley Act of 2002, upon the termination of the registration with the SEC. In addition, the accounting auditors are scheduled to carry out an audit on Mitsui's assessment of the internal control over financial reporting.

(c) Internal controls regarding construction and management of information systems

In order to manage Mitsui's information assets appropriately, with consideration of meeting requirements such as Section 404 of the US Sarbanes-Oxley Act of 2002, Mitsui formulated the information system rules in September 2005 and the rules of the Information Strategy Committee on January 1, 2009. The purpose of the said rules is the planning an appropriate IT strategy on a consolidated basis, and based on that strategy, the appropriate control of risks involving information assets through the procurement and introduction of information systems, the provision of services and support for such services, and the implementation of monitoring.

(d) Information management system (system for storage and security of information)

The organization, storage and disposal of important documents and confidential documents, including documents in electronic form, are carried out in accordance with the stipulations of the "rules on document management." As an example, it is required to store records such as minutes of the General Meeting of Shareholders and of meetings of the Board of Directors, important permits from government and public offices, and financial statements, in perpetuity. Additionally, in order to guard against a variety of threats, and for the appropriate treatment of information assets such as hardware, software, networks, various types of data files, electronic media, and services provided by using these media, the "rules on information security and the use of information assets" determine the information security management policy and the requirements for users of the information.

(e) Compliance structure

Regarding the Compliance Committee, which has the Chief Compliance Officer as its chairman, see "2) Status of implementation of corporate governance policy." In Mitsui there is a compliance management system by the regular line of management at business division and department levels. In addition to this, the Compliance Supervising Officers are installed at domestic and overseas business units, branch offices and others.

Mitsui has set forth the "Business Conduct Guidelines For Employees And Officers Of Mitsui & Co., Ltd." (the "Guidelines") and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui's website for the "Business Conduct Guidelines For Employees And Officers Of Mitsui & Co., Ltd."

We have a total of eight whistle-blowing system routes in place, including those to external lawyers at law and a third-party providing hotline services. In response to the enforcement of the Whistleblower Protection Act in April 2006, we made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing routes (external lawyers and a third-party providing hotline services) designated by Mitsui in order to (i) maintain high standard of confidentiality and (ii) enable their employees to use these routes without uneasiness. As for violation of compliance, the case is responded harshly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

(f) Specially Designated Business Management System

In response to the occurrence of the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005, and strengthened the internal examination of the following business domains: “R&D-oriented manufacturing,” “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” and “Businesses with a high public profile.” For examining these matters, we obtain as necessary advice from the CSR Promotion Committee or the Environmental Advisory Committee, in which external experts participate as members, and the Medical, Healthcare, and Bioethics Committee. In addition, we recruit external specialists with insights into environmental issues and technologies, such as those with experience in manufacturing industries, appoint them in the Environmental/Social Contribution Division as environmental inspectors, and carry out inspections of new and existing environment-related businesses as necessary.

(g) Systems to secure appropriateness of operations at the corporate group

In March 2006, Mitsui set forth the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles.” Based on this, in the light of other laws and regulations and to an extent that is reasonable, Mitsui makes its subsidiaries develop and operate internal controls, and for its associated companies, Mitsui coordinates with the other equity participants to encourage it to develop and operate the same internal controls. For internal controls to secure reliability in financial reporting, see internal control over financial reporting described above. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and have them engage in their duties based on the “rules for supervising officers of affiliated companies.” Also, when Mitsui places full-time Corporate Auditors in major affiliated companies, Mitsui selects a personnel from Internal Auditing Division, not from related Business Units to enhance the independence of Auditing.

7) Implementation Status of Enhancements to Corporate Governance in the Past Year

(a) Implementation for strengthening corporate governance
The status of meetings held in the year ended March 31, 2011 by the three Committees that are advisory bodies to the Board of Directors is as follows.

- The Governance Committee met in December 2010 and carried out reviews of matters such as the internal control system after the termination of Mitsui’s listing on NASDAQ and of registration with the SEC.

- The Nomination Committee met in March 2011 and carried out a review of the appointment standards and the process for Mitsui’s Directors and Managing Officers. The committee submitted its report that the qualification of candidates for Director meets the selection criteria.

- In March 2011, the Remuneration Committee carried out a review of the remuneration structure for Mitsui’s Directors and Managing Officers.

(b) Measures for strengthening internal controls

The efforts made by the Committees regarding internal controls in the year ended March 31, 2011 are as follows.

- The Internal Control Committee held two meetings. On the filing of the annual report Form 20-F to the US SEC for the year ended March 31, 2010, the President and Chief Executive Officer and CFO took an oath pursuant to Article 302 of the US Sarbanes-Oxley Act of 2002, at that time the Committee implemented an evaluation regarding disclosure controls. Additionally, the Committee examined the advantages and disadvantages of termination of Mitsui’s NASDAQ listing and its SEC registration and measures after such termination, and proposed said termination to the Corporate Management Committee.
In addition to the above, the committee monitored and managed the activities of the following three Committees, which are its sub-committees.

- The Compliance Committee was held during the year ended March 31, 2011. In order to improve the awareness and knowledge of its officers and employees regarding compliance, Mitsui implemented (i) compliance check tests for officers and employees working domestically, (ii) various compliance training sessions and (iii) compliance enhancement weeks. The compliance awareness survey was also conducted for Mitsui's domestic affiliated companies in order to see awareness level of our group companies. Mitsui also worked on the development of compliance program at domestic affiliated companies through individual visits to important domestic affiliated companies and by providing assistance for compliance officers of these companies so that consolidated group-wide compliance structure is to be established.

- The Disclosure Committee met a total of six times and established a disclosure policy for the year and carried out a review of the internal system and provisions regarding disclosure such as review of in-house disclosure guidelines after the termination of the SEC registration. It also carried out evaluations of the appropriateness of the contents of this Annual Securities Report and the Form 20-F, the annual report to the U.S. SEC.

- The SOA Sec. 404 Committee held two meetings. The Committee prepared Mitsui's policy on compliance with the requirements of Section 404 of the US Sarbanes-Oxley Act of 2002, and managed the schedule. In addition to these, the Committee put together the overall evaluation of internal control over financial reporting by management regarding the year ended March 31, 2010. As of the date of issuance of this report, the name of the SOA Sec.404 Committee is scheduled to be changed to the J-SOX Committee upon the termination of the registration with the U.S. SEC.

- The Portfolio Management Committee met 28 times. The committee reported to the Corporate Management Committee regarding the results of examinations into business area strategy, human resource portfolio strategy, investments and loans, recycling plans, and individual, large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets.

- The Information Strategy Committee was held 10 times. The committee made decisions on policies such as the construction of the company-wide primary system as the next-generation management platform on global and group basis, IT governance and various measures on IT portfolio management, IT security and R&D activity on information technology, improvement of business process, support for IT applications for business, training of human resources literate in IT management and changing mindsets company-wide.

- The CSR Promotion Committee held two meetings. The Committee developed policies regarding to CSR management through our business and carried out an operational review of the Specially Designated Business Management System.

- The Environment and New Energy Committee met eight times. The Committee carried out analysis of the external business environment such as related policies, industry trends and the like, held discussions on policies to handle individual projects, and carried out observations of company-wide efforts, and reported to the Corporate Management Committee regarding implementation policies and necessary measures in this field.

8) Other regulations in Mitsui's Articles of Incorporation

(a) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation stipulate the attendance of shareholders who hold one third or more of the voting rights, of the shareholders who can exercise voting rights. The Articles of Incorporation also stipulate that resolutions for the appointment of Directors may not be made with cumulative voting.

(b) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible capital policy, the Articles of Incorporation stipulate that Mitsui may acquire its own shares upon a resolution of the Board of Directors by such means as market transactions.

(c) Requirements for special resolutions of the General Meeting of Shareholders

In order to carry out smooth management of the General Meeting of Shareholders, the Articles of Incorporation stipulate that a resolution of General Meeting of Shareholders as specified by Article 309, Paragraph (2) of the Companies Act of Japan is valid if the shareholders who have at least one-third of total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

(d) Interim dividend

In order to enable profits to be returned to shareholders in a flexible manner, the Articles of Incorporation stipulate that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, where September 30 be set as the record date each year.

(e) Limitation of liability of Directors and Corporate Auditors

In order to enable Directors and Corporate Auditors to fully carry out the role that is expected of them adequately in the execution of their duties, the Articles of Incorporation stipulate that, upon a resolution of the Board of Directors, the liability of Directors and Corporate Auditors may be limited to the extent determined by the applicable laws and regulations.

(2) Details of Audit Fees and Other Matters

1) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC.

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2011 and 2010.

Classification	Year ended March 31, 2011		Year ended March 31, 2010	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	634	11	643	9
Consolidated subsidiaries	954	8	910	6
Total	1,588	19	1,553	15

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act, the US Securities Exchange Act of 1934, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by law to be performed by the auditor, and can only be reasonably performed by the auditor.

2) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, the network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by us.

Classification	Year ended March 31, 2011		Year ended March 31, 2010	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	14	25	9	17
Consolidated subsidiaries	1,926	308	1,882	464
Total	1,940	333	1,891	481

3) Details of non-auditing work implemented by the certified public accountant auditor for Mitsui

The contents of the non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC consist of auditing-related work and taxation work. Auditing-related work has indirect relevance to auditing and attestation work. It includes services such as consultation related to accounting practice that has no direct relevance to auditing, financial due diligences services relating to companies to be acquired, and supporting work regarding the development of internal controls, that is acceptable when simultaneously performing the audit.

Taxation work includes services such as supporting work for the preparation of tax returns and consulting work regarding the interpretation and application of tax laws.

There is no change from the corresponding previous year in the contents of non-auditing work implemented during the year ended March 31, 2011.

4) Policy for deciding audit fees

In determination of audit fees, factors such as past results and the volume of work accompanying audit work are taken into account. In addition, the approval of the Board of Corporate Auditors is obtained when such decisions are made.

5. Financial Information

1. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2011	2010	2011
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 2, 5)	¥ 1,441,059	¥ 1,401,399	$ 17,362
Time deposits	2,574	14,563	31
Marketable securities (Notes 2, 5 and 26)	5,602	4,361	67
Trade receivables (Note 9):			
Notes and loans, less unearned interest	297,552	293,034	3,585
Accounts (Note 8)	1,463,601	1,382,259	17,634
Associated companies	160,133	162,166	1,929
Allowance for doubtful receivables (Notes 2 and 7)	(16,368)	(18,423)	(197)
Inventories (Notes 2, 9 and 22)	467,355	504,847	5,631
Advance payments to suppliers	124,634	96,482	1,502
Deferred tax assets—current (Notes 2 and 20)	41,372	39,809	498
Derivative assets (Notes 2, 24 and 26)	95,619	114,463	1,152
Other current assets	234,509	266,130	2,826
Total current assets	4,317,642	4,261,090	52,020
Investments and Non-current Receivables (Notes 2, 9 and 22):			
Investments in and advances to associated companies (Notes 3, 5, 6, 17, 25 and 26)	1,600,818	1,403,056	19,287
Other investments (Notes 5 and 26)	859,843	965,947	10,359
Non-current receivables, less unearned interest (Notes 8, 24 and 26)	457,495	453,299	5,512
Allowance for doubtful receivables (Note 7)	(42,414)	(48,472)	(511)
Property leased to others—at cost, less accumulated depreciation (Note 8)	259,682	224,000	3,129
Total investments and non-current receivables	3,135,424	2,997,830	37,776
Property and Equipment—at Cost (Notes 2, 8, 9, 10 and 26):			
Land, land improvements and timberlands	148,716	158,528	1,792
Buildings, including leasehold improvements	360,648	381,029	4,345
Equipment and fixtures	1,077,930	979,957	12,987
Mineral rights(Note 28)	161,840	132,510	1,950
Vessels	38,900	29,709	469
Projects in progress(Note 28)	142,960	170,218	1,722
Total	1,930,994	1,851,951	23,265
Accumulated depreciation	(900,246)	(873,391)	(10,846)
Net property and equipment	1,030,748	978,560	12,419
Intangible Assets, less Accumulated Amortization (Notes 2, 10, 12 and 26)	87,525	84,741	1,055
Deferred Tax Assets—Non-current (Notes 2 and 20)	14,522	13,376	175
Other Assets (Note 14)	12,263	33,387	147
Total	¥ 8,598,124	¥ 8,368,984	$ 103,592

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2011	2010	2011
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 9, 13 and 22)	¥ 250,062	¥ 241,380	$ 3,013
Current maturities of long-term debt (Notes 8, 9, 13, 24 and 25)	308,883	320,480	3,721
Trade payables:			
Notes and acceptances	41,049	36,831	495
Accounts	1,316,772	1,307,980	15,865
Associated companies	87,185	63,760	1,050
Accrued expenses (Note 22):			
Income taxes (Notes 2 and 20)	67,946	37,604	819
Interest	17,530	19,177	211
Other (Note 14)	72,273	71,582	871
Advances from customers	127,960	110,712	1,542
Derivative liabilities (Notes 2, 24 and 26)	88,198	83,972	1,063
Other current liabilities (Notes 2, 20, 21, 22 and 28)	165,091	87,289	1,988
Total current liabilities	2,542,949	2,380,767	30,638
Long-term Debt, less Current Maturities (Notes 8, 9, 13, 22, 24 and 25)	2,818,529	2,909,794	33,958
Accrued Pension Costs and Liability for Severance Indemnities (Notes 2 and 14)	37,054	33,927	446
Deferred Tax Liabilities—Non-current (Notes 2, 20 and 22)	316,031	305,096	3,808
Other Long-term Liabilities (Notes 2, 11, 21, 24 and 26)	330,227	309,594	3,979
Contingent Liabilities (Notes 9 and 21)			
Equity (Note 15):			
Mitsui & Co., Ltd. Shareholders' equity :			
Common stock—no par value			
Authorized, 2,500,000,000 shares;			
Issued, 1,829,153,527 shares in 2011 and 1,829,153,527 shares in 2010	341,482	341,482	4,114
Capital surplus	430,152	428,848	5,183
Retained earnings:			
Appropriated for legal reserve	61,763	53,844	744
Unappropriated (Notes 6 and 13)	1,860,271	1,618,101	22,413
Accumulated other comprehensive income (loss) (Note 2):			
Unrealized holding gains and losses on available-for-sale securities (Note 5)	96,657	123,891	1,164
Foreign currency translation adjustments	(344,878)	(272,665)	(4,155)
Defined benefit pension plans (Note 14)	(58,544)	(49,132)	(705)
Net unrealized gains and losses on derivatives (Note 24)	(14,370)	(7,920)	(173)
Total accumulated other comprehensive loss	(321,135)	(205,826)	(3,869)
Treasury stock, at cost: 4,324,067 shares in 2011 and 4,331,644 shares in 2010	(6,341)	(6,321)	(77)
Total Mitsui & Co., Ltd. shareholders' equity	2,366,192	2,230,128	28,508
Noncontrolling interests (Note 2)	187,142	199,678	2,255
Total equity	2,553,334	2,429,806	30,763
Total	¥ 8,598,124	¥ 8,368,984	$ 103,592

See notes to consolidated financial statements

Statements of Consolidated Income

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2011	2010	2009	2011
Revenues (Notes 2, 6, 17, 24 and 26):				
Sales of products	¥ 4,154,833	¥ 3,590,490	¥ 4,852,388	$ 50,059
Sales of services	371,352	374,701	477,869	4,474
Other sales	153,258	131,254	174,532	1,846
Total revenues	4,679,443	4,096,445	5,504,789	56,379
Total Trading Transactions (Notes 2 and 17): 2011, ¥9,942,472 million—$119,789 million; 2010, ¥9,358,379 million; 2009, ¥13,125,144 million				
Cost of Revenues (Notes 2, 6, 23, 24 and 26):				
Cost of products sold	3,589,147	3,195,948	4,270,929	43,243
Cost of services sold	137,384	135,600	163,182	1,655
Cost of other sales	93,689	62,936	71,414	1,129
Total cost of revenues	3,820,220	3,394,484	4,505,525	46,027
Gross Profit	859,223	701,961	999,264	10,352
Other Expenses (Income):				
Selling, general and administrative (Notes 2, 14, 18 and 23)	532,990	546,221	598,764	6,421
Provision for doubtful receivables (Notes 2 and 7)	9,230	11,227	18,013	111
Interest income (Notes 2, 7 and 24)	(39,970)	(35,879)	(39,620)	(482)
Interest expense (Notes 2 and 24)	40,667	46,310	74,354	490
Dividend income	(51,000)	(37,715)	(71,946)	(614)
Gain on sales of securities—net (Notes 2, 5 and 15)	(39,517)	(20,949)	(33,228)	(476)
Loss on write-down of securities (Notes 2, 5 and 26)	19,464	48,488	117,264	235
Gain on disposal or sales of property and equipment—net (Note 23)	(229)	(5)	(3,586)	(3)
Impairment loss of long-lived assets (Notes 2, 10, 12 and 23)	18,297	8,715	37,693	220
Impairment loss of goodwill (Notes 2 and 12)	596	9,907	18,568	7
Settlement of the oil spill incident in the Gulf of Mexico (Note 28)	88,555	—	—	1,067
Other expense (income)—net (Notes 18, 19, 23 and 24)	7,443	(399)	40,810	90
Total other expenses (income)	586,526	575,921	757,086	7,066
Income from Continuing Operations before Income Taxes and Equity in Earnings	272,697	126,040	242,178	3,286
Income Taxes (Notes 2 and 20):				
Current	156,899	105,568	135,224	1,891
Deferred	47,002	(16,351)	18,943	566
Total	203,901	89,217	154,167	2,457
Income from Continuing Operations before Equity in Earnings	68,796	36,823	88,011	829
Equity in Earnings of Associated Companies—Net (Notes 2, 6, 17 and 26)	242,144	131,473	120,658	2,917
Income from Continuing Operations before Attribution of Noncontrolling Interests	310,940	168,296	208,669	3,746
(Loss) Income from Discontinued Operations—Net (After Income Tax Effect) (Notes 4, 20 and 23)	—	(794)	4,030	—
Net Income before Attribution of Noncontrolling Interests	310,940	167,502	212,699	3,746
Net Income Attributable to Noncontrolling Interests	(4,281)	(17,783)	(35,092)	(51)
Net Income Attributable to Mitsui & Co., Ltd	¥ 306,659	¥ 149,719	¥ 177,607	$ 3,695

	Yen			U.S. Dollars (Note 2)
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 2 and 16):				
Basic:				
Continuing operations (Note 4)	¥ 168.05	¥ 82.48	¥ 95.74	$ 2.02
Discontinued operations (Notes 4 and 23)	—	(0.36)	1.85	—
Total	¥ 168.05	¥ 82.12	¥ 97.59	$ 2.02
Diluted:				
Continuing operations (Note 4)	¥ 168.05	¥ 82.47	¥ 95.47	$ 2.02
Discontinued operations (Notes 4 and 23)	—	(0.36)	1.85	—
Total	¥ 168.05	¥ 82.11	¥ 97.32	$ 2.02

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2011	2010	2009	2011
Common Stock (Note 15):				
Balance at beginning of year				
Shares issued: 2011—1,829,153,527 shares; 2010—1,824,928,240 shares; 2009—1,820,183,809 shares	¥ 341,482	¥ 339,627	¥ 337,544	$ 4,114
Common stock issued upon conversion of bonds				
Shares issued: 2011—0 share; 2010—4,225,287 shares; 2009—4,744,431 shares	—	1,855	2,083	—
Balance at end of year				
Shares issued: 2011—1,829,153,527 shares; 2010—1,829,153,527 shares; 2009—1,824,928,240 shares	¥ 341,482	¥ 341,482	¥ 339,627	$ 4,114
Capital Surplus (Note 15):				
Balance at beginning of year	¥ 428,848	¥ 434,188	¥ 432,245	$ 5,167
Conversion of bonds	—	1,850	2,076	—
Losses on sales of treasury stock	—	—	(133)	—
Equity transactions with noncontrolling interest shareholders (Note 2)	1,304	(7,190)	—	16
Balance at end of year	¥ 430,152	¥ 428,848	¥ 434,188	$ 5,183
Retained Earnings (Note 15):				
Appropriated for Legal Reserve:				
Balance at beginning of year	¥ 53,844	¥ 48,806	¥ 47,463	$ 649
Transfer from unappropriated retained earnings	7,919	5,038	1,343	95
Balance at end of year	¥ 61,763	¥ 53,844	¥ 48,806	$ 744
Unappropriated (Note 6):				
Balance at beginning of year	¥ 1,618,101	¥ 1,486,201	¥ 1,397,313	$ 19,495
Net income attributable to Mitsui & Co., Ltd	306,659	149,719	177,607	3,695
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(56,567)	(12,779)	(87,318)	(682)
(annual rate per share: 2011, ¥31.0—37.3¢; 2010, ¥7.0; 2009, ¥48.0)				
Transfer to retained earnings appropriated for legal reserve	(7,919)	(5,038)	(1,343)	(95)
Losses on sales of treasury stock	(3)	(2)	(58)	(0)
Balance at end of year	¥ 1,860,271	¥ 1,618,101	¥ 1,486,201	$ 22,413
Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect) (Notes 2, 15 and 20):				
Balance at beginning of year	¥ (205,826)	¥ (421,497)	¥ (25,775)	$ (2,480)
Unrealized holding (losses) gains on available-for-sale securities (Note 5)	(27,238)	66,202	(96,183)	(328)
Foreign currency translation adjustments (Note 24)	(72,212)	113,623	(249,422)	(870)
Defined benefit pension plans (Note 14):				
Net prior service credit (cost)	138	(210)	240	2
Net actuarial (loss) gain	(9,550)	19,797	(36,763)	(115)
Net unrealized (losses) gains on derivatives (Note 24)	(6,452)	4,540	(13,594)	(78)
Equity transactions with noncontrolling interest shareholders	5	11,719	—	0
Balance at end of year	¥ (321,135)	¥ (205,826)	¥ (421,497)	$ (3,869)
Treasury Stock, at Cost (Note 15):				
Balance at beginning of year				
Shares in treasury: 2011—4,331,644 shares; 2010—3,770,220 shares; 2009—3,543,891 shares	¥ (6,321)	¥ (5,662)	¥ (5,130)	$ (77)
Purchases of treasury stock				
Shares purchased: 2011—194,407 shares; 2010—566,547 shares; 2009—849,244 shares	(263)	(667)	(1,518)	(3)
Sales of treasury stock				
Shares sold: 2011— 201,984 shares; 2010—5,123 shares; 2009—622,915 shares	243	8	986	3
Balance at end of year				
Shares in treasury: 2011—4,324,067 shares; 2010—4,331,644 shares; 2009—3,770,220 shares	¥ (6,341)	¥ (6,321)	¥ (5,662)	$ (77)
Total Mitsui & Co., Ltd. shareholders' equity	¥ 2,366,192	¥ 2,230,128	¥ 1,881,663	$ 28,508

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity—(Continued)

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2011	2010	2009	2011
Noncontrolling Interests (Notes 15 and 20):				
Balance at beginning of year	¥ 199,678	¥ 229,783	¥ 243,976	$ 2,406
Dividends paid to noncontrolling interest shareholders	(12,623)	(10,799)	(15,750)	(152)
Net income attributable to noncontrolling interests	4,281	17,783	35,092	51
Unrealized holding (losses) gains on available-for-sale securities (after income tax effect) (Notes 2 and 5)	(1,916)	655	(23,344)	(23)
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 24)	(7,107)	1,444	(7,709)	(86)
Defined benefit pension plans (after income tax effect) (Notes 2 and 14)				
Net prior service credit (cost)	26	(22)	—	0
Net actuarial gain (loss)	42	204	(426)	1
Net unrealized (losses) gains on derivatives (after income tax effect) (Notes 2 and 24)	(393)	139	(353)	(4)
Equity transactions with noncontrolling interest shareholders and other (Note 2)	5,154	(39,509)	(1,703)	62
Balance at end of year	¥ 187,142	¥ 199,678	¥ 229,783	$ 2,255
Total Equity (Notes 6, 15 and 20):				
Balance at beginning of year	¥ 2,429,806	¥ 2,111,446	¥ 2,427,636	$ 29,274
Conversion of bonds	—	3,705	4,159	—
Losses on sales of treasury stock	(3)	(2)	(191)	(0)
Net income before attribution of noncontrolling interests	310,940	167,502	212,699	3,746
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(56,567)	(12,779)	(87,318)	(682)
Dividends paid to noncontrolling interest shareholders	(12,623)	(10,799)	(15,750)	(152)
Unrealized holding (losses) gains on available-for-sale securities (after income tax effect) (Notes 2 and 5)	(29,154)	66,857	(119,527)	(351)
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 24)	(79,319)	115,067	(257,131)	(956)
Defined benefit pension plans (after income tax effect) (Notes 2 and14):				
Net prior service credit (cost)	164	(232)	240	2
Net actuarial (loss) gain	(9,508)	20,001	(37,189)	(114)
Net unrealized (losses) gains on derivatives (after income tax effect) (Notes 2 and 24)	(6,845)	4,679	(13,947)	(82)
Sales and purchases of treasury stock	(20)	(659)	(532)	(0)
Equity transactions with noncontrolling interest shareholders and other (Note 2)	6,463	(34,980)	(1,703)	78
Balance at end of year	¥ 2,553,334	¥ 2,429,806	¥ 2,111,446	$ 30,763
Comprehensive Income (Loss) (Notes 15 and 20):				
Net income before attribution of noncontrolling interests	¥ 310,940	¥ 167,502	¥ 212,699	$ 3,746
Other comprehensive (loss) income (after income tax effect):				
Unrealized holding (losses) gains on available-for-sale securities (Notes 2 and 5)	(29,154)	66,857	(119,527)	(351)
Foreign currency translation adjustments(Notes 2 and 24)	(79,319)	115,067	(257,131)	(956)
Defined benefit pension plans (Notes 2 and 14):				
Net prior service credit (cost)	164	(232)	240	2
Net actuarial (loss) gain	(9,508)	20,001	(37,189)	(114)
Net unrealized (losses) gains on derivatives (Notes 2 and 24)	(6,845)	4,679	(13,947)	(82)
Comprehensive income (loss) before attribution of noncontrolling interests	186,278	373,874	(214,855)	2,245
Comprehensive loss (income) attributable to noncontrolling interests	5,067	(20,203)	(3,260)	61
Comprehensive income (loss) attributable to Mitsui & Co., Ltd.	¥ 191,345	¥ 353,671	¥ (218,115)	$ 2,306

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2011	2010	2009	2011
Operating Activities (Note 27):				
Net income before attribution of noncontrolling interests	¥ 310,940	¥ 167,502	¥ 212,699	$ 3,746
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:				
Loss (income) from discontinued operations—net (after income tax effect)	—	794	(4,030)	—
Depreciation and amortization	147,388	136,951	139,564	1,776
Pension and severance costs, less payments	10,375	15,645	2,814	125
Provision for doubtful receivables	9,230	11,227	18,013	111
Gain on sales of securities—net	(39,517)	(20,949)	(33,228)	(476)
Loss on write-down of securities	19,464	48,488	117,264	235
Gain on disposal or sales of property and equipment—net	(229)	(5)	(3,586)	(3)
Impairment loss of long-lived assets	18,297	8,715	37,693	220
Impairment loss of goodwill	596	9,907	18,568	7
Settlement of the oil spill incident in the Gulf of Mexico	88,555	—	—	1,067
Deferred income taxes	47,002	(16,351)	18,943	566
Equity in earnings of associated companies, less dividends received	(92,398)	(19,933)	(24,064)	(1,113)
Changes in operating assets and liabilities:				
(Increase) decrease in trade receivables	(104,471)	87,156	838,622	(1,259)
(Increase) decrease in inventories	(49,027)	79,035	63,309	(591)
Increase (decrease) in trade payables	74,082	(25,616)	(569,861)	893
Increase (decrease) in accrued expenses	31,928	(24,538)	(62,727)	385
(Increase) decrease in advance payments to suppliers	(5,723)	26,010	(20,376)	(69)
Increase (decrease) in advances from customers	17,831	(47,057)	20,420	215
Decrease (increase) in derivative assets	10,730	186,647	(60,576)	129
Increase (decrease) in derivative liabilities	19,412	(61,718)	(64,833)	234
(Increase) decrease in other current assets- income tax receivables	(10,992)	46,960	(66,336)	(132)
Other—net	1,001	18,831	(10,370)	12
Net cash provided by operating activities of discontinued operations	—	4,659	14,744	—
Net cash provided by operating activities	504,474	632,360	582,666	6,078
Investing Activities (Note 27):				
Net decrease (increase) in time deposits	10,983	(12,891)	3,344	132
Investments in and advances to associated companies	(111,085)	(90,577)	(192,893)	(1,338)
Sales of investments in and collection of advances to associated companies	39,763	45,728	61,247	479
Acquisitions of available-for-sale securities	(24,424)	(19,558)	(6,035)	(294)
Proceeds from sales of available-for-sale securities	21,073	17,552	16,110	254
Proceeds from maturities of available-for-sale securities	4,247	16,124	5,907	51
Acquisitions of held-to-maturity debt securities	(1,579)	—	—	(19)
Proceeds from maturities of held-to-maturity debt securities	10	1,893	69	0
Acquisitions of other investments	(81,859)	(29,234)	(70,188)	(986)
Proceeds from sales and maturities of other investments	86,234	77,485	97,867	1,039
Increase in long-term loan receivables	(127,535)	(83,114)	(76,427)	(1,537)
Collection of long-term loan receivables	97,056	84,858	85,695	1,169
Additions to property leased to others and property and equipment	(330,682)	(232,141)	(253,638)	(3,984)
Proceeds from sales of property leased to others and property and equipment	17,184	43,782	34,570	207
Acquisitions of subsidiaries, net of cash acquired	(106,797)	—	(1,208)	(1,287)
Proceeds from sales of subsidiaries, net of cash held by subsidiaries	23,390	—	4,688	282
Net cash used in investing activities	(484,021)	(180,093)	(290,892)	(5,832)
Financing Activities (Note 27):				
Net increase (decrease) in short-term debt	50,202	(212,413)	41,020	605
Proceeds from long-term debt	377,526	493,321	365,743	4,548
Repayments of long-term debt	(345,710)	(435,213)	(314,094)	(4,165)
Transactions with noncontrolling interests shareholders	8,427	(47,330)	(14,401)	102
Purchases of treasury stock—net	(36)	(31)	(724)	(0)
Payments of cash dividends	(56,589)	(12,779)	(87,318)	(682)
Net cash provided by (used in) financing activities	33,820	(214,445)	(9,774)	408
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(14,613)	15,768	(33,455)	(176)
Net Increase in Cash and Cash Equivalents	39,660	253,590	248,545	478
Cash and Cash Equivalents at Beginning of Year	1,401,399	1,147,809	899,264	16,884
Cash and Cash Equivalents at End of Year	¥ 1,441,059	¥ 1,401,399	¥ 1,147,809	$ 17,362

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. NATURE OF OPERATION

Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (collectively, the "companies"), as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The companies conduct sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure Projects," "Chemical," "Energy," "Foods & Retail," and "Consumer Service & IT," while providing general services for retailing, information and communications, technical support, transportation and logistics and financing.

