Quarterly Consolidated Financial Statements

for the nine-month period ended December 31, 2011

English translation of quarterly consolidated financial statements for the nine-month period ended December 31, 2011, which were prepared in accordance with U.S. GAAP and filed as part of the Quarterly Securities Report with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 13, 2012.

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MITSUI & CO., LTD.

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.

Risk Factors

<u>The following describes a new risk factor which was recognized during the nine-month period ended December 31, 2011:</u>

Establishing a valuation allowance for deferred tax assets, pursuant to the evaluation on their realizability, may adversely affect our operating results and financial condition.

We determine the realizability of deferred tax assets based on all currently available information, including tax deductibility of accounting losses, their timing as well as future taxable income at Mitsui and the subsidiaries within the consolidated tax group. We believe it is more likely than not that all the deferred tax assets, net of valuation allowances, will be realized while the amount of realizable net deferred tax assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

Effective April 1, 2009, a new tax law was introduced in Japan that excludes from taxable income, 95% of dividends received from foreign investees in which an investor has a 25% or more ownership interest. As a result, our taxable income level in Japan became lower than those levels prior to the introduction of the new tax law. In addition, taxable income from domestic businesses has declined and impairment losses on assets including listed securities have become deductible due to the prolonged economic stagnancy. Accordingly, we assessed the realizability of the local tax portion of the deferred tax assets for future deductible temporary differences etc., separately, and determined to record a valuation allowance against deferred tax assets which we judged could not be utilized.

Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return as a group in the year ended March 31, 2010. We separately evaluate the realizability of the national corporate tax portion of deferred tax assets based on the estimate of our consolidated tax group's future taxable income coupled with feasible tax planning strategies. We currently believe it is more likely than not that the national corporate tax portion, except those portions related to temporary differences in which a reversal is not expected, will be realized.

However, an elevated level of risks due to the instability in the financial market triggered by the fiscal problems in Europe, the appreciation of the Japanese yen and the slowing down of the pace of recovery in the advanced economies may result in a worsening of our operating environment, which could in turn negatively affect our ability to achieve the goals set in our business plan, and future taxable income may decrease compared to the amount anticipated in the current tax planning strategies. In such cases, a valuation allowance may be recorded as the deferred tax assets may not be fully utilized. Consequently, establishing such a valuation allowance may adversely affect our operating results and financial conditions.

<u>The following describes changes that occurred during the nine-month period ended December 31, 2011, in terms of risk factors listed on Annual Securities Report for the fiscal year ended March 31, 2011 of Mitsui & Co., Ltd. filed on June 24, 2011:</u>

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

On April 20, 2010, the Deepwater Horizon, a third party semi-submersible drilling rig 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 (Incident). At the time of the Incident, MOEX Offshore 2007 LLC (MOEX Offshore), a 100% subsidiary of MOEX USA Corporation (MOEX USA), owned a 10% working interest in the block as a non-operator (Interest). On September 19, 2010, 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 at the time of the Incident, publicly announced that the operations to plug the well were successfully completed in cooperation with U.S. government agencies. MOEX USA is a 100% subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) in which Mitsui has a 70.45% equity interest.

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) with regard to the Incident. Pursuant to the Settlement, the MOEX Parties made payment of US$1.065 billion and MOEX Offshore assigned to BP the Interest and most of the MOEX Parties' claims against other parties involved in the Incident. BP, under the terms of the Settlement, waived and released all of its claims against the MOEX Parties and all other Mitsui companies. In addition, the BP Parties agreed to fully indemnify the MOEX Parties and all other Mitsui companies as to the claims, except for those described below, arising from the Incident. The indemnification covers, for example, claims asserted under the Oil Pollution Act of 1990 (OPA). Excepted from the BP Parties' indemnification obligation are fines, penalties or sanctions (collectively, Penalties) assessed against the MOEX Parties, and punitive damages, solely to the extent arising from conduct of the MOEX Parties. There are 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.

As of February 13, 2012, Mitsui is not able to estimate the total amount of the liabilities that it and its consolidated subsidiaries may incur as a result of the Incident that are in addition to the liabilities that have previously been recognized as a result of the Settlement, but is recording an amount, which is not material, in accordance with appropriate accounting practice as related accounting liabilities for costs and claims not covered under the indemnity by the BP Parties as of December 31, 2011. However, this is not intended to represent an opinion of Mitsui that it and its consolidated subsidiaries will not incur any material future liability related to the Incident. Rather, it is the result of the application of accounting rules, under which loss recognition is not required in situations where a loss is not considered probable or cannot be reasonably estimated, to the currently available set of facts as summarized below.

A complaint filed by the United States in 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 United States alleges that MOEX Offshore, because of its Interest at the time of the Incident, 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 the federal district court for the Eastern District of Louisiana, two gulf coast states and local governmental entities filed complaints seeking from the MOEX Parties and others penalties, punitive damages and other relief under state environmental and other laws.

Most of the civil lawsuits brought by various types of businesses, government, property owners and individuals, seeking recovery for alleged property damages, personal injuries and economic losses caused by the Incident, and alleged injuries and damages caused by post-incident clean up activities, as well as the lawsuits brought by the United States seeking penalties and other relief described above, were sent for pretrial proceedings to a federal district court judge in the Eastern District of Louisiana (MDL Proceedings) and separated into several bundles based upon the nature of the claims being asserted. An admiralty action and cross-claims were filed against the MOEX Parties, as part of the MDL Proceedings, seeking indemnification and contribution as to claims filed against certain of the other defendants in the MDL proceedings. In addition to the above claims, the plaintiffs in some of the civil lawsuits have requested the award of punitive damages from the MOEX Parties and others.

On August 26, 2011 and September 30, 2011, the court dismissed a number of the causes of action filed against the MOEX Parties and others in the bundles of cases seeking recovery by private parties for alleged economic loss and property damage and for personal injury and costs caused by the clean-up efforts. Similarly, on November 14, 2011 and December 9, 2011, the court dismissed all state law claims, including the civil penalty claims, and maritime negligence claims against MOEX Offshore and MOEX USA filed by the gulf coast states and local governmental entities. On November 18, 2011, the court dismissed the indemnification and contribution claims filed by co-defendants against MOEX Offshore and MOEX USA. While these orders are not final, for these bundles, the state law and maritime claims against MOEX Offshore and MOEX USA were dismissed by these orders. As the result of these orders, the only claims that remain in these bundles of cases against MOEX Offshore and MOEX USA, except those claims brought by the United States, are those arising under OPA. Further, the court stated that punitive damages are not available under OPA.

The Bureau of Ocean Energy Management, Regulation and Enforcement's portion of a joint report, dated September 14, 2011, that it prepared with the United States Coast Guard, addressed the causes of the Incident. The report stated that there were a variety of factors that led to the Incident, and did not identify any actions on the part of MOEX Parties as being among those factors. Various other government investigations into the Incident are ongoing.

A trial of a number of the issues presented by the lawsuits that are part of the MDL Proceedings is scheduled to start on February 27, 2012.

Under the terms of the Settlement, the MOEX Parties are continuing to defend all the claims filed against them in the MDL Proceedings. As noted above, punitive damages, solely to the extent arising from conduct of the MOEX Parties, if awarded, as well as Penalties, will not be covered by the indemnification provided by the BP Parties in the Settlement. However, because these lawsuits are still on-going, the MOEX Parties currently are unable to reasonably estimate the total amount of their liability for Penalties and their liability, if any, for punitive damages.

The MOEX Parties have sought insurance coverage with respect to the Incident, but the maximum potential insurance recovery is substantially less than the Settlement amount.

This Quarterly Securities 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 consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the risk of the BP Parties failing to make payment for claims concerning the Incident that are to be paid by the BP Parties under the terms of the Settlement, the risk of additional or amended legal proceedings being brought against MOEX Offshore and its affiliates by governmental entities or private parties seeking Penalties, punitive damages, injunctive relief and other remedies, and the imposition on the MOEX Parties and their affiliates in pending or new lawsuits of Penalties, punitive damages, injunctive relief or other remedies. We note, however, that to date, no Penalties, punitive damages or injunctive relief have been imposed on MOEX Offshore in connection with the Incident.

These risks, uncertainties and other factors also involve the other factors contained in Mitsui's Annual Securities Report and Quarterly Securities 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, any such liability could have a material adverse effect on Mitsui's consolidated financial position, consolidated operating results or consolidated cash flows.

Financial Highlights

Mitsui & Co., Ltd. and subsidiaries

As of or for the Periods Ended December 31, 2011 and 2010 and as of or for the Year Ended March 31, 2011

	In Millions of Yen, Except Amounts per Share and Other									
	Nine-month period ended December 31, 2011		Nine-month period ended December 31, 2010		Three-month period ended December 31, 2011		Three-month period ended December 31, 2010		As of or for the Year ended March 31, 2011	
Consolidated Income Statement Data:										
Revenues	¥	3,946,819	¥	3,373,773	¥	1,317,789	¥	1,169,446	¥	4,679,443
Income before Income Taxes and Equity in Earnings	¥	332,465	¥	275,649	¥	100,825	¥	86,525	¥	272,697
Net Income Attributable to Mitsui & Co., Ltd.	¥	340,248	¥	275,822	¥	112,987	¥	92,588	¥	306,659
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥	133,425	¥	111,021	¥	166,171	¥	105,166	¥	191,345
Total Trading Transactions	¥	7,839,096	¥	7,368,955	¥	2,605,509	¥	2,502,418	¥	9,942,472
Consolidated Balance Sheet Data:										
Total Mitsui & Co., Ltd. Shareholders' Equity	¥	-	¥	-	¥	2,402,231	¥	2,284,428	¥	2,366,192
Total Equity	¥	-	¥	-	¥	2,600,469	¥	2,502,440	¥	2,553,334
Total Assets	¥	-	¥	-	¥	8,617,343	¥	8,585,863	¥	8,598,124
Total Mitsui & Co., Ltd. Shareholders' Equity Ratio		-		-		27.88%		26.61%		27.52%
Amounts per Share (Yen):										
Net Income Attributable to Mitsui & Co., Ltd:										
Basic	¥	186.46	¥	151.16	¥	61.92	¥	50.74	¥	168.05
Diluted	¥	186.45	¥	151.16	¥	61.92	¥	50.74	¥	168.05
Consolidated Cash Flow Statement Data:										
Net Cash Provided by Operating Activities	¥	146,688	¥	369,668	¥	-	¥	-	¥	504,474
Net Cash Used in Investing Activities	¥	(318,946)	¥	(402,458)	¥	-	¥	-	¥	(484,021)
Net Cash Provided by Financing Activities	¥	70,138	¥	61,145	¥	-	¥	-	¥	33,820
Cash and Cash Equivalents	¥	-	¥	-	¥	1,297,883	¥	1,389,794	¥	1,441,059

(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 Japanese accounting practices and disclosed for investors in Japan.
3. Revenue and total trading transactions do not include consumption taxes.

