ANNUAL REPORT 2000
January 1, 2000 - December 31, 2000

MITSUI & CO. (U.S.A.), INC.

To the Board of Directors of Mitsui & Co. (U.S.A.), Inc.:

We have audited the accompanying consolidated balance sheets of Mitsui & Co. (U.S.A.), Inc. and subsidiaries (collectively, the ''Company'') as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

New York, NY
April 30, 2001

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
	(In Thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	$ 216,176	$ 255,178
Marketable securities (Notes 1, 2 and 10)	19,833	91,349
Accounts and notes receivable:		
Customers	683,037	896,230
Parent and affiliated companies—net	736,510	518,730
Allowance for doubtful receivables	(28,814)	(32,453)
Inventories (Note 1)	443,124	398,794
Advance payments to suppliers	29,609	100,421
Other current assets (Note 5)	77,747	220,766
Total current assets	2,177,222	2,449,015
INVESTMENTS:		
Investments in and advances to associated companies (Notes 1 and 2)	278,878	264,921
Financing leases (Note 2)	279,375	187,937
Other investments (Notes 1, 2 and 10)	161,593	194,386
Total investments	719,846	647,244
PROPERTY AND EQUIPMENT—NET (Notes 1, 3 and 6)	323,234	302,161
NONCURRENT ADVANCES, RECEIVABLES AND OTHER—NET (Note 10)	72,944	257,302
Total	$3,293,246	$3,655,722

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
	(In Thousands)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Notes, acceptances and accounts payable—trade:		
Trade creditors	$ 803,633	$ 821,728
Other	236	2,304
Notes and loans payable (Notes 4 and 10)	488,462	201,108
Advances received on contracts	21,462	116,187
Current maturities of long-term debt (Notes 4 and 10)	112,807	523,490
Accrued taxes on income (Note 5)	22,593	26,173
Accrued expenses and sundry	62,833	78,996
Total current liabilities	1,512,026	1,769,986
LONG-TERM DEBT, LESS CURRENT MATURITIES (Notes 4 and 10)	984,745	868,094
CAPITAL LEASE OBLIGATIONS (Note 6)	46,982	48,165
DEFERRED INCOME TAXES (Note 5)	115,388	140,684
OTHER LIABILITIES	38,241	161,345
MINORITY INTEREST IN SUBSIDIARIES	62,633	66,464
SHAREHOLDER'S EQUITY:		
Capital stock, no par value, authorized and outstanding, 1,000 shares	350,000	350,000
Retained earnings	177,950	202,401
Accumulated other comprehensive income (Notes 1 and 2)	5,281	48,583
Shareholder's equity	533,231	600,984
COMMITMENTS AND CONTINGENCIES (Notes 6, 8, 9 and 10)		
Total	$3,293,246	$3,655,722

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2000	Year Ended December 31, 1999
	(In Thousands)	
TOTAL TRADE TRANSACTIONS (Notes 1 and 11)	$ 8,726,126	$ 7,740,518
GROSS TRADING PROFIT (Notes 1 and 11)	$ 332,458	$ 321,092
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(252,348)	(222,055)
INTEREST (NET OF INTEREST EXPENSE OF $115,701,000 and $107,054,000 for the Years Ended December 31, 2000 and 1999, respectively)	9,005	158
OTHER INCOME (EXPENSE)—NET (Note 2)	53,458	(3,663)
INCOME BEFORE INCOME TAXES AND EQUITY IN (LOSS) EARNINGS OF ASSOCIATED COMPANIES	142,573	95,532
PROVISION FOR INCOME TAXES (Notes 1 and 5)	60,965	46,396
INCOME BEFORE EQUITY IN (LOSS) EARNINGS OF ASSOCIATED COMPANIES	81,608	49,136
EQUITY IN (LOSS) EARNINGS OF ASSOCIATED COMPANIES—NET (AFTER INCOME TAX EFFECT) (Note 1)	(730)	17,170
NET INCOME	$ 80,878	$ 66,306

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Years Ended December 31, 2000 and 1999
(In Thousands)

