ANNUAL REPORT 2009
April 1, 2008 - March 31, 2009

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

INDEPENDENT AUDITORS' REPORT

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 March 31, 2009 and 2008, and the related consolidated statements of operations, 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 generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at March 31, 2009 and 2008, 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
June 26, 2009

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2009 AND 2008

	March 31,	
	2009	2008
	(In Thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 481,345	$ 327,451
Accounts and notes receivable:		
Customers	721,074	1,529,289
Parent and affiliated companies	415,565	738,002
Allowance for doubtful receivables (Note 2)	(22,456)	(19,849)
Inventories (Note 2)	1,397,678	1,365,856
Deferred income taxes (Notes 2 and 9)	40,305	46,518
Other current assets (Note 14)	295,866	229,058
Assets of discontinued operations (Note 4)	8,370	32,758
Total current assets	3,337,747	4,249,083
INVESTMENTS:		
Investments in and advances to associated companies (Notes 2, 5 and 15)	636,801	701,608
Financing leases (Notes 2 and 10)	398,151	416,007
Other investments (Notes 2, 5 and 15)	101,633	131,220
Property leased to others—net (Notes 2 and 10)	193,851	221,103
Total investments	1,330,436	1,469,938
PROPERTY AND EQUIPMENT—NET (Notes 2, 6 and 10)	608,862	569,452
GOODWILL AND OTHER INTANGIBLE ASSETS—NET (Notes 2, 3 and 7)	226,485	405,886
NONCURRENT ADVANCES, RECEIVABLES AND OTHER—NET (Notes 12, 14 and 15)	257,509	315,332
Total	$ 5,761,039	$ 7,009,691

See Notes to Consolidated Financial Statements.

(continued)

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2009 AND 2008

	March 31, 2009	March 31, 2008
	(In Thousands)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities:		
Notes, acceptances and accounts payable:		
Trade creditors	$ 425,379	$ 938,248
Parent and affiliated companies	974,514	1,090,492
Notes and loans payable (Notes 8 and 15)	418,596	603,028
Advances received on contracts	5,712	17,544
Current maturities of long-term debt (Notes 8 and 15)	529,727	337,996
Accrued expenses and sundry (Note 14)	263,535	271,505
Liabilities of discontinued operations (Note 4)	6,541	11,672
Total current liabilities	2,624,004	3,270,485
Long-Term Debt, Less Current Maturities (Notes 8 and 15)	1,890,820	2,407,507
Capital Lease Obligations (Note 10)	43,041	81,712
Deferred Income Taxes (Notes 2 and 9)	243,292	234,479
Other Liabilities (Notes 11 and 14)	88,890	88,600
Contingent Liabilities (Notes 10, 12, 13, 14 and 15)		
Minority Interest in Subsidiaries	171,333	138,466
Total liabilities	5,061,380	6,221,249
Shareholder's Equity:		
Capital stock, no par value—authorized 2,000 shares; issued 1,050 shares	350,000	350,000
Additional paid-in capital (Note 5)	118,446	110,959
Retained earnings (Note 5)	286,142	335,814
Accumulated other comprehensive loss (Note 2):		
Foreign currency translation adjustments (Note 2)	(31,361)	2,344
Unrealized loss on derivatives used as cash flow hedges, net of taxes (Notes 2 and 14)	(505)	(2,159)
Unrealized (loss) gain on marketable securities, net of taxes (Notes 2 and 5)	(181)	4,154
Defined benefit plans, net of taxes (Note 11)	(22,882)	(12,670)
Total accumulated other comprehensive loss	(54,929)	(8,331)
Total shareholder's equity	699,659	788,442
Total	$5,761,039	$7,009,691

See Notes to Consolidated Financial Statements. (concluded)

CONSOLIDATED STATEMENTS OF OPERATIONS

MARCH 31, 2009 AND 2008

	March 31, 2009	March 31, 2008
	(In Thousands)	
REVENUES (Notes 2 and 16):		
SALES OF PRODUCTS	$11,093,026	$12,161,024
SALES OF SERVICES	67,273	89,964
OTHER SALES	122,243	106,442
TOTAL REVENUES	11,282,542	12,357,430
[TOTAL TRADING TRANSACTIONS 2009—$16,503,366 2008—$17,393,821]		
COST OF REVENUES (Notes 2, 5 and 14):		
COST OF PRODUCTS SOLD	10,285,908	11,780,700
COST OF SERVICES SOLD	10,355	4,104
COST OF OTHER SALES	73,308	68,527
TOTAL COST OF REVENUES	10,369,571	11,853,331
GROSS PROFIT (Notes 2 and 16)	912,971	504,099
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 6)	(586,200)	(450,850)
IMPAIRMENT LOSS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Notes 2, 3 and 7)	(170,690)	(1,459)
INTEREST EXPENSE (NET OF INTEREST INCOME OF $77,334 IN 2009 AND $86,236 IN 2008	(74,344)	(128,242)
OTHER (EXPENSE) INCOME—NET (Notes 5 and 14)	(5,555)	47,896
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES AND EQUITY IN (LOSSES) EARNINGS OF ASSOCIATED COMPANIES	76,182	(28,556)
PROVISION (BENEFIT) FOR INCOME TAXES (Notes 2 and 9)	62,579	(15,248)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES AND EQUITY IN (LOSSES) EARNINGS OF ASSOCIATED COMPANIES	13,603	(13,308)
MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES	(58,549)	(4,476)
EQUITY IN (LOSSES) EARNINGS OF ASSOCIATED COMPANIES—NET (AFTER INCOME TAX EFFECT) (Notes 2 and 5)	(14,306)	59,241
(LOSS) INCOME FROM CONTINUING OPERATIONS	(59,252)	41,457
DISCONTINUED OPERATIONS (Note 4):		
INCOME FROM DISCONTINUED OPERATIONS (Including gain on sale of discontinued operations of $11,012 in 2008)	17,155	2,557
PROVISION FOR INCOME TAXES (Notes 2 and 9)	7,389	2,159
INCOME FROM DISCONTINUED OPERATIONS—NET OF TAXES	9,766	398
NET (LOSS) INCOME	$ (49,486)	$ 41,855

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

MARCH 31, 2009 AND 2008

(In Thousands)

	Comprehensive Income (Loss)	Capital Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholder's Equity
Balance, April 1, 2007 (Note 5)		$350,000	$ 99,935	$308,629	$ (7,021)	$751,543
Comprehensive income:						
Net income	$ 41,855			41,855		41,855
Other comprehensive income (loss):						
Foreign currency translation adjustments	469				469	469
Unrealized loss on derivatives used as cash flow hedges, net of taxes of $1,599	(3,258)				(3,258)	(3,258)
Reclassification adjustments on cash flow hedges, net of taxes of $496	997				997	997
Unrealized gain on marketable securities, net of taxes of $2,207	3,286				3,286	3,286
Reclassification adjustments on marketable securities, net of taxes of $2,868	(4,301)				(4,301)	(4,301)
Defined benefit plans, net of taxes of $1,707	1,497				1,497	1,497
Comprehensive income	$ 40,545					
Cash dividends				(40,000)		(40,000)
Adoption of FIN No. 48, net of minority interest (Notes 2 and 9)				(3,914)		(3,914)
Reorganization of certain affiliates, etc. (Note 5)			11,024	29,244		40,268
Balance, March 31, 2008		350,000	110,959	335,814	(8,331)	788,442
Comprehensive loss:						
Net loss	$(49,486)			(49,486)		(49,486)
Other comprehensive (loss) income:						
Foreign currency translation adjustments	(33,705)				(33,705)	(33,705)
Unrealized gain on derivatives used as cash flow hedges, net of taxes of $1,523	2,722				2,722	2,722
Reclassification adjustments on cash flow hedges, net of taxes of $575	(1,068)				(1,068)	(1,068)
Unrealized loss on marketable securities, net of taxes of $2,922	(4,335)				(4,335)	(4,335)
Defined benefit plans, net of taxes of $7,120	(10,212)				(10,212)	(10,212)
Comprehensive loss	$(96,084)					
Reorganization of certain affiliates, etc. (Note 5)			7,487	(186)		7,301
Balance, March 31, 2009		$350,000	$118,446	$286,142	$(54,929)	$699,659

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

MARCH 31, 2009 AND 2008

	March 31, 2009	March 31, 2008
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (49,486)	$ 41,855
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, depletion and amortization	85,640	86,734
Provision for losses on receivables, etc.	34,943	3,654
(Gain) loss on disposal and sales of property and equipment and property leased to others	(15,682)	176
Impairment loss on property and equipment	2,657	2
Impairment loss on goodwill and other intangible assets	170,690	1,459
Impairment loss on real estate	27,729	84,724
Gain on sales of marketable securities and other—net	(1,225)	(23,609)
Impairment loss on other investments	16,377	2,326
Impairment loss on available-for-sale securities	2,469	—
Financing leases	(16,511)	(24,488)
Equity in (losses) earnings of associated companies—net, less dividends received	129,489	7,563
Deferred income taxes	38,481	(29,106)
Minority interest in earnings of subsidiaries	58,549	4,476
Gain on sales of businesses	—	(11,012)
Changes in operating assets and liabilities:		
Accounts and notes receivable	1,047,880	(439,979)
Inventories	(58,615)	135,322
Other current assets	(70,840)	(35,251)
Goodwill and other intangible assets	(1,564)	(10,832)
Noncurrent advances, receivables and other	60,389	40,464
Notes, acceptances and accounts payable	(638,378)	503,056
Advances received on contracts	(11,832)	8,920
Accrued expenses and sundry	(30,952)	(61,425)
Noncurrent other liabilities	(17,197)	(12,057)
Net cash provided by operating activities	763,011	272,972
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities and other investments	(8,241)	(2,190)
Proceeds from sales and maturities of marketable securities and other investments	19,204	18,306
Investments in and advances to associated companies	(83,442)	15,196
Acquisitions of businesses, net of cash and cash equivalents held by the acquired entities	—	(435,792)
Proceeds from financing leases	41,459	62,647
Proceeds from sales of property and equipment and property leased to others	49,898	1,976
Proceeds from sales of businesses	—	61,765
Capital expenditures	(125,129)	(149,634)
Net cash used in investing activities	(106,251)	(427,726)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) increase in short-term notes and loans payable	(133,441)	285,118
Issuance of long-term debt	12,775	908,723
Payments on long-term debt	(385,514)	(773,612)
Contributions from minority interest in subsidiaries	—	20,845
Dividends to minority interest in subsidiaries	(8,306)	(11,679)
Dividends paid	—	(40,000)
Other financing activities	(115)	4,000
Net cash (used in) provided by financing activities	(514,601)	393,395
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,955	—
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS OF DISCONTINUED OPERATION	8,780	(1,659)
NET INCREASE IN CASH AND CASH EQUIVALENTS	153,894	236,982
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	327,451	90,469
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 481,345	$ 327,451
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 161,050	$ 214,690
Income taxes paid	$ 130,940	$ 46,419

See Notes to Consolidated Financial Statements.

