Annual Securities Report
for the fiscal year ended March 31, 2013

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Mitsui & Co., Ltd. filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 21, 2013.

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

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

A Cautionary Note on Forward-Looking Statements

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

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

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

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

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1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

Fiscal year			94th	93rd	92nd	91st	90th
Year ended			March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Consolidated financial data							
	Revenues	(Millions of Yen)	4,911,609	5,251,602	4,679,443	4,096,445	5,504,789
	Income from continuing operations before income taxes and equity in earnings	(Millions of Yen)	314,098	413,211	272,697	126,040	242,178
	Net income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	307,926	434,497	306,659	149,719	177,607
	Comprehensive income (loss) attributable to Mitsui & Co., Ltd.	(Millions of Yen)	631,260	373,029	191,345	353,671	(218,115)
	Total trading transactions	(Millions of Yen)	10,049,637	10,481,166	9,942,472	9,358,379	13,125,144
	Total Mitsui & Co., Ltd. shareholders' equity	(Millions of Yen)	3,181,819	2,641,318	2,366,192	2,230,128	1,881,663
	Total equity	(Millions of Yen)	3,440,104	2,860,810	2,553,334	2,429,806	2,111,446
	Total assets	(Millions of Yen)	10,324,581	9,011,823	8,598,124	8,368,984	8,364,243
	Shareholders' equity per share	(Yen)	1,743.34	1,447.34	1,296.66	1,222.11	1,033.22
	Basic net income attributable to Mitsui & Co., Ltd. per share	(Yen)	168.72	238.10	168.05	82.12	97.59
	Diluted net income attributable to Mitsui & Co., Ltd. per share	(Yen)	-	-	168.05	82.11	97.32
	Shareholders' equity ratio	(%)	30.82	29.31	27.52	26.65	22.50
	Return on Equity (ROE)	(%)	10.58	17.35	13.34	7.28	8.74
	Price Earnings Ratio (PER)	(Times)	7.78	5.70	8.87	19.13	10.10
	Net cash provided by operating activities	(Millions of Yen)	461,430	380,984	504,474	632,360	582,666
	Net cash used in investing activities	(Millions of Yen)	(753,297)	(438,191)	(484,021)	(180,093)	(290,892)
	Net cash provided by (used in) financing activities	(Millions of Yen)	221,635	57,394	33,820	(214,445)	(9,774)
	Cash and cash equivalents at end of year	(Millions of Yen)	1,425,174	1,431,112	1,441,059	1,401,399	1,147,809
	Number of employees (excluding average number of part-time employees)	(Number of persons)	45,148 (16,750)	44,805 (19,413)	40,026 (19,378)	41,454 (19,507)	39,864 (18,990)

(Notes)
1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America.
2. Total trading transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.
3. Revenues and total trading transactions do not include consumption taxes.
4. "Shareholders' equity" or "equity" in shareholders' equity per share, shareholders' equity ratio and return on equity (ROE) in the above table refers to "Total Mitsui & Co., Ltd. shareholders' equity" in the consolidated balance sheets.
5. Diluted net income attributable to Mitsui & Co., Ltd. per share in the 94th and 93rd fiscal years is not disclosed as there are no dilutive potential shares.

2. History

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

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

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

Jul. 1947	Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000
May 1949	Listed on Tokyo Stock Exchange
Nov. 1954	Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange
Apr. 1956	Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.)
Feb. 1959	Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.)
Feb. 1959	Listed on Fukuoka Stock Exchange
Jan. 1963	Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine)
May 1963	Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in 1971)
Feb. 1965	Decided to participate in Robe River iron mine in Australia
Apr. 1966	Established Mitsui & Co. (U.S.A.), Inc.
Oct. 1966	Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
Mar. 1971	Split off lease business and established Mitsui leasing, Ltd. (currently JA Mitsui Leasing, Ltd.)
Sept. 1971	Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi
Oct. 1971	Signed basic agreement on Iran Petrochemical Project
May 1976	Established Aim Services Co., Ltd. with ARA (currently ARAMARK Corporation)
Nov. 1976	Moved head office to Otemachi, Chiyoda-ku, Tokyo, where it is at present
Jul. 1985	Participated in North West Shelf LNG project in Western Australia
Apr. 1988	Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC)
Dec. 1990	Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd.
Oct. 1991	Introduced Chief Operating Officer system
Feb. 1994	Established P.T. Paiton Energy, an electric power company in Indonesia
Jun. 1994	Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects
Apr. 2002	Introduced Managing Officer system
Mar. 2003	Participated in ownership interest in International Methanol Company of Saudi Arabia
Jun. 2003	First appointment of external director
Sept. 2003	Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company
Apr. 2004	Abolished Domestic Branches and Offices Segment and included them in each business unit by product
Apr. 2006	Introduced overseas regional business unit system (currently three overseas regional business unit system)
Jun. 2007	Acquired Steel Technologies, Inc., a U.S. steel processing service center
Feb. 2010	Decided to participate in the Marcellus Shale Gas production development project in the US
Apr. 2011	Delisted from NASDAQ (deregistered from the U.S. Securities and Exchange Commission (the "SEC") in July 2011)
Aug. 2012	Established a strategic alliance with Codelco and participated in a joint venture to jointly hold shares of Anglo American Sur S.A.

3. Business Overview

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

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

During the year ended March 31, 2013, Foods & Retail Segment and the Consumer Service Business Unit that were included in the Consumer Service & IT Segment were aggregated into the Lifestyle Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and for the emerging economies' consumers that are expected to expand.
Additionally, the Logistics & Financial Business Segment and the IT Business Unit that were included in the Consumer Service & IT Segment were aggregated into the Innovation & Cross Function Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation.

We have 410 affiliated companies for consolidation, which consist of 192 overseas subsidiaries, 76 domestic subsidiaries, 104 overseas associated companies and 38 domestic associated companies.

(1) Business Overview

Iron & Steel Products Segment

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit. Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥40.6 billion or 5.1% and minus ¥2.9 billion or minus 0.9% of our consolidated totals, respectively.

This segment handles various iron and steel products used in a wide range of industries including the automotive, appliances, transportation, construction and energy sectors. They, together with 7 subsidiaries and 13 associated companies, serve customers in these industries worldwide and provide support services for steel manufacturers. The Iron & Steel Products Segment conducts, trading, marketing, processing and distribution of:

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

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

This segment is engaged in the following:

- This segment has established steel service centers, galvanizing and tin-plating facilities with Japanese and overseas dominant steel makers and other local partners in order to meet the rising demand from manufacturers of automotive, appliances and others that have their production centers all over the world. Shanghai Bao-Mit Steel Distribution Co., Ltd. (China), a joint venture established with Shanghai Baosteel Group Corporation, a Chinese integrated steel manufacturer, is one of the most representative cases.
- Recently, this segment has focused on businesses in emerging countries whose steel products markets have grown rapidly. In Asia, Regency Steel Asia Pte Ltd. (Singapore), a steel products wholesale subsidiary has expanded its wholesale operations. In India, this segment established Mahindra Sanyo Special Steel Co., Ltd. with Mahindra Group and Sanyo Special Steel Co., Ltd. to manufacture and sell specialty steel. This segment also focuses on business opportunities in Russia by investing in steel processing and wholesale for automotive, and building materials with local partners, to meet the demand which is anticipated to grow in the developing markets.
- This segment frequently draws upon the unit’s logistics expertise in delivering a wide range of materials and products processed properly in large volume under an optimized schedule along with expertise in project financing. This segment also take advantage of the business relationships and marketing channels of other business units in the fields of mineral and metal resources, energy, industrial plants, shipping and machinery. This enabled this segment to be involved in various industrial projects including the Papua New Guinea LNG project operated by Exxon Mobil Corporation and the Ichthys LNG Project in Australia operated by INPEX CORPORATION where this segment supplied steel pipes and the mining projects operated by Rio Tinto plc and Vale S.A. supplying rails for minerals transportation.
- In January 2013, this segment has agreed with Gestamp Automoción, S.A. (“GA”), one of the world's largest manufacturers of automotive components, to acquire up to 30% stake in controlling companies of GA’s North and South American operations (“GA’s Americas Companies”) and entered into definitive agreements. This segment will contribute to expand the sales and further growth of enterprise value of GA’s Americas Companies by the combination of its steel supply network, logistics, financing and supply of new materials.
- In the domestic market which has substantially matured, this segment concentrates on strengthening its sales force and the improvement of the operational efficiency, mainly at Mitsui & Co. Steel Ltd. In addition, its export business of automobile, shipbuilding and construction were transferred to and have been operated at Mitsui & Co. Steel Ltd. in order to respond to the needs of steel products supply to overseas and joint businesses with domestic customers, which have accelerated to advance overseas.

Through a combination of trading and investment, this segment is strengthening its earnings base by building a network of business alliances with leading companies in Japan and overseas, and continues to globally expand its business fields by collaborating with other Mitsui business units to develop operations in other growth markets around the world.

Mineral & Metal Resources Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥158.7 billion or 20.1% and ¥90.5 billion or 29.4% of our consolidated totals, respectively.

This segment, together with 14 subsidiaries and 10 associated companies, is engaged in various business activities including:

- trading, investment, logistics management and transportation services related to iron and steel raw materials, including but not limited to iron ore, metal scrap and ferro-alloys;
- trading, investment, logistics management and transportation of non-ferrous metal raw materials and ingots including but not limited to copper, lead, zinc, nickel, aluminium, alumina, magnesium, cobalt and titanium; as well as sales and marketing of semi-fabricated non-ferrous products such as construction materials; and
- metal recycling and environmental solutions business.

In the field of iron and steel raw materials, this segment started investments in raw materials sourcing projects in the 1960’s based on concept of “develop-and-import,” aiming at stable procurement of those raw materials for the Japanese iron and steel industries.

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

Iron Ore Mining Activities

Joint Venture or Investee	Mitsui's Subsidiary or Associated Company	Name of Mines*	Location	Mitsui's Percentage of Ownership	Other Major Participants and Their Percentages of Ownership	
Robe River Iron Associates	Mitsui Iron Ore Development Pty. Ltd.	Mesa A, Mesa J, West Angelas	Pilbara Region, Western Australia	33.00%	Rio Tinto Nippon Steel & Sumitomo Metal	53.00% 14.00%
Mt. Newman Joint Venture	Mitsui-Itochu Iron Pty. Ltd.	Mt. Whaleback	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Yandi Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Yandi	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Mt. Goldsworthy Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Mining Area C	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%

* Name of the most significant mines for each project is provided.

In September 2012, Robe River Iron Associates, included in the above table, decided to expand the iron ore export capacity at Cape Lambert by 70 million tons per year and to renew the existing port facilities. Cape Lambert is currently in the process to increase its nameplate capacity from 86 million tons to 139 million tons per year, and with the completion of the above mentioned expansion, its nameplate capacity will reach 209 million tons per year.
In addition, this segment has a 15% ownership interest (or 18.2% in terms of voting shares as of March 31, 2013), of Valepar S.A., the controlling shareholder of Vale S.A. in Brazil. Vale S.A. is a mining enterprise with operations that include mining of iron ore, non-ferrous metals, coal and fertilizers. This segment purchased the ownership interest in Valepar S.A. in September 2003. When Vale S.A. made a public offering of its shares in July 2008, Valepar S.A., exercised its priority subscription rights, in an intention to maintain its controlling ownership at Vale S.A., and Mitsui together with other Valepar S.A. shareholders subscribed a newly issued redeemable preferred shares of Valepar S.A. on a pro rata basis.

Iron ore mining businesses remain our core business, and continue to focus on investments for the enhancement of production capacity and operational efficiency in existing mining operations. Although iron ore demand in China, the world's largest crude steel producer, is not growing as rapidly as it used to, iron ore demand at the emerging countries are still expanding, and we aim to increase our equity production tonnage in a mid to long term. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of this segment's iron ore mining projects, and review and analysis of operating results of the Mineral & Metal Resources Segment in "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows" regarding the projects' production status and outlook on prices of iron ore.

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

	Revenues Billions of Yen			
	Revenues from Sales of Products		Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Iron Ore Producing Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2013	¥256.6	¥276.4	¥7.3	¥540.3
2012	¥289.3	¥270.6	¥7.8	¥567.7

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

This segment recognizes recycling as industrial solutions to environmental problems, and has set metal recycling business as one of its key businesses. In Japan, through Mitsui Bussan Metals Co., Ltd., a wholly owned subsidiary, this segment engages in wide range of products and services in metal resources, recycling and non-ferrous metal products. This segment also holds 17.7% of the issued ordinary shares of Sims Metal Management Limited (Australia), a metal and electronics recycler with worldwide operating bases in Australia and Europe in addition to North America, its main operating zone.

This segment participates in a joint venture named Erdos EJM Manganese Alloy Co., Ltd., which produces Silico-Manganese (annual production capacities of about 150,000 tons) in the Inner Mongolia Autonomous Region, China, with 24.5% ownership, together with Erdos Electrical Power and Metallurgical Co., Ltd. ("Erdos EPMC") and JFE Steel Corporation, a major Japanese integrated steel manufacturer. Erdos EPMC operates five major businesses in the Inner Mongolia Autonomous Region: power generation, coal mining, ferrous alloy production, water pumping from the Yellow River and chemical businesses. This segment holds a 25% share ownership in Erdos EPMC. In July 2010 and September 2012, when Erdos EPMC carried out capital increase in an amount of 1.4 billion Chinese yuan (approximately ¥18.0 billion) and 1.5 billion Chinese yuan (approximately ¥18.6 billion) respectively, Mitsui joined on a pro-rata basis, adding 350 million Chinese yuan (approximately ¥4.5 billion) and 375 million Chinese yuan (approximately ¥4.7 billion) of investment, respectively.

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

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

- This segment participates in copper mining activities in Chile, through Compañía Minera Doña Inés de Collahuasi SCM (Chile) with a 7.4% interest and Los Pelambres copper mine with a 1.3% interest, which have annual production capacities of approximately 500,000 tons and 420,000 tons of copper, respectively. In addition, in May 2010 this segment acquired a 25% interest in Caserones copper and molybdenum mining project in Chile, which had been 100% held by Pan Pacific Copper Co., Ltd. This segment reviewed the project, taking inflationary effects on construction materials, equipments and labor costs and engineering design development as well as stronger Chilean peso against the US dollar led by higher copper price, into consideration. As a result, estimates for the capital expenditure for the project is expected to increase to approximately US$3 billion from original estimates of US$2 billion. Despite the increase in the capital expenditure, the project still has sufficient economics. In line with the original schedule, production started in 2013 and the average annual production volume in the first ten years is expected to be about 180,000 tons of copper and about 3,000 tons of molybdenum.
- In August 2012, this segment sealed a strategic alliance with Corporación Nacional del Cobre de Chile ("Codelco") and entered into an agreement with Codelco to provide a loan for the acquisition of Anglo American Sur S.A. ("Anglo Sur") shares and to jointly hold 29.5% of the Anglo Sur shares. In addition, to further strengthen the close relationship between the two companies, a long-term copper sales and purchase contract was entered into by the two. This segment, through MMRD Gama Limitada (Chile), an investment subsidiary, provided a short-term (3 months) bridge loan of US$1.9 billion, for the acquisition of Anglo Sur shares. Under this loan agreement, at the maturity of this short-term bridge loan, Mitsui had the option to propose, and Codelco may determine whether or not to accept, a new loan agreement under which a part of the short-term bridge loan will be repaid by the 15.25% share of Inversiones Mineras Acrux SpA (Chile) ("Acrux"), a joint venture company between Mitsui and Codelco, and remaining US$0.9 billion will be converted to a 20 years term loan.
  As to the Anglo Sur shares, Mitsui and Codelco have agreed to jointly hold 29.5% of it through Acrux. Mitsui paid US$1.1 billion to underwrite the third party allocation of newly issued shares of Acrux, acquiring approximately 17% of Acrux.
  In November 2012, pursuant to the bridge loan extended in August of the same year, execution of a new loan agreement and a 15.25% transition of Acrux shares from Codelco to Mitsui were agreed. Under the new loan agreement, a part of the short-term bridge loan was repaid with the 15.25% shares of Acrux and the remainder was converted into a 20-year term loan. As a result of the above, Mitsui currently holds 32.20% of

Acrux shares. This segment expects that these agreements will form the basis for the development of broader and closer business relationship between this segment and Codelco.

- This segment participates with 18% interest in a nickel-cobalt smelting project named Coral Bay in the Rio Tuba area in the Republic of Philippines, which has been developed jointly with Sumitomo Metal Mining Co., Ltd. ("SMM"), Sojitz Corporation and a local partner. In February 2007, decision to participate in the expansion plan for the second production line was made, and in July 2010 efficiency of the first production line was improved. As a result, the current production capacity became 24,000 tons for Nickel content and 1,500 tons for cobalt content per annum from the original capacity of 10,000 tons and 750 tons, respectively. In September 2010, this segment decided to participate in the Taganito nickel project in the Philippines, which has been developed by SMM with a 15% interest. Production capacity of the project is expected to be 30,000 tons for Nickel content and 2,600 tons for cobalt content per annum. In April 2005, this segment, jointly with SMM, concluded an agreement for participation in the Vale Nouvelle Caledonie Nickel Project in New Caledonia, which has been developed by former Inco Limited (currently called Vale Canada Limited). This project experienced an equipment trouble during its test operation phase commenced in the beginning of 2010, which resulted in a delay in the launch of full-scale production. However, with the completion of the repair works, production started by the end of 2012, and this project is expected to produce about 60,000 tons of nickel and about 4,000 to 5,000 tons of cobalt per annum eventually. In October 2012, after deliberation with Vale Canada Limited regarding the sharing of the large repair cost incurred due to the equipment trouble, Mitsui and SMM agreed with Vale Canada Limited not to undertake additional investment, in excess of the project cost of US$ 4.6 billion, caused by the equipment trouble. While Mitsui and SMM's collective ownership interest in Vale Nouvelle Caledonie S.A.S, the operator of this project, decreased from 21% to 14.5%, Mitsui and SMM intend to continue going forward with their participation in the project. Under this agreement, Mitsui and SMM have an option to recover the collective ownership interest in Vale Nouvelle Caledonie S.A.S, subject to future condition of operation at the project.
- This segment directly and indirectly has a total 15% interest in NIPPON AMAZON ALUMINIUM CO., LTD. (Japan) which has invested in aluminium smelting and alumina refining business in Brazil. Under a recognition that aluminium continues to be a significant industrial material, this segment pursues relevant business opportunities.

This segment has selected lithium, rare-earth element, and tungsten to be pursued proactively and has been studying development and undertaking feasibility studies of various rare metal projects.

Machinery & Infrastructure Segment

The Machinery & Infrastructure Segment consists of three business units, the Infrastructure Projects Business Unit, the Motor Vehicles & Construction Machinery Business Unit and the Marine & Aerospace Business Unit. In April 2013, this segment re-grouped these three to two, Infrastructure Projects Business Unit and Advanced Transportation System Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥104.3 billion or 13.2% and ¥20.5 billion or 6.7% of our consolidated totals, respectively.

Infrastructure Projects Business Unit

The business activities of the Infrastructure Projects Business Unit, together with 25 subsidiaries and 14 associated companies, cover a wide range of involvement in project development, construction, business operations and management, implementation and related services, including:

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

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

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

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

In addition to the conventional EPC approach of acting as an intermediary between project owners and sub-contractors, this business unit is increasing activities which often involve arrangement of sophisticated financing schemes, business operations and management through equity participation, and operation and maintenance of plant and facilities after their construction completion. Based on this concept, the unit has been proactively investing in several types of infrastructure projects as follows.

Electric Power Area

The independent power producer ("IPP") business overseas lies as a core domain. Most of these IPP projects operate under long-term power sales contracts with users such as state-owned electricity companies, which enable them to forecast long-term and stable returns. Mitsui participates in 54 power producing projects in 19 countries including the below-mentioned projects. Those are consisted of gas-fired (48%), coal-fired (32%), renewable energy including wind power, solar photovoltaic power and solar thermal power (8%) and others including hydro power (12%). The combined power generation capacities for our equity share as of the end of March 2013 were 5,944 MW including those under construction of 303 MW.

- This business unit has a 40.5% voting interest in P.T. Paiton Energy, an Indonesian power producer, which owns Paiton 1 and Paiton 3 coal fired power plants at the Paiton Power Generation Complex in East Java, Indonesia. P.T. Paiton Energy sells electricity to P.T. PLN (Persero), a government-owned electric utility company, under a long-term power purchase agreement which is valid until the year 2040 for Paiton 1 power plant (1,230MW). P.T. Paiton Energy started selling electricity to P.T. PLN (Persero) for 30 years from March 2012 under a long-term power purchase agreement for Paiton 3 power plant (815MW).
- IPM Eagle LLP and IPM (UK) Power Holdings Limited, which this business unit established jointly with GDF Suez S.A., are involved in the overseas power producing businesses. IPM Eagle LLP (ownership: GDF Suez S.A. 70% and Mitsui 30%) owns and operates eight power plants in Europe, Australia and Puerto Rico (2,496 MW in total) as of March 2013. IPM (UK) Power Holdings Limited (ownership: GDF Suez S.A. 75% and Mitsui 25%) owns and operates five power plants in the United Kingdom (4,978 MW in total) as of March 2013. Some of the above-mentioned projects sell electricity at wholesale on the power market, instead of supplying it under long-term contracts, so that the joint ventures optimize their profit structure.
- Furthermore, this business unit has agreed with a subsidiary of GDF Suez S.A. to participate in the Jirau hydropower project (3,750MW) in Brazil in May 2013 (ownership: GDF Suez S.A. 40%, Mitsui 20% and others 40%). The project is to construct and operate a run-of-the river hydropower plant. A long-term power purchase agreements for 30 years and a loan agreement on a project finance basis has already been executed and full commercial operation with all 50 turbines is expected to start in 2015.
- In June 2010 this business unit and Tokyo Gas Co., Ltd. acquired from Gas Natural SDG, S.A. a portfolio of five power companies and relevant companies including a pipeline company in Mexico through MT Falcon Holdings Company S.A.P.I. de C.V. (Mexico) (Ownership: Mitsui 70% and Tokyo Gas Co., Ltd. 30%). Subsequently, this business unit sold its economic stake in MT Falcon Holdings Company S.A.P.I. de C.V. to Chubu Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. in March 2011, resulting in this business unit's ownership of 40%. The power companies have an aggregate generating capacity of 2,233 MW. The full generating capacity of the power companies is contracted to the Mexican national

power authority, Comision Federal de Electricidad under long-term (25 years) power purchase agreements.

Energy and Basic Industries Area

- MITSUI GAS E ENERGIA DO BRASIL LTDA. invests in seven local gas distribution companies with a 24.5% interest in each, with other shareholders, Petrobras Gas S.A., and the respective state governments in Brazil. In December 2012, Mit Gas Mexico, S. de R.L. de C.V. (Mexico) participated in gas distribution business in Mexico through an acquisition of 15% interests in Gas Natural México, S.A. de C.V.
- Mitsui and Petróleo Brasileiro S.A. (“Petrobras”), a Brazilian state-owned oil company, own a drillship through P & M Drilling International B.V. (Netherlands), an operating vehicle company established in equal shares, and engage in leasing for an operator, who will in turn provide the services with Petrobras. This business unit is proceeding with the project together with the Marine & Aerospace Business Unit.
- Mit Investment Manzanillo B.V. (Mexico) participates in a Build-Own-Operate (BOO) project of the LNG receiving terminal in Manzanillo for Comisión Federal de Electricidad. This business unit holds a 37.5% interest in this project and the facility started commercial operation in June 2012. Meanwhile, this business unit divested a 25% interest in the LNG terminal in Altamira, Mexico, together with other shareholders in September 2011.

Water Treatment Area

- Atlatec, S.A. de C.V., a water and wastewater treatment engineering and construction company in Mexico, specializes in design, construction and operation of industrial and municipal water and wastewater treatment plants and currently owns, operates and develops water treatment facilities for Petroleos Mexicanos, a Mexican state-owned oil company, and for several states in Mexico jointly with the Americas Segment.
- This business unit acquired 22 water treatment operation assets in China from Hyflux Ltd., the leading provider of integrated water management in Singapore, and one of that company’s affiliates, through Galaxy NewSpring Pte. Ltd., a 50:50 joint venture created by this business unit and Hyflux Ltd. in November 2010. Galaxy NewSpring Pte. Ltd. acquired two additional operational assets in China in December 2011. Galaxy NewSpring Pte. Ltd. will continue to capture the growing water infrastructure demand in China, and expand its water business with new customers such as local governments and industrial parks.

Transportation Area

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

- In North America, Mitsui Rail Capital, LLC. (United States) engages in operating leasing of freight cars for railway companies and logistics management and maintenance service of freight cars for coal transportation to power companies.
- In Brazil, Mitsui Rail Capital Participaçãoes Ltda. engages in long-term leasing of freight cars, locomotives and grain terminals for subsidiaries of major grain shippers of the United States and major railroad companies.
- In Europe, Mitsui Rail Capital Europe B.V. and its subsidiary, MRCE Dispolok GmbH (Germany), engage in operating leasing of locomotives in Europe.
- In September 2012, this business unit formed a 50:50 joint venture with ICT Group, a Russian conglomerate, and started railroad rolling stock lease business in Russia and the CIS.

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

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

Motor Vehicle & Construction Machinery Business Unit

The Motor Vehicle & Construction Machinery Business Unit, together with 23 subsidiaries and 20 associated companies, is engaged in the following business activities:

- Import and export, manufacturing, distribution and dealerships of motor vehicles, motor cycles and their parts, retail finance; and
- Leasing, sales and service of industrial machinery including mining and construction equipment, production equipment and machine tools.

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

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

- This business unit operates PT. Bussan Auto Finance, a retail finance subsidiary for Yamaha motorcycles;
- This business unit has an ownership stake in Penske Automotive Group, Inc., an automobile dealership group in the United States, with a 17.2% voting share. By combining what they learned from our involvement in Penske Automotive Group, Inc. with their knowledge of the global market, this business unit continues to explore other opportunities to expand into retail dealership operations in growth markets, such as Russia, China and Brazil;
- This business unit handles the logistics operations for automobile parts for some of Toyota’s manufacturing operations in North America, Europe, India and China and acquired Veloce Logistica S.A. in December 2011, which provides logistics operations for automobile parts for automobile assemblers in Brazil and Argentine; and
- This business unit divested an 8% voting share in ASAHI TECH CORPORATION (Japan), a manufacturer of ductile iron cast parts and aluminium forged parts for major automakers in April 2012 through a tender offer bid made by ATC HOLDINGS II Co., Ltd.

In this business unit’s mining and construction machinery and industrial machinery business, it has been acquiring and establishing distributors and dealers in major overseas markets, in order to respond to growing worldwide demand for these products. This business unit is engaged in distribution of construction machinery and mining equipment, such as off-road mining dump trucks and hydraulic excavators through Komatsu-Mitsui Maquinarias Peru S.A., Road Machinery, LLC (United States) and KOMEK Machinery LLC (Russia). In Australia, Komatsu Marketing Support Australia Pty Ltd (formerly Komatsu Australia Pty Ltd), an associated company, has extended distribution of construction machinery and mining equipment business. Meanwhile, Komatsu Australia Corporate Finance Pty., Ltd. and National Plant and Equipment Pty Limited are engaged in the leasing of those equipments. This business unit is also engaged in trading and distribution of high-precision machine tools. Jointly with Mori Seiki Co., Ltd., this business unit promotes sales and service business through Ellison Technologies, Inc. (United States). Both Road Machinery, LLC and Ellison Technologies, Inc. were acquired jointly with the Americas Segment. While this business unit controls Road Machinery LLC from the viewpoint of merchandise oriented strategy, the Americas Segment controls Ellison Technologies, Inc. to put more importance on regional business strategy.

Marine & Aerospace Business Unit

The Marine & Aerospace Business Unit, together with 11 subsidiaries and 16 associated companies, is engaged in the following business activities:

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

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

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

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

- In December 2007, Mitsui, NYK Bulkship (Europe) Ltd. and Teekay Corporation in a three company consortium, entered into a contract for the long-term charter of four new LNG vessels from the Angola LNG Project, which is developed by Chevron, Angola national oil company Sonangol and others, and are delivered during August 2011 and January 2012.
- In June 2009, together with Nippon Yusen Kabushiki Kaisha, Kawasaki Kisen Kaisha Ltd. and Japan Drilling Co., Ltd., this business unit invested in Etesco Drilling Services, LLC, a drillship owner, to participate in a scheme involving the ownership of an ultra-deepwater drillship for long-term charter services to Petrobras. The above four Japanese companies holding equity stakes totaling over 85% and the drillship is chartered from April 2012. This business unit is proceeding with the project together with the Infrastructure Projects Business Unit.
- Mitsui is engaged in chartering projects of FPSO for Brazilian offshore pre-salt oil field with MODEC Inc. and other partners. In October 2010, 1st FPSO in which Mitsui holds 27.5% started operation in Lula area (changed its name from Tupi area) and in January 2013, 2nd FPSO in which Mitsui holds 33% started operation in Sapinhoá area (changed its name from Guara area). This business unit also decided to participate in FPSO chartering projects for Iracema Sul area (changed its name from Cernambi Sul area) and Iracema Norte area in March 2012 and March 2013, respectively.

In aerospace systems related activities, the business unit provides and arranges sales, operating leases and finance leases of passenger and cargo aircraft and aircraft engines to airlines in Japan and overseas. This business unit participated in the development of a new engine by GE Aviation (an operating unit of General Electric Company) for the next generation of wide-body aircraft as a key strategic partner. This business unit is also engaged in the import and sales of aircraft, helicopters and defense-related equipment, including helicopters of Bell Helicopter Textron, Inc. and Agusta Westland of the United States.

In April 2013, logistics infrastructure development and management of ports and airport terminal projects that had been operated under the Transportation Logistics Business Unit of Innovation & Cross Function Segment, was transferred into this segment.

Chemicals Segment

The Chemicals Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥69.1 billion or 8.7% and minus ¥1.3 billion or minus 0.4% of our consolidated totals, respectively.

Basic Chemicals Business Unit

Together with 8 subsidiaries and 5 associated companies, the Basic Chemicals Business Unit is engaged in trade, sales, distribution, and production of the following commodities and related activities, as well as investments in environmentally friendly natural resources:

- Petrochemicals/Commodity Resins business (Olefins, aromatics and its derivatives including polyolefins and industrial chemicals)
- Chlor-Alkali related business (Salt, caustic, PVC resins & its intermediate and urethane raw material)
- Methanol and its derivatives related business
- Green & specialty chemical related business (Green chemicals, detergent intermediate, specialty chemicals and pharmaceutical raw material)

In the petrochemicals/commodity resins business areas, the unit's main activity is trading of the above-mentioned products in Japan and worldwide through extensive business relationships with customers and suppliers such as Mitsui Chemicals, Inc., JX Nippon Oil & Energy Corporation, Idemitsu Kosan Co., Ltd., Exxon Mobil Corporation, Zhejiang Yisheng Petrochemical Co., Ltd., and LG Chem, Ltd.

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

- This business has an investment in a methanol joint venture, International Methanol Company (Saudi Arabia), which has a production capacity of 1 million tons per annum of methanol. International Methanol Company is a 35% owned associated company of Japan-Arabia Methanol Company Ltd., in which Mitsui holds a 55% equity interest;
- In addition to a sea salt joint venture business in Shark Bay, Australia, Mitsui acquired a major share in the Onslow salt field in Australia in August 2006 and as a result, this business unit's annual salt production capacity increased to 3.8 million tons, which enabled them to secure a stable supply for the chlor-alkali industry in Japan and other Asian countries.
- In December 2010, this business unit and The Dow Chemical Company ("Dow") established an equally-owned new joint venture company for producing chlorine and caustic soda in Texas, the United States. The construction of the facility is expected to be completed in late 2013 and the production will commence towards the end of the same year. The chlorine produced by the new joint venture will be converted to EDC by Dow through a tolling conversion arrangement and will enhance Mitsui's stable supply of caustic soda and EDC to the marketplace.
- In July 2011, this business unit entered into an agreement with Dow to acquire a 50% stake in Dow's 100% subsidiary of production and sales of bio-ethanol and form a joint venture aimed at the integrated production from sugarcane to biomass-derived chemicals such as biopolymers in Brazil. This business unit intends to contribute to industry and society by securing a stable supply of renewable resources as well as by producing environmentally friendly chemicals from those resources.
- In May 2013, this business unit and Celanese Corporation ("Celanese") signed an agreement to establish an equally-owned new joint venture company for manufacturing methanol in Texas, the United States. As partners in the joint venture, Mitsui and Celanese will build a large-scale plant with an annual production capacity of 1.3 million tons. Mitsui's share of the product will be sold mostly within the United States, while Celanese will use its share for the production of downstream products like acetic acid and derivative products. By linking this initiative to its existing involvement in the U.S. shale gas business, Mitsui also aims to create a gas value chain spanning all stages from natural gas to chemical products. This multi-segment approach involving both Energy and Chemicals will give Mitsui opportunities to apply its integrated strengths.
- This business unit holds a subsidiary and chemical tanker operator Daiichi Tanker Co., Ltd., which runs a fleet of owned and chartered ships serving its customers, in Japan.

During the past several years, most worldwide chemical companies have been engaged in drastic restructurings of their sales structures as well as mergers and acquisitions in order to cope with the changes in the market structure of the chemical industry, including sharp demand increase in Asia, particularly China, shifting in olefin production to the Middle East using competitive feedstock, recent development of shale gas production in North America and the worldwide shift to low-carbon and sustainable economy. In these surroundings, we respond to continually changing customer needs flexibly and accurately through our sales network. While working to play a major role in Asia and high growth emerging markets, we are investing in businesses in response to such structural changes in the chemical industry based on partnership with customers through strong business relationships developed in our trading business.

Performance Chemicals Business Unit

The Performance Chemicals Business Unit is expanding its presence and activities by leveraging strength acquired through business experiences with customers and partners in a broad range of industries peripheral to chemical industry. The Unit has 10 subsidiaries and 7 associated companies and is engaged in sales, trade, distribution and production of the following commodities and related activities:

- Fertilizer businesses
  - Urea, ammonium sulfate, phosphate rock, diammonium phosphate, potash, ammonia, sulphur, sulphuric acid
- Agriscience businesses
  - Crop protection products (herbicide, insecticide, fungicide) and intermediates for these products, feed additives
- Performance materials business
  - Various plastics and synthetic rubber, catalysts and plastic additives, and inorganic chemicals
- Advanced materials business
  - Liquid crystal display materials & products, semiconductor materials, materials for printed circuit boards, materials & products for solar power generation systems, and others

This business unit is involved in the following operations:

- In light of increasing demand for fertilizer raw materials due to the increase in food demand in line with global population growth, this business unit is strengthening and expanding agricultural chemicals business through maintaining and expanding production output of fertilizer raw materials, developing new supply sources, and expanding its market share.
  In the fertilizer business, this business unit is engaged in import, export and offshore transactions involving various types of fertilizers, fertilizer raw materials and phosphoric acid derivatives. In July 2010, this business unit acquired a 25% interest in a phosphorus ore development project in the Bayóvar area of Peru's Piura Province, in which Compañia Minera Miski Mayo S.A.C. (Peru), a subsidiary of Vale S.A. had a 100% economic interest. Production started in July 2010 toward the annual production volume of refined phosphorus of about 3.9 million tons. This business unit purchases the phosphorus ore produced by the company in accordance with its share in the company and sells it mainly to Asia region including Japan.
  In the ammonia and sulphur fields, this business unit operates logistics systems for various industries in Japan and overseas. For example, this business unit exports sulphur, a byproduct of petroleum refining, to Asian countries, by operating specialized tankers. In addition, this business unit together with the Infrastructure Projects Business Unit holds a 75% interest in P.T. Kaltim Pasifik Amoniak (Indonesia), and contributes to the stable supply of ammonia.
  In the agriscience business, this business unit is operating distribution of crop protection products worldwide through subsidiaries such as Mitsui AgriScience International SA/NV.
- In the performance materials area, this business unit trades a broad range of plastics, rubber, and inorganic chemical materials, focusing on sales enhancement and efficient business operations through our global network including Mitsui & Co. Plastics Ltd. The business unit is also engaged in different joint projects with our business partners in Japan and in overseas.
- In the advanced materials area, this business unit provides value-added services to electronics and renewable energy industries leveraging expertise as well as dealing with high-performance chemicals and electronics devices.

In April 2013, advanced materials businesses such as LC and electronic devices the IT Business Unit were integrated into this business unit.

Energy Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥190.7 billion or 24.1% and ¥164.8 billion or 53.5% of our consolidated totals, respectively.

This segment, together with 34 subsidiaries and 7 associated companies, is engaged in the following:

Energy Business Unit I

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

Energy Business Unit II

- Development of natural gas and liquefied natural gas ("LNG") projects;
- Trading of LNG;
- Development of new gas commercialization technology (compressed natural gas etc.); and
- Development of carbon credit business, renewable energy business and other next generation energy sources.

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

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

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

In September 2012, this segment participated in Browse LNG Project promoted by Woodside Petroleum through Japan Australia LNG (MIMI) Pty Ltd. ("MIMI") which a 50-50 joint venture between Mitsui and Mitsubishi Corporation. Japan Australia LNG (MIMI Browse) Pty Ltd. ("MIMI Browse"), a newly established subsidiary of MIMI, has signed the sales and purchase agreement with Woodside Browse Ltd ("Woodside Browse", subsidiary of Woodside Petroleum) in April 2012. MIMI Browse's assumed interest in the Browse LNG Project is approximately 15% and we will pursue early commercialization of LNG.

This segment has discovered significant gas resources in an exploration block offshore Mozambique, in which it has acquired a 20% interest in 2008 from Anadarko Petroleum Corporation. In December 2012, front end engineering and design work for the LNG plant and offshore natural gas production facilities has been ordered. We will pursue production start up in 2018.

In May 2013, this segment has entered into a joint venture agreement for the construction and operation of a natural gas liquefaction plant as well as a tolling liquefaction agreement equivalent to annual 4 million tons of LNG with Sempra Energy and other partners, based on an LNG export project in the port of Cameron in the state of Louisiana, U.S.A. with planned annual production capacity of 12 million tons. We will pursue the realization of LNG exports from U.S.A. to destinations including Japan. This segment is proceeding with the project together with the Infrastructure Projects Business Unit in the Machinery & Infrastructure Segment.

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

- Exploration and development of natural gas and production of LNG require significant capital and financial commitments. Moreover, this involves a broad range of logistical and technological expertise, including linking suppliers to distributors and consumers while developing plants in order to efficiently extract and liquefy the natural gas for transportation and then re-gasifying the LNG. Up until the mid-1990s, purchase commitments by buyers with full "take or pay" obligations for a period of 20 years or more had been an essential element for equity holders, distributors and sellers of LNG projects to make the capital and financial commitment to build LNG production facilities. These equity investors had resisted making capital and financial commitments without being able to fully secure stable long-term purchase commitments. In recent years, however, equity holders of several LNG projects have been making investments without fully securing long-term purchase commitments from buyers.
- Due to technological innovations, LNG producers have successfully reduced capital costs with respect to the construction of LNG production plants and LNG vessels. Technological innovation has also enabled the producers to increase the design capacities of LNG production plants and LNG vessels allowing them to benefit from economies of scale. These technological developments allow LNG to be more competitive with other types of energy sources.
- In response to the requirement of LNG buyers, the LNG spot market has been expanding, whereby the percentage of spot trades in worldwide LNG contracts rose to 25.05% in 2012 from 1.3% in 1992.
- In addition to the traditional core LNG markets, new markets have been emerging in countries such as China and India due to increasing demand for electricity. Japan also has seen an increase in LNG demand resulting from the high utilization ratio of gas-fired power plants operated in place of nuclear power plants which have been closed due to the Great East Japan Earthquake. Despite the setback in tight supply-demand balance due to the recent recession of developed countries and increasing supply from unconventional natural gas due to technological advances and innovations, the LNG market is expected to develop worldwide considering the sizable economies of these countries and the increasing popularity of LNG as a "clean energy" source.

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

Oceania (Australia and New Zealand)

In March 2004, Mitsui E&P Australia Pty Limited acquired a 40% interest in each of exploration block WA-28-L and exploration block WA-271-P located in the North West Shelf area in Australia, which together contained three undeveloped oil fields, Enfield, Vincent, and Laverda. Commercial production from Enfield oil field started in July 2006. Due to recent natural decline, our equity share of average production during the January to March 2013 period was approximately 2,450 barrels per day. Vincent oil field, adjacent to Enfield oil field, started commercial production in August 2008. The floating production storage and offloading facility of the Vincent oil field has been shut-down for maintenance for several months from January 2013. Mitsui E&P Australia Pty Limited owns a 35% interest in Tui oil field offshore North Island of New Zealand. Commercial production of Tui oil project started in July 2007. It also owns interests in Casino gas and condensate field and in Henry and Netherby gas fields, all of which are located offshore South Australia. Casino gas and condensate field started commercial production in February 2006 while Henry and Netherby gas fields started in February 2010.

Southeast Asia

Mitsui Oil Exploration Co., Ltd. has been actively engaged in oil and natural gas exploration, development and production projects in Thailand and neighboring Southeast Asian countries as well as in the Middle East, North America and Europe. Mitsui Oil Exploration Co., Ltd. and its partners including Chevron Thailand Exploration and Production, Ltd. and PTT Exploration and Production Public Company Limited commenced natural gas production from the Platong II project in the Gulf of Thailand in October 2011. The Platong II project which features newly installed production facilities with added wellhead platforms and production wells in the proximity of the existing Platong field will, after ramping up production, produces 330 million cubic feet of natural gas per day and 18,000 barrels of condensate per day. Together with Mitsui Oil Exploration Co., Ltd., this segment will continue to pursue expansion of oil and gas equity reserves. In March 2006, Mitsui Oil Exploration Co., Ltd. became a subsidiary of Mitsui from an associated company. As of March 31, 2013, Mitsui's ownership interest is 73.35%, reflecting additional share purchase transactions.

Middle East

In Oman, Mitsui E&P Middle East B.V. has a 35% share in the Block 9 oil fields and the Block 27 oil fields in production. Additionally in May 2010, Mitsui E&P Middle East B.V acquired 20% stakes of Meleiha / Meleiha Deep / West Raazzak in the Arab Republic of Egypt from International Finance Corporation. In addition to this, the Block 3&4 oil fields in Oman, in which Mitsui E&P Middle East B.V. also has a 20% interest, proceeded to production phase from exploration phase, based on the official approval by the Sultanate of Oman in December, 2012.

North America

In March 2010, Mitsui E&P USA LLC, which was established by this segment and its subsidiary, Mitsui Oil Exploration Co., Ltd., acquired 32.5% of Anadarko Petroleum Corporation's working interest in the development and production of the Marcellus Shale gas project in the state of Pennsylvania, which is equivalent to around 15.5% of the entire operation. The partners of this project will be drilling a few thousand wells during a span of over ten years and the total development cost of Mitsui E&P USA LLC is estimated to be between US$3 billion and US$4 billion depending on the progress. Mitsui E&P USA LLC has carried US$1,400 million of Anadarko's development cost in consideration of its interest in the project, the payment of which was completed in July 2012. Our equity share of average production during the January to March 2013 period was approximately 34,000 barrels of oil equivalent per day. Mitsui E&P USA LLC and Anadarko Petroleum Corporation also reached an agreement to jointly acquire new leases in the state of Pennsylvania for a period of ten years to further expand the business. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of the project.

In December 2011, this segment, through Mitsui E&P Texas LP, acquired a 12.5% working interest in Eagle Ford shale oil and gas property in Texas, U.S.A. which is currently under development and production by SM Energy Company. This project will allow for the drilling of more than one thousand wells, and the total development cost of Mitsui E&P Texas LP is estimated to be US$1.8 billion. Mitsui E&P Texas LP will bear US$680 million of SM Energy Company's development costs in consideration of its interest in the project. Our equity share of average production during the January to March 2013 period was approximately 11,000 barrels of oil equivalent per day.

Europe

In December 2012, Mitsui E&P UK Limited, which was established by this segment and its subsidiary, Mitsui Oil Exploration Co., Ltd., acquired BP p.l.c.'s 13.30% and 8.97% working interest respectively in the Alba oil field and the Britania gas and condensate field in the U.K. North Sea area. These fields are located approximately 200km northeast of Aberdeen, Scotland. Both fields have continued stable operations since starting production in 1994 and 1998 respectively. Our equity share of average production during the January to March 2013 period was approximately 6,500 barrels of oil equivalent per day.

In March 2013, this segment has reached an agreement with Total E&P Italia S.p.A, a group company of Total S.A., to acquire Total E&P Energia Italia S.r.l which owns a 25% participating interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy, through its newly established subsidiary Mitsui E&P Italia A S.r.l. The transaction will be completed after fulfilling certain conditions, including the approval of the Italian government. Production of crude oil and LNG is planned to commence in 2016. Our corresponding share is anticipated to be recoverable reserves of approximately 110 million barrels of oil equivalent, and maximum production of approximately 13,000 barrels of oil equivalent per day.

In addition, seeking to replenish and enhance our oil and gas reserves, we are engaged in exploration activities in the above-mentioned regions as well as Mozambique and Ghana, and recently succeeded in finding significant gas resources in Mozambique.

As a result of the above-mentioned developing activities, our oil and gas reserves changed from 379 million BOE at the end of March 2012 (according to ASC 932; including 43 million barrels for Mitsui Oil Exploration Co., Ltd.'s minority interest) to 411 million BOE at the end of March 2013 (according to ASC 932; including 40 million barrels for Mitsui Oil Exploration Co., Ltd.'s minority interest). See "5. Financial Information, 1. Consolidated Financial Statements," and "3. Supplemental Information on Oil and Gas Producing Activities (Unaudited)" included elsewhere in this Annual Securities Report.

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

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

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

COAL

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

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

In October 2011, Mitsui approved additional investment in the adjacent mining area owned by Kestrel Joint Venture due to a recent increase in the development cost. The additional capital expenditure for the project is estimated to be AUD631 million. Mitsui will invest AUD126 million additionally through Mitsui Coal Holdings Pty. Ltd. in accordance with its proportion of the interest in the project.

In the medium- to long-term, demand for both thermal coal and metallurgical coal are expected to increase along with economic growth of Asian countries including India and China. In response to such increasing global demand, we continue to make proactive capital investments to expand the capacities of existing projects, and our equity production tonnage is expected to increase after this fiscal year onward. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of this segment's coal mining projects, and review and analysis of operating results discussion and analysis of operating results for the years ended March 31, 2013 and 2012 of the Energy Segment in "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows" regarding the projects' production status and outlook on prices of coal.

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

	Revenues				
	Billions of Yen				
	Revenues from Sales of Products			Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Oil and Gas Producing Activities	Revenues from Coal Mining Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2013	¥254.7	¥98.2	¥1,048.7	¥8.0	¥1,409.6
2012	¥207.5	¥134.5	¥1,380.3	¥7.7	¥1,730.0

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

In October 2008, in order to contribute to its stable supply for nuclear power facilities Mitsui acquired a 49% interest in six uranium blocks including the Honeymoon mine in South Australia, from Uranium One Inc. Honeymoon mine commenced production of uranium concentrate in September 2011; however, Mitsui withdrew from the project in September 2012, because delays in the construction schedule of the production facility, cost overruns and lower uranium concentrate prices negatively impacted its business feasibility.

The Energy Segment is engaged in oil trading operations conducted by Mitsui, Mitsui & Co. Energy Trading Singapore Pte. Ltd. (Singapore), and Westport Petroleum, Inc. Mitsui & Co. Energy Trading Singapore Pte. Ltd. was established in October 2010 to engage in oil trading in the Asia-Pacific region, and started business in May 2011. Responsibility for Westport Petroleum Inc.'s activities has been handed over from the Americas Segment to this segment from September 2010 onwards, while the ownership interest remains unchanged. Westport Petroleum, Inc. is mainly engaged in purchase of fuel oil from the Americas market, especially from the U.S. market for sale in the Asian market.

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

Within Japan, this segment is also engaged in refining and sales of oil and gas related products through Mitsui Oil Co., Ltd., our oil sales subsidiary, and Kyokuto Petroleum Industries, Ltd. (Japan). Kyokuto Petroleum Industries, Ltd. is a refinery jointly owned (50:50) by Mitsui Oil Co., Ltd. and EMG Marketing Godo Kaisha which is owned by Tonen General Sekiyu K.K.

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

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

This segment is exploring environmental businesses in order to realize a low-carbon society. We deal with emission trading based on Clean Development Mechanism (CDM), and will consider renewable energy business and next generation energy business such as hydrogen-related business from a long-term perspective.

Lifestyle Segment

The Lifestyle Segment consists of three business units, the Food Resources Business Unit, the Food Products & Services Business Unit and the Consumer Service Business Unit.
Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥106.0 billion or 13.4% and ¥10.3 billion or 3.3% of our consolidated totals, respectively.

Food Resources Business Unit

The Food Resources Business Unit, together with 9 subsidiaries and 11 associated companies, engages in:

- Food resources business area: investment in the overseas food resources business such as production and distribution of grain and sugar manufacturing, import and domestic/offshore trade of grain (corn, wheat, barley and rice), oilseeds and oils (soybeans, canola and palm oil), and raw sugar etc.; and
- Food materials business area: investment in the overseas food materials business such as oilseeds processing and manufacturing, shrimp farming and broiler chicken raising, import and domestic/offshore trade of food materials, manufacture and sales of food materials in Japan (sugar, broiler chicken, starch and saccharified products, functional food ingredients and feed and functional feed);

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

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

- This business unit started to purchase shares in Multigrain AG, which is engaged in agricultural production and grain distribution business, mainly soybeans, in Brazil, from August 2007. As a result of the purchases, ownership in Multigrain AG of this business unit reached 45.1%, making it the largest shareholder. In May 2011, this business unit acquired entire holding interest in Multigrain AG held by a wholly-owned subsidiary of CHS Inc., an agricultural cooperative-based company in the United States, which was the equal partner with the same ownership, and also acquired the remaining ownership from the minority shareholder, PMG Trading AG. Consequently Multigrain AG became a wholly-owned subsidiary of Mitsui. The total investment amounts to US$508 million. Mitsui strives to strengthen agricultural production and grain distribution business in Brazil, which has high competitiveness in food supply, so that Mitsui can secure a stable supply of grain mainly to Asian market, through Multigrain AG as a core subsidiary in its grain business.
- United Grain Corp. (United States), a subsidiary of the Americas Segment, is engaged in grain origination and export of grain, such as wheat, corn and soybeans. Ownership interests in United Grain Corp. of this business unit and the Americas Segment are 20% and 80%, respectively.

This business unit acquired a 10% stake in Sodrugestvo Group S.A., which operates a grain business focused on Russia, and purchased a 25% stake in Plum Grove Pty Ltd, a grain accumulator in Australia.

In the food materials business area, the following businesses are conducted overseas;

- VENTURA FOODS, LLC, a joint venture formed with CHS Inc., supplies edible oil for the institutional market in the United States. This business unit invested in this company through WILSEY FOODS, INC., in which ownership interests of this business unit and the Americas Segment are 70% and 20%, respectively.
- In December 2007, this business unit, together with the Americas Segment, agreed to establish a joint venture of canola oil processing business in Canada with Louis Dreyfus Group. Ownership interests of this business unit and the Americas Segment are 28% and 12%, respectively. However, in March 2013, to optimize the business portfolio, it transferred the shares it owns to Louis Dreyfus Group.
- This business unit also made investments in a shrimp farming business in China.

In domestic food materials business, PRI Foods Co., Ltd. is engaged in domestic broiler chicken raising, processing and sales, San-ei Sucrochemical Co., Ltd. (Japan) is engaged in manufacturing and sales of starch and saccharified products, Mitsui Sugar Co., Ltd., a listed company in the Tokyo Stock Exchange, is engaged in sugar refining and sales, and Nippon Formula Feed Manufacturing Co., Ltd., a listed company in the Tokyo Stock Exchange, is engaged in manufacturing and sales of compound feedstuffs.

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

Food Products & Services Business Unit

Food Products & Services Business Unit, together with 10 subsidiaries and 2 associated companies, engages in:

- Food materials business area: investment in the beverages and beverage materials business and food materials business such as manufacturing of dairy products, as well as roasting and sales of coffee beans; import and domestic/offshore trade of beverage materials and food materials (processed foods, dairy products and foodstuffs);
- Food products and wholesaling business area: domestic distribution and wholesale through the nationwide wholesaler subsidiary MITSUI FOODS CO., LTD. (Japan);
- Retail business area: import and domestic trade of food products and food materials, containers, packaging materials and miscellaneous daily goods, support services such as demand chain management including logistics management, and product planning and development for retailers; and
- Agri-food business.

In the food materials business area, this business unit procures beverage materials and food materials from producers globally, and supplies them to the consuming region including Japan and Asia. This business unit sells coffee to Japan, Asia and United States, mainly from Brazil. This business unit purchases dairy products and raw materials for beverages such as tea leaves and juice, from major supply sources around the world, and supplies them to the consuming region including Japan and Asia.

In overseas food materials business area, this business unit owns a coffee export subsidiary, Mitsui Alimentos Ltda. in Brazil, world’s largest coffee-producing country. This business unit also made investments in a dairy farming business in New Zealand.

In domestic food materials business area, Mitsui Norin Co., Ltd. is engaged in manufacturing and sales of tea leaves and tea-based products and MIKUNI COCA-COLA BOTTLING CO., LTD. (“MIKUNI CCBC”), a Tokyo Stock Exchange listed company, is engaged in production and sales of soft drinks. Considering the realization of business integration of 4 Coca-Cola bottlers in Kanto region including MIKUNI CCBC and Mitsui’s corporate strategy to optimize its business portfolio, this business unit transferred a part of the shares of MIKUNI CCBC. As a result, shareholding in MIKUNI CCBC is diluted to 13.7% and this company is excluded from associated companies.

Many Japanese trading companies and international producers are competitors with respect to food materials business area.

In the food products and wholesaling business area, MITSUI FOODS CO., LTD. plays a vital role in this business unit’s wholesale operations. Its wide-range of business activities and customers include general merchandise stores, supermarkets, convenience stores, catering and restaurant chains throughout Japan, focusing on processed food and liquor transactions. MITSUI FOODS CO., LTD. meets the sophisticated and diversified needs for reduced distribution costs, secure temperature-controlled supply, and faster delivery. In April 2006, MITSUI FOODS CO., LTD. and Mitsui agreed with KOKUBU CO., LTD. (“KOKUBU”), a major Japanese food wholesaler, to form a business alliance. This business unit owns 24.1% shares of SHUREN KOKUBU CO., LTD., a wholesale company of foods and alcohol, in which KOKUBU owns 75.9% shares. In December 2010, MITSUI FOODS CO., LTD. acquired a 100% stake in Umezawa Co., Ltd., a foods wholesale company, formerly an affiliated company of Mitsui, and merged it in April 2011. Nihon Penet Co., Ltd., then Mitsui’s wholly-owned subsidiary engaged in pet-related business, transferred its businesses to MITSUI FOODS CO., LTD. in February and September 2011. Further, in February 2013, through the short-form share exchange procedure, Mitsui acquired a 100% ownership of MITSUI FOODS CO., LTD. With this acquisition, it is expected that the operation of the Mitsui group would be further mobilized and the management of Mitsui group strengthened, and Mitsui aims to establish a further integrated and efficient system of management.

MCM Foods Holdings Limited was engaged in the import and sales of canned food products and groceries in England and other European market. In the fiscal year ended March 2012, this segment sold all businesses of MCM Foods Holdings Limited. In May 2012, this segment decided to dissolve it in consideration of Mitsui's strategy to optimize its business portfolio.

In the retail business area, Mitsui maintains a comprehensive alliance with Seven & i Holdings Co., Ltd., Japan's nationwide diversified retailer. Seven & i Holdings is a comprehensive distribution group that runs approximately 50,000 stores in 16 countries worldwide as of the end of February 2013 and its business ranges from convenience stores, to general merchandise outlets, restaurants, department stores, banks and IT businesses.

As of the end of February 2013, Mitsui owned 1.8% of Seven & i Holdings Co., Ltd.'s outstanding shares.

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

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

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

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

Consumer Service Business Unit

Together with 13 subsidiaries and 13 associated companies, the Consumer Service Business Unit is engaged in the following:

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

In the field of medical and healthcare-related businesses, this business unit is engaged in a variety of businesses both in the "Pharmaceutical Value Chain" area and the "Healthcare Service Networks" area. In the Pharmaceutical Value Chain area, this business unit provides solutions to pharmaceutical industry at various stages in the value chain, including supporting pharmaceutical R&D, manufacturing, distribution and sales. In the Healthcare Service Networks area, in Japan, this business unit aims to enhance and promote the mutual collaboration among preventive care, medical care and senior-related services bearing in mind the future trend

towards “home care” becoming more prevalent. In Asia and other overseas countries, this business unit strives to develop global healthcare networks that provide comprehensive healthcare services. As part of its initiatives in this area, in May 2011, this business unit acquired a 30% interest in IHH Healthcare Berhad, formerly known as Integrated Healthcare Holdings Sdn. Bhd. (*) (Malaysia) (“IHH”), a holding company of a group of subsidiaries and investments in the healthcare business, from Khazanah Nasional Bhd in Malaysia, a former 100% share owner of IHH, for approximately 3.3 billion Malaysian ringgit, an amount equivalent to roughly ¥90.7 billion. In January 2012, IHH acquired 60% shares in the holding company of Turkish private healthcare group, Acibadem Saglik Yatirimlari Holding (“Acibadem”). Because the acquisition was made through a combination of cash payment and an exchange of newly-issued IHH’s shares with Acibadem shares, this business unit’s shareholding in IHH was diluted from 30% to 26.6%. This business unit’s share was further diluted to 20.5% due to the issuance of new shares at its initial public offering on the Bursa Malaysia and Singapore Exchange in July 2012. IHH’s investment holdings include hospital groups such as Parkway Pantai Limited, Singapore’s largest and the second largest in Malaysia and Acibadem Saglik Yatirimlari Holding, the leading private healthcare group in Turkey. It also partially invests in Apollo Hospitals Enterprise Limited, India’s leading hospital group. In addition to its hospital business, IHH’s portfolio includes medical University, clinical trial/contract research business and others mainly in Asia.
In July 2011, this business unit acquired a 100% stake in MBS Co., Ltd. (“MBS”), a wholly-owned subsidiary of Mercian Corporation (“Mercian”) that had succeeded Mercian’s pharmaceutical and chemical business by demerger. This business unit changed the corporate name of MBS to MicroBiopharm Japan Co., Ltd. (Japan) (“MBJ”) upon completion of the acquisition. In January 2012, this business unit sold 20% shares in MBJ to Toray Industries, Inc., and the shareholdings of Mitsui decreased to 80%. Ownership interests in MBJ of this business unit and the Basic Chemicals Business Unit are 50% and 30%, respectively. MBJ has its unique manufacturing technologies and know-how by combining fermentation technology with biotechnology, and engages in manufacturing, contract manufacturing and sales of active pharmaceutical ingredients and intermediates, as well as manufacturing and sales of specialty chemicals.
In January 2013, this business unit acquired 27.29% shares in Arch Pharmalabs Limited (“Arch”), an Indian company engaged in contract manufacturing of intermediates and active pharmaceutical ingredients. With the shares already acquired in October 2010, this business unit now holds 31.96% of the Arch shares. Arch is engaged in CMO businesses for branded drug manufacturer in the United States and Europe, as well as manufacturing and sales of generic ingredients to be introduced to the emerging countries.

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

In the field of real estate business, this business unit is engaged in development and management of office buildings, logistical properties and housing. In March 2011, this business unit acquired a 50% portion of joint ownership in Ohtemachi PAL Building for ¥36 billion. This business unit is engaged in real estate related services such as real estate solutions in Japan. This business unit participated in a building development project in Singapore Business Park in 2012 and formed joint venture to promote investments in Business Park in Chongqing, China in 2013. This business unit is also engaged in the operation of senior housing properties, which involve both real estate business and service business in the United States.

In the field of the housing and industrial materials businesses, Sumisho & Mitsuibussan Kenzai Co., Ltd. supplies housing materials in the Japanese market. Mitsui Bussan Woodchip Oceania Pty. Ltd. (Australia) through its subsidiaries operates afforestation projects with Japanese and local partners in Australia, producing and exporting woodchips to Japan and China. In August 2012, this business unit has founded its 100% subsidiary Mitsui Bussan Woodchip South America S.p.A. and started woodchips production and exporting business in Chile. Mitsui Bussan Packaging Co., Ltd. (Japan) sells various paper products and packaging materials mainly in Japan. This business unit also provides mines with off-the-road tires and related services in South America, CIS and Southeast Asia.

In the field of fashion business, this business unit is engaged in:
- original equipment manufacturing (“OEM”) businesses for apparel industry;
- brand marketing businesses including brand licensing; and
- fashion e-commerce businesses.

In the OEM business area, Mitsui Bussan Inter-Fashion Ltd. is engaged in planning and production of apparel and accessories, by incorporating a vast range of business functions at various stages in the value chain, including design, planning and procurement of materials as well as production and logistics management.

With respect to brand marketing businesses, while this business unit is engaged in both license and import businesses involving well-known international brands such as Burberry and Max Mara, in December 2012, this business unit has acquired 100% shares of Paul Stuart Inc. which operates retail business of luxury apparel and accessories in the United States and license businesses in Japan through Mitsui. In November 2012, this business unit entered into fashion e-commerce business in Asia by acquiring interests in Shanghai Yi Shang Network Information Co., Ltd., a fashion e-commerce company in China

(*) Integrated Healthcare Holdings Sdn. Bhd. changed its name to IHH Healthcare Berhad on April 20, 2012.