	Comprehensive Income	Capital Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholder's Equity
Balance, January 1, 1999		$350,000	$186,470	$ 5,437	$541,907
Comprehensive income:					
Net income	$ 66,306		66,306		66,306
Other comprehensive income (loss):					
Foreign currency translation adjustments	(311)			(311)	(311)
Unrealized gain on securities, net of reclassification adjustments and tax	43,457			43,457	43,457
Comprehensive income	$109,452				
Dividends paid			(45,000)		(45,000)
Reorganization of certain subsidiaries, etc.			(5,375)		(5,375)
Balance, December 31, 1999		350,000	202,401	48,583	600,984
Comprehensive income:					
Net income	$ 80,878		80,878		80,878
Other comprehensive income (loss):					
Foreign currency translation adjustments	137			137	137
Unrealized loss on securities, net of reclassification adjustments and tax	(43,439)			(43,439)	(43,439)
Comprehensive income	$ 37,576				
Dividends paid			(105,000)		(105,000)
Reorganization of certain subsidiaries, etc.			(329)		(329)
Balance, December 31, 2000		$350,000	$177,950	$ 5,281	$533,231

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2000	Year Ended December 31, 1999
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 80,878	$ 66,306
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation, depletion and amortization	53,648	64,904
Provision for (net recovery of) losses on receivables, etc.	10,015	(2,609)
Gain on sales of marketable securities and other—net	(70,685)	(3,863)
Financing leases	(19,458)	(20,878)
Equity in (loss) earnings of associated companies—net (after income tax effect), net of dividends received	14,044	(10,551)
Deferred income taxes	(3,930)	(763)
Minority interest in subsidiaries	7,575	4,919
Other	8,328	(1,584)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts and notes receivable	95,229	(32,143)
(Increase) decrease in inventories	(56,837)	66,172
Decrease in advance payments to suppliers	70,812	13,137
Increase in other current assets	(239,391)	(38,353)
Decrease in noncurrent advances, receivables and other	106,015	885
Increase in notes, acceptances and accounts payable	110,142	165,893
Decrease in advances received on contracts	(94,725)	(42,160)
Decrease in accrued taxes on income	(2,594)	(3,080)
Decrease in accrued expenses and sundry	(16,163)	(2,200)
(Decrease) increase in noncurrent other liabilities	(123,104)	84,704
Net cash (used in) provided by operating activities	(70,201)	308,736
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in marketable securities and other investments	88,212	38,661
Decrease in investments in and advances to associated companies	9,519	9,198
Proceeds from financing leases	37,724	48,192
Issuance of financing leases	(115,058)	—
Capital expenditures—net	(54,443)	(35,621)
Other	137	(311)
Net cash (used in) provided by investing activities	(33,909)	60,119
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term notes and loans payable	311,666	(192,477)
Issuance of long-term debt	395,428	237,028
Payments on long-term debt	(525,328)	(384,213)
Payments on capital lease obligations	(7,767)	(8,957)
Minority interest in subsidiaries	(3,891)	(5,081)
Dividends paid	(105,000)	(45,000)
Net cash provided by (used in) financing activities	65,108	(398,700)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(39,002)	(29,845)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	255,178	285,023
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 216,176	$ 255,178
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 143,036	$ 114,170
Income taxes paid—net	$ 68,475	$ 52,797

See Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

CONSOLIDATION

The consolidated financial statements include the accounts of Mitsui & Co. (U.S.A.), Inc., a wholly-owned subsidiary of Mitsui & Co., Ltd. ("Mitsui Japan") (a Japanese corporation), and all of its significant subsidiaries (collectively, the "Company"). Significant intercompany items have been eliminated in consolidation. The Company's operations are principally in the following industries: steel, metals, machinery, chemicals, foods, energy, textiles, real estate and financial services, each having a diverse customer base.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

Cash equivalents are highly liquid short-term investments with an original maturity of three months or less and are readily convertible to cash.

INVENTORIES

Inventories are generally stated at the lower of cost (principally identified cost) or market. Commodities inventories that are able to be hedged using a terminal (futures) market (principally aluminum, precious metals, grain, cocoa, coffee, copper and sugar) are stated at market value. At December 31, 2000 and 1999, commodities inventories stated at market comprise approximately 26 percent and 20 percent, respectively, of total inventories.

FUTURES CONTRACTS

The Company enters into commodity futures contracts principally as a means of hedging transactions in inventories and trading commitments. Changes in the market value of the futures contracts are recognized in earnings.

INVESTMENTS AND MARKETABLE SECURITIES

The Company classifies certain investments as "available-for-sale," which are carried at fair value, with any unrealized gains and losses excluded from earnings and reported as a separate component of accumulated other comprehensive income on a net-of-tax basis. Investments in associated companies are accounted for by the equity method; otherwise, other investments are carried at cost.