1. Nature of Operations

Mitsui & Co. (U.S.A.), Inc. ("Mitsui USA") is a wholly-owned subsidiary of Mitsui & Co., Ltd. ("Mitsui Japan") (a Japanese corporation). Mitsui USA and all of its significant subsidiaries (collectively, the "Company"), 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, and organizing and coordinating industrial projects through their business networks. The Company conducts sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Energy & Mineral Resources," "Machinery & Infrastructure Projects," "Chemicals," "Foods & Retail," and "Lifestyle, Consumer Service & Other," each having a diverse customer base, while providing general services for retailing, information and communications, technical support, transportation and logistics and financing.

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Mitsui USA and all of its significant subsidiaries. As discussed in more detail in Note 5 to the consolidated financial statements, The Company and Mitsui Japan entered into certain common control transactions. The Company accounted for these transactions in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," in a manner that is consistent with transactions between entities under common control. The Company's consolidated financial statements for periods prior to these transactions have been presented on an "as if" pooling basis, which assumes that the transactions had occurred at the beginning of the first period presented (which is April 1, 2007). Significant intercompany items have been eliminated in consolidation.

Total trading transactions, as presented in the accompanying consolidated statements of operations, is a voluntary disclosure and represents the gross transaction volume or the aggregate nominal value of the sales contracts in which the Company acts as principal and transactions in which the Company serves as 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 Company's operating performance, liquidity or cash flows generated by operating, investing or financing activities. The Company has 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 is a useful supplement to the results of operations information for users of the consolidated financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 into cash and have no significant risk of change in value. Such cash equivalents include time deposits and commercial papers with original maturities of three months or less.

ALLOWANCE FOR DOUBTFUL RECEIVABLES

Allowance for doubtful receivables is recorded for all receivables based primarily upon the Company's credit loss experiences and an evaluation of potential losses in the receivables.

INVENTORIES

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on the specific-identification basis, or market.

Inventories also include real estate under development and held for sale which is carried at cost and consists of land, buildings and related improvements, and preacquisition costs. Costs, including interest, incurred during the development stage for projects under development, if any, are capitalized until the related projects are substantially complete and ready for their intended use. Preacquisition costs are capitalized to the related project upon the acquisition of the property or charged to expense once it is probable the property will not be acquired. Real estate under development and held for sale is not depreciated but reviewed for impairment in accordance with SFAS No. 144, ''Accounting for the Impairment or Disposal of Long Lived Assets.'' Such impairment of approximately $27.7 million and $84.7 million for the years ended March 31, 2009 and 2008, respectively, was included in cost of products sold in the consolidated statements of operations.

INVESTMENTS AND MARKETABLE SECURITIES

The Company classifies certain investments in marketable securities as ''available-for-sale,'' which are carried at fair value with any unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income (loss) on a net-of-tax basis in accordance with SFAS No. 115, ''Accounting for Certain Investments in Debt and Equity Securities.'' Equity interests in associated companies are accounted for under the equity method of accounting when the Company and Mitsui Japan have a generally combined equity interest in these companies of 20 to 50%. Investments in which combined ownership is less than 20% are carried at cost. When an other-than-temporary decline in the value of the investment below its cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and the near-term prospects of the issuer, are reviewed to judge whether it is an other-than-temporary decline.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In accordance with SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities,'' as amended by SFAS No. 138, ''Accounting for Certain Derivatives Instruments and Certain Hedging Activities—an amendment of FASB Statement No. 133,'' and SFAS No. 149, ''Amendment of Statement 133 on Derivative Instruments and Hedging Activities,'' all derivative instruments, whether designed for hedging relationships or not, are recorded at fair value as either assets or liabilities in the consolidated balance sheets.

The Company enters into derivative instruments, such as foreign currency forward, option and swap contracts, and interest rate swap contracts, as a means of hedging its foreign currency exchange rate and interest rate exposures. The Company also enters into derivative instruments, such as commodity futures, forward, option and swap contracts, to hedge the commodity price exposures as a part of trading activities principally for petroleum, non-ferrous metals and agricultural products that are traded on a terminal (future) market.

If a derivative instrument is designated as a fair value hedge, changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings in the consolidated statements of operations.

If a derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are initially recorded in other comprehensive income (loss) and are reclassified into earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized immediately in earnings.

Changes in the fair value of derivative financial instruments for which hedge requirements are not met under SFAS No. 133, as amended, are recognized currently in earnings.

LEASING

The Company is engaged in lease financing consisting of direct financing leases and leveraged leases, and in operating leases of properties. For direct financing 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. Initial direct costs 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 Company is also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

PROPERTY LEASED TO OTHERS

Property leased to others is carried at cost, less accumulated depreciation, and is depreciated on a straight-line basis to estimated residual value over the estimated useful life of the asset.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation of property and equipment is provided over the estimated useful lives (ranging from 3 to 40 years) of the property and equipment using primarily the straight-line method. Leasehold improvements are amortized using the straight-line method 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. Expenditures for improvements and betterments of operating rental properties are capitalized. Maintenance, repairs, and minor renewals and betterments are charged to expense as incurred.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets arise principally from business acquisitions. Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired. Other intangible assets include primarily customer relationships, trade names and trademarks, non-compete agreements, sales/supply agreements, patents, software and others. In accordance with SFAS No. 142, ''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 on a straight-line basis over their estimated useful lives (ranging from 1 to 40 years) and reviewed for impairment in accordance with SFAS No. 144. Any identifiable intangible assets determined to have indefinite useful lives are not amortized, but instead tested for impairment in accordance with SFAS No. 142 until the useful life is determined to be no longer indefinite.

RECOVERABILITY OF LONG-LIVED ASSETS

In accordance with SFAS No. 144, 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 adjustment to the carrying values or modification to the estimated useful lives. In evaluating the estimated useful lives and carrying values of long-lived assets, the Company reviews certain indicators for potential impairment, such as future undiscounted cash flows, profitability and other factors, such as business plans. If the sum of the 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.

FOREIGN CURRENCY TRANSLATION

Foreign currency financial statements have been translated in accordance with SFAS No. 52, ''Foreign Currency Translation.'' Pursuant to this statement, the assets and liabilities of foreign subsidiaries and associated companies are translated into U.S. dollar at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting foreign currency translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollar at year-end exchange rates with the resulting gains and losses recognized in earnings, which are included in other (expense) income—net in the consolidated statements of operations.

REVENUE PRESENTATION

The Company recognizes revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the Company has 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:

Sales of products

Sales of products include the sales of various products as a principal in the transactions and the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise. The Company recognizes 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 or the title is transferred.

Sales of services

Sales of services include trading margins and commissions related to various trading transactions in which the Company acts as a principal or an agent. Specifically, the Company charges a commission for the performance of various services such as logistic and warehouse services, information services and technical support. For some back-to-back sales and purchase transactions of products, the Company acts as an agent and records the net amount of sales and purchase prices as revenues. The Company also facilitates conclusion of contracts between manufacturers and customers and deliveries for products between suppliers and customers. The Company recognizes revenues from services-related businesses when the contracted services are rendered to third-party customers pursuant to the agreements.

INCOME TAXES

Provision (benefit) for income taxes is based on reported earnings before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes and tax loss carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences or tax loss carryforwards are expected to reverse. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be recognized.

The Company's Federal income tax return is prepared on a consolidated basis. Provision for income taxes on undistributed earnings of associated companies accounted for under the equity method has been made on the assumption that the earnings were distributed on a current basis as dividends. The Company has not recognized a deferred tax liability for the undistributed earnings of its certain foreign subsidiaries at March 31, 2009 and 2008 since it does not expect these unremitted earnings to be repatriated in the foreseeable future. If these earnings are repatriated in the future, such repatriations will be done in the most effective tax manner.

In June 2006, the Financial Accounting Standards Board (''FASB'') issued FASB Interpretation (''FIN'') No. 48, ''Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109.'' FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with SFAS No. 109, ''Accounting for Income Taxes,'' and prescribes recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Effective April 1, 2007, the Company adopted FIN No.48. See Note 9 for the effect of the adoption of this statement on the Company's consolidated financial statements.

COMPREHENSIVE INCOME (LOSS)

In accordance with SFAS No. 130, ''Reporting Comprehensive Income,'' the Company has included amounts for comprehensive income (loss) (which consists of net income (loss) and other comprehensive income (loss)) in the consolidated statements of shareholder's equity. Other comprehensive income (loss) consists of all changes to shareholder's equity other than those resulting from net income (loss) or shareholder transactions. For the Company, other comprehensive income (loss) consists of foreign currency translation adjustments, unrealized gain (loss) on derivatives accounted for as cash flow hedges (net of reclassification adjustments), unrealized gain (loss) on marketable securities (net of reclassification adjustments) and defined benefit plans on a net-of-tax basis where applicable. Accumulated other comprehensive income (loss), which is the cumulative amount of other comprehensive income (loss), is a separate component of shareholder's equity.

GUARANTEES

In accordance with FIN No. 45, ''Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No. 5, 57 and 107 and rescission FASB Interpretation No. 34,'' the Company recognizes, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 consolidated financial statements to conform to the current year presentation.