Further, the companies are also engaged in development of natural resources such as oil and gas, and iron and steel raw materials.

In addition to the above, the companies are engaged in strategic business investments in new areas such as information technology, renewable energy and environmental solution business.

2. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the "Company") is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2011 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥83=U.S. $1, the approximate rate of exchange at March 31, 2011. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Effect has been given in the consolidated financial statements to adjustments which have not been entered in the companies' general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for pension costs and severance indemnities, recognition of installment sales on the accrual basis of accounting, accounting for consolidation, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for asset retirement obligations, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, accounting for uncertainty in income taxes, and accounting for subsequent events.

Total trading transactions, as presented in the accompanying Statements of Consolidated Income, are voluntary disclosures, and represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.

Total trading transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies' operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that total trading transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned domestic and foreign subsidiaries, the variable interest entities ("VIEs") where the Company or one of its subsidiaries is a primary beneficiary, and its proportionate share of the assets, liabilities, revenues and expenses of certain of its oil and gas producing, and mining unincorporated joint ventures in which the companies own an undivided interest in the assets, and pursuant to the joint venture agreements, are severally liable for their share of each liability. The VIEs are defined by ASC 810, "Consolidation." The unincorporated joint ventures proportionately consolidated in accordance with ASC 810-10-45-14, "Consolidation—Proportionate Consolidation," by the companies include but are not limited to Block 9 J/V (35%), Block 10,11,12,13,10A/11A J/V (20%-40%), Capricorn Coal Development J/V (30%), Dawson J/V (49%), Kestrel J/V (20%), Marcellus Shale J/V(16.25%), Mt. Goldsworthy Mining Associates J/V (7%), Mt. Newman J/V (7%), Robe River Iron Associates J/V (33%), WA-28-L J/V (40%), and Yandi J/V(7%).

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as a gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Changes in the companies' ownership interests while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are remeasured at their fair value at that date and the difference between the fair value and the carrying amount of the retained noncontrolling investments is recognized as a gain or loss in net income attributable to Mitsui & Co., Ltd.

Certain subsidiaries with a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31, are included on the basis of the subsidiaries' respective fiscal year-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at year-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for credit losses

The companies have loans and trade receivables relating to businesses with corporate customers ("corporate business") and financial business with retail customers ("retail finance business").

If the debtor is under litigation or if there is significant difficulty in collecting receivables considering the debtor's financial condition, an allowance for credit loss of the doubtful receivables which are deemed to be impaired. The allowance is based on the latest information of the debtor and is measured individually based on the present value of expected cash flows discounted with the original effective interest rate of the loan or the fair value of the collateral if the loan is collateral dependent.

Other than the cases above, as for the corporate businesses, an allowance for credit losses is measured collectively based primarily upon the companies' historical credit loss experiences and an evaluation of the potential losses for all receivables. As for the retail finance business, some subsidiaries engaged in the business of providing financial services for the purchase of automobiles and motorcycles have credit risks relating to retail customers. Those subsidiaries record an allowance for doubtful receivables collectively based on each subsidiaries' historical credit loss ratio based on dates past due of the receivables considering the current economic situation.

Loans or trade receivables are charged-off when certain conditions are met. The following are the cases loans and trade receivables are charged-off: cutoff of loans and receivables by legal liquidation, obtainment of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on a specific-identification basis, or market.

Derivative instruments and hedging activities

In accordance with ASC 815, "Derivatives and Hedging," all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation. On the Consolidated Balance Sheets, the companies offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income (loss) and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met, are currently recognized in sales of products, cost of products sold or other sales without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as mainly sales of products or other (income) expense-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other (income) expense-net immediately.

Changes in the fair value of interest rate and currency swap agreements, designated and effective as fair value hedges or cash flow hedges for changes in the fair values or cash flows of foreign-currency-denominated assets or liabilities attributable to changes in the designated benchmark interest rate or the related foreign currency exchange rate are recorded as either earnings or other comprehensive income depending on the treatment of foreign currency hedges as fair value hedges or cash flow hedges.

Changes in the fair value of derivative financial instruments, for which hedge requirements are not met, are currently recognized in interest income and expense for interest rate swap agreements and in mainly other (income) expense-net for foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements.

The Company and certain subsidiaries also enter into agreements for certain derivative financial instruments as a part of their trading activities. These derivative instruments are marked to market and the related gains or losses are reported in other sales.

The companies use derivative instruments and non-derivative financial instruments in order to reduce the foreign currency exposure in the net investment in a foreign operation. The foreign currency transaction gains or losses on these instruments, designated as and effective as hedging instruments, are deferred and recorded as foreign currency translation adjustments within other comprehensive income (loss) to the extent they are effective as hedges. These amounts are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

For the Statements of Consolidated Cash Flows, cash flows from derivative commodity instruments and derivative financial instruments that qualify for hedge accounting are included in the same category as the items being hedged.

Debt and marketable equity securities

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading.

Securities are classified as trading securities and carried at fair value only if the companies possess those securities for the purpose of purchase and sale. Unrealized holding gains and losses are included in earnings.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premiums and discounts amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with related unrealized holding gains and losses reported in accumulated other comprehensive income (loss) in equity on a net-of-tax basis.

For other than a temporary decline in the value of debt and marketable equity securities below their cost or amortized cost, the investment is reduced to its fair value, which becomes the new cost basis of the investment. The amount of the reduction is reported as a loss for the period in which such determination is made. Whether the decline in the value of marketable equity securities is other than temporary is judged by reviewing various factors, such as the extent by which the cost exceeds the market value, the duration of the market decline, the financial condition and near-term prospects of the issuer, foreign exchange rates, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. Debt securities are reduced to their fair value, when the companies intend to sell the debt security or it is more likely than not that the companies will be required to sell the security prior to recovery of its amortized cost basis. When the companies do not intend to sell the security and it is not more likely than not that the companies will be required to sell the security before recovery of its amortized cost basis, the companies will recognize the credit component of an other-than-temporary impairment of the debt security in earnings and the noncredit component in other comprehensive income (loss).

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

Non-marketable equity securities

Non-marketable equity securities are carried at cost. When other than a temporary decline in the value of such securities below their cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and near-term prospects of the issuer, are reviewed to judge whether it is other than temporary.

The cost of non-marketable equity securities sold is determined based on the moving-average cost method.

Investments in associated companies

Investments in associated companies (20% to 50%-owned corporate investees, corporate joint ventures, and less than 20%-owned corporate investees over which the companies have the ability to exercise significant influence) and noncontrolling investments in general partnerships, limited partnerships and limited liability companies are accounted for under the equity method, after appropriate adjustments for intercompany profits and dividends. The differences between the cost of such investments and the companies' equity in the underlying fair value of the net assets of associated companies at the dates of acquisition are recognized as equity method goodwill.

For other than a temporary decline in the value of investments in associated companies below the carrying amount, the investment is reduced to its fair value and an impairment loss is recognized.

Leasing

The companies are engaged in lease financing consisting of direct financing leases, sales-type leases and leveraged leases, and in operating leases of properties. For direct financing leases and sales-type leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Income on leveraged leases is recognized over the life of the lease at a constant rate of return on the positive net investment. Income from the sales under sales-type leases is recognized at the inception of lease. Initial direct costs of direct financing leases and leveraged leases are deferred and amortized using the interest method over the lease period. Operating lease income is recognized as other sales over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

Property and equipment

Property and equipment are stated at cost.

Depreciation of property and equipment (including property leased to others) is computed principally under the declining-balance method for assets located in Japan and under the straight-line method for assets located outside Japan, using rates based upon the estimated useful lives of the related property and equipment. The estimated useful lives for buildings, equipment and fixtures, freight cars, and vessels are primarily 2 to 52 years, 3 to 50 years, 13 to 30 years, and 3 to 20 years, respectively. Mineral rights are amortized over their respective estimated useful lives, which are 10 to 63 years, using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of long-lived assets

Long-lived assets to be held and used or to be disposed of other than by sale are reviewed, by using undiscounted future cash flows, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Business combinations

In accordance with ASC 805, "Business Combinations," the acquisition method of accounting which requires the measurement of the fair value of all of the assets and liabilities of an acquired company, including noncontrolling interests, is used for all business combinations from April 1, 2009. The companies separately recognize and report acquired intangible assets as goodwill or other intangible assets. Any excess of fair value of acquired net assets over cost arising from a business combination is recognized as a gain from a bargain purchase.

Goodwill and other intangible assets

Goodwill is not amortized but tested for impairment annually or more frequently if impairment indicators arise. Identifiable intangible assets with a finite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment." Any identifiable intangible asset determined to have an indefinite useful life is not amortized, but instead tested for impairment in accordance with ASC 350, "Intangibles-Goodwill and Other, " until its useful life is determined to be no longer indefinite.

Equity method goodwill is reviewed for impairment as part of an other-than-temporary decline in the value of investments in associated companies below the carrying amount in accordance with ASC 323, "Investments-Equity Method and Joint Ventures."

Intangible assets subject to amortization consist primarily of software, trademarks, customer relationships, unpatented technologies and patents which are amortized over their respective estimated useful lives using the straight-line method. The estimated useful lives for software, trademarks, customer relationships, unpatented technologies and patents are 5 years, 10 to 30 years, 12 to 24 years, 15 years and 20 years, respectively. Intangible assets not subject to amortization mainly consist of land rights and trademarks.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, "Extractive Activities-Oil and Gas—Unproved Properties," with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The Company and certain subsidiaries have defined benefit pension plans and severance indemnities plans covering substantially all employees other than directors. The costs of defined benefit pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the Consolidated Balance Sheets. The net actuarial gain or loss and net prior service cost or credit are included in accumulated other comprehensive income (loss) in equity on a net-of-tax basis and are amortized into net periodic pension costs over the certain future periods. In addition, the Company and certain subsidiaries have defined contribution pension plans. The costs of defined contribution pension plans are charged to expenses when incurred.

Guarantees

In accordance with ASC 460, "Guarantees," the companies recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

Revenue recognition

The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies:

<u>Sales of products</u>

Sales of products include the sales of various products as a principal in the transactions, the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise, the development of natural resources such as coal, iron ore, oil and gas, and the development and sale of real estate. The companies recognize those revenues at the time the delivery conditions agreed with customers are met. These conditions are usually considered to have been met when the goods are received by the customer, the title to the warehouse receipts is transferred, or the implementation testing is duly completed.

For long-term construction contracts such as railroad projects, depending on the nature of the contract, revenues are accounted for by the percentage-of-completion method if estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, otherwise the companies use the completed contract method.

The Company and certain subsidiaries enter into buy/sell arrangements, mainly relating to transactions of crude oil and petroleum products. Under buy/sell arrangements, which are entered into primarily to optimize supply or demand requirements, the Company and certain subsidiaries agree to buy (sell) a specific quality and quantity of commodities to be delivered at a specific location and/or time while agreeing to sell (buy) the same quality and quantity of the commodities to be delivered at a different location and/or time to the same counterparty. The buy/sell arrangements are reported on a net basis in the Statements of Consolidated Income.

<u>Sales of services</u>

Sales of services include the revenues from trading margins and commissions related to various trading transactions in which the companies act as a principal or an agent. Specifically, the companies charge a commission for the performance of various services such as logistic and warehouse services, information and communication services, and technical support. For some back-to-back sales and purchase transactions of products, the companies act as a principal and record the net amount of sales and purchase prices as revenues. The companies also facilitate conclusion of the contracts between manufacturers and customers and deliveries for the products between suppliers and customers. Revenues from service related businesses are recorded as revenues when the contracted services are rendered to third-party customers pursuant to the agreements.

<u>Other sales</u>

Other sales principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, equipment and others, the revenues from derivative commodity instruments and derivative financial instruments held for trading purposes, and the revenues from financing. See accounting policies for leasing and derivative instruments and hedging activities for the revenue recognition policies regarding leasing and derivative transactions, respectively.

Research and development expenses

Research and development costs are charged to expenses when incurred.

Advertising expenses

Advertising costs are charged to expenses when incurred.

Income taxes

Income tax expense is based on reported earnings before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes and tax loss carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences or tax loss carryforwards are expected to reverse. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

In accordance with ASC 740, "Income Taxes," the companies recognize and measure uncertainty in income taxes. Interests and penalties incurred in relation to income taxes are reported in current income taxes in the Statements of Consolidated Income.

Net income per share

Basic net income per share attributable to Mitsui & Co., Ltd. is computed by dividing net income attributable to Mitsui & Co., Ltd. by the weighted-average number of common shares outstanding for the period. Diluted net income per share attributable to Mitsui & Co., Ltd. reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

III. RECLASSIFICATION

Certain reclassifications and format changes have also been made to prior year amounts to conform to the current year presentation.

IV. NEW ACCOUNTING STANDARDS

Transfers of financial assets

Effective April 1, 2010, the companies adopted the new provisions in ASC 860, "Transfers and Servicing," which the FASB issued as ASU 2009-16, "Accounting for Transfers of Financial Assets," which was formerly SFAS No. 166.

ASU 2009-16 amends the provisions in ASC 860, eliminating the concept of a qualifying special-purpose entity and changing the derecognition requirements of financial assets. The new provisions also enhance disclosure requirements for transfers of financial assets and a transferor's continuing involvement with such transferred financial assets.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Variable interest entities

Effective April 1, 2010, the companies adopted the new provisions in ASC 810, "Consolidation," which the FASB issued as ASU 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities," which was formerly SFAS No. 167, and ASU 2010-10, "Amendments for Certain Investment Funds."

ASU 2009-17 amends the provisions in ASC 810 to require an entity to determine the need for consolidating a VIE based on qualitative analysis, including whether the entity has the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and to assess such needs on an ongoing basis. ASU 2010-10 indefinitely defers the application of provisions amended by ASU 2009-17 for interests in certain investment funds and similar entities.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Disclosures about the credit quality of financing receivables and the allowance for credit losses

Effective October 1, 2010, the companies adopted the new provisions related to disclosures as of the end of a reporting period in ASC 310, "Receivables," which the FASB issued as ASU 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses," and ASU 2011-01, "Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20." Effective January 1, 2011, the companies also adopted the provisions related to disclosures about activity that occurred during a reporting period.

ASU 2010-20 amends the provisions in ASC 310 to require enhanced disclosures regarding the nature of the credit risk inherent in the entity's financing receivables, how that credit risk is analyzed and assessed in calculating the allowance for credit losses, and the reasons for changes in such allowance. It also requires disclosures relating to the accounting policies for financing receivables and allowance for credit losses. The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

ASU 2011-01 deferred the application of provisions amended by ASU 2010-20 for financing receivables related to troubled debt restructurings, but ASU 2011-02, "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring," clarified the guidance on evaluating whether a restructuring constitutes a troubled debt restructuring. The related provisions are effective for the first interim or annual period beginning on or after June 15, 2011, and are applied retrospectively to the beginning of the annual period of adoption. The effect of the adoption of these provisions on the companies' financial position and result of operations will be immaterial.

Multiple-deliverable revenue arrangements

In October 2009, the FASB issued ASU 2009-13, "Multiple-Deliverable Revenue Arrangements."

ASU 2009-13 amends the provisions in ASC 605-25, "Revenue Recognition—Multiple-Element Arrangements," for treating multiple deliverables in a revenue arrangement as separate units of accounting, and permits using a best estimate of selling price in allocating arrangement consideration to each deliverable if neither vendor-specific objective evidence nor third-party evidence is available. The provisions also expand the disclosure requirements for such arrangements.

The provisions are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The effect of the adoption of these provisions on the companies' financial position and results of operations is not currently known and cannot be reasonably estimated until further analysis is completed.

Revenue arrangements with software elements

In October 2009, the FASB issued ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements."

ASU 2009-14 amends the provisions in ASC 985-605, "Software—Revenue Recognition," clarifies the scope of the software revenue guidance for revenue arrangements that include both tangible products and software elements, and provides guidance on allocating revenue for such arrangements.

The provisions are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The effect of the adoption of these provisions on the companies' financial position and results of operations is not currently known and cannot be reasonably estimated until further analysis is completed.

Fair value measurements

In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S.GAAP and IFRSs."

ASU 2011-04 amends the wording used in ASC820, "Fair Value Measurements," to describe the requirements in U.S.GAAP for measuring fair value and for disclosing information about fair value measurements, to improve consistency in application between U.S.GAAP and IFRSs. It also amends certain principles and requirements for measuring fair value or disclosing information about fair value measurements, and enhances disclosure requirements.

The provisions are effective prospectively for interim and annual periods beginning after December 15, 2011. The effect of the adoption of these provisions on the companies' financial position and results of operations will be immaterial.

V. USE OF ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. *BUSINESS COMBINATIONS*

For the year ended March 31, 2011

The following is the primary business combination, which was completed during the year ended March 31, 2011.

On December 24, 2009, MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon") entered into a definitive agreement with Gas Natural SDG, S.A. to acquire 100% of its outstanding shares of a portfolio of companies holding five gas-fired combined cycle power stations in Mexico, as well as relevant companies including a pipeline company. This acquisition for ¥111,519 million (U.S. $1,221 million) was closed on June 2, 2010 (the acquisition date). The Company intends to enhance its portfolio of power generating assets through this acquisition.

On December 27, 2010, the Company entered into sales agreements to sell 20% of its interest in MT Falcon to a 100% subsidiary of Chubu Electric Power Co., Inc., and 10% of its interest to a 100% subsidiary of Tohoku Electric Power Co., Inc. These transactions were completed on March 30, 2011, and as a result, MT Falcon's status within the Company changed from a 70% owned subsidiary to a 40% owned associated company.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 24,470
Property leased to others	101,468
Property and equipment	3,559
Intangible assets	9,021
Total assets acquired	138,518
Current liabilities	(9,188)
Long-term liabilities	(17,811)
Total liabilities assumed	(26,999)
Net assets acquired	¥ 111,519

At June 30, 2010, the provisional amounts for assets acquired and liabilities assumed on the acquisition date mainly consisted of property and equipment, and intangible assets of ¥65,230 million and ¥46,704 million, respectively. At September 30, 2010, the amounts mainly consisted of property leased to others and intangible assets of ¥91,592 million and ¥16,213 million, respectively. At December 31, 2010, the amounts mainly consisted of property leased to others and intangible assets of ¥106,745 million and ¥6,505 million, respectively.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

After the reporting period but before the financial statements are issued, the following business combination occurred.

The Company entered into a definitive agreement to acquire 44.2% of Multigrain AG ("MAG") shares held by CHS Inc. through its subsidiary CHSIH SARL, and 9.7% of MAG shares held by PMG Trading AG on March 17, 2011 and April 28, 2011, respectively. The Company acquired these shares for a total consideration of ¥22,068 million (U.S. $274 million) on May 6, 2011 (the acquisition date). The acquisition cost of the equity interest in MAG held by the Company immediately before these additional share acquisitions was ¥24,755 million (U.S. $234 million). As a result of these acquisitions, MAG became a wholly owned subsidiary of the Company from an associated company.

MAG is involved in agricultural production, especially grain production, in Brazil, and in grain trading. The Company acquired additional shares in MAG in order to strengthen its agricultural production and grain trading business in Brazil, and to secure a stable supply of grain from Brazil to Asia and other markets.

The Company is currently determining the acquisition date fair value of assets acquired and liabilities assumed, and remeasuring its previously held equity interest. As a result, further information related to the accounting for this business combination, such as the fair value for assets acquired and liabilities assumed, including goodwill, the fair value of its previously held equity interest, and any gain or loss resulting from its remeasurement at fair value, has not been disclosed.

For the year ended March 31, 2010

The business combinations, which were completed during the year ended March 31, 2010, were immaterial.

For the year ended March 31, 2009

The following is the primary business combination, which was completed during the year ended March 31, 2009.

Moeco Thai Oil Development Co., Ltd.

Mitsui Oil & Exploration Co., Ltd. ("MOECO"), a 53.0%* owned subsidiary of the Company, agreed with the Ministry of Economy, Trade and Industry of Japan to acquire additional 50% of ownership interests in Moeco Thai Oil Development Co., Ltd. ("MOT") for ¥9,000 million on June 30, 2008 as a result of the successful bid at general public bidding on June 13, 2008. The book value of MOT was ¥3,026 million before this additional acquirement. After satisfying the closing conditions, MOECO completed the acquisition process on July 15, 2008. Since MOECO's ownership of voting shares of MOT increased to 80%, MOT became a subsidiary of MOECO, which had been previously accounted for under the equity method. Subsequently, MOECO agreed with Toyo Engineering Corporation, a 22.8%* owned associated company of the Company accounted for under the equity method, to sell 10% of ownership interests in MOT on August 11, 2008. MOECO completed the sale of the interests on September 25, 2008 and MOECO's ownership of voting shares of MOT decreased to 70%. MOECO previously owned 30% of MOT, the acquisition was accounted for as a step- acquisition. The purchase price was allocated based on 50% of the estimated fair value of the net assets acquired, including intangible assets acquired.

MOT is engaged in natural gas and condensate exploration, development and production projects in Thailand. MOT has 5% interest in the Block B12/27 in the Gulf of Thailand and is carrying out the stable production in the Pailin Field within the concession area. The Company positions its energy businesses as a significant strategic business sector and continues to strengthen its revenue base by acquiring new oil and natural gas assets and replacing its reserves in wider areas including Southeast Asia in addition to the Middle East, Sakhalin and Oceania areas. This acquisition of MOT is consistent with the Company's core strategy.

The purchase price was determined based on the expected future cash flows MOT will generate. The consolidated financial statements for the year ended March 31, 2009 include the operating results of MOT as a subsidiary from the date of acquisition.

* As of March 31, 2011, MOECO was a 69.9% owned subsidiary of the Company. This increase of voting interest was due to additional acquisition of its shares for the year ended March 31, 2011. Toyo Engineering Corporation was a 22.9% owned associated company of the Company accounted for under the equity method.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Millions of Yen
Current assets	¥ 8,544
Property and equipment	10,379
Intangible assets	486
Total assets acquired	19,409
Current liabilities	(2,292)
Long-term liabilities	(3,083)
Minority interest	(2,008)
Total liabilities assumed and minority interest	(7,383)
Net assets acquired	¥ 12,026

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

4. *DISCONTINUED OPERATIONS*

The companies present the results of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line item in the Statements of Consolidated Income under (loss) income from discontinued operations—net (after income tax effect). The results of discontinued operations are not reclassified in the Statements of Consolidated Income and the Statements of Consolidated Cash Flows for the year ended March 31, 2011 due to immateriality to the results of operations and cash flows of the companies.

The carrying amounts of assets and liabilities of a disposal group classified as held for sale were immaterial for the years ended March 31, 2011 and 2010.

Summarized selected financial information and amounts attributable to Mitsui & Co., Ltd. for the years ended March 31, 2010, and 2009 for the discontinued operations reclassified during the year ended March 31, 2010 were as follows:

	Millions of Yen		
	Oil and gas interests held by MitEnergy	Other subsidiaries	Total
Year ended March 31, 2010:			
Revenues	¥ 11,771	¥ 1,080	¥ 12,851
Income from discontinued operations before income taxes	¥ 166	¥ 35	¥ 201
(Loss) gain on disposal—net	(1,971)	156	(1,815)
Income tax benefit (expense)	835	(15)	820
(Loss) income from discontinued operations—net	¥ (970)	¥ 176	¥ (794)
Year ended March 31, 2009:			
Revenues	¥ 27,321	¥ 3,115	¥ 30,436
Income (loss) from discontinued operations before income taxes	¥ 6,225	¥ (1,096)	¥ 5,129
Income tax (expense) benefit	(1,884)	785	(1,099)
Income (loss) from discontinued operations—net	¥ 4,341	¥ (311)	¥ 4,030

	Millions of Yen	
	2010	2009
Amounts attributable to Mitsui & Co., Ltd.		
Income from continuing operations	¥ 150,376	¥ 174,237
(Loss) income from discontinued operations—net (after income tax effect)	(657)	3,370
Net income	¥ 149,719	¥ 177,607

The primary discontinued operations for the year ended March 31, 2010 were as follows:

Oil and Gas interests held by MitEnergy

MitEnergy Upstream LLC (“MitEnergy”), a subsidiary partially reported in both the Energy and Americas Segments, had been engaged in the oil and gas exploration, development and production business (“E&P Business”) mainly in the Gulf of Mexico of the United States. After the careful scrutiny of the Company’s E&P Business strategy in North America, MitEnergy divested all of its Gulf of Mexico oil and gas assets to a third party during the year ended March 31, 2010.