Innovation & Cross Function Segment

The Innovation & Cross Function Segment consists of three business units, the IT Business Unit, the Financial & New Business Unit and the Transportation Logistics Business Unit. These three were integrated into one business unit, named Innovation & Corporate Development Business Unit, in April 2013.
Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥41.4 billion or 5.2% and ¥3.6 billion or 1.2% of our consolidated totals, respectively.

IT Business Unit

The IT Business Unit provides a variety of services, which are delivered through the unit's 6 subsidiaries and 9 associated companies established in the following three major fields:

- mobile internet and media businesses including EC (e-commerce) businesses and online payment services, online advertising services, sales agency of mobile handset and telecommunications lines, television shopping channels and broadcasting;
- internet devices and services business including business process outsourcing services, call-center services, import, export and domestic trade of semiconductor devices and equipment/materials for semiconductor and liquid crystal ("LC"), export and offshore trade of liquid crystal displays ("LCD") and parts, manufacture and sales of PC monitor and LCD television and manufacture and sales of light emitting diode ("LED"); and
- IT innovation business including network and systems integration ("NI/SI") businesses, cyber-security businesses, and energy IT businesses such as electric power distribution optimization business utilizing IT, energy-saving business and rechargeable battery business.

In the field of mobile internet and media businesses, this business unit is engaged in EC businesses and online payment services in Asian countries and Russia. In December 2010, this business unit acquired a 14.9% stake in QIWI Limited, the largest provider of settlement services in Russia. QIWI Limited is engaged in the business to operate payment terminals which are widely used in Russia and other overseas countries for the payment of cellphone charges and public utility bills as well as online payment business. On the other hand, in October 2008, the Tokyo Stock Exchange listed T-GAIA Corporation (former Telepark Corp.), which is one of the largest agency and distributor of mobile handsets in Japan, merged with MS Communications Co., Ltd., another large entity engaged in the same business line. As a result of the merger, this business unit's voting interest was diluted to 22.8%, and T-GAIA Corporation was reclassified from a subsidiary to an associated company. Further, in consideration of Mitsui's strategy to optimize its business portfolio, this business unit participated in a share purchase program through public tender offering implemented by T-GAIA Corporation in April 2011, resulting in a share dilution to 5.3% from 22.8% and T-GAIA Corporation ceasing to be an associated company. In May 2012, this business unit sold the 5.3% stake in T-GAIA Corporation. This business unit provides television shopping services operated by QVC Japan, Inc. (Japan), an associated company established jointly with QVC Inc. of the United States. In March 2009, this business unit acquired an 85% stake in ShopNet Co., Ltd. (British Virgin Islands), Taiwan's third largest provider of 24-hour television shopping, and its ownership became 87.2% as a result of capital increase through third-party allotment in February 2011. It also acquired a 25% stake in CCTV Shopping Co., Ltd. (China), which provides goods and services including logistics to China International TV Corporation, Chinese television shopping operator, and conducts television shopping businesses and related businesses in Asia. In addition, World Hi-Vision Channel, Inc. (Japan), a subsidiary owned by this business unit, is engaged in digital BS television service under the name of BS channel 12 "TwellV" in Japan.
In April 2013, media-related businesses such as television shopping services and broadcasting were transferred to the Consumer Service Business Unit.

In the field of internet devices and services business, J-SCube Inc. was engaged in documents process

outsourcing services such as data entry, scanning and related system sales, however in April 2013, considering the optimization of business portfolio, this business unit sold the entire stake in J-SCube Inc. to TOPPAN FORMS CO., LTD. An associated company Moshi Moshi Hotline, Inc. is one of the major call center operators and a provider of related outsourcing services in Japan. Moshi Moshi Hotline, Inc. (Japan) is listed on the Tokyo Stock Exchange, and this business unit's voting interest is 34.1% as of March 2013.
This business unit is engaged in import, export and domestic trade of semiconductor devices, wireless network peripherals and equipment/materials for semiconductor and LC mainly through Mitsui Electronics Inc. (Japan).
This business unit is also engaged in export and offshore trade of LCD and related parts. Aiming to expand its operation in the growing LCD market, in January 2010, this business unit decided to invest in TPV Technology Limited, which is one of the world largest PC monitor and LCD television manufacturers, holding plants mainly in China and listed on the Hong Kong and the Singapore stock exchanges. As a result of a subscription for shares through a third-party allotment and a joint cash offer for shares in TPV Technology Limited on the Hong Kong and the Singapore stock exchanges together with China Electronics Corporation group, a major shareholder of TPV Technology Limited, this business unit's ownership became 15.1% in April 2010. In March 2011, this business unit acquired an additional 5.1% of stake through a trust agreement with a financial institution, resulting in holding a 20.2% interest in TPV Technology Limited, making it an associated company of Mitsui. With these additional investments, the total investment amount became ¥28.9 billion. TPV Technology Limited produced 56.2 million units of PC monitor and 14.2 million units of LCD television for the year ended December 31, 2012 and ranked respectively 1st and 4th in the world, in terms of production volume.
This business unit also acquired a 15.6% stake in Formosa Epitaxy Incorporation, listed on the Taiwan stock exchange, and participated in LED manufacturing business.
In April 2013, advanced materials businesses such as LC and electronic devices under this business unit were integrated into the Performance Chemicals Business Unit.

In the field of IT innovation business, this business unit provides integrated NI/SI solutions to a wide range of customers.

- Mitsui Knowledge Industry Co., Ltd. (Japan), listed on the Tokyo Stock Exchange, provides comprehensive information and communication technology ("ICT") services, such as various kinds of system introduction/maintenance/operation, network system designing/building/maintenance support, data center business and energy management services to enterprises including telecommunications carriers, government offices, local municipalities and medical and educational public bodies. Mitsui owns a 58.4% voting interest in Mitsui Knowledge Industry Co., Ltd. as of March 2013.
- Nihon Unisys, Ltd., listed on the Tokyo Stock Exchange, is engaged in the designing and development of computer systems, business process outsourcing services, support services and other peripheral services as well as sales of computer systems. These services are provided to enterprises in the financial, manufacturing, retail and public sectors. In August 2012, this business unit sold a part of its shares in Nihon Unisys, Ltd. to Dai Nippon Printing Co., Ltd. in consideration of Mitsui's strategy to optimize its business portfolio, and this business unit's share was diluted to 8.9%, and Nihon Unisys, Ltd. ceased to be an associated company.

In February 2011, this business unit acquired a 21.0% stake in Tianjin EV Energies Co., Ltd. with the aim of entering manufacturing and sales businesses of rechargeable batteries for electric vehicles and smart grids in China. Furthermore, this business unit participates in the distribution and accommodation of electricity by utilizing IT in the United States.

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

Financial & New Business Unit

The Financial & New Business Unit has 15 subsidiaries and 2 associated companies and is engaged in following business activities:

- trading in various commodity derivatives including energy resources, precious & non-ferrous metals and agricultural & soft commodities;
- principal investments in ventures and growth stage firms;
- asset management business including real estate fund (listed REIT and private fund) and infrastructure fund; and
- leasing business.

In trading, this business unit and its subsidiaries including Mitsui & Co. Commodity Risk Management Ltd. (former Mitsui & Co., Energy Risk Management Ltd., United Kingdom), Mitsui & Co. Precious Metals, Inc. (United States) (*) and Mitsui Bussan Commodities Ltd. (United Kingdom) are engaged in trading and brokerage in various commodity derivatives including energy resources, precious metals, non-ferrous metals and agricultural & soft commodities, as well as offering hedging instruments.

In principal investments, this business unit aims to pioneer new business domain and to expand the business base of Mitsui and also to raise profit through upgrading corporate value of the investee company through investments targeting the growing industries and regions. As for venture investments, subsidiaries such as Mitsui & Co. Global Investment Ltd. (Japan) and Mitsui & Co. Global Investment, Inc. (United States) invest and add value to quality venture firms in regions such as Japan, United States, China, India and other Asian emerging countries. Similarly, MITSUI & CO., PRINCIPAL INVESTMENTS LTD. (Japan) makes investments in domestic growth stage firms and mature firms. Additionally this business unit invests into R&D finance opportunities and the first of the kind commercialization projects which deploy new innovative technologies or processes.

In asset management, this business unit, through its subsidiaries, is seeking to contribute to expanding Mitsui's business and optimizing capital efficiency by utilizing investor's capital, and is engaged in development and sales of various financial products.
In REIT businesses, Mitsui & Co., Logistics Partners Ltd. (Japan) provides asset management service to Japan Logistics Fund, Inc., REIT listed on the Tokyo Stock Exchange and specializing in logistics properties. Also, Japan Alternative Investment Co., Ltd. (Japan) acts as placement agent for alternative investment products such as infrastructure fund and funds of hedge funds.

In November 2010, this business unit has formed a strategic relationship with GE Capital, a global provider of financial products and services, and has commenced the co-investment in U.S. commercial finance assets, while exploring global opportunities for further joint businesses.

In leasing, this business unit has a 33.4% consolidated voting interest in JA Mitsui Leasing, Ltd., a general leasing company with its strengths in leasing of IT equipment, industrial machinery, aircraft and ocean vessels, as of March 2013.

(*) Mitsui Bussan Precious Metals (Hong Kong, China) Ltd. was merged into Mitsui & Co. Precious Metals, Inc. in October 2010.

Transportation Logistics Business Unit

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

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

- logistics infrastructure projects, including ports and terminals development projects in emerging countries, etc.;

- management of sheds for international air cargo as well as other cargo related businesses principally conducted by Tokyo International Air Cargo Terminal Ltd. (Japan) ("TIACT"), a 100% subsidiary of Mitsui, at the Tokyo International Airport (Haneda Airport);
- provide integrated logistics services with international transportation services including combined multi transportation centering on container shipping, transportation of plants and other special cargoes, tramper shipping, logistics solution services such as supply chain management, and warehousing and distributions; and
- insurance agency services, insurance broking services and insurance-related risk management business.

In the field of logistics infrastructure projects, this business unit is developing logistics infrastructure with the aim of expanding its business activities in emerging economies.

Included in these projects are port terminal business in Laem Chabang, Thailand, river port terminal business near Ho Chi Minh City, Vietnam, and container terminal business at the Port of Buenos Aires, Argentina.

In 2011, this business unit made a voluntary conditional cash offer for all issued and paid-up ordinary shares in the capital of Portek International Private Limited (Singapore), listed on the Singapore Exchange Securities Trading Limited. In September 2011, Portek International Private Limited became our wholly-owned subsidiary. Portek International Private Limited 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. This business unit has acquired complementary skills and knowledgeable port management, established platform with an experienced management team, and port terminal operational assets as a result of this acquisition.
This business unit has formed a strategic business partnership with Nippon Express Co., Ltd. in November 2011. In February 2013, aiming to achieve synergy, this business unit transferred a 10% share of Portek International Private Limited to Nippon Express Co., Ltd. Thus, as of March 2013, the shareholding of Mitsui in Portek International Private Limited is 90%.

In the field of TIACT business, Mitsui, after being selected to undertake the maintenance and operation of the cargo terminal for the international routes handled by Tokyo International Airport (Haneda Airport) in accordance with the provisions of the “Act on Promotion of Private Finance Initiatives” (so-called “PFI”), established TIACT. In October 2010, TIACT began its operation as a 24 hour cargo terminal in parallel with the start of international flight services at Haneda Airport. Starting from March 2011, TIACT is providing logistics services for cargo relating to drug/clinical development, using the storage specialized for medicinal drugs, investigational drugs and equipment for clinical trial established within TIACT. This business unit and the Infrastructure Projects Business Unit invested in TIACT at 50:50.
Based on the above mentioned strategic business partnership, this business unit and Nippon Express Co., Ltd. are aiming to activate Haneda Airport as well as to expand the scope of their activities in the fields of logistics infrastructure, storage and transportation in emerging economies.

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

In China, this business unit made a 49% investment in Shanghai Jinjiang International Cold Logistics Development Co. Ltd., an affiliated company of Jinjiang Group, in January 2011. Through this investment, this business unit participates in cold storage and distribution business in China where a rapid acceleration in demand for chilled and frozen food products, along with increased interest in food safety and reliability, has been seen. This business unit is also engaged in co-investment and management of bond warehouse in Campinas, Brazil.

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

In the insurance and risk management field, this business unit provides insurance agency services through Mitsuibussan Insurance Co., Ltd. and insurance broker services through MIC Risk Solutions Co., Ltd. Several subsidiaries, including Insurance Company of Trinet Asia Pte., Ltd. (Singapore), operate as captive insurance companies and also use their experience and knowledge of risk management to provide direct insurance writing services. In addition, this business unit has a 19.8% share interest in Mitsui Direct General Insurance Company, Limited (Japan), a direct marketing non-life insurance company specializing in Internet-based sales.

In April 2013, logistics infrastructure projects, including ports and terminals development projects and the TIACT business were transferred to the Infrastructure Projects Business Unit.

(*) In April 2012, Mitsui Bussan Logistics Management Co., Ltd. was merged into Tri-net Logistics Co., Ltd.

Americas Segment

The Americas Segment is engaged in sales, intermediary service and manufacturing of various commodities and conducts related business led by overseas trading subsidiaries in North, Central and South America, together with its affiliated companies. This segment consists of 9 trading subsidiaries including Mitsui & Co. (U.S.A), Inc. (United States), Mitsui & Co. (Canada) Ltd. (Canada) and Mitsui & Co. (Brasil) S.A. (Brazil), 22 other subsidiaries and 4 associated companies.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥66.0 billion or 8.4% and ¥12.4 billion or 4.0% of our consolidated total, respectively.

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

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

- The Iron & Steel Products Division maintains alliances with steel makers, steel processors, and major local customers in the U.S. and other countries. It specializes in streamlining the processes at each step of value chain of steel products, managing inventory and process arrangements. Mitsui U.S.A. acquired Steel Technologies Inc., a steel processor which operates more than 20 steel processing facilities in North America, in June 2007, as a core operation of this division. It processes flat-rolled steel and provides a wide range of value added services including pickling, cold strip and blanking for automotive steel plate. It has various customers and its focus is automotive manufactures and their affiliated parts suppliers. In March 2010, Mitsui U.S.A. entered into a definitive agreement with Nucor Corporation to own and operate a flat-rolled processing network and other steel related projects throughout North America. In April 2010, Mitsui U.S.A. contributed Steel Technologies Inc. into a newly established holding company, to be named NuMit LLC, and then 50% of the interest in NuMit LLC was sold to Nucor Corporation. Steel Technologies Inc. serves as the foundation for NuMit LLC, and enhances its flat-rolled steel processing operations in North America. NuMit LLC also strives to expand its business domain to other steel related projects throughout the world. Sales and distribution of energy related steel products inclusive of tubular products sales and distribution within Americas and other areas is another core operation, operated by Champion Pipe & Supply, Inc. (United States) and Cinco Pipe And Supply, LLC (United States) acquired in October 2012.
- The Mineral & Metal Resources Division engages in iron-ore; copper concentrate and cathode; aluminium ingot; nickel; cobalt; other non-ferrous metal materials; iron and steel raw materials; steel and nonferrous metal scrap and petroleum coke. The initiatives with Sims Metal Management Inc., an associated company of the Mineral & Metal Resources Segment, including electrical and electronic recycling, are also handled at this division.
- The Infrastructure Projects Division pursues large scale projects and businesses in the field of infrastructures related to power generations, water treatment, transportation and natural resources including energy (Oil & Gas) in Americas, focusing in Brazil and Mexico. This division has investments in a wind power generation company in Texas, U.S.A. and water treatment companies in Mexico.

- The Motor Vehicles & Construction / Industrial Machinery Division engages in import / export, dealership business, logistics business, and other businesses in the distribution process of each products as a business partner of various manufacturers. In addition, the Division focuses on strengthening alliance with U.S. companies in the value chain. An example of such initiatives is an investment in Penske Automotive Group, Inc.
- The Chemicals Division is engaged in the trade and business of various chemical products such as petrochemical products, food and feed additives, chemical fertilizer, pesticide, plastic materials, and resin additives. Novus International, Inc. (United States), a feed additive manufacturing subsidiary, produces and sells amino acids. In addition, Intercontinental Terminal Company LLC (United States) is engaged in the chemical tank terminal operation. SunWize Technologies, Inc. (United States) engages in sales and installation of solar power systems and modules.
- The Energy Division is, with collaboration with the Energy Segment, focused on business development of 1) North America- and South America-based E&P/Bioethanol/LNG projects; 2) North American petroleum trading /natural gas trading /natural gas sector peripheral opportunities in cooperation with other divisions; and 3) coal trading ex-North America for Asian market. Westport Petroleum Inc. is mainly engaged in purchase of fuel oil from the Americas market, especially from the U.S. market for export to the Asian market. As a result of the progress of the unconventional oil & gas development, natural resource-rich North America has been enjoying a type of resurgence. Leveraging upon participation in upstream activities, our opportunities for midstream business investment, including petrochemical and infrastructure projects, have been multiplying. Accordingly, the Energy Division is contributing to the expansion of all business interest areas of Mitsui Americas.
- The Foods & Retail Division deals with grain, coffee, juice, dairy products, foods materials and other foods products. In food resources area, this division has a subsidiary, United Grain Corp. ("UGC"), in which the division holds 80% shares, invested in United Harvest, LLC ("UH"), a joint venture with CHS Inc. ("CHS") for export facility operations for wheat and other grains. In December 2010, UGC and CHS agreed to dissolve UH. After the dissolution completed in March 2011, UGC has continued the business of grain accumulation and export as the sole manager of the export terminal and country elevators transferred from UH. In addition, Mitsui determined that it will make an additional investment to expand the export terminal, resulting in Mitsui's total investment in UGC of approximately US$250 million. UGC currently handles corn and soybean other than wheat. This division also has a 20% minority interest in WILSEY FOODS, INC, which the holding company of a fat and oil manufacturing company, Ventura Foods LLC, a joint business operated by this division and CHS. In food products area, this division's wholly-owned subsidiary, Mitsui Foods Inc. (United States), is specialized in the import food distribution business. Additionally, in January 2013, this division executed a contract with a partner company to enter salmon farming business in Chile.
- The Consumer Service Business Division offers full-fledged services related to outsourcing, healthcare, human resources, textiles and real estate. As for the real estate business, MBK Real Estate LLC (United States) handles the development and sale of unit houses, development of multi-family homes, and leasing of senior housing properties in the states of California, Washington, Utah, Colorado and Arizona. In April 2012, Mitsui U.S.A. sold Cornerstone Research & Development, Inc., a contract manufacturer of dietary supplements, as a part of its periodical re-evaluation on the portfolio companies.
- The Marine & Aerospace Unit engages in providing newly built vessels to major oil and shipping companies and in aircraft leasing business for regional airlines. New investment is under development in growing sectors in aerospace industry.
- The IT Business Unit engages in the Smart Green IT area and continues focusing on transformation of existing industries by utilizing IT innovation, and creates new business for our company.
- The Financial & New Business Division is engaged in principal investment and new business development activities in collaboration with other business units, especially in the areas of energy management, robotics and healthcare, for the Americas. Through the US subsidiaries of the Financial & New Business Unit of the Head Office in Japan, this business unit is also engaged in trading in commodity derivatives such as precious metals and energy resources, venture capital investments, sponsor finance investment pursuant to a strategic alliance with GE Capital, as well as exploring other business opportunities with GE.
- The Transportation Logistics Unit provides sophisticated, high value added logistic services by leveraging its longstanding experience in the transportation and logistics field. Furthermore, this unit has engaged in logistics business activities with our partners in the Americas.

Europe, the Middle East and Africa Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥15.6 billion or 2.0% and minus ¥0.9 billion or minus 0.3% of our consolidated totals, respectively.

This segment consisted of 9 trading subsidiaries, including Mitsui & Co. Europe PLC (United Kingdom) and Mitsui & Co. Deutschland GmbH (Germany), 3 subsidiaries and 4 associated companies.

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

Recently, the major parts of business in this segment have been sales and intermediary service of steel products, chemicals and machinery. For example, this segment has provided assistance services to Norwegian North Sea oilfields including that of operated by Statoil ASA for SCM of steel products and conducted sales of high grade steel products for automobile, transformation and food tins, and especially energy related steel projects such as OCTGs and line pipes. In March 2012, Mitsui & Co. Europe PLC and the founder and major shareholders of Global Energy Holdings Limited (United Kingdom) have jointly established GEG (Holdings) Limited (United Kingdom), the holding company of energy-related businesses of Global Energy Holdings Limited. Mitsui & Co. Europe PLC owns 25% of GEG (Holdings) Limited. By utilizing the Global Energy Holdings Limited’s skillset including fabrication and assembly of large welded-structures, inspection and repair, and provision of technical services, this segment aims to provide high-value added services through its steel products business for the energy industry and technical services for renewable energy industry, which is expected to grow rapidly in Europe, such as offshore wind farming.

In the chemical business, this segment has been engaged in sales and intermediary service of various chemical products and materials supported by our global network and relationship with large-scale manufacturers including Bayer AG. Also, ITC Rubis Terminal N.V., a company of tank terminals operation business at the Port of Antwerp, Belgium, whose 35% shares has been owned by Mitsui & Co. Europe PLC, is planned to complete and start its full operation during the fiscal year ending March 2014 following the several expansions of facilities. The company has engaged to supply the high-value added logistics and infrastructure functions to the petrochemical industry in Europe.
MBK Real Estate Europe Limited (United Kingdom) is engaged in real estate business in London.

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

Asia Pacific Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2013 were ¥ 10.5 billion or 1.3% and ¥ 27.5 billion or 8.9% of our consolidated totals, respectively.

This segment consisted of 9 trading subsidiaries, including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Thailand) Ltd. (Thailand) and Mitsui & Co. (Australia) Ltd. (Australia), 3 subsidiaries and 3 associated companies.

ASEAN Region

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

Southwest Asia

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

Oceania

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

(2) Transactions with Iran and other Countries

The U.S. Department of State designates Iran, Sudan, Syria and Cuba as State Sponsors of Terrorism and each of those countries is subject to comprehensive U.S. economic sanctions.

As a global company, we conduct business in many countries, and we are committed to complying with the laws and regulations that govern our business activities, no matter where they are conducted. All of our activities involving countries subject to U.S. economic sanctions comply with United Nations sanctions and Japanese laws and regulations. In addition, although we do conduct some business with customers in countries subject to U.S. economic sanctions, those transactions are limited in scope. They constitute less than 1% of our consolidated revenues, gross profit and assets for each of the years ended March 31, 2013, 2012 and 2011, and the values of such business has decreased every fiscal year. However, we are aware that there is a risk that our reputation may be affected due to the fact that we do have or have had in the past transactions with customers located in Iran, Sudan, Syria and Cuba.

With that reputational risk in mind, and because we seek to maintain the highest standards of ethical and legal business operations, we have internal procedures to ensure we comply both with sanctions imposed by the Security Council of the United Nations, and with licensing and other requirements of Japanese export control and laws and regulations. We also observe and comply with the regulations of other countries that apply to our company, including the Export Administration Regulations of the U.S. Department of Commerce and all other applicable U.S. regulations.

Our Iran-related operations consist only of purchases of oil products for this fiscal year. Mitsui has in the past purchased petrochemical products such as ammonia and methanol from Iranian entities for resale in Japan and elsewhere, and sold steel and chemical products to Iranian entities. In the past, Mitsui supported Japanese companies in relation to their Iranian industrial projects. This fiscal year, the volume of such transactions has become even smaller, and is now at an extremely insignificant level. Mitsui has only one asset located in Iran: a small subsidiary which renders services to support Mitsui’s implementation of the activities, all of which are permissible under United Nations sanctions and Japanese laws and regulations. We have no plans to expand any Iran-related business.

The U.S. imposes sanctions on Iran that prohibit “U.S. Persons” from dealing directly or indirectly with Iran or the Government of Iran, or entering into any transactions with any person or entity that is linked to terrorism, weapons of mass destruction (WMD) or human rights violations in Iran. In 2010, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 came into effect and U.S. restrictions on certain transactions with Iran or Iranian persons by non-U.S. Persons were strengthened and expanded. Subsequently, additional statutes and executive orders have further expanded the scope of activities by non-U.S. Persons that are related to Iran that can subject to non-U.S. Persons U.S.-imposed sanctions. Sanctions in the U.S., EU and other countries are becoming increasingly strict and we closely monitor these and other regulatory changes and continue to update our internal control mechanisms to ensure full compliance with the evolving rules.

Our Sudan-related transactions consist only of sales of sugar. Our Syria-related transactions in the past consisted of sales of insecticides to customers in the agricultural sector as well as other goods; however, we have engaged in no transactions with Syria during this fiscal year. Our Cuba-related transactions consist only of purchases of coffee beans.

None of our Sudan, Syria and Cuba-related transactions were conducted with government-related entities, officials, bodies or persons, and we are not involved in oil exploration or production in these countries. Further, we have no transactions related to military purposes there. We do not have any assets or employees in Sudan, Syria and Cuba, and we have no plans to expand our business with customers in these countries.

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products for construction and other steel products	Japan	100.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	99.1
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	92.5
Mineral & Metal Resources	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of scrap, ferroalloys and non-ferrous material products	Japan	100.0
	Mitsui Raw Materials Development Pty. Limited	Investment in Sims Metal Management Ltd., a scrap metal recycler	Australia	100.0
	Japan Collahuasi Resources B.V.	Investment in Collahuasi copper mine in Chile	Netherlands	61.9
	Mitsui Bussan Copper Investment & Co., Ltd.	Investment in Caserones copper mine in Chile	Japan	100.0
	Oriente Copper Netherlands B.V.	Investment in copper business in Chile through Inversiones Mineras Acrux SpA	Netherlands	100.0
	MBAPR Holdings Corp.	Investments in nickel and cobalt smelting business in Philippines	Philippines	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	Mitsui & Co. Plant Systems, Ltd.	Sales of various plants, electric power facilities and transportation equipments	Japan	100.0
	ATLATEC, S.A. de C.V.	Designing, building and operation of water treatment plants	Mexico	85.0
	MITSUI GAS E ENERGIA DO BRASIL LTDA.	Investments in gas distribution companies in Brazil	Brazil	100.0
	MIT Gas Mexico, S. de R.L. de C.V.	Investments in gas distribution companies in Mexico	Mexico	100.0
	Drillship Investment B.V.	Investment in deepwater drilling service business	Netherlands	100.0
	Mit Investment Manzanillo B.V.	Investment in LNG terminal in Mexico	Netherlands	100.0
	MIT POWER CANADA LP INC.	Investment in Greenfield Power Generation Project in Ontario	Canada	100.0
	Mitsui Rail Capital Holdings, Inc.	Freightcar leasing and management in North America	U.S.A.	100.0
	Mitsui Rail Capital Europe B.V.	Locomotive leasing and management in Europe	Netherlands	100.0
	Mitsui Rail Capital Participacoes Ltda.	Freightcar leasing and management in Brazil	Brazil	100.0
	Mitsui Renewable Energy Europe Limited	Investment for renewable energy in Europe	United Kingdom	100.0
	Toyota Chile S.A.	Import and sales of automobiles and auto parts in Chile	Chile	100.0
	TRANSFREIGHT, LLC	Auto parts logistics	U.S.A.	100.0
	Veloce Logistica SA	Auto parts logistics	Brazil	100.0
	Mitsui Bussan Automotive (Thailand) Co., Ltd.	Sales, leasing and service of automobiles	Thailand	100.0
	Mitsui Automotive CIS Investment B.V.	Investment in automotive-related companies in Russia	Netherlands	100.0
	PT. Bussan Auto Finance	Motorcycle retail finance	Indonesia	90.0
	BAF (Thailand) Co., Ltd.	Motorcycle retail finance	Thailand	100.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0
	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	Mitsui Automotriz S.A.	Retail sales of automobiles and auto parts	Peru	100.0
	MITSUI AUTO FINANCE CHILE LTDA.	Automobile retail finance	Chile	100.0
	Orient Marine Co., Ltd.	Shipping business	Japan	100.0
	OMC SHIPPING PTE. LTD.	Shipping business	Singapore	100.0
	Mitsui Bussan Aerospace Co., Ltd.	Import and sales of helicopters and defense and aerospace products	Japan	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemicals	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol producing business in Saudi Arabia and sales of products	Japan	55.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Mitsui & Co. Texas Chlor-Alkali, Inc.	Investments in chlor-alkali producing business in U.S.	U.S.A.	100.0
	Mitsui Bussan Chemicals Co., Ltd.	Sales and trading of solvents and coating materials	Japan	100.0
	Mitsui Bussan Frontier Co., Ltd.	Export of electronics devices and EMS/SCM business	Japan	100.0
	Daito Chemical Co., Ltd.	Manufacture and sales of industrial chemicals	Japan	70.0
	P.T. Kaltim Pasifik Amoniak	Production and sales of anhydrous ammonia	Indonesia	75.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	MITSUI & CO. PLASTICS LTD.	Sales of plastics and chemicals	Japan	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	Mitsui Bussan Fertilizer Resources B.V.	Investment in phosphorus ore mining in Peru and global marketing business	Netherlands	100.0
Energy	Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan	73.3
	Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas	Australia	100.0
	Mitsui E&P USA LLC	Exploration, development and production of oil and gas	U.S.A.	100.0
	Mitsui E&P Texas LP	Exploration, development and production of oil and gas	U.S.A.	100.0
	Mitsui E&P UK Limited	Exploration, development and production of oil and natural gas in Europe & Africa	United Kingdom	100.0
	Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas in Mozambique	United Kingdom	50.0
	Mitsui Oil Co., Ltd.	Sales of petroleum products in Japan	Japan	89.9
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0
	Westport Petroleum, Inc.	International trading of petroleum products and crude oil	U.S.A.	100.0
	Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	Singapore	100.0
	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands	100.0
	Mitsui Gas Development Qatar B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	MITSUI & CO. LNG INVESTMENT LIMITED	Investment in LNG projects	United Kingdom	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	TOHO BUSSAN KAISHA, LTD.	Import and sales of agricultural and marine products	Japan	96.3
	WILSEY FOODS, INC.	Investments in processed oil food company	U.S.A.	90.0
	PRIFOODS CO., LTD	Production, processing and sales of broilers	Japan	46.4
	San-ei Sucrochemical Co., Ltd.	Manufacture and sales of sugars, pharmaceuticals, feedstuffs and other products	Japan	70.0
	Multigrain AG	Production, origination, logistics and merchandising of agriproducts	Switzerland	100.0
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	100.0
	MITSUI ALIMENTOS LTDA.	Export of coffee beans and domestic sales of roasted coffee	Brazil	100.0
	MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan	100.0
	Bussan Logistics Solutions Co., Ltd.	Operation and management of logistics centers	Japan	100.0
	VENDOR SERVICE CO., LTD.	Sales and distribution of food and packaging materials	Japan	100.0
	RETAIL SYSTEM SERVICE CO., LTD.	Sales of foods and groceries, services for retailers	Japan	100.0
	BUSSAN REAL ESTATE CO., LTD.	Real estate sales, leasing and management	Japan	100.0
	MITSUI BUSSAN INTER-FASHION LTD.	Planning and management of production and distribution of apparel	Japan	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	MicroBiopharm Japan Co., Ltd.	Manufacture and sales of medicines and chemicals	Japan	80.0
	MBK Healthcare Partners Limited	Investment in IHH Healthcare Bhd.	United Kingdom	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Innovation & Cross Function	ShopNet Co., Ltd.	TV shopping in Taiwan	British Virgin Islands	87.2
	Mitsui Knowledge Industry Co., Ltd.	Planning, development and sales of information and communication systems	Japan	58.4
	Mitsui Electronics Inc.	Sales of electronics device and equipment	Japan	100.0
	Mitsui & Co. Global Investment Ltd.	Investment in venture businesses	Japan	100.0
	Mitsui & Co., Principal Investments Ltd.	Investment in private equity	Japan	100.0
	Mitsui Bussan Commodities Ltd.	Trading of non-ferrous metals	United Kingdom	100.0
	Mitsui & Co. Precious Metals, Inc.	Trading of precious metals	U.S.A.	100.0
	Mitsui & Co. Commodity Risk Management Ltd.	Trading of energy derivatives	United Kingdom	100.0
	TRI-NET (JAPAN) INC.	International integrated transportation services	Japan	100.0
	Trinet Logistics Co., Ltd.	Domestic warehousing business	Japan	100.0
	Tokyo International Air Cargo Terminal Ltd.	Operation of air cargo terminal at Tokyo International Airport	Japan	100.0
	Portek International Private Limited	Development and operation of container terminal	Singapore	90.0
	Mitsuibussan Insurance Co., Ltd.	Non life and life insurance agency services	Japan	100.0
Americas	Mitsui Foods, Inc.	Trading canned foods, chilled foods, juice ingredient and coffee	U.S.A.	100.0
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	Champions Pipe & Supply, Inc.	Sales of oil and gas well tubular products	U.S.A.	100.0
	Cinco Pipe And Supply, LLC	Sales of oil and gas well tubular products	U.S.A.	100.0
	MBK Real Estate LLC	Real estate-related business	U.S.A.	100.0
	Mit Wind Power Inc.	Investment in wind power generation company	U.S.A.	100.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	88.8
	Game Changer Holdings Inc.	Investment in steel processing company	U.S.A.	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	65.0
	Hydro Capital Corporation	Investment in water treatment plants in Mexico	U.S.A.	100.0
	Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A.	100.0
	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	MITSUI & CO. (BRASIL) S.A.	Trading	Brazil	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Europe, the Middle East and Africa	MBK Real Estate Europe Limited	Real estate-related business	United Kingdom	100.0
	Plalloy MTD B.V.	Compounding of plastic raw materials	Netherlands	60.0
	EURO-MIT STAAL B.V.	Steel processing	Netherlands	90.0
	Mitsui & Co. Europe PLC	Trading	United Kingdom	100.0
	Mitsui & Co. Deutschland GmbH	Trading	Germany	100.0
	Mitsui & Co. Benelux S.A./N.V.	Trading	Belgium	100.0
	Mitsui & Co. Italia S.p.A.	Trading	Italy	100.0
	Mitsui & Co., Middle East Ltd.	Trading	United Arab Emirates	100.0
Asia Pacific	Mitsui Water Holdings (Thailand) Ltd.	Investment in water supply business	Thailand	100.0
	Mitsui & Co. (Asia Pacific) Pte. Ltd.	Trading	Singapore	100.0
	Mitsui & Co. (Thailand) Ltd.	Trading	Thailand	100.0
	Mitsiam International Ltd.	Trading	Thailand	55.0
	Mitsui & Co. (Australia) Ltd.	Trading	Australia	100.0
All Other	Mitsui & Co. (Hong Kong) Ltd.	Trading	China	100.0
	Mitsui & Co. (China) Ltd.	Trading	China	100.0
	Mitsui & Co. (Shanghai) Ltd.	Trading	China	100.0
	Mitsui & Co. (Taiwan) Ltd.	Trading	Taiwan	100.0
	Mitsui & Co. Korea Ltd.	Trading	Korea	100.0
	MITSUI BUSSAN BUSINESS PARTNERS CO., LTD.	Provision of HR & GA services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui & Co. Financial Services Ltd.	Financing services within the Group	Japan	100.0
	Mitsui & Co. Financial Services (Asia) Ltd.	Financing services within the Group	Singapore	100.0
	Mitsui & Co. Financial Services (Europe) Plc	Financing services within the Group	United Kingdom	100.0
	Mitsui & Co. Financial Services (U.S.A.) Inc.	Financing services within the Group	U.S.A.	100.0
	Mitsui Bussan Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui Bussan Financial Management Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0

* Mitsui Raw Materials Development Pty. Limited and Tokyo International Air Cargo Terminal Ltd. were in a financial condition with liabilities in excess of assets. Amount of negative net worth as of March 31, 2013 were ¥20,141 million and ¥26,701 million, respectively.

(3) Major Associated Companies

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Nippon Steel Trading Co., Ltd.	Trading of iron and steel products, non-ferrous metals, machinery	Japan	25.2
	Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
Mineral & Metal Resources	Valepar S.A.	Holding company of Vale S.A.	Brazil	19.4
	Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd.	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	25.0
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminium smelting business in Brazil	Japan	20.9
	SUMIC Nickel Netherlands B.V.	Investments in nickel producing business in New Caledonia and sales of products	Netherlands	47.6
Machinery & Infrastructure	Toyo Engineering Corporation	Engineering and construction for industrial facilities	Japan	22.9
	AES JORDAN HOLDCO, LTD.	Investment in power producing business in Jordan	Cayman Islands	40.0
	P.T. PAITON ENERGY	Power generation in Indonesia	Indonesia	40.5
	IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	IPM (UK) Power Holdings Limited	Investments in power generation business	Gibraltar	26.3
	Compania de Generacion Valladolid, S. de R.L. de C.V.	Power generation in Mexico	Mexico	50.0
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	JM ENERGY CO., LIMITED	Investment in power generation business in China	Hong Kong	50.0
	Galaxy Newspring Pte. Ltd.	Investments in water business in China	Singapore	50.0
	Toyota Canada Inc.	Import and sales of Toyota automobiles and parts	Canada	49.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	17.2
	Komatsu Marketing Support Australia Pty Ltd	Sales of construction and mining equipment	Australia	40.0
	PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
Chemicals	Santa Vitoria Acucar e Alcool Ltda	Production and sales of bio-ethanol	Brazil	50.0
Energy	BHP Billiton Mitsui Coal Pty. Ltd.	Mining and sales of Australian coal	Australia	16.8
	ENEOS GLOBE Corporation	LPG imports and marketing, fuel cell and photovoltaic systems marketing	Japan	30.0
	Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0
Lifestyle	Nippon Formula Feed Manufacturing Company Limited	Manufacturing and sales of compound feedstuffs	Japan	42.9
	Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	Japan	32.5
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	44.7
	AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Sales of building materials and contract construction work	Japan	50.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Innovation & Cross Function	QVC JAPAN INC.	TV shopping using a 24-hour dedicated channel	Japan	40.0
	CCTV Shopping Co., Ltd.	Service for TV shopping business in China	China	25.0
	Moshi Moshi Hotline, Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4
	TPV Technology Limited	Design, manufacturing and sales of display related products	Bermuda	20.2
	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	33.4
Europe, the Middle East and Africa	ITC RUBIS TERMINAL ANTWERP NV	Chemical tank leasing	Belgium	50.0
	GEG (Holdings) Limited	Fabrication, upgrading, inspection and maintenance of welded structures	United Kingdom	25.0

(4) Other Affiliated Companies

Not applicable.

5. Employees

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

As of March 31, 2013

Operating Segment	Number of Employees	
Iron & Steel Products	1,959	(131)
Mineral & Metal Resources	512	(39)
Machinery & Infrastructure	15,107	(6,467)
Chemicals	2,794	(170)
Energy	1,056	(813)
Lifestyle	7,829	(5,007)
Innovation & Cross Function	5,733	(3,569)
Americas	4,622	(179)
Europe, the Middle East and Africa	945	(13)
Asia Pacific	1,569	(89)
All Other	3,022	(273)
Total	45,148	(16,750)

(Notes) 1. The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.
2. The number of employees at trading subsidiaries and their consolidated subsidiaries in China, Taiwan, Korea and CIS are included in “All Other.”

(2) Mitsui & Co., Ltd.

As of March 31, 2013

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
6,212	42.5	19 years 2 months	13,632

Operating Segment	Number of Employees
Iron & Steel Products	395
Mineral & Metal Resources	261
Machinery & Infrastructure	816
Chemicals	710
Energy	439
Lifestyle	813
Innovation & Cross Function	531
Americas	211
Europe, the Middle East and Africa	149
Asia Pacific	217
All Other	1,670
Total	6,212

(Notes)
1. The number of employees includes 1,365 seconded employees, 43 extended employment staff and 2 contract administrative staff. However, 325 contract workers (including 171 workers seconded to Mitsui from outside Mitsui) and 146 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.
3. The number of headquarters employees working in China, Taiwan, Korea and CIS is included in "All Other."

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

1. Overview of Business Results

(1) Operating Results

See “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2013 and 2012, 2) Operating Results by Operating Segment.”

(2) Cash Flows

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

2. Purchases, Sales Contracts and Trading Transactions

(1) Purchases

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

(2) Sales Contracts

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

(3) Trading Transactions

See “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2013 and 2012,” and Note 16, “SEGMENT INFORMATION.”

3. Management Issues

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

(1) Medium-term Management Plan to March 31, 2014 “Challenge and Innovation 2014 – Creating the future through dynamic evolution”

Note: The following describes the contents of the Medium-term Management Plan to March 31, 2014 announced in May 2012. Descriptions included herein may differ from our current understanding of the economic environments.

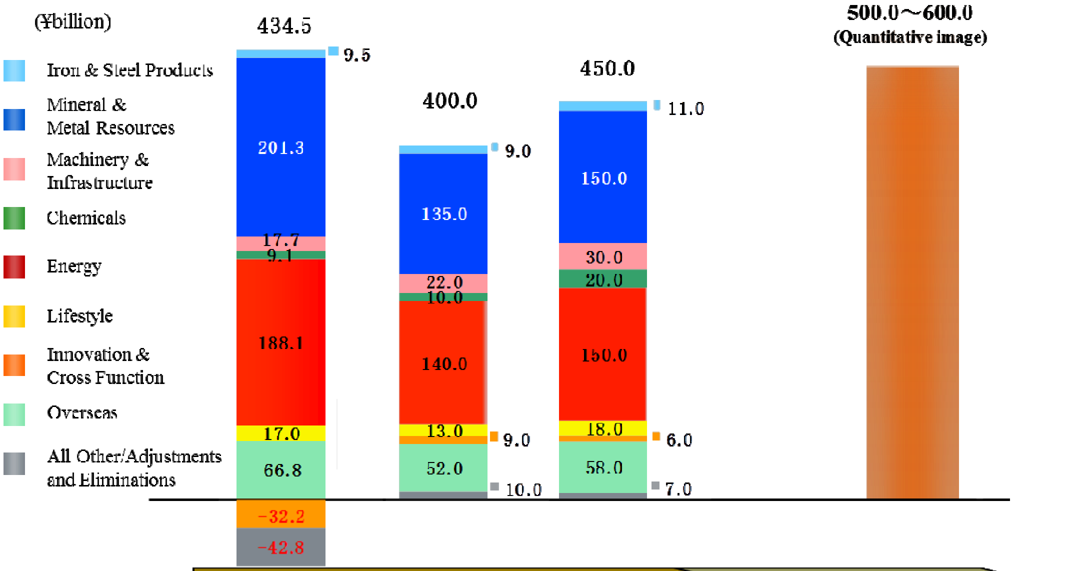
To realize our Long-term Management Vision “Dynamic Evolution as a 21st Century Global Business Enabler” announced in March 2009, we will further accelerate our move and build a strong earnings base making it capable of supporting growth through a proactive assumption of new business challenges, acquisition high-quality assets and recycling of our existing assets. We will further enhance our capability to decide, implement, verify and resolve, by sharpening keen sense, crisis consciousness and risk awareness towards the changing external environment. We strive to pursue the creation of additional value through a strong emphasis on the quality of our business activities and profits, by working steadily to differentiate our capabilities, and by accumulating a track record of Yoi-Shigoto (good quality work). We aim to become the strongest global business enabler by contributing to the world economy through expanding the business globally, and the economic development in Japan through taking on the challenge of creating new businesses for the next generation.

1) Business Plan for the period ending March 31, 2014 – quantitative summary

Global economy appears to be showing modest expansion driven by the growth fundamentals of emerging economies, especially China, although the domestic demand in developed countries is forecasted to be sluggish due to little leeway in public finance. It is expected that prices of mineral resources and energy will remain at a similar level of the current prices reflecting the robust demand of emerging countries. Increases in sales volume and prices in other product areas are also expected, reflecting a gradual but steady expansion of demand for the products.

Based on this assumption, we have formulated an earnings forecast for the year ending March 31, 2013 of ¥400 billion.

As for the year ending March 31, 2014, thanks to an increase in the equity production quantity in the mineral resources and energy businesses realized through our investments for the expansion of existing assets, as well as additional contributions in the Chemicals, Machinery & Infrastructure and Lifestyle business areas generated from new investments executed during the two-year period of previous Medium-term Management Plan, our earnings forecast is ¥450 billion. Furthermore, through the sound realization of the below-described key initiatives, we envisage a level of net income attributable to Mitsui & Co., Ltd. in the range of ¥500 billion to ¥600 billion in three to five years, namely the period from 2015 to 2017.



	March 2012 Result	March 2013 Plan	March 2014 Plan	3 ～ 5 years ahead
ROE	17.4%	14.3%	14.5%	12-15%
(¥ trillion yen)				
Total Assets	9.0	9.6	10.0	10.0-12.0
Shareholders' equity	2.6	2.9	3.3	
Net interest-bearing debt	2.1	2.3	2.3	
Net DER	0.81x	0.78x	0. 70x	

2) Five Key Initiatives of the Medium-term Management Plan

i) Reinforcement of the earnings base and business engineering capabilities

(a) Focus on upstream resource businesses (Metals, Energy, Chemicals, Food, and Consumer Products)

We will seek to develop expansion projects of the competitive existing business and good quality green field projects for mineral resources and energy from exploratory stage. We will also pursue opportunities to newly acquire basic resources, such as food resources and basic raw materials. When participating in resource development, we will contribute to the host country's multifaceted need for nation-building and industrial development by means such as advancement and development of basic industries, development of infrastructure, creation of employment and education system. We will strive to achieve sustainable growth through both resource development projects in which we invest and the host country's nation-building. We will enhance our global trading and marketing expertise in order to assert our presence in industries that present the potential for acquisition of prime resource assets and to maximize our contribution to existing projects for further improvement of asset values.

(b) Reinforcement of initiatives in the natural gas value chain

As demand for natural gas as a clean energy source is expected to increase, we will endeavor to further strengthen businesses in the natural gas value chain ranging from the resources exploration, construction and management of gas supply and distribution facilities to gas trading. We will take on challenges in the areas of LNG/CNG, gas chemical, gas-fired power generations and fuel gas for transport as well as development of next generation technologies in relation to gas field development in anticipation of increasing demand for and adding to the versatility of gas.

(c) Proactive approach to capture the momentum of growth in emerging economies and to meet global industrial requirement.

- We will accelerate business development by utilizing our global marketing network in the iron & steel products, chemicals and motor vehicle business areas.

- We will strengthen collaboration between the food unit and the agricultural chemicals unit to contribute to food production increases in response to world population increase.
- We will continuously engage in infrastructure business that serves as a basis for economic development.
- We will seek to accelerate expansion of the medical and healthcare business, and to explore new business opportunities in peripheral areas.
- We will take the initiative in developing new businesses in downstream domains.

(d) We will elevate our core functional capabilities of financing, logistics and IT for reinforcement of the company-wide earnings base. Also, we will take on challenges to create and incubate new businesses.

(e) Enhancement of partnership strategy

We will formulate and solidify an all-round strategic alliance across industries with strong local partners in strategic countries.

(f) Enhancement of project management capabilities

We will also strengthen our project management capabilities so that we can carry out development projects as planned toward steady progress in the projects, implement post-merger integrations in a timely manner, and ensure realization of returns on existing investments.

We have developed key policies based on the new six business areas outlined below.

Metals (Iron & Steel Products, Mineral & Metal Resources)	(1) Strengthen the earnings base by acquiring high quality assets and enhancing the competitiveness of existing assets (2) Strengthen global marketing capabilities to address the increase in demand from emerging economies (3) Employ industrial solutions to environmental issues and develop new businesses with sights set on the future (4) Enhance capabilities by expanding the global network with key suppliers/joint venture partners
Machinery & Infrastructure (Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace)	(1) Take initiatives on large-scale projects as well as ensure realization of returns on existing investments (2) Diversify brands and businesses in the existing motor vehicles value chain, and challenge multi-brand and other new businesses (3) Accelerate initiatives in the area of marine energy business such as owning and chartering of FPSO (4) Reinforce earnings base balancing both trading and investment businesses in marine and aerospace area

Chemicals (Basic Chemicals, Performance Chemicals)	(1) Reconstruct the foundation of trading business (2) Ensure realization of return on investments made in the previous Medium-term Management Plan, such as the chlor-alkali project in the US (3) Create new businesses including those in shale gas derived chemicals in North America and green chemicals (4) Acquire and expand fertilizer resources, enhance the global marketing network to support them, and configure a global pesticide business by making new investments for the next generation (5) Efficiently manage and enhance global marketing platforms, including our domestic sales subsidiaries, and explore and promote the new business model (6) Steadily implement domestic mega-solar projects
Energy	(1) Optimize oil, gas and coal upstream portfolio, and acquire new high quality assets (2) Enhance technical and global oil trading capabilities that allow us to identify good quality assets and to improve the existing projects (3) Pursue an increase in reserves in existing LNG projects and maintain their stable operations (4) Commercializing the Mozambique LNG project and pursue participation in new LNG projects (5) Strengthen gas marketing capabilities on a global basis (6) Create new environmental business model for next generation
Lifestyle (Food Resources, Food Products & Services, Consumer Service)	(1) Promote the global grain strategy and strengthen other food upstream businesses (2) Develop advanced global trading and marketing capabilities (3) Reconstruct the earnings base for domestic food resources and food products business (4) Strengthen the global food material business (5) Strengthen the business foundation of the domestic and foreign distributorship business, and reinforce our capabilities (6) Maximize the value of hospital business in Asia and establish the earnings base of peripheral businesses (7) Strengthen initiatives for markets of consumer products and services in emerging countries

Innovation & Cross Function (IT, Financial & New Business, Transportation Logistics)	(1) Embark on an internet & TV commerce business, energy optimization and industrial IT business areas, internet device service, big data/cloud computing/data center business areas (2) Accumulate a good quality investment portfolio and engage in investment with managerial involvement and business development (3) Secure stable earnings from the trading business and increase the assets under management of asset management business (4) Enhance provision of logistical capabilities for internal business departments and rebuild logistics business for external customers (5) Maximize the enterprise value of Portek, and enhance the logistics infrastructure business by utilizing Portek's expertise

(Note) With this Medium-term Management Plan, we restructured the previous four business areas into six new areas. Within each business area, we will strive to balance a combination of expanded upstream business and enhanced logistical and marketing capabilities. We have newly established Innovation & Cross Function business area, which provides functions of finance, logistics and IT, having incorporated IT Business Unit into this area. We will promote new business development through collaboration among the six business areas.

ii) Creating businesses for the next generation – Challenge to create new businesses to support the earnings base of the next generation –

(a) We will enhance our ability to sense and monitor innovative new businesses that may arise from the long-term shift in technology and social systems, and carefully study the possibility of commercializing these innovations, and of incubating the new initiatives.

(b) We will effectively allocate management resources, such as funds and human resources, to areas where technological innovations and evolutions are expected to emerge.

(c) We will employ industrial solutions to environmental issues by taking on challenges in the areas of the environment and new energy, such as power systems for the next generation, electric power transmission and storage, water business, mega-solar projects, green chemicals, ESCO, etc.

(d) Utilizing experiences and know-hows accumulated through global businesses in various regions and industries, we will strive to take on new challenges in the domestic market. We will aim to contribute to the industrial transformation in Japan including globalization of Japanese companies.

iii) Evolution of portfolio strategy

(a) We will ensure early realization of returns on existing investments, which were executed under the previous Medium-term Management Plan, clarifying positioning of each business domain and setting precise policy through the system, including the Portfolio Management Committee. We will also continue strategic divestiture and recycling of assets to improve asset quality.

(b) We have reviewed the previous performance evaluation indicators and introduced base cash flow (*1) and risk return (*2) as new performance evaluation indicators, with an aim toward ensuring investment discipline and in order for cash flow management to prevail.

(*1) Base cash flow: Operating income (Gross profit + selling, general and administrative expenses + provision for doubtful receivables) – depreciation and amortization + dividend income (including dividends received from associated companies)

(*2) Risk Return: Net income attributable to Mitsui & Co., Ltd. / Risk assets

(c) We will continue to dynamically allocate our resources, including funds and human resources to focus business areas and emerging economies including the Asian countries that are expected to grow in the future.

(d) We will evolve human resources management by nurturing managerial talent as well as project managers. We will make a continuous endeavor toward strategic human resources allocation and promotion of exchange programs for personnel across the units.

iv) Acceleration of globalization initiatives

(a) We will combine the global product strategies for business units with regional origination capabilities of the regional business units. We will endeavor to expand our business globally and to explore and promote new business opportunities, through collaboration among the business units. We will also promote the regional business units to conduct businesses based on their accumulated local knowledge.

(b) We will continue to promote businesses with a special focus on Brazil, Russia, India, China, Mexico and Indonesia. In addition, we have newly named Mozambique and Myanmar as focus countries. We will make significant investments of our managerial resources in these focus countries. We will also expand our businesses in frontier regions, such as Africa, etc., and Turkey as well as the Middle East regions to capture the momentum of their economic growth by demonstrating our business engineering capabilities.

(c) We will continue to foster global staff and global leaders to support globalization of our businesses. We will proactively deploy domestic junior staff into overseas offices within five years after joining Mitsui so they can obtain their overseas on-site experience, while we continue to foster and promote personnel at overseas offices.

v) Reinforcement of group management infrastructure

(a) We will continue to further promote a company-wide initiative to improve business operations as well as more efficient and effective monitoring and control of various potential risks on a group-wide basis.

(b) We will expand the new next-generation core system, which went live in November 2010 in the headquarters, to each of the principal domestic and foreign subsidiaries, as one of the reinforcement measures of our information strategy. We will also enhance information risk management by managing risk of information leakage in a proper manner.

(c) We will continue to develop our own CSR initiatives based on our core business while always bearing in mind “Yoi-Shigoto (good quality work).”

3) Investment and loan plan of the Medium-term Management Plan

During the two-year period of the Medium-term Management Plan, a total sum of ¥1,400 billion is planned for expenditures on investments and loans. Of this amount, ¥800 billion will be executed in the year ending March 31, 2013. Of this amount, Energy business area expects to make investments and loans of ¥250 billion, mainly for development of shale gas projects in the U.S. and acquisition of equity in an LNG project in Australia, which was announced in May 2012. ¥200 billion will be spent in the Metals business area mainly for expansion of existing projects; ¥200 billion in the Machinery & Infrastructure business area for rolling stock lease businesses and marine energy businesses; and ¥50 billion, respectively, in Lifestyle business area, Chemicals business area, and Innovation & Cross Function business area. We also plan asset recycling of a total sum of approximately ¥300 billion for the two-year period ending March 31, 2014, out of which ¥160 billion is expected to be executed in the year ending March 31, 2013.

As a result, cash flow from investing activities for the year ending March 31, 2013 is expected to show a cash outflow of ¥640 billion. While cash flow from operating activities is expected to show a cash inflow, free cash flow will be negative. We continue to work on initiatives to achieve a continuous and stable positive free cash flow trend in a mid to long-term.

(¥billion) Business Area	March 2013	March 2014
Metals	200	600
Machinery & Infrastructure	200	
Chemicals	50	
Energy	250	
Lifestyle	50	
Innovation & Cross Function	50	
Gross Cash Outflow	800	600
Divesture	▲160	▲140
Net Cash Outflow	640	460

(2) Progress with the Medium-term Management Plan to March 31, 2014

Progress in five key initiatives for the Medium-term Management Plan was as follows:

i) Reinforcement of the earnings base and business engineering capabilities

(a) Focus on upstream resource businesses

- In the Metals business area, we acquired a working interest in copper, through the joint holding of Anglo American Sur shares with Codelco, and expansion of iron ore export port capacity owned by Robe River J/V was decided;
- In the Energy business area, oil and gas concessions in the UK North Sea were acquired and an agreement was concluded to acquire an oil field in Italy;
- In the Chemicals business area, a basic agreement was signed with Idemitsu Kosan Co., Ltd. for joint production and marketing of alpha olefins that utilizes the shale gas produced in the United States; and an initial agreement was also reached with The Dow Chemical Company of the United States concerning the procurement of feedstock for the production and the supply of a part of its production.
- In the Lifestyle business area, progress was made in enhancing the global grain collection network with projects such as investment in Sodrugestvo Group S.A. in Russia.

(b) Reinforcement of initiatives in the natural gas value chain

Progress was seen in commercialization projects for LNG in the United States, Australia and Mozambique. In our shale gas related businesses in the United States, we are making progress connecting the natural gas value chain to the chemical businesses by utilizing our business engineering capabilities: an example would include the above-mentioned project with Idemitsu Kosan Co., Ltd. In Mexico, besides participating in the business of this country’s largest natural gas distribution company, the LNG receiving terminal, a project in which we played an initiative role during the development stage, started operation.

(c) Proactive approach to capture the momentum of growth in emerging economies and to meet global industrial requirement.

We have made steady progress with initiatives in emerging economies in each business areas, from upstream to downstream businesses. In the Machinery & Infrastructure business area, operations have started and contributions are being made to profits by a coal-fired thermal power plant project in Hezhou, China, automobile assembly business in Russian Far East, and drillship and FPSO projects in Brazil. In the Lifestyle business area, we have expanded our hospital and related businesses, utilizing IHH Healthcare Bhd. as a business platform.

(d) Elevation of functional capabilities and reinforcement of challenges to create and incubate new businesses

As initiatives to create and incubate new businesses, in the Metals business area, we are endeavoring to build a functional platform within the value chain of iron and steel products and automobiles, and to attain this aim, agreed to invest in Gestamp Automoción S.L.'s North and South American operations.

In addition, to elevate functional capabilities, aiming to integrate finance, logistics and IT functions and to further contribute to company-wide earnings, we have established the Innovation & Corporate Development Business Unit on April 1, 2013.

(e) Enhancement of partnership strategy

We have strengthened the relationship with Codelco by conducting a strategic alliance agreement. In addition, in emerging countries such as Indonesia, India, Singapore and Thailand, we have strengthened the relationships with prominent local companies and built the basis for a multifaceted approach in the future.

ii) Creating businesses for the next generation

Aiming to create businesses that will support our earnings base for the next generation, we have built a company-wide framework to enhance business innovation. Centered on the Business Innovation Committee, a committee located under the Corporate Management Committee, we are implementing plans to strengthen our ability to formulate new projects, such as building relationships with universities and research institutions inside and outside of Japan so as to enhance our information-gathering ability, as well as introducing the idea of "business innovation projects," which use criteria for evaluating next generation projects that are different from those applied to ordinary investments.

We are also placing an emphasis on participating in domestic businesses that would contribute to stimulating the local economy. Progress has been seen in projects such as those one related to the seafood processing zone in Kesennuma, an aquarium in Sendai, the Softbank Tottori-Yonago Solar Park and the mega solar power facility project in Higashimatsushima-city of Miyagi prefecture, all in Japan, which are expected to contribute to revitalization of local economies.

iii) Evolution of portfolio strategy

Working primarily through the Portfolio Management Committee, we are improving asset quality and implementing strategic recycling of investments we have made, and are executing dynamic allocation of management resources.

Continuous effort is being invested in human resources management, such as recruitment of personnel who match the demands and strengthening of nurturing program for project managers.

iv) Acceleration of globalization initiatives

By strengthening the ties with prominent local companies in countries and regions where we conduct business, we succeeded in participating in projects, such as Yulin Business Park project in Chongqing, China, where we are to promote inward investment and participate in the selection of sites, and building development project within a business park in Singapore in collaboration with Ascendas Ptd Ltd.

The Nay Pyi Taw office in Myanmar being an example, we are establishing offices and business organizations in our key strategic countries including the BRICs, Mexico, Indonesia, Mozambique and Myanmar, as well as in frontier regions such as Africa, thereby raising our presence in the region and creating new projects.

As for globalization of human resources, we have expanded recruitment into the international market and are continuously implementing human resources training programs.

v) Reinforcement of group management infrastructure

To further strengthen the business and corporate structure and to maximize our business engineering capabilities for the realization of our vision for the future as set forth in our current Medium-term Management Plan, starting April 1, 2013, we are reorganizing our business units and corporate staff divisions.

We will continue to develop our own CSR initiatives bearing in mind “Yoi-Shigoto (good quality work),” as well as enhance and strengthen communication with the community.

(3) Business Plan for the Year Ending March 31, 2014

1) Forecasts for the year ending March 31, 2014

[Assumption]		
Exchange rate (JPY/USD)	95.00	83.32
Crude oil price (JCC)	$103/bbl	$114/bbl
Consolidated oil price	$106/bbl	$114/bbl

(Billions of Yen)

	Mar-14 Forecast	Mar-13 Result	Change	Description of Increase/Decrease
Gross profit	900.0	790.4	109.6	Positive impact of depreciation of Yen. Oil, iron ore and coal prices declined.
SG & A expenses	(580.0)	(521.1)	(58.9)	
Provision for doubtful receivables	(10.0)	(14.7)	4.7	
Operating income	310.0	254.6	55.4	
(Other expenses)				
Interest expenses	(10.0)	(1.2)	(8.8)	Reversal of commitment fee related to the loan to Codelco recorded in Mar-13.
Dividend income	90.0	80.1	9.9	Increase in dividends from LNG projects.
Gain on sales of securities, PPE and other gains-net	(5.0)	(19.4)	14.4	Reversal of impairments recorded in Mar-13.
Income before income taxes and equity in earnings	385.0	314.1	70.9	
Income taxes	(200.0)	(158.3)	(41.7)	
Income before equity in earnings	185.0	155.8	29.2	
Equity in earnings of associated companies	200.0	176.2	23.8	Reversal of impairments recorded in Mar-13.
Net income before attribution of noncontrolling interests	385.0	332.0	53.0	
Net income attributable to noncontrolling interests	(15.0)	(24.1)	9.1	
Net income attributable to Mitsui & Co., Ltd.	370.0	307.9	62.1	

We assume foreign exchange rates for the year ending March 31, 2014 will be ¥95/US$, ¥95/AU$ and ¥45/BRL, while average foreign exchange rates for the year ended March 31, 2013 were ¥83.32/US$, ¥85.89/AU$ and ¥41.27/BRL. Our assumption for the annual average crude oil price applicable to our financial results for the year ending March 31, 2014 is US$106/barrel, down US$8 from US$114/barrel applied for the year ended March 31, 2013, based on the assumption that the crude oil price (JCC) will be maintained at US$103/barrel throughout the year ending March 31, 2014.