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
December 31, 2011 and March 31, 2011

	Millions of Yen	
	December 31, 2011	March 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 3)	¥ 1,297,883	¥ 1,441,059
Time deposits	3,630	2,574
Marketable securities (Notes 1, 3 and 15)	1,382	5,602
Trade receivables (Notes 4 and 5):		
Notes and loans, less unearned interest	325,596	297,552
Accounts	1,549,987	1,463,601
Associated companies	111,221	160,133
Allowance for doubtful receivables (Note 1)	(16,734)	(16,368)
Inventories (Notes 1, 5, 12 and 13)	577,274	467,355
Advance payments to suppliers	124,974	124,634
Deferred tax assets—current (Note 1)	40,179	41,372
Derivative assets (Notes 1, 13 and 15)	72,670	95,619
Other current assets	238,349	234,509
Total current assets	4,326,411	4,317,642
Investments and Non-current Receivables (Notes 1 and 5):		
Investments in and advances to associated companies (Notes3, 4, 9 and 15)	1,628,219	1,600,818
Other investments (Notes 3 and 15)	730,911	859,843
Non-current receivables, less unearned interest (Notes 4, 13 and 15)	423,840	457,495
Allowance for doubtful receivables (Note 4)	(33,846)	(42,414)
Property leased to others—at cost, less accumulated depreciation	261,702	259,682
Total investments and non-current receivables	3,010,826	3,135,424
Property and Equipment—at Cost (Notes 1, 5 and 15):		
Land, land improvements and timberlands	195,774	148,716
Buildings, including leasehold improvements	378,578	360,648
Equipment and fixtures	1,188,191	1,077,930
Mineral rights (Note 16)	143,735	161,840
Vessels	41,077	38,900
Projects in progress (Note 16)	139,866	142,960
Total	2,087,221	1,930,994
Accumulated depreciation	(945,368)	(900,246)
Net property and equipment	1,141,853	1,030,748
Intangible Assets, less Accumulated Amortization (Notes 1 and 15)	111,250	87,525
Deferred Tax Assets—Non-current (Note 1)	16,334	14,522
Other Assets	10,669	12,263
Total	¥ 8,617,343	¥ 8,598,124

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
December 31, 2011 and March 31, 2011

	Millions of Yen	
	December 31, 2011	March 31, 2011
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt (Note 5)	¥ 284,952	¥ 250,062
Current maturities of long-term debt (Notes 5 and 13)	370,531	308,883
Trade payables:		
Notes and acceptances	47,809	41,049
Accounts	1,321,115	1,316,772
Associated companies	100,937	87,185
Accrued expenses:		
Income taxes (Note 1)	85,613	67,946
Interest	15,125	17,530
Other	60,696	72,273
Advances from customers	111,243	127,960
Derivative liabilities (Notes 1, 13 and 15)	66,025	88,198
Other current liabilities (Notes 1, 11 and 16)	96,160	165,091
Total current liabilities	2,560,206	2,542,949
Long-term Debt, less Current Maturities (Notes 5 and 13)	2,876,040	2,818,529
Accrued Pension Costs and Liability for Severance Indemnities (Note 1)	38,059	37,054
Deferred Tax Liabilities—Non-current (Note 1)	263,506	316,031
Other Long-term Liabilities (Notes 1, 11, 13 and 15)	279,063	330,227
Contingent Liabilities (Notes 5, 11 and 16)		
Equity (Note 7):		
Mitsui & Co., Ltd. Shareholders' equity :		
Common stock—no par value		
Authorized, 2,500,000,000 shares;		
Issued, 1,829,153,527 shares at December 31, 2011 and 1,829,153,527 shares at March 31, 2011	341,482	341,482
Capital surplus	431,119	430,152
Retained earnings:		
Appropriated for legal reserve	64,490	61,763
Unappropriated	2,099,255	1,860,271
Accumulated other comprehensive income (loss) (Note 1):		
Unrealized holding gains and losses on available-for-sale securities (Note 3)	47,799	96,657
Foreign currency translation adjustments (Note 13)	(495,720)	(344,878)
Defined benefit pension plans	(55,862)	(58,544)
Net unrealized gains and losses on derivatives (Note 13)	(23,982)	(14,370)
Total accumulated other comprehensive loss	(527,765)	(321,135)
Treasury stock, at cost: 4,331,001 shares at December 31, 2011 and 4,324,067 shares at March 31, 2011	(6,350)	(6,341)
Total Mitsui & Co., Ltd. shareholders' equity	2,402,231	2,366,192
Noncontrolling interests (Note 1)	198,238	187,142
Total equity	2,600,469	2,553,334
Total	¥ 8,617,343	¥ 8,598,124

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income

Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2011 and 2010

Statements of Consolidated Income

	Millions of Yen	
	Nine-Month Period Ended December 31, 2011	**Nine-Month Period Ended December 31, 2010**
Revenues (Notes 1, 9, 13 and 15):		
Sales of products	¥ 3,580,515	¥ 2,979,727
Sales of services	272,070	274,565
Other sales	94,234	119,481
Total revenues	3,946,819	3,373,773
Total Trading Transactions (Note 1): Nine-month period ended December 31, 2011, ¥7,839,096 million; Nine-month period ended December 31, 2010, ¥7,368,955 million		
Cost of Revenues (Notes 1, 9, 13 and 15):		
Cost of products sold	3,119,315	2,556,510
Cost of services sold	104,991	100,467
Cost of other sales	45,449	63,413
Total cost of revenues	3,269,755	2,720,390
Gross Profit	677,064	653,383
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 6)	378,862	398,365
Provision for doubtful receivables (Notes 1 and 4)	8,840	6,446
Interest income (Notes 1, 4 and 13)	(27,573)	(30,212)
Interest expense (Notes 1 and 13)	31,463	30,895
Dividend income	(51,437)	(39,639)
Gain on sales of securities—net (Notes 1, 2, 3, 7 and 13)	(14,623)	(5,108)
Loss on write-down of securities (Notes 1, 3 and 15)	21,981	11,812
Gain on disposal or sales of property and equipment—net	(5,044)	(863)
Impairment loss of long-lived assets (Notes 1, 15 and 16)	5,214	3,114
Impairment loss of goodwill (Notes 1 and 15)	2,305	-
Other (income) expenses—net (Notes 13 and 16)	(5,389)	2,924
Total other expenses (income)	344,599	377,734
Income before Income Taxes and Equity in Earnings	332,465	275,649
Income Taxes (Notes 1 and 10)	141,527	148,781
Income before Equity in Earnings	190,938	126,868
Equity in Earnings of Associated Companies—Net (Notes 9 and 15)	176,303	171,523
Net Income before Attribution of Noncontrolling Interests	367,241	298,391
Net Income Attributable to Noncontrolling Interests	(26,993)	(22,569)
Net Income Attributable to Mitsui & Co., Ltd	¥ 340,248	¥ 275,822
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	186.46	151.16
Diluted	186.45	151.16

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Nine-Month Period Ended December 31, 2011	Nine-Month Period Ended December 31, 2010
Comprehensive Income (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 367,241	¥ 298,391
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding losses on available-for-sale securities (Note 3)	(54,034)	(49,890)
Foreign currency translation adjustments (Note 13)	(159,069)	(124,085)
Defined benefit pension plans	2,683	3,949
Net unrealized losses on derivatives (Note 13)	(9,512)	(11,730)
Comprehensive Income before Attribution of Noncontrolling Interests	147,309	116,635
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(13,884)	(5,614)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 133,425	¥ 111,021

See notes to consolidated financial statements

For the Three-Month Periods Ended December 31, 2011 and 2010

Statements of Consolidated Income

	Millions of Yen	
	Three-Month Period Ended December 31, 2011	Three-Month Period Ended December 31, 2010
Revenues (Notes 1, 9, 13 and 15):		
Sales of products	¥ 1,196,725	¥ 1,031,177
Sales of services	91,832	93,477
Other sales	29,232	44,792
Total revenues	1,317,789	1,169,446
Total Trading Transactions (Note 1): Three-month period ended December 31, 2011, ¥2,605,509 million; Three-month period ended December 31, 2010, ¥2,502,418 million		
Cost of Revenues (Notes 1, 9, 13 and 15):		
Cost of products sold	1,041,283	890,485
Cost of services sold	36,947	35,016
Cost of other sales	16,421	28,384
Total cost of revenues	1,094,651	953,885
Gross Profit	223,138	215,561
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 6)	124,517	133,851
Provision for doubtful receivables (Notes 1 and 4)	3,934	2,963
Interest income (Notes 1, 4 and 13)	(9,186)	(10,850)
Interest expense (Notes 1 and 13)	10,668	10,319
Dividend income	(12,490)	(14,862)
Gain on sales of securities—net (Notes 1, 2, 3 and 7)	(2,695)	(3,894)
Loss on write-down of securities (Notes 1, 3 and 15)	6,604	4,964
Gain on disposal or sales of property and equipment—net	(3,653)	(974)
Impairment loss of long-lived assets (Notes 1 and 15)	3,097	587
Impairment loss of goodwill (Notes 1 and 15)	445	-
Other expenses—net (Note 13)	1,072	6,932
Total other expenses (income)	122,313	129,036
Income before Income Taxes and Equity in Earnings	100,825	86,525
Income Taxes (Notes 1 and 10)	32,391	58,152
Income before Equity in Earnings	68,434	28,373
Equity in Earnings of Associated Companies—Net (Notes 9 and 15)	52,309	71,570
Net Income before Attribution of Noncontrolling Interests	120,743	99,943
Net Income Attributable to Noncontrolling Interests	(7,756)	(7,355)
Net Income Attributable to Mitsui & Co., Ltd	¥ 112,987	¥ 92,588
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	61.92	50.74
Diluted	61.92	50.74

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Three-Month Period Ended December 31, 2011	**Three-Month Period Ended December 31, 2010**
Comprehensive Income (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 120,743	¥ 99,943
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7):		
Unrealized holding (losses) gains on available-for-sale securities (Note 3)	(6,408)	23,494
Foreign currency translation adjustments (Note 13)	61,110	(7,440)
Defined benefit pension plans	528	1,647
Net unrealized losses on derivatives (Note 13)	(239)	(4,258)
Comprehensive Income before Attribution of Noncontrolling Interests	175,734	113,386
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(9,563)	(8,220)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 166,171	¥ 105,166