Other subsidiaries

This category consists of some individually immaterial subsidiaries engaged in operations such as apparel sale, consumer products related to daily life sale, venture investment fund, and membership rewards program.

The result of discontinued operations were immaterial for the year ended March 31.2009.

5. *MARKETABLE SECURITIES AND OTHER INVESTMENTS*

Debt and marketable equity securities

At March 31, 2011 and 2010, the cost, fair value and gross unrealized holding gains and losses on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
March 31, 2011:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 222,590	¥ 387,889	¥ 168,636	¥ (3,337)	¥ 165,299
Marketable equity securities (Non-Japan)	12,309	41,725	29,432	(16)	29,416
Preferred stock that must be redeemed	75,593	72,232	1,671	(5,032)	(3,361)
Government bonds	5,022	5,022	0	—	0
Other securities	3,734	3,761	27	—	27
March 31, 2010:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 212,367	¥ 416,844	¥ 206,026	¥ (1,549)	¥ 204,477
Marketable equity securities (Non-Japan)	27,212	58,337	31,197	(72)	31,125
Preferred stock that must be redeemed	78,940	74,595	271	(4,616)	(4,345)
Government bonds	8,024	8,036	12	—	12
Other securities	1,891	1,891	0	—	0

Note: "Unrealized holding gains (losses)" of marketable equity securities (Japan) and marketable equity securities (Non-Japan) at March 31, 2010 have been corrected due to immaterial error.

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
March 31, 2011:					
Held-to-maturity debt securities	¥ 2,075	¥ 2,075	¥ 0	—	¥ 0
March 31, 2010:					
Held-to-maturity debt securities	¥ 117	¥ 117	¥ 0	—	¥ 0

At March 31, 2011 and 2010, the companies did not hold available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the Consolidated Balance Sheets.

At March 31, 2011 and 2010, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen			
	Less than 12 months		12 months or more	
	Fair value	Unrealized holding losses	Fair value	Unrealized holding losses
March 31, 2011:				
Available-for-sale:				
Marketable equity securities	¥ 57,776	¥ (3,353)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 61,163	¥ (5,032)
Total	¥ 57,776	¥ (3,353)	¥ 61,163	¥ (5,032)
March 31, 2010:				
Available-for-sale:				
Marketable equity securities	¥ 21,159	¥ (1,621)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 73,440	¥ (4,616)
Total	¥ 21,159	¥ (1,621)	¥ 73,440	¥ (4,616)

Note: The fair value of marketable equity securities which have been in continuous unrealized loss positions for less than 12 months at March 31, 2010 has been corrected due to immaterial error from ¥27,896 million to ¥21,159 million.

The companies' investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed (approximately 60 issuers). The severity of decline in fair value less than cost was 1% to 29%. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market and the duration of the impairment was less than nine months. The companies evaluated the near-term prospects of the issuers of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at March 31, 2011.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. Losses on write-down of current portion of the preferred stock were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary. For the non-current portion, the companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider this portion to be other-than-temporarily impaired at March 31, 2011.

For the years ended March 31, 2011, 2010 and 2009, losses of ¥8,613 million, ¥17,100 million and ¥79,264 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portion of net trading gains and losses for the year that relates to trading securities still held at March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen		
	2011	2010	2009
Net trading gains (losses)	¥ 2	¥ (10)	¥ (41)

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen		
	2011	2010	2009
Proceeds from sales	¥ 21,351	¥ 17,552	¥ 15,880
Gross realized gains	¥ 6,583	¥ 6,646	¥ 5,174
Gross realized losses	(1,495)	(258)	(390)
Net realized gains	¥ 5,088	¥ 6,388	¥ 4,784

Debt securities classified as available-for-sale and held-to-maturity at March 31, 2011 mature as follows:

	Millions of Yen			
	Available-for-sale		Held-to-maturity	
	Amortized cost	Aggregate fair value	Amortized cost	Aggregate fair value
Contractual maturities:				
Within 1 year	¥ 12,998	¥ 14,599	—	—
After 1 year through 5 years	71,351	66,416	¥ 685	¥ 685
After 5 years through 10 years	—	—	556	556
After 10 years	—	—	834	834
Total	¥ 84,349	¥ 81,015	¥ 2,075	¥ 2,075

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturity.

Investments other than debt and marketable equity securities

Investments other than investments in debt and marketable equity securities consisted primarily of non-marketable equity securities and non-current time deposits and amounted to ¥422,930 million and ¥482,930 million at March 31, 2011 and 2010, respectively. The estimation of the corresponding fair values at those dates was not practicable, as the fair value for the individual non-marketable securities held by the companies was not readily determinable at each balance sheet date.

Investments in non-marketable equity securities are carried at cost; however, if the fair value of an investment has declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value. Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥10,851 million, ¥31,388 million and ¥37,687 million for the years ended March 31, 2011, 2010 and 2009, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥370,272 million and ¥434,194 million at March 31, 2011 and 2010, respectively. Investments with an aggregate carrying amount of ¥350,474 million at March 31, 2011 and ¥408,508 million at March 31, 2010, were not evaluated for impairment because the companies did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments and the companies determined that it is not practicable to estimate the fair value of those investments in accordance with the requirements of ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments."

6. *INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES*

Investments in associated companies (investees owned 20% to 50%, corporate joint ventures and other investees over which the companies have the ability to exercise significant influence) are accounted for under the equity method. In addition, noncontrolling investments in general partnerships, limited partnerships and limited liability companies are also accounted for under the equity method. Such investments include, but are not limited to, the companies’ investments in Valepar S.A. (18.24%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), JA Mitsui Leasing, Ltd. (33.40%), Sims Metal Management Limited (17.64%), P.T. Paiton Energy (36.32%), IPM EAGLE LLP (30.00%), and Penske Automotive Group, Inc. (16.80%).

The investment in Valepar S.A. is accounted for under the equity method because of the Company’s ability to exercise significant influence over operating and financial policies primarily through the board representation and power of veto over significant operating and financial decisions through the board of directors. As the sole operating company among the shareholders, which consist primarily of pension funds and financial institutions, the Company utilizes its experience and expertise in operating businesses and substantively participates in the decision-making processes.

The investment in Sims Metal Management Limited is accounted for under the equity method because the companies are the largest and sole shareholder to have board designation right and the top up right, which enable the companies to increase their share in the event of dilution so that the companies are able to retain proportionate share after the dilutive event, and the companies have ability to exercise significant influence over operating and financial policies primarily through the board representation and the membership in various advisory committees to the board, such as the Finance and Investment Committee.

The companies are the second largest shareholder group of Penske Automotive Group, Inc. (“PAG”) and entered into a shareholders agreement with the largest shareholder group owning approximately 35% of its voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through the board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in the decision-making processes.

Associated companies are engaged primarily in the development of natural resources, power generation businesses outside Japan and the distribution of various products. The major geographic areas of such entities are the Americas, Europe, Asia and Oceania.

Investments in and advances to associated companies at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen	
	2011	2010
Investments in capital stock	¥ 1,432,474	¥ 1,227,795
Advances	168,344	175,261
Total	¥ 1,600,818	¥ 1,403,056

The carrying value of the investments in associated companies exceeded the companies’ equity in the underlying net assets of such associated companies by ¥92,068 million and ¥123,223 million at March 31, 2011 and 2010, respectively. The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments are generally attributed to property and equipment which consist primarily of mineral rights amortized over their respective estimated useful lives, principally 3 to 47 years, using either the straight-line or the unit-of-production method.

Investments in common stock of publicly traded associated companies include marketable equity securities carried at ¥208,297 million and ¥186,809 million at March 31, 2011 and 2010, respectively. Corresponding aggregate quoted market values were ¥240,036 million and ¥225,091 million, respectively.

Summarized financial information for associated companies at March 31, 2011 and 2010 and for the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen	
	2011	2010
Current assets	¥ 7,857,521	¥ 6,576,064
Property and equipment—net of accumulated depreciation	10,410,380	9,168,375
Other assets	2,819,841	2,782,559
Total assets	¥ 21,087,742	¥ 18,526,998
Current liabilities	¥ 4,979,930	¥ 4,035,355
Long-term liabilities	6,533,054	6,327,492
Associated companies' shareholders' equity	5,319,611	4,461,376
Non-controlling interests	4,255,147	3,702,775
Total liabilities and shareholders' equity	¥ 21,087,742	¥ 18,526,998
The companies' equity in the net assets of associated companies	¥ 1,340,406	¥ 1,104,572

	Millions of Yen		
	2011	2010	2009
Revenues	¥ 11,574,275	¥ 9,541,949	¥ 11,969,061
Gross profit	4,149,201	2,512,033	3,656,921
Net income attributable to associated companies	1,118,727	648,981	864,418

The companies' revenues and purchases from associated companies included in cost of revenues during the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen		
	2011	2010	2009
Revenues	¥ 51,562	¥ 56,106	¥ 85,373
Purchases	321,713	254,873	327,417

Dividends received from associated companies for the years ended March 31, 2011, 2010 and 2009 amounted to ¥149,746 million, ¥111,540 million and ¥96,594 million, respectively.

Consolidated unappropriated retained earnings at March 31, 2011 and 2010 included the companies' equity in net undistributed earnings of associated companies in the amount of ¥422,004 million and ¥352,468 million, respectively.

7. *FINANCING RECEIVABLES AND RELATED ALLOWANCES*

Portfolio segment

The financing receivables below are mainly loans and long-term receivables for the purpose of providing finance other than short term receivables. The amounts of recorded investment in financing receivables defined in ASC310 and the analysis of the change in the related allowances as of March 31, 2011 were as follows.

	Millions of Yen		
	Corporate Businesses	Retail Finance Business	Total
Three month period ended March 31,2011:			
Related Allowances			
Balance at end of December 31, 2010	¥ 45,064	¥ 6,256	¥ 51,320
Credits charged off	(4,569)	(2,037)	(6,606)
Provision for doubtful receivables	503	2,793	3,296
Others	1,695	198	1,893
Balance at end of year	¥ 42,693	¥ 7,210	¥ 49,903
Allowances Collectively Evaluated	1,861	2,198	4,059
Allowances Individually Evaluated	40,832	5,012	45,844
Financing Receivables			
Balance at end of year	¥ 454,223	¥ 125,967	¥ 580,190
Financing Receivables with Allowances Collectively Evaluated	¥ 383,771	¥ 117,836	¥ 501,607
Financing Receivables with Allowances Individually Evaluated	70,452	8,131	78,583

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, reclassification to discontinued operations, transfer from other accounts and the effect of changes in foreign exchange rates.

Credit quality indicators

The companies engaged in businesses with corporate customers ("corporate businesses") assess and monitor financing receivables every quarter by classifying the receivables into two categories, performing financing receivables and nonperforming financing receivables. Certain receivables are classified as nonperforming financing receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet the following conditions are classified as nonperforming financing receivables.

1) Counterparties who have filed a petition for liquidation, adjustments, rehabilitation or reorganization under the Bankruptcy Act.

2) Counterparties experiencing suspension or discontinuance of business, as well as those who have found it impossible or extremely difficult to fulfill their payments or deliveries, due to deficits in equity or insolvency for a considerable period without prospects for business improvement, also those who have suffered from tremendous losses due to natural disasters, sudden changes of economic conditions, or similar catastrophes.

3) Counterparties whose debts have not been collected for more than one year since the original due date.

Companies engaged in financial business with retail customers ("retail finance business") assess and monitor financing receivables every quarter by dates past due.

The amounts of recorded investments in financing receivables of the companies engaged in corporate businesses classified by Credit Quality Indicators were as follows. As for the financing receivables of the companies engaged in the retail finance business, refer to the table of Financing Receivables by Dates Past Due.

Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total
Performing	¥ 55,241	¥ 35,914	¥ 12,468	¥ 229,340	¥ 68,761	¥ 401,724
Nonperforming	5,217	12,057	11,512	10,334	13,379	52,499
Total	¥ 60,458	¥ 47,971	¥ 23,980	¥ 239,674	¥ 82,140	¥ 454,223

Corporate Businesses are mainly classified into the following business areas.
Mineral Resources & Energy Business Area: Mineral & Metal Resources, Energy
Global Marketing Networks Business Area: Iron & Steel Products, Motor Vehicles, Chemical
Consumer Service Business Area: Foods & Retail, Consumer Service & IT, Financial Markets
Infrastructure Projects Business Area: Infrastructure Projects, Marine & Aerospace, Transportation Logistics

Financing receivables by dates past due

The amounts of recorded investments in financing receivables classified by dates past due as of March 31, 2011 were as follows:

Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total
Less than 90 days (including not past due)	¥53,824	¥40,863	¥14,924	¥228,906	¥75,718	¥414,235
90 days or more	6,634	7,108	9,056	10,768	6,422	39,988
Total	¥60,458	¥47,971	¥23,980	¥239,674	¥82,140	¥454,223
90 days or more past due and accruing	¥ —	¥ —	¥ —	¥ 126	¥ —	¥ 126

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)	¥ 113,831
30-89 days past due	4,217
90-179 days past due	3,477
180-359 days past due	3,121
360 days or more past due	1,321
Total	¥ 125,967

The recorded investment of financing receivables of 90 days or more past due and accruing was considered minor.

Impaired financing receivables

The amounts of recorded investments in the impaired financing receivables as of March 31, 2011 were as follows.

	Millions of Yen							
	Corporate Businesses							
	Mineral Resources & Energy		Global Marketing Networks		Consumer Service		Infrastructure Projects	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥21,613	¥ 4,158	¥12,174	¥ 9,433	¥10,723	¥ 9,758	¥12,079	¥ 9,229
Without allowance for credit losses	—	—	758	—	180	—	569	—
Total	¥21,613	¥ 4,158	¥12,932	¥ 9,433	¥10,903	¥ 9,758	¥12,648	¥ 9,229
Average investment in impaired financing Receivables	¥22,459		¥13,640		¥11,040		¥12,152	

	Millions of Yen					
	Corporate Businesses				Retail Finance Business	
	Others		Total		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 13,863	¥ 8,254	¥ 70,452	¥ 40,832	¥ 8,131	¥ 5,012
Without allowance for credit losses	1,202	—	2,709	—	—	—
Total	¥ 15,065	¥ 8,254	¥ 73,161	¥ 40,832	¥ 8,131	¥ 5,012
Average investment in impaired financing Receivables	¥ 16,347		¥ 75,637		¥ 4,066	

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.
Interest income recognized on impaired financing receivables was considered minor.

Financing receivables on nonaccrual status

The companies recognize the interest income on the accrual-basis. However, as for companies engaged in corporate businesses, interest earnings of impaired financing receivables are basically recognized on the cash-basis. As for companies engaged in retail finance business, interest earnings are recognized on the cash-basis after a specified period without payment of interest. The companies resume the accrual of interest earnings only after the full amount of contractually outstanding interest has been collected over a specified period.

The amounts of the recorded investments in financing receivables on nonaccrual status at the end of March 31, 2011 were as follows.

Millions of Yen						
Corporate Businesses						Retail Finance Business
Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total	
¥ 5,217	¥ 12,932	¥ 10,903	¥ 22,528	¥ 15,065	¥ 66,645	¥ 8,131

The following tables are on the basis of ASC 310 before ASU 2010-20 “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses” was issued.

An analysis of the change in the allowance for doubtful receivables is as follows:

	Millions of Yen		
	Current	Non-current	Total
Year ended March 31, 2010:			
Balance at beginning of year	¥ 18,165	¥ 51,883	¥ 70,048
Credits charged off	(5,205)	(10,758)	(15,963)
Provision for doubtful receivables	6,171	5,056	11,227
Others	(708)	2,291	1,583
Balance at end of year	¥ 18,423	¥ 48,472	¥ 66,895
Year ended March 31, 2009:			
Balance at beginning of year	¥ 23,289	¥ 58,957	¥ 82,246
Credits charged off	(5,658)	(16,220)	(21,878)
Provision for doubtful receivables	4,695	13,318	18,013
Others	(4,161)	(4,172)	(8,333)
Balance at end of year	¥ 18,165	¥ 51,883	¥ 70,048

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, reclassification to discontinued operations, transfer from other accounts and the effect of changes in foreign exchange rates.

The recorded investment in impaired loans, as defined in ASC310 "Receivables" and the allowance for doubtful receivables related to such loans at March 31, 2010 were as follows:

	Millions of Yen	
	2010	
	Impaired loans	Allowance for doubtful receivables
Impaired loans with an allowance for doubtful receivables	¥ 83,079	¥ 49,559
Impaired loans without an allowance for doubtful receivables	4,489	—
Total	¥ 87,568	¥ 49,559

The average investment in impaired loans and interest income on impaired loans for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen	
	2010	2009
Average investment in impaired loans	¥ 85,314	¥ 96,321
Interest income recognized on impaired loans	391	372

Interest income on impaired loans has been recognized mainly using the cash-basis method of accounting during the period that the loans were impaired.

8. *LEASES*

Lessor

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others.

Certain leases of rolling stock, aircraft, ocean transport vessels, equipment, real estate and others are classified as direct financing leases, sales-type leases or leveraged leases, and the net investments are included as part of trade receivables—accounts and non-current receivables, less unearned interest in the accompanying Consolidated Balance Sheets. The companies have no general obligation for principal and interest on notes and other instruments related to third-party participation in leveraged leases. Such notes and other instruments have not been included in liabilities but have been offset against the related lease receivables. The residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on the companies' future ability to sell the related assets under then prevailing market conditions.

Other leases are classified as operating leases and the related assets are presented as property leased to others—at cost, less accumulated depreciation in the accompanying Consolidated Balance Sheets.

The following comprises the components of the net investment in direct financing leases and sales-type leases as of March 31, 2011 and 2010:

	Millions of Yen	
	2011	2010
Total minimum lease payments to be received	¥ 112,119	¥ 112,440
Estimated unguaranteed residual value of leased assets	9,092	10,175
Less unearned income	(36,925)	(39,850)
Net investment in direct financing leases and sales-type leases	¥ 84,286	¥ 82,765

The following is a schedule by years of future minimum lease payments to be received from direct financing leases and sales-type leases as of March 31, 2011:

	Millions of Yen
Year ending March 31:	
2012	¥ 14,454
2013	14,588
2014	15,763
2015	11,539
2016	10,324
Thereafter	45,451
Total	¥ 112,119

The following represents the components of the net investment in leveraged leases as of March 31, 2011 and 2010:

	Millions of Yen	
	2011	2010
Total minimum lease payments to be received (net of principal and interest on third-party nonrecourse debt)	¥ 3,267	¥ 3,667
Estimated unguaranteed residual value of leased assets	3,925	4,391
Less unearned income	(1,672)	(1,903)
Investment in leveraged leases	5,520	6,155
Less deferred tax liabilities arising from leveraged leases	(5,060)	(6,147)
Net investment in leveraged leases	¥ 460	¥ 8

The following provides an analysis of the companies' investment in property leased to others under operating leases by classes as of March 31, 2011 and 2010:

	Millions of Yen					
	2011			2010		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Real estate	¥ 226,313	¥ (82,349)	¥ 143,964	¥ 174,879	¥ (70,454)	¥ 104,425
Rolling stock	78,028	(7,600)	70,428	79,633	(6,089)	73,544
Ocean transport vessels	45,863	(8,439)	37,424	48,953	(12,763)	36,190
Equipment and others	20,239	(12,373)	7,866	23,535	(13,694)	9,841
Total	¥ 370,443	¥ (110,761)	¥ 259,682	¥ 327,000	¥ (103,000)	¥ 224,000

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of March 31, 2011:

	Millions of Yen
Year ending March 31:	
2012	¥ 19,567
2013	14,152
2014	10,283
2015	7,914
2016	6,892
Thereafter	14,431
Total	¥ 73,239

Lessee

The companies lease equipment, real estate and others under capital leases. Approximately 50% and 60% of the capital leases are with the Company's associated company, JA Mitsui Leasing, Ltd. at March 31, 2011 and 2010, respectively.

The following provides an analysis of the companies' leased assets recorded under capital leases by classes as of March 31, 2011 and 2010:

	Millions of Yen					
	2011			2010		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Equipment	¥ 11,770	¥ (7,532)	¥ 4,238	¥ 20,220	¥ (11,084)	¥ 9,136
Real estate	6,583	(1,834)	4,749	10,461	(2,508)	7,953
Others	1,325	(810)	515	1,345	(750)	595
Total	¥ 19,678	¥ (10,176)	¥ 9,502	¥ 32,026	¥ (14,342)	¥ 17,684

The following is a schedule by years of future minimum lease payments under capital leases together with components of the present value of the net minimum lease payments as of March 31, 2011. Minimum payments have not been reduced by minimum sublease rentals of ¥10,460 million due in the future under subleases:

	Millions of Yen
Year ending March 31:	
2012	¥ 4,667
2013	7,212
2014	9,847
2015	2,193
2016	1,772
Thereafter	11,601
Total minimum lease payments	37,292
Less amount representing interest	6,832
Present value of net minimum lease payments	30,460
Less current capital lease obligations	3,777
Long-term capital lease obligations	¥ 26,683

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others under operating leases. Most of the rolling stock, ocean transport vessels and aircraft under operating leases are subleased to third parties.

The Company and certain subsidiaries sold rolling stock and others to third parties for ¥3,366 million, ¥6,868 million and ¥393 million in total during the years ended March 31, 2011, 2010 and 2009, respectively, and leased them back with terms ranging up to 20 years. The resulting leases were classified as operating leases.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of March 31, 2011. Minimum payments have not been reduced by minimum sublease rentals of ¥23,025 million due in the future under noncancelable subleases:

	Millions of Yen
Year ending March 31:	
2012	¥ 23,315
2013	16,723
2014	17,302
2015	8,874
2016	7,322
Thereafter	23,687
Total	¥ 97,223

Rental expenses incurred for operating leases for the years ended March 31, 2011, 2010 and 2009 were ¥44,213 million, ¥52,746 million and ¥54,383 million, respectively. Sublease rental income for the years ended March 31, 2011, 2010 and 2009 were ¥20,094 million, ¥18,589 million and ¥23,447 million, respectively.

9. *PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL*

Pledged assets

At March 31, 2011 and 2010, the following assets (exclusive of assets covered by trust receipts discussed below) were pledged as collateral for certain liabilities of the companies:

	Millions of Yen	
	2011	2010
Trade receivables (current and non-current)	¥ 95,977	¥ 92,004
Inventories	6,954	2,927
Investments	168,683	217,672
Property leased to others (net book value)	26,531	44,457
Property and equipment (net book value)	41,106	23,761
Other	16,418	9,079
Total	¥ 355,669	¥ 389,900

The distribution of such collateral among short-term debt, long-term debt, and financial guarantees and other was as follows:

	Millions of Yen	
	2011	2010
Short-term debt	¥ 12,901	¥ 15,311
Long-term debt	158,302	145,693
Financial guarantees and other	184,466	228,896
Total	¥ 355,669	¥ 389,900

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts.

In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. See Note 13, "SHORT-TERM AND LONG-TERM DEBT," for certain bank loan agreements in which default provisions grant sale or possession rights of the pledged asset to lenders.

Financial assets accepted as collateral

At March 31, 2011 and 2010, the fair values of financial assets that the companies accepted as security for trade receivables and that they are permitted to sell or repledge consisted of the following:

	Millions of Yen	
	2011	2010
Bank deposits	¥ 917	¥ 899
Trade receivables—accounts	1,781	608
Stocks and bonds	4,935	4,906

There were no financial assets repledged or accepted as collateral under security repurchase agreements at March 31, 2011 and 2010.

10. IMPAIRMENT LOSS ON LONG-LIVED ASSETS

The companies have recognized impairment losses on long-lived assets in accordance with the provisions of ASC360 “Property, Plant, and Equipment” during the years ended March 31, 2011, 2010 and 2009.

The impairment loss on long-lived assets for the year ended March 31, 2011 consisted principally of mining equipment and mineral rights of ¥6,921 million, which were owned by Mitsui & Co. Uranium Australia Pty. Ltd., a subsidiary in Australia engaged in the exploration, development and production of uranium; and distribution facilities of ¥4,019 million, which were owned by an oil downstream business subsidiary, Mitsui Oil Co., Ltd. (Japan).

The impairments for the year ended March 31, 2011 mainly related to the revaluation of the assets due to the delay of the development schedule in Australia, and the change in the oil business conditions in Japan.

The impairment loss on long-lived assets for the year ended March 31, 2010 consisted principally of intangible assets including customer relationships of ¥2,700 million, which were owned by a locomotive leasing subsidiary in Europe, Mitsui Rail Capital Europe B.V. The impairments for the year ended March 31, 2010 mainly related to the decrease in the sales resulting from a prolonged downturn in the volume of rail freight transportation in Europe.

The impairment loss on long-lived assets for the year ended March 31, 2009 consisted principally of equipment and fixtures and mineral rights of the Vincent oil fields of ¥14,562 million, which were owned by Mitsui E&P Australia Pty Limited, a subsidiary in Australia for exploration, development and production of oil and natural gas; office buildings of ¥9,563 million, which were owned by MBK Real Estate Europe Limited, a real estate-related subsidiary in the United Kingdom; and intangible assets such as customer relationships of ¥2,697 million, which were owned by Steel Technologies Inc., a steel processing subsidiary in the United States. The impairments for the year ended March 31, 2009 mainly related to the revaluation of the assets due to a decline in oil prices, a decrease in profitability resulting from severe real estate market conditions in the United Kingdom, and the contraction of steel demand in the automotive and housing-related industries in the United States.

See Note 23, “EXIT OF DISPOSAL COST OBLIGATIONS,” for the exit or disposal activities which resulted in recognition of an impairment loss on long-lived assets.

Impairment losses on long-lived assets recognized by operating segment for the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen		
	2011	2010	2009
Iron & Steel Products	¥ 1,320	¥ 56	¥ 633
Mineral & Metal Resources	9	83	—
Machinery & Infrastructure Projects	2,121	2,707	2,595
Chemical	—	431	806
Energy	13,002	1,517	16,994
Foods & Retail	1,026	1,498	1,207
Consumer Service & IT	271	156	2,701
Logistics & Financial Markets	76	163	18
Americas	336	2,205	2,883
Europe, the Middle East and Africa	—	—	9,752
All Other	127	—	—
Adjustments and Eliminations	—	(431)	(149)
Consolidated Total	¥ 18,288	¥ 8,385	¥ 37,440

Note: “Adjustments and Eliminations” represents impairment losses related to assets not allocated to specific operating segments. The reclassifications to “(Loss) Income from Discontinued Operations-Net (After Income Tax Effect)” are included in “Adjustments and Eliminations.”

The fair value of the assets is calculated based on independent appraisals, market value or discounted future cash flows whichever management considers most appropriate.