NEW ACCOUNTING STANDARDS

Fair value measurements

In September 2006, the FASB issued SFAS No. 157, ''Fair Value Measurements,'' which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Effective April 1, 2008, the Company adopted this statement for financial assets, financial liabilities, and nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The effect of the adoption of this statement on the Company's financial position and results of operations was immaterial. See Note 15 for additional information regarding fair value measurements. For nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis, this statement will be adopted in fiscal years beginning after November 15, 2008. The effect of the adoption of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, that are not recognized or disclosed at fair value in the financial statements on a recurring basis, on the Company's consolidated financial position and results of operations is expected to be immaterial.

Fair value option

In February 2007, the FASB issued SFAS No. 159, ''The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115.'' Effective April 1, 2008, the Company adopted SFAS No. 159. SFAS No. 159 permits an entity to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value. The Company did not elect the fair value option under this statement.

Business combinations

In December 2007, the FASB issued SFAS No. 141 (revised 2007), ''Business Combinations,'' which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS No. 141(R) also requires disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

In April 2009, the FASB also issued FASB Staff Position (''FSP'') Financial Accounting Standard (''FAS'') No. 141(R)-1, ''Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That

Arise from Contingencies,'' which requires an asset or liability arising from a contingency in a business combination to be recognized at fair value if fair value can be reasonably determined.

Both SFAS No. 141(R) and FSP FAS No. 141(R)-1 are effective for fiscal years beginning after December 15, 2008. The Company is evaluating the effect that adoption of SFAS No. 141(R) and FSP FAS No. 141(R)-1 may have on the Company's consolidated financial statements.

Noncontrolling interests in consolidated financial statements

In December 2007, the FASB issued SFAS No. 160, ''Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51.'' SFAS No. 160 requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary and requires additional disclosure that identify and distinguish between the interests of the controlling and noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. Other than reclassifying minority interest in subsidiaries from a liability account to a component of shareholder's equity, the effect of the adoption of this statement on the Company's consolidated financial position and results of operations is expected to be immaterial.

Disclosures about derivative instruments and hedging activities

In March 2008, the FASB issued SFAS No. 161 ''Disclosures about Derivative Instruments and Hedging Activities—An Amendment of FASB Statement No. 133.'' SFAS No. 161 establishes the disclosure requirements for derivative instruments and for hedging activities with the intent to provide financial statement users with an enhanced understanding of the entity's use of derivative instruments, the accounting of derivative instruments and related hedged items under SFAS No. 133 and its related interpretations, and the effects of these instruments on the entity's financial position, financial performance, and cash flows. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company does not believe the adoption of this statement will have a material impact on the Company's consolidated financial position and results of operations.

The hierarchy of generally accepted accounting principles

In May 2008, the FASB issued SFAS No. 162, ''The Hierarchy of Generally Accepted Accounting Principles.'' SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. The Company adopted SFAS No. 162 on November 15, 2008. The adoption of this statement had no material impact on the Company's consolidated financial position and results of operations.

Employers' disclosure about postretirement benefit plan assets

In December 2008, the FASB issued FSP FAS No. 132(R)-1, ''Employers' Disclosures about Postretirement Benefit Plan Assets.'' FSP FAS No.132(R)-1 amends SFAS No. 132(R), ''Employers' Disclosures about Pensions and Other Postretirement Benefits,'' to enhance the transparency surrounding the types of assets and associated risks in an employer's defined benefit pension or other postretirement plan. The FSP requires an employer to disclose information about the valuation of plan assets similar to that required under SFAS No. 157. FSP FAS No. 132(R)-1 is effective for fiscal years ending after December 15, 2009. The Company will provide all of the material required disclosures in the appropriate future annual period.

3. Business Combinations

On February 28, 2007, Mitsui USA entered into an agreement with Steel Technologies Inc. (''Steel Tech'') to acquire all of its outstanding shares. After obtaining the approval of its shareholders and all the necessary regulatory approvals, Mitsui USA completed the acquisition on June 1, 2007. The total amount paid for the acquisition was approximately $393.6 million. On January 1, 2008, Mitsui USA contributed its 50% ownership interest in Mi-Tech Steel, Inc., which had a carrying value of $27.2 million, to Steel Tech. As a result, Mi-Tech Steel, Inc. became a wholly-owned subsidiary of Steel Tech. Steel Tech operates 23 steel processing facilities, including certain joint venture operations, throughout the United States, Canada and Mexico, delivering processing capabilities and value-added services to customers in a variety of industries by leveraging its broad geographic network facilities.

The purchase price was determined based on the expected future cash flows Steel Tech planned to generate. The excess of the purchase price over the fair value of net assets of Steel Tech was recorded as goodwill. The primary factors that contributed to the determination of the purchase price that caused the recognition of goodwill include the following: (1) Steel Tech's broad geographic network facilities in North America and ability to provide value-added services, and (2) synergies that might be achieved with the companies' marketing and logistics services in the steel business. In connection with this acquisition, approximately $68.0 million and $46.1 million were classified as goodwill and intangible assets, respectively. The intangible assets consist primarily of customer relationships (subject to amortization) of $28.9 million with an amortization period of 19 to 25 years and trademarks (not subject to amortization) of $11.3 million. The goodwill is non-deductible for tax purposes. During the year ended March 31, 2009, the Company recognized an impairment loss on goodwill and other intangible assets related to Steel Tech (See Note 7).

On April 27, 2007, Mitsui USA entered into a purchase agreement with the owner group of Affiliated Financial Corporation and BayQuest Capital Corporation to ultimately acquire 87.5% of the outstanding equity interests of Affiliated Financial Corporation and BayQuest Capital Corporation. Prior to closing of the purchase agreement, Affiliated Financial Corporation and BayQuest Capital Corporation merged with and into AFC LLC and BCC LLC, respectively. On September 21, 2007, after the closing conditions were met, Mitsui USA, through AFC Hold Co, LLC, acquired 87.5% of the outstanding shares of AFC LLC and BCC LLC for an aggregate price of approximately $62.7 million. Immediately after the acquisition, AFC Hold Co, LLC caused BCC LLC to merge into AFC LLC. As a result of these transactions, Mitsui USA owns 87.5% equity interest in AFC Hold Co, LLC and the remaining 12.5% equity interest in AFC Hold Co, LLC is owned by an entity controlled by one of the former shareholders of Affiliated Financial Corporation and BayQuest Capital Corporation, who remains as President & CEO of AFC Hold Co, LLC and AFC LLC. AFC LLC is in the business of purchasing, selling, securitizing and servicing retail automobile installment contracts originated by franchised and selected independent dealers in approximately 40 states. Through its loan purchases, AFC LLC serves as a source of financing for more than 4,000 dealerships, providing financing to consumers indirectly.

The purchase price was determined based on the expected future cash flows AFC Hold Co, LLC planned to generate. The excess of the purchase price over the fair value of net assets of AFC Hold Co, LLC was recorded as goodwill. The primary factors that contributed to the determination of the purchase price that caused the recognition of goodwill were the following: (1) AFC's network and experience in the automobile financing business in the United States, and (2) synergies that might be achieved with the companies' automobile value chain in the United States. In connection with this acquisition, approximately $58.2 million and $2.4 million were provisionally classified as goodwill and intangible assets (subject to amortization), respectively, at March 31, 2008. During the year ended March 31, 2009, the Company completed the purchase price allocation and, as a result, at March 31, 2009, approximately $60.9 million and $0.2 million were classified as goodwill and intangible assets (subject to amortization), respectively. The intangible assets subject to amortization consist of non-compete agreements with an amortization period of 8 years. The goodwill is deductible for tax purposes. During the year ended March 31, 2009, the Company recognized an impairment loss on goodwill related to AFC Hold Co, LLC (See Note 7).

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of Steel Tech (including 100% of Mi-Tech Steel, Inc.) and AFC Hold Co, LLC acquisitions:

	Steel Technologies Inc.	AFC Hold Co, LLC
	(In Millions)	
Current assets	$ 433.0	$ 27.1
Property and equipment	215.4	1.3
Investments and other noncurrent assets	65.3	55.0
Goodwill	68.0	60.9
Intangibles:		
Customer relationships	28.9	—
Trademarks	11.3	—
Non-compete agreements	5.9	0.2
Total assets acquired	827.8	144.5
Current liabilities	(326.4)	(17.9)
Long-term liabilities	(76.8)	(55.1)
Minority interest in subsidiaries	(3.8)	(8.8)
Total liabilities assumed	(407.0)	(81.8)
Net assets acquired	$ 420.8	$ 62.7

The Company's consolidated financial statements for the year ended March 31, 2008 include the operating results of Steel Tech and AFC Hold Co, LLC from their respective date of acquisition.

The following unaudited pro forma financial information of the Company for the year ended March 31, 2008 has been presented as if the acquisitions of Steel Tech and AFC Hold Co, LLC had occurred as of the beginning of the period. The pro forma information does not necessarily reflect the results of operations if the business had been managed by the Company during this period and is not indicative of results that may be obtained in the future.

	(In Thousands)
Revenues—pro forma	$12,597,749
Net income—pro forma	$ 48,289

4. Discontinued Operations

The Company presents the financial position and results of operations of discontinued operations that have either been sold or that meet the criteria for "held for sale accounting" as discontinued operations. At the time an operation qualifies for held for sale accounting, the operation is evaluated to determine whether or not the carrying value exceeds its fair value less cost to sell. Any loss as a result of carrying value in excess of fair value, less cost to sell, is recorded in the period the operation meets the criteria for held for sale accounting. Management judgment is required to: (1) assess the criteria required to meet held for sale accounting, and (2) estimate fair value.

During the year ended March 31, 2009, Portac, Inc. ("Portac"), a wholly-owned subsidiary of the Company, decided to cease its business operations in the timber and lumber business and sold certain property, including land, buildings, and machinery and equipment, directly associated with this business for approximately $33.2 million and a resulting gain on this sale of approximately $20.1 million was recognized.