Gross profit is expected to be ¥900.0 billion. Despite the assumption that prices of mineral resources and energy such as oil, iron ore and coal will decline, we expect an increase in sales volume, as well as a positive effect from depreciation of the Japanese yen and a recovery of economic conditions in other business areas. Dividend income is expected to be ¥90.0 billion due to an increase in dividend income from LNG projects. We anticipate a rebound effect from impairment losses recorded in the year ended March 31, 2013, in gains on sales of securities, property and equipment and other gains-net. Equity in earnings of associated companies is expected to be ¥200.0 billion reflecting the reversal effect of impairment losses and contribution starting from equity method investees in which we invested by the year ended March 31, 2013. As a result, net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2014 is expected to be ¥370.0 billion.

The forecast for annual operating results by operating segment compared to the results for the year ended March 31, 2013 is described as follows:

(Billions of yen)	Year ending March 31, 2014	Year ended March 31, 2013	Change
Iron & Steel Products	13.0	(2.9)	15.9
Mineral & Metal Resources	107.0	90.5	16.5
Machinery & Infrastructure	22.0	16.9	5.1
Chemicals	12.0	(1.5)	13.5
Energy	160.0	164.8	(4.8)
Lifestyle	16.0	13.0	3.0
Innovation & Cross Function	(3.0)	4.7	(7.7)
Americas	17.0	12.4	4.6
Europe, the Middle East and Africa	3.0	(0.9)	3.9
Asia Pacific	33.0	27.5	5.5
All Other/Adjustments and Eliminations	(10.0)	(16.6)	6.6
Consolidated total	370.0	307.9	62.1

Effective April 1, 2013, the Innovation & Cross Function Segment, where IT, FT and LT capabilities of our company are concentrated, changed its name to Innovation & Corporate Development Segment. Logistics infrastructure businesses, including development and management of ports and airport terminal, advanced materials related businesses such as liquid-crystal and electronic devices, and media related businesses such as TV Shopping and broadcasting, all included in the Innovation & Cross Function Segment until March 31, 2013, were transferred to Machinery & Infrastructure Segment, Chemicals Segment, and Lifestyle Segment, respectively.

The Innovation & Corporate Development Segment, through its integrated IT, FT and LT capabilities, aims to solidify a business base for the business fields included in the scope of this segment, contribute in connecting the various segments within the company, and provide functions that will contribute in creating next-generation businesses.

In accordance with the aforementioned change, the operating segment information for the year ended March 31, 2013 has been restated to conform to the operating segment as of April 1, 2013.

- Projected net income attributable to Mitsui & Co., Ltd. from the Iron & Steel Products Segment for the year ending March 31, 2014 is ¥13.0 billion, an increase of ¥15.9 billion from the year ended March 31, 2013. We expect an increase in profit attributable to the recovery in market conditions and a profit contribution from the automotive components manufacturing business in the Americas, in addition to the reversal effect of foreign exchange losses recorded in the year ended March 31, 2013.

- Projected net income attributable to Mitsui & Co., Ltd. from the Mineral & Metal Resources Segment is ¥107.0 billion, an increase of ¥16.5 billion from the year ended March 31, 2013. The primary reasons for the increase are the positive effect from depreciation of the Japanese yen; an increase in sales volume of iron ore and copper reflecting expansion investments in iron ore projects; and an increase in income from infrastructure expansion investments, including port facilities. On the other hand, we took into consideration the negative impact of a decline in prices of mineral resources.

- Projected net income attributable to Mitsui & Co., Ltd. from the Machinery & Infrastructure Segment is ¥22.0 billion, an increase of ¥5.1 billion from the year ended March 31, 2013. While the research and development costs for development of a new aircraft engine is expected to increase, we also expect positive effect from depreciation of the Japanese yen and profit contribution from new projects in the FPSO leasing business and IPP business.

- Projected net income attributable to Mitsui & Co., Ltd. from the Chemicals Segment is ¥12.0 billion, an increase of ¥13.5 billion from the year ended March 31, 2013. In addition to the recovery in underperforming trading activities, such as in petrochemical materials, we anticipated a reversal effect of impairment losses on securities recorded in the year ended March 31, 2013.

- Projected net income attributable to Mitsui & Co., Ltd. from the Energy Segment is ¥160.0 billion, a decline of ¥4.8 billion from the year ended March 31, 2013. Expected positive factors include the positive effect from depreciation of the Japanese yen; an increase in dividends received from LNG projects; and an increase in sales volume of oil & gas and coal. Meanwhile, negative factors are also expected including an increase in depreciation cost in oil & gas producing activities; a decline in oil and coal prices; and the reversal effect of the gain posted in the year ended March 31, 2013 from the reversal of deferred tax liabilities at Mitsui Oil Exploration Co., Ltd.

- Projected net income attributable to Mitsui & Co., Ltd. from the Lifestyle Segment is ¥16.0 billion, an increase of ¥3.0 billion from the year ended March 31, 2013, reflecting the recovery in Multigrain AG, despite the reversal effect of gains on sales of securities recorded in the year ended March 31, 2013.

- Projected net loss attributable to Mitsui & Co., Ltd. from the Innovation & Corporate Development Segment is ¥3.0 billion, a decline of ¥7.7 billion from the year ended March 31, 2013, mainly attributable to the reversal effect of gains on sales of securities including those in Nihon Unisys, Ltd. and LME Holdings Limited recorded in the year ended March 31, 2013.

- Projected net income attributable to Mitsui & Co., Ltd. from the Americas Segment is ¥17.0 billion, an increase of ¥4.6 billion from the year ended March 31, 2013, reflecting the positive effect from depreciation of the Japanese yen; an expansion of the chemical tank business; and contribution from Cinco Pipe & Supply, LLC. Projected net income attributable to Mitsui & Co., Ltd. from the Europe, the Middle East and Africa Segment is ¥3.0 billion, an increase of ¥3.9 billion from the year ended March 31, 2013, reflecting the recovery in business conditions in these regions. Projected net income attributable to Mitsui & Co., Ltd. from the Asia Pacific Segment is ¥33.0 billion, an increase of ¥5.5 billion from the year ended March 31, 2013, due to increases in this segment's portion of net incomes of subsidiaries of the Mineral & Metal Resources and Energy segments.

2) Key commodity prices and other parameters for the year ending March 31, 2014

The table below shows assumptions for key commodity prices and other parameters for the projected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2014. Effects of price movements for each commodity on annual net income attributable to Mitsui & Co., Ltd. are included in the table.

Year ended March 31, 2013 Result	Impact on Net Income attributable to Mitsui & Co., Ltd. for the Year ending March 31, 2014			Year ending March 31, 2014 Assumption
114	Commodity	Crude Oil/JCC	¥1.9 bn (US$1/bbl)	103
114		Consolidated Oil Price (*1)		106
129 (*2)		Iron Ore	¥2.2 bn (US$1/ton)	(*3)
7,950 (*4)		Copper	¥0.6 bn (US$100/ton)	7,500
83.32	Forex (*5)	USD	¥1.9 bn (¥1/USD)	95
85.89		AUD	¥1.9 bn (¥1/AUD)	95
41.27		BRL	¥0.4 bn (¥1/BRL)	45

(*1) The oil price trend is reflected in net income with a 0-6 month time lag. We assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 34%; 1-3 month time lag, 47%; no time lag, 19%.
(*2) Average of representative reference prices (Fine, 62% Fe CFR North China) during April 2012 to March 2013
(*3) We refrain from disclosing the iron ore price assumptions.
(*4) Average of LME cash settlement price during January 2012 to December 2012
(*5) Impact of currency fluctuation on net income of overseas subsidiaries and associated companies (denomination in functional currency) against the Japanese yen

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for net incomes attributable to Mitsui & Co., Ltd. for the years ended March 31, 2012 and 2013 reported by overseas subsidiaries and associated companies were ¥473.5 billion and ¥350.9 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on net income attributable to Mitsui & Co., Ltd. for the year ending March 2014.

i) We aggregated a total projected net income attributable to Mitsui & Co., Ltd. in the business plans of these companies covering the year ending March 31, 2014, according to their functional currencies. Firstly, we aggregated Australian dollar and Brazilian real denominated projected net income attributable to Mitsui & Co., Ltd. of those companies using two currencies as functional currencies. Secondly, we aggregate the rest of the projected net income attributable to Mitsui & Co., Ltd. from overseas subsidiaries and associated companies as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation for three categories of aggregated net incomes attributable to Mitsui & Co., Ltd.
For example; yen appreciation of ¥1 against US$1 would have the net effect of reducing net income attributable to Mitsui & Co., Ltd. by approximately ¥1.9 billion. Specifically, for the net income attributable to Mitsui & Co., Ltd. from those companies using Australian dollar and Brazilian real as functional currencies, appreciation of ¥1 against Australian AU$1 and BRL$1 would have the net effect of reducing net income attributable to Mitsui & Co., Ltd. by approximately ¥1.9 billion and ¥0.4 billion, respectively.

ii) Net income attributable to Mitsui & Co., Ltd. from those mineral resources and energy producing companies are affected by the currency fluctuation between U.S. dollar as a contractual currency of sales contracts and the two currencies as functional currency, affecting their Australian dollar or Brazilian real denominated revenues. Attention should be paid to this, in addition to the impact that is discussed in i) above.

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

4. Risk Factors

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

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

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

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

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

For further information about the impact of commodity price fluctuations on our operating results for the year ended March 31, 2013 and possible effects in the future, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2013 and 2012."

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

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

For further information about the impact of exchange rate fluctuations on our operating results for the year ended March 31, 2013 and in the future, see "3. Management Issues, (3) Business Plan for the Year Ending March 31, 2014" and "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources."

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

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

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2013, our current trade receivables (less unearned interest and allowance for doubtful receivables—current) were ¥2,022.1 billion, representing 19. 6% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2013 was ¥16.5 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

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

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

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥663.1 billion short-term debt and ¥3,606.2 billion long-term debt as of March 31, 2013. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

For information on the status of our funding, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources” and “(6) Others, 4) Quantitative and Qualitative Information Regarding Market Risk.”

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

Assets for which we act as a lessor, such as real property, rolling stock, ocean transport vessels, aircraft and equipment are exposed to potential significant impairment losses due to the decline in the value of these assets. As of March 31, 2013, the value of these assets in which we act as lessor, presented on our Consolidated Balance Sheets as “Property leased to others—at cost, less accumulated depreciation,” was ¥330.6 billion. The carrying amounts of these assets in which we act as lessor are affected by certain factors, which are beyond our control such as their global supply and demand, prevailing interest rates, prices of relevant products and services and regional and/or global cyclical trends. There can be no assurance that impairment losses will not occur on these assets and any impairment losses with respect to such assets may have an adverse effect on our operating results and financial condition.

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

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

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

For information on our pension costs, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates” and Note 13, “PENSION COSTS AND SEVERANCE INDEMNITIES.”

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

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

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

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

A significant portion of our investment portfolio consists of marketable equity securities. At March 31, 2013, our marketable equity securities were carried at a fair value of ¥ 451.7 billion, representing 4.4% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition.

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

(10) 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. 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.

A worsening of our operating environment could 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, additional valuation allowances may be recorded since the deferred tax assets may not be fully utilized. Consequently, establishing such additional valuation allowances may adversely affect our operating results and financial conditions.

In March 2012, the Australian Mineral Resource Rent Tax Act 2012 (hereinafter, MRRT) and Expansion of the Petroleum Resource Rent Tax Act (hereinafter, PRRT) was enacted.
Under the MRRT and PRRT, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use market value approach can obtain deductions for the amortization of the market value of the project. As we plan to apply the market value approach, we recorded deferred tax assets for the operating assets based on the differences in book values between for accounting purpose and tax purpose (the market value as of May 1, 2010), and applied a valuation allowance for the portion we judged could not be realized.
A future decline of the commodity prices may result in a worsening of each project’s future taxable income compared to the amount anticipated in the current projection. In such cases, additional valuation allowances may be recorded since the deferred tax assets may not be fully utilized. Consequently, establishing such additional valuation allowances may adversely affect our operating results and financial conditions.
For information on our accounting policies and estimates with respect to deferred tax asset valuation, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates.”

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

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

- In Brazil, Chile and Russia, we have significant interests in the exploration, development and production of mineral resources and energy.

- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.

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

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

As of March 31, 2013, we had 268 consolidated subsidiaries and 142 associated companies. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

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

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

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

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

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

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

- development of projects may face schedule delays or cost overruns than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect;
- reserves are estimated based on available geological, technical, contractual and economic information, and thus actual development and production may significantly differ from originally estimated reserves; and
- exploration activities may not produce successful results and thus it is possible that reserve replacement cannot be achieved based on the assumed cost and time schedule.

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

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

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

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

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

In new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which can cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

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

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

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

As a result of an oil spill incident at an exploration project in the Gulf of Mexico for which BP Exploration & Production Inc. (BP) was the operator, civil lawsuits including those seeking recovery for alleged economic loss, property damages, the costs of and caused by the clean up and personal injuries as well as those seeking penalties were brought against subsidiaries of Mitsui. Among the plaintiffs were private parties, the United States government, and state and local governmental entities.
In connection to this incident, subsidiaries of Mitsui entered into a settlement with BP and its parent companies (BP Settlement), under which Mitsui and its subsidiaries are to be fully indemnified by BP and its parent companies as to all claims arising from the incident except for punitive damages, but solely to the extent arising from the conduct of the Mitsui subsidiaries, and fines, penalties and sanctions. However, there is a risk that the indemnity payments required by the BP Settlement may not be made.
The penalty claims filed by the United States and right of some of the Gulf Coast state governments to claim for penalties were resolved by an agreement reached between subsidiaries of Mitsui and the United States (DOJ Settlement). However, the risk remains that a court will require Mitsui subsidiaries to pay penalties to state governments that did not participate in the DOJ Settlement and local governmental entities.
Except for the punitive damage claims made by certain local governmental entities and in connection with the personal injury claims, all the claims that are not covered by the BP Settlement or the DOJ Settlement have been dismissed by court orders. However, these court orders are not final and can be appealed; in fact, certain of the local governmental entities have appealed the order dismissing their penalty claims and that appeal is currently pending before the appellate court.

Mitsui and its United States subsidiary, Mitsui & Co. (U.S.A.), Inc. are shareholders of Coronet Industries Inc. (“Coronet”), a former manufacturer of animal feed supplements, each with 18% and 12% share interest respectively. Coronet has been working with the U.S. Environmental Protection Agency and the State of

Florida in an investigation on environmental conditions related to its prior operations at its facility in the state of Florida. Currently deliberations continue with the environmental authorities in relation to appropriate environmental measures and concrete clean-up methods, as well as their implementation. In addition, Coronet has been named as defendant in a civil action initiated by residents residing in areas adjacent to the facility, in which the residents are demanding compensation for damages. Mitsui and Mitsui & Co. (U.S.A.), Inc., together with prior owners of Coronet's assets, have been named as defendants in such action, and are currently in negotiations for a settlement.

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

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

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

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

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

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

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

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

Among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, coal, oil and gas, and salt producing operations, leading to increased costs and/or decreased revenues. In the case that

production sites, productive facilities, and infrastructure used for shipments such as roads, railways and ports, are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions such as drought could also adversely affect foods raw material producing activities in which we have investments.
Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as the Kyoto Protocol, which came into effect for that objective. Introduction of government-imposed greenhouse gas emission restrictions including environmental tax, and cap and trade schemes of emission credit could adversely affect the operating results of our businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses where we have minority share holdings.

Furthermore, as a result of big earthquake like the Great East Japan Earthquake of March 2011, there may be a slowdown in economic activities due to the shortage of electricity. Owing to such factors, a decline in our revenues may take place, the financial conditions of companies to which we have extended credit may worsen, impairment may occur on the stocks we hold, and as a result, this may have an adverse effect on our operating results.

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

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

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

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

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

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

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

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

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

5. Material Contracts

For the year ended March 31, 2013, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

For major business combinations that occurred in the year ended March 31, 2013 and the previous fiscal year, see Note 3, "BUSINESS COMBINATIONS." Also, for the major acquisitions and sales of assets in the year ended March 31, 2013, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, and 5) Assets, Liabilities and Shareholders' Equity."

6. Research & Development

For the year ended March 31, 2013, research and development ("R&D") expenses totaled ¥5.0 billion. Management recognizes that individual R&D activity will not have a significant effect on our future operating results.

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

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

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

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

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

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

(1) Key Performance Measures under Management's Discussion

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

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

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

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

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

In a reflection of the crunch in supply and demand and rising prices in mineral resources and energy as a result of the rapid growth of emerging economies since the 2000s, there has been an increase in the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses. As a result of this, the condition of the market and the production amount for mineral resources and energy has become a significant variable in operating results. Furthermore, investment for development in businesses with interests in production of mineral resources and energy in the light of price fluctuations and expected supply and demand has an important place within the overall gross assets and cash flow of the consolidated group.

For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources Segment and the Energy Segment in "(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2013 and 2012, 2) Operating Results by Operating Segment."

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

Consistent with our Medium-term Management Plan to March 2014 announced in May 2012, we have been engaged in building a strong earnings base making it capable of supporting growth through a proactive assumption of new business challenges, acquisition of high-quality assets and recycling of our existing assets.

In parallel, management monitors the progress of investment and loan plans quarterly and addresses divestitures of existing assets in order to maintain an optimum portfolio structure and also to generate additional cash flows as a source for the above-mentioned investments.

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

(2) Operating Environment

Note: The following describes the understanding of the economic environments as of May 2013. Descriptions included herein may differ from our current understanding.

During the first half of this fiscal year, the slowdown in the advanced economies such as the financial crisis in Europe had spillover effects to the emerging economies, raising concerns over a further slowdown in the global economy. However, with the monetary easing and stimulus packages in place, the global economy regained signs of modest improvement in the second half of the fiscal year.

Although negative economic growth is still anticipated in the euro area, measures against the crisis such as the implementation of the bond purchase program have shown some progress. In the United States, with the implementation of Quantitative Easing 3, backed by solid job growth, improvement in the real estate market as well as rising in stock prices, consumer spending showed a robust performance. In Japan, as a result of the significant monetary easing and fiscal action, rapid depreciation of the yen as well as rising stock prices are being observed, leading to an expectation that corporate performance and the economic climate will start to pick up. As a next step, early implementation of a growth strategy that would realize sustainable economic growth is awaited.

In China, a temporary slowdown in the economy was seen, due to a decline in export volumes to the euro area and sluggish real estate investment. However, the Chinese economy has bottomed out supported by the monetary policy easing and stimulus package on consumption in place, along with investments related to infrastructure development, and we expect a steady 7.5-8% per annum growth.

The commodities markets, including crude oil and metal resources, showed a large drop affected by the financial crisis in Europe, presenting severe challenges to our operations. Recently, the commodities markets are regaining stability along with the normalization of the international financial market, but as the world economy lacks a strong driving force like China after the Lehman Shock, recovery is yet limited to certain commodities and we remain cautious of the high levels of volatility.

While we maintain our view that the global economy will continue to grow at a moderate rate driven by reasonable growth in the emerging economies and the moderate recovery in Japan and the U.S., we expect that such growth will remain sluggish and the global economy vulnerable. We will further intensify our monitoring of the commodities markets as well as the changes in economic policies, and, with a long term perspective, reinforce our disciplined approach in conducting our businesses.

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2013 and 2012

1) Analysis by Income Statement Account

Revenues

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

- Revenues are reported based on gross amounts for transactions where we have the related risks and rewards of ownership such as transactions mainly where we are the primary obligor in the arrangement and/or assume general inventory risk without any significant mitigation of our risk level.

- Revenues are reported based on net amounts where we assume a low degree of related risks and rewards, effectively acting as an agent for the applicable products or services. A typical example of reporting revenues based on net amounts is a transaction where we receive a commission or fee at a fixed rate based on transaction volume or amount.

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

The table below provides these three categories of revenues by operating segments in "OPERATING SEGMENT INFORMATION" in Note 16, "SEGMENT INFORMATION."

	Billions of Yen											
	Years Ended March 31,											
	2013				2012				Change			
	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total
Iron & Steel Products	¥ 146.3	¥ 28.0	¥ 0.3	¥ 174.6	¥ 159.3	¥ 29.7	¥ 0.3	¥ 189.3	¥ (13.0)	¥ (1.7)	¥ 0.0	¥ (14.7)
Mineral & Metal Resources	533.0	7.3	0.0	540.3	559.9	7.8	0.0	567.7	(26.9)	(0.5)	0.0	(27.4)
Machinery & Infrastructure	200.5	101.2	61.8	363.5	170.1	77.1	65.4	312.6	30.4	24.1	(3.6)	50.9
Chemicals	706.6	37.8	1.6	746.0	750.7	37.8	0.8	789.3	(44.1)	0.0	0.8	(43.3)
Energy	1,401.6	6.3	1.7	1,409.6	1,722.3	7.2	0.5	1,730.0	(320.7)	(0.9)	1.2	(320.4)
Lifestyle	697.2	93.1	10.1	800.4	671.1	92.5	11.5	775.1	26.1	0.6	(1.4)	25.3
Innovation & Cross Function	42.9	92.7	14.5	150.1	51.8	93.0	26.8	171.6	(8.9)	(0.3)	(12.3)	(21.5)
Americas	521.6	5.9	19.7	547.2	506.4	8.6	14.1	529.1	15.2	(2.7)	5.6	18.1
Europe, the Middle East and Africa	83.3	11.8	0.0	95.1	105.0	14.3	0.2	119.5	(21.7)	(2.5)	(0.2)	(24.4)
Asia Pacific	75.0	7.9	0.0	82.9	56.1	9.0	0.0	65.1	18.9	(1.1)	0.0	17.8
Total	4,408.0	392.0	109.7	4,909.7	4,752.7	377.0	119.6	5,249.3	(344.7)	15.0	(9.9)	(339.6)
All Other	0.1	0.2	1.6	1.9	0.5	0.1	1.7	2.3	(0.4)	0.1	(0.1)	(0.4)
Adjustments and Eliminations	0.0	(0.1)	0.1	0.0	0.0	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0
Consolidated Total	¥ 4,408.1	¥ 392.1	¥ 111.4	¥ 4.911.6	¥ 4,753.2	¥ 377.0	¥ 121.4	¥ 5,251.6	¥ (345.1)	¥ 15.1	¥ (10.0)	¥ (340.0)

(*1) During the year ended March 31, 2013, "Foods & Retail" Segment and the Consumer Service Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Lifestyle" Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and in the emerging economies' consumers that are expected to expand. Additionally, the "Logistics & Financial Business" Segment and the IT Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Innovation & Cross Function" Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation.
In accordance with these changes, the operating segment information for the year ended March 31, 2012, has been restated to conform to the current period presentation.
(*2) During the year ended March 31, 2013, "Machinery & Infrastructure Project" Segment changed its name to "Machinery & Infrastructure" Segment.

Sales of Products

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

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

For the year ended March 31, 2013, revenues from the sales of products were ¥4,408.1 billion, a decline of ¥345.1 billion, or 7.3%, from ¥4,753.2 billion for the corresponding previous year. Major factors by operating segment were as follows:

- Revenues from the Energy Segment were ¥1,401.6 billion, a decline of ¥320.7 billion from ¥1,722.3 billion for the corresponding previous year. Petroleum trading activities recorded a decline of ¥351.0 billion due to the decline in trading volume at Westport Petroleum, Inc. (United States), while an increase of ¥47.2 billion was recorded in oil and gas producing activities due to increases in both volume and oil prices, see the discussion under "Energy Segment" of "2) Operating Results by Operating Segment."
- Revenues from the Chemicals Segment were ¥706.6 billion, a decline of ¥44.1 billion from ¥750.7 billion for the corresponding previous year mainly due to underperforming trading activities in petrochemical intermediate materials as well as fertilizer resources and materials.
- Revenues from the Machinery & Infrastructure Segment were ¥ 200.5 billion, an increase of ¥30.4

billion from ¥170.1 billion for the corresponding previous year due to a solid performance in motor vehicle-related as well as mining and construction machinery-related businesses.

Sales of Services

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

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

For the year ended March 31, 2013, revenues from the sales of services were ¥392.1 billion, an increase of ¥15.1 billion, or 4.0%, from ¥377.0 billion for the corresponding previous year. Revenues from the Machinery & Infrastructure Segment were ¥ 101.2 billion, an increase of ¥24.1 billion from ¥77.1 billion for the corresponding previous year due to a solid performance in motor vehicle-related as well as mining and construction machinery-related businesses.

Other Sales

Other sales principally include the revenues from:

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

For the year ended March 31, 2013, revenues from other sales were ¥111.4 billion, a decline of ¥10.0 billion, or 8.2%, from ¥121.4 billion for the corresponding previous year. Revenues from the Innovation & Cross Function Segment were ¥14.5 billion, a decline of ¥12.3 billion from ¥26.8 billion for the corresponding previous year. Mitsui & Co. Commodity Risk Management Ltd. (United Kingdom) reported a decline of ¥6.4 billion due to underperforming derivatives trading. In addition, Mitsui recorded gains in revenues related to the commodity derivatives trading business, which corresponds to foreign exchange gains of ¥6.4 billion and ¥5.8 billion posted in other expense-net for the year ended March 31, 2013 and for the corresponding previous year, respectively.

Gross Profit

Gross Profit Classified by Category of Revenues

For the year ended March 31, 2013, gross profit was ¥790.4 billion, a decline of ¥87.9 billion, or 10.0%, from ¥878.3 billion for the corresponding previous year. The Gross Profit ratio (“GP ratio”), or ratio of gross profit divided by revenues, for the year ended March 31, 2013 was 16.1%, a decline of 0.6 percentage points compared to the corresponding previous year. GP ratios in the following table are calculated as degree of gross profit classified by category of revenues divided by corresponding revenue amount.

	Billions of Yen					
	Years Ended March 31,					
	2013		2012		Changes	
	Gross Profit	GP Ratio	Gross Profit	GP Ratio	Gross Profit	GP Ratio
Gross Profit from Sales of Products	¥ 506.9	11.5%	¥ 586.8	12.3%	¥ (79.9)	(0.8)%
Gross Profit from Sales of Services	230.2	58.7%	229.5	60.9%	0.7	(2.2)%
Gross Profit from Other Sales	53.3	47.8%	62.0	51.1%	(8.7)	(3.3)%
Total	¥ 790.4	16.1%	¥ 878.3	16.7%	¥ (87.9)	(0.6)%

For the year ended March 31, 2013, gross profit from sales of products was ¥506.9 billion, a decline of ¥79.9 billion from ¥586.8 billion for the corresponding previous year, which was primarily attributable to the following factors:

- Gross profit at the Mineral & Metal Resources Segment was ¥151.5 billion, a decline of ¥35.5 billion from ¥187.0 billion for the corresponding previous year. Iron ore mining operations in Australia reported a decline of ¥37.2 billion reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather in the corresponding previous year.
- Gross profit at the Energy Segment was ¥184.0 billion, a decline of ¥28.0 billion from ¥212.0 billion for the corresponding previous year. Mitsui Coal Holdings Pty. Ltd. (Australia) reported a decline of ¥32.4 billion reflecting a decline in coal prices and Mitsui E&P USA LLC (United States) reported a decline of ¥11.6 billion due to an increase in depreciation costs as well as a decline in gas prices in the U.S. Meanwhile, Mitsui Oil Exploration Co., Ltd. (Japan) reported an increase of ¥22.2 billion due to increases in both volume and oil prices; and Mitsui E&P Texas LP (United States) reported a contribution of ¥6.7 billion.
- Gross profit at the Americas Segment was ¥53.5 billion, a decline of ¥10.8 billion from ¥64.3 billion for the corresponding previous year. Novus International, Inc. (United States) reported a decline of ¥6.7 billion due to a decline in sales price of methionine, as well as a write-down on inventories of feed additives other than methionine.

The GP ratio from sales of products for the year ended March 31, 2013 was 11.5%, a decline of 0.8 percentage points compared to the corresponding previous year.

For the year ended March 31, 2013, gross profit from sales of services was ¥230.2 billion, an increase of ¥0.7 billion from ¥229.5 billion for the corresponding previous year. Machinery & Infrastructure Segment recorded an increase due to a solid performance in motor vehicle-related as well as mining and construction machinery-related businesses, while the Lifestyle, Iron & Steel Products and Americas Segments recorded declines due to declines in revenues.

The GP ratio from sales of services for the year ended March 31, 2013 was 58.7%, a decline of 2.2 percentage points compared to the corresponding previous year.

For the year ended March 31, 2013, gross profit from other sales was ¥53.3 billion, a decline of ¥8.7 billion from ¥62.0 billion for the corresponding previous year. Gross profit at the Innovation & Cross Function Segment was ¥4.6 billion, a decline of ¥11.1 billion from ¥15.7 billion for the corresponding previous year. Mitsui & Co. Commodity Risk Management Ltd. (United Kingdom) reported a decline of ¥6.4 billion due to underperforming derivatives trading.

The GP ratio from other sales for the year ended March 31, 2013 was 47.8%, a decline of 3.3 percentage points compared to the corresponding previous year.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2013 were ¥521.1 billion, an increase of ¥6.3 billion, or 1.2%, from ¥514.8 billion for the corresponding previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Personnel	¥ 275.5	¥ 275.6	¥ (0.1)
Welfare	12.0	11.4	0.6
Travel	30.9	29.8	1.1
Entertainment	7.8	7.5	0.3
Communication	48.1	47.2	0.9
Rent	16.9	17.0	(0.1)
Depreciation	14.6	13.3	1.3
Fees and Taxes	8.8	7.7	1.1
Others	106.5	105.3	1.2
Total	¥ 521.1	¥ 514.8	¥ 6.3

The table below provides selling, general and administrative expenses broken down by operating segment. During the year ended March 31, 2013, the headquarters' cost allocation system was changed from partial allocation to full allocation to the operating segments in order to make business judgments which reflect the current cost structure. See more details of the discussion and analysis in "2) Operating Results by Operating Segment."

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 36.1	¥ 33.3	¥ 2.8
Mineral & Metal Resources	34.2	21.5	12.7
Machinery & Infrastructure	100.4	86.9	13.5
Chemicals	62.0	55.2	6.8
Energy	55.9	45.1	10.8
Lifestyle	111.4	101.0	10.4
Innovation & Cross Function	74.3	72.3	2.0
Americas	52.4	51.1	1.3
Europe, the Middle East and Africa	19.3	19.0	0.3
Asia Pacific	16.6	16.2	0.4
Total	562.6	501.6	61.0
All Other	5.5	5.9	(0.4)
Adjustments and Eliminations	(47.0)	7.3	(54.3)
Consolidated Total	¥ 521.1	¥ 514.8	¥ 6.3

- The Machinery & Infrastructure Segment reported an increase mainly due to the change in the headquarters' cost allocation system and an increase in personnel expenses. The Lifestyle Segment also reported an increase due to the change in the headquarters' cost allocation system and an increase in other miscellaneous expenses.

Provision for Doubtful Receivables

Provision for doubtful receivables for the year ended March 31, 2013 was ¥14.8 billion, a decline of ¥0.3 billion, or 2.0%, from ¥15.1 billion for the corresponding previous year. The provisions for both periods represented aggregated reserves for individually small receivables.

Interest Income and Interest Expense

Interest income for the year ended March 31, 2013 was ¥41.7 billion, an increase of ¥4.5 billion, or 12.1%, from ¥37.2 billion for the corresponding previous year, while interest expense was ¥42.9 billion, an increase of ¥0.3 billion, or 0.7%, from ¥42.6 billion for the corresponding previous year. As a result, interest expense, net of interest income was ¥1.2 billion, an improvement of ¥4.2 billion, from ¥5.4 billion for the corresponding previous year.

- There was an increase in interest income due to the deferred commitment fee related to the loan extended to the subsidiary of Corporación Nacional del Cobre de Chile ("Codelco") recorded for the year ended March 31, 2013.
- Interest income from preferred shares issued by Valepar S.A., a holding company for Vale S.A., a mineral resources company in Brazil, declined by ¥2.9 billion.
- In addition, there was an overall increase in interest expense due to the increase in foreign currency funding.

Interest rate trends for the year ended March 31, 2013 pertaining to interest rate levels for yen and US dollars, the principal currencies in which we have borrowings, and developments in policy interest rates were as follows.

- Amid rising concerns about an economic downturn resulting from a recurrence of the European sovereign debt crisis, there was a flow of capital to government bonds, which are safe assets, while various countries implemented monetary easing measures. In Japan, in a sign that the authorities had a more aggressive attitude toward monetary easing, the Bank of Japan substantially increased its Asset Purchase Program and set an inflation target of 2% in an effort to escape deflation. The average yield rate on 10-year Japanese Government Bonds was 0.79% for the year ended March 31, 2013, falling from 1.06% in the corresponding previous year. On the other hand, the yen short-term interest rate (the simple average of the month-end Japanese yen three-month Tokyo Interbank Offered Rate ("TIBOR")) for the year ended March 31, 2013 remained stable at 0.32% compared to 0.34% in the corresponding previous year.
- The U.S. embarked on its third round of large-scale asset purchase program (QE III), confirming an extension to the time period of the ultra-low interest rate policy. The average yield rate for the U.S. dollar long-term interest rate (10-year Government Bond) fell substantially from 2.41% in the corresponding previous year to 1.76% in the year ended March 31, 2013. However, the U.S. dollar short-term interest rate (the simple average of the month-end U.S. dollar three-month London Interbank Offered Rate ("LIBOR")) showed a small decline, from 0.40% in the corresponding previous year to 0.37% in the year ended March 31, 2013.

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

Dividend Income

Dividend income for the year ended March 31, 2013 was ¥80.1 billion, a decline of ¥6.4 billion, or 7.4%, from ¥86.5 billion for the corresponding previous year. Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥61.2 billion in total, a decline of ¥7.4 billion from ¥68.6 billion for the corresponding previous year, reflecting a decline in dividends received from the Sakhalin II project.

Gain on Sales of Securities

Gain on sales of securities for the year ended March 31, 2013 was ¥44.9 billion, an increase of ¥23.0 billion, or 105.0%, from ¥21.9 billion for the corresponding previous year.

- For the year ended March 31, 2013, an ¥8.0 billion gain on the sale of shares in Mikuni Coca-Cola Bottling Co., Ltd.; a ¥6.2 billion gain on the sale of shares in INPEX CORPORATION; a ¥4.8 billion gain on the sale of shares in Nihon Unisys, Ltd.; a ¥4.4 billion gain on the sale of shares in LME Holdings Limited; a ¥3.1 billion gain on the sale of shares in MED3000 Group, Inc.; and a ¥3.0 billion gain on the sale of shares in an iron & steel company were recorded, respectively. Furthermore, MBK Healthcare Partners Limited (United Kingdom) recorded a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd. (Malaysia) (*) The relevant gain includes a ¥5.3 billion gain due to the dilution of MBK Healthcare Partners Limited's stake in IHH Healthcare Bhd. from 26.63% to 20.48% reflecting the issuance of new shares by IHH Healthcare Bhd. upon its initial public offering on the Bursa Malaysia and Singapore Exchange in July 2012.
- For the corresponding previous year, a gain of ¥8.4 billion on the sale of shares in INPEX CORPORATION and a remeasurement gain of ¥3.6 billion on existing interests resulting from acquisition of the entire stake in Multigrain AG (Switzerland) were recorded.

(*) IHH Healthcare Bhd. changed its name from Integrated Healthcare Holdings Sdn. Bhd. on April 20, 2012.

Loss on Write-Down of Securities

Loss on write-downs of securities for the year ended March 31, 2013 was ¥27.3 billion, an improvement of ¥6.2 billion, or 18.5%, from ¥33.5 billion for the corresponding previous year.
Although the Nikkei Stock Average fell below the ¥8,300 level in June 2012 because of concerns about a global economic slowdown caused by a recurrence of the European sovereign debt crisis, it mounted a substantial recovery after the Liberal Democratic Party took power in December. This was underpinned by an economic stimulus package involving more aggressive monetary easing measures and public spending, as well as increasing weakness in the yen. As a result, the Nikkei Stock Average reached ¥12,397.91 as of March 31, 2013, compared to ¥10,083.56 as of March 31, 2012 (The above mentioned stock prices are closing prices).

- Due to a decline in share price, impairment losses on listed securities of ¥4.9 billion in an iron & steel company and ¥3.0 billion in Mitsui Chemicals Inc. were recorded for the year ended March 31, 2013. Furthermore, an impairment loss of ¥4.5 billion on preferred shares of Valepar S.A. was recorded reflecting an other-than-temporary decline related to a foreign exchange translation loss in the investment value of the current portion of preferred shares.
- For the corresponding previous year, an impairment loss of ¥4.1 billion on preferred shares of Valepar S.A. was recorded in the same manner as the year ended March 31, 2013. An impairment loss of ¥4.0 billion on shares in Formosa Epitaxy Incorporation (Taiwan) was recorded as well. Furthermore, an impairment loss reflecting an other-than-temporary decline in the investment value of aviation-related stock was recorded.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment—net for the year ended March 31, 2013 was ¥6.2 billion, an increase of ¥0.5 billion, or 8.8%, from ¥5.7 billion for the corresponding previous year.

- For the year ended March 31, 2013, a gain on sale of land used for logistics in Canada was recorded.
- For the corresponding previous year, a ¥4.5 billion gain on sale of unused land in Japan was recorded.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the year ended March 31, 2013 was ¥12.3 billion, an improvement of ¥1.7 billion, or 12.1%, from ¥14.0 billion for the corresponding previous year.

- For the year ended March 31, 2013, Australian iron ore operations, which are run as joint ventures with BHP Billiton through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd., recorded impairment losses totaling ¥6.4 billion for the revision of the development sequence triggered by the suspension of pre-commitment works for the outer harbour development option at Port Hedland in Western Australia.

- For the corresponding previous year, Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥5.0 billion in mining equipment and mineral rights due to its decision to withdraw from the uranium mine development project in Australia.

For more information on impairment losses on long-lived assets, see Note 9, “IMPAIRMENT LOSS ON LONG-LIVED ASSETS.”

Impairment Loss of Goodwill

There was no impairment loss of goodwill for the year ended March 31, 2013, and a ¥4.2 billion of impairment loss of goodwill consisting of miscellaneous small impairments was recorded for the corresponding previous year.

Other Expense—Net

Other expense—net for the year ended March 31, 2013 was ¥30.9 billion, a deterioration of ¥38.8 billion from income of ¥7.9 billion for the corresponding previous year.

- For the year ended March 31, 2013, exploration expenses totaled ¥37.4 billion including those recorded at oil and gas producing businesses. Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥9.5 billion related to foreign currency deposits. Meanwhile, Mitsui recorded foreign exchange losses of ¥22.9 billion, including foreign exchange losses of ¥8.3 billion on foreign trade transactions in the Iron & Steel Products Segment, as well as a foreign exchange gain of ¥6.4 billion in the commodity derivatives trading business in the Innovation & Cross Function Segment, which corresponded to related revenues in the same segment.
- For the corresponding previous year, Mitsui recorded a foreign exchange gain of ¥5.8 billion in the commodity derivatives trading business in the Innovation & Cross Function Segment, which corresponded to related revenues in the same segment. Mitsui Oil Exploration Co., Ltd. recorded foreign exchange gains of ¥3.9 billion as well. Shark Bay Salt Pty. Ltd. (Australia) recorded a gain of ¥5.8 billion in other income-net as consideration for releasing a part of the mining lease area to support the progress of an LNG project in the vicinity of the salt field. Meanwhile, exploration expenses of ¥19.8 billion in total were recorded, including those recorded at oil and gas producing businesses.

For more information on other expense-net, see Note 18, “OTHER EXPENSE (INCOME) —NET.”

Income Taxes

Income taxes for the year ended March 31, 2013 were ¥158.3 billion, a decline of ¥14.3 billion, or 8.3%, from ¥172.6 billion for the corresponding previous year. (*1).

- “Income before income taxes and equity in earnings” for the year ended March 31, 2013 was ¥314.1 billion (domestic: a ¥78.6 billion loss, foreign: a ¥392.7 billion income), a decrease of ¥99.1 billion from ¥413.2 billion (domestic: a ¥68.6 billion loss, foreign: a ¥481.8 billion income) for the corresponding previous year. In response, applicable income taxes also decreased. These resulted from a decline in income from overseas operations before income taxes and equity in earnings due to a decline in prices of iron ore and coal on the commodities markets. Loss from domestic operations before income taxes and equity in earnings was still forced to record a loss because of a decline in gross profit and write-down of securities.
- For the year ended March 31, 2013, a ¥7.1 billion positive impact was recorded due to the reversal of deferred tax assets and liabilities attributable to factors including an evaluation of realizability of deferred tax assets related to corporate income tax in Japan, as well as a revision of the deferred tax rate applicable to the unrealized holding gains on available-for-sale securities at Mitsui Oil Exploration Co., Ltd.
- For the corresponding previous year, a ¥26.1 billion one-time positive impact, mainly consisted of a reversal of deferred tax liabilities on undistributed retained earnings of associated companies, was recorded due to a reduction of the Japanese corporate income tax rate, while a ¥7.7 billion negative impact of the valuation allowance against deferred tax assets of the national corporate tax was also recorded.

- For the year ended March 31, 2013, the reversal of deferred tax liabilities related to dividends received from the undistributed retained earnings of associated companies was approximately ¥26.0 billion for the year ended March 31, 2013, equivalent to the level for the corresponding previous year (*2).
- For the corresponding previous year, a positive impact was caused by enactment of the Australian Mineral Resource Rent Tax Act 2012 ("MRRT") which led to the recognition of deferred tax assets (net of valuation allowances) for the operating assets subject to the MRRT. Meanwhile, negative impacts were recorded due to the current tax burden of the MRRT executed in July 2012, as well as the reversal of deferred tax assets (net of valuation allowances) for the operating assets subject to the MRRT (*3).

The effective tax rate on "income before income taxes and equity in earnings" for the year ended March 31, 2013 was 50.4%, an increase of 8.6% from 41.8% for the corresponding previous year.

- Reversal effect of the recognition of deferred tax assets caused by the enactment of the MRRT for the corresponding previous year was 33.6%.
- Effect of setting up of valuation allowances for deferred tax assets for the year ended March 31, 2013 was 20.6%, a decrease of 16.9 percentage points from 37.5% for the corresponding previous year. The main factor was setting up of valuation allowances as a result of the evaluation of realizability of deferred tax assets related to corporate income tax in Japan for the year ended March 31, 2013, which was partially offset by the reversal effect of setting up of valuation allowances for deferred tax assets due to the enactment of the MRRT for the corresponding previous year.
- Ratio of tax effect on equity in earnings of associated companies against "income before income taxes and equity in earnings" for the year ended March 31, 2013 was 13.0%, a decrease of 5.3 percentage points from 18.3% for the corresponding previous year.

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

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

(*3) Entities have the option to elect to uplift the tax book values of the assets as of end of May 2010 to the market value, at the induction into the MRRT, which can be depreciated over up to 25 years for the taxable income calculation purpose. Our iron ore and coal producing businesses plan to apply the uplift allowance to the operating assets subject to the MRRT. The MRRT is regarded as a kind of corporate income tax and is subject to tax effect accounting. We record deferred tax assets for the difference in the book values for accounting purpose and tax purpose (the present market value based on our best estimation), and apply a valuation allowance for the portion we believe is not more likely than not to be realized.

Equity in Earnings of Associated Companies - Net

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥176.2 billion, a decline of ¥55.9 billion, or 24.1%, from ¥232.1 billion for the corresponding previous year as a result of the following. For more details of the discussion and analysis, see "2) Operating Results by Operating Segment."

- A decline of ¥67.3 billion was recorded at Valepar S.A. (Brazil), mainly due to a decline in iron ore prices and impairment losses on nickel and aluminium assets.
- Earnings at Robe River Mining Co. Pty. Ltd. (Australia) reported a decline of ¥17.9 billion, due to the decline in iron ore prices and an increase in income taxes related to the MRRT, which was partially offset by the positive effect of an increase in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding previous year.
- Compañía Minera Doña Inés de Collahuasi SCM (Chile) reported a decline of ¥11.8 billion, mainly due to a decline in sales volume.
- BHP Mitsui Coal Pty. Ltd. (Australia) recorded a decline of ¥3.1 billion due to lower coal prices.
- Due to the dilution of ownership interest in Vale Nouvelle-Calédonie S.A.S. held by SUMIC Nickel

Netherlands B.V., a ¥9.2 billion gain on the equity dilution was recorded.

- Japan Australia LNG (MIMI) Pty. Ltd. (Australia) reported an increase due to higher oil prices.
- Due to a decline in share price, impairment losses on investments of ¥33.1 billion in total, including ¥18.3 billion for TPV Technology Limited, ¥6.7 billion for Moshi Moshi Hotline, Inc. and ¥6.0 billion for Nihon Unisys, Ltd., were recorded in equity earnings of associated companies-net for the corresponding previous year. In addition to the impairment loss of ¥6.0 billion in investment, equity in losses of ¥3.3 billion was recorded at Nihon Unisys, Ltd. mainly due to the setting up of valuation allowances for its deferred tax assets for the year ended March 31, 2012.

Net Income before Attribution of Noncontrolling Interests

As a result of the above factors, net income before attribution of noncontrolling interests for the year ended March 31, 2013 was ¥331.9 billion, a decrease of ¥140.8 billion, or 29.8%, from ¥472.7 billion for the corresponding previous year.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the year ended March 31, 2013 was ¥24.0 billion, a decline of ¥14.2 billion, or 37.2%, from ¥38.2 billion for the corresponding previous year. Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥7.4 billion. Meanwhile, Mitsui E&P Mozambique Area 1 Limited (United Kingdom), Japan Collahuasi Resources (Netherlands) and Mitsui-Itochu Iron Pty. Ltd. (Australia) recorded declines of ¥10.1 billion, ¥3.6 billion and ¥3.4 billion, respectively.

Net Income Attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥307.9 billion, a decline of ¥126.6 billion, or 29.1%, from ¥434.5 billion for the corresponding previous year.

2) Operating Results by Operating Segment

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

For the disclosure pursuant to ASC 280 "Operating Segment," our operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable operating segments and three region-focused reportable operating segments, totaling ten reportable operating segments.

During the year ended March 31, 2013, "Foods & Retail" Segment and the Consumer Service Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Lifestyle" Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and the emerging economies' consumers that are expected to expand. Additionally, the "Logistics & Financial Business" Segment and the IT Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Innovation & Cross Function" Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation. In accordance with these changes, the operating segment information for the corresponding previous year has been restated to conform to the current period presentation.

During the year ended March 31, 2013, "Machinery & Infrastructure Project" Segment changed its name to "Machinery & Infrastructure".

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

Our operating segment information for revenues, gross profit, operating income (loss), equity in earnings (losses) of associated companies and net income (loss) attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 and the corresponding previous year is as follows:

Operating Segment Information

Revenues

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 174.6	¥ 189.3	¥ (14.7)
Mineral & Metal Resources	540.3	567.7	(27.4)
Machinery & Infrastructure	363.5	312.6	50.9
Chemicals	746.0	789.3	(43.3)
Energy	1,409.6	1,730.0	(320.4)
Lifestyle	800.4	775.1	25.3
Innovation & Cross Function	150.1	171.6	(21.5)
Americas	547.2	529.1	18.1
Europe, the Middle East and Africa	95.1	119.5	(24.4)
Asia Pacific	82.9	65.1	17.8
Total	4,909.7	5,249.3	(339.6)
All Other	1.9	2.3	(0.4)
Adjustments and Eliminations	0.0	0.0	0.0
Consolidated Total	¥ 4,911.6	¥ 5,251.6	¥ (340.0)

Gross Profit

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 40.6	¥ 42.8	¥ (2.2)
Mineral & Metal Resources	158.7	194.8	(36.1)
Machinery & Infrastructure	104.3	94.0	10.3
Chemicals	69.1	65.2	3.9
Energy	190.7	219.1	(28.4)
Lifestyle	106.0	112.0	(6.0)
Innovation & Cross Function	41.4	53.5	(12.1)
Americas	66.0	75.6	(9.6)
Europe, the Middle East and Africa	15.6	18.2	(2.6)
Asia Pacific	10.5	11.7	(1.2)
Total	802.9	886.9	(84.0)
All Other	0.9	0.7	0.2
Adjustments and Eliminations	(13.4)	(9.3)	(4.1)
Consolidated Total	¥ 790.4	¥ 878.3	¥ (87.9)

Operating Income (Loss)

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 3.6	¥ 9.6	¥ (6.0)
Mineral & Metal Resources	123.9	173.1	(49.2)
Machinery & Infrastructure	(8.3)	(8.2)	(0.1)
Chemicals	7.4	10.3	(2.9)
Energy	134.9	173.5	(38.6)
Lifestyle	(5.5)	10.6	(16.1)
Innovation & Cross Function	(32.9)	(20.1)	(12.8)
Americas	11.4	24.3	(12.9)
Europe, the Middle East and Africa	(3.7)	(0.7)	(3.0)
Asia Pacific	(5.9)	(4.2)	(1.7)
Total	224.9	368.2	(143.3)
All Other	(4.5)	(5.2)	0.7
Adjustments and Eliminations	34.2	(14.6)	48.8
Consolidated Total	¥ 254.6	¥ 348.4	¥ (93.8)

Equity in Earnings (Losses) of Associated Companies—Net

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 3.1	¥ 4.0	¥ (0.9)
Mineral & Metal Resources	42.9	131.2	(88.3)
Machinery & Infrastructure	32.0	38.0	(6.0)
Chemicals	6.6	6.7	(0.1)
Energy	56.7	53.9	2.8
Lifestyle	8.3	9.3	(1.0)
Innovation & Cross Function	18.0	(20.4)	38.4
Americas	3.5	4.3	(0.8)
Europe, the Middle East and Africa	0.4	0.5	(0.1)
Asia Pacific	4.9	4.7	0.2
Total	176.4	232.2	(55.8)
All Other	-	-	-
Adjustments and Eliminations	(0.2)	(0.1)	(0.1)
Consolidated Total	¥ 176.2	¥ 232.1	¥ (55.9)

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

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Iron & Steel Products	¥ (2.9)	¥ 9.5	¥ (12.4)
Mineral & Metal Resources	90.5	201.3	(110.8)
Machinery & Infrastructure	20.5	17.7	2.8
Chemicals	(1.3)	9.1	(10.4)
Energy	164.8	188.1	(23.3)
Lifestyle	10.3	17.0	(6.7)
Innovation & Cross Function	3.6	(32.2)	35.8
Americas	12.4	16.4	(4.0)
Europe, the Middle East and Africa	(0.9)	1.2	(2.1)
Asia Pacific	27.5	49.2	(21.7)
Total	324.5	477.3	(152.8)
All Other	1.5	2.2	(0.7)
Adjustments and Eliminations	(18.1)	(45.0)	26.9
Consolidated Total	¥ 307.9	¥ 434.5	¥ (126.6)

Starting from the year ended March 31, 2013, we changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments in order to make business judgments which reflect the current cost structure. The effect of this change in the Operating Income (Loss) and the Net Income (Loss) Attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was as follows:

	Billions of Yen	
	Impact on Operating Income (Loss)	Impact on Net income (Loss) attributable to Mitsui & Co., Ltd.
Iron & Steel Products	¥ (2.0)	¥ (1.5)
Mineral & Metal Resources	(10.9)	(8.1)
Machinery & Infrastructure	(7.4)	(5.5)
Chemicals	(4.6)	(3.4)
Energy	(10.3)	(7.6)
Lifestyle	(7.5)	(5.6)
Innovation & Cross Function	(4.0)	(3.0)
Americas	-	-
Europe, the Middle East and Africa	-	-
Asia Pacific	-	-
Total	(46.6)	(34.7)
All Other	-	-
Adjustments and Eliminations	46.6	34.7
Consolidated Total	¥ 0.0	¥ 0.0

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

Iron & Steel Products Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 174.6	¥ 189.3	¥ (14.7)
Gross Profit	40.6	42.8	(2.2)
Operating Income	3.6	9.6	(6.0)
Equity in Earnings of Associated Companies - Net	3.1	4.0	(0.9)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	(2.9)	9.5	(12.4)

Revenues for the year ended March 31, 2013 were ¥174.6 billion, a decline of ¥14.7 billion from ¥189.3 billion for the corresponding previous year. The main cause of the decline was sluggish market conditions for steel products and reduction in export volumes from Japan caused by appreciation of the Japanese yen.

Gross profit for the year ended March 31, 2013 was ¥40.6 billion, a decline of ¥2.2 billion from ¥42.8 billion for the corresponding previous year.

Operating income for the year ended March 31, 2013 was ¥3.6 billion, a decline of ¥6.0 billion from ¥9.6 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥3.1 billion, a decline of ¥0.9 billion from ¥4.0 billion for the corresponding previous year.

Net loss attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥2.9 billion, a decline of ¥12.4 billion from net income of ¥9.5 billion for the corresponding previous year. In addition to the above-mentioned factors, foreign exchange losses of ¥8.3 billion on foreign trade transactions were recorded for the year ended March 31, 2013.

Mineral & Metal Resources Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 540.3	¥ 567.7	¥ (27.4)
Gross Profit	158.7	194.8	(36.1)
Operating Income	123.9	173.1	(49.2)
Equity in Earnings of Associated Companies - Net	42.9	131.2	(88.3)
Net Income attributable to Mitsui & Co., Ltd.	90.5	201.3	(110.8)

Revenues for the year ended March 31, 2013 were ¥540.3 billion, a decline of ¥27.4 billion from ¥567.7 billion for the corresponding previous year. The main factor behind the decline was the decrease in iron ore prices. The majority of contract prices applied for products sold during the corresponding previous year were based on a daily average of spot reference prices during the twelve-month period starting from December 1, 2010 through November 30, 2011. Reflecting the transition to a more diversified sales contract portfolio starting from the three-month period ended December 31, 2011, however, the majority of contract prices applied for products sold during the year ended March 31, 2013 were based on pricing that reflects current spot reference prices, such as the daily average of spot reference prices for the current quarter of shipment and a daily average of spot reference prices for the shipment month. Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥22.3 billion reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume caused by both the effect of incremental capacity and the reversal effect of unseasonably wet weather in the corresponding previous year. Mitsui-Itochu Iron Pty. Ltd. also recorded a decline of ¥10.3 billion due to the decline in iron ore prices.

Gross profit for the year ended March 31, 2013 was ¥158.7 billion, a decline of ¥36.1 billion from ¥194.8 billion for the corresponding previous year. The main factor behind the decline was the decrease in iron ore prices. Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥26.1 billion reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume caused by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding previous year. Mitsui-Itochu Iron Pty. Ltd. also recorded a decline of ¥11.2 billion due to the decline in iron ore prices.

Operating income for the year ended March 31, 2013 was ¥123.9 billion, a decline of ¥49.2 billion from ¥173.1 billion for the corresponding previous year. In addition to a decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥42.9 billion, a decline of ¥88.3 billion from ¥131.2 billion for the corresponding previous year. Major factors were as follows:

- Valepar S.A. posted earnings of ¥7.8 billion, a decline of ¥67.3 billion from ¥75.1 billion for the corresponding previous year, mainly due to a decline in iron ore prices and impairment losses including those on nickel and aluminium assets.
- Earnings at Robe River Mining Co. Pty. Ltd. were ¥31.1 billion, a decline of ¥17.9 billion from ¥49.0 billion for the corresponding previous year. This was due to the decline in iron ore prices and increased tax burden related to the Australian Mineral Resource Rent Tax Act 2012 ("MRRT"), despite an increase in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding previous year.
- Compañía Minera Doña Inés de Collahuasi SCM recorded earnings of ¥2.6 billion, a decline of ¥11.8 billion from ¥14.4 billion for the corresponding previous year mainly due to a decline in sales volume.
- Due to the dilution of ownership interest in Vale Nouvelle-Calédonie S.A.S. held by SUMIC Nickel Netherlands B.V., a ¥9.2 billion gain on the equity dilution was recorded.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥90.5 billion, a decline of ¥110.8 billion from ¥201.3 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2013, deferred commitment fee related to the loan extended to the subsidiary of Codelco was recorded on interest income.
- For the year ended March 31, 2013, Australian iron ore operations, which are run as joint ventures with BHP Billiton through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd., recorded impairment losses totaling ¥6.4 billion for the revision of the development sequence triggered by the suspension of pre-commitment works for the outer harbour development option at Port Hedland in Western Australia.
- Australian iron ore operations recorded a negative impact of ¥6.7 billion in total, resulting from the current tax burden of the MRRT and the reversal of deferred tax assets (net of valuation allowances) for the operating assets subject to the MRRT for the year ended March 31, 2013. On the other hand, Australian iron ore operations recorded a positive impact of ¥18.1 billion in income taxes caused by enactment of the MRRT, which included the positive impact of the Robe River Mining Co. Pty. Ltd. recorded in equity in earnings of associated companies (including tax effect on undistributed retained earnings), for the corresponding previous year.
- For the corresponding previous year, an ¥11.9 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution decreased by approximately ¥8.0 billion from the corresponding previous year.

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

- Short-Term Pricing and Supply-Demand Balance

Reflecting the expansion of the spot market, a structural change in iron ore pricing has been seen from annual contract pricing to more diversified contract pricing methods with a closer link to spot reference prices. Sales during the year ended March 31, 2011 were carried out mainly using short-term index linked pricing, which was applicable to short-term transactions such as quarterly. Starting from the three-month period ended December 31, 2011, the majority portion of contracts has shifted to pricing that reflects current spot reference prices, such as a daily average of spot reference price for the shipment month.

Chinese crude steel production in 2011 and 2012 showed an increasing trend of 690 million tons, and 720 million tons respectively. However, growth rate of crude steel production of China started to slow down on year on year basis from end of 2011. The spot price (Fe62% CFR China) reached a peak of US$190/ton in February 2011. In September 2011, the spot price dropped sharply and bottomed out at US$118/ton in the end of October 2011. The spot price rebounded to US$145/ton in the middle of November 2011 and, followed by a correction in the market, spot price dropped sharply again to US$88/ton in the beginning of September 2012. The spot price rebounded again to US$157/ton in the middle of February 2013 and as of June 14 was US$102/ton.

Fluctuations in iron ore prices directly affect revenues from the equity-based production at our iron ore subsidiaries and associated companies. For the year ending March 31, 2014, we estimate that the impact on consolidated net income (attributable to Mitsui & Co., Ltd.) from a change of US$1 per ton in iron ore price would be approximately ¥2.2 billion.

For the year ended March 31, 2013, the equity-based shipments of our overseas subsidiaries and associated companies amounted to 48.0 million tons of iron ore. The above-mentioned effect is calculated based on the assumptions of an estimated increase or decrease in production in the year ending March 31, 2014, in line with our holdings after the year ended March 31, 2013, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. In the currencies of natural resource producing countries such as the Australian dollar and Brazilian real, there is a general trend toward currency movements in line with the market prices for that country’s products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

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

Although the demand for iron ore temporary decreased due to the contraction of activity and trade provoked by the dramatic escalation of the financial crisis, it turned to increasing trend from 2010. Despite of the facts that China has seen some slowdown in its crude steel production from end of 2011, iron ore demand in developing countries including China is expected to grow in the medium- and long-term basis led by strong steel demand in developing countries. In order to respond to such increasing demand, we are investing to expand iron ore production capacity. For a summary of investments to expand capacity, see “3. Equipment and Facilities, 1. Overview of Capital Expenditures.”

As there are too many uncertainties including demand from China and other emerging countries, it is difficult for our management to draw up definitive forecasts on supply-demand balance and prices.

Machinery & Infrastructure Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 363.5	¥ 312.6	¥ 50.9
Gross Profit	104.3	94.0	10.3
Operating Loss	(8.3)	(8.2)	(0.1)
Equity in Earnings of Associated Companies - Net	32.0	38.0	(6.0)
Net Income attributable to Mitsui & Co., Ltd.	20.5	17.7	2.8

Revenues for the year ended March 31, 2013 were ¥363.5 billion, an increase of ¥50.9 billion from ¥312.6 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported an increase of ¥6.3 billion. Mitsui & Co. Plant Systems, Ltd. (Japan) posted an increase due to a higher import volume of rolling stock.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥41.6 billion. Mining and construction machinery-related businesses in the Americas and automotive-related businesses in South America recorded an increase.
- The Marine & Aerospace Business Unit reported an increase of ¥3.0 billion.

Gross profit for the year ended March 31, 2013 was ¥104.3 billion, an increase of ¥10.3 billion from ¥94.0 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported an increase of ¥1.3 billion.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥3.1 billion. Mining and construction machinery-related businesses in the Americas achieved a solid performance.
- The Marine & Aerospace Business Unit reported an increase of ¥6.0 billion due to a reversal effect of a loss allowance for vessels under construction recorded in the corresponding previous year.

Operating loss for the year ended March 31, 2013 was ¥8.3 billion, a deterioration of ¥0.1 billion from ¥8.2 billion for the corresponding previous year. Despite the increase in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥32.0 billion, a decline of ¥6.0 billion from ¥38.0 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥2.9 billion. Overseas power producers reported equity in earnings of ¥12.3 billion in total, the same amount as the corresponding previous year. Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, declined by ¥1.1 billion to a loss of ¥1.0 billion from a gain of ¥0.1 billion for the corresponding previous year. Meanwhile, Paiton 3 in Indonesia and Hezhou in China, both coal-fired power plants, started to contribute along with the commencement of commercial operation.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥1.7 billion. Although motorcycle manufacturing and distributing business in Indonesia reported a decline, automotive-related businesses in North America and Asia reported an increase.
- The Marine & Aerospace Business Unit reported a decline of ¥4.8 billion, reflecting a reversal effect of the gain on reversal of a loss allowance at the LNG vessels chartering business recorded in the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥20.5 billion, an increase of ¥2.8 billion from ¥17.7 billion for the corresponding previous year. In addition to the above factors, there are the following factors.