In addition to the impairment loss on long-lived assets based on ASC360 “Property, Plant, and Equipment” shown in the above table, the impairment loss on intangible assets not subject to amortization based on ASC350 “Intangibles—Goodwill and Other” was included in impairment loss of long-lived assets in the Statements of Consolidated Income for the years ended March 31, 2011, 2010, and 2009 as discussed in Note 12, “GOODWILL AND OTHER INTANGIBLE ASSETS.”

11. Asset Retirement Obligations

The asset retirement obligations are principally related to the costs of dismantling and removing mining, and oil and gas production facilities owned by subsidiaries in Australia and a domestic subsidiary which has interests in oil and gas operations in South East Asia and others, which are engaged in mining operations or oil and gas producing activities.

The changes in asset retirement obligations for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen	
	2011	2010
Balance at beginning of year	¥ 54,980	¥ 54,285
Liabilities incurred	6,858	1,375
Liabilities settled	(286)	—
Disposition of assets	(558)	(4,202)
Accretion expense	3,879	3,899
Revisions in estimated cash flows	15,569	(952)
Foreign currency translation adjustments	(3,611)	575
Balance at end of year	¥ 76,831	¥ 54,980

Note: "Disposition of assets" includes reduction of asset retirement obligations related to discontinued operations.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets subject to amortization at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen			
	2011		2010	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Software	¥ 70,213	¥ 39,105	¥ 74,566	¥ 42,815
Trademarks	13,941	12,059	12,618	10,397
Customer relationships	8,595	3,367	8,930	4,925
Unpatented technologies	7,251	6,072	6,230	6,113
Patents	6,960	6,573	8,007	7,917
Other	26,378	17,262	28,879	17,216
Total	¥ 133,338	¥ 84,438	¥ 139,230	¥ 89,383

The aggregate amortization expense of intangible assets for the years ended March 31, 2011, 2010 and 2009 was ¥13,215 million, ¥13,425 million and ¥13,753 million, respectively. The estimated aggregate amortization expense of intangible assets at March 31, 2011 for each of the next five years is as follows:

	Millions of Yen
Year ending March 31:	
2012	¥ 15,095
2013	10,878
2014	6,812
2015	4,515
2016	2,613

Total carrying amount of intangible assets not subject to amortization (excluding goodwill) at March 31, 2011 and 2010 consisted of:

	Millions of Yen	
	2011	2010
Land rights	¥ 7,196	¥ 7,235
Trademarks	653	668
Other	2,500	4,274
Total	¥ 10,349	¥ 12,177

Intangible assets subject to amortization acquired during the year ended March 31, 2011 totaled ¥12,438 million, and consisted primarily of software of ¥10,529 million. The weighted average amortization periods for intangible assets subject to amortization in total and software are 6 years and 5 years, respectively. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2011 totaled ¥614 million.

Intangible assets subject to amortization acquired during the year ended March 31, 2010 totaled ¥15,784 million, and consisted primarily of software of ¥12,900 million. The weighted average amortization periods for intangible assets subject to amortization in total and software were 6 years and 5 years, respectively. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2010 totaled ¥1,823 million.

The impairment losses recognized for intangible assets subject to amortization and not subject to amortization (excluding goodwill) for the year ended March 31, 2011 were immaterial.

During the year ended March 31, 2010, the companies recognized impairment losses of ¥4,705 million on intangible assets subject to amortization and not subject to amortization (excluding goodwill) which were included in impairment loss of long-lived assets in the Statements of Consolidated Income. These impairment losses included in the Machinery & Infrastructure Projects Segment consisted of ¥2,939 million on the write-down of customer relationships (intangible assets subject to amortization) and other which were held by Mitsui Rail Capital Europe B.V., a locomotive leasing company in Europe. These impairments were due to the decrease in the fair values resulting from a prolonged downturn in railway freight transport in Europe. The fair value for the basis of determining these impairment losses were calculated based on the Discounted Cash Flow Method.

During the year ended March 31, 2009, the companies recognized impairment losses of ¥3,192 million on intangible assets subject to amortization and not subject to amortization (excluding goodwill) which were included in impairment loss of long-lived assets in the Statements of Consolidated Income. The impairment losses included in the Americas Segment consisted primarily of ¥2,561 million on the write-down of customer relationships (intangible assets subject to amortization) which were held by Steel Technologies Inc., a steel processing subsidiary in the United States. The impairments of customer relationships were due to the decrease in the fair value resulting from steel demand contraction in the automotive and housing-related industries in the United States. The fair value for the basis of determining the impairment loss was calculated based on the Excess Earnings Method.

The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen						
	Iron & Steel Products	Machinery & Infrastructure Projects	Chemical	Foods & Retail	Consumer Service & IT	Americas	Consolidated Total
Balance at April 1, 2009							
Goodwill	¥ 872	¥ 9,519	¥ 2,134	¥ 20,113	¥ 11,479	¥ 28,222	¥ 72,339
Accumulated impairment losses	—	(794)	—	(16,528)	(7,321)	(14,056)	(38,699)
	872	8,725	2,134	3,585	4,158	14,166	33,640
Acquisition	—	—	—	—	—	—	—
Impairment losses	—	(3,148)	—	—	—	(6,759)	(9,907)
Others	—	(25)	1,603	(946)	(1,186)	(462)	(1,016)
Balance at March 31, 2010							
Goodwill	872	9,269	3,737	19,167	10,286	27,276	70,607
Accumulated impairment losses	—	(3,717)	—	(16,528)	(7,314)	(20,331)	(47,890)
	872	5,552	3,737	2,639	2,972	6,945	22,717
Acquisition	—	789	355	734	4,112	2,146	8,136
Impairment losses	—	—	—	—	—	(596)	(596)
Others	—	(1,111)	141	(91)	(187)	(733)	(1,981)
Balance at March 31, 2011							
Goodwill	872	8,693	4,233	19,810	14,199	26,533	74,340
Accumulated impairment losses	—	(3,463)	—	(16,528)	(7,302)	(18,771)	(46,064)
	¥ 872	¥ 5,230	¥ 4,233	¥ 3,282	¥ 6,897	¥ 7,762	¥ 28,276

Notes: "Others" principally includes the effect of foreign currency exchange rate changes, decrease as the result of deconsolidation of subsidiaries and purchase accounting adjustments.

The impairment losses included in the Americas Segment for the year ended March 31, 2011 were the accumulation of immaterial impairment losses.

The impairment loss included in the Machinery & Infrastructure Projects Segment for the year ended March 31, 2010 consisted of an impairment loss of ¥3,148 million for goodwill related to Mitsui Rail Capital Europe B.V. Because of a prolonged downturn in railway freight transport in Europe, the carrying amount of the subsidiary exceeded its fair value and the impairment loss was recognized in the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. The fair value of the subsidiary for the basis of determining the impairment loss of goodwill was calculated with the Discounted Cash Flow Method.

The impairment losses included in the Americas Segment for the year ended March 31, 2010 consisted primarily of impairment losses of ¥3,108 million and ¥2,942 million for goodwill related to AFC HoldCo, LLC, an automotive retail finance company, and SunWize Technologies, Inc., a distributor of photovoltaic systems, respectively. Because of a prolonged economic slowdown, the carrying amounts of the subsidiaries exceeded their fair values and the impairment losses were recognized in the amounts equal to the excess of the carrying amounts of goodwill over the implied fair values of goodwill. The fair values of the subsidiaries for the basis of determining the impairment losses of goodwill were calculated with, the Discounted Cash Flow Method for AFC HoldCo, LLC, and a combination of the Discounted Cash Flow Method, the Guideline Public Company Method and the Guideline Merged & Acquired Company Method for SunWize Technologies, Inc.

The impairment losses for the year ended March 31, 2009 were composed mainly of those included in the Consumer Service & IT Segment and the Americas Segment. The impairment losses included in the Consumer Service & IT Segment consisted primarily of an impairment loss of ¥4,083 million for goodwill related to Mitsui Knowledge Industry Co., Ltd. (“MKI”) which is listed on the Tokyo Stock Exchange. Because a decline in MKI’s stock price was determined to represent an indicator of impairment, its goodwill was tested for impairment. As a result, the carrying amount of MKI exceeded its fair value and the impairment loss was recognized in the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill.

The impairment losses included in the Americas Segment for the year ended March 31, 2009 consisted primarily of an impairment loss of ¥6,353 million for goodwill related to Steel Technologies Inc., a steel processing subsidiary in the United States. Because of steel demand contraction in the automotive and housing-related industries in the United States, the carrying amount of the subsidiary exceeded its fair value and the impairment loss was recognized in the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. The fair value of the subsidiary for the basis of determining the impairment loss of goodwill was calculated with a combination of the Discounted Cash Flow Method and the EBITDA Multiple Method.

13. SHORT-TERM AND LONG-TERM DEBT

Short-term debt at March 31, 2011 and 2010 were comprised of the following:

	Millions of Yen			
	2011		2010	
		Interest rate *1		Interest rate *1
Short-term bank loans and others	¥ 197,264	2.6%	¥ 201,102	3.6%
Commercial paper	52,803	1.0	37,197	1.0
Notes under medium-term note programme	—	—	2,976	0.6
Total	250,067		241,275	
ASC815 fair value adjustment *2	(5)		105	
Total	¥ 250,062		¥ 241,380	

*1. The interest rates represent weighted average rates in effect at March 31, 2011 and 2010 regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.

*2. In accordance with the requirements of ASC815, "Accounting for Derivative Instruments and Hedging Activities," the portion of the companies' fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt's carrying value plus an ASC815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

Unused lines of credit, for short-term financing outside Japan, at March 31, 2011 and 2010, aggregated ¥556,847 million and ¥624,283 million, respectively. Certain foreign subsidiaries compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2011 and 2010.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen	
	2011	2010
Long-term debt with collateral (Note 9):		
Banks and insurance companies, maturing serially through 2032—principally 0.8% to 10.1%	¥ 60,109	¥ 65,280
Government-owned banks and government agencies, maturing serially through 2056—principally 0.0% to 12.0%	64,752	73,752
Other, maturing serially through 2014—principally 2.5%	—	62
Japanese yen bonds (floating rate 1.1%, due 2012)	1,700	—
Total	126,561	139,094
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.2% to 6.0%, maturing serially through 2026	1,812,038	1,880,623
Principally 0.3% to 16.0%, maturing serially through 2040 (payable in foreign currencies)	643,838	600,647
Bonds and notes:		
Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015)	10,000	10,000
Japanese yen bonds with early redemption clause (fixed and floating rate: floating rate 1.6%, due 2016)	—	10,000
Japanese yen bonds (fixed rate 0.7% to 3.2%, due 2011–2030)	290,953	280,947
Japanese yen bonds (fixed and floating rate: floating rate 1.2% to 2.9%, due 2013–2024)	101,500	101,500
Japanese yen bonds (floating rate 0.9% to 2.4%, due 2010–2017)	40,000	102,000
Reverse dual currency yen/U.S. dollar bonds (fixed rate 3.0%, due 2012)	10,000	10,000
Notes under global medium-term note programme (fixed rate 4.5% to 4.6%, due 2011)	2,235	2,501
Notes under euro medium-term note programme (fixed rate 0.6% to 5.0%, due 2010–2017)	14,176	23,726
Notes under euro medium-term note programme (floating rate 0.1% to 1.6%, due 2010–2017)	2,429	5,070
Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.0% to 1.5%, due 2010–2024)	10,133	11,191
Capital lease obligations (principally 0.2% to 8.0%, maturing serially through 2030)	30,460	19,081
Total	2,967,762	3,057,286
Total	3,094,323	3,196,380
ASC815 fair value adjustment*	33,089	33,894
Total	3,127,412	3,230,274
Less current maturities	308,883	320,480
Long-term debt, less current maturities	¥ 2,818,529	¥ 2,909,794

*In accordance with the requirements of ASC815, "Accounting for Derivative Instruments and Hedging Activities," the portion of the companies' fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt's carrying value plus an ASC815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

The companies have entered into currency swap agreements and interest rate swap agreements in connection with certain bonds, notes and other long-term borrowings. The floating interest rates for interest rate swap agreements are generally based on the three-month or six-month LIBOR (London Interbank Offered Rate). The three-month and six-month LIBORs for U.S. dollar denominated debt as of March 31, 2011 were 0.30% and 0.46%, respectively. The three-month and six-month LIBORs for U.S. dollar denominated debt as of March 31, 2010 were 0.29% and 0.44%, respectively. (See Note 24, "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES," and Note 25, "FINANCIAL INSTRUMENTS.").

Substantially all short-term and long-term bank borrowings are made under agreements which, as is customary in Japan, provide that under certain conditions a bank may require the borrower to provide collateral (or additional collateral) or guarantors with respect to the borrowings and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. Default provisions of certain loan agreements grant certain rights of possession to the lenders.

Under certain loan agreements with government-owned banks, the creditors may require the companies to submit proposals as to the payment of dividends and other appropriations of earnings for the creditors' review and approval before presentation to the shareholders. Certain of those agreements require the borrower, upon the request of the lender, to reduce outstanding loans before scheduled maturity dates when the lender considers that the companies are able to reduce such loans through increased earnings or through the proceeds from the sale of common stock or bonds and notes. During the years ended March 31, 2011 and 2010, the companies did not receive any such requests, and there is no expectation that any such requests will be made.

Maturities of long-term debt outstanding at March 31, 2011 were as follows, excluding the effect of the ASC815, "Accounting for Derivative Instruments and Hedging Activities," fair value adjustment:

		Millions of Yen
Year ending March 31:		
2012	¥	305,099
2013		362,345
2014		372,837
2015		419,523
2016		323,065
Thereafter		1,311,454
Total	¥	3,094,323

14. PENSION COSTS AND SEVERANCE INDEMNITIES

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans, covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. The benefits from CPF are based on the length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnities plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

The companies use a measurement date of March 31 for their defined benefit pension plans.

Obligations and funded status

The following table sets forth the reconciliation of the companies' benefit obligations, plan assets and funded status of the plans:

	Millions of Yen	
	2011	**2010**
Change in benefit obligation:		
Benefit obligation at beginning of year	¥280,889	¥274,973
Service cost	9,856	8,981
Interest cost	6,370	6,326
Plan participants' contributions	363	451
Plan amendments	(285)	403
Actuarial loss	2,858	3,613
Benefits paid from plan assets	(13,387)	(12,731)
Direct benefit payments	(1,439)	(1,539)
Settlements	(780)	—
Curtailments	—	896
Acquisitions and divestitures	(6,316)	(7)
Foreign currency translation adjustments	(1,533)	(477)
Benefit obligation at end of year	276,596	280,889
Change in plan assets:		
Fair value of plan assets at beginning of year	266,274	242,358
Actual (loss) gain on plan assets	(13,003)	32,444
Employer contribution	3,886	4,122
Plan participants' contributions	363	451
Benefits paid from plan assets	(13,387)	(12,731)
Settlements	(766)	(36)
Acquisitions and divestitures	(2,881)	—
Foreign currency translation adjustments	(778)	(334)
Fair value of plan assets at end of year	239,708	266,274
Funded status at end of year	¥(36,888)	¥(14,615)
Amounts recognized in the Consolidated Balance Sheets consist of:		
Other assets (prepaid pension costs)	¥ 719	¥ 21,558
Accrued expenses - others	(553)	(2,246)
Accrued pension costs and liability for severance indemnities	(37,054)	(33,927)
	¥(36,888)	¥(14,615)
Amounts recognized in accumulated other comprehensive loss before income tax effect consist of:		
Prior service cost	¥ 3,411	¥ 3,688
Net actuarial loss	95,966	81,050
	¥ 99,377	¥ 84,738

The prior service cost/credit is amortized over the average remaining service period of employees expected to receive related benefits.

The amortization periods of the net actuarial gain/loss are seven years for CPF and the average remaining service period for other defined benefit pension plans.

The accumulated benefit obligation for the companies' defined benefit pension plans as of March 31, 2011 and 2010 was ¥272,814 million and ¥ 276,732 million, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for plans with projected benefit obligations in excess of plan assets were ¥274,179 million and ¥236,572 million at March 31, 2011 and ¥58,742 million and ¥22,863 million at March 31, 2010. The aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were ¥270,044 million and ¥236,153 million at March 31, 2011 and ¥48,666 million and ¥16,583 million at March 31, 2010.

Components of net periodic pension costs and other amounts recognized in other comprehensive loss (gain)

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2011, 2010 and 2009 and other amounts recognized in other comprehensive loss (gain) for the year ended March 31, 2011, 2010 and 2009 included the following components:

	Millions of Yen		
	2011	**2010**	**2009**
Service cost – benefits earned during the period	¥ 9,856	¥ 8,981	¥ 10,033
Interest cost on projected benefit obligation	6,370	6,326	6,282
Expected return on plan assets	(8,006)	(7,947)	(9,470)
Amortization of prior service cost	170	(8)	(173)
Amortization of net actuarial loss	7,298	12,787	2,851
Settlement (gain) loss	(13)	36	—
Curtailment (gain) loss	(7)	1,233	—
Net periodic pension costs	¥ 15,668	¥ 21,408	¥ 9,523
Prior service cost arising during period	¥ (285)	¥ 403	¥ 66
Amortization of prior service cost	(170)	8	173
Net actuarial loss (gain) arising during period	23,636	(19,900)	65,044
Amortization of net actuarial loss	(7,298)	(12,787)	(2,851)
Acquisition and divestitures	(369)	—	129
Foreign currency translation adjustments	(586)	474	(729)
Curtailment loss	—	(337)	—
Total recognized in other comprehensive loss (gain)	14,928	(32,139)	61,832
Total recognized in net periodic pension costs and other comprehensive loss (gain)	¥ 30,596	¥ (10,731)	¥ 71,355

The estimated prior service cost and net actuarial loss of the companies that will be amortized for the year ending March 31, 2012 are as follows:

	Millions of Yen
	2012
Amortization of prior service cost	¥ (195)
Amortization of net actuarial loss	(9,649)

Assumptions

Weighted-average assumptions used to determine the companies' benefit obligations as of March 31, 2011 and 2010 are set forth as follows:

	Millions of Yen	
	2011	**2010**
Discount rate	2.5%	2.5%
Rate of increase in future compensation levels	0.9	0.9

Weighted-average assumptions used to determine the companies' net periodic pension costs for the years ended March 31, 2011, 2010 and 2009 are set forth as follows:

	2011	2010	2009
Discount rate	2.6%	2.5%	2.5%
Expected long-term rate of return on plan assets	3.4%	3.3%	3.2%
Rate of increase in future compensation levels	0.9%	0.8%	0.8%

The companies determine the discount rates each year as of the measurement date, based on a review of interest rates associated with long-term Japanese government bonds or high-quality fixed-income corporate bonds. The discount rates determined on each measurement date are used to calculate the benefit obligation as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

The rate of increase in future compensation levels was not applied in determining the projected benefit obligation of CPF other than the cash balance plan, because the benefit formulas of these plans do not contain factors relating to compensation levels.

The Company determines the expected long-term rate of return on plan assets based on the weighted-average rate of return computed by using the expected long-term rate of return on each asset class, which is derived from an extensive study conducted by investment advisors and actuaries on a periodic basis, and the target allocations for each asset class. The study includes a review of anticipated future performance with market analysis of individual asset classes, and also gives appropriate consideration to actual historical returns achieved by the plans. The subsidiaries determine the expected long-term rates of return on plan assets mainly based on the expectations for future returns by investment advisors and actuaries.

Plan assets

The Company's investment objective is to build high quality plan assets, and the investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in the fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to stably ensure adequate returns to provide future payments of pension benefits over the long term.

The companies' weighted-average target allocation of plan assets as of March 31, 2011 is 51% equity securities (including securities held in the employee retirement benefit trust), 48% debt securities, and 1% life insurance company general accounts.

The fair value of the companies' pension plan assets as of March 31, 2011 and 2010, by asset class and level within the fair value hierarchy, as described in Note 26, "FAIR VALUE MEASUREMENTS," are set forth as follows:

	Millions of Yen							
	2011				2010			
Asset Class	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
Equity securities (Japan)	¥ 44,462	¥ 29,462	—	¥ 73,924	¥ 58,368	¥ 47,840	—	¥ 106,208
Equity securities (Non-Japan)	4,405	40,815	—	45,220	7,198	16,161	—	23,359
Debt securities (Japan)	420	42,241	—	42,661	335	38,017	—	38,352
Debt securities (Non-Japan)	5,420	41,874	—	47,294	6,535	56,914	—	63,449
Life insurance company general accounts	—	20,732	—	20,732	—	21,321	—	21,321
Cash and deposits	9,345	—	—	9,345	10,729	—	—	10,729
Other	34	498	—	532	27	2,829	—	2,856
Total	¥ 64,086	¥ 175,622	—	¥ 239,708	¥ 83,192	¥ 183,082	—	¥ 266,274

Equity securities above include securities held in the Company's employee retirement benefit trust. Publicly-traded, marketable equity securities and debt securities are valued using quoted market prices and classified as level 1. Other equity securities and debt securities are mostly pooled investments managed by trust banks. They are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as level 2. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. They are valued based on the value of the accounts calculated by the insurance companies and classified as level 2.

The fair value of equity securities of the companies and associated companies included in plan assets as of March 31, 2011 and 2010 were immaterial.

Cash flows

Contributions
The companies expect to contribute ¥5,280 million to their defined benefit pension plans for the year ending March 31, 2012.

Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Millions of Yen
Year ending March 31:	
2012	¥ 13,078
2013	13,571
2014	14,726
2015	14,889
2016	15,019
2017-2021	76,467

In addition to the above defined benefit pension plans, certain subsidiaries participate in a multiemployer plan (Mitsui Union Pension Fund). The companies recorded ¥2,225 million, ¥ 2,225 million and ¥2,156 million as costs of the multiemployer plan for the years ended March 31, 2011, 2010 and 2009, respectively.

The Company and certain subsidiaries have defined contribution plans. For the years ended March 31, 2011, 2010 and 2009, the companies recorded ¥1,853 million, ¥2,090 million , and ¥1,895 million as costs of defined contribution plans.

The Company also provides the "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels. During the years ended March 31, 2011, 2010 and 2009, the Company recorded ¥1,390 million, ¥5,671 million and ¥2,490 million of periodic payments in excess of previous projections and projected benefits based on factors including the history of benefit payments as selling, general and administrative expenses, respectively.

15. EQUITY

Common stock

Under the companies act of Japan enacted in May 2006 (the "Companies Act"), certain issuances of common stock, including conversions of bonds and notes and exercises of warrants issued, are required to be credited to the common stock account for at least 50% of the amount of properties contributed by persons who become shareholders at share issue.

Capital surplus and retained earnings

The Companies Act provides that an amount equal to 10% of distribution must be appropriated as additional paid-in capital or a legal reserve depending on the equity account charged upon the payment of such distribution until the total aggregate amount of capital surplus and legal reserve equals 25% of the common stock. The Companies Act also provides that common stock, capital surplus, legal reserve and unappropriated retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the above transfer under the Companies Act. Additional amounts recorded as capital surplus to conform with U.S. GAAP were ¥62,393 million at March 31, 2011 and primarily relate to accounting for warrants, business combinations, expenses for the issuance of common stock and equity transactions with noncontrolling interest shareholders. When debt securities were previously issued with detachable stock purchase warrants, the portion of the proceeds which was allocable to the warrants was credited to capital surplus under U.S. GAAP. In addition, the step acquisition of the shares held by minority shareholders of a subsidiary by selling unissued shares of the Company was accounted for by the purchase method under U.S. GAAP rather than by the pooling of interests method which was prevailing in Japan when such business combinations occurred.

Pursuant to the resolution of the Board of Directors, the Company made free distributions of common stock in prior years. Such free distributions did not result in the transfer of retained earnings to common stock or capital surplus. Corporations in the United States issuing shares in similar transactions would be required to account for them as stock dividends as of the shareholders' record date by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the above free distributions of shares made on and after September 30, 1986, capital surplus at March 31, 2011 would have been increased by ¥87,860 million with a corresponding decrease in unappropriated retained earnings.

Dividends

Under the Companies Act, the amount available for distribution is calculated as of the effective date which is determined by the resolution of the shareholders at the shareholders' meeting. Such amount is calculated based on the amount of capital surplus, exclusive of additional paid-in capital, and retained earnings, exclusive of retained earnings appropriated for legal reserve, recorded in the general books of account in accordance with accepted Japanese accounting practices. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the calculation of the amount available for distribution under the Companies Act. The amount of retained earnings available for dividends would amount to ¥461,789 million, if the amount were to be calculated at March 31, 2011.

The Companies Act permits to pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of shareholders at the shareholders' meeting. A mid-year interim dividend may be paid by resolution of the Board of Directors, subject to limitations imposed by the Companies Act. See Note 13, "SHORT-TERM AND LONG-TERM DEBT," for the right of certain creditors to review and approve the companies' proposal for the payment of dividends.

Purchase by the Company of shares

The Companies Act permits the Company to purchase and hold its own shares. The Company is allowed to decide the number, amount and others of the shares to be acquired, not to exceed the amount available for distribution, subject to the prior approval of the shareholders at the shareholders' meeting. The Companies Act permits the Company to purchase its own shares through market transactions or tender offer upon the approval of the Board of Directors, as far as it is permitted under the Articles of Incorporation, subject to limitations imposed by the Companies Act. At the ordinary general meeting of shareholders held on June 24, 2004, it was approved that the Company amended the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Company's own common stock by its resolution.

The Company may dispose of them, subject to the approval of the Board of Directors, unless otherwise specified in the Companies Act, or as far as the Articles of Incorporation do not require a resolution of the shareholders at the shareholders' meeting. In addition, the Companies Act enables the Company to retire its own shares by resolution of the Board of Directors.

Equity transactions with noncontrolling interest shareholders

For the years ended March 31, 2011, 2010 and 2009, changes in equity due to equity transaction with noncontrolling interest shareholders are as follows:

(1) Net income attributable to Mitsui & Co., Ltd. and changes in Mitsui & Co., Ltd's paid-in capital due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2011	**2010**	**2009**
Net income attributable to Mitsui & Co., Ltd.	¥306,659	¥ 149,719	¥ 177,607
Transfers from (to) the noncontrolling interests			
(Decrease) increase in Mitsui & Co., Ltd's paid-in capital due to transfers of Mitsui & Co., Ltd's ownership interests in its subsidiaries to noncontrolling interests	(181)	558	—
Increase (decrease) in Mitsui & Co., Ltd's paid-in capital due to transfers of Mitsui & Co., Ltd's ownership interests in its subsidiaries from noncontrolling interests	1,485	(7,748)	—
Net transfers from (to) noncontrolling interests	1,304	(7,190)	—
Changes in net income attributable to Mitsui & Co., Ltd and transfers from (to) noncontrolling interests	¥307,963	¥142,529	¥177,607

(2) Changes in accumulated other comprehensive income (loss) (after income tax effect) attributable to Mitsui & Co., Ltd. due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2011	**2010**	**2009**
Increase (decrease) in Mitsui & Co., Ltd's accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd's ownership interests in its subsidiaries to noncontrolling interests	¥ 1	¥ (204)	—
Increase in Mitsui & Co., Ltd's accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd's ownership interests in its subsidiaries from noncontrolling interests	4	11,923	—

(3) Changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2011	**2010**	**2009**
Increase in noncontrolling interests due to transfers of Mitsui & Co., Ltd's ownership interests in its subsidiaries to noncontrolling interests, and contributions from noncontrolling interest shareholders	¥11,168	¥ 5,687	¥11,630
Decrease in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	(1,933)	(46,648)	(6,315)

Increase in a noncontrolling interest due to the consolidation of a subsidiary

During the year ended March 31, 2011, ¥12,602 million of a noncontrolling interest was recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity, as a result of the consolidation of MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon"), with the Company acquiring a 70% ownership interest. See Note 3, "BUSINESS COMBINATIONS," for further information regarding MT Falcon's acquisition of gas-fired power business.

