ANNUAL REPORT 2010

April 1, 2009 - March 31, 2010

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

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

We have audited the accompanying consolidated balance sheets of Mitsui & Co. (U.S.A.), Inc. and subsidiaries (collectively, the "Company") as of March 31, 2010 and 2009, 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, 2010 and 2009, 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.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of reporting noncontrolling interests due to the adoption of new accounting standards.

Deloitte & Touche LLP

New York, NY
July 9, 2010

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2010 AND 2009

	March 31,	
	2010	2009
	(In Thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 188,678	$ 481,345
Accounts and notes receivable:		
Customer	919,254	721,074
Parent and affiliated companies (Note 14)	571,660	415,565
Allowance for doubtful receivables	(36,095)	(22,456)
Inventories (Note 2)	1,357,235	1,397,678
Deferred income taxes (Note 9)	47,203	40,305
Other current assets (Notes 11 and 14)	292,652	295,866
Assets of discontinued operations (Note 4)	4,165	8,370
Total current assets	3,344,752	3,337,747
INVESTMENTS:		
Investments in and advances to associated companies (Note 5)	494,813	636,801
Financing leases (Note 10)	385,251	398,151
Other investments (Note 5)	102,940	101,633
Property leased to others—net (Note 10)	188,286	193,851
Total investments	1,171,290	1,330,436
PROPERTY AND EQUIPMENT—NET (Note 6)	642,487	608,862
GOODWILL (Note 7)	57,184	132,005
OTHER INTANGIBLE ASSETS—NET (Note 7)	75,819	94,480
NONCURRENT ADVANCES, RECEIVABLES AND OTHER—NET (Notes 12 and 14)	196,079	257,509
Total assets	$ 5,487,611	$ 5,761,039

See Notes to Consolidated Financial Statements.

(continued)

	March 31, 2010	March 31, 2009
	(In Thousands)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Notes, acceptances and accounts payable:		
Trade creditors	$ 563,489	$ 425,379
Parent and affiliated companies (Note 14)	1,142,732	974,514
Notes and loans payable (Note 8)	406,278	418,596
Current maturities of long-term debt (Note 8)	353,966	529,727
Accrued expenses and other (Notes 11 and 14)	244,882	269,247
Liabilities of discontinued operations (Note 4)	2,663	6,541
Total current liabilities	2,714,010	2,624,004
LONG-TERM DEBT, LESS CURRENT MATURITIES (Note 8)	1,544,425	1,890,820
CAPITAL LEASE OBLIGATIONS (Note 10)	73,335	43,041
DEFERRED INCOME TAXES (Note 9)	151,907	243,292
OTHER LIABILITIES (Notes 9, 11 and 14)	121,471	88,890
CONTINGENT LIABILITIES (Notes 12 and 13)		
Total liabilities	4,605,148	4,890,047
SHAREHOLDER'S EQUITY:		
Mitsui & Co. (U.S.A.), Inc. 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 3)	117,153	118,446
Retained earnings (Note 3)	253,877	286,142
Accumulated other comprehensive (loss) income:		
Foreign currency translation adjustments, net of taxes	(19,199)	(31,361)
Unrealized gain (loss) on derivatives used as cash flow hedges, net of taxes (Note 14)	1,339	(505)
Unrealized gain (loss) on marketable securities, net of taxes (Note 5)	3,328	(181)
Defined benefit plans, net of taxes (Note 11)	(23,939)	(22,882)
Total accumulated other comprehensive loss	(38,471)	(54,929)
Total Mitsui & Co. (U.S.A.), Inc. shareholder's equity	682,559	699,659
Noncontrolling interests	199,904	171,333
Total shareholder's equity	882,463	870,992
Total liabilities and shareholder's equity	$5,487,611	$5,761,039

See Notes to Consolidated Financial Statements.

(concluded)

CONSOLIDATED STATEMENTS OF OPERATIONS

MARCH 31, 2010 AND 2009

	March 31, 2010	March 31, 2009
	(In Thousands)	
Revenues:		
Sales of Products	$8,120,258	$11,093,026
Sales of Services	84,520	67,273
Other Sales	153,561	122,243
Total Revenues	8,358,339	11,282,542
[total Trading Transactions (Note 2) 2010—$10,402,205 2009—$14,518,101]		
Cost of Revenues (Notes 2 and 14):		
Cost of Products Sold	7,613,158	10,285,908
Cost of Services Sold	31,415	10,355
Cost of Other Sales	86,885	73,308
Total Cost of Revenues	7,731,458	10,369,571
Gross Profit	626,881	912,971
Selling, General and Administrative Expenses (Notes 2, 5 , 6 and 10)	(554,368)	(596,200)
Impairment Loss on Goodwill and Other Intangible Assets (Note 7)	(87,018)	(170,690)
Interest Expense (Net of Interest Income of $28,891 in 2010 and $36,089 in 2009 (Note 2)	(11,148)	(74,344)
Other Income—Net (Notes 2, 5 and 14)	67,195	4,445
Income from Continuing Operations Before Income Taxes and Equity in Earnings (Losses) of Associated Companies	41,542	76,182
Provision for Income Taxes (Notes 2 and 9)	25,389	62,579
Income from Continuing Operations before Equity in Earnings (Losses) of Associated Companies	16,153	13,603
Equity in Earnings (Losses) of Associated Companies—Net (Notes 2 and 5)	9,008	(14,306)
Income (Loss) from Continuing Operations	25,161	(703)
Discontinued Operations (Note 4):		
Income from Discontinued Operations	—	17,155
Provision for Income Taxes (Note 9)	—	7,389
Income from Discontinued Operations—Net of Taxes	—	9,766
Net Income	25,161	9,063
Net Income Attributable to Noncontrolling Interests	(59,562)	(58,549)
Net Loss Attributable to Mitsui & Co. (U.S.A.), Inc	$ (34,401)	$ (49,486)

See Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

MARCH 31, 2010 AND 2009

(In Thousands)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Mitsui & Co. (U.S.A.), Inc. Shareholder's Equity	Noncontrolling Interests	Total Shareholder's Equity
Balance, April 1, 2008 (Note 3)	$350,000	$110,959	$335,814	$ (8,331)	$788,442	$138,466	$926,908
Comprehensive (loss) income:							
Net (loss) income			(49,486)		(49,486)	58,549	9,063
Other comprehensive (loss) income:							
Foreign currency translation adjustments				(33,705)	(33,705)	(2,284)	(35,989)
Unrealized gain on derivatives used as cash flow hedges, net of taxes of $1,853				2,722	2,722	1,075	3,797
Reclassification adjustments on cash flow hedges, net of taxes of $885				(1,068)	(1,068)	(575)	(1,643)
Unrealized loss on marketable securities, net of taxes of $2,922				(4,335)	(4,335)	(4)	(4,339)
Defined benefit plans, net of taxes of $7,120				(10,212)	(10,212)	(1,873)	(12,085)
Total other comprehensive loss					(46,598)	(3,661)	(50,259)
Total comprehensive (loss) income					(96,084)	54,888	(41,196)
Distributions to noncontrolling interests						(8,306)	(8,306)
Reorganization of subsidiaries and affiliates (Note 3)		7,487	(186)		7,301	(13,715)	(6,414)
Balance, March 31, 2009	350,000	118,446	286,142	(54,929)	699,659	171,333	870,992
Comprehensive (loss) income:							
Net (loss) income			(34,401)		(34,401)	59,562	25,161
Other comprehensive income (loss):							
Foreign currency translation adjustments, net of taxes of $4,538				10,978	10,978	281	11,259
Unrealized gain on derivatives used as cash flow hedges, net of taxes of $187				602	602	98	700
Reclassification adjustments on cash flow hedges, net of taxes of $1,028				1,242	1,242	669	1,911
Unrealized gain on marketable securities, net of taxes of $2,333				3,509	3,509	6	3,515
Defined benefit plans, net of taxes of $75				(1,057)	(1,057)	1,430	373
Total other comprehensive income					15,274	2,484	17,758
Total comprehensive (loss) income					(19,127)	62,046	42,919
Distributions to noncontrolling interests						(26,829)	(26,829)
Reorganization of subsidiaries and affiliates (Note 3)		(1,293)	2,136	1,184	2,027	(6,646)	(4,619)
Balance, March 31, 2010	$350,000	$117,153	$253,877	$(38,471)	$682,559	$199,904	$882,463

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

MARCH 31, 2010 AND 2009

	March 31, 2010	March 31, 2009
	(In Thousands)	
Cash Flows From Operating Activities:		
Net income	$ 25,161	$ 9,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	82,708	85,640
Provision for losses on receivables	39,928	34,943
Gain on disposal and sales of property and equipment and property leased to others—net	(171)	(15,682)
Impairment loss	103,967	219,922
Gain from marketable securities and other—net	(7,196)	(1,225)
Financing leases	(25,534)	(16,511)
Equity in earnings (losses) of associated companies—net, less dividends received	124,029	129,489
Deferred income taxes	(59,196)	38,481
Changes in operating assets and liabilities:		
Accounts and notes receivable	(350,151)	1,047,880
Inventories	38,064	(58,615)
Other current assets	(9,739)	(70,840)
Noncurrent advances, receivables and other	55,436	58,825
Notes, acceptances and accounts payable	296,567	(638,378)
Accrued expenses and other	(32,867)	(42,784)
Noncurrent other liabilities	46,605	(17,197)
Net cash provided by operating activities	327,611	763,011
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(15,855)	(8,241)
Proceeds from sales and maturities of marketable securities and other investments	42,085	19,204
Repayments on loans from associated companies	4,193	6,224
Contributions to associated companies	(31,335)	(89,666)
Acquisitions of businesses, net of cash and cash equivalents held by the acquired entities	(5,508)	—
Proceeds from financing leases	38,737	41,459
Proceeds from sales of property and equipment and property leased to others	3,836	49,898
Capital expenditures	(89,068)	(125,129)
Net cash used in investing activities	(52,915)	(106,251)
Cash Flows From Financing Activities:		
Decrease in short-term notes and loans payable	(15,808)	(133,441)
Issuance of long-term debt	127,567	12,775
Payments on long-term debt	(648,604)	(385,514)
Dividends to noncontrolling interests	(26,829)	(8,306)
Other financing activities	(1,285)	(115)
Net cash used in financing activities	(564,959)	(514,601)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,702)	2,955
Net Decrease in Cash and Cash Equivalents of Discontinued Operations	1,298	8,780
Net (Decrease) Increase in Cash and Cash Equivalents	(292,667)	153,894
Cash and Cash Equivalents, Beginning of Year	481,345	327,451
Cash and Cash Equivalents, End of Year	$ 188,678	$ 481,345
Supplemental Cash Flow Information:		
Interest paid (Note 2)	$ 48,517	$ 119,805
Income taxes, net	$ 113,385	$ 130,940
Capital expenditures included in accounts payable and accrued expenses	$ 7,830	$ 12,714

See Notes to Consolidated Financial Statements.

1. Nature of Operations

Mitsui & Co. (U.S.A.), Inc. (''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 product manufacturing in the areas of ''Iron & Steel Products,'' ''Energy & Mineral Resources,'' ''Infrastructure Businesses,'' ''Motor Vehicles,'' ''Chemicals,'' and ''Foods, 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.

Mitsui USA is a wholly-owned subsidiary of Mitsui & Co., Ltd. (''Mitsui Japan'') (a Japanese corporation). Mitsui Japan's common shares are listed on the Tokyo Stock Exchange in Japan, and are also traded on the NASDAQ Exchange in the United States of America as American Depository Shares. The Company has significant transactions with Mitsui Japan and its subsidiaries and affiliates.

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 and are prepared in accordance with accounting principles generally accepted in the United States of America (''GAAP''). Significant intercompany items have been eliminated in consolidation.

In June 2009, the Financial Accounting Standards Board (''FASB'') issued Accounting Standards Codification (''ASC'') 105, ''Generally Accepted Accounting Principles'' (originally issued as Statement of Financial Accounting Standards (''SFAS'') No. 168, ''The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles''). Effective for annual periods ended after September 15, 2009, ASC 105 became the single source of authoritative GAAP recognized by the FASB. This statement did not change existing GAAP and the adoption of ASC 105 did not impact the Company's financial position or results of operations. All accounting references within the Company's consolidated financial statement are in accordance with ASC 105.

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. Also included in the total trading transactions is the amount of commission received on the sales transactions in which the Company is not a party to the sales contracts. The Company previously included in total trading transactions the gross transaction volume or the aggregate nominal value of the sales contracts for which the Company was not a party to the sales contracts. Accordingly, the Company changed the amount of total trading transactions for the year ended March 31, 2009 from $16,503,366 thousands to $14,518,101 thousands to conform to the current year presentation. This change had no effect on the Company's revenues, gross profit or any other information previously presented in the consolidated statement of operations. 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 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 or market. Cost is determined using the specific identification method or average cost. The Company recorded an inventory lower of cost or market charge totaling approximately $40.2 millions and $130.4 millions for the years ended March 31, 2010 and 2009, respectively, to cost of products sold in the accompanying consolidated statements of operations.

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 ASC 360, ''Property, Plant, and Equipment'' (originally issued as SFAS No. 144, ''Accounting for the Impairment or Disposal of Long Lived Assets''). Such impairment of approximately $2.4 million and $27.7 million for the years ended March 31, 2010 and 2009, respectively, was included in cost of products sold in the accompanying 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 ASC 320, ''Investments—Debt and Equity Securities'' (originally issued as SFAS No. 115, ''Accounting for Certain Investments in Debt and Equity Securities''). Equity interests in associated companies are accounted for on the equity method of accounting generally when the Company and Mitsui Japan have a 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 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 ASC 815, ''Derivatives and Hedging'' (originally issued as SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities''), all derivative instruments are recognized and measured at fair value as either assets or liabilities in the consolidated balance sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation.

The Company enters into interest rate and foreign exchange contracts, such as interest rate swap contracts and foreign currency forward, option and swap contracts, as a means of hedging its interest rate and foreign currency exchange rate exposures. The Company also enters into commodity contracts, such as commodity futures, forward, option and swap contracts, to hedge the commodity price exposures as a part of trading activities principally for petroleum 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 instruments for which hedge requirements are not met under ASC 815 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 a lessee 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, trademarks, non-compete agreements, sales/supply agreements, patents, unpatented technologies, software, and in-place lease values. In accordance with ASC 350, ''Intangibles—Goodwill and Others'' (originally issued as 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 ASC 360. Any identifiable intangible assets determined to have indefinite useful lives are not amortized, but instead tested for impairment in accordance with ASC 350 until the useful life is determined to be no longer indefinite.

RECOVERABILITY OF LONG-LIVED ASSETS

In accordance with ASC 360, 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 undiscounted expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

FOREIGN CURRENCY TRANSLATION

Foreign currency financial statements have been translated in accordance with ASC 830, "Foreign Currency Matters" (originally issued as SFAS No. 52, "Foreign Currency Translation"). Pursuant to this standard, the assets and liabilities of foreign subsidiaries and associated companies are translated into U.S. dollars at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange during the year. The resulting foreign currency translation adjustments are included in accumulated other comprehensive loss.

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at year-end exchange rates with the resulting gains and losses recognized in earnings, which are included in other 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 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.

Mitsui USA files its Federal income tax return on a consolidated bases. Novus International, Inc. ("Novus"), a 65% owned subsidiary of the Company, and its subsidiaries also file a separate Federal income tax return. 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 undistributed earnings of certain foreign subsidiaries at March 31, 2010 and 2009 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.

The Company recognizes the financial statement effect of a tax position only when management believes that it is more likely than not that, based on the technical merits, the position will be sustained upon examination. The Company classifies interest and penalties associated with uncertain tax positions as provision for income taxes.

COMPREHENSIVE INCOME (LOSS)

In accordance with ASC 220, ''Comprehensive Income'' (originally issued as 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 accompanying 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

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. The Company recognizes liabilities for such contingencies and commitments in accordance with ASC 460, ''Guarantees'' (originally issued as FASB Interpretation No. 45, ''Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others'').

RECLASSIFICATIONS AND FINANCIAL STATEMENT PRESENTATION

Certain reclassifications have been made to the 2009 consolidated financial statements to conform to the current year presentation.

Novus received insurance recoveries of approximately $22.4 million and $10.0 million for the years ended March 31, 2010 and 2009, respectively, related to a business interruption claim due to Hurricane Ike. The insurance recoveries are included in the other income—net in the consolidated statement of operations for the year ended March 31, 2010. The insurance recoveries for the year ended March 31, 2009 were included in selling, general and administrative expenses in the prior year's consolidated statement of operations and have been reclassified to other income—net in the current year.

Tax effects on investments in associated companies which were formerly included in equity in earnings (losses) of associated companies—net are included in provision for income taxes in the consolidated statement of operations for the year ended March 31, 2010. The tax effects on investments in associated companies for the year ended March 31, 2009 were not significant.

Subsequent to the issuance of the Company's 2009 financial statements, management concluded that the amount of interest income disclosed in the consolidated statement of operations for the year ended March 31, 2009 needed to be revised from the previously reported amount of $77,334,000 to $36,089,000. The Company also revised the amount of the interest paid disclosed in the supplemental cash flow information reported in the consolidated statement of cash flows for the year ended March 31, 2009 from the previously reported amount of $161,050,000 to $119,805,000. These revisions had no effect on the 2009 financial position, results of operations or cash flows.

NEW ACCOUNTING STANDARDS

Fair value measurements

In September 2006, the FASB issued guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements (ASC 820, ''Fair Value Measurements and Disclosures,'' originally issued as SFAS No. 157, ''Fair Value Measurements''). Effective April 1, 2008, the Company adopted this guidance for financial assets and liabilities, and

non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Effective April 1, 2009, the Company adopted this guidance for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The effect of the adoption of this guidance on the Company's financial position and results of operations was immaterial. See Note 15 for additional information regarding fair value measurements.

Business combinations

In December 2007, the FASB issued guidance 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 (ASC 805, ''Business Combinations,'' originally issued as SFAS No. 141 (revised 2007), ''Business Combinations''). ASC 805 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 issued guidance, also codified under ASC 805, 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. In April 2009, the Company adopted this guidance. The effect of the adoption of the guidance on the Company's financial position and results of operations was immaterial.

Noncontrolling interests in consolidated financial statements

In December 2007, the FASB issued guidance on noncontrolling interests in consolidated financial statements (ASC 810, ''Consolidation,'' originally issued as SFAS 160, ''Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51''). This guidance 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. The Company adopted the guidance on April 1, 2009 via retrospective application of the presentation and disclosure requirements. Other than the change in presentation of noncontrolling interests, the adoption of the guidance had no material impact on the Company's financial position and results of operations.

Disclosures about derivative instruments and hedging activities

In March 2008, the FASB issued guidance which established 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 former SFAS No. 133 and its related interpretations, and the effects of these instruments on the entity's financial position, financial performance, and cash flows. The Company adopted the guidance on April 1, 2009 (ASC 815, ''Derivatives and Hedging,'' originally issued as SFAS No. 161, ''Disclosures about Derivative Instruments and Hedging Activities''). The required disclosures are presented in Note 14.

Employers' disclosure about postretirement benefit plan assets

In December 2008, the FASB issued guidance regarding employers' disclosures about postretirement benefit plan assets to enhance the transparency surrounding the types of assets and associated risks in an employer's defined benefit pension or other postretirement plan (ASC 715, ''Compensation-Retirement Benefits,'' originally issued as FASB Staff Position No. FAS 132(R)-1, ''Employers' Disclosures about Postretirement Benefit Plan Assets''). The guidance requires an employer to disclose information about the valuation of plan assets similar to that required under ASC 820. The Company adopted this guidance for the year ended March 31, 2010. The required disclosures are presented in Note 11.

Subsequent events

In May 2009, the FASB issued ASC 855, ''Subsequent Events'' (originally issued as SFAS No. 165, ''Subsequent Events''), which established general accounting and disclosure standards for events and transactions that occur after the balance sheet date but before financial statements are issued or are

available to be issued. Entities are required to disclose the date through which subsequent events and transactions were evaluated, as well as whether that date is the date financial statements were issued or the date the financial statements were available to be issued. The Company adopted this guidance for the year ended March 31, 2010. There was no impact on the Company's financial position and results of operations. The required disclosures are presented in Note 17.

Fair value disclosures

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Improving Disclosures about Fair Value Measurements," which amends ASC 820. According to the guidance, the fair value hierarchy disclosures are to be further disaggregated by class of assets and liabilities. In addition, it requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and also requires more detailed disclosure about the activity within Level 3 fair value measurements. The changes to the ASC as a result of this update are effective April 1, 2010, except for the requirements related to Level 3 disclosures which are effective April 1, 2011. This guidance requires new disclosures only, and will have no impact on the Company's financial position and results of operations.

3. Reorganization of Subsidiaries and Affiliates

The Company acquired from Mitsui Japan interests in certain subsidiaries and affiliates during the year ended March 31, 2009. The Company accounted for these transactions in a manner that is consistent with transactions between entities under common control. The Company's consolidated financial statements for period 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, 2008).

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 carrying value of $18.5 million associated with the ownership interest in Mitsui Foods transferred by Mitsui Japan was reflected in additional paid-in capital at April 1, 2008. The Company recorded approximately $0.4 million to retained earnings, representing the carryover retained earnings attributable to Mitsui USA transferred by Mitsui Japan at April 1, 2008.

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, 2008. The Company recorded approximately $1.1 million to retained earnings, representing the carryover retained earnings attributable to the additional ownership interest in Mitsui Lifestyle transferred by Mitsui Japan at April 1, 2008.

Additionally, 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 at April 1, 2008.

4. Discontinued Operations

During the year ended March 31, 2009, Portac, Inc. ("Portac"), a wholly-owned subsidiary of the Company, ceased its operations in the timber and lumber business and sold certain property, including land, buildings, and machinery and equipment, for approximately $33.2 million. A resulting gain on this sale of $20.1 million was recognized in the year ended March 31, 2009. The Company presented the transaction as discontinued operations in the accompanying consolidated balance sheets and statements of operations.

Portac had no significant activities during the year ended March 31, 2010. The results from discontinued operations of Portac for the year ended March 31, 2009 are summarized as follows:

	(In Thousands)
Revenues	$ 15,764
Cost of revenues	(14,933)
Gross profit	831
Gain on sale of property and equipment	20,104
Expenses	(3,780)
Income from discontinued operations	$ 17,155

The assets and liabilities of Portac's discontinued operations at March 31, 2010 and 2009 are summarized as follows:

	March 31,	
	2010	2009
	(In Thousands)	
ASSETS:		
Cash and cash equivalents	$ 597	$1,895
Short-term investments	2,824	1,367
Accounts and notes receivable—net	—	4,101
Other	744	1,007
Total assets	$4,165	$8,370
LIABILITIES—Accrued expenses and other	$2,663	$6,541

5. INVESTMENTS

Investments in and advances to associated companies at March 31, 2010 and 2009 consist of the following:

	March 31,	
	2010	2009
	(In Thousands)	
Equity method investments	$473,544	$611,340
Advances	21,269	25,461
Total	$494,813	$636,801

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 Brazos Wind Ventures, LLC (50%), MED3000 Group, Inc. (''MED3000'') (46.5%), Mitsui & Co. Venture Partners II, L.P. (49.5%), and The Andersons Clymers Ethanol LLC (23.6%). Associated companies are engaged primarily in healthcare management, private equity investments, leasing, development of natural resources, and manufacturing and distribution of various products.

During the year ended March 31, 2010, the Company received a distribution of approximately $96.3 million from MEPGOM LLC (formerly, Mitsui E&P (USA) LLC), in which the Company holds a 50% ownership interest. MEPGOM LLC received distributions from MitEnergy Upstream LLC, a 70% owned subsidiary of MEPGOM LLC, as a result of sales of certain assets to a third party.

During the year ended March 31, 2010, the Company sold its ownership of 14.75% in Mitsui & Co. Energy Risk Management Ltd. to Mitsui Japan. The carrying amount of the investment was approximately $32.4 million.

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. During the year ended March 31, 2010, MED3000 made an earn-out stock distribution to its former shareholders, resulting in a decrease in the Company's ownership of MED3000 to 46.5%. During the year ended March 31, 2009, 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 in equity in earnings (losses) of associated companies—net in the consolidated statement of operations.

Summarized financial information, excluding goodwill and certain intangible assets, for significant associated companies at March 31, 2010 and for the year then ended are as follows:

	(In Thousands)
Current assets	$ 3,420,532
Property and equipment—net	1,651,496
Other assets	1,557,109
Total assets	$ 6,629,137
Current liabilities	$ 3,195,124
Long-term liabilities	1,785,081
Shareholders' equity	1,648,932
Total liabilities and shareholders' equity	$ 6,629,137
The Company's equity in the net assets of associated companies	$ 390,624
Revenues	$13,163,925
Gross profit	2,141,615
Net income	174,434

The carrying value of the investments in associated companies exceeded the Company's equity in underlying net assets of such associated companies by $82.9 million at March 31, 2010. 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 (ranging from 3 to 25 years) using the straight-line method and franchise rights which are not amortized because of their indefinite useful lives.

Other investments at March 31, 2010 and 2009 consist of the following:

	March 31,	
	2010	2009
	(In Thousands)	
Time deposits with maturities over three months	$ 38,812	$ 38,437
Available-for-sale securities	13,253	16,996
Other investments	50,875	46,200
Total	$102,940	$101,633

Time deposits are restricted under certain lease agreements.

At March 31, 2010 and 2009, the cost, fair value and gross unrealized gains and losses on available-for-sale securities are as follows:

	(In Thousands)				
			Gross Unrealized		
	Cost	Fair Value	Gains	Losses	Net
March 31, 2010					
Marketable equity securities	$ 7,737	$13,253	$5,516	$ —	$5,516
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)

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales, which are recorded in other income—net in the accompanying consolidated statements of operations, determined using the specific identification method, for the years ended March 31, 2010 and 2009 are shown below:

	March 31,	
	2010	2009
	(In Thousands)	
Proceeds from sales	$3,371	$712
Gross realized gains	$1,595	$ 46
Gross realized losses	—	(4)
Net realized gains	$1,595	$ 42

The Company recorded an impairment loss on available-for-sale securities of approximately $5.3 million and $2.5 million for the years ended March 31, 2010 and 2009, respectively, which is included in other income—net in the accompanying consolidated statements of operations.

Other investments include deferred compensation plan investments of approximately $10.4 million and $2.0 million at March 31, 2010 and 2009, respectively, which are accounted for as trading securities and stated at fair value. Trading gains and losses on the deferred compensation plan investments generally offset the corresponding deferred compensation expenses, which are recorded in selling, general and administrative expenses in the accompanying consolidated statements of operations. The net trading gain from the deferred compensation plan investments was approximately $2.6 million for the year ended March 31, 2010. The net trading gain from the deferred compensation plan investments was insignificant for the year ended March 31, 2009.

The rest of other investments consisted primarily of non-marketable securities that are carried at cost. The Company recorded net gains on sales of other investments of approximately $2.9 million and $1.2 million for the years ended March 31, 2010 and 2009, respectively, which are included in other income—net in the accompanying consolidated statements of operations.

The Company recorded an impairment loss on other investments of approximately $1.5 million and $16.4 million for the years ended March 31, 2010 and 2009, respectively, which is included in other income—net in the accompanying consolidated statements of operations.

6. Property and Equipment

Property and equipment, including those under capital leases (see Note 10), at March 31, 2010 and 2009 consist of the following:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Land and land improvements	$ 41,096	$ 38,652
Building, structures and improvements	656,132	594,185
Equipment and fixtures, including leasehold improvements	480,444	451,228
Total—at cost	1,177,672	1,084,065
Accumulated depreciation and amortization	(535,185)	(475,203)
Property and equipment, net	$ 642,487	$ 608,862

In accordance with ASC 360, the Company evaluated the carrying amounts of its long-lived assets to determine if any changes have occurred which would require an adjustment to the carrying amounts. Based on the Company's evaluation, the Company recorded an impairment loss on property and equipment of approximately $7.4 million and $1.0 million for the years ended March 31, 2010 and 2009, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Depreciation and amortization expense from continuing operations on the Company's property and equipment for the years ended March 31, 2010 and 2009 was approximately $64.9 million and $61.0 million, respectively.

7. Goodwill and Other Intangible Assets

The changes in carrying value of goodwill for the years ended March 31, 2010 and 2009 are as follows:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Balance at beginning of year:		
Goodwill	$ 272,449	$ 263,789
Accumulated impairment losses	(140,444)	(1,292)
	132,005	262,497
Goodwill acquired during the year	339	8,920
Impairment losses recognized during the year	(75,424)	(139,152)
Foreign currency translation adjustments for the year	264	(260)
Balance at end of year:		
Goodwill	273,052	272,449
Accumulated impairment losses	(215,868)	(140,444)
	$ 57,184	$ 132,005

For the year ended March 31, 2010, based on its annual impairment test, the Company recorded an impairment loss on goodwill of approximately $75.4 million, of which approximately $34.9 million related to AFC Hold Co, LLC ("AFC"), approximately $32.7 million related to SunWize Technologies, Inc. ("SunWize"), approximately $7.1 million related to Cornerstone Research & Development, Inc. ("Cornerstone"), and approximately $0.7 million related to Mitsui Foods.

For the year ended March 31, 2009, based on its annual impairment test, the Company recorded an impairment loss on goodwill of approximately $139.2 million, of which $68.3 million related to Steel Technologies Inc. ("Steel Tech"), approximately $26.0 million related to AFC, approximately $21.0 million related to Cornerstone, approximately $19.0 million related to SunWize, approximately $4.3 million related to MBK Real Estate Holding Inc. and approximately $0.6 million related to Mitsui Foods.

At March 31, 2010 and 2009, the carrying amount of intangible assets not subject to amortization (excluding goodwill) is approximately $9.0 million. 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 for the year ended March 31, 2009. No impairment was recognized for the year ended March 31, 2010.

Intangible assets subject to amortization at March 31, 2010 and 2009 consist of the following:

	2010		
	Gross Carrying Amount	Accumulated Amortization	Net
		(In Thousands)	
Customer relationships	$ 54,809	$ 18,002	$36,807
Trademarks	13,794	5,663	8,131
Non-compete agreements	24,910	12,039	12,871
Sales/supply agreements	43,184	42,990	194
Patents	78,461	78,052	409
Unpatented technologies	8,393	7,974	419
Software	31,222	25,504	5,718
In-place lease values	3,935	2,542	1,393
Other	1,472	575	897
Total	$260,180	$193,341	$66,839

	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

In accordance with ASC 360, the Company evaluated the carrying amounts of its intangible assets subject to amortization to determine if any changes have occurred, which would require an adjustment to the carrying amounts. The Company recorded an impairment loss on customer relationships related to Cornerstone of approximately $11.6 million for the year ended March 31, 2010. Based on the Company's evaluations, the Company recorded an impairment loss on certain intangible assets of approximately $29.2 million, including approximately $27.3 million related to Steel Tech, for the year ended March 31, 2009.

Total amortization expense from continuing operations on the Company's intangible assets for the years ended March 31, 2010 and 2009 was approximately $11.3 million and $17.7 million, respectively.

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

	(In Thousands)
2011	$ 9,269
2012	7,816
2013	7,587
2014	6,015
2015	5,322
Thereafter	30,830
Total	$66,839

8. Debt

Notes and loans payable at March 31, 2010 and 2009 are comprised of the following:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Short-term debt from financial institutions	$ 6,485	$252,606
Commercial paper	399,793	166,861
Adjustment related to fair value hedges	—	(871)
Total	$406,278	$418,596

The weighted-average interest rates on short-term debt outstanding at March 31, 2010 and 2009 were 0.61% and 1.58%, respectively.

Commercial paper is issued at a discount or on an interest-bearing basis in denominations of not less than $100,000, with maturities of not more than 270 days. Interest rates on commercial paper ranged from 0.21% to 0.25% at March 31, 2010 and 0.60% to 1.00% at March 31, 2009, respectively.

Long-term debt at March 31, 2010 and 2009 is comprised of the following:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Parent and affiliated companies—maturing through 2013, at rates of 0.75% to 6.03%	$ 107,788	$ 123,576
Other:		
Financial institutions—maturing through 2045, at rates of 0.35% to 7.43%	1,501,704	1,802,965
Medium-term notes—maturing through 2014, at rates of 0.59% to 5.03%	284,678	489,885
	1,894,170	2,416,426
Adjustment related to fair value hedges	4,221	4,121
	1,898,391	2,420,547
Less—current maturities (including adjustment related to fair value hedges)	(353,966)	(529,727)
Total long-term debt, less current maturities	$1,544,425	$1,890,820

Above long-term debt includes debt denominated in Japanese Yen, amounting to U.S. dollar equivalent of approximately $367.9 million and $588.4 million at March 31, 2010 and 2009, respectively.

Maturities of long-term debt for the future years ending March 31, excluding fair value adjustments, are as follows:

	(In Thousands)
2011	$ 343,542
2012	508,612
2013	489,023
2014	388,329
2015	97,728
Thereafter	66,936
Total	$1,894,170

9. Income Taxes

The components of provision for income taxes for the years ended March 31, 2010 and 2009 are as follows:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Continuing operations:		
Current:		
Federal	$ 73,190	$ (6,554)
State	3,514	1,407
Foreign	7,881	29,245
Total current	84,585	24,098
Deferred	(59,196)	38,481
Total income taxes from continuing operations	$ 25,389	$ 62,579

	March 31, 2010	March 31, 2009
	(In Thousands)	
Discontinued operations:		
Current:		
Federal	$ —	$ 7,389
State	—	—
Foreign	—	—
Total current	—	7,389
Deferred	—	—
Total income taxes from discontinued operations	$ —	$ 7,389

A reconciliation of the statutory U.S. federal income tax rate to the Company's continuing operations effective tax rate at March 31, 2010 and 2009 is as follows:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Statutory U.S. federal tax rate	35.0%	35.0%
Change in tax rate resulting from:		
State income taxes—net of federal benefit	2.8	1.7
Foreign income taxes—net	0.1	(9.6)
Non-deductible expenses	9.5	42.3
Non-taxable income	(6.2)	0.2
U.S. business credits	(20.6)	(7.4)
Valuation allowance	15.3	23.5
Reserves for tax contingencies	21.8	(10.7)
Others	(7.5)	26.1
Effective tax rate	50.2%	101.1%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	March 31, 2010	March 31, 2009
	(In Thousands)	
Deferred tax assets:		
Allowance for doubtful receivables	$ 17,320	$ 12,489
Inventories	5,933	16,571
Investments	30,359	21,478
Derivative instruments	24,692	5,304
Impairment loss on long-lived assets	36,744	18,985
Net operating loss and tax credit carryforwards	85,256	17,535
Accrued expenses	14,140	10,294
Liabilities for defined benefit plans	16,036	10,752
Others	17,405	4,820
Total gross deferred tax assets	247,885	118,228
Less—valuation allowance	(37,179)	(25,477)
Net deferred tax assets	210,706	92,751
Deferred tax liabilities:		
Depreciation and amortization	(291,500)	(276,230)
Undistributed earnings of foreign subsidiaries	(23,681)	(14,158)
Others	(229)	(5,350)
Total gross deferred tax liabilities	(315,410)	(295,738)
Net deferred tax liabilities	$(104,704)	$(202,987)

At March 31, 2010, the Company has federal net operating loss carryforwards of approximately $64.2 million which will expire in the year ending March 31, 2030. The Company has state net operating loss carryforwards of approximately $181.8 million which will primarily expire between the years ending March 31, 2023 and March 31, 2030. At March 31, 2010, the Company also has tax credit carryforwards of approximately $50.6 million. If not used, these credits will expire between the years ending March 31, 2015 and March 31, 2030.

At March 31, 2010 and 2009, valuation allowance is 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 changes in the valuation allowance for the years ended March 31, 2010 and 2009 were increases of approximately $11.7 million and $16.8 million, respectively.

Certain foreign subsidiaries of Novus had undistributed earnings amounting to approximately $86.4 million and $84.8 million at March 31, 2010 and 2009, 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.

A reconciliation of the beginning and ending balances of unrecognized tax benefits for the years ended March 31, 2010 and 2009 are as follows:

	(In Thousands)
Balance at April 1, 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 at March 31, 2009	31,970
Additions for tax positions of prior years	6,243
Reductions for tax positions of prior years	(6,671)
Additions based on tax positions related to the year ended March 31, 2010	12,416
Lapse of statute of limitations during the year ended March 31, 2010	(148)
Settlements with tax authorities	(352)
Balance at March 31, 2010	$ 43,458

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate were approximately $38.3 million and $29.6 million at March 31, 2010 and 2009, respectively.

For the years ended March 31, 2010 and 2009, the Company recorded interest and penalties related to unrecognized tax benefits of approximately $2.5 million and $0.9 million, respectively, in the provision for income taxes. Included in other liabilities in the consolidated balance sheets were accrued interest and penalties of approximately $4.3 million and $1.8 million at March 31, 2010 and 2009, respectively.

The Company does not expect any significant changes to the amount of unrecognized tax benefits through the next twelve months.

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 and 2008.

10. Leases

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

	March 31, 2010	March 31, 2009
	(In Thousands)	
Direct financing leases:		
Minimum lease payments	$ 389,189	$ 427,560
Estimated unguaranteed residual value of leased assets	103,087	103,087
Unearned income	(144,457)	(169,842)
Allowance for doubtful accounts	(9,083)	(8,480)
Net investment in direct financing leases	338,736	352,325
Current portion	(19,856)	(20,333)
Long-term portion of direct financing leases	$ 318,880	$ 331,992
Leveraged leases:		
Minimum lease payments—(net of principal and interest on third party nonrecourse debt)	$ 39,422	$ 39,829
Estimated unguaranteed residual value of leased assets	47,195	47,195
Unearned income	(20,452)	(20,601)
Investment in leveraged leases	66,165	66,423
Current portion	206	(264)
Long-term leveraged portion of leases receivable	66,371	66,159
Deferred tax liabilities arising from leveraged leases	(66,072)	(69,314)
Net investment in leveraged leases	$ 299	$ (3,155)

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

	Direct Financing Leases	Leveraged Leases
	(In Thousands)	
2011	$ 41,389	$ 134
2012	40,186	1
2013	39,619	1
2014	47,964	680
2015	35,396	4,514
Thereafter	184,635	34,092
Total minimum payments	$389,189	$39,422

The Company's property leased to others under operating leases, by asset class, at March 31, 2010 and 2009 is as follows:

	March 31, 2010			March 31, 2009		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
		(In Thousands)			(In Thousands)	
Real estate properties	$166,099	$(15,103)	$150,996	$165,621	$(11,457)	$154,164
Terminal elevator facilities	81,168	(46,096)	35,072	81,190	(43,706)	37,484
Other equipment	3,642	(1,424)	2,218	4,576	(2,373)	2,203
Total	$250,909	$(62,623)	$188,286	$251,387	$(57,536)	$193,851

In accordance with ASC 360, 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 leased to others of approximately $0.4 million and $1.7 million which are included in selling, general and administrative expenses in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009, respectively.

Depreciation expense from continuing operations on the Company's property leased to others for the years ended March 31, 2010 and 2009 was approximately $6.5 million and $7.3 million, respectively.

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

	Operating Leases
	(In Thousands)
2011	$ 4,207
2012	2,926
2013	2,693
2014	2,645
2015	2,522
Thereafter	20,379
Total minimum payments to be received	$35,372

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, shipping vessels, storage tanks, and office space. The following is a summary of property and equipment held under capital leases:

	March 31,	
	2010	2009
	(In Thousands)	
Equipment and fixtures	$ 61,275	$ 54,249
Less—accumulated amortization	(36,917)	(35,056)
Net	$ 24,358	$ 19,193

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)	
2011	$ 4,164	$121,031
2012	3,737	72,167
2013	3,173	44,672
2014	42,415	24,446
2015	1,025	10,554
Thereafter	38,392	39,140
Total minimum payments required	92,906	$312,010
Less—amount representing interest	(16,208)	
	76,698	
Less—current portion	3,363	
Long-term obligations	$ 73,335	

* Minimum payments have not been reduced by aggregate minimum sublease rentals of $12.2 million under operating leases due in the future under non-cancelable subleases.

Rental expense relating to operating leases from continuing operations was approximately $169.1 million and $183.9 million for the years ended March 31, 2010 and 2009, respectively. Sublease rental income from continuing operations was approximately $71.5 million and $113.3 million for the years ended March 31, 2010 and 2009, 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 provided a nonqualified supplemental executive defined benefit pension plan to provide supplementary retirement benefits primarily to higher-level, longer service U.S. employees. The nonqualified supplemental executive defined benefit pension plan was terminated effective March 30, 2010, and the benefits due participants under this plan are scheduled to be paid in 2011. The curtailment cost associated with this plan was approximately $13.3 million for the year ended March 31, 2010. In addition to providing pension benefits, Mitsui USA provides certain healthcare benefits for retired employees.

Changes in the benefit obligations, plan assets and funded status are comprised of the following for the years ended March 31, 2010 and 2009:

	Pension Benefits March 31,		Postretirement Benefits March 31,	
	2010	2009	2010	2009
	(In Thousands)		(In Thousands)	
Changes in benefit obligations:				
Benefit obligations at beginning of year	$ 82,020	$ 76,338	$ 6,608	$ 5,971
Service cost	2,702	3,120	239	335
Interest cost	5,942	5,501	444	416
Plan participants' contributions	—	—	380	338
Benefits paid	(4,493)	(3,081)	(704)	(636)
Actuarial loss	26,704	142	1,082	184
Benefit obligations at end of year	112,875	82,020	8,049	6,608
Changes in plan assets:				
Fair value of plan assets at beginning of year	50,511	61,402	—	—
Actual return on plan assets	15,485	(16,210)	—	—
Employer contributions	8,743	8,400	324	298
Plan participants' contributions	—	—	380	338
Benefits paid	(4,493)	(3,081)	(704)	(636)
Fair value of plan assets at end of year	70,246	50,511	—	—
Funded status at end of year	$ (42,629)	$(31,509)	$(8,049)	$(6,608)
Amounts recognized in the consolidated balance sheets at March 31:				
Other current assets	$ 2,572	$ —	$ —	$ —
Accrued expenses and other	(15,781)	—	(426)	(347)
Other liabilities	(29,420)	(31,509)	(7,623)	(6,261)
Amounts recognized in accumulated other comprehensive (loss) income at March 31:				
Net transition obligation	$ —	$ —	$ 565	$ 752
Prior service cost	176	409	181	187
Net actuarial loss (gain)	38,916	40,334	470	(643)
Balance prior to income taxes and noncontrolling interests	$ 39,092	$ 40,743	$ 1,216	$ 296

The accumulated benefit obligations for the pension plans were approximately $105.4 million and $74.0 million at March 31, 2010 and 2009, respectively.

Net periodic benefit cost is comprised of the following for the years ended March 31, 2010 and 2009:

	Pension Benefits March 31,		Postretirement Benefits March 31,	
	2010	2009	2010	2009
	(In Thousands)		(In Thousands)	
Service cost	$ 2,702	$ 3,120	$239	$335
Interest cost	5,942	5,501	444	416
Expected return on plan assets	(3,960)	(4,719)	—	—
Amortization of transition obligation	—	—	187	187
Amortization of prior service cost	232	140	6	6
Recognized actuarial loss (gain	3,283	1,865	(31)	4
Recognition loss on curtailment	13,315	—	—	—
Net periodic benefit cost	$21,514	$ 5,907	$845	$948

The amounts recognized in other comprehensive income (loss) prior to income tax and noncontrolling interests during the years ended March 31, 2010 and 2009 were as follows:

	Pension Benefits March 31,		Postretirement Benefits March 31,	
	2010	2009	2010	2009
	(In Thousands)		(In Thousands)	
Net actuarial loss incurred during the year	$15,179	$21,071	$1,082	$ 184
Amortization of transition obligation	—	—	(187)	(187)
Amortization of prior service cost	(232)	(140)	(6)	(6)
Recognized actuarial (loss) gain	(3,283)	(1,865)	31	(4)
	$11,664	$19,066	$ 920	$ (13)

The amounts in accumulated other comprehensive (loss) income 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	$2,753	$ —
Transition obligation	—	187
Prior service cost	97	6
	$2,850	$193

Significant assumptions for the Company's pension and other postretirement benefit plans for the years ended March 31, 2010 and 2009 are as follows:

	Pension Benefits		Postretirement Benefits	
	2010	2009	2010	2009
Weighted average assumptions at year end:				
Discount rate	6.00% to 6.10%	6.80 to 7.50%	6.04%	7.34%
Rate of compensation increase	3.00%	3.00%	—	—
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	6.80% to 7.50%	6.80%	7.34%	6.67%
Expected long-term rate of return on plan assets	7.25% to 8.30%	7.25 to 8.30%	—	—
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, 2010, the medical health care cost trend rate was 10.0%, decreasing to 4.5% through 2013, 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 obligations to $9.3 million or by 15.2%, and the aggregate of the service and interest cost components of the net periodic benefit cost would increase from $0.7 million to $0.8 million or by 17.0%, including life insurance. Decreasing the health care cost trend rate by 1.0% would decrease the accumulated benefit obligations to $7.1 million or by 12.2%, 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 13.5%, including life insurance. During the year ended March 31, 2009, the medical health care cost trend rate was 10.0%, decreasing to 4.5% through 2012, and the dental health care cost trend rate was 4.5%.

The Company invests primarily in a diversified portfolio of equity and fixed income securities that provide for long-term growth within reasonable and prudent levels of risk. The asset allocation targets established by the Company are strategic and intended to reduce exposure to risk assets in favor of long duration fixed income securities as the funded status of the plan improves. The portfolio is maintained to provide adequate liquidity to meet associated liabilities and minimize long-term expense and provide prudent diversification among asset classes. The plans employ a diversified mix of actively managed investments around a core of passively managed exposures in each asset class. Assets are rebalanced periodically to their strategic targets to maintain the plans' strategic risk/reward characteristics.

The target allocations for the pension assets at March 31, 2010 and 2009 by asset class are as follows:

	March 31, 2010		March 31, 2009	
	Percentage of plan assets	Target Allocation	Percentage of plan assets	Target Allocation
Equity securities	57%	50%-70%	51%	0%-70%
Debt securities	30	29%-50%	30	12%-50%
Insurance contract—fixed income	12	0%-17%	17	0%-22%
Other	1	0%-20%	2	0%-20%
Total	100%		100%	

The following table presents the Company's plan assets using the fair value hierarchy at March 31, 2010. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant non-observable inputs.

	Fair Value Measurements at March 31, 2010 Using			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	(In Thousands)			
Collective trust funds:				
U.S. equity	$—	$15,957	$ —	$15,957
Non-U.S. equity	—	12,234	—	12,234
Government, corporate and other non-government debt	—	14,805	—	14,805
Pooled separate accounts:				
U.S. equity	—	10,125	—	10,125
Non-U.S. equity	—	1,922	—	1,922
Government and corporate debt	—	6,504	—	6,504
Insurance contract	—	—	8,077	8,077
Other	30	592	—	622
Total plan assets	$30	$62,139	$8,077	$70,246

Collective trust funds are stated at the aggregate market value of units of participation. Such value reflects accumulated contributions, dividends and realized and unrealized investment gains or losses apportioned to such contributions. Pooled separates accounts are stated at estimated fair value which is based on the proportionate share of the pooled separate accounts' fair value as recorded in their financial statements. The insurance contract is primarily valued at the present value of the future benefit payments owed by the insurance company to the plans' participants.

A reconciliation of the fair value measurements of plan assets using significant unobservable inputs (Level 3) from the beginning of the year to the end of the year is as follows:

	Insurance Contract
	(In Thousands)
Balance, April 1, 2009	$ 8,210
Actual return on plan assets	510
Benefit payments	(643)
Balance, March 31, 2010	$ 8,077

The expected long-term rate of return of the plans' assets invested in collective trust funds and pooled separate accounts is based on the expected return of each asset category, weighted based on the median of the target allocation for each class. The expected return for the plans' assets invested in an insurance contract equals the weighted average credited rate determined by the insurance company.

The Company expects to contribute approximately $23.8 million, including nondiscretionary funds of approximately $15.8 million to Novus nonqualified supplemental executive defined benefit pension plan, and approximately $0.4 million to the pension and other postretirement benefit plans for the year ending March 31, 2011.

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

	Pension Benefits
	(In Thousands)
2011	$19,761
2012	4,097
2013	4,412
2014	4,580
2015	4,784
2016-2020	27,572

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

	Estimated Gross Benefit Payments	Estimated Retiree Contributions	Expected Medicare Part D Subsidy	Estimated Net Benefit Payments
	(In Thousands)			
2011	$ 888	$ (462)	$(102)	$ 426
2012	913	(486)	(111)	434
2013	940	(516)	(123)	437
2014	975	(544)	(130)	450
2015	992	(561)	(135)	449
2016-2020	5,469	(3,149)	(730)	2,421

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 $7.2 million and $5.8 million for the years ended March 31, 2010 and 2009, respectively.

12. Commitments and Contingencies

At March 31, 2010 and 2009, the Company had commercial letters of credit outstanding of approximately $186.1 million and $154.9 million, respectively. Additionally, at March 31, 2010 and 2009, the Company had surety bond guarantees outstanding of approximately $7.7 million and $9.8 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 the trading activities of the associated companies. At March 31, 2010 and 2009, the aggregate amount of outstanding guarantees was approximately $328.1 million and $586.5 million, respectively, with a maximum potential guarantee amount of approximately $2,417.3 million (through 2029) and $4,717.1 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 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, 2010 and 2009, long-term purchase contracts at fixed or basic purchase prices amounted to approximately $1,805.2 million (through 2021) and $2,011.3 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 $114.3 million and $123.9 million at March 31, 2010 and 2009, respectively, which are recorded in noncurrent advances, receivables and other—net in the accompanying consolidated balance sheets.

13. Legal Matters

The Company is a defendant in various claims and legal actions arising in the ordinary course of its business. 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 interest rates, foreign currency exchange 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 interest rate swap contracts, foreign currency forward, option and swap contracts, and commodity futures, forward, options 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 risks in those derivative instruments are basically offset by equal and opposite movements in the underlying exposure. The Company has a 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 risks comprehensively. In addition, the Company sets position limits based on accumulated notional amounts with each counterparty and changes these limits based on the counterparty's current rating by independent institutions.

The Company designates certain interest rate and currency swap contracts and petroleum-related futures and forward physical 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 interest rate and foreign currency exchange rate exposures related to long-term debt, and the variable price risk associated with exposure to fluctuations in the prices of petroleum-related products (inventories). 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. No fair value hedges were discontinued during the years ended March 31, 2010 and 2009.

The Company designates certain 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 sales transactions and payments denominated in foreign currencies. Anticipated transactions must be probable of occurrence, and their significant terms and characteristics must be identified. For all hedging instruments used in cash flow 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 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 income (loss), while changes in faire value of derivative instruments that are not effective are recognized currently in earnings as other income—net in the consolidated statements of operations. The majority of the unrealized gain (loss) included in accumulated other comprehensive (loss) income at March 31, 2010 is expected to be recognized in earnings during the next fiscal year. Most of the designated hedging instruments at March 31, 2010 have terms of less than twelve months. No cash flow hedges were discontinued during the years ended March 31, 2010 and 2009.

The following table represents the fair value of the Company's derivative instruments recorded on the consolidated balance sheets at March 31, 2010 and 2009:

Gross Derivative Assets

Balance Sheet Location	Fair Value at March 31, 2010	Fair Value at March 31, 2009
	(In Thousands)	
Derivatives designated as hedging instruments:		
Interest rate contracts—		
Other current assets	$ 168	$ —
Foreign exchange contracts:		
Other current assets	13,662	19,008
Accrued expenses and other	—	113
Noncurrent advances, receivables and other—net	61,782	53,676
Commodity contracts:		
Other current assets	791	2,169
Accrued expenses and other	373	—
Total	$ 76,776	$ 74,966
Derivatives not designated as hedging instruments:		
Interest rate contracts:		
Other current assets	$ —	$ 10
Noncurrent advances, receivables and other—net	—	404
Foreign exchange contracts—		
Other current assets	2,309	2,584
Commodity contracts:		
Other current assets	18,090	76,383
Accrued expenses and other	74,065	183,737
Accounts and noted receivables—Parent and affiliated companies	6,772	—
Noncurrent advances, receivables and other—net	9	354
Total	$101,245	$263,472

Gross Derivative Liabilities

Balance Sheet Location	Fair Value at March 31, 2010	Fair Value at March 31, 2009
	(In Thousands)	
Derivatives designated as hedging instruments:		
Foreign exchange contracts:		
Other current assets	$ 25	$ —
Accrued expenses and other	231	1,605
Commodity contracts:		
Other current assets	98	—
Accrued expenses and other	1,034	1,345
Total	$ 1,388	$ 2,950
Derivatives not designated as hedging instruments:		
Interest rate contracts—		
Accrued expenses and other	$ 11,120	$ 17,277
Foreign exchange contracts:		
Other current assets	20	—
Accrued expenses and other	24,204	6,676
Commodity contracts:		
Other current assets	5,010	5,127
Accrued expenses and other	134,438	256,123
Note, acceptances and accounts payable—Parent and affiliated companies	412	—
Other liabilities	79	—
Total	$175,283	$285,203

The following table represents the effects of fair value hedges on the Company's consolidated statements of operations for the years ended March 31, 2010 and 2009:

		Amount of Gain (Loss) Recognized in Earnings					
		2010			2009		
	Location of Gain (Loss) Recognized in Earnings	Derivatives	Hedged Items	Hedge Ineffective-ness	Derivatives	Hedged Items	Hedge Ineffective-ness
		(In Thousands)			(In Thousands)		
Interest rate contracts	Other income—net	$ (246)	$ 215	$ (31)	$ (546)	$ 622	$ 76
Foreign exchange contracts	Other income—net	(2,726)	7,572	4,846	(32,124)	28,871	(3,253)
Commodity contracts	Cost of products sold	(18,642)	18,245	(397)	5,678	(5,602)	76
Total		$(21,614)	$26,032	$4,418	$(26,992)	$23,891	$(3,101)

The following table represents the effects of derivative instruments not designated as hedging instruments on the Company's consolidated statements of operations for the years ended March 31, 2010 and 2009:

	Location of Gain (Loss) Recognized in Earnings	Amount of Gain (Loss) Recognized in Earnings 2010	2009
		(In Thousands)	
Interest rate contracts	Other income—net	$ 6,158	$ (4,031)
Foreign exchange contracts	Other income—net	(21,295)	(928)
Commodity contracts	Cost of products sold	(165,253)	292,827
Total		$(180,390)	$287,868

The following table represents the effects of cash flow hedges on the Company's other comprehensive income (loss) and consolidated statements of operations for the years ended March 31, 2010 and 2009:

	Amount of Gain Recognized in Other Comprehensive Income (Loss) (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Earnings	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Earnings (Effective Portion)		Location of Loss Recognized in Earnings (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Loss Recognized in Earnings (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2010	2009		2010	2009		2010	2009
Foreign exchange contracts	$495	$4,798	Other income—net	$(5,501)	$2,528	Other income—net	$(14)	$(93)

The Company had the following outstanding derivative instruments at March 31, 2010 and 2009:

	Notional Amount or Number of Units 2010	2009
Derivative instruments designated as hedging instruments:		
Interest rate swaps	$ 10 million	$ 20 million
Foreign currency swaps	$ 362 million	$ 630 million
Foreign currency forward contracts	$ 73 million	$ 73 million
Petroleum forward contracts—sales	650,000 bbl	465,000 bbl
Petroleum futures—short	700,000 bbl	317,000 bbl
Derivative instruments not designated as hedging instruments:		
Interest rate swaps	$ 162 million	$ 191 million
Foreign currency forward contracts	$ 764 million	$ 461 million
Oil swaps—long	160,000 bbl	7,541,000 bbl
Oil swaps—short	587,000 bbl	5,670,000 bbl
Petroleum forward contracts—purchase	5,654,000 bbl	5,166,000 bbl
Petroleum forward contracts—sales	4,870,000 bbl	6,424,000 bbl
Petroleum future—long	21,280,000 bbl	24,185,000 bbl
Petroleum future—short	24,610,000 bbl	32,510,000 bbl
Agricultural commodity forward contracts	1,152,000 MT	—
Agricultural commodity futures contracts	778,000 MT	2,585,000 MT

The Company maintains margin accounts for the purpose of entering into futures contracts. Long and short positions are valued based on their respective contractual margins to determine net exposure, the total value of which is the required margin deposits with various broker accounts. At March 31, 2010 and 2009, cash in broker accounts, included in other current assets in the accompanying consolidated balance sheets, amounted to approximately $70.7 million and $22.2 million, respectively.

15. Risk Management and Fair Value of Financial Instruments

ASC 820 requires enhanced disclosures about assets and liabilities carried at fair value. The ASC 820 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. ASC 820 also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 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, 2010 and 2009. As required by ASC 820, 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, 2010 Using			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	(In Thousands)			
Assets:				
Marketable securities and other investments	$23,618	$ —	$ —	$ 23,618
Derivative instruments	6,422	84,840	7,168	98,430
Total assets	$30,040	$84,840	$ 7,168	$122,048
Liabilities—derivative instruments	$11,820	$65,355	$19,905	$ 97,080

	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

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, 2009	Total Realized/ Unrealized Losses Included in Earnings	Purchases, Issuances, and Settlements	Transfers in (out) of Level 3	Balance at March 31, 2010	Total Change in Unrealized Losses Relating to Assets Still Held at March 31, 2010
Marketable securities and other investments	$ 5,056	$ (3,399)	$(1,650)	$ (7)	$ —	$ —
Derivative instruments	7,741	(22,184)	1,269	437	(12,737)	(21,930)
Total	$12,797	$(25,583)	$ (381)	$430	$(12,737)	$(21,930)

(In Thousands)	Balance at April 1, 2008	Total Realized/ Unrealized Gains (Losses) Included in Earnings	Purchases, Issuances, and Settlements	Transfers in (out) of Level 3	Balance at March 31, 2009	Total Change in Unrealized 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 following table sets forth the Company's assets and liabilities that were accounted for at fair value on a non-recurring basis during the year ended March 31, 2010:

	Fair Value Measurements during the Year Ended March 31, 2010 Using				Total Impairment Charges for the Year Ended March 31, 2010
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total	
			(In Thousands)		
Real estate included in inventories	$—	$—	$ 1,705	$ 1,705	$ 2,379
Property leased to others	—	—	10,362	10,362	445
Property and equipment	—	—	5,498	5,498	7,357
Goodwill and other intangible assets	—	—	20,682	20,682	87,018
Other non-marketable investments	—	—	1,369	1,369	1,503
Total	$—	$—	$39,616	$39,616	$98,702

Real estate and property leased to others: The carrying value of projects is reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of the projects may not recoverable. The fair value of projects is primarily determined based on the estimated future discounted cash flows.

Property and equipment, goodwill and other intangible assets: The assets are primarily valued based on independent appraisal or discounted future cash flows whichever management considers most appropriate.

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

Current financial assets 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 carrying amounts 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. Pursuant to the requirements of ASC 460, 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, 2010 and 2009, the fair value of guarantees issued by the Company was not material.

16. Business Segments

Effective October 1, 2009, the Company partially changed the structure of internal organization. The related operating segment information for the year ended March 31, 2009 has been reclassified to conform to the current year presentation. Also, the Company made certain reclassifications to the balance sheet at March 31, 2009 related to intra-company balances to conform to the current year presentation.

The Company's principal business activities are classified into the following operating segments: Iron & Steel Products, Energy & Mineral Resources, Infrastructure Business, Motor Vehicles, Chemicals, and Foods, Consumer Service & 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, 2010 and 2009:

	Iron & Steel Products	Energy & Mineral Resources	Infrastructure Business	Motor Vehicles	Chemicals	Foods, Consumer Service & Other	Corporate & Other Adjustments & Eliminations	Total
March 31, 2010								
(In Thousands)								
Total trading transactions*	$1,976,292	$4,298,445	$111,931	$108,872	$2,482,536	$1,383,053	$ 41,076	$10,402,205
Gross profit (loss)	41,926**	(53,248)**	21,984	1,989	533,030**	72,854**	8,346	626,881
Net (loss) income attributable to Mitsui USA	(59,463)	(32,469)	11,936	(16,757)***	108,821***	(8,600)***	(37,869)***	(34,401)
Total assets	1,142,011	768,148	664,072	99,260	1,646,337	990,880	176,903	5,487,611
March 31, 2009								
Total trading transactions*	$3,109,768	$6,262,507	$118,324	$177,405	$2,786,263	$2,023,111	$ 40,723	$14,518,101
Gross profit (loss)	238,514**	92,677**	18,985	3,496	498,797**	43,786**	16,716	912,971
Net (loss) income attributable to Mitsui USA	(51,570)***	34,638	3,157	(33,189)***	103,525***	(71,530)***	(34,517)***	(49,486)
Total assets	1,315,975	724,385	686,344	145,097	1,623,307	984,089	281,842	5,761,039

* See Note 2.

** Includes inventory lower cost or market charge and impairment loss on real estate development projects 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, 2010 and 2009, total trading transactions with Mitsui Japan and its affiliates represent approximately 13% and 15%, 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, 2010 and 2009:

	March 31, 2010	March 31, 2009
	(In Thousands)	
United States	$ 6,359,564	$ 8,998,506
Japan	1,376,188	2,148,907
Other foreign countries	2,666,453	3,370,688
Total	$10,402,205	$14,518,101

17. SUBSEQUENT EVENTS

The Company evaluated the subsequent events after the consolidated balance sheet date through July 9, 2010, the date that the consolidated financial statements were available to be issued.

On April 6, 2010, the Company contributed its 100% interest in Steel Tech to NuMit LLC (''NuMit''), a newly formed company, and sold a 50% interest in NuMit to Nucor Corporation for the selling price of approximately $225.5 million, subject to working capital and net debt adjustments. NuMit will invest in various steel and steel—related activities, both in North America and globally.

On April 20, 2010, a third party semi-submersible drilling rig, which was conducting exploration work on the Mississippi Canyon 252 block in the Gulf of Mexico, experienced a fire incident, which sank the drilling rig and resulted in leakage of hydrocarbons from the well. MOEX Offshore 2007 LLC (''MOEX Offshore 2007''), a wholly-owned subsidiary of MOEX USA Corporation (''MOEX USA''), has a 10% working interest in the Mississippi Canyon 252 block as a non-operator. MOEX USA is a wholly-owned subsidiary of Mitsui Oil Exploration Co., Ltd. (''MOECO'') in which Mitsui Japan has a 69.91% equity interest. Mitsui USA has neither equity interest nor any involvement in the Mississippi Canyon 252 block in the Gulf of Mexico. Nonetheless, Mitsui USA has been named as one of defendants in various legal actions. Mitsui USA management intends to pursue dismissals from all such legal actions. Therefore, Mitsui USA is of the opinion that, based on the information presently available, these legal actions will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

On May 20, 2010, Novus acquired the shares of Investigaciones Quimicas y Farmaceuticas, S.A., Carotenoid Technologies, S.A., IQF-ENAMEX, S.A. de C.V. and Operadora ENAMEX, S.A. de C.V. (collectively the ''IQF Group''). The IQF Group is a supplier of feed additives, carotenoid pigments, essential oils, premixes and food carotenoids and is located in Spain, Mexico and China. Novus acquired the shares of the IQF Group as well as certain property owned by the sellers for a total cash acquisition price of approximately $49.8 million, subject to working capital and net debt adjustments. The initial accounting for this business combination was incomplete as of the date of these financial statements being issued as purchase price allocation of acquired assets and liabilities is not yet finalized.

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

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

OFFICE DIRECTORY

NEW YORK—Headquarters
200 Park Avenue
New York, New York 10166
212-878-4000
212-878-4800-Fax

CHICAGO
200 East Randolph Drive
Suite 5200
Chicago, IL 60601
312-540-4036
312-540-4026-Fax

CLEVELAND
4125 Highlander Parkway
Suite 420
Richfield, OH 44286
330-659-2920
330-659-3196-Fax

DETROIT
1000 Town Center
Suite 1900
Southfield, Michigan 48075
248-357-3300
248-355-3572-Fax

HOUSTON
1300 Post Oak Blvd.
Suite 1700
Houston, TX 77056
713-236-6100
713-236-6134-Fax

LOS ANGELES
350 South Grand Avenue
Suite 3900
Los Angeles, CA 90017
213-896-1100
213-688-1138-Fax

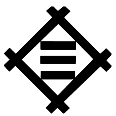
NASHVILLE
25 Century Blvd.
Suite 310
Nashville, TN 37214
615-885-5318
615-885-5321-Fax

SEATTLE
1201 Third Avenue
Suite 2760
Seattle, WA 98101
206-223-5604
206-223-5618-Fax

SILICON VALLEY
101 Metro Drive
Suite 340
San Jose, CA 95110
408-878-6121
408-878-6117-Fax

WASHINGTON, D.C.
750 17th Street, N.W.
Suite 400
Washington, D.C. 20006
202-861-0660
202-861-0437-Fax

Our Home Page on the Internet: http://www.mitsui.com



MITSUI & CO. (U.S.A.), INC.
200 Park Avenue
New York, New York 10166