FINANCIAL INSTRUMENTS

The Company enters into interest rate swap agreements principally as a means of managing their interest rate exposure. Interest differentials on the swaps are accrued as interest rates change over the contract period. The Company also enters into foreign exchange forward contracts, including currency swap agreements, to hedge foreign exchange exposures on obligations, receivables or payables and identifiable commitments denominated in foreign currencies. Gains and losses on forward contracts, except contracts associated with identifiable commitments, are recognized based on changes in exchange rates and are offset against foreign exchange gains or losses on the hedged obligations and receivables or payables. Gains and losses on forward contracts that are intended to hedge identifiable commitments denominated in foreign currencies are deferred and included in the measurement of the related transactions.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation and amortization are provided over the estimated useful lives of the property using primarily the straight-line method.

RECOVERABILITY OF LONG-LIVED ASSETS

The Company periodically evaluates the carrying values and periods over which long-lived tangible and intangible assets are depreciated or amortized to determine if events have occurred which would require modification to the useful lives. In evaluating useful lives and carrying values of long-lived assets, the Company reviews certain indicators of potential impairment, such as undiscounted projected cash flows, profitability and other factors such as its business plans. In the event that an impairment seems likely, the fair value of the related asset is determined, and the Company would record a charge to earnings calculated by comparing the asset's carrying value to the estimated fair value. The Company estimates fair value based on the best information available, making whatever estimates, judgments and projections are considered necessary.

TOTAL TRADE TRANSACTIONS AND GROSS TRADING PROFIT

Total trade transactions consist of sales in which the Company acts as principal and transactions in which the Company serves as agent. Total trade transactions include the contract value of all transactions in which the Company participates regardless of the form of the transactions. Gross trading profit represents gross margin (sales less cost of sales) on transactions in which the Company acts as principal and commissions on transactions in which the Company serves as agent. A significant part of sales and cost of sales represents transactions in which title to and payment for the goods pass through the Company without physical acquisition or delivery through the Company's inventories. Most of such transactions are against counterparty orders.

INCOME TAXES

The Company uses the asset and liability method for financial accounting and reporting for income taxes. A valuation allowance is established, when necessary, to reduce deferred tax assets to their estimated realizable amounts.

The Company's Federal income tax return is prepared on a consolidated basis. Provision for income taxes on undistributed earnings of associated companies has been made on the assumption that the earnings were distributed on a current basis as dividends.

COMPREHENSIVE INCOME

In accordance with Statement of Financial Accounting Standards (''SFAS'') No. 130, ''Reporting Comprehensive Income,'' the Company has included amounts for comprehensive income (which consists of net income and other comprehensive income (loss)). Other comprehensive income (loss) consists of all changes to shareholder's equity other than those resulting from net income or shareholder transactions. For the Company, other comprehensive income (loss) consists of foreign currency translation adjustments and unrealized gains (losses) on marketable securities, net of taxes and reclassification adjustments. Accumulated other comprehensive income, which is the cumulative amount of other comprehensive income, is a separate component of consolidated shareholder's equity.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective 1999, the Company adopted the American Institute of Certified Public Accountants' Statement of Position 98-1, ''Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.'' Accordingly, certain computer software project costs incurred during the application development stage have been capitalized and will be amortized on a straight-line basis over a period of five years beginning when the software is placed into service. Such costs include external direct costs of material and services consumed in developing internal-use software. The impact of adoption on the Company's consolidated financial statements was not significant.

In June 1998, the Financial Accounting Standards Board (''FASB'') issued SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities,'' which established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS No. 133, as amended by SFAS Nos. 137 and 138, was effective for the

Company as of January 1, 2001. The adoption of SFAS No. 133, as amended, did not have a material impact on the Company's financial position, results of operations or liquidity.

In September 2000, the FASB issued SFAS No. 140, ''Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125,'' which revised the criteria for accounting for securitizations and other transfers of financial assets and collateral, and introduced new disclosures effective for the year ended December 31, 2000. At December 31, 2000, the total balance of securitized accounts receivable was approximately $100 million. The other provisions of SFAS No. 140 apply prospectively to transfers of financial assets and extinguishments of liabilities occurring after March 31, 2001. The Company does not expect the adoption of SFAS No. 140 to have any material impact on the Company's financial position, results of operations or liquidity.