- For the corresponding previous year, a ¥4.0 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the corresponding previous year, an impairment loss on an aviation-related stock was recorded reflecting an other-than-temporary decline in the investment value.

Chemicals Segment

	Billions of Yen					
	Years Ended March 31,					
	2013		2012		Change	
Revenues	¥	746.0	¥	789.3	¥	(43.3)
Gross Profit		69.1		65.2		3.9
Operating Income		7.4		10.3		(2.9)
Equity in Earnings of Associated Companies - Net		6.6		6.7		(0.1)
Net Income (Loss) attributable to Mitsui & Co., Ltd.		(1.3)		9.1		(10.4)

Revenues for the year ended March 31, 2013 were ¥746.0 billion, a decline of ¥43.3 billion from ¥789.3 billion for the corresponding previous year.

- The Basic Chemicals Business Unit reported a decline of ¥37.3 billion due to underperforming trading activities in petrochemical intermediate materials.
- The Performance Chemicals Business Unit reported a decline of ¥6.0 billion mainly attributable to underperforming trading activities in fertilizer materials.

Gross profit for the year ended March 31, 2013 was ¥69.1 billion, an increase of ¥3.9 billion from ¥65.2 billion for the corresponding previous year. P.T. Kaltim Pasifik Amoniak (Indonesia) reported an increase of ¥3.8 billion due to higher ammonia prices.

Operating income for the year ended March 31, 2013 was ¥7.4 billion, a decline of ¥2.9 billion from ¥10.3 billion for the corresponding previous year. The increase in selling, general and administrative expenses surpassed the amount of increase in gross profit.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥6.6 billion, a decline of ¥0.1 billion from ¥6.7 billion for the corresponding previous year.

Net loss attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥1.3 billion, a deterioration of ¥10.4 billion from net income of ¥9.1 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the corresponding previous year, Shark Bay Salt Pty. Ltd. recorded a gain of ¥5.8 billion in other income-net as consideration for releasing a part of the mining lease area to support the progress of an LNG project in the vicinity of the salt field, which was partly offset by its impairment loss of goodwill.
- For the year ended March 31, 2013, this segment recorded an impairment loss of ¥3.0 billion on listed securities in Mitsui Chemicals Inc. reflecting the decline in share price.

Energy Segment

	Billions of Yen					
	Years Ended March 31,					
	2013		2012		Change	
Revenues	¥	1,409.6	¥	1,730.0	¥	(320.4)
Gross Profit		190.7		219.1		(28.4)
Operating Income		134.9		173.5		(38.6)
Equity in Earnings of Associated Companies - Net		56.7		53.9		2.8
Net Income attributable to Mitsui & Co., Ltd.		164.8		188.1		(23.3)

The weighted average crude oil prices applied to our operating results for the year ended March 31, 2013 and 2012 were estimated to be US$114 and US$108 per barrel, respectively.

Revenues for the year ended March 31, 2013 were ¥1,409.6 billion, a decline of ¥320.4 billion from ¥1,730.0 billion for the corresponding previous year.

- A decline of ¥351.0 billion was recorded in petroleum trading activities due to a contraction of trading activities at Westport Petroleum, Inc. (United States).
- Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥36.3 billion due to lower coal prices.
- An increase of ¥47.2 billion was recorded in oil and gas producing activities due to increases in both volume and oil prices

Gross profit for the year ended March 31, 2013 was ¥190.7 billion, a decline of ¥28.4 billion from ¥219.1 billion for the corresponding previous year, primarily due to the following factors:

- Mitsui Oil Exploration Co., Ltd. reported an increase of ¥22.2 billion due to increases in both production volume and oil prices. Mitsui E&P Texas LP, which acquired a working interest in the Eagle Ford shale project during the three-month period ended December 31, 2011, and was consolidated with a three-month time lag, recorded a gross profit of ¥6.7 billion.
- Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥32.4 billion due to lower coal prices, in spite of the reduction in production costs.
- Mitsui E&P USA LLC reported a decline of ¥11.6 billion due to an increase in depreciation costs as well as a decline in gas prices in the United States, despite an increase in production volume.
- A decline in gross profit of ¥7.8 billion and ¥3.3 billion respectively were recorded in petroleum trading activities of Mitsui, as well as in Mitsui Oil Co., Ltd., due to deterioration of market conditions.

Operating income for the year ended March 31, 2013 was ¥134.9 billion, a decline of ¥38.6 billion from ¥173.5 billion for the corresponding previous year. In addition to a decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥56.7 billion, an increase of ¥2.8 billion from ¥53.9 billion for the corresponding previous year. Japan Australia LNG (MIMI) Pty. Ltd. reported an increase due to higher oil prices.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥164.8 billion, a decline of ¥23.3 billion from ¥188.1 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥61.2 billion in total, a decline of ¥7.4 billion from ¥68.6 billion for the corresponding previous year, due mainly to a decline in dividends received from the Sakhalin II project.
- For the year ended March 31, 2013, Mitsui Oil Exploration Co., Ltd. recorded a ¥22.0 billion one-time positive impact on income taxes due to the reversal of deferred tax liabilities associated with a revision of the deferred tax rate applicable to the unrealized holding gains on available-for-sale securities. Net income attributable to noncontrolling interests of Mitsui Oil Exploration Co., Ltd. increased by ¥7.4 billion from the corresponding previous year mainly due to such positive impact on income taxes.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥8.5 billion from the corresponding previous year.
- For the year ended March 31, 2013, Mitsui Oil Exploration Co., Ltd. recorded a gain of ¥6.2 billion on the sale of shares in INPEX CORPORATION. For the corresponding previous year, Mitsui and Mitsui Oil Exploration Co., Ltd. recorded gains of ¥8.4 billion in total on the sale of the same shares.
- For the year ended March 31, 2013, exploration expenses of ¥36.1 billion in total were recorded in other expenses-net, including those recorded by Mitsui E&P Mozambique Area 1 Limited, Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited (Australia). For the corresponding previous year, exploration expenses totaled ¥18.9 billion including those recorded by Mitsui E&P Australia Pty Limited and Mitsui Oil Exploration Co., Ltd.
- For the corresponding previous year, a ¥5.1 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the corresponding previous year, Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥5.0 billion in mining equipment and mineral rights due to its decision to withdraw from a uranium

mine development project in Australia, while at the same time a ¥4.0 billion positive impact was recorded on income taxes due to the recording of deferred tax assets.

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

- Short-Term Pricing and Supply-Demand Balance

  A report by the International Energy Agency (published April 2013) indicated that world crude oil demand in 2012 calendar year was 89.7 million barrels per day, with an estimated demand for 2013 calendar year of 90.6 million barrels per day. As of June 2013, general observations on short-term supply-demand balance of crude oil by agencies and corporations in this industry suggest that:

  • After hitting the bottom in April to June 2009, world crude oil demand is expected to continue to rise in 2013 against the backdrop of rising demand in developing countries. On the other hand, world crude oil supply is also expected to increase. Accordingly, the increase in demand and increase in supply offset each other, and it is predicted there will be no drastic change in the balance of supply and demand.
  • The price of crude oil (WTI) exceeded US$110 per barrel in April 2011 due to the developing tense situation associated with democratic movements in the Middle East and Africa, as well as the capital influx related to depreciation of the US dollar, in addition to the underlying support of increasing demand as a result of economic recovery. Going into May 2011, crude oil prices went through a correction phase reflecting appreciation of the US dollar against the euro related to worsening financial problems in several Southern European countries, and the opinion that economic recovery will be delayed by the weakness of the US labor market. In September 2011 crude oil prices fell below US$80 per barrel, however it started to rise again due to concerns on geopolitical risks such as those related to Iran, and in February 2012 it reached the peak at around US$110 per barrel. Thereafter, crude oil prices traded in the range of US$100 – 110 per barrel until April 2012, but in May 2012 it turned to a decline once again due to the worsening financial situation in Europe as well as concerns on slowing down in growth rates in the emerging economies such as China, falling below US$80 per barrel in June 2012. Since then, on the back of factors such as rising geopolitical risks surrounding Syria and Iran, the agreement on financial support at the EU Summit and expectations for additional quantitative easing in the United States, crude oil prices have shifted upwards and as of June 14, 2013, crude oil is trading in the range of US$97 per barrel.
  • In addition to supply and demand factors, the aforementioned political situation in the Middle East and Africa as well as Southern European countries' credit concerns are factors that potentially contribute to the risk-aversive outflow of speculative capital and may influence the price of crude oil in the short term.
  • In LNG movements, amid a rising trend in LNG demand in countries like Korea and Taiwan due to an Asian economic recovery as well as in developing countries, LNG demand increased significantly as a result of the operational shutdown of nuclear power plants due to the Great East Japan Earthquake in March 2011, and the spot price of LNG to Asia rose from the pre-earthquake levels of around US$9 per mmbtu to more than US$19 per mmbtu at one stage, however it has recently declined to around US$15 per mmbtu.

  According to the U.S. Securities and Exchange Commission standards, our equity production amount of oil and gas for the year ended March 31, 2012 was 57 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil; includes 8 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion), and equity production for the year ended March 31, 2013 was 72 million barrels (including 9 million barrels of Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion).

  For the year ending March 31, 2014, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥1.9 billion on net income attributable to Mitsui & Co., Ltd. as a result of changes in revenues of our oil and gas related subsidiaries and associated companies. Similar to the discussion regarding iron and steel raw materials, actual results of operations are also influenced by production costs, trends in foreign exchange rates and other factors surrounding those subsidiaries and associated companies.

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

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

- In the past, the market growth has been driven primarily by long-term purchase contracts by power and gas companies operating in Japan and the Far East. Expansion of incumbent projects and greenfield projects coming on stream will increase the volume of supply to the market, while demand, traditionally centered around the Far East, is likely to increase by growing demand from Europe, while huge markets in China, India and South East Asian countries will emerge. Therefore, globalization in terms of both supply and demand is expected to continue. In addition, as the frequency of supply-demand adjustments in these markets increases, LNG is expected to become a more marketable commodity.
- The tight situation of LNG supply and demand is expected to continue until around 2015 in case of prolonged operational shutdown of nuclear power plants, due to limited expansion of incumbent projects and greenfield LNG projects coming on stream in Asia. On the other hand, long-term purchase contracts for a portion of Japanese projects are subject to renewal around 2015, and a reshuffling of LNG suppliers is also expected. In evaluating the opportunities for the expansion of incumbent projects or pursuit of new development projects, we are putting an emphasis on securing stable supply as well as diversifying our source of supply to enhance flexibility.
- While shale gas, which is an unconventional source of gas that has been increasingly developed in the United States, is recognized to have vast global reserves, it is not expected to be rapidly developed in areas outside the United States due to restrictions such as the requirement for a large supply of water for development and a pipeline near the gas fields for transportation. Development of unconventional gas including shale gas will impact on supply and demand balance of natural gas in the United States, and due to its abundant supply, part of the production is expected to be exported in the form of LNG. Such an impact will, however, be limited outside of the United States for some time, and amid rising demand for natural gas as clean energy, LNG is expected to grow along with natural gas from a medium- and long-term perspective.
- Henry Hub prices, which form the basis of natural gas prices in the United States, fell as a result of the development progress of unconventional gas. It is predicted that going forward natural gas will continue to be traded at a lower price on a caloric conversion basis compared to crude oil, but in the long term it is likely that demand for replacement of fuels, particularly coal, used in the production of electricity, as well as demand for chemical production will emerge, and the price will gradually rise.

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

- Short-Term Pricing and Supply-Demand Balance

As is the case with the iron ore business, coal (metallurgical coal) producing joint venture businesses in Australia in which we participate together with major foreign mineral resources companies conclude long term sales contracts with Japanese steel manufacturers and major clients in other countries. Previously, the sales price of metallurgical coal was re-negotiated every year. However, the diversification of formats to determine price, such as quarterly pricing mechanism, to year-long fixed prices, has progressed originating from a proposal by major suppliers of metallurgical coal in Australia, who wanted to increase transparency in deciding prices and compatibility with market prices, to each iron and steel manufacturer to move towards a format which re-negotiates prices each quarter.

In December 2010, continuous heavy rain and successive cyclones caused historic flood damage to Queensland, Australia. A number of coal mines, especially open-pit mines, declared the situation force majeure. As a result, the supply-demand balance tightened, and prices for representative premium hard coking coal for the three month period ended June 30, 2011 were reportedly settled with some of Japanese iron and steel manufacturers at around US$330/MT. Thereafter, while the production level at coal mines continued to recover from the effect of floods, steel demand fell due to the sluggish European economy as well as the impact of floods in Thailand, which caused a sense of oversupply in the coal market. The quarterly prices for coal turned to a declining trend and prices for representative premium hard coking coal for the three month period ended June 30, 2012 were reportedly settled with some of Japanese iron and steel manufacturers at around US$210/MT. Since then, the representative quarterly prices continued to fall due to stabilization of supply from major suppliers including Australia, and the prices for the three month period ended June 30, 2013 were reportedly settled with some of Japanese iron and steel manufacturers at around US$172/MT.

Spot prices for thermal coal rose to nearly US$140/MT as a result of the tightening supply-demand balance due to damage caused by heavy rain and cyclones in Queensland, Australia starting from December 2010. Reflecting these market conditions, the annual contract price for thermal coal for the year ended March 31, 2012, was settled at around US$130/MT. After March 2011 the market for thermal coal has stabilized, and the annual contract prices for thermal coal for the year ended March 31, 2013 and year ending March 31, 2014, were settled at around US$115/MT and US$95/MT, respectively, reflecting a continued oversupply.

Our annual equity coal shipment volume for our coal-related overseas subsidiaries and associated companies for the year ended March 31, 2013, was 9.6 million tons. We expect our annual equity coal shipment volume for the year ending March 31, 2014, to be approximately 11 million tons. Generally, in currencies of natural resource producing countries, such as the Australian dollar, there is a high degree of correlation in trends toward currency movements in line with the market for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

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

In order to respond to tightening supply-demand balance in medium- and long-term resulting from increased demand for metallurgical coal in line with economic growth of developing countries including China, Brazil, and India as well as rising demand of thermal coal for coal fired power plants, especially in India, major coal producers continue investing to increase production capacity. With respect to coal mining joint ventures with the Rio Tinto group, we approved the development of the new mining area owned by Kestrel Joint Venture in Queensland, Australia. This project will extend the operation period of Kestrel Joint Venture by developing the new mining area, as the existing mining areas are expected to be exhausted in 2014. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

As there are too many uncertainties, including demand from China and other emerging countries, it is difficult for our management to state definitive medium- and long-term forecasts.

Lifestyle Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 800.4	¥ 775.1	¥ 25.3
Gross Profit	106.0	112.0	(6.0)
Operating Loss	(5.5)	10.6	(16.1)
Equity in Earnings of Associated Companies - Net	8.3	9.3	(1.0)
Net Income attributable to Mitsui & Co., Ltd.	10.3	17.0	(6.7)

Revenues for the year ended March 31, 2013 were ¥800.4 billion, an increase of ¥25.3 billion from ¥775.1 billion for the corresponding previous year.

- The Food Resources Business Unit reported an increase of ¥16.4 billion. Multigrain AG (Switzerland) reported an increase of ¥33.8 billion due to a volume expansion of soybean trading, despite a decline in trading business of grain at Mitsui reflecting lower prices and volume.
- The Food Products & Services Business Unit recorded an increase of ¥2.3 billion. MITSUI FOODS CO., LTD. (Japan) posted an increase due to a growth in trading volume.
- The Consumer Service Business Unit reported an increase of ¥6.5 billion mainly attributable to a sale of logistics facility.

Gross profit for the year ended March 31, 2013 was ¥106.0 billion, a decline of ¥6.0 billion from ¥112.0 billion for the corresponding previous year.

- The Food Resources Business Unit reported a decline of ¥4.2 billion due to the decline in trading business of grain reflecting lower prices.
- The Food Products & Services Business Unit recorded a decline of ¥2.8 billion, reflecting the reversal effect of a ¥4.7 billion mark-to-market valuation gains on commodity derivative contracts related to coffee for the corresponding previous year.
- The Consumer Service Business Unit reported an increase of ¥1.1 billion.

Operating loss for the year ended March 31, 2013 was ¥5.5 billion, a decline of ¥16.1 billion from operating income of ¥10.6 billion for the corresponding previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥8.3 billion, a decline of ¥1.0 billion from ¥9.3 billion for the corresponding previous year.

- The Food Resources Business Unit reported an increase of ¥0.5 billion. This business unit recorded a ¥2.9 billion impairment loss on listed securities in Mitsui Sugar Co., Ltd. for the year ended March 31, 2013, reflecting the decline in share price.
- The Food Products & Services Business Unit recorded a decline of ¥0.1 billion.
- The Consumer Service Business Unit reported a decline of ¥1.4 billion. IHH Healthcare Bhd., in which MBK Healthcare Partners Limited invested, recorded an increase of ¥2.1 billion. Meanwhile, an impairment loss reflecting an other-than-temporary decline in the investment value was recorded for another associated company.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥10.3 billion, a decline of ¥6.7 billion from ¥17.0 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2013, this segment reported a gain of ¥8.0 billion on the sale of shares in Mikuni Coca-Cola Bottling Co., Ltd.
- MBK Healthcare Partners Limited recorded a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd. The relevant gain includes a ¥5.3 billion gain due to the dilution of MBK Healthcare Partners Limited's stake in IHH Healthcare Bhd. from 26.63% to 20.48% reflecting the issuance of new shares by IHH Healthcare Bhd. upon its initial public offering on the Bursa Malaysia and Singapore Exchange in July 2012.
- For the corresponding previous year, this segment recorded a ¥3.6 billion remeasurement gain due to the reclassification of Multigrain AG.

Innovation & Cross Function Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 150.1	¥ 171.6	¥ (21.5)
Gross Profit	41.4	53.5	(12.1)
Operating Loss	(32.9)	(20.1)	(12.8)
Equity in Earnings (Losses) of Associated Companies - Net	18.0	(20.4)	38.4
Net Income (Loss) attributable to Mitsui & Co., Ltd.	3.6	(32.2)	35.8

Revenues for the year ended March 31, 2013 were ¥150.1 billion, a decline of ¥21.5 billion from ¥171.6 billion for the corresponding previous year.

- The IT Business Unit reported a decline of ¥13.0 billion. Mitsui Electronics Inc. (Japan) reported a decline reflecting a decrease in sales volume of electronics devices and equipment.

- The Financial & New Business Unit reported a decrease of ¥11.8 billion. Mitsui & Co. Commodity Risk Management Ltd. posted a decline of ¥6.4 billion due to underperforming derivatives trading. Revenues corresponding to foreign exchange gains of ¥6.4 billion and ¥5.8 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in revenues for the year ended March 31, 2013 and for the corresponding previous year, respectively.
- The Transportation Logistics Business Unit reported a decline of ¥3.2 billion.

Gross profit for the year ended March 31, 2013 was ¥41.4 billion, a decrease of ¥12.1 billion from ¥53.5 billion for the corresponding previous year.

- The IT Business Unit reported a decline of ¥1.7 billion.
- The Financial & New Business Unit reported a decrease of ¥12.1 billion. Mitsui & Co. Commodity Risk Management Ltd. posted a decline of ¥6.4 billion due to underperforming derivatives trading. Gross profits corresponding to foreign exchange gains of ¥6.4 billion and ¥5.8 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in gross profit for the year ended March 31, 2013 and for the corresponding previous year, respectively.
- The Transportation Logistics Business Unit reported an increase of ¥1.6 billion.

Operating loss for the year ended March 31, 2013 was ¥32.9 billion, a deterioration of ¥12.8 billion from ¥20.1 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥18.0 billion, an increase of ¥38.4 billion from equity in losses of ¥20.4 billion for the corresponding previous year. Reflecting the decline in share price, this segment recorded impairment losses on listed securities for the amount of ¥18.3 billion in TPV Technology Limited, ¥6.7 billion in Moshi Moshi Hotline, Inc. and ¥6.0 billion in Nihon Unisys, Ltd., for the year ended March 31, 2012. In addition to the impairment loss of ¥6.0 billion in investment, equity in losses of ¥3.3 billion was recorded at Nihon Unisys, Ltd. mainly due to the setting up of valuation allowances for its deferred tax assets for the year ended March 31, 2012.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥3.6 billion, an increase of ¥35.8 billion from net loss of ¥32.2 billion for the corresponding previous year. In addition to the above-mentioned factors, there were the following factors:

- For the year ended March 31, 2013, this segment reported a gain of ¥4.8 billion on the sale of shares in Nihon Unisys, Ltd.
- For the year ended March 31, 2013, Mitsui Bussan Commodities Ltd. (United Kingdom) recorded a gain of ¥4.3 billion on the sale of shares in LME Holdings Limited.
- For the corresponding previous year, this segment recorded a ¥4.0 billion impairment loss on shares in Formosa Epitaxy Incorporation and a ¥2.7 billion impairment loss on shares in QIWI Limited in Russia.
- For the year ended March 31, 2012, Trinet Logistics Co., Ltd. (Japan), a warehousing company, recorded a ¥3.2 billion gain on sales of unused land in Japan.
- For the year ended March 31, 2013 and for the corresponding previous year, foreign exchange gains of ¥6.4 billion and ¥5.8 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business at Mitsui.

Americas Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 547.2	¥ 529.1	¥ 18.1
Gross Profit	66.0	75.6	(9.6)
Operating Income	11.4	24.3	(12.9)
Equity in Earnings of Associated Companies - Net	3.5	4.3	(0.8)
Net Income attributable to Mitsui & Co., Ltd.	12.4	16.4	(4.0)

Revenues for the year ended March 31, 2013 were ¥547.2 billion, an increase of ¥18.1 billion from ¥529.1

billion for the corresponding previous year.

- Mitsui & Co. (U.S.A.), Inc. (United States) reported an increase of ¥43.4 billion due to a higher trading volume of foods.
- United Grain Corporation of Oregon (United States) reported a decrease of ¥32.0 billion due to a decline in trading volume.
- There was contribution from newly acquired subsidiary, Cinco Pipe And Supply, LLC (United States).

Gross profit for the year ended March 31, 2013 was ¥66.0 billion, a decline of ¥9.6 billion from ¥75.6 billion for the corresponding previous year. Novus International, Inc. reported a decline of ¥6.7 billion due to a decline in sales price of methionine as well as a write-down on inventories of feed additives other than methionine.

Operating income for the year ended March 31, 2013 was ¥11.4 billion, a decline of ¥12.9 billion from ¥24.3 billion for the corresponding previous year. In addition to the decline in gross profit, this segment reported increases in the provision for doubtful receivables and in general and administrative expenses.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥3.5 billion, a decline of ¥0.8 billion from ¥4.3 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥12.4 billion, a decline of ¥4.0 billion from ¥16.4 billion for the corresponding previous year. In addition to the above-mentioned factors, for the year ended March 31, 2013, this segment recorded a gain of ¥3.1 billion on the sale of shares in MED3000 Group, Inc.

Europe, the Middle East & Africa Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 95.1	¥ 119.5	¥ (24.4)
Gross Profit	15.6	18.2	(2.6)
Operating Loss	(3.7)	(0.7)	(3.0)
Equity in Earnings of Associated Companies - Net	0.4	0.5	(0.1)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	(0.9)	1.2	(2.1)

Revenues for the year ended March 31, 2013 were ¥95.1 billion, a decline of ¥24.4 billion from ¥119.5 billion for the corresponding previous year, due to a lower trading volume of chemicals and steel products.

Gross profit for the year ended March 31, 2013 was ¥15.6 billion, a decline of ¥2.6 billion from ¥18.2 billion for the corresponding previous year.

Operating loss for the year ended March 31, 2013 was ¥3.7 billion, a deterioration of ¥3.0 billion from ¥0.7 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥0.4 billion, a decline of ¥0.1 billion from ¥0.5 billion for the corresponding previous year.

Net loss attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥0.9 billion, a decline of ¥2.1 billion from ¥1.2 billion of net profit for the corresponding previous year.

Asia Pacific Segment

	Billions of Yen		
	Years Ended March 31,		
	2013	2012	Change
Revenues	¥ 82.9	¥ 65.1	¥ 17.8
Gross Profit	10.5	11.7	(1.2)
Operating Loss	(5.9)	(4.2)	(1.7)
Equity in Earnings of Associated Companies - Net	4.9	4.7	0.2
Net Income attributable to Mitsui & Co., Ltd.	27.5	49.2	(21.7)

Revenues for the year ended March 31, 2013 were ¥82.9 billion, an increase of ¥17.8 billion from ¥65.1 billion for the corresponding previous year, reflecting an increase in trading volume of foods.

Gross profit for the year ended March 31, 2013 was ¥10.5 billion, a decline of ¥1.2 billion from ¥11.7 billion for the corresponding previous year.

Operating loss for the year ended March 31, 2013 was ¥5.9 billion, a deterioration of ¥1.7 billion from ¥4.2 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2013 was ¥4.9 billion, an increase of ¥0.2 billion from ¥4.7 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was ¥27.5 billion, a decline of ¥21.7 billion from ¥49.2 billion for the corresponding previous year. In addition to the above-mentioned factors, this segment recorded earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd., which were lower due to declines in the prices of iron ore and coal.

(4) Liquidity and Capital Resources

Use of Non-U.S. GAAP Financial Measures

Net Debt-to-Equity Ratio

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

We define "net interest bearing debt" as follows:

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

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

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

	As of March 31, 2013	As of March 31, 2012
	(Billions of Yen)	(Billions of Yen)
Short-term debt	663.1	307.1
Long-term debt	3,606.2	3,270.9
Interest bearing debt	4,269.3	3,578.0
Less cash and cash equivalents and time deposits	(1,429.9)	(1,435.2)
Net interest bearing debt	2,839.4	2,142.8
Shareholders' equity	3,181.8	2,641.3
Net DER (times)	0.89	0.81

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

	As of March 31, 2013	As of March 31, 2012
DER (times)	1.34	1.35

Free Cash Flow

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

The following table shows how we calculated free cash flow.

	Year ended March 31, 2013 (Billions of Yen)	Year ended March 31, 2012 (Billions of Yen)	Increase/(Decrease) (Billions of Yen)
Net cash provided by operating activities	461.4	381.0	80.4
Net cash used in investing activities	(753.3)	(438.2)	(315.1)
Free cash flow	(291.9)	(57.2)	(234.7)

1) Funding and Treasury Policies

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

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

The same policy and practices have been extended to wholly-owned overseas subsidiaries through our regional financing subsidiaries. As a result, approximately 78% of total interest bearing debt as of March 31, 2013 was raised by Mitsui and the above-mentioned financing subsidiaries.

2) Funding Sources

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

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

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥300 billion debt shelf-registration and a ¥2,400 billion commercial paper program in Japan, and utilizes a suitable one among these facilities on the favorable financial situation. Furthermore, Mitsui & Co. (U.S.A.), Inc., Mitsui & Co. Financial Services (Asia) Ltd. and Mitsui & Co., Ltd. have arranged a joint Euro medium-term note (“MTN”) program of US$5 billion. Mitsui guarantees notes issued by consolidated overseas subsidiaries under this program. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US$1.5 billion U.S. domestic commercial paper program, and there are similar commercial paper programs in certain other overseas markets and these programs are utilized where appropriate. Mitsui maintains the principal strategy carrying out long-term and stable fund procurement, and we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of short-term debt to total interest bearing debt on the consolidated basis was 15.5% as of March 31, 2013.

Certain subsidiaries set lines of credit by paying commitment fees to financial institutions, but the amount of the fee paid was not material in the previous fiscal year and in the current fiscal year. For unused lines of credit for short-term debt, including these lines of credit with fees, see Note 12, “SHORT-TERM AND LONG-TERM DEBT.”

More than half of short-term and long-term debt as of March 31, 2013 were denominated in Japanese yen and the rest was primarily denominated in U.S. dollars. Considering the type of interest and currency of the asset-side, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert interest or currency of our liabilities. We enter into interest rate swaps to convert fixed interest rate into floating interest rate (or vice versa) and currency swaps or foreign currency exchange forward contracts to convert funds in Japanese yen into foreign currencies such as U.S. dollars (or funds in foreign currencies into Japanese yen). We regard that the proportion of interest bearing debt with floating interest rate after taking into account interest rate swaps is appropriate considering the condition of our current balance sheet. See “(6) Others, 4) Quantitative and Qualitative Information Regarding Market Risk” and Note 23, “DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES,” for further description of our derivative financial instruments. Additionally, regarding interest expense associated with future borrowings and interest rate swaps, see "(6) Others, 2) Tabular Disclosure of Contractual Obligations."

Credit Ratings

To facilitate smooth fund raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. ("R&I"), Moody's Japan K.K. ("Moody's") and Standard & Poor's Ratings Japan K.K. ("S&P"). The ratings as of March 31, 2013 were as follows:

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

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

Mitsui intends to maintain sound financial foundations and will strive for the maintenance and improvement of its credit rating.

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

3) Liquidity Management

Cash and cash equivalents were ¥1,425.2 billion as of March 31, 2013, at the same level as of March 31, 2012. The majority of cash and cash equivalents are denominated in Japanese yen and our management recognizes that cash and cash equivalents as of March 31, 2013 satisfy the liquidity requirements for the repayment of short-term debt (¥663.1 billion) and current maturities of long-term debt (¥421.2 billion).

Although global capital market circumstances are still fragile due to causes such as the effect of European debt crisis and the tightened financial regulations resulting in deleveraging by the financial institutions, we steadily procured necessary funds in accordance with our basic funding policy by utilizing the long-term good relationship with financial institutions and various measures implemented by public financing agencies. On the other hand, as seen in the increasing volatility in the domestic interest rate market, it is undeniable that there remains uncertainty in the financial conditions, and we consider it necessary to continue to closely monitor the prospect for liquidity.

As a result, as of March 31, 2013, the proportion of long-term debt to total interest bearing debt on the consolidated basis was 84.5%. For the details of the long-term debt, interest rate structure and the maturity profile of our outstanding debt as of March 31, 2013, see Note 12, "SHORT-TERM AND LONG-TERM DEBT."

Shareholders' equity as of March 31, 2013 was ¥3,181.8 billion, an increase of ¥540.5 billion from March 31, 2012. On the other hand, net interest bearing debt was ¥2,839.4 billion, an increase of ¥696.6 billion, and as a result, the Net DER increased to 0.89 times from 0.81 times as of March 31, 2012.

The ratio of current assets to current liabilities, which was 168.7% as of March 31, 2012, was 152.1% as of March 31, 2013.

Judging by the numbers above and current market conditions, financial strength of our balance sheet is maintained, and at this stage we are not aware of any significant financial difficulties that would affect our operations including investments and loans in accordance with our business plan to March 2014.

Although we provide payment guarantees to third parties and related parties, these guarantees do not include those that have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 20, "CONTINGENT LIABILITIES."

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

Our management believes that our liquidity will not be affected by dividends from our foreign consolidated subsidiaries and associated companies. Assuming that such companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material contractual or legal restrictions on the ability of our consolidated subsidiaries and associated companies to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥12.1 billion to our defined-benefit pension plans for the year ending March 31, 2014.

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

Under the Medium-term Management Plan announced in May 2012, we planned a total sum of ¥1,400 billion in capital expenditures for investments and loans, and ¥300 billion to recycle assets (*1). Of these amounts, during this fiscal year, the first year of the Medium-term Management Plan, we executed new investments and loans of approximately ¥960 billion (*2), which was above the original plan of ¥ 800 billion. In August 2012, we agreed to jointly acquire 29.5% of the shares in Anglo American Sur S.A. with Codelco and executed a combined investment and loan of US$3 billion (¥232.6 billion). Since this transaction was not included in our original annual investment and loan plan for this fiscal year, the amount of investments and loans for the Metals business area significantly exceeded the plan. On the other hand, we collected approximately ¥220 billion through disposal of assets and investments, surpassing the original plan of ¥160 billion. Sakhalin II capital redemption, sale of listed stocks, and collection of loans in Machinery & Infrastructure business area contributed to contain the increases of our net cash outflow to ¥100 billion above the original plan.

As a result, net cash used in investing activities for the year ended March 31, 2013 was ¥753.3 billion. On the other hand, net cash provided by operating activities was ¥461.4 billion. Accordingly free cash flow for the year ended March 31, 2013 represented in a net outflow of ¥291.9 billion. See “6) Cash Flows,” for further description of cash flows for the year ended March 31, 2013.

During the year ending March 31, 2014, we plan ¥1 trillion expenditure for investments and loans in total. The Medium-term Management Plan originally had a provisional budget of ¥600 billion allocated for the year ending March 31, 2014.

However, since we continue to see many good investment opportunities to strengthen our earning base, including high quality upstream assets and infrastructure projects in emerging countries, we have decided to increase the investment budget by ¥400 billion.

The ¥1 trillion investment plan consists of investments in the Metals business area of ¥280 billion, mainly for investments in expansion projects and on-going projects for iron ore, in the Machinery & Infrastructure business area of ¥280 billion, in the Chemicals business area of ¥40 billion, in the Energy business area of ¥320 billion mainly to invest into the onshore oil field interest in Italy and shale gas and oil related projects in North America, in the Lifestyle business area of ¥50 billion, and in the Innovation & Corporate Development area of ¥30 billion.

Concurrently, we expect to implement divestiture projects amounting to ¥170 billion.

(Billions of Yen) Business Area	Result* March 2013	Plan March 2014	Medium-term Management Plan to March 2014 (Announced in May 2012) March 2013	March 2014
Metals	370	280	200	600
Machinery & Infrastructure	145	280	200	
Chemicals	20	40	50	
Energy	335	320	250	
Lifestyle	65	50	50	
Innovation & Corporate Development	25	30	50	
Gross Investments & Loans	960	1,000	800	600
Divestiture	▲220	▲170	▲160	▲140
Net Cash Outflow	740	830	640	460

* Result for the year ended March 31, 2013 was not restated to conform to the operating segment as of April 1, 2013.

As a result, net cash to be used in investing activities is expected to be ¥830 billion, and, while cash flow from operating activities is expected to be positive, free cash flow is forecasted to be negative. We would like to reinforce strategic divestitures as well as investments and loans that will strengthen our earning base, keeping in mind the necessity to recover from negative free cash flow.

Although an increase in net income is expected, in accordance with the investment and loan plan mentioned above, net interest bearing debt will increase mainly due to a decline in cash and cash equivalents. As a result, Net DER as of March 31, 2014 is expected to rise slightly from the Net DER of 0.89 times as of March 31, 2013.

For the details of the Medium-term Management Plan, see “3. Management Issues” and for the details of refinancing, see “1) Funding and Treasury Policies” and “2) Funding Sources.”
Many of the projects in the investment and loan plan have not decided final investment decision and such progress of projects will have an effect on our actual cash flows and financial condition for the year ending March 31, 2014.

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

5) Assets, Liabilities and Shareholders’ Equity

Total assets as of March 31, 2013 were ¥10,324.6 billion, an increase of ¥1,312.8 billion from ¥9,011.8 billion as of March 31, 2012.

Total current assets as of March 31, 2013 were ¥4,631.5 billion, an increase of ¥205.2 billion from ¥4,426.3 billion as of March 31, 2012. Inventories increased by ¥230.8 billion. Certain physical commodity swap transactions related to precious metals, which were previously accounted for as derivative transactions, are accounted for as financings from the three-month period ended December 31, 2012, and as a result, an increase of ¥139.0 billion in inventories was reported. Furthermore, increases in inventories of ¥20.1 billion and ¥11.0 billion were reported due to an increase in trading volume at petroleum trading business and the mining and construction machinery-related business in South America. Cinco Pipe & Supply, LLC, a newly acquired oil and gas well tubular distributor in the United States, also reported an increase of ¥15.4 billion.

Total current liabilities as of March 31, 2013 increased by ¥421.3 billion to ¥3,045.3 billion from ¥2,624.0 billion as of March 31, 2012. Short-term debt increased by ¥356.0 billion, including an increase of ¥143.1 billion due to the aforementioned change related to physical commodities swap transactions.

As a result, working capital, or current assets less current liabilities, as of March 31, 2013 totaled ¥1,586.2 billion, a decline of ¥216.1 billion from ¥1,802.3 billion as of March 31, 2012.

The sum of "total investments and non-current receivables," "net property and equipment," "intangible assets, less accumulated amortization," "deferred tax assets-non-current," and "other assets" as of March 31, 2013 totaled ¥5,693.1 billion, an increase of ¥1,107.6 billion from ¥4,585.5 billion as of March 31, 2012.

Total of investments and non-current receivables as of March 31, 2013 was ¥3,958.8 billion, an increase of ¥767.1 billion from ¥3,191.7 billion as of March 31, 2012, mainly due to the following factors (Operating Segments are shown in parentheses):

- Investments in and advances to associated companies as of March 31, 2013 was ¥2,325.3 billion, an increase of ¥616.2 billion from ¥1,709.1 billion as of March 31, 2012. Major factors were as follows:
  - An increase of ¥166.6 billion due to an acquisition of 32.20% stake in Inversiones Mineras Acrux SpA (Chile), a joint venture with Codelco (Mineral & Metal Resources);
  - An increase of ¥85.7 billion due to an additional investment in Japan Australia LNG (MIMI) Pty. Ltd. for the acquisition of working interests in the Browse LNG project (Energy);
  - An increase of ¥24.1 billion due to an investment in the Caserones copper and molybdenum project in Chile (Mineral & Metal Resources);
  - An increase of ¥20.9 billion due to investments in and loans to FPSO (Floating Production, Storage and Offloading vessel) leasing businesses for oil and gas production in Brazil (Machinery & Infrastructure);
  - An increase due to an acquisition of a 30% stake in renewable energy power generation projects in Canada (Machinery & Infrastructure);
  - An increase of ¥9.4 billion due to an acquisition of a 49.9% stake in National Plant and Equipment Pty Ltd., an Australian mining equipment rental company (Machinery & Infrastructure); and
  - Factors that do not involve cash flow included net increases in equity earnings of ¥49.4 billion (net of ¥126.8 billion in dividends received from associated companies) as well as an increase of ¥224.3 billion resulting from a foreign exchange translation adjustment on foreign investments due to the depreciation of the Japanese yen.

The following table shows the details of investments in and advances to associated companies as of March 31, 2013 and 2012 by operating segment.

	Billions of Yen		
	As of March 31,		
	2013	2012	Change
Iron & Steel Products	¥ 31.0	¥ 26.1	¥ 4.9
Mineral & Metal Resources	844.5	553.2	291.3
Machinery & Infrastructure	459.6	344.0	115.6
Chemicals	84.1	76.2	7.9
Energy	279.5	131.9	147.6
Lifestyle	230.3	210.0	20.3
Innovation & Cross Function	138.9	134.2	4.7
Americas	49.5	40.6	8.9
Europe, the Middle East and Africa	13.1	8.9	4.2
Asia Pacific	177.2	136.3	40.9
Total	**2,307.7**	**1,661.4**	**646.3**
All Other	(0.2)	(0.4)	0.2
Adjustments and Eliminations	17.8	48.1	(30.3)
Consolidated Total	**2,325.3**	**1,709.1**	**616.2**

- Other investments as of March 31, 2013 were ¥816.3 billion, an increase of ¥23.8 billion from ¥792.5 billion as of March 31, 2012, mainly due to the following factors:
  - A ¥43.3 billion net increase in unrealized holding gains on available-for-sale securities;
  - An increase of ¥9.4 billion due to an investment in Sodrugestvo Group S.A., which operates grain business mainly in Russia (Lifestyle);
  - A decline of ¥31.7 billion in investment in Sakhalin Energy Investment Company Ltd. due to capital redemption (in addition, a ¥2.9 billion increase due to a foreign exchange translation gain) (Energy); and
  - A decline of ¥22.8 billion due to the recognition of impairment in investments.

- Non-current receivables, less unearned interest as of March 31, 2013, totaled ¥523.9 billion, an increase of ¥69.7 billion from ¥454.2 billion as of March 31, 2012. Major components included:
  - An increase of ¥78.2 billion in the loan to Codelco's subsidiary (Mineral & Metal Resources);
  - A decline of ¥17.0 billion (excluding a foreign exchange translation gain of ¥1.1 billion) at PT. Bussan Auto Finance (Indonesia), a motorcycle retail finance subsidiary (Machinery & Infrastructure); and
  - A decline of ¥12.5 billion in the loan to Grace Ocean Private Limited, a ship-owning company, mainly due to collection of loans (Machinery & Infrastructure).

- Property leased to others—at cost, less accumulated depreciation as of March 31, 2013, totaled ¥330.6 billion, an increase of ¥57.9 billion from ¥272.7 billion as of March 31, 2012, mainly due to the following factors:
  - An increase of leased rolling stock for ¥17.4 billion (including a foreign exchange translation gain of ¥9.2 billion) (Machinery & Infrastructure); and
  - An increase of ¥10.0 billion at ME Serviços de Energia do Brasil Participações Ltda., a newly acquired energy service company in Brazil (Machinery & Infrastructure).

- Net property and equipment as of March 31, 2013 totaled ¥1,570.3 billion, an increase of ¥314.4 billion from ¥1,255.9 billion as of March 31, 2012, mainly due to the following factors:
  - An increase of ¥107.8 billion (including a foreign exchange translation gain of ¥33.4 billion) at the Marcellus and Eagle Ford shale gas and oil projects in the United States (Energy);
  - An increase of ¥103.0 billion (including a foreign exchange translation gain of ¥44.6 billion) at iron ore mining projects in Australia (Mineral & Metal Resources);

- An increase of ¥41.8 billion (including a foreign exchange translation gain of ¥17.5 billion) at oil & gas projects other than shale gas and oil projects (Energy); and
- An increase of ¥33.5 billion (including a foreign exchange translation gain of ¥24.1 billion) at coal mining projects in Australia (Energy).

The following table shows the details of property leased to others - at cost and property and equipment - at cost as of March 31, 2013 and 2012 by operating segment.

	Billions of Yen		
	As of March 31,		
	2013	**2012**	**Change**
Iron & Steel Products	¥ 14.4	¥ 13.6	¥ 0.8
Mineral & Metal Resources	340.4	238.4	102.0
Machinery & Infrastructure	197.6	151.0	46.6
Chemicals	70.3	65.5	4.8
Energy	768.6	584.5	184.1
Lifestyle	205.2	194.4	10.8
Innovation & Cross Function	70.5	73.3	(2.8)
Americas	96.7	69.9	26.8
Europe, the Middle East and Africa	11.8	10.9	0.9
Asia Pacific	3.4	3.1	0.3
Total	**1,778.9**	**1,404.6**	**374.3**
All Other	5.8	8.1	(2.3)
Adjustments and Eliminations	116.2	115.9	0.3
Consolidated Total	**¥ 1,900.9**	**¥ 1,528.6**	**¥ 372.3**

Long-term debt less current maturities as of March 31, 2013 was ¥3,185.0 billion, an increase of ¥286.8 billion from ¥2,898.2 billion as of March 31, 2012. Oriente Copper Netherlands B.V. (Netherlands) and a financial subsidiary in the United States reported an increase in long-term borrowings.

Total Mitsui & Co., Ltd. shareholders' equity as of March 31, 2013 was ¥3,181.8 billion, an increase of ¥540.5 billion from ¥2,641.3 billion as of March 31, 2012. The major component of the increase was a net increase of ¥285.6 billion in foreign currency translation adjustments mainly due to appreciation of the Australian dollar, US dollar and Brazilian real against the Japanese yen. Furthermore, retained earnings increased by ¥216.7 billion and unrealized holding gains on available-for-sale securities increased by ¥45.3 billion reflecting the higher stock prices.

6) Cash Flows

	Billions of Yen		
	As of March 31,		
	2013	**2012**	**Change**
Net cash provided by operating activities	461.4	381.0	80.4
Net cash used in investing activities	(753.3)	(438.2)	(315.1)
Net cash (used in) provided by financing activities	221.6	57.4	164.2
Effect of exchange rate changes on cash and cash equivalents	64.3	(10.1)	74.4
Net increase (decrease) in cash and cash equivalents	¥ (5.9)	¥ (9.9)	¥ 4.0

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended March 31, 2013 was ¥461.4 billion, an increase of ¥80.4 billion from ¥381.0 billion for the corresponding previous year. Major components of net cash provided by operating activities were our operating income of ¥254.6 billion, dividend income of ¥195.8 billion, including dividends received from associated companies, and net cash inflow of ¥2.4 billion from a decline in working capital, or changes in operating assets and liabilities.

- Increases in operating income were mainly at the Mineral & Metal Resources and the Energy Segment;
- As well as dividends received of ¥80.1 billion from investees other than associated companies including six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II), dividends received totaling ¥115.7 billion from associated companies, among others from our mineral resources and energy related associated companies such as Japan Australia LNG (MIMI) Pty. Ltd., Robe River Mining Co. Pty. Ltd. and Valepar S.A. (Brazil); and
- Payments of ¥158.0 billion for corporate income taxes.

Compared with the corresponding previous year, while operating income declined by ¥93.8 billion and dividend income declined by ¥49.9 billion, net cash flow from increases and decreases in working capital improved by ¥209.0 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended March 31, 2013 was ¥753.3 billion, an increase of ¥315.1 billion from ¥438.2 billion for the corresponding previous year. The net cash used in investing activities consisted of:

- Cash outflows that corresponded to investments in and advances to associated companies were ¥292.4 billion, while cash inflows from sales of investments in and collection of advances to associated companies were ¥61.8 billion. As a result, net cash outflows were ¥230.6 billion. Major components of cash outflow were following: (Operating Segments are shown in parentheses.)
  - An acquisition of a 16.95% stake in Inversiones Mineras Acrux SpA for ¥85.9 billion (*) (Mineral & Metal Resources);
  - An additional investment in Japan Australia LNG (MIMI) Pty. Ltd. for ¥85.7 billion (Energy);
  - An investment in the Caserones copper and molybdenum project in Chile for ¥24.1 billion (Mineral & Metal Resources);
  - Investments in and loans to FPSO leasing businesses for oil and gas production in Brazil for ¥20.9 billion (Machinery & Infrastructure);
  - An acquisition of a 30% stake in renewable energy power generation projects in Canada (Machinery & Infrastructure); and
  - An acquisition of a 49.9% stake in National Plant and Equipment Pty Ltd. for ¥9.4 billion (Machinery & Infrastructure).

  Major components of cash inflow were:
  - A partial sale of shares in Mikuni Coca-Cola Bottling Co., Ltd. for ¥15.5 billion (Lifestyle); and
  - A partial sale of shares in Nihon Unisys, Ltd. for ¥11.4 billion (Innovation & Cross Function).

- A total of ¥79.4 billion was paid out for acquisitions of available-for-sale securities, held-to-maturity debt securities and other investments, while proceeds of ¥109.8 billion were received from sales and redemption of those securities and investments. As a result, net cash inflows were ¥30.4 billion. Cash inflows mainly consisted of a capital redemption from Sakhalin Energy Investment Company Ltd. for ¥31.7 billion (Energy). Meanwhile, major cash expenditures included an investment in Sodrugestvo Group S.A. for ¥9.4 billion (Lifestyle).

- A total of ¥246.5 billion were paid out for increase in long-term loan receivables, while proceeds of ¥113.9 billion were received from collection of long-term loan receivables. As a result, net cash outflows were ¥132.6 billion. Increases in long-term loans mainly consisted of the loan to Codelco's subsidiary for ¥146.7 billion (*) (Mineral & Metal Resources). The major cash inflows were from collection of a loan for ¥13.6 billion from Grace Ocean Private Limited (Machinery & Infrastructure) as well as a cash inflow of ¥10.0 billion due to the decline in loan receivables at PT. Bussan Auto Finance

(Machinery & Infrastructure).

- A total of ¥418.8 billion was paid out for property leased to others and property and equipment; and proceeds of ¥19.9 billion were provided from sales of property leased to others and property and equipment. As a result, net cash outflows were ¥398.9 billion. Major purchases of equipment included:
  - Marcellus and Eagle Ford shale gas and oil projects in the United States for ¥112.0 billion (Energy);
  - Iron ore mining projects in Australia for ¥91.1 billion (Mineral & Metal Resources);
  - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥84.1 billion (Energy);
  - Coal mining projects in Australia for ¥29.1 billion (Energy); and
  - Leased rolling stock for ¥22.2 billion (Machinery & Infrastructure).

- Cash outflow of acquisitions of businesses comprised of an acquisition of oil and gas concessions in the UK North Sea for ¥21.3 billion.

(*) We currently have a 32.20% stake in Inversiones Mineras Acrux SpA as a result of repayment of a part of the loan extended to Codelco's subsidiary with the 15.25% stake in Inversiones Mineras Acrux SpA in November 2012.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the year ended March 31, 2013 was a net outflow of ¥291.9 billion.

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

	Billions of Yen	
	As of March 31,	
	2013	**2012**
Iron & Steel Products	¥ (0.2)	¥ (5.6)
Mineral & Metal Resources	(344.3)	(44.8)
Machinery & Infrastructure	(78.1)	(53.9)
Chemicals	(4.9)	(24.9)
Energy	(289.0)	(145.6)
Lifestyle	(22.9)	(138.7)
Innovation & Cross Function	9.0	2.1
Americas	(16.3)	(17.3)
Europe, the Middle East and Africa	(1.1)	(0.2)
Asia Pacific	0.3	0.3
Total	**(747.5)**	**(428.6)**
All Other and Adjustments and Eliminations	(5.8)	(9.6)
Consolidated Total	**¥ (753.3)**	**¥ (438.2)**

Cash Flows from Financing Activities

For the year ended March 31, 2013, net cash provided by financing activities was ¥221.6 billion, an increase of ¥164.2 billion from net cash provided by financing activities of ¥57.4 billion for the corresponding previous year. Cash outflows from payments of cash dividends were ¥91.3 billion. The net cash inflow from the borrowing of short-term debt was ¥161.5 billion and the net cash inflow from the borrowing of long-term debt was ¥150.5 billion.

See "2) Funding Sources" for funding during the year ended March 31, 2013.

(5) Critical Accounting Policies and Estimates

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

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

The following items require significant management judgments and estimates.

Impairment of Long-Lived Assets

Impairment losses of long-lived assets, other than goodwill and intangible assets not subject to amortization, for the years ended March 31, 2013 and 2012, were ¥12.2 billion and ¥14.0 billion, respectively. The carrying amounts of the long-lived assets, net of accumulated depreciation and amortization, as of March 31, 2013 and 2012, were ¥1,963.8 billion and ¥1,593.4 billion, respectively.

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

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

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

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

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

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

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

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

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

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

Impairment of Goodwill

There were no impairment losses on goodwill for the year ended March 31, 2013. On the other hand, impairment losses on goodwill for the year ended March 31, 2012 were ¥4.2 billion. The carrying amounts as of March 31, 2013 and 2012, were ¥ 45.0 billion and ¥35.2 billion, respectively.

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

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

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

Impairment of Investment Securities

Impairments of equity investments for recent fiscal years have had a significant impact on our income. The following table shows the carrying amounts of marketable and non-marketable equity securities as of March 31, 2013 and 2012, and the impairment loss for the years ended March 31, 2013 and 2012.

	Year ended March 31, 2013		Year ended March 31, 2012	
	Carrying amount	Impairment loss	Carrying amount	Impairment loss
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Marketable equity securities	451.7	12.8	412.1	8.2
Non-marketable equity securities	315.6	10.0	326.1	21.1
Total	767.3	22.8	738.2	29.3

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

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

Management believes that the criteria for evaluating an other-than-temporary decline in fair value are reasonable. The aggregate unrealized loss amount of the marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for one year or more was ¥7.7 billion as of March 31, 2013, and that amount was the result of preferred stock that must be redeemed. Additionally, the amount for marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for less than one year was ¥0.3 billion. However, considering the combination of foreign currency exchange rate market trend, length of time to redemption, length of time that fair values have been below cost, the extent of decline and the financial condition of the investees, we expect that their fair values will recover above their costs while we hold these investments.

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

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

We also review investments in listed associated companies for impairment losses using the same other-than-temporary criteria for marketable equity securities unless there are reasonable grounds that the decline is temporary in case that the decline ratio is from 30% to 50% and the decline has been for less than nine consecutive months. The amounts of impairment losses for the years ended March 31, 2013 and 2012 were approximately ¥3.9 billion and ¥33.0 billion, respectively, and the amounts were recorded in equity earnings in associated companies-net.

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

Tax Asset Valuation

Establishing a valuation allowance for deferred tax assets, pursuant to evaluation on its realizability, has had a significant impact on our income. The following table shows the deferred tax assets and valuation allowance for deferred tax assets as of March 31, 2013 and 2012.

	As of March 31, 2013	As of March 31, 2012
	(Billions of Yen)	(Billions of Yen)
Total deferred tax assets	606.7	538.6
Valuation allowance	(436.8)	(346.6)
Deferred tax assets - net	169.9	192.0

We determine the realizability of deferred tax assets based on all available evidence, both positive and negative, including all currently available information regarding tax deductibility on future years and ability to generate sufficient taxable income at Mitsui and subsidiaries prior to the expiration of the loss carryforward pursuant to the relevant tax laws and regulations. Management believes it is more likely than not that all of those deferred tax assets, net of valuation allowance, will be realized. However, the amount of realizable net deferred tax assets may change in the near term if estimates of future taxable income during the carryforward period are changed or if statutory tax rates are changed. Some of the examples we factored in to assess the realizability of deferred tax assets were as follows;

- On the occurrence of future deductible temporary difference, we establish a deferred tax asset; and, at the same time we evaluate when those deferred tax assets will be realized in future. Particularly, when we establish a deferred tax asset in relation to a write-down loss of securities or impairment loss on long-lived assets which are not subject to depreciation for tax purposes and we have no specific schedule of sale or disposal of those assets, we establish a valuation allowance for the deferred tax asset because we view the deferred tax amount as not realizable.

- We evaluate realizability of deferred tax assets on the future deductible temporary difference and tax loss carryforwards at subsidiaries and associated companies. Among others, no deferred tax assets are determined to be realizable, if those subsidiaries and associated companies recorded a significant amount of tax loss carryforwards in recent years and are expected to record a significant tax loss in the current fiscal year as well, considering all the past experiences in determining realizability of deferred tax assets.

- Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return to the National Tax Agency as a consolidated group in the year ended March 31, 2010. We separately evaluate realizability of national income 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, and determined to record a valuation allowance against deferred tax assets which we judged could not utilized. Since the consolidated tax return system is not applicable to local income taxes, we evaluate their realizability of deferred tax assets based on future taxable income of each company, and determined to record a valuation allowance against deferred tax assets which we judged could not utilized.

- In March 2012, the Australian Mineral Resource Rent Tax Act (hereinafter, MRRT) and Expansion of the Petroleum Resource Rent Tax (hereinafter, PRRT) were enacted. Under the MRRT and PRRT, companies are allowed electing to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use market value approach can obtain deduction for the amortization of the market value of the project. As we plan to apply the market value approach, we recorded deferred tax assets for the operating assets subject to MRRT and PRRT based on the difference on book values between for accounting purpose and tax purpose (the market value as of May 1, 2010), and apply a valuation allowance for the portion we judged could not be realized in consideration of assumptions for commodity prices and the augmentation which will be incurred on tax loss carry forwards in the MRRT and PRRT.

Deferred tax liabilities for undistributed retained earnings of affiliated companies

Mitsui records deferred tax liabilities on undistributed retained earnings of associated companies excluding corporate joint ventures ("CJV") based principally on the assumption that we would sell investments in those companies in the future while Mitsui basically does not recognize deferred tax liabilities for undistributed retained earnings of subsidiaries and CJV according to the company's policy that such earnings are indefinitely reinvested into the same companies. The deferred tax liabilities for undistributed retained earnings, which mainly comprise of the aforementioned liabilities, as of March 31, 2013 and 2012 are ¥223.0 billion and ¥256.2 billion, respectively.

As Mitsui does not control associated companies and, therefore, cannot determine amount of and payment timing of dividends from them at the sole discretion of Mitsui, when Mitsui receives dividends from associated companies excluding CJV, Mitsui reverses the deferred tax liabilities at the timing when Mitsui receives the dividends while recording a tax expense on the dividends received. In case that a portion of dividends received is treated as non-taxable such as Japanese tax law that allows us to recognize 95% of dividend received from a foreign investee in which an investor has 25% or more ownership interest as non-taxable effective April 1, 2009, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and such differences are credited to income tax expenses as the dividends are received. The balances credited to tax expense for both the years ended March 31, 2013 and 2012 amounted to approximately ¥26.0 billion.

Reserve estimates for oil and gas producing and mining activities

Reserves are estimates of the amount of product that can be economically and legally extracted from interests in our properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- Asset carrying values may be impaired due to changes in estimated future cash flows.

- Depreciation and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Pension benefit costs and obligations

Employee pension benefit costs and obligations are dependent on various assumptions, including discount, retirement, and mortality rates, which are based on current statistical data, as well as the expected long-term rate of return on plan assets and other factors. In accordance with U.S. GAAP, the difference between actual results and the assumptions is accumulated and amortized to expenses over future periods and, therefore, generally affects the recognized costs in future periods. Management believes that the assumptions used are appropriate; however, differences in actual experience or changes in assumptions may affect our future pension costs and obligations.

We determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds or long-term Japanese government bonds. The discount rates determined on each measurement date are used to calculate the benefit obligation as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

Mitsui determines the expected long-term rate of return on plan assets based on the weighted-average rate of return computed by using the expected long-term rate of return on each asset class, which is derived from an extensive study conducted by investment advisors and actuaries on a periodic basis, and the target allocations for each asset class. The study includes a review of anticipated future performance with market analysis of individual asset classes, and also gives appropriate consideration to actual historical returns achieved by the plans. The subsidiaries determine the expected long-term rates of return on plan assets mainly based on the expectations for future returns by investment advisors and actuaries.

The following table illustrates the sensitivity to changes in certain assumptions for Mitsui’s pension plans:

	Impact of change in assumption on PBO as of March 31, 2013	Impact of change in assumption on NPPC for the year ending March 31, 2014
50 basis point decrease in discount rate	¥18.8 billion increase	¥2.1 billion increase
50 basis point increase in discount rate	¥17.5 billion decrease	¥2.0 billion decrease
50 basis point decrease in expected long-term rate of return on plan assets	—	¥1.1 billion increase
50 basis point increase in expected long-term rate of return on plan assets	—	¥1.1 billion decrease

See Note 13, “PENSION COSTS AND SEVERANCE INDEMNITIES,” for further discussion about the estimates and assumptions on PBO and NPPC.

(6) Others

1) Off-Balance Sheet Arrangements

We use off-balance sheet arrangements in the ordinary course of business to further our trading, fund-raising and other activities. Categories of off-balance sheet arrangements are as follows:

Guarantees

The following tables summarize our guarantees as of March 31, 2013 and 2012.

The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provision or from collateral held or pledged that we could be obliged to pay if there were defaults by guaranteed parties or there were changes in an underlying which would cause triggering events under market value guarantees and indemnification contracts. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Estimated proceeds from collateral and recourse represent the anticipated values of assets we could liquidate or receive from other parties to offset our payments under guarantees. The carrying amounts of liabilities recorded on the Consolidated Balance Sheets reflect our best estimate of future payments we may incur as part of fulfilling our guarantee obligations. Further information on contingent liabilities including those guarantees is provided in Note 20, “CONTINGENT LIABILITIES.”

As of March 31, 2013

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	370.6	13.4	4.4
Market Value Guarantees	122.5	112.7	—

As of March 31, 2012

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	366.0	19.8	5.6
Market Value Guarantees	84.2	74.1	—

In the furtherance of our trading activities, it is a customary practice for us to guarantee, severally or jointly with others, indebtedness of certain of our customers and suppliers and of certain associated companies as well as to guarantee the performance of contracts by such entities.

Sales of Trade Receivables

At March 31, 2013 and March 31, 2012, there was no amount of off-balance sheet arrangements in which certain trade receivables are sold to third parties.

Variable Interest Entities

We are involved with and have significant variable interests in a number of variable interest entities (“VIEs”) that are not consolidated because we are not the primary beneficiary. These VIEs mainly engage in leasing and financing activities. Further information is provided in Note 21, “VARIABLE INTEREST ENTITIES.”

2) Tabular Disclosure of Contractual Obligations

The following table provides our contractual obligations as of March 31, 2013 and payment due by period of these contractual obligations:

	Balance as of March 31, 2013	Payment Due by Period			
		March 2014	March 2016	March 2018	After March 2018
Contractual Obligations	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Long-Term Debt(1)	3,541.9	415.4	861.9	754.0	1,510.6
Capital Lease Obligations(2)	42.7	5.4	10.1	7.0	20.2
Operating Leases(3)	79.8	17.9	25.3	11.1	25.5
Long-Term Purchase Contracts(4)	3,180.6	1,158.9	887.8	429.1	704.8

(1) The amounts of "Long-Term Debt" include bank borrowings and bonds, excluding the effect of the ASC 815, "Derivatives and Hedging," fair value adjustment and capital lease obligations (present value of net minimum lease payments).
(2) "Capital Lease Obligations" represents the schedule of payments for future minimum lease payments.
(3) "Operating Leases" represents the schedule of payments for future minimum rentals. Minimum rental payments have not been reduced by minimum sublease rentals of ¥14.3 billion due in the future under noncancelable subleases.
(4) "Long-Term Purchase Contracts" represents the schedule of payments for long-term purchase obligations, net of advance payments of ¥103.2 billion made to suppliers as of March 31, 2013.