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2011 and 2010

	Millions of Yen	
	Nine-Month Period Ended December 31,2011	**Nine-Month Period Ended December 31,2010**
Operating Activities:		
Net income before attribution of noncontrolling interests	¥ 367,241	¥ 298,391
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	108,918	111,399
Pension and severance costs, less payments	8,480	11,689
Provision for doubtful receivables	8,840	6,446
Gain on sales of securities—net	(14,623)	(5,108)
Loss on write-down of securities	21,981	11,812
Gain on disposal or sales of property and equipment—net	(5,044)	(863)
Impairment loss of long-lived assets	5,214	3,114
Impairment loss of goodwill.	2,305	-
Deferred income taxes	(3,387)	17,864
Equity in earnings of associated companies, less dividends received	(105,648)	(83,821)
Changes in operating assets and liabilities:		
Increase in trade receivables	(97,794)	(121,155)
Increase in inventories	(113,330)	(85,688)
Increase in trade payables	30,889	114,692
Decrease (increase) in advance payments to suppliers	27,696	(465)
(Decrease) increase in advances from customers	(39,209)	18,416
Payment for the settlement of the oil spill incident in the Gulf of Mexico	(86,105)	-
Other—net	30,264	72,945
Net cash provided by operating activities	146,688	369,668
Investing Activities:		
Net (increase) decrease in time deposits	(436)	11,861
Investments in and advances to associated companies	(138,308)	(92,455)
Sales of investments in and collection of advances to associated companies	61,999	30,335
Acquisitions of other investments, subsidiaries—net of cash acquired and others (Note 2)	(91,386)	(181,560)
Proceeds from sales and maturities of other investments	83,185	59,826
Increase in long-term loan receivables	(85,918)	(100,836)
Collection of long-term loan receivables	80,083	69,158
Additions to property leased to others and property and equipment	(248,766)	(226,023)
Proceeds from sales of property leased to others and property and equipment	14,063	8,559
Proceeds from sales of subsidiaries, net of cash held by subsidiaries	6,538	18,677
Net cash used in investing activities	(318,946)	(402,458)
Financing Activities:		
Net increase in short-term debt	23,485	84,222
Proceeds from long-term debt	398,431	319,070
Repayments of long-term debt	(249,988)	(295,399)
Transactions with noncontrolling interests shareholders	(3,210)	10,081
Purchases of treasury stock—net	(9)	(239)
Payments of cash dividends	(98,571)	(56,590)
Net cash provided by financing activities	70,138	61,145
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(41,056)	(26,881)
Cash and Cash Equivalents Included in Assets Held for Sale	-	(13,079)
Net Decrease in Cash and Cash Equivalents	(143,176)	(11,605)
Cash and Cash Equivalents at Beginning of Period	1,441,059	1,401,399
Cash and Cash Equivalents at End of Period	¥ 1,297,883	¥ 1,389,794

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. 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 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 Mitsui & Co., Ltd. and subsidiaries' (collectively, 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, 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 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 Third-quarter-end on or after September 30, but prior to the parent company's Third-quarter-end of December 31, are included on the basis of the subsidiaries' respective Third-quarter-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. Mineral rights are amortized over their respective estimated useful lives, 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. In a business combination achieved in stages, its previously held equity interest is remeasured at its acquisition date fair value and the resulting gains or losses are recognized in earnings.

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."

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 the 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.

Sales of services

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.

Other sales

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.

Subsequent events

The Company has evaluated subsequent events by February 13, 2012.

III. RECLASSIFICATION

During the nine-month period ended December 31, 2011 and three-month period ended December 31, 2011, comprehensive income which was formerly included in the Statements of Changes in Consolidated Equity is now presented in the Statements of Consolidated Comprehensive Income (Loss). Changes in total equity and noncontrolling interests which were formerly included in the Statements of Changes in Consolidated Equity are now disclosed in Note 7, "Equity."

This change and other certain reclassifications and format changes have also been made to amounts for the nine-month period ended December 31, 2010 and for the three-month period ended December 31, 2010 to conform to the current period presentation.

IV. DISCONTINUED OPERATIONS

The companies have the policy of presenting 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 in the Statements of Consolidated Income under income or loss from discontinued operations—net (after income tax effect).

The figures of discontinued operations for the nine-month period ended December 31, 2011 and 2010 were not reclassified due to their immateriality to the companies' financial position and results of operations.

V. NEW ACCOUNTING STANDARDS

Multiple-deliverable revenue arrangements

Effective April 1, 2011, the companies adopted the new provisions in ASC 605-25, "Revenue Recognition—Multiple-Element Arrangements," which the FASB issued as ASU 2009-13, "Multiple-Deliverable Revenue Arrangements."

ASU 2009-13 amends the provisions in ASC 605-25 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 effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Revenue arrangements with software elements

Effective April 1, 2011, the companies adopted the new provisions in ASC 985-605, "Software—Revenue Recognition," which the FASB issued as ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements."

ASU 2009-14 amends the provisions in ASC 985-605, 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 effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Fair value measurements

Effective April 1, 2011, the companies adopted the new provisions in ASC 820, “Fair Value Measurements and Disclosures,” which the FASB issued as ASU 2010-06, “Improving Disclosures about Fair Value Measurements,” for Level 3 reconciliations. The new provisions require the changes attributable to purchases, sales, issuances and settlements to be disclosed separately.

The adoption of these provisions had no impact on the companies’ financial position and results of operations.

Clarification on troubled debt restructurings by creditors

Effective July 1, 2011, the companies adopted the new provisions in ASC 310-40, “Receivables—Troubled Debt Restructurings by Creditors,” which the FASB issued as ASU 2011-02, “A Creditor’s Determination of Whether a Restructuring Is a Troubled Debt Restructuring.”

ASU 2011-02 amends the provisions in ASC 310-40, and clarifies the guidance on evaluating whether a restructuring constitutes a troubled debt restructuring.

These provisions have been applied retrospectively from April 1, 2011. However, the effect of the adoption of these provisions on the companies’ financial position and results of operations was immaterial.

2. BUSINESS COMBINATIONS

For the nine-month period ended December 31, 2011

Multigrain AG

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. As a result of these acquisitions, MAG became a wholly owned subsidiary of the Company from an associated company. The Company remeasured its previously held equity interest to fair value, ¥18,095 million (U.S. $225 million), based on the amounts paid to acquire these additional shares, and recognized a gain of ¥3,557 million. The gain is included in gain on sales of securities—net in the Statements of Consolidated Income for the nine-month period ended December 31, 2011.

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 in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed. The following table summarizes the acquisition-date fair values of such assets and liabilities provisionally recorded at September 30 and June 30, 2011. The provisional fair values recorded at December 31, 2011 have not changed since September 30, 2011.

	Millions of Yen	
	September 30, 2011	June 30, 2011
Current assets	¥ 56,928	¥ 56,928
Property and equipment	55,759	42,229
Intangible assets	7,109	15,889
Investments and other assets	9,381	9,381
Total assets acquired	129,177	124,427
Current liabilities	(73,887)	(73,887)
Long-term liabilities	(15,127)	(10,377)
Total liabilities assumed	(89,014)	(84,264)
Net assets acquired	¥ 40,163	¥ 40,163

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.

A net decrease in cash and cash equivalents of ¥21,870 million arising from this business combination is included in acquisitions of other investments, subsidiaries—net of cash acquired and others in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

MicroBiopharm Japan Co., Ltd

On April 25, 2011, the Company entered into an agreement to acquire all the outstanding shares of MBS Co., Ltd., a wholly owned subsidiary of Mercian Corporation, that succeeded Mercian's pharmaceutical and chemical businesses by demerger (absorption-type split). This acquisition for ¥15,820 million in cash was closed on July 1, 2011. On the same day, MBS Co., Ltd. changed its name to MicroBiopharm Japan Co., Ltd.(“MicroBiopharm Japan”). As a result of a post-closing purchase price adjustment, the acquisition cost was changed to ¥15,180 during the three-month period ended December 31, 2011.

MicroBiopharm Japan applies its unique manufacturing technologies and combined know-how of biotechnology and fermentation technology to its manufacturing, contract manufacturing, and sales of pharmaceutical ingredients and intermediates, as well as manufacturing and sales of food additives and industrial chemical. The Company positions MicroBiopharm Japan as a core company in its pharmaceutical CMO business, and acquired shares of MicroBiopharm Japan in order to strengthen its CMO business by utilizing MicroBiopharm Japan's unique manufacturing technologies, know-how, and development capabilities.

On January 5, 2012, the Company entered into a sales agreement to sell 20% of its interest in MicroBiopharm Japan to Toray Industries, Inc. This transaction was completed on January 6, 2012.

The Company is in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed. The following table summarizes the acquisition-date fair values of such assets and liabilities provisionally recorded at December 31 and September 30, 2011:

	Millions of Yen	
	December 31, 2011	**September 30, 2011**
Current assets	¥ 1,138	¥ 1,138
Property and equipment	3,946	3,958
Intangible assets	3,788	3,103
Investments and other assets	7,216	8,529
Total assets acquired	16,088	16,728
Current liabilities	(44)	-
Long-term liabilities	(864)	(908)
Total liabilities assumed	(908)	(908)
Net assets acquired	¥ 15,180	¥ 15,820

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.

A net decrease in cash and cash equivalents of ¥15,170 million arising from this business combination is included in acquisitions of other investments, subsidiaries—net of cash acquired and others in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

Portek International Limited

On July 13, 2011, the Company announced a voluntary conditional cash offer ("Offer") for all shares of Portek International Limited ("Portek"), and submitted the Offer to the Singapore Exchange Securities Trading Limited. The Offer price is Singapore $1.4 per share. The Company acquired 100% of its shares for a total consideration of ¥13,741 million (Singapore $214 million) on September 26, 2011.

Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of medium sized container and multipurpose ports in areas such as Asia, Africa, and Europe. The Company acquired Portek to expand the Company’s logistics infrastructure and network in emerging countries.

The Company is in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed. The following table summarizes the acquisition-date fair values of such assets and liabilities provisionally recorded at December 31 and September 30, 2011:

	Millions of Yen	
	December 31, 2011	**September 30, 2011**
Current assets	¥ 6,068	¥ 6,063
Property and equipment	3,626	3,626
Intangible assets	14,386	9,817
Investments and other assets	584	584
Total assets acquired	24,664	20,090
Current liabilities	(3,385)	(3,370)
Long-term liabilities	(4,813)	(2,053)

Total liabilities assumed	(8,198)	(5,423)
Noncontrolling interests	(2,725)	(926)
Net assets acquired	¥ 13,741	¥ 13,741

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.

A net decrease in cash and cash equivalents of ¥11,163 million arising from this business combination is included in acquisitions of other investments, subsidiaries—net of cash acquired and others in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

For the nine-month period ended December 31, 2010

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

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.

A net decrease in cash and cash equivalents of ¥106,797 million arising from this business combination is included in acquisitions of other investments, subsidiaries—net of cash acquired and others in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2010.

3. MARKETABLE SECURITIES AND OTHER INVESTMENTS

Debt and marketable equity securities

At December 31, 2011 and March 31, 2011, 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
December 31, 2011:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 216,391	¥ 319,618	¥ 113,023	¥ (9,796)	¥ 103,227
Marketable equity securities (Non-Japan)	14,537	33,835	19,835	(537)	19,298
Preferred stock that must be redeemed	63,631	50,396	851	(14,086)	(13,235)
Government bonds	20	20	0	—	0
Other securities	45	45	0	—	0
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

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
December 31, 2011:					
Held-to-maturity debt securities	¥ 2,141	¥ 2,141	¥ 0	—	¥ 0
March 31, 2011:					
Held-to-maturity debt securities	¥ 2,075	¥ 2,075	¥ 0	—	¥ 0

At December 31, 2011 and March 31, 2011, 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 December 31, 2011 and March 31, 2011, 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
December 31, 2011:				
Available-for-sale:				
Marketable equity securities	¥ 93,177	¥ (10,333)	—	—
Debt securities, consisting of preferred stock that must be redeemed	265	(194)	¥ 43,068	¥ (13,892)
Total	¥ 93,442	¥ (10,527)	¥ 43,068	¥ (13,892)
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)

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. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market. 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 December 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. For the currently redeemable portion of the preferred stock, losses on write-down 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 December 31, 2011.

For the nine-month periods ended December 31, 2011 and 2010, losses of ¥11,662 million and ¥7,065 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in their market values considered to be other-than-temporary.

For the three-month periods ended December 31, 2011 and 2010, losses of ¥4,911 million and ¥2,641 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in their market values considered to be other-than-temporary.