During the year ended March 31, 2008, the Company sold substantially all of the net assets of Hannibal Industries, Inc. ("Hannibal"), a wholly-owned subsidiary of the Company, for approximately $61.8 million in cash, which resulted in a gain of approximately $11.0 million.

In accordance with SFAS No. 144, the Company presented these transactions as discontinued operations in the consolidated balance sheets and statements of operations for all periods presented. The assets and liabilities of Portac's discontinued operations at March 31, 2009 and 2008 are summarized as follows:

	2009	2008
	(In Thousands)	
ASSETS:		
Cash and cash equivalents	$1,895	$10,675
Accounts and notes receivable—net	4,101	1,938
Inventories	—	3,936
Other current assets	1,959	8,939
Property and equipment—net	75	6,986
Noncurrent advances, receivables and other—net	340	284
Total assets	$8,370	$32,758
LIABILITIES:		
Notes, acceptances and accounts payable	$1,391	$ 9,370
Accrued taxes on income	3,872	—
Accrued expenses and sundry	1,278	1,429
Deferred income taxes	—	873
Total liabilities	$6,541	$11,672

The statements of operations of the discontinued businesses of Portac and Hannibal for the years ended March 31, 2009 and 2008 are summarized as follows:

	2009	2008
	(In Thousands)	
Total revenues	$ 15,764	$ 149,509
Total cost of revenues	(14,933)	(145,663)
Gross profit	831	3,846
Selling, general and administrative expenses	(2,324)	(12,005)
Gain on sale of property and equipment	20,104	—
Interest income (expense)—net	91	(1,235)
Other (expense) income—net	(1,547)	939
Income (loss) from discontinued operations	$ 17,155	$ (8,455)

5. Investments and Marketable Securities

Other investments at March 31, 2009 and 2008 consist of the following:

	March 31,	
	2009	2008
	(In Thousands)	
Time deposits with maturities over three months	$ 38,437	$ 38,143
Available-for-sale securities	16,996	21,474
Other investments	46,200	71,603
Total	$101,633	$131,220

Time deposits are restricted under certain lease agreements.

At March 31, 2009 and 2008, the cost, fair value and gross unrealized gains and losses on available-for-sale securities are as follows:

	(In Thousands)				
			Unrealized Gains (Losses)		
	Cost	Fair value	Gains	Losses	Net
March 31, 2009					
Marketable equity securities	$13,926	$13,590	$ 749	$(1,085)	$ (336)
Debt securities	3,406	3,406	—	—	—
Total	$17,332	$16,996	$ 749	$(1,085)	$ (336)
March 31, 2008					
Marketable equity securities	$10,356	$17,298	$7,470	$ (528)	$6,942
Debt securities	4,176	4,176	—	—	—
Total	$14,532	$21,474	$7,470	$ (528)	$6,942

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales, which are recorded in other (expense) income—net in the consolidated statements of operations, determined using the specific identification method, for the years ended March 31, 2009 and 2008 are shown below:

	March 31,	
	2009	2008
	(In Thousands)	
Proceeds from sales	$712	$7,293
Gross realized gains	$ 46	$1,980
Gross realized losses	(4)	(624)
Net realized gains	$ 42	$1,356

The Company recorded an impairment loss on available-for-sale securities of approximately $2.5 million for the year ended March 31, 2009, which is included in other (expense) income—net in the consolidated statements of operations.

Other investments are primarily carried at cost. The Company recorded net gains on sales of other investments of approximately $1.2 million and $22.3 million for the years ended March 31, 2009 and 2008, respectively, which are included in other (expense) income—net in the consolidated statements of operations.

The Company recorded an impairment loss on other investments of approximately $16.4 million and $2.3 million for the years ended March 31, 2009 and 2008, respectively, which is included in other (expense) income—net in the consolidated statements of operations.

Investments in and advances to associated companies at March 31, 2009 and 2008 consist of the following:

	March 31,	
	2009	2008
	(In Thousands)	
Equity method investments	$611,340	$659,562
Advances, etc	25,461	42,046
Total	$636,801	$701,608

Investments in associated companies (investees owned 20% to 50% and other investees over which the Company has 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 Company's investments in Mitsui E&P (USA) LLC (50%), Mitsui & Co. Venture Partners II, L.P. (50%), MED3000 Group, Inc. ("MED3000") (47.2%), Brazos Wind Ventures, LLC (50%) and Mitsui & Co. Energy Risk Management Ltd. (14.75%). Associated companies are engaged primarily in the development of natural resources and the manufacturing and distribution of various products.

During the year ended March 31, 2009, Mitsui Japan transferred 50% of its ownership interest in Mitsui Foods, Inc. ("Mitsui Foods") to the Company. As a result of this transfer, the Company's ownership in Mitsui Foods increased to 100%. The Company accounted for this transfer in accordance with SFAS No. 141 in a manner that is consistent with transactions between entities under common control. As of April 1, 2007, the carrying value of $18.5 million associated with the ownership interest in Mitsui Foods transferred by Mitsui Japan is reflected in additional paid-in capital. The excess purchase price of approximately $12.2 million over the carrying amount of 50% ownership interest in Mitsui Foods was deducted from retained earnings as a deemed distribution as of April 1, 2007. In addition, for the year ended March 31, 2008, the Company recorded approximately $12.6 million directly to retained earnings, representing the carryover retained earnings attributable to Mitsui USA transferred by Mitsui Japan.

Additionally, during the year ended March 31, 2009, Mitsui Lifestyle (U.S.A.) Inc. ("Mitsui Lifestyle"), a 50% owned associated company of Mitsui USA, merged with and into Mitsui USA. Mitsui USA received the 50% ownership interest in Mitsui Lifestyle from Mitsui Japan without issuing any additional shares of Mitsui USA common stock. The carrying value of approximately $1.7 million associated with the 50% ownership interest in Mitsui Lifestyle transferred by Mitsui Japan is reflected in additional paid-in capital as of April 1, 2007. The Company recorded approximately $1.9 million directly to retained earnings, representing the carryover retained earnings attributable to the additional ownership interest in Mitsui Lifestyle transferred by Mitsui Japan as of April 1, 2007. In addition, for the year ended March 31, 2008, the Company accounted for a deemed distribution to Mitsui Japan of $0.8 million related to the Mitsui Lifestyle transaction.

During the year ended March 31, 2009, Mitsui Comtek Corp. ("Mitsui Comtek"), an 80% owned subsidiary of Mitsui USA, merged with and into Mitsui USA. Mitsui USA received a 20% ownership interest in Mitsui Comtek that was held by Mitsui Japan, without issuing any additional shares of Mitsui USA common stock. The carrying value of approximately $7.5 million associated with the 20% ownership interest in Mitsui Comtek transferred by Mitsui Japan is reflected in additional paid-in capital as of April 1, 2008.

During the year ended March 31, 2009, the Company invested in MED3000, a U.S. based provider of healthcare management and technology services for healthcare providers and employers, and acquired 47.2% of the outstanding shares of MED3000 for a purchase price of approximately $61.8 million. The Company also holds an option that enables it to further increase its ownership interest in MED3000 in response to the growth strategy of the company. Since MED3000's carrying value exceeded the Company's proportional share of the MED3000's estimated future discounted cash flows, an impairment loss of approximately $20.0 million was recognized for the year ended March 31, 2009, which is included in equity (losses) earnings of associated companies—net in the consolidated statements of operations.

During the year ended March 31, 2008, Mitsui Japan transferred 55% of its ownership interest in Novus International, Inc. ("Novus") to the Company. As a result of this transfer, the Company's ownership interest in Novus increased to 65%. The Company accounted for this transfer in accordance with SFAS No. 141 in a manner that is consistent with transactions between entities under common control. As of April 1, 2007, the carrying amount of approximately $70.1 million associated with the ownership interest in Novus transferred by Mitsui Japan is reflected in additional paid-in capital. In addition, the Company recorded approximately $27.1 million directly to retained earnings, representing the carryover retained earnings attributable to the additional ownership interest in Novus transferred by Mitsui Japan as of April 1, 2007. In addition, for the year ended March 31, 2008, the Company accounted for a deemed distribution to Mitsui Japan of approximately $5.0 million related to the Novus transaction.

Additionally, during the year ended March 31, 2008, MBK Laguna Inc., a wholly-owned subsidiary of Mitsui Japan, sold 50% of its ownership interest in MBK Real Estate, LLC ("MRE") to MBK Real Estate Holdings Inc. ("MREH", formerly Bussan Newport Inc.), a wholly-owned subsidiary of Mitsui USA, for the sales price of approximately $134.5 million. As a result of this transaction, MREH's ownership interest in

MRE increased to 80%. The Company accounted for this transaction in accordance with SFAS No. 141 in a manner that is consistent with transactions between entities under common control. The excess purchase price of approximately $31.1 million over the carrying amount of 50% ownership interest in MRE was deducted from retained earnings as a deemed distribution as of April 1, 2007. MREH is subject to risks incidental to the ownership, development, and operation of commercial and residential real estate. Those include, among others, the risks normally associated with changes in the general economic climate, trends in the real estate industry, ability of the land for development, creditworthiness of the tenants, competition for tenants, changes in tax laws, interest rate levels, availability of financing, and the potential liability under environmental and other laws.

During the year ended March 31, 2008, Mitsui Steel Holdings, Inc. (''MSH''), an 80% owned subsidiary of Mitsui USA, merged with and into Mitsui USA. Prior to the merger, Mitsui USA amended the Certificate of Incorporation to increase the number of authorized shares from 1,000 shares to 2,000 shares. Mitsui USA received the 20% minority ownership interest in MSH from Mitsui Japan in exchange for issuing additional 50 shares of Mitsui USA common stock at no par value. The carrying value of approximately $11.0 million associated with the 20% ownership interest in MSH transferred by Mitsui Japan is reflected in additional paid-in capital as of April 1, 2007. In addition, for the year ended March 31, 2008, the Company recorded approximately $23.7 million directly to retained earnings, representing the carryover retained earnings attributable to the additional ownership interest in MSH transferred by Mitsui Japan.