2. Investments and Marketable Securities

Investments in and advances to associated companies are comprised of the following:

	December 31,	
	2000	1999
	(In Thousands)	
Investments in capital, at cost	$181,807	$170,916
Share of equity earnings—net	52,033	56,283
Advances, etc.	45,038	37,722
Total	$278,878	$264,921

The Company has a 32.5 percent equity interest in a partnership which produces methyl tertiary butyl ether (''MTBE''). At December 31, 2000 and 1999, the Company's carrying value of its investment in the partnership (including notes receivable), net of guarantees and other items, approximated $31 million and $44 million, respectively. In March 1999, the Governor of California issued an executive order that called for the discontinuation of MTBE use in California by the year 2003. Since such time, there have been numerous other actions initiated that either call for the phasing-out or discontinuation of MTBE use in various states throughout the United States. Although there can be no assurance as to future events, the Company believes that, at this time, it will substantially recover the net remaining carrying value of its investment in the partnership.

Investments in financing leases (primarily collateralized by aircraft) are comprised of the following:

	December 31, 2000	December 31, 1999
	(In Thousands)	
Direct financing leases:		
Net minimum lease payments—(approximately $237,000,000 collectible through December 31, 2005 on an approximately ratable annual basis; the remaining balance is collectible through 2020)	$357,387	$ 244,399
Estimated residual value of leased assets	94,617	63,937
Less—Unearned income	(160,701)	(98,764)
Allowance for doubtful accounts	(17,143)	(15,043)
	274,160	194,529
Less—Current portion	(24,135)	(17,625)
Net investment in direct financing leases	$250,025	$ 176,904
Leveraged leases:		
Minimum lease payments—(net of principal and interest on third-party nonrecourse debt)—approximately $3,000,000 collectible through December 31, 2005 on an approximately ratable annual basis; the remaining balance is collectible through 2016	$ 5,807	$ 3,181
Estimated residual value of leased assets	33,703	10,924
Less—Unearned income	(10,160)	(3,072)
Investment in leveraged leases	29,350	11,033
Less—Deferred tax liabilities arising from leveraged leases	(8,773)	(5,648)
Net investment in leveraged leases	$ 20,577	$ 5,385

At December 31, 2000 and 1999, included in current assets and other noncurrent investments are marketable securities classified as available-for-sale with aggregate fair values of $86,873,000 (cost of $78,579,000) and $185,843,000 (cost of $98,929,000), respectively. The net unrealized gain of $86,914,000 at December 31, 1999 consisted primarily of gains on investments in three high technology-related companies which became publicly traded in the latter part of 1999. During 2000, the Company sold a portion of its investments in two of these companies resulting in realized gains of approximately $19 million, which are included in other income in the consolidated statement of income. There were no significant unrealized gains or losses on any individual marketable securities at December 31, 2000. Net unrealized gains on marketable securities are included as a component of accumulated other comprehensive income, net of taxes, in the consolidated statements of shareholder's equity.

3. Property and Equipment

Property and equipment, including that held under capital leases (see Note 6), represents the following:

	December 31, 2000	December 31, 1999
	(In Thousands)	
Property leased to others	$ 48,834	$ 49,184
Land and land improvements	32,976	23,176
Buildings and structures	319,096	286,969
Equipment and fixtures, including leasehold improvements	213,585	211,677
Total	614,491	571,006
Less—Accumulated depreciation and amortization	(291,257)	(268,845)
Net	$ 323,234	$ 302,161

4. Debt and Other Financing Agreements

At December 31, 2000 and 1999, the Company had short-term notes of approximately $361 million and $146 million, respectively, and loans payable of approximately $127 million and $55 million, respectively, at interest rates of approximately 2.0%.

Long-term debt is comprised of the following:

	December 31, 2000	December 31, 1999
	(In Thousands)	
Parent and affiliated companies—maturing through 2004—6.1 to 7.4%	$ 9,813	$ 26,187
Other:		
Financial institutions—maturing through 2010—at fixed or floating rates, principally 3.1 to 7.7%	319,128	175,593
Medium Term Notes—maturing through 2011—principally 0.2 to 4.6%	741,336	1,168,315
Others—maturing through 2007—4.5 to 7.7%	27,275	21,489
Total principal amount	1,097,552	1,391,584
Less—Current maturities	(112,807)	(523,490)
Net	$ 984,745	$ 868,094

Long-term debt matures during the following years ending December 31 as follows:

	(In Thousands)
2001	$ 112,807
2002	230,192
2003	169,142
2004	125,920
2005	206,404
Thereafter	253,087
Total	$1,097,552

5. Income Taxes

In February 2001, the Company reached an agreement with the Internal Revenue Service (''IRS'') to settle the issues raised during the examination of the Company's Federal tax returns for the periods from 1991 through 1994. The details of the agreement are being finalized and it has been determined that the final settlement will have no material effect on the Company's financial position, results of operations or liquidity. The IRS has begun its examination of the Company's Federal income tax returns for the periods from 1995 through 1997. While the outcome of this examination cannot be predicted with any certainty, the Company is of the opinion that, based on information presently available, the amounts accrued in the Company's consolidated balance sheets are adequate to cover the amounts that may ultimately be payable for all open years.

At December 31, 2000 and 1999, net current deferred tax assets were $6,310,000 and $2,118,000, respectively, and net noncurrent deferred tax liabilities were $115,388,000 and $140,684,000, respectively. At December 31, 2000 and 1999, deferred tax assets consisted primarily of the tax effects of reserves recorded for financial statement purposes (principally losses on receivables and investments) that are not currently deductible for tax purposes. At December 31, 2000 and 1999, deferred tax liabilities consisted primarily of the tax effects of accelerated tax depreciation, financing leases, and net unrealized gains on marketable securities classified as available-for-sale.

The provision (benefit) for income taxes consists of the following:

	Year Ended December 31,	
	2000	1999
	(In Thousands)	
Current:		
Federal	$54,409	$38,910
State	10,486	8,249
Total current	64,895	47,159
Deferred	(3,930)	(763)
	$60,965	$46,396

The effective tax rates for the reported amounts of income tax expense are higher than the domestic Federal statutory rate of 35 percent mainly due to state and local income taxes and non-deductible expenses.

6. Leases

The following is a summary of property and equipment held under capital leases:

	December 31, 2000	December 31, 1999
	(In Thousands)	
Property leased to others	$ 1,251	$ 1,251
Equipment and fixtures, including leasehold improvements	43,222	43,222
Total	44,473	44,473
Less—Accumulated amortization	(21,128)	(19,818)
Net	$ 23,345	$ 24,655

Future minimum payments, by year and in the aggregate, under capital leases and operating leases with initial or remaining terms of one year or more during the following years ending December 31 are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
2001	$ 3,893	$ 20,218
2002	3,783	18,776
2003	12,333	17,615
2004	1,817	16,852
2005	1,817	14,029
Thereafter	43,680	16,317
Total minimum payments required*	67,323	$103,807
Less—Amount representing interest	(19,158)	
Present value of net minimum lease payments	48,165	
Less—Current portion	(1,183)	
Long-term obligations	$ 46,982	

* Minimum payments have not been reduced by minimum sublease rentals of $14,139,000 under capital leases and $4,201,000 under operating leases due in the future under noncancelable subleases.

Rental expense relating to operating leases was $18,957,000 and $14,624,000 and sublease rental income was $3,543,000 and $3,730,000 for the years ended December 31, 2000 and 1999, respectively.

7. Pension Plan

Net periodic pension cost is comprised of the following:

	Year Ended December 31, 2000	Year Ended December 31, 1999
	(In Thousands)	
Service cost	$ 1,436	$ 1,605
Interest cost	2,640	2,415
Expected return on assets	(2,474)	(2,188)
Amortization of unrecognized amounts:		
Transition obligation	15	15
Prior service cost	195	195
Net periodic pension cost	$ 1,812	$ 2,042

Changes in the projected benefit obligation, plan assets and funded status are comprised of the following:

	Year Ended December 31, 2000	Year Ended December 31, 1999
	(In Thousands)	
Changes in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 35,365	$ 35,139
Service cost	1,436	1,605
Interest cost	2,640	2,415
Benefits paid	(1,241)	(1,144)
Actuarial (gain) loss	(622)	500
Change in discount rate	—	(3,150)
Projected benefit obligation at end of year	$ 37,578	$ 35,365
Changes in plan assets:		
Fair value of plan assets at beginning of year	$ 29,202	$ 26,374
Actual return on plan assets	(558)	2,176
Employer contributions	1,630	1,796
Benefits paid	(1,241)	(1,144)
Fair value of plan assets at end of year	$ 29,033	$ 29,202
Funded status:		
Funded status at end of year	$ (8,545)	$ (6,163)
Unrecognized net loss (gain)	2,307	(103)
Unrecognized prior service cost	1,440	1,635
Unrecognized transition obligation	47	61
Accrued pension cost at end of year	$ (4,751)	$ (4,570)
Assumption used in the computation are as follows:		
Discount rate	7.75%	7.75%
Expected long-term rate of return on plan assets	8.50%	8.50%
Rate of increase in future compensation levels	3.00%-7.00%	3.00%-7.00%

8. Commitments and Contingencies

At December 31, 2000 and 1999, unused letters of credit amounted to approximately $10 million and $4 million, respectively.