The portion of net trading gains and losses for the nine-month periods that relates to trading securities still held at December 31, 2011and 2010 were as follows:

	Millions of Yen	
	2011	2010
Net trading losses	—	¥ (3)

The portion of net trading gains and losses for the three-month periods that relates to trading securities still held at December 31, 2011and 2010 were as follows:

	Millions of Yen	
	2011	2010
Net trading gains	—	¥ 12

The proceeds from sales of available-for-sale securities and the gross gains and losses realized on those sales for the nine-month periods ended December 31, 2011 and 2010 were as follows:

	Millions of Yen	
	2011	2010
Proceeds from sales	¥ 10,939	¥ 10,104
Gross realized gains	¥ 4,218	¥ 1,631
Gross realized losses	(130)	(1,201)
Net realized gains	¥ 4,088	¥ 430

The proceeds from sales of available-for-sale securities and the gross gains and losses realized on those sales for the three-month periods ended December 31, 2011 and 2010 were as follows:

	Millions of Yen	
	2011	2010
Proceeds from sales	¥ 1,622	¥ 2,177
Gross realized gains	¥ 659	¥ 696
Gross realized losses	(28)	(15)
Net realized gains	¥ 631	¥ 681

Debt securities classified as available-for-sale and held-to-maturity at December 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	¥ 6,250	¥ 6,867	¥ —	¥ —
After 1 year through 5 years	57,446	43,594	189	189
After 5 years through 10 years	—	—	—	—
After 10 years	—	—	1,951	1,951
Total	¥ 63,696	¥ 50,461	¥ 2,140	¥ 2,140

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 ¥374,800 million and ¥422,930 million at December 31, 2011 and March 31, 2011, 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 ¥10,319 million and ¥4,748 million for the nine-month periods ended December 31, 2011 and 2010, respectively.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥1,693 million and ¥2,323 million for the three-month periods ended December 31, 2011 and 2010, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥321,019 million and ¥370,272 million at December 31, 2011 and March 31, 2011, respectively.

4. *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 ASC 310 and the analysis of the change in the related allowances as of December 31, 2011 were as follows.

	Millions of Yen					
	Corporate Businesses		Retail Finance Business		Total	
Nine-month period ended December 31, 2011:						
Related Allowances						
Balance at March 31, 2011	¥	42,693	¥	7,210	¥	49,903
Credits charged off		(4,292)		(7,041)		(11,333)
Provision for doubtful receivables		(699)		8,917		8,218
Others		(5,146)		(751)		(5,897)
Balance at December 31, 2011	¥	32,556	¥	8,335	¥	40,891
Allowances Collectively Evaluated		1,206		2,405		3,611
Allowances Individually Evaluated		31,350		5,930		37,280
Financing Receivables						
Balance at December 31, 2011	¥	389,828	¥	130,277	¥	520,105
Financing Receivables with Collectively Evaluated	¥	336,583	¥	120,407	¥	456,990
Financing Receivables with Individually Evaluated		53,245		9,870		63,115

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen					
	Corporate Businesses		Retail Finance Business		Total	
Three-month period ended December 31, 2011:						
Related Allowances						
Balance at September 30, 2011	¥	37,827	¥	7,935	¥	45,762
Credits charged off		(3,628)		(2,828)		(6,456)
Provision for doubtful receivables		(6)		3,283		3,277
Others		(1,637)		(55)		(1,692)
Balance at December 31, 2011	¥	32,556	¥	8,335	¥	40,891

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, 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 any of 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 from which amounts due have been outstanding for more than one year.

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.

Balance at December 31, 2011:
Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	**Global Marketing Networks**	**Consumer Service**	**Infrastructure Projects**	**Others**	**Total**
Performing	¥ 51,550	¥ 34,841	¥ 12,922	¥ 187,239	¥ 63,474	¥ 350,026
Nonperforming	3,729	11,670	6,428	8,682	9,293	39,802
Total	¥ 55,279	¥ 46,511	¥ 19,350	¥ 195,921	¥ 72,767	¥ 389,828

Balance at March 31, 2011:
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 & Construction Machinery, Chemical
Consumer Service Business Area: Foods & Retail, Consumer Service & IT, Financial & New Business
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 were as follows:
Balance at December 31, 2011:
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)	¥ 51,823	¥ 38,727	¥ 14,177	¥ 186,311	¥ 68,580	¥ 359,618
90 days or more	3,456	7,784	5,173	9,610	4,187	30,210
Total	¥ 55,279	¥ 46,511	¥ 19,350	¥ 195,921	¥ 72,767	¥ 389,828

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)	¥ 116,192
30-89 days past due	4,906
90-179 days past due	3,473
180-359 days past due	4,753
360 days or more past due	953
Total	¥ 130,277

As for the companies engaged in corporate businesses and retail finance business, the recorded investments of financing receivables of 90 days or more past due and accruing were considered minor.

Balance at March 31, 2011:
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

As for the companies engaged in retail finance business, 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 were as follows.
Balance at December 31, 2011:

	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	¥16,965	¥ 3,352	¥11,244	¥ 9,301	¥6,778	¥ 6,041	¥8,637	¥ 7,973
Without allowance for credit losses	—	—	524	—	677	—	262	—
Total	¥16,965	¥ 3,352	¥11,768	¥ 9,301	¥7,455	¥6,041	¥8,899	¥ 7,973
Average investment in impaired financing Receivables in the nine-month period ended December 31, 2011	¥19,289		¥12,350		¥9,179		¥10,774	
Average investment in impaired financing Receivables in the three-month period ended December 31, 2011	¥18,215		¥12,558		¥9,608		¥ 9,061	

	Millions of Yen					
	Corporate Businesses				Retail Finance Business	
	Others		Total		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 9,621	¥ 4,683	¥ 53,245	¥ 31,350	¥ 9,870	¥ 5,930
Without allowance for credit losses	1,145	—	2,608	—	—	—
Total	¥ 10,766	¥ 4,683	¥ 55,853	¥ 31,350	¥ 9,870	¥ 5,930
Average investment in impaired financing Receivables in the nine-month period ended December 31, 2011	¥ 12,916		¥ 64,507		¥ 9,001	
Average investment in impaired financing Receivables in the three-month period ended December 31, 2011	¥ 11,008		¥ 60,449		¥ 9,802	

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal. Interest income recognized on impaired financing receivables was considered minor in the nine-month and three-month periods ended December 31, 2011.

Balance at March 31, 2011:

	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

	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

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.

Financing receivables on nonaccrual status

The companies recognize interest income on the accrual-basis. However, for companies engaged in corporate businesses, interest on impaired financing receivables is primarily recognized on a cash basis. For companies engaged in retail finance business, interest is recognized on a 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.

The amounts of the recorded investments in financing receivables on nonaccrual status were as follows.

Balance at December 31, 2011:

Millions of Yen						
Corporate Businesses						Retail Finance Business
Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total	
¥ 3,729	¥ 11,768	¥ 7,448	¥ 19,898	¥ 10,765	¥ 53,608	¥ 9,870

Balance at March 31, 2011:

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

Troubled Debt Restructurings

The companies classify, receivables as troubled debt restructurings ("TDRs") as the receivables which: 1) had their conditions modified through concluding an agreement for deferred payment or reduction of interest and 2) are considered outstanding from borrowers which are experiencing financial difficulty. For receivables classified as TDRs, the companies measure the allowance for doubtful accounts in consideration of the fair value of collateral and risk of changes in future cash flow due to an extension of due date.

The following table provides information on loans and financing receivables modified as TDRs within the retail finance business due to an extension of the due date during the nine-month and three-month periods ended December 31, 2011.

Millions of Yen			
Nine-Month period Ended December 31,2011		**Three-Month period Ended December 31,2011**	
Pre-Modification Outstanding Recorded Investment	**Post-Modification Outstanding Recorded Investment**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**
¥ 9,482	¥ 9,190	¥ 3,153	¥ 3,126

The increase in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the nine-month and three-month periods ended December 31, 2011 were considered minor.
As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

The amounts of financing receivables modified as TDRS and subsequently defaulted for both the corporate business and the retail finance business after the beginning of the three-month period ended June 30,2011 were considered minor.

5. PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL

Pledged assets

At December 31, 2011 and March 31, 2011, 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	
	December 31, 2011	March 31, 2011
Trade receivables (current and non-current)	¥ 64,511	¥ 95,977
Inventories	17,855	6,954
Investments	176,426	168,683
Property leased to others (net book value)	22,307	26,531
Property and equipment (net book value)	50,800	41,106
Other	17,657	16,418
Total	¥ 349,556	¥ 355,669

The distribution of such collateral among short-term debt, long-term debt, and financial guarantees and other was as follows:

	Millions of Yen	
	December 31, 2011	March 31, 2011
Short-term debt	¥ 26,600	¥ 12,901
Long-term debt	134,851	158,302
Financial guarantees and other	188,105	184,466
Total	¥ 349,556	¥ 355,669

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.

Financial assets accepted as collateral

At December 31, 2011 and March 31, 2011, 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	
	December 31, 2011	March 31, 2011
Bank deposits	¥ 851	¥ 917
Trade receivables—accounts	1,975	1,781
Stocks and bonds	4,467	4,935

There were no financial assets repledged or accepted as collateral under security repurchase agreements at December 31, 2011 and March 31, 2011.

6. *PENSION COSTS AND SEVERANCE INDEMNITIES*

Net periodic pension costs of the companies' defined benefit pension plans for the nine-month and three-month periods ended December 31, 2011 and 2010 included the following components:

	Millions of Yen			
	Nine-month period ended December 31, 2011		**Nine-month period ended December 31, 2010**	
Service cost – benefits earned during the period	¥	6,430	¥	6,776
Interest cost on projected benefit obligation		4,677		4,807
Expected return on plan assets		(5,853)		(5,999)
Amortization of prior service cost		33		243
Amortization of net actuarial loss		7,217		5,598
Curtailment gain		-		(9)
Net periodic pension costs	¥	12,504	¥	11,416

	Millions of Yen			
	Three-month period ended December 31, 2011		**Three-month period ended December 31, 2010**	
Service cost – benefits earned during the period	¥	2,229	¥	1,879
Interest cost on projected benefit obligation		1,552		1,634
Expected return on plan assets		(1,945)		(1,991)
Amortization of prior service cost		12		172
Amortization of net actuarial loss		2,403		1,833
Curtailment gain		-		(3)
Net periodic pension costs	¥	4,251	¥	3,524

7. EQUITY

Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests

During the nine-month periods ended December 31, 2011 and 2010, changes in Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests were as follows:

	Millions of Yen		
	Nine-month period ended December 31, 2011		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period………………………………	¥ 2,366,192	¥ 187,142	¥ 2,553,334
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(98,537)	—	(98,537)
Dividends paid to noncontrolling interest shareholders	—	(10,938)	(10,938)
Comprehensive income:			
Net income..	340,248	26,993	367,241
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities..	(49,144)	(4,890)	(54,034)
Foreign currency translation adjustments	(150,749)	(8,320)	(159,069)
Defined benefit pension plans..	2,682	1	2,683
Net unrealized (losses) gains on derivatives………..……..	(9,612)	100	(9,512)
Total..	133,425	13,884	147,309
Sales and purchases of treasury stock	(9)	—	(9)
Equity transactions with noncontrolling interest shareholders and other…………………………..………..……………..	1,160	8,150	9,310
Balance at end of period	¥2,402,231	¥ 198,238	¥2,600,469