During the year ended March 31, 2008, the Company acquired an additional 12.3% equity interest in The Andersons Clymers Ethanol, LLC (''TACE'') for a purchase price of approximately $18.3 million. As a result, the Company owns 22.8% equity interest of TACE with the carrying value of approximately $29.8 million at March 31, 2008.

In connection with the acquisition of Steel Tech in June 2007, the Company acquired an equity interest in a joint venture (''JV''). Subsequent to the acquisition, the JV was notified by its sole customer that it would not be retaining a portion of business that it awarded to another supplier. Since the JV's carrying value exceeded the Company's proportional share of the JV's estimated future discounted cash flows, an impairment loss of approximately $17.1 million and $28.7 million were recognized for the years ended March 31, 2009 and 2008, respectively, and is classified in equity (losses) earnings of associated companies—net in the consolidated statements of operations.

Summarized financial information for significant associated companies at March 31, 2009 and 2008 and for the years then ended are as follows:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Current assets	$ 6,117,574	$ 8,539,182
Property and equipment—net	1,646,593	2,197,470
Other assets	1,989,475	1,307,915
Total assets	$ 9,753,642	$12,044,567
Current liabilities	$ 5,609,098	$ 7,886,582
Long-term liabilities	1,804,421	1,785,891
Shareholders' equity	2,340,123	2,372,094
Total liabilities and shareholders' equity	$ 9,753,642	$12,044,567
The Company's equity in the net assets of associated companies	$ 540,964	$ 599,869

	March 31, 2009	March 31, 2008
	(In Thousands)	
Revenues	$16,459,921	$18,804,225
Gross profit	2,506,893	2,816,821
Net (loss) income	(276,635)	527,246

The carrying value of the investments in associated companies exceeded the Company's equity in underlying net assets of such associated companies by $70.4 million and $59.7 million at March 31, 2009 and 2008, respectively. The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial investment and subsequent investments in those companies, with the remaining portion considered as equity method goodwill. The fair value adjustments are generally attributed to intangible assets which consist primarily of intellectual property and trademarks amortized over their respective estimated useful lives (principally 6 years) using the straight-line method, and franchise rights which are not amortized because of their indefinite useful lives.

6. Property and Equipment

Property and equipment, including those under capital leases (see Note 10), at March 31, 2009 and 2008 consist of the following:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Land and land improvements	$ 38,652	$ 39,247
Building, structures and improvements	594,185	550,517
Equipment and fixtures, including leasehold improvements	451,228	427,356
Total	1,084,065	1,017,120
Less—accumulated depreciation and amortization	(475,203)	(447,668)
Net	$ 608,862	$ 569,452

In accordance with SFAS No. 144, the Company evaluated the carrying values of its long-lived assets to determine if any changes have occurred which would require an adjustment to the carrying values. Based on the Company's evaluation, the Company recognized an impairment loss on property and equipment of approximately $2.7 million and $2 thousand for the years ended March 31, 2009 and 2008, respectively, which are included in selling, general and administrative expenses in the consolidated statements of operations.

Depreciation and amortization expense from continuing operations on the Company's property and equipment for the years ended March 31, 2009 and 2008 was approximately $61.0 million and $59.8 million, respectively.

7. Goodwill and Other Intangible Assets

At March 31, 2009 and 2008, the Company had goodwill of $132.0 million and $262.5 million, respectively. For the year ended March 31, 2009, based on its annual impairment test, the Company recorded an impairment loss on goodwill of $139.2 million, of which $68.3 million related to Steel Tech, $26.0 million related to AFC Hold Co, LLC, $21.0 million related to Cornerstone Research & Development, Inc., $19.0 million related to SunWize Technologies, Inc., $4.3 million related to MREH, and $0.6 million related to Mitsui Foods. For the year ended March 31, 2008, the Company recorded an impairment loss on goodwill of $1.3 million related to Mitsui Foods.

At March 31, 2009 and 2008, the carrying amount of intangible assets not subject to amortization (excluding goodwill) is $9.0 million and $11.4 million, respectively. Based on its annual impairment test, the Company recorded an impairment loss of approximately $2.3 million on certain intangible assets that are not subject to amortization, including trademarks acquired through Steel Tech acquisition, for the year ended March 31, 2009. No impairment was recognized for the year ended March 31, 2008.

Intangible assets subject to amortization at March 31, 2009 and 2008 consist of the following:

	2009		
	Gross Carrying Amount	Accumulated Amortization	Net
		(In Thousands)	
Customer relationships	$ 82,610	$ 31,622	$ 50,988
Trademarks	13,615	4,967	8,648
Non-compete agreements	24,403	10,932	13,471
Sales/supply agreements	43,184	42,826	358
Patents	78,322	78,062	260
Unpatented technologies	8,300	7,700	600
Software	31,922	23,831	8,091
In-place lease values	3,891	2,068	1,823
Other	2,341	1,080	1,261
Total	$288,588	$203,088	$ 85,500

	2008		
	Gross Carrying Amount	Accumulated Amortization	Net
		(In Thousands)	
Customer relationships	$112,085	$ 26,272	$ 85,813
Trademarks	13,732	4,229	9,503
Non-compete agreements	32,522	13,032	19,490
Sales/supply agreements	43,184	42,663	521
Patents	78,139	78,022	117
Unpatented technologies	7,695	7,265	430
Software	34,782	22,956	11,826
In-place lease values	3,891	1,091	2,800
Other	1,938	433	1,505
Total	$327,968	$195,963	$132,005

In accordance with SFAS No. 144, the Company evaluated the carrying values of its intangible assets subject to amortization to determine if any changes have occurred, which would require an adjustment to the carrying values. Based on the Company's evaluations, the Company recorded an impairment loss on certain intangible assets of $29.2 million, including $27.3 million related to Steel Tech, for the year ended March 31, 2009. The Company recorded an impairment loss on certain intangible assets of $0.2 million related to Mitsui Foods for the year ended March 31, 2008.

Total amortization expense from continuing operations on the Company's intangible assets for the years ended March 31, 2009 and 2008 was $17.7 million and $15.2 million, respectively.

Estimated future amortization expense for the future years ending March 31 is as follows:

	(In Thousands)
2010	$11,274
2011	10,531
2012	9,926
2013	9,727
2014	8,295
Thereafter	35,747
Total	$85,500

8. Debt and Other Financing Agreements

Notes and loans payable at March 31, 2009 and 2008 is comprised of the following:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Short term debt from financial institutions	$252,606	$149,973
Commercial paper	166,861	453,055
Adjustment related to fair value hedges	(871)	—
Net	$418,596	$603,028

The weighted-average interest rates on short-term debt outstanding at March 31, 2009 and 2008 were 1.58% and 4.50%, respectively.

Commercial paper has been sold at a discount or interest bearing basis in denominations of not less than the equivalent of $100,000, with maturities of not more than 270 days. Interest rates on such debt ranged from 0.60% to 1.00% and 2.38% to 3.07% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 is comprised of the following:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Parent and affiliated companies—maturing through 2013, at rates of 1.75% to 6.03%	$ 123,576	$ 110,600
Financial institutions—maturing through 2045, at rates of 0.63% to 9.00%	1,802,965	1,811,268
Medium-term notes—maturing through 2016, at rates of 0.36% to 5.20%	489,885	817,151
Total principal amount	2,416,426	2,739,019
Adjustment related to fair value hedges	4,121	6,484
Total	2,420,547	2,745,503
Less—current maturities (including adjustment related to fair value hedges)	(529,727)	(337,996)
Net	$1,890,820	$2,407,507

The Company has Japanese yen denominated liabilities, which are included in long-term debt (U.S. dollar equivalent of approximately $588.4 million and $880.0 million at March 31, 2009 and 2008, respectively).

Maturities of long-term debt for the future years ending March 31 are as follows:

	(In Thousands)
2010	$ 515,794
2011	355,599
2012	506,957
2013	396,612
2014	409,567
Thereafter	231,897
Total	$2,416,426

9. Income Taxes

The components of provision (benefit) for income taxes for the years ended March 31, 2009 and 2008 are as follows:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Continuing operations:		
Current:		
Federal	$ (6,554)	$ (5,997)
State	1,407	8,435
Foreign	29,245	11,420
Total current	24,098	13,858
Deferred	38,481	(29,106)
Total income taxes from continuing operations	$62,579	$(15,248)
Discontinued operations:		
Current:		
Federal	$ 7,389	$ 1,442
State	—	717
Foreign	—	—
Total current	7,389	2,159
Deferred	—	—
Total income taxes from discontinued operations	$ 7,389	$ 2,159

For the year ended March 31, 2009, the Company's effective tax rate differed from the Federal statutory rate of 35% mainly due to state and local income taxes, certain non-deductible expenses (including certain impairment loss on goodwill) for tax purposes and change in the valuation allowance. For the year ended March 31, 2008, the Company's effective tax rate differed from the Federal statutory rate of 35% mainly due to state and local income taxes and certain non-deductible expenses for tax purposes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Deferred tax assets:		
Allowance for doubtful receivables	$ 12,489	$ 7,792
Inventories	16,571	9,360
Investments	21,478	15,362
Derivative instruments	5,304	17,361
Impairment loss on long-lived assets	18,985	5,840
Net operating loss and credit carryforwards	17,535	39,309
Accrued expenses	10,294	9,949
Liabilities for defined benefit plans	10,752	7,856
Others	4,820	10,477
Total gross deferred tax assets	118,228	123,306
Less—valuation allowance	(25,477)	(8,629)
Net deferred tax assets	92,751	114,677
Deferred tax liabilities:		
Depreciation and amortization	(276,230)	(278,275)
Undistributed earnings of foreign subsidiaries	(14,158)	(23,398)
Others	(5,350)	(965)
Total gross deferred tax liabilities	(295,738)	(302,638)
Net deferred tax liabilities	$(202,987)	$(187,961)

At March 31, 2009, the Company has state net operating loss carryforwards of approximately $129.4 million which will be available to offset future state taxable income. If not used, these carryforwards will primarily expire between March 31, 2023 and March 31, 2030. At March 31, 2009, the Company also has tax credit carryforwards of approximately $13.7 million. If not used, these credits will expire between March 31, 2015 and March 31, 2029.