For additional information regarding long-term debt, capital lease obligations and operating leases, see Note 12, "SHORT-TERM AND LONG-TERM DEBT," and Note 7, "LEASES," respectively.

In addition to the above, we plan to contribute ¥12.1 billion to our defined benefit pension plans for the year ending March 31, 2014.

The table above excludes estimated interest payments on liabilities and estimated payments under interest swap. Total cash paid for interest during the year ended March 31, 2013 was ¥53.9 billion.

Concerning only Mitsui which has approximately 64 % of total interest bearing debt, estimated interest payment on liabilities and estimated payments under interest swap was ¥226.0 billion. The payment amount by period was ¥30.9 billion due by March 2014, ¥44.0 billion due by March 2016, ¥43.0 billion due by March 2018 and ¥108.2 billion due after March 2018.

The table above also excludes unrecognized tax benefits of ¥4.0 billion. We had no unrecognized tax benefits classified as current liabilities. The timing of future cash outflows associated with unrecognized tax benefits classified as non-current liabilities is highly uncertain.

The purchased items under "Long-Term Purchase Contracts" are principally ocean transport vessels, oil products, chemical materials, metals and machinery and equipment, either at fixed prices or at basic purchase prices adjustable to the market. In general, our customers, primarily large Japanese industrial companies and shipping firms, are also parties to the contracts, or conclude separate agreements with us, and are committed to purchasing the items from us. Therefore, management does not recognize that these long-term purchase contracts could have seriously adverse effects on our future liquidity. As of March 31, 2013, there was no outstanding balance of purchase contracts which have unconditional payment conditions.

3) Related Party Transactions

When conducting our business operations throughout the world, we form alliances with leading partner companies in Japan and overseas, including manufacturers and companies in the field of natural resources, such as metal and energy resources. In addition to investing in, or providing loans to, associated companies where we are a minority shareholder, we conduct selling and purchasing transactions of various products on a recurring basis with such associated companies.

Our principal associated companies include Valepar S.A. (18.24%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), Inversiones Mineras Acrux SpA(32.20%), IHH Healthcare Berhad (20.40%), JA Mitsui Leasing, Ltd. (33.40%), P.T. Paiton Energy (40.51%), Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd.（25.00%）, SCM Minera Lumina Copper Chile (25.00%), Sims Metal Management Limited (17.70%), and Penske Automotive Group, Inc. (17.23%), among others.

The following table shows information regarding account balances and transactions with associated companies:

	Billions of Yen
	As of March 31, 2013
Trade receivables	¥ 138.6
Advances	184.8
Trade payables	71.3

Dividends received from associated companies for the year ended March 31, 2013 amounted to ¥115.7 billion.

See Note 5, “INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES.”

Prices applied in transactions with associated companies are computed in the same way that such prices would be calculated in transactions with unrelated third parties. In addition, when associated companies are counterparties in transactions with us and we conduct such business under long-term procurement and/or sales contracts, in general, we conclude a corresponding sales contract with the purchasers (unrelated parties) of goods procured by us and/or with suppliers (unrelated parties) of the goods we sell to associated companies. Regarding any other commitments related to transactions with associated companies, we do not normally assume risk in excess of its percentage of share ownership in an associated company.

In furtherance of their trading activities, it is customary practice for us to loan or guarantee, severally and jointly with others, indebtedness of certain customers and suppliers and of certain associated companies as well as to guarantee the performance of contracts by such entities. At March 31, 2013, the aggregate amount of loans (including ¥198.1 billion guarantees) relating to associated companies was ¥381.7 billion. The largest amount outstanding as of March 31, 2013 was loan to FPSO (Floating Production, Storage and Offloading vessel) leasing business for Brazilian deepwater oil exploration and other projects. The loan was mainly from Mitsui. Other major loans to associated companies included loans to the development of natural resources.

In the ordinary course of our business, we have entered into transactions with various organizations with which certain of our Directors and Senior Managements are associated, but no material transactions have been entered into for the three-year period ended March 31, 2013.

As of March 31, 2013, no person was the beneficial owner of more than 10% of our common stock.

4) Quantitative and Qualitative Information Regarding Market Risk

We are subject to market risks associated with fluctuations in such as interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of our operating activities and other activities.

We have formulated market risk management policies, and have established management systems at several levels. In particular, regarding foreign currency exchange rate risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits to positions and losses, as well as prescribing management systems, at each business unit. They also have the responsibility of gaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval.

In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge.

Transactions for the purpose of trading

We are also engaged in trading activities in which we repeatedly purchase and sell financial and commodity derivatives. For such transactions, independent risk management sections separated from trading sections (front offices) carry out measurements of the transactions by monitoring the daily positions and measuring the Value at Risk (VaR). VaR is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidence level, resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates, and commodity prices).

The highest, lowest and average VaRs for the fiscal year-ends and the end of each quarterly period in the previous fiscal year and the current fiscal year are as follows.

Year Ended March 31, 2013

Risk factor	Fiscal year-end	Highest	Lowest	Average
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Interest rates / stock prices	0	0	0	0
Foreign currency exchange rates	24	114	24	65
Commodity prices	6,939	6,939	4,049	5,061

Year Ended March 31, 2012

Risk factor	Fiscal year-end	Highest	Lowest	Average
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Interest rates / stock prices	0	13	0	4
Foreign currency exchange rates	64	64	22	42
Commodity prices	4,947	4,947	2,883	4,120

Please note that the calculation of VaR for each risk factor includes the following transactions.

- Interest rate risk, stock price risk, foreign currency exchange rate risk:

Financial transactions for the purpose of trading carried out at the headquarters

- Commodity price risk:

Commodity derivative transactions in commodities such as nonferrous metals, crude oil and gas, mainly carried out at the Innovation & Cross Function Segment and the Energy Segment

The abovementioned VaR is calculated based on the variance-covariance method of a 10-day holding period and a confidence level of 99%. As VaR is based on past movements of individual risk factors, our actual results may differ materially from the calculations. In addition, the measurement figures mentioned above do not necessarily take into account correlations between all commodities.

Business transactions other than trading activities

Our positions in business transactions other than trading activities which are subject to market risks from fluctuations in interest rates, foreign currency exchange rates, commodity prices and stock prices are as follows.

Interest rate risk

We are exposed to interest rate risk mainly on debt obligations. We have entered into interest rate derivative transactions to hedge the exposure held on these debts. The interest rate derivative transactions mainly consist of interest rate swaps and cross-currency interest rate swaps.

The amounts of debts categorized by currency and interest rate property (fixed rate or variable rate) at the end of the previous fiscal year and the end of the current fiscal year are as follows. The effects of the abovementioned derivative transactions are taken into consideration.

Currency	End of current fiscal year (March 31, 2013)		End of previous fiscal year (March 31, 2012)	
	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Yen	1,376.2	907.5	1,459.1	876.8
U.S. dollars	1,284.4	329.9	776.3	170.9
Others	173.1	198.2	149.9	145.0
Total	2,833.7	1,435.6	2,385.3	1,192.7

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. We hedge these risks with forward exchange contracts, currency swaps and cross-currency interest rate swaps.

At the end of the previous fiscal year and the end of the current fiscal year, the foreign currency exchange positions after taking into consideration the effects of the abovementioned derivative transactions are as follows. In this table, long position shows the condition when losses occur or profits decline if the value of the currency drops, and short position shows the condition when losses occur or profits decline if the value of the currency rises. The figures shown below do not include foreign currency exchange rate risk from investments made in foreign currencies.

Currency	End of current fiscal year (March 31, 2013)		End of previous fiscal year (March 31, 2012)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
U.S. dollars	103.5	95.6	76.8	83.8
Australian dollars	42.6	7.6	19.7	6.5
Others	73.9	44.9	68.8	23.3
Total	220.0	148.1	165.3	113.6

Commodity price risk

As we carry out business activities pertaining to commodities such as nonferrous metals, crude oil and gas, and foods, we are exposed to risks on commodity prices.

The positions exposed to commodity price risks at the end of the previous fiscal year and at the end of the current fiscal year are as follows. These positions include balance of outstanding derivative transactions other than those for trading purposes, such as commodity futures, forward contracts, options, and swaps, and the balance of outstanding commodity transactions and inventories that use derivative transactions for hedging purposes. In this table, long position shows the condition when losses occur or profits decline if the value of the asset drops, and short position shows the condition when losses occur or profits decline if the value of the asset rises.

Classification of commodity	End of current fiscal year (March 31, 2013)		End of previous fiscal year (March 31, 2012)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Nonferrous metal	103.1	104.5	96.6	97.9
Food	526.1	509.8	169.2	163.8
Crude oil and gas Other	22.1	64.0	16.1	40.2
Total	651.3	678.3	281.9	301.9

Stock price risk

We invest in listed companies to strengthen our ties with customers, suppliers and others, as well as to make various types of propositions towards the companies in which we invest, in order to pursue operating revenue and improve corporate value. These investments are exposed to stock price risks.

At the end of the previous fiscal year and the end of the current fiscal year, the fair values of the marketable equity securities held by us were ¥412.1 billion and ¥451.7 billion respectively. The estimated changes in the fair values in the case of a 10% fluctuation in the stock indices representative of the markets on which individual issues are listed, are ¥43.8 billion and ¥41.6 billion respectively. The estimated changes in fair values are ones after taking into consideration the sensitivity of the prices of individual shares to fluctuations in stock price indices.

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2013, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 16, “SEGMENT INFORMATION.” Among our major property and equipment expenditures, we are making focused efforts towards new development and investment for expansion in property and equipment for production in mineral resources and energy resources. The table below shows major mineral resources and energy production operations that were completed by the year ended March 31, 2013, as well as those which are being newly constructed or expanded at present.

Operating segment	Mineral & Metal Resources		
Commodity	Iron ore		
Company name	Mitsui Iron Ore Development Pty. Ltd.		Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd.
Project (or name of joint venture)	Robe River Joint Venture		Joint venture of each of Mt. Newman, Yandi, Goldsworthy
Country/Region	Australia/Western Australia		Australia/Western Australia
Participating operators	Rio Tinto, etc.		BHP Billiton, etc.
Ratio of Mitsui’s capital investment contribution	33%		7%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Investment decided in December 2010. Yearly iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its current nameplate capacity of 86 million tons to 139 million tons per annum by the end of 2013. This was a partial change to the original plan of expanding yearly port capacity to 180 million tons by the end of 2012, for which the preliminary investment was decided in 2008.	Investment decided in September 2012. Yearly iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its nameplate capacity of 139 million tons, to be reached after the expansion project currently underway, to 209 million tons per annum by the first half of 2015.	In addition to expansion work at sites such as the Yandi mine, for which the investment was decided in 2008, funding for the following was decided in March 2011: the installation of port blending facilities, and the development of the Jimblebar mine (BHP Billiton holds a 100% share) to increase installed capacity to in excess of 220 million tons per annum.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	3.78 billion Australian dollars (1.25 billion Australian dollars)	4.7 billion U.S. dollars (1.5 billion U.S. dollars)	8.0 billion U.S. dollars (0.37 billion U.S. dollars) This does not include 5.6 billion U.S. dollars (0.4 billion U.S. dollars) for expansion work for the Yandi mine, for which the allocation of investment was decided in 2008.

In February 2012, we decided pre-commitment funding for the iron ore operations in Australia with BHP Billiton through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd. This decision is in relation to the expansion project to increase the installed port capacity by 100 million tons to over 320 million tons per year, through the construction of outer harbour shipment facilities at Port Hedland and landside infrastructures including stockyards and a rail spur. However, we refocused our attention on the capital efficient expansion opportunity that exists within the Port Hedland inner harbour and all early works associated with the outer harbour development option were suspended.

Operating segment	Energy
Commodity	Coal
Company name	Mitsui Coal Holdings Pty. Ltd.
Project (or name of joint venture)	Kestrel Joint Venture
Country/Region	Australia/Queensland
Participating operators	Rio Tinto
Ratio of Mitsui’s capital investment contribution	20%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Development of mining area adjacent to existing mining area decided in January 2008. Construction of the Project started in 2008 upon obtaining the government’s approvals. The operation is expected to commence in 2013. The Project estimates approx. 6.5 million tons per annum expanded from approx. 4 million tons.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	1.44 billion Australian dollars (0.29 billion Australian dollars) Due to an increase in the development cost, an additional investment has been decided in 2011. Total budget including the additional investment is 2.07 billion Australian dollars (0.42 billion Australian dollars.)

Operating segment	Energy	
Commodity	Shale gas	Shale oil/gas
Company name	Mitsui E&P USA LLC	Mitsui E&P Texas LP
Project (or name of joint venture)	Marcellus Shale	Eagle Ford Shale
Country/Region	United States/Pennsylvania	United States/Texas
Participating operators	Anadarko Petroleum Corporation, etc.	Anadarko Petroleum Corporation, SM Energy Company, etc.
Net acreage	100,000 acres (Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%)	47,000 acres
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Participated in the development and production of Anadarko Petroleum’s Marcellus Shale gas project in 2010. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P USA’s share) will be between 360 MMcfd and 460 MMcfd (equivalent to crude oil approximately 60-77 thousand barrels per day).	Participated in the development and production of SM Energy Company’s Eagle Ford Shale oil/gas project in 2011. Additional Investment decided in November 2012 to increase the total production by increasing the number of wells and expansion of the gathering and processing facilities. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P Texas’s share) will be approximately 24-30 thousand barrels per day.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	(Between 3.0 and 4.0 billion U.S. dollars)	(1.8 billion U.S. dollars including the additional investment)

(*) This is the amount estimated at the time of decision of the capital expenditure, and the actual amount of expenditure may exceed the above amounts in the process of development construction.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segments	Office Name	Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Lifestyle		Ohtemachi PAL Building	Chiyoda-ku, Tokyo	—	1,380	36,888	266	—	—	Leased to SMBC Consumer Finance Co., Ltd.
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,639	9,854	5,235	6,441	—	30	Partially leased to Sumitomo Mitsui Banking Corporation, Marunouchi Heat Supply Co., Ltd. (land leased by Marunouchi Heat Supply Co., Ltd.)
	Kansai Office	Office building	Kita-ku, Osaka-shi	126	3,038	2,161	7,293	—	21	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi	61	1,525	548	1,287	—	2	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	—	15,653	2,045	1,258	—	29	
		Global Human Resource Development Center	Tsuzuki-ku, Yokohama-shi, Kanagawa	—	15,000	2,417	1,160	—	—	

(2) Domestic Subsidiaries

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Kita Kanto Branch, MITSUI BUSSAN KOZAI HANBAI CO., LTD. and others	Ota-shi, Gunma and others	871	101,517	2,749	1,416	376	27	
Chemicals	DAIICHI TANKER CO., LTD.	Ships	Chuo-ku, Tokyo	103	—	—	3	20	9,012	
	Toyo Marine Co., Ltd.	Ships	Chiyoda-ku, Tokyo	—	—	—	—	1	6,097	
Energy	Mitsui Oil Co., Ltd.	Gas station	miscellaneous	97	—	7,502	3,661	1,456	5,921	Including property leased to others
	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	131	—	—	5,937	101,948	32,739	
Lifestyle	MITSUI FOODS CO., LTD.	Tokyo Branch / Shinkiba Logistic Center	Koto-ku, Tokyo	1,146	17,103	9,880	3,568	969	1,927	
	PRIFOODS CO., LTD	Hosoya Factory and others	Misawa-shi, Aomori and others	587	28,383	3,912	6,327	3,670	654	
	Mitsui Norin Co., Ltd.	Sutama Factory and others	Hokuto-shi, Yamanashi and others	569	31,575	2,486	5,771	1,515	3	
	BUSSAN REAL ESTATE CO., LTD.	Hibiya Central Building	Minato-ku, Tokyo	139	—	106	883	54	64,194	Including property leased to others
Innovation & Cross Function	Trinet Logistics Co., Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	405	60,364	12,464	10,299	1,003	13,493	Including property leased to others
	Tokyo International Air Cargo Terminal Ltd.	Cargo terminal at Tokyo International Airport	Ota-ku, Tokyo	75	—	—	14,496	503	—	

(Note) For those companies who own more than one equipment and facilities, most notable one is presented.
For number of employees and carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company’s head office is presented.

(3) Overseas Subsidiaries

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Mineral & Metal Resources	Mitsui Iron Ore Development Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	14	—	—	51,724	70,928	89,128	
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	2	—	—	22,177	67,498	38,293	
Machinery & Infrastructure	Mitsui Rail Capital Holdings, Inc.	Rolling stock	Chicago, Illinois, U.S.A.	—	—	—	—	23	23,525	Including property leased to others
	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	73	—	—	—	199	70,960	Including property leased to others
	ME Servicos de Energia do Brasil Participacoes Ltda.	Equipment for energy services	Sao Paulo, Brazil	143	—	—	—	446	10,243	Including property leased to others
	Komatsu-Mitsui Maquinarias Peru S.A.	Construction equipment	Lima, Peru	1,597	38,000	1,082	1,078	1,285	4,290	Including property leased to others
	M&T Aviation Finance (Ireland) Limited	Aircraft	Dublin, Ireland	—	—	—	—	—	10,791	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	34	—	—	22	25	39,531	Including property leased to others
	Clio Marine Inc.	Ships	Liberia	—	—	—	—	—	5,497	Including property leased to others
	CM Pacific Maritime Corporation	Ships	Liberia	—	—	—	—	—	8,994	Including property leased to others
Chemicals	P.T. Kaltim Pasifik Amoniak	Anhydrous ammonia manufacturing facility	Bontang, Indonesia	194	—	—	—	10,594	31	
	Shark Bay Salt Pty. Ltd.	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	168	—	422	19,069	8,292	5,080	
Energy	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	17	—	—	11,238	111,138	63,959	
	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Indian Ocean, Australia and others	30	—	—	—	31,658	25,634	
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	18	—	—	81	36,541	10,639	
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	24	—	—	—	180,282	21,120	
	Mitsui E&P Texas LP	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	—	—	—	—	52,089	6,034	
	Mitsui E&P Mozambique Area 1 Limited	Crude oil / gas exploration facility and others	Northern offshore, Mozambique	—	—	—	—	21	20,843	
	Mitsui E&P UK Limited	Crude oil / gas manufacturing facility and others	British North Sea	2	—	—	—	10,096	22,695	

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Lifestyle	Multigrain AG	Tabuleiro farm	Bahia, Brazil	1,437	970,740 (thousand m^2)	57,559	2,330	5,246	798	
Innovation & Cross Function	Tri-Net Logistics (Asia) Pte Ltd.	Ships	Singapore	68	—	—	—	78	5,387	
Americas	Inter-continental Terminals Company LLC	Chemical tank terminal	Houston, Texas, U.S.A.	255	1,067,953	2,791	9,180	107	22,927	
	MBK Real Estate LLC	Senior living properties	Rocklin, California, U.S.A. and others	1,150	—	1,857	—	486	22,792	Including property leased to others
	Novus International, Inc.	Feed additive manufacturing plant	Alvin, Texas, U.S.A. and others	786	—	566	2,340	8,034	373	
	United Grain Corporation	Grain exporting facility	Vancouver, Washington, U.S.A.	60	60,412	261	7,554	3,116	4,227	

(Note) For those companies who own more than one equipment and facilities, most notable one is presented.
For number of employees and carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company’s head office is presented.

3. Plans for New Additions or Disposals

As indicated in “1. Overview of Capital Expenditures,” plans for new construction and expansion of material equipment and facilities are focused on new investment and investment in expansion for property and equipment for production in mineral resources and energy resources.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	2,500,000,000
Total	2,500,000,000

2) Number of Shares Issued

Class	Number of shares outstanding (as of March 31, 2013)	Number of shares outstanding as of issuance date of this report (June 21, 2013)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,829,153,527	1,829,153,527	Securities Exchanges in Tokyo, Osaka, Nagoya, (all listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,829,153,527	1,829,153,527	—	—

(2) Status of the Share Subscription Rights

Not applicable.

(3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2008 to March 31, 2009 (Note)	4,744	1,824,928	2,082	339,626	2,076	365,909
From April 1, 2009 to March 31, 2010 (Note)	4,225	1,829,153	1,854	341,481	1,848	367,758
From April 1, 2010 to March 31, 2011	—	1,829,153	—	341,481	—	367,758
From April 1, 2011 to March 31, 2012	—	1,829,153	—	341,481	—	367,758
From April 1, 2012 to March 31, 2013	—	1,829,153	—	341,481	—	367,758

(Note) This is from the conversion of the sixth convertible unsecured bonds to shares, which came to maturity on September 30, 2009.

(6) Status of Shareholders

As of March 31, 2013

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	—	275	144	2,532	744	181	224,959	228,835	—
Number of shares held (units)	—	7,163,472	712,040	922,746	5,952,875	4,478	3,521,819	18,277,430	1,410,527
Ratio (%)	—	39.19	3.90	5.05	32.57	0.02	19.27	100	—

(Notes)
1. Of treasury stock of 3,713,589 shares, 37,135 units (3,713,500 shares) are included in "Individuals and other," and 89 shares are included in "Shares under one unit."
2. Of 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in "Other corporations," and 15 shares are included in "Shares under one unit."

(7) Status of Major Shareholders

As of March 31, 2013

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	150,416	8.22
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	107,374	5.87
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS (Standing agent: HSBC, Tokyo Branch)	338 PITT STREET SYDNEY NSW 2000, AUSTRALIA (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	39,918	2.18
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	38,500	2.10
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	36,155	1.97
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	1.91
The Chase Manhattan Bank, N.A. London. S.L. Omnibus Account (Standing agent: Mizuho Corporate Bank, Ltd.)	Woolgate House, Coleman Street, London EC2P 2HD, England (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	33,777	1.84
Mitsui Sumitomo Insurance Company, Limited	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	24,726	1.35
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo	20,850	1.13
Sumitomo Mitsui Trust Bank, Limited (Standing agent: Japan Trustee Services Bank, Ltd.)	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	20,799	1.13
Total	—	507,590	27.75

(Notes)
1. The number of shares is rounded down to the nearest thousand.
2. Percentage of common stock issued is rounded down to two decimal places.
3. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2013, which is the end of our fiscal year. Reports by large volume shareholders include portions held by joint holders.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	November 30, 2012	103,912,400	5.68

In addition, a copy of a report on possession of large volume dated April 19, 2012 has been sent by Sumitomo Mitsui Trust Holdings, Inc.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Holdings, Inc.	April 13, 2012	122,223,000	6.68

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2013

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 3,713,500	—	—
	(Crossholding stock) Common stock 269,200	—	—
Shares with full voting rights (Others)	Common stock 1,823,760,300	18,237,603	—
Shares under one unit	Common stock 1,410,527	—	Shares under one unit (100 shares)
Total shares issued	1,829,153,527	—	—
Total voting rights held by all shareholders	—	18,237,603	—

(Notes) 1. In the column of "Shares with full voting rights (Others)," "1,823,760,300 shares in common stock" and "18,237,603 units of voting rights" include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

2. In the column "Shares under one unit," "1,410,527 shares in common stock" include 89 shares of treasury stock (under one unit) held by Mitsui, 50 shares of crossholding stock (under one unit) and 15 shares (under one unit) that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2013

Name of shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	Percentage of interest (%)
Treasury stock:					
Mitsui & Co., Ltd.	2-1, Ohtemachi 1-chome, Chiyoda-ku	3,713,500	—	3,713,500	0.20
Crossholding stock:					
Nippon Formula Feed Manufacturing Co., Ltd.	9-13, Moriya-cho 3-chome, Kanagawa-ku, Yokohama-shi	269,200	—	269,200	0.01
Total	—	3,982,700	—	3,982,700	0.21

(9) Stock Option Plans

Not applicable.

2. Acquisition of Treasury Stock and Other Related Status

【Class of shares】 Acquisition of shares of common stock under Article 155, Item 7, of the Companies Act of Japan, acquisition of shares of common stock under Article 155, Item 9, of the Companies Act of Japan and acquisition of shares of common stock due to purchase requests from shareholders opposed to share exchange under Article 155, Item 13, of the Companies Act of Japan.

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	5	6,827
Treasury stock acquired during the current period for acquisition	—	—

(Note) This is the acquisition of fractional shares due to the share exchange between Mitsui and MITSUI FOODS CO., LTD. on February 5, 2013 in accordance with the proviosion of Article 234, of the Companies Act of Japan (Date of resolution: February 27, 2013).

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year (Note 1)	11,998	15,035,568
Treasury stock acquired during the current period for acquisition (Note 2)	2,196	2,967,862

(Note) 1. 2,177 shares acquired due to purchase demands from shareholders opposed to the share exchange between Mitsui and MITSUI FOODS CO., LTD. on February 5, 2013 are included.
2. "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2013, to the issuance date of this report (June 21, 2013).

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation (Note 1)	59,072	90,533,374	—	—
Other (Sold due to demand for sale of shares constituting less than one full unit) (Note 2)	1,583	1,913,740	177	224,967
Number of shares of treasury stock held (Note 3)	3,713,589	—	3,715,608	—

(Notes) 1. These shares are those disposed at the share exchange between Mitsui and MITSUI FOODS CO., LTD. on February 5, 2013.
2. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2013, to the issuance date of this report (June 21, 2013).
3. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2013, to the issuance date of this report (June 21, 2013).

3. Shareholder Return Policy

In order to increase corporate value and maximize shareholder value, we have sought to maintain an optimal balance between (a) meeting investment demand in areas that are our core strengths and growth largely through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends based on a target dividend payout ratio of consolidated net income.

Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.

For the two-year period of the Medium-term Management Plan to March 2014, while we principally aim for a steady increase in dividends through improvements in corporate performance, we will also consider more flexible compensation to the shareholders, provided that sufficient retained earnings for future business development is secured. Considering the strengthening of our financial standings that has been accomplished through the execution of our previous Medium-term Management Plan, we have set our minimum target dividend payout ratio at 25%.

As we have announced on November 2, 2012, for the year ended March 31, 2013, we will pay an annual dividend of ¥43 per share, or ¥21 as year-end dividend per share, excluding the interim dividend of ¥22 per share. As a result, dividend payout ratio per share was 25.5% (*).
Pursuant to our policy, for the year ending March 31, 2014, we currently envisage an annual dividend of ¥51 per share, an ¥8 increase from the year ended March 31, 2013, on the assumption that our annual consolidated net income attributable to Mitsui & Co., Ltd. will be ¥370 billion, as mentioned in our forecast of net income for the year ending March 31, 2014. We will review our actual results and other business environment before finally deciding the amount to be paid out.

We will continue to review the shareholder return policy taking into consideration the business environment, future investing activity trends, free cash flow and interest-bearing debt levels, and return on equity.

Dividends for the year ended March 31, 2013 were as follows:
(a) The interim dividend which the Board of Directors resolved on November 2, 2012
Total dividend amount of ¥40,159 million; ¥22 per share
(b) The year-end dividend which General Meeting of Shareholders resolved on June 21, 2013
Total dividend amount of ¥38,334 million; ¥21 per share

* Dividend payout ratio per share was calculated as follows:
(i) Dividend per share (¥43) divided by (ii) Net income attributable to Mitsui & Co., Ltd. per share (¥168.72)

4. Trends in the Market Price of the Mitsui's Shares

(1) Highest and Lowest Prices by Fiscal Year during the Past Five Years

Fiscal year	94th	93rd	92nd	91st	90th
Year-end	March 2013	March 2012	March 2011	March 2010	March 2009
Highest (Yen)	1,463	1,487	1,665	1,589	2,760
Lowest (Yen)	1,041	1,005	995	999	656

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Prices by Month during the Past Six Months

Month	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
Highest (Yen)	1,165	1,151	1,297	1,394	1,429	1,463
Lowest (Yen)	1,060	1,057	1,139	1,296	1,351	1,299

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Corporate Auditors

Directors

Name ***Shoei Utsuda (1)***
Date of Birth February 12, 1943
Shareholdings as of March 31, 2013 (1,000 shares) 101

Prior Positions
- 1967/4 Joined Mitsui & Co., Ltd.
- 1997/6 Director, General Manager of Machinery & Information, Industries Administrative Division
- 2000/6 Representative Director; Executive Managing Director; General Manager of Corporate Planning Division
- 2002/4 Representative Director; Senior Executive Managing Officer; Chief Strategic Officer (Responsible for Administrative Division); Chief Operating Officer of Business Process Re-Engineering Project
- 2002/10 Representative Director, President and Chief Executive Officer
- 2009/4 Director; Chairman of the Board of Directors (current position)

Name ***Masami Iijima (1)***
Date of Birth September 23, 1950
Shareholdings as of March 31, 2013 (1,000 shares) 56

Prior Positions
- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer (current position)

Name ***Seiichi Tanaka (1)***
Date of Birth January 12, 1953
Shareholdings as of March 31, 2013 (1,000 shares) 29

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer; General Manager of Human Resources & General Affairs Division
- 2008/4 Executive Managing Officer; Chief Privacy Officer
- 2008/6 Representative Director, Executive Managing Officer; Chief Privacy Officer
- 2008/10 Representative Director, Senior Executive Managing Officer; Chief Privacy Officer
- 2009/4 Representative Director, Senior Executive Managing Officer; Chief Information Officer and Chief Privacy Officer
- 2010/4 Representative Director, Executive Vice President, Chief Information Officer and Chief Privacy Officer
- 2011/4 Representative Director, Executive Vice President (current position)

Name ***Fuminobu Kawashima (1)***
Date of Birth April 20, 1952
Shareholdings as of March 31, 2013 (1,000 shares) 28

Prior Positions
- 1976/4 Joined Mitsui & Co., Ltd.
- 2007/4 Managing Officer, Chief Operating Officer of Energy Business Unit I
- 2010/4 Executive Managing Officer, Chief Operating Officer of Marine & Aerospace Business Unit

- 2011/4 Senior Executive Managing Officer
- 2011/6 Representative Director, Senior Executive Managing Officer
- 2012/4 Representative Director, Executive Vice President (current position)

Name ***Daisuke Saiga (1)***

Date of Birth March 16, 1955

Shareholdings as of March 31, 2013 (1,000 shares) 18

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Human Resources & General Affairs Division
- 2010/4 Executive Managing Officer, Chief Compliance Officer
- 2010/6 Representative Director, Executive Managing Officer, Chief Compliance Officer
- 2012/4 Representative Director, Senior Executive Managing Officer (current position)

Name ***Joji Okada (1)***

Date of Birth October 10, 1951

Shareholdings as of March 31, 2013 (1,000 shares) 31

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Accounting Division
- 2009/4 Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2010/4 Executive Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2011/4 Executive Managing Officer, Chief Financial Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Financial Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Financial Officer (current position)

Name ***Masayuki Kinoshita (1)***

Date of Birth April 11, 1954

Shareholdings as of March 31, 2013 (1,000 shares) 21

Prior Positions

- 1978/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2011/4 Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Information Officer, Chief Privacy Officer (current position)

Name ***Shintaro Ambe (1)***

Date of Birth August 31, 1952

Shareholdings as of March 31, 2013 (1,000 shares) 15

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2009/4 Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2012/4 Executive Managing Officer
- 2012/6 Representative Director, Executive Managing Officer
- 2013/4 Representative Director, Senior Executive Managing Officer (current position)

Name ***Koichi Tanaka (1)***

Date of Birth October 21, 1955

Shareholdings as of March 31, 2013 (1,000 shares) 20

Prior Positions
- 1980/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, General Manager, Segment Controller Division
- 2011/4 Managing Officer, Deputy Chief Financial Officer; General Manager, Segment Controller Division
- 2012/4 Executive Managing Officer, Chief Compliance Officer
- 2012/6 Representative Director, Executive Managing Officer, Chief Compliance Officer (current position)

Name ***Nobuko Matsubara (1)***

Date of Birth January 9, 1941

Shareholdings as of March 31, 2013 (1,000 shares) 12

Prior Positions
- 1964/4 Entered the Ministry of Labor
- 1987/3 Director of International Labor Division, Minister's Secretariat, Ministry of Labor
- 1991/10 Director-General of Women's Bureau, Ministry of Labor
- 1997/7 Vice Minister of the Ministry of Labor
- 1999/4 President, Japan Association for Employment of Persons with Disabilities
- 2002/9 Ambassador Extraordinary and Plenipotentiary of Japan to Italy
- 2002/11 Ambassador Extraordinary and Plenipotentiary of Japan to Albania, to San Marino and to Malta
- 2006/1 Advisor to Japan Institute of Workers' Evolution
- 2006/6 External Director, Mitsui & Co., Ltd. (current position)
- 2006/7 Chairperson of Japan Institute of Workers' Evolution
- 2012/7 Honorary Chairperson, Japan Institute of Workers' Evolution (current position)

Name ***Ikujiro Nonaka (1)***

Date of Birth May 10, 1935

Shareholdings as of March 31, 2013 (1,000 shares) 17

Prior Positions
- 1958/4 Joined Fuji Electric Co., Ltd.
- 1977/4 Professor, Management Faculty, Nanzan University
- 1979/1 Professor, National Defense Academy of Japan
- 1982/4 Professor, Institute of Business Research, Hitotsubashi University
- 1995/4 Professor, Graduate School of Knowledge Science, JAIST
- 1997/5 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of Business, University of California, Berkeley (current position)
- 2000/4 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- 2006/4 Professor Emeritus, Hitotsubashi University (current position)
- 2007/1 First Distinguished Drucker Scholar in Residence, Drucker School of Claremont Graduate University (current position)
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
- 2012/4 Specially Appointed Professor, Waseda University (current position)

Name ***Hiroshi Hirabayashi (1)***

Date of Birth May 5, 1940

Shareholdings as of March 31, 2013 (1,000 shares) 10

Prior Positions
- 1963/4 Entered the Ministry of Foreign Affairs
- 1993/8 Director-General, Economic Cooperation Bureau, Ministry of Foreign Affairs
- 1998/1 Ambassador Extraordinary and Plenipotentiary to India and to Bhutan

- 2002/9 Ambassador Extraordinary and Plenipotentiary to France and to Andorra
- 2003/1 Ambassador Extraordinary and Plenipotentiary to Djibouti
- 2006/6 Ambassador in charge of Inspection, Ministry of Foreign Affairs
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
  President, The Japan-India Association (current position)
- 2009/6 Vice President, The Japan Forum on International Relations, Inc. (current position)

Name ***Toshiro Muto (1)***

Date of Birth July 2, 1943

Shareholdings as of March 31, 2013 (1,000 shares) 5

Prior Positions

- 1966/4 Entered the Ministry of Finance
- 1999/7 Director-General of the Budget Bureau, Ministry of Finance
- 2000/6 Administrative Vice Minister, Ministry of Finance
- 2003/1 Special Advisor, Ministry of Finance
- 2003/3 Deputy Governor, Bank of Japan
- 2008/7 Chairman, Daiwa Institute of Research Ltd. (current position)
- 2009/4 Director, Principal, The Kaisei Academy (current position)
- 2010/6 External Director, Mitsui & Co., Ltd. (current position)

Corporate Auditors

Name ***Satoru Miura (2)***
Date of Birth March 2, 1947
Shareholdings as of March 31, 2013 (1,000 shares) 34

Prior Positions
- 1970/4 Joined Mitsui & Co., Ltd.
- 2001/6 Director; Chief Operating Officer of Iron & Steel Products Business Unit
- 2002/4 Director; Senior Managing Officer, Chief Operating Officer, Iron & Steel Products Unit, Metals Group
- 2004/4 Executive Managing Officer, Chief Operating Officer, Iron & Steel Products Business Unit
- 2005/4 Executive Managing Officer; General Manager, Nagoya Office
- 2007/4 Executive Managing Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Motonori Murakami (2)***
Date of Birth November 19, 1948
Shareholdings as of March 31, 2013 (1,000 shares) 32

Prior Positions
- 1971/7 Joined Mitsui & Co., Ltd.
- 2003/4 Managing Officer; General Manager, General Accounting Division
- 2006/4 Executive Managing Officer, Assistant to Senior Executive Managing Officer (Corporate Staff Division), Assistant to Chief Financial Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Naoto Nakamura (1)***
Date of Birth January 25, 1960
Shareholdings as of March 31, 2013 (1,000 shares) 0

Prior Positions
- 1985/4 Admitted to the member of Daini Tokyo Bar Association
  Joined Mori Sogo Law Office
- 1998/4 Founded HIBIYA PARK LAW OFFICES and became a partner
- 2003/2 Founded Law Firm of Naoto Nakamura (currently Law Firm of Nakamura, Tsunoda & Matsumoto) and became a partner (current position)
- 2006/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Kunihiro Matsuo (3)***
Date of Birth September 13, 1942
Shareholdings as of March 31, 2013 (1,000 shares) 9

Prior Positions
- 1968/4 Appointment as Public Prosecutor
- 1999/12 Vice Minister of Justice
- 2004/6 Attorney General
- 2006/9 Admission as Attorney at Law
- 2008/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name	***Hiroyasu Watanabe (4)***
Date of Birth	April 11, 1945
Shareholdings as of March 31, 2013 (1,000 shares)	1

Prior Positions

- 1969/7 Entered the Ministry of Finance
- 1997/7 Director-General, Tokyo Taxation Bureau, National Tax Agency
- 1998/7 Director-General, Customs and Tariff Bureau, Ministry of Finance
- 2000/6 President, Policy Research Institute, Ministry of Finance
- 2002/7 Commissioner, National Tax Agency
- 2004/4 Professor, Graduate School of Finance, Accounting & Law, Waseda University (current position)
- 2009/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

(1) Current terms of office will expire at the close of the Ordinary General Meeting in June 2014.
(2) Current terms of office will expire at the close of the Ordinary General Meeting in June 2015.
(3) Current terms of office will expire at the close of the Ordinary General Meeting in June 2016.
(4) Current terms of office will expire at the close of the Ordinary General Meeting in June 2017.
(5) Ms. Nobuko Matsubara, Mr. Ikujiro Nonaka, Mr. Hiroshi Hirabayashi and Mr. Toshiro Muto are External Directors.
Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe are External Corporate Auditors.
Mr. Satoru Miura and Mr. Motonori Murakami are full-time Corporate Auditors.

Mitsui introduced the Managing Officer System in April 2002. Members of managing officers as of June 21, 2013 are as follows. (*Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Masami Iijima	* President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters
Seiichi Tanaka	* Executive Vice President; Basic Chemicals Business Unit; Performance Chemicals Business Unit; Chairman, Portfolio Management Committee
Fuminobu Kawashima	* Executive Vice President; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II; Domestic Offices and Branches
Daisuke Saiga	* Senior Executive Managing Officer; Iron & Steel Products Business Unit; Food Resources Business Unit; Food Products & Services Business Unit; Consumer Service Business Unit
Joji Okada	* Senior Executive Managing Officer; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III)); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Masayuki Kinoshita	* Senior Executive Managing Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Information Technology Promotion Division, Environmental Social Contribution Division, Corporate Communications Division, Investment Administrative Division, Business Supporting Unit (Each Planning & Administrative Division)); Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee
Shintaro Ambe	* Senior Executive Managing Officer; Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit; Innovation & Corporate Development Business Unit; Chairman, Environmental and New Energy Business Committee
Takashi Yamauchi	Senior Executive Managing Officer; Chief Operating Officer, Asia Pacific Business Unit
Koichi Tanaka	* Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Trade & Logistics Control Division); Business Continuity Management; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Response Division

Name	Title and Principal Positions
Atsushi Oi	Executive Managing Officer; General Manager, Osaka Office
Mitsuhiko Kawai	Executive Managing Officer; Chief Operating Officer, Americas Business Unit
Motomu Takahashi	Executive Managing Officer; Chief Operating Officer, Iron & Steel Products Business Unit
Hiroyuki Kato	Executive Managing Officer; Chief Operating Officer, Energy Business Unit I
Yoshihiro Hombo	Executive Managing Officer; General Manager, Investment Administrative Division
Hironobu Ishikawa	Executive Managing Officer; Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit
Atsushi Kume	Executive Managing Officer; Chief Operating Officer, Innovation & Corporate Development Business Unit
Hideyuki Mikayama	Executive Managing Officer; General Manager, Nagoya Office
Takeshi Kanamori	Executive Managing Officer; Chief Operating Officer, Infrastructure Projects Business Unit
Satoshi Tanaka	Executive Managing Officer; Chief Operating Officer, Consumer Service Business Unit
Makoto Suzuki	Executive Managing Officer; Chief Representative, Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd.
Susumu Uneno	Managing Officer; President, Mitsui & Co. (Thailand) Ltd.
Motonobu Sato	Managing Officer; General Director, Mitsui & Co. Vietnam Ltd.
Katsunori Aikyo	Managing Officer; Senior Deputy General Manager, Osaka Office
Toru Suzuki	Managing Officer; Chief Operating Officer, Performance Chemicals Business Unit
Yasushi Takahashi	Managing Officer; Chairman & Managing Director, Mitsui & Co. (Australia) Ltd.
Kaku Kato	Managing Officer; General Manager, Internal Auditing Division
Akira Nakaminato	Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute
Yasushi Yoshikai	Managing Officer; Chief Operating Officer, Energy Business Unit II
Keigo Matsubara	Managing Officer; Deputy Chief Financial Officer; General Manager, Global Controller Division
Kazuo Nakayama	Managing Officer; Chief Operating Officer, Food Resources Business Unit
Kazuya Okamura	Managing Officer; Chief Operating Officer, Basic Chemicals Business Unit
Shinjiro Sawada	Managing Officer; Chief Representative, Mitsui & Co., Ltd. in China
Yasuyuki Fujitani	Managing Officer; Deputy Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit; Chairman & Managing Director, Mitsui & Co., Middle East Ltd.
Yasuharu Fujiyoshi	Managing Officer; Chief Operating Officer, Food Products & Services Business Unit
Taku Morimoto	Managing Officer; General Manager, Planning and Administrative Division, Chemicals Unit
Nobuaki Kitamori	Managing Officer; General Manager, Human Resources & General Affairs Division
Shinsuke Fujii	Managing Officer; President, Mitsui & Co. (Brasil) S.A.
Shingo Sato	Managing Officer; Depty Chief Operating Officer, Integrated Transportation Systems Business Unit
Motoo Ono	Managing Officer; Deputy Chief Representative, Mitsui & Co., Ltd. in China; Managing Director, Mitsui & Co. (Shanghai) Ltd.
Yukio Takebe	Managing Officer; Chief Operating Officer, Mineral & Metal Resources Business Unit
Tatsuo Yasunaga	Managing Officer; Chief Operating Officer, Integrated Transportation Systems Business Unit

6. Corporate Governance

(1) Corporate Governance

1) Basic Corporate Governance Policy

In structuring the corporate governance framework, Mitsui places emphasis on "improved transparency and accountability" and "clarification of the division of roles between management oversight and execution." For the "improved transparency and accountability," Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Corporate Auditors. Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For "clarification of the division of roles between management oversight and execution," Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers' business activities. Chief Operating Officers of 12 business units within headquarters and three regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.
While increasing the effectiveness of supervisory function by having Corporate Auditors, Mitsui implements corporate governance by maintaining board of corporate auditors system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Corporate Auditors participate, Mitsui achieves highly effective corporate governance to secure "management transparency and accountability" and "separation of duties between supervision and management." In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures.

i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Corporate Auditors participate as members.

ii) The Corporate Auditors supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Corporate Auditors carry out multi-faceted, effective supervisory activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

2) Corporate Governance Structure of Mitsui

i) Status of the Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11. In June 2003, the first External Director was appointed and since the Ordinary General Meeting of Shareholders held in June 2007, four External Directors have been appointed each year. The Chairman is a director without representative power, and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. As of the date of the issuance of this report, 13 Directors (including 1 female External Director) are appointed; eight of whom also serve as Managing Officers.

  Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in case of increasing the number of board members in order to enhance the division of roles between supervision and management. The tenure of Directors is one year, and Directors can be reappointed.

  In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.

- Regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2013, 17 meetings were held, including 3 extraordinary meetings.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors (the compositions of members are as of the date of issuance of this report).

- Governance Committee
  Composition: Chairman of the Board of Directors (committee chair), President and Chief Executive Officer, 2 External Directors, 3 Internal Directors, 1 External Corporate Auditor
  Role: To study the state and future vision of Mitsui's corporate governance with the viewpoints of External Directors and External Corporate Auditor

- Nomination Committee
  Composition: President and Chief Executive Officer (committee chair), 2 External Directors, 2 Internal Directors
  Role: To establish the selection standards and processes to be used in nominating directors and managing officers as well as evaluating director nomination proposals

- Remuneration Committee
  Composition: External Director (committee chair), President and Chief Executive Officer, 2 Internal Directors
  Role: To study the system and decision-making process related to remuneration and bonuses for directors and managing officers as well as evaluating remuneration proposals for the directors

ii) Status of auditing by the Corporate Auditors, Internal Auditors and Independent Auditors

(a) Auditing by the Corporate Auditors

- As of the issuance of this report, there are five Corporate Auditors, including two Full-time Corporate Auditors and three External Corporate Auditors. A meeting of the Corporate Auditors is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2013, 21 meetings were held. Corporate Auditors attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions.

- The Guidelines of auditing by Corporate Auditors define responsibility of Corporate Auditors, the frame of mind necessary for auditors, the framework of audits, audit standards, and codes of conduct. Pursuant to laws and regulations, the Articles of Incorporation and the provision of the rules of the Board of Corporate Auditors, the Board of Corporate Auditors receives reports, deliberates and/or makes resolutions as to important matters in auditing.

- Each Corporate Auditor has a duty to audit the following issues: In the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditor, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditor, and the system of disclosure.

- The Board of Corporate Auditors establishes audit policies and makes audit plans taking into consideration materiality, timeliness and other necessary elements. To conduct effective and efficient audits, the Board of Corporate Auditors coordinates closely with the Independent Auditor and Internal Auditing Division.

- Full-time Corporate Auditors attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the Chairman and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Corporate Auditors receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units.

- In accordance with the auditing plan established at the start of the year, the Corporate Auditors conduct auditing on the management status of Mitsui's subsidiaries through visits to domestic and overseas branch offices and major subsidiaries as well as through cooperation with corporate auditors at subsidiaries.

- The Board of Corporate Auditors has designated Motonori Murakami and Hiroyasu Watanabe as Corporate Auditors who have considerable expertise in finance and accounting.

  Mr. Motonori Murakami joined Mitsui in 1971. Before being elected as one of our Corporate Auditors in 2007, he had worked in the field of accounting and was appointed as General Manager of the General Accounting Division in 2000 and in 2006, was appointed as Executive Managing Officer, Assistant to Senior Executive Managing Officer in charge of Corporate Staff Division and Assistant to Chief Financial Officer.

  Mr. Hiroyasu Watanabe had been working for the Ministry of Finance and National Tax Agency, and his final position in such field was Commissioner of the National Tax Agency. He is currently working as Professor at Waseda University, Graduate School of Finance, Accounting and Law.

- We set up the Corporate Auditor Division to assist in the performance of the duties of the Corporate Auditors, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

(b) Internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is maintained and exercised with emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2013, is as follows: of a total of 81 people, which include one General Manager, 32 internal auditors, 31 members in charge of audits, and 17 staff members, 68 people are stationed in the Internal Auditing Division in the Head Office, 8 people are stationed in the Internal Auditing Offices overseas, and 5 people are stationed in the Auditing Division within Business Units.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the internal auditing guidelines, with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or environmental management systems, and extraordinary audits to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles, reviews and provides final evaluation of the entity-wide internal control, pursuant to the Financial Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.

- For each fiscal year, internal auditing policy and the internal auditing plan goes through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief

Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

(c) Auditing of financial statements

- For the year ended March 31, 2013, the certified public accountants executing audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Koji Inagaki, Nobuaki Fuse, Hidehito Goda, and Michiyuki Yamamoto. The number of assistants involved in auditing work is 103 people as of March 31, 2013, and this number is comprised of 30 certified public accountants, 24 members of the Japanese Institute of Junior Accountants, and 49 others.

- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries are in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

(d) Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Division and auditing by Independent Auditors

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

- In addition to the exchange of information with the Internal Auditing Division for implementing efficient audits, Full-time Corporate Auditors in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Board of Corporate Auditors. The Corporate Auditors, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.

(e) Coordination between supervision by the External Directors or auditing by External Corporate Auditors and the internal audits, auditing by Corporate Auditors and Independent Auditors, and relationship with internal control related divisions

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

iii) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the Business Units and Regional Business Units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the President and Chief Executive Officer (committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.

- As mentioned earlier, Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from the NASDAQ in April 2011 and the termination of the SEC registration in July 2011, Mitsui implements the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The safeguarding of company assets;" and consists of: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting," issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

- Internal Controls Committee
  Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system.

- Compliance Committee
  As an organization under the Internal Controls Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure.

- Disclosure Committee
  As an organization under the Internal Controls Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.

- J-SOX Committee
  As an organization under the Internal Controls Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting. During the fiscal year ended March 31, 2012, due to the termination of the registration with the SEC, the SOA Sec. 404 Committee was renamed as the J-SOX Committee.

- Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee establishes corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.

- Information Strategy Committee
  As an organization under the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of management platform and promotion of structure of information strategy.

- CSR Promotion Committee
  As an organization under the Corporate Management Committee, this committee acts as the central body in achieving management that emphasizes "Corporate Social Responsibility" (CSR), and it provides advice to the management, raises awareness among the employees, develops internal corporate structure and sends out messages with respect to CSR-oriented management.

- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set

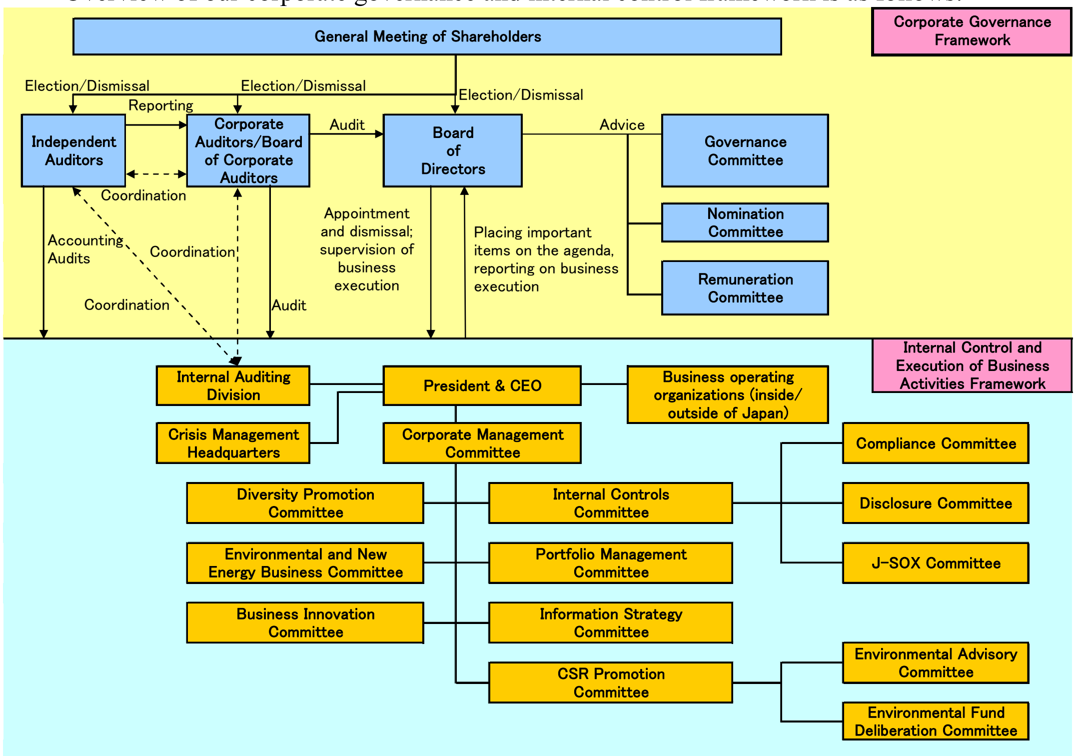
along with the plan.

- Environmental and New Energy Business Committee
  As an advisory body to the Corporate Management Committee, this committee analyzes the external business environment, monitors and evaluates our current activities, specifies our priorities and focuses, and recommends relevant measures in environmental and new energy business.

- Crisis Management Headquarters
  As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters.

- Business Innovation Committee
  As an organization under the Corporate Management Committee, this committee monitors and analyzes new technology trends and potential business innovations, specifies our priorities and focuses, and provides advice to the management, as well as examines specific measures to support business units in implementing potential new businesses, aiming for the next generation.

Overview of our corporate governance and internal control framework is as follows:



3) The Relationship with External Directors and External Corporate Auditors and Their Activities

i) Relationship with External Directors and reasons for their appointments; policy regarding their independence

- The prospective person's extensive business experience and knowledge is required to deliberate on such board meeting proposals as investments and loans, and knowledge of his or her particular area of business should be used.

- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Director in individual transactions with external parties.

The four External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 21, 2013, their relationships with Mitsui, and the reasons for their appointment are as follows. Mitsui has entered into agreements with these External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Nobuko Matsubara (Since June 2006)	Until July 2012, Ms. Matsubara was the Chairperson of the Japan Institute of Workers' Evolution in which Mitsui is a corporate member, and during the year ended March 31, 2013, Mitsui paid a membership fee and advertisement charge. However, since the amount is small and would not affect the independence of Ms. Matsubara, details of such payment are omitted.	Ms. Matsubara is appointed as an External Director so that the management may benefit from her knowledge and experience in labor issues gained over the years within the public sectors, as well as for her independent oversight.
Ikujiro Nonaka (Since June 2007)	There is no personal, capital, business or other relationship between Mr. Nonaka and Mitsui.	Mr. Nonaka is appointed as an External Director so that the management may benefit from his deep insight and supervisory capabilities related to management acquired over the years as an expert in international corporate strategy, as well as for his independent oversight.
Hiroshi Hirabayashi (Since June 2007)	Mr. Hirabayashi is President of the Japan-India Association. Mitsui, as a member of the Association, made a payment of the membership fee during the year ended March 31, 2013. However, since the amount is small and would not affect the independence of Mr. Hirabayashi, details of such payment are omitted. Mr. Hirabayashi's eldest daughter works as a non-managerial employee of Mitsui.	Mr. Hirabayashi is appointed as an External Director so that the management may benefit from his wealth of international experience and knowledge gained as a diplomat, as well as for his independent oversight.
Toshiro Muto (Since June 2010)	There is no personal, capital, business or other relationship between Mr. Muto and Mitsui.	Mr. Muto is appointed as an External Director so that the management may benefit from his deep insight into fiscal and monetary affairs and economics in general, gained at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight.

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) in other organizations held by External Directors are mainly as follows.

Name	Concurrent positions in other organizations held by External Directors	
Nobuko Matsubara	Daiwa Securities Group Inc.	External Director
Ikujiro Nonaka	Seven & i Holdings Co., Ltd. Trend Micro Incorporated	External Director External Director
Hiroshi Hirabayashi	DAIICHI SANKYO COMPANY, LIMITED	External Director
Toshiro Muto	Nippon Steel & Sumitomo Metal Corporation	External Corporate Auditor

ii) Activities of External Directors in the year ended March 31, 2013

The activities of External Directors in the year ended March 31, 2013 are as follows.

Name	Major activities
Nobuko Matsubara	Ms. Matsubara participated in all 17 of the Board of Directors meetings held during the year ended March 31, 2013, and offered advice mainly from the perspective of her knowledge and experience in labor issues gained within the public sectors. Ms. Matsubara was also a member of the Governance Committee, an advisory committee to the Board of Directors.
Ikujiro Nonaka	Mr. Nonaka participated in 15 of the 17 Board of Directors meetings held during the year ended March 31, 2013, and offered advice mainly from the perspective of his deep insight related to management acquired as an expert in international corporate strategy. Mr. Nonaka was also a member of the Governance Committee and the Nomination Committee, both advisory committees to the Board of Directors.
Hiroshi Hirabayashi	Mr. Hirabayashi participated in all 17 of the Board of Directors meetings held during the year ended March 31, 2013, and offered advice mainly from the perspective of his wealth of international experience and knowledge gained as a foreign diplomat for Japan. Mr. Hirabayashi was also a member of the Nomination Committee, an advisory committee to the Board of Directors.
Toshiro Muto	Mr. Muto participated in all 17 of the Board of Directors meetings held during the year ended March 31, 2013, and offered advice mainly from the perspective of his deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. Mr. Muto was also Chairman of the Remuneration Committee, an advisory committee to the Board of Directors.

iii) Relationship with External Corporate Auditors and reasons for their appointments; policy regarding their independence

The External Corporate Auditors shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and in particular it is expected that the External Corporate Auditors will give objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence and ability to influence people. When selecting candidates for External Corporate Auditors, the Board of Corporate Auditors shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.
As to the three External Corporate Auditors as of the issuance of this report, the reasons for their appointment are as follows. There is no personal, capital, business or other relationship between the External Corporate Auditors and Mitsui. Mitsui has entered into agreements with these External Corporate Auditors respectively limiting their liability as External Corporate Auditors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Reasons for appointment as External Corporate Auditor at Mitsui
Naoto Nakamura (Since June 2006)	Mr. Nakamura is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the experience and perspective he has gained mainly as an attorney at law, particularly in the field of corporate law.
Kunihiro Matsuo (Since June 2008)	Mr. Matsuo is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has gained, mainly as prosecutor and as an attorney at law.
Hiroyasu Watanabe (Since June 2009)	Mr. Watanabe is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the experience and perspective he has gained, mainly at the Ministry of Finance and also as a graduate school professor.

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) held by External Corporate Auditors in other organizations, etc. are mainly as follows.

Name	Concurrent positions held in other organizations	
Naoto Nakamura	Asahi Group Holdings, Ltd.	External Corporate Auditor
Kunihiro Matsuo	Japan Exchange Group, Inc. TOYOTA MOTOR CORPORATION Komatsu Ltd. BROTHER INDUSTRIES, LTD. Seven Bank Ltd. TV TOKYO Holdings Corporation	External Director External Corporate Auditor External Corporate Auditor External Corporate Auditor External Corporate Auditor External Corporate Auditor
Hiroyasu Watanabe	NOMURA Co., Ltd. JX Holdings, Inc.	External Corporate Auditor External Corporate Auditor

iv) Activities of External Corporate Auditors in the year ended March 31, 2013

The activities of Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe in the year ended March 31, 2013 are as follows.

Name	Major activities
Naoto Nakamura	Mr. Nakamura participated in 14 of the 17 Board of Directors meetings, and 18 of the 21 Board of Corporate Auditors meetings, held during the year ended March 31, 2013, and offered advice mainly from the perspective of his high degree of knowledge and varied experience as an attorney at law, working primarily on issues related to the fields of Companies Act of Japan. Mr. Nakamura was also a member of the Governance Committee, an advisory body to the Board of Directors.
Kunihiro Matsuo	Mr. Matsuo participated in 16 of the 17 Board of Directors meetings, and 20 of the 21 Board of Corporate Auditors meetings, held during the year ended March 31, 2013, and offered advice mainly from his many years of experience and perspective he has gained working as a prosecutor and an attorney at law.
Hiroyasu Watanabe	Mr. Watanabe participated in 16 of 17 Board of Directors meetings, and 20 of 21 Board of Corporate Auditors meetings, held during the year ended March 31, 2013, and offered advice mainly from the perspective of his high degree of knowledge and varied experience obtained working at the Ministry of Finance and as a graduate school professor.

v) The External Directors and External Corporate Auditors are given the following support:

For External Directors, before regular and extraordinary meetings of the Board of Directors, the Board of Directors Secretariat (Legal Division and Secretariat) provides material on the proposals and gives advance explanations.

In addition to timely provision of company information by the Full-time Corporate Auditors and staff in the Corporate Auditor Division, summaries of meetings between Full-time Corporate Auditors and staff in the Corporate Auditor Division are provided to External Corporate Auditors periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Board of Corporate Auditors and of the Board of Directors.

4) Status of Internal Control System

In the construction of internal control processes, aiming to achieve the above mentioned objective of the internal control process— "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets"— the following systems are implemented.

i) Risk management system

As a general trading company engaging in wide variety of businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of Business Units and Regional Business Units within their authorization delegated from the management. Risks associated with our business include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and

operational risk. Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a Business Unit or a Regional Business Unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.
Furthermore, as stated in “2) Corporate Governance Structure of Mitsui,” as committees responsible for business execution and internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units. With respect to the risks in the fields they are in charge of, each division of Corporate Staff Unit is responsible for surveillance of the whole Company’s positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui implements the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2013.

iii) Internal controls regarding construction and management of information systems and information security

The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussion at Information Strategy Committee established pursuant to the “Rules of Information Strategy Committee.” Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage risks through the maintenance of the following rules, necessary in light of development and operation of information systems and information security
“Information System Rules” : rules on the process of procurement, introduction and operation of the information assets
“Rules on IT Security” : code of conduct for the system supervisory divisions regarding IT security
“Rules on Information Management” : basic policies in terms of information risk management system and information management
“Rules on Protection of Personal Information” : rules for the handling of personal information required for business execution (Applied only in Japan)

iv) Compliance structure

In addition to the Compliance Committee (see “2) Corporate Governance Structure of Mitsui”), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system within the regular line of management at business division and department level. Further, Compliance Supervising Officers are designated at domestic and overseas business units, branch offices and others.

Mitsui has set forth the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” (“Guidelines”) and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui’s website for the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.”