Decrease in noncontrolling interests due to the deconsolidation of subsidiaries

During the year ended March 31, 2011, ¥11,541 million and ¥5,900 million of decrease in noncontrolling interests were recorded respectively due to the deconsolidation of MT Falcon and ENEOS GLOBE Corporation (formerly Mitsui Marubeni Liquefied Gas Co. Ltd.) and included in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity.

Gains recorded due to the deconsolidation of subsidiaries

During the year ended March 31, 2011, the companies deconsolidated certain subsidiaries mainly due to the mergers of subsidiaries with third parties and the sale of the interests in other subsidiaries to third parties, and through these transactions recognized a net pre-tax gain of ¥19,572 million. This net gain was included in gains on sales of securities - net in the Statements of Consolidated Income. Of the net total of ¥19,572 million, a gain of ¥11,806 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using principally a discounted cash flow model. The retained investments are accounted for under the equity method because the companies maintain significant influence over them primarily through representation on their boards of directors.

Other comprehensive income (loss)

Changes in each component of other comprehensive income (loss) for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Millions of Yen		
	2011	2010	2009
Unrealized Holding Gains (Losses) on Available-for-Sale Securities:			
Pre-tax amount of unrealized holding gains (losses) on available-for-sale securities	¥ (40,940)	¥ 89,016	¥ (231,387)
Deferred income taxes	11,642	(30,722)	88,664
Adjustments for year (after income tax effect)	(29,298)	58,294	(142,723)
Pre-tax amount of reclassification adjustments	3,521	10,712	74,793
Deferred income taxes	(1,461)	(2,804)	(28,253)
Adjustments for year (after income tax effect)	2,060	7,908	46,540
Foreign Currency Translation Adjustments:			
Pre-tax amount of translation adjustments	¥ (91,237)	¥ 123,398	¥ (277,790)
Deferred income taxes	15,911	(11,244)	29,036
Adjustments for year (after income tax effect)	(75,326)	112,154	(248,754)
Pre-tax amount of reclassification adjustments	3,440	1,546	(507)
Deferred income taxes	(326)	(77)	(161)
Adjustments for year (after income tax effect)	3,114	1,469	(668)
Defined Benefit Pension Plans:			
Pre-tax amount of defined benefit pension plan	¥ (22,548)	¥ 19,031	¥ (64,556)
Deferred income taxes	8,475	(7,436)	26,452
Adjustments for year (after income tax effect)	(14,073)	11,595	(38,104)
Pre-tax amount of reclassification adjustments	7,468	13,116	2,678
Deferred income taxes	(2,807)	(5,124)	(1,097)
Adjustments for year (after income tax effect)	4,661	7,992	1,581
Net Unrealized Gains (Losses) on Derivatives:			
Pre-tax amount of net unrealized gains (losses) on derivatives	¥ 1,593	¥ 22,734	¥ (24,526)
Deferred income taxes	(626)	(7,920)	8,833
Adjustments for year (after income tax effect)	967	14,814	(15,693)
Pre-tax amount of reclassification adjustments	(11,460)	(15,870)	2,959
Deferred income taxes	4,041	5,596	(860)
Adjustments for year (after income tax effect)	(7,419)	(10,274)	2,099
Other Comprehensive Income (Loss) Attributable to Mitsui & Co., Ltd. —Total:			
Pre-tax amount	¥ (150,163)	¥ 263,683	¥ (518,336)
Deferred income taxes	34,849	(59,731)	122,614
Adjustments for year (after income tax effect)	(115,314)	203,952	(395,722)
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interests			
Pre-tax amount	¥ (10,465)	¥ 2,957	¥ (40,003)
Deferred income taxes	1,117	(537)	8,171
Adjustments for year (after income tax effect)	(9,348)	2,420	(31,832)
Other Comprehensive Income (Loss)			
Pre-tax amount	¥ (160,628)	¥ 266,640	¥ (558,339)
Deferred income taxes	35,966	(60,268)	130,785
Adjustments for year (after income tax effect)	(124,662)	206,372	(427,554)

16. NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2011, 2010 and 2009:

	2011			2010			2009		
	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:									
Income from continuing operations	¥ 306,659	1,824,792	¥ 168.05	¥ 150,376	1,823,240	¥ 82.48	¥ 174,237	1,820,018	¥ 95.74
(Loss) income from discontinued operations—net (after income tax effect)	—	—	—	(657)	1,823,240	(0.36)	3,370	1,820,018	1.85
Net income	306,659	1,824,792	168.05	149,719	1,823,240	82.12	177,607	1,820,018	97.59
Effect of Dilutive Securities:									
Japanese yen convertible bonds	—	—		—	—		28	5,193	
Adjustment of effect of dilutive securities of associated companies	(2)	—		(19)	—		—	—	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:									
Income from continuing operations	306,657	1,824,792	168.05	150,357	1,823,240	82.47	174,265	1,825,211	95.47
(Loss) income from discontinued operations—net (after income tax effect)	—	—	—	(657)	1,823,240	(0.36)	3,370	1,825,211	1.85
Net income after effect of dilutive securities	¥ 306,657	1,824,792	¥ 168.05	¥ 149,700	1,823,240	¥ 82.11	¥ 177,635	1,825,211	¥ 97.32

17. SEGMENT INFORMATION

ASC280, "Segment Reporting," requires disclosure of financial and descriptive information about operating segments, which are components of an enterprise whose operating results are regularly reviewed by the enterprise's chief operating decision maker in deciding about resources to be allocated to the segment and assessing its performance.

The business units of the companies' Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified business together with their subsidiaries and associated companies in collaboration with the business units.

Therefore, the companies' operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of the regional business units. The companies' operating segments have been aggregated based on the nature of the products and other criteria into eight product-focused reportable operating segments and three region-focused reportable operating segments, totaling eleven reportable operating segments.

During the year ended March 31, 2011, Westport Petroleum, Inc., which was formerly operating under "Americas" segment, was transferred to "Energy" segment with the aim to optimize global oil trading/marketing strategy.

During the year ended March 31, 2011, revenues were newly included in the measure of segments' performance reviewed by the chief operating decision maker. Therefore revenues of the operating segments are disclosed in the operating segment information instead of total trading transactions. In accordance with this change, revenues are added to the operating segment information for the year ended March 31, 2010 and 2009 to ensure comparability.

The operating segment information for the year ended March 31, 2010 and 2009 has been restated to conform to the current year presentation.

A description of reportable operating segments of the Company follows.

Iron & Steel Products manufactures, sells and trades iron & steel products in Japan and abroad.

Mineral & Metal Resources develops raw material resources of iron and non-ferrous metals in foreign countries, and manufactures, sells and trades raw materials and metal products in Japan and abroad.

Machinery & Infrastructure Projects is engaged in the manufacture, sale and trade of machinery products, leasing, financing and promotion of certain projects such as plant constructions and infrastructure buildings in Japan and abroad.

Chemical manufactures, sells and trades chemical products in Japan and abroad.

Energy develops energy resources overseas and manufactures, sells and trades oil, gas and related products in Japan and abroad.

Foods & Retail manufactures, sells and trades foods and provides support service to large retailers in Japan and abroad.

Consumer Service & IT manufactures, sells and trades textiles and IT products for consumer, and is engaged in consumer-related business such as media & information, outsourcing business and real estate business in Japan and abroad.

Logistics & Financial Markets engages in logistics services, insurance and financial businesses in Japan and abroad.

Americas, Europe, the Middle East and Africa, and Asia Pacific trade in various commodities and conduct related business led by overseas trading subsidiaries or offices located in each region.

The companies' operating segment information, product information and geographic area information for the years ended March 31, 2011, 2010 and 2009 presented in conformity with ASC280 are as follows:

OPERATING SEGMENT INFORMATION

	Millions of Yen							
Year ended March 31, 2011:	**Iron & Steel Products**	**Mineral & Metal Resources**	**Machinery & Infrastructure Projects**	**Chemical**	**Energy**	**Foods & Retail**	**Consumer Service & IT**	**Logistics & Financial Markets**
Revenues	¥ 162,970	¥ 494,025	¥ 294,312	¥ 852,257	¥1,399,978	¥ 579,776	¥ 146,295	¥ 67,201
Gross Profit	¥ 39,413	¥ 186,228	¥ 92,428	¥ 64,812	¥ 196,021	¥ 76,500	¥ 45,360	¥ 29,539
Operating Income (Loss)	¥ 8,313	¥ 168,940	¥ 7,073	¥ 18,186	¥ 139,222	¥ 11,098	¥ (11,188)	¥ 281
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,464	¥ 120,387	¥ 33,110	¥ 3,714	¥ 52,350	¥ 1,287	¥ 7,925	¥ 6,958
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 6,356	¥ 167,347	¥ 30,401	¥ 10,613	¥ 56,485	¥ 2,710	¥ 3,698	¥ (663)
Total Assets at March 31, 2011	¥ 454,737	¥1,140,774	¥1,368,068	¥ 642,552	¥1,564,049	¥ 622,476	¥ 558,935	¥ 388,308
Investments in and Advances to Associated Companies at March 31, 2011	¥ 25,342	¥ 530,977	¥ 355,406	¥ 63,374	¥ 131,946	¥ 81,024	¥ 138,892	¥ 71,875
Depreciation and Amortization	¥ 2,783	¥ 12,858	¥ 12,362	¥ 7,087	¥ 79,227	¥ 7,087	¥ 4,943	¥ 4,833
Additions to Property Leased to Others and Property and Equipment	¥ 931	¥ 40,726	¥ 46,235	¥ 13,403	¥ 151,398	¥ 7,276	¥ 39,443	¥ 7,216

Year ended March 31, 2011:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 396,751	¥ 141,890	¥ 141,932	¥ 4,677,387	¥ 2,058	¥ (2)	¥ 4,679,443
Gross Profit	¥ 76,378	¥ 20,005	¥ 31,284	¥ 857,968	¥ 914	¥ 341	¥ 859,223
Operating Income (Loss)	¥ 22,611	¥ 2,192	¥ 5,448	¥ 372,176	¥ (5,150)	¥ (50,023)	¥ 317,003
Equity in Earnings (Losses) of Associated Companies—Net	¥ 6,639	¥ (29)	¥ 4,043	¥ 240,848	—	¥ 1,296	¥ 242,144
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 15,854	¥ 557	¥ 54,257	¥ 347,615	¥ 3,633	¥ (44,589)	¥ 306,659
Total Assets at March 31, 2011	¥ 415,328	¥ 117,118	¥ 350,417	¥ 7,622,762	¥ 2,704,386	¥(1,729,024)	¥ 8,598,124
Investments in and Advances to Associated Companies at March 31, 2011	¥ 40,466	¥ 3,366	¥ 117,333	¥ 1,560,001	¥ 1,169	¥ 39,648	¥ 1,600,818
Depreciation and Amortization	¥ 5,703	¥ 801	¥ 655	¥ 138,339	¥ 491	¥ 8,558	¥ 147,388
Additions to Property Leased to Others and Property and Equipment	¥ 13,008	¥ 2,227	¥ 752	¥ 322,615	¥ 369	¥ 7,698	¥ 330,682

Year ended March 31, 2010 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Markets
	Millions of Yen							
Revenues	¥ 111,107	¥ 271,971	¥ 227,287	¥ 814,570	¥1,257,620	¥ 540,737	¥ 162,598	¥ 62,826
Gross Profit	¥ 34,016	¥ 72,469	¥ 90,639	¥ 65,673	¥ 149,694	¥ 83,561	¥ 52,026	¥ 31,342
Operating Income (Loss)	¥ 1,173	¥ 56,810	¥ 10,740	¥ 14,885	¥ 91,414	¥ 20,394	¥ (8,762)	¥ 1,493
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,514	¥ 35,301	¥ 38,291	¥ 2,683	¥ 35,297	¥ 7,830	¥ (6,197)	¥ 5,091
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 3,226	¥ 62,949	¥ 19,258	¥ 11,887	¥ 83,848	¥ (849)	¥ (9,762)	¥ (839)
Total Assets at March 31, 2010	¥ 460,562	¥ 912,777	¥1,323,237	¥ 605,727	¥1,519,165	¥ 609,146	¥ 528,174	¥ 384,516
Investments in and Advances to Associated Companies at March 31, 2010	¥ 24,671	¥ 453,263	¥ 339,470	¥ 28,339	¥ 147,702	¥ 90,393	¥ 101,579	¥ 60,821
Depreciation and Amortization	¥ 2,978	¥ 10,161	¥ 9,421	¥ 7,369	¥ 76,865	¥ 5,224	¥ 5,516	¥ 3,410
Additions to Property Leased to Others and Property and Equipment	¥ 3,043	¥ 39,899	¥ 43,154	¥ 9,853	¥ 85,194	¥ 6,631	¥ 4,985	¥ 14,677
Total Trading Transactions	¥ 978,442	¥ 546,519	¥1,084,409	¥1,562,488	¥1,574,225	¥1,783,900	¥ 403,555	¥ 129,863

Year ended March 31, 2010 (As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 463,590	¥ 103,080	¥ 91,243	¥ 4,106,629	¥ 2,685	¥ (12,869)	¥ 4,096,445
Gross Profit	¥ 78,416	¥ 16,655	¥ 27,862	¥ 702,353	¥ 506	¥ (898)	¥ 701,961
Operating Income (Loss)	¥ 12,442	¥ (3,978)	¥ 2,927	¥ 199,538	¥ (4,515)	¥ (50,510)	¥ 144,513
Equity in Earnings (Losses) of Associated Companies—Net	¥ 3,409	¥ 1,177	¥ 3,783	¥ 131,179	—	¥ 294	¥ 131,473
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (9,572)	¥ (3,771)	¥ 25,719	¥ 182,094	¥ 1,481	¥ (33,856)	¥ 149,719
Total Assets at March 31, 2010	¥ 446,663	¥ 132,109	¥ 305,980	¥ 7,228,056	¥ 2,725,444	¥(1,584,516)	¥ 8,368,984
Investments in and Advances to Associated Companies at March 31, 2010	¥ 18,366	¥ 6,698	¥ 102,397	¥ 1,373,699	¥ 269	¥ 29,088	¥ 1,403,056
Depreciation and Amortization	¥ 8,894	¥ 944	¥ 648	¥ 131,430	¥ 574	¥ 4,947	¥ 136,951
Additions to Property Leased to Others and Property and Equipment	¥ 13,037	¥ 1,243	¥ 549	¥ 222,265	¥ 385	¥ 9,491	¥ 232,141
Total Trading Transactions	¥ 524,624	¥ 376,195	¥ 404,603	¥ 9,368,823	¥ 2,684	¥ (13,128)	¥ 9,358,379

Year ended March 31, 2009 (As restated):	Millions of Yen Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Markets
Revenues	¥ 169,732	¥ 407,364	¥ 299,114	¥1,005,306	¥1,821,836	¥ 612,575	¥ 196,446	¥ 94,170
Gross Profit	¥ 52,204	¥ 119,199	¥ 106,279	¥ 79,976	¥ 280,888	¥ 82,402	¥ 73,665	¥ 62,123
Operating Income (Loss)	¥ 17,387	¥ 104,526	¥ 15,973	¥ 24,185	¥ 219,534	¥ 18,986	¥ (12,816)	¥ 23,781
Equity in Earnings (Losses) of Associated Companies—Net	¥ (2,555)	¥ 72,320	¥ 21,432	¥ 3,227	¥ 45,801	¥ (5,889)	¥ 3,568	¥ (16,633)
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (4,766)	¥ 90,045	¥ 21,810	¥ (10,209)	¥ 153,322	¥ 1,548	¥ (31,365)	¥ (14,511)
Total Assets at March 31, 2009	¥ 523,034	¥ 782,074	¥1,400,813	¥ 546,046	¥1,518,756	¥ 616,569	¥ 556,367	¥ 576,509
Investments in and Advances to Associated Companies at March 31, 2009	¥ 20,655	¥ 409,197	¥ 324,532	¥ 39,942	¥ 132,806	¥ 81,045	¥ 117,073	¥ 16,503
Depreciation and Amortization	¥ 2,436	¥ 6,392	¥ 8,815	¥ 9,103	¥ 84,273	¥ 6,492	¥ 6,150	¥ 3,635
Additions to Property Leased to Others and Property and Equipment	¥ 6,403	¥ 43,270	¥ 47,101	¥ 8,366	¥ 96,525	¥ 5,995	¥ 6,349	¥ 2,333
Total Trading Transactions	¥1,522,270	¥ 912,577	¥1,332,535	¥2,097,449	¥2,660,597	¥1,988,325	¥ 663,969	¥ 215,222

Year ended March 31, 2009 (As restated):	Millions of Yen Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenues	¥ 682,333	¥ 89,419	¥ 151,979	¥ 5,530,274	¥ 4,689	¥ (30,174)	¥ 5,504,789
Gross Profit	¥ 107,089	¥ 22,155	¥ 26,586	¥ 1,012,566	¥ 2,879	¥ (16,181)	¥ 999,264
Operating Income (Loss)	¥ 33,564	¥ (1,947)	¥ (1,493)	¥ 441,680	¥ (2,989)	¥ (56,204)	¥ 382,487
Equity in Earnings (Losses) of Associated Companies—Net	¥ (3,208)	¥ 611	¥ 1,709	¥ 120,383	¥ 83	¥ 192	¥ 120,658
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (7,123)	¥ (11,469)	¥ 29,947	¥ 217,229	¥ 7,125	¥ (46,747)	¥ 177,607
Total Assets at March 31, 2009	¥ 530,636	¥ 148,490	¥ 239,230	¥ 7,438,524	¥ 2,886,834	¥(1,961,115)	¥ 8,364,243
Investments in and Advances to Associated Companies at March 31, 2009	¥ 37,105	¥ 15,534	¥ 55,180	¥ 1,249,572	¥ 1,847	¥ 24,071	¥ 1,275,490
Depreciation and Amortization	¥ 9,877	¥ 1,153	¥ 677	¥ 139,003	¥ 636	¥ (75)	¥ 139,564
Additions to Property Leased to Others and Property and Equipment	¥ 15,130	¥ 11,964	¥ 1,074	¥ 244,510	¥ 356	¥ 8,772	¥ 253,638
Total Trading Transactions	¥ 771,385	¥ 527,599	¥ 461,717	¥13,153,645	¥ 2,898	¥ (31,399)	¥13,125,144

Notes: (1) "All Other" includes business activities which primarily provide services, such as financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at March 31, 2011, 2010 and 2009 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.

(2) Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable operating segments, such as certain expenses of the corporate departments, and eliminations of intersegment transactions.

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2011 includes (a) ¥22,662 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥6,768 million for pension related items, and (c) ¥14,943 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2010 includes (a) ¥21,328 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥8,267 million for pension related items, and (c) ¥7,126 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2009 includes (a) ¥23, 327 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥4,663 million for pension related items, and (c) ¥21,962 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

(3) Transfers between operating segments are made at cost plus a markup.

(4) Operating income (loss) reflects the companies' (a) gross profit, (b) selling, general and administrative expenses, and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

Product information

	Millions of Yen					
	Iron and Steel	**Non-Ferrous Metals**	**Machinery**	**Electronics & Information**	**Chemicals**	**Energy**
Year ended March 31, 2011:						
Revenues	¥ 759,787	¥ 202,084	¥ 364,989	¥ 89,941	¥1,243,787	¥1,281,496
Year ended March 31, 2010:						
Revenues	¥ 623,491	¥ 118,134	¥ 291,098	¥ 94,150	¥1,117,925	¥1,134,080
Year ended March 31, 2009:						
Revenues	¥ 865,582	¥ 197,481	¥ 394,179	¥ 132,348	¥1,414,909	¥1,692,008

	Millions of Yen				
	Foods	**Textiles**	**General Merchandise**	**Property and Service Business**	**Consolidated Total**
Year ended March 31, 2011:					
Revenues	¥ 565,711	¥ 27,148	¥ 14,534	¥ 129,966	¥ 4,679,443
Year ended March 31, 2010:					
Revenues	¥ 536,277	¥ 26,623	¥ 13,633	¥ 141,034	¥ 4,096,445
Year ended March 31, 2009:					
Revenues	¥ 611,248	¥ 26,686	¥ 19,361	¥ 150,987	¥ 5,504,789

Geographic area information

	Millions of Yen				
	Japan	**United States**	**Australia**	**All Other**	**Consolidated Total**
Year ended March 31, 2011:					
Revenues	¥ 2,581,111	¥ 789,945	¥ 443,619	¥ 864,768	¥ 4,679,443
Year ended March 31, 2010:					
Revenues	¥ 2,329,501	¥ 821,317	¥ 289,396	¥ 656,231	¥ 4,096,445
Year ended March 31, 2009 :					
Revenues	¥ 2,915,875	¥ 1,250,165	¥ 401,870	¥ 936,879	¥ 5,504,789

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen				
	Japan	Australia	United States	All Other	Consolidated Total
At March 31, 2011:					
Long-lived assets	¥ 522,815	¥ 422,031	¥ 134,590	¥ 210,994	¥ 1,290,430
At March 31, 2010:					
Long-lived assets	¥ 503,230	¥ 403,219	¥ 103,028	¥ 193,083	¥ 1,202,560
At March 31, 2009:					
Long-lived assets	¥ 491,840	¥ 322,121	¥ 144,579	¥ 186,954	¥ 1,145,494

There were no individual material customers with respect to revenues for the years ended March 31, 2011, 2010 and 2009.

18. SUPPLEMENTAL INCOME STATEMENT INFORMATION

Supplemental information related to the Statements of Consolidated Income is as follows:

	Millions of Yen		
	2011	2010	2009
Depreciation of property and equipment	¥133,558	¥129,119	¥132,912
Research and development expenses	3,836	3,602	3,472
Advertising expenses	4,185	5,877	8,125
Foreign exchange losses (gains)—net	7,097	(20,422)	34,726

19. OTHER EXPENSE (INCOME)—NET

Other expense (income)—net for the years ended March 31, 2011, 2010 and 2009 consists of the following:

	Millions of Yen		
	2011	2010	2009
Exploration expenses	¥ 16,725	¥ 14,729	¥ 15,292
Business interruption insurance	—	(3,356)	—
Foreign exchange (gains) losses—net	7,097	(20,422)	34,726
Other	(16,379)	8,650	(9,208)
Total	¥ 7,443	¥ (399)	¥ 40,810

The major factor of the recoveries of business interruption insurance is that Novus International, Inc., a 65% owned subsidiary of the Company, received insurance recoveries related to a business interruption claim due to the Hurricane Ike of ¥2,027 million for the year ended March 31, 2010. The insurance recoveries are included in the other expense (income)—net in the Statements of Consolidated Income for the year ended March 31, 2010.

20. INCOME TAXES

Income taxes in Japan applicable to the companies, imposed by the national, prefectural and municipal governments, in the aggregate resulted in normal effective statutory tax rates of approximately 41% for the years ended March 31, 2011, 2010 and 2009. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

A reconciliation between the normal statutory tax rate in Japan applied to income from continuing operations and the effective income tax rate on income from continuing operations for the years ended March 31, 2011, 2010 and 2009 is summarized as follows:

	%		
	2011	**2010**	**2009**
Normal statutory tax rate in Japan applied to income from continuing operations before income taxes and equity in earnings	41.0%	41.0%	41.0%
Increases (decreases) in tax rate resulting from:			
Expenses not deductible for tax purposes and income not taxable—net	(0.0)	6.5	1.6
Application of lower tax rates to certain taxable income	(13.4)	(16.7)	(11.2)
Tax effects on dividends	(8.2)	(26.3)	(6.8)
Changes in valuation allowance—net	20.0	17.4	17.3
Higher tax rates for resource related taxes	8.7	11.7	9.1
Tax effects on investments in associated companies	25.8	33.6	14.8
Other-net	0.9	3.6	(2.1)
Effective income tax rate on income from continuing operations	74.8%	70.8%	63.7%

Amounts provided for income taxes for the years ended March 31, 2011, 2010 and 2009 are allocated as follows:

	Millions of Yen		
	2011	**2010**	**2009**
Income taxes on income from continuing operations	¥203,901	¥ 89,217	¥154,167
(Loss) income from discontinued operations—net	—	(820)	1,099
Other comprehensive (loss) income	(35,966)	60,268	(130,785)
Total	¥167,935	¥148,665	¥ 24,481

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen	
	2011	**2010**
Deferred Tax Assets:		
Accrued pension costs and liability for severance indemnities	¥ 41,127	¥ 33,578
Allowance for doubtful receivables	18,737	11,832
Estimated losses	91,002	65,167
Long-lived assets	52,769	37,624
Loss carryforwards of subsidiaries and associated companies	90,754	84,405
Foreign currency translation	43,723	26,292
Tax credit carryforwards	41,506	36,867
Other	27,098	25,388
Total deferred tax assets	406,716	321,153
Valuation allowance	(220,184)	(164,124)
Deferred tax assets—net	186,532	157,029
Deferred Tax Liabilities:		
Property	102,909	98,046
Investment securities	83,703	96,369
Undistributed earnings	251,776	206,230
Foreign currency translation	8,267	6,421
Other	2,337	8,770
Deferred tax liabilities	448,992	415,836
Net deferred tax liabilities	¥(262,460)	¥(258,807)

Net deferred tax liabilities at March 31, 2011 and 2010 are included in the Consolidated Balance Sheets as follows:

	Millions of Yen	
	2011	2010
Current assets—Deferred tax assets—current	¥ 41,372	¥ 39,809
Deferred tax assets—Non-current	14,522	13,376
Current liabilities—Other current liabilities	(2,323)	(6,896)
Deferred tax liabilities—Non-current	(316,031)	(305,096)
Net deferred tax liabilities	¥(262,460)	¥(258,807)

The valuation allowance is provided principally on deferred tax assets for loss carryforwards of certain subsidiaries where it is more likely than not that a tax benefit will not be realized. During the years ended March 31, 2011, 2010 and 2009, the valuation allowances increased by ¥56,060 million, increased by ¥10,343 million and increased by ¥54,732 million, respectively. For the years ended March 31, 2011, 2010 and 2009, adjustments of the beginning-of-the-year balance of the valuation allowances attributable to continuing operations were ¥3,094 million (income), ¥63million (loss) and ¥15,247 million (loss), respectively.

The tax benefits of operating loss carryforwards attributable to continuing operations for the years ended March 31, 2011, 2010 and 2009 were ¥10,989 million, ¥14,361 million and ¥6,790 million, respectively.

The amounts of undistributed earnings, which have been considered to be indefinitely reinvested into foreign subsidiaries and foreign corporate joint ventures, and for which deferred tax liabilities have not been recognized, were ¥876,137 million and ¥883,014 million at March 31, 2011 and 2010, respectively. Determination of the amount of unrecognized deferred income taxes with respect to these foreign earnings is not practicable. At March 31, 2011, the companies had aggregate operating loss carryforwards of ¥174,580 million, which are available to reduce taxable income in subsequent periods. If not utilized, such loss carryforwards expire as follows:

	Millions of Yen
Within 5 years	¥ 40,967
After 5 to 10 years	50,327
After 10 to 15 years	437
After 15 years	82,849
Total	¥ 174,580

At March 31, 2011, certain subsidiaries had aggregate tax credit carryforwards of ¥ 41,506 million. If not utilized, such tax credit carryforwards expire within 3 years.