At March 31, 2009 and 2008, the valuation allowances are provided against deferred tax assets because it is more likely than not that certain state net operating loss carryforwards and foreign tax credit carryforwards will not be realized. The net change in the valuation allowance for the year ended March 31, 2009 was an increase of $16.8 million. The net change in the valuation allowance for the year ended March 31, 2008 was not significant.

Certain foreign subsidiaries had undistributed earnings amounting to approximately $84.8 million and $43.6 million at March 31, 2009 and 2008, respectively. These amounts are considered to be permanently reinvested and, accordingly, no provision for income taxes has been provided. It is not practicable to determine the deferred tax liabilities for temporary differences related to these undistributed earnings.

The Company adopted the provisions of FIN No. 48 effective April 1, 2007. As a result of the implementation of FIN No. 48, the Company recognized an additional liability of approximately $4.6 million for unrecognized tax benefits. The adjustment of approximately $3.9 million (after minority interest of approximately $0.7 million) was recorded to the retained earnings as of April 1, 2007. A reconciliation of the beginning and ending balances of unrecognized tax benefits for the years ended March 31, 2009 and 2008 are as follows:

	(In Thousands)
Balance at April 1, 2007	$ 28,781
Additions for tax positions of prior years	485
Reductions for tax positions of prior years	(7,305)
Additions based on tax positions related to the year ended March 31, 2008	12,710
Lapse of statute of limitations during the year ended March 31, 2008	(1,192)
Balance at March 31, 2008	33,479
Additions for tax positions of prior years	1,193
Reductions for tax positions of prior years	(22)
Additions based on tax positions related to the year ended March 31, 2009	13,292
Lapse of statute of limitations during the year ended March 31, 2009	(47)
Settlements with tax authorities	(15,925)
Balance a March 31, 2009	$ 31,970

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate were approximately $29.6 million and $32.7 million at March 31, 2009 and 2008, respectively.

The Company has elected under FIN No. 48 to continue with its prior policy to classify interest and penalties related to unrecognized tax benefits as income taxes in the Company's consolidated financial statements. For the year ended March 31, 2009 and 2008, the Company recognized the interest and penalties related to unrecognized tax benefits of approximately $0.9 million and $0.2 million, respectively, in the provision (benefit) for income taxes. Included in accrued taxes on income in the consolidated balance sheets were accrued interest and penalties of approximately $1.8 million and $0.9 million at March 31, 2009 and 2008, respectively.

The Company is subject to income taxes in the U.S. and various foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state, local and foreign income tax examinations for years before March 31, 2007. During the year ended March 31, 2009, the Internal Revenue Service (''IRS'') completed the audit of the U.S. tax returns for the years ended March 31, 2004 through 2006. The IRS is currently auditing the Company's tax returns for the years ended March 31, 2007 through 2008.

10. Leases

The Company is engaged, as a lessor, in lease financing consisting of certain direct financing and leveraged leases, which are classified as investments. Investments in financing leases (primarily collateralized by aircraft and railcars) are comprised of the following:

	March 31, 2009	March 31, 2008
	(In Thousands)	
Direct financing leases:		
Net minimum lease payments—(approximately $212,618,000 collectible through March 31, 2014 on an approximately ratable annual basis; the remaining balance is collectible through 2021)	$ 427,560	$ 459,075
Estimated unguaranteed residual value of leased assets	103,087	103,087
Less—unearned income	(169,842)	(190,634)
Allowance for doubtful accounts	(8,480)	(6,469)
Net investment in direct financing leases	352,325	365,059
Less—current portion	(20,333)	(15,476)
Long-term portion of direct financing leases	$ 331,992	$ 349,583
Leveraged leases:		
Minimum lease payments—(net of principal and interest on third party nonrecourse debt—approximately $544,000 collectible through March 31, 2014 on an approximately ratable annual basis; the remaining balance is collectible through 2022)	$ 39,829	$ 39,832
Estimated unguaranteed residual value of leased assets	47,195	47,195
Less—unearned income	(20,601)	(20,727)
Investment in leveraged leases	66,423	66,300
Less—current portion	(264)	124
Long-term portion of lease receivable	66,159	66,424
Less—deferred tax liabilities arising from leveraged leases	(69,314)	(69,662)
Net investment in leveraged leases	$ (3,155)	$ (3,238)

Future minimum lease payments to be received, by year and in aggregate, from direct financing and leveraged leases with initial or remaining terms of one year or more during the future years ending March 31 are as follows:

	Direct Financing and Leveraged Leases
	(In Thousands)
2010	$ 43,394
2011	42,234
2012	40,060
2013	39,679
2014	47,796
Thereafter	254,226
Total minimum payments	$467,389

The Company's property leased to others under operating leases, by asset class, at March 31, 2009 and 2008 is as follows:

	March 31, 2009			March 31, 2008		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
		(In Thousands)			(In Thousands)	
Real estate properties	$165,621	$(11,457)	$154,164	$166,545	$ (7,701)	$158,844
Terminal elevator facilities.	81,190	(43,706)	37,484	78,187	(41,343)	36,844
Railcars	—	—	—	19,553	(3,618)	15,935
Factory facilities	—	—	—	13,660	(7,617)	6,043
Other miscellaneous equipment	4,576	(2,373)	2,203	5,890	(2,453)	3,437
Total	$251,387	$(57,536)	$193,851	$283,835	$(62,732)	$221,103

Future minimum payments to be received, by year and in aggregate, from operating leases with initial or remaining terms of one year or more during the future years ending March 31 are as follows:

	Operating Leases
	(In Thousands)
2010	$ 3,290
2011	3,143
2012	2,529
2013	2,297
2014	2,247
Thereafter	18,992
Total minimum payments to be received	$32,498

Certain assets are leased to tenants generally for a period of one year and may be canceled at any time with a 30-day written notice.

The Company is a lessee in certain capital and operating leases involving primarily equipment and office space. The following is a summary of property and equipment held under capital leases:

	March 31,	
	2009	2008
	(In Thousands)	
Equipment and fixtures, including leasehold improvements	$ 54,249	$ 54,940
Less—accumulated amortization	(35,056)	(33,445)
Net	$ 19,193	$ 21,495

Future minimum payments, by year and in the aggregate, under capital leases and operating leases, in which the Company is a lessee, with initial or remaining terms of one year or more during the future years ending March 31 are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
2010	$ 29,029	$153,722
2011	3,271	86,723
2012	2,841	55,383
2013	2,306	32,645
2014	41,609	21,158
Thereafter	3,862	39,750
Total minimum payments required*	82,918	$389,381
Less—amount representing interest	(11,638)	
Total	71,280	
Less—current portion	(28,239)	
Long-term obligations	$ 43,041	

* Minimum payments have not been reduced by aggregate minimum sublease rentals of $56.8 million under operating leases due in the future under noncancelable subleases.

Rental expense relating to operating leases from continuing operations was $183.9 million and $176.9 million for the years ended March 31, 2009 and 2008, respectively. Sublease rental income from continuing operations was $113.3 million and $98.0 million for the years ended March 31, 2009 and 2008, respectively.

11. Benefit Plans

Mitsui USA sponsors a defined benefit pension plan covering substantially all employees (except Japanese nationals assigned in the United States by Mitsui Japan) of Mitsui USA and certain subsidiaries and affiliated companies. Mitsui USA amended the pension plan, effective January 1, 2007, to freeze participation in the plan. Novus' noncontributory defined pension plans covered most of its employees in the U.S. Novus also provides a nonqualified supplemental executive defined benefit pension plan to provide supplementary retirement benefits primarily to higher-level, longer service U.S. employees. In addition to providing pension benefits, Mitsui USA provides certain healthcare benefits for retired employees.

Changes in the benefit obligation, plan assets and funded status are comprised of the following for the years ended March 31, 2009 and 2008:

	Pension Benefits March 31,		Postretirement Benefits March 31,	
	2009	2008	2009	2008
	(In Thousands)		(In Thousands)	
Changes in benefit obligation:				
Benefit obligation at beginning of year	$ 76,338	$ 81,113	$ 5,971	$ 6,029
Service cost	3,120	2,778	335	333
Interest cost	5,501	4,771	416	360
Plan participants' contributions	—	—	338	177
Benefits paid	(3,081)	(2,968)	(636)	(708)
Change in plan provisions	—	294	—	—
Change in discount rate	(6,040)	(9,107)	—	—
Transition obligation	—	—	—	903
Actuarial loss (gain)	6,182	(543)	184	(1,123)
Benefit obligation at end of year	82,020	76,338	6,608	5,971
Changes in plan assets:				
Fair value of plan assets at beginning of year	61,402	61,396	—	—
Actual return on plan assets	(16,210)	(1,706)	—	—
Employer contributions	8,400	4,680	298	531
Plan participants' contributions	—	—	338	177
Benefits paid	(3,081)	(2,968)	(636)	(708)
Fair value of plan assets at end of year	50,511	61,402	—	—
Funded status at end of year	$(31,509)	$(14,936)	$(6,608)	$(5,971)
Amounts recognized in the consolidated balance sheets at March 31:				
Other liabilities	$(31,509)	$(14,936)	$(6,608)	$(5,971)
Amounts recognized in accumulated other comprehensive loss at March 31:				
Net transition obligation	$ —	$ —	$ 752	$ 939
Prior service cost	409	574	187	193
Net actuarial loss (gain)	40,334	21,103	(643)	(823)
Balance prior to income taxes and minority interest	$ 40,743	$ 21,677	$ 296	$ 309

The accumulated benefit obligation for the pension plans was $74.0 million and $69.7 million at March 31, 2009 and 2008, respectively.