We have a total of eight whistle-blowing system routes in place, including those involving an external attorney at law and a third-party providing hotline services. Pursuant to the Whistleblower Protection

Act, we made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing routes (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain high standard of confidentiality and (ii) enable their employees to use these routes without uneasiness. Any cases of the violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

v) Specially Designated Business Management System

In response to the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005. Under this system, internal review of “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” “Businesses with subsidy,” and “Businesses with a high public profile” are strengthened, and when examining these matters, advices from the CSR Promotion Committee, the Environmental Advisory Committee in which external experts participate as members, or other external experts will be obtained, as necessary. In addition, we carry out inspections of new and existing environment-related businesses as necessary, by recruiting external specialists with insights into environmental issues and technologies, such as those with experience in manufacturing industries and appointing them in the Environmental/Social Contribution Division as environmental inspectors.

vi) Systems to secure appropriateness of operations within the corporate group

In March 2006, Mitsui established the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” (“Principles”). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its associated companies, Mitsui coordinates with other equity participants and encourages the associated companies to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see the above stated “internal control over financial reporting.” In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the “Rules on Delegation of Authority for Supervising Officers for Affiliated Companies.” Also, when Mitsui deploys Full-time Corporate Auditors in major affiliated companies, Mitsui selects personnel from Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

5) Enhancements of Corporate Governance in the Past Year

i) Implementation for strengthening corporate governance
The status of meetings held in the year ended March 31, 2013 by the three Committees that are advisory bodies to the Board of Directors is as follows.

- The Governance Committee met in November 2012 and carried out reviews of matters such as the corporate governance structure of Mitsui.

- The Nomination Committee met in January 2013 and carried out a review of the standards and the processes for the appointment of Mitsui’s Directors and Managing Officers. The committee submitted its report that the candidates for Director meet the selection criteria.

- The Remuneration Committee met a total of three times and carried out a review of the remuneration structure for Mitsui’s Directors and Managing Officers.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2013 are as follows.

- The Internal Controls Committee held three meetings. The three sub-committees to the Internal Controls Committee, which are the Compliance Committee, the Disclosure Committee and the J-SOX Committee, each made reports to the Internal Controls Committee regarding matters including the discussions they held as well as the reorganization of Business Units and Corporate Staff Units.

- The Compliance Committee was held during the year ended March 31, 2013. In order to improve the awareness and knowledge of its officers and employees regarding compliance issues, Mitsui implemented compliance e-learning and various compliance training sessions. The compliance awareness survey was also conducted at Mitsui group in order to see the awareness level of our group. Mitsui also worked on building a consolidated group-wide compliance structure by developing a compliance program at affiliated companies, through provision of assistance to compliance officers of such companies, for example, by individual visits to important domestic affiliated companies.

- The Disclosure Committee held five meetings and carried out evaluations of the appropriateness of the contents of the earnings reports and this Annual Securities Report.

- The J-SOX Committee held two meetings. The Committee prepared Mitsui's policy on compliance with the requirements of Article 24-4-4 and Article 193-2 Paragraph 2 of the Financial Instruments and Exchange Act of Japan, and managed the schedule. In addition to these, the Committee put together the overall evaluation of internal control over financial reporting by the management regarding the year ended March 31, 2013.

- The Portfolio Management Committee met 33 times. The Committee reported to the Corporate Management Committee regarding the results of examinations into business area strategy, human resource portfolio strategy, investments, loans and recycling plans, and individual, large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets.

- The Information Strategy Committee met six times. The Committee made decisions on policies such as the construction of the next-generation management platform on a global and group basis, IT governance and various measures on IT portfolio management, management of IT investments, IT security and R&D activity on information technology, business process improvement, training of human resources literate in IT management, and changing mindsets company-wide.

- The CSR Promotion Committee held two meetings. The Committee discussed about CSR management through our core business and reviewed fundamental policies of the company's CSR including responses to human rights issues.

- The Environmental and New Energy Business Committee met five times. The Committee carried out analysis of the external business environment such as related political policies, industry trends and the like, held discussions on policies to handle individual projects, and carried out observations of company-wide efforts, and reported to the Corporate Management Committee regarding implementation policies and necessary measures in this field.

- The Business Innovation Committee met nine times. The Committee established systems such as the internal approval system for "business innovation projects," developed business networks outside the company, launched internal training programs and campaigns and considered potential new business opportunities, in an aim to create the next generation business.

- The Diversity Promotion Committee met three times. The Committee discussed and analyzed current issues to promote excellence in our diverse workforce and made decisions regarding action plans to resolve these issues.

6) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that the attendance of shareholders who hold one third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that that resolutions for the appointment of Directors may not be made with cumulative voting.

ii) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible and swift capital policy, the Articles of Incorporation set forth that Mitsui may acquire its own shares by means of market transaction upon a resolution of the Board of Directors.

iii) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders, the Articles of Incorporation set forth that a resolution of General Meeting of Shareholders as specified by Article 309, Paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

iv) Interim dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, with September 30 set as the record date each year.

v) Limitation of liability of Directors and Corporate Auditors

In order to enable Directors and Corporate Auditors to fully carry out the role that is expected of them in the execution of their duties, the Articles of Incorporation set forth that, upon a resolution of the Board of Directors, the liability of Directors and Corporate Auditors may be limited to the extent determined by the applicable laws and regulations.

7) Remuneration of Directors and Corporate Auditors

i) The remuneration of Directors and Corporate Auditors regarding the year ended March 31, 2013 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Total remuneration
Directors (Excluding External Directors)	11	¥657 million	¥308 million	¥965 million
Corporate Auditors (Excluding External Corporate Auditors)	2	¥113 million	—	¥113 million
External Directors and External Corporate Auditors	8	¥87 million	—	¥87 million
Total	21	¥857 million	¥308 million	¥1,165 million

(Notes) 1. Limits on the remuneration of Directors and Corporate Auditors have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: total amount to be paid to the Directors should not exceed ¥70 million per month (by its resolution on June 22, 2007); total amount to be paid to the Corporate Auditors should not exceed ¥20 million per month (by its resolution on June 22, 2007). In addition to the above, for Directors (not including External Directors) bonuses shall be paid in an amount whose total amount shall not exceed ¥500 million (by its resolution on June 22, 2007).
2. The bonus shown above is the planned amount.
3. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥606 million to 132 retired Directors, and a total of ¥66 million to 22 retired Corporate Auditors in the year ended March 31, 2013.

ii) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million per year for the year ended March 31, 2013.

Name	Category of position	Payer	Basic remuneration	Bonus	Total remuneration
Shoei Utsuda	Director	Mitsui	¥105 million	¥50 million	¥155 million
Masami Iijima	Director	Mitsui	¥109 million	¥50 million	¥159 million
Seiichi Tanaka	Director	Mitsui	¥68 million	¥35 million	¥103 million
Fuminobu Kawashima	Director	Mitsui	¥68 million	¥35 million	¥103 million

iii) Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration and performance-related bonus based on the consolidated net income. The following formula applies in calculating the performance-related bonuses, which is advised as being appropriate by the Remuneration Committee and subsequently resolved at the Board of Directors meeting.

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

(a) Total amount paid in bonuses for Directors

Total bonuses are calculated as the lesser of consolidated net income x 0.1% and ¥500 million (if the consolidated net income is minus, i.e. net loss, this item is set as 0 for the calculation).

(b) Amount paid as individual bonuses

The total amount calculated by the method shown in above (a) is distributed to each Director in proportion to the following points which are assigned for each position. Amounts less than ¥10,000 will be rounded off.
(Amount individually paid = total amount paid × position points / sum of position points)

Points by position

Chairman/President	Executive Vice President	Senior Executive Managing Officer	Executive Managing Officer
10	7	6	5

Based on the composition of the Directors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (in the case of net income of ¥500 billion for the fiscal year) are as follows.

Chairman/President	=	¥500 million × 10 points / (10 points × 2 persons + 7 points × 2 persons + 6 points × 4 persons + 5 points × 1 person = 63 points)	=	¥79.37 million
Executive Vice President	=	¥500 million × 7 / 63 points	=	¥55.56 million
Senior Executive Managing Officer	=	¥500 million × 6 / 63 points	=	¥47.62 million
Executive Managing Officer	=	¥500 million × 5 / 63 points	=	¥39.68 million

iv) Each Director of Mitsui (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration through Mitsui Executives' Shareholding Association.

v) Corporate Auditors receive only monthly remunerations which do not include performance-related portion. The monthly remuneration for each Corporate Auditor is determined by discussions among the Corporate Auditors. The total amount shall not exceed the amount shown in Note 1 in i) above. Retirement compensation is not paid to the Corporate Auditors.

8) Status of Stocks Held

i) Stocks for investment held for purposes other than pure investment purposes stood at 503 issues and total of the amount recorded in the balance sheet is ¥445,304 million as of March 31, 2013.

ii) Top 30 investments held for purposes other than pure investment purposes (excluding unlisted stocks), in terms of the amount recorded in the balance sheet as of March 31, 2012, were as follows:

Specified Investment Shares (25 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	39,874	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
POSCO	482,000	13,279	same as above
Nippon Steel Corporation (currently Nippon Steel & Sumitomo Metal Corporation)	58,297,544	13,233	same as above
Burberry Group plc	6,521,739	12,822	same as above
MODEC, INC.	6,957,500	11,911	same as above
Yamaha Motor Co., Ltd.	8,586,000	9,521	same as above
Mitsui Chemicals, Inc.	34,740,390	8,719	same as above
Toray Industries, Inc.	13,776,000	8,458	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	6,183	same as above
LIFENET INSURANCE COMPANY	4,800,000	6,009	same as above
DUSKIN CO., LTD.	3,500,000	5,785	same as above
FORMOSA EPITAXY INCORPORATION	74,693,000	5,715	same as above
TOYOTA MOTOR CORPORATION	1,500,000	5,355	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	5,291	same as above
KATO SANGYO Co., Ltd.	3,153,000	5,152	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	4,749	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Mitsubishi UFJ Financial Group, Inc.	11,130,000	4,585	same as above
DAICEL Corporation	7,560,402	4,029	same as above
Yamato Kogyo Co., Ltd.	1,565,600	3,780	same as above
T-Gaia Corporation	26,985	3,705	same as above
The Dai-ichi Life Insurance Company, Limited	31,639	3,616	same as above
ISHIHARA SANGYO KAISHA, LTD.	40,384,000	3,392	same as above
Sumitomo Metal Mining Co., Ltd.	2,908,000	3,382	same as above
SHOCHIKU Co., Ltd.	3,700,000	2,886	same as above
GOLDWIN INC.	5,459,381	2,784	same as above

Deemed Stockholdings (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	8,018	Voting rights
SKY Perfect JSAT Holdings Inc.	134,052	4,886	same as above
MS & AD Insurance Group Holdings, Inc.	2,846,100	4,835	same as above
Mitsui Fudosan Co., Ltd.	2,801,000	4,433	same as above
TOSHIBA CORPORATION	8,621,000	3,138	same as above

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and deemed held shares are not combined.

Stocks for investment held for purposes other than pure investment purposes (excluding unlisted stocks), of which amount recorded on the balance sheet as of March 31, 2013 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (26 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	50,533	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
MODEC, INC.	6,957,500	19,258	same as above
POSCO	482,000	13,324	same as above
Yamato Kogyo Co., Ltd.	4,573,000	12,630	same as above
Burberry Group plc	6,521,739	12,408	same as above
Yamaha Motor Co., Ltd.	8,586,000	11,075	same as above
Toray Industries, Inc.	13,776,000	8,761	same as above
Nihon Unisys, Ltd.	9,798,509	8,044	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	7,917	same as above
TOYOTA MOTOR CORPORATION	1,500,000	7,290	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	7,128	same as above
Mitsui Chemicals, Inc.	34,740,390	7,121	same as above
DUSKIN CO., LTD.	3,500,000	6,573	same as above
MIKUNI COCA-COLA BOTTLING CO., LTD.	6,629,599	6,390	same as above
Mitsubishi UFJ Financial Group, Inc.	11,130,000	6,210	same as above
KATO SANGYO Co., Ltd.	3,153,000	6,123	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	6,041	same as above
Nippon Steel & Sumitomo Metal Corporation	24,599,544	5,780	same as above
FORMOSA EPITAXY INCORPORATION	74,693,000	5,466	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
DAICEL Corporation	6,777,820	5,056	same as above
The Dai-ichi Life Insurance Company, Limited	31,639	4,002	same as above
LIFENET INSURANCE COMPANY	4,800,000	3,960	same as above
Sumitomo Metal Mining Co., Ltd.	2,908,000	3,905	same as above
Fuji Pharma Co., Ltd.	1,930,600	3,579	same as above
SHOCHIKU Co., Ltd.	3,700,000	3,566	same as above
Japan Airlines Co., Ltd.	791,500	3,458	same as above

Deemed Stockholdings (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	10,916	Voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	7,391	same as above
MS & AD Insurance Group Holdings, Inc.	2,846,100	5,880	same as above
TOSHIBA CORPORATION	8,621,000	4,069	same as above
Katakura Industries Co., Ltd.	3,600,000	4,053	same as above

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and deemed held shares are not combined.

iii) There are no stocks held solely for investment purposes.

(2) Details of Audit Fees and Other Matters

1) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC.

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2013 and 2012.

Classification	Year ended March 31, 2013		Year ended March 31, 2012	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	904	8	669	353
Consolidated subsidiaries	904	-	887	9
Total	1,808	8	1,556	362

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by laws to be performed by the auditor, and can only be reasonably performed by the auditor.

2) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, which belong to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries.

Classification	Year ended March 31, 2013		Year ended March 31, 2012	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	2	5	20	5
Consolidated subsidiaries	2,100	268	1,785	348
Total	2,102	273	1,805	353

3) Details of non-auditing work performed by the certified public accountant auditor of Mitsui

The non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC consists of auditing-related work and taxation work. Auditing-related work includes those that have indirect relevance to auditing and attestation services. It includes consultation related to accounting practices that have no direct relevance to auditing, financial due diligences services on the acquisition of businesses, and supporting work regarding the development of internal controls, to the extent acceptable to be performed simultaneously with the audit. In addition, it includes advisory services in connection with the introduction of International Financial Reporting Standards (IFRS) for the year ended March 31, 2012.

Taxation work includes services such as supporting work for the preparation of tax returns and consulting work regarding the interpretation and application of tax laws.

4) Policy for determining audit fees

In determination of audit fees, factors such as past records and the volume of work accompanying audit work are taken into account. The approval of the Board of Corporate Auditors is obtained when decisions on fees for auditing work are made.

5. Financial Information

1. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2012	2013
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 2, 4)	¥ 1,425,174	¥ 1,431,112	$ 15,161
Time deposits	4,740	4,130	50
Marketable securities (Notes 2, 4 and 25)	367	1,087	4
Trade receivables (Notes 6 and 8):			
Notes and loans, less unearned interest	291,052	322,585	3,096
Accounts (Note 7)	1,608,915	1,616,191	17,116
Associated companies	138,588	116,885	1,474
Allowance for doubtful receivables (Note 2)	(16,463)	(17,860)	(175)
Inventories (Notes 2, 8, 21 and 23)	746,584	515,758	7,942
Advance payments to suppliers	135,120	129,987	1,437
Deferred tax assets—current (Notes 2 and 19)	15,644	37,513	166
Derivative assets (Notes 2, 23 and 25)	61,081	53,664	650
Other current assets	220,729	215,271	2,351
Total current assets	4,631,531	4,426,323	49,272
Investments and Non-current Receivables (Notes 2, 8 and 21):			
Investments in and advances to associated companies (Notes 4, 5, 6, 16 and 25)	2,325,255	1,709,082	24,737
Other investments (Notes 4 and 25)	816,343	792,492	8,685
Non-current receivables, less unearned interest (Notes 6, 7, 23 and 25)	523,904	454,191	5,573
Allowance for doubtful receivables (Note 6)	(37,362)	(36,840)	(397)
Property leased to others—at cost, less accumulated depreciation (Note 7)	330,627	272,746	3,517
Total investments and non-current receivables	3,958,767	3,191,671	42,115
Property and Equipment—at Cost (Notes 2, 7, 8, 9 and 25):			
Land, land improvements and timberlands	218,801	202,834	2,328
Buildings, including leasehold improvements	442,255	401,451	4,705
Equipment and fixtures	1,668,246	1,306,754	17,747
Mineral rights	203,142	158,967	2,161
Vessels	42,478	42,539	452
Projects in progress	235,084	152,789	2,501
Total	2,810,006	2,265,334	29,894
Accumulated depreciation	(1,239,736)	(1,009,451)	(13,189)
Net property and equipment	1,570,270	1,255,883	16,705
Intangible Assets, less Accumulated Amortization (Notes 2, 9, 11 and 25)	118,448	110,307	1,260
Deferred Tax Assets—Non-current (Notes 2 and 19)	31,538	15,626	336
Other Assets (Note 13)	14,027	12,013	148
Total	¥10,324,581	¥ 9,011,823	$ 109,836

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2012	2013
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 8 and 12)	¥ 663,129	¥ 307,132	$ 7,055
Current maturities of long-term debt (Notes 7, 8, 12 and 23)	421,211	372,657	4,481
Trade payables:			
Notes and acceptances	46,057	53,308	490
Accounts	1,438,287	1,342,343	15,301
Associated companies	71,272	110,289	758
Accrued expenses:			
Income taxes (Notes 2 and 19)	54,091	73,111	575
Interest	16,985	16,619	181
Other (Note 13)	80,971	93,266	861
Advances from customers	98,470	106,787	1,048
Derivative liabilities (Notes 2, 23 and 25)	83,940	65,262	893
Other current liabilities (Notes 2, 19, 20 and 21)	70,917	83,256	754
Total current liabilities	3,045,330	2,624,030	32,397
Long-term Debt, less Current Maturities (Notes 7, 8, 12, 21 and 23)	3,184,957	2,898,218	33,883
Accrued Pension Costs and Liability for Severance Indemnities (Notes 2 and 13)	68,312	55,799	727
Deferred Tax Liabilities—Non-current (Notes 2 and 19)	266,544	283,614	2,836
Other Long-term Liabilities (Notes 2, 10, 20, 23 and 25)	319,334	289,352	3,396
Contingent Liabilities (Notes 8 and 20)			
Equity (Note 14):			
Mitsui & Co., Ltd. Shareholders' equity :			
Common stock—no par value			
Authorized, 2,500,000,000 shares;			
Issued, 1,829,153,527 shares in 2013 and 1,829,153,527 shares in 2012	341,482	341,482	3,633
Capital surplus	429,828	430,491	4,573
Retained earnings:			
Appropriated for legal reserve	69,653	65,500	741
Unappropriated (Notes 5 and 12)	2,405,008	2,192,494	25,585
Accumulated other comprehensive income (loss) (Note 2):			
Unrealized holding gains on available-for-sale securities (Note 4)	135,832	90,476	1,446
Foreign currency translation adjustments (Note 23)	(94,912)	(380,457)	(1,010)
Defined benefit pension plans (Note 13)	(74,124)	(68,163)	(789)
Net unrealized losses on derivatives (Note 23)	(24,974)	(24,302)	(266)
Total accumulated other comprehensive loss	(58,178)	(382,446)	(619)
Treasury stock, at cost: 4,027,206 shares in 2013 and 4,204,441 shares in 2012	(5,974)	(6,203)	(64)
Total Mitsui & Co., Ltd. shareholders' equity	3,181,819	2,641,318	33,849
Noncontrolling interests (Note 2)	258,285	219,492	2,748
Total equity	3,440,104	2,860,810	36,597
Total	¥10,324,581	¥ 9,011,823	$ 109,836

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2013, 2012 and 2011

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2013	2012	2011	2013
Revenues (Notes 2, 5, 16, 23 and 25):				
Sales of products	¥ 4,408,144	¥ 4,753,167	¥ 4,154,833	$ 46,895
Sales of services	392,088	377,033	371,352	4,171
Other sales	111,377	121,402	153,258	1,185
Total revenues	4,911,609	5,251,602	4,679,443	52,251
Total Trading Transactions (Note 2): 2013, ¥10,049,637 million—$106,911 million; 2012, ¥10,481,166 million; 2011, ¥9,942,472 million				
Cost of Revenues (Notes 2, 5, 22, 23 and 25):				
Cost of products sold	3,901,272	4,166,337	3,589,147	41,503
Cost of services sold	161,858	147,561	137,384	1,722
Cost of other sales	58,040	59,425	93,689	617
Total cost of revenues	4,121,170	4,373,323	3,820,220	43,842
Gross Profit	790,439	878,279	859,223	8,409
Other Expenses (Income):				
Selling, general and administrative (Notes 2, 13, 16, 17 and 22)	521,075	514,798	532,990	5,544
Provision for doubtful receivables (Notes 2, 6 and 16)	14,761	15,097	9,230	157
Interest income (Notes 2, 6 and 23)	(41,724)	(37,172)	(39,970)	(444)
Interest expense (Notes 2 and 23)	42,910	42,612	40,667	457
Dividend income	(80,057)	(86,461)	(51,000)	(852)
Gain on sales of securities—net (Notes 2, 3, 4, 14 and 23)	(44,905)	(21,937)	(39,517)	(478)
Loss on write-down of securities (Notes 2, 4 and 25)	27,278	33,481	19,464	290
Gain on disposal or sales of property and equipment—net (Note 22)	(6,207)	(5,697)	(229)	(66)
Impairment loss of long-lived assets (Notes 2, 9, 11, 22 and 25)	12,342	14,049	18,297	131
Impairment loss of goodwill (Notes 2, 11 and 25)	—	4,209	596	—
Settlement of the oil spill incident in the Gulf of Mexico (Note 20)	—	—	88,555	—
Other expense (income)—net (Notes 2, 17, 18, 20, 22 and 23)	30,868	(7,911)	7,443	329
Total other expenses (income)	476,341	465,068	586,526	5,068
Income before Income Taxes and Equity in Earnings	314,098	413,211	272,697	3,341
Income Taxes (Notes 2 and 19):				
Current	182,327	186,815	156,899	1,939
Deferred	(23,978)	(14,193)	47,002	(255)
Total income taxes	158,349	172,622	203,901	1,684
Income before Equity in Earnings	155,749	240,589	68,796	1,657
Equity in Earnings of Associated Companies—Net (Notes 2, 5, 16 and 25)	176,226	232,090	242,144	1,875
Net Income before Attribution of Noncontrolling Interests	331,975	472,679	310,940	3,532
Net Income Attributable to Noncontrolling Interests	(24,049)	(38,182)	(4,281)	(256)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 307,926	¥ 434,497	¥ 306,659	$ 3,276
	Yen			U.S. Dollars (Note 2)
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 2 and 15):				
Basic	¥ 168.72	¥ 238.10	¥ 168.05	$ 1.79
Diluted	¥ 168.72	¥ 238.10	¥ 168.05	$ 1.79

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2013, 2012 and 2011

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2013	2012	2011	2013
Comprehensive Income (Loss) (Notes 2, 14 and 19):				
Net income before attribution of noncontrolling interests	¥ 331,975	¥ 472,679	¥ 310,940	$ 3,532
Other comprehensive income (loss) (after income tax effect) (Note 2):				
Unrealized holding gains (losses) on available-for-sale securities (Note 4)	40,871	(9,897)	(29,154)	435
Foreign currency translation adjustments (Note 23)	306,112	(37,127)	(79,319)	3,257
Defined benefit pension plans (Note 13):				
Net prior service credit	40	25	164	0
Net actuarial loss	(5,948)	(9,670)	(9,508)	(63)
Net unrealized losses on derivatives (Note 23)	(753)	(9,899)	(6,845)	(8)
Total other comprehensive income (loss) (after income tax effect)	340,322	(66,568)	(124,662)	3,621
Comprehensive income before attribution of noncontrolling interests	672,297	406,111	186,278	7,153
Comprehensive (income) loss attributable to noncontrolling interests	(41,037)	(33,082)	5,067	(437)
Comprehensive income attributable to Mitsui & Co., Ltd.	¥ 631,260	¥ 373,029	¥ 191,345	$ 6,716

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2013, 2012 and 2011

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2013	2012	2011	2013
Common Stock (Note 14):				
Balance at beginning of year				
Shares issued: 2013—1,829,153,527 shares; 2012—1,829,153,527 shares; 2011—1,829,153,527 shares	¥ 341,482	¥ 341,482	¥ 341,482	$ 3,633
Balance at end of year				
Shares issued: 2013—1,829,153,527 shares; 2012—1,829,153,527 shares; 2011—1,829,153,527 shares	¥ 341,482	¥ 341,482	¥ 341,482	$ 3,633
Capital Surplus (Note 14):				
Balance at beginning of year	¥ 430,491	¥ 430,152	¥ 428,848	$ 4,580
Equity transactions with noncontrolling interest shareholders (Note 2)	(663)	339	1,304	(7)
Balance at end of year	¥ 429,828	¥ 430,491	¥ 430,152	$ 4,573
Retained Earnings (Note 14):				
Appropriated for Legal Reserve:				
Balance at beginning of year	¥ 65,500	¥ 61,763	¥ 53,844	$ 697
Transfer from unappropriated retained earnings	4,153	3,737	7,919	44
Balance at end of year	¥ 69,653	¥ 65,500	¥ 61,763	$ 741
Unappropriated (Note 5):				
Balance at beginning of year	¥ 2,192,494	¥ 1,860,271	¥ 1,618,101	$ 23,324
Net income attributable to Mitsui & Co., Ltd.	307,926	434,497	306,659	3,276
Cash dividends paid to Mitsui & Co., Ltd. shareholders (annual rate per share: 2013, ¥50.0—53.2¢; 2012, ¥54.0; 2011, ¥31.0)	(91,248)	(98,537)	(56,567)	(971)
Transfer to retained earnings appropriated for legal reserve	(4,153)	(3,737)	(7,919)	(44)
Losses on sales of treasury stock	(11)	(0)	(3)	(0)
Balance at end of year	¥ 2,405,008	¥ 2,192,494	¥ 1,860,271	$ 25,585
Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect) (Notes 2, 14 and 19):				
Balance at beginning of year	¥ (382,446)	¥ (321,135)	¥ (205,826)	$ (4,069)
Unrealized holding gains (losses) on available-for-sale securities (Note 4)	44,052	(6,293)	(27,238)	469
Foreign currency translation adjustments (Note 23)	285,903	(35,622)	(72,212)	3,042
Defined benefit pension plans (Note 13):				
Net prior service credit	40	25	138	0
Net actuarial loss	(6,001)	(9,644)	(9,550)	(64)
Net unrealized losses on derivatives (Note 23)	(660)	(9,934)	(6,452)	(7)
Equity transactions with noncontrolling interest shareholders	934	157	5	10
Balance at end of year	¥ (58,178)	¥ (382,446)	¥ (321,135)	$ (619)
Treasury Stock, at Cost (Note 14):				
Balance at beginning of year				
Shares in treasury: 2013—4,204,441 shares; 2012—4,324,067 shares; 2011—4,331,644 shares	¥ (6,203)	¥ (6,341)	¥ (6,321)	$ (66)
Purchases of treasury stock				
Shares purchased: 2013—12,060 shares; 2012—11,774 shares; 2011—194,407 shares	(15)	(16)	(263)	(0)
Sales of treasury stock				
Shares sold: 2013—189,295 shares; 2012—131,400 shares; 2011—201,984 shares	244	154	243	2
Balance at end of year				
Shares in treasury: 2013—4,027,206 shares; 2012—4,204,441 shares; 2011—4,324,067 shares	¥ (5,974)	¥ (6,203)	¥ (6,341)	$ (64)
Total Mitsui & Co., Ltd. shareholders' equity	¥ 3,181,819	¥ 2,641,318	¥ 2,366,192	$ 33,849

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity—(Continued)

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2013, 2012 and 2011

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2013	2012	2011	2013
Noncontrolling Interests (Notes 14 and 19):				
Balance at beginning of year	¥ 219,492	¥ 187,142	¥ 199,678	$ 2,335
Dividends paid to noncontrolling interest shareholders	(13,580)	(14,712)	(12,623)	(145)
Net income attributable to noncontrolling interests	24,049	38,182	4,281	256
Unrealized holding losses on available-for-sale securities (after income tax effect) (Notes 2 and 4)	(3,181)	(3,604)	(1,916)	(34)
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 23)	20,209	(1,505)	(7,107)	215
Defined benefit pension plans (after income tax effect) (Notes 2 and 13)				
Net prior service credit	0	—	26	0
Net actuarial gain (loss)	53	(26)	42	1
Net unrealized (losses) gains on derivatives (after income tax effect) (Notes 2 and 23)	(93)	35	(393)	(1)
Equity transactions with noncontrolling interest shareholders and other (Note 2)	11,336	13,980	5,154	121
Balance at end of year	¥ 258,285	¥ 219,492	¥ 187,142	$ 2,748
Total Equity (Notes 5, 14 and 19):				
Balance at beginning of year	¥ 2,860,810	¥ 2,553,334	¥ 2,429,806	$ 30,434
Losses on sales of treasury stock	(11)	(0)	(3)	(0)
Net income before attribution of noncontrolling interests	331,975	472,679	310,940	3,532
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(91,248)	(98,537)	(56,567)	(971)
Dividends paid to noncontrolling interest shareholders	(13,580)	(14,712)	(12,623)	(145)
Unrealized holding gains (losses) on available-for-sale securities (after income tax effect) (Notes 2 and 4)	40,871	(9,897)	(29,154)	435
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 23)	306,112	(37,127)	(79,319)	3,257
Defined benefit pension plans (after income tax effect) (Notes 2 and 13):				
Net prior service credit	40	25	164	0
Net actuarial loss	(5,948)	(9,670)	(9,508)	(63)
Net unrealized losses on derivatives (after income tax effect) (Notes 2 and 23)	(753)	(9,899)	(6,845)	(8)
Sales and purchases of treasury stock	229	138	(20)	2
Equity transactions with noncontrolling interest shareholders and other (Note 2)	11,607	14,476	6,463	124
Balance at end of year	¥ 3,440,104	¥ 2,860,810	¥ 2,553,334	$ 36,597

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2013, 2012 and 2011

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2013	2012	2011	2013
Operating Activities (Note 26):				
Net income before attribution of noncontrolling interests	¥ 331,975	¥ 472,679	¥ 310,940	$ 3,532
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:				
Depreciation and amortization	198,852	153,475	147,388	2,115
Pension and severance costs, less payments	9,366	9,243	10,375	100
Provision for doubtful receivables	14,761	15,097	9,230	157
Gain on sales of securities—net	(44,905)	(21,937)	(39,517)	(478)
Loss on write-down of securities	27,278	33,481	19,464	290
Gain on disposal or sales of property and equipment—net	(6,207)	(5,697)	(229)	(66)
Impairment loss of long-lived assets	12,342	14,049	18,297	131
Impairment loss of goodwill	—	4,209	596	—
Settlement of the oil spill incident in the Gulf of Mexico	—	—	88,555	—
Deferred income taxes	(23,978)	(14,193)	47,002	(255)
Equity in earnings of associated companies, less dividends received	(60,492)	(72,804)	(92,398)	(644)
Changes in operating assets and liabilities:				
Decrease (increase) in trade receivables	62,484	(134,283)	(104,471)	665
Decrease (increase) in inventories	106,338	(33,045)	(49,027)	1,131
Increase in trade payables	11,331	39,397	74,082	121
(Decrease) increase in accrued expenses	(35,416)	19,737	31,928	(377)
Decrease (increase) in advance payments to suppliers	33,145	(297)	(5,723)	353
(Decrease) increase in advances from customers	(16,077)	(44,226)	17,831	(171)
Change in derivative assets and liabilities—net	(28,802)	1,779	30,142	(306)
Decrease in short-term debt—other secured financing	(121,547)	—	—	(1,293)
Payment for the settlement of the oil spill incident in the Gulf of Mexico	—	(86,105)	—	—
Other—net	(9,018)	30,425	(9,991)	(96)
Net cash provided by operating activities	461,430	380,984	504,474	4,909
Investing Activities (Note 26):				
Net (increase) decrease in time deposits	(382)	253	10,983	(4)
Investments in and advances to associated companies	(292,387)	(181,163)	(111,085)	(3,110)
Sales of investments in and collection of advances to associated companies	61,795	82,267	39,763	657
Acquisitions of available-for-sale securities	(11,041)	(2,682)	(24,424)	(117)
Proceeds from sales of available-for-sale securities	31,318	25,605	21,073	333
Proceeds from maturities of available-for-sale securities	1,535	4,276	4,247	16
Acquisitions of held-to-maturity debt securities	(867)	(236)	(1,579)	(9)
Proceeds from maturities of held-to-maturity debt securities	10	—	10	0
Acquisitions of other investments	(67,462)	(49,933)	(81,859)	(718)
Proceeds from sales and maturities of other investments	76,955	67,632	86,234	819
Increase in long-term loan receivables	(246,482)	(110,250)	(127,535)	(2,622)
Collection of long-term loan receivables	113,922	108,848	97,056	1,212
Additions to property leased to others and property and equipment	(418,818)	(364,337)	(330,682)	(4,456)
Proceeds from sales of property leased to others and property and equipment	19,900	23,473	17,184	212
Acquisitions of businesses, net of cash acquired	(21,293)	(48,482)	(106,797)	(227)
Proceeds from sales of businesses, net of cash divested	—	6,538	23,390	—
Net cash used in investing activities	(753,297)	(438,191)	(484,021)	(8,014)
Financing Activities (Note 26):				
Net increase in short-term debt	161,481	41,420	50,202	1,718
Proceeds from long-term debt	757,519	486,714	377,526	8,058
Repayments of long-term debt	(607,003)	(367,774)	(345,710)	(6,457)
Transactions with noncontrolling interests shareholders	921	(4,533)	8,427	10
(Purchases) sales of treasury stock—net	(13)	138	(36)	(0)
Payments of cash dividends	(91,270)	(98,571)	(56,589)	(971)
Net cash provided by financing activities	221,635	57,394	33,820	2,358
Effect of Exchange Rate Changes on Cash and Cash Equivalents	64,294	(10,134)	(14,613)	684
Net (Decrease) Increase in Cash and Cash Equivalents	(5,938)	(9,947)	39,660	(63)
Cash and Cash Equivalents at Beginning of Year	1,431,112	1,441,059	1,401,399	15,224
Cash and Cash Equivalents at End of Year	¥ 1,425,174	¥ 1,431,112	¥ 1,441,059	$ 15,161

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. NATURE OF OPERATION

Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (collectively, the "companies"), as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The companies conduct sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure," "Chemicals," "Energy," "Lifestyle," and "Innovation & Cross Function," while providing general services for retailing, information and communications, technical support, transportation, and logistics and financing.

Further, the companies are also engaged in development of natural resources such as oil and gas, and iron and steel raw materials.

In addition to the above, the companies are engaged in strategic business investments in new areas such as information technology, renewable energy and environmental solution business.

2. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the "Company") is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2013 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94=U.S. $1, the approximate rate of exchange at March 31, 2013. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Effect has been given in the consolidated financial statements to adjustments which have not been entered in the companies' general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for pension costs and severance indemnities, accounting for consolidation, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, accounting for uncertainty and change of rate 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 Accounting Standard Codification ("ASC") 810, "Consolidation." The unincorporated joint ventures proportionately consolidated in accordance with ASC 810-10-45-14, "Consolidation—Proportionate Consolidation," by the companies include but are not limited to Block 9 J/V (35%), Block 10,11,12,13,10A/11A J/V (20%-40%), Capricorn Coal Development J/V (30%), Dawson J/V (49%), Kestrel J/V (20%), Marcellus Shale J/V(15%), Eagle Ford Shale J/V(12.5%), Mt. Goldsworthy J/V (7%), Mt. Newman J/V (7%), Robe River Iron Associates J/V (33%), WA-28-L J/V (40%), Yandi J/V (7%), Britannia J/V(8.97%), and Alba J/V(13.3%).

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as a gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Changes in the companies' ownership interests while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are remeasured at their fair value at that date and the difference between the fair value and the carrying amount of the retained noncontrolling investments is recognized as a gain or loss in net income attributable to Mitsui & Co., Ltd.

Certain subsidiaries with a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31, are included on the basis of the subsidiaries' respective fiscal year-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at year-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for credit losses

The companies have loans and trade receivables relating to businesses with corporate customers ("corporate business") and financial business with retail customers ("retail finance business").

If the debtor is under litigation or if there is significant difficulty in collecting receivables considering the debtor's financial condition, an allowance for credit loss of the doubtful receivables which are deemed to be impaired. The allowance is based on the latest information of the debtor and is measured individually based on the present value of expected cash flows discounted with the original effective interest rate of the loan or the fair value of the collateral if the loan is collateral dependent.

Other than the cases above, as for the corporate businesses, an allowance for credit losses is measured collectively based primarily upon the companies' historical credit loss experiences and an evaluation of the potential losses for all receivables. As for the retail finance business, some subsidiaries engaged in the business of providing financial services for the purchase of automobiles and motorcycles have credit risks relating to retail customers. Those subsidiaries record an allowance for doubtful receivables collectively based on each subsidiaries' historical credit loss ratio based on dates past due of the receivables considering the current economic situation.

Loans or trade receivables are charged-off when certain conditions are met. The following are the cases loans and trade receivables are charged-off: cutoff of loans and receivables by legal liquidation, obtainment of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on a specific-identification basis, or market.

Derivative instruments and hedging activities

In accordance with ASC 815, "Derivatives and Hedging," all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation. On the Consolidated Balance Sheets, the companies offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income (loss) and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met, are currently recognized in sales of products, cost of products sold or other sales without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as mainly sales of products or other expense (income)-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other expense (income)-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 expense (income)-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 an other-than-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 an other-than-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 an other-than-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 straight-line method, using rates based upon the estimated useful lives of the related property and equipment. The estimated useful lives for buildings, equipment and fixtures, freight cars, and vessels are primarily 2 to 52 years, 3 to 50 years, 13 to 30 years, and 3 to 20 years, respectively. Mineral rights are amortized over their respective estimated useful lives, which are primarily 13 to 63 years, using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and improvements 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."

Intangible assets subject to amortization consist primarily of software, trademarks, customer relationships, rights to operate and patents which are amortized over their respective estimated useful lives using the straight-line method. The estimated useful lives for software, trademarks, customer relationships, rights to operate and patents are 5 years, 5 to 30 years, 10 to 25 years, 12 to 25 years, 11 years respectively. Intangible assets not subject to amortization mainly consist of land rights and trademarks.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, "Extractive Activities-Oil and Gas—Unproved Properties," with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The Company and certain subsidiaries have defined benefit pension plans and severance indemnities plans. 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.

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 calculated based on reported earnings before income taxes and equity in earnings of associated companies. 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, tax loss carryforwards and tax credit carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit 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.

Upon the introduction of the Australian Mineral Resource Rent Tax Act and Expansion of the Petroleum Resource Rent Tax Act, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. As we plan to apply the market value approach, and the Mineral Resource Rent Tax and Petroleum Resource Rent Tax are regarded as an income tax subject to tax effect accounting in accordance with ASC 740 “Income Taxes,” we recorded deferred tax assets for the operating assets based on the difference in the book values for accounting purposes and tax purposes (the market values as of May 1, 2010 based on our best estimation), and apply a valuation allowance for the portion we judged could not be realized in consideration of several tax deductible items such as royalties and the impact of future augmentation which will be incurred on tax losses carried forward in the Mineral Resource Rent Tax and Petroleum Resource Rent Tax.

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 through June 21, 2013.

III. CERTAIN PHYSICAL COMMODITY SWAP TRANSACTIONS RELATED TO PRECIOUS METAL

While the Company and a certain subsidiary accounted for certain physical commodity swap transactions related to precious metal as derivatives prior to October 1, 2012, these transactions are accounted for as financings with physical commodities pledged as collateral beginning with the three-month period ended December 31, 2012. As a result of the change, the companies recorded ¥139,048 million in Inventories and ¥143,103 million in Short-term debt in the consolidated balance sheet as of March 31, 2013. Since there were no material effects on the financial position and results of operations of the companies in any period presented in the consolidated financial statements, the companies did not restate the balances as of March 31, 2012 and the amounts for the year ended March 31, 2012 and 2011 in connection with such changes.

IV. RECLASSIFICATION

Certain reclassifications and format changes have also been made to prior year amounts to conform to the current year presentation.

V. 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 years ended March 31, 2013, 2012 and 2011 were not reclassified due to their immateriality to the companies' financial position and results of operations.

VI. NEW ACCOUNTING STANDARDS

Testing goodwill for impairment

Effective April 1, 2012, the companies adopted the new provisions in ASC 350 which the FASB issued as ASU 2011-08, "Testing Goodwill for Impairment."

ASU 2011-08 amends the provisions in ASC 350 and permits the companies not to calculate the fair value of the reporting unit unless it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a result of qualitative approach.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Presentation of comprehensive income

Effective April 1, 2012, the companies adopted the new provisions in ASC 220, "Comprehensive Income," which the FASB issued as ASU 2011-05, "Presentation of Comprehensive Income," and ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05."

ASU 2011-05 amends the provisions in ASC 220 and requires net income and other comprehensive income to be presented either in a single continuous statement or in two separate but consecutive statements. ASU 2011-12 defers the application of provisions amended by ASU 2011-05 for the presentation of reclassification of items out of accumulated other comprehensive income.

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

Testing indefinite-lived intangible assets for impairment

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment."

ASU 2012-02 amends the provisions in ASC 350 and permits the companies not to calculate the fair value of the indefinite-lived intangible assets unless it is more likely than not that the fair value of the assets is less than its carrying amount as a result of qualitative approach.

The provisions are effective for testing indefinite-lived intangible assets for impairment in fiscal years beginning on or after September 16, 2012 and interim periods within those fiscal years. The effect of the adoption of these provisions on the companies' financial position and results of operations will be immaterial.

Disclosures about offsetting assets and liabilities

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities."

ASU 2013-01 clarifies the scope of ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities," applies to derivatives accounted for in accordance with ASC 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC 210-20-45 or ASC 810-10-45 or subject to an enforceable master netting arrangement or similar agreement.

The provisions are effective prospectively for interim and annual periods beginning after January 1, 2013. The effect of the adoption of these provisions on the companies' financial position and results of operations will be immaterial.

VII. USE OF ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. BUSINESS COMBINATIONS

For the year ended March 31, 2013

Interest of Oil and Gas Concessions in the UK North Sea

On June 22, 2012, Mitsui E&P UK Limited, an 89.34% owned subsidiary of the Company, entered into a definitive agreement with Arco British Limited, a 100% owned subsidiary of BP p.l.c., to acquire the British oil major's working interest in the Alba oil field (percentage interest: 13.30%) and the Britannia gas and condensate field (8.97%) in the UK North Sea area for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition for ¥21,293 million (U.K. £162 million) was closed on December 7, 2012 (the acquisition date). As a result of a post-closing purchase price adjustment, the acquisition cost was changed to ¥22,409 million (U.K. £169 million) during the year ended March 31, 2013. The adjusting payment of ¥1,116 million (U.K. £7 million) was paid on April 24, 2013.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 4,050
Property and equipment	29,211
Intangible assets	1,835
Investments and other assets	10,748
Total assets acquired	45,844
Current liabilities	(752)
Long-term liabilities	(22,683)
Total liabilities assumed	(23,435)

Accounts receivable recorded at fair value of ¥3,082 million is included in current assets in the table above.

Pro forma results of operations for the above acquisition have not been presented because the effects were not material to the consolidated financial statements. A net decrease in cash and cash equivalents of ¥21,293 million arising from this acquisition is included in acquisitions of businesses, net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2013.

After the reporting period but before the financial statements are issued, the following business combination occurred

Total E&P Energia Italia S.r.l

On March 18, 2013, Mitsui E&P Italia A S.r.l, an 89.34% owned subsidiary of the Company, entered into a definitive agreement with Total E&P Italia S.p.A, to acquire all shares of Total E&P Energia Italia S.r.l which owns a 25% participating interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy, for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition for €757 million was closed on June 21, 2013 (the acquisition date).
The Company is currently determining the acquisition-date fair value of assets acquired and liabilities assumed. As a result, further information related to the accounting for this business combination, such as the fair value for assets acquired and liabilities assumed, has not been disclosed.

For the year ended March 31, 2012

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 year ended March 31, 2012.

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 following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 60,346
Property and equipment	55,759
Intangible assets	4,853
Investments and other assets	9,381
Total assets acquired	130,339
Current liabilities	(75,049)
Long-term liabilities	(15,127)
Total liabilities assumed	(90,176)
Net assets acquired	¥ 40,163

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥1,179 million from the contractual amounts of ¥8,340 million.

¥687 million and ¥4,166 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Lifestyle segment.

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 businesses, net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

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 ¥15,137 million during the year ended March 31, 2012.

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 following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 1,138
Property and equipment	3,946
Intangible assets	3,746
Investments and other assets	7,215
Total assets acquired	16,045
Current liabilities	(44)
Long-term liabilities	(864)
Total liabilities assumed	(908)
Net assets acquired	¥ 15,137

¥1,526 million and ¥2,220 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The intangible assets subject to amortization consist primarily of customer relationship of ¥1,200 million with an amortization period of 10 years. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Lifestyle segment.

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 ¥15,128 million arising from this business combination is included in acquisitions of businesses, net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

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 following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 5,275
Property and equipment	2,453
Intangible assets	11,134
Investments and other assets	4,750
Total assets acquired	23,612
Current liabilities	(3,269)
Long-term liabilities	(3,713)
Total liabilities assumed	(6,982)
Noncontrolling interests	(2,889)
Net assets acquired	¥ 13,741

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥46 million from the contractual amounts of ¥1,510 million.

¥8,564 million and ¥2,571 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The intangible assets subject to amortization consist primarily of rights to operate of ¥6,250 million with an amortization period of 11-25 years. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Innovation & Cross Function segment.

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 ¥11,484 million arising from this business combination is included in acquisitions of businesses, net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

For the year ended March 31, 2011

On December 24, 2009, MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon") entered into a definitive agreement with Gas Natural SDG, S.A. to acquire 100% of its outstanding shares of a portfolio of companies holding five gas-fired combined cycle power stations in Mexico, as well as relevant companies including a pipeline company. This acquisition for ¥111,519 million (U.S. $1,221 million) was closed on June 2, 2010 (the acquisition date). The Company intended 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 businesses, net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2011.

4. *MARKETABLE SECURITIES AND OTHER INVESTMENTS*

Debt and marketable equity securities

At March 31, 2013 and 2012, the cost, fair value and gross unrealized holding gains on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
March 31, 2013:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 207,774	¥ 403,264	¥ 195,583	¥ (93)	¥ 195,490
Marketable equity securities (Non-Japan)	19,653	48,399	28,968	(222)	28,746
Preferred stock that must be redeemed	52,923	47,168	1,933	(7,688)	(5,755)
Government bonds	15	15	0	—	0
Other securities	285	285	0	—	0

March 31, 2012:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
Available-for-sale:					
Marketable equity securities (Japan)	¥ 218,015	¥ 370,506	¥ 155,245	¥ (2,754)	¥ 152,491
Marketable equity securities (Non-Japan)	14,767	41,637	27,072	(202)	26,870
Preferred stock that must be redeemed	63,412	55,523	1,363	(9,252)	(7,889)
Government bonds	20	20	0	—	0
Other securities	460	460	0	—	0

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
March 31, 2013:					
Held-to-maturity debt securities	¥ 3,593	¥ 3,593	¥ 0	—	¥ 0
March 31, 2012:					
Held-to-maturity debt securities	¥ 2,364	¥ 2,364	¥ 0	—	¥ 0

At March 31, 2013 and 2012, the companies did not hold available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the Consolidated Balance Sheets.

At March 31, 2013 and 2012, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen			
	Less than 12 months		12 months or more	
	Fair value	Unrealized holding losses	Fair value	Unrealized holding losses
March 31, 2013:				
Available-for-sale:				
Marketable equity securities	¥ 3,404	¥ (315)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 38,300	¥ (7,688)
Total	¥ 3,404	¥ (315)	¥ 38,300	¥ (7,688)
March 31, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 19,389	¥ (2,956)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 47,709	¥ (9,252)
Total	¥ 19,389	¥ (2,956)	¥ 47,709	¥ (9,252)

The companies' investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed (approximately 15 issuers) at March 31, 2013. The severity of decline in fair value less than cost for these investments was 3% to 17%. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market and the duration of the impairment was less than nine months. The companies evaluated the near-term prospects of the issuers of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at March 31, 2013.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. Losses on write-down of current portion of the preferred stock were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary. For the non-current portion, the companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider this portion to be other-than-temporarily impaired at March 31, 2013.

For the years ended March 31, 2013, 2012 and 2011, losses of ¥17,298 million, ¥12,337 million and ¥8,613 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portions of net trading gains and losses for the years that relate to trading securities still held at March 31, 2013, 2012 and 2011 were as follows:

	Millions of Yen		
	2013	2012	2011
Net trading gains (losses)	¥ —	¥ —	¥ 2

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the years ended March 31, 2013, 2012 and 2011 were as follows:

	Millions of Yen		
	2013	2012	2011
Proceeds from sales	¥ 31,318	¥ 25,327	¥ 21,351
Gross realized gains	¥ 14,073	¥ 10,736	¥ 6,583
Gross realized losses	(80)	(189)	(1,495)
Net realized gains	¥ 13,993	¥ 10,547	¥ 5,088

Debt securities classified as available-for-sale and held-to-maturity at March 31, 2013 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	¥ 6,951	¥ 8,883	¥ 10	¥ 10
After 1 year through 5 years	45,987	38,300	122	122
After 5 years through 10 years	285	285	—	—
After 10 years	—	—	3,461	3,461
Total	¥ 53,223	¥ 47,468	¥ 3,593	¥ 3,593

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturities.

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 ¥360,822 million and ¥378,027 million at March 31, 2013 and 2012, 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 ¥9,981 million, ¥21,144 million and ¥10,851 million for the years ended March 31, 2013, 2012 and 2011, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥315,599 million and ¥326,136 million at March 31, 2013 and 2012, respectively. Investments with an aggregate carrying amount of ¥284,451 million and ¥285,546 million at March 31, 2013 and 2012, respectively, were not evaluated for impairment because the companies did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments and the companies determined that it is not practicable to estimate the fair value of those investments in accordance with the requirements of ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments."

5. *INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES*

Investments in associated companies (investees owned 20% to 50%, corporate joint ventures and other investees over which the companies have the ability to exercise significant influence) are accounted for under the equity method. In addition, noncontrolling investments in general partnerships, limited partnerships and limited liability companies are also accounted for under the equity method. Such investments include, but are not limited to, the companies' investments in Valepar S.A. (18.24%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), Inversiones Mineras Acrux SpA (32.20%), IHH Healthcare Berhad (20.40%), JA Mitsui Leasing, Ltd. (33.40%), P.T. Paiton Energy (40.51%), Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd. (25.00%), SCM Minera Lumina Copper Chile (25.00%), Sims Metal Management Limited (17.70%), and Penske Automotive Group, Inc. (17.23%).

The investment in Valepar S.A. is accounted for under the equity method because of the Company's ability to exercise significant influence over operating and financial policies primarily through the board representation and power of veto over significant operating and financial decisions through the board of directors. As the sole operating company among the shareholders, which consist primarily of pension funds and financial institutions, the Company utilizes its experience and expertise in operating businesses and substantively participates in the decision-making processes.

The investment in Sims Metal Management Limited is accounted for under the equity method because the companies are the largest and sole shareholder to have board designation right and the top up right, which enable the companies to increase their share in the event of dilution so that the companies are able to retain proportionate share after the dilutive event, and the companies have ability to exercise significant influence over operating and financial policies primarily through the board representation and the membership in various advisory committees to the board, such as the Finance and Investment Committee.

The companies are the second largest shareholder group of Penske Automotive Group, Inc. ("PAG") and entered into a shareholders agreement with the largest shareholder group owning approximately 35% of its voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the U.S. Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through the board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in the decision-making processes.

Associated companies are engaged primarily in the development of natural resources, power generation businesses outside Japan and the distribution of various products. The major geographic areas of such entities are the Americas, Europe, Asia and Oceania.

Investments in and advances to associated companies at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen	
	2013	2012
Investments in capital stock	¥ 2,140,505	¥ 1,542,140
Advances	184,750	166,942
Total	¥ 2,325,255	¥ 1,709,082

The carrying value of the investments in associated companies exceeded the companies' equity in the underlying net assets of such associated companies by ¥134,782 million and ¥94,467 million at March 31, 2013 and 2012, respectively. The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments are generally attributed to property and equipment which consist primarily of mineral rights amortized over their respective estimated useful lives, principally 3 to 47 years, using either the straight-line or the unit-of-production method.

Investments in common stock of publicly traded associated companies include marketable equity securities carried at ¥259,669 million and ¥155,397 million at March 31, 2013 and 2012, respectively. Corresponding aggregate quoted market values were ¥414,382 million and ¥209,991 million, respectively and these quoted market values are classified as level 1 in the fair value hierarchy.

Summarized financial information for associated companies at March 31, 2013 and 2012, and for the years ended March 31, 2013, 2012 and 2011, were as follows:

	Millions of Yen	
	2013	2012
Current assets	¥ 7,822,947	¥ 6,999,777
Property and equipment—net of accumulated depreciation	13,343,190	10,872,414
Other assets	4,752,737	3,560,823
Total assets	¥ 25,918,874	¥ 21,433,014
Current liabilities	¥ 5,271,631	¥ 4,527,844
Long-term liabilities	7,923,553	6,554,649
Associated companies' shareholders' equity	7,870,296	5,809,416
Non-controlling interests	4,853,394	4,541,105
Total liabilities and shareholders' equity	¥ 25,918,874	¥ 21,433,014
The companies' equity in the net assets of associated companies	¥ 2,005,723	¥ 1,447,673

	Millions of Yen		
	2013	2012	2011
Revenues	¥ 12,875,002	¥ 13,073,868	¥ 11,574,275
Gross profit	3,555,780	4,619,584	4,149,201
Net income attributable to associated companies	697,868	1,200,360	1,118,727

The companies' revenues and purchases from associated companies included in cost of revenues during the years ended March 31, 2013, 2012 and 2011, were as follows:

	Millions of Yen		
	2013	2012	2011
Revenues	¥ 50,901	¥ 52,229	¥ 51,562
Purchases	322,325	351,655	321,713

Dividends received from associated companies for the years ended March 31, 2013, 2012 and 2011, amounted to ¥115,734 million, ¥159,286 million and ¥149,746 million, respectively.

Consolidated unappropriated retained earnings at March 31, 2013 and 2012, included the companies' equity in net undistributed earnings of associated companies in the amount of ¥544,357 million and ¥468,673 million, respectively.

6. *FINANCING RECEIVABLES AND RELATED ALLOWANCES*

Portfolio segment

The financing receivables below are mainly loans and long-term receivables for the purpose of providing financing 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 March 31, 2013, 2012 and 2011, were as follows.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Year ended March 31, 2013:			
Related Allowances			
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Credits charged off	(5,290)	(17,562)	(22,852)
Provision for doubtful receivables	4,932	13,190	18,122
Others	6,252	965	7,217
Balance at March 31, 2013	¥ 39,845	¥ 6,218	¥ 46,063
Allowances Collectively Evaluated	1,309	1,521	2,830
Allowances Individually Evaluated	38,536	4,697	43,233
Financing Receivables			
Balance at March 31, 2013	¥ 545,525	¥ 131,190	¥ 676,715
Financing Receivables with Allowances Collectively Evaluated	480,338	123,600	603,938
Financing Receivables with Allowances Individually Evaluated	65,187	7,590	72,777

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

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Year ended March 31, 2012:			
Related Allowances			
Balance at March 31, 2011	¥ 42,693	¥ 7,210	¥ 49,903
Credits charged off	(6,831)	(10,970)	(17,801)
Provision for doubtful receivables	(54)	13,717	13,663
Others	(1,857)	(332)	(2,189)
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Allowances Collectively Evaluated	1,286	2,774	4,060
Allowances Individually Evaluated	32,665	6,851	39,516
Financing Receivables			
Balance at March 31, 2012	¥ 414,864	¥ 134,664	¥ 549,528
Financing Receivables with Allowances Collectively Evaluated	366,131	123,507	489,638
Financing Receivables with Allowances Individually Evaluated	48,733	11,157	59,890

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 March 31, 2011:						
Related Allowances						
Balance at December 31, 2010	¥	45,064	¥	6,256	¥	51,320
Credits charged off		(4,569)		(2,037)		(6,606)
Provision for doubtful receivables		503		2,793		3,296
Others		1,695		198		1,893
Balance at March 31, 2011	¥	42,693	¥	7,210	¥	49,903
Allowances Collectively Evaluated		1,861		2,198		4,059
Allowances Individually Evaluated		40,832		5,012		45,844
Financing Receivables						
Balance at March 31, 2011	¥	454,223	¥	125,967	¥	580,190
Financing Receivables with Allowances Collectively Evaluated		383,771		117,836		501,607
Financing Receivables with Allowances Individually Evaluated		70,452		8,131		78,583

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, 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 March 31, 2013:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 126,037	¥ 259,152	¥ 1,664	¥ 31,760	¥ 9,421
Nonperforming	3,549	12,343	6,899	3,943	2,449
Total	¥ 129,586	¥ 271,495	¥ 8,563	¥ 35,703	¥ 11,870

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 11,274	¥ 62,297	¥ 501,605
Nonperforming	5,890	8,847	43,920
Total	¥ 17,164	¥ 71,144	¥ 545,525

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 25,566	¥ 233,005	¥ 843	¥ 27,698	¥ 11,589
Nonperforming	3,272	12,404	6,781	3,446	2,355
Total	¥ 28,838	¥ 245,409	¥ 7,624	¥ 31,144	¥ 13,944

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 2,330	¥ 71,306	¥ 372,337
Nonperforming	4,729	9,540	42,527
Total	¥ 7,059	¥ 80,846	¥ 414,864

During the year ended March 31, 2013, the classification of corporate businesses areas has been changed in consideration of the evolution of companies' portfolio strategy. In accordance with this change, balance at March 31, 2012, has been reclassified to conform to the current presentation.

Corporate Businesses are mainly classified into the following business areas.
Metals: Iron & Steel Products, Mineral & Metal Resources
Machinery & Infrastructure: Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace
Chemicals: Chemical
Energy: Energy
Lifestyle: Foods Resources, Food Product & Services, Consumer Service
Innovation & Cross Function: IT, Financial & New Business, 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 March 31, 2013:
Corporate Businesses

	Millions of Yen				
	Metals	**Machinery & Infrastructure**	**Chemicals**	**Energy**	**Lifestyle**
Less than 90 days (including not past due)...	¥ 125,012	¥ 257,341	¥ 5,532	¥ 28,602	¥ 10,092
90 days or more...............	4,574	14,154	3,031	7,101	1,778
Total	¥ 129,586	¥ 271,495	¥ 8,563	¥ 35,703	¥ 11,870

	Millions of Yen		
	Innovation & Cross Function	**Others**	**Total**
Less than 90 days (including not past due)...	¥ 14,153	¥ 66,864	¥ 507,596
90 days or more...............	3,011	4,280	37,929
Total	¥ 17,164	¥ 71,144	¥ 545,525

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)...........	¥ 120,353
30-89 days past due.................	4,843
90-179 days past due...............	2,944
180-359 days past due.............	1,311
360 days or more past due.......	1,739
Total	¥ 131,190

For the companies engaged in both 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, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Less than 90 days (including not past due)...	¥ 24,887	¥ 234,808	¥ 5,075	¥ 27,696	¥ 12,317
90 days or more...............	3,951	10,601	2,549	3,448	1,627
Total	¥ 28,838	¥ 245,409	¥ 7,624	¥ 31,144	¥ 13,944

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Less than 90 days (including not past due)...	¥ 3,960	¥ 76,246	¥ 384,989
90 days or more...............	3,099	4,600	29,875
Total	¥ 7,059	¥ 80,846	¥ 414,864

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)...........	¥ 118,671
30-89 days past due.................	5,701
90-179 days past due..............	4,058
180-359 days past due............	5,110
360 days or more past due.......	1,124
Total	¥ 134,664

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

Impaired financing receivables

The amounts of recorded investments in the impaired financing receivables were as follows.

Balance at March 31, 2013:
Corporate Businesses

	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥19,935	¥ 4,686	¥13,429	¥11,556	¥ 4,907	¥ 4,377	¥ 7,048	¥ 4,308
Without allowance for credit losses	58	—	632	—	12	—	—	—
Total	¥19,993	¥ 4,686	¥14,061	¥11,556	¥ 4,919	¥ 4,377	¥ 7,048	¥ 4,308

(Millions of Yen)

	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 3,079	¥ 2,994	¥ 5,886	¥ 5,244	¥10,903	¥ 5,371	¥65,187	¥38,536
Without allowance for credit losses	72	—	16	—	1,379	—	2,169	—
Total	¥ 3,151	¥ 2,994	¥ 5,902	¥ 5,244	¥12,282	¥ 5,371	¥67,356	¥38,536

(Millions of Yen)

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 7,590	¥ 4,697
Without allowance for credit losses	—	—
Total	¥ 7,590	¥ 4,697

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

Balance at March 31, 2012:
Corporate Businesses

	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥11,593	¥ 4,083	¥11,792	¥ 9,716	¥ 4,583	¥ 4,196	¥ 3,446	¥ 3,047
Without allowance for credit losses	—	—	633	—	548	—	—	—
Total	¥11,593	¥ 4,083	¥12,425	¥ 9,716	¥ 5,131	¥ 4,196	¥ 3,446	¥ 3,047

(Millions of Yen)

	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 2,957	¥ 2,892	¥ 4,287	¥ 3,653	¥10,075	¥ 5,078	¥48,733	¥32,665
Without allowance for credit losses	84	—	454	—	1,183	—	2,902	—
Total	¥ 3,041	¥ 2,892	¥ 4,741	¥ 3,653	¥11,258	¥ 5,078	¥51,635	¥32,665

(Millions of Yen)

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 11,157	¥ 6,851
Without allowance for credit losses	—	—
Total	¥ 11,157	¥ 6,851

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

The average investments in the impaired financing receivables were as follows.