Income from continuing operations before income taxes and equity in earnings for the years ended March 31, 2011, 2010 and 2009 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2011	¥ (31,033)	¥303,730	¥272,697
Year ended March 31, 2010	¥ (62,888)	¥188,928	¥126,040
Year ended March 31, 2009	¥ (72,880)	¥315,058	¥242,178

Income taxes on income from continuing operations for the years ended March 31, 2011, 2010 and 2009 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2011:			
Current	¥ 249	¥156,650	¥156,899
Deferred	41,191	5,811	47,002
Total	¥ 41,440	¥162,461	¥203,901
Year ended March 31, 2010:			
Current	¥ 15,869	¥ 89,699	¥105,568
Deferred	(19,541)	3,190	(16,351)
Total	¥ (3,672)	¥ 92,889	¥ 89,217
Year ended March 31, 2009:			
Current	¥ (962)	¥136,186	¥135,224
Deferred	22,801	(3,858)	18,943
Total	¥ 21,839	¥132,328	¥154,167

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of Yen	
	2011	2010
Balance at beginning of year	¥ 4,231	¥ 4,300
Additions for tax positions of prior years	132	578
Additions for tax positions of current year	240	1,149
Reductions for tax positions of prior years	(368)	(655)
Settlements with tax authorities	(368)	(925)
Reductions due to lapse of statute of limitations	(53)	(47)
Foreign currency translation adjustments and others	(582)	(169)
Balance at end of year	¥ 3,232	¥ 4,231

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of March 31, 2011 and 2010 were approximately ¥3,014 million and ¥3,783 million, respectively.

The companies recognize interest expense and penalties accrued related to uncertain tax positions in income taxes – current. For the years ended March 31, 2011, 2010 and 2009, the companies recognized interest expense and penalties of ¥314 million, and a net reduction in interest expense and penalties of ¥489 million and ¥93 million, respectively. The companies had ¥25 million for the payment and ¥220 million for the refund of interest and penalties accrued as of March 31, 2011 and 2010, respectively.

A subsidiary engaging in exploration, development and production of oil and natural gas in Australia was audited by the Australian Taxation Office with regard to an acquisition cost of oil fields for the years ended March 31, 2006 and 2005 and received notices of tax assessment in November 2009. While the subsidiary disagrees with the assessment and filed a suit in the Federal Court of Australia, the subsidiary has made a partial payment based on the notices of assessment. The subsidiary believes the amount of the tax liabilities for the years ended March 2006 and 2005 will be affected by the result of the legal procedure, which is still continuing. Under the assumption that the tax paid will be refunded, the subsidiary recorded the effect of this matter in the consolidated financial statements for the year ended March 31, 2011.

It is reasonably possible that the situation may change within the next 12 months, and the change could increase the gross unrecognized tax benefits by up to ¥7,455 million based on the current estimates.

As of March 31, 2011, the earliest tax years that remain subject to examination by major tax jurisdictions in which the companies operate are the year ended March 31, 2005 for Japan and the year ended March 31, 2007 for the United States of America and for Australia.

21. CONTINGENT LIABILITIES

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC460, "Guarantees," at March 31, 2011 and March 31, 2010. The maximum potential amount of future payments represents the amounts without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties or there were changes in an underlying which would cause triggering events under market value guarantees and indemnification contracts. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, results of operations, or cash flows of the companies is remote at March 31, 2011.

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2011:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 79,815	¥ 26,767	¥ 102,889	¥ 434	2045
Guarantees for associated companies	140,287	7,559	218,111	5,080	2046
Guarantees to financial institutions for employees' housing loans	4,538	—	4,538	—	2035
Total	¥ 224,640	¥ 34,326	¥ 325,538	¥ 5,514	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 64,764	¥ 60,801	¥ 64,764	—	2012
Residual value guarantees of leased assets	8,578	—	8,578	—	2016
Total	¥ 73,342	¥ 60,801	¥ 73,342	—	
Derivative instruments	¥ 11,516	—	¥ 11,516	¥ 174	

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2010:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 161,658	¥ 29,781	¥ 190,782	¥ 893	2042
Guarantees for associated companies	86,764	8,596	128,949	4,719	2045
Guarantees to financial institutions for employees' housing loans	5,382	—	5,382	—	2035
Total	¥ 253,804	¥ 38,377	¥ 325,113	¥ 5,612	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 56,910	¥ 53,516	¥ 56,910	—	2010
Minimum purchase price guarantees	8,177	—	8,177	¥ 224	2014
Residual value guarantees of leased assets	8,976	—	8,976	—	2015
Total	¥ 74,063	¥ 53,516	¥ 74,063	¥ 224	
Derivative instruments	¥ 12,065	—	¥ 12,065	¥ 420	

Credit guarantees

The companies provide various types of guarantees to the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing, trade payable or contractual performance.

Categories of credit guarantees are as follows:

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding at March 31, 2011 and March 31, 2010, will expire within 2016 and 2012, respectively.

Guarantees for associated companies

The companies, severally or jointly with others, issue guarantees for associated companies for the purpose of furtherance of their trading activities and credit enhancement of associated companies. Main items of these guarantees are contractual performance guarantees which guarantee Toyo Engineering Corporation regarding plant construction contracts executed under the name of the guaranteed party in Southeast Asia. In the case that Toyo Engineering Corporation failed to fulfill the contractual obligation, the project owners would execute the performance guarantees to claim compensation for damages to the companies. Most of these guarantees outstanding at March 31, 2011 and March 31, 2010, will expire within 2022.

Guarantees to financial institutions for employees' housing loans

As a part of its employee benefits program, the Company issues guarantees to financial institutions for employees' housing loans. The maximum duration of the guarantees is 25 years. The Company obtains a mortgage on the employees' assets, if necessary.

Market value guarantees

Obligation to repurchase bills of exchange

In connection with export transactions, the Company issues bills of exchange, some of which are discounted by its negotiating banks. If a customer fails to fulfill its obligation with respect to the bills, the Company would be obligated to repurchase the bills based on the banking transaction agreement. The maximum potential amount of future payments is represented by the aggregate par value of the bills discounted by the banks, and the recourse provisions and collateral are represented by the amount backed by letters of credit from the issuing banks of the customers. Most of these obligations outstanding will be extinguished within 1 year.

Minimum purchase price guarantees

To support financing activities of a partner of the joint venture which owns interests in oil & gas producing fields, a subsidiary has committed to bid a certain amount in the sale of the partner's stock by the bank which provides financing for the partner if the partner defaults. The Company provides marketing services of aircraft for domestic and overseas airline companies and as a part of such businesses, the Company issues market value guarantees on the aircraft for certain customers.

For the year ended march 31, 2011, the commitment for a certain subsidiary to bid a certain amount in the sale of the stock of the partner which owns interests in oil & gas producing fields was discharged. Meanwhile, the obligation for the Company to purchase the aircraft for a certain amount was extinguished as well. No minimum purchase price guarantee is recorded at March 31, 2011.

Residual Value guarantees of leased assets

As lessees in operating lease contracts, a subsidiary has issued residual value guarantees on the leased locomotives. On the date of expiration of the major part of the operating lease contracts, in case of sales of those leased locomotives to the third party, the subsidiary will be responsible for making up any shortfall between the actual sales price and the guaranteed price for sales of those leased locomotives to the third party. Most of these guarantees outstanding at March 31, 2011 and March 31, 2010, will expire within 5 years.

Derivative instruments

Certain derivative contracts, including written put options and credit default swaps, meet the accounting definition of guarantees under ASC460, "Guarantees," when it is probable that the counterparties have underlying assets or liabilities related to the derivative contracts.

The companies consider the business relationship with counterparties and other circumstances in deciding whether it is probable that the counterparties have underlying assets or liabilities, and did not include the derivative contracts with certain financial institutions and traders.

ASC460, "Guarantees," does not require disclosure about derivative contracts if such contracts permit or require net settlement and the companies have no basis for concluding that it is probable that the counterparties have underlying assets or liabilities.

The companies have written put options as a part of various derivative transactions related to energy, non-ferrous metals, precious metals and grain. The aggregation of notional amounts computed based on the strike prices and quantities of written options are disclosed as the total amount outstanding and the maximum potential amount of future payments. The carrying amount of liabilities is represented by the fair value of such written options recorded in the consolidated balance sheet. Most of these put options will expire within 1 year.

The companies manage the market and credit risks on these derivative instruments by monitoring fair values against loss limits and credit lines, and generally the maximum potential amount of future payments as stated above greatly overstates the companies' exposure to market and credit risks.

Indemnification contracts

Indemnification for cargo delivery

The companies have issued Discharging Letters of Indemnification ("DLOI") to shipping companies for international trading activities. The maximum potential amount of future payments can not be estimated since the amount to be compensated is not specified in DLOI. No liability is recorded since the companies believe that there is little likelihood of incurring any loss from DLOI.

Indemnification for Sakhalin Energy Investment Company Ltd.

The Company terminated the credit guarantee agreement in relation to the bank borrowings of Sakhalin Energy Investment Company Ltd.("Sakhalin Energy"), in which the Company holds a 12.5% equity interest, by entering into an indemnity agreement for the year ended March 31, 2011 which indemnify the banks against the Company's equity interest percentage of any impairment caused to the banks as a result of the mortgages over certain assets of Sakhalin Energy as stipulated in the bank loan agreement not being granted nor perfected. The guaranteed amount not being stipulated in the indemnity agreement nor the measurement of the maximum potential amount of future payment not being practicable, no liability is recorded since the Company believes that there is little likelihood of incurring any loss from performance under the indemnity agreement.

The total amount of Sakhalin Energy's bank borrowings is U.S.$6.7 billion. The repayments of the borrowings have been made as stipulated in the loan agreement.

Product warranties

Certain subsidiaries provide warranties, in relation to their sales of products, including residential houses and automobiles, for the performance of such products during specified warranty periods, and they are responsible for repair or payments of compensation against the claims by the customers regarding defects in performance or function. Estimated warranty costs are accrued at the time the products are sold based on the historical claim experiences.

Mitsui Bussan House-Techno, Inc., a 100% subsidiary engaged in the custom-made house building business, exited from the business due to the downturn of the business environment caused by declining demand, however, the companies retained the obligation for the future maintenance service, because Bussan Housing Maintenance Co., Ltd. a 100% subsidiary, assumed the obligation for periodical inspection and maintenance service for a contractual period after the completion.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the years ended March 31, 2011, 2010 and 2009 is as follows:

	Millions of Yen		
	2011	**2010**	**2009**
Balance at beginning of year	¥ 5,762	¥ 6,534	¥ 7,639
Payments made in cash or in kind	(557)	(415)	(1,018)
Accrual for warranties issued during the year	580	1,078	941
Changes in accrual related to pre-existing warranties	(1,037)	(1,435)	(1,028)
Balance at end of year	¥ 4,748	¥ 5,762	¥ 6,534

II. LITIGATION

See Note 28, "THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO" for lawsuits on the incident.

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

22. *VARIABLE INTEREST ENTITIES*

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure Projects, Energy and Logistics & Financial Markets Segments.

When evaluating whether the companies are the primary beneficiary of a VIE and must therefore consolidate the VIE, the companies perform a qualitative analysis that the primary beneficiary of a VIE has both the: (1) power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

The VIEs that have been consolidated by the companies in accordance with ASC810,"Consolidation," are described by groups aggregated by similar characteristics of risks and rewards of each VIE as follows:

The companies hold senior investment securities of VIE whose operations are real estate development ("Real estate development VIE") as of March 31, 2011 and 2010. The companies also hold a majority of the voting interests in VIEs, whose primary activity is chartering a vessel under a single-lessee leasing arrangement ("Vessel chartering VIE"), and whose primary activity is providing loans ("Loan VIE").These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The companies' involvement with the above consolidated VIEs as of March 31, 2011 and 2010 is as follows:

	Millions of Yen		
March 31, 2011		**Amounts in the Consolidated Balance Sheets**	
Type of VIEs	**Total Assets of VIEs**	**Assets**	**Liabilities**
Real estate development VIE	¥ 5,185	¥ 5,185	¥ 1,847
Vessel chartering VIE	2,658	2,658	6
Loan VIE	21,216	21,216	13

Notes: (1) For Real estate development VIE, assets are mainly inventories, and liabilities are mainly long-term debt, less current maturities.
(2) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.
(3) For Loan VIE, assets are mainly Non-current receivables, less unearned interest.

	Millions of Yen		
March 31, 2010		**Amounts in the Consolidated Balance Sheets**	
Type of VIEs	**Total Assets of VIEs**	**Assets**	**Liabilities**
Leasing VIE	¥ 10,735	—	¥ 10,756
Real estate development VIEs	4,863	4,863	84
Vessel chartering VIE	3,334	3,334	6

Notes: (1) For Leasing VIE, liabilities are mainly short-term debt and deferred tax liabilities—non-current.
(2) For Real estate development VIEs, assets are mainly inventories, and liabilities are mainly accrued expenses.
(3) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.

The consolidated real estate which includes land and buildings was pledged as collateral for the Real estate development VIE's long-term debt and was classified as real estate for sale, and its carrying amount of ¥4,354 million was included in the Consolidated Balance Sheet as of March 31, 2011. The consolidated

VIEs did not pledge any of their assets as collateral as of March 31, 2010 due to the repayment of long-term debt in the VIE.

In addition, the companies have an agreement with the Real estate development VIE to provide financial support by purchasing additional beneficial interest securities of the VIE if any breach of loan contract by the VIE occurs.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2011 and 2010.

The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the companies.

Non-consolidated Variable Interest Entities

The VIEs that are not consolidated because the companies are not the primary beneficiary, but in which the companies have significant variable interests, are described as follows:

The companies are involved with and have significant variable interests in a number of VIEs that have been established to finance crude oil and LNG producing plants and equipment or to finance subordinated debts by providing guarantees or subordinated loans to the VIEs. Those VIEs provide financing for customers located principally in Latin America, Middle East, and Southeast Asia in the form of leases and loans. These entities are financed mainly by bank borrowings and issuance of stock including preferred securities.

The total assets of the non-consolidated VIEs in which the companies have significant variable interests, and the carrying amounts of assets and liabilities in the Consolidated Balance Sheets that relate to the companies' variable interests in the VIEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the VIEs as of March 31, 2011 and 2010 are as follows:

March 31, 2011:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,535,336	¥ 92,526	¥ 79	¥ 108,966

Notes: (1) The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.
(2) The liabilities that relate to the companies' variable interests in the VIEs are mainly other current liabilities.

March 31, 2010:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,645,609	¥99,959	¥ 91	¥114,449

Notes: (1) The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.
(2) The liabilities that relate to the companies' variable interests in the VIEs are mainly other current liabilities.

The total assets of the VIEs reflect the most current information available to the companies.

The amount of maximum exposure to loss represents a loss that the companies could incur from the variability in value of the leased assets, from financial difficulties of the customers or from other causes without consideration of possible recoveries through insurance and the like. In addition, the amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the VIEs and is considered to greatly exceed the anticipated loss. The liability that relates to the companies' variable interests in the VIEs represent a liability as a guarantor recognized under ASC460,"Guarantees," while the maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of March 31, 2011 and 2010.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2011 and 2010.

23. EXIT OF DISPOSAL COST OBLIGATIONS

The Company focuses on the maximization of its consolidated corporate value. To achieve this objective, the Company is trying to strengthen its consolidated capabilities through optimal group management. The Company actively restructures its businesses to make them more efficient by regularly reassessing the business environment and operational objectives of each of its businesses.

In addition to these restructurings, the companies have disposed of certain long-lived assets based on reviews of whether the companies should keep holding those assets from the standpoint of profitability.

For the year ended March 31, 2011, the companies recorded total exit or disposal costs of ¥792 million, which consisted of one-time termination benefits of ¥378 million, contract termination costs of ¥224 million, losses on disposals and impairments of long-lived assets of ¥66 million and losses on disposals of other assets of ¥124 million. The line items in the Statements of Consolidated Income of the exit and disposal costs are selling, general and administrative expenses of ¥378 million, other expense of ¥224 million, cost of products sold of ¥124 million, loss on disposal or sales of property and equipment of ¥33 million and impairment loss of long-lived assets of ¥33 million, all of which are before income tax effect. All of the total exit or disposal costs for the year ended March 31, 2011 was recorded in the Americas Segment. The companies do not expect to recognize additional material costs in future period relating to these restructurings. The companies do not expect to recognize additional material costs in future period relating to these restructurings.

For the year ended March 31, 2010, the companies recorded total exit or disposal costs of ¥3,749 million, which consisted of losses on disposals and impairments of long-lived assets of ¥2,502 million, contract termination costs of ¥1,247 million. The line items in the Statements of Consolidated Income of the exit and disposal costs are impairment loss of long-lived assets of ¥531 million, other expense of ¥1,247 million and loss from discontinued operations-net (after income tax effect) of ¥1,971 million, all of which are before income tax effect. Of the total exit or disposal costs for the year ended March 31, 2010, ¥3,218 million was recorded in the Energy Segment. The companies do not expect to recognize additional material costs in future period relating to these restructurings.

For the year ended March 31, 2009, the companies did not record material exit or disposal costs. Exit or disposal activities for the year ended March 31, 2009 was completed in the years ended March 31, 2010.

Exit or disposal activities for the year ended March 31, 2011 are expected to complete during the year ending March 31, 2012. Ending balances of liabilities for exit or disposal costs were immaterial at March 31, 2011. Ending balances of liabilities for exit or disposal costs at March 31, 2010 were ¥1,247 million and the balances of these liabilities were paid during the year ended March 31, 2011. There were no ending balances of liabilities for the exit or disposal costs at March 31, 2009.

24. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business.

In order to offset or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity future, forward, option and swap contracts, to hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use non-derivative financial instruments, such as foreign-currency-denominated debt, to hedge the foreign currency exposure in the net investment in a foreign operation.

The notional amounts of the companies' derivative instruments as of March 31, 2011 and 2010 were as follows:

	Billions of Yen	
	March 31, 2011	**March 31, 2010**
Foreign exchange contracts	¥ 2,590	¥ 2,341
Interest rate contracts	1,611	2,023
Commodity contracts	26,469	23,801
Other contracts	1	4
Total derivative notional amounts	¥ 30,671	¥ 28,169

Foreign currency exchange rate risk hedging activities

The companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements, to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency and long-term financing transactions as part of the companies' global operations in many countries. The companies also use non-derivative financial instruments, such as foreign-currency-denominated debt, in order to hedge the foreign currency exposure in the net investment in a foreign operation.

Interest rate risk hedging activities

The companies use interest rate swap agreements and interest rate and currency swap agreements to diversify the sources of fund raising, reduce fund-raising costs, fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and reduce the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk hedging activities

The companies use derivative instruments, such as commodity future, forward, option and swap contracts, to reduce the exposure to changes in the fair value of inventories and unrecognized firm commitments and to fix the expected future cash flows from forecasted transactions in marketable commodities, such as non-ferrous metals, crude oil and agricultural products.

Risk management policy

The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments and are responsible for cash settlement and account confirmation with counterparties. Risk management sections classify the derivative transactions into trading transactions and hedging transactions. The distinction between trading and hedging transactions is strictly managed by confirming the correspondence with the hedged items for transactions for hedging purposes. Furthermore, these risk management sections comprehensively monitor, evaluate and analyze the positions of derivative instruments and report the results periodically to the Company's executive officers in charge of risk management. Based on these reports, the executive officers assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy regarding derivative instruments.

Fair value hedges

Changes in the fair value of derivative instruments designated as hedging the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments are recorded in earnings together with changes in the fair value of the corresponding hedged items attributable to the hedged risks.

The net gain or loss recognized in earnings representing the amount of the hedges' ineffectiveness and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness were immaterial for the year ended March 31, 2011, 2010 and 2009.

The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge was immaterial for the year ended March 31, 2011, 2010 and 2009.

The companies include the gain and loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments.

The following table presents the gain/(loss) on hedged items and derivative instruments designated and qualifying as a fair value hedge included within the Statement of Consolidated Income for the year ended March 31, 2011, 2010 and three-month period ended March 31, 2009:

Year Ended March 31, 2011	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (8,766)	Interest rate contracts and foreign exchange contracts	¥ 8,653
Other expense (income)—net	Long-term debt	(3,107)	Foreign exchange contracts	3,201
Cost of revenues	Firm commitments and inventories	2,909	Commodity contracts	(2,909)
Total		¥ (8,964)		¥ 8,945

Year Ended March 31, 2010	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (10,454)	Interest rate contracts and foreign exchange contracts	¥ 10,654
Other expense (income)—net	Long-term debt	200	Foreign exchange contracts	(194)
Cost of revenues	Firm commitments and inventories	1,128	Commodity contracts	(1,097)
Total		¥ (9,126)		¥ 9,363

Three-Month Period Ended March 31, 2009	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ 3,968	Interest rate contracts and foreign exchange contracts	¥ (4,356)
Other expense (income)—net	Long-term debt	9,848	Foreign exchange contracts	(10,486)
Total		¥ 13,816		¥ (14,842)

Cash flow hedges

Changes in the fair value of foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements designated as hedging instruments to hedge the exposure to variability in expected future cash flows of recognized assets or liabilities, unrecognized firm commitments and forecasted transactions denominated in foreign currencies are initially recorded as other comprehensive income ("OCI") to the extent they are effective. The amounts in accumulated other comprehensive income ("AOCI") are reclassified into earnings when earnings are affected by the hedged items.

Changes in the fair value of interest rate swap agreements designated as hedging instruments to reduce the exposure to variability in expected future cash flows of floating-rate financial assets and liabilities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as interest income and expense when earnings are affected by the hedged items.

Changes in the fair value of commodity forward and swap contracts designated as hedging instruments to hedge the exposure to variability in expected future cash flows of the marketable commodities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as sales of products or cost of products sold when earnings are affected by the hedged transactions.

The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are reported in earnings immediately. If the hedged forecasted transaction will not occur by the end of the originally specified time period, gain or loss on the hedging instrument reported in AOCI is reclassified into earnings. These amounts were immaterial for the years ended March 31, 2011 and 2010, and a net loss of ¥10,255 million for the year ended March 31, 2009.

The estimated net amounts of the existing gains or losses in AOCI at March 31, 2011 and 2010 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥991 million and net gain of ¥918 million, respectively.

As of March 31, 2011 and 2010, the maximum length of time over which the companies are hedging their exposure to the variability in expected future cash flows for forecasted transactions (excluding those forecasted transactions related to the payment of variable interest on existing financial instruments) was 13 and 21 months. Foreign exchange forward contracts are used as hedging instruments for the forecasted transactions.

Hedges of the net investment in a foreign operation

The foreign currency transaction gain or loss on the derivative instrument and the non-derivative financial instrument that are designated as, and are effective as, hedging instruments to hedge the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within OCI to the extent they are effective as a hedge.

Derivative instruments for trading purposes and risk management policy

The Company and certain subsidiaries use derivative instruments such as foreign exchange forward contracts, interest rate swap agreements and commodity future, forward, swap and option contracts for trading purposes. The Company's executive officers in charge of risk management have set strict position and loss limits for these instruments. Independent back and middle offices strictly separated from trading sections (front offices) monitor, evaluate and analyze the position of trading transactions and market risks. Those results are periodically reported to the executive officers. Among others, VaR (Value at Risk: Statistical measure of the potential maximum loss in the fair value of a portfolio resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates and commodity prices, over a defined period, within a certain confidence level) is used to measure the market risks of derivative instruments for trading purposes.

The following table presents the fair value of derivative instruments included within the Consolidated Balance Sheets as of March 31, 2011 and 2010:

Derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
Derivative instruments	**Balance sheet location**	**March 31, 2011 Fair value**	**March 31, 2010 Fair value**	**Balance sheet location**	**March 31, 2011 Fair value**	**March 31, 2010 Fair value**
Foreign exchange contracts	Derivative assets	¥ 8,113	¥ 7,053	Derivative liabilities	¥ 4,147	¥ 1,964
	Non-current receivables, less unearned interest	15,299	12,026	Other Long-Term Liabilities	3,093	3,544
Interest rate contracts	Derivative assets	374	434	Derivative liabilities	448	354
	Non-current receivables, less unearned interest	23,702	27,582	Other Long-Term Liabilities	2,165	4,959
Commodity contracts	Derivative assets	51	966	Derivative liabilities	580	889
Total		¥ 47,539	¥ 48,061		¥ 10,433	¥ 11,710

Derivative instruments not designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
Derivative instruments	**Balance sheet location**	**March 31, 2011 Fair value**	**March 31, 2010 Fair value**	**Balance sheet location**	**March 31, 2011 Fair value**	**March 31, 2010 Fair value**
Foreign exchange contracts	Derivative assets	¥ 19,029	¥ 18,856	Derivative liabilities	¥ 25,830	¥ 23,669
	Non-current receivables, less unearned interest	14,090	10,434	Other Long-Term Liabilities	19,917	12,938
Interest rate contracts	Derivative assets	1,418	4,222	Derivative liabilities	984	3,069
	Non-current receivables, less unearned interest	8,323	8,497	Other Long-Term Liabilities	10,081	10,623
Commodity contracts	Derivative assets	717,647	919,170	Derivative liabilities	729,793	919,872
	Non-current receivables, less unearned interest	351,415	465,281	Other Long-Term Liabilities	368,440	481,513
				Derivative liabilities	17	—
Credit contracts				Other Long-Term Liabilities	—	32
Total		¥ 1,111,922	¥ 1,426,460		¥ 1,155,062	¥ 1,451,716

As of March 31, 2011 and 2010, the amount of receivables in respect of cash collateral paid that was netted against derivative liabilities was ¥50,681 million and ¥90,063 million, respectively. The amount of payables associated with cash collateral received that was netted against derivative assets was ¥7,783 million and ¥38,077 million, respectively. Cash collateral receivables and payables of ¥18,540 million and ¥3,033 million, respectively, as of March 31, 2011, and ¥19,763 million and ¥3,896 million, respectively as of March 31, 2010 were not offset.