	Millions of Yen		
	Nine-month period ended December 31, 2010		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period………………………………	¥ 2,230,128	¥ 199,678	¥ 2,429,806
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(56,590)	—	(56,590)
Dividends paid to noncontrolling interest shareholders	—	(9,863)	(9,863)
Comprehensive income:			
Net income..	275,822	22,569	298,391
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities..	(42,767)	(7,123)	(49,890)
Foreign currency translation adjustments	(114,575)	(9,510)	(124,085)
Defined benefit pension plans..	3,948	1	3,949
Net unrealized losses on derivatives………..……………..	(11,407)	(323)	(11,730)
Total..	111,021	5,614	116,635
Sales and purchases of treasury stock	(224)	—	(224)
Equity transactions with noncontrolling interest shareholders and other…………………………..………..……………..	93	22,583	22,676
Balance at end of period	¥2,284,428	¥ 218,012	¥2,502,440

Equity transactions with noncontrolling interest shareholders

During the nine-month periods ended December 31, 2011 and 2010, changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of Yen	
	Nine-month period ended	
	December 31, 2011	December 31, 2010
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	¥ 7,252	¥ 8,566
Decrease in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	(1,010)	(314)

Increase in noncontrolling interests related to newly consolidated entities

During the nine-month period ended December 31, 2011, ¥2,725 million of a noncontrolling interest was included in "Equity transactions with noncontrolling interest shareholders and other" attributable to the noncontrolling interests as a result of the acquisition of Portek International Limited ("Portek"). Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of multipurpose ports. See Note 2, "BUSINESS COMBINATIONS," for further information regarding the Company's acquisition of Portek.

During the nine-month period ended December 31, 2010, ¥12,602 million of a noncontrolling interest was included in "Equity transactions with noncontrolling interest shareholders and other" attributable to the noncontrolling interests as a result of the consolidation of MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon"). See Note 2, "BUSINESS COMBINATIONS," for further information regarding MT Falcon's acquisition of gas-fired power business.

Gains recorded due to the deconsolidation of subsidiaries

During the nine-month period ended December 31, 2011, the companies deconsolidated certain subsidiaries due to the merger of a subsidiary with a third party and the sale of their entire interests, and through these transactions recognized a net pre-tax loss of ¥768 million. This net loss was included in gain on sales of securities – net in the Statements of Consolidated Income. Of the net total of ¥768 million, a gain of ¥259 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using a discounted cash flow model. The retained investment is accounted for under the equity method because the companies maintain significant influence over the investee primarily through representation on its board of directors.

During the nine-month period ended December 31, 2010, the companies deconsolidated certain subsidiaries mainly due to the merger of a subsidiary with a third party and the sale of the entire interest in another subsidiary to a third party, and through these transactions recognized a net pre-tax gain of ¥536 million. This net gain was included in gain on sales of securities – net in the Statements of Consolidated Income. Of the net total of ¥536 million, a gain of ¥1,554 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.

8. 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 nine-month and three-month periods ended December 31, 2011 and 2010:

	Nine-Month Period Ended December 31, 2011			**Nine-Month Period Ended December 31, 2010**		
	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
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	¥ 340,248	1,824,826	¥ 186.46	¥ 275,822	1,824,716	¥ 151.16
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	(13)	—		(1)	—	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	¥ 340,235	1,824,826	¥ 186.45	¥ 275,821	1,824,716	¥151.16

	Three-Month Period Ended December 31, 2011			**Three-Month Period Ended December 31, 2010**		
	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
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	¥ 112,987	1,824,824	¥ 61.92	¥ 92,588	1,824,668	¥ 50.74
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	(2)	—		0	—	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	¥ 112,985	1,824,824	¥ 61.92	¥ 92,588	1,824,668	¥ 50.74

9. SEGMENT INFORMATION

Nine-month period ended December 31, 2011:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥142,845	¥439,945	¥214,247	¥683,061	¥1,223,636	¥544,741	¥103,621	¥53,224
Gross Profit	¥32,633	¥158,404	¥67,039	¥49,795	¥167,161	¥74,713	¥34,146	¥20,835
Operating Income (Loss)	¥7,918	¥141,833	¥(5,937)	¥8,572	¥134,564	¥20,802	¥(13,791)	¥(5,485)
Equity in Earnings (Losses) of Associated Companies—Net	¥2,732	¥109,084	¥29,725	¥4,420	¥39,126	¥3,073	¥(24,339)	¥5,417
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥7,392	¥160,770	¥18,014	¥10,153	¥133,960	¥16,748	¥(31,154)	¥5,837
Total Assets at December 31, 2011	¥492,616	¥1,010,494	¥1,276,150	¥671,419	¥1,553,238	¥814,987	¥589,041	¥423,113
Investments in and advances to associated companies at December 31, 2011	¥25,188	¥517,842	¥331,704	¥71,533	¥155,268	¥65,354	¥183,038	¥73,182
Depreciation and amortization	¥1,600	¥10,909	¥6,869	¥5,865	¥57,362	¥5,835	¥3,439	¥4,463
Additions to property leased to others and property and equipment	¥1,473	¥37,692	¥41,829	¥8,319	¥132,342	¥4,734	¥3,620	¥2,010

Nine-month period ended December 31, 2011:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥399,405	¥90,285	¥50,099	¥3,945,109	¥1,710	-	¥3,946,819
Gross Profit	¥57,166	¥13,583	¥8,721	¥684,196	¥384	¥(7,516)	¥677,064
Operating Income (Loss)	¥19,840	¥(604)	¥(3,111)	¥304,601	¥(4,050)	¥(11,189)	¥289,362
Equity in Earnings (Losses) of Associated Companies—Net	¥2,907	¥472	¥3,567	¥176,184	-	¥119	¥176,303
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥11,872	¥69	¥37,235	¥370,896	¥1,539	¥(32,187)	¥340,248
Total Assets at December 31, 2011	¥402,592	¥86,942	¥273,722	¥7,594,314	¥2,905,387	¥(1,882,358)	¥8,617,343
Investments in and advances to associated companies at December 31, 2011	¥35,679	¥1,613	¥124,730	¥1,585,131	¥(224)	¥43,312	¥1,628,219
Depreciation and amortization	¥4,133	¥538	¥321	¥101,334	¥329	¥7,255	¥108,918
Additions to property leased to others and property and equipment	¥9,302	¥1,040	¥646	¥243,007	¥550	¥5,209	¥248,766

Nine-month period ended December 31, 2010 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥140,337	¥353,947	¥203,563	¥622,861	¥1,009,840	¥443,935	¥107,169	¥54,838
Gross Profit	¥33,329	¥137,588	¥69,787	¥53,124	¥152,846	¥57,502	¥36,014	¥28,848
Operating Income (Loss)	¥8,544	¥123,741	¥5,648	¥15,503	¥106,467	¥8,680	¥(7,824)	¥6,842
Equity in Earnings of Associated Companies—Net	¥3,210	¥84,538	¥21,850	¥3,221	¥35,109	¥3,229	¥3,879	¥8,136
Net Income Attributable to Mitsui & Co., Ltd	¥7,377	¥124,186	¥16,265	¥9,844	¥94,355	¥4,028	¥767	¥3,555
Total Assets at December 31, 2010	¥513,231	¥1,027,815	¥1,451,901	¥672,770	¥1,515,876	¥702,893	¥504,939	¥387,620
Investments in and advances to associated companies at December 31, 2010	¥24,852	¥473,702	¥308,256	¥61,322	¥152,743	¥82,624	¥107,901	¥69,865
Depreciation and amortization	¥2,016	¥9,453	¥9,367	¥5,311	¥60,674	¥5,340	¥3,693	¥3,376
Additions to property leased to others and property and equipment	¥608	¥31,189	¥34,624	¥10,469	¥117,676	¥5,776	¥1,420	¥6,440

Nine-month period ended December 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	¥287,594	¥104,937	¥43,062	¥3,372,083	¥1,692	¥(2)	¥3,373,773
Gross Profit	¥58,274	¥13,344	¥11,670	¥652,326	¥666	¥391	¥653,383
Operating Income (Loss)	¥19,260	¥1,390	¥(251)	¥288,000	¥(3,973)	¥(35,455)	¥248,572
Equity in Earnings of Associated Companies—Net	¥4,830	¥112	¥2,757	¥170,871	-	¥652	¥171,523
Net Income Attributable to Mitsui & Co., Ltd	¥12,543	¥52	¥30,030	¥303,002	¥3,214	¥(30,394)	¥275,822
Total Assets at December 31, 2010	¥403,399	¥105,104	¥314,338	¥7,599,886	¥2,715,907	¥(1,729,930)	¥8,585,863
Investments in and advances to associated companies at December 31, 2010	¥19,659	¥3,192	¥121,674	¥1,425,790	¥990	¥42,128	¥1,468,908
Depreciation and amortization	¥4,270	¥538	¥485	¥104,523	¥448	¥6,428	¥111,399
Additions to property leased to others and property and equipment	¥9,559	¥1,718	¥450	¥219,929	¥156	¥5,938	¥226,023

Three-month period ended December 31, 2011:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥47,601	¥139,526	¥73,286	¥203,464	¥427,337	¥194,069	¥35,499	¥19,063
Gross Profit	¥10,270	¥48,336	¥23,332	¥15,252	¥58,615	¥24,751	¥10,865	¥7,345
Operating Income (Loss)	¥2,306	¥42,656	¥(858)	¥1,969	¥48,151	¥6,529	¥(4,902)	¥(2,367)
Equity in Earnings (Losses) of Associated Companies—Net	¥1,072	¥26,388	¥6,878	¥2,532	¥14,328	¥1,919	¥(4,103)	¥1,852
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥2,848	¥49,014	¥7,970	¥2,492	¥46,561	¥3,910	¥(5,775)	¥3,822
Total Assets at December 31, 2011	¥492,616	¥1,010,494	¥1,276,150	¥671,419	¥1,553,238	¥814,987	¥589,041	¥423,113
Investments in and advances to associated companies at December 31, 2011	¥25,188	¥517,842	¥331,704	¥71,533	¥155,268	¥65,354	¥183,038	¥73,182
Depreciation and amortization	¥528	¥3,626	¥2,315	¥2,268	¥21,703	¥1,896	¥1,257	¥1,683
Additions to property leased to others and property and equipment	¥634	¥13,812	¥14,219	¥3,339	¥42,431	¥1,295	¥2,424	¥349

Three -month period ended December 31, 2011:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥134,369	¥26,861	¥16,243	¥1,317,318	¥469	¥2	¥1,317,789
Gross Profit	¥18,554	¥4,779	¥2,531	¥224,630	¥182	¥(1,674)	¥223,138
Operating Income (Loss)	¥6,178	¥208	¥(1,509)	¥98,361	¥(1,232)	¥(2,442)	¥94,687
Equity in Earnings (Losses) of Associated Companies—Net	¥432	¥(5)	¥1,063	¥52,356	-	¥(47)	¥52,309
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥1,527	¥585	¥11,408	¥124,362	¥(154)	¥(11,221)	¥112,987
Total Assets at December 31, 2011	¥402,592	¥86,942	¥273,722	¥7,594,314	¥2,905,387	¥(1,882,358)	¥8,617,343
Investments in and advances to associated companies at December 31, 2011	¥35,679	¥1,613	¥124,730	¥1,585,131	¥(224)	¥43,312	¥1,628,219
Depreciation and amortization	¥1,366	¥152	¥103	¥36,897	¥79	¥2,410	¥39,386
Additions to property leased to others and property and equipment	¥2,792	¥372	¥34	¥81,701	¥484	¥1,444	¥83,629