Year ended March 31, 2013:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 15,793	¥ 13,243	¥ 5,025	¥ 5,247	¥ 3,096	¥ 5,322	¥ 11,770	¥ 59,496	¥ 9,374

Year ended March 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 16,132	¥ 13,724	¥ 5,955	¥ 4,075	¥ 4,748	¥ 4,603	¥ 13,162	¥ 62,398	¥ 9,644

Three-month period ended March 31, 2011:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 21,619	¥ 15,067	¥ 6,825	¥ 4,731	¥ 6,557	¥ 4,492	¥ 16,348	¥ 75,637	¥ 4,066

Note: Interest income for the year ended March 31, 2013, 2012 and 2011, recognized on impaired financing receivables was considered minor.

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 March 31, 2013:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 19,993	¥ 27,512	¥ 4,919	¥ 7,048	¥ 3,151	¥ 5,902	¥ 12,282	¥ 80,807	¥ 7,590

Balance at March 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 4,129	¥ 23,996	¥ 5,131	¥ 3,446	¥ 3,002	¥ 4,741	¥ 11,259	¥ 55,704	¥ 11,157

Troubled Debt Restructurings

The companies classify receivables as troubled debt restructurings (“TDRs”) as the receivables which: 1) had their conditions modified through the conclusion of 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 the 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 year ended March 31, 2013 and 2012.

Millions of Yen			
Year ended March 31, 2013		Year ended March 31, 2012	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 14,391	¥ 13,019	¥ 14,024	¥ 13,292

The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the year ended March 31, 2013 was ¥1,513 million.
The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the year ended March 31, 2012 was 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 after April 1, 2011 and subsequently defaulted during the year ended March 31, 2013 for the retail finance business was ¥6,233 million.
The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the year ended March 31, 2012 for the retail finance business was ¥1,088 million.
As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

7. *LEASES*

Lessor

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others.

Certain leases of rolling stock, aircraft, equipment, real estate and others are classified as direct financing leases, sales-type leases or leveraged leases, and the net investments are included as part of trade receivables—accounts and non-current receivables, less unearned interest in the accompanying Consolidated Balance Sheets. The companies have no general obligation for principal and interest on notes and other instruments related to third-party participation in leveraged leases. Such notes and other instruments have not been included in liabilities but have been offset against the related lease receivables. The residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on the companies' future ability to sell the related assets under then prevailing market conditions.

Other leases are classified as operating leases and the related assets are presented as property leased to others—at cost, less accumulated depreciation in the accompanying Consolidated Balance Sheets.

The following comprises the components of the net investment in direct financing leases and sales-type leases as of March 31, 2013 and 2012:

	Millions of Yen	
	2013	2012
Total minimum lease payments to be received	¥ 109,928	¥ 95,064
Estimated unguaranteed residual value of leased assets	6,199	6,933
Less unearned income	(38,255)	(30,440)
Net investment in direct financing leases and sales-type leases	¥ 77,872	¥ 71,557

The following is a schedule by years of future minimum lease payments to be received from direct financing leases and sales-type leases as of March 31, 2013:

	Millions of Yen
Year ending March 31:	
2014	¥ 15,248
2015	15,088
2016	14,452
2017	13,222
2018	11,694
Thereafter	40,224
Total	¥ 109,928

The following represents the components of the net investment in leveraged leases as of March 31, 2013 and 2012:

	Millions of Yen	
	2013	2012
Total minimum lease payments to be received (net of principal and interest on third-party nonrecourse debt)	¥ 3,693	¥ 3,230
Estimated unguaranteed residual value of leased assets	4,439	3,879
Less unearned income	(1,647)	(1,579)
Investment in leveraged leases	6,485	5,530
Less deferred tax liabilities arising from leveraged leases	(4,671)	(4,559)
Net investment in leveraged leases	¥ 1,814	¥ 971

The following provides an analysis of the companies' investment in property leased to others under operating leases by classes as of March 31, 2013 and 2012:

	Millions of Yen					
	2013			2012		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Real estate	¥ 233,220	¥ (83,048)	¥ 150,172	¥ 220,600	¥ (80,158)	¥ 140,442
Rolling stock	106,718	(12,515)	94,203	85,156	(8,353)	76,803
Ocean transport vessels	59,329	(8,239)	51,090	44,737	(4,929)	39,808
Aircraft	15,338	(563)	14,775	10,168	(257)	9,911
Equipment and others	32,395	(12,008)	20,387	14,492	(8,710)	5,782
Total	¥ 447,000	¥ (116,373)	¥ 330,627	¥ 375,153	¥ (102,407)	¥ 272,746

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of March 31, 2013:

	Millions of Yen
Year ending March 31:	
2014	¥ 23,116
2015	16,642
2016	12,358
2017	10,503
2018	7,527
Thereafter	14,224
Total	¥ 84,370

Lessee

The companies lease equipment, real estate and others under capital leases. Approximately 66% and 40% of the capital leases are with the Company's associated company, JA Mitsui Leasing, Ltd. at March 31, 2013 and 2012, respectively.

The following provides an analysis of the companies' leased assets recorded under capital leases by classes as of March 31, 2013 and 2012:

	Millions of Yen					
	2013			2012		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Equipment	¥ 13,891	¥ (6,480)	¥ 7,411	¥ 14,400	¥ (6,446)	¥ 7,954
Real estate	7,405	(2,237)	5,168	6,625	(2,270)	4,355
Others	760	(445)	315	1,056	(746)	310
Total	¥ 22,056	¥ (9,162)	¥ 12,894	¥ 22,081	¥ (9,462)	¥ 12,619

The following is a schedule by years of future minimum lease payments under capital leases together with components of the present value of the net minimum lease payments as of March 31, 2013. Minimum payments have not been reduced by minimum sublease rentals of ¥19,207 million due in the future under subleases:

		Millions of Yen
Year ending March 31:		
2014	¥	5,405
2015		5,368
2016		4,688
2017		3,957
2018		3,029
Thereafter		20,241
Total minimum lease payments		42,688
Less amount representing interest		8,076
Present value of net minimum lease payments		34,612
Less current capital lease obligations		4,089
Long-term capital lease obligations	¥	30,523

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others under operating leases. Most of the rolling stock, ocean transport vessels and aircraft under operating leases are subleased to third parties.

Certain subsidiaries sold real estate for ¥3,723 million and rolling stocks for ¥3,366 million to third parties during the years ended March 31, 2013 and 2011, respectively, and leased them back with terms ranging up to 5 years. The resulting leases were classified as operating leases. There were no such transactions during the year ended March 31, 2012.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of March 31, 2013. Minimum payments have not been reduced by minimum sublease rentals of ¥14,298 million due in the future under noncancelable subleases:

		Millions of Yen
Year ending March 31:		
2014	¥	17,895
2015		14,965
2016		10,358
2017		6,259
2018		4,871
Thereafter		25,487
Total	¥	79,835

Rental expenses incurred for operating leases for the years ended March 31, 2013, 2012 and 2011 were ¥40,870 million, ¥40,861 million and ¥44,213 million, respectively. Sublease rental income for the years ended March 31, 2013, 2012 and 2011 were ¥16,785million, ¥14,672 million and ¥20,094 million, respectively.

8. *PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL*

Pledged assets

At March 31, 2013 and 2012, 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	
	2013	2012
Trade receivables (current and non-current)	¥ 86,830	¥ 76,286
Inventories	141,885	9,716
Investments	192,808	194,900
Property leased to others (net book value)	15,748	23,446
Property and equipment (net book value)	36,756	57,093
Other	6,538	17,332
Total	¥ 480,565	¥ 378,773

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

	Millions of Yen	
	2013	2012
Short-term debt	¥ 147,104	¥ 9,871
Long-term debt	112,994	157,840
Financial guarantees and other	220,467	211,062
Total	¥ 480,565	¥ 378,773

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts.

In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. See Note 12, "SHORT-TERM AND LONG-TERM DEBT," for certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

Financial assets accepted as collateral

At March 31, 2013 and 2012, the fair values of financial assets that the companies accepted as collateral for trade receivables and that they are permitted to sell or repledge consisted of the following:

	Millions of Yen	
	2013	2012
Bank deposits	¥ 918	¥ 883
Trade receivables—accounts	1,777	2,031
Stocks and bonds	5,457	4,993

There were no financial assets repledged or accepted as collateral under security repurchase agreements at March 31, 2013 and 2012.

9. IMPAIRMENT LOSS ON LONG-LIVED ASSETS

The companies have recognized impairment losses on long-lived assets in accordance with the provisions of ASC 360 “Property, Plant, and Equipment” during the years ended March 31, 2013, 2012 and 2011.

The impairment loss on long-lived assets for the year ended March 31, 2013, Australian iron ore operations, which are run as joint ventures with BHP Billiton Ltd. through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd., recorded impairment losses totaling ¥6,441 million for the revision of the development sequence.

The impairment for the year ended March 31, 2013 related to the suspension of pre-commitment works for the outer harbour development option at Port Hedland in Western Australia.

The impairment loss on long-lived assets for the year ended March 31, 2012 consisted principally of mining equipment and mineral rights of ¥5,026 million, which were owned by Mitsui & Co. Uranium Australia Pty. Ltd., a subsidiary in Australia engaged in the exploration, development and production of uranium.

The impairment for the year ended March 31, 2012 related to the revaluation of the assets due to its decision to withdraw from a uranium mine development project in Australia.

The impairment loss on long-lived assets for the year ended March 31, 2011 consisted principally of mining equipment and mineral rights of ¥6,921 million, which were owned by Mitsui & Co. Uranium Australia Pty. Ltd., and distribution facilities of ¥4,019 million, which were owned by an oil downstream business subsidiary, Mitsui Oil Co., Ltd. (Japan).

The impairments for the year ended March 31, 2011 mainly related to the revaluation of the assets due to the delay of the development schedule in Australia, and the change in the oil business conditions in Japan.

See Note 22, “EXIT OR DISPOSAL COST OBLIGATIONS,” for the exit or disposal activities which resulted in recognition of an impairment loss on long-lived assets.

Impairment losses on long-lived assets recognized by operating segment for the years ended March 31, 2013, 2012 and 2011 were as follows:

	Millions of Yen		
	2013	2012	2011
Iron & Steel Products	—	¥ 961	¥ 1,320
Mineral & Metal Resources	¥ 7,420	757	9
Machinery & Infrastructure	9	2,496	2,121
Chemicals	846	1,224	—
Energy	1,261	5,396	13,002
Lifestyle	1,288	2,185	1,069
Innovation & Cross Function	4	70	304
Americas	1,287	931	336
Asia Pacific	20	—	—
All Other	90	11	127
Consolidated Total	¥ 12,225	¥ 14,031	¥ 18,288

Note: The figures for the year ended March 31, 2012 and 2011 have been reclassified to conform to the current year segment presentation of the operating segment information.

The fair value of the assets is calculated based on independent appraisals, market value or discounted future cash flows whichever management considers most appropriate.

In addition to the impairment loss on long-lived assets based on ASC 360 “Property, Plant, and Equipment” shown in the above table, the impairment loss on intangible assets not subject to amortization based on ASC 350 “Intangibles—Goodwill and Other” was included in impairment loss of long-lived assets in the Statements of Consolidated Income for the years ended March 31, 2013, 2012, and 2011 as discussed in Note 11, “GOODWILL AND OTHER INTANGIBLE ASSETS.”

10. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations are principally related to the costs of dismantling and removing mining and oil and gas production facilities owned by subsidiaries in Australia, which are engaged in mining operations or oil and gas producing activities and a domestic subsidiary, which has interests in oil and gas operations in Southeast Asia and other areas.

The changes in asset retirement obligations for the years ended March 31, 2013 and 2012 were as follows:

	Millions of Yen	
	2013	2012
Balance at beginning of year	¥ 92,553	¥ 76,831
Liabilities incurred	10,038	284
Liabilities settled	(6)	(23)
Disposition of assets	(303)	(143)
Accretion expense	4,432	4,666
Revisions in estimated cash flows	(11,526)	11,171
Foreign currency translation adjustments	12,374	(233)
Balance at end of year	¥ 107,562	¥ 92,553

11. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets subject to amortization at March 31, 2013 and 2012 consisted of the following:

	Millions of Yen			
	2013		2012	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Software	¥ 78,576	¥ 45,290	¥ 75,662	¥ 40,881
Trademarks	15,172	13,176	17,545	15,572
Customer relationships	12,940	3,585	8,767	3,079
Rights to operate	9,099	898	11,293	510
Patents	8,390	8,107	7,369	7,086
Others	31,140	21,334	32,885	21,635
Total	¥155,317	¥ 92,390	¥153,521	¥ 88,763

The aggregate amortization expense of intangible assets for the years ended March 31, 2013, 2012 and 2011 was ¥14,463 million, ¥14,466 million and ¥13,215 million, respectively. The estimated aggregate amortization expense of intangible assets at March 31, 2013 for each of the next five years is as follows:

	Millions of Yen
Year ending March 31:	
2014	¥ 16,208
2015	11,915
2016	7,775
2017	4,921
2018	3,245

Total carrying amount of intangible assets not subject to amortization (excluding goodwill) at March 31, 2013 and 2012 consisted of:

	Millions of Yen	
	2013	2012
Land rights	¥ 7,190	¥ 7,250
Trademarks	614	605
Others	2,693	2,471
Total	¥ 10,497	¥ 10,326

Intangible assets subject to amortization acquired during the year ended March 31, 2013 totaled ¥13,193 million, and consisted primarily of software of ¥11,839 million. The weighted average amortization periods for intangible assets subject to amortization in total and software are both 5 years. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2013 totaled ¥130 million.

Intangible assets subject to amortization acquired during the year ended March 31, 2012 totaled ¥27,573 million, and consisted primarily of software of ¥10,981 million and rights to operate of ¥11,293 million. The weighted average amortization periods for software and right to operate are 5 years and 18 years, respectively. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2012 totaled ¥724 million.

The impairment losses recognized for intangible assets subject to amortization and not subject to amortization (excluding goodwill) for the years ended March 31, 2013, 2012 and 2011 were immaterial.

The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2013 and 2012 were as follows:

	Millions of Yen							
	Iron & Steel Products	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Americas	Consolidated Total
Balance at April 1, 2011								
Goodwill	¥ 872	¥ 8,693	¥ 4,233	—	¥ 24,152	¥ 9,857	¥ 26,533	¥ 74,340
Accumulated impairment losses	—	(3,463)	—	—	(16,629)	(7,201)	(18,771)	(46,064)
	872	5,230	4,233	—	7,523	2,656	7,762	28,276
Acquisition	—	2,704	—	—	6,386	2,571	1,685	13,346
Impairment losses	—	(251)	(1,658)	—	(607)	(1,248)	(445)	(4,209)
Others	—	(207)	(208)	—	(1,808)	(27)	60	(2,190)
Balance at March 31, 2012								
Goodwill	872	11,005	4,109	—	28,122	12,439	17,694	74,241
Accumulated impairment losses	—	(3,529)	(1,742)	—	(16,628)	(8,487)	(8,632)	(39,018)
	872	7,476	2,367	—	11,494	3,952	9,062	35,223
Acquisition	—	3,724	—	2,114	—	—	1,309	7,147
Impairment losses	—	—	—	—	—	—	—	—
Others	—	559	243	—	775	611	466	2,654
Balance at March 31, 2013								
Goodwill	872	15,675	4,587	2,114	28,912	13,236	17,174	82,570
Accumulated impairment losses	—	(3,916)	(1,977)	—	(16,643)	(8,673)	(6,337)	(37,546)
	¥ 872	¥ 11,759	¥ 2,610	¥ 2,114	¥ 12,269	¥ 4,563	¥ 10,837	¥ 45,024

Notes: (1) The figures for the year ended March 31, 2012 have been reclassified to conform to the current year segment presentation of the operating segment information.
(2) "Others" principally includes the effect of foreign currency exchange rate changes, decrease as the result of deconsolidation of subsidiaries and purchase accounting adjustments.

The impairment losses recognized for goodwill for the year ended March 31, 2012 were the accumulation of immaterial impairment losses.

12. SHORT-TERM AND LONG-TERM DEBT

Short-term debt at March 31, 2013 and 2012 were comprised of the following:

	Millions of Yen			
	2013		2012	
		Interest rate *1		Interest rate *1
Short-term bank loans and others	¥ 440,685	1.4%	¥ 255,914	2.0%
Commercial paper	79,341	0.3	51,537	0.3
Other secured financing	143,103	0.5	—	—
Total	663,129		307,451	
ASC 815 fair value adjustment *2	—		(319)	
Total	¥ 663,129		¥ 307,132	

*1. The interest rates represent weighted average rates in effect at March 31, 2013 and 2012 regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.

*2. In accordance with the requirements of ASC 815, "Accounting for Derivative Instruments and Hedging Activities," the portion of the companies' fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt's carrying value plus an ASC 815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

Unused lines of credit, for short-term financing the Company and its foreign subsidiaries, at March 31, 2013 and 2012, aggregated ¥546,948 million and ¥847,891 million, respectively. The Company and certain foreign subsidiaries compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2013, 2012 and 2011.

Long-term debt at March 31, 2013 and 2012 consisted of the following:

	Millions of Yen	
	2013	2012
Long-term debt with collateral (Note 8):		
Banks and insurance companies, maturing serially through 2045—principally 1.0% to 13.0%	¥ 37,561	¥ 60,626
Government-owned banks and government agencies, maturing serially through 2030—principally 0.0% to 12.0%	61,939	55,492
Bonds:		
Japanese yen bonds (floating rate 1.1%, due 2012)	—	2,400
Foreign currency bonds (floating rate 10.1%, due 2019)	4,280	—
Total	103,780	118,518
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.2% to 6.0%, maturing serially through 2033	1,664,052	1,744,405
Principally 0.0% to 11.2%, maturing serially through 2032 (payable in foreign currencies)	1,347,414	868,248
Bonds and notes:		
Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015)	10,000	10,000
Japanese yen bonds (fixed rate 0.7% to 3.2%, due 2012–2031)	260,965	295,959
Japanese yen bonds (fixed and floating rate: floating rate 1.1% to 2.7%, due 2013–2024)	91,500	101,500
Japanese yen bonds (floating rate 0.2% to 2.1%, due 2016–2017)	40,000	40,000
Notes under euro medium-term note programme (fixed rate 1.3% to 4.3%, due 2012–2017)	12,298	15,406
Notes under euro medium-term note programme (floating rate 0.6% to 5.3%, due 2013–2014)	1,974	1,726
Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.0% to 1.7%, due 2014–2024)	9,831	10,240
Capital lease obligations (principally 0.02% to 7.8%, maturing serially through 2030)	34,612	35,800
Total	3,472,646	3,123,284
Total	3,576,426	3,241,802
ASC 815 fair value adjustment*	29,742	29,073
Total	3,606,168	3,270,875
Less current maturities	421,211	372,657
Long-term debt, less current maturities	¥ 3,184,957	¥ 2,898,218

*In accordance with the requirements of ASC 815, “Accounting for Derivative Instruments and Hedging Activities,” the portion of the companies’ fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt’s carrying value plus an ASC 815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

The companies have entered into currency swap agreements and interest rate swap agreements in connection with certain bonds, notes and other long-term borrowings. The floating interest rates for interest rate swap agreements are generally based on the three-month or six-month LIBOR (London Interbank Offered Rate). The three-month and six-month LIBORs for Japanese yen denominated debt as of March 31, 2013 were 0.16% and 0.26%, respectively. The three-month and six-month LIBORs for Japanese yen denominated debt as of March 31, 2012 were 0.20% and 0.34%, respectively. (See Note 23, “DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES,” and Note 24, “FINANCIAL INSTRUMENTS.”).

Substantially all short-term and long-term bank borrowings are made under agreements which, as is customary in Japan, provide that under certain conditions a bank may require the borrower to provide collateral (or additional collateral) or guarantors with respect to the borrowings and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. Default provisions of certain loan agreements grant sale or possession rights of the pledged assets to lenders.

Under certain loan agreements with government-owned banks, the creditors may require the companies to submit proposals as to the payment of dividends and other appropriations of earnings for the creditors' review and approval before presentation to the shareholders. Certain of those agreements require the borrower, upon the request of the lender, to reduce outstanding loans before scheduled maturity dates when the lender considers that the companies are able to reduce such loans through increased earnings or through the proceeds from the sale of common stock or bonds and notes. During the years ended March 31, 2013 and 2012, the companies did not receive any such requests, and there is no expectation that any such requests will be made.

Maturities of long-term debt outstanding at March 31, 2013 were as follows, excluding the effect of the ASC 815, "Accounting for Derivative Instruments and Hedging Activities," fair value adjustment:

		Millions of Yen
Year ending March 31:		
2014	¥	419,761
2015		471,139
2016		398,874
2017		372,311
2018		387,362
Thereafter		1,526,979
Total	¥	3,576,426

13. PENSION COSTS AND SEVERANCE INDEMNITIES

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans, covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. The benefits from CPF are based on the length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnities plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

The companies use a measurement date of March 31 for their defined benefit pension plans.

Obligations and funded status

The following table sets forth the reconciliation of the companies' benefit obligations, plan assets and funded status of the plans:

	Millions of Yen	
	2013	**2012**
Change in benefit obligation:		
Benefit obligation at beginning of year	¥290,503	¥276,596
Service cost	9,337	7,880
Interest cost	5,743	6,314
Plan participants' contributions	413	362
Plan amendments	—	(13)
Actuarial loss	33,500	12,414
Benefits paid from plan assets	(12,492)	(12,013)
Direct benefit payments	(1,410)	(1,679)
Settlements	(9)	—
Acquisitions and divestitures	(799)	921
Foreign currency translation adjustments	3,427	(279)
Benefit obligation at end of year	328,213	290,503
Change in plan assets:		
Fair value of plan assets at beginning of year	234,346	239,708
Actual gain on plan assets	27,891	893
Employer contribution	7,725	5,128
Plan participants' contributions	413	362
Benefits paid from plan assets	(12,492)	(12,013)
Acquisitions and divestitures	(370)	423
Foreign currency translation adjustments	1,919	(155)
Fair value of plan assets at end of year	259,432	234,346
Funded status at end of year	¥(68,781)	¥(56,157)
Amounts recognized in the Consolidated Balance Sheets consist of:		
Other assets (prepaid pension costs)	¥ 231	¥ 340
Accrued expenses - others	(700)	(698)
Accrued pension costs and liability for severance indemnities	(68,312)	(55,799)
	¥(68,781)	¥(56,157)
Amounts recognized in accumulated other comprehensive loss before income tax effect consist of:		
Prior service cost	¥ 6,609	¥ 6,675
Net actuarial loss	105,497	102,610
	¥112,106	¥109,285

The prior service cost/credit is amortized over the average remaining service period of employees expected to receive related benefits.

The amortization periods of the net actuarial gain/loss are seven years for CPF and the average remaining service period for other defined benefit pension plans.

The accumulated benefit obligation for the companies' defined benefit pension plans as of March 31, 2013 and 2012 was ¥324,143 million and ¥286,331 million, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for plans with projected benefit obligations in excess of plan assets were ¥324,001 million and ¥255,674 million at March 31, 2013 and ¥286,899 million and ¥231,015 million at March 31, 2012. The aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were ¥319,988 million and ¥255,324 million at March 31, 2013 and ¥282,621 million and ¥230,603 million at March 31, 2012.

Components of net periodic pension costs and other amounts recognized in other comprehensive loss

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2013, 2012 and 2011 and other amounts recognized in other comprehensive loss for the year ended March 31, 2013, 2012 and 2011 included the following components:

	Millions of Yen		
	2013	**2012**	**2011**
Service cost – benefits earned during the period	¥ 9,337	¥ 7,880	¥ 9,856
Interest cost on projected benefit obligation	5,743	6,314	6,370
Expected return on plan assets	(7,755)	(7,907)	(8,006)
Amortization of prior service cost	67	32	170
Amortization of net actuarial loss	11,109	9,731	7,298
Settlement loss (gain)	78	—	(13)
Curtailment gain	—	—	(7)
Net periodic pension costs	¥ 18,579	¥ 16,050	¥ 15,668
Prior service cost arising during period	¥ —	¥ (13)	¥ (285)
Amortization of prior service cost	(67)	(32)	(170)
Net actuarial loss arising during period	13,590	19,389	23,636
Amortization of net actuarial loss	(11,109)	(9,731)	(7,298)
Acquisition and divestitures	(187)	—	(369)
Foreign currency translation adjustments	(423)	(531)	(586)
Total recognized in other comprehensive loss	¥ 1,804	¥ 9,082	¥ 14,928

The estimated prior service cost and net actuarial loss of the companies that will be amortized for the year ending March 31, 2014 are as follows:

	Millions of Yen
	2014
Amortization of prior service cost	¥ (455)
Amortization of net actuarial loss	(10,541)

Assumptions

Weighted-average assumptions used to determine the companies' benefit obligations as of March 31, 2013 and 2012 are set forth as follows:

	2013	**2012**
Discount rate	1.3%	2.1%
Rate of increase in future compensation levels	1.0%	0.9%

Weighted-average assumptions used to determine the companies' net periodic pension costs for the years ended March 31, 2013, 2012 and 2011 are set forth as follows:

	2013	**2012**	**2011**
Discount rate	2.1%	2.5%	2.6%
Expected long-term rate of return on plan assets	3.3%	3.3%	3.4%
Rate of increase in future compensation levels	0.9%	0.9%	0.9%

The companies determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds or long-term Japanese government bonds. The discount rates determined on each measurement date are used to calculate the benefit obligation as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

The rate of increase in future compensation levels was not applied in determining the projected benefit obligation of CPF other than the cash balance plan, because the benefit formulas of these plans do not contain factors relating to compensation levels.

The Company determines the expected long-term rate of return on plan assets based on the weighted-average rate of return computed by using the expected long-term rate of return on each asset class, which is derived from an extensive study conducted by investment advisors and actuaries on a periodic basis, and the target allocations for each asset class. The study includes a review of anticipated future performance with market analysis of individual asset classes, and also gives appropriate consideration to actual historical returns achieved by the plans. The subsidiaries determine the expected long-term rates of return on plan assets mainly based on the expectations for future returns by investment advisors and actuaries.

Plan assets

The Company's investment objective is to build high quality plan assets, and the investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in the fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to stably ensure adequate returns to provide future payments of pension benefits over the long term.

The companies' weighted-average target allocation of plan assets as of March 31, 2013 is 43% equity securities (including securities held in the employee retirement benefit trust), 56% debt securities, and 1% life insurance company general accounts.

The fair value of the companies' pension plan assets as of March 31, 2013 and 2012, by asset class and level within the fair value hierarchy, as described in Note 25, "FAIR VALUE MEASUREMENT," are set forth as follows:

	Millions of Yen							
	2013				2012			
Asset Class	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
Equity securities (Japan)	¥ 52,127	¥ 30,626	—	¥ 82,753	¥ 46,388	¥ 29,260	—	¥ 75,648
Equity securities (Non-Japan)	5,185	18,640	—	23,825	4,109	16,590	—	20,699
Debt securities (Japan)	641	59,691	—	60,332	1,011	65,713	—	66,724
Debt securities (Non-Japan)	4,277	57,023	—	61,300	5,668	33,873	—	39,541
Life insurance company general accounts	—	22,653	—	22,653	—	21,731	—	21,731
Cash and deposits	7,914	—	—	7,914	9,324	—	—	9,324
Other	3	652	—	655	139	540	—	679
Total	¥ 70,147	¥ 189,285	—	¥ 259,432	¥ 66,639	¥ 167,707	—	¥ 234,346

Equity securities above include securities held in the Company's employee retirement benefit trust. Publicly-traded, marketable equity securities and debt securities are valued using quoted market prices and classified as level 1. Other equity securities and debt securities are mostly pooled investments managed by trust banks. They are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as level 2. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. They are valued based on the value of the accounts calculated by the insurance companies and classified as level 2.

The fair value of equity securities of the companies and associated companies included in plan assets as of March 31, 2013 and 2012 were immaterial.

Cash flows

Contributions
The companies expect to contribute ¥12,074 million to their defined benefit pension plans for the year ending March 31, 2014.

Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Millions of Yen
Year ending March 31:	
2014	¥ 14,997
2015	14,996
2016	15,318
2017	15,302
2018	15,376
2019-2023	79,617

Multiemployer plan

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and subsidiaries also participate in MGPF, which are different from single-employer plans in the following respects:

- a Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c If a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the substitutional part of the welfare pension and the additional benefit stipulated by the plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2012, 2011, 2010 were as follows. A funding improvement plan has been implemented by MGPF as of March 31, 2012.

	Millions of Yen		
	2012	**2011**	**2010**
Plan assets, net of current payables	¥ 42,693	¥ 41,724	¥ 40,970
Benefit obligation under pension actuarial valuation	46,347	44,786	43,768

The subsidiaries contributed ¥1,398 million, ¥ 1,368 million and ¥1,558 million to MGPF for the years ended March 31, 2013, 2012 and 2011, respectively. The amount contributed by the subsidiaries constituted a significant portion of the total contribution and included surcharge.

The Company and certain subsidiaries also have defined contribution plans. For the years ended March 31, 2013, 2012 and 2011, the companies recorded ¥2,043 million, ¥1,998 million and ¥1,853 million as costs of defined contribution plans.

The Company also provides the "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels. During the years ended March 31, 2013, 2012 and 2011, the Company recorded ¥891 million, ¥1,345 million and ¥1,390 million of periodic payments in excess of previous projections and projected benefits based on factors including the history of benefit payments as selling, general and administrative expenses, respectively.

14. *EQUITY*

Common stock

Under the companies act of Japan enacted in May 2006 (the "Companies Act"), certain issuances of common stock, including conversions of bonds and notes and exercises of warrants issued, are required to be credited to the common stock account for at least 50% of the amount of properties contributed by persons who become shareholders at share issue.

Capital surplus and retained earnings

The Companies Act provides that an amount equal to 10% of distribution must be appropriated as additional paid-in capital or a legal reserve depending on the equity account charged upon the payment of such distribution until the total aggregate amount of capital surplus and legal reserve equals 25% of the common stock. The Companies Act also provides that common stock, capital surplus, legal reserve and unappropriated retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the above transfer under the Companies Act. Additional amounts recorded as capital surplus to conform with U.S. GAAP were ¥62,069 million at March 31, 2013 and primarily relate to accounting for warrants, business combinations, expenses for the issuance of common stock and equity transactions with noncontrolling interest shareholders. When debt securities were previously issued with detachable stock purchase warrants, the portion of the proceeds which was allocable to the warrants was credited to capital surplus under U.S. GAAP. In addition, the step acquisition of the shares held by minority shareholders of a subsidiary by selling unissued shares of the Company was accounted for by the purchase method under U.S. GAAP rather than by the pooling of interests method which was prevailing in Japan when such business combinations occurred.

Pursuant to the resolution of the Board of Directors, the Company made free distributions of common stock in prior years. Such free distributions did not result in the transfer of retained earnings to common stock or capital surplus. Corporations in the United States issuing shares in similar transactions would be required to account for them as stock dividends as of the shareholders' record date by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the above free distributions of shares made on and after September 30, 1986, capital surplus at March 31, 2013 would have been increased by ¥87,860 million with a corresponding decrease in unappropriated retained earnings.

Dividends

Under the Companies Act, the amount available for distribution is calculated as of the effective date which is determined by the resolution of the shareholders at the shareholders' meeting. Such amount is calculated based on the amount of capital surplus, exclusive of additional paid-in capital, and retained earnings, exclusive of retained earnings appropriated for legal reserve, recorded in the general books of account in accordance with accepted Japanese accounting practices. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the calculation of the amount available for distribution under the Companies Act. The amount of retained earnings available for dividends would amount to ¥608,922 million, if the amount were to be calculated at March 31, 2013.

The Companies Act permits payments of dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of shareholders at the shareholders' meeting. A mid-year interim dividend may be paid by resolution of the Board of Directors, subject to limitations imposed by the Companies Act. See Note 12, "SHORT-TERM AND LONG-TERM DEBT," for the right of certain creditors to review and approve the companies' proposal for the payment of dividends.

Purchase by the Company of shares

The Companies Act permits the Company to purchase and hold its own shares. The Company is allowed to decide the number, amount and others of the shares to be acquired, not to exceed the amount available for distribution, subject to the prior approval of the shareholders at the shareholders' meeting. The Companies Act permits the Company to purchase its own shares through market transactions or tender offer upon the approval of the Board of Directors, as far as it is permitted under the Articles of Incorporation, subject to limitations imposed by the Companies Act. At the ordinary general meeting of shareholders held on June 24, 2004, it was approved that the Company amended the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Company's own common stock by its resolution.

The Company may dispose of them, subject to the approval of the Board of Directors, unless otherwise specified in the Companies Act, or as far as the Articles of Incorporation do not require a resolution of the shareholders at the shareholders' meeting. In addition, the Companies Act enables the Company to retire its own shares by resolution of the Board of Directors.

Equity transactions with noncontrolling interest shareholders

For the years ended March 31, 2013, 2012 and 2011, changes in equity due to equity transaction with noncontrolling interest shareholders are as follows:

(1) Net income attributable to Mitsui & Co., Ltd. and changes in Mitsui & Co., Ltd.'s paid-in capital due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2013	**2012**	**2011**
Net income attributable to Mitsui & Co., Ltd.	¥ 307,926	¥ 434,497	¥ 306,659
Transfers from (to) the noncontrolling interests			
Increase (decrease) in Mitsui & Co., Ltd.'s paid-in capital due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests	108	1,387	(181)
(Decrease) increase in Mitsui & Co., Ltd.'s paid-in capital due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries from noncontrolling interests	(771)	(1,048)	1,485
Net transfers from (to) noncontrolling interests	(663)	339	1,304
Changes in net income attributable to Mitsui & Co., Ltd. and transfers from (to) noncontrolling interests	¥ 307,263	¥ 434,836	¥ 307,963

(2) Changes in accumulated other comprehensive income (loss) (after income tax effect) attributable to Mitsui & Co., Ltd. due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2013	**2012**	**2011**
(Decrease) increase in Mitsui & Co., Ltd.'s accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests	¥ (71)	¥ (26)	¥ 1
Increase in Mitsui & Co., Ltd.'s accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries from noncontrolling interests	1,005	183	4

(3) Changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2013	**2012**	**2011**
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	¥ 19,470	¥ 13,413	¥ 11,168
Decrease in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	(6,985)	(1,460)	(1,933)

Increase in noncontrolling interests related to newly consolidated entities

During the year ended March 31, 2013, no material noncontrolling interests were recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity related to newly consolidated subsidiaries.

During the year ended March 31, 2012, ¥2,889 million of a noncontrolling interest was recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity, as a result of the 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 3, "BUSINESS COMBINATIONS," for further information regarding the Company's acquisition of Portek.

During the year ended March 31, 2011, ¥12,602 million of a noncontrolling interest was recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity, as a result of the consolidation of MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon"), with the Company acquiring a 70% ownership interest. See Note 3, "BUSINESS COMBINATIONS," for further information regarding MT Falcon's acquisition of a gas-fired power business.

Decrease in noncontrolling interests due to the deconsolidation of subsidiaries

During the years ended March 31, 2013 and 2012, decreases in noncontrolling interests due to the deconsolidation of subsidiaries were immaterial.

During the year ended March 31, 2011, decreases of ¥11,541 million and ¥5,900 million in noncontrolling interests were recorded, respectively, due to the deconsolidation of MT Falcon and ENEOS GLOBE Corporation (formerly Mitsui Marubeni Liquefied Gas Co. Ltd.) and included in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity.

Gains recorded due to the deconsolidation of subsidiaries

During the year ended March 31, 2013, gains and losses recorded due to the deconsolidation of subsidiaries were immaterial.

During the year ended March 31, 2012, 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 ¥648 million. This net loss was included in gain on sales of securities – net in the Statements of Consolidated Income. Of the net total of ¥648 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 investments are accounted for under the equity method because the companies maintain significant influence over them primarily through representation on their boards of directors.

During the year ended March 31, 2011, the companies deconsolidated certain subsidiaries mainly due to the mergers of subsidiaries with third parties and the sale of the interests in other subsidiaries to third parties, and through these transactions recognized a net pre-tax gain of ¥19,572 million. This net gain was included in gains on sales of securities - net in the Statements of Consolidated Income. Of the net total of ¥19,572 million, a gain of ¥11,806 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using principally a discounted cash flow model. The retained investments are accounted for under the equity method because the companies maintain significant influence over them primarily through representation on their boards of directors.

Other comprehensive income (loss)

Changes in each component of other comprehensive income (loss) for the years ended March 31, 2013, 2012 and 2011 are as follows:

	Millions of Yen		
	2013	**2012**	**2011**
Unrealized Holding Gains (Losses) on Available-for-Sale Securities:			
Pre-tax amount of unrealized holding gains (losses) on available-for-sale securities	¥ 51,102	¥ (16,713)	¥ (40,940)
Deferred income taxes	(9,193)	9,674	11,642
Adjustments for year (after income tax effect)	41,909	(7,039)	(29,298)
Pre-tax amount of reclassification adjustments	3,847	1,804	3,521
Deferred income taxes	(1,704)	(1,058)	(1,461)
Adjustments for year (after income tax effect)	2,143	746	2,060
Foreign Currency Translation Adjustments:			
Pre-tax amount of translation adjustments	¥ 284,280	¥ (48,139)	¥ (91,237)
Deferred income taxes	(1,119)	6,180	15,911
Adjustments for year (after income tax effect)	283,161	(41,959)	(75,326)
Pre-tax amount of reclassification adjustments	3,277	7,702	3,440
Deferred income taxes	(535)	(1,365)	(326)
Adjustments for year (after income tax effect)	2,742	6,337	3,114
Defined Benefit Pension Plans:			
Pre-tax amount of defined benefit pension plan	¥ (19,566)	¥ (23,703)	¥ (22,548)
Deferred income taxes	5,665	7,347	8,475
Adjustments for year (after income tax effect)	(13,901)	(16,356)	(14,073)
Pre-tax amount of reclassification adjustments	11,176	9,763	7,468
Deferred income taxes	(3,236)	(3,026)	(2,807)
Adjustments for year (after income tax effect)	7,940	6,737	4,661
Net Unrealized Gains (Losses) on Derivatives:			
Pre-tax amount of net unrealized (losses) gains on derivatives	¥ (3,389)	¥ (13,405)	¥ 1,593
Deferred income taxes	1,924	5,012	(626)
Adjustments for year (after income tax effect)	(1,465)	(8,393)	967
Pre-tax amount of reclassification adjustments	1,213	(2,496)	(11,460)
Deferred income taxes	(408)	955	4,041
Adjustments for year (after income tax effect)	805	(1,541)	(7,419)
Other Comprehensive Income (Loss) Attributable to Mitsui & Co., Ltd. —Total:			
Pre-tax amount	¥ 331,940	¥ (85,187)	¥ (150,163)
Deferred income taxes	(8,606)	23,719	34,849
Adjustments for year (after income tax effect)	323,334	(61,468)	(115,314)
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interests			
Pre-tax amount	¥ 15,478	¥ (7,911)	¥ (10,465)
Deferred income taxes	1,510	2,811	1,117
Adjustments for year (after income tax effect)	16,988	(5,100)	(9,348)
Other Comprehensive Income (Loss)			
Pre-tax amount	¥ 347,418	¥ (93,098)	¥ (160,628)
Deferred income taxes	(7,096)	26,530	35,966
Adjustments for year (after income tax effect)	340,322	(66,568)	(124,662)

15. NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2013, 2012 and 2011:

	2013			2012			2011		
	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share...............................	¥ 307,926	1,825,019	¥ 168.72	¥ 434,497	1,824,889	¥ 238.10	¥ 306,659	1,824,792	¥ 168.05
Effect of Dilutive Securities:									
Adjustment of effect of dilutive securities of associated companies	—	—		—	—		(2)	—	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share...............................	¥ 307,926	1,825,019	¥ 168.72	¥ 434,497	1,824,889	¥ 238.10	¥ 306,657	1,824,792	¥ 168.05

16. SEGMENT INFORMATION

ASC 280, "Segment Reporting," requires disclosure of financial and descriptive information about operating segments, which are components of an enterprise whose operating results are regularly reviewed by the enterprise's chief operating decision maker in deciding about resources to be allocated to the segment and assessing its performance.

The business units of the companies' Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified business together with their subsidiaries and associated companies in collaboration with the business units.

Therefore, the companies' operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of the regional business units. The companies' operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable operating segments and three region-focused reportable operating segments, totaling ten reportable operating segments.

During the year ended March 31, 2013, "Foods & Retail" Segment and the Consumer Service Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Lifestyle" Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and the emerging economies' consumers that are expected to expand. Additionally, the "Logistics & Financial Business" Segment and the IT Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Innovation & Cross Function" Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation. In accordance with these changes, the operating segment information for the years ended March 31, 2012 and 2011 has been restated to conform to the current period presentation.

During the year ended March 31, 2013, "Machinery & Infrastructure Project" Segment changed its name to "Machinery & Infrastructure".

A description of reportable operating segments of the Company is as follows.

"Iron & Steel Products" manufactures, sells and trades iron & steel products in Japan and abroad.

"Mineral & Metal Resources" is engaged in overseas development of iron and non-ferrous metal resources, and produces, sells and trades raw materials and metal products in Japan and abroad.

“Machinery & Infrastructure” is engaged in manufacturing, sales and trading, leasing and financing of plant and machinery, as well as infrastructure businesses such as power generation in Japan and abroad.

“Chemicals” manufactures, sells and trades chemical products in Japan and abroad.

“Energy” is engaged in overseas development of oil, gas and coal resources, and manufactures, sells and trades oil, gas, coal and related products in Japan and abroad.

“Lifestyle” manufactures, sells, and trades foods, consumer products and materials, and engages in healthcare business, real estate business and service business in Japan and abroad.

“Innovation & Cross Function” engages in information and communication, media, logistics, insurance and financial businesses in Japan and abroad.

“Americas”, “Europe, the Middle East and Africa”, and “Asia Pacific” trade in various commodities and conduct related business led by overseas trading subsidiaries or offices located in each region.

The companies’ operating segment information, product information and geographic area information for the years ended March 31, 2013, 2012 and 2011 presented in conformity with ASC 280 are as follows:

OPERATING SEGMENT INFORMATION

Year ended March 31, 2013:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 174,615	¥ 540,321	¥ 363,538	¥ 746,014	¥ 1,409,562	¥ 800,406	¥ 150,060
Gross Profit	¥ 40,564	¥ 158,749	¥ 104,259	¥ 69,102	¥ 190,743	¥ 106,006	¥ 41,351
Operating Income (Loss)	¥ 3,587	¥ 123,937	¥ (8,295)	¥ 7,394	¥ 134,937	¥ (5,505)	¥ (32,855)
Equity in Earnings of Associated Companies—Net	¥ 3,114	¥ 42,865	¥ 31,957	¥ 6,635	¥ 56,725	¥ 8,334	¥ 18,015
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (2,943)	¥ 90,453	¥ 20,486	¥ (1,256)	¥ 164,800	¥ 10,323	¥ 3,619
Total Assets at March 31, 2013	¥ 510,582	¥ 1,576,961	¥ 1,526,655	¥ 703,546	¥ 1,940,433	¥ 1,313,883	¥ 768,952
Investments in and Advances to Associated Companies at March 31, 2013	¥ 30,978	¥ 844,544	¥ 459,647	¥ 84,052	¥ 279,542	¥ 230,283	¥ 138,880
Depreciation and Amortization	¥ 1,797	¥ 16,549	¥ 9,756	¥ 8,141	¥ 121,721	¥ 11,363	¥ 8,866
Additions to Property Leased to Others and Property and Equipment	¥ 2,533	¥ 91,148	¥ 43,352	¥ 9,001	¥ 226,088	¥ 15,860	¥ 4,954

Year ended March 31, 2013:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 547,154	¥ 95,118	¥ 82,922	¥ 4,909,710	¥ 1,931	¥ (32)	¥ 4,911,609
Gross Profit	¥ 66,009	¥ 15,646	¥ 10,513	¥ 802,942	¥ 934	¥ (13,437)	¥ 790,439
Operating Income (Loss)	¥ 11,428	¥ (3,673)	¥ (5,936)	¥ 225,019	¥ (4,524)	¥ 34,108	¥ 254,603
Equity in Earnings of Associated Companies—Net	¥ 3,473	¥ 398	¥ 4,936	¥ 176,452	—	¥ (226)	¥ 176,226
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 12,405	¥ (949)	¥ 27,536	¥ 324,474	¥ 1,548	¥ (18,096)	¥ 307,926
Total Assets at March 31, 2013	¥ 501,536	¥ 114,026	¥ 321,936	¥ 9,278,510	¥ 3,540,159	¥ (2,494,088)	¥ 10,324,581
Investments in and Advances to Associated Companies at March 31, 2013	¥ 49,490	¥ 13,097	¥ 177,179	¥ 2,307,692	¥ (180)	¥ 17,743	¥ 2,325,255
Depreciation and Amortization	¥ 6,470	¥ 663	¥ 414	¥ 185,740	¥ 133	¥ 12,979	¥ 198,852
Additions to Property Leased to Others and Property and Equipment	¥ 16,153	¥ 861	¥ 417	¥ 410,367	¥ 174	¥ 8,277	¥ 418,818

Year ended March 31, 2012 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 189,338	¥ 567,718	¥ 312,589	¥ 789,283	¥ 1,730,010	¥ 775,143	¥ 171,649
Gross Profit	¥ 42,796	¥ 194,833	¥ 93,957	¥ 65,211	¥ 219,051	¥ 111,959	¥ 53,505
Operating Income (Loss)	¥ 9,637	¥ 173,141	¥ (8,181)	¥ 10,271	¥ 173,533	¥ 10,602	¥ (20,056)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,006	¥ 131,178	¥ 37,985	¥ 6,736	¥ 53,928	¥ 9,282	¥ (20,364)
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 9,451	¥ 201,264	¥ 17,689	¥ 9,086	¥ 188,085	¥ 17,005	¥ (32,177)
Total Assets at March 31, 2012	¥ 523,884	¥ 1,121,721	¥ 1,340,703	¥ 685,933	¥ 1,750,490	¥ 1,239,109	¥ 573,493
Investments in and Advances to Associated Companies at March 31, 2012	¥ 26,140	¥ 553,175	¥ 344,021	¥ 76,171	¥ 131,871	¥ 209,953	¥ 134,163
Depreciation and Amortization	¥ 2,006	¥ 14,995	¥ 9,592	¥ 7,740	¥ 84,341	¥ 10,012	¥ 8,057
Additions to Property Leased to Others and Property and Equipment	¥ 2,519	¥ 52,914	¥ 56,796	¥ 10,199	¥ 203,028	¥ 8,979	¥ 6,249

Year ended March 31, 2012 (As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 529,052	¥ 119,511	¥ 65,056	¥ 5,249,349	¥ 2,246	¥ 7	¥ 5,251,602
Gross Profit	¥ 75,616	¥ 18,151	¥ 11,685	¥ 886,764	¥ 684	¥ (9,169)	¥ 878,279
Operating Income (Loss)	¥ 24,290	¥ (712)	¥ (4,159)	¥ 368,366	¥ (5,245)	¥ (14,737)	¥ 348,384
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,276	¥ 451	¥ 4,735	¥ 232,213	—	¥ (123)	¥ 232,090
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 16,389	¥ 1,232	¥ 49,221	¥ 477,245	¥ 2,196	¥ (44,944)	¥ 434,497
Total Assets at March 31, 2012	¥ 428,391	¥ 106,076	¥ 275,758	¥ 8,045,558	¥ 2,923,772	¥ (1,957,507)	¥ 9,011,823
Investments in and Advances to Associated Companies at March 31, 2012	¥ 40,614	¥ 8,918	¥ 136,258	¥ 1,661,284	¥ (383)	¥ 48,181	¥ 1,709,082
Depreciation and Amortization	¥ 5,558	¥ 761	¥ 425	¥ 143,487	¥ 460	¥ 9,528	¥ 153,475
Additions to Property Leased to Others and Property and Equipment	¥ 13,865	¥ 1,559	¥ 708	¥ 356,816	¥ 716	¥ 6,805	¥ 364,337

Year ended March 31, 2011 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 187,827	¥ 495,389	¥ 295,889	¥ 890,346	¥ 1,400,613	¥ 631,973	¥ 164,930
Gross Profit	¥ 44,012	¥ 187,395	¥ 93,938	¥ 71,625	¥ 196,655	¥ 96,773	¥ 57,267
Operating Income (Loss)	¥ 10,840	¥ 169,171	¥ 7,173	¥ 21,045	¥ 139,382	¥ 7,143	¥ (6,654)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,474	¥ 120,501	¥ 33,110	¥ 3,714	¥ 52,350	¥ 727	¥ 15,443
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 8,282	¥ 167,521	¥ 40,107	¥ 12,762	¥ 56,608	¥ (881)	¥ 6,820
Total Assets at March 31, 2011	¥ 487,439	¥ 1,145,516	¥ 1,368,674	¥ 699,370	¥ 1,564,059	¥ 930,898	¥ 644,116
Investments in and Advances to Associated Companies at March 31, 2011	¥ 25,482	¥ 533,983	¥ 355,406	¥ 63,681	¥ 131,946	¥ 119,713	¥ 172,669
Depreciation and Amortization	¥ 2,783	¥ 12,858	¥ 12,362	¥ 7,087	¥ 79,227	¥ 9,135	¥ 7,731
Additions to Property Leased to Others and Property and Equipment	¥ 931	¥ 40,726	¥ 46,235	¥ 13,403	¥ 151,398	¥ 45,240	¥ 8,695

Year ended March 31, 2011 (As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 396,751	¥ 136,782	¥ 76,679	¥ 4,677,179	¥ 2,058	¥ 206	¥ 4,679,443
Gross Profit	¥ 76,378	¥ 17,838	¥ 15,916	¥ 857,797	¥ 914	¥ 512	¥ 859,223
Operating Income (Loss)	¥ 22,611	¥ 1,528	¥ 42	¥ 372,281	¥ (5,150)	¥ (50,128)	¥ 317,003
Equity in Earnings (Losses) of Associated Companies—Net	¥ 6,639	¥ (29)	¥ 3,919	¥ 240,848	—	¥ 1,296	¥ 242,144
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 15,854	¥ 77	¥ 40,396	¥ 347,546	¥ 3,633	¥ (44,520)	¥ 306,659
Total Assets at March 31, 2011	¥ 415,328	¥ 114,926	¥ 268,613	¥ 7,638,939	¥ 2,704,386	¥ (1,745,201)	¥ 8,598,124
Investments in and Advances to Associated Companies at March 31, 2011	¥ 40,466	¥ 3,366	¥ 113,729	¥ 1,560,441	¥ 1,169	¥ 39,208	¥ 1,600,818
Depreciation and Amortization	¥ 5,703	¥ 777	¥ 640	¥ 138,303	¥ 491	¥ 8,594	¥ 147,388
Additions to Property Leased to Others and Property and Equipment	¥ 13,008	¥ 2,227	¥ 612	¥ 322,475	¥ 369	¥ 7,838	¥ 330,682

Notes: (1) "All Other" includes business activities which primarily provide services, such as financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at March 31, 2013, 2012 and 2011 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) Transfers between operating segments are made at cost plus a markup.

(3) 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, and eliminations of intersegment transactions.
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2013 includes ¥25,979 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (the amount is after income tax effects).
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2012 includes (a) ¥20,786 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥4,009 million for pension related items, and (c) ¥19,437 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (all amounts are after income tax effects).
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2011 includes (a) ¥22,662 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥6,768 million for pension related items, and (c) ¥14,943 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (all amounts are after income tax effects).

(4) During the year ended March 31, 2013, the companies changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments in order to make business judgments which reflect the current cost structure. The effect of this change in the Operating Income (Loss) and the Net Income (Loss) Attributable to Mitsui & Co., Ltd. for the year ended March 31, 2013 was as follows:

	Millions of Yen						
	Iron & Steel Products	**Mineral & Metal Resources**	**Machinery & Infrastructure**	**Chemicals**	**Energy**	**Lifestyle**	**Innovation & Cross Function**
Operating Income (Loss)	¥ (1,977)	¥ (10,851)	¥ (7,429)	¥ (4,629)	¥ (10,251)	¥ (7,516)	¥ (3,989)
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (1,473)	¥ (8,084)	¥ (5,535)	¥ (3,449)	¥ (7,637)	¥ (5,600)	¥ (2,971)

(5) Operating Income (Loss) reflects the companies' (a) gross profit, (b) selling, general and administrative expenses, and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

Product information

	Millions of Yen					
	Iron and Steel	Non-Ferrous Metals	Machinery	Electronics & Information	Chemicals	Energy
Year ended March 31, 2013:						
Revenues	¥ 769,127	¥ 227,315	¥ 432,634	¥ 77,156	¥1,061,024	¥1,300,309
Year ended March 31, 2012:						
Revenues	¥ 843,901	¥ 218,872	¥ 373,500	¥ 90,629	¥1,138,073	¥1,585,850
Year ended March 31, 2011:						
Revenues	¥ 759,787	¥ 202,084	¥ 364,989	¥ 89,941	¥1,243,787	¥1,281,496

	Millions of Yen				
	Foods	Textiles	General Merchandise	Property and Service Business	Consolidated Total
Year ended March 31, 2013:					
Revenues	¥ 853,528	¥ 23,767	¥ 32,694	¥ 134,055	¥ 4,911,609
Year ended March 31, 2012:					
Revenues	¥ 811,906	¥ 26,999	¥ 30,324	¥ 131,548	¥ 5,251,602
Year ended March 31, 2011:					
Revenues	¥ 565,711	¥ 27,148	¥ 14,534	¥ 129,966	¥ 4,679,443

Geographic area information

	Millions of Yen					
	Japan	United States	Singapore	Australia	All Other	Consolidated Total
Year ended March 31, 2013:						
Revenues	¥ 2,434,363	¥ 637,163	¥ 473,610	¥ 430,374	¥ 936,099	¥ 4,911,609
Year ended March 31, 2012:						
Revenues	¥ 2,522,110	¥ 1,097,692	¥ 131,218	¥ 505,969	¥ 994,613	¥ 5,251,602
Year ended March 31, 2011:						
Revenues	¥ 2,581,111	¥ 789,945	¥ 65,709	¥ 443,619	¥ 799,059	¥ 4,679,443

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen					
	Australia	United States	Japan	Thailand	All Other	Consolidated Total
At March 31, 2013:						
Long-lived assets	¥ 614,776	¥ 383,191	¥ 372,895	¥ 141,795	¥ 388,240	¥ 1,900,897
At March 31, 2012:						
Long-lived assets	¥ 480,102	¥ 234,333	¥ 379,633	¥ 139,127	¥ 295,434	¥ 1,528,629
At March 31, 2011:						
Long-lived assets	¥ 422,031	¥ 134,590	¥ 388,686	¥ 139,042	¥ 206,081	¥ 1,290,430

There were no individual material customers with respect to revenues for the years ended March 31, 2013, 2012 and 2011.

17. SUPPLEMENTAL INCOME STATEMENT INFORMATION

Supplemental information related to the Statements of Consolidated Income is as follows:

	Millions of Yen		
	2013	2012	2011
Depreciation of property and equipment	¥183,819	¥138,433	¥133,558
Research and development expenses	4,972	3,334	3,836
Advertising expenses	4,325	4,430	4,185
Foreign exchange (gains) losses—net	(463)	(1,000)	7,097

18. OTHER EXPENSE (INCOME)—NET

Other expense (income)—net for the years ended March 31, 2013, 2012 and 2011, consists of the following:

	Millions of Yen		
	2013	2012	2011
Exploration expenses	¥ 37,356	¥ 19,768	¥ 16,725
Loss with regard to the settlement with the United States concerning the oil spill incident in the Gulf of Mexico	—	7,397	—
Compensation for releasing an interest in the mining lease area	—	(5,788)	—
Foreign exchange (gains) losses—net	(463)	(1,000)	7,097
Other	(6,025)	(28,288)	(16,379)
Total	¥ 30,868	¥ (7,911)	¥ 7,443

Compensation for releasing an interest in the mining lease area for the year ended March 31, 2012 relates to the compensation received by Shark Bay Salt Pty. Ltd. (a 100% owned subsidiary of the Company in the Chemicals Segment) which posted a ¥5,788 million gain as consideration for releasing an interest in a mining lease area to support the progress of an LNG project in the vicinity of its salt field.

19. INCOME TAXES

Income taxes in Japan applicable to the companies, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in normal statutory tax rates of approximately 36% for the year ended March 31, 2013, 41% for the years ended March 31, 2012 and 2011. Foreign subsidiaries are subject to income taxes of the countries in which they operate.
Income Taxes in the Statements of Consolidated Income for the year ended March 31, 2012 includes the gain on the change in the balance of the deferred tax assets and liabilities-net of ¥26,106 million recorded to reflect the decrease in normal statutory tax rates to approximately 36% based on the new laws which were enacted on November 30, 2011 and was effective April 1, 2012. The increase in the statutory tax rate based on the special measures enacted on the same date is not reflected on the newly enacted statutory tax rate as the effect of the increase in the statutory tax rate on the balance of the deferred tax assets and liabilities is insignificant.

A reconciliation between the normal statutory tax rate in Japan applied to income from continuing operations and the effective income tax rate on income from continuing operations for the years ended March 31, 2013, 2012 and 2011 is summarized as follows:

	%		
	2013	2012	2011
Normal statutory tax rate in Japan applied to income from continuing operations before income taxes and equity in earnings	36.0%	41.0%	41.0%
Increases (decreases) in tax rate resulting from:			

	%		
	2013	2012	2011
Expenses not deductible for tax purposes and income not taxable—net	2.3	1.8	(0.0)
Application of lower tax rates to certain taxable income	(3.6)	(9.7)	(13.4)
Changes in tax rates	(7.0)	(6.3)	—
Tax effects on dividends	(24.7)	(12.0)	(8.2)
Changes in valuation allowance—net	20.6	37.5	20.0
Higher tax rates for resource related taxes	13.9	6.0	8.7
Tax effects of the enactment of the Australian Mineral Resource Rent Tax Act 2012	—	(33.6)	—
Tax effects on investments in associated companies	13.0	18.3	25.8
Other-net	(0.1)	(1.2)	0.9
Effective income tax rate on income from continuing operations	50.4%	41.8%	74.8%

Amounts provided for income taxes for the years ended March 31, 2013, 2012 and 2011 are allocated as follows:

	Millions of Yen		
	2013	2012	2011
Income taxes on income from continuing operations	¥158,349	¥172,622	¥203,901
Other comprehensive income (loss)	7,096	(26,530)	(35,966)
Total	¥165,445	¥146,092	¥167,935

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities at March 31, 2013 and 2012 are as follows:

	Millions of Yen	
	2013	2012
Deferred Tax Assets:		
Accrued pension costs and liability for severance indemnities	¥ 46,667	¥ 42,418
Allowance for doubtful receivables	14,655	14,591
Estimated losses	59,814	57,872
Long-lived assets	71,177	64,778
Long-lived assets related to the Australian Mineral Resource Rent Tax Act 2012	142,155	140,075
Loss carryforwards of subsidiaries and associated companies	175,421	130,015
Foreign currency translation	33,807	37,591
Tax credit carryforwards	26,367	23,307
Other	36,700	27,973
Total deferred tax assets	606,763	538,620
Valuation allowance	(436,819)	(346,586)
Deferred tax assets—net	169,944	192,034
Deferred Tax Liabilities:		
Property	107,071	99,484
Investment securities	51,507	63,979
Undistributed earnings	223,010	256,204
Foreign currency translation	6,839	2,245
Other	2,741	1,754
Deferred tax liabilities	391,168	423,666
Net deferred tax liabilities	¥ (221,224)	¥ (231,632)

Net deferred tax liabilities at March 31, 2013 and 2012 are included in the Consolidated Balance Sheets as follows:

	Millions of Yen	
	2013	2012
Current assets—Deferred tax assets—current	¥ 15,644	¥ 37,513
Deferred tax assets—Non-current	31,538	15,626
Current liabilities—Other current liabilities	(1,862)	(1,157)
Deferred tax liabilities—Non-current	(266,544)	(283,614)
Net deferred tax liabilities	¥ (221,224)	¥ (231,632)

The valuation allowance is provided on deferred tax assets for loss carryforwards and temporary differences of the companies where it is more likely than not that a tax benefit will not be realized. During the years ended March 31, 2013, 2012 and 2011, the valuation allowances increased by ¥90,233 million, ¥126,402 million and ¥56,060 million, respectively. For the years ended March 31, 2013, 2012 and 2011, adjustments of the beginning-of-the-year balance of the valuation allowances attributable to continuing operations were ¥30,770 million (loss), ¥2,912 million (income) and ¥3,094 million (income), respectively.

The tax benefits of operating loss carryforwards attributable to continuing operations for the years ended March 31, 2013, 2012 and 2011 were ¥22,175 million, ¥2,713 million and ¥10,989 million, respectively.

The amounts of undistributed earnings, which have been considered to be indefinitely reinvested into foreign subsidiaries and foreign corporate joint ventures, and for which deferred tax liabilities have not been recognized, were ¥1,194,972 million and ¥1,024,641 million at March 31, 2013 and 2012, respectively. Determination of the amount of unrecognized deferred income taxes with respect to these foreign earnings is not practicable.

At March 31, 2013, the companies had aggregate operating loss carryforwards of ¥421,495 million, which are available to reduce taxable income in subsequent periods. If not utilized, such loss carryforwards expire as follows:

	Millions of Yen
Within 5 years	¥ 39,703
After 5 to 10 years	149,843
After 10 to 15 years	760
After 15 years	231,189
Total	¥ 421,495

At March 31, 2013, certain subsidiaries had aggregate tax credit carryforwards of ¥ 26,367 million. If not utilized, such tax credit carryforwards expire within 3 years.