At December 31, 2000 and 1999, commitments to extend additional credit to or invest in various entities aggregated approximately $64 million and $64 million, respectively, through 2006.

The Company customarily enters into long-term purchase contracts (usually with related sales contracts) for certain inventories. At December 31, 2000 and 1999, long-term purchase contracts at fixed or basic purchase prices amounted to approximately $384 million and $255 million, respectively, through 2003.

It is a customary practice of the Company to guarantee, severally or jointly with others, indebtedness of certain of its customers, suppliers and affiliated companies, primarily in furtherance of its trading activities. At December 31, 2000 and 1999, the aggregate amount of such guarantees was approximately $131 million and $114 million, respectively. Also, at December 31, 2000 and 1999, as is customary, the Company had performance bond guarantees and stand-by letters of credit outstanding which aggregated approximately $31 million and $45 million, respectively.

9. Legal Matters

The Company is a defendant in several legal actions, including civil antitrust action lawsuits arising from choline chloride pricing and marketing practices. As a result of various governmental investigations of market irregularities within the choline chloride product market, the Company is one of numerous defendants in civil antitrust action lawsuits (including potential class action lawsuits). The Company intends to vigorously defend this matter, as well as other legal actions. Although some actions are still in a preliminary stage and definitive conclusions cannot be made as to those legal actions, the Company is of the opinion that, based on information presently available, such legal actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company had been a defendant in a class action lawsuit filed in Louisiana arising out of a chemical leak and resulting tank car fire in New Orleans in 1987. In September 1997, a jury returned a verdict and a judgment was entered against the Company and several other defendants for significant compensatory and punitive damages. In October 1997, the Louisiana Supreme Court vacated the judgment and remanded the case back to the trial court for further proceedings. In October 1999, the Company and certain other defendants entered into a settlement agreement with the plaintiffs, which was approved by the trial court in March 2000 and the settlement was finalized in January 2001. The settlement did not have a material adverse effect on the Company's financial position, results of operations or liquidity.

10. Risk Management and Fair Value of Financial Instruments

The Company enters into derivative financial instruments to reduce the exposure to fluctuations in interest rates and foreign exchange rates. The primary categories of derivatives used are foreign exchange forward contracts, interest rate swaps, currency swaps, and options. Since most of the Company's derivative transactions are related to qualified hedges of underlying business exposures, market risk in those derivative instruments is basically offset by equal and opposite movements in the underlying exposure. The Company has a Market Risk Management Unit which independently monitors and analyzes the positions of derivative transactions and reports the analysis to management, strengthening the Company's ability to manage derivative risk comprehensively. In addition, the Company sets position limits based on accumulated notional amounts with each counterparty, and changes these limits based on the counterparty's current rating by independent institutions.

The following methods and assumptions are used in estimating the fair market value of derivatives and financial instruments:

Current Financial Assets Other Than Marketable Securities and Current Financial Liabilities: The fair market value approximates the carrying amounts reported in the consolidated financial statements because of their short-term maturities.

Marketable Securities and Other Investments: The fair market values of marketable securities and other investments are based on quoted market prices and, when available, cash flow analyses.

Noncurrent Advances, Receivables and Other, and Advances to Associated Companies: The fair market values of noncurrent trade receivables, including long-term loans receivable, except for loans with floating rates, 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 maturities. Carrying amounts of loans with floating rates approximate fair value.

Long-Term Debt: The fair market value of long-term debt, except for debt with floating rates, is estimated by discounted cash flow analysis, using interest rates currently available for similar types of borrowings with similar terms and maturities. Carrying amounts of borrowings with floating rates approximate fair value.

Off-Balance Sheet Financial Commitments: The Company has not estimated the fair market value of certain off-balance sheet commitments such as financial guarantees of indebtedness and financing commitments. Management believes that, because of uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market, estimation of such fair market values is not practical. The Company is of the opinion that it is improbable that it will be required to satisfy these guarantees.