Three -month period ended December 31, 2010 (As restated):	Millions of Yen Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
Revenues	¥47,179	¥128,783	¥78,735	¥217,672	¥341,756	¥159,768	¥32,972	¥17,098
Gross Profit	¥11,103	¥46,510	¥24,872	¥18,041	¥48,967	¥19,935	¥10,987	¥7,147
Operating Income (Loss)	¥2,930	¥42,049	¥3,096	¥6,114	¥33,095	¥3,615	¥(3,209)	¥300
Equity in Earnings (Losses) of Associated Companies—Net	¥1,245	¥38,364	¥8,323	¥1,313	¥12,994	¥1,683	¥2,168	¥1,924
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥2,403	¥46,975	¥6,399	¥4,028	¥29,442	¥1,034	¥(809)	¥264
Total Assets at December 31, 2010	¥513,231	¥1,027,815	¥1,451,901	¥672,770	¥1,515,876	¥702,893	¥504,939	¥387,620
Investments in and advances to associated companies at December 31, 2010	¥24,852	¥473,702	¥308,256	¥61,322	¥152,743	¥82,624	¥107,901	¥69,865
Depreciation and amortization	¥674	¥3,483	¥4,260	¥1,780	¥22,995	¥1,932	¥1,265	¥1,673
Additions to property leased to others and property and equipment	¥242	¥9,347	¥10,561	¥2,180	¥40,899	¥1,608	¥395	¥400

Three -month period ended December 31, 2010 (As restated):	Millions of Yen Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenues	¥97,112	¥33,974	¥13,722	¥1,168,771	¥677	¥(2)	¥1,169,446
Gross Profit	¥20,068	¥3,884	¥3,796	¥215,310	¥268	¥(17)	¥215,561
Operating Income (Loss)	¥4,248	¥(101)	¥(176)	¥91,961	¥(1,245)	¥(11,969)	¥78,747
Equity in Earnings (Losses) of Associated Companies—Net	¥1,964	¥66	¥1,360	¥71,404	-	¥166	¥71,570
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥2,750	¥(324)	¥10,331	¥102,493	¥1,117	¥(11,022)	¥92,588
Total Assets at December 31, 2010	¥403,399	¥105,104	¥314,338	¥7,599,886	¥2,715,907	¥(1,729,930)	¥8,585,863
Investments in and advances to associated companies at December 31, 2010	¥19,659	¥3,192	¥121,674	¥1,425,790	¥990	¥42,128	¥1,468,908
Depreciation and amortization	¥1,420	¥128	¥137	¥39,747	¥169	¥1,668	¥41,584
Additions to property leased to others and property and equipment	¥1,847	¥785	¥140	¥68,404	¥67	¥1,406	¥69,877

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 December 31, 2011 and 2010 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 Nine-month period ended December 31, 2011 includes (a) ¥14,059 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥2,824 million for pension related items, and (c) ¥11,074 million related to tax items including adjustments for difference between actual tax rate and intercompany tax rate, and so on.

Net Income Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the Nine-month period ended December 31, 2010 includes (a) ¥16,155 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥5,046 million for pension related items, and (c) ¥8,706 million related to tax items including adjustments for difference between actual tax rate and intercompany tax rate, and so on.

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended December 31, 2011 includes (a) ¥4,450 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥993 million for pension related items, and (c) ¥4,684 million related to tax items including adjustments for difference between actual tax rate and intercompany tax rate, and so on.

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended December 31, 2010 includes (a) ¥5,013 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥1,700 million for pension related items, and (c) ¥2,934 million related to tax items including adjustments for 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) During the three-month period ended June 30, 2011, the company has changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate the regional business strategy. Effective April 1, 2011, the business units of the Head Office oversee operations in China, Taiwan, Korea and CIS. The information related to the companies in the above areas is included in the operating segment information of the related business units. In accordance with this change, the operating segment information for the nine-month and the three-month period ended December 31, 2010 has been restated to conform to the current period presentation.

(5) During the three-month period ended June 30, 2011, "Logistics & Financial Markets" segment changed its name to "Logistics & Financial Business. "

(6) 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.

10. *INCOME TAXES*

The effective tax rates were 42.6% and 54.0% for the nine-month periods ended December 31, 2011 and 2010, respectively. The effective tax rates were 32.1% and 67.2% for the three-month periods ended December 31, 2011 and 2010, respectively. The decrease in the effective tax rates was mostly due to the reversal of deferred tax liabilities on undistributed retained earnings of associated companies pursuant to the tax reforms to decrease the normal statutory tax rate in Japan.

"Income Taxes" includes the gain on the reversal of the deferred tax assets and liabilities-net of ¥21,477 million recorded to reflect the new laws which were enacted on November 30, 2011 and will be effective April 1, 2012.

11. *CONTINGENT LIABILITIES AND COMMITMENTS*

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC460, "Guarantees," at December 31 and March 31, 2011. 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 December 31, 2011.

	Millions of Yen				
	Amount outstanding	**Recourse provisions/ collateral**	**Maximum potential amount of future payments**	**Carrying amount of liabilities**	**Expire no later than**
December 31, 2011:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 69,734	¥ 12,406	¥ 118,679	¥ 1,286	2045
Guarantees for associated companies	150,548	6,775	213,808	4,553	2046
Guarantees to financial institutions for employees' housing loans	3,893	—	3,893	—	2036
Total	¥ 224,175	¥ 19,181	¥ 336,380	¥ 5,839	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 71,296	¥ 66,882	¥ 71,296	—	2012
Residual value guarantees of leased assets	6,680	—	6,680	—	2016
Total	¥ 77,976	¥ 66,882	¥ 77,976	—	
Derivative instruments	¥ 6,273	—	¥ 6,273	¥ 258	

	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	

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 December 31 and March 31, 2011, will expire through 2018 and 2016, 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 December 31 and March 31, 2011, will expire through 2025 and 2022, respectively.

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.

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 December 31 and March 31, 2011, 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.

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 Investment Company Ltd. (“Sakhalin Energy”), in which the Company holds a 12.5% equity interest, as stipulated in the bank loan agreement not being granted nor perfected, the Company terminated the credit guarantee agreement in relation to the bank borrowings of Sakhalin Energy. 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 nine-month periods ended December 31, 2011 and 2010 are as follows:

	Millions of Yen	
	December 31, 2011	**December 31, 2010**
Balance at beginning of the period	¥ 4,748	¥ 5,762
Payments made in cash or in kind	(422)	(408)
Accrual for warranties issued during the period	321	495
Changes in accrual related to pre-existing warranties	(140)	(768)
Balance at end of the period	¥ 4,507	¥ 5,081

II. LITIGATION

See Note 16, “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.

III. SIGNIFICANT LOAN COMMITMENT

As of December 31, 2011, the companies are committed to provide a loan amounting up to US$ 6.75 billion to a subsidiary of Corporación Nacional del Cobre de Chile (“CODELCO”). The commitment period will be from January 3, 2012 to April 1, 2012, extendable in certain circumstances up to August 1, 2012.

12. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure Projects, Chemical and Foods & Retail 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 December 31 and March 31, 2011. 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 VIEs”), and whose primary activity is providing loans (“Loan VIEs”). These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The total assets of the Real estate development VIE as of December 31 and March 31, 2011 are ¥5,791 million and ¥5,185 million, respectively; and the total assets of the Vessel chartering VIEs as of December 31 and March 31, 2011 are ¥21,637 million and ¥2,658 million, respectively; and the total assets of the Loan VIEs as of December 31 and March 31, 2011 are ¥33,653 million and ¥21,216 million, respectively.

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 as of December 31 and March 31, 2011 are ¥4,378 million and ¥4,354 million, respectively was included in the Consolidated Balance Sheets.

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 nine-month period ended December 31, 2011 and for the year ended March 31, 2011.

The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the companies except for certain entities.

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 VIEs and the companies' maximum exposure to loss as of December 31, 2011 are ¥1,526,126 million and ¥107,733 million, respectively. The total assets of the VIEs and the companies' maximum exposure to loss as of March 31, 2011 were ¥1,535,336 million and ¥108,966 million, respectively. 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 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 maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of December 31 and March 31, 2011.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the nine-month period ended December 31, 2011 and for the year ended March 31, 2011.

13. 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 derivative instruments and 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 December 31, 2011 and March 31, 2011 were as follows:

	Billions of Yen	
	December 31, 2011	**March 31, 2011**
Foreign exchange contracts	¥ 2,710	¥ 2,590
Interest rate contracts	1,890	1,611
Commodity contracts	28,910	26,469
Other contracts	—	1
Total derivative notional amounts	¥ 33,510	¥ 30,671

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 derivative instruments and 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 nine-month and three-month periods ended December 31, 2011 and 2010.

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 nine-month and three-month periods ended December 31, 2011 and 2010.

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 nine-month and three-month periods ended December 31, 2011 and 2010:

Nine-Month Period Ended December 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	¥ (9,825)	Interest rate contracts and foreign exchange contracts	¥ 9,766
Other (income) expenses—net	Long-term debt	(1,721)	Foreign exchange contracts	1,351
Cost of products sold	Firm commitments and inventories	(238)	Commodity contracts	239
Total		¥ (11,784)		¥ 11,356

Nine-Month Period Ended December 31, 2011	Millions of Yen			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**

Nine-Month Period Ended December 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	¥ (12,059)	Interest rate contracts and foreign exchange contracts	¥ 11,899
Other (income) expenses—net	Long-term debt	(5,049)	Foreign exchange contracts	4,896
Cost of products sold	Firm commitments and inventories	1,639	Commodity contracts	(1,640)
Total		¥ (15,469)		¥ 15,155

Three-Month Period Ended December 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	¥ (1,779)	Interest rate contracts and foreign exchange contracts	¥ 1,910
Other expenses—net	Long-term debt	1,056	Foreign exchange contracts	(1,218)
Cost of products sold	Firm commitments and inventories	57	Commodity contracts	(56)
Total		¥ (666)		¥ 636

Three-Month Period Ended December 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	¥ 3,387	Interest rate contracts and foreign exchange contracts	¥ (3,446)
Other expenses—net	Long-term debt	92	Foreign exchange contracts	(199)
Cost of products sold	Firm commitments and inventories	1,105	Commodity contracts	(1,105)
Total		¥ 4,584		¥ (4,750)

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 nine-month and three-month periods ended December 31, 2011 and 2010.

The estimated net amounts of the existing gains or losses in AOCI at December 31, 2011 and March 31, 2011 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥2,062 million and ¥991 million, respectively.