Non-derivative designated as hedging instruments under ASC 815 "Derivatives and Hedging"

Hedging instruments	Balance sheet location	Millions of Yen March 31, 2011 Carrying amount	Millions of Yen March 31, 2010 Carrying amount
Foreign-currency-denominated debt	Current maturities of long-term debt	¥ 35,200	¥ 10,770
	Long-term Debt, less Current Maturities	184,397	134,207
Total		¥ 219,597	¥ 144,977

The following tables present the amount affecting the Statements of Consolidated Income and other comprehensive income for the year ended March 31, 2011, 2010 and three-month period ended March 31, 2009:

Derivative instruments in ASC 815 fair value hedging relationships

Year Ended March 31, 2011

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Amount of gain (loss) recognized in income on derivative instruments (Millions of Yen)
Foreign exchange contracts	Interest expense	¥ 118
	Other expense (income)—net	3,201
Interest rate contracts	Interest expense	8,535
Commodity contracts	Cost of products sold	(2,909)
Total		¥ 8,945

Year Ended March 31, 2010

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Amount of gain (loss) recognized in income on derivative instruments (Millions of Yen)
Foreign exchange contracts	Interest expense	¥ 304
	Other expense (income)—net	(194)
Interest rate contracts	Interest expense	10,350
Commodity contracts	Cost of products sold	(1,097)
Total		¥ 9,363

Three-Month Period Ended March 31, 2009

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Amount of gain (loss) recognized in income on derivative instruments (Millions of Yen)
Foreign exchange contracts	Interest expense	¥ (260)
	Other expense (income)—net	(10,486)
Interest rate contracts	Interest expense	(4,096)
Total		¥ (14,842)

Derivative instruments in ASC 815 cash flow relationships

Year Ended March 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,398	Sales of products	¥ 7,002		
		Other expense (income)—net	2,297		
Interest rate contracts.........	1,003	Interest expense	219		
Commodity contracts.........	(57)	Sales of products	227	Sales of products	¥ 68
Total..................................	¥ 6,344		¥ 9,745		¥ 68

Year Ended March 31, 2010	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 11,551	Sales of products	¥ 14,470		
		Sales of services	(14)		
		Cost of products sold	(49)		
		Other expense (income)—net	(5,236)		
Interest rate contracts.........	289	Interest income	5		
		Interest expense	564		
Commodity contracts.........	322	Sales of products	6,262	Sales of products	¥ (74)
		Cost of products sold	(38)		
Total..................................	¥ 12,162		¥ 15,964		¥ (74)

Three-Month Period Ended March 31, 2009	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,260	Sales of products	¥ (14,218)		
		Sales of services	313		
		Cost of products sold	(232)		
		Other expense (income)—net	4,012		
Interest rate contracts.........	(1,046)	Interest income	(3,418)		
Commodity contracts.........	4,388	Cost of products sold	(1,380)	Cost of products sold	¥ (353)
Total........................	¥ 8,602		¥ (14,923)		¥ (353)

Derivative instruments and hedging instruments in ASC 815 net investment hedging relationships

	Millions of Yen				
Year Ended March 31, 2011	**Effective portion**			**Ineffective portion and amount excluded from effective testing**	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 4,240			Interest expense	¥ (210)
				Other expense (income)—net	49
Foreign-currency -denominated debt	17,988	Other expense (income)—net	¥ 2,844	Other expense (income)—net	1,005
Total	¥ 22,228		¥ 2,844		¥ 844

	Millions of Yen				
Year Ended March 31, 2010	**Effective portion**			**Ineffective portion and amount excluded from effective testing**	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 3,745			Interest expense	¥ (221)
				Other expense (income)—net	1,848
Foreign-currency -denominated debt	7,525	Other expense (income)—net	¥ (201)	Other expense (income)—net	(10)
Total	¥ 11,270		¥ (201)		¥ 1,617

	Millions of Yen				
Three-Month Period Ended March 31, 2009	**Effective portion**			**Ineffective portion and amount excluded from effective testing**	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ (9,595)			Other expense (income)—net	¥ 975
Foreign-currency -denominated debt	(5,024)	Other expense (income)—net	¥ (319)		
Total	¥ (14,619)		¥ (319)		¥ 975

Derivative instruments not designated as hedging instruments under ASC 815

Year Ended March 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ 745
	Cost of products sold	(848)
	Other expense (income)—net	11,661
Interest rate contracts	Other sales	934
	Interest expense	2,115
	Other expense (income)—net	264
Commodity contracts	Sales of products	(11,047)
	Other sales	11,277
	Cost of products sold	(4,653)
	Other expense (income)—net	(264)
Total		¥ 10,184

Year Ended March 31, 2010	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ (261)
	Cost of products sold	(712)
	Interest income	50
	Interest expense	(372)
	Other expense (income)—net	(17,780)
Interest rate contracts	Other sales	(67)
	Interest income	154
	Interest expense	765
	Other expense (income)—net	510
Commodity contracts	Sales of products	(14,011)
	Other sales	15,120
	Cost of products sold	(16,517)
	Other expense (income)—net	477
Credit contracts	Other expense (income)—net	(389)
Total		¥ (33,033)

Three-Month Period Ended March 31, 2009	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ 959
	Cost of services sold	(184)
	Interest income	223
	Interest expense	(132)
	Other expense (income)—net	(5,693)
Interest rate contracts	Other sales	(1,103)
Commodity contracts	Sales of products	(3,808)
	Other sales	(1,491)
	Cost of products sold	(979)
	Other expense (income)—net	140
Credit contracts	Other expense (income)—net	(117)
Total		¥ (12,185)

Credit-risk-related contingent features

Certain of the companies' derivative instruments mainly for commodity future, forward, option and swap contracts contain provisions that require the companies' debt to maintain a certain credit rating from each of the major credit rating agencies such as Standard & Poor's Services. If the credit rating of the companies' debt falls below a designated credit rating, it will be in violation of these provisions, and the counterparties to the derivative instruments can request early termination or demand immediate and ongoing overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on March 31, 2011 and 2010, was ¥39,807 million and ¥124,643 million, respectively (¥11,604 million and ¥31,211 million on the net basis of liability position after offsetting derivative assets against derivative liabilities in accordance with the adoption of ASC 210-20 "Balance Sheet: Offsetting"). Collateral of ¥7,560 million and ¥18,289 million in the normal course of business associated with these contracts were posted at March 31, 2011 and 2010, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2011 and 2010, the aggregate fair value of additional assets that would be required to be posted as collateral and/or the aggregate fair value of assets needed to settle the instruments would be ¥4,139 million and ¥14,097 million, respectively.

25. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

In accordance with the requirements of ASC825-10-50, "Disclosures about Fair Value of Financial Instruments," the companies have provided the following fair value estimates and information about valuation methodologies.

Quoted market prices, where available, are used to estimate fair values of financial instruments. When market prices are unavailable, fair values are estimated using discounted cash flow analysis or other valuation techniques.

Current financial assets other than marketable securities and current financial liabilities

The carrying amount approximates the fair value of the majority of these instruments because of their short maturities.

Marketable securities and other investments

See Note 5, "MARKETABLE SECURITIES AND OTHER INVESTMENTS" and Note 26, "FAIR VALUE MEASUREMENTS."

Non-current receivables and advances to associated companies

The fair values of non-current receivables, including fixed rate, long-term loans receivable, are estimated by discounted cash flow analysis, using interest rates currently being offered for loans or accounts receivable with similar terms to borrowers or customers of similar credit quality and remaining maturities. The carrying amounts of loans with floating rates approximate the fair value.

Long-term debt

The fair values for long-term debt, except for debt with floating rates whose carrying amounts approximate fair value, are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Financial guarantees and financing commitments

The fair values of financial guarantees are estimated based on the present values of expected future cash flows, considering the remaining terms of the arrangements and the counterparties' credit standings.

The companies have not estimated the fair values of financing commitments because management does not believe it is practicable to estimate the fair values due to uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market. However, management believes the likelihood is remote that material payments will be required under these financing commitments.

Derivative financial instruments

See Note 26, "FAIR VALUE MEASUREMENTS."

The estimated fair values of certain financial instruments at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities.....	¥3,553,033	¥3,553,033	¥3,467,283	¥3,467,283
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)…..	295,004	296,239	267,594	268,190
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities…	1,892,492	1,892,492	1,824,030	1,824,030
Long-term debt (including current maturities)….................	3,299,571	3,369,342	3,386,747	3,444,758

Concentration of Credit Risk

The companies' global operations include a variety of businesses with diverse customers and suppliers, which reduces concentrations of credit risks. The companies mainly deal with selective international financial institutions to minimize the credit risk exposure of derivative financial instruments. Credit risk represents the likelihood that the counterparties may be unable to meet the terms of the agreements. Management does not expect any significant losses as a result of counterparty default on financial instruments. Credit risk is managed with approvals of credit line by management and monitoring counterparty's operations continuously. The companies require counterparty to post collateral, if necessary.

26. *FAIR VALUE MEASUREMENTS*

ASC 820 “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 “Fair Value Measurements and Disclosures” establishes the fair value hierarchy that may be used to measure fair value which is provided as follows:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

(1) Quoted prices for similar assets or liabilities in active markets
(2) Quoted prices for identical or similar assets or liabilities in markets that are not active
(3) Inputs other than quoted prices that are observable for the asset or liability
(4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the asset or liability.

Effective January 1, 2010, the companies adopted ASU 2010-06, “Improving Disclosures about Fair Value Measurements,” and recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Valuation techniques

Primary valuation techniques used for each financial instrument and nonfinancial asset measured at fair value are as follows:

Securities
- Marketable equity securities and debt securities are measured at fair value.
- Publicly-traded, marketable equity securities are valued using quoted market prices and classified as level 1.
- Debt securities, consisting principally of preferred stock that must be redeemed and government bonds, are valued using a discounted cash flow analysis or quoted prices obtained from third parties, and classified as level 2.
- In the event of an other-than-temporary decline in fair value of non-marketable equity securities and investments in associated companies, these are measured at fair value. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are valued based on quoted market prices. These are classified as level 1. The investments in unlisted associated companies and non-marketable equity securities are valued based on the net assets value of its investment adjusted using cash flows and other factors that would impact the fair value. These are classified as level 3.

Derivative Instruments
- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments valued using quoted market prices are classified as level 1. The valuation for certain derivative commodity instruments is based upon adjusted quoted prices. These derivative commodity instruments are classified as level 2 or level 3 depending on the level of adjustment made.
- Derivative financial instruments classified as level 2 are mainly valued by a discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements.

Nonfinancial Assets

- Long-lived assets include tangible assets and identifiable intangible assets subject to amortization.
- The assets are valued based on independent appraisals, prices for similar assets or discounted future cash flows whichever management considers most appropriate and categorized as level 3.
- Goodwill classified as level 3 is mainly valued on the basis of the fair value of the subsidiary, which is measured using discounted cash flows or third party valuations.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at March 31, 2011 and March 31, 2010 are as follows:

	Millions of Yen				
March 31, 2011	**Fair value measurements using**				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 387,889	—	—		
Marketable equity securities (Non-Japan)	42,975	—	¥ 8,374		
Preferred stock that must be redeemed	—	¥ 72,232	—		
Government bonds	—	5,022	—		
Other securities	—	3,761	—		
Total equity securities and debt securities	¥ 430,864	¥ 81,015	¥ 8,374	—	¥ 520,253
Derivative assets					
Foreign exchange contracts	—	¥ 56,531	—		
Interest rate contracts	¥ 1,751	32,066	—		
Commodity contracts	26,267	1,041,018	¥ 1,828		
Total derivative assets (current and non-current)	¥ 28,018	¥ 1,129,615	¥ 1,828	¥(1,004,081)	¥ 155,380
Total assets	¥ 458,882	¥ 1,210,630	¥ 10,202	¥(1,004,081)	¥ 675,633
Liabilities:					
Derivative liabilities					
Foreign exchange contracts	—	¥ 52,987	—		
Interest rate contracts	¥ 1,311	12,367	—		
Commodity contracts	36,170	1,061,051	¥ 1,592		
Other contracts	—	17	—		
Total derivative liabilities (current and non-current)	¥ 37,481	¥ 1,126,422	¥ 1,592	¥(1,046,979)	¥ 118,516
Total liabilities	¥ 37,481	¥ 1,126,422	¥ 1,592	¥(1,046,979)	¥ 118,516

March 31, 2010	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 416,844	—	—		
Marketable equity securities (Non-Japan)	59,335	—	¥ 8,663		
Preferred stock that must be redeemed	—	¥ 74,595	—		
Government bonds	—	8,036	—		
Other securities	—	1,891	—		
Total equity securities and debt securities	¥ 476,179	¥ 84,522	¥ 8,663	—	¥ 569,364
Derivative assets					
Foreign exchange contracts	—	¥ 48,369	—		
Interest rate contracts	¥ 3,104	37,631	—		
Commodity contracts	16,531	1,367,885	¥ 1,001		
Total derivative assets (current and non-current)	¥ 19,635	¥ 1,453,885	¥ 1,001	¥(1,296,721)	¥ 177,800
Total assets	¥ 495,814	¥ 1,538,407	¥ 9,664	¥(1,296,721)	¥ 747,164
Liabilities:					
Derivative liabilities					
Foreign exchange contracts	—	¥ 42,115	—		
Interest rate contracts	¥ 2,697	16,308	—		
Commodity contracts	18,475	1,376,247	¥ 7,552		
Other contracts	32	—	—		
Total derivative liabilities (current and non-current)	¥ 21,204	¥ 1,434,670	¥ 7,552	¥(1,348,707)	¥ 114,719
Total liabilities	¥ 21,204	¥ 1,434,670	¥ 7,552	¥(1,348,707)	¥ 114,719

* Amounts of netting adjustments include the impact of legally enforceable master netting agreements that allow the companies to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

Reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2011 is as follows:

	Millions of Yen							
	Fair value measurements using significant unobservable inputs (Level 3)							
		Total gains or losses (realized/unrealized)						
	Beginning balance	Included in earnings	Included in other comprehensive income (loss)	Purchases, sales, issuances, and settlements	Transfers into and/or (out of) Level 3	Translation adjustments	Ending balance	The amount of total gains or (losses) for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date
Derivative assets (liabilities)—net								
Commodity contracts	¥ (6,551)	¥ (1,032)	—	¥ 7,421	—	¥ 398	¥ 236	¥ 226
Equity securities and debt securities								
Marketable equity securities (Non-Japan)	8,663	(924)	—	1,654	—	(1,019)	8,374	(803)

	Millions of Yen			
	Other sales	Cost of products sold	Loss on write-down of securities	Total losses
Total losses included in earnings for the year	¥ (802)	¥(1,033)	¥ (121)	¥(1,956)
Change in unrealized (losses) or gains relating to assets still held at the reporting date	(855)	278	—	(577)

Reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2010 is as follows:

	Millions of Yen							
	Fair value measurements using significant unobservable inputs (Level 3)							
		Total gains or losses (realized/unrealized)						
	Beginning balance	Included in earnings	Included in other comprehensive income (loss)	Purchases, sales, issuances, and settlements	Transfers into and/or (out of) Level 3	Translation adjustments	Ending balance	The amount of total losses for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date
Derivative assets (liabilities)—net								
Commodity contracts	¥ (17,420)	¥ 898	—	¥ 14,500	¥(5,635)	¥ 1,106	¥ (6,551)	¥ (6,554)
Equity securities and debt securities								
Marketable equity securities (Non-Japan)	—	(1,941)	—	1,322	9,613	(331)	8,663	(1,635)

	Millions of Yen			
	Other sales	Cost of products sold	Loss on write-down of securities	Total losses
Total gains or (losses) included in earnings for the year	¥1,315	¥(2,052)	¥ (306)	¥(1,043)
Change in unrealized losses relating to assets still held at the reporting date	(6,987)	(1,202)	—	(8,189)

Assets and liabilities measured at fair value on a nonrecurring basis

Certain non-marketable equity securities and investments in associated companies are written down to fair value if the fair value of these investments has declined and such decline is judged to be other-than-temporary. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are measured at fair value using unadjusted quoted prices in active markets for identical assets. Non-marketable equity securities and investments in unlisted associated companies are primarily valued by unobservable inputs based on financial information obtained from counterparties or third parties.

Financial assets measured at fair value on a nonrecurring basis for the years ended March 31, 2011 and March 31, 2010 are as follows:

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2011
	Fair value	Level 1	Level 2	Level 3	Total (losses) or gains
Non-marketable equity securities					
Japan	¥ 6,103	—	¥ 750	¥ 5,353	¥ (1,380)
Non-Japan	18,157	—	—	18,157	(9,471)
Total non-marketable equity securities	¥ 24,260	—	¥ 750	¥ 23,510	¥ (10,851)
Investments in associated companies					
Japan	¥ 26,793	¥ 13,389	—	¥ 13,404	¥ (569)
Non-Japan	41,146	—	—	41,146	6,215
Total investments in associated companies	¥ 67,939	¥ 13,389	—	¥ 54,550	¥ 5,646

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2010
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 11,832	—	¥ 2,735	¥ 9,097	¥ (26,992)
Non-Japan	4,363	—	—	4,363	(4,396)
Total non-marketable equity securities	¥ 16,195	—	¥ 2,735	¥ 13,460	¥ (31,388)
Investments in associated companies					
Japan	¥ 43,366	¥ 43,366	—	—	¥ (16,075)
Non-Japan	1,270	—	—	¥ 1,270	(12,377)
Total investments in associated companies	¥ 44,636	¥ 43,366	—	¥ 1,270	¥ (28,452)

Long-lived assets are reviewed for impairment using undiscounted future cash flows whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted future cash flows is less than the carrying amount of the assets, the assets are determined to be impaired and written down to the amount of fair value. Long-lived assets are primarily valued by unobservable inputs based on an operating plan reflecting the most recent condition of the long-lived assets or prices for similar assets.

The carrying amount of goodwill is assessed for impairment annually or upon the occurrence of an indicator of impairment at each of the subsidiaries, which for the purpose of the impairment testing, are considered to be reporting units. If the implied fair value of goodwill, which is measured on the basis of the fair value of the subsidiary, falls below the carrying amount of goodwill, the impairment loss is recognized in the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. Goodwill is primarily valued by unobservable inputs based on financial information including the business plan of the subsidiary.

Nonfinancial assets measured at fair value on a nonrecurring basis for the year ended March 31, 2011 and March 31, 2010 are as follows:

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 15,470	—	—	¥ 15,470	¥ (18,288)
Goodwill	0	—	—	0	(596)

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2010
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 7,324	—	—	¥ 7,324	¥ (8,715)
Goodwill	5,428	—	—	5,428	(9,907)

27. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the Statements of Consolidated Cash Flows is as follows:

	Millions of Yen		
	2011	2010	2009
Cash paid during the year for:			
Interest	¥ 50,636	¥ 59,103	¥ 83,962
Income taxes, net of refunds (Note 20)	107,080	106,256	254,951
Non-cash investing and financing activities:			
Exchange of shares in connection with business combinations and reorganizations involving investees:			
Fair market value of shares received	17,274	—	29,600
Carrying amounts of shares surrendered	8,456	—	24,358
Common stock issued upon conversion of convertible bonds	—	3,705	4,159
Acquisitions of subsidiaries (Note 3):			
Fair value of assets acquired	138,518	—	19,409
Fair value of liabilities assumed	26,999	—	7,383
Acquisition costs of subsidiaries	111,519	—	12,026
Non-cash acquisition cost	—	—	—
Pre-acquisition carrying amount of equity method investment	—	—	3,026
Cash acquired	4,722	—	7,792
Acquisitions of subsidiaries, net of cash acquired	106,797	—	1,208

28. THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO

On April 20, 2010, a third party semi-submersible drilling rig, the Deepwater Horizon Mobile Offshore Drilling Unit (MODU), which was conducting exploration work on the Mississippi Canyon 252 block in the Gulf of Mexico, experienced a blow-out event that led to an explosion, fire and the extensive release of oil into the Gulf of Mexico (the Incident). MOEX Offshore 2007 LLC (MOEX Offshore), a 100% subsidiary of MOEX USA Corporation (MOEX USA), has a 10% working interest in the block as a non-operator (Interest). MOEX USA is a 100% subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) in which Mitsui & Co., Ltd. (Mitsui) has a 69.91% equity interest. BP Exploration and Production Inc. (BP), the owner of a 65% interest in the block and the operator of the exploration project in the block, worked with U.S. government agencies to drill relief wells for the plugging of the well permanently. On September 19, 2010, BP publicly announced that the operations to plug the well were successfully completed and that it would proceed to complete the abandonment of the well and plug and abandon the relief wells.

BP and MOEX Offshore have entered into the Macondo Prospect Offshore Deepwater Operating Agreement (the Operating Agreement). BP had been sending invoices periodically to MOEX Offshore setting forth the amount BP had calculated as representing MOEX Offshore's 10% proportionate share, under the terms of the Operating Agreement, of the sums that BP had expended relating to the Incident. The last invoice received under the Operating Agreement, dated May 3, 2011, states that MOEX Offshore's share of the expenses relating to the Incident was approximately US$2.144 billion. MOEX Offshore withheld payment of these invoices. According to the financial report of BP p.l.c., the ultimate parent of BP, for the year ended December 31, 2010 BP p.l.c. expects to incur costs of US$40.9 billion related to the Incident. In addition to this, in the quarterly financial report of BP p.l.c. for the three-month period ended March 31, 2011, BP p.l.c. recorded approximately US$400 million of costs related to the Incident for that period.

On May 20, 2011, MOEX Offshore, MOEX USA and MOECO (collectively, MOEX Parties) entered into a settlement (Settlement) with BP and BP Corporation North America Inc. (collectively, BP Parties). The Settlement resolves all of BP's claims against the MOEX Parties arising from the Incident, including payment of the invoices BP had sent MOEX Offshore, as well as possible additional claims for future costs incurred by BP. Under the terms of the Settlement, the MOEX Parties are to pay US$1.065 billion, and MOEX Offshore will transfer the Interest and most of its claims against parties involved in the Incident to BP. In return, BP will simultaneously waive and release all of its claims against the MOEX Parties and all other Mitsui companies. In addition, BP will fully indemnify the MOEX Parties and all other Mitsui companies as to most of the claims arising from the Incident, including the claims made under Oil Pollution Act of 1990, etc., asserted in the civil lawsuits brought by various private businesses, governments, property owners and individuals and the admiralty action and cross-claims brought by other defendants, which are discussed below. Excepted from BP's indemnification obligation are punitive damages, solely to the extent arising from conduct of the MOEX Parties, and civil penalties assessed against the MOEX Parties. There are also some additional categories of claims that have been excluded from the indemnity, but none of those claims has been alleged against the MOEX Parties at this point.

Mitsui recognized an impairment loss for the amounts invested to acquire the interest of this lease that were booked as "Property and Equipment (Mineral Rights)" in "Impairment loss of long-lived assets," and also recognized expense relating to the well that had been capitalized as "Property and Equipment (Projects in Progress)" in "Other (income) expense-net" for the year ended March 31, 2011. As a result of the Settlement, Mitsui recognized the Settlement amount as "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2011 and "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31, 2011.

As of June 24, 2011, Mitsui is not able to estimate the total amount of any additional liabilities that it and its consolidated subsidiaries may incur as a result of the Incident, and therefore, Mitsui has not recorded any additional related accounting liabilities for claims not covered by the BP indemnity. However, this is not intended to represent an opinion of Mitsui that it and its consolidated subsidiaries will not incur any future liability related to the Incident. Rather, it is the result of the application of accounting rules to the currently available set of facts where the relevant accounting rules do not require loss recognition in situations where a loss is not considered probable or cannot be reasonably estimated.

Mitsui considered the following factors in determining that, as of June 24, 2011, Mitsui did not accrue additional accounting liabilities as a result of the Incident with respect to the claims not covered by the BP indemnity.

The National Oil Spill Commission, the United States Coast Guard (USCG), the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE), the United States Department of Justice, the United States Congress and various United States federal and state agencies are conducting investigations into the cause of the Incident and appropriate industry and government reforms, and to determine if any civil or criminal laws have been broken or to evaluate changes to safety regulations for offshore exploration operations. Although some reports have been released by these federal and state governments and agencies, most investigations are ongoing.

A complaint filed by the United States with the federal district court for the Eastern District of Louisiana on December 15, 2010 seeks from MOEX Offshore, among other things, civil penalties under the Clean Water Act (CWA) and other relief. The BP's indemnity provided in the Settlement does not cover the CWA civil penalties. The complaint alleges that MOEX Offshore is an owner of an offshore facility within the meaning of the CWA and thus MOEX Offshore is subject to liability for civil penalties under the CWA. In making its determination as to the amount of civil penalties under the CWA, the court will consider the seriousness of the violation or

violations, the degree of culpability involved and the history of prior violations, among other factors.
In March and April 2011, in the federal district court for the Eastern District of Louisiana, the State of Alabama, the State of Louisiana and certain other Louisiana governmental entities filed complaints seeking from the MOEX Parties and others penalties under their respective state environmental laws.

The lawsuits seeking to impose penalties against the MOEX Parties and others are at an early stage. At this time, the MOEX Parties are unable to reasonably estimate what liability they will have for penalties.

Most of the civil lawsuits that have been brought by various types of businesses, government, property owners and individuals, including the lawsuits seeking penalties described above, were sent for pretrial proceedings to a federal district court judge in the Eastern District of Louisiana (MDL Proceedings). There are several lawsuits in various federal district courts and state courts that have not been consolidated into the MDL Proceedings in which the MOEX Parties have been named as defendants. An admiralty action and cross-claims were filed against the MOEX Parties as part of the MDL Proceedings, seeking indemnification and contribution. The plaintiffs in some of the civil lawsuits, in addition to seeking recovery for alleged property damages, personal injuries, and economic losses, have requested the award of punitive damages from the MOEX Parties and others. As discussed above, punitive damages, solely to the extent arising from conduct of the MOEX Parties, if awarded, will not be covered by the indemnity provided by the BP Parties in the Settlement.

Discovery, including document production and the examination of witnesses, is now underway in the cases in the MDL Proceedings. A trial concerning certain of the issues in the MDL Proceedings lawsuits has been scheduled to start in February 2012. Under the terms of the Settlement, the MOEX Parties will continue to defend, at their expense, the lawsuits in cooperation with BP.

The civil lawsuits are at an early stage and so Mitsui is unable to reasonably estimate what liability, if any, will be assessed against the MOEX Parties, including liability for punitive damages.

MOEX Offshore has sought insurance coverage with respect to the Incident, but it is possible that there may be no insurance recovery. In addition, the maximum potential insurance recovery is substantially less than the Settlement amount.

29. SUBSEQUENT EVENT

On June 24, 2011, the shareholders approved the payment of a cash dividend to shareholders of record on March 31, 2011 of ¥27 per share or a total of ¥49,286 million at the Company's ordinary general meeting of shareholders.

2. Others

Quarterly data for the year ended March 31, 2011

	Millions of Yen, Except Amounts per Share			
	Three-month period ended March 31, 2011	Three-month period ended December 31, 2010	Three-month period ended September 30, 2010	Three-month period ended June 30, 2010
Revenues	¥1,305,670	¥1,169,446	¥1,106,730	¥1,097,597
(Loss) Income from Continuing Operations before Income Taxes and Equity in Earnings	(2,952)	86,525	83,705	105,419
Net Income Attributable to Mitsui & Co., Ltd	30,837	92,588	80,699	102,535
Total Trading Transactions	2,573,517	2,502,418	2,436,847	2,429,690
Basic Net Income Attributable to Mitsui& Co., Ltd. per Share (Yen)	¥ 16.90	¥ 50.74	¥ 44.23	¥ 56.19

Note: Total Trading Transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.

Litigation

See Note 28, “THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO.”

3. Supplemental Information on Oil and Gas Producing Activities (Unaudited)

In accordance with Accounting Standard Codification ("ASC") 932 "Extractive Activities-Oil and Gas", this section provides supplemental information on oil and gas exploration and producing activities of the companies in five separate tables. Tables 1 through 3 provide historical cost information pertaining to costs incurred for property acquisitions, exploration and development; capitalized cost; and results of operations. They do not include any settlement costs relating to the Gulf of Mexico oil spill. Tables 4 and 5 present information on the companies' estimated net proved reserve quantities and standardized measure of estimated discounted future net cash flows related to proved reserves. The amounts for investments that are accounted for by the equity method are separately presented as "Associated Companies," for which the companies' share of the investees' information on oil and gas producing activities is presented in the following tables.

The regional analysis presented below tables is on continent basis, with separate disclosure for countries that contain 15% or more of the total proved reserves (for subsidiaries plus equity accounted entities), in line with FASB requirements. The comparative information for 2010 and 2009 is also presented on this basis. The "Consolidated Companies" column includes activities in "Australia/Oceania", "Thai/Asia", "Middle East" (Qatar and Oman) and "Others" (North America and Africa). The "Associated Companies" column includes activities in "Australia/Oceania" and "Thai/Asia". The "Associated Companies" column of the following tables includes information on liquefied natural gas ("LNG") producing activities as an integral part of natural gas producing activities.