Off-Balance Sheet Financial Instruments: The fair market value of the Company's off-balance sheet financial instruments (i.e., interest rate swaps, currency swaps, options and foreign exchange forward contracts) is generally valued based on quoted market prices of comparable contracts or current termination values at the reporting date. To some extent, judgment is required to interpret certain market data to estimate fair market values for particular financial instruments.

At December 31, 2000 and 1999, the Company had outstanding interest rate swap agreements with notional/contract amounts totaling $1.6 billion and $2.4 billion, respectively, and foreign exchange forward contracts with notional/contract amounts totaling $1.3 billion and $1.5 billion, respectively, which expire on various dates principally through 2011. These notional/contract amounts do not represent amounts exchanged by the counterparties and, therefore, are not a measure of the Company's exposure through its use of these financial instruments. The Company's exposure to credit risks in the event of non-performance by counterparties to these financial instruments is considered to be minimal as the Company deals only with highly-rated counterparties.

The following schedules are summaries of carrying amounts and fair market value of financial instruments as of December 31, 2000 and 1999:

	December 31, 2000	
	Carrying Amount	Estimated Fair Value
	Assets (Liabilities) (In Thousands)	
Assets:		
Marketable securities and other investments	$ 86,873	$ 86,873
Noncurrent advances, receivables and other	48,844	48,844
Liabilities:		
Debt	(1,586,014)	(1,616,026)
Interest rate swaps and foreign exchange forward contracts:		
Hedged assets	—	(1,891)
Hedged liabilities	(56,055)	(26,043)

	December 31, 1999	
	Carrying Amount	Estimated Fair Value
	Assets (Liabilities) (In Thousands)	
Assets:		
Marketable securities and other investments	$ 185,843	$ 185,843
Noncurrent advances, receivables and other	114,078	114,926
Liabilities:		
Debt	(1,592,692)	(1,632,082)
Interest rate swaps and foreign exchange forward contracts:		
Hedged assets	—	1,510
Hedged liabilities	134,889	174,279

11. Business Segments

The Company's principal business activities have been classified into the following operating segments: Iron and Steel, Non-Ferrous Metals, Machinery, Chemicals, Foods, Energy, Real Estate & Other and Corporate. Business segments are based on products and services for sale. The following are those amounts which are used by the Company in managing its business as of and for the years ended December 31, 2000 and 1999:

	Iron and Steel	Non-Ferrous Metals	Machinery	Chemicals	Foods	Energy, Real Estate & Other	Corporate	Total
December 31, 2000								
(In Thousands)								
Trade Transactions	$1,195,423	$1,257,149	$1,288,711	$1,942,351	$1,264,754	$1,777,738	$ —	$8,726,126
Gross Trading Profit	78,986	31,894	48,112	90,722	30,149	51,493	1,102	332,458
Net Income (Loss)	(2,342)	13,086	43,135	1,703	9,505	10,583	5,208	80,878
Assets	312,233	165,385	744,855	713,731	194,479	275,204	887,359	3,293,246

	Iron and Steel	Non-Ferrous Metals	Machinery	Chemicals	Foods	Energy, Real Estate & Other	Corporate	Total
December 31, 1999								
(In Thousands)								
Trade Transactions	$1,433,238	$1,247,382	$1,375,330	$1,712,187	$1,251,676	$720,705	$ —	$7,740,518
Gross Trading Profit	70,998	24,069	50,577	89,705	32,508	50,833	2,402	321,092
Net Income	10,808	7,068	13,536	5,065	8,684	20,228	917	66,306
Assets	275,257	678,524	801,108	650,279	182,810	168,134	899,610	3,655,722

All of the Company's segments derive a significant portion of trade transactions from Mitsui Japan and its affiliates. For the years ended December 31, 2000 and 1999, trade transactions with Mitsui Japan and its affiliates represent approximately 37 percent and 35 percent, respectively, of total trade transactions. Other than trade transactions with Mitsui Japan and its affiliates, no other single customer represents a significant portion of the Company's total trade transactions.

The following table provides geographic information for total trade transactions, which is based on the location of customers:

	Year Ended December 31, 2000	Year Ended December 31, 1999
	(In Thousands)	
United States	$3,824,262	$ 3,735,316
Japan	2,587,791	2,412,259
Other foreign countries	2,314,073	1,592,943
Total	$8,726,126	$ 7,740,518

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