As of December 31, 2011 and March 31, 2011, 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 12 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 December 31, 2011 and March 31, 2011:

Derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

Derivative instruments	Balance sheet location	December 31, 2011 Fair value	March 31, 2011 Fair value	Balance sheet location	December 31, 2011 Fair value	March 31, 2011 Fair value
	Millions of Yen					
Foreign exchange contracts	Derivative assets	¥ 13,218	¥ 8,113	Derivative liabilities	¥ 6,268	¥ 4,147
	Non-current receivables, less unearned interest	22,946	15,299	Other Long-Term Liabilities	2,067	3,093
Interest rate contracts.	Derivative assets	594	374	Derivative liabilities	191	448
	Non-current receivables, less unearned interest	25,741	23,702	Other Long-Term Liabilities	6,990	2,165
Commodity contracts	Derivative assets	104	51	Derivative liabilities	122	580
Total		¥ 62,603	¥ 47,539		¥ 15,638	¥ 10,433

Derivative instruments not designated as hedging instruments under ASC 815 "Derivatives and Hedging"

Derivative instruments	Balance sheet location	December 31, 2011 Fair value	March 31, 2011 Fair value	Balance sheet location	December 31, 2011 Fair value	March 31, 2011 Fair value
	Millions of Yen					
Foreign exchange contracts	Derivative assets	¥ 19,219	¥ 19,029	Derivative liabilities	¥ 24,618	¥ 25,830
	Non-current receivables, less unearned interest	21,527	14,090	Other Long-Term Liabilities	23,118	19,917
Interest rate contracts.	Derivative assets	744	1,418	Derivative liabilities	1,431	984
	Non-current receivables, less unearned interest	9,133	8,323	Other Long-Term Liabilities	12,373	10,081
Commodity contracts	Derivative assets	636,600	717,647	Derivative liabilities	641,518	729,793
	Non-current receivables, less unearned interest	542,475	351,415	Other Long-Term Liabilities	580,612	368,440
Credit contracts				Derivative liabilities	—	17
Total		¥ 1,229,698	¥ 1,111,922		¥ 1,283,670	¥ 1,155,062

Non-derivative designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen	
		December 31, 2011	March 31, 2011
Hedging instruments	**Balance sheet location**	**Carrying amount**	**Carrying amount**
Foreign-currency-denominated debt............	Current maturities of long-term debt	¥ 14,079	¥ 35,200
	Long-term Debt, less Current Maturities	241,520	184,397
Total		¥ 255,599	¥ 219,597

The following tables present the amount affecting the Statements of Consolidated Income and other comprehensive income for the nine-month and three-month periods ended December 31, 2011 and 2010:

Derivative instruments in ASC 815 fair value hedging relationships

Nine-Month Period Ended December 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain recognized in income of derivative instruments**	**Amount of gain recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 21
	Other (income) expenses—net	1,351
Interest rate contracts....................................	Interest expense	9,745
Commodity contracts....................................	Cost of products sold	239
Total..		¥ 11,356

Nine-Month Period Ended December 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	Interest expense	¥ 104
	Other (income) expenses—net	4,896
Interest rate contracts....................................	Interest expense	11,795
Commodity contracts....................................	Cost of products sold	(1,640)
Total..		¥ 15,155

Three-Month Period Ended December 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	Interest expense	¥ 131
	Other expenses—net	(1,218)
Interest rate contracts....................................	Interest expense	1,779
Commodity contracts....................................	Cost of products sold	(56)
Total..		¥ 636

Three-Month Period Ended December 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	Interest expense	¥ 110
	Other expenses—net	(199)
Interest rate contracts....................................	Interest expense	(3,556)
Commodity contracts....................................	Cost of products sold	(1,105)
Total..		¥ (4,750)

Derivative instruments in ASC 815 cash flow relationships

Nine-Month Period Ended December 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	¥ 1,728	Sales of products	¥ 1,428		
		Cost of products sold	25		
		Other (income) expenses—net	1,892		
Interest rate contracts.........	(4,678)	Interest expense	1,123		
Commodity contracts.........	(211)			Sales of products	¥ 282
Total..................................	¥ (3,161)		¥ 4,468		¥ 282

Nine-Month Period Ended December 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	¥ 3,679	Sales of products	¥ 3,595		
		Other (income) expenses—net	(226)		
Interest rate contracts.........	(1,281)	Interest income	179		
		Sales of products	119		
Commodity contracts.........	95	Cost of products sold	324	Sales of products	¥ 244
Total..................................	¥ 2,493		¥ 3,991		¥ 244

Three -Month Period Ended December 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	¥ 10,126	Sales of products	¥ (4)		
		Cost of products sold	(100)		
		Other expenses—net	3,367		
Interest rate contracts.........	(276)	Interest expense	381		
Commodity contracts.........	484			Sales of products	¥ 65
Total..................................	¥ 10,334		¥ 3,644		¥ 65

Three-Month Period Ended December 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	¥ 4,394	Sales of products	¥ 4,491		
		Other expenses—net	351		

Three-Month Period Ended December 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
Interest rate contracts.........	127	Interest income	109		
		Interest expense	12		
Commodity contracts.........	(78)	Sales of products sold	54	Sales of products	¥ (160)
		Cost of products sold	198		
Total..................................	¥ 4,443		¥ 5,215		¥ (160)

Derivative instruments and hedging instruments in ASC 815 net investment hedging relationships

Nine-Month Period Ended December 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	¥ 19,656	Gain on sales of securities—net	¥ 424	Interest income	¥ (104)
				Other (income) expenses—net	2,468
Foreign-currency -denominated debt.....	11,972	Gain on sales of securities—net	3,931	Other (income) expenses—net	215
Total	¥ 31,628		¥ 4,355		¥ 2,579

Nine-Month Period Ended December 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	¥ 3,698			Interest expense	¥ (162)
				Other (income) expenses—net	584
Foreign-currency -denominated debt.....	21,475				
Total	¥ 25,173				¥ 422

Three-Month Period Ended December 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	¥ (2,301)			Interest income	¥ 14
				Other expenses—net	(698)
Foreign-currency -denominated debt.....	(2,092)			Other expenses—net	48
Total	¥ (4,393)				¥ (636)

Three-Month Period Ended December 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	¥ (683)			Interest expense	¥ (61)
				Other expenses—net	6
Foreign-currency -denominated debt.....	6,058	Other expenses—net	¥ (188)		
Total	¥ 5,375		¥ (188)		¥ (55)

Derivative instruments not designated as hedging instruments under ASC 815

Nine-Month Period Ended December 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	Sales of products	¥ (1,956)
	Other sales	(330)
	Cost of products sold	(1,552)
	Other (income) expenses—net	12,988
Interest rate contracts	Other sales	2,291
	Interest expense	807
	Other cost	(444)
Commodity contracts	Sales of products	16,503
	Other sales	16,880
	Cost of products sold	(2,239)
Total		¥ 42,948

Nine-Month Period Ended December 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	¥ 375
	Cost of products sold	(1,824)
	Other (income) expenses—net	14,906
Interest rate contracts	Other sales	859
	Interest expense	2,344
	Other (income) expenses—net	118
Commodity contracts	Sales of products	(11,274)
	Other sales	17,348
	Cost of products sold	471
	Other (income) expenses—net	(226)
Total		¥ 23,097

Three-Month Period Ended December 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	Sales of products	¥ (3,515)
	Other sales	(308)
	Cost of products sold	394
	Other expenses—net	(495)
Interest rate contracts	Other sales	(236)
	Interest expense	329
	Other cost	112
Commodity contracts	Sales of products	4,814
	Other sales	5,341
	Cost of products sold	(3,369)
Total		¥ 3,067

Three-Month Period Ended December 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	¥ 734
	Cost of products sold	(440)
	Other expenses—net	6,657
Interest rate contracts	Other sales	(75)
	Interest expense	356
	Other expenses—net	215
Commodity contracts	Sales of products	(6,623)
	Other sales	1,440
	Cost of products sold	(2,176)
	Other expenses—net	908
Total		¥ 996

Credit-risk-related contingent features

Certain of the companies' derivative instruments, mainly 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 December 31, 2011 and March 31, 2011, was ¥21,543 million and ¥39,807 million, respectively (¥9,851 million and ¥11,604 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 ¥5,851 million and ¥7,560 million in the normal course of business associated with these contracts were posted at December 31, 2011 and March 31, 2011, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2011 and March 31, 2011, 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 ¥4,097 million and ¥4,139 million, respectively.

14. 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 3, "MARKETABLE SECURITIES AND OTHER INVESTMENTS" and Note 15, "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 15, "FAIR VALUE MEASUREMENTS."

The estimated fair values of certain financial instruments at December 31 and March 31, 2011 were as follows:

	Millions of Yen			
	December 31, 2011		**March 31, 2011**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities.....	¥3,477,444	¥3,477,444	¥3,553,033	¥3,553,033
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)…..	286,239	288,224	295,004	296,239
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities…	1,979,359	1,979,359	1,892,492	1,892,492
Long-term debt (including current maturities)….................	3,382,545	3,467,181	3,299,571	3,369,342

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.

15. *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 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.

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. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. These securities are classified as level 2. Other non-marketable equity securities, apart from these classified as level 2, and the investments in unlisted associated companies 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 December 31, 2011 and March 31, 2011 are as follows:

December 31, 2011	Millions of Yen				
	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)	¥ 319,618	—	—		
Marketable equity securities (Non-Japan)	34,924	—	¥ 10,888		
Preferred stock that must be redeemed	—	¥ 50,396	—		
Government bonds	—	20	—		
Other securities	—	45	—		
Total equity securities and debt securities	¥ 354,542	¥ 50,461	¥ 10,888		¥ 415,891
Derivative assets					
Foreign exchange contracts	—	¥ 76,910	—		
Interest rate contracts	¥ 5,562	30,650	—		
Commodity contracts	45,526	1,133,194	¥ 459		
Total derivative assets (current and non-current)	¥ 51,088	¥ 1,240,754	¥ 459	¥(1,146,021)	¥ 146,280
Total assets	¥ 405,630	¥ 1,291,215	¥ 11,347	¥(1,146,021)	¥ 562,171
Liabilities:					
Derivative liabilities					
Foreign exchange contracts	—	¥ 56,071	—		
Interest rate contracts	¥ 4,798	16,187	—		
Commodity contracts	32,442	1,189,324	¥ 486		
Total derivative liabilities (current and non-current)	¥ 37,240	¥ 1,261,582	¥ 486	¥(1,198,585)	¥ 100,723
Total liabilities	¥ 37,240	¥ 1,261,582	¥ 486	¥(1,198,585)	¥ 100,723

March 31, 2011	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)	¥ 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

* 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.