Net periodic benefit cost is comprised of the following for the years ended March 31, 2009 and 2008:

	Pension Benefits March 31,		Postretirement Benefits March 31,	
	2009	2008	2009	2008
	(In Thousands)		(In Thousands)	
Service cost	$ 3,120	$ 2,778	$335	$333
Interest cost	5,501	4,770	416	360
Expected return on plan assets	(4,719)	(5,350)	—	—
Amortization of transition obligation	—	—	187	187
Amortization of prior service cost	140	162	6	6
Recognized actuarial loss (gain)	1,865	1,659	4	(1)
Net periodic benefit cost	$ 5,907	$ 4,019	$948	$885

The amounts recognized in other comprehensive loss (income) prior to income tax and minority interest during the years ended March 31, 2009 and 2008 were as follows:

	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
	(In Thousands)		(In Thousands)	
Prior service cost incurred during the year due to change in plan provisions	$ —	$ 294	$ —	$ —
Transition obligation incurred during the year	—	—	—	903
Net actuarial loss (gain) incurred during the year	21,071	(2,594)	184	(1,123)
Amortization of transition obligation	—	—	(187)	(187)
Amortization of prior service cost	(140)	(162)	(6)	(6)
Recognized actuarial (loss) gain	(1,865)	(1,659)	(4)	1
	$19,066	$(4,121)	$ (13)	$ (412)

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost over the next fiscal year are as follows:

	Pension Benefits	Postretirement Benefits
	(In Thousands)	
Net actuarial loss	$3,147	$ —
Transition obligation	—	187
Prior service cost	145	6
	$3,292	$193

Significant assumptions for the Company's pension and other postretirement benefit plans for the years ended March 31, 2009 and 2008 are as follows:

	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Weighted average assumptions at year end:				
Discount rate	6.80 to 7.50%	6.80%	7.34%	6.67%
Rate of compensation increase	3.00%	3.00%	—	—
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	6.80%	5.80 to 6.00%	6.67%	6.09%
Expected long-term rate of return on plan assets	7.25 to 8.30%	8.25 to 8.50%	—	—
Rate of compensation increase	3.00%	3.00%	—	—

The Company measures the obligations and related asset values for its pension and other postretirement benefit plans as of March 31 of each year.

Assumed health care cost trend rates have been used in the valuation of postretirement health care benefits. During the year ended March 31, 2009, the medical health care cost trend rate was 10.0%, decreasing to 4.5% within the next four years, and the dental health care cost trend rate was 4.5%. Increasing the health care cost trend rate by 1.0% would increase the accumulated benefit obligation to $7.6 million or by 14.3%, and the aggregate of the service and interest cost components of the net periodic benefit cost would increase from $0.8 million to $0.9 million or by 19.3%, including life insurance. Decreasing the health care cost trend rate by 1.0% would decrease the accumulated benefit obligation to $5.8 million or by 11.6%, and the aggregate of the service and interest cost components of the net periodic benefit cost would decrease from $0.8 million to $0.6 million or by 15.0%, including life insurance. During the year ended March 31, 2008, the medical health care cost trend rate was 8.0%, decreasing to 4.5% within the next four years, and the dental health care cost trend rate was 4.5%. Increasing the health care cost trend rate by 1.0% would increase the accumulated benefit obligation to $6.8 million or by 13.7%, and the aggregate of the service and interest cost components of the net periodic benefit cost would increase from $0.7 million to $0.9 million or by 23.7%, including life insurance. Decreasing the health care cost trend rate by 1.0% would decrease the accumulated benefit obligation to $5.3 million or by 11.1%, and the aggregate of the service and interest cost components of the net periodic benefit cost would decrease from $0.7 million to $0.6 million or by 13.6%, including life insurance.

The expected long-term rate of return is based on the expected return for each of the asset categories, weighted based on the median of the target allocation for each asset category. The Company's pension plan weighted-average asset allocations based on the fair value of such assets at March 31, 2009 and 2008 are as follows:

	March 31, 2009		March 31, 2008	
	Percentage of plan assets	Target Allocation	Percentage of plan assets	Target Allocation
Equity securities	51%	0%-70%	56%	0%-60%
Debt securities	30	12%-50%	29	0%-40%
Insurance contracts—fixed income	17	0%-22%	14	0%-20%
Cash and deposits	2	0%-20%	1	0%-20%
Total	100%		100%	

The Company expects to contribute $7.0 million and $0.3 million to the pension and other postretirement benefit plans, respectively, for the year ending March 31, 2010.

Anticipated future pension benefit payments for the years ending March 31 are as follows:

	Pension Benefits
	(In Thousands)
2010	$ 4,103
2011	3,997
2012	4,139
2013	4,453
2014	4,671
2015-2019	26,951

Anticipated future other postretirement benefit payments during the years ending March 31 are as follows:

	Estimated Gross Benefit Payment	Expected Medicare Part D Subsidy	Estimated Net Benefit Payment
		(In Thousands)	
2010	$ 432	$ (85)	$ 347
2011	475	(92)	383
2012	499	(95)	404
2013	518	(104)	414
2014	538	(112)	426
2015-2019	3,011	(647)	2,364

In addition to the above defined pension and other postretirement benefit plans, Mitsui USA and certain subsidiaries have defined contribution plans. The defined contribution plan expense was approximately $5.8 million and $5.6 million for the years ended March 31, 2009 and 2008, respectively.

12. Commitments and Contingencies

At March 31, 2009 and 2008, the Company had commercial letters of credit outstanding of approximately $154.9 million and $129.1 million, respectively. Additionally, at March 31, 2009 and 2008, the Company had surety bond guarantees outstanding of approximately $9.8 million and $12.7 million, respectively.

It is a customary practice of the Company to guarantee, severally or jointly with Mitsui Japan, indebtedness of mainly associated companies of Mitsui USA which are consolidated subsidiaries of Mitsui Japan to facilitate its trading activities of the associated companies. At March 31, 2009 and 2008, the aggregate amount of outstanding guarantees was approximately $586.5 million and $733.4 million, respectively, with a maximum potential guarantee amount of approximately $4,717 million (through 2028) and $3,465 million (through 2028), respectively. In addition, the Company entered into agreements with certain associated companies of Mitsui USA which are consolidated subsidiaries of Mitsui Japan to guarantee and indemnify each third party for any liabilities arising from these certain trading transactions. The maximum potential guarantee amount represents the amounts, without consideration of possible recoveries under recourse provisions or from collateral held or pledged, that the Company could be obliged to pay if there were defaults by guaranteed parties or there were changes in an underlying collateral which would cause triggering events under market value guarantees and indemnification contracts. Currently, the Company does not anticipate any losses related to such guarantees.

The Company customarily enters into long-term purchase contracts (usually with related sales contacts) for certain inventories. At March 31, 2009 and 2008, long-term purchase contracts at fixed or basic purchase prices amounted to approximately $2,011.3 million (through 2021) and $2,160.2 million (through 2021), respectively. To secure a supply of certain inventories through 2021, the Company has prepaid for a portion of the cost of such inventories in the amount at $123.9 million and $133.2 million at March 31, 2009 and 2008, respectively, which are recorded in noncurrent advances, receivables and other—net in the consolidated balance sheets.

13. Legal Matters

The Company is a defendant in various claims and legal actions arising out of the conduct of the Company's businesses. Although some claims and actions are in a preliminary stage and definitive conclusions cannot be made as to those claims and actions, the Company is of the opinion that, based on the information presently available, such claims and legal actions will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

14. Derivatives Instruments and Hedging Activities

The Company is 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 Company uses derivative instruments, such as foreign currency forward, option and swap contracts, interest rate swap contracts, and commodity futures, 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 and forecasted transactions. Since most of the Company's derivative transactions are entered to hedge the underlying business exposures, market risk in those derivative instruments is basically offset by equal and opposite movements in the underlying exposure. The Company has Risk Management Department 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.

At March 31, 2009 and 2008, the Company had oil swap contracts, with notional quantities of 300,000 metric tons and 3,750,000 barrels, and 405,000 metric tons and 20,094,000 barrels, respectively, to pay variable prices and receive fixed prices. At March 31, 2009 and 2008, the Company also had oil swap contracts, with notional quantities of 540,000 metric tons and 4,085,000 barrels, and 610,000 metric tons and 18,624,000 barrels, respectively, to pay fixed prices and receive variable prices. The net unrealized loss or fair value of open swap contracts at March 31, 2009 and 2008 was approximately $42.1 million and $13.1 million, respectively.

The Company had interest rate and currency swap contracts with an aggregate notional amount of approximately $786.6 million and $1,075.2 million at March 31, 2009 and 2008, respectively. The net unrealized gain or fair value of swap contracts was approximately $53.9 million and $92.8 million at March 31, 2009 and March 31, 2008, respectively.

At March 31, 2009 and 2008, the Company had outstanding forward physical contracts for petroleum products purchases and sales of approximately $273.1 million and $364.4 million, and $546.3 million and $483.8 million, respectively, with a net unrealized gain or fair value of approximately $17.6 million and $0.8 million, respectively.

At March 31, 2009 and 2008, the Company also had outstanding foreign currency forward contracts to purchase and sell foreign currencies of approximately $360.5 million and $141.5 million, and $738.1 million and zero, respectively, with a net unrealized loss or fair value of approximately $4.5 million and $8.1 million, respectively.

At March 31, 2009, the Company had outstanding written option contracts for petroleum products with notional quantities of 450,000 barrels. The net unrealized loss or fair value of option contracts (including option premiums received) amounted to approximately $10.3 million.

At March 31, 2009 and 2008, the Company had various petroleum-related futures and option contracts with a net unrealized gain or fair value of approximately $34.8 million (including option premiums received) and a net unrealized loss or fair value of approximately $24.6 million, respectively.