Income from continuing operations before income taxes and equity in earnings for the years ended March 31, 2013, 2012 and 2011 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2013	¥ (78,579)	¥ 392,677	¥ 314,098
Year ended March 31, 2012	¥ (68,567)	¥ 481,778	¥ 413,211
Year ended March 31, 2011	¥ (31,033)	¥ 303,730	¥ 272,697

Income taxes on income from continuing operations for the years ended March 31, 2013, 2012 and 2011 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2013:			
Current	¥ 15,855	¥166,472	¥182,327
Deferred	(904)	(23,074)	(23,978)
Total	¥ 14,951	¥143,398	¥158,349
Year ended March 31, 2012:			
Current	¥ 11,155	¥175,660	¥186,815
Deferred	218	(14,411)	(14,193)
Total	¥ 11,373	¥161,249	¥172,622
Year ended March 31, 2011:			
Current	¥ 249	¥156,650	¥156,899
Deferred	41,191	5,811	47,002
Total	¥ 41,440	¥162,461	¥203,901

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of Yen	
	2013	2012
Balance at beginning of year	¥ 7,819	¥ 3,232
Additions for tax positions of prior years	751	4,212
Additions for tax positions of current year	543	236
Reductions for tax positions of prior years	(13)	—
Settlements with tax authorities	(5,354)	(12)
Reductions due to lapse of statute of limitations	(288)	—
Foreign currency translation adjustments and others	554	151
Balance at end of year	¥ 4,012	¥ 7,819

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of March 31, 2013 and 2012 were approximately ¥3,741 million and ¥3,868 million, respectively.

The companies recognize interest expense and penalties accrued related to uncertain tax positions in income taxes – current. For the years ended March 31, 2013, 2012 and 2011, the companies recognized a net gain on the interest expense and penalties account of ¥2,186 million and net interest expense and penalties of ¥2,167 million and ¥314 million, respectively. The companies had ¥624 million and ¥2,703 million for the payment of interest and penalties accrued as of March 31, 2013 and 2012, respectively.

As of March 31, 2013, the earliest tax years that remain subject to examination by major tax jurisdictions in which the companies operate are the year ended March 31, 2007 for Japan, the year ended March 31, 2009 for the United States of America and the year ended March 31, 2009 for Australia.

20. CONTINGENT LIABILITIES

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC 460, "Guarantees," at March 31, 2013 and March 31, 2012. 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. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, results of operations, or cash flows of the companies is remote at March 31, 2013.

	Millions of Yen				
	Amount outstanding	**Recourse provisions/ collateral**	**Maximum potential amount of future payments**	**Carrying amount of liabilities**	**Expire no later than**
March 31, 2013:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 75,622	¥ 12,558	¥ 113,843	¥ 475	2045
Guarantees for associated companies	198,083	875	253,832	3,938	2046
Guarantees to financial institutions for employees' housing loans	2,969	—	2,969	—	2036
Total	¥ 276,674	¥ 13,433	¥ 370,644	¥ 4,413	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 115,296	¥ 112,713	¥ 115,296	—	2014
Residual value guarantees of leased assets	7,218	—	7,218	—	2016
Total	¥ 122,514	¥ 112,713	¥ 122,514	—	
Derivative instruments	¥ 14,357	—	¥ 14,357	¥ 1,312	

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 72,817	¥ 13,010	¥ 104,701	¥ 1,407	2045
Guarantees for associated companies	166,350	6,750	257,511	4,177	2046
Guarantees to financial institutions for employees' housing loans	3,781	—	3,781	—	2036
Total	¥ 242,948	¥ 19,760	¥ 365,993	¥ 5,584	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 77,114	¥ 74,098	¥ 77,114	—	2013
Residual value guarantees of leased assets	7,109	—	7,109	—	2016
Total	¥ 84,223	¥ 74,098	¥ 84,223	—	
Derivative instruments	¥ 5,115	—	¥ 5,115	¥ 40	

Credit guarantees

The companies provide various types of guarantees to the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing, trade payable or contractual performance.

Categories of credit guarantees are as follows:

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding at March 31, 2013 and March 31, 2012, will expire through 2023 and 2020, respectively.

Guarantees for associated companies

The companies, severally or jointly with others, issue guarantees for associated companies for the purpose of furtherance of their trading activities and credit enhancement of associated companies. Main items of these guarantees are contractual performance guarantees which guarantee Toyo Engineering Corporation regarding plant construction contracts executed under the name of the guaranteed party in Southeast Asia. In the case that Toyo Engineering Corporation failed to fulfill the contractual obligation, the project owners would execute the performance guarantees to claim compensation for damages to the companies. Most of these guarantees outstanding at March 31, 2013 and March 31, 2012, will expire through 2025.

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 23 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 companies issue 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 companies 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 March 31, 2013 and March 31, 2012, will expire through 2016.

Derivative instruments

Certain derivative contracts, including written put options and credit default swaps, meet the accounting definition of guarantees under ASC 460, "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.

ASC 460, "Guarantees," does not require disclosure about derivative contracts if such contracts permit or require net settlement and the companies have no basis for concluding that it is probable that the counterparties have underlying assets or liabilities.

The companies have written put options as a part of various derivative transactions related to energy, non-ferrous metals, precious metals and grain. The aggregation of notional amounts computed based on the strike prices and quantities of written options are disclosed as the total amount outstanding and the maximum potential amount of future payments. The carrying amount of liabilities is represented by the fair value of such written options recorded in the consolidated balance sheet. Most of these put options will expire within 1 year.

The companies manage the market and credit risks on these derivative instruments by monitoring fair values against loss limits and credit lines, and generally the maximum potential amount of future payments as stated above greatly overstates the companies' exposure to market and credit risks.

Indemnification contracts

Indemnification for cargo delivery

The companies have issued Discharging Letters of Indemnification ("DLOI") to shipping companies for international trading activities. The maximum potential amount of future payments can not be estimated since the amount to be compensated is not specified in DLOI. No liability is recorded since the companies believe that there is little likelihood of incurring any loss from DLOI.

Indemnification for Sakhalin Energy Investment Company Ltd.

The Company has entered into an indemnity agreement which indemnify the banks against the companies' 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 companies hold a 12.5% equity interest, as stipulated in the bank loan agreement not being granted nor perfected. The guaranteed amount not being stipulated in the indemnity agreement nor the measurement of the maximum potential amount of future payment not being practicable, no liability is recorded since the companies believe 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

The companies provide warranties, in relation to their sales of products, including residential houses, 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. Main items of these warranties are the maintenance costs based on the defect liabilities for houses sold by Mitsui Bussan House-Techno, Inc. Most of these guarantees outstanding at March 31, 2013 and March 31, 2012, will expire through 2023.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the years ended March 31, 2013, 2012 and 2011 is as follows:

	Millions of Yen		
	2013	**2012**	**2011**
Balance at beginning of year	¥ 4,482	¥ 4,748	¥ 5,762
Payments made in cash or in kind	(582)	(620)	(557)
Accrual for warranties issued during the year	449	406	580
Changes in accrual related to pre-existing warranties	(141)	(52)	(1,037)
Balance at end of year	¥ 4,208	¥ 4,482	¥ 4,748

II. LITIGATION

In respect of the oil spill incident at an exploration project in the Gulf of Mexico on April 20, 2010 (Incident), taking into account the settlement with BP Exploration & Production Inc., BP Corporation North America Inc., and BP p.l.c on May 20, 2011 (BP Settlement) and the settlement with the United States on February 17, 2012 (DOJ Settlement), the Company expects that any additional potential liability of its subsidiaries resulting from the Incident is no longer material. See Note 28, “THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO” in the Company’s Annual Securities Report for the year ended March 31, 2012 for further details of the incident and related settlement.

The Company recognized the BP Settlement amount of US$ 1.065 billion 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. The payment of such amount was made during the year ended March 31, 2012. The Company recognized US$ 90 million with respect to the DOJ Settlement as “Other expense (income)—net” in the Statement of the Consolidated Income for the year ended March 31, 2012.

In addition to the claims with regard to the Incident, various other 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, other liabilities will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

21. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure and Chemicals 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 companies have 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

VIEs that have been consolidated by the companies in accordance with ASC 810,“Consolidation,” are described by groups aggregated by similar characteristics of risks and rewards of each VIE as follows:

The companies held senior investment securities of VIE whose operation was real estate development ("Real estate development VIE"), which was consolidated by the companies as the primary beneficiary as of March 31,2012. The companies deconsolidated the VIE as the regarding securities are no longer held by the companies as of March 31, 2013. The companies also hold a majority of the voting interests in VIEs, whose primary activity is chartering a vessel under a single-lessee leasing arrangement ("Vessel chartering VIE"), and whose primary activity is providing loans ("Loan VIE").These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The companies' involvement with the above consolidated VIEs as of March 31, 2013 and 2012 is as follows:

March 31, 2013	Millions of Yen		
		Amounts in the Consolidated Balance Sheets	
Type of VIEs	Total Assets of VIEs	Assets	Liabilities
Vessel chartering VIE	¥ 10,472	¥ 10,472	¥ 71
Loan VIE	34,715	34,715	1,731

Notes: (1) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.
(2) For Loan VIE, assets are mainly non-current receivables, less unearned interest.

March 31, 2012	Millions of Yen		
		Amounts in the Consolidated Balance Sheets	
Type of VIEs	Total Assets of VIEs	Assets	Liabilities
Real estate development VIE	¥ 5,777	¥ 5,777	¥ 2,546
Vessel chartering VIE	22,124	22,124	6,903
Loan VIE	33,753	33,753	2,108

Notes: (1) For Real estate development VIE, assets are mainly inventories, and liabilities are mainly long-term debt, less current maturities.
(2) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.
(3) For Loan VIE, assets are mainly non-current receivables, less unearned interest.

The consolidated real estate which includes land and buildings was pledged as collateral for the Real estate development VIE's long-term debt. Its carrying amount as of March 31, 2012 was ¥4,377 million, and it was included mainly in inventories as real estate for sale on the Consolidated Balance Sheets as of March 31, 2012. There is no outstanding amount as of March 31, 2013.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2013 and 2012.

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

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. In addition, the followings include VIEs that the companies determined not to consolidate as the power to direct the activities that most significantly impact the entity's economic performance is shared among multiple unrelated parties by contractual provisions and the like.

The companies are involved with and have significant variable interests in a number of VIEs that have been established to finance crude oil and gas producing plants and equipment or to finance subordinated debts by providing guarantees or subordinated loans to the VIEs. Those VIEs provide financing for customers located principally in Latin America, Middle East, and Southeast Asia in the form of leases and loans. These entities are financed mainly by bank borrowings and issuance of stock including preferred securities.

The total assets of the non-consolidated VIEs in which the companies have significant variable interests, and the carrying amounts of assets and liabilities in the Consolidated Balance Sheets that relate to the companies' variable interests in the VIEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the VIEs as of March 31, 2013 and 2012 are as follows:

March 31, 2013:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,650,961	¥ 96,519	—	¥ 103,170

Notes: The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.

March 31, 2012:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,576,853	¥ 99,672	¥ 10	¥ 115,557

Notes: (1) The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.
(2) The liabilities that relate to the companies' variable interests in the VIEs are other current liabilities.

The total assets of the VIEs reflect the most current information available to the companies.

The amount of maximum exposure to loss represents a loss that the companies could incur from the variability in value of the leased assets, from financial difficulties of the customers and the like. In addition, the amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the VIEs and is considered to greatly exceed the anticipated loss.

The liability related to the companies' variable interests in the VIEs represented a liability as a guarantor recognized under ASC 460, "Guarantees," as of March 31, 2012. The maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of March 31, 2013 and 2012.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2013 and 2012.

22. EXIT OR DISPOSAL COST OBLIGATIONS

The Company focuses on the maximization of its consolidated corporate value. To achieve this objective, the Company strives to strengthen its consolidated capabilities through optimal group management. The Company actively restructures its businesses to make them more efficient by regularly reassessing the business environment and operational objectives of each of its businesses.

In addition to these restructurings, the companies have disposed of certain long-lived assets based on reviews of whether the companies should keep holding those assets from the standpoint of profitability.

For the year ended March 31, 2013, the companies did not record material exit or disposal costs. The companies do not expect to recognize additional material costs in future periods relating to these restructurings for the year ended March 31, 2013.

For the year ended March 31, 2012, the companies recorded total exit or disposal costs of ¥10,327 million, which consisted of losses on disposals and impairments of long-lived assets of ¥6,113 million, contract termination costs of ¥599 million and other associated costs of ¥3,615 million. The line items in the Statements of Consolidated Income of the exit or disposal costs were mainly Impairment loss of long-lived assets of ¥6,113 million, Cost of products sold of ¥2,616 million, Other expense of ¥599 million, all of which were before income tax effect. Of the total exit or disposal costs for the year ended March 31, 2012, ¥5,026 million was recorded in the Energy Segment, and ¥3,890 million was recorded in the Lifestyle Segment.

The primary exit or disposal activities for the year ended March 31, 2012 were as follows:

Mitsui & Co. Uranium Australia Pty. Ltd., a subsidiary reported in the Energy Segment, recorded an impairment loss of ¥5,026 million in mining equipment and mineral rights due to its decision to withdraw from a uranium mine development project in Australia for the year ended March 31, 2012.

MCM FOODS HOLDINGS LTD., a subsidiary reported in the Lifestyle Segment, was mainly engaged in the wholesale of food products in Europe under its subsidiaries. It recorded ¥411 million in Impairment loss of long-lived assets and ¥2,616 million of Costs of products sold and ¥863 million in other cost due to its withdrawal from the business and decision to liquidate itself during the year ended March 31, 2012.

For the year ended March 31, 2011, the companies recorded total exit or disposal costs of ¥792 million, which consisted of one-time termination benefits of ¥378 million, contract termination costs of ¥224 million, losses on disposals and impairments of long-lived assets of ¥66 million and losses on disposals of other assets of ¥124 million. The line items in the Statements of Consolidated Income of the exit or disposal costs were Selling, general and administrative expenses of ¥378 million, Other expense of ¥224 million, Cost of products sold of ¥124 million, loss on disposal or sales of property and equipment of ¥33 million and Impairment loss of long-lived assets of ¥33 million, all of which are before income tax effect. All of the total exit or disposal costs for the year ended March 31, 2011 was recorded in the Americas Segment. There were no material individual exit or disposal activities for the year ended March 31, 2011.

Exit or disposal activities for the year ended March 31, 2013 are expected to be completed during the year ending March 31, 2014. Exit or disposal activities for the years ended March 31, 2012 and 2011 were completed in the years ended March 31, 2013 and 2012, respectively. Ending balances of liabilities for exit or disposal costs were immaterial at March 31, 2013, 2012 and 2011, respectively.

23. *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 March 31, 2013 and 2012 were as follows:

	Billions of Yen	
	March 31, 2013	**March 31, 2012**
Foreign exchange contracts	¥ 3,222	¥ 2,893
Interest rate contracts	1,496	2,039
Commodity contracts	19,616	34,678
Other contracts	9	—
Total derivative notional amounts	¥ 24,343	¥ 39,610

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 years ended March 31, 2013, 2012 and 2011.

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 years ended March 31, 2013, 2012 and 2011.

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 years ended March 31, 2013, 2012 and 2011:

Year Ended March 31, 2013	**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	¥ (14,917)	Interest rate contracts	¥ 14,870
Other expense (income)—net	Long-term debt	2,337	Foreign exchange contracts	(2,934)
Cost of products sold	Inventories	(63)	Commodity contracts	309
Total		¥ (12,643)		¥ 12,245

Year Ended March 31, 2012	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (10,233)	Interest rate contracts and foreign exchange contracts	¥ 10,082
Other expense (income)—net	Long-term debt	3,444	Foreign exchange contracts	(3,660)
Cost of products sold	Firm commitments and inventories	496	Commodity contracts	(474)
Total		¥ (6,293)		¥ 5,948

Year Ended March 31, 2011	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (8,766)	Interest rate contracts and foreign exchange contracts	¥ 8,653
Other expense (income)—net	Long-term debt	(3,107)	Foreign exchange contracts	3,201
Cost of products sold	Firm commitments and inventories	2,909	Commodity contracts	(2,909)
Total		¥ (8,964)		¥ 8,945

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 years ended March 31, 2013, 2012 and 2011.

The estimated net amounts of the existing gains or losses in AOCI at March 31, 2013 and 2012 that were expected to be reclassified into earnings within the next 12 months were net gain of ¥717 million and net loss of ¥1,284 million, respectively.

As of March 31, 2013 and 2012, 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 14 and 12 months. Foreign exchange forward contracts are used as hedging instruments for the forecasted transactions.

Hedges of the net investment in a foreign operation

The foreign currency transaction gain or loss on the derivative instrument and the non-derivative financial instrument that are designated as, and are effective as, hedging instruments to hedge the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within OCI to the extent they are effective as a hedge.

Derivative instruments for trading purposes and risk management policy

The Company and certain subsidiaries use derivative instruments such as foreign exchange forward contracts, interest rate swap agreements and commodity future, forward, swap and option contracts for trading purposes. The Company's executive officers in charge of risk management have set strict position and loss limits for these instruments. Independent back and middle offices strictly separated from trading sections (front offices) monitor, evaluate and analyze the position of trading transactions and market risks. Those results are periodically reported to the executive officers. Among others, VaR (Value at Risk: Statistical measure of the potential maximum loss in the fair value of a portfolio resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates and commodity prices, over a defined period, within a certain confidence level) is used to measure the market risks of derivative instruments for trading purposes.

The following table presents the fair value of derivative instruments included within the Consolidated Balance Sheets as of March 31, 2013 and 2012:

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

Derivative instruments	Balance sheet location	March 31, 2013 Fair value	March 31, 2012 Fair value	Balance sheet location	March 31, 2013 Fair value	March 31, 2012 Fair value
	Millions of Yen					
Foreign exchange contracts	Derivative assets	¥ 7,859	¥ 8,369	Derivative liabilities	¥ 31,395	¥ 1,813
	Non-current receivables, less unearned interest	6,532	15,402	Other Long-Term Liabilities	17,925	1,101
Interest rate contracts	Derivative assets	702	451	Derivative liabilities	89	172
	Non-current receivables, less unearned interest	28,459	23,950	Other Long-Term Liabilities	10,873	7,819
Commodity contracts	Derivative assets	52	89	Derivative liabilities	58	152
Total		¥ 43,604	¥ 48,261		¥ 60,340	¥ 11,057

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

Derivative instruments	Balance sheet location	March 31, 2013 Fair value	March 31, 2012 Fair value	Balance sheet location	March 31, 2013 Fair value	March 31, 2012 Fair value
	Millions of Yen					
Foreign exchange contracts	Derivative assets	¥ 51,371	¥ 23,249	Derivative liabilities	¥ 52,886	¥ 42,517
	Non-current receivables, less unearned interest	37,574	12,625	Other Long-Term Liabilities	27,416	11,246
Interest rate contracts	Derivative assets	475	1,070	Derivative liabilities	484	1,567
	Non-current receivables, less unearned interest	4,397	10,310	Other Long-Term Liabilities	7,568	12,272
Commodity contracts	Derivative assets	310,523	1,115,936	Derivative liabilities	299,316	1,119,666
	Non-current receivables, less unearned interest	129,129	450,113	Other Long-Term Liabilities	125,382	483,063
Other contracts	Non-current receivables, less unearned interest	3,508	—			
Total		¥ 536,977	¥ 1,613,303		¥ 513,052	¥ 1,670,331

As of March 31, 2013 and 2012, the amount of receivables in respect of cash collateral paid that was netted against derivative liabilities was ¥2,931 million and ¥49,426 million, respectively. The amount of payables associated with cash collateral received that was netted against derivative assets was ¥14,888 million and ¥9,574 million, respectively. Cash collateral receivables and payables of ¥29,414 million and ¥2,569 million, respectively, as of March 31, 2013, and ¥31,621 million and ¥4,926 million, respectively, as of March 31, 2012 were not offset.

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

		Millions of Yen	
		March 31, 2013	March 31, 2012
Hedging instruments	**Balance sheet location**	**Carrying amount**	**Carrying amount**
Foreign-currency-denominated debt	Current maturities of long-term debt	¥ 36,371	¥ 31,548
	Long-term Debt, less Current Maturities	444,132	295,031
Foreign-currency-denominated bonds	Long-term Debt, less Current Maturities	7,567	—
Total		¥ 488,070	¥ 326,579

The following tables present the amounts affecting the Statements of Consolidated Income and other comprehensive income for the year ended March 31, 2013, 2012 and 2011:

Derivative instruments in ASC 815 fair value hedging relationships

Year Ended March 31, 2013	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 expense (income)—net	¥ (2,934)
Interest rate contracts	Interest expense	14,870
Commodity contracts	Cost of products sold	309
Total		¥ 12,245

Year Ended March 31, 2012	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	¥ (127)
	Other expense (income)—net	(3,660)
Interest rate contracts	Interest expense	10,209
Commodity contracts	Cost of products sold	(474)
Total		¥ 5,948

Year Ended March 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 118
	Other expense (income)—net	3,201
Interest rate contracts	Interest expense	8,535
Commodity contracts	Cost of products sold	(2,909)
Total		¥ 8,945

Derivative instruments in ASC 815 cash flow relationships

Year Ended March 31, 2013	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	¥ 8,502	Sales of products	¥ 3,087	Other expense (income)—net	¥ 1,099
		Other sales	(15)		
		Cost of products sold	924		
		Other expense (income)—net	(1,763)		
Interest rate contracts	(2,152)	Interest expense	2,211		
Commodity contracts	368	Sales of products	283	Sales of products	(24)
Total	¥ 6,718		¥ 4,727		¥ 1,075

Year Ended March 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,314	Sales of products	¥ 2,328		
		Cost of products sold	20		
		Other expense (income)—net	2,519		
Interest rate contracts	(4,844)	Interest expense	1,861		
Commodity contracts	57			Sales of products	¥ (30)
Total	¥ 527		¥ 6,728		¥ (30)

Year Ended March 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,398	Sales of products	¥ 7,002		
		Other expense (income)—net	2,297		
Interest rate contracts	1,003	Interest expense	219		
Commodity contracts	(57)	Sales of products	227	Sales of products	¥ 68
Total	¥ 6,344		¥ 9,745		¥ 68

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

	Millions of Yen				
Year Ended March 31, 2013	**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	¥ (58,756)			Interest income	¥ (1,459)
				Other expense (income)—net	(3,058)
Foreign-currency -denominated debt	(58,175)			Other expense (income)—net	(1,243)
Total	¥ (116,931)		—		¥ (5,760)

	Millions of Yen				
Year Ended March 31, 2012	**Effective portion**			**Ineffective portion and amount excluded from effective testing**	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 5,530	Gain on sales of securities—net	¥ 424	Interest income	¥ (228)
				Other expense (income)—net	677
Foreign-currency -denominated debt	(8,269)	Gain on sales of securities—net	3,931	Other expense (income)—net	177
Total	¥ (2,739)		¥ 4,355		¥ 626

	Millions of Yen				
Year Ended March 31, 2011	**Effective portion**			**Ineffective portion and amount excluded from effective testing**	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 4,240			Interest expense	¥ (210)
				Other expense (income)—net	49
Foreign-currency -denominated debt	17,988	Other expense (income)—net	¥ 2,844	Other expense (income)—net	1,005
Total	¥ 22,228		¥ 2,844		¥ 844

Derivative instruments not designated as hedging instruments under ASC 815

Year Ended March 31, 2013

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Millions of Yen Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	Sales of products	¥ (628)
	Other sales	921
	Cost of products sold	3,775
	Interest income	(695)
	Other expense (income)—net	(6,076)
Interest rate contracts	Other sales	78
	Interest income	0
	Interest expense	1,502
	Other expense (income)—net	213
Commodity contracts	Sales of products	8,538
	Other sales	1,755
	Cost of products sold	(1,510)
	Other expense (income)—net	654
Other contracts	Other sales	2,072
Total		¥ 10,599

Year Ended March 31, 2012

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Millions of Yen Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	Sales of products	¥ (1,496)
	Other sales	407
	Cost of products sold	(666)
	Other expense (income)—net	1,655
Interest rate contracts	Other sales	2,003
	Interest expense	1,580
	Cost of other sales	(407)
Commodity contracts	Sales of products	11,684
	Other sales	10,291
	Cost of products sold	(9,030)
	Other expense (income)—net	(913)
Total		¥ 15,108

Year Ended March 31, 2011

Derivative instruments	Location of gain (loss) recognized in income of derivative instruments	Millions of Yen Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	Other sales	¥ 745
	Cost of products sold	(848)
	Other expense (income)—net	11,661
Interest rate contracts	Other sales	934
	Interest expense	2,115
	Other expense (income)—net	264
Commodity contracts	Sales of products	(11,047)
	Other sales	11,277
	Cost of products sold	(4,653)
	Other expense (income)—net	(264)
Total		¥ 10,184

Credit-risk-related contingent features

Certain of the companies' derivative instruments, mainly for commodity future, forward, option and swap contracts, contain provisions that require the companies' debt to maintain a certain credit rating from each of the major credit rating agencies such as Standard & Poor's Services. If the credit rating of the companies' debt falls below a designated credit rating, it will be in violation of these provisions, and the counterparties to the derivative instruments can request early termination or demand immediate and ongoing overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on March 31, 2013 and 2012, was ¥2,956 million and ¥15,310 million, respectively (¥1,335 million and ¥8,100 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 ¥449 million and ¥5,302 million in the normal course of business associated with these contracts were posted at March 31, 2013 and 2012, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2013 and 2012, 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 ¥886 million and ¥2,949 million, respectively.

24. *FINANCIAL INSTRUMENTS*

Fair Value of Financial Instruments

In accordance with the requirements of ASC 825-10-50, "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 4, "MARKETABLE SECURITIES AND OTHER INVESTMENTS" and Note 25, "FAIR VALUE MEASUREMENT."

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 25, "FAIR VALUE MEASUREMENT."

The estimated fair values of certain financial instruments at March 31, 2013 and 2012 were as follows:

	Millions of Yen			
	March 31, 2013		March 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities	¥3,634,300	¥3,634,300	¥3,655,399	¥3,655,399
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)	407,771	409,678	314,108	315,938
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities	2,413,370	2,413,370	2,043,574	2,043,574
Long-term debt (including current maturities)	3,765,082	3,857,866	3,427,444	3,513,485

* The fair values of financial assets and liabilities other than derivative financial instruments, which primarily include cash and cash equivalents, accounts receivable, loans, accounts payable, borrowings, and bonds, are estimated using a discounted cash flow model by incorporating such key observable inputs as market interest rates, and are classified as level 2 except for the following:

1. The fair values of cash and cash equivalents included in current financial assets other than marketable securities which are classified as level 1 as of March 31, 2013 and 2012 were ¥1,208,441 million and ¥1,280,662 million, respectively.
2. The fair values of loans and other receivables included in non-current receivables and advances to associated companies (less allowance for doubtful receivables) which are classified as level 3 as of March 31, 2013 and 2012 were ¥178,562 million and ¥46,686 million, respectively. These are estimated using a discounted cash flow model by incorporating such key significant unobservable inputs as credit spreads, probability of default, and loss severity of each loan or receivable.

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 lines by management and continuous monitoring of counterparties' operations. The companies require counterparties to post collateral, if necessary.

25. *FAIR VALUE MEASUREMENT*

ASC 820 "Fair Value Measurement" 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.

The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

I. 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 those classified as level 2, and the investments in unlisted associated companies are valued based on the net asset value of the 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.

Long-term Loans

- Long-term loans are measured based on the fair value of the collateral. The fair value of the collateral is measured based on a broker's price opinion and classified as level 3.

II. Valuation process

- The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by management of the Corporate Staff Division. Based on the policy and procedures, either personnel from the accounting division or the investment directors determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All the valuations including those performed by the external experts are reviewed and approved by the Corporate Staff Division management before being recorded in the general ledgers. The companies quarterly analyzes changes in the recurring fair valuation measurements of non-marketable equity securities based on such information as prices from most recent transactions.

III. Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at March 31, 2013 and March 31, 2012, are as follows:

March 31, 2013	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)	¥ 403,264	—	—		
Marketable equity securities (Non-Japan)	48,399	—	¥ 11,007		
Preferred stock that must be redeemed	—	¥ 47,168	—		
Government bonds	—	15	—		
Other securities	—	285	—		
Total equity securities and debt securities	¥ 451,663	¥ 47,468	¥ 11,007		¥ 510,138
Derivative assets:					
Foreign exchange contracts	—	¥ 103,336	—		
Interest rate contracts	¥ 8	34,025	—		
Commodity contracts	23,085	416,421	¥ 198		
Other contracts	—	—	3,508		
Total derivative assets (current and non-current)	¥ 23,093	¥ 553,782	¥ 3,706	¥ (446,888)	¥ 133,693
Total assets	¥ 474,756	¥ 601,250	¥ 14,713	¥ (446,888)	¥ 643,831
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 129,622	—		
Interest rate contracts	¥ 41	18,973	—		
Commodity contracts	13,486	411,048	¥ 222		
Total derivative liabilities (current and non-current)	¥ 13,527	¥ 559,643	¥ 222	¥ (434,931)	¥ 138,461
Total liabilities	¥ 13,527	¥ 559,643	¥ 222	¥ (434,931)	¥ 138,461

March 31, 2012	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)	¥ 370,506	—	—		
Marketable equity securities (Non-Japan)	41,640	—	¥ 14,569		
Preferred stock that must be redeemed	—	¥ 55,523	—		
Government bonds	—	20	—		
Other securities	—	460	—		
Total equity securities and debt securities	¥ 412,146	¥ 56,003	¥ 14,569		¥ 482,718
Derivative assets:					
Foreign exchange contracts	—	¥ 59,645	—		
Interest rate contracts	¥ 6,218	29,563	—		
Commodity contracts	26,147	1,539,106	¥ 885		
Total derivative assets (current and non-current)	¥ 32,365	¥ 1,628,314	¥ 885	¥(1,554,378)	¥ 107,186
Total assets	¥ 444,511	¥ 1,684,317	¥ 15,454	¥(1,554,378)	¥ 589,904
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 56,677	—		
Interest rate contracts	¥ 5,345	16,485	—		
Commodity contracts	26,397	1,575,663	¥ 821		
Total derivative liabilities (current and non-current)	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158
Total liabilities	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158

* 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.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2013 is as follows:

	Millions of Yen	
March 31, 2013	**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 and other contracts**
Opening balance	¥ 14,569	¥ 64
Total gains or losses for the year:	(3,699)	3,374
Included in earnings	(3,699)	3,374
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	(454)	(436)
Purchases	3,570	—
Sales	(4,024)	—
Issues	—	—
Settlements	—	(436)
Transfers into Level 3:	—	—
Transfers out of Level 3:	(964)	—
Translation adjustments	1,555	482
Closing balance	¥ 11,007	¥ 3,484
Change in unrealized (losses) or gains for the year included in earnings for assets held at the end of the year	¥ (3,699)	¥ 3,555

Gains and losses are included in cost of products sold, other sales and other expense (income)-net in the Statement of Consolidated Income for the year ended March 31, 2013.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2012 is as follows:

	Millions of Yen	
March 31, 2012	**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**
Opening balance	¥ 8,374	¥ 236
Total gains or losses for the year:	2,878	825
Included in earnings	2,878	825
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	3,203	(793)
Purchases	3,203	—
Sales	—	—
Issues	—	—
Settlements	—	(793)
Transfers into Level 3:	—	—
Transfers out of Level 3:	—	(204)
Translation adjustments	114	(0)
Closing balance	¥ 14,569	¥ 64
Change in unrealized gains for the year included in earnings for assets held at the end of the year	¥ 2,878	¥ 122

	Millions of Yen			
	Other sales	**Cost of products sold**	**Other income (expenses)—net**	**Total gains**
Total gains for the year included in earnings	¥ 2,680	¥ 972	¥ 51	¥ 3,703
Change in unrealized gains for the year included in earnings for assets held at the end of the year	2,726	223	51	3,000

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis at March 31, 2013 and March 31, 2012 are as follows:

	Millions of Yen			
March 31, 2013	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Recurring fair value measurements:				
Non-marketable equity securities	¥ 940	Income approach	Revenue growth rate	0%-40.4%
			Discount rate	15%-40%
	4,124	Market approach	Discount for lack of marketability	0%-30%
			Volatility rate	40%-105%
Derivative assets (other contracts)	3,508	Market approach	Probability of success	0%-100%
			Discount rate	0%-10%

	Millions of Yen			
March 31, 2012	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Recurring fair value measurements:				
Non-marketable equity securities	¥ 590	Income approach	Revenue growth rate	2%-321%
			Discount rate	20%
	7,367	Market approach	Revenue multiple	4-9
			Discount for lack of marketability	0%-60%
			Volatility rate	43%-115%

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of non-marketable equity securities measured using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value, and increases (decreases) in revenue growth rates would result in a higher (lower) fair value. For those non-equity securities measured using the market approach, increases (decreases) in revenue multiples would result in a higher (lower) fair value, increases (decreases) in discounts for lack of marketability would result in a lower (higher) fair value, and increases (decreases) in volatility rates would result in a higher (lower) fair value.

For recurring fair value measurements of derivative assets (other contracts), increases (decreases) in probability of success would result in a higher (lower) fair value, and increases (decreases) in discount rates would result in a lower (higher) fair value.

IV. 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.

Long-term loans are measured based on the fair value of the collateral, if the collateral-dependant loan is determined to be impaired considering current information. The fair value of the collateral is measured based on a broker's price opinion.

Financial assets measured at fair value on a nonrecurring basis for the years ended March 31, 2013 and March 31, 2012 are as follows:

	Millions of Yen				
		Fair value measurements using			Year ended March 31, 2013
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 3,223	—	¥ 10	¥ 3,213	¥ (1,335)
Non-Japan	16,918	—	—	16,918	(8,646)
Total non-marketable equity securities	¥ 20,141	—	¥ 10	¥ 20,131	¥ (9,981)
Investments in associated companies					
Japan	¥ 14,643	¥ 14,643	—	—	¥ (3,880)
Non-Japan	5,322	—	—	¥ 5,322	(4,371)
Total investments in associated companies	¥ 19,965	¥ 14,643	—	¥ 5,322	¥ (8,251)

	Millions of Yen				
		Fair value measurements using			Year ended March 31, 2012
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 8,194	—	¥ 1,847	¥ 6,347	¥ (7,180)
Non-Japan	17,827	—	3,860	13,967	(13,964)
Total non-marketable equity securities	¥ 26,021	—	¥ 5,707	¥ 20,314	¥ (21,144)
Investments in associated companies					
Japan	¥ 49,329	¥ 48,231	—	1,098	¥ (14,672)
Non-Japan	7,729	7,585	—	144	(20,057)
Total investments in associated companies	¥ 57,058	¥ 55,816	—	1,242	¥ (34,729)
Long-term Loans	2,424	—	—	2,424	(864)

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 years ended March 31, 2013 and March 31, 2012 are as follows:

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2013
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 1,856	—	—	¥ 1,856	¥ (12,342)

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2012
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 7,460	—	—	¥ 7,460	¥ (14,049)
Goodwill	3,759	—	—	3,759	(4,209)

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a non-recurring basis for the year ended March 31, 2013 and three-month period ended March 31, 2012 are as follows:

	Millions of Yen			
Year Ended March 31, 2013	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Non-recurring fair value measurements:				
Non-marketable equity securities	¥ 2,974	Market approach	EV multiple	0.29-0.36
			Discount for lack of marketability	0%-15%
	13,908	Income approach	Revenue growth rate	32%-127%
			Discount rate	14.6%-15.6%
Long-lived assets	805	Income approach	Loss severity	100%

Three-month Period Ended March 31, 2012	Millions of Yen Fair Value	Valuation Technique	Principal Unobservable Input	Range
Non-recurring fair value measurements: Non-marketable equity securities	¥ 8,349	Income approach	Revenue growth rate	4%-71%
			Discount rate	8%-16%
Long-lived assets	0	Income approach	Loss severity	100%

26. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the Statements of Consolidated Cash Flows is as follows:

	Millions of Yen		
	2013	**2012**	**2011**
Cash paid during the year for:			
Interest	¥ 53,930	¥ 53,095	¥ 50,636
Income taxes, net of refunds (Note 19)	158,025	155,929	107,080
Non-cash investing and financing activities:			
Exchange of shares in connection with business combinations and reorganizations involving investees:			
Fair market value of shares received	—	—	17,274
Carrying amounts of shares surrendered	—	—	8,456
Conversion of a short-term bridge loan receivable to a long-term loan receivable	71,959	—	—
Exchange of a short-term bridge loan receivable for an investment in an associated company	80,653	—	—
Acquisitions of businesses (Note 3):			
Fair value of assets acquired	45,844	170,945	138,518
Fair value of liabilities assumed	23,435	99,015	26,999
Acquisition costs of businesses	22,409	71,930	111,519
Non-cash acquisition costs	1,116	20,984	—
Cash acquired	—	2,464	4,722
Acquisitions of businesses, net of cash acquired	21,293	48,482	106,797

27. SUBSEQUENT EVENT

On June 21, 2013, the shareholders approved the payment of a cash dividend to shareholders of record on March 31, 2013 of ¥21 per share or a total of ¥38,334 million at the Company's ordinary general meeting of shareholders.

2. Others

Quarterly data for the year ended March 31, 2013

	Millions of Yen, Except Amounts per Share			
	Year ended March 31, 2013	Nine-month period ended December 31, 2012	Six-month period ended September 30, 2012	Three-month period ended June 30, 2012
Revenues	¥4,911,609	¥3,576,461	¥2,365,898	¥1,179,779
Income before Income Taxes and Equity in Earnings	314,098	246,317	160,302	87,941
Net Income Attributable to Mitsui & Co., Ltd.	307,926	253,909	168,337	104,447
Total Trading Transactions	10,049,637	7,462,613	4,992,679	2,495,597
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 168.72	¥ 139.13	¥ 92.24	¥ 57.23

	Three-month period ended March 31, 2013	Three-month period ended December 31, 2012	Three-month period ended September 30, 2012	Three-month period ended June 30, 2012
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 29.60	¥ 46.89	¥ 35.01	¥ 57.23

Note: Total Trading Transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.

Litigation

See Note 20, “CONTINGENT LIABILITIES.”

3. Supplemental Information on Oil and Gas Producing Activities (Unaudited)

In accordance with Accounting Standard Codification ("ASC") 932 "Extractive Activities-Oil and Gas" this section provides supplemental information on oil and gas exploration and producing activities of the companies in five separate tables. Tables 1 through 3 provide historical cost information pertaining to costs incurred for property acquisitions, exploration and development; capitalized cost; and results of operations. They do not include any settlement costs relating to the Gulf of Mexico oil spill. Tables 4 and 5 present information on the companies' estimated net proved reserve quantities and standardized measure of estimated discounted future net cash flows related to proved reserves. The amounts for investments that are accounted for by the equity method are separately presented as "Associated Companies," for which the companies' share of the investees' information on oil and gas producing activities is presented in the following tables.

The regional analysis presented in the tables below is on a continent basis, with separate disclosure for countries that contain 15% or more of the total proved reserves (for subsidiaries plus equity accounted entities), in line with FASB requirements. The comparative information for 2012 and 2011 is also presented on this basis. The "Consolidated Companies" column includes activities in "Australia/Oceania," "Thai/Asia," "Middle East" (Qatar and Oman), "North America" and "Others" (Africa and Europe). Only unproved properties are included in "Others" for the years ended March 31, 2012 and 2011. The "Associated Companies" column includes activities in "Australia/Oceania" and "Thai/Asia." The "Associated Companies" column of the following tables includes information on liquefied natural gas ("LNG") producing activities as an integral part of natural gas producing activities.

TABLE 1. COSTS INCURRED FOR PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT*1

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North*2 America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2013:								
Acquisition of Proved Properties	¥ –	¥ –	¥ –	¥ 1,245	¥ 29,661	¥ –	¥ –	¥ 30,906
Acquisition of Unproved Properties	–	–	–	679	–	87,430	–	88,109
Exploration	6,719	4,391	3,227	53,771	27,421	723	–	96,252
Development	2,933	29,540	27,207	37,086	–	11,327	1,850	109,943
Total Costs Incurred	¥ 9,652	¥ 33,931	¥ 30,434	¥ 92,781	¥ 57,082	¥ 99,480	¥ 1,850	¥ 325,210
Year Ended March 31, 2012:								
Acquisition of Proved Properties	¥ –	¥ –	¥ –	¥ 9,206	¥ –	¥ –	¥ –	¥ 9,206
Acquisition of Unproved Properties	1,236	–	–	2,606	71	–	–	3,913
Exploration	7,962	5,701	1,590	1,418	10,298	699	25	27,693
Development	16,270	24,986	12,309	81,597	–	10,205	1,577	146,944
Total Costs Incurred	¥ 25,468	¥ 30,687	¥ 13,899	¥ 94,827	¥ 10,369	¥ 10,904	¥ 1,602	¥ 187,756
Year Ended March 31, 2011:								
Acquisition of Proved Properties	¥ –	¥ –	¥ 6,682	¥ 3,514	¥ –	¥ –	¥ –	¥ 10,196
Acquisition of Unproved Properties	–	–	5,174	14,286	–	–	–	19,460
Exploration	6,409	4,393	2,882	1,410	9,266	6	185	24,551
Development	14,761	26,655	10,141	44,618	–	8,967	2,848	107,990
Total Costs Incurred	¥ 21,170	¥ 31,048	¥ 24,879	¥ 63,828	¥ 9,266	¥ 8,973	¥ 3,033	¥ 162,197

*1. Includes costs incurred whether capitalized or expensed and capitalized asset retirement costs incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."
*2. The increase from 2011 to 2012 was mainly due to the new shale gas/oil project in the United States.

TABLE 2. CAPITALIZED COSTS RELATED TO OIL AND GAS PRODUCING ACTIVITIES

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North[*2] America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2013:								
Proved Properties[*1]	¥ 211,279	¥ 471,891	¥ 142,533	¥ 218,875	¥ 33,480	¥ 245,879	¥ 39,950	¥ 1,363,887
Unproved Properties	22,293	6,192	1,921	60,782	22,822	99,689	5,493	219,192
Gross Capitalized Properties	233,572	478,083	144,454	279,657	56,302	345,568	45,443	1,583,079
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	178,794	357,680	95,081	44,936	690	134,822	28,704	840,707
Net Capitalized Costs	¥ 54,778	¥ 120,403	¥ 49,373	¥ 234,721	¥ 55,612	¥ 210,746	¥ 16,739	¥ 742,372
Year Ended March 31, 2012:								
Proved Properties[*1]	¥ 186,460	¥ 439,984	¥ 92,012	¥ 88,724	¥ –	¥ 206,987	¥ 45,056	¥ 1,059,223
Unproved Properties	13,323	3,532	5,452	68,885	13,961	–	5,368	110,521
Gross Capitalized Properties	199,783	443,516	97,464	157,609	13,961	206,987	50,424	1,169,744
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	136,958	328,744	56,253	12,151	–	107,311	34,006	675,423
Net Capitalized Costs	¥ 62,825	¥ 114,772	¥ 41,211	¥ 145,458	¥ 13,961	¥ 99,676	¥ 16,418	¥ 494,321
Year Ended March 31, 2011:								
Proved Properties[*1]	¥ 171,614	¥ 432,761	¥ 78,663	¥ 46,965	¥ –	¥ 199,343	¥ 50,604	¥ 979,950
Unproved Properties	10,276	3,890	6,919	13,940	6,208	–	5,253	46,486
Gross Capitalized Properties	181,890	436,651	85,582	60,905	6,208	199,343	55,857	1,026,436
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	115,505	307,924	46,881	1,779	376	102,847	37,524	612,836
Net Capitalized Costs	¥ 66,385	¥ 128,727	¥ 38,701	¥ 59,126	¥ 5,832	¥ 96,496	¥ 18,333	¥ 413,600

*1. Includes capitalized asset retirement costs in accordance with ASC 410.
*2. The significant increase was mainly due to the new shale gas/oil project in the United States.

TABLE 3. RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

The companies' results of operations from oil and gas producing activities are shown in the following table. In accordance with ASC 932, income taxes are based on statutory tax rates. Interest income and expense are excluded from the results reported.

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2013:								
Sales to Unaffiliated Enterprises	¥ 49,497	¥ 141,186	¥ 27,886	¥ 25,905	¥ 4,805	¥ 105,732	¥ 17,340	¥ 372,351
Transfers to Affiliated Enterprises	21,030	–	47,083	–	–	–	–	68,113
Total Revenues	70,527	141,186	74,969	25,905	4,805	105,732	17,340	440,464
Production Costs	14,479	11,636	9,116	9,505	3,849	27,769	6,176	82,530
Exploration Expenses	4,731	5,178	1,450	631	21,174	1,101	7	34,272
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	19,532	29,017	23,668	29,342	426	11,540	2,009	115,534
Income Tax Expenses	14,127	56,850	19,336	(6,534)	330	19,973	3,879	107,961
Results of Operations for Oil and Gas Producing Activities	¥ 17,658	¥ 38,505	¥ 21,399	¥ (7,039)	¥ (20,974)	¥ 45,349	¥ 5,269	¥ 100,167
Year Ended March 31, 2012:								
Sales to Unaffiliated Enterprises	¥ 60,139	¥ 111,862	¥ 8,673	¥ 8,362	¥ –	¥ 92,479	¥ 15,411	¥ 296,926
Transfers to Affiliated Enterprises	8,049	–	50,915	–	–	–	–	58,964
Total Revenues	68,188	111,862	59,588	8,362	–	92,479	15,411	355,890
Production Costs	9,076	16,100	5,822	1,742	–	24,006	3,582	60,328
Exploration Expenses	6,158	5,807	2,507	1,418	2,772	1,049	–	19,711
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	21,733	23,059	12,934	9,965	–	8,838	2,660	79,189
Income Tax Expenses	12,732	37,772	22,923	(1,915)	1	17,650	3,087	92,250
Results of Operations for Oil and Gas Producing Activities	¥ 18,489	¥ 29,124	¥ 15,402	¥ (2,848)	¥ (2,773)	¥ 40,936	¥ 6,082	¥ 104,412
Year Ended March 31, 2011:								
Sales to Unaffiliated Enterprises	¥ 56,492	¥ 97,221	¥ 6,487	¥ 2,068	¥ –	¥ 88,500	¥ 13,753	¥ 264,521
Transfers to Affiliated Enterprises	5,217	–	38,961	–	–	–	–	44,178
Total Revenues	61,709	97,221	45,448	2,068	–	88,500	13,753	308,699
Production Costs	11,967	11,877	5,264	541	–	21,915	3,478	55,042
Exploration Expenses	5,051	1,535	831	1,410	7,313	86	–	16,226
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	23,740	19,926	11,716	1,824	2,039	8,262	3,635	71,142
Income Tax Expenses	11,685	35,467	15,679	–	–	17,404	2,876	83,111
Results of Operations for Oil and Gas Producing Activities	¥ 9,266	¥ 28,416	¥ 11,958	¥ (1,707)	¥ (9,352)	¥ 40,833	¥ 3,764	¥ 83,178

TABLE 4. PROVED RESERVE QUANTITY INFORMATION

The following table describes proved oil and gas reserves and changes thereto for the years ended March 31, 2013, 2012 and 2011. The definitions of proved oil and gas reserves used herein were revised by ASU 2010-03 in January 2010. Among the significant revisions in this rule are requirements to use a price based on the average first-day-of-the-month price during the 12-month period for reserve estimation and disclosure instead of a single end-of-year price; expanding the definition of oil and gas producing activities to include nontraditional resources such as synthetic oil and gas; permitting the use of new reliable technologies to establish reasonable certainty of proved reserves, and the new standard has been adopted since 2010.

Proved Developed and Undeveloped Reserves:

	Crude Oil, Condensate and Natural Gas Liquids [*1] Millions of Barrels								Natural Gas [*1, *3] Billions of Cubic Feet							
	Consolidated Companies					Associated Companies			Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia[*4]	Middle East	North America	Others	Australia/ Oceania	Thai/ Asia	World-wide	Australia/ Oceania	Thai/ Asia[*4]	Middle East	North America	Others	Australia/ Oceania	Thai/ Asia	World-wide
Reserves at March 31, 2010	25	31	17	–	–	33	8	114	62	520	38	–	–	690	169	1,479
Changes Attributable to:																
Revision of Previous Estimates (includes improved recovery)	–	(2)	4	–	–	2	(1)	3	(16)	7	3	–	–	(11)	(11)	(28)
Extensions and Discoveries	4	–	–	–	–	–	–	4	–	–	–	242 [*5]	–	–	–	242
Purchases	–	–	5	–	–	–	–	5	–	–	–	42 [*5]	–	–	–	42
Sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Production	(9)	(7)	(4)	–	–	(5)	(2)	(27)	(10)	(80)	(4)	(6)	–	(59)	(13)	(172)
Reserves at March 31, 2011	20	22	22	–	–	30	5	99	36	447	37	278	–	620	145	1,563
Changes Attributable to:																
Revision of Previous Estimates (includes improved recovery)	4	12	–	–	–	1	1	18	(1)	146	(3)	(81)	–	2	14	77
Extensions and Discoveries	–	–	1	–	–	–	–	1	–	–	4	143 [*5]	–	–	–	147
Purchases	–	–	–	9	–	–	–	9	–	–	–	30 [*5]	–	–	–	30
Sales	–	–	–	–	–	–	(3)	(3)	–	–	–	–	–	–	–	–
Production	(7)	(8)	(5)	–	–	(3)	(1)	(24)	(11)	(86)	(4)	(24)	–	(57)	(13)	(195)
Reserves at March 31, 2012	17	26	18	9	–	28	2	100	24	507	34	346	–	565	146	1,622
Changes Attributable to:																
Revision of Previous Estimates (includes improved recovery)	3	6	2	1	–	1	3	16	12	78	4	21	–	0	7	122
Extensions and Discoveries	–	0	4	16	–	–	–	20	–	–	0	219 [*5]	–	–	–	219
Purchases	–	–	–	–	4 [*6]	–	–	4	–	–	–	–	31 [*6]	–	–	31
Sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Production	(7)	(7)	(6)	(2)	0	(4)	(1)	(27)	(9)	(111)	(5)	(63)	0	(56)	(15)	(259)
Reserves at March 31, 2013	13	25	18	24	4	25	4	113	27	474	33	523	31	509	138	1,735
Proved Developed Reserves : [*2]																
Reserves at March 31, 2010	20	20	12	–	–	17	7	76	25	274	23	–	–	315	161	798
Reserves at March 31, 2011	16	11	15	–	–	13	4	59	36	241	24	142	–	255	49	747
Reserves at March 31, 2012	15	15	13	5	–	14	1	63	24	251	19	161	–	209	42	706
Reserves at March 31, 2013	13	13	14	13	4	12	2	71	27	238	24	343	27	181	38	878

*1. 1 barrel of crude oil = 5,800 cubic feet of natural gas

*2. The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 51 percent as of March 31, 2011 and has gradually declined year by year on the back of prosperous production. The expected costs to develop these undeveloped reserves were estimated to be ¥210,362 million in total as of March 31, 2011.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 49 percent as of March 31, 2012 and almost same level compared to the percentage as of March 31, 2011. The expected costs to develop these undeveloped reserves were estimated to be ¥355,919 million in total as of March 31, 2012.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 54 percent as of March 31, 2013 and has increased mainly due to increase of Proved Developed Reserves of shale gas project in the United States. The expected costs to develop these undeveloped reserves were estimated to be ¥402,242 million in total as of March 31, 2013.

*3. The proved gas reserves are restricted to those volumes that are related to firm sales commitments.

*4. Includes total proved reserves attributable to Mitsui Oil Exploration Co., Ltd. of 22 million, 26 million and 25 million barrels of Crude oil, Condensate and Natural Gas Liquids and 447 billion, 507 billion and 474 billion of cubic feet of Natural Gas in March 2011, 2012 and 2013, as well as proved developed reserves of 11 million, 15 million and 13 million barrels of Crude oil, Condensate and Natural Gas Liquids and 241 billion, 251 billion and 238 billion of cubic feet of Natural Gas in March 2011, 2012 and 2013, respectively, in which there is a 29.7 percent, 29.5 percent and 26.7 percent noncontrolling interests.

*5. The increase of 284 billion cubic feet, 173 billion cubic feet and 219 billion cubic feet in Purchases and Extensions and Discoveries of Natural Gas for 2011, 2012 and 2013 were mainly due to the new shale gas project in the United States.

*6. The increase of 4 million barrels of Crude oil, Condensate and Natural Gas Liquids and 31billion cubic feet of Natural Gas in Purchases of Crude oil, Condensate and Natural Gas Liquids and Natural Gas for 2013 were mainly due to the acquisition of the British oil major's working interest in the oil, gas and condensate field in the UK North Sea area.

TABLE 5. STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATED TO PROVED OIL AND GAS RESERVES

The standardized measure of discounted future cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with ASU 2010-03. Estimated future net cash inflows from proved oil and gas reserves are computed using the average first-day-of-the-month price during the 12-month period for 2013, 2012 and 2011. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates. Discounted future net cash flows are calculated using a discount factor of 10 percent.

The information provided does not represent management's estimate of the companies' expected future cash flows or value of proved oil and gas reserves. Estimates of proved reserve quantities shall change over time as new information becomes available. Moreover, probable and possible reserves, which may become proved in the future, are excluded from the calculations. The arbitrary valuation prescribed under ASC 932 requires assumptions as to the timing of future development and production costs. The calculations are made as of each fiscal year-end and should not be relied upon as an indication of the companies' future cash flows or value of their oil and gas reserves.

1) Standardized Measure of Discounted Future Net Cash Flows

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia [*1]	Middle East	North America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
At March 31, 2013:								
Future Cash Inflows from Production	¥ 150,315	¥ 587,999	¥ 297,875	¥ 262,923	¥ 68,832	¥ 894,909	¥ 191,538	¥ 2,454,391
Future Production Costs	(82,186)	(130,285)	(40,596)	(69,494)	(24,963)	(219,340)	(53,115)	(619,979)
Future Development Costs [*2]	(29,242)	(152,500)	(17,253)	(65,964)	(4,646)	(113,143)	(19,494)	(402,242)
Future Income Taxes	(11,666)	(238,401)	(122,175)	–	(2,180)	(172,595)	(56,540)	(603,557)
Undiscounted Future Net Cash Flows	27,221	66,813	117,851	127,465	37,043	389,831	62,389	828,613
10% Annual Discount for Timing of Estimated Cash Flows	(1,017)	6,314	(27,375)	(71,284)	(10,071)	(138,998)	(40,143)	(282,574)
Standardized Measure of Discounted Future Net Cash Flows	¥ 26,204	¥ 73,127	¥ 90,476	¥ 56,181	[*3] ¥ 26,972	¥ 250,833	¥ 22,246	¥ 546,039
At March 31, 2012:								
Future Cash Inflows from Production	¥ 171,202	¥ 451,561	¥ 259,251	¥ 163,962	¥ –	¥ 823,625	¥ 116,986	¥ 1,986,587
Future Production Costs	(72,108)	(108,501)	(30,858)	(28,857)	–	(213,326)	(20,764)	(474,414)
Future Development Costs [*2]	(33,839)	(120,542)	(29,710)	(52,329)	–	(106,870)	(12,629)	(355,919)
Future Income Taxes	(19,577)	(175,490)	(106,459)	–	–	(153,568)	(39,692)	(494,786)
Undiscounted Future Net Cash Flows	45,678	47,028	92,224	82,776	–	349,861	43,901	661,468
10% Annual Discount for Timing of Estimated Cash Flows	(3,585)	(5,008)	(23,034)	(45,277)	–	(127,856)	(25,830)	(230,590)
Standardized Measure of Discounted Future Net Cash Flows	¥ 42,093	¥ 42,020	¥ 69,190	¥ 37,499	¥ –	¥ 222,005	¥ 18,071	¥ 430,878
At March 31, 2011:								
Future Cash Inflows from Production	¥ 145,078	¥ 369,092	¥ 240,596	¥ 108,527	¥ –	¥ 729,580	¥ 87,442	¥ 1,680,315
Future Production Costs	(80,183)	(69,185)	(30,140)	(24,762)	–	(186,721)	(21,486)	(412,477)
Future Development Costs [*2]	(25,990)	(50,314)	(20,648)	(29,620)	–	(78,763)	(5,027)	(210,362)
Future Income Taxes	(11,512)	(167,068)	(106,959)	–	–	(134,931)	(25,500)	(445,970)
Undiscounted Future Net Cash Flows	27,393	82,525	82,849	54,145	–	329,165	35,429	611,506
10% Annual Discount for Timing of Estimated Cash Flows	(1,788)	(14,467)	(23,767)	(30,185)	–	(130,768)	(22,169)	(223,144)
Standardized Measure of Discounted Future Net Cash Flows	¥ 25,605	¥ 68,058	¥ 59,082	¥ 23,960	¥ –	¥ 198,397	¥ 13,260	¥ 388,362

*1. Includes discounted future net cash flows attributable to Mitsui Oil Exploration Co., Ltd. of ¥73,126 million, ¥42,020 million and ¥68,058 million in March 2013, 2012 and 2011 respectively, in which there is a 26.7 percent, 29.5 percent and 29.7 percent minority interest.

*2. Includes cash-out for asset retirement obligations incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."

*3. The increase of ¥26,972 million in Standardized Measure of Discounted Future Net Cash Flows was mainly due to the acquisition of the British oil major's working interest in the oil, gas and condensate field in the UK North Sea area.

2) Details of Changes for the Year

	Millions of Yen								
	Consolidated Companies			Associated Companies			Worldwide		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Present Value at April 1	¥ 190,802	¥ 176,705	¥ 156,822	¥ 240,076	¥ 211,657	¥ 153,824	¥ 430,878	¥ 388,362	¥ 310,646
Sales/Transfers of Oil and Gas Produced, Net of Production Costs	(260,991)	(216,839)	(165,250)	(88,911)	(80,087)	(76,751)	(349,902)	(296,926)	(242,001)
Development Costs Incurred	88,047	72,669	50,584	13,178	11,782	11,815	101,225	84,451	62,399
Purchases of Reserves in Place	23,895	19,401	28,313	–	–	–	23,895	19,401	28,313
Extensions and Discoveries	51,645	27,600	30,352	–	–	–	51,645	27,600	30,352
Sales of Reserves	–	–	–	–	(1,204)	–	–	(1,204)	–
Net Changes in Prices, Development and Production Cost	17,613	20,827	109,422	31,998	77,234	117,347	49,611	98,061	226,769
Revisions of Previous Quantity Estimates*1	124,038	65,863	(27,277)	14,388	17,819	(13,690)	138,426	83,682	(40,967)
Accretion of Discount	19,286	17,104	15,313	24,121	20,500	14,376	43,407	37,604	29,689
Net Changes in Income Taxes	(1,469)	13,504	12,139	5,940	(16,810)	(1,495)	4,471	(3,306)	10,644
Others *2	20,094	(6,032)	(33,713)	32,289	(815)	6,231	52,383	(6,847)	(27,482)
Net Changes for the Year	82,158	14,097	19,883	33,003	28,419	57,833	115,161	42,516	77,716
Present Value at March 31	¥ 272,960	¥ 190,802	¥ 176,705	¥ 273,079	¥ 240,076	¥ 211,657	¥ 546,039	¥ 430,878	¥ 388,362

*1. Includes amounts resulting from changes in the timing of production.
*2. Main portion of “Others” is foreign currency translation adjustments and increase or decrease of royalty due to revisions of previous reserves.

6. Outline Regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	(Special account) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	------
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice	Mitsui carries out its public notifications by means of electronic public notice. http://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Note) Public notice of book closing is not included in the public notices shown in "Method of giving public notice."

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2013 and the issuance date (June 21, 2013) of the original Japanese version of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 93rd) From April 1, 2011 to March 31, 2012 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2012

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 94th period) (From April 1, 2012 to June 30, 2012) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2012

(The 2nd quarter of 94th period) (From July 1, 2012 to September 30, 2012) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2012

(The 3rd quarter of 94th period) (From October 1, 2012 to December 31, 2012) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2013

(3) Internal Control Report

Fiscal Year (the 93rd) (From April 1, 2011 to March 31, 2012) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2012

(4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 22, 2012
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on September 21, 2012
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (transfer of specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on December 20, 2012
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 6-2 (share exchange), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Shelf Registration Statement (corporate bonds)

1) Shelf Registration Statement and Attached Documents

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 17, 2012

2) Amended Shelf Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on September 21, 2012
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2012
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on December 20, 2012
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2013

3) Supplemental Documents to Shelf Registration Statement and Attached Documents

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 22, 2013

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the accompanying consolidated financial statements of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related statements of consolidated income, consolidated comprehensive income, changes in consolidated equity, and consolidated cash flows for each of the three years in the period ended March 31, 2013 (all expressed in Japanese yen), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Convenience Translations

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditors' Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 21, 2013

Management's Annual Report on Internal Control over Financial Reporting (Translation)

NOTE TO READERS

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Masami Iijima, President and CEO, and Joji Okada, Representative Director and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2013. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2013.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.

Independent Auditors' Report (filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS:
Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business units selection and/or account selection. In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT
(filed under the Financial Instruments and Exchange Act of Japan)

June 21, 2013

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Nobuaki Fuse

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hidehito Goda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Michiyuki Yamamoto

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2013 of Mitsui & Co., Ltd. (the "Company") and its consolidated subsidiaries, and the statements of consolidated income, consolidated comprehensive income, changes in consolidated equity and consolidated cash flows for the fiscal year from April 1, 2012 to March 31, 2013, including notes to the consolidated financial statements and consolidated supplementary schedules.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No. 11 of the Cabinet Office Ordinance in 2002), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsui & Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2013.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2013 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.