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine-month period ended December 31, 2011 is as follows:

	Millions of Yen	
December 31, 2011	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,374	¥ 236
Total gains or losses (realized/unrealized):	533	671
Included in earnings	533	671
Included in other comprehensive income (loss) ..	—	—
Purchases, sales, issuances, and settlements:	2,581	(728)
Purchases	2,581	—
Sales	—	—
Issuances	—	—
Settlements	—	(728)
Transfers into and/or (out of) Level 3	—	(203)
Translation adjustments	(600)	(3)
Ending balance	¥10,888	¥ (27)
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	¥ 533	¥ 27

	Millions of Yen			
	Other sales	**Cost of products sold**	**Other (income) expenses—net**	**Total gains**
Total gains included in earnings for the period....................	¥ 431	¥ 722	¥ 51	¥ 1,204
Change in unrealized gains relating to assets still held at the reporting date	451	58	51	560

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine-month period ended December 31, 2010 is as follows:

	Millions of Yen	
December 31, 2010	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,663	¥ (6,551)
Total gains or losses (realized/unrealized):	(94)	(1,063)
Included in earnings	(94)	(1,063)
Included in other comprehensive income (loss) ..	—	—
Purchases, sales, issuances, and settlements:	1,265	6,978
Transfers into and/or (out of) Level 3	—	—
Translation adjustments	(1,190)	397
Ending balance	¥ 8,644	¥ (239)
The amount of total (losses) or gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	¥ (94)	¥ 132

	Millions of Yen		
	Other sales	**Cost of products sold**	**Total (losses) or gains**
Total losses included in earnings for the period	¥ (222)	¥ (935)	¥ (1,157)
Change in unrealized gains or (losses) relating to assets still held at the reporting date	155	(117)	38

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended December 31, 2011 is as follows:

December 31, 2011	Millions of Yen Fair value measurements using significant unobservable inputs (Level 3) Equity securities and debt securities Marketable equity securities (Non-Japan)	Derivative assets (liabilities)—net Commodity contracts
Beginning balance	¥ 9,970	¥ 44
Total gains or losses (realized/unrealized):	—	278
Included in earnings	—	278
Included in other comprehensive income (loss)	—	—
Purchases, sales, issuances, and settlements:	771	(172)
Purchases	771	—
Sales	—	—
Issuances	—	—
Settlements	—	(172)
Transfers into and/or (out of) Level 3	—	(175)
Translation adjustments	147	(2)
Ending balance	¥10,888	¥ (27)
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	—	¥ 325

	Millions of Yen Other sales	Cost of products sold	Total gains
Total (losses) or gains included in earnings for the period	¥ (14)	¥ 292	¥ 278
Change in unrealized gains relating to assets still held at the reporting date	3	322	325

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended December 31, 2010 is as follows:

	Millions of Yen	
December 31, 2010	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,795	¥ (1,188)
Total gains or losses (realized/unrealized):	(94)	296
Included in earnings	(94)	296
Included in other comprehensive income (loss) ..	—	—
Purchases, sales, issuances, and settlements:	188	629
Transfers into and/or (out of) Level 3	—	—
Translation adjustments	(245)	24
Ending balance	¥ 8,644	¥ (239)
The amount of total (losses) or gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	¥ (94)	¥ 449

	Millions of Yen		
	Other sales	**Cost of products sold**	**Total gains**
Total (losses) or gains included in earnings for the period	¥ (89)	¥ 291	¥ 202
Change in unrealized gains relating to assets still held at the reporting date............	66	289	355

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. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. Other non-marketable equity securities, apart from these classified as level 2, 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 nine-month and three-month periods ended December 31, 2011 and December 31, 2010 are as follows:

	Millions of Yen				
		Fair value measurements using			Nine-month period ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 6,319	—	¥ 1,844	¥ 4,475	¥ (2,597)
Non-Japan	10,283	—	3,860	6,423	(7,722)
Total non-marketable equity securities	¥ 16,602	—	¥ 5,704	¥ 10,898	¥ (10,319)
Investments in associated companies					
Japan	¥ 37,141	¥ 36,043	—	¥ 1,098	¥ (13,684)
Non-Japan	6,725	6,725	—	0	(19,418)
Total investments in associated companies	¥ 43,866	¥ 42,768	—	¥ 1,098	¥ (33,102)

	Millions of Yen				
		Fair value measurements using			Nine-month period ended December 31, 2010
	Fair value	Level 1	Level 2	Level 3	Total (losses) or gains
Non-marketable equity securities					
Japan	¥ 5,796	—	¥ 750	¥ 5,046	¥ (893)
Non-Japan	3,155	—	—	3,155	(3,855)
Total non-marketable equity securities	¥ 8,951	—	¥ 750	¥ 8,201	¥ (4,748)
Investments in associated companies					
Japan	¥ 17,502	¥ 13,060	—	¥ 4,442	¥ (4,859)
Non-Japan	20,364	—	—	20,364	354
Total investments in associated companies	¥ 37,866	¥ 13,060	—	¥ 24,806	¥ (4,505)

	Millions of Yen				
		Fair value measurements using			Three-month period ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 2,032	—	¥ 1,844	¥ 188	¥ (1,300)
Non-Japan	1,858	—	—	1,858	(393)
Total non-marketable equity securities	¥ 3,890	—	¥ 1,844	¥ 2,046	¥ (1,693)
Investments in associated companies					
Japan	¥ 3,593	¥ 2,495	—	¥ 1,098	¥ (69)
Non-Japan	6,725	6,725	—	0	(4,619)
Total investments in associated companies	¥ 10,318	¥ 9,220	—	¥ 1,098	¥ (4,688)

	Millions of Yen				
		Fair value measurements using			Three-month period ended December 31, 2010
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 121	—	—	¥ 121	¥ (30)
Non-Japan	1,090	—	—	1,090	(2,293)
Total non-marketable equity securities	¥ 1,211	—	—	¥ 1,211	¥ (2,323)

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 as 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 nine-month and three-month periods ended December 31, 2011 and December 31, 2010 are as follows:

	Millions of Yen				
		Fair value measurements using			Nine-Month Period Ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 4,395	—	—	¥ 4,395	¥ (5,214)
Goodwill	1,742	—	—	1,742	(2,305)

	Millions of Yen				
		Fair value measurements using			Nine-Month Period Ended December 31, 2010
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 2,346	—	—	¥ 2,346	¥ (3,114)

	Millions of Yen				
		Fair value measurements using			Three-Month Period Ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 1,097	—	—	¥ 1,097	¥ (3,097)
Goodwill	0	—	—	0	(445)

	Millions of Yen				
		Fair value measurements using			Three-Month Period Ended December 31, 2010
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 1,288	—	—	¥ 1,288	¥ (587)

16. THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO

On April 20, 2010, the Deepwater Horizon, a third party semi-submersible drilling rig 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 (Incident). At the time of the Incident, MOEX Offshore 2007 LLC (MOEX Offshore), a 100% subsidiary of MOEX USA Corporation (MOEX USA), owned a 10% working interest in the block as a non-operator (Interest). On September 19, 2010, 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 at the time of the Incident, publicly announced that the operations to plug the well were successfully completed in cooperation with U.S. government agencies. MOEX USA is a 100% subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) in which Mitsui & Co., Ltd. (Mitsui) has a 70.45% equity interest.

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) with regard to the Incident. Pursuant to the Settlement, the MOEX Parties made payment of US$1.065 billion and MOEX Offshore assigned to BP the Interest and most of the MOEX Parties' claims against other parties involved in the Incident. BP, under the terms of the Settlement, waived and released all of its claims against the MOEX Parties and all other Mitsui companies. In addition, the BP Parties agreed to fully indemnify the MOEX Parties and all other Mitsui companies as to the claims, except for those described below, arising from the Incident. The indemnification covers, for example, claims asserted under the Oil Pollution Act of 1990 (OPA). Excepted from the BP Parties' indemnification obligation are fines, penalties or sanctions (collectively, Penalties) assessed against the MOEX Parties, and punitive damages, solely to the extent arising from conduct of the MOEX Parties. There are 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 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-net" for the nine-month period ended December 31, 2010.
As a result of the Settlement, Mitsui recognized in the financial statements the effects of subsequent events of the Settlement, and recognized the Settlement amount as "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31, 2011, and "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2011.
The Settlement amount recognized as "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2011 was paid during the nine-month period ended December 31, 2011.

As of February 13, 2012, Mitsui is not able to estimate the total amount of the liabilities that it and its consolidated subsidiaries may incur as a result of the Incident that are in addition to the liabilities that have previously been recognized as a result of the Settlement, but is recording an amount, which is not material, in accordance with appropriate accounting practice as related accounting liabilities for costs and claims not covered under the indemnity by the BP Parties as of December 31, 2011. However, this is not intended to represent an opinion of Mitsui that it and its consolidated subsidiaries will not incur any material future liability related to the Incident. Rather, it is the result of the application of accounting rules, under which loss recognition is not required in situations where a loss is not considered probable or cannot be reasonably estimated, to the currently available set of facts as summarized below.

A complaint filed by the United States in 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 United States alleges that MOEX Offshore, because of its Interest at the time of the Incident, 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 the federal district court for the Eastern District of Louisiana, two gulf coast states and local governmental entities filed complaints seeking from the MOEX Parties and others penalties, punitive damages and other relief under state environmental and other laws.
Most of the civil lawsuits brought by various types of businesses, government, property owners and individuals, seeking recovery for alleged property damages, personal injuries and economic losses caused by the Incident, and alleged injuries and damages caused by post-incident clean up activities, as well as the lawsuits brought by the United States seeking penalties and other relief described above, were sent for pretrial proceedings to a federal district court judge in the Eastern District of Louisiana (MDL Proceedings) and separated into several bundles based upon the nature of the claims being asserted. An admiralty action and cross-claims were filed

against the MOEX Parties, as part of the MDL Proceedings, seeking indemnification and contribution as to claims filed against certain of the other defendants in the MDL proceedings. In addition to the above claims, the plaintiffs in some of the civil lawsuits have requested the award of punitive damages from the MOEX Parties and others.

On August 26, 2011 and September 30, 2011, the court dismissed a number of the causes of action filed against the MOEX Parties and others in the bundles of cases seeking recovery by private parties for alleged economic loss and property damage and for personal injury and costs caused by the clean-up efforts. Similarly, on November 14, 2011 and December 9, 2011, the court dismissed all state law claims, including the civil penalty claims, and maritime negligence claims against MOEX Offshore and MOEX USA filed by the gulf coast states and local governmental entities. On November 18, 2011, the court dismissed the indemnification and contribution claims filed by co-defendants against MOEX Offshore and MOEX USA. While these orders are not final, for these bundles, the state law and maritime claims against MOEX Offshore and MOEX USA were dismissed by these orders. As the result of these orders, the only claims that remain in these bundles of cases against MOEX Offshore and MOEX USA, except those claims brought by the United States, are those arising under OPA. Further, the court stated that punitive damages are not available under OPA.

The Bureau of Ocean Energy Management, Regulation and Enforcement's portion of a joint report, dated September 14, 2011, that it prepared with the United States Coast Guard, addressed the causes of the Incident. The report stated that there were a variety of factors that led to the Incident, and did not identify any actions on the part of MOEX Parties as being among those factors. Various other government investigations into the Incident are ongoing.

A trial of a number of the issues presented by the lawsuits that are part of the MDL Proceedings is scheduled to start on February 27, 2012.

Under the terms of the Settlement, the MOEX Parties are continuing to defend all the claims filed against them in the MDL Proceedings. As noted above, punitive damages, solely to the extent arising from conduct of the MOEX Parties, if awarded, as well as Penalties, will not be covered by the indemnification provided by the BP Parties in the Settlement. However, because these lawsuits are still on-going, the MOEX Parties currently are unable to reasonably estimate the total amount of their liability for Penalties and their liability, if any, for punitive damages.

The MOEX Parties have sought insurance coverage with respect to the Incident, but the maximum potential insurance recovery is substantially less than the Settlement amount.