Derivative instruments recorded in other current assets and noncurrent advances, receivables and other—net amounted to approximately $149.5 million and $138.5 million at March 31, 2009 and 2008, respectively. Derivative instruments recorded in accrued expenses and sundry, and other liabilities amounted to $99.2 million and $95.9 million at March 31, 2009 and 2008, respectively

The Company designates certain petroleum-related futures, swap and forward physical contracts, and interest rate and currency swap contracts as fair value hedges when the hedging instrument is highly effective in offsetting the risk of changes in the fair value of hedged item. The hedge strategies represent fair value hedges of the variable price risk associated with exposure to fluctuations in the prices of forward, futures and inventory positions for petroleum-related products that have readily determinable market values and interest rate and foreign currency exchange rate exposure related to long-term debt. For all derivative instruments designated as fair value hedges, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for using the hedging instrument. The Company assesses whether a change in the value of the designated derivative instrument is highly effective in achieving offsetting changes in fair value of hedged item both at the inception of the hedge and on an ongoing basis. The Company utilizes regression analysis and pricing models to determine hedge effectiveness. Changes in the fair value of such derivative instruments and changes in the fair value of hedged assets and liabilities attributable to the hedged risk, which are determined to be effective, are recorded currently in earnings. Ineffectiveness from these fair value hedges resulted in a net loss of approximately $3.1 million and a net gain of approximately $6.9 million for the years ended March 31, 2009 and 2008, respectively, which is included in other (expense) income—net in the consolidated statements of operations. No fair value hedges were discontinued during the years ended March 31, 2009 and 2008.

The Company designates certain petroleum-related futures and forward physical contracts and foreign currency forward and option contracts as cash flow hedges when the hedging instrument is highly effective in offsetting the exposure of fluctuations in future cash flows from the forecasted purchases and sales transactions. Anticipated transactions must be probable of occurrence, and their significant terms and characteristics must be identified. The Company also designates certain interest rate swap contracts as cash flow hedges when the hedging instrument is highly effective in offering the exposure of fluctuations in future cash flows from variable-rate debt. For all hedging instruments used in cash flow hedges, the Company documents the relationship between the hedging instrument and the hedged item (forecasted purchases and sales transactions and variable-rate debt) as well as the risk management objective and strategy for using the hedging instrument. The Company assesses whether a change in the value of the designated derivative instrument is highly effective in achieving offsetting cash flows attributing to the hedged item, both at the inception of the hedge and on an ongoing basis. Any changes in fair value of derivative instruments that are considered highly effective are reported in accumulated other comprehensive loss, while changes in fair value of derivative instruments that are not effective are recognized currently in earnings as other (expense) income—net in the consolidated statements of operations. Amounts recorded in accumulated other comprehensive loss are reclassified into earnings during the period that the hedged items are recognized in earnings. At March 31, 2009 and 2008, the Company had a net unrealized loss of approximately $0.5 million and $2.2 million (net of taxes and minority interest), respectively, in accumulated other comprehensive loss related to cash flow hedges. The majority of the unrealized loss included in accumulated other comprehensive loss at March 31, 2009 is expected to be reclassified from accumulated other comprehensive loss and to be recognized in earnings during the next fiscal year. Most of the designated hedging instruments at March 31, 2009 have terms of less than twelve months. When it is determined that a derivative is not highly effective as a hedge, that it has ceased to be a highly effective hedge or a hedged forecasted transaction is no longer probable, the Company discontinues the use of hedge accounting. There was no material impact on earnings due to hedge ineffectiveness from the cash flow hedges for the years ended March 31, 2009 and 2008. No cash flow hedges were discontinued during the years ended March 31, 2009 and 2008.

15. Risk Management and Fair Value of Financial Instruments

Effective April 1, 2008, the Company adopted SFAS No. 157, as discussed in Note 2, which, among other things, requires enhanced disclosures about assets and liabilities carried at fair value.

The SFAS No. 157 framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. SFAS No. 157 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1—Values based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2—Values based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3—Values generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions would reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table sets forth by level within the fair value hierarchy the Company's assets and liabilities that were accounted for at fair value on a recurring basis at March 31, 2009. As required by SFAS No. 157, assets and liabilities are classified into their entirety based on the lowest level of input that is a significant component of the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of assets and liabilities with fair value hierarchy levels.

	Fair Value Measurements at March 31, 2009 Using:			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
		(In Thousands)		
Assets:				
Marketable securities and other investments	$13,590	$ —	$ 5,056	$ 18,646
Derivative instruments	(4,703)	135,660	18,504	149,461
Total assets	$ 8,887	$135,660	$23,560	$168,107
Liabilities:				
Derivative instruments	$ 8,271	$ 80,142	$10,763	$ 99,176
Total liabilities	$ 8,271	$ 80,142	$10,763	$ 99,176

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above.

Marketable Securities and Other Investments: The Company classifies marketable securities and certain other investments carried at fair value within Level 1 of the valuation hierarchy where quoted prices are available in an active market. When quoted market prices are not available, the Company generally classifies securities within Level 2 of the valuation hierarchy in which the Company determines the fair values using pricing models, quoted prices of similar securities or a discounted cash flow model. When there is limited activity or minimal observable inputs to the valuation model, the Company classifies securities within Level 3 of the valuation hierarchy in which inputs consider various assumptions, including time value, yield curve, default rates, current market, loss severity, and contractual prices for underlying financial instruments as well as any other relevant economic measures available.

Derivative Instruments: The Company classifies exchange-traded commodity derivatives as Level 1 of the valuation hierarchy. The Level 2 derivative instruments consist of interest rate swaps, cross currency swaps, and foreign currency derivatives, and commodity derivative instruments. Fair value for these derivative instruments are determined using internal models with market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities. Derivative instruments classified within Level 3 mainly consist of commodity derivatives that are valued based upon internal models utilizing significantly unobservable market inputs. The Company considered credit risk related to the counterparty when estimating the fair value of these derivative instruments.

The following table sets forth a reconciliation of changes in Level 3 fair value measurements for assets and liabilities recorded at fair value on a recurring basis:

(In Thousands)	Balance at April 1, 2008	Total realized/ unrealized gains (losses) included in earnings	Total realized/ unrealized gains (losses) included in other comprehensive income (loss)	Purchases, issuances, and settlements	Transfers in (out) of Level 3	Balance at March 31, 2009	Total change in unrealized gains (losses) relating to assets still held at March 31, 2009
Marketable securities and other investments	$31,046	$ (708)	$—	$ 1,588	$(26,870)	$ 5,056	$(25,990)
Derivative Instruments	14,874	7,239	—	(16,350)	1,978	7,741	(7,133)
Total	$45,920	$6,531	$—	$(14,762)	$(24,892)	$12,797	$(33,123)

The estimated fair value of other financial instruments has been determined by the Company using appropriate market information and valuation methods.

Current Financial Assets (Other Than Marketable Securities and Other Investments) and Current Financial Liabilities: The fair values approximate the carrying amounts reported in the consolidated financial statements because of their short-term maturities.

Noncurrent Advances, Receivables and Other, and Advances to Associated Companies and Long-Term Debt: The fair values of noncurrent trade receivables, including long-term loans receivable approximate fair value as the interest rates of these assets are based on current rates. For long-term debt, the fair values are based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying value of long-term debt approximates fair value due to the variable rates of these liabilities.

Financial Commitments: The Company provides various guarantees and financial commitments for its customers and associated companies in the ordinary course of business, which include letters of credit and financial guarantees, among others. For financial guarantees of indebtedness and financial commitments issued on or prior to December 31, 2002, liabilities are recorded when, and if, payments become probable and estimable. Pursuant to the requirements of FIN No. 45, certain guarantees and financial commitments that are issued or modified after December 31, 2002 are to be initially recorded on the balance sheet at fair value on a prospective basis. At March 31, 2009 and 2008, the fair value of guarantees issued by the Company was not material.

16. Business Segments

The Company's principal business activities have been classified into the following operating segments: Iron & Steel Products, Energy & Mineral Resources, Machinery & Infrastructure Projects, Chemicals, Foods & Retail and Lifestyle, Consumer Services & Other.

Business segments are based on products and services for sale. The following are those amounts which are based on products and services for sale and are used by the Company in managing its business for the years ended March 31, 2009 and 2008:

	Iron & Steel Products	Energy & Mineral Resources	Machinery & Infrastructure Projects	Chemicals	Foods & Retail	Lifestyle, Consumer Service & Other	Corporate & Other—Adjustments & Eliminations	Total
March 31, 2009								
(In Thousands)								
Total Trading Transactions*	$3,109,751	$7,335,844	$257,425	$3,049,558	$2,237,908	$490,791	$ 22,089	$16,503,366
Gross Profit	238,514	92,677	19,174	498,797	22,513	37,586**	3,710	912,971
Net (Loss) Income	(51,570)***	34,638	(29,026)***	103,525	(8,623)***	(87,590)***	(10,840)	(49,486)
Total Assets	596,370	600,161	587,012	1,411,567	298,032	432,530	1,835,367	5,761,039

	Iron & Steel Products	Energy & Mineral Resources	Machinery & Infrastructure Projects	Chemicals	Foods & Retail	Lifestyle, Consumer Service & Other	Corporate & Other—Adjustments & Eliminations	Total
March 31, 2008								
(In Thousands)								
Total Trading Transactions*	$3,252,611	$7,814,340	$335,837	$3,166,466	$2,265,113	$720,881	$ (161,427)	$17,393,821
Gross Profit (Loss)	172,864	83,883	17,956	210,025	38,267	(16,923)**	(1,973)	504,099
Net Income (Loss)	2,321	29,907	5,158	27,204	22,229	(53,226)	8,262	41,855
Total Assets	979,673	1,215,530	626,309	1,201,682	448,178	829,280	1,709,039	7,009,691

* See Note 2.

** Includes impairment loss on real estate development projects of MREH as discussed in Note 2.

***Includes impairment loss on goodwill and other intangible assets as discussed in Note 7.

All of the Company's segments derive a significant portion of trade transactions from Mitsui Japan and its affiliates. For the years ended March 31, 2009 and 2008, total trading transactions with Mitsui Japan and its affiliates represent approximately 22% and 18%, respectively, of total trading transactions. Other than Mitsui Japan and its affiliates, no other single customer represents a significant portion of the Company's total trading transactions.

The following table provides geographic information for total trading transactions, which is based on the location of customers for the years ended March 31, 2009 and 2008:

	March 31, 2009	March 31, 2008
	(In Thousands)	
United States	$ 9,370,528	$ 9,995,210
Japan	3,646,957	3,156,510
Other foreign countries	3,485,881	4,242,101
Total	$16,503,366	$17,393,821

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