TABLE 1. COSTS INCURRED FOR PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT*1

	Millions of Yen						
	Consolidated Companies				Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	*2 Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2011:							
Acquisition of Proved Properties	–	–	¥ 6,682	¥ 3,514	–	–	¥ 10,196
Acquisition of Unproved Properties	–	–	5,174	14,286	–	–	19,460
Exploration	¥ 6,409	¥ 4,393	2,882	10,676	¥ 6	¥ 185	24,551
Development	14,761	26,655	10,141	44,618	8,967	2,848	107,990
Total Costs Incurred	¥ 21,170	¥ 31,048	¥ 24,879	¥ 73,094	¥ 8,973	¥ 3,033	¥ 162,197
Year Ended March 31, 2010:							
Acquisition of Proved Properties	–	–	–	–	–	–	–
Acquisition of Unproved Properties	–	¥ 7	–	¥ 277	–	–	¥ 284
Exploration	¥ 3,743	1,826	¥ 101	7,374	¥ 142	¥ 25	13,211
Development	11,153	35,936	9,174	3,350	13,975	3,176	76,764
Total Costs Incurred	¥ 14,896	¥ 37,769	¥ 9,275	¥ 11,001	¥ 14,117	¥ 3,201	¥ 90,259
Year Ended March 31, 2009:							
Acquisition of Proved Properties	–	¥ 7,177	–	–	–	–	¥ 7,177
Acquisition of Unproved Properties	¥ 2,026	25	–	¥ 2,385	–	–	4,436
Exploration	9,331	2,872	¥ 870	13,221	¥ 823	¥ 30	27,147
Development	20,393	25,340	6,771	2,864	14,822	3,948	74,138
Total Costs Incurred	¥ 31,750	¥ 35,414	¥ 7,641	¥ 18,470	¥ 15,645	¥ 3,978	¥ 112,898

*1. Includes costs incurred whether capitalized or expensed and capitalized asset retirement costs incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."

*2. The significant increase was mainly due to the new shale gas project in North America.

TABLE 2. CAPITALIZED COSTS RELATED TO OIL AND GAS PRODUCING ACTIVITIES

	Millions of Yen						
	Consolidated Companies				Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	*2 Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2011:							
Proved Properties*1	¥ 171,614	¥ 432,761	¥ 78,663	¥ 46,965	¥ 199,343	¥ 50,604	¥ 979,950
Unproved Properties	10,276	3,890	6,919	20,148	−	5,253	46,486
Gross Capitalized Properties	181,890	436,651	85,582	67,113	199,343	55,857	1,026,436
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	115,505	307,924	46,881	2,155	102,847	37,524	612,836
Net Capitalized Costs	¥ 66,385	¥ 128,727	¥ 38,701	¥ 64,958	¥ 96,496	¥ 18,333	¥ 413,600
Year Ended March 31, 2010:							
Proved Properties*1	¥ 164,707	¥ 373,543	¥ 68,463	−	¥ 189,125	¥ 48,452	¥ 844,290
Unproved Properties	10,077	3,017	−	¥ 8,498	−	5,137	26,729
Gross Capitalized Properties	174,784	376,560	68,463	8,498	189,125	53,589	871,019
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	104,207	273,557	39,658	1,927	94,803	34,995	549,147
Net Capitalized Costs	¥ 70,577	¥ 103,003	¥ 28,805	¥ 6,571	¥ 94,322	¥ 18,594	¥ 321,872
Year Ended March 31, 2009:							
Proved Properties*1	¥ 156,655	¥ 336,371	¥ 62,383	¥ 52,566	¥ 147,485	¥ 34,536	¥ 789,996
Unproved Properties	11,325	2,287	−	12,687	−	5,051	31,350
Gross Capitalized Properties	167,980	338,658	62,383	65,253	147,485	39,587	821,346
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	83,947	253,397	30,670	16,317	69,870	22,391	476,592
Net Capitalized Costs	¥ 84,033	¥ 85,261	¥ 31,713	¥ 48,936	¥ 77,615	¥ 17,196	¥ 344,754

*1. Includes capitalized asset retirement costs in accordance with ASC 410.
*2. The significant increase was mainly due to the new shale gas project in North America.

TABLE 3. RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

The companies' results of operations from oil and gas producing activities are shown in the following table. In accordance with ASC 932, income taxes are based on statutory tax rates. Interest income and expense are excluded from the results reported.

	Millions of Yen						
	Consolidated Companies				Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2011:							
Sales to Unaffiliated Enterprises	¥ 56,492	¥ 97,221	¥ 6,487	¥ 2,068	¥ 88,500	¥ 13,753	¥ 264,521
Transfers to Affiliated Enterprises	5,217	−	38,961	−	−	−	44,178
Total Revenues	61,709	97,221	45,448	2,068	88,500	13,753	308,699
Production Costs	11,967	11,877	5,264	541	21,915	3,478	55,042
Exploration Expenses	5,051	1,535	831	8,723	86	−	16,226
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	23,740	19,926	11,716	3,863	8,262	3,635	71,142
Income Tax Expenses	11,685	35,467	15,679	−	17,404	2,876	83,111
Results of Operations for Oil and Gas Producing Activities	¥ 9,266	¥ 28,416	¥ 11,958	¥ (11,059)	¥ 40,833	¥ 3,764	¥ 83,178
Year Ended March 31, 2010:							
Sales to Unaffiliated Enterprises	¥ 45,854	¥ 73,059	¥ 3,058	¥ 11,820	¥ 72,955	¥ 11,686	¥ 218,432
Transfers to Affiliated Enterprises	9,795	−	30,133	−	−	−	39,928
Total Revenues	55,649	73,059	33,191	11,820	72,955	11,686	258,360
Production Costs	11,365	7,746	4,399	4,307	22,260	3,723	53,800
Exploration Expenses	2,792	2,926	267	8,744	273	12	15,014
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	23,098	20,275	10,567	8,322	6,808	4,675	73,745
Income Tax Expenses	11,893	22,073	11,314	242	13,022	1,809	60,353
Results of Operations for Oil and Gas Producing Activities	¥ 6,501	¥ 20,039	¥ 6,644	¥ (9,795)	¥ 30,592	¥ 1,467	¥ 55,448
Year Ended March 31, 2009:							
Sales to Unaffiliated Enterprises	¥ 96,307	¥ 95,778	¥ 5,149	¥ 27,537	¥ 87,737	¥ 11,660	¥ 324,168
Transfers to Affiliated Enterprises	13,970	−	50,136	−	14,034	−	78,140
Total Revenues	110,277	95,778	55,285	27,537	101,771	11,660	402,308
Production Costs	16,643	12,739	4,849	10,330	27,186	3,922	75,669
Exploration Expenses	6,683	3,832	593	5,512	715	63	17,398
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	53,096	19,121	9,192	9,056	4,508	3,138	98,111
Income Tax Expenses	7,388	31,943	23,885	2,548	16,553	2,298	84,615
Results of Operations for Oil and Gas Producing Activities	¥ 26,467	¥ 28,143	¥ 16,766	¥ 91	¥ 52,809	¥ 2,239	¥ 126,515

TABLE 4. PROVED RESERVE QUANTITY INFORMATION

The following table describes proved oil and gas reserves and changes thereto for the years ended March 31, 2011, 2010 and 2009. The definitions of proved oil and gas reserves used herein are revised by ASU 2010-03 in January 2010. Among the significant revisions in this rule are requirements to use a price based on the average first-day-of-the-month price during the 12-month period for reserve estimation and disclosure instead of a single end-of-year price; expanding the definition of oil and gas producing activities to include nontraditional resources such as synthetic oil and gas; permitting the use of new reliable technologies to establish reasonable certainty of proved reserves, and the new standard has been adopted since 2010.

Proved Developed and Undeveloped Reserves:

	Crude Oil, Condensate and Natural Gas Liquids *1 Millions of Barrels							**Natural Gas** *1, *3 Billions of Cubic Feet						
	Consolidated Companies				Associated Companies			Consolidated Companies				Associated Companies		
	Australia/ Oceania	*4 Thai/Asia	Middle East	*5 Others	Australia/ Oceania	Thai/Asia	World-wide	Australia/ Oceania	*4 Thai/Asia	Middle East	*5 *6 Others	Australia/ Oceania	Thai/Asia	World-wide
Reserves at April 1, 2008	37	37	18	14	35	4	145	28	636	32	31	722	189	1,638
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	2	2	2	1	3	−	10	1	32	17	(1)	36	(2)	83
Extensions and Discoveries	1	−	−	−	−	−	1	27	−	−	−	−	−	27
Purchases	−	1	−	−	−	−	1	−	6	−	−	−	−	6
Sales	−	−	−	−	−	−	−	−	−	−	−	−	−	−
Production	(11)	(8)	(3)	(2)	(5)	(1)	(30)	(8)	(90)	(5)	(5)	(44)	(2)	(154)
Reserves at March 31, 2009	29	32	17	13	33	3	127	48	584	44	25	714	185	1,600
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	1	5	5	−	5	7	23	24	6	(2)	−	30	(9)	49
Extensions and Discoveries	4	−	−	−	−	−	4	−	−	−	−	−	−	−
Purchases	−	−	−	−	−	−	−	−	−	−	−	−	−	−
Sales	−	−	−	(10)	−	−	(10)	−	−	−	(23)	−	−	(23)
Production	(9)	(6)	(5)	(3)	(5)	(2)	(30)	(10)	(70)	(4)	(2)	(54)	(7)	(147)
Reserves at March 31, 2010	25	31	17	−	33	8	114	62	520	38	−	690	169	1,479
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	−	(2)	4	−	2	(1)	3	(16)	7	3	−	(11)	(11)	(28)
Extensions and Discoveries	4	−	−	−	−	−	4	−	−	−	242	−	−	242
Purchases	−	−	5	−	−	−	5	−	−	−	42	−	−	42
Sales	−	−	−	−	−	−	−	−	−	−	−	−	−	−
Production	(9)	(7)	(4)	−	(5)	(2)	(27)	(10)	(80)	(4)	(6)	(59)	(13)	(172)
Reserves at March 31, 2011	20	22	22	−	30	5	99	36	447	37	278	620	145	1,563
Proved Developed Reserves:*2														
Reserves at April 1, 2008	37	18	14	11	20	3	102	28	294	15	21	454	182	994
Reserves at March 31, 2009	25	19	14	10	21	3	92	14	339	29	15	392	181	970
Reserves at March 31, 2010	20	20	12	−	17	7	76	25	274	23	−	315	161	798
Reserves at March 31, 2011	16	11	15	−	13	4	59	36	241	24	142	255	49	750

*1. 1 barrel of crude oil = 5,800 cubic feet of natural gas

*2. The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 64 percent as of March 31, 2009 and almost same level compared to the percentage as of March 31, 2008. The expected costs to develop these undeveloped reserves were estimated to be ¥368,673 million in total as of March 31, 2009.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 58 percent as of March 31, 2010 and almost same level compared to the percentage as of March 31, 2009. The expected costs to develop these undeveloped reserves were estimated to be ¥265,398 million in total as of March 31, 2010.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 51 percent as of March 31, 2011 and has gradually declined year by year on the back of prosperous production. The expected costs to develop these undeveloped reserves were estimated to be ¥210,362 million in total as of March 31, 2011.

*3. The proved gas reserves are restricted to those volumes that are related to firm sales commitments.

*4. Includes total proved reserves attributable to Mitsui Oil Exploration Co., Ltd. of 32 million, 31 million and 22 million barrels of Crude oil, Condensate and Natural Gas Liquids and 584 billions, 520 billions and 447 billions of cubic feet of Natural Gas in March 2009, 2010 and 2011, as well as proved developed reserves of 19 million, 19 million and 11 million barrels of Crude oil, Condensate and Natural Gas Liquids and 339 billions, 274 billions and 241 billions of cubic feet of Natural Gas in March 2009, 2010 and 2011, respectively, in which there is a 46.5 percent, 29.7 percent and 29.7 percent noncontrolling interests.

*5. The decrease of 10 million barrels in sales of Crude oil, Condensate and Natural Gas Liquids and, 23 billion of cubic feet in sales of Natural Gas in place was mainly due to the asset sales related to operation in the Gulf of Mexico.

*6. The increase of 284 billion cubic feet in purchase and extension and discovery of Natural Gas,in place was mainly due to the new shale gas project in North America.

TABLE 5. STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATED TO PROVED OIL AND GAS RESERVES

The standardized measure of discounted future cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with ASU 2010-03. Estimated future net cash inflows from proved oil and gas reserves are computed using the average first-day-of-the-month price during the 12-month period for 2011 and 2010, and using single year-end price only for 2009. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates. Discounted future net cash flows are calculated using a discount factor of 10 percent.

The information provided does not represent management's estimate of the companies' expected future cash flows or value of proved oil and gas reserves. Estimates of proved reserve quantities shall change over time as new information becomes available. Moreover, probable and possible reserves, which may become proved in the future, are excluded from the calculations. The arbitrary valuation prescribed under ASC 932 requires assumptions as to the timing of future development and production costs. The calculations are made as of each fiscal year-end and should not be relied upon as an indication of the companies' future cash flows or value of their oil and gas reserves.

1) Standardized Measure of Discounted Future Net Cash Flows

	Millions of Yen						
	Consolidated Companies				Associated Companies		
	Australia/ Oceania	*1 Thai/Asia	Middle East	*4 Others	Australia/ Oceania	Thai/ Asia	Worldwide
At March 31, 2011:							
Future Cash Inflows from Production	¥ 145,078	¥ 369,092	¥ 240,596	¥ 108,527	¥ 729,580	¥ 87,442	¥ 1,680,315
Future Production Costs	(80,183)	(69,185)	(30,140)	(24,762)	(186,721)	(21,486)	(412,477)
Future Development Costs *2	(25,990)	(50,314)	(20,648)	(29,620)	(78,763)	(5,027)	(210,362)
Future Income Taxes	(11,512)	(167,068)	(106,959)	–	(134,931)	(25,500)	(445,970)
Undiscounted Future Net Cash Flows	27,393	82,525	82,849	54,145	329,165	35,429	611,506
10% Annual Discount for Timing of Estimated Cash Flows	(1,788)	(14,467)	(23,767)	(30,185)	(130,768)	(22,169)	(223,144)
Standardized Measure of Discounted Future Net Cash Flows	¥ 25,605	¥ 68,058	¥ 59,082	¥ 23,960	¥ 198,397	¥ 13,260	¥ 388,362
At March 31, 2010:							
Future Cash Inflows from Production	¥ 160,574	¥ 452,310	¥ 187,141	–	¥ 642,427	¥ 65,008	¥ 1,507,460
Future Production Costs	(53,166)	(79,265)	(24,497)	–	(189,893)	(22,956)	(369,777)
Future Development Costs *2	(27,154)	(118,084)	(16,772)	–	(95,176)	(13,080)	(270,266)
Future Income Taxes	(27,442)	(184,626)	(78,877)	–	(116,833)	(14,134)	(421,912)
Undiscounted Future Net Cash Flows	52,812	70,335	66,995	–	240,525	14,838	445,505
10% Annual Discount for Timing of Estimated Cash Flows	(7,685)	(6,311)	(19,324)	–	(97,594)	(3,943)	(134,857)
Standardized Measure of Discounted Future Net Cash Flows	¥ 45,127	¥ 64,024	¥ 47,671	–	¥ 142,931	¥ 10,895	¥ 310,648
At March 31, 2009:							
Future Cash Inflows from Production	¥ 113,255	¥ 446,237	¥ 239,886	¥ 67,557	¥ 448,784	¥ 24,776	¥ 1,340,495
Future Production Costs	(34,454)	(118,940)	(18,553)	(23,846)	(82,104)	(3,539)	(281,436)
Future Development Costs *2	(27,326)	(227,765)	(27,803)	(18,431)	(62,207)	(2,722)	(366,254)
Future Income Taxes	(23,756)	(93,153)	(106,237)	(975)	(98,366)	(6,577)	(329,064)
Undiscounted Future Net Cash Flows	27,719	6,379	87,293	24,305	206,107	11,938	363,741
10% Annual Discount for Timing of Estimated Cash Flows	(2,640)	*3 15,976	(25,846)	(5,226)	(89,411)	(1,153)	(108,300)
Standardized Measure of Discounted Future Net Cash Flows	¥ 25,079	¥ 22,355	¥ 61,447	¥ 19,079	¥ 116,696	¥ 10,785	¥ 255,441

*1. Includes discounted future net cash flows attributable to Mitsui Oil Exploration Co., Ltd. of ¥68,058 million, ¥64,024 million and ¥21,899 million in March 2011, 2010 and 2009 respectively, in which there is a 29.7 percent, 29.7 percent and 46.5 percent minority interest.

*2. Includes cash-out for asset retirement obligations incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."

*3. The positive figure for the 10% annual discount is mainly related to a large amount of cash outflow in a distant future period for asset retirement obligations related to operations in Gulf of Thailand.

*4. The increase of ¥23,960 million Standardized Measure of Discounted Future Net Cash Flows was mainly due to the new shale gas project in North America.

2) Details of Changes for the Year

	Millions of Yen								
	Consolidated Companies			Associated Companies			Worldwide		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Present Value at April 1	¥ 156,822	¥ 127,960	¥ 399,493	¥ 153,824	¥ 127,481	¥ 285,062	¥ 310,646	¥ 255,441	¥ 684,555
Sales/Transfers of Oil and Gas Produced, Net of Production Costs	(165,250)	(144,138)	(246,105)	(76,751)	(58,879)	(82,322)	(242,001)	(203,017)	(328,427)
Development Costs Incurred	50,584	59,613	55,368	11,815	17,152	18,770	62,399	76,765	74,138
Purchases of Reserves in Place	28,313	−	5,190	−	−	−	28,313	−	5,190
Extensions and Discoveries	30,352	32,502	26,907	−	−	−	30,352	32,502	26,907
Sales of Reserves	−	(11,214)	−	−	−	−	−	(11,214)	−
Net Changes in Prices, Development and Production Cost	109,422	27,252	(397,758)	117,347	(38,098)	(175,943)	226,769	(10,846)	(573,701)
Revisions of Previous Quantity Estimates *1	(27,277)	169,549	54,697	(13,690)	51,934	13,789	(40,967)	221,483	68,486
Accretion of Discount	15,313	12,055	39,949	14,376	12,748	28,506	29,689	24,803	68,456
Net Changes in Income Taxes	12,139	(84,395)	259,845	(1,495)	9,523	73,022	10,644	(74,872)	332,867
Others *2	(33,713)	(32,362)	(69,626)	6,231	31,963	(33,403)	(27,482)	(399)	(103,030)
Net Changes for the Year	19,883	28,862	(271,533)	57,833	26,343	(157,581)	77,716	55,205	(429,114)
Present Value at March 31	¥ 176,705	¥ 156,822	¥ 127,960	¥ 211,657	¥ 153,824	¥ 127,481	¥ 388,362	¥ 310,646	¥ 255,441

*1. Includes amounts resulting from changes in the timing of production.
*2. Main portion of "Others" is foreign currency translation adjustments and increase or decrease of royalty due to revisions of previous reserves.

6. Outline regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	(Special account) The Chuo Mitsui Trust and Banking Company, Limited Headquarters 33-1, Shiba 3-chome, Minato-ku, Tokyo
Administrator of shareholder registry	(Special account) The Chuo Mitsui Trust and Banking Company, Limited 33-1, Shiba 3-chome, Minato-ku, Tokyo
Forwarding office	------
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice (Note)	Mitsui carries out its public notifications by means of electronic public notice. http://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Note) Public notice of book closing is not included in the public notices shown in "Method of giving public notice"

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2011 and the issuance date (June 24, 2011) of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 91st) From April 1, 2009 to March 31, 2010 Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 23, 2010

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 92nd period) (From April 1, 2010 to June 30, 2010) Submitted to the director of the Kanto Local Finance Bureau, Japan, on August 13, 2010

(The 2nd quarter of 92nd period) (From July 1, 2010 to September 30, 2010) Submitted to the director of the Kanto Local Finance Bureau, Japan, on November 15, 2010

(The 3rd quarter of 92nd period) (From October 1, 2010 to December 31, 2010) Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 14, 2011

(3) Internal Control Report

Fiscal Year (the 91st) (From April 1, 2009 to March 31, 2010) Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 23, 2010

(4) Extraordinary Report

Submitted to the director of the Kanto Local Finance Bureau, Japan, on July 22, 2010
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (transfer of specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 21, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in member of the Board of Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on March 31, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in member of the Board of Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on March 31, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (change in specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on April 1, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (change in specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on May 16, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (change in specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Shelf Registration Statement (corporate bonds)

1) Shelf Registration Statement

Submitted to the director of the Kanto Local Finance Bureau, Japan, on August 13, 2010

2) Amended Shelf Registration Statement

Submitted to the director of the Kanto Local Finance Bureau, Japan, on November 15, 2010
Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 14, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 21, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on March 31, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on April 1, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on May 16, 2011

3) Supplemental Documents to Shelf Registration Statement and Attached Documents

Submitted to the director of the Kanto Local Finance Bureau, Japan, on October 15, 2010

Deloitte.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the accompanying consolidated balance sheets of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related statements of consolidated income, changes in consolidated equity, and consolidated cash flows for each of the three years in the period ended March 31, 2011 (all expressed in Japanese yen). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Mitsui & Co., Ltd. and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the 2010 consolidated financial statements, the Company adopted Accounting Standards Update No. 2010-03, "Oil and Gas Reserve Estimation and Disclosures" effective March 31, 2010.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 24, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2011

Deloitte.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the internal control over financial reporting of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (the "Company") as of March 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in "Management's Annual Report on Internal Control over Financial Reporting," management excluded from its assessment the internal control over financial reporting at the unincorporated joint ventures (J/V), which were accounted for via proportionate consolidation in accordance with Accounting Standards Codification 810-10-45-14, "Consolidation—Proportionate Consolidation" because the Company does not have the ability to dictate or modify the controls at these entities and does not have the ability to assess, in practice, the controls at these entities. Block 9 J/V (35%), Block 10, 11, 12, 13, 10A/11A J/V (20–40%), Capricorn Coal Development J/V (30%), Dawson J/V (49%), Kestrel J/V (20%), Marcellus Shale J/V (16.25%), Mt. Goldsworthy Mining Associates J/V (7%), Mt. Newman J/V (7%), Robe River Iron Associates J/V (33%), WA-28-L J/V (40%), and Yandi J/V (7%) (collectively the "Unincorporated J/Vs"), constitute approximately 7.0% of total assets and approximately 10.6% of revenues of the consolidated financial statement amounts as of and for the year ended March 31, 2011. Accordingly, our audit did not include the internal control over financial reporting at the Unincorporated J/Vs. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2011 of the Company and our report dated June 24, 2011 expressed an unqualified opinion on those financial statements and included explanatory paragraph relating to the adoption of Accounting Standards Update No. 2010-03, "Oil and Gas Reserve Estimation and Disclosures" effective March 31, 2010.

Deloitte Touche Tohmatsu LLC

June 24, 2011

Management's Annual Report on Internal Control over Financial Reporting

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Mitsui's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined by Rule 13a-15(f) under the U.S. Securities Exchange Act of 1934). Mitsui's internal control system is designed to provide reasonable assurance to Mitsui's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

Mitsui's management assessed the effectiveness of Mitsui's internal control over financial reporting as of March 31, 2011. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework.*

Mitsui's management excluded from its assessment of internal control over financial reporting as of March 31, 2011 the following unincorporated joint ventures (J/V), which were accounted for via proportionate consolidation in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification 810-10-45-14, "Consolidation—Proportionate Consolidation", in Mitsui's consolidated financial statements for the fiscal year ended March 31, 2011. Mitsui has been unable to assess the effectiveness of internal controls at these entities due to the fact that Mitsui does not have the ability to dictate or modify the controls of these entities and does not have the ability, in practice, to assess, those controls.

J/V	Mitsui's Ownership
Block 9 J/V	35%
Block 10,11,12,13,10A/11A J/V	20-40%
Capricorn Coal Development J/V	30%
Dawson J/V	49%
Kestrel J/V	20%
Marcellus Shale J/V	16.25%
Mt. Goldsworthy Mining Associates J/V	7%
Mt. Newman J/V	7%
Robe River Iron Associates J/V	33%
WA-28-L J/V	40%
Yandi J/V	7%

The above unincorporated joint ventures in the aggregate represented approximately 7.0 percent of Mitsui's consolidated total assets as of March 31, 2011, and approximately 10.6 percent of Mitsui's consolidated revenues for the year ended March 31, 2011.

3. Matters Relating to the Results of the Assessment

Based on Mitsui's assessment, Mitsui's management concluded that, as of March 31, 2011, Mitsui's internal control over financial reporting was effective.

Deloitte Touche Tohmatsu LLC, an independent registered public accounting firm, has issued an attestation report on Mitsui's internal control over financial reporting. Their attestation report appears in the preceding pages of this report.

4. Supplementary Matters

This report has been prepared using the terminology, forms, and preparation methods that are required for management's report on internal control over financial reporting in the United States, following the provisions of Article 18 of "Cabinet Office Ordinance on the Internal System for Ensuring Adequacy of the Documents of Financial Calculation and Other Information" (Cabinet Office Ordinance No.62 of 2007).

Mitsui has registered its American Depositary Shares (ADS) with the U.S. Securities and Exchange Commission (SEC), and has listed its ADSs on the NASDAQ stock market (NASDAQ) from 1971. Therefore, Mitsui has submitted its Form 20-F as an annual report to the SEC, which includes management's report on internal control over financial reporting that has been created following the regulations of Section 404 of the US Sarbanes-Oxley Act of 2002, and the final rules regarding management's report on internal control over financial reporting and the commission guidance concerning management's report on internal control over financial reporting issued by the SEC. On April 15, 2011, Mitsui filed for delisting of its ADSs from NASDAQ, and termination of registration with the SEC, and on April 25, 2011, the delisting of ADSs from NASDAQ was completed. On July 14, 2011, the termination of registration with the SEC is scheduled to be completed, and on July 24, 2011, Mitsui's reporting obligations under the Article 15 of the Securities Exchange Act of 1934 is scheduled to be terminated.

The main differences between the internal control assessment based on the terminology, forms, and preparation method of management's report on internal control over financial reporting required in the United States, and the internal control assessment based on the assessment standards of internal control over financial reporting in Japan, are as follows.

(1) Treatment of Associated Companies Accounted for Under the Equity Method

The terminology, forms, and preparation method of management's report on internal control over financial reporting required in the United States does not require associated companies that are accounted for under the equity method to be included in the scope of assessment.

(2) Treatment of Disclosure Items Other than Consolidated Financial Statements

The terminology, forms, and preparation method of management's report on internal control over financial reporting required in the United States does not require disclosure items other than "Consolidated Financial Statements" in 5. Financial Information to be included in the scope of assessment.

(3) Treatment of Unincorporated Joint Ventures Accounted for via Proportionate Consolidation

The terminology, forms, and preparation method of management's report on internal control over financial reporting required in the United States allows the exclusion from its assessment, certain unincorporated joint ventures which were accounted for via proportionate consolidation, in which the issuer does not have the ability to dictate or modify the controls of these entities and does not have the ability, in practice, to assess, those controls.

5. Special Information

Not applicable.