Strategic Initiatives to Manage through the Commodity Down-cycle

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March 23, 2016
Mitsui & Co., Ltd.
Strategic initiatives to manage through the commodity down-cycle

① Reinforcing downside resistivity and enhancing underlying earning strength

◆ Downside resistance of cash flow: estimated three-year total Recurring Free CF of the Medium-term Management Plan at ¥950 billion to ¥1 trillion

◆ Enhancing our underlying earning strength
  (1) Minerals and Energy: taking advantage of market conditions to acquire good assets and reduce costs
  (2) Capitalizing on our strengths: further bolstering profitable businesses
  (3) Developing new areas: concentrating resources to new business areas where our expertise can be utilized, and deploying our successful business models in emerging markets
  (4) Swift response to problematic projects and group-wide streamlining of operations

② Strict adherence to investment discipline

③ Shareholder return emphasized on Core Operating Cash Flow
Recurring downside resistivity and enhancing underlying earning strength

- Cash generating capability (Recurring Free CF) maintains certain downside resistivity
  - Three-year total RFCF forecast: ¥950 billion to ¥1 trillion
  - However, latest market conditions are downward pressure on operating cash flow

Recurring Free Cash Flow forecast

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<tbody>
<tr>
<td>Core Operating Cash Flow</td>
<td>660.0</td>
<td>470.0</td>
<td>approx. 350.0</td>
<td>approx. 1,500.0</td>
<td>1,700.0</td>
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<tr>
<td>Asset Recycling</td>
<td>340.0</td>
<td>460.0</td>
<td></td>
<td>800.0</td>
<td>900.0</td>
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<tr>
<td>Investment to Existing</td>
<td>-530.0</td>
<td>-770.0〜-820.0</td>
<td>-1,300.0〜-1,350.0</td>
<td>-1,500.0</td>
<td></td>
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<td>and Projects in the</td>
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<td>Pipeline</td>
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<tr>
<td>RESOURCES (Recurring</td>
<td>470.0</td>
<td>460.0〜510.0</td>
<td>950.0〜1,000.0</td>
<td>1,100.0</td>
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<td>Free CF)</td>
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① Reinforcing downside resistivity and enhancing underlying earning strength

(1) Mineral resources and Energy: take advantage of current market conditions to pursue acquisition of good assets and cost reduction

- Pursuing acquisition of good assets and realignment of portfolio with partners (Kipper gas field in Australia, etc.)

- Further improvement of competitiveness through streamlining operations (mining engineering) and cost reduction

- Completion of major developing projects without delay (Mozambique (natural gas/coal), Italy (oil), Australia (natural gas/oil), etc.)

- Undertaking associated infrastructure businesses to secure stable earning base (Cape Lambert port in Australia, Cameron LNG in the US, etc.)

- Higher priority on iron ore and gas projects

Maximizing upside potential through reinforcement of three key strengths: output, reserves and cost competitiveness
① Reinforcing downside resistivity and enhancing underlying earning strength

(2) Bolstering profitability in areas of particular strength

<table>
<thead>
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<th>Strategic domains</th>
<th>Areas of particular strength</th>
<th>Examples of bolstering profitability</th>
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</table>
| Hydrocarbon Chain       | Chemical business in the US on the back of competitive feedstock (e.g. shale gas) and strong product demand | • Methanol production in the US: full-year contribution from the next fiscal year  
• Expansion of US tank terminal business (full-year contribution from Phase-I next fiscal year, Phase-II from the year after)  
• Acrylic resin feedstock (MMA Monomer) production                                                                                                                                 |
| Mobility                | Strong automobile sales, automotive components, automotive materials and commercial logistics business in the Americas | • North America: strong automobile sales, full-year contribution from truck leasing from the next fiscal year  
• The Americas: growing automotive components manufacturing business (Gestamp)  
• Strengthen automotive material business in response to demand for lightweight components  
• Brazil: implementing value-up plan by VLI in the integrated railway logistics business                                                                                                                                 |
| Infrastructure          | Growing the group of infrastructure projects that generate stable cash flow                  | • Mineral resources and Energy basic industry: additional stake in natural gas distribution business in Brazil to fully contribute from the next fiscal year, construction of Cameron LNG to be completed by the year ending March 2019  
• Power generation: several construction completion in the next several years (Brazilian hydropower in the next fiscal year, Oman in the year after, Morocco in the year ending March 2019, Thailand/Malaysia/Oman in the year ending March 2020) |

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① Reinforcing downside resistivity and enhancing underlying earning strength

(2) Bolstering profitability in areas of particular strength

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| Infrastructure    | Growing the group of infrastructure projects that generate stable cash flow | ~continued from the previous page~  
• Logistics: container terminal in Indonesia to be completed in the next fiscal year, Santos port in Brazil through VLI to be completed in the year after  
• Marine: three FPSOs to start contributing by the year ending March 2018 |
| Food and Agriculture | Expanding the business by utilizing market presence | • Novus in the US (feed additives): planned expansion of production capacity and introducing new products  
• Ventura in the US (edible oils processing): acquisition to contribute from the next fiscal year  
• Agricultural material: contribution from Kocide (copper fungicide) and expanding sales of agrochemicals in the US and Europe |
| Medical / Healthcare | Expanding peripheral businesses around the core hospital network, and supporting pharmaceutical companies | • IHH: expanding through M&A and organic growth  
• MIMS: Applying successful models in the Asian market  
• Increasing contracts to meet outsourcing needs by pharmaceutical companies  
• Expanding healthcare staffing business |
① Reinforcing downside resistivity and enhancing underlying earning strength

(3) Developing new areas: concentrating resources to new business areas where our expertise can be utilized, and deploying our successful business models in emerging markets

① High-speed data communication
   • PT Internux of Indonesia
   • Afrimax of Sub-Saharan Africa

② TV Shopping
   • QVC Japan
   • CCTV Shopping in China
   • Naaptol in India

③ IoT • Advanced analytics and prediction
   • Farmers Edge in Canada
   • Crayon Data in Singapore, Black Swan in UK

※ Karugamo Works: internal business creation program aimed at promoting open innovation
   • Hampton Creek (plant protein foodstuff venture) in the US, Axelspace (microsatellite development) in Japan

(4) Swift response to problematic projects and group-wide streamlining of operations

   • Multigrain: fundamental restructuring of the business including inviting partners
   • Caserones copper project: improving the operating rate
   • Raising productivity by transforming the way we work: mobile work, hourly annual paid leave, etc.
② Strict adherence to investment discipline

◆ Prioritizing high value-adding opportunities

◆ Optimizing the timing of investment

◆ Actively taking advantage of cost deflation

◆ Realizing value through divestments and asset restructuring
Shareholder return emphasized on core operating cash flow

- Year-end Dividend (¥/ Share)
- Interim Dividend (¥/ Share)
- Core Operating CF (¥ billion)

- Mar/14: 25 (Forecast: 34)
- Mar/15: 32 (Forecast: 32)
- Mar/16: 32 (Forecast: 32)
- Mar/17: (Forecast) approx. 350.0

(Forecast) approx. 470.0
360° business innovation.