Annual Securities Report
for the fiscal year ended March 31, 2012

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Mitsui & Co., Ltd. filed with the Chief of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 21, 2012.

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

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

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

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

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

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

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1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

Fiscal year			93rd	92nd	91st	90th	89th
Year ended			March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Consolidated financial data							
	Revenues	(Millions of Yen)	5,251,602	4,679,443	4,096,445	5,504,789	5,715,112
	Income from continuing operations before income taxes and equity in earnings	(Millions of Yen)	413,211	272,697	126,040	242,178	398,938
	Net income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	434,497	306,659	149,719	177,607	410,061
	Comprehensive income (loss) attributable to Mitsui & Co., Ltd.	(Millions of Yen)	373,029	191,345	353,671	(218,115)	123,556
	Total trading transactions	(Millions of Yen)	10,481,166	9,942,472	9,358,379	13,125,144	14,795,021
	Total Mitsui & Co., Ltd. shareholders' equity	(Millions of Yen)	2,641,318	2,366,192	2,230,128	1,881,663	2,183,660
	Total equity	(Millions of Yen)	2,860,810	2,553,334	2,429,806	2,111,446	2,427,636
	Total assets	(Millions of Yen)	9,011,823	8,598,124	8,368,984	8,364,243	9,537,829
	Shareholders' equity per share	(Yen)	1,447.34	1,296.66	1,222.11	1,033.22	1,202.03
	Basic net income attributable to Mitsui & Co., Ltd. per share	(Yen)	238.10	168.05	82.12	97.59	227.20
	Diluted net income attributable to Mitsui & Co., Ltd. per share	(Yen)	-	168.05	82.11	97.32	224.82
	Shareholders' equity ratio	(%)	29.31	27.52	26.65	22.50	22.89
	Return on Equity (ROE)	(%)	17.35	13.34	7.28	8.74	19.10
	Price Earnings Ratio (PER)	(Times)	5.70	8.87	19.13	10.10	8.89
	Net cash provided by operating activities	(Millions of Yen)	380,984	504,474	632,360	582,666	415,791
	Net cash used in investing activities	(Millions of Yen)	(438,191)	(484,021)	(180,093)	(290,892)	(104,778)
	Net cash provided by (used in) financing activities	(Millions of Yen)	57,394	33,820	(214,445)	(9,774)	(185,129)
	Cash and cash equivalents at end of year	(Millions of Yen)	1,431,112	1,441,059	1,401,399	1,147,809	899,264
	Number of employees (excluding average number of part-time employees)	(Number of persons)	44,805 (19,413)	40,026 (19,378)	41,454 (19,507)	39,864 (18,990)	39,161 (18,399)

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

2. History

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

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

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

Jul. 1947	Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000
May 1949	Listed on Tokyo Stock Exchange
Nov. 1954	Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange
Apr. 1956	Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.)
Mar. 1958	Established Nippon Remington Univac Kaisha, Ltd., a predecessor of Nihon Unisys, Ltd.
Feb. 1959	Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.)
Feb. 1959	Listed on Fukuoka Stock Exchange
Jan. 1963	Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine）
May 1963	Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in 1971)
Feb. 1965	Decided to participate in Robe River iron mine in Australia
Apr. 1966	Established Mitsui & Co. (U.S.A.) Inc.
Oct. 1966	Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
Mar. 1971	Split off lease business and established Mitsui leasing, Ltd. (currently JA Mitsui Leasing, Ltd.)
Sept. 1971	Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi
Oct. 1971	Signed basic agreement on Iran Petrochemical Project
May 1976	Established Aim Services Co., Ltd. with ARA (currently ARAMARK Corporation)
Nov. 1976	Moved head office to Otemachi, Chiyoda-ku, Tokyo, where it is at present
Jul. 1985	Participated in North West Shelf LNG project in Western Australia
Apr. 1988	Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC)
Dec. 1990	Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd.
Oct. 1991	Introduced Chief Operating Officer system
Feb. 1994	Established P.T. Paiton Energy, an electric power company in Indonesia
Jun. 1994	Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects
Jul. 1999	Established Mitsui & Co. Europe PLC (currently Mitsui & Co. Europe Holdings PLC)
Apr. 2002	Introduced Managing Officer system
Mar. 2003	Participated in ownership interest in International Methanol Company of Saudi Arabia
Jun. 2003	First appointment of external director
Sept. 2003	Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company
Apr. 2004	Abolished Domestic Branches and Offices Segment and included them in each business unit by product
Apr. 2006	Introduced overseas regional business unit system (currently three overseas regional business unit system)
Jun. 2007	Acquired Steel Technologies, Inc., a U.S. steel processing service center
Feb. 2010	Decided to participate in the Marcellus Shale Gas production development project in the US
Apr. 2011	Delisted from NASDAQ (deregistered from the U.S. Securities and Exchange Commission (the “SEC”) in July 2011)

3. Business Overview

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

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

During the year ended March 31, 2012, we have changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate the regional business strategy. Effective April 1, 2011, the business units of the head office oversee operations in China, Taiwan, Korea and CIS. Information relating to the companies in the above areas is included in the operating segment information of the related business units.

We have 413 affiliated companies for consolidation, which consist of 187 overseas subsidiaries, 76 domestic subsidiaries, 109 overseas associated companies and 41 domestic associated companies.

(1) Business Overview

Iron & Steel Products Segment

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit. Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥42.8 billion or 4.9% and ¥9.5 billion or 2.2% of our consolidated totals, respectively.

This segment handles various iron and steel products used in a wide range of industries including the automotive, appliances, transportation, construction and energy sectors. They, together with 6 subsidiaries and 14 associated companies, serve customers in these industries worldwide and provide support services for steel manufacturers. The Iron & Steel Products Segment conducts, trading, marketing, processing and distribution of:

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

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

For example:

- This segment has established steel service centers, galvanizing and tin-plating facilities with Japanese and overseas dominant steel makers and other local partners in order to meet the rising demand from manufacturers of automotive, appliances and others that have their production centers all over the world. The most representative case is Shanghai Bao-Mit Steel Distribution Co., Ltd., a joint venture established with Shanghai Baosteel Group Corporation, a Chinese integrated steel manufacturer, in order to build a network of steel products service centers in China.

- Recently, this segment has focused on businesses in emerging countries whose steel products markets have grown rapidly. In Asia, Regency Steel Asia Pte Ltd., a steel products wholesale subsidiary has expanded its wholesale operations. This segment also focuses on business opportunities in India by developing coil centers and the special steel manufacturing business with local partners, and in Russia by investing in steel processing and wholesale for automotive, and building materials with local partners, to meet the demand which is anticipated to grow in the developing markets.
- This segment frequently draws upon the unit's logistics expertise in delivering a wide range of materials and products processed properly in large volume under an optimized schedule along with expertise in project financing. We also take advantage of the business relationships and marketing channels of other business units in the fields of mineral and metal resources, energy, industrial plants, shipping and machinery. This enabled this segment to be involved in various industrial projects including the Papua New Guinea LNG project operated by Exxon Mobil Corporation where we supplied steel pipes and the mining projects operated by Rio Tinto plc and Vale S.A. supplying rails for minerals transportation.
- In the domestic market which has substantially matured, this segment concentrates on strengthening their sales force and the improvement of the operational efficiency, mainly at Mitsui & Co. Steel Ltd. In addition, in September 2010, this segment transferred its export business of automobile, shipbuilding and construction, from the parent company to Mitsui & Co. Steel Ltd. in order to respond to the needs of steel products supply to overseas and joint businesses with domestic customers, which have accelerated to advance overseas.

Recently, an increase of production capacity in newly developing countries such as China and India, as well as anxiety about slowdown of the economies triggered by financial crisis in the Europe, are ongoing in tandem. Under such a situation, this segment is working to be an insider and build up the operating base in the developing countries where still steady demand is expected. In addition, In the domestic market where the reconstructing demand for the Great East Japan Earthquake being expected, this segment focuses on the approaches on new energy field such as the photovoltaic generating and wind power generating, while concentrating the contribution to society through the approach on the expected demand related to earthquake -proof and disaster prevention.

Mineral & Metal Resources Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥194.8 billion or 22.2% and ¥201.3 billion or 46.3% of our consolidated totals, respectively.

This segment, together with 11 subsidiaries and 10 associated companies, is engaged in various business activities including:

- trading, investment, logistics management and transportation services related to iron and steel raw materials, such as iron ore, metal scrap, ferro-alloys and other minerals;
- trading, investment, logistic management and transportation of non-ferrous metal raw materials and ingots such as copper, lead, zinc, nickel, aluminium, alumina, magnesium, cobalt, titanium, other non-ferrous metals; and sales and marketing of semi-fabricated non-ferrous products such as construction materials; and
- metal recycling and environmental solutions business.

In the field of iron and steel raw materials, this segment started investments in raw materials sourcing projects in the 1960's based on concept of "develop-and-import," aiming at stable procurement of those raw materials for the Japanese iron and steel industries. Those projects are now supplying raw materials to major iron and steel manufacturing countries including Japan.

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

Iron Ore Mining Activities

Joint Venture or Investee	Mitsui's Subsidiary or Associated Company	Name of Mines	Location	Mitsui's Percentage of Ownership	Other Major Participants and Their Percentages of Ownership	
Robe River Iron Associates	Mitsui Iron Ore Development Pty. Ltd.	Mesa A, Mesa J, West Angelas	Pilbara Region, Western Australia	33.00%	Rio Tinto Nippon Steel Sumitomo Metal Industries	53.00% 10.50% 3.50%
Mt. Newman Joint Venture	Mitsui-Itochu Iron Pty. Ltd.	Mt. Whaleback	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Yandi Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Yandi	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%
Mt. Goldsworthy Joint Venture	Mitsui Iron Ore Development Pty. Ltd.	Mining Area C	Pilbara Region, Western Australia	7.00%	BHP Billiton Itochu	85.00% 8.00%

In addition, this segment has a 15% ownership interest (or 18.2% in terms of voting shares as of March 31, 2012), of Valepar S.A., the controlling shareholder of Vale S.A. (the former "Companhia Vale do Rio Doce," which has been renamed legally effective May 22, 2009) in Brazil. Vale S.A. is a mining enterprise with operations that include mining of iron ore, non-ferrous metals, coal and fertilizers. This segment purchased the ownership interest in Valepar S.A. in September 2003. In July 2008, Vale S.A. made a public offering of its shares. Valepar S.A. maintained the current controlling ownership at Vale S.A. by exercising its priority subscription rights, and Mitsui contributed to Valepar S.A. on a pro rata basis. Mitsui's additional investment amount was ¥78.4 billion.

Iron ore mining businesses remain our core business, and continue to focus on investments for the enhancement of production capacity and operational efficiency in existing mining operations. Iron ore demand temporarily stagnated worldwide, mainly in developed countries, due to the economic slowdown triggered by the financial crisis in the United States. Our equity production tonnage is expected to be increasing in accordance with a mid and long term increase in demand of the newly developing countries, mainly China, the world largest crude steel producer despite of the fact that China has recently seen some slowdown in its economic growth. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of this segment's iron ore mining projects, and Review and Analysis of Operating Results of the Mineral & Metal Resources Segment in "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows" regarding the projects' production status and outlook on prices of iron ore.

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

	Revenues			
	Billions of Yen			
	Revenues from Sales of Products		Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Iron Ore Producing Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2012	¥289.3	¥270.6	¥ 7.8	¥567.7
2011	¥263.4	¥222.6	¥ 9.4	¥495.4

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

This segment recognizes recycling as industrial solutions to environmental problems, and has set metal recycling business as one of its key businesses. In Japan, through Mitsui Bussan Metals Co., Ltd., a wholly owned subsidiary, we engage in wide range of products and services in metal resources, recycling and non-ferrous metal products. In addition, this segment holds 17.6% of the issued ordinary shares of Sims Metal Management Limited (Australia), a metal and electronics recycler with worldwide operating bases in Australia and Europe as well as in North America, its main operating zone. Mitsui and Sims Metal Management Limited seek opportunities for a joint recycling solutions business in Japan and abroad.

This segment participates in a joint venture named for Erdos EJM Manganese Alloy Co., Ltd, which produces Silico-Manganese (annual production capacities of about 150,000 tons) in the Inner Mongolia Autonomous Region, China, with 24.5% ownership, together with Erdos Electrical Power and Metallurgical Co., Ltd. ("Erdos EPMC") and JFE Steel Corporation, a major Japanese integrated steel manufacturer. Erdos EPMC operates five major businesses in the Inner Mongolia Autonomous Region: power generation, coal mining, ferrous alloy production, water pumping from the Yellow River and chemical businesses. This segment holds a 25% share ownership in Erdos EPMC. In July 2010, Mitsui has added investment with other shareholders as pro-rata basis. Mitsui regards EPMC as a strategic partner in China, and above and beyond this additional investment, Mitsui hopes to draw on its integrated strengths to support and promote the company's new business ventures.

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

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

- This segment participates in copper mining activities in Chile, through Compañía Minera Doña Inés de Collahuasi SCM (Chile) with a 7.4% interest and Los Pelambres copper mine with a 1.3% interest, which have annual production capacities of about 500,000 tons and 420,000 tons of copper, respectively. In addition, in May 2010 this segment acquired a 25% interest in Caserones copper and molybdenum mining project in Chile, which had been 100% held by Pan Pacific Copper Co., Ltd. This segment reviewed the investment, taking stronger Chilean peso against the US dollar led by higher copper price, inflationary effects on construction materials, equipments and labor costs and engineering design development into consideration. As a result, estimates for the capital expenditure for the project is increased to approximately US$ 3 billion from original estimates of US$ 2 billion. Despite the increase in the capital expenditure, the project still has sufficient economics driven by the increase in copper price. In line with the original schedule, production is expected to start in 2013 and the average annual production volume in the first ten years is expected to be about 180,000 tons of copper and about 3,000 tons of molybdenum.
- This segment and Corporación Nacional del Cobre de Chile have entered into financing arrangement in which this segment or its subsidiary would extends a short-term bridge loan up to US$5.8 billion to a wholly-owned subsidiary of Corporación Nacional del Cobre de Chile to finance their potential acquisition of up to a 49% interest in Anglo American Sur S.A. The commitment period was extended to August 1, 2012. The segment and Corporación Nacional del Cobre de Chile also entered into an agreement which provides Corporación Nacional del Cobre de Chile with the right to settle part of such bridge loan with an indirect 50% interest in Anglo American Sur S.A. equity acquired by Corporación Nacional del Cobre de Chile. They have also entered into a copper sales and purchase contract. This segment expects that these agreements will form the basis for the development of broader and closer business relationship between this segment and Corporación Nacional del Cobre de Chile.
- This segment participates in a nickel-cobalt smelting project named Coral Bay in the Rio Tuba area in the Republic of Philippines with 18% interest which has been developed jointly with Sumitomo Metal Mining Co., Ltd., Sojitz Corporation and a local partner. In February 2007, we decided to participate in the expansion plan for the second production line, and in July 2010 we improved efficiency of the first production line. As a result, the current production capacity became 24,000 ton Nickel content and 1,500 ton cobalt content per annum from the original capacity of 10,000 ton and 750 ton, respectively. In September 2010, this segment decided to participate in the Taganito nickel project in the Philippines with 15% interest which has been developed by Sumitomo Metal Mining Co., Ltd. Production capacity of the project is expected to be 30,000 ton Nickel content and 2,600 ton cobalt content per annum. In April 2005, this segment, jointly with Sumitomo Metal Mining Co., Ltd., concluded an agreement for participation in the Goro Nickel Project in New Caledonia, which has been developed by former Inco Limited, (currently called Vale Canada Limited). This project started its first upstream process ramp up in the beginning of 2010 and is shipping interim products as of March 31, 2012. It is expected to produce in total about 60,000 tons of nickel and about 4,000 to 5,000 tons of cobalt per annum eventually.
- This segment directly and indirectly has a 15% interest in NIPPON AMAZON ALUMINIUM CO., LTD. which has invested in aluminium smelting and alumina refining business in Brazil. We recognize that aluminium continues to be a significant material and pursue relevant business opportunities.
- This segment established a special department for rare metals which underpin high-tech industries. The segment has picked up lithium, rare-earth element, tungsten and PGM (Platinum Group Metals) to be pursued proactively and been studying development and undertaking feasibility studies of various rare metal projects.

Machinery & Infrastructure Projects Segment

The Machinery & Infrastructure Projects Segment consists of three business units, the Infrastructure Projects Business Unit, the Motor Vehicles & Construction Machinery Business Unit and the Marine & Aerospace Business Unit. The Motor Vehicles Business Unit changed its name to the Motor Vehicles & Construction Machinery Business Unit in June 2011.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥94.0 billion or 10.7% and ¥17.7 billion or 4.1% of our consolidated totals, respectively.

Infrastructure Projects Business Unit

The business activities of the Infrastructure Projects Business Unit, together with 22 subsidiaries and 16 associated companies, cover a wide range of involvement in project development, construction, business operations and management, implementation and related services, including:

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

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

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

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

In addition to the conventional EPC approach of acting as an intermediary between project owners and sub-contractors, this business unit is increasing activities which often involve arrangement of sophisticated financing schemes, business operations and management through equity participation, and operation and maintenance of plant and facilities after their construction completion. Based on this concept, the unit has been proactively investing in several types of infrastructure projects. In particular, the independent power producer ("IPP") business overseas lies as a core domain. Most of these IPP projects operate under long term power sales contracts with users such as state-owned electricity companies, which enable them to forecast long term and stable returns.

- This business unit has a 40.5% voting interest in P.T. Paiton Energy, an Indonesian power producer, which owns Paiton 1 and Paiton 3 coal fired power plants at the Paiton Power Generation Complex in East Java, Indonesia. P.T. Paiton Energy sells electricity to P.T. PLN (Persero), a government-owned electric utility company, under a long term power purchase agreement which is valid until the year 2040 for Paiton 1 power plant (1,230MW). P.T. Paiton Energy started selling electricity to P.T. PLN (Persero) for 30 years from March 2012 under a long term power purchase agreement for Paiton 3 power plant (815MW).

- IPM Eagle LLP and IPM (UK) Power Holdings Limited, which this business unit established jointly with International Power plc, are involved in the overseas power producing businesses. IPM Eagle LLP (ownership: International Power plc 70% and Mitsui 30%) owns and operates eight power plants in Europe, Australia and Asia etc. (gross 2,496 MW in total) as of March 2012. IPM (UK) Power Holdings Limited (ownership: International Power plc 75% and Mitsui 25%) owns and operates five power plants in the United Kingdom (4,978 MW in total) as of March 2012. Some of the above-mentioned projects sell electricity at wholesale on the power market, instead of supplying it under long term contracts, so that the joint ventures optimize their profit structure.
- In June 2010 this business unit and Tokyo Gas Co., Ltd. acquired from Gas Natural SDG, S.A. a portfolio of five power companies and relevant companies including a pipeline company in Mexico through MT Falcon Holdings Company S.A.P.I. de C.V. (Mexico) (Ownership: Mitsui 70% and Tokyo Gas Co., Ltd. 30%). Subsequently, this business unit sold its economic stake in MT Falcon Holdings Company S.A.P.I. de C.V. to Chubu Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. in March 2011, resulting in this business unit's ownership of 40%. The power companies have an aggregate total generating capacity of gross 2,233 MW. The full generating capacity of the power companies is contracted to the Mexican national power authority, Comision Federal de Electricidad under long-term (25 years) power purchase agreements.

Reflecting these developments, the combined power generation capacities for the unit's equity share in various power projects as of the end of March 2012 in operation and under construction were net 4,995 MW and net 516 MW, respectively. As well as the above-mentioned projects, these power generation capacities included those under the operation of Ontario in Canada, Ras Laffan C IWPP in Qatar, Valladolid III in Mexico, Amman East in Jordan and Umm Al Nar IWPP in the United Arab Emirates etc. and those under construction such as Hezhou Coal fired power plant in China etc.

This business unit is also engaged in following projects:

- In March 2008 Mitsui signed a service agreement with Comisión Federal de Electricidad in regards to the concession rights for construction and operation of an LNG receiving terminal in Manzanillo city. Mitsui participates in this project with a 37.5% interest and the facility started commercial operation in June 2012. Meanwhile, this business unit divested a 25% interest in the LNG terminal in Altamira, Mexico, together with other shareholders in September 2011.
- In July 2008, Mitsui, together with Toyo Engineering Corporation, an associated company of this business unit, acquired Earth Tech Mexican Holdings, S.A. de C.V. (presently renamed as Atlatec Holdings, S.A. de C.V.), a water and wastewater treatment engineering and construction company (Mitsui:85%, Toyo Engineering Corporation:15%). The company specializes in design, construction and operation of industrial and municipal water and wastewater treatment plants and currently owns, operates and develops water treatment facilities for Petroleos Mexicanos, a Mexican state-owned oil company, and for several states in Mexico jointly with the Americas Segment.
- This business unit, together with Hyflux Ltd., the leading provider of integrated water management in Singapore, acquired 22 water treatment operation assets in China from Hyflux Ltd. and one of its affiliates through a 50:50 joint venture created by both companies, Galaxy NewSpring Pte. Ltd. in November 2010. Galaxy NewSpring Pte. Ltd. acquired two additional operational assets in China in December 2011. Galaxy NewSpring Pte. Ltd. will continue to capture the growing water infrastructure demand in China, and expand its water business with new customers such as local governments and industrial parks.
- MITSUI GAS E ENERGIA DO BRASIL LTDA. participates in seven local gas distribution companies with a 24.5% interest in each, with other shareholders, Petrobras Gas S.A., and the respective state governments in Brazil.
- Mitsui and Petróleo Brasileiro S.A. ("Petrobras"), a Brazilian state owned oil company, owns a drillship through P & M Drilling International B.V. (Netherlands), an operating vehicle company established in equal shares, and engages in leasing for an operator, who will in turn provide the services with Petrobras. This business unit is proceeding with the project together with the Marine & Aerospace Business Unit.

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

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

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

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

Motor Vehicle & Construction Machinery Business Unit

The Motor Vehicle & Construction Machinery Business Unit, together with 22 subsidiaries and 16 associated companies, is engaged in the following business activities:

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

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

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

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

In this business unit's mining and construction machinery and industrial machinery business, it has been acquiring and establishing distributors and dealers in major overseas markets, in order to respond to growing worldwide demand for these products. This business unit is engaged in distribution of construction machinery and mining equipment, such as off-road mining dump trucks and hydraulic excavators through

Komatsu-Mitsui Maquinarias Peru S.A., Road Machinery, LLC (United States) and KOMEK Machinery LLC (Russia). In Australia, Komatsu Marketing Support Australia Pty Ltd (formerly Komatsu Australia Pty Ltd), an associated company, has extended distribution of construction machinery and mining equipment business, while another associated company, Komatsu Australia Corporate Finance Pty., Ltd. is engaged in the leasing of this equipment. This business unit is also engaged in trading and distribution of high-precision machine tools. Jointly with Mori Seiki Co., Ltd, this business unit promotes sales and service business through Ellison Technologies, Inc. (United States). Both Road Machinery, LLC and Ellison Technologies, Inc. were acquired jointly with the Americas Segment. While this business unit controls Road Machinery LLC from the viewpoint of merchandise oriented strategy, the Americas Segment controls Ellison Technologies, Inc. to put more importance on regional business strategy.

Marine & Aerospace Business Unit

The Marine & Aerospace Business Unit, together with 10 subsidiaries and 16 associated companies, is engaged in the following business activities:

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

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

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

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

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

In aerospace systems related activities, the business unit provides and arranges sales, operating leases and finance leases of passenger and cargo aircraft and aircraft engines to airlines in Japan and overseas. This business unit is also engaged in the import and sale of aircraft, helicopters and defense-related equipment, including helicopters of Bell Helicopter Textron, Inc. and Agusta Westland of the United States. In March 2008, Mitsui acquired non-voting preferred shares in Japan Airline Corporation ("JAL"), convertible into common shares, for ¥20.0 billion with an aim to reinforce JAL's business infrastructure such as renovation of its aircraft fleet and to develop new business with JAL in future. In January 2010, protection filed by JAL under Japan's Corporate Restructuring Law was approved by the Tokyo District Court, and this led this business unit to have impairment on the non-voting preferred shares.

Chemical Segment

The Chemical Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit. In April 2009, in order to efficiently cope with the restructuring of the chemical industry globally, Mitsui has re-grouped its Chemical Segment from the First Chemicals Business Unit and the Second Chemicals Business Unit to the current ones.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥65.2 billion or 7.4% and ¥9.1 billion or 2.1% of our consolidated totals, respectively.

Basic Chemicals Business Unit

Together with 7 subsidiaries and 5 associated companies, the Basic Chemicals Business Unit is engaged in trade, sales, distribution, and production of the following commodities and related activities, as well as investments in environmentally friendly natural resources:

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

In the petrochemicals/commodity resins business areas, the unit's main activity is trading of the above-mentioned products in Japan and worldwide through extensive business relationships with customers and suppliers such as Mitsui Chemicals, Inc., JX Nippon Oil & Energy Corporation, Mitsubishi Chemical Holdings Corporation, ExxonMobil Chemical Company, and Bayer AG.

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

- This business has an investment in a methanol joint venture, International Methanol Company (Saudi Arabia), which has a production capacity of 1 million tons per annum of methanol. International Methanol Company is a 35% owned associated company of Japan-Arabia Methanol Company Ltd., in which Mitsui holds a 55% equity interest;
- In addition to a sea salt joint venture business in Shark Bay, Australia, Mitsui acquired a major share in the Onslow salt field in Australia in August 2006 and as a result, this business unit's annual salt production capacity increased to 3.8 million tons, which enabled them to secure a stable supply for the chlor-alkali industry in Japan and other Asian countries.
- In December 2010, this business unit and Dow established an equally-owned new joint venture company for producing chlorine and caustic soda in Texas, the United States. The construction of the facility is expected to be completed in the beginning of 2013 and the production will commence in the middle of the same year. The chlorine produced by the new joint venture will be converted to EDC by Dow through a tolling conversion arrangement and will enhance Mitsui's stable supply of caustic soda and EDC to the marketplace.
- In July 2011, this business unit entered into an agreement with Dow to acquire a 50% stake in Dow's 100% subsidiary of production and sales of bio-ethanol and form a joint venture aimed at the integrated production from sugarcane to biomass-derived chemicals such as biopolymers in Brazil. This business unit aims to contribute to industry and society by securing a stable supply of renewable resources as well as by producing environmentally friendly chemicals from those resources.

- This business unit holds a subsidiary and chemical tanker operator Daiichi Tanker Co., Ltd., which runs a fleet of owned and chartered ships serving its customers, in Japan.

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

Performance Chemicals Business Unit

The Performance Chemicals Business Unit has 9 subsidiaries and 8 associated companies and is engaged in sales, trade, distribution and production of the following commodities and related activities:

- Ammonia, sulphur, sulphuric acid
- Fertilizer businesses
  - Urea, ammonium sulfate, phosphate rock, diammonium phosphate, fused magnesium phosphate, potash
- Agri science businesses
  - Crop protection products (herbicide, insecticide, fungicide, intermediates for these chemicals), feed additives
- Solar power related business
  - Project development for solar power generation and related components such as raw materials for solar cells, components for solar modules, solar modules and battery materials
- Performance materials business
  - Engineering plastics, synthetic rubber, silicone resin, plastic additives and inorganic chemicals
- Advanced materials business
  - Materials for flat panel display, print circuit board, high purity chemicals for semiconductor manufacturing, and procurement logistic services for electronic component manufacturers

This business unit is involved in the following manufacturing operations and logistic facilities:

- In the fertilizer business, this business unit is engaged in import, export and offshore transactions involving various types of fertilizers, fertilizer raw materials and phosphoric acid derivatives. In July 2010, this business unit acquired a 25% interest in a phosphorus ore development project in the Bayóvar area of Peru’s Piura Province, in which Compañia Minera Miski Mayo S.A.C. (Peru), a subsidiary of Vale S.A. had a 100% economic interest. Production started in July 2010 toward the annual production volume of refined phosphorus of about 3.9 million tons. This business unit purchases the phosphorus ore produced by the company in accordance with its share in the company and sells it mainly to Asia region including Japan.
- In the ammonia and sulphur fields, this business unit operates logistics systems for various industries in Japan and overseas. For example, this business unit exports sulphur, a byproduct of petroleum refining, to Asian countries, by operating specialized tankers. In addition, this business unit together with the Infrastructure Projects Business Unit holds a 75% interest in P.T. Kaltim Pasifik Amoniak (Indonesia), and contributes to the stable supply of ammonia.
- In the agri science business, this business unit has extended the distribution of crop protection products worldwide through subsidiaries such as Mitsui AgriScience International SA/NV.
- In the environment chemicals areas, the Solar Business Division is expanding its solar power related business looking at the entire value chain of this business field. This business unit strengthens internal partnership with the Infrastructure Projects Business Unit, which runs a number of IPP projects, and other business units, which may provide this business unit with their skills and expertise.
- In the performance materials areas, this business unit trades in a broad range of plastics and inorganic chemical materials, focusing on sales enhancement and efficient business operations through our global network including Mitsui Bussan Plastics Trade Co, Ltd.
- In the advanced materials areas, this business unit provides quality procurement services and leveraging

expertise as well as dealing with high-performance chemicals underpinning electronics industries.

The Performance Chemicals Business Unit is expanding its presence and activities by leveraging strength acquired through business experiences with customers and partners in a broad range of industries peripheral to chemical industry. Among them we expect demand for raw material for fertilizers to steadily grow as the demand for food increases in line with global population growth, and this business unit strength and expand their market position by maintaining and expanding their equity share of raw material for fertilizers, and seeking opportunities to participate in new supply sources.

Energy Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥219.1 billion or 24.9% and ¥188.1 billion or 43.3% of our consolidated totals, respectively.

This segment, together with 31 subsidiaries and 7 associated companies, is engaged in the following:

Energy Business Unit I

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

Energy Business Unit II

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

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

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

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

We own a 2.3% interest, through our affiliates KG Berau and KG Wiriagar (Japan), in the Tangguh LNG project in Indonesia, which started production in July 2009 with production capacity being 7.6 million tons per annum.

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

- Exploration and development of natural gas and production of LNG require significant capital and financial commitments. Moreover, this involves a broad range of logistical and technological expertise, including linking suppliers to distributors and consumers while developing plants in order to efficiently extract and liquefy the natural gas for transportation and then re-gasifying the LNG. Up until the mid-1990s, purchase commitments by buyers with full "take or pay" obligations for a period of 20 years or more had been an essential element for equity holders, distributors and sellers of LNG projects to make the capital and financial commitment to build LNG production facilities. These equity investors had resisted making capital and financial commitments without being able to fully secure stable long-term purchase commitments. In recent years, however, equity holders of several LNG projects have been making investments without fully securing long-term purchase commitments from buyers.
- Due to technological innovations, LNG producers have successfully reduced capital costs with respect to the construction of LNG production plants and LNG vessels. Technological innovation has also enabled the producers to increase the design capacities of LNG production plants and LNG vessels allowing them to benefit from economies of scale. These technological developments allow LNG to be more competitive with other types of energy sources.
- In response to the requirement of LNG buyers, the LNG spot market has been expanding, whereby the percentage of spot trades in worldwide LNG contracts rose to 25.4% in 2011 from 1.3% in 1992.
- In addition to the traditional core LNG markets, new markets have been emerging in countries such as China and India due to increasing demand for electricity. Japan also has seen an increase in LNG demand resulting from the high utilization ratio of gas-fired power plants operated in place of nuclear power plants which have been closed due to the Great East Japan Earthquake. Despite the setback in tight supply-demand balance due to the recent recession of developed countries and increasing supply from unconventional natural gas due to technological advances and innovations, the LNG market is expected to develop worldwide considering the sizable economies of these countries and the increasing popularity of LNG as a "clean energy" source.
- This segment is participating in Browse LNG Project (LNG Production - 12 million tons per annum) promoted by Woodside Petroleum through Japan Australia LNG (MIMI) Pty Ltd ("MIMI") which a 50-50 joint venture between Mitsui and Mitsubishi Corporation. Japan Australia LNG (MIMI Browse) Pty Ltd ("MIMI Browse"), subsidiary of MIMI, has signed the Sales and Purchase Agreement with Woodside Browse Ltd ("Woodside Browse", subsidiary of Woodside Petroleum) in April 2012. MIMI Browse's assumed interest in the Browse LNG Project is approximately 15%. The final investment decision is aimed by June 2013.

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

Oceania (Australia and New Zealand)

In March 2004, Mitsui E&P Australia Pty Limited acquired a 40% interest in each of exploration block WA-28-L and exploration block WA-271-P located in the North West Shelf area in Australia, which together contained three undeveloped oil fields, Enfield, Vincent, and Laverda. Commercial production from Enfield oil field started in July 2006. Subsequently, some of the major production wells were shut-in due to unexpected sand production and water breakthrough, and the joint venture conducted consecutive repair work and additional drilling, which stabilized production in those wells. Due to natural decline, the average production rate during the January to March 2012 period was approximately 14,793 barrels per day. Vincent oil field, adjacent to Enfield oil field, started commercial production in August 2008. In April 2009, a fire occurred on board the floating production storage and offloading facility and resulted in the facility being shut-down until June 2009. As a result of the incident, production was constrained to minimize gas flaring due to the gas compressor outage. Production was shutdown to reinstate the gas compressor during January to March, 2011. The average production rate during the January to March 2012 period was approximately 14,807 barrels per day.

Mitsui E&P Australia Pty. Limited owns a 35% interest in Tui oil field offshore North Island of New Zealand. Commercial production of Tui oil project started in July 2007. It also owns interests in Casino gas and condensate field and in Henry and Netherby gas fields, all of which are located offshore South Australia. Casino gas and condensate field started commercial production in February 2006 while Henry and Netherby gas fields started in February 2010.

Southeast Asia

Mitsui Oil Exploration Co., Ltd. has been actively engaged in oil and natural gas exploration, development and production projects in Thailand and neighboring Southeast Asian countries as well as in the Middle East. Mitsui Oil Exploration Co., Ltd. and its partners including Chevron Thailand Exploration and Production, Ltd. and PTT Exploration and Production Public Company Limited commenced natural gas production from the Platong II project in the Gulf of Thailand in October 2011. The Platong II project which features newly installed production facilities with added wellhead platforms and production wells in the proximity of the existing Platong field will, after ramping up production, produce 330 million cubic feet of natural gas per day and 18,000 barrels of condensate per day. Together with Mitsui Oil Exploration Co., Ltd., Energy Segment continues putting a high priority on expanding oil and gas equity reserves. In March 2006, Mitsui agreed with Mitsui Engineering & Shipping Co., Ltd. to purchase 6% of the total issued shares of Mitsui Oil Exploration Co., Ltd. of which Mitsui held a 44.4% share prior to concluding the agreement. As a result of the transactions, Mitsui Oil Exploration Co., Ltd. became a subsidiary of Mitsui with a 50.3% voting share. As of March 31, 2012, Mitsui's ownership interest is 70.45%, reflecting additional share purchase transactions.

Middle East

In Oman, Mitsui E&P Middle East B.V. has a 35% share in the Block 9 oil fields and the Block 27 oil fields in production. Additionally in May 2010, Mitsui E&P Middle East B.V acquired 20% stakes of Meleiha / Meleiha Deep / West Raazzak in The Arab Republic of Egypt from International Finance Corporation. In March 2010, Mitsui divested all its shares of 20% of United Petroleum Development Co., Ltd. (Japan), participating in exploration and production activities in the El Bunduq Field, which is located on the offshore border of the United Arab Emirates and Qatar.

North America

MitEnergy Upstream LLC (United States), established by Mitsui, Mitsui & Co. (U.S.A.) Inc. and Mitsui Oil Exploration Co., Ltd., acquired a 50% share of an undivided interest in oil and gas leasehold assets of Pogo Producing Company located offshore in the Gulf of Mexico in April 2006. In December 2009, MitEnergy Upstream LLC entered into a purchase and sale agreement to divest all of its Gulf of Mexico oil and gas assets to Energy XXI, Inc. for approximately US$283 million with an aim to reinvest the sale proceeds to other high growth potential opportunities.

In February 2010, Mitsui E&P USA LLC, which was established by this segment and its subsidiary, Mitsui Oil Exploration Co., Ltd., entered into an agreement with Anadarko Petroleum Corporation to acquire 32.5% of their working interest in the development and production of the Marcellus Shale gas project in the state of Pennsylvania. The partners of this project will be drilling a few thousand wells during a span of over ten years and the total development cost of Mitsui E&P USA LLC is estimated to be between US$3 billion and US$4 billion depending on the progress. Mitsui E&P USA LLC will carry US$1,400 million of Anadarko's future development cost in consideration of its interest in the project. Mitsui E&P USA LLC and Anadarko Petroleum Corporation also reached an agreement to jointly acquire new leases in the state of Pennsylvania for a period of ten years to further expand the business. See “3. Equipment and Facilities, 1. Overview of Capital Expenditures” regarding further information and discussion on development of the project.

In June 2011, this segment, through Mitsui E&P Texas LP, entered into a definitive agreement with SM Energy Company to acquire a 12.5% working interest in Eagle Ford shale oil and gas property in Texas, U.S.A., which is currently under development and production by SM Energy Company. This project will allow for the drilling of more than one thousand wells, and the total development cost of Mitsui E&P Texas LP is estimated to be US$1.2 billion. Mitsui E&P Texas LP will bear US$680 million of SM Energy Company’s future development costs in consideration of its interest in the project.

See description regarding the spill incident in the Gulf of Mexico in Note 28, “THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO.”

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

As a result of the above-mentioned developing activities, our oil and gas reserves changed from 368 million BOE at the end of March 2011 (according to ASC 932; including 31 million barrels for Mitsui Oil Exploration Co., Ltd.’s minority interest) to 379 million BOE at the end of March 2012 (according to ASC 932; including 43 million barrels for Mitsui Oil Exploration Co., Ltd.’s minority interest). See “5. Financial Information, 1. Consolidated Financial Statements, and 3. Supplemental Information on Oil and Gas Producing Activities (Unaudited)” included elsewhere in this Annual Securities Report.

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

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

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

COAL

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

(1) “Name of Mines” indicates the names of principal producing mines.
(2) In addition to the above-mentioned coal mining projects, through Mitsui Coal Holdings Pty. Ltd., we have small interests in two projects in Australia operated by Anglo American, namely, Moranbah North Joint Venture in

Queensland and Drayton Joint Venture in New South Wales. Our ownership percentage and annual production capacity of Moranbah North Joint Venture and Drayton Joint Venture are 4.75%, 2.8 million tons and 3.83%, 4.5 million tons, respectively.

In the second half of the previous fiscal year, production and delivery of most coal mines in southeast Australia were effected by consecutive heavy rain starting in September. However, production and delivery from those coal mines have recovered and remained largely firm during this fiscal year.
In October 2011, Mitsui approved additional investment in the adjacent mining area owned by Kestrel Joint Venture due to a recent increase in the development cost. The additional capital expenditure for the project is estimated to be AUD631 million. Mitsui will invest AUD126 million additionally through Mitsui Coal Holdings Pty. Ltd. in accordance with its proportion of the interest in the project.

In the medium to long term, demand for both thermal coal and metallurgical coal are expected to increase along with economic growth of Asian countries including India and China. In response to such increasing global demand, we continue to make proactive capital investments to expand the capacities of existing projects, and our equity production tonnage is expected to increase after this fiscal year onward. See "3. Equipment and Facilities, 1. Overview of Capital Expenditures" regarding further information and discussion on development of this segment's coal mining projects, and Review and Analysis of Operating Results Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011 of the Energy Segment in "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows" regarding the projects' production status and outlook on prices of coal.

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

	Revenues				
	Billions of Yen				
	Revenues from Sales of Products			Revenues from Sales of Services and Other Sales	
Year Ended March 31,	Revenues from Oil and Gas Producing Activities	Revenues from Coal Mining Activities	Revenues from Sales of Other Products (*)	Commissions and Trading Margins on Intermediary Services and Other	Total Revenues
2012	¥248.0	¥134.5	¥1,339.8	¥ 7.7	¥1,730.0
2011	¥206.4	¥106.9	¥1,086.6	¥ 0.7	¥1,400.6

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

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

The Energy Segment is engaged in oil trading operations conducted by Mitsui, Mitsui Oil (Asia) Hong Kong Limited, Mitsui & Co. Energy Trading Singapore Pte. Ltd. (Singapore), and Westport Petroleum, Inc. Mitsui & Co. Energy Trading Singapore Pte. Ltd. was established in October 2010 to engage in oil trading in the Asia-Pacific region, and started business in May 2011.

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

Within Japan, this segment is also engaged in refining and sales of oil and gas related products through Mitsui Oil Co., Ltd., our oil sales subsidiary, and Kyokuto Petroleum Industries, Ltd. (Japan). Kyokuto Petroleum Industries, Ltd. is a refinery jointly owned (50:50) by ExxonMobil Yugen Kaisha (*) and Mitsui Oil Co., Ltd.

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

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

To realize low-carbon society, the Energy Segment is exploring environmental businesses such as emission reduction projects in the emerging countries based on Clean Development Mechanism (CDM), and in Central-Eastern Europe based on Green Investment Scheme (GIS), as well as domestic credit projects in the Japanese market.

(*) ExxonMobil Yugen Kaisha announced the change in trade name and structure to EMG Marketing Godo Kaisha, effective May 21, 2012.

Foods & Retail Segment

The Foods & Retail Segment consists of one business unit, the Foods & Retail Business Unit. Effective April 2012, this segment changes its organizational structure to two business units, the Food Resources Business Unit and the Food Products & Services Business Unit.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥90.7 billion or 10.3% and ¥15.5 billion or 3.6% of our consolidated totals, respectively.

The Foods & Retail Segment, together with 20 subsidiaries and 17 associated companies, engages in:

- Food resources business area: investment in the overseas food resources business such as production and distribution of grain and sugar manufacturing, import and domestic/offshore trade of grain (corn, wheat, barley, and rice), oilseeds and oils (soybeans, canola, and palm oil), and raw sugar etc.;
- Food materials business area: investment in the overseas food materials business such as dairy farming, canola oil processing, manufacturing of edible oil products, roasting and sales of coffee beans, shrimp farming, and broiler chicken raising, import and domestic/offshore trade of food materials in Japan (processed foods, beverage materials, dairy products, and foodstuffs), manufacture and sales of food materials (beverages and beverage ingredients, sugar, broiler chicken, starch and saccharified products, functional food ingredients, and feed and functional feed);
- Food products and wholesaling business area: domestic distribution and wholesale through the nationwide wholesaler subsidiary MITSUI FOODS CO., LTD.;
- Retail business area: import and domestic trade of food products and food materials, containers, packaging materials, and miscellaneous daily goods, support services such as supply chain management including logistics management, and product planning and development for retailers; and
- Agri-food business.

The Foods & Retail Segment is involved in a wide range of fields in a value chain of foods, from the global procurement of food materials and production of foodstuffs to the traffic and wholesale of foods, packaging materials and sundry goods.

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

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

- This segment started to purchase shares in Multigrain AG, which is engaged in agricultural production and grain distribution business, mainly soybeans, in Brazil, from August 2007. As a result of the purchases, this segment's ownership in Multigrain AG reached 45.1%. In May 2011, this segment acquired entire holding interest in Multigrain AG held by wholly owned subsidiary of CHS Inc., an agricultural cooperative-based company in the United States, which is the equal partner with the same ownership, and also acquired the remaining ownership with the minority shareholder, PMG Trading AG. Consequently Multigrain AG became a wholly-owned subsidiary of Mitsui. The total investment amounts to US$508 million. Mitsui strives to strengthen agricultural production and grain distribution business in Brazil, which has high competitiveness in food supply, so that Mitsui can secure a stable supply of grain mainly to Asian market, through Multigrain AG as a core subsidiary in its grain business.
- United Harvest, LLC (United States), which was equally owned by United Grain Corp. (United States), a subsidiary of the Americas Segment, and CHS Inc., was engaged in grain origination and export. In December 2010, United Grain Corp. and CHS Inc. agreed to dissolve United Harvest, LLC. After the dissolution completed in March 2011, United Grain Corp. continues the business of grain origination and export as a manager of the export terminal and country elevators transferred from United Harvest, LLC. United Grain Corp. is one of the largest exporters of wheat from the United States exporting approximately 3.5 million tons of wheat for the year ended March 31, 2012. In addition, Mitsui determined that it will make an additional investment of US$72 million in United Grain Corp., which will be used to expand the export terminal. Mitsui's total investment in United Grain Corp. will be approximately US$200 million including the additional investment. Ownership interests in United Grain Corp. of this segment and the Americas Segment are 20% and 80%, respectively.

In the food materials business area, this segment is engaged in the following overseas businesses;

- VENTURA FOODS, LLC, a joint venture formed with CHS Inc., is a supplier of edible oil for the institutional market in the United States. This segment invested in this company through WILSEY FOODS, INC., in which ownership interests of this segment and the Americas Segment are 70% and 20%, respectively.
- This segment owns a coffee export subsidiary, Mitsui Alimentos Ltda. in Brazil, world's largest coffee-producing country.
- In December 2007, this segment, together with the Americas Segment, agreed to establish a joint venture of canola oil processing business in Canada with Louis Dreyfus Group. Ownership interests of this segment and the Americas Segment are 28% and 12%, respectively. In February 2010, the canola oil processing facilities started its commercial production following the completion of the construction in December 2009.
- This segment also made investments in a dairy farming business in New Zealand and a shrimp farming business in China.

In domestic food materials business, Mitsui Norin Co., Ltd. is engaged in manufacturing and sales of tea leaves and tea-based products, PRI Foods Co., Ltd. is engaged in domestic broiler chicken raising, processing and sales, San-ei Sucrochemical Co., Ltd. is engaged in manufacturing and sales of starch and saccharified products, Mitsui Sugar Co., Ltd. is engaged in sugar refining and sales, MIKUNI COCA-COLA BOTTLING CO., LTD. is engaged in production and sales of soft drinks, and Nippon Formula Feed Manufacturing Co., Ltd. is engaged in manufacturing and sales of compound feedstuffs.

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

In the food products and wholesaling business area, MITSUI FOODS CO., LTD. plays a vital role in this segment's wholesale operations. Its wide-range of business activities and customers include general merchandise stores, supermarkets, convenience stores, catering and restaurant chains throughout Japan, focusing on processed food and liquor transactions. MITSUI FOODS CO., LTD. meets the sophisticated and diversified needs for reduced distribution costs, secure temperature-controlled supply, and faster delivery. In April 2006, MITSUI FOODS CO., LTD. and Mitsui agreed with KOKUBU CO., LTD. ("KOKUBU"), a major Japanese food wholesaler, to form a business alliance. In October 2007, this segment transferred 70% of the shares of Hokushuren Co., Ltd. (Japan), formerly a foods and liquor wholesale subsidiary, to KOKUBU, following transfer of MITSUI FOODS CO., LTD.'s businesses in the Hokkaido area (excluding Seven & i Holdings Co., Ltd.-related businesses) to Hokushuren Co., Ltd. In January 2009, Hokushuren Co., Ltd. and HOKKAIDO KOKUBU CO., LTD., KOKUBU's wholly owned subsidiary, merged to form SHUREN KOKUBU CO., LTD., in which this segment holds a 24.1% ownership interest as a result of the merger. In December 2010, MITSUI FOODS CO., LTD. acquired a 100% stake in Umezawa Co., Ltd., formerly a foods wholesale affiliated company of Mitsui, and merged it in April 2011. Nihon Penet Co., Ltd., Mitsui's wholly owned subsidiary, transferred a part of its pet-related businesses to MITSUI FOODS CO., LTD. in February and July 2011.

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

In the retail business area, Mitsui maintains a comprehensive alliance with Seven & i Holdings Co., Ltd., Japan's nationwide diversified retailer. Seven & i Holdings is a comprehensive distribution group that runs approximately 42,000 stores in 16 countries worldwide as of the end of February 2012 and its business range from convenience stores, to general merchandise outlets, restaurants, department stores, banks and IT businesses.

As of the end of February 2012, Mitsui owned 1.8% of Seven & i Holdings Co., Ltd.'s outstanding shares.

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

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

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

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

Consumer Service & IT Segment

This segment is comprised of the Consumer Service Business Unit and the IT Business Unit.
Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥47.5 billion or 5.4% and minus ¥35.5 billion or minus 8.2% of our consolidated totals, respectively.

Consumer Service Business Unit

Together with 14 subsidiaries and 13 associated companies, the Consumer Service Business Unit is engaged in the following:

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

In the field of medical and healthcare-related businesses, this business unit is engaged in a variety of businesses both in the "Pharmaceutical Value Chain" area and the "Healthcare Service Networks" area. In the Pharmaceutical Value Chain area, the unit provides solutions to pharmaceutical industry at various stages in the value chain, including supporting pharmaceutical R&D, manufacturing, distribution and sales. In the Healthcare Service Networks area, in Japan, this business unit aims to enhance and promote the mutual collaboration among preventive care, medical care and senior-related services bearing in mind the future trend towards "home care" becoming more prevalent. In Asia and other overseas countries, the unit strives to develop global healthcare networks that provide comprehensive healthcare services. As part of its initiatives in this area, in May 2011, the unit acquired a 30% interest in IHH Healthcare Berhad, formerly known as Integrated Healthcare Holdings Sdn. Bhd. (*) (Malaysia) ("IHH"), a holding company of a group of subsidiaries and investments in the healthcare business, from Khazanah Nasional Bhd in Malaysia, a former 100% share owner of IHH, for approximately 3.3 billion Malaysian ringgit, an amount equivalent to roughly ¥90.7 billion. In January 2012, IHH acquired 60% shares in the holding company of Turkish private healthcare group, Acibadem Saglik Yatirimlari Holding ("Acibadem"). Because the acquisition was made through a combination of cash payment and an exchange of newly-issued IHH's shares with Acibadem shares, the unit's shareholding in IHH was diluted from 30% to 26.6%. IHH's investment holdings include hospital groups such as Parkway Holdings Ltd., Singapore's largest; Pantai Holdings Sdn. Bhd., the second largest in Malaysia; Acibadem group, the leading private healthcare group in Turkey. It also has an investment in Apollo Hospitals Enterprise Limited, India's leading hospital group. In addition to its hospital business, IHH's portfolio includes Malaysia's first private medical University, clinical trial/contract research business and others mainly Asia. In July 2011, this business unit acquired a 100% stake in MBS Co., Ltd. ("MBS"), a wholly owned subsidiary of Mercian Corporation ("Mercian") that had succeeded Mercian's pharmaceutical and chemical business by demerger. The unit changed the corporate name of MBS to MicroBiopharm Japan Co., Ltd. (Japan) ("MBJ") upon completion of the acquisition. MBJ has its unique manufacturing technologies and know-how by combining fermentation technology with biotechnology, and engages in manufacturing, contract manufacturing and sales of pharmaceutical ingredients and intermediates, as well as manufacturing and sales of specialty chemicals.

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

In the field of real estate business, this business unit is engaged in development and management of condominiums, office buildings and other logistical properties. In March 2011, the unit acquired a 50% portion of joint ownership in Ohtemachi PAL Building for ¥36 billion. The unit is engaged in real estate related services such as real estate solutions in Japan, and also develops houses and office buildings overseas.

Moreover, it operates senior housing properties abroad.

In the field of the housing and industrial materials businesses, Sumisho & Mitsuibussan Kenzai Co., Ltd. supplies housing materials in the Japanese market. MITSUI BUSSAN WOODCHIP OCEANIA PTY. LTD. (Australia) operates afforestation projects with Japanese and local partners in Australia, producing and exporting woodchips to Japan. Mitsui Bussan Packaging Co., Ltd. (Japan) sells various paper products and packaging materials mainly in Japan and Asia. The unit also provides mines with off-the-road tires and related services in South America, Russia and Southeast Asia.

In the field of fashion business, this business unit engages in:
- original equipment manufacturing ("OEM") business for apparel industry; and
- brand marketing business including brand licensing.

In the OEM business area, Mitsui Bussan Inter-Fashion Ltd. is engaged in planning and production of apparel and accessories, by using Mitsui's global networks and incorporating a vast range of business functions at various stages in the value chain, including design, planning and procurement of materials as well as sewing and processing.
With respect to brand marketing business, while this business unit is engaged in both license and import businesses involving well-known international brands such as Burberry and Max Mara, the unit owns several trademarks such as Pierre Cardin and Hanae Mori and is engaged in their brand management business by offering apparel makers and distributors license rights for manufacturing and distribution.

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

IT Business Unit

The IT Business Unit provides a variety of services, which are delivered through the unit's 7 subsidiaries and 11 associated companies established in the following five major fields:

- mobile and internet businesses including sales agency of mobile handset and telecommunications lines, internet-based marketing services, EC (e-commerce) businesses and online payment services;
- IT outsourcing business including network and systems integration ("NI/SI") businesses, documents process outsourcing services, and call-center services;
- electronics distribution business including import, export and domestic trade of semiconductor devices and equipment/materials for semiconductor and liquid crystal ("LC"), and export and offshore trade of liquid crystal displays ("LCD") and parts;
- green IT business including energy-saving, light emitting diode ("LED") and rechargeable battery; and
- media-related businesses including television shopping channels and broadcasting.

In the field of mobile and internet businesses, this business unit is engaged in EC businesses and electronic payment services in Asian countries and Russia. In December 2010, this business unit acquired a 14.9% stake in QIWI Limited. It is engaged in the largest operation of payment terminals which are widely used in Russia and other overseas countries to pay mobile usage fees and public utility bills as well as electronic payments. On the other hand, T-GAIA Corporation (former Telepark Corp., a former subsidiary for domestic mobile handset sales and distribution) merged with MS Communications Co., Ltd., a domestic large scale agency and distributor engaged in the same business line, in October 2008, and continued to be listed on the Tokyo Stock Exchange. As a result of the merger, this business unit's voting interest was diluted to 22.8%, and T-GAIA Corporation became an associated company of this business unit. In February 2011, this business unit decided to participate in a share purchase program through public tender offering implemented by T-GAIA Corporation in consideration of Mitsui's strategy to optimize its business portfolio. As a result of the participation in the program, this business unit's share was diluted to 5.3% from 22.8% in April 2011, and T-GAIA Corporation ceased to be associated company. In May 2012, this business unit sold a 5.3% stake in T-GAIA Corporation.

In the field of IT outsourcing business, Mitsui Knowledge Industry Co., Ltd. and Nihon Unisys, Ltd., both listed on the Tokyo Stock Exchange, provide integrated NI/SI solutions to a wide range of customers.

- Mitsui Knowledge Industry Co., Ltd. provides comprehensive information and communication technology ("ICT") services, such as various kinds of system introduction/maintenance/operation, network system designing/building/maintenance support, data center business and energy management services to enterprises including telecommunications carriers, government offices, local municipalities and medical and educational public bodies. Mitsui owns a 58.4% voting interest in Mitsui Knowledge Industry Co., Ltd. as of March 2012.

- Nihon Unisys, Ltd. is engaged in the designing and development of computer systems, business process outsourcing services, support services and other peripheral services as well as sales of computer systems. These services are provided to enterprises in the financial, manufacturing, retail and public sectors. Mitsui owns a 32.5% voting interest in Nihon Unisys, Ltd. as of March 2012.

J-SCube Inc. is engaged in documents process outsourcing services such as data entry, scanning and related system sales. Moshi Moshi Hotline, Inc. is one of the major call center operators in Japan. Moshi Moshi Hotline, Inc. is listed on the Tokyo Stock Exchange, with this business unit's current voting interest at 34.4% as of March 2012.

In the field of electronics business, this business unit is engaged in import, export and domestic trade of semiconductor devices, wireless network peripherals and equipment/materials for semiconductor and LC mainly through Mitsui Electronics Inc, and also other subsidiary companies provided semiconductor and LC-related products and services in China.

This business unit is also engaged in export and offshore trade of LCD and related parts. Aiming to broaden geographic reach in the growing LCD market, in January 2010, this business unit decided to invest in TPV Technology Limited, which is one of the world largest PC monitor and LCD television manufacturers, holding plants mainly in China and listed on the Hong Kong and the Singapore stock exchanges. As a result of a subscription for shares through a third party allotment and a joint cash offer for shares in TPV Technology Limited on the Hong Kong and the Singapore stock exchanges together with China Electronics Corporation group, a major shareholder of TPV Technology Limited, this business unit's ownership became 15.1% in April 2010. In March 2011, this business unit acquired an additional 5.1% of stake through a trust agreement with a financial institution, resulting in holding 20.2% interest in TPV Technology Limited, making it a Mitsui's associated company. With this additional investment, the total investment amount became ¥28.9 billion. TPV Technology Limited produced 59.1 million units of PC monitor and 12.7 million units of LCD television for the year ended December 31, 2011 and ranked respectively 1st and 3rd in the world, in terms of production volume.

In the field of green IT business, in February 2011, this business unit acquired a 21.0% stake in Tianjin EV Energies Co., Ltd. with the aim of entering manufacturing and sales of rechargeable batteries for electric vehicles and smart grids in China. It also acquired a 15.6% stake in Formosa Epitaxy Incorporation, listed in the Taiwan stock exchange, and participated in LED manufacturing business. Furthermore, it participated in the distribution and accommodation of electricity by utilizing IT in the United States.

In the field of media-related businesses, this business unit provides television shopping services operated by QVC Japan, Inc., which was established jointly with QVC Inc. of the United States. In March 2009, this business unit acquired an 85% stake in ShopNet Co., Ltd., Taiwan's third largest provider of 24-hour television shopping, and this business unit's ownership became 87.2% as a result of capital increase through third party allotment in February 2011. It also acquired a 25% stake in CCTV Shopping Co., Ltd., which provides goods and services including logistics to China International TV Corporation, Chinese TV shopping operator. And its subsidiary, World Hi-Vision Channel, Inc. is engaged in digital BS television service under the name of BS channel 12 "TwellV" in Japan.

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

Logistics & Financial Business Segment

The Logistics & Financial Business Segment consists of two business units, the Financial & New Business Unit and the Transportation Logistics Business Unit. The Logistics & Financial Business Segment is engaged in transportation and logistics services, insurance and financial business in Japan and abroad. Financial & New Business Unit changed its name from Financial Markets Business Unit and Logistics & Financial Business Segment changed its name from Logistics & Financial Markets Segment, both in April 2011.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥27.2 billion or 3.1% and ¥4.8 billion or 1.1% of our consolidated totals, respectively.

Financial & New Business Unit

This business unit has 15 subsidiaries and 2 associated companies and is engaged in following business activities:

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

In trading, the Business Unit and its subsidiaries including Mitsui & Co. Commodity Risk Management Ltd. (former Mitsui & Co., Energy Risk Management Ltd.), Mitsui & Co. Precious Metals, Inc. (*1) and Mitsui Bussan Commodities Ltd. (United Kingdom) are engaged in trading and brokerage in various commodity derivatives including precious metals, non-ferrous metals, energy resources and soft commodities, as well as offering hedging instruments.

In principal investment, the Business Unit deals with venture investments mainly through subsidiaries such as Mitsui & Co., Global Investment Ltd. (*2) and Mitsui & Co. Global Investment, Inc. (United States) (*3). In order to pioneer new business domains for Mitsui and to make profit, these subsidiaries make investments and add value to the firms in specific growing industries and regions such as Japan, United States, China, India and other Asian emerging countries. Similarly, MITSUI & CO., PRINCIPAL INVESTMENTS LTD. (Japan) makes investments in growth stage firms.

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

The Business Unit has formed a strategic relationship with GE Capital, a global provider of financial products and services, and has commenced the co-investment in U.S. commercial finance assets, while exploring global opportunities for further joint businesses.

In leasing, the Business Unit has a 33.4% consolidated voting interest in JA Mitsui Leasing, Ltd., a general leasing company with its strengths in leasing of IT equipment, industrial machinery, aircraft and ocean vessels, as of the end of March 2012. In October 2009, each of Mitsui and The Norinchukin Bank invested ¥30 billion in JA Mitsui Leasing, Ltd. for its newly issued shares by private placement which was intended to strengthen the financial condition of JA Mitsui Leasing, Ltd.

(*1) Mitsui Bussan Precious Metals (Hong Kong, China) Ltd. was merged into Mitsui & Co. Precious Metals, Inc. in October 2010.
(*2) MVC Corporation changed its name to Mitsui & Co., Global Investment Ltd. in November 2010.
(*3) Mitsui & Co. Venture Partners, Inc. (United States) changed its name to Mitsui & Co. Global Investment Inc. in November 2010.

Transportation Logistics Business Unit

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

Together with 10 subsidiaries and 3 associated companies, this business unit is engaged in the following business activities:

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

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

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

In 2011, this business unit made a voluntary conditional cash offer for all issued and paid-up ordinary shares in the capital of Portek International Limited (Singapore) (currently Portek International Private Limited), listed in the mainboard of the Singapore Exchange Securities Trading Limited. In September 2011, Portek International Private Limited became our wholly owned subsidiary. Portek International Private Limited is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of medium sized container and multipurpose ports. This business unit has acquired complementary skills and knowledgeable port management, established platform with an experienced management team, and port terminal operational assets as a result of this acquisition.

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

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

In China, this business unit reached an agreement with Jinjiang International Holdings Co., Ltd. to make a 49% investment in Shanghai Jinjiang International Cold Logistics Development Co. Ltd., an affiliated company of Jinjiang Group, in January 2011. Through this investment, this business unit participated in cold storage and distribution business in China where a rapid acceleration in demand for chilled and frozen food products, along with increased interest in food safety and reliability, has been seen. Additionally, in the Middle East, this business unit has expanded logistics operation in Dubai which is operated into partnership with AW Rostamani Group. This business unit is also engaged in co-investment and management of bond warehouse in Campinas, Brazil.

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

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

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

Americas Segment

The Americas Segment is engaged in sales, intermediary service and manufacturing of various commodities and conducts related business led by overseas trading subsidiaries in North, Central and South America, together with its affiliated companies. This segment consists of 9 trading subsidiaries including Mitsui & Co. (U.S.A), Inc. (United States), Mitsui & Co. (Canada) Ltd. (Canada) and Mitsui & Co. (Brasil) S.A. (Brazil), 24 other subsidiaries and 6 associated companies.

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥75.6 billion or 8.6% and ¥16.4 billion or 3.8% of our consolidated total, respectively.

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

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

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

- The Infrastructure Projects Division pursues with the large scale projects and businesses in the field of infrastructures related to the power generations, water treatment, transportation and natural resources, and energy (Oil & Gas) in Americas, mainly in Brazil and Mexico. This division has subsidiaries such as a wind power generation company in Texas, U.S. A. and a water treatment company in Mexico.
- The Motor Vehicles & Construction Machinery Division engages in import and export, dealer business, logistics business, and other businesses in the distribution process of commercial products as a business partner of various manufacturers. Especially, this division focuses on downstream markets in the value chain. An example of such initiatives is an investment in Penske Automotive Group, Inc. This division also strives to expand its geographic area as well as business domain for the investments by leveraging its market presence built up through the existing business operations.
- The Chemicals Division is engaged in the trade and business of various chemical products such as petrochemical products, food and feed additives, chemical fertilizer, pesticide, plastic materials, and resin additives. Novus International, Inc., a feed additive manufacturing subsidiary, produces and sells amino acids. In addition, Intercontinental Terminal Company LLC is engaged in the chemical tank terminal operation. SunWize Technologies, Inc. engages in sales and installation of solar power systems and modules.
- The Energy Division is, with collaboration with the Energy Segment, focused on business development of 1) North America- and South America-based E&P/Bioethanol/LNG projects; 2) North American petroleum trading (with subsidiary, Westport Petroleum Inc.)/natural gas trading /natural gas sector peripheral opportunities in cooperation with other divisions; and 3) coal trading ex-North America for Asian market. As a result of the progress of the unconventional oil & gas development, natural resource-rich North America has been enjoying a type of resurgence. Leveraging upon participation in upstream activities, our opportunities for midstream business investment, including petrochemical and infrastructure projects, have been multiplying. Accordingly, the Energy Division is contributing to the expansion of all business interest areas of Mitsui Americas.
- The Foods & Retail Division deals with grain, coffee, foods materials and other foods products. This division has a subsidiary, United Grain Corp. ("UGC"), which invested in United Harvest, LLC ("UH"), a joint venture with CHS Inc. ("CHS") for export facility operations for wheat and other grains. In December 2010, UGC and CHS agreed to dissolve UH. After the dissolution completed in March 2011, UGC has continued the business of grain accumulation and export as the sole manager of the export terminal and country elevators transferred from UH. In addition, Mitsui determined that it will make an additional investment to expand the export terminal, resulting in Mitsui's total investment in UGC of approximately US$200 million. This division also has a 20% minority interest in WILSEY FOODS, INC. See also "Foods & Retail Segment" for business collaboration with CHS Inc. Additionally, Mitsui Foods Inc. is specialized in the import food distribution business.
- The Consumer Service Business Division offers full-fledged services related to outsourcing, healthcare, human resources, textiles and real estate. As for the real estate business, MBK Real Estate LLC handles the development and sale of unit houses and leasing of senior housing properties in the states of California, Washington and Utah. In April 2012, Mitsui U.S.A. sold Cornerstone Research & Development, Inc., a contract manufacturer of dietary supplements, as a part of its periodical re-evaluation on the portfolio companies.
- The Marine & Aerospace Unit engages in providing newly built vessels to major oil and shipping companies and in aircraft leasing business for regional airlines. New investment is under development in growing sector in aerospace industry.
- The IT Business Unit engages in the Smart Green IT area and continue focusing on transformation of existing industries by utilizing IT innovation, and create new business for our company.
- The Financial & New Business Unit is engaged in principal investment and new business development activities in collaboration with other business units, especially in the areas of energy management, robotics and healthcare, for the Americas. Through the US subsidiaries of the Financial & New Business Unit of the Head Office in Japan, the Unit is also engaged in trading in commodity derivatives such as precious metals and energy resources, venture capital investments, sponsor finance investment pursuant to a strategic alliance with GE Capital, as well as exploring other business opportunities with GE.
- The Transportation Logistics Unit provides sophisticated, high value added logistic services by leveraging its longstanding experience in the transportation and logistics field. Furthermore, this unit has engaged in logistics business activities with our partners in the Americas.

Europe, the Middle East and Africa Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥18.2 billion or 2.1% and ¥1.2 billion or 0.3% of our consolidated totals, respectively.

This segment consisted of 10 trading subsidiaries, including Mitsui & Co. Europe Holdings PLC (United Kingdom), Mitsui & Co. Europe PLC (United Kingdom), Mitsui & Co. Deutschland GmbH (Germany), 5 subsidiaries and 4 associated companies.

Mitsui has changed the management system of the offices in CIS area to reinforce and accelerate the regional business strategy during the year ended March 31, 2012. Effective April 1, 2011, the information relating to the companies in CIS area is included in the operating segment information of the related business units.

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

Recently, the major parts of business in this segment have been sales and intermediary service of steel products, chemicals and machinery. For example, this segment provided assistance services for SCM of steel products procured by Statoil ASA and conduct sales of high grade steel products for automobile, home appliances and energy projects. In March 2012, Mitsui & Co. Europe PLC and the founder and major shareholders of Global Energy Holdings Limited (United Kingdom) have jointly established GEG (Holdings) Limited (United Kingdom), the holding company of energy-related businesses of Global Energy Holdings Limited. Mitsui & Co. Europe PLC owns 25% of GEG (Holdings) Limited. By utilizing the Global Energy Holdings Limited's skillset including fabrication and assembly of large welded-structures, inspection and repair, and provision of technical services, this segment aims to provide high-value added services through its steel products business for the energy industry and technical services for renewable energy industry such as offshore wind farming.

In the chemical business, this segment has been engaged in sales and intermediary service of various chemical products and materials supported by our global network and relationship with large scale manufacturers including Bayer AG.

MBK Real Estate Europe Limited is engaged in real estate business in London. This segment also had a 40% voting share in Mitsui Automotive Europe B.V. (Netherlands), a subsidiary of the Motor Vehicle Business Unit. In the year ended March 31, 2010, the Motor Vehicle Business Unit, together with this segment, wound up Mitsui Automotive Europe B.V. taking into consideration the low growth under the matured automotive market in Europe.

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

Asia Pacific Segment

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

Gross profit and net income attributable to Mitsui & Co., Ltd. for this segment for the year ended March 31, 2012 were ¥11.7 billion or 1.3% and ¥49.2 billion or 11.3% of our consolidated totals, respectively.

This segment consisted of 9 trading subsidiaries, including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Thailand) Ltd. (Thailand), Mitsui & Co. (Australia) Ltd. (Australia), 3 subsidiaries and 2 associated companies.

Mitsui has changed the management system of the offices in the Far East area (China, Taiwan and Korea) to reinforce and accelerate the regional business strategy during the year ended March 31, 2012. Effective April 1, 2011, the information relating to the companies in the Far East area is included in the operating segment information of the related business units.

ASEAN Region

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

Southwest Asia

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

Oceania

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

All Other Segment

The operations of the All Other Segment include financing services, office services and other services to external customers, and/or to us and associated companies.

Gross profit and net income for this segment for the year ended March 31, 2012 were ¥0.7 billion or 0.1% and ¥2.2 billion or 0.5% of our consolidated totals, respectively.

The All Other Segment has 9 trading subsidiaries (the offices in China, Taiwan, Korea and CIS, including by changing the management system, effective April 1, 2011) and 10 subsidiaries. The activities of major subsidiaries in this segment are as follows:

- Mitsui & Co. Financial Services Ltd. is engaged in financial services such as commercial loan and cash management services, provided to the wholly-owned domestic subsidiaries.
- Mitsui & Co. Financial Service (U.S.A.) Inc., Mitsui & Co. Financial Services (Europe) B.V. and Mitsui & Co. Financial Services (Asia) Ltd. are engaged in-house financial services to wholly owned subsidiaries in Americas, Europe and Asia, respectively.

(2) Transactions with State Sponsors of Terrorism

The U.S. Department of State designates Iran, Sudan, Syria and Cuba as state sponsors of terrorism and subjects them to export controls. As a globally operating organization, we conduct business with entities in various countries including Iran, Sudan and Syria. Our activities with entities in these states are insignificant when compared to our entire business (limited to approximately 1% of our consolidated revenues, gross profit and assets for the years ended March 31, 2012, 2011 and 2010, and the transaction amounts have decreased every fiscal year). However, we are aware that our reputation is determined largely by others and is inherently outside of our direct control.

In addition, we have internal procedures to ensure compliance with both the sanctions imposed by the Security Council of the United Nations, and the licensing and other requirements of Japanese regulations with respect to export of products for military use and/or dual use to certain countries including those countries mentioned above, and we pay attention to compliance with the relevant regulations of other countries, which include the Export Administration Regulations of the U.S. Department of Commerce as well as other relevant U.S. regulations.

Our Iran-related operations consist both of business activities where we act as principal and those where we act as agent. As principal, we have purchased crude oil, oil products and petrochemical products such as ammonia and methanol from Iranian entities and sold them in Japan and elsewhere. In addition, we have sold some steel and chemical products to Iranian entities but in smaller amounts when compared with the purchase transactions. We have also acted as an agent for Japanese companies (such as Japanese engineering and heavy machinery companies), and assist them with various aspects of entering into and completing industrial projects in Iran. Mitsui has only one asset located in Iran: a subsidiary which renders services to support Mitsui's implementation of the above-mentioned activities. We currently have no plan to expand our Iran-related operations.

The Iran Sanctions Act of 1996, as amended, or the ISA, provides for certain sanctions against any person, including a non-U.S. company, that among other things knowingly makes investments of $20 million or more (or any combination of smaller investments with an aggregate value of $20 million or more in any 12-month period) that contribute to the enhancement of Iran's ability to develop petroleum resources, or that transfers goods or services made with the knowledge that they will contribute materially to that country's weapons capabilities. In July 2010, the ISA was enhanced by expanding the scope of sanctions-triggering activity, which now includes the provision of goods, services, technology, information, or support that could facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products as well as exportation of such products to Iran. Sanctions in the U.S., EU and other countries are becoming increasingly strict and we closely monitor these and other regulatory changes and continue to enhance our internal control mechanism to ensure full compliance with the enhanced rules.

Our Sudan-related operations consist of sales of sugar, where our counterparties are neither Sudanese governmental bodies nor entities engaged in oil exploration and production in the country.

Our Syria-related operations consist of sales of chemical products such as urethanes and agrochemicals (insecticides) as well as sundry goods such as photographic film, neither of which are designed for any military use, to non-governmental entities.

We do not have any assets or employees in Sudan and Syria due to extremely low activity levels. We do not expect to expand our activities with these countries in the foreseeable future.

(1) In this report, "overseas trading subsidiary" means subsidiaries such as Mitsui & Co. (U.S.A.), Inc., which represent major parts of the geographic operating segments of Americas; Europe, the Middle East and Africa; and Asia Pacific.

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products for construction and other steel products	Japan	100.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	98.9
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	92.5
Mineral & Metal Resources	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of scrap, ferroalloys and non-ferrous material products	Japan	100.0
	Mitsui Raw Materials Development Pty. Limited	Investment in Sims Metal Management Ltd., a scrap metal recycler	Australia	100.0
	Japan Collahuasi Resources B.V.	Investments in a copper mine in Chile	Netherlands	61.9
	Mitsui Bussan Copper Investment & Co., Ltd.	Investments in a copper mine in Chile	Japan	100.0
	MBAPR Holdings Corp.	Investments in nickel and cobalt smelting business in Philippines	Philippines	100.0

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

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemical	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol producing business in Saudi Arabia and sales of products	Japan	55.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Mitsui & Co. Texas Chlor-Alkari, Inc.	Investments in chlor-alkali producing business in U.S.	U.S.A.	100.0
	Mitsui Bussan Chemicals Co., Ltd.	Sales and trading of solvents and coating materials	Japan	100.0
	Mitsui Bussan Frontier Co., Ltd.	Export of electronics devices and management of SCM businesses	Japan	100.0
	Daito Chemical Co., Ltd.	Manufacture and sales of industrial chemicals	Japan	70.0
	P.T. Kaltim Pasifik Amoniak	Production and sales of anhydrous ammonia	Indonesia	75.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	MITSUI BUSSAN PLASTICS TRADE CO., LTD.	Sales of plastics and chemicals	Japan	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	Mitsui Bussan Fertilizer Resources B.V.	Investment in phosphorus ore mining in Peru and global marketing business	Netherlands	100.0
Energy	Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan	70.5
	Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas	Australia	100.0
	Mitsui E&P USA LLC	Exploration, development and production of oil and gas	U.S.A.	100.0
	Mitsui E&P Texas LP	Exploration, development and production of oil and gas	U.S.A.	100.0
	Mitsui Oil Co., Ltd.	Sales of petroleum products in Japan	Japan	89.9
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0
	Westport Petroleum, Inc.	International trading of petroleum products and crude oil	U.S.A.	100.0
	Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	Singapore	100.0
	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands	100.0
	Mitsui Gas Development Qatar B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	MITSUI & CO. LNG INVESTMENT LIMITED	Investment in LNG projects	United Kingdom	100.0
	Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas in Mozambique	United Kingdom	50.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Foods & Retail	TOHO BUSSAN KAISHA, LTD.	Import and sales of agricultural and marine products	Japan	96.3
	WILSEY FOODS, INC.	Investments in processed oil food company	U.S.A.	90.0
	PRIFOODS CO., LTD	Production, processing and sales of broilers	Japan	46.4
	San-ei Sucrochemical Co., Ltd.	Manufacture and sales of sugars, pharmaceuticals, feedstuffs and other products	Japan	70.0
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	91.7
	Mitsui Alimentos Ltda.	Export of coffee beans and domestic sales of roasted coffee	Brazil	100.0
	MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan	99.9
	Bussan Logistics Solutions Co., Ltd.	Operation and management of logistics centers	Japan	100.0
	VENDOR SERVICE CO., LTD.	Sales and distribution of food and packaging materials	Japan	100.0
	Multigrain AG	Production, origination, logistics and merchandising of agriproducts	Switzerland	100.0
Consumer Service & IT	BUSSAN REAL ESTATE CO., LTD.	Real estate sales, leasing and management	Japan	100.0
	MITSUI BUSSAN INTER-FASHION LTD.	Planning and management of production and distribution of apparel	Japan	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	MicroBiopharm Japan Co., Ltd.	Manufacture and sales of medicines and chemicals	Japan	80.0
	MBK Healthcare Partners Limited	Investment in overseas healthcare related business	United Kingdom	100.0
	ShopNet Co., Ltd.	TV shopping in Taiwan	British Virgin Islands	87.2
	J-SCube Inc.	Outsourcing services for data entry and other back-office tasks	Japan	100.0
	Mitsui Knowledge Industry Co., Ltd.	Planning, development and sales of information and communication systems	Japan	58.4
	Mitsui Electronics Inc.	Sales of electronics device and equipment	Japan	100.0

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Logistics & Financial Business	Mitsui & Co. Global Investment Ltd.	Investment in venture businesses	Japan	100.0
	Mitsui & Co., Principal Investments Ltd.	Investment in private equity	Japan	100.0
	Mitsui Bussan Commodities Ltd.	Trading of non-ferrous metals	United Kingdom	100.0
	Mitsui & Co. Precious Metals, Inc.	Trading of precious metals	U.S.A.	100.0
	Mitsui & Co. Commodity Risk Management Ltd.	Trading of energy derivatives	United Kingdom	100.0
	TRI-NET (JAPAN) INC.	International integrated transportation services	Japan	100.0
	Trinet Logistics Co., Ltd.	Domestic warehousing business	Japan	100.0
	Tokyo International Air Cargo Terminal Ltd.	Operation of air cargo terminal at Tokyo International Airport	Japan	100.0
	Portek International Private Limited	Development and operation of container terminal	Singapore	100.0
	Mitsuibussan Insurance Co., Ltd.	Non life and life insurance agency services	Japan	100.0
Americas	Mitsui Foods, Inc.	Trading canned foods, chilled foods, juice ingredient and coffee	U.S.A.	100.0
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	Champions Pipe & Supply, Inc.	Sales of OCTG (steel pipe for oil & gas production) and other steel products for energy industry	U.S.A.	100.0
	MBK Real Estate LLC	Real estate-related business	U.S.A.	100.0
	Mit Wind Power Inc.	Investment in wind power generation company	U.S.A.	100.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0
	SunWize Technologies, Inc.	Sales and installation of photovoltaic systems	U.S.A.	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	88.8
	Game Changer Holdings Inc.	Investment in steel processing company	U.S.A.	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	65.0
	Argo Sales Ltd.	Sales and manufacturing of oil and gas process equipment	Canada	100.0
	Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A.	100.0
	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	Mitsui & Co. (Brasil) S.A.	Trading	Brazil	100.0

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

(3) Major Associated Companies

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Nippon Steel Trading Co., Ltd.	Trading of iron and steel products, non-ferrous metals, machinery	Japan	25.2
	Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
Mineral & Metal Resources	Valepar S.A.	Holding company of Vale S.A.	Brazil	18.2
	Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	25.0
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminium smelting business in Brazil	Japan	20.9
	SUMIC Nickel Netherlands B.V.	Investments in nickel producing business in New Caledonia and sales of products	Netherlands	47.6
Machinery & Infrastructure Projects	Toyo Engineering Corporation	Engineering and Construction for Industrial Facilities	Japan	22.9
	AES JORDAN HOLDCO, LTD.	Investment in power producing business in Jordan	Cayman Islands	40.0
	P.T. Paiton Energy	Power generation in Indonesia	Indonesia	40.5
	IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	IPM (UK) Power Holdings Limited	Investments in power generation business	Gibraltar	26.3
	Compania de Generacion Valladolid S. de R.L. de C.V.	Power generation in Mexico	Mexico	50.0
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	Galaxy Newspring Pte. Ltd.	Investments in water business in China	Singapore	50.0
	Toyota Canada Inc.	Import and sales of Toyota automobiles and parts	Canada	50.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	17.2
	KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD	Sales of construction and mining equipment	Australia	40.0
	PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
Chemical	Santa Vitoria Acucar e Alcool Ltda	Production and sales of bio-ethanol	Brazil	50.0
Energy	BHP Billiton Mitsui Coal Pty. Ltd.	Mining and sales of Australian coal	Australia	16.8
	ENEOS GLOBE Corporation	LPG imports and marketing, fuel cell and photovoltaic systems marketing	Japan	30.0
	Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0
Foods & Retail	Nippon Formula Feed Manufacturing Company Limited	Manufacturing and sales of compound feedstuffs	Japan	42.9
	Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	Japan	32.5
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	44.7
	MIKUNI COCA-COLA BOTTLING CO., LTD.	Manufacturing and sale of soft drinks	Japan	35.7

Operating Segment	Registered Name	Principal lines of business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Consumer Service & IT	AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Sales of building materials and contract construction work	Japan	50.0
	QVC JAPAN INC.	TV shopping using a 24-hour dedicated channel	Japan	40.0
	CCTV Shopping Co., Ltd.	Service for TV shopping business in China	China	25.0
	Moshi Moshi Hotline, Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4
	Nihon Unisys, Ltd.	Development and sales of information systems	Japan	32.5
	TPV Technology Limited	Design, manufacturing and sales of display related products	Bermuda	20.2
Logistics & Financial Business	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	33.4
Americas	MED3000 Group. Inc.	Managerial and data-based services for physicians	U.S.A.	46.0
Europe, the Middle East and Africa	ITC RUBIS TERMINAL ANTWERP NV	Chemical tank leasing	Belgium	50.0
	GEG (Holdings) Limited	Fabrication, upgrading, inspection and maintenance of welded structures	United Kingdom	25.0

(4) Other Affiliated Companies

Not applicable.

5. Employees

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

As of March 31, 2012

Operating Segment	Number of Employees	
Iron & Steel Products	1,881	(124)
Mineral & Metal Resources	475	(34)
Machinery & Infrastructure Projects	14,791	(7,325)
Chemical	2,885	(179)
Energy	1,066	(863)
Foods & Retail	7,046	(4,643)
Consumer Service & IT	4,336	(4,094)
Logistics & Financial Business	2,516	(1,522)
Americas	4,278	(309)
Europe, the Middle East and Africa	1,074	(17)
Asia Pacific	1,451	(126)
All Other	3,006	(177)
Total	44,805	(19,413)

(Notes) 1. The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.
2. Effective April 1, 2011, the business units of the head office oversee operations in China, Taiwan, Korea and CIS. In accordance with this change, the number of employees at trading subsidiaries and their consolidated subsidiaries on above areas are included in “All Other” from the year ended March 31, 2012.

(2) Mitsui & Co., Ltd.

As of March 31, 2012

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
6,172	42.4	19 years 2 months	13,614

Operating Segment	Number of Employees
Iron & Steel Products	403
Mineral & Metal Resources	240
Machinery & Infrastructure Projects	805
Chemical	716
Energy	413
Foods & Retail	425
Consumer Service & IT	629
Logistics & Financial Business	293
Americas	201
Europe, the Middle East and Africa	162
Asia Pacific	216
All Other	1,669
Total	6,172

(Notes)
1. The number of employees includes 1,390 seconded employees, 31 extended employment staff and 5 contract administrative staff. However, 342 contract workers (including 183 workers seconded to Mitsui from outside Mitsui) and 354 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.
3. Effective April 1, 2011, the business units of the head office oversee operations in China, Taiwan, Korea and CIS. In accordance with this change, the number of headquarters employees working at above areas is included in “All Other” from the year ended March 31, 2012.

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

1. Overview of Business Results

(1) Operating Results

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011, 2) Operating Results by Operating Segment."

(2) Cash Flows

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

2. Purchases, Sales Contracts and Trading Transactions

(1) Purchases

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

(2) Sales Contracts

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

(3) Trading Transactions

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011," and Note 17, "SEGMENT INFORMATION."

3. Management Issues

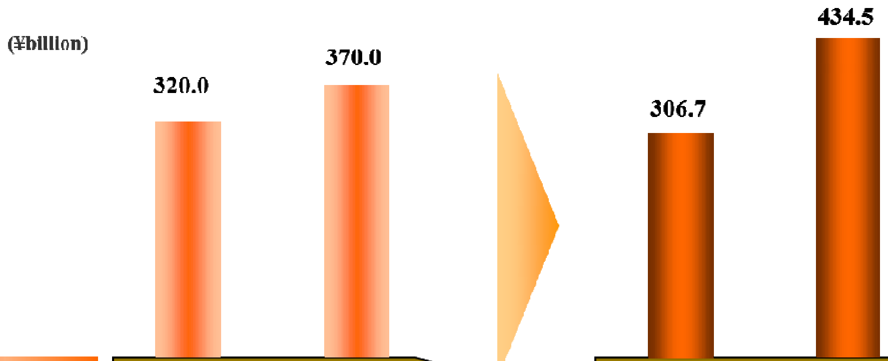
This Management Issues section contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements involve assumptions, risks, uncertainties and other factors, including, but not limited to, these described in “4. Risk Factors.” Such risks, uncertainties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

(1) Review on Medium-term Management Plan to March 31, 2012

1) Progress toward quantitative targets

i) Operating Results

In the Medium-term Management Plan, we formulated earnings forecasts of ¥320.0 billion and ¥370.0 billion for the years ended March 31, 2011 and 2012, respectively. Although we recorded a loss for the settlement of the oil spill incident in the Gulf of Mexico for the year ended March 31, 2011 and a loss on the write-down of securities due to a decline in share prices for the year ended March 31, 2012, we posted net income attributable to Mitsui & Co., Ltd. of ¥306.7 billion and ¥434.5 billion for the years ended March 31, 2011 and 2012, respectively, achieving the quantitative target of the Medium-term Management Plan for the year ended March 31, 2012. Return-on-equity of the years ended March 31, 2011 and 2012 were 13.3% and 17.4%, respectively, also achieving the targeted rates in the Medium-term Management Plan.



Net Income	March 2011 Plan	March 2012 Plan	March 2011 Result	March 2012 Result
ROE	13.5%	14.0%	13.3%	17.4%
(¥ trillion yen)				
Total Assets	9.1	9.9	8.6	9.0
Shareholders’ equity	2.5	2.8	2.4	2.6
Net interest-bearing debt	2.5	2.7	1.9	2.1
Net DER	1.0x	1.0x	0.82x	0.81x

ii) Financial condition and cash flow

During the two-year period of the Medium-term Management Plan, investments and plant, property and equipment increased due to vigorous expansion and new investments, although it was partly offset by effects of a drop in equity prices and the appreciation of the Japanese yen. Current assets increased due mainly to an increase in trade receivables resulting from an increase in trading volume. As a result, total assets increased to ¥9.0 trillion as of March 31, 2012, which did not reach the level of ¥9.9 trillion predicted in the Medium-term Management Plan.

Total shareholders’ equity as of March 31, 2012 increased to ¥2.6 trillion, a smaller increase compared to what we forecasted in the Medium-term Management Plan, reflecting an increase in retained earnings despite the aforementioned lower equity prices and appreciation of the Japanese yen against foreign currencies. Free cash flows for the years ended March 31, 2011 and 2012 were a net inflow of ¥20.5 billion and a net outflow of ¥57.2 billion, respectively, resulting from aggressive investment activities to capture future growth and an increase in working capital, or changes in operating assets and liabilities.

Consequently, Net DER as of March 31, 2012 was 0.81 times, which is lower than the original premise of 1.0 time of the Medium-term Management Plan. We believe our financial strength remains solid to support “Challenge and Innovation.”

iii) Investments and loans

During the two-year period ended March 31, 2012, we executed new investments and loans of approximately ¥1.34 trillion, which surpassed the original premise of ¥1.2 trillion of the Medium-term Management Plan. Of this amount, ¥500 billion was executed for the Mineral Resources & Energy business area, ¥190 billion for the Global Marketing Networks business area, ¥300 billion for the Lifestyle business area and ¥350 billion for the Infrastructure business area. Meanwhile, we constantly reviewed all business assets and collected approximately ¥400 billion through divestiture of assets and investments, including capital redemption of ¥73.2 billion from Sakhalin Energy Investment Company Ltd.

Business Area	Plan March 2011	Plan March 2012	Result March 2011-12	(¥billion) Major Projects
Mineral Resources & Energy	240	500	500	Expansion projects (iron ore, oil & gas, coal), Shale gas/oil, Caserones copper, Taganito nickel
Global Marketing Networks	160		190	Phosphorus ore development (Peru), Biomass-derived chemicals (Brazil), Chlor-alkali (U.S.), Novus, Logistics company (Brazil)
Lifestyle Business	60		300	Hospital business in Asia, Multigrain, MicroBiopharm Japan, TPV Technology
Infrastructure	240		350	IPP (Mexico), Rolling stock lease, Loan for commercial vessel business, FPSO lease (Brazil), Port development and management company
Gross Cash Outflow	1,200		1,340	
Divestiture	▲300		▲400	Sakhalin II, Loan collection from FPSO (Brazil), Steel Technologies, Container terminal, IPP (Mexico)
Net Cash Outflow	900		940	

2) Progress with four key initiatives in the Medium-term Management Plan

i) Reinforcement of the earnings base and business engineering capabilities

(a) Mineral Resources & Energy areas – Increase equity production and reserves

To maintain and further increase our equity production tonnage and reserves of oil and gas, we proceeded with new projects including expansion of Mitsui Oil Exploration Co., Ltd.’s natural gas and condensate production in the Gulf of Thailand, unconventional energy resources projects such as the Marcellus shale gas project and the Eagle Ford shale oil/gas project in the United States, and the Mozambique gas project in which we succeeded in finding a large scale gas reservoir through exploration. In the iron ore producing business in Australia, we steadily carried out our plan to maintain and increase production capacity, and further improved the quality of our business assets.

(b) Non-Resources business area – Reinforcement of earnings base

We have taken the following initiatives to capitalize on the economic growth of emerging countries.

- In the Iron & Steel Products area, we established steel processing centers in Russia and a special steel production and sales company in India, partnering with quality local partners.

- In the port business area, we acquired Portek International Limited, a port development and management company, in order to build a business platform.
- In the Infrastructure area, we, through a 50:50 joint venture company, Galaxy NewSpring Pte. Ltd. with Hyflux Ltd., acquired water treatment plant operation assets located in China, including tap water treatment plants and wastewater treatment plants. In addition, we participated in a coal-fired thermal IPP business in China, and entered into an agreement on a joint investment in a railroad freight car business with a Russian group.
- In the marine resource area, we have expanded our FPSO business mainly by owning and chartering FPSOs for deep water pre-salt oil fields in Brazil.
- In the motor vehicles & construction machinery area, we expanded the scale of construction machinery sales and service business and motor vehicle sales and finance business principally, in resource-rich countries.
- In the IT business area, we expanded TV shopping business in Asia.
- In the food area, we strove to strengthen our agricultural production and grain distribution business in Brazil. With an aim to securing a stable supply of grain from Brazil for the expanding markets, mainly Asia, we acquired additional shares in Multigrain AG, making it become a wholly-owned subsidiary from an associated company.

In the medical and healthcare area, we embarked on a project to expand our business domain to Asia. We acquired a 30% share in Integrated Healthcare Holdings Sdn. Bhd (*) (“IHH”), and accelerated our initiative to expand geographical coverage through IHH’s subsequent acquisition of a Turkish healthcare group.

In the raw materials domain of the non-resource business area, the chemical area acquired an interest in the company for a phosphorus ore development project in Peru which Vale S.A. had been developing, and also, together with The Dow Chemical Company, formed 50:50 joint venture companies for a chlor-alkali project in Texas and a biopolymer production project in Brazil. The phosphorus ore development project is one of the company-wide cross-sectional projects by leveraging our business engineering capabilities, in particular, the synergy effects of the chemical area’s knowledge of the fertilizer business and the mineral & metal resources area’s vast experience in resource investments. In addition, the project is expected to contribute to both earnings base of trading business and of investment business.

(c) Strategy for Environment and Energy

As one of the initiatives to further strengthen the gas value chain, we, together with Tokyo Gas Co., Ltd., acquired natural gas-fired power stations in Mexico. Subsequently we divested a 30% stake in the power stations to Chubu Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. with the aim to strengthen the business infrastructure of the power stations by combining the experiences and expertise of both companies, and simultaneously recovering a part of our investment at an early stage.

As an advisory board to the Corporate Management Committee, we established the Environmental and New Energy Business Committee to analyze the external business environment, monitor and evaluate our current activities, specify our priorities and focus, and recommend relevant measures in environmental and new energy businesses. We advanced in our cross-sectional projects for future growth, such as Electric Vehicle/Secondary battery, smart city and renewable energy.

(d) Reinforcement of our foothold in domestic business

Living up to the needs of the changing domestic business environment, we strived to take initiatives to restructure and merge domestic businesses. Merger of our liquefied petroleum gas business with that of JX Nippon Oil & Energy Corporation, and a basic agreement to launch a detailed examination to integrate our domestic fertilizer business and that of Sumitomo Corporation, are examples of our achievements during the period of Medium-term Management Plan.

We created the Domestic Business Development Department, which promotes domestic businesses and devises domestic business strategy for all the business units, and branch offices in Japan with a view to engagement in the reconstruction business from the Great East Japan Earthquake and Japan's possible accession to the Trans Pacific Partnership.

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

ii) Acceleration of implementation of a global strategy and strategic deployment of human resources

We made progress on our business initiatives in BRICs countries, Mexico and Indonesia, which we had determined to be our strategic regions. We steadily proceeded with business projects in Mexico (Iron & Steel Products, Infrastructure Project, etc.), Brazil (Chemical, Motor Vehicles & Construction Machinery, etc.) and India (Iron & Steel Products, etc.) while we constructed an internal framework for business strategy in Indonesia, including a local partnership strategy. Further, we restructured our branch offices in Central-Eastern Europe, and established new offices in Africa focusing on fast developing regions and frontier regions.

We changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate our regional business strategy. Capturing the momentum of growth in emerging markets, effective April 1, 2011, the business units in the Head Offices now oversee operations in China, Taiwan, Korea and CIS countries.

To accelerate these initiatives, we steadily increased our efforts toward promoting globalization of our human resource base by, among other measures, shifting approximately 140 employees from our domestic offices to other Asian offices, especially in China, to promote a business strategy for China with clearly targeted areas.

iii) Evolution of portfolio strategy

Led by the Portfolio Management Committee, we continue to examine the portfolio strategy of each business unit, referring to key performance indicators on investments, according to Mitsui's guidelines for investment in and withdrawal from business operations. This examination process enables us to improve the quality of our assets, to make strategic divestments and to dynamically allocate our management resources. As mentioned above, we shifted human resources to the growing Asian region as part of company-wide initiatives. In addition, we continue to transfer expertise across business units and focus on fostering managerial talent by implementing company-wide staff exchange programs.

iv) Reinforcement of the management structure to achieve sustainable growth

We have performed our business activities without any major delays in the face of natural disasters, such as the Great East Japan Earthquake and the Thailand floods. Based on knowledge acquired through such experiences, we have reworked our business continuity plan, which includes a roadmap for continuous and recovery operations, and ways to manage the company as well as to make decisions under adverse conditions.

As part of a company-wide initiative to improve business processes, we thoroughly reviewed all business processes. We gathered and organized all problems in light of internal controls and efficiency issues, and revised business process-related regulations to deal with such problems.

We introduced an information risk management system on a group-wide basis to properly manage risk of information leakage.

We introduced a new next-generation core system, which serves as a common group-wide information platform, use of which can streamline business processes and reduce system costs. The new system went live in November 2010 for Mitsui and successively for each of the other principal domestic and foreign subsidiaries.

We are committed to continuing to be engaged in long-term reconstruction support for the regions affected by the Great East Japan Earthquake, through our core businesses, including a car sharing business for the affected areas and additional supplies of LNG for the Japanese power companies.

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

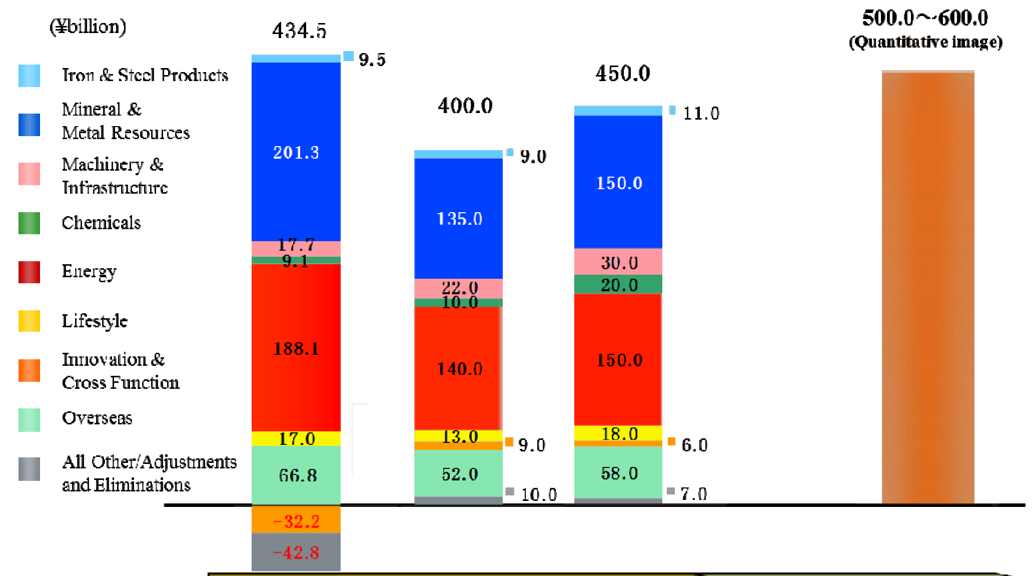
<u>Note: The following describes the contents of the Medium-term Management Plan to March 31, 2014 announced in May 2012. Descriptions may be included that may differ from our current understanding of the economic environments.</u>

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

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

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

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



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

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

Effective April 1, 2012, Mitsui's operating segments were changed. Please refer to the description on "(3) Forecasts for the Year Ending March 31, 2013" for details.

2) Five key initiatives of the Medium-term Management Plan

i) Reinforcement of the earnings base and business engineering capabilities

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

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

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

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

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

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

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

(e) Enhancement of partnership strategy

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

(f) Enhancement of project management capabilities

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

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

Metals (Iron & Steel Products, Mineral & Metal Resources)	(1) Strengthen the earnings base by acquiring high quality assets and enhancing the competitiveness of existing assets (2) Strengthen global marketing capabilities to address the increase in demand from emerging economies (3) Employ industrial solutions to environmental issues and develop new businesses with sights set on the future (4) Enhance capabilities by expanding the global network with key suppliers/joint venture partners
Machinery & Infrastructure (Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace)	(1) Take initiatives on large-scale projects as well as ensure realization of returns on existing investments (2) Diversify brands and businesses in the existing motor vehicles value chain, and challenge multi-brand and other new businesses (3) Accelerate initiatives in the area of marine energy business such as owning and chartering of FPSO (4) Reinforce earnings base balancing both trading and investment businesses in marine and aerospace area
Chemicals (Basic Chemicals, Performance Chemicals)	(1) Reconstruct the foundation of trading business (2) Ensure realization of return on investments made in the previous Medium-term Management Plan, such as the chlor-alkali project in the US (3) Create new businesses including those in shale gas derived chemicals in North America and green chemicals (4) Acquire and expand fertilizer resources, enhance the global marketing network to support them, and configure a global pesticide business by making new investments for the next generation (5) Efficiently manage and enhance global marketing platforms, including our domestic sales subsidiaries, and explore and promote the new business model (6) Steadily implement domestic mega-solar projects
Energy	(1) Optimize oil, gas and coal upstream portfolio, and acquire new high quality assets (2) Enhance technical and global oil trading capabilities that allow us to identify good quality assets and to improve the existing projects (3) Pursue an increase in reserves in existing LNG projects and maintain their stable operations (4) Commercializing the Mozambique LNG project and pursue participation in new

	LNG projects (5) Strengthen gas marketing capabilities on a global basis (6) Create new environmental business model for next generation
Lifestyle (Food Resources, Food Products & Services, Consumer Service)	(1) Promote the global grain strategy and strengthen other food upstream businesses (2) Develop advanced global trading and marketing capabilities (3) Reconstruct the earnings base for domestic food resources and food products business (4) Strengthen the global food material business (5) Strengthen the business foundation of the domestic and foreign distributorship business, and reinforce our capabilities (6) Maximize the value of hospital business in Asia and establish the earnings base of peripheral businesses (7) Strengthen initiatives for markets of consumer products and services in emerging countries
Innovation & Cross Function (IT, Financial & New Business, Transportation Logistics)	(1) Embark on an internet & TV commerce business, energy optimization and industrial IT business areas, internet device service, big data/cloud computing/data center business areas (2) Accumulate a good quality investment portfolio and engage in investment with managerial involvement and business development (3) Secure stable earnings from the trading business and increase the assets under management of asset management business (4) Enhance provision of logistical capabilities for internal business departments and rebuild logistics business for external customers (5) Maximize the enterprise value of Portek, and enhance the logistics infrastructure business by utilizing Portek's expertise

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

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

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

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

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

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

iii) Evolution of portfolio strategy

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

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

(*1) Base cash flow: Operating income (Gross profit + selling, general and administrative expenses + provision for doubtful receivables) – depreciation and amortization + dividend income (including dividends received from associated companies)
(*2) Risk Return: Net income attributable to Mitsui & Co., Ltd. / Risk assets

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

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

iv) Acceleration of globalization initiatives

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

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

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

v) Reinforcement of group management infrastructure

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

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

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

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

For investment and loan plan of the Medium-term Management Plan to March 31, 2014, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 4) Investment and Loan Plans of the Medium-term Management Plan and Financial Policies."

(3) Forecasts for the Year Ending March 31, 2013

1) Annual business plan for the year ending March 31, 2013

[Assumption]

Exchange rate (JPY/USD)	80.00	78.82
Crude oil (JCC)	$110/bbl	$114/bbl
Crude oil (JCC) reckoned in time lag	$113/bbl	$108/bbl

(Billions of Yen)

	Mar-13 Outlook	Mar-12 Actual	Increase /Decrease	Description of Increase/Decrease
Gross profit	870.0	878.3	(8.3)	
SG & A expenses	(530.0)	(514.8)	(15.2)	Increase attributable to new subsidiaries
Provision for doubtful receivables	(10.0)	(15.1)	5.1	
Operating income	330.0	348.4	(18.4)	
(Other expenses)				
Interest expenses	(10.0)	(5.4)	(4.6)	
Dividend income	70.0	86.5	(16.5)	Decline in dividend income from LNG projects
Gain on sales of securities, PPE and other gains-net	(10.0)	(16.3)	6.3	
Income before income taxes and equity in earnings	380.0	413.2	(33.2)	
Income taxes	(185.0)	(172.6)	(12.4)	Reversal effect of one time positive impacts due to MRRT and reduction in Japanese corporate tax rate recorded in previous year
Income before equity in earnings	195.0	240.6	(45.6)	
Equity in earnings of associated companies	225.0	232.1	(7.1)	Reversal effect of impairment losses recorded in previous year, and decline in earnings from associated companies of resources and energy due to decline in prices
Net income before attribution of noncontrolling interests	420.0	472.7	(52.7)	
Net income attributable to noncontrolling interests	(20.0)	(38.2)	18.2	
Net income attributable to Mitsui & Co., Ltd.	400.0	434.5	(34.5)	

The assumed foreign exchange rates for the year ending March 31, 2013 are ¥80/US$, ¥85/AU$ and ¥45/BRL, while the average foreign exchange rates for the year ended March 31, 2012 were ¥78.82/US$, ¥83.19/AU$ and ¥46.65/BRL.

Gross profit is expected to be ¥870.0 billion based on the assumption that prices of mineral resources and energy will remain at a similar level of the current prices due to the continued growth in demand of the emerging economies, despite a decline from prices applied for the year ended March 31, 2012, and that there will be a gradual increase in sales volumes and prices in other businesses areas. Dividend income is expected to be ¥70.0 billion due to a decline of dividend income from LNG projects. We anticipate a rebound effect from impairment losses recorded in the year ended March 31, 2012, in gains on sales of securities, property and equipment and other gains-net. Although reversal effect from impairment losses are also expected in the equity in earnings of associated companies, the number is expected to remain on a similar level of the year ended March 31, 2012 due to a decline in prices of mineral resources and energy.

As a result, net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013 is expected to be ¥400.0 billion.

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

From the year ending March 31, 2013, we changed the headquarters' cost allocation system at Mitsui from partial allocation to full allocation to the business units. The objective for the change is to enable the business units to make business judgments properly reflecting the current cost structure. As a result, all the segments except the regional business segments will incur additional expense allocations under the new headquarters' cost allocation system for the year ending March 31, 2013.

(Billions of yen)	Year ending March 31, 2013	Year ended March 31, 2012	Change
Iron & Steel Products	9.0	9.5	(0.5)
Mineral & Metal Resources	135.0	201.3	(66.3)
Machinery & Infrastructure	22.0	17.7	4.3
Chemicals	10.0	9.1	0.9
Energy	140.0	188.1	(48.1)
Lifestyle	13.0	17.0	(4.0)
Innovation & Cross Function	9.0	(32.2)	41.2
Americas	15.0	16.4	(1.4)
Europe, the Middle East and Africa	3.0	1.2	1.8
Asia Pacific	34.0	49.2	(15.2)
All Other/Adjustments and Eliminations	10.0	(42.8)	52.8
Consolidated total	400.0	434.5	(34.5)

(Note) Mitsui's operating segments were changed, effective April 1, 2012 as described below;

- Foods & Retail Segment and the Consumer Service Business Unit that were included in the Consumer Service & IT Segment were aggregated into the Lifestyle Segment for the purpose of strengthening initiatives on our business towards consumer products and the service market in Japan and the emerging economies' consumers that are expected to expand.
- The Logistics & Financial Business Segment and the IT Business Unit that were included in the Consumer Service & IT Segment were aggregated into the Innovation & Cross Function Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with sights set on the next generation.
- The name of the Machinery & Infrastructure Project Segment has been changed to the Machinery & Infrastructure Segment.

• Projected net income attributable to Mitsui & Co., Ltd. from the Mineral & Metal Resources Segment for the year ending March 31, 2013 is ¥135.0 billion, a decline of ¥66.3 billion from the year ended March 31, 2012. The main reason for the projected decline is alleviation of tight demand and supply balance partially attributable to an increase in iron ore supply, despite the robust demand for iron ore in China. A certain portion of contracts has shifted to pricing that reflects current spot reference prices, such as the daily average of spot reference price for the corresponding quarter of the shipment month and the daily average of spot reference price for the shipment month, and these spot price referenced contracts have been increasing. As a result, we will be more exposed to short term price fluctuation factors. We have assumed a certain price level for iron ore for the entire year in our outlook taking into account various factors such as the demand and supply outlook and the prevailing market price, but would like to refrain from disclosing our assumption.

- Projected net income attributable to Mitsui & Co., Ltd. from the Energy Segment for the year ending March 31, 2013 is ¥140.0 billion, a decline of ¥48.1 billion from the year ended March 31, 2012. We assume the annual average price applicable to our financial results to be US$113/barrel, based on the assumption that the crude oil price (JCC) will be maintained at US$110/barrel throughout the year ending March 31, 2013. With the coal production business, we assumed a decline in coal prices in line with the conclusion reached in price negotiations wherein representative prices for premium hard coking coal for the three month period ending June 30, 2012 declined by more than 10% from US$235/MT for the three month period ended March 31, 2012, and representative prices for thermal coal declined by more than 10% from US$130/MT for the year ended March 31, 2012. We expect our annual equity coal production volume for the year ending March 31, 2013 to be approximately 11 million tons, higher than that of the corresponding previous year.

- Projected net income attributable to Mitsui & Co., Ltd. from the Iron & Steel Products Segment for the year ending March 31, 2013 is ¥9.0 billion, with a decline of ¥0.5 billion from the year ended March 31, 2012. We expect an increase in profit attributable to reconstruction demand after the Great East Japan Earthquake.

- Projected net income attributable to Mitsui & Co., Ltd. from the Machinery & Infrastructure Segment is ¥22.0 billion, an increase of ¥4.3 billion from the year ended March 31, 2012. Mining construction machinery-related and motor vehicles-related businesses in the emerging economies are expected to record solid performance. We also expect reversal effect from recognition of a loss allowance for vessels under construction recorded for the year ended March 31, 2012.

- Projected net income attributable to Mitsui & Co., Ltd. from the Chemical Segment for the year ending March 31, 2013 is ¥10.0 billion, with an increase of ¥0.9 billion from the year ended March 31, 2012. While the recovery from underperforming trading activities of petrochemical intermediate materials is expected, a reversal effect is expected from a gain recorded in the year ended March 31, 2012, as consideration for releasing a part of the mining lease area in the vicinity of the salt field.

- Projected net income attributable to Mitsui & Co., Ltd. from the Lifestyle Segment for the year ending March 31, 2013 is ¥13.0 billion, a decline of ¥4.0 billion from the year ended March 31, 2012, reflecting a reversal effect of mark-to-market valuation gains and losses on commodity derivative contracts related to coffee recorded in the year ended March 31, 2012.

- The Innovation & Cross Function Segment contributes to the earnings base of other segments by providing the logistics and financial functions. The projected net income attributable to Mitsui & Co., Ltd. from the Innovation & Cross Function Segment for the year ending March 31, 2013 is ¥9.0 billion, an improvement of ¥41.2 billion from the year ended March 31, 2012, reflecting the reversal effect of impairment losses on listed and non-listed securities recorded for the year ended March 31, 2012.

- Projected net income attributable to Mitsui & Co., Ltd. from the Americas Segment for the year ending March 31, 2013 is ¥15.0 billion, a decline of ¥1.4 billion from the year ended March 31, 2012, reflecting a decline in methionine prices at Novus International, Inc. Projected net income attributable to Mitsui & Co., Ltd. from the Europe, the Middle East and Africa Segment for the year ending March 31, 2013 is ¥3.0 billion, an increase of ¥1.8 billion from the year ended March 31, 2012, due to a reversal effect of the write-down of inventories in the food business in Europe posted in the year ended March 31, 2012. Projected net income attributable to Mitsui & Co., Ltd. from the Asia Pacific Segment is ¥34.0 billion, a decline of ¥15.2 billion from the year ended March 31, 2012, due to declines in this segment's portion of net incomes of subsidiaries of the Mineral & Metal Resources and Energy segments, reflecting an decline in commodity prices.

- Projected net income attributable to Mitsui & Co., Ltd. from All Other/Adjustments and Eliminations Segment for the year ending March 31, 2013 is ¥10.0 billion, an improvement of ¥52.8 billion from the year ended March 31, 2012. The main reason for the projected improvement is the change in headquarters' cost allocation system at Mitsui from partial allocation to full allocation to the business units.

2) Key commodity prices and other parameters for the year ending March 31, 2013

The table below shows assumptions for key commodity prices and other parameters for the projected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013. Effects of price movements for each commodity on annual net income attributable to Mitsui & Co., Ltd. are included in the table.

March 2012	Impact on Net Income attributable to Mitsui & Co., Ltd. for the Year ending March 31, 2013			March 2013 (Assumption)
108	Commodity	Crude Oil/JCC(*1)	¥1.2 bn (US$1/bbl)	110
154(*2)		Iron Ore	¥1.9 bn (US$1/ton)	(*3)
8,821(*4)		Copper	(*5)	7,625
10.4(*4)		Nickel	¥1.8 bn (US$1/lb)	8.5
78.82	Forex (*6)	USD	¥1.6 bn (¥1/USD)	80
83.19		AUD	¥1.9 bn (¥1/AUD)	85
46.65		BRL	¥0.8 bn (¥1/BRL)	45

(*1) Oil price trend is reflected in net income with a 0-6 month time lag. We assume the annual average price applicable to our financial results to be US$113/bbl for March 2013 forecast, based on the estimation: 6 month time lag, 12%; 3 month time lag, 62%; no time lag, 26%.
(*2) Average of representative reference prices (Fine, 62% Fe CFR North China) during December 2010 to November 2011
(*3) We refrain from disclosing the iron ore price assumptions for March 2013 forecast.
(*4) Average of LME cash settlement price during January 2011 to December 2011 (Copper: US$/MT, Nickel: US$/lb)
(*5) We refrain from disclosing the copper price sensitivity to net income.
(*6) Impact of currency fluctuation on net income of overseas subsidiaries and associated companies (denomination in functional currency) against JPY

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for net incomes attributable to Mitsui & Co., Ltd. for the years ended March 31, 2012 and 2011 reported by overseas subsidiaries and associated companies were ¥473.5 billion and ¥362.9 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on net income attributable to Mitsui & Co., Ltd. for the year ending March 2013.

i) We aggregated a total projected net income attributable to Mitsui & Co., Ltd. in the business plans of these companies covering the year ending March 2013 according to their functional currencies. Firstly, we aggregated Australian dollar and Brazilian real denominated projected net income attributable to Mitsui & Co., Ltd. of those companies using two currencies as functional currencies, and secondly we aggregate the rest of projected net income attributable to Mitsui & Co., Ltd. from overseas subsidiaries and associated companies as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation towards 3 categories of aggregated net income attributable to Mitsui & Co., Ltd.
For example, yen appreciation of ¥1 against US$1 would have the net effect of reducing net income attributable to Mitsui & Co., Ltd. by approximately ¥1.6 billion. Specifically, for the net income attributable to Mitsui & Co., Ltd. from those companies using Australian dollar and Brazilian real as functional currencies, appreciation of ¥1 against Australian AU$1 and Brazilian R$1 would have the net effect of reducing net income attributable to Mitsui & Co., Ltd. by approximately ¥1.9 billion and ¥0.8 billion, respectively.

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

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

4. Risk Factors

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

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

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

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

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

For further information about the impact of commodity price fluctuations on our operating results for the year ended March 31, 2012 and possible effects in the future, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011."

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

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

For further information about the impact of exchange rate fluctuations on our operating results for the year ended March 31, 2012 and in the future, see "3. Management Issues, (3) Forecasts for the Year Ending March 31, 2013," "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (2) Summary of Consolidated Financial Results for the Year Ended March 31, 2012" and "(4) Liquidity and Capital Resources."

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

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

- While many of our customers purchase products and services from us on credit, we may also provide

financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2012, our current trade receivables (less unearned interest and allowance for doubtful receivables—current) were ¥2,037.8 billion, representing 22. 6% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2012 was ¥17.9 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

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

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

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥307.1 billion short-term debt and ¥3,270.9 billion long-term debt as of March 31, 2012. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

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

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

Assets for which we act as a lessor, such as real property, rolling stock, ocean transport vessels, aircraft and equipment are exposed to potential significant impairment losses due to the decline in the value of these assets. As of March 31, 2012, the value of these assets in which we act as lessor, presented on our Consolidated Balance Sheets as "Property leased to others—at cost, less accumulated depreciation," was ¥272.7 billion. The carrying amounts of these assets in which we act as lessor are affected by certain factors, which are beyond our control such as their global supply and demand, prevailing interest rates, prices of relevant products and services and regional and/or global cyclical trends. It can never be sure that no impairment losses occur on these assets and any impairment losses with respect to such assets may have an adverse effect on our operating results and financial condition.

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

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

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

For information on our pension costs, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates" and Note 14, "PENSION COSTS AND SEVERANCE INDEMNITIES."

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

A downgrade in our credit ratings or significant changes in the lending or investment policies of our creditors or investors could result in an increase in our interest expense and could adversely impact our ability to access debt markets, and could have an adverse effect on our financial position and liquidity.

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

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

A significant portion of our investment portfolio consists of marketable equity securities. At March 31, 2012, our marketable equity securities were carried at a fair value of ¥412.1 billion, representing 4.6% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition.

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

(10) Establishing a valuation allowance for deferred tax assets, pursuant to the evaluation on their realizability, may adversely affect our operating results and financial condition.

We determine the realizability of deferred tax assets based on all currently available information, including tax deductibility of accounting losses, their timing as well as future taxable income at Mitsui and the subsidiaries within the consolidated tax group. We believe it is more likely than not that all the deferred tax assets, net of valuation allowances, will be realized while the amount of realizable net deferred assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

Effective April 1, 2009, a new tax law was introduced in Japan that excludes from taxable income, 95% of dividends received from foreign investees in which an investor has a 25% or more ownership interest. As a result, our taxable income level in Japan has become lower than those levels prior to the introduction of the new tax law. In addition, taxable income from domestic businesses has declined and impairment losses on assets including listed securities have become deductible due to the prolonged economic stagnancy. Accordingly, we separately assessed the realizability for the local tax portion of the deferred tax assets for the future deductible temporary differences etc., and determined to record a valuation allowance against deferred tax assets which we judged could not be utilized.

As for the national corporate tax portion of deferred tax, Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return as a group in the year ended March 31, 2010. We separately evaluate its realizability based on the estimate of our consolidated tax group's future taxable income coupled with feasible tax planning strategies, and determined to record a valuation allowance against deferred tax assets which we judged could not be utilized.

Notwithstanding the above, an elevated level of uncertainty due to the instability in the financial market triggered by the financial problems in Europe, the future trend of the emerging economies and international commodity prices, among other factors, may result in a worsening of our operating environment, which could negatively affect our ability to achieve the goals set in our business plan, and future taxable income may decrease compared to the amount anticipated in the current tax planning strategies. In such cases, additional valuation allowances may be recorded since the deferred tax assets may not be fully utilized. Consequently, establishing such additional valuation allowances may adversely affect our operating results and financial conditions.

In March 2012, the Australian Mineral Resource Rent Tax Act 2012 (hereinafter, MRRT) and Expansion of the Petroleum Resource Rent Tax Act (hereinafter, PRRT) was enacted.
Under the MRRT and PRRT, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use market value approach can obtain deductions for the amortization of the market value of the project. As we plan to apply the market value approach, we recorded deferred tax assets for the operating assets based on the differences in book values between for accounting purpose and tax purpose (the market value as of May 1, 2010 based on our best estimation), and applied a valuation allowance for the portion we judged could not be realized.
We participate in iron ore, coal and oil producing businesses as a non-operator, and thus have recognized the deferred tax assets (net of valuation allowances) based on the best estimation by utilizing currently available information provided by the operators.

If we are provided with the operator's market value of the projects and find that our estimation is much larger than that of the operators in the future, our deferred tax assets may be partially reversed, and that adversely affect our operating results and financial conditions.
In addition, a future decline of the commodity prices may result in a worsening of each project's future taxable income compared to the amount anticipated in the current projection. In such cases, additional valuation allowances may be recorded since the deferred tax assets may not be fully utilized. Consequently, establishing such additional valuation allowances may adversely affect our operating results and financial conditions.
For information on our accounting policies and estimates with respect to deferred tax asset valuation, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates."

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

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

- In Russia and Brazil, we have significant interests in the exploration, development and production of mineral resources and energy.
- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.
- In Malaysia, we have significant interests in hospital and healthcare-related business.

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

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

As of March 31, 2012, we had 263 consolidated subsidiaries and 150 associated companies. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

We have been focusing newly on upstream business in the value chain (resources and materials) and on expanding consumer- oriented businesses. Additionally, we are undertaking a reorganization of our traditional businesses in industrial products and raw materials to better reflect the globalization of the economy and the rapid progress of information technology. In these new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which can cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

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

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

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

As a result of an oil spill incident at an exploration project in the Gulf of Mexico for which BP Exploration & Production Inc. (BP) was the operator, civil lawsuits including those seeking recovery for alleged economic loss, property damages, the costs of and caused by the clean up and personal injuries as well as those seeking penalties were brought against subsidiaries of Mitsui. Among the plaintiffs were private parties, the United States government, and state and local governmental entities.
In connection to this incident, subsidiaries of Mitsui entered into a settlement with BP and its parent companies (BP Settlement), under which Mitsui and its subsidiaries are to be fully indemnified by BP and its parent companies as to all claims arising from the incident except for punitive damages, but solely to the extent arising from the conduct of the Mitsui subsidiaries, and fines, penalties and sanctions. However, there is a risk that the indemnity payments required by the BP Settlement may not be made.
The penalty claims filed by the United States were resolved by an agreement reached between subsidiaries of Mitsui and the United States (DOJ Settlement), in which the Gulf Coast states may participate as well. As part of the DOJ Settlement, the Mitsui subsidiaries agreed to undertake certain environmental projects within the Gulf Coast states. If those projects are not completed as agreed, however, additional payment by the Mitsui subsidiaries may be required. In addition, the risk remains that a court will require Mitsui subsidiaries to pay penalties to state governments that do not participate in the DOJ Settlement and local governmental entities. Except for the punitive damage claims made by certain local governmental entities and in connection with the personal injury claims, all the claims that are not covered by the BP Settlement or the DOJ Settlement have been dismissed by court orders. However, these court orders are not final and can be appealed; in fact, certain of the local governmental entities have appealed the order dismissing their penalty claims and that appeal is currently pending before the appellate court.
For information on this matter, see Note 28, “THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO.”

Mitsui and its United States subsidiary, Mitsui & Co. (U.S.A.), Inc. are shareholders of Coronet Industries Inc. (“Coronet”), a former manufacturer of animal feed supplements, each with 18% and 12% share interest respectively. Coronet has been working with the U.S. Environmental Protection Agency and the State of Florida in an investigation on environmental conditions related to its prior operations at its facility in the state of Florida. Currently deliberations continue with the environmental authorities in relation to appropriate environmental measures and concrete clean-up methods, as well as their implementation. In addition, Coronet has been named as defendant in a civil action initiated by residents residing in areas adjacent to the facility, in which the residents are demanding compensation for damages. Mitsui and Mitsui & Co. (U.S.A.), Inc., together with prior owners of Coronet’s assets, have been named as defendants in such action, and are currently in negotiations for a settlement.

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

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

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

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

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

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

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

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

Among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, coal, oil and gas, and salt producing operations, leading to increased costs and/or decreased revenues. In the case that production sites, productive facilities, and infrastructure used for shipments such as roads, railways and ports, are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions could also adversely affect foods raw material producing activities in which we have investments.
Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as the Kyoto Protocol, which came into effect for that objective. Introduction of government-imposed greenhouse gas emission restrictions including environmental tax, and cap and trade schemes of emission credit could adversely affect the operating results of our businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses where we have minority share holdings.

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

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

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

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

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

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

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

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

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

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

5. Material Contracts

For the year ended March 31, 2012, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

For major business combinations that occurred in the year ended March 31, 2012 and the previous fiscal year, see Note 3, "BUSINESS COMBINATIONS." Also, for the major acquisitions and sales of assets in the year ended March 31, 2012, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, and 5) Assets, Liabilities and Shareholders' Equity."

6. Research & Development

For the year ended March 31, 2012, research and development ("R&D") expenses totaled ¥3.3 billion. Management recognizes that individual R&D activity will not have a significant effect on our future operating results.

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

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

In accordance with the provisions of the U.S. Financial Accounting Standards Board (FASB)'s Accounting Standards Codification (ASC) 205-20, "Presentation of financial statements: Discontinued operations," the companies present the result of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line item in the Statements of Consolidated Income under (loss) income from discontinued operations—net (after income tax effect). The results of discontinued operations are not reclassified in the Statements of Consolidated Income and the Statements of Consolidated Cash Flows for the year ended March 31, 2011 due to immateriality to the results of operations and cash flow of the companies.

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

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

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

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

(1) Key Performance Measures under Management's Discussion

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

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

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

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

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

In a reflection of a crunch in supply and demand and rising prices in mineral resources and energy as a result of the rapid growth of emerging economies in recent years, there has been an increase in the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses. As a result of this, the condition of the market and the production amount for mineral resources and energy will become a significant variable in operating results in the next fiscal year onwards. Furthermore, investment for development in businesses with interests in production of mineral resources and energy in the light of price fluctuations and expected supply and demand has an important place within the overall gross assets and cash flow of the consolidated group. For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources

Segment and the Energy Segment in "(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011, 2) Operating Results by Operating Segment."

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

Consistent with our Medium-term Management Plan to March 2012 announced in May 2010, we have been engaged in establishing a group-wide strategic business portfolio, by leveraging proactive investment activities. Under the Medium-term Management Plan to March 2014 announced in May 2012, we will continue to invest in expansion and acquisition of high-quality assets. In parallel, management monitors the progress of investment and loan plans quarterly and implements divestitures of existing assets in order to maintain an optimum portfolio structure and also to generate cash flows as a source for the above-mentioned investments.

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

(2) Summary of Consolidated Financial Results for the Year Ended March 31, 2012

1) Operating Environment

Throughout the fiscal year, the global economy demonstrated a slower rate of recovery particularly in the advanced economies; there were spillover effects from the financial strains in the euro area, tightening monetary policies of the emerging economies, and disruptions caused by natural disasters such as the Great East Japan Earthquake. Although the eminent risks observed in the latter half of 2011 had subsided, risk levels remain elevated and the global economy continues to be vulnerable.

The U.S. economy is gaining some traction as it shows improvement in employment, consumer spending, and business fixed investments, although it is still held back by continued weakness in the real estate market. The financial turbulence from the periphery countries of the euro area deepened and the entire area showed a sharp slowing. Contractions in business credit and output were marked in certain countries. Owing to the European Central Bank's longer-term refinancing operations and steps taken by the EU countries toward structural reforms, market uncertainties have since been alleviated. The underlying issues in the euro area are not yet resolved and there is a major downside risk of another crisis escalating when the early effects of the financing operations wane. Demand is not picking up in the euro area and its recovery is expected to slow. Japan showed a mild rate of recovery after a steep decline in output due to the earthquake. Reconstruction spending and slow improvement in employment, and the lull in yen's rise is expected to lead to a moderate recovery but any renewed crisis in Europe, strengthening of the yen, and the domestic power supply situation continue to provide downside risk.

The emerging and developing economies expected a gradual slowdown in their growth rates, due to tightening of monetary policies and a decline in export volumes, but the growth rate remains fast paced and continues to be the key force for global recovery. Although external demand has weakened, and very high growth rates in China are moderating, we maintain our view that China's growth will be sustained because of its resilient domestic consumption and the investments required for urbanization of the interior regions, and further room for policy easing. Although Asia's outlook may have dimmed somewhat due to weaker external demand, the rebound from supply-chain disruptions is a positive factor. In Latin America, over-heating pressures appear to have been contained and the risks are better balanced, while spillover effects to the region from the euro zone is likely to be limited. Overall we still see higher volatility in the flow of capital to the emerging economies, continued risks associated with moderating domestic demand in certain countries and slowing external demand.

The commodity markets including crude oil and metal resources, showed recovery after a period of price decline due to the slow recovery in advanced economies and the volatile financial markets. The price of WTI crude oil was at $110 per barrel in April, followed by a gradual decline down to the level of mid $70s per barrel in September, and subsequently recovered around $100 per barrel due to the elevated geopolitical situation in the Middle East region, and has continued to sustain such price level. The Nikkei index climbed back to the ¥10,000 mark in July but subsequently dropped to the ¥8,200 level at one point following the deepening of the crisis in the euro region; it rebounded to ¥10,083 as of the end of March reflecting the progress, although moderate, of the implementation of the comprehensive strategy agreement entered into by the EU member states and the joint efforts by the central banks in providing additional liquidity. In the foreign exchange market, the financial turbulence in the euro area and the slower recovery in the U.S. caused the yen to appreciate to the level of upper 70s yen to the U.S. dollar and to break the 100 yen per euro line, after which the yen declined to the level of 82.19 yen against the U.S. dollar in the end of March following Bank of Japan's additional policy easing.

Sovereign stress in the euro area may again elevate, and increase the level of instability in the financial markets, which in turn may lead to contraction of global trade and flow of funds, slow the growth rate in the emerging countries, and have a spillover effect into the commodity markets and as a result on our operations. Geopolitical risk is also increasing and may lead to higher volatility in the oil markets. While we will maintain our medium-to-long term expectation that the global economy is capable of showing a modest recovery driven by the growth fundamentals of the emerging economies, we believe extra care is required to monitor the elevated level of downside risks in our operating environment and the commodities markets, as we continue to capture the growth opportunities in the emerging markets and meet the global demand for our products.

2) Operating Results, Financial Condition and Cash Flow

i) Operating results

Mitsui & Co., Ltd. ("Mitsui") and its subsidiaries (collectively "we") posted net income attributable to Mitsui & Co., Ltd. of ¥434.5 billion for the year ended March 31, 2012, an increase of ¥127.8 billion from ¥306.7 billion for the corresponding previous year. Major developments during the year were as follows:

- Increases in commodity prices contributed to increases in gross profit. In particular, the Mineral & Metal Resources Segment recorded an increase in gross profit due to a run-up in iron ore prices, and the Energy Segment also enjoyed the positive effect of higher oil prices, despite a decline in gross profit due to reclassification of ENEOS GLOBE Corporation as an associated company, which had previously been accounted for as a subsidiary. The Foods & Retail Segment also reported an increase in gross profit due to improvement in valuation gains and losses on forward contracts related to coffee. Some segments, such as the Chemical Segment, which reported underperforming trading activities in petrochemical intermediate materials and fertilizer materials, posted declines in gross profit from the corresponding previous year, although overall gross profit increased by ¥19.1 billion.

- Loss on write-downs of securities was increased reflecting a decline in investment value of particular unlisted stocks and the sluggish stock market for the year ended March 31, 2012. Dividend income increased reflecting an increase in oil-linked LNG prices due to a rise in oil prices and commencement of recognition of dividend income received from the Sakhalin II project. In addition, while a remeasurement gain on existing interests resulting from the acquisition of the entire stake in Multigrain AG as well as a gain on sales of security in INPEX CORPORATION was recorded for the year ended March 31, 2012, a decline in gain on sales of securities was reported due to a reversal effect of gains recognized for reclassification from subsidiary to associated company, such as those on MT Falcon Holding Company S.A.P.I. de C.V., for the corresponding previous year.

- The reversal effect recorded for the year ended March 31, 2012 due to a loss for the settlement between several of Mitsui & Co., Ltd.'s subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico for the corresponding previous year.

- Despite the contributions by Valepar S.A. and Robe River Mining Co. Pty. Ltd., reflecting the rise in iron ore prices, equity in earnings of associated companies decreased due mainly to the recognition of impairment losses on investments in listed associated companies, including TPV Technology Limited, Moshi Moshi Hotline, Inc. and Nihon Unisys, Ltd., reflecting declines in the share prices.

- The Energy and the Mineral & Metal Resources segments were the key contributors to the increase in net income attributable to Mitsui & Co., Ltd. due to further rises in mineral resources and energy prices. All but the Consumer Service & IT, Machinery & Infrastructure Projects and Chemical segments posted increases in net income attributable to Mitsui & Co., Ltd.

Return-on-equity for the year ended March 31, 2012 was 17.4%, an increase of 4.1% from 13.3% for the corresponding previous year.

ii) Financial condition

Total assets as of March 31, 2012 were ¥9.0 trillion, an increase of ¥0.4 trillion from ¥8.6 trillion as of March 31, 2011. Investments and plant, property and equipment (“PPE”) increased by ¥0.3 trillion to ¥4.6 trillion due to expansions of existing and new investments as well as acquisition of Multigrain AG, partly offset by appreciation of the Japanese yen. Current assets increased by ¥0.1 trillion to ¥4.4 trillion as a result of increases in trade receivables and inventories, despite a decline in derivative assets. Total Mitsui & Co., Ltd. shareholders’ equity as of March 31, 2012 was ¥2.6 trillion, an increase of ¥0.2 trillion from ¥2.4 trillion as of March 31, 2011. This reflects an increase in retained earnings despite the aforementioned appreciation of the Japanese yen against foreign currencies. The net debt-to-equity ratio (“Net DER”) (*) as of March 31, 2012 was 0.81 times.

(*) See “(4) Liquidity and Capital Resources” regarding “Net DER.”

iii) Cash flow

Net cash provided by operating activities for the year ended March 31, 2012 was ¥381.0 billion. Net cash provided by operating activities was comprised of operating income of ¥348.4 billion, dividends received of ¥245.7 billion, including those from associated companies, and net cash outflow of ¥206.6 billion from an increase in working capital, or changes in operating assets and liabilities, including payment of ¥86.1 billion for the settlement of the oil spill incident in the Gulf of Mexico. Net cash used in investing activities for the year ended March 31, 2012 was ¥438.2 billion including expansion-related expenditures for natural resources in the Energy and the Mineral & Metal Resources segments and the acquisition of a stake in Integrated Healthcare Holdings Sdn. Bhd (*1). Accordingly, free cash flow (*2) for the year ended March 31, 2012 was a net outflow of ¥57.2 billion.

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

(*2) Sum of net cash flow for operating activities and cash flow for investing activities

3) Impact of Foreign Currency Exchange Fluctuation on Operating Results

For the year ended March 31, 2012 and 2011, net income attributable to Mitsui & Co., Ltd. from overseas subsidiaries and associated companies totaled ¥473.5 billion and ¥362.9 billion, respectively. Functional currencies of those subsidiaries and associated companies are mainly the U.S. dollar, Australian dollar and Brazilian Real.

For the impact of currency fluctuation on expected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013, see “3. Management Issues (3) Forecasts for the Year Ending March 31, 2013.”

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2012 and 2011

1) Analysis by income statement account

Revenues

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

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

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

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

The table below provides these three categories of revenues by operating segments in "OPERATING SEGMENT INFORMATION" in Note 17, "SEGMENT INFORMATION."

	Billions of Yen											
	Years Ended March 31,											
	2012				2011				Change			
	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total	Sales of Products	Sales of Services	Other Services	Total
Iron & Steel Products	¥ 159.3	¥ 29.7	¥ 0.3	¥ 189.3	¥ 156.5	¥ 31.0	¥ 0.3	¥ 187.8	¥ 2.8	¥ (1.3)	¥ 0.0	¥ 1.5
Mineral & Metal Resources	559.9	7.8	0.0	567.7	486.0	9.4	0.0	495.4	73.9	(1.6)	0.0	72.3
Machinery & Infrastructure Projects	170.1	77.1	65.4	312.6	128.2	69.8	97.9	295.9	41.9	7.3	(32.5)	16.7
Chemical	750.7	37.8	0.8	789.3	851.4	38.5	0.4	890.3	(100.7)	(0.7)	0.4	(101.0)
Energy	1,722.3	7.2	0.5	1,730.0	1,399.9	8.9	(8.2)	1,400.6	322.4	(1.7)	8.7	329.4
Foods & Retail	641.9	78.5	0.4	720.8	506.5	74.7	0.3	581.5	135.4	3.8	0.1	139.3
Consumer Service & IT	76.5	64.4	11.5	152.4	68.9	66.7	12.1	147.7	7.6	(2.3)	(0.6)	4.7
Logistics & Financial Business	4.5	42.6	26.5	73.6	2.9	32.8	32.0	67.7	1.6	9.8	(5.5)	5.9
Americas	506.4	8.6	14.1	529.1	371.8	8.7	16.3	396.8	134.6	(0.1)	(2.2)	132.3
Europe, the Middle East and Africa	105.0	14.3	0.2	119.5	118.3	18.3	0.2	136.8	(13.3)	(4.0)	0.0	(17.3)
Asia Pacific	56.1	8.9	0.1	65.1	64.3	12.3	0.1	76.7	(8.2)	(3.4)	0.0	(11.6)
Total	4,752.7	376.9	119.8	5,249.4	4,154.7	371.1	151.4	4,677.2	598.0	5.8	(31.6)	572.2
All Other	0.5	0.0	1.7	2.2	0.4	0.1	1.6	2.1	0.1	(0.1)	0.1	0.1
Adjustments and Eliminations	0.0	0.1	(0.1)	0.0	(0.3)	0.2	0.2	0.1	0.3	(0.1)	(0.3)	(0.1)
Consolidated Total	¥ 4,753.2	¥ 377.0	¥ 121.4	¥ 5,251.6	¥ 4,154.8	¥ 371.4	¥ 153.2	¥ 4,679.4	¥ 598.4	¥ 5.6	¥ (31.8)	¥ 572.2

* Effective April 1, 2011, the business units of the Head Office oversee operations in China, Taiwan, Korea and CIS. The information relating to the companies in the above areas is included in the operating segment information of the related business units. In accordance with this change, the operating segment information for the year ended March 31, 2011, has been restated to conform to the current year presentation.

Sales of Products

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

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

For the year ended March 31, 2012, revenues from the sales of products were ¥4,753.2 billion, an increase of ¥598.4 billion, or 14.4%, from ¥4,154.8 billion for the corresponding previous year. Major factors by operating segment were as follows:

- Revenues from the Energy Segment were ¥1,722.3 billion, an increase of ¥322.4 billion from ¥1,399.9 billion for the corresponding previous year. The petroleum trading business reported a significant increase in revenues due to an increase in sales volume and higher petroleum prices, despite a decline of ¥114.8 billion attributable to the reclassification of ENEOS GLOBE Corporation (Japan) as an associated company in the previous year ended March 31, 2011, see the discussion under "Energy Segment" of "2) Operating Results by Operating Segment."
- Revenues from the Foods & Retail Segment were ¥641.9 billion, an increase of ¥135.4 billion from ¥506.5 billion for the corresponding previous year. The increase was attributable to an increase in sales volume, coupled with higher prices in Mitsui's import and offshore businesses of grains and palm oil for Asian countries as well as, coffee import business mainly from Brazil and a contribution of ¥76.7 billion coming in from Multigrain AG (Switzerland), which was acquired in the year ended March 31, 2012.
- Revenues from the Americas Segment were ¥506.4 billion, an increase of ¥134.6 billion from ¥371.8 billion for the corresponding previous year. United Grain Corporation (United States) reported an increase of ¥100.1 billion in revenue due to the fact that in the year ended March 31, 2012, United Grain

Corporation took over operations of the grain origination and export business that had been operated by United Harvest, LLC (United States), a 50:50 joint venture between United Grain Corporation and CHS Inc., an agricultural cooperative-based company in the United States, following dissolution of the joint venture.

- Revenues from the Mineral & Metal Resources Segment were ¥559.9 billion, an increase of ¥73.9 billion from ¥486.0 billion for the corresponding previous year. Mitsui-Itochu Iron Pty. Ltd. (Australia) reported an increase of ¥12.4 billion reflecting increases in sales volume and iron ore prices, despite the negative effect of foreign exchange. Mitsui Iron Ore Development Pty. Ltd. (Australia) also reported an increase of ¥13.3 billion reflecting an increase in iron ore prices, despite the negative effect of foreign exchange and the reversal effect of a sales price adjustment gain recorded in the corresponding previous year. Furthermore, reflecting increases in sales volume of the import business for domestic smelters and offshore business for Chinese smelters and traders as well as higher copper prices, the copper trading business at Mitsui reported an increase of ¥34.3 billion.
- Revenues from the Chemical Segment were ¥750.7 billion, a decline of ¥100.7 billion from ¥851.4 billion for the corresponding previous year due to underperforming trading activities in petrochemical intermediate materials and deteriorating market conditions.

Sales of Services

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

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

For the year ended March 31, 2012, revenues from the sales of services were ¥377.0 billion, an increase of ¥5.6 billion, or 1.5%, from ¥371.4 billion for the corresponding previous year.

Other Sales

Other sales principally include the revenues from:

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

For the year ended March 31, 2012, revenues from other sales were ¥121.4 billion, a decline of ¥31.8 billion, or 20.8%, from ¥153.2 billion for the corresponding previous year. MT Falcon Holdings Company, S.A.P.I. de C.V. (Mexico), which has natural-gas-fired power stations in Mexico, reported a decline of ¥20.5 billion due to reclassification as an associated company resulting from the partial sale of interest in the company. In addition, Mitsui recorded losses and gains in revenues related to the commodity derivatives trading business, which corresponds to foreign exchange gains of ¥5.8 billion and losses of ¥8.9 billion posted in other income-net for the year ended March 31, 2012 and for the corresponding previous year, respectively.

Gross Profit

Gross Profit Classified by Category of Revenues

For the year ended March 31, 2012, gross profit was ¥878.3 billion, an increase of ¥19.1 billion, or 2.2%, from ¥859.2 billion for the corresponding previous year. The Gross Profit ratio (“GP ratio”), or ratio of gross profit divided by revenues, for the year ended March 31, 2012 was 16.7%, a decline of 1.7 percentage points compared to the corresponding previous year. GP ratios in the following table are calculated as degree of gross profit classified by category of revenues divided by corresponding revenue amount.

	Billions of Yen					
	Years Ended March 31,					
	2012		2011		Changes	
	Gross Profit	GP Ratio	Gross Profit	GP Ratio	Gross Profit	GP Ratio
Gross Profit from Sales of Products	¥ 586.8	12.3%	¥ 565.7	13.6%	¥ 21.1	(1.3)%
Gross Profit from Sales of Services	229.5	60.9%	234.0	63.0%	(4.5)	(2.1)%
Gross Profit from Other Sales	62.0	51.1%	59.5	38.9%	2.5	12.2%
Total	¥ 878.3	16.7%	¥ 859.2	18.4%	¥ 19.1	(1.7)%

For the year ended March 31, 2012, gross profit from sales of products was ¥586.8 billion, an increase of ¥21.1 billion from ¥565.7 billion for the corresponding previous year, which was primarily attributable to the following factors:

- Gross profit at the Energy Segment was ¥212.0 billion, an increase of ¥12.5 billion from ¥199.5 billion for the corresponding previous year. The petroleum trading business at Mitsui posted an increase reflecting increased trading volumes and a recovery in market conditions. Increases of ¥12.1 billion, ¥11.5 billion and ¥7.8 billion due to higher oil prices were reported by Mitsui E&P Middle East B.V. (Netherland), Mitsui Oil Exploration Co., Ltd. (Japan) and Mitsui E&P Australia Pty Limited (Australia), respectively. Furthermore, Mitsui Coal Holdings Pty. Ltd. (Australia) reported a ¥7.1 billion increase due to increase in equity production and the rise in coal prices. Meanwhile, Mitsui Oil Co., Ltd. (Japan) reported a decline of ¥5.7 billion due to worsening margins, and Westport Petroleum, Inc. (United States) reported a decline of ¥3.5 billion due to reduced heavy oil demand and deteriorating market conditions triggered by a warm winter. Mitsui E&P USA LLC (United States) reported a decline of ¥3.6 billion due to an increase in depreciation costs associated with progress in development of shale gas resources. A decline of ¥17.7 billion was also recorded due to reclassification of ENEOS GLOBE Corporation as an associated company.
- Gross profit at the Foods & Retail Segment was ¥47.7 billion, an increase of ¥11.3 billion from ¥36.4 billion for the corresponding previous year. Due to a ¥9.3 billion improvement in valuation gains and losses on forward contracts related to coffee, which were deemed to be derivatives, as well as a ¥4.1 billion contribution by Multigrain AG, which was acquired in the year ended March 31, 2012.
- Gross profit at the Mineral & Metal Resources Segment was ¥187.0 billion, an increase of ¥9.0 billion from ¥178.0 billion for the corresponding previous year. Mitsui-Itochu Iron Pty. Ltd. reported an increase of ¥6.6 billion reflecting increases in sales volume and iron ore prices, despite the negative effect of foreign exchange. Mitsui Iron Ore Development Pty. Ltd. also reported an increase of ¥3.2 billion reflecting the increase in iron ore prices despite the negative effect of foreign exchange and the reversal effect of a sales price adjustment gain recorded in the corresponding previous year.
- Gross profit at the Chemical Segment was ¥31.3 billion, a decline of ¥5.9 billion from ¥37.2 billion for the corresponding previous year. This was mainly due to underperforming trading activities of petrochemical intermediate materials and fertilizer materials, as well as a decline in sales prices and volume at Shark Bay Salt Pty. Ltd. (Australia).

The GP ratio from sales of products for the year ended March 31, 2012 was 12.3%, a decline of 1.3 percentage points compared to the corresponding previous year.

For the year ended March 31, 2012, gross profit from sales of services was ¥229.5 billion, a decline of ¥4.5 billion from ¥234.0 billion for the corresponding previous year. The Consumer Service & IT and Asia Pacific Segments recorded declines due to declines in revenues.

The GP ratio from sales of services for the year ended March 31, 2012 was 60.9%, a decline of 2.1 percentage points compared to the corresponding previous year.

For the year ended March 31, 2012, gross profit from other sales was ¥62.0 billion, an increase of ¥2.5 billion from ¥59.5 billion for the corresponding previous year. Principal factor of the increase was increases in revenues of derivative trading businesses at Mitsui and Mitsui Oil (Asia) Hong Kong Limited. The foreign exchange gains and losses related to derivative trading business posted in other expense-net were foreign exchange gains of ¥5.8 billion and foreign exchange losses of ¥8.9 billion for the year ended March 31, 2012 and the corresponding previous year, respectively.

The GP ratio from other sales for the year ended March 31, 2012 was 51.1%, an increase of 12.2 percentage points compared to the corresponding previous year.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2012 were ¥514.8 billion, a decline of ¥18.2 billion, or 3.4%, from ¥533.0 billion for the corresponding previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Personnel	¥ 275.6	¥ 268.5	¥ 7.1
Welfare	11.4	11.6	(0.2)
Travel	29.8	29.2	0.6
Entertainment	7.5	8.0	(0.5)
Communication	47.2	48.6	(1.4)
Rent	17.0	18.6	(1.6)
Depreciation	13.3	15.8	(2.5)
Fees and Taxes	7.7	8.2	(0.5)
Others	105.3	124.5	(19.2)
Total	¥ 514.8	¥ 533.0	¥ (18.2)

- Personnel expenses were ¥275.6 billion, an increase of ¥7.1 billion from ¥268.5 billion for the corresponding previous year. This increase is mainly attributable to an increase in performance-based bonuses at Mitsui.
- Other expenses were ¥105.3 billion, a decline of ¥19.2 billion from ¥124.5 billion for the corresponding previous year. The decline was mainly attributable to the reclassification of ENEOS GLOBE Corporation and MT Falcon Holdings Company, S.A.P.I. de C.V. to associated companies.

The table below provides selling, general and administrative expenses broken down by operating segment. See more details of the discussion and analysis in “2) Operating Results by Operating Segment.”

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 33.3	¥ 32.5	¥ 0.8
Mineral & Metal Resources	21.5	18.4	3.1
Machinery & Infrastructure Projects	86.9	79.1	7.8
Chemical	55.2	51.0	4.2
Energy	45.1	56.6	(11.5)
Foods & Retail	72.3	66.1	6.2
Consumer Service & IT	64.3	58.1	6.2
Logistics & Financial Business	36.7	29.7	7.0
Americas	51.1	52.8	(1.7)
Europe, the Middle East and Africa	19.0	16.8	2.2
Asia Pacific	16.2	15.8	0.4
Total	501.6	476.9	24.7
All Other	5.9	6.1	(0.2)
Adjustments and Eliminations	7.3	50.0	(42.7)
Consolidated Total	¥ 514.8	¥ 533.0	¥ (18.2)

- The Energy Segment reported a decline of ¥11.5 billion mainly due to a decline of ¥16.4 billion resulting from the reclassification of ENEOS GLOBE Corporation to an associated company. Starting from the year ended March 31, 2012, we have implemented a new internal accounting rule stipulating that particular considerations for particular intragroup services are recorded in "selling, general and administrative expenses" at the payer side and in "other income" at the payee side while an elimination entry is made for the Adjustment and Eliminations Segment. As a result, each business segment reported an increase in "selling, general and administrative expenses," while the Adjustment and Elimination Segment reported a decline of ¥34.8 billion.

Provision for Doubtful Receivables

Provision for doubtful receivables for the year ended March 31, 2012 was ¥15.1 billion, an increase of ¥5.9 billion from ¥9.2 billion for the corresponding previous year. PT. Bussan Auto Finance (Indonesia) reported an increase in the provision for doubtful receivables reflecting the increase in loan receivables and higher allowances for past-due loan receivables.

Interest Income and Interest Expense

Interest income for the year ended March 31, 2012 was ¥37.2 billion, a decline of ¥2.8 billion, or 7.0%, from ¥40.0 billion for the corresponding previous year, while interest expense was ¥42.6 billion, an increase of ¥1.9 billion, or 4.7%, from ¥40.7 billion for the corresponding previous year. As a result, interest expense, net of interest income was ¥5.4 billion, an increase of ¥4.7 billion, from ¥0.7 billion for the corresponding previous year.

- Interest income from preferred shares issued by Valepar S.A., a holding company for Vale S.A., a mineral resources company in Brazil, declined by ¥1.6 billion.
- Interest expense increased as a result of the acquisition of Multigrain AG (Switzerland) in the year ended March 31, 2012.
- In addition, there was an overall increase in interest expense due to the increase in US dollar interest rates and the increase in foreign currency funding.

Interest rate trends for the year ended March 31, 2012 pertaining to interest rate levels for yen and US dollars, the principal currencies in which we have borrowings, and developments in policy interest rates were as follows.

- The Bank of Japan ("BOJ") retained its zero interest rate policy and continued to supply ample liquidity to the market in order to further strengthen monetary easing with the aim of breaking out of deflation, by sequentially raising the cap on the Asset Purchase Program, which was set up in October 2010. Reflecting these monetary easing measures by the BOJ, the yen short-term interest rate (the simple average of the month-end Japanese yen three-month London Interbank Offered Rate ("LIBOR")) for the year ended March 31, 2012 remained stable at 0.20% compared to a 0.21% in the corresponding previous year. On the other hand, the average yield rate on 10-year Japanese Government Bonds ("JGBs") was 1.06% for the year ended March 31, 2012, declining from 1.14% in the corresponding previous year. While this average yield rate was supported by the monetary easing measures mentioned above, it was pushed down over the course of the year by heightened demand for JGBs as a safe haven. This demand was due to global economic slowdown and disarray in financial markets mainly caused by the fiscal problem in Europe.
- Although in June 2011, as scheduled, the Federal Reserve Bank ("FRB") finished up the additional monetary easing measures (QE II) it started in November 2010, it maintained its zero interest rate policy in light of economic slowdown and the stagnant employment situation. Even so, heightened pressure on U.S. dollar procurement due to creditworthiness problems at financial institutions, primarily European ones, caused by the fiscal problem in Europe, resulted in signs of higher U.S. dollar short-term interest rates in transactions between banks. Reflecting these developments, the U.S. dollar short-term interest rate (the simple average of the month-end U.S. dollar three-month LIBOR) rose to 0.40% in the year ended March 31, 2012 from 0.36% in the corresponding previous year. On the other hand, the U.S. dollar long-term interest rate (10-year Government Bond) fell substantially, reflecting such factors as the FRB's Federal Open Market Committee's decision in September 2011, under the conditions mentioned above, to implement "Operation Twist" in order to increase the Government Bonds with long-term maturities held by the FRB.

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

Dividend Income

Dividend income for the year ended March 31, 2012 was ¥86.5 billion, an increase of ¥35.5 billion, or 69.6%, from ¥51.0 billion for the corresponding previous year.

Dividend income from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) was ¥68.6 billion, an increase of ¥37.6 billion from ¥31.0 billion for the corresponding previous year. The increase was due to a rise in oil-linked LNG prices resulting from a run-up in oil prices, dividends coming in from the Sakhalin II project recognized starting from the three-month period ended December 31, 2010, as well as receipt of dividends from the Qatargas 3 project starting from the three-month period ended June 30, 2011.

Gain on Sales of Securities

Gain on sales of securities for the year ended March 31, 2012 was ¥21.9 billion, a decline of ¥17.6 billion, or 44.6%, from ¥39.5 billion for the corresponding previous year.

- For the year ended March 31, 2012, the Energy Segment recorded a gain of ¥8.4 billion on the sale of INPEX CORPORATION. The Foods & Retail Segment recorded a ¥3.6 billion remeasurement gain on existing interests resulting from acquisition of 100% ownership of Multigrain AG and the Consumer Service & IT Segment recorded a gain of ¥2.7 billion on the sale of securities through participation in a public tender offering by T-Gaia Corporation.
- For the corresponding previous year, due to divestiture of 30% interests in MT Falcon Holdings Company S.A.P.I. de C.V. out of 70%, a remeasurement gain on the remaining 40% interests and a gain on sales of the 30% interests were recorded in the Machinery & Infrastructure Projects Segment. Furthermore, a gain of ¥9.1 billion on divestiture of unlisted securities was reported at Mitsui & Co. (Hong Kong) Ltd. in the Machinery & Infrastructure Projects Segment, and a remeasurement gain of ¥8.8 billion was recorded in the Energy Segment due to the reclassification of Mitsui Marubeni Liquefied Gas Co., Ltd. from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Energy Corporation. Mitsui Marubeni Liquefied Gas Co., Ltd. changed its name to ENEOS GLOBE Corporation after the merger.

Loss on Write-Down of Securities

Loss on write-downs of securities for the year ended March 31, 2012, was ¥33.5 billion, a deterioration of ¥14.0 billion, or 71.8%, from ¥19.5 billion for the corresponding previous year.
After experiencing a steep fall due to the Great East Japan Earthquake, the Nikkei Stock Average temporarily recovered to the ¥10,000 level in July 2011 on the back of financial support measures by the BOJ and a steady recovery in production in the manufacturing industry following the earthquake disaster. Subsequently, the Nikkei Stock Average began to decline because of the worsening fiscal problem in Europe, disarray in financial markets, and global economic slowdown concerns, falling below the ¥8,200 level in November. However, it began to rise again, underpinned mainly by large-scale liquidity supply measures by the central banks of various countries, including exceptional, large-scale measures taken by the European Central Bank over a long period of time to supply funds as well as continuous monetary easing measures by the BOJ. The Nikkei Stock Average eventually recovered to ¥10,083.56 as of March 31, 2012, compared to ¥9,755.10 as of March 31, 2011 (The above mentioned stock prices are closing prices).

- For the year ended March 31, 2012, the Mineral & Metal Resources Segment recorded an impairment loss of ¥4.1 billion on preferred shares of Valepar S.A., reflecting an other-than-temporary decline related to the foreign exchange translation loss in the investment value of the current portion of the preferred shares. Furthermore, the Consumer Service & IT Segment recorded a ¥4.0 billion impairment loss on shares in Formosa Epitaxy Incorporation (Taiwan), an LED manufacturer. The Machinery & Infrastructure Projects Segment recorded an impairment loss reflecting an other-than-temporary decline in the investment value of an aviation-related stock.
- For the corresponding previous year, the Mineral & Metal Resources Segment recorded an impairment loss of ¥3.1 billion on preferred shares of Valepar S.A. in the same manner.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment—net for the year ended March 31, 2012 was ¥5.7 billion, an increase of ¥5.5 billion from a gain of ¥0.2 billion for the corresponding previous year. The Logistics & Financial Business and the Consumer Service & IT segments recorded a ¥4.5 billion gain on sales of unused land in Japan. Gain on disposal or sales of property and equipment—net for the corresponding previous year consisted of miscellaneous small gains.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the year ended March 31, 2012 was ¥14.0 billion, a decline of ¥4.3 billion, or 23.5%, from ¥18.3 billion for the corresponding previous year.

- Mitsui & Co. Uranium Australia Pty. Ltd. (Australia) in the Energy Segment reported an impairment loss of ¥5.0 billion in mining equipment and mineral rights due to its decision to withdraw from a uranium mine development project in Australia.
- For the corresponding previous year, Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥6.9 billion in mineral rights and mining equipment related to the Honeymoon uranium mine due mainly to a delay in the development schedule. Furthermore, MOEX Offshore 2007 LLC (United States) in the Energy Segment, a subsidiary of Mitsui Oil Exploration Co., Ltd., recorded an impairment loss of mineral rights related to the Mississippi Canyon 252 lease in the Gulf of Mexico.

For more information on impairment losses on long-lived assets, see Note 10, “IMPAIRMENT LOSS ON LONG-LIVED ASSETS.”

Impairment Loss of Goodwill

Impairment loss of goodwill for the year ended March 31, 2012 was ¥4.2 billion, a deterioration of ¥3.6 billion from ¥0.6 billion for the corresponding previous year, which consisted of miscellaneous small impairments.

Settlement of the Oil Spill Incident in the Gulf of Mexico

A loss of ¥88.6 billion for the settlement between Mitsui's subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico was recorded for the corresponding previous year ended March 31, 2011. See the relevant description in Note 28, "THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO" for details.

Other Expense—Net

Other income-net for the year ended March 31, 2012 was an income of ¥7.9 billion, an improvement of ¥15.3 billion from a loss of ¥7.4 billion for the corresponding previous year.

- For the year ended March 31, 2012, Mitsui recorded foreign exchange gains of ¥5.8 billion on commodity derivatives trading activities in the Logistics & Financial Business Segment, which corresponded to related revenues in the same segment. In the Chemical Segment, Shark Bay Salt Pty. Ltd. posted a ¥5.8 billion gain as consideration for releasing a part of the mining lease area to support progress of an LNG project in the vicinity of the salt field. In the Energy Segment, Mitsui Oil Exploration Co., Ltd. recorded foreign exchange gains of ¥3.9 billion. Meanwhile, exploration expenses totaled ¥19.8 billion, including those recorded at oil and gas producing businesses, such as Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty. Limited in the Energy Segment.
- For the corresponding previous year, Mitsui Oil Exploration Co., Ltd. in the Energy Segment reported foreign exchange fluctuation gains of ¥4.7 billion, and in the Mineral & Metal Resources Segment, Mitsui recorded a ¥4.0 billion profit on foreign exchange derivative contracts, intended to reduce exposure to the fluctuating foreign exchange rate at iron ore mining operations. Meanwhile, in the Consumer Service & IT Segment, a loss allowance for an office development business in Japan was recorded by Mitsui, and in the Energy Segment, exploration expenses of ¥16.7 billion were recorded by Mitsui E&P Australia Pty Limited, Mitsui E&P Mozambique Area 1 Limited (United Kingdom), and MOEX Offshore 2007 LLC, which recorded an exploration expense related to the Mississippi Canyon 252 lease in the Gulf of Mexico. The Logistics & Financial Business Segment recorded a foreign exchange loss of ¥8.9 billion on commodity derivatives trading activities, which corresponded to related revenues in the same segment.

For more information on other expense-net, see Note 19, "OTHER (INCOME) EXPENSE—NET."

Income Taxes

Income taxes for the year ended March 31, 2012 were ¥172.6 billion, a decline of ¥31.3 billion, or 15.4%, from ¥203.9 billion for the corresponding previous year (*1).

- "Income before income taxes and equity in earnings" for the year ended March 31, 2012 was ¥413.2 billion (domestic: a ¥68.6 billion loss, foreign: a ¥481.8 billion income), an increase of ¥140.5 billion from ¥272.7 billion (domestic: a ¥31.0 billion loss, foreign: a ¥303.7 billion income) for the corresponding previous year. In response, applicable income taxes also increased. These resulted from an increase in income from overseas operations before income taxes and equity in earnings thanks to rises in prices of iron ore and crude oil on the commodities markets. Loss from domestic operations before income taxes and equity in earnings was still forced to record a loss because of the impact by the continuing economic slump and write-down of securities.
- In addition, we record a ¥7.7 billion valuation allowance against deferred tax assets of the national corporate tax, which we determined are not more likely than not to be realized. We evaluate the realizability based on the estimate of Mitsui and the subsidiaries within the consolidated tax group's future taxable income.
- For the corresponding previous year, we evaluated the recoverability of deferred tax assets pertaining to the loss of ¥88.6 billion for the settlement of the oil spill incident in the Gulf of Mexico, and established valuation allowance for that total amount.
- A ¥26.1 billion one-time positive impact was recorded due to a reduction of the Japanese corporate income tax rate. The reduction of the tax rate will be effective for the fiscal year starting from April 1, 2012.
- For the year ended March 31, 2012, the reversal of deferred tax liabilities related to dividends received from associated companies was approximately ¥25.5 billion, similar to the level for the corresponding previous year (*2).

- A one-time positive impact was caused by enactment of the Australian Mineral Resource Rent Tax Act 2012 in March 2012 which led to the recognition of deferred tax assets (net of valuation allowances) for the operating assets subject to the Mineral Resource Rent Tax (*3).

The effective tax rate on "income before income taxes and equity in earnings" for the year ended March 31, 2012 was 41.8%, a decline of 33.0% from 74.8% for the corresponding previous year.

- Effect of above-mentioned enactment of the Australian Mineral Resource Rent Tax Act 2012 was negative 33.6%.
- Effect of setting up of valuation allowances for deferred tax assets for the year ended March 31, 2012 was 37.5%, an increase of 17.5 percentage points from 20.0% for the corresponding previous year. The main factor was setting up of valuation allowances for deferred tax assets of above-mentioned enactment of the Australian Mineral Resource Rent Tax Act 2012, which was partially offset by the reversal effect of above-mentioned establishment of valuation allowance for the settlement of the oil spill incident in the Gulf of Mexico in the corresponding previous year.
- Effect of above-mentioned reduction of the Japanese corporate income tax rate was negative 6.3%.
- Ratio of tax effect on equity in earnings of associated companies against "income before income taxes and equity in earnings" for the year ended March 31, 2012 was 18.3%, a decrease of 7.5 percentage points from 25.8% for the corresponding previous year.

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

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

(*3) Entities have the option to elect to uplift the tax book values of the assets as of end of May 2010 to the market value, at the induction into the Australian Mineral Resource Rent Tax Act 2012, which can be depreciated over up to 25 years for the taxable income calculation purpose. Our iron ore and coal producing businesses plan to apply the uplift allowance to the operating assets subject to the Mineral Resource Rent Tax. The Mineral Resource Rent Tax is regarded as a kind of corporate income tax and is subject to tax effect accounting. We record deferred tax assets for the difference in the book values for accounting purpose and tax purpose (the present market value based on our best estimation), and apply a valuation allowance for the portion we believe is not more likely than not to be realized.

Equity in Earnings of Associated Companies - Net

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥232.1 billion, a decline of ¥10.0 billion, or 4.1%, from ¥242.1 billion for the corresponding previous year as a result of the following:

- An increase of ¥18.2 billion was recorded at Valepar S.A. (Brazil), reflecting a boost in earnings at its investee, Vale S.A. ("Vale"), mainly due to the increase in iron ore prices, despite the negative effect of foreign exchange. Furthermore, an increase of ¥9.8 billion was recorded at Robe River Mining Co. Pty. Ltd. (Australia), an investment vehicle company for our Australian iron ore mining business, due to an increase in iron ore prices and one-time positive impact caused by enactment of the Australian Mineral Resource Rent Tax Act 2012, which led to the recognition of deferred tax assets (net of valuation allowances), despite the negative effect of foreign exchange and the reversal effect of a sales price adjustment gain recorded for the corresponding previous year. Meanwhile, equity in earnings declined by ¥5.1 billion at Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile, due to a decline in sales volume caused by the collapse of a ship loader facility and production interruption due to adverse weather as well as an increase in operating costs, despite an increase in copper prices.
- Due to a decline in share price, impairment losses on investments of ¥33.1 billion in total, including ¥18.3 billion for TPV Technology Limited (Taiwan), ¥6.7 billion for Moshi Moshi Hotline, Inc. (Japan)

and ¥6.0 billion for Nihon Unisys, Ltd. (Japan), were recorded in equity earnings of associated companies-net. In addition to the impairment loss on investment in Nihon Unisys, Ltd., equity in losses were recorded mainly due to the recognition of valuation allowances for its deferred tax assets.

- For the corresponding previous year, an impairment loss on investment in the Nibancho Center Building Project, a real estate business, was reported.

Net Income before Attribution of Noncontrolling Interests

As a result of the above factors, net income before attribution of noncontrolling interests for the year ended March 31, 2012 was ¥472.7 billion, an increase of ¥161.8 billion, or 52.0%, from ¥310.9 billion for the corresponding previous year.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the year ended March 31, 2012 was ¥38.2 billion, an increase of ¥33.9 billion from ¥4.3 billion for the corresponding previous year. Mitsui Oil Exploration Co., Ltd., which recorded the settlement of the oil spill incident in the Gulf of Mexico for the corresponding previous year, reported a deterioration of ¥32.1 billion in net income attributable to noncontrolling interests due to an increase in net income before attribution of noncontrolling interests.

Net Income Attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥434.5 billion, an increase of ¥127.8 billion, or 41.7%, from ¥306.7 billion for the corresponding previous year.

2) Operating Results by Operating Segment

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

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

During the year ended March 31, 2012, we have changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate the regional business strategy. Effective April 1, 2011, the business units of the head office oversee operations in China, Taiwan, Korea and CIS. Information relating to the companies in the above areas is included in the operating segment information of the related business units. In accordance with this change, the operating segment information for the year ended March 31, 2011 has been restated to conform to the current year presentation.

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

Our operating segment information for revenue, gross profit, operating income (loss), equity in earnings (losses) of associated companies and net income (loss) attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 and the corresponding previous year is as follows:

Operating Segment Information

Revenues

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 189.3	¥ 187.8	¥ 1.5
Mineral & Metal Resources	567.7	495.4	72.3
Machinery & Infrastructure Projects	312.6	295.9	16.7
Chemical	789.3	890.3	(101.0)
Energy	1,730.0	1,400.6	329.4
Foods & Retail	720.8	581.5	139.3
Consumer Service & IT	152.4	147.7	4.7
Logistics & Financial Business	73.6	67.7	5.9
Americas	529.1	396.8	132.3
Europe, the Middle East and Africa	119.5	136.8	(17.3)
Asia Pacific	65.1	76.7	(11.6)
Total	5,249.4	4,677.2	572.2
All Other	2.2	2.1	0.1
Adjustments and Eliminations	0.0	0.1	(0.1)
Consolidated Total	¥ 5,251.6	¥ 4,679.4	¥ 572.2

Gross Profit

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 42.8	¥ 44.0	¥ (1.2)
Mineral & Metal Resources	194.8	187.4	7.4
Machinery & Infrastructure Projects	94.0	93.9	0.1
Chemical	65.2	71.6	(6.4)
Energy	219.1	196.7	22.4
Foods & Retail	90.7	77.4	13.3
Consumer Service & IT	47.5	46.8	0.7
Logistics & Financial Business	27.2	29.8	(2.6)
Americas	75.6	76.4	(0.8)
Europe, the Middle East and Africa	18.2	17.8	0.4
Asia Pacific	11.7	15.9	(4.2)
Total	886.8	857.7	29.1
All Other	0.7	0.9	(0.2)
Adjustments and Eliminations	(9.2)	0.6	(9.8)
Consolidated Total	¥ 878.3	¥ 859.2	¥ 19.1

Operating Income (Loss)

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 9.6	¥ 10.8	¥ (1.2)
Mineral & Metal Resources	173.1	169.2	3.9
Machinery & Infrastructure Projects	(8.2)	7.2	(15.4)
Chemical	10.3	21.0	(10.7)
Energy	173.5	139.4	34.1
Foods & Retail	18.2	11.2	7.0
Consumer Service & IT	(17.0)	(10.9)	(6.1)
Logistics & Financial Business	(10.7)	0.2	(10.9)
Americas	24.3	22.6	1.7
Europe, the Middle East and Africa	(0.7)	1.5	(2.2)
Asia Pacific	(4.2)	0.0	(4.2)
Total	368.2	372.2	(4.0)
All Other	(5.2)	(5.2)	0.0
Adjustments and Eliminations	(14.6)	(50.0)	35.4
Consolidated Total	¥ 348.4	¥ 317.0	¥ 31.4

Equity in Earnings (Losses) of Associated Companies—Net

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 4.0	¥ 4.5	¥ (0.5)
Mineral & Metal Resources	131.2	120.5	10.7
Machinery & Infrastructure Projects	38.0	33.1	4.9
Chemical	6.7	3.7	3.0
Energy	53.9	52.4	1.5
Foods & Retail	3.4	1.3	2.1
Consumer Service & IT	(20.3)	7.9	(28.2)
Logistics & Financial Business	5.8	7.0	(1.2)
Americas	4.3	6.6	(2.3)
Europe, the Middle East and Africa	0.5	0.0	0.5
Asia Pacific	4.7	3.9	0.8
Total	232.2	240.9	(8.7)
All Other	-	-	-
Adjustments and Eliminations	(0.1)	1.2	(1.3)
Consolidated Total	¥ 232.1	¥ 242.1	¥ (10.0)

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

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 9.5	¥ 8.3	¥ 1.2
Mineral & Metal Resources	201.3	167.5	33.8
Machinery & Infrastructure Projects	17.7	40.1	(22.4)
Chemical	9.1	12.8	(3.7)
Energy	188.1	56.6	131.5
Foods & Retail	15.5	2.8	12.7
Consumer Service & IT	(35.5)	3.9	(39.4)
Logistics & Financial Business	4.8	(0.7)	5.5
Americas	16.4	15.9	0.5
Europe, the Middle East and Africa	1.2	0.1	1.1
Asia Pacific	49.2	40.4	8.8
Total	477.3	347.7	129.6
All Other	2.2	3.6	(1.4)
Adjustments and Eliminations	(45.0)	(44.6)	(0.4)
Consolidated Total	¥ 434.5	¥ 306.7	¥ 127.8

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

Iron & Steel Products Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 189.3	¥ 187.8	¥ 1.5
Gross Profit	42.8	44.0	(1.2)
Operating Income	9.6	10.8	(1.2)
Equity in Earnings of Associated Companies - Net	4.0	4.5	(0.5)
Net Income attributable to Mitsui & Co., Ltd.	9.5	8.3	1.2

Revenues for the year ended March 31, 2012 were ¥189.3 billion, an increase of ¥1.5 billion from ¥187.8 billion for the corresponding previous year, mainly due to an increase in export sales volume of rails to Russia.

Gross profit for the year ended March 31, 2012 was ¥42.8 billion, a decline of ¥1.2 billion from ¥44.0 billion for the corresponding previous year. An increase in export sales of tubular products was more than offset by negative effects, such as weaker demand in emerging markets including Asia, sluggish domestic sales for construction and weakening price competitiveness of Japanese steel products for export sales caused by the appreciation in Japanese yen against the U.S. dollar.

Operating income for the year ended March 31, 2012 was ¥9.6 billion, a decline of ¥1.2 billion from ¥10.8 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥4.0 billion, a decline of ¥0.5 billion from ¥4.5 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥9.5 billion, an increase of ¥1.2 billion from ¥8.3 billion for the corresponding previous year.

Mineral & Metal Resources Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 567.7	¥ 495.4	¥ 72.3
Gross Profit	194.8	187.4	7.4
Operating Income	173.1	169.2	3.9
Equity in Earnings of Associated Companies - Net	131.2	120.5	10.7
Net Income attributable to Mitsui & Co., Ltd.	201.3	167.5	33.8

Revenues for the year ended March 31, 2012 were ¥567.7 billion, an increase of ¥72.3 billion from ¥495.4 billion for the corresponding previous year. The main factor contributing to the increase was the increase in iron ore prices. Led by increases in demand in China, spot prices crept up from July 2010 and peaked in February 2011. Followed by a correction in the market, prices dropped sharply from the middle of September 2011 and bottomed out at the end of October 2011.
The majority of contract prices applied for products sold during the year ended March 31, 2012 was based on a daily average of spot reference prices during the twelve-month period starting from December 1, 2010 through November 30, 2011, and were accordingly settled at levels higher than the corresponding previous year. However, starting from the three-month period ended December 31, 2011, a certain portion of contracts has shifted to pricing that reflects current spot reference prices, such as a daily average of spot reference prices for the corresponding quarter of the shipment month and a daily average of spot reference prices for the shipment month. Consequently, the increases in revenues recorded by Mitsui-Itochu Iron Pty. Ltd. and Mitsui Iron Ore Development Pty. Ltd. were ¥12.4 billion and ¥13.3 billion, respectively.
Furthermore, reflecting increases in sales volume of the import business for domestic smelters and offshore business for Chinese smelters and traders as well as higher copper prices, the copper trading business at Mitsui reported an increase of ¥34.2 billion.

Gross profit for the year ended March 31, 2012 was ¥194.8 billion, an increase of ¥7.4 billion from ¥187.4 billion for the corresponding previous year. The main factor contributing to the increase was the increase in iron ore prices. Mitsui-Itochu Iron Pty. Ltd. recorded an increase of ¥6.6 billion in gross profit, due to increases in iron ore prices and sales volume, despite the negative effect of foreign exchange. Mitsui Iron Ore Development Pty. Ltd. also reported an increase of ¥3.2 billion reflecting the rise in iron ore prices, which was partially offset by the negative effect of foreign exchange and the reversal effect of a sales price adjustment gain for the corresponding previous year.

Operating income for the year ended March 31, 2012 was ¥173.1 billion, an increase of ¥3.9 billion from ¥169.2 billion for the corresponding previous year. The increase in gross profit was partially offset by an increase in selling, general and administrative expenses.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥131.2 billion, an increase of ¥10.7 billion from ¥120.5 billion for the corresponding previous year. Major factors were as follows:

- Valepar S.A. posted earnings of ¥75.1 billion, a substantial increase of ¥18.2 billion from ¥56.9 billion for the corresponding previous year, reflecting an increase in earnings at Vale S.A. mainly due to an increase in prices of iron ore, despite the negative effect of foreign exchange. As the fiscal year of Valepar S.A. commences on January 1 and ends on December 31 of each year, we recognize their profit and loss with a three-month time lag.
- Earnings at Robe River Mining Co. Pty. Ltd. were ¥49.0 billion, an increase of ¥9.8 billion from ¥39.2 billion for the corresponding previous year, due to an increase in iron ore prices and one-time positive impact caused by enactment of the Australian Mineral Resource Rent Tax Act 2012 in March 2012, which led to recognition of deferred tax assets (net of valuation allowances) for the operating assets subject to the Mineral Resource Rent Tax. It was partially offset by the negative effect of foreign exchange and the reversal effect of a sales price adjustment gain for the corresponding previous year.
- The scrap metal recycling business in which Mitsui Raw Materials Development Pty. Limited (Australia) invests, recorded losses of ¥6.2 billion, a decline of ¥8.1 billion from equity in earnings of ¥1.9 billion for the corresponding previous year, due to a ¥8.8 billion impairment loss on goodwill,

mainly related to its North America operations.

- SUMIC Nickel Netherlands B.V. (Netherlands) reported a decline in equity in earnings of associated companies due to an increase in income tax recorded at its investee, a nickel smelter in New Caledonia.
- Compañía Minera Doña Inés de Collahuasi SCM recorded earnings of ¥14.4 billion, a decline of ¥5.1 billion from ¥19.5 billion for the corresponding previous year. The increase in copper prices was offset by a decline in sales volume caused by the collapse of a ship loader facility and production interruption due to adverse weather as well as an increase in operating costs.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥201.3 billion, a substantial increase of ¥33.8 billion from ¥167.5 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Australian iron ore operations recorded a one-time positive impact of ¥18.1 billion in income taxes caused by enactment of the Australian Mineral Resource Rent Tax Act 2012, which included the positive impact Robe River Mining Co. Pty. Ltd. recorded in equity in earnings of associated companies (including tax effect on undistributed retained earnings.)
- A ¥11.9 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥9.5 billion from the corresponding previous year.
- For other income, gains on foreign exchange derivative contracts, recorded at Mitsui, intended to reduce exposure to the fluctuating foreign exchange rate at iron ore producing businesses in Australia were ¥0.7 billion, a ¥3.3 billion decline from ¥4.0 billion for the corresponding previous year. Furthermore, foreign exchange gains and losses related to borrowings denominated in the U.S. dollars at Mitsui Raw Materials Development Pty. Limited deteriorated by ¥2.1 billion from the corresponding previous year.

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

- Short-Term Pricing and Supply-Demand Balance

Due to the economic slowdown triggered by the financial crisis in fall 2008, crude steel production in the world rapidly declined, and as a result, iron ore producers were forced to adjust their shipments and productions as well as some of their expansion plans in response to the decreased demand.

Reflecting such imbalance between supply and demand, Australian iron ore producers settled iron ore contracts for the year ended March 31, 2010 with major iron ore consumers in Asian countries such as Japan, Korea and Taiwan with price reductions of 32.9% for fine ore and 44.5% for lump ore from the prices for the year ended March 31, 2009. Subsequently, a major Brazilian iron ore producer also concluded negotiations with main iron ore consumers, such as those of Japan, Korea and Europe, with price reductions of 28.2% for fine ore, 44.5% for lump ore from the prices for the year ended March 31, 2009. Negotiation of iron ore prices under annual contracts for China was not settled for the year ended March 31, 2010, but the prices at same level as the prices applicable for customers other than China were used for annual contracts while spot contracts gained more share in China compared with the year ended March 31, 2009.
Reflecting the expansion of the spot market, a structural change in iron ore pricing has been seen from annual contract pricing to more diversified contract pricing methods with a closer link to spot reference prices. Sales during the year ended March 31, 2011 were carried out mainly using short-term index linked pricing, which was applicable to short-term transactions such as quarterly. Starting from the three-month period ended December 31, 2011, a certain portion of contracts has shifted to pricing that reflects current spot reference prices, such as a daily average of spot reference price for the shipment month.

Crude steel production of China, which once decelerated due to the economic downturn, showed a recovery after March 2009, and crude steel production in 2009, 2010, and 2011 showed an increasing trend of 580 million tons, 640 million tons, and 680 million tons respectively. However, growth rate of crude steel production of China started to slow down on year on year basis from end of 2011. The spot price (Fe62% CFR China) reached a peak of US$182/ton in April 2010, and then declined to the US$114/ton in mid-July 2010. Thereafter, prices turned upward against the backdrop of strong demand centered on China, and the spot price reached US$190/ton in February 2011. In September 2011, the spot price dropped sharply and bottomed out at US$118/ton in the end of October 2011. Followed by a correction in the market, spot price as of May 31 was US$136/ton.

Fluctuations in iron ore prices directly affect revenues from the equity-based production at our iron ore subsidiaries and associated companies. For the year ending March 31, 2013, we estimate that the impact on consolidated net income (attributable to Mitsui & Co., Ltd.) from a change of US$1 per ton in iron ore price would be approximately ¥1.9 billion.

For the year ended March 31, 2012, the equity-based shipments of our overseas subsidiaries and associated companies amounted to 45.8 million tons of iron ore. The above-mentioned effect is calculated based on the assumptions of an estimated increase or decrease in production in the year ending March 31, 2013, in line with our holdings after the year ended March 31, 2012, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. In the currencies of natural resource producing countries such as the Australian dollar and Brazilian real, there is a general trend toward currency movements in line with the market prices for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

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

Although the demand for iron ore temporary decreased due to the contraction of activity and trade provoked by the dramatic escalation of the financial crisis, it turned to increasing trend from 2010. Despite of the facts that China has seen some slowdown in its crude steel production from end of 2011, iron ore demand in developing countries including China is expected to glow in the mid- and long-term basis led by strong steel demand in developing countries. In order to respond to such increasing demand, we are investing to expand iron ore production capacity. As of March 31, 2012, noteworthy developments in iron ore projects in which we hold stakes are as follows: (Unless otherwise noted, production amounts represent a 100% basis.)

• Our iron ore mining joint ventures led by the BHP Billiton group are following a gradual expansion plan. An expansion plan to increase annual production capacity from 129 million tons to 155 million tons was completed in December 2009 and shipments have started. In March 2011, joint venture members approved a plan which, in addition to the expansion of railways, ports, and existing mines in parallel with the current construction, involves additions to loading equipment at ports, development of iron ore blending equipment and existing mines (mines in which BHP Billiton holds a 100% share), and expands installed capacity to more than 220 million tons.
  And pre-commitment funding was approved in February 2012 for the outer harbor facility associated with the Western Australia iron ore operation. The decision is in relation to the expansion project to increase the installed annual port capacity by 100 million tons which led the total capacity to more than 320 million tons through the construction of outer harbor shipment facilities at Port Hedland and landside infrastructures including stockyards and a rail spur.

• In the iron ore mining joint venture led by the Rio Tinto Group, the joint venture members agreed to a plan in December 2010 to add 53 million tons to the existing 80 million tons of installed capacity at Cape Lambert Port in Western Australia, bringing its total installed capacity to 133 million tons. Regarding production capacity, the joint venture decided to develop the Mesa A mine in the Pilbara region of Western Australia, and the new mine made its first commercial shipment in March 2010. The mine has a full scale capacity of 25 million tons per annum, and along with the existing Mesa J mine, total production capacity is maintained at 32 million tons per annum.

As there are too many uncertainties including demand from China and other emerging countries, it is difficult for our management to draw up definitive forecasts on supply-demand balance and prices. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

Machinery & Infrastructure Projects Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 312.6	¥ 295.9	¥ 16.7
Gross Profit	94.0	93.9	0.1
Operating Income (Loss)	(8.2)	7.2	(15.4)
Equity in Earnings of Associated Companies - Net	38.0	33.1	4.9
Net Income attributable to Mitsui & Co., Ltd.	17.7	40.1	(22.4)

Revenues for the year ended March 31, 2012 were ¥312.6 billion, an increase of ¥16.7 billion from ¥295.9 billion for the corresponding previous year. Major factors are as follows:

- The Infrastructure Projects Business Unit reported a decline of ¥31.7 billion in revenues due mainly to the reclassification of MT Falcon Holdings Company, S.A.P.I. de C.V., a holding company of natural-gas-fired power stations in Mexico, from a subsidiary to an associated company in the year ended March 31, 2011.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥29.7 billion in revenues. Mining and construction machinery-related businesses in Americas posted an increase due to a growth in demand mainly for mining machinery. Furthermore, automotive-related businesses in South America recorded a solid performance reflecting strong sales.
- The Marine & Aerospace Business Unit reported an increase of ¥18.8 billion in revenues due mainly to an increase in import sales volume of helicopters in Mitsui Bussan Aerospace Co., Ltd.

Gross profit for the year ended March 31, 2012 was ¥94.0 billion, an increase of ¥0.1 billion from ¥93.9 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥2.3 billion in gross profit due to the reclassification of a brine electrolyzer manufacturing company and MT Falcon Holdings Company, S.A.P.I. de C.V. from subsidiaries to associated companies in the previous year ended March 31, 2011, despite an increase in gross profit at the power plant-related business.
- The Motor Vehicles Business Unit reported an increase of ¥7.4 billion in gross profit, reflecting the increase in revenues.
- The Marine & Aerospace Business Unit reported a decline of ¥5.2 billion in gross profit due to the recognition of a loss allowance for vessels under construction reflecting the stagnancy of maritime markets other than the LNG vessels market.

Operating loss for the year ended March 31, 2012 was ¥8.2 billion, a deterioration of ¥15.4 billion from ¥7.2 billion operating income for the corresponding previous year. The Motor Vehicles & Construction Machinery Business Unit reported an increase in selling, general and administrative expenses reflecting the increase in gross profit and PT. Bussan Auto Finance reported an increase in the provision for doubtful receivables due to the increase in loan receivables and higher allowances for past-due loan receivables. Furthermore, the deterioration of operating loss was also attributable to recording the receipt of intragroup service fees in “other income-net,” which were previously recorded in “revenues.”

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥38.0 billion, an increase of ¥4.9 billion from ¥33.1 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥3.2 billion from the corresponding previous year. Overseas power producers, such as IPM (UK) Power Holdings Limited (Gibraltar), IPM Eagle LLP (United Kingdom) and P.T. Paiton Energy (Indonesia), reported equity in earnings of ¥12.3 billion in total, a decline of ¥1.1 billion from ¥13.4 billion for the corresponding previous year. The spread declined reflecting the decrease in power prices at some power generation units. Meanwhile, mainly due to the rise in gas prices in the U.K., mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, improved by ¥1.2 billion to a gain of ¥0.1 billion from a loss of ¥1.1 billion for the corresponding previous year.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥4.3 billion from

the corresponding previous year. Mining and construction machinery-related business in Australia achieved a solid performance reflecting strong demand. Automotive-related businesses in North America also recorded an increase.
- The Marine & Aerospace Business Unit reported an increase of ¥3.7 billion from the corresponding previous year. The main cause of the increase was the gain on reversal of a loss allowance at the LNG vessels chartering business due to market recovery.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥17.7 billion, a decline of ¥22.4 billion from ¥40.1 billion for the corresponding previous year. In addition to the above factors, there are the following factors:

- Due to the reclassification of MT Falcon Holdings Company S.A.P.I. de C.V. from subsidiary to associated company as a result of divestiture of its 30% interests out of 70%, a remeasurement gain on the remaining 40% interests and a gain on sales of the 30% interests were recorded as a gain on sales of securities for the corresponding previous year. Furthermore, Mitsui & Co. (Hong Kong) Ltd. reported a gain of ¥9.1 billion on divestiture of unlisted securities for the corresponding previous year.
- A ¥4.0 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- Reflecting an other-than-temporary decline in the investment value of an aviation-related stock, an impairment loss was recorded for the year ended March 31, 2012.

Chemical Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 789.3	¥ 890.3	¥ (101.0)
Gross Profit	65.2	71.6	(6.4)
Operating Income	10.3	21.0	(10.7)
Equity in Earnings of Associated Companies - Net	6.7	3.7	3.0
Net Income attributable to Mitsui & Co., Ltd.	9.1	12.8	(3.7)

Revenues for the year ended March 31, 2012 were ¥789.3 billion, a decline of ¥101.0 billion from ¥890.3 billion for the corresponding previous year. Major factors are as follows:

- The Basic Chemicals Business Unit reported a decline of ¥116.8 billion in revenues mainly due to underperforming trading activities in petrochemical intermediate materials and deteriorating market conditions.
- The Performance Chemicals Business Unit reported an increase of ¥15.7 billion in revenues mainly due to a run-up in prices of ammonia and sulphur.

Gross profit for the year ended March 31, 2012 was ¥65.2 billion, a decline of ¥6.4 billion from ¥71.6 billion for the corresponding previous year. Major factors are as follows:

- The Basic Chemicals Business Unit reported a decline of ¥6.5 billion in gross profit. This was mainly due to underperforming trading activities in petrochemical intermediate materials, as well as a decline in sales prices and volume at Shark Bay Salt Pty. Ltd., a salt manufacturing company.
- The Performance Chemicals Business Unit reported an increase of ¥0.1 billion in gross profit. Despite underperforming trading activities in fertilizer materials, P.T. Kaltim Pasifik Amoniak (Indonesia), an ammonia manufacturing and marketing joint venture, recorded an increase due to higher prices of ammonia.

Operating income for the year ended March 31, 2012 was ¥10.3 billion, a decline of ¥10.7 billion from ¥21.0 billion for the corresponding previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥6.7 billion, an increase of ¥3.0 billion from ¥3.7 billion for the corresponding previous year. Compania Minera Miski Mayo S.R.L. (Peru), a phosphorus ore mining and sales company in which Mitsui Bussan Fertilizer Resources B.V. (Netherland) invests, contributed to the increase due to the production commencing in the three-month period ended December 2010.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥9.1 billion, a decrease of ¥3.7 billion from ¥12.8 billion for the corresponding previous year.
In addition to the above-mentioned factors, Shark Bay Salt Pty. Ltd. recorded a gain of ¥5.8 billion in other income-net as consideration for releasing a part of the mining lease area to support progress of an LNG project in the vicinity of the salt field, which was partly offset by its impairment loss of goodwill for the year ended March 31, 2012.

Energy Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 1,730.0	¥ 1,400.6	¥ 329.4
Gross Profit	219.1	196.7	22.4
Operating Income	173.5	139.4	34.1
Equity in Earnings of Associated Companies - Net	53.9	52.4	1.5
Net Income attributable to Mitsui & Co., Ltd.	188.1	56.6	131.5

Oil prices (ICE Brent Crude Futures) remained firm in April 2011 due to moderate recovery of the global economy and reached a level of above US$125 per barrel. However, it then started declining in response to the slower recovery in the advanced economies as well as an outflow of speculative funds caused by the volatile financial market. After reaching a bottom of around US$100 per barrel in October, the Brent started to rise again due to concerns of geopolitical risks such as those related to Iran, and during the January to March 2012 period it traded in the range of approximately US$110-126 per barrel.
Reflecting such price movements, Japan Crude Cocktail (JCC) remained in the range of US$110-122 per barrel during the year ended March 31, 2012, compared to a steep increase from the US$70-80 per barrel range to above US$100 per barrel in the corresponding previous year.
The JCC price trend is generally reflected in the net income of our overseas oil and gas producing subsidiaries and associated companies in this segment with a zero to six-month time lag. Considering these time lags, Mitsui periodically calculates the weighted average JCC price applied to the operating results of those oil and gas producing subsidiaries and associated companies for internal review purposes. The weighted average JCC prices for the year ended March 31, 2012 and 2011 were US$108 per barrel and US$80 per barrel, respectively.

Revenues for the year ended March 31, 2012 were ¥1,730.0 billion, an increase of ¥329.4 billion from ¥1,400.6 billion for the corresponding previous year. Major factors are as follows:

- Due to an increase in sales volume and higher petroleum prices, the petroleum trading business reported an increase of ¥91.1 billion in revenues. Westport Petroleum, Inc. (United States) and Mitsui Oil Co., Ltd. reported increases of ¥139.2 billion and ¥35.6 billion in revenues, respectively. Mitsui Oil (Asia) Hong Kong Limited (Hong Kong, China) and Mitsui & Co. Energy Trading Singapore Pte. Ltd. also reported increases.
- ENEOS GLOBE Corporation (Japan) recorded a decline of ¥117.2 billion due to its reclassification from subsidiary to associated company in the previous year ended March 31, 2011.

Gross profit for the year ended March 31, 2012 was ¥219.1 billion, an increase of ¥22.4 billion from ¥196.7 billion for the corresponding previous year primarily due to the following factors:

- Due to higher oil prices, Mitsui E&P Middle East B.V., Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited reported increases of ¥12.1 billion, ¥11.5 billion and ¥7.8 billion respectively, while Mitsui E&P USA LLC reported a decline of ¥3.6 billion due to an increase in depreciation costs associated with the progress in development of shale gas resources.

- Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥7.1 billion, mainly due to increased production and higher coal prices. The quarterly prices applicable to typical Australian premium hard coking coal for the three-month periods ended June 30, 2011, September 30, 2011 and December 31, 2011 increased by approximately 65%, 40% and 35% respectively from the quarterly prices of US$200, US$225 and US$209 per ton FOB for the corresponding three-month periods of the previous year, while the quarterly price of US$225 per ton FOB for the three-month period ended March 31, 2012 did not change from the corresponding three-month period of the previous year. At the same time, annual thermal coal prices increased by around 33% from the annual contract price of US$97-98 per ton FOB applicable for the corresponding previous year.
- An increase in gross profit in petroleum trading activities was recorded at Mitsui due to increased trading volumes and a recovery in market conditions, while Mitsui Oil Co., Ltd. reported a decline of ¥5.7 billion in gross profit due to worsening margins and Westport Petroleum, Inc. reported a decline of ¥3.5 billion due to reduced heavy oil demand and deteriorating market conditions triggered by a warm winter in the United States. Furthermore, a decline of ¥18.4 billion in gross profit was recorded due to reclassification of ENEOS GLOBE Corporation from subsidiary to associated company as a result of its merger with the LPG business of JX Nippon Oil & Energy Corporation.

Operating income for the year ended March 31, 2012 was ¥173.5 billion, an increase of ¥34.1 billion from ¥139.4 billion for the corresponding previous year. Selling, general and administrative expenses related to ENEOS GLOBE Corporation declined by ¥16.4 billion due to its reclassification as associated company.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥53.9 billion, an increase of ¥1.5 billion from ¥52.4 billion for the corresponding previous year. Due to the fact that the positive impact of higher oil-linked LNG prices was offset by negative factors, such as the effect of foreign exchange and reduced production, Japan Australia LNG (MIMI) Pty. Ltd. (Australia) reported earnings equivalent to the level for the corresponding previous year. Kyokuto Petroleum Industries, Ltd. (Japan) reported a decline of ¥3.8 billion due to an increase in its cost to sales ratio.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥188.1 billion, a significant increase of ¥131.5 billion from ¥56.6 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥68.6 billion in total, an increase of ¥37.6 billion from the corresponding previous year, reflecting higher oil-linked LNG prices, dividends coming in from the Sakhalin II project recognized starting from the three-month period ended December 31, 2010, as well as receipt of dividends from the Qatargas 3 project starting from the three-month period ended June 30, 2011.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution declined by approximately ¥6.0 billion from the corresponding previous year.
- A ¥5.1 billion one-time positive impact was recorded on income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact included the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the year ended March 31, 2012, Mitsui Oil Exploration Co., Ltd. recorded foreign exchange gains of ¥3.9 billion, while exploration expenses of ¥18.9 billion were recorded in other income-net, including those recorded by Mitsui E&P Australia Pty Limited and Mitsui Oil Exploration Co., Ltd. For the corresponding previous year, Mitsui Oil Exploration Co., Ltd. recorded foreign exchange gains of ¥4.7 billion, while exploration expenses totaled ¥16.3 billion including those recorded by Mitsui E&P Australia Pty Limited and Mitsui E&P Mozambique Area 1 Limited, as well as those related to the Mississippi Canyon 252 lease in the Gulf of Mexico, recorded by MOEX Offshore 2007 LLC.
- For the year ended March 31, 2012, Mitsui as well as Mitsui Oil Exploration Co., Ltd. recorded gains of ¥8.4 billion in total on the sale of listed security in INPEX CORPORATION. For the corresponding previous year, a remeasurement gain of ¥8.8 billion was recorded due to the reclassification of ENEOS GLOBE Corporation from subsidiary to associated company.
- Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥5.0 billion in mining equipment and mineral rights due to its decision to withdraw from a uranium mine development project in Australia, while at the same time a ¥4.0 billion positive impact was recorded on income taxes due to the recording of deferred tax assets. For the corresponding previous year, Mitsui & Co. Uranium Australia Pty. Ltd. reported an impairment loss of ¥6.9 billion in fixed assets related to the Honeymoon uranium mine due mainly to a delay in the development schedule.

- For the corresponding previous year, Mitsui Oil Co., Ltd. recorded an impairment loss of ¥4.0 billion on distribution facilities reflecting changes in the business environment in Japan, while MOEX Offshore 2007 LLC recorded an impairment loss on mineral rights related to the Mississippi Canyon 252 lease in the Gulf of Mexico.
- For the corresponding previous year, a loss of ¥88.6 billion was recorded for the settlement between Mitsui's subsidiaries and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico. Due mainly to this reason, net income attributable to noncontrolling interests increased by ¥32.1 billion at Mitsui Oil Exploration Co., Ltd.

See the relevant description in Note 28, "THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO" for details.

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

- Short-Term Pricing and Supply-Demand Balance

  A report by the International Energy Agency (published April 2012) indicated that world crude oil demand in 2011 calendar year was 89.1 million barrels per day, with an estimated demand for 2012 calendar year of 89.9 million barrels per day. As of June 2012, general observations on short-term supply-demand balance of crude oil by agencies and corporations in this industry suggest that:

  - After hitting the bottom in April to June 2009, world crude oil demand is expected to continue to rise in 2012 against the backdrop of rising demand in developing countries. On the other hand, world crude oil supply is also expected to increase. Accordingly, the increase in demand and increase in supply offset each other, and it is predicted there will be no drastic change in the balance of supply and demand.
  - The price of crude oil (WTI), which had fallen nearly as far as US$30 per barrel in February 2009 due to the influence of credit contraction and economic recession, turned upward on expectations of an economic recovery based on the penetration of economic stimulus and financial market stability measures by various governments and an influx of speculative funds, and in March 2010, it rose to the US$80 per barrel range. Thereafter, fears of defaults on debt by Southern European countries such as Greece surfaced, and the price of crude oil at one point fell below the US$70 per barrel mark as a result of capital fleeing away from risky assets. However, with the capital influx related to depreciation of the US dollar, in addition to the underlying support of increasing demand as a result of economic recovery, in December 2010, the price of crude recovered to US$90 per barrel. Furthermore, crude prices soared higher due to the developing tense situation associated with democratic movements in the Middle East and Africa and exceeded US$110 per barrel in April 2011. Going into May 2011, crude oil prices went through a correction phase reflecting appreciation of the US dollar against the euro related to worsening financial problems in several Southern European countries, and the opinion that economic recovery will be delayed by the weakness of the US labor market. In September 2011 crude oil prices fell below US$80 per barrel, however it started to rise again due to concerns on geopolitical risks such as those related to Iran, and in February 2012 it reached the peak at around US$110 per barrel. Thereafter, crude oil prices traded in the range of US$100 – 110 per barrel until April 2012, but in May 2012 it turned to a decline once again due to the worsening financial situation in Europe as well as concerns on slowing down in growth rates in the emerging economies such as China. As of June 13, 2012, crude oil is trading in the range of US$83 per barrel.
  - In addition to supply and demand factors, the aforementioned political situation in the Middle East and Africa as well as Southern European countries' credit concerns are factors that potentially contribute to the risk-aversive outflow of speculative capital and may influence the price of crude oil in the short term.
  - In LNG movements, amid a rising trend in LNG demand in countries like Korea and Taiwan due to an Asian economic recovery as well as in developing countries, LNG demand increased as a result of the operational shutdown of nuclear power plants due to the Great East Japan Earthquake in March 2011, and the spot price of LNG to Asia rose more than 40% from its pre-earthquake levels. Although the LNG prices are expected to remain higher, compared to those of European and North American natural gas, considering the electricity saving efforts and the sufficient supply capability primarily in Qatar, the price rise would be limited.

  According to the U.S. Securities and Exchange Commission standards, our equity production amount of oil and gas for the year ended March 31, 2011 was 57 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil; includes 7 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion), and equity production for the year ended March 31, 2012 was 57 million barrels (includes 8 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion).

For the year ending March 31, 2013, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥1.2 billion on net income attributable to Mitsui & Co., Ltd. as a result of changes in revenues of our oil and gas related subsidiaries and associated companies. Similar to the discussion regarding iron and steel raw materials, actual results of operations are also influenced by production costs, trends in foreign exchange rates and other factors surrounding those subsidiaries and associated companies.

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

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

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

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

- Short-Term Pricing and Supply-Demand Balance

As is the case with the iron ore business, coal (metallurgical coal) producing joint venture businesses in Australia in which we participate together with major foreign mineral resources companies conclude long term sales contracts with Japanese steel manufacturers and major clients in other countries. Previously, the sales price of metallurgical coal was re-negotiated every year. However, the diversification of formats to determine price, such as quarterly pricing mechanism, to year-long fixed prices, has progressed originating from a proposal by major suppliers of metallurgical coal in Australia, who wanted to increase transparency in deciding prices and compatibility with market prices, to each iron and steel manufacturer to move towards a format which re-negotiates prices each quarter. For the year ended March 31, 2010, the annual prices of coal declined sharply compared to the year ended March 31, 2009, reflecting reduced demand stemming from curtailment of production by steel manufacturers, especially in developed countries, owning to economic recession. Unit prices for coal from each mine in production vary according to respective grades and types, but generally, metallurgical coal prices declined approximately 60% from the year ended March 31, 2009. However, entering the year ended March 31, 2010, because China steeply increased its imports of metallurgical coal, the supply-demand balance of metallurgical coal was tight owning to increased demand for coal in the last half of the period. Moreover, record-setting heavy rain and cyclones in Queensland, Australia from January to March 2010 had a negative impact on operations and production facilities, and the crunch in the supply-demand balance increased. Reflecting these supply and demand conditions, price negotiations were settled with an increase in coal prices. Agreed prices for representative premium hard coking coal for the three month period ended June 30, 2010, which was reflected in our business results for the year ended March 31, 2011, increased by approximately 60% from US$128/MT for the year ended March 31, 2010. In December 2010, continuous heavy rain, and from late December, successive cyclones occurred, causing historic flood damage to Queensland, Australia. A number of coal mines, especially open-pit mines, declared the situation force majeure. As a result, the supply-demand balance tightened, and prices for representative premium hard coking coal for the three month period ended June 30, 2011, which will be reflected in our business results for the year ending March 31, 2012, were reportedly settled with some of Japanese iron and steel manufacturers at US$330/MT. Thereafter, while the production level at coal mines continued to recover from the effect of floods, steel demand fell due to the sluggish European economy as well as the impact of floods in Thailand, which caused a sense of oversupply in the coal market. The quarterly prices for coal turned to a declining trend and prices for representative premium hard coking coal for the three month period ended June 30, 2012, which will be reflected in our business results for the year ending March 31, 2013, were reportedly settled with some of Japanese iron and steel manufacturers at US$210/MT.

Prices for representative thermal coal also decreased by 40% for the year ended March 31, 2010 compared to the year ended March 31, 2009, reflecting a decline in oil prices as well as decreased demand for electricity due to the economic slowdown. Entering the year ended March 31, 2010, spot prices of thermal coal picked up due to 1) recovery of world economy, 2) increases in volume imported by China and India and 3) effect of heavy snow in China and cold winter in Europe. Reflecting those factors, thermal coal prices increased by approximately 40% from US$71/MT for the year ended March 31, 2010. Going into the year ended March 31, 2011, as a result of the damage caused by heavy rain and cyclones in Queensland starting from December 2010, in addition to the influence of the railroad accident in South Africa, deluges in Columbia, and cyclones in Indonesia, the supply-demand balance tightened, and the spot price of thermal coal rose to nearly US$140/MT. Reflecting these market conditions, the annual contract price for thermal coal for the year ending March 31, 2012, was settled at around US$130/MT. After March 2011 the market for thermal coal is stabilizing, and the annual contract price for thermal coal for the year ending March 31, 2013, was settled at around US$115/MT.

Our annual equity coal shipment volume for our coal-related overseas subsidiaries and associated companies for the year ended March 31, 2012, was 9.2 million tons. We expect our annual equity coal shipment volume for the year ending March 31, 2013, to be approximately 10.4 million tons. Generally, in currencies of natural resource producing countries, such as the Australian dollar, there is a high degree of correlation in trends toward currency movements in line with the market for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

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

In order to respond to tightening supply-demand balance in mid- and long-term resulting from increased demand for metallurgical coal in line with economic growth of developing countries including China, Brazil, and India as well as rising demand of thermal coal for coal fired power plants, especially in India, major coal producers continue investing to increase production capacity. With respect to coal mining joint ventures with the Rio Tinto group, we approved the development of the new mining area owned by Kestrel Joint Venture in Queensland, Australia. This project will extend the operation period of Kestrel Joint Venture by developing the new mining area, as the existing mining areas are expected to be exhausted in 2014. We obtained the government's approvals in November 2008. The operation is expected to commence in 2013. The project estimates a maximum 6.5 million tons per annum coal production and a 20-year operation.

However, as there are too many uncertainties, including demand from China and other emerging countries, it is difficult for our management to state definitive mid- and long-term forecasts. For a summary of investments to expand capacity, see “3. Equipment and Facilities, 1. Overview of Capital Expenditures.”

Foods & Retail Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 720.8	¥ 581.5	¥ 139.3
Gross Profit	90.7	77.4	13.3
Operating Income	18.2	11.2	7.0
Equity in Earnings of Associated Companies - Net	3.4	1.3	2.1
Net Income attributable to Mitsui & Co., Ltd.	15.5	2.8	12.7

Revenues for the year ended March 31, 2012 were ¥720.8 billion, an increase of ¥139.3 billion from ¥581.5 billion for the corresponding previous year. Major factors are as follows:

- The increase was attributable to an increase in sales volume, coupled with higher prices in Mitsui’s import and offshore businesses of grains and palm oil for Asian countries as well as coffee import business mainly from Brazil.
- A contribution of ¥76.7 billion was reported by Multigrain AG (Switzerland), which was acquired in the three-month period ended June 30, 2011 and engages in the grain distribution and agricultural production business in Brazil.

Gross profit for the year ended March 31, 2012 was ¥90.7 billion, an increase of ¥13.3 billion from ¥77.4 billion for the corresponding previous year.

- This segment recorded an improvement of ¥9.3 billion for mark-to-market valuation gains and losses on commodity derivative contracts related to coffee. Coffee prices, which rose during the last fiscal year, showed further increases at the start of the three-month period ended June 30, 2011, and remained within a certain range. However, prices started to decline in September in response to the slower global economy caused by turmoil in the capital markets, and as of March 31, 2012, were lower than the prices as of March 31, 2011. This segment recorded reversal of mark-to-market valuation losses recorded at the end of previous fiscal year, following actual delivery for the year ended March 31, 2012. Meanwhile, mark-to-market valuation losses were recorded for the corresponding previous year reflecting the rise in coffee prices.
- A contribution of ¥4.1 billion was reported by Multigrain AG as stated above.
- A ¥2.6 billion loss on write-down of inventories was recognized at MCM Foods Holdings Ltd., a food subsidiary in the United Kingdom.

Operating income for the year ended March 31, 2012 was ¥18.2 billion, an increase of ¥7.0 billion from ¥11.2 billion for the corresponding previous year. The increase in gross profit was partially offset by an increase in selling, general and administrative expenses, mainly due to reclassification of Multigrain AG from associated company to subsidiary.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥3.4 billion, an increase of ¥2.1 billion from ¥1.3 billion for the corresponding previous year.

- This segment recorded impairment losses on listed securities in Nippon Formula Feed Manufacturing Company Limited (Japan) and Mikuni Coca-Cola Bottling Co., Ltd. (Japan) for the year ended March 31, 2012, as well as in Mikuni Coca-Cola Bottling for the corresponding previous year, reflecting a decline in share price (*1).
- Multigrain AG recorded equity in losses of ¥1.2 billion, an improvement of ¥2.9 billion from the corresponding previous year (*2).

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥15.5 billion, an increase of ¥12.7 billion from ¥2.8 billion for the corresponding previous year. In addition to the above-mentioned factors, due to the reclassification of Multigrain AG from associated company to subsidiary as a result of additional investment, this segment recorded a ¥3.6 billion remeasurement gain on existing interests for the year ended March 31, 2012.

(*1) Mitsui records an impairment loss on a marketable security of an associated company if a decline in the value of the security is other-than-temporary. For example, a market decline for a period of nine or more consecutive months leads to the conclusion that the security has an other-than-temporary decline. This impairment loss was recognized since the fair-value decline was observed for more than nine consecutive months.
(*2) Despite the fact that Mitsui acquired 100% of ownership in Multigrain AG in the three-month period ended June 30, 2011, we recognized their losses prior to reclassification with a three-month time lag in equity losses.

Consumer Service & IT Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 152.4	¥ 147.7	¥ 4.7
Gross Profit	47.5	46.8	0.7
Operating Loss	(17.0)	(10.9)	(6.1)
Equity in Earnings (Losses) of Associated Companies - Net	(20.3)	7.9	(28.2)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	(35.5)	3.9	(39.4)

Revenues for the year ended March 31, 2012 were ¥152.4 billion, an increase of ¥4.7 billion from ¥147.7 billion for the corresponding previous year.

- The Consumer Service Business Unit reported an increase of ¥3.9 billion in revenues mainly due to a contribution of MicroBiopharm Japan Co., Ltd. which was acquired in the year ended March 31, 2012 and engages in the manufacture and sales of medicines and chemicals.
- The IT Business Unit reported an increase of ¥0.8 billion in revenues. Mitsui Knowledge Industry Co., Ltd. reported an increase of sales due to an increased demand of the network related equipment accompanying expansion of smartphone market, while a decline of sales was recorded due to curtailment of some product sales in the electronics business as well as weaker demand in the liquid crystal display-related business.

Gross profit for the year ended March 31, 2012 was ¥47.5 billion, an increase of ¥0.7 billion from ¥46.8 billion for the corresponding previous year.

- The Consumer Service Business Unit reported an increase of ¥1.8 billion in gross profit. The decline due to dampened consumer spending on commodities, such as fashion products in Japan, partially offsets the reversal effect of loss on write downs on inventories in the domestic residential home business in the corresponding previous year.
- The IT Business Unit reported a decline of ¥1.1 billion in gross profit due to the above-mentioned curtailment of some product sales in the electronics business and weaker demand in the liquid crystal display-related business.

Operating loss for the year ended March 31, 2012 was ¥17.0 billion, a deterioration of ¥6.1 billion from operating loss of ¥10.9 billion for the corresponding previous year. Selling, general and administrative expenses increased mainly at Mitsui.

Equity in losses of associated companies for the year ended March 31, 2012 was ¥20.3 billion, a deterioration of ¥28.2 billion from equity in earnings of ¥7.9 billion for the corresponding previous year.

- This segment recorded ¥18.3 billion, ¥6.7 billion and ¥6.0 billion in impairment losses for the year ended March 31, 2012 on listed securities in TPV Technology Limited, Moshi Moshi Hotline, Inc. and Nihon Unisys, Ltd., respectively, reflecting the decline in share price. In addition to the aforementioned

impairment loss on investment in Nihon Unisys, Ltd., equity in losses was recorded mainly due to the setting up of valuation allowances for its deferred tax assets.
- For the corresponding previous year, this segment recorded an impairment loss on investment in the Nibancho Center Building Project, a real estate business.

Net loss attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥35.5 billion, a deterioration of ¥39.4 billion from a net income of ¥3.9 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2012, this segment recorded impairment losses on shares, including a ¥4.0 billion impairment loss on shares in Formosa Epitaxy Incorporation, an LED manufacturer and a ¥2.7 billion impairment loss on shares in the settlement service business company, QIWI Limited.
- A gain of ¥2.7 billion on the sale of securities through participation in a public tender offering by T-Gaia Corporation was posted for the year ended March 31, 2012.
- This segment reported a loss allowance for an office development business in Japan in other income-net for the corresponding previous year.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution declined by approximately ¥2.0 billion from the corresponding previous year.

Logistics & Financial Business Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 73.6	¥ 67.7	¥ 5.9
Gross Profit	27.2	29.8	(2.6)
Operating Income (Loss)	(10.7)	0.2	(10.9)
Equity in Earnings of Associated Companies - Net	5.8	7.0	(1.2)
Net Income (Loss) attributable to Mitsui & Co., Ltd.	4.8	(0.7)	5.5

Revenues for the year ended March 31, 2012 were ¥73.6 billion, an increase of ¥5.9 billion from ¥67.7 billion for the corresponding previous year.

- The Financial & New Business Unit reported a decline of ¥4.8 billion in revenues. Mitsui & Co. Commodity Risk Management Ltd. (United Kingdom), a trading company of commodity derivatives, reported an increase of ¥4.7 billion primarily due to the high performance in trading activities of natural gas. In addition, subsidiaries in the United States investing in venture companies recorded an increase in gross profit, due to the increase in gain on sales of securities and profit on revaluation of securities. Revenues corresponding to foreign exchange gains of ¥5.8 billion and foreign exchange losses of ¥8.9 billion related to the commodity derivatives trading business posted in other expenses-net were included in revenues for the year ended March 31, 2012 and for the corresponding previous year, respectively.
- The Transportation Logistics Business Unit reported an increase of ¥10.7 billion in revenues mainly due to a contribution of Portek International Private Limited (Singapore), which was newly acquired during the three-month period ended September 30, 2011.

Gross profit for the year ended March 31, 2012 was ¥27.2 billion, a decline of ¥2.6 billion from ¥29.8 billion for the corresponding previous year.

- The Financial & New Business Unit reported a decline of ¥5.6 billion in gross profit, reflecting the decline in revenues.
- The Transportation Logistics Business Unit reported an increase of ¥3.0 billion in gross profit. The above-mentioned contribution of Portek International Private Limited recorded a gross profit of ¥3.3 billion.

Operating loss for the year ended March 31, 2012 was ¥10.7 billion, a deterioration of ¥10.9 billion from operating income of ¥0.2 billion for the corresponding previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased due to the increase in performance-based bonuses at derivative trading subsidiaries as well as the increase from newly acquired subsidiaries.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥5.8 billion, a decline of ¥1.2 billion from ¥7.0 billion for the corresponding previous year. ACAL Holdings Pte Ltd. (Singapore), a reinsurance company, reported a decline in earnings in connection to the multiple natural disasters including the Thailand floods.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥4.8 billion, an increase of ¥5.5 billion from net loss of ¥0.7 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2012, Trinet Logistics Co., Ltd. (Japan), a warehousing company, recorded a ¥3.2 billion gain on sales of unused land in Japan.
- For the year ended March 31, 2012 and for the corresponding previous year, foreign exchange profits of ¥5.8 billion and foreign exchange losses of ¥8.9 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business.

Americas Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 529.1	¥ 396.8	¥ 132.3
Gross Profit	75.6	76.4	(0.8)
Operating Income	24.3	22.6	1.7
Equity in Earnings of Associated Companies - Net	4.3	6.6	(2.3)
Net Income attributable to Mitsui & Co., Ltd.	16.4	15.9	0.5

Revenues for the year ended March 31, 2012 were ¥529.1 billion, an increase of ¥132.3 billion from ¥396.8 billion for the corresponding previous year. Major factors are as follows:

- United Grain Corporation recorded an increase in revenues due to the fact that United Grain Corporation took over operations of the grain origination and export business, which had been carried out by United Harvest, LLC, a 50:50 joint venture between United Grain Corporation and CHS Inc., an agricultural cooperative-based company in the United States, following dissolution of the joint venture.
- Ellison Technologies Inc. (United States) recorded an increase in revenues due to an increase in sales volume reflecting the robust demand for machine tools.

Gross profit for the year ended March 31, 2012 was ¥75.6 billion, a decline of ¥0.8 billion from ¥76.4 billion for the corresponding previous year.

- United Grain Corporation and Ellison Technologies Inc. reported increases of gross profit reflecting the increases in revenues.
- Novus International, Inc. (United States) recorded a decline of ¥3.4 billion in gross profit due to an increase in production cost attributable to higher propylene prices, and the appreciation of the Japanese yen.

Operating income for the year ended March 31, 2012 was ¥24.3 billion, an increase of ¥1.7 billion from ¥22.6 billion for the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥4.3 billion, a decline of ¥2.3 billion from ¥6.6 billion for the corresponding previous year. Earnings at United Harvest, LLC declined to zero due to the fact that United Grain Corporation took over operations of the grain origination and export business, which had been carried out by United Harvest, LLC.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥16.4 billion, an increase of ¥0.5 billion from ¥15.9 billion for the corresponding previous year. In addition to the above-mentioned factors, Westport Petroleum, Inc. reported a net loss for the year ended March 31, 2012 due to reduced heavy oil demand and deteriorating market conditions triggered by a warm winter in the United States. Losses attributable to this segment through its interest in Westport Petroleum, Inc. increased due to the fact that the company posted a larger net loss for the year ended March 31, 2012 compared with the corresponding previous year.

Europe, the Middle East & Africa Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 119.5	¥ 136.8	¥ (17.3)
Gross Profit	18.2	17.8	0.4
Operating Income (Loss)	(0.7)	1.5	(2.2)
Equity in Earnings of Associated Companies - Net	0.5	0.0	0.5
Net Income attributable to Mitsui & Co., Ltd.	1.2	0.1	1.1

Revenues for the year ended March 31, 2012 were ¥119.5 billion, a decline of ¥17.3 billion from ¥136.8 billion for the corresponding previous year reflecting weaker demand in the chemical products and steel products businesses.

Gross profit for the year ended March 31, 2012 was ¥18.2 billion, an increase of ¥0.4 billion from ¥17.8 billion for the corresponding previous year.

Operating loss for the year ended March 31, 2012 was ¥0.7 billion, a deterioration of ¥2.2 billion from operating profit of ¥1.5 billion for the corresponding previous year. This segment reported an increase in selling, general and administrative expenses due to recording the receipt of intragroup service fees in "other income-net," which was previously recorded in "selling, general and administrative expenses."

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥0.5 billion, an increase of ¥0.5 billion for the corresponding previous year.

Net profit attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥1.2 billion, an increase of ¥1.1 billion from ¥0.1 billion for the corresponding previous year.

Asia Pacific Segment

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 65.1	¥ 76.7	¥ (11.6)
Gross Profit	11.7	15.9	(4.2)
Operating Income (Loss)	(4.2)	0.0	(4.2)
Equity in Earnings of Associated Companies - Net	4.7	3.9	0.8
Net Income attributable to Mitsui & Co., Ltd.	49.2	40.4	8.8

Revenues for the year ended March 31, 2012 were ¥65.1 billion, a decline of ¥11.6 billion from ¥76.7 billion for the corresponding previous year. While the trading activities for chemicals as well as iron and steel products remained relatively firm despite the impact caused by the flood in Thailand, the revenue declined due to recording the receipt of intragroup service fees in "other income-net," which was previously recorded in "revenues."

Gross profit for the year ended March 31, 2012 was ¥11.7 billion, a decline of ¥4.2 billion from ¥15.9 billion for the corresponding previous year reflecting the decline in revenue.

Operating loss for the year ended March 31, 2012 was ¥4.2 billion, a deterioration of ¥4.2 billion from the corresponding previous year.

Equity in earnings of associated companies for the year ended March 31, 2012 was ¥4.7 billion, an increase of ¥0.8 billion from ¥3.9 billion for the corresponding previous year.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥49.2 billion, an increase of ¥8.8 billion from ¥40.4 billion for the corresponding previous year. In addition to the above-mentioned factors, this segment recorded earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd.

All Other

	Billions of Yen		
	Years Ended March 31,		
	2012	2011	Change
Revenues	¥ 2.2	¥ 2.1	¥ 0.1
Gross Profit	0.7	0.9	(0.2)
Operating Loss	(5.2)	(5.2)	0.0
Equity in Earnings of Associated Companies - Net	—	—	—
Net Income attributable to Mitsui & Co., Ltd.	2.2	3.6	(1.4)

The activities of this segment primarily include financing services, office services and other services to external customers, and/or to us, and associated companies.

Revenues for the year ended March 31, 2012 were ¥2.2 billion, an increase of ¥0.1 billion from ¥2.1 billion for the year ended March 31, 2011.

Gross profit for the year ended March 31, 2012 was ¥0.7 billion, a decline of ¥0.2 billion from ¥0.9 billion for the year ended March 31, 2011.

Operating loss for the year ended March 31, 2012 was ¥5.2 billion, same as the year ended March 31, 2011.

Net income attributable to Mitsui & Co., Ltd. for the year ended March 31, 2012 was ¥2.2 billion, a decline of ¥1.4 billion from ¥3.6 billion for the year ended March 31, 2011.

(4) Liquidity and Capital Resources

Use of Non-U.S. GAAP Financial Measures

Net Debt-to-Equity Ratio

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

We define "Net Debt-to-Equity Ratio" as follows and the table below shows the calculated amounts:

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

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

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

	As of March 31, 2012	As of March 31, 2011
	(Billions of Yen)	(Billions of Yen)
Short-term debt	307.1	250.1
Long-term debt	3,270.9	3,127.4
Interest bearing debt	3,578.0	3,377.5
Less cash and cash equivalents and time deposits	(1,435.2)	(1,443.6)
Net interest bearing debt	2,142.8	1,933.9
Shareholders' equity	2,641.3	2,366.2
Net DER (times)	0.81	0.82

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

	As of March 31, 2012	As of March 31, 2011
DER (times)	1.35	1.43

Free Cash Flow

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

The following table shows how we calculated free cash flow.

	Year ended March 31, 2012 (Billions of Yen)	Year ended March 31, 2011 (Billions of Yen)	Increase/(Decrease) (Billions of Yen)
Net cash provided by operating activities	381.0	504.5	(123.5)
Net cash used in investing activities	(438.2)	(484.0)	45.8
Free cash flow	(57.2)	20.5	(77.7)

1) Funding and Treasury Policies and Objectives

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

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

The same policy and practices have been extended to wholly-owned overseas subsidiaries through our regional financing subsidiaries, which, in principle, centralizes the fund raising function and fund operation function. As a result, approximately 84% of total interest bearing debt as of March 31, 2012 was raised by Mitsui and the above-mentioned financing subsidiaries.

2) Funding Sources

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

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

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥300 billion debt shelf-registration and a ¥2,400 billion commercial paper program in Japan, and utilizes a suitable one among these facilities depending on the financial situation. Furthermore, Mitsui & Co. (U.S.A.), Inc., Mitsui & Co. Financial Services (Europe) B.V., Mitsui & Co. Financial Services (Asia) Ltd. and Mitsui & Co., Ltd. have arranged a joint Euro medium-term note (“MTN”) program of US$5 billion. Mitsui guarantees notes issued by consolidated overseas subsidiaries. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US$1.5 billion U.S. domestic commercial paper program, and there is a similar commercial paper program in another overseas market and this program is utilized where appropriate. It does not appear that the current domestic and overseas capital markets are in difficult condition to issue corporate bonds, Euro medium-term notes or commercial paper in the amounts and time periods necessary for Mitsui. In addition, Mitsui mainly carries out long-term and stable fund procurement, we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of short-term debt to total interest bearing debt on the consolidated basis is 8.6% as of March 31, 2012.

Certain subsidiaries set lines of credit by paying commitment fees to the financial institutions, which were not material in the previous fiscal year and in the current fiscal year. For unused lines of credit including these lines of credit with fees, see Note 13, “SHORT-TERM AND LONG-TERM DEBT,” and “(6) Others, 1) Off-Balance Sheet Arrangements.”

Short-term and long-term debt as of March 31, 2012 was mainly denominated in Japanese yen and the rest was primarily denominated in U.S. dollars. Considering the type of interest and currency of our assets, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert interest or currency of our liabilities. We enter into interest rate swaps to convert fixed interest rate into floating interest rate (or vice versa) and currency swaps or foreign currency exchange forward contracts to convert funds in Japanese yen into foreign currencies such as U.S. dollars (or funds in foreign currencies into Japanese yen). The proportion of interest bearing debt with floating interest rate after taking into account interest rate swaps is consistent with the prior years' ratio, and management believes that this level is consistent with the condition of our current balance sheet. See "(6) Others, 4) Quantitative and Qualitative Information Regarding Market Risk" and Note 24, "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES," for further description of our derivative financial instruments. Additionally, regarding interest expense associated with future borrowings and interest rate swaps, see "(6) Others, 2) Tabular Disclosure of Contractual Obligations."

Credit Ratings

To facilitate smooth funds raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. ("R&I"), Moody's Japan K.K. ("Moody's") and Standard & Poor's Ratings Japan K.K. ("S&P"). The ratings as of March 31, 2012 were as follows:

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

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

Taking into account a settlement that was effected between subsidiaries of Mitsui and certain BP p.l.c. subsidiaries regarding the oil spill incident in the Gulf of Mexico in May 2011, S&P upgraded Mitsui's credit rating outlook from "Negative" to "Stable." Mitsui intends to maintain sound financial foundations and will strive for the maintenance and improvement of its credit rating.

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

3) Liquidity Management

Cash and cash equivalents were ¥1,431.1 billion as of March 31, 2012, a decrease of ¥10 billion from March 31, 2011. The majority of cash and cash equivalents are principally denominated in Japanese yen. This decrease is primarily attributable to negative in free cash flow. As a result, management believes that cash and cash equivalents as of March 31, 2012 satisfy the liquidity requirements for the repayment of short-term debt (¥307.1 billion) and current maturities of long-term debt (¥372.7 billion). At this stage, management also believes that this ample liquidity will not be effected if there are no dividends from foreign subsidiaries and foreign corporate joint ventures whose undistributed earnings have been considered to be indefinitely reinvested into themselves.

Although the European debt crisis and the tightened financial regulations continue to pose the deleveraging by the financial institutions, there are currently no signs at all of any effects on our procurement of funds or our ability to ensure adequate liquidity. This is because we ensure that we have abundant liquidity on hand and have developed a cash management system for our consolidated subsidiaries. Even so, it is undeniable that there remains uncertainty over the financial conditions. Reflectively, the prospect for liquidity is still required to be close monitored.

Under such circumstances, we steadily procured necessary funds in accordance with our basic funding policy by utilizing the long-term good relationship with financial institutions and various measures implemented by public financing agencies. The primary source in direct finance is issuance of domestic straight corporate bonds, while the primary source in the indirect finance are borrowings from domestic financial institutions such as banks and life insurance companies. As of March 31, 2012, the proportion of long-term debt to total interest bearing debt on the consolidated basis is 91.4%, at roughly the same level as the ratio at the end of the previous fiscal year (92.6%).

For the details of the long-term debt, interest rate structure and the maturity profile of our outstanding debt as of March 31, 2012, see Note 13, “SHORT-TERM AND LONG-TERM DEBT.”

Shareholders’ equity as of March 31, 2012 was ¥2,641.3 billion, an increase of ¥275.1 billion from March 31, 2011. On the other hand, net interest bearing debt was ¥2,142.8 billion, an increase of ¥208.9 billion, and as a result, the net debt-to-equity ratio has been nearly unchanged to 0.81 times from 0.82 times as of March 31, 2011.

The ratio of current assets to current liabilities as of March 31, 2012 was 168.7%, compared to 169.8% as of March 31, 2011.

Judging by the numbers above, we believe that our balance sheet has been financially strengthened since the last fiscal year end, and at this stage we are not aware of any significant financial difficulties that would affect our operations including investments and loans in accordance with our business plan to March 2013.

As of March 31, 2012, we had given guarantees in relation to obligations of various third parties and related parties. These guarantees are not expected to have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 21, “CONTINGENT LIABILITIES AND COMMITMENTS.”

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

Assuming that our consolidated subsidiaries and associated companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material contractual or legal restrictions on the ability of our consolidated subsidiaries and associated companies to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥7.8 billion to our defined-benefit pension plans for the year ending March 31, 2013.

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

During the two-year period ended March 31, 2012, we executed new investments and loans of approximately ¥1.34 trillion, which surpassed the original premise of ¥1.2 trillion (*1) of the Medium-term Management Plan. Of this amount, ¥500 billion was executed for the Mineral Resources & Energy business area, ¥190 billion for the Global Marketing Networks business area, ¥300 billion for the Lifestyle business area and ¥350 billion for the Infrastructure business area. Meanwhile, we constantly reviewed all business assets and collected approximately ¥400 billion through divestiture of assets (*2).

As a result, net cash used in investing activities for the year ended March 31, 2012 was ¥438.2 billion. On the other hand, net cash provided by operating activities was ¥381.0 billion. Accordingly free cash flow for the year ended March 31, 2012 represented in a net outflow of ¥57.2 billion. See “6) Cash Flows,” for further description of cash flows for the year ended March 31, 2012.

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

<table>
<tr><th>(¥billion)
Business Area</th><th>March
2013</th><th>March
2014</th></tr>
<tr><td>Metals</td><td>200</td><td rowspan="6">600</td></tr>
<tr><td>Machinery & Infrastructure</td><td>200</td></tr>
<tr><td>Chemicals</td><td>50</td></tr>
<tr><td>Energy</td><td>250</td></tr>
<tr><td>Lifestyle</td><td>50</td></tr>
<tr><td>Innovation & Cross Function</td><td>50</td></tr>
<tr><td>Gross Cash Outflow</td><td>800</td><td>600</td></tr>
<tr><td>Divesture</td><td>▲160</td><td>▲140</td></tr>
<tr><td>Net Cash Outflow</td><td>640</td><td>460</td></tr>
</table>

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

In accordance with the investments and loans plan mentioned above, it is expected that net interest bearing debt will increase, mainly due to a decline in cash and cash equivalents. On the other hand, as a result of an increase in net income, net debt-to-equity ratio (“Net DER”) is expected to be hovering at 0.7 level during the two-year period of the Medium-term Management Plan for March 31, 2014.

For the details of the Medium-term Management Plan, see “3. Management Issues” and for the details of refinancing, see “1) Funding and Treasury Policies and Objectives” and “2) Funding Sources.”

Many of the projects in the investment and loan plan have not decided final investment decision and such progress of projects will have an effect on our actual cash flows and financial condition for the year ending March 31, 2013 and 2014.

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

(*2) For details according to operating segments, see "6) Cash Flows, Cash Flows from Investing Activities."

5) Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2012 were ¥9,011.8 billion, an increase of ¥413.7 billion from ¥8,598.1 billion as of March 31, 2011.

Total current assets as of March 31, 2012 were ¥4,426.3 billion, an increase of ¥108.7 billion from ¥4,317.6 billion as of March 31, 2011.

Trade receivables and inventories increased by ¥181.3 billion in total primarily attributable to increases in trading volume at the petroleum trading business in the Energy Segment as well as in the Foods & Retail Segment reflecting higher trading volume. Meanwhile, derivative assets declined by ¥41.9 billion reflecting the lower prices at commodity derivative trading and other current assets declined by ¥19.2 billion due to collection of non-trade accounts receivables.

Total current liabilities as of March 31, 2012 were ¥2,624.0 billion, an increase of ¥81.1 billion from ¥2,542.9 billion as of March 31, 2011. Short-term debt increased by ¥57.0 billion, mainly due to an increase in short-term loans at Mitsui as well as Mitsui Oil Exploration Co., Ltd. Current maturities of long-term debt increased by ¥63.8 billion, mainly due to increases at Mitsui and Mitsui & Co. (Australia), Ltd. Trade payables increased by ¥60.9 billion, which was primarily attributable to an increase at the Foods & Retail Segment and petroleum trading business in the Energy Segment, reflecting higher trading volume. Meanwhile, other current liabilities declined by ¥81.8 billion due to a payment for the settlement of the oil spill incident in the Gulf of Mexico at MOEX Offshore 2007 LLC, a subsidiary of Mitsui Oil Exploration Co., Ltd.

As a result, working capital, or current assets less current liabilities, as of March 31, 2012 totaled ¥1,802.3 billion, an increase of ¥27.6 billion from ¥1,774.7 billion as of March 31, 2011.

The sum of "total investments and non-current receivables," "net property and equipment," "intangible assets, less accumulated amortization," "deferred tax assets-non-current," and "other assets" as of March 31, 2012 totaled ¥4,585.5 billion, an increase of ¥305.0 billion from ¥4,280.5 billion as of March 31, 2011, mainly due to the following factors:

Total of investments and non-current receivables as of March 31, 2012 was ¥3,191.7 billion, an increase of ¥56.3 billion from ¥3,135.4 billion as of March 31, 2011. Within this category, investments in and advances to associated companies as of March 31, 2012 was ¥1,709.1 billion, an increase of ¥108.3 billion from ¥1,600.8 billion as of March 31, 2011 (Operating Segments are shown in parentheses).

- An increase of ¥90.7 billion for a 30% investment in Integrated Healthcare Holdings Sdn. Bhd. (*) (Malaysia) (Consumer Service & IT).
- An increase of ¥13.0 billion for acquiring a 50% stake in Santa Vitória Açúcar e Álcool Ltda (Brazil), a biomass-derived chemicals manufacturer (Chemical).
- A ¥14.7 billion decline in investment in Multigrain AG due to its reclassification to subsidiary from associated company, as a result of acquisition of 100% of ownership (Foods & Retail).
- Factors that do not involve cash flow included net increases in equity earnings of ¥72.8 billion (net of ¥159.3 billion in dividends received from associated companies) as well as a decline of ¥28.7 billion

resulting from a foreign exchange translation adjustment of foreign investments due to the appreciation of the Japanese yen.

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

The following table shows the details of investments in and advances to associated companies as of March 31, 2012 and 2011 by operating segment.

	Billions of Yen		
	As of March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 26.1	¥ 25.5	¥ 0.6
Mineral & Metal Resources	553.2	534.0	19.2
Machinery & Infrastructure Projects	344.0	355.4	(11.4)
Chemical	76.2	63.7	12.5
Energy	131.9	131.9	0.0
Foods & Retail	66.5	81.4	(14.9)
Consumer Service & IT	200.2	139.0	61.2
Logistics & Financial Business	77.4	72.0	5.4
Americas	40.6	40.5	0.1
Europe, the Middle East and Africa	8.9	3.4	5.5
Asia Pacific	136.3	113.7	22.6
Total	**1,661.3**	**1,560.5**	**100.8**
All Other	(0.4)	1.2	(1.6)
Adjustments and Eliminations	48.2	39.1	9.1
Consolidated Total	**1,709.1**	**1,600.8**	**108.3**

Other investments as of March 31, 2012 were ¥792.5 billion, a decline of ¥67.3 billion from ¥859.8 billion as of March 31, 2011, mainly due to the following factors:

- A ¥43.1 billion decline in investment in Sakhalin Energy Investment Company Ltd. due to capital redemption (in addition, a ¥3.1 billion decline due to a foreign exchange translation loss);
- A ¥13.6 billion net decline in unrealized holding gains on available-for-sale securities reflecting a slide in the stock markets as well as divestitures of some stock; and
- A decline of ¥29.4 billion due to the recognition of impairment in investments

Property leased to others as of March 31, 2012 was ¥272.7 billion, an increase of ¥13.0 billion from ¥259.7 billion as of March 31, 2011, reflecting increases in aircraft leasing business and vessel leasing business in the Machinery & Infrastructure Projects Segment.

Net property and equipment as of March 31, 2012 totaled ¥1,255.9 billion, an increase of ¥225.2 billion from ¥1,030.7 billion as of March 31, 2011. Major components were as follows:

- An increase of ¥92.5 billion (including a foreign exchange translation gain of ¥2.9 billion) at the Marcellus and Eagle Ford shale gas/oil projects in the United States (Energy);
- An increase of ¥56.6 billion (including a foreign exchange translation gain of ¥1.3 billion) for consolidation of Multigrain AG's assets, primarily comprised of land, land improvement and timberlands (Foods & Retail);
- An increase of ¥48.4 billion (including a foreign exchange translation loss of ¥0.2 billion) at iron ore mining projects in Australia (Mineral & Metal Resources);

- An increase of ¥15.3 billion (including a foreign exchange translation loss of ¥0.5 billion) at coal mining projects in Australia (Energy); and

- An increase of ¥7.9 billion (including a foreign exchange translation gain of ¥1.0 billion) at oil & gas projects excluding shale gas/oil projects (Energy).

The following table shows the details of property leased to others - at cost and property and equipment - at cost as of March 31, 2012 and 2011 by operating segment.

	Billions of Yen		
	As of March 31,		
	2012	2011	Change
Iron & Steel Products	¥ 13.6	¥ 18.3	¥ (4.7)
Mineral & Metal Resources	238.4	191.0	47.4
Machinery & Infrastructure Projects	151.0	129.3	21.7
Chemical	65.5	59.6	5.9
Energy	584.5	475.8	108.7
Foods & Retail	113.4	58.1	55.3
Consumer Service & IT	87.7	84.2	3.5
Logistics & Financial Business	66.6	64.7	1.9
Americas	69.9	65.4	4.5
Europe, the Middle East and Africa	10.9	14.6	(3.7)
Asia Pacific	3.1	3.2	(0.1)
Total	**1,404.6**	**1,164.2**	**240.4**
All Other	8.1	8.4	(0.3)
Adjustments and Eliminations	115.9	117.8	(1.9)
Consolidated Total	**¥ 1,528.6**	**¥ 1,290.4**	**¥ 238.2**

Long-term debt less current maturities as of March 31, 2012 was ¥2,898.2 billion, an increase of ¥79.7 billion from ¥2,818.5 billion as of March 31, 2011. Mitsui and Mitsui & Co. (U.S.A.), Inc. recorded a decline in long-term debt, while long-term borrowings increased at the shale gas/oil business in the United States and Multigrain AG.

Total Mitsui & Co., Ltd. shareholders' equity as of March 31, 2012 was ¥2,641.3 billion, an increase of ¥275.1 billion from ¥2,366.2 billion as of March 31, 2011. A major component of the increase was an increase of ¥336.0 billion in retained earnings, while components that decreased included a net decline of ¥35.6 billion in foreign currency translation adjustments, mainly due to appreciation of the Japanese yen against the Brazilian real and Australian dollar.

6) Cash Flows

	Billions of Yen		
	As of March 31,		
	2012	2011	Change
Net cash provided by operating activities	381.0	504.5	(123.5)
Net cash used in investing activities	(438.2)	(484.0)	45.8
Net cash (used in) provided by financing activities	57.4	33.8	23.6
Effect of exchange rate changes on cash and cash equivalents	(10.1)	(14.6)	4.5
Net increase (decrease) in cash and cash equivalents	¥ (9.9)	¥ 39.7	¥ (49.6)

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended March 31, 2012 was ¥381.0 billion, a decline of ¥123.5 billion from ¥504.5 billion for the corresponding previous year. Major components of net cash provided by operating activities were our operating income of ¥348.4 billion, dividend income of ¥245.7 billion, including dividends received from associated companies.

- Increase in operating income were mainly at the Mineral & Metal Resources and the Energy Segment;
- As well as dividends received of ¥86.5 billion from investees other than associated companies including six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II), dividends received totaling ¥159.3 billion from associated companies, among others from our mineral resources and energy related associated companies such as Japan Australia LNG (MIMI) Pty. Ltd., Robe River Mining Co. Pty. Ltd. and Valepar S.A. (Brazil); and
- Payments of ¥155.9 billion for corporate income taxes.

Compared with the corresponding previous year, while operating income increased by ¥31.4 billion and dividend income increased by ¥45.0 billion, net cash outflow from an increase in working capital, or changes in operating assets and liabilities increased by ¥191.4 billion, resulting in cash outflow of ¥206.6 billion for the year ended March 31, 2012, including a payment of ¥86.1 billion for settlement of the oil spill incident in the Gulf of Mexico; the corresponding previous year showed net cash outflow of ¥15.2 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended March 31, 2012 was ¥438.2 billion, a decline of ¥45.8 billion from ¥484.0 billion for the corresponding previous year. The net cash used in investing activities consisted of:

- Cash outflows that corresponded to investments in and advances to associated companies were ¥181.2 billion, while cash inflows from sales of investments in and collection of advances to associated companies were ¥82.3 billion. As a result, net cash outflows were ¥98.9 billion. Major components were following: (Operating Segments are shown in parentheses.)

  - A 30% investment in Integrated Healthcare Holdings Sdn. Bhd. for ¥90.7 billion (Consumer Service & IT);
  - Investments in and loans to FPSO (Floating Production, Storage and Offloading vessel) leasing businesses for Brazilian deepwater oil exploration for ¥22.1 billion (Machinery & Infrastructure Projects); and
  - A 50% stake in Santa Vitória Açúcar e Álcool Ltda for ¥13.0 billion (Chemical).

  The major cash inflows were:

  - A collection of loans from the aforementioned FPSO leasing business for ¥19.2 billion (Machinery & Infrastructure Projects);
  - A divestiture of shares in T-Gaia Corporation for ¥12.6 billion (Consumer Service & IT);
  - Redemption of preferred shares of Valepar S.A. for ¥8.8 billion (Mineral & Metal Resources); and
  - A collection of loans from Altamira LNG terminal project company (Machinery & Infrastructure Projects).

- A total of ¥52.9 billion was paid out for acquisitions of available-for-sale securities, held-to-maturity debt securities and other investments, while proceeds of ¥97.5 billion were received from sales and redemption of those securities and investments. As a result, net cash inflows were ¥44.7 billion. Major components were following:

  - An acquisition of a senior living business by MBK Real Estate LLC (United States) for ¥6.4 billion (Americas); and
  - An acquisition of Veloce Logística S.A., a logistics company in Brazil, for ¥4.7 billion. (Machinery

& Infrastructure Projects)

Proceeds from sales of investments were:

- A ¥43.1 billion capital redemption from Sakhalin Energy Investment Company Ltd. (Energy); and
- A divestiture of shares in INPEX CORPORATION for ¥10.7 billion (Machinery & Infrastructure Projects).

Cash inflows and outflows corresponded to debt securities for fund operations were immaterial.

・ A total of ¥110.3 billion were paid out for increase in long-term loan receivables, while proceeds of ¥108.8 billion were received from collection of long-term loan receivables. As a result, net cash outflows were ¥1.4 billion. PT. Bussan Auto Finance, a motorcycle retail finance subsidiary in Indonesia, reported a cash outflow of ¥19.4 billion due to the increase in loan receivables (Machinery & Infrastructure Projects). Meanwhile, Mitsui Rail Capital Participações Ltda. (Brazil) recorded a cash inflow of ¥10.3 billion from the divestiture of lease receivables (Machinery & Infrastructure Projects).

・ A total of ¥364.3 billion was paid out for property leased to others and property and equipment; and proceeds of ¥23.5 billion were provided from sales of property leased to others and property and equipment. As a result, net cash outflows were ¥340.9 billion. Major purchases of equipment included:

- Marcellus and Eagle Ford shale gas/oil projects in the United States for ¥98.7 billion (Energy);
- Oil and gas projects other than the shale gas/oil projects for a total of ¥76.8 billion (Energy);
- Iron ore mining projects in Australia for ¥52.7 billion (Mineral & Metal Resources);
- Coal mining projects in Australia for ¥27.7 billion (Energy);
- Leased rolling stock for ¥25.4 billion (Machinery & Infrastructure Projects); and
- Leased aircraft for ¥9.7 billion (Machinery & Infrastructure Projects).

・ Cash outflow of ¥48.5 billion was paid out for acquisition of subsidiaries comprised of:

- An additional investment in Multigrain AG for ¥21.9 billion (Foods & Retail);
- An acquisition of pharmaceutical and chemical business of Mercian Corporation for ¥15.1 billion (Consumer Service & IT); and
- An acquisition of Portek International Limited, a port development and management company in Singapore, for ¥11.5 billion (Logistics & Financial Business).

Meanwhile, proceeds of ¥6.5 billion were received from sales of subsidiaries including the divestiture of shares in an investing company for the Altamira LNG terminal (Machinery & Infrastructure Projects).

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the year ended March 31, 2012 was a net outflow of ¥57.2 billion.

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

	Billions of Yen	
	As of March 31,	
	2012	2011
Iron & Steel Products	¥ (5.6)	¥ (1.8)
Mineral & Metal Resources	(44.8)	(63.2)
Machinery & Infrastructure Projects	(53.9)	(210.1)
Chemical	(24.9)	(40.8)
Energy	(145.6)	(109.0)
Foods & Retail	(30.0)	(5.7)
Consumer Service & IT	(95.1)	(70.5)
Logistics & Financial Business	(11.6)	(10.8)
Americas	(17.3)	9.0
Europe, the Middle East and Africa	(0.2)	(1.2)
Asia Pacific	0.3	13.1
Total	**(428.7)**	**(491.0)**
All Other and Adjustments and Eliminations	(9.5)	7.0
Consolidated Total	**¥ (438.2)**	**¥ (484.0)**

Cash Flows from Financing Activities

For the year ended March 31, 2012, net cash provided by financing activities was ¥57.4 billion, an increase of ¥23.6 billion from ¥33.8 billion for the corresponding previous year. The net cash inflow from the borrowing of long-term debt was ¥118.9 billion, mainly by Mitsui E&P USA LLC, which invests in the Marcellus shale gas project in the United States and foreign financing subsidiaries. Furthermore, the net cash inflow from the borrowing of short-term debt was ¥41.4 billion, mainly by Mitsui Oil Exploration Co., Ltd. Meanwhile, the cash outflows from payments of cash dividends were ¥98.6 billion.

See “2) Funding Sources” for funding during the year ended March 31, 2012.

(5) Critical Accounting Policies and Estimates

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

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

The following items require significant management judgments and estimates.

Impairment of Long-Lived Assets

Impairment losses of long-lived assets, other than goodwill and intangible assets not subject to amortization, for the years ended March 31, 2012 and 2011, were ¥14.0 billion and ¥18.3 billion, respectively. The carrying amounts of the long-lived assets, net of accumulated depreciation and amortization, as of March 31, 2012 and 2011, were ¥1,593.4 billion and ¥1,339.3 billion, respectively.

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

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

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

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

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

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

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

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

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

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

Impairment of Goodwill

Impairment losses on goodwill for the years ended March 31, 2012 and 2011, were ¥4.2 billion and ¥0.6 billion, respectively. The carrying amounts as of March 31, 2012 and 2011, were ¥35.2 billion and ¥28.3 billion, respectively.

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

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

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

Impairment of Investment Securities

Impairments of equity investments for recent fiscal years have had a significant impact on our income. The following table shows the carrying amounts of marketable and non-marketable equity securities as of March 31, 2012 and 2011, and the impairment loss for the years ended March 31, 2012 and 2011.

	Year ended March 31, 2012		Year ended March 31, 2011	
	Carrying amount	Impairment loss	Carrying amount	Impairment loss
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Marketable equity securities	412.1	8.2	429.6	5.5
Non-marketable equity securities	326.1	21.1	370.3	10.9
Total	738.2	29.3	799.9	16.4

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

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

Management believes that the criteria for evaluating an other-than-temporary decline in fair value are reasonable. The aggregate unrealized loss amount of the marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for one year or more was ¥9.3 billion as of March 31, 2012, and that amount was the result of preferred stock that must be redeemed. Additionally, the amount for marketable securities and held-to-maturity debt securities that have been in continuous unrealized loss position for less than one year was ¥3.0 billion. However, considering the combination of foreign currency exchange rate market trend, length of time to redemption, length of time that fair values have been below cost, the extent of decline and the financial condition of the investees, we expect that their fair values will recover above their costs while we hold these investments.

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

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

We also review investments in listed associated companies for impairment losses using the same other-than temporary criteria for marketable equity securities unless there are reasonable grounds that the decline is temporary in case that the decline ratio is from 30% to 50% and the decline has been for less than nine consecutive months. The amounts of impairment losses for the years ended March 31, 2012 and 2011 were approximately ¥33.0 billion and ¥2.0 billion, respectively, and the amounts were recorded in equity earnings in associated companies-net.

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

Tax Asset Valuation

Establishing a valuation allowance for deferred tax assets, pursuant to evaluation on its realizability, has had a significant impact on our income. The following table shows the deferred tax assets and valuation allowance for deferred tax assets as of March 31, 2012 and 2011.

	As of March 31, 2012	As of March 31, 2011
	(Billions of Yen)	(Billions of Yen)
Total deferred tax assets	538.6	406.7
Valuation allowance	(346.6)	(220.2)
Deferred tax assets - net	192.0	186.5

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

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

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

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

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

Deferred tax liabilities for undistributed retained earnings of affiliated companies

Mitsui records deferred tax liabilities on undistributed retained earnings of associated companies excluding corporate joint ventures ("CJV") based on the assumption that we would sell investments in those companies in the future while Mitsui basically does not recognize deferred tax liabilities for undistributed retained earnings of subsidiaries and CJV according to the company's policy that such earnings are indefinitely reinvested into the same companies. The deferred tax liabilities for undistributed retained earnings, which mainly comprise of the aforementioned liabilities, as of March 31, 2012 and 2011 are ¥256.2 billion and ¥251.8 billion, respectively.

As Mitsui does not control associated companies and, therefore, cannot determine amount of and payment timing of dividends from them at the sole discretion of Mitsui, when Mitsui receives dividends from associated companies excluding CJV, Mitsui reverses the deferred tax liabilities at the timing when Mitsui receives the dividends while recording a tax expense on the dividends received. In case that a portion of dividends received is treated as non-taxable such as Japanese tax law that allows us to recognize 95% of dividend received from a foreign investee in which an investor has 25% or more ownership interest as non-taxable effective April 1, 2009, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and such differences are credited to income tax expenses as the dividends are received. The balances credited to tax expense for both the years ended March 31, 2012 and 2011 amounted to approximately ¥25.5 billion and ¥25.0 billion, respectively.

Reserve estimates for oil and gas producing and mining activities

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

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

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

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

Pension benefit costs and obligations

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

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

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

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

	Impact of change in assumption on PBO as of March 31, 2012	Impact of change in assumption on NPPC for the year ending March 31, 2013
50 basis point decrease in discount rate	¥16.1 billion increase	¥1.8 billion increase
50 basis point increase in discount rate	¥15.0 billion decrease	¥1.7 billion decrease
50 basis point decrease in expected long-term rate of return on plan assets	—	¥1.0 billion increase
50 basis point increase in expected long-term rate of return on plan assets	—	¥1.0 billion decrease

See Note 14, "PENSION COSTS AND SEVERANCE INDEMNITIES," for further discussion about the estimates and assumptions on PBO and NPPC.

(6) Others

1) Off-Balance Sheet Arrangements

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

Guarantees
The following tables summarize our guarantees as of March 31, 2012 and 2011.

The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provision or from collateral held or pledged that we could be obliged to pay if there were defaults by guaranteed parties or there were changes in an underlying which would cause triggering events under market value guarantees and indemnification contracts. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Estimated proceeds from collateral and recourse represent the anticipated values of assets we could liquidate or receive from other parties to offset our payments under guarantees. The carrying amounts of liabilities recorded on the Consolidated Balance Sheets reflect our best estimate of future payments we may incur as part of fulfilling our guarantee obligations. Further information on contingent liabilities including those guarantees is provided in Note 21, "CONTINGENT LIABILITIES AND COMMITMENTS."

As of March 31, 2012

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	366	20	6
Market Value Guarantees	84	74	—

As of March 31, 2011

	Maximum potential amount of future payments	Recourse provisions/ collateral	Carrying amount of liabilities
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Credit Guarantees	326	34	6
Market Value Guarantees	73	61	—

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

Sales of Trade Receivables
At March 31, 2012 and March 31, 2011, there was no amount of off-balance sheet arrangements in which certain trade receivables are sold to third parties.

Variable Interest Entities
We are involved with and have significant variable interests in a number of variable interest entities ("VIEs") that are not consolidated because we are not the primary beneficiary. These VIEs mainly engage in leasing and financing activities. Further information is provided in Note 22, "VARIABLE INTEREST ENTITIES."

As of March 31, 2012, the companies are committed to provide a loan amounting up to US$5.8 billion to a subsidiary of Corporación Nacional del Cobre de Chile ("CODELCO"). The loan has not been drawn down upon as of March 31, 2012 and the commitment period is until August 1, 2012. As of March 31, 2012, the company set lines of credit with financial institutions that could be utilized as a part of the loan amount.

2) Tabular Disclosure of Contractual Obligations

The following table provides our contractual obligations as of March 31, 2012 and payment due by period of these contractual obligations:

	Balance as of March 31, 2012	Payment Due by Period			
		March 2013	March 2015	March 2017	After March 2017
Contractual Obligations	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Long-Term Debt(1)	3,206	368	849	751	1,238
Capital Lease Obligations(2)	42	8	15	6	13
Operating Leases(3)	91	21	34	13	23
Long-Term Purchase Contracts(4)	2,678	628	913	390	747

(1) The amounts of "Long-Term Debt" include bank borrowings and bonds, excluding the effect of the ASC 815, "Derivatives and Hedging," fair value adjustment and capital lease obligations (present value of net minimum lease payments).
(2) "Capital Lease Obligations" represents the schedule of payments for future minimum lease payments.
(3) "Operating Leases" represents the schedule of payments for future minimum rentals. Minimum rental payments have not been reduced by minimum sublease rentals of ¥15.3 billion due in the future under noncancelable subleases.
(4) "Long-Term Purchase Contracts" represents the schedule of payments for long-term purchase obligations, net of advance payments of ¥145 billion made to suppliers as of March 31, 2012.

For additional information regarding long-term debt, capital lease obligations and operating leases, see Note 13, "SHORT-TERM AND LONG-TERM DEBT," and Note 8, "LEASES," respectively.

In addition to the above, we plan to contribute ¥7.8 billion to our defined benefit pension plans for the year ending March 31, 2013.

The table above excludes estimated interest payments on liabilities and estimated payments under interest swap. Total cash paid for interest during the year ended March 31, 2012 was ¥53.1 billion.

Concerning only Mitsui which has approximately 73 % of total interest bearing debt, estimated interest payment on liabilities and estimated payments under interest swap was ¥220.4 billion. The payment amount by period was ¥30.5 billion due by March 2013, ¥47.5 billion due by March 2015, ¥45.8 billion due by March 2017 and ¥96.6 billion due after March 2017.

The table above also excludes unrecognized tax benefits of ¥5.5 billion. We had no unrecognized tax benefits classified as current liabilities. The timing of future cash outflows associated with unrecognized tax benefits classified as non current liabilities is highly uncertain.

The purchased items under "Long-Term Purchase Contracts" are principally ocean transport vessels, oil products, chemical materials, metals and machinery and equipment, either at fixed prices or at basic purchase prices adjustable to the market. In general, our customers, primarily large Japanese industrial companies and shipping firms, are also parties to the contracts, or conclude separate agreements with us, and are committed to purchasing the items from us. Therefore, management does not recognize that these long-term purchase contracts could have seriously adverse effects on our future liquidity. As of March 31, 2012, there was no outstanding balance of purchase contracts which have unconditional payment conditions.

3) Related Party Transactions

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

Our principal associated companies include Valepar S.A. (18.24%), Integrated Healthcare Holdings Sdn. Bhd. (*) (26.63%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), JA Mitsui Leasing, Ltd. (33.40%), P.T. Paiton Energy (36.32%), Sims Metal Management Limited (17.56%), Inner Mongolia Erdos Electric Power & Metallurgy Co., Ltd.（25.00%）and Penske Automotive Group, Inc. (17.23%), among others.

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

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

	Billions of Yen
	As of March 31, 2012
Accounts receivable, trade	¥ 116.9
Advances to associated companies	166.9
Accounts payable, trade	110.3

Dividends received from associated companies for the year ended March 31, 2012 amounted to ¥159.3 billion.

See Note 6, “INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES.”

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

In furtherance of their trading activities, it is customary practice for us to loan or guarantee, severally and jointly with others, indebtedness of certain customers and suppliers and of certain associated companies as well as to guarantee the performance of contracts by such entities. At March 31, 2012, the aggregate amount of loans (including ¥166.4 billion guarantees) relating to associated companies was ¥340.8 billion. The largest amount outstanding as of March 31, 2012 was loan to FPSO (Floating Production, Storage and Offloading vessel) leasing business for Brazilian deepwater oil exploration and other projects. The loan was mainly from Mitsui. Other major loans to associated companies included loans to the development of natural resources.

In the ordinary course of our business, we have entered into transactions with various organizations with which certain of our Directors and Senior Managements are associated, but no material transactions have been entered into for the three-year period ended March 31, 2012.

As of March 31, 2012, no person was the beneficial owner of more than 10% of our common stock.

4) Quantitative and Qualitative Information Regarding Market Risk

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

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

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

Transactions for the purpose of trading

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

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

Year Ended March 31, 2012

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

Year Ended March 31, 2011

Risk factor	Fiscal year-end	Highest	Lowest	Average
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Interest rates / stock prices	0	82	0	22
Foreign currency exchange rates	34	157	32	75
Commodity prices	3,646	3,646	2,562	3,046

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

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

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

- Commodity price risk:

Commodity derivative transactions in commodities such as nonferrous metals, crude oil and gas, mainly carried out at the Logistics & Financial Business Segment and the Energy Segment

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

Business transactions other than trading activities

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

Interest rate risk

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

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

Currency	End of current fiscal year (March 31, 2012)		End of previous fiscal year (March 31, 2011)	
	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Yen	1,459.1	876.8	1,491.0	896.5
U.S. dollars	776.3	170.9	627.5	85.6
Others	149.9	145.0	173.6	103.3
Total	2,385.3	1,192.7	2,292.1	1,085.4

Foreign currency exchange rate risk

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

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

Currency	End of current fiscal year (March 31, 2012)		End of previous fiscal year (March 31, 2011)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Yen	76.8	83.8	59.4	119.3
U.S. dollars	19.7	6.5	73.5	4.5
Others	68.8	23.3	63.2	21.0
Total	165.3	113.6	196.1	144.8

Commodity price risk

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

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

Classification of commodity	End of current fiscal year (March 31, 2012)		End of previous fiscal year (March 31, 2011)	
	Long position	Short position	Long position	Short position
	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)	(Billions of Yen)
Nonferrous metal	96.6	97.9	131.7	126.9
Food	169.2	163.8	133.5	142.3
Crude oil and gas Other	16.1	40.2	14.5	15.7
Total	281.9	301.9	279.7	284.9

Stock price risk

We invest in listed companies to strengthen their ties with customers, suppliers and others, as well as to make various types of propositions towards the companies in which they invest, in order to pursue operating revenue and improve corporate value. These investments are exposed to stock price risks.

At the end of the previous fiscal year and the end of the current fiscal year, the fair values of the marketable equity securities held by us were ¥429.6 billion and ¥412.1 billion respectively. The estimated changes in the fair values in the case of a 10% fluctuation in the stock indices representative of the markets on which individual issues are listed, are ¥44.5 billion and ¥43.8 billion respectively. The estimated changes in fair values are ones after taking into consideration the sensitivity of the prices of individual shares to fluctuations in stock price indices.

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2012, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 17, “SEGMENT INFORMATION.” Among our major property and equipment expenditures, we are making focused efforts towards new development and investment for expansion in property and equipment for production in mineral resources and energy resources. The table below shows major mineral resources and energy production operations that were completed by the year ended March 31, 2012, as well as those which are being newly constructed or expanded at present.

Operating segment	Mineral & Metal Resources		
Commodity	Iron Ore		
Company name	Mitsui Iron Ore Development Pty. Ltd.	Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd.	
Project (or name of joint venture)	Robe River Joint Venture	Joint venture of each of Mt. Newman, Yandi, Goldsworthy	
Country/Region	Australia/Western Australia	Australia/Western Australia	
Participating operators	Rio Tinto, etc.	BHP Billiton, etc.	
Ratio of Mitsui’s capital investment contribution	33%	7%	
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Investment decided in December 2010. Yearly iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its current nameplate capacity of 80 million tons to 133 million tons per annum by the end of 2013. This was a partial change to the original plan of expanding yearly port capacity to 180 million tons by the end of 2012, for which the preliminary investment was decided in 2008.	In addition to expansion work at sites such as the Yandi mine, for which the investment was decided in 2008, funding for the following was decided in March 2011: the installation of port blending facilities, and the development of the Jimblebar mine (BHP Billiton holds a 100% share) to increase installed capacity to in excess of 220 million tons per annum.	Pre-commitment funding decided in 2012. This decision is in relation to the expansion project to increase the installed port capacity by 100 million tons to over 320 million tons per year, through the construction of outer harbour shipment facilities at Port Hedland and landside infrastructures including stockyards and a rail spur. The project is expected to be reviewed for full approval in the fourth quarter of calendar year 2012.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	3.78 billion Australian dollars (1.25 billion Australian dollars)	8.0 billion U.S. dollars (0.37 billion U.S. dollars) This does not include 5.6 billion U.S. dollars (0.4 billion U.S. dollars) for expansion work for the Yandi mine, for which the allocation of investment was decided in 2008.	Pre-commitment funding amount: 0.92 billion U.S. dollars (0.06 billion U.S. dollars)

Operating segment	Energy
Commodity	Coal
Company name	Mitsui Coal Holdings Pty. Ltd.
Project (or name of joint venture)	Kestrel Joint Venture
Country/Region	Australia/Queensland
Participating operators	Rio Tinto
Ratio of Mitsui's capital investment contribution	20%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Development of mining area adjacent to existing mining area decided in January 2008. Construction of the Project started in 2008 upon obtaining the government's approvals. The operation is expected to commence in 2013. The Project estimates approx. 6.5 million tons per annum expanded from approx. 4 million tons.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	1.44 billion Australian dollars (0.29 billion Australian dollars) Due to an increase in the development cost, an additional investment has been decided in 2011. Total budget including the additional investment is 2.07 billion Australian dollars (0.42 billion Australian dollars.)

Operating segment	Energy	
Commodity	Shale gas	Shale oil/gas
Company name	Mitsui E&P USA LLC	Mitsui E&P Texas LP
Project (or name of joint venture)	Marcellus Shale	Eagle Ford Shale
Country/Region	United States/Pennsylvania	United States/Texas
Participating operators	Anadarko Petroleum Corporation, etc.	Anadarko Petroleum Corporation, SM Energy Company, etc.
Net acreage	100,000 acres (Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%)	47,000 acres
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Participated in the development and production of Anadarko Petroleum's Marcellus Shale gas project in 2010. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P USA's share) will be between 360 MMcfd and 460 MMcfd (equivalent to crude oil approximately 60-77 thousand barrels per day).	Participated in the development and production of SM Energy Company's Eagle Ford Shale oil/gas project in 2011. The partners of this project will be drilling more than one thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P Texas's share) will be approximately 20 thousand barrels per day.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	(Between 3.0 and 4.0 billion U.S. dollars).	(1.2 billion U.S. dollars).

(*) This is the amount estimated at the time of decision of the capital expenditure, and the actual amount of expenditure may exceed the above amounts in the process of development construction.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segments	Office Name	Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Consumer Service & IT		Ohtemachi Pal Building	Chiyoda-ku, Tokyo	—	1,380	36,888	298	—	—	Leased to Promise Co., Ltd.
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,573	9,854	5,235	13,927	—	43	Partially leased to Sumitomo Mitsui Banking Corporation, Marunouchi Heat Supply Co., Ltd. (land leased by Marunouchi Heat Supply Co., Ltd.)
	Kansai Office	Office building	Kita-ku, Osaka-shi	134	3,038	2,161	7,559	—	4	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi	63	1,525	548	1,318	—	3	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	—	15,653	2,045	1,288	—	9	

(2) Domestic Subsidiaries

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Kita Kanto Branch, MITSUI BUSSAN KOZAI HANBAI CO., LTD. and others	Ota-shi, Gunma and others	874	124,227	3,378	1,683	478	158	
Chemical	DAIICHI TANKER CO., LTD.	Ships	Chuo-ku, Tokyo	121	—	—	3	17	10,459	
	Toyo Marine Co., Ltd.	Ships	Chiyoda-ku, Tokyo	—	—	—	—	1	6,627	
Energy	Mitsui Oil Co., Ltd.	Gas station	miscellaneous	92	—	7,686	4,027	1,847	5,920	Including property leased to others
	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	147	—	—	6,460	98,937	23,265	
Foods & Retail	MITSUI FOODS CO., LTD.	Tokyo Branch / Shinkiba Logistic Center	Koto-ku, Tokyo	1,066	17,103	9,600	3,812	1,079	2,317	
	PRIFOODS CO., LTD	Hosoya Factory and others	Misawa-shi, Aomori and others	598	28,383	3,917	5,199	2,328	1,328	
	Mitsui Norin Co., Ltd.	Sutama Factory and others	Hokuto-shi, Yamanashi and others	557	31,575	2,593	6,020	1,630	7	
	San-ei Sucrochemical Co., Ltd.	Factory at head office	Chita-shi, Aichi	230	75,942	2,408	917	1,885	3	
Consumer Service & IT	BUSSAN REAL ESTATE CO., LTD.	Hibiya Central Building	Minato-ku, Tokyo	147	—	116	315	49	36,531	Including property leased to others
	Mitsui Knowledge Industry Co., Ltd.	Higashi Nakano Office and others	Nakano-ku, Tokyo	1,859	3,374	1,550	2,287	1,375	29	
Logistics & Financial Business	Trinet Logistics Co., Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	380	60,363	12,495	11,097	975	12,950	Including property leased to others
	Tokyo International Air Cargo Terminal Ltd.	Cargo terminal at Tokyo International Airport	Ota-ku, Tokyo	71	—	—	15,830	699	—	

(Note) For those companies who own more than one equipment and facilities, most notable one is presented.
For number of employees and carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company's head office is presented.
"Other" for Bussan Real Estate Co., Ltd. includes the carrying amounts (net of unrealized gain on transfer) of Hibiya Central Building and Bussan Building Annex, which were transferred from Mitsui & Co., Ltd. (the company filing this report).

(3) Overseas Subsidiaries

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands Acreage (m^2)	Land, Land Improvements and Timberlands Carrying Amount (Millions of Yen)	Buildings Carrying Amount (Millions of Yen)	Equipment and Fixtures Carrying Amount (Millions of Yen)	Other (Millions of Yen)	Use of Property
Mineral & Metal Resources	Mitsui Iron Ore Development Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	11	—	—	38,408	71,144	33,198	
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	3	—	—	28,532	34,737	29,603	
Machinery & Infrastructure Projects	Mitsui Rail Capital Holdings, Inc.	Rolling stock	Chicago, Illinois, U.S.A.	—	—	—	—	26	15,106	Including property leased to others
	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	65	—	—	—	121	63,125	Including property leased to others
	M&T Aviation Finance Ltd	Aircraft	London, United Kingdom	—	—	—	—	—	9,912	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	26	—	—	24	20	35,394	Including property leased to others
Chemical	P.T. Kaltim Pasifik Amoniak	Anhydrous ammonia manufacturing facility	Bontang, Indonesia	202	—	—	—	10,285	38	
	Shark Bay Salt Pty. Ltd.	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	309	—	316	16,590	7,074	2,655	
Energy	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	21	—	—	9,770	89,113	25,444	
	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Indian Ocean, Australia and others	29	—	—	—	40,943	8,863	
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	8	—	—	30	27,833	—	
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	13	—	—	—	119,996	—	
	Mitsui E&P Texas LP	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	—	—	—	—	8,303	—	
	Mitsui E&P Mozambique Area 1 Limited	Crude oil / gas exploration facility and others	Northern offshore, Mozambique	—	—	—	—	14	11,908	
Foods & Retail	Multigrain AG	Tabuleiro farm	Bahia, Brazil	1,799	970,740 (thousand m^2)	49,289	2,266	4,982	64	

Operating Segments	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Person)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Logistics & Financial Business	Tri-Net Logistics (Asia) Pte Ltd.	Ships	Singapore	76	—	—	—	83	5,091	
Americas	Inter-continental Terminals Company LLC	Chemical tank terminal	Houston, Texas, U.S.A.	240	1,796,387	2,439	7,433	98	18,281	
	MBK Real Estate LLC	Senior living properties	Rocklin, California, U.S.A. and others	750	—	—	—	258	14,252	Including property leased to others
	Novus International, Inc.	Feed additive manufacturing plant	Alvin, Texas, U.S.A. and others	983	—	501	1,903	6,633	747	
	United Grain Corporation	Grain exporting facility	Vancouver, Washington, U.S.A.	7	60,412	44	2,217	644	4,829	

(Note) For those companies who own more than one equipment and facilities, most notable one is presented.
For number of employees and carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company's head office is presented.

3. Plans for New Additions or Disposals

As indicated in "1. Overview of Capital Expenditures," plans for new construction and expansion of material equipment and facilities are focused on new investment and investment in expansion for property and equipment for production in mineral resources and energy resources.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	2,500,000,000
Total	2,500,000,000

2) Number of Shares Issued

As of March 31, 2012

Class	Number of shares outstanding (as of March 31, 2012)	Number of shares outstanding as of issuance date of this report (June 21, 2012)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,829,153,527	1,829,153,527	Securities Exchanges in Tokyo, Osaka, Nagoya, (all listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,829,153,527	1,829,153,527	—	—

(2) Status of the Share Subscription Rights

Not applicable.

(3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2007 to March 31, 2008 (Note)	32,645	1,820,183	14,331	337,543	14,285	363,833
From April 1, 2008 to March 31, 2009 (Note)	4,744	1,824,928	2,082	339,626	2,076	365,909
From April 1, 2009 to March 31, 2010 (Note)	4,225	1,829,153	1,854	341,481	1,848	367,758
From April 1, 2010 to March 31, 2011	—	1,829,153	—	341,481	—	367,758
From April 1, 2011 to March 31, 2012	—	1,829,153	—	341,481	—	367,758

(Note) This is from the conversion of the sixth convertible unsecured bonds to shares, which came to maturity on September 30, 2009.

(6) Status of Shareholders

As of March 31, 2012

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	—	258	151	2,474	785	107	206,389	210,164	—
Number of shares held (units)	—	7,637,395	847,731	913,155	5,586,861	1,804	3,290,188	18,277,134	1,440,127
Ratio (%)	—	41.79	4.64	5.00	30.57	0.00	18.00	100	—

(Notes)
1. Treasury stock of 3,762,241 shares, 37,622 units (3,762,200 shares) is included in "Individuals and other," and 41 shares are included in "Shares under one unit."
2. Of 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in "Other corporations," and 15 shares are included in "Shares under one unit."

(7) Status of Major Shareholders

As of March 31, 2012

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	161,738	8.84
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	131,219	7.17
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS (Standing agent: HSBC, Tokyo Branch)	338 PITT STREET SYDNEY NSW 2000, AUSTRALIA (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	42,987	2.35
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	42,870	2.34
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	38,500	2.10
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	1.91
The Chuo Mitsui Trust and Banking Company, Limited (Standing agent: Japan Trustee Services Bank, Ltd.)	33-1, Shiba 3-chome, Minato-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	24,799	1.35
Mitsui Sumitomo Insurance Company, Limited	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	24,726	1.35
Barclays Capital Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo	20,850	1.13
The Dai-ichi Life Insurance Company, Limited (Standing agent: Trust & Custody Services Bank, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	20,444	1.11
Total	—	543,205	29.69

(Notes)
1. The number of shares is rounded down to the nearest thousand.
2. Percentage of common stock issued is rounded down to two decimal places.
3. The status of major shareholders shown above does not include the following reports on possession of large volume shareholdings and change reports pertaining to reports on possession of large volume shareholdings that were filed with the Director of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2012, which is the end of our fiscal year. Reports by large volume shareholders include portions held by joint holders.

4. On April 1, 2012, The Chuo Mitsui Trust and Banking Company, Limited merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited and changed its name to Sumitomo Mitsui Trust Bank, Limited.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Mitsubishi UFJ Financial Group, Inc.	October 12, 2009	140,314,863	7.68

In addition, a copy of a report on possession of large volume shareholdings dated April 19, 2012 has been sent by Sumitomo Mitsui Trust Holdings, Inc.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Holdings, Inc.	April 13, 2012	122,223,000	6.68

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2012

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 3,762,200	—	—
	(Crossholding stock) Common stock 330,700	—	—
Shares with full voting rights (Others)	Common stock 1,823,620,500	18,236,205	—
Shares under one unit	Common stock 1,440,127	—	Shares under one unit (100 shares)
Total shares issued	1,829,153,527	—	—
Total voting rights held by all shareholders	—	18,236,205	—

(Notes) 1. In the column of "Shares with full voting rights (Others)," "1,823,620,500 shares in common stock" and "18,236,205 units of voting rights" include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

2. In the column "Shares under one unit," "1,440,127 shares in common stock" include 41 shares of treasury stock (under one unit) held by Mitsui, 50 shares of crossholding stock (under one unit) and 15 shares that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2012

Name of shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	Percentage of interest
Treasury stock:					
Mitsui & Co., Ltd.	2-1 Ohtemachi 1-chome, Chiyoda-ku	3,762,200	—	3,762,200	0.20
Crossholding stock:					
Nippon Formula Feed Manufacturing Co., Ltd.	9-13, Moriya-cho 3-chome, Kanagawa-ku, Yokohama-shi	330,700	—	330,700	0.01
Total	—	4,092,900	—	4,092,900	0.22

(9) Stock Option Plans

Not applicable.

2. Acquisition of Treasury Stock and Other Related Status

【Class of shares】 Acquisition of shares of common stock under Article 155, Item 7, of the Companies Act of Japan

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Not applicable.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	11,716	15,743,593
Treasury stock acquired during the current period for acquisition (Note)	1,132	1,413,572

(Note) "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2012, to the issuance date of this report (June 21, 2012).

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation	—	—	—	—
Other (Sold due to demand for sale of shares constituting less than one full unit) (Note 1)	2,775	3,686,193	365	452,126
Number of shares of treasury stock held (Note 2)	3,762,241	—	3,763,008	—

(Notes) 1. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2012, to the issuance date of this report (June 21, 2012).
2. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2012, to the issuance date of this report (June 21, 2012).

3. Shareholder Return Policy

In order to increase corporate value and maximize shareholder value, we have sought to maintain an optimal balance between (a) meeting investment demand in areas that are our core strengths and growth largely through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends based on a target dividend payout ratio of consolidated net income.
Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.
We have set our minimum target dividend payout ratio at 20% of consolidated net income in our Medium-term Management Plan for the two-year period ended March 31, 2012. While we principally aim for a steady increase in dividends through improvements in corporate performance, we have also included in our policy consideration of more flexible compensation to the shareholders, provided that we secure sufficient retained earnings for future business development. In accordance with this policy, we have set the dividend payout ratio at 23% for the year ended March 31, 2012, the same rate as the year ended March 31, 2011. Accordingly for the year ended March 31, 2012, we will pay an annual dividend of ¥55 per share, or ¥28 as year-end dividend per share, excluding the interim dividend of ¥27 per share. As a result, dividend payout ratio per share was 23.1% (*).
The above policy will be maintained through the period of the Medium-term Management Plan to March 2014, and reflecting our sound financial standing resulting from the implementation of the initiatives of the previous Medium-term Management Plan, we have raised our minimum target dividend payout ratio to 25% of consolidated net income.
Pursuant to our policy, for the year ending March 31, 2013, we currently envisage an annual dividend of ¥55 per share, the same amount as the year ended March 31, 2012. This number is based on the assumption that our annual consolidated net income attributable to Mitsui & Co., Ltd. will be ¥400 billion, as mentioned in our forecast net income for the year ending March 31, 2013, and we will review our actual results and other business environment before finally deciding the amount to be paid out.
We will continue to review the shareholder return policy taking into consideration the business environment, future investing activity trends, free cash flow and interest-bearing debt levels, and return on equity.

Dividends for the year ended March 31, 2012 were as follows:
(a) The interim dividend which the Board of Directors resolved on November 2, 2011
Total dividend amount of ¥49,286 million; ¥27 per share
(b) The year-end dividend which General Meeting of Shareholders resolved on June 21, 2012
Total dividend amount of ¥51,111 million; ¥28 per share

* Dividend payout ratio per share was calculated as follows:
(i) Dividend per share (¥55) divided by (ii) Net income attributable to Mitsui & Co., Ltd. per share (¥238.10)

4. Trends in the Market Price of the Mitsui's Shares

(1) Highest and Lowest Prices by Fiscal Year during the Past Five Years

Fiscal year	93rd	92nd	91st	90th	89th
Year-end	March 2012	March 2011	March 2010	March 2009	March 2008
Highest (Yen)	1,487	1,665	1,589	2,760	3,180
Lowest (Yen)	1,005	995	999	656	1,681

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Prices by Month during the Past Six Months

Month	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012
Highest (Yen)	1,206	1,195	1,247	1,312	1,430	1,439
Lowest (Yen)	1,005	1,075	1,137	1,188	1,281	1,331

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Corporate Auditors

Directors

Name ***Shoei Utsuda (1)***
Date of Birth February 12, 1943
Shareholdings as of March 31, 2012 (1,000 shares) 91

Prior Positions
- 1967/4 Joined Mitsui & Co., Ltd.
- 1997/6 Director, General Manager of Machinery & Information, Industries Administrative Division
- 2000/6 Representative Director; Executive Managing Director; General Manager of Corporate Planning Division
- 2002/4 Representative Director; Senior Executive Managing Officer; Chief Strategic Officer (Responsible for Administrative Division); Chief Operating Officer of Business Process Re-Engineering Project
- 2002/10 Representative Director, President and Chief Executive Officer
- 2009/4 Director; Chairman of the board (current position)

Name ***Masami Iijima (1)***
Date of Birth September 23, 1950
Shareholdings as of March 31, 2012 (1,000 shares) 47

Prior Positions
- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer (current position)

Name ***Seiichi Tanaka (1)***
Date of Birth January 12, 1953
Shareholdings as of March 31, 2012 (1,000 shares) 23

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer; General Manager of Human Resources & General Affairs Division
- 2008/4 Executive Managing Officer; Chief Privacy Officer, Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2008/6 Representative Director, Executive Managing Officer; Chief Privacy Officer; Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2008/10 Representative Director, Senior Executive Managing Officer; Chief Privacy Officer; Director of Mitsui & Co. (Asia Pacific) Pte. Ltd.
- 2009/4 Representative Director, Senior Executive Managing Officer; Chief Information Officer and Chief Privacy Officer
- 2010/4 Representative Director, Executive Vice President, Chief Information Officer and Chief Privacy Officer
- 2011/4 Representative Director, Executive Vice President (current position)

Name ***Fuminobu Kawashima (1)***
Date of Birth April 20, 1952
Shareholdings as of March 31, 2012 (1,000 shares) 23

Prior Positions
- 1976/4 Joined Mitsui & Co., Ltd.

- 2007/4 Managing Officer, Chief Operating Officer of Energy Business Unit I
- 2010/4 Executive Managing Officer, Chief Operating Officer of Marine & Aerospace Business Unit
- 2011/4 Senior Executive Managing Officer
- 2011/6 Representative Director, Senior Executive Managing Officer
- 2012/4 Representative Director, Executive Vice President (current position)

Name ***Daisuke Saiga (1)***

Date of Birth March 16, 1955

Shareholdings as of March 31, 2012 (1,000 shares) 13

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Human Resources & General Affairs Division
- 2010/4 Executive Managing Officer, Chief Compliance Officer
- 2010/6 Representative Director, Executive Managing Officer, Chief Compliance Officer
- 2012/4 Representative Director, Senior Executive Managing Officer (current position)

Name ***Joji Okada (1)***

Date of Birth October 10, 1951

Shareholdings as of March 31, 2012 (1,000 shares) 26

Prior Positions
- 1974/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Accounting Division
- 2009/4 Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2010/4 Executive Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2011/4 Executive Managing Officer, Chief Financial Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Financial Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Financial Officer (current position)

Name ***Masayuki Kinoshita (1)***

Date of Birth April 11, 1954

Shareholdings as of March 31, 2012 (1,000 shares) 16

Prior Positions
- 1978/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2011/4 Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Information Officer, Chief Privacy Officer (current position)

Name ***Shintaro Ambe (1)***

Date of Birth August 31, 1952

Shareholdings as of March 31, 2012 (1,000 shares) 10

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2009/4 Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2012/4 Executive Managing Officer

- 2012/6 Representative Director, Executive Managing Officer (current position)

Name ***Koichi Tanaka (1)***

Date of Birth October 21, 1955

Shareholdings as of March 31, 2012 (1,000 shares) 16

Prior Positions

- 1980/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, General Manager, Segment Controller Division
- 2011/4 Managing Officer, Deputy Chief Financial Officer; General Manager, Segment Controller Division
- 2012/4 Executive Managing Officer, Chief Compliance Officer
- 2012/6 Representative Director, Executive Managing Officer, Chief Compliance Officer (current position)

Name ***Nobuko Matsubara (1)***

Date of Birth January 9, 1941

Shareholdings as of March 31, 2012 (1,000 shares) 7

Prior Positions

- 1964/4 Entered the Ministry of Labor
- 1987/3 Director of International Labor Division, Minister's Secretariat, the Ministry of Labor
- 1991/10 Director-General of Women's Bureau, the Ministry of Labor
- 1997/7 Vice Minister of the Ministry of Labor
- 1999/4 President, Japan Association for Employment of Persons with Disabilities
- 2002/9 Ambassador of Japan to Italy
- 2002/11 Ambassador of Japan to Albania, to San Marino and to Malta
- 2006/1 Advisor to Japan Institute of Workers' Evolution
- 2006/6 External Director, Mitsui & Co., Ltd. (current position)
- 2006/7 Chairman of Japan Institute of Workers' Evolution (current position)

Name ***Ikujiro Nonaka (1)***

Date of Birth May 10, 1935

Shareholdings as of March 31, 2012 (1,000 shares) 16

Prior Positions

- 1958/4 Joined Fuji Electric Co.
- 1977/4 Professor, Management Faculty, Nanzan University
- 1979/1 Professor, National Defense Academy of Japan
- 1982/4 Professor, Institute of Business Research, Hitotsubashi University
- 1995/4 Professor, Graduate School of Knowledge Science, JAIST
- 1997/4 Dean, Center for Knowledge Science, Graduate School of Knowledge Science, JAIST
- 1997/5 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of Business, University of California, Berkeley (current position)
- 2000/4 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- 2006/4 Professor Emeritus, Hitotsubashi University (current position)
- 2007/1 First Distinguished Drucker Scholar in Residence, Drucker School of Claremont Graduate University (current position)
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
- 2012/4 Specially Appointed Professor, Waseda University (current position)

Name ***Hiroshi Hirabayashi (1)***

Date of Birth May 5, 1940

Shareholdings as of March 31, 2012 (1,000 shares) 8

Prior Positions

- 1963/4 Entered the Ministry of Foreign Affairs

• 1988/1	Director, Management and Coordination Division, Minister’s Secretariat, the Ministry of Foreign Affairs
• 1990/1	Minister, Japanese Embassy in the United States
• 1992/1	Envoy, Japanese Embassy in the United States
• 1993/8	Director-General, Economic Cooperation Bureau, the Ministry of Foreign Affairs
• 1995/8	Chief Cabinet Councilor’s Office on External Affairs, Cabinet Secretariat
• 1997/10	Secretary-General, Indo-China Refugees Measures Coordination Conference
• 1998/1	Ambassador Extraordinary and Plenipotentiary to India and to Bhutan
• 2002/9	Ambassador Extraordinary and Plenipotentiary to France and to Andorra
• 2003/1	Ambassador to Djibouti
• 2006/6	Ambassador in charge of Inspection, the Ministry of Foreign Affairs
• 2007/3	Councilor, The Japan Forum on International Relations, Inc.
• 2007/6	External Director, Mitsui & Co., Ltd. (current position) President, The Japan-India Association
• 2008/4	Visiting Professor, Waseda University, Graduate School of Asia-Pacific Studies
• 2009/6	Vice President, The Japan Forum on International Relations, Inc.
• 2010/11	President, The Japan-India Association (current position)
• 2011/4	President, The Japan Forum on International Relations, Inc. (current position)

Name ***Toshiro Mutoh (1)***

Date of Birth July 2, 1943

Shareholdings as of March 31, 2012 (1,000 shares) 3

Prior Positions	• 1966/4	Entered the Ministry of Finance
	• 1999/7	Director-General of the Budget Bureau, Ministry of Finance
	• 2000/6	Administrative Vice Minister, Ministry of Finance
	• 2003/1	Special Advisor, Ministry of Finance
	• 2003/3	Deputy Governor, Bank of Japan
	• 2008/6	Visiting Professor, Research Center for Advanced Science and Technology, The University of Tokyo
	• 2008/7	Chairman, Daiwa Institute of Research Ltd. (current position)
	• 2009/4	Director, Principal, The Kaisei Academy (current position)
	• 2010/6	External Director, Mitsui & Co., Ltd. (current position)

Corporate Auditors

Name ***Satoru Miura (3)***

Date of Birth March 2, 1947

Shareholdings as of March 31, 2012 (1,000 shares) 30

Prior Positions

- 1970/4 Joined Mitsui & Co., Ltd.
- 2001/6 Director; Chief Operating Officer of Iron & Steel Products Business Unit
- 2002/4 Director; Senior Managing Officer, Chief Operating Officer, Iron & Steel Products Unit, Metals Group
- 2004/4 Executive Managing Officer, Chief Operating Officer, Iron & Steel Products Business Unit
- 2005/4 Executive Managing Officer; General Manager, Nagoya Office
- 2007/4 Executive Managing Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Motonori Murakami (3)***

Date of Birth November 19, 1948

Shareholdings as of March 31, 2012 (1,000 shares) 30

Prior Positions

- 1971/7 Joined Mitsui & Co., Ltd.
- 2003/4 Managing Officer; General Manager, General Accounting Division
- 2006/4 Executive Managing Officer, Assistant to Senior Executive Managing Officer (Corporate Staff Division), Assistant to Chief Financial Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Naoto Nakamura (2)***

Date of Birth January 25, 1960

Shareholdings as of March 31, 2012 (1,000 shares) 0

Prior Positions

- 1985/4 Admitted to the member of Daini Tokyo Bar Association
  Joined Mori Sogo Law Office
- 1998/4 Founded HIBIYA PARK LAW OFFICES and became a partner
- 2003/2 Founded Law Firm of Naoto Nakamura (currently Law Firm of Nakamura, Tsunoda & Matsumoto) and became a partner (current position)
- 2006/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Kunihiro Matsuo (4)***

Date of Birth September 13, 1942

Shareholdings as of March 31, 2012 (1,000 shares) 7

Prior Positions

- 1968/4 Appointment as Public Prosecutor
- 1999/12 Vice Minister of Justice
- 2004/6 Attorney General
- 2006/9 Admission as Attorney at Law
- 2008/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name	***Hiroyasu Watanabe (1)***
Date of Birth	April 11, 1945

Shareholdings as of March 31, 2012 (1,000 shares) 1

Prior Positions

- 1969/7 Entered the Ministry of Finance
- 1994/7 Director-General, Nagoya Taxation Bureau, National Tax Agency, the Ministry of Finance
- 1995/5 Director-General, Kinki Finance Bureau, the Ministry of Finance
- 1996/7 Deputy Director-General, Tax Bureau, the Ministry of Finance
- 1997/7 Director-General, Tokyo Taxation Bureau, National Tax Agency, the Ministry of Finance
- 1998/7 Director-General, Customs and Tariff Bureau, the Ministry of Finance
- 2000/6 President, Policy Research Institute, the Ministry of Finance
- 2002/7 Commissioner, National Tax Agency, the Ministry of Finance
- 2003/11 Visiting Professor, University of Tokyo, Graduate Schools for Law and Politics
- 2004/4 Professor, Waseda University, Graduate School of Finance, Accounting & Law (current position)
- 2009/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

(1) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2013.
(2) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2014.
(3) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2015.
(4) Date of Expiration of Current Terms of Office will be at the Ordinary General Meeting in June 2016.
(5) Ms. Nobuko Matsubara, Mr. Ikujiro Nonaka, Mr. Hiroshi Hirabayashi and Mr. Toshiro Mutoh are external directors.
Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe are external Corporate Auditors.
Mr. Satoru Miura and Mr. Motonori Murakami are full-time Corporate Auditors.

Mitsui introduced the Managing Officer System in April 2002. Members of managing officers as of June 21, 2012 are as follows. (*Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Masami Iijima	* President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters
Seiichi Tanaka	* Executive Vice President; Basic Chemicals Business Unit; Performance Chemicals Business Unit; IT Business Unit; Transportation Logistics Business Unit; Chairman, Portfolio Management Committee
Fuminobu Kawashima	* Executive Vice President; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II; Domestic Offices and Branches
Daisuke Saiga	* Senior Executive Managing Officer; Iron & Steel Products Business Unit; Food Resources Business Unit; Food Products & Services Business Unit; Consumer Service Business Unit
Joji Okada	* Senior Executive Managing Officer; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Segment Controller Division, Finance Division, Investment Administration Division, Credit Risk Management Division, Market Risk Management Division, Investor Relations Division); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Masayuki Kinoshita	* Senior Executive Managing Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Information Technology Promotion Division, Environmental Social Contribution Division, Corporate Communications Division); Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee
Yoshinori Setoyama	Senior Executive Managing Officer, Chief Representative of Mitsui & Co., Ltd. in China

Name		Title and Principal Positions
Noriaki Sakamoto		Executive Managing Officer; Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit
Takashi Yamauchi		Executive Managing Officer; Chief Operating Officer, Asia Pacific Business Unit
Atsushi Oi		Executive Managing Officer; General Manager, Osaka Office
Takashi Fukunaga		Executive Managing Officer; Chief Operating Officer, Food Products & Services Business Unit
Mitsuhiko Kawai		Executive Managing Officer; Chief Operating Officer, Americas Business Unit
Shintaro Ambe	*	Executive Managing Officer; Infrastructure Projects Business Unit; Motor Vehicles & Construction Machinery Business Unit; Marine & Aerospace Business Unit; Financial & New Business Unit; Chairman, Environmental and New Energy Business Committee
Motomu Takahashi		Executive Managing Officer; Chief Operating Officer, Iron & Steel Products Business Unit
Koichi Tanaka	*	Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Logistics Management Division); Business Continuity Management; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee
Hiroyuki Kato		Executive Managing Officer; Chief Operating Officer, Energy Business Unit I
Yoshihiro Hombo		Executive Managing Officer; General Manager, Investment Administration Division
Susumu Uneno		Managing Officer; President, Mitsui & Co. (Thailand) Ltd.
Kazuhiko Fukuchi		Managing Officer; General Manager, Kyushu Office
Ichizo Kobayashi		Managing Officer; Chief Operating Officer, Marine & Aerospace Business Unit
Tatsuo Nakayama		Managing Officer; Chief Operating Officer, Motor Vehicles & Construction Machinery Business Unit
Motonobu Sato		Managing Officer; General Director, Mitsui & Co. Vietnam Ltd.
Hironobu Ishikawa		Managing Officer; General Manager, Human Resources & General Affairs Division
Kenji Akikawa		Managing Officer; Chief Operating Officer, IT Business Unit
Katsunori Aikyo		Managing Officer; Chief Operating Officer, Transportation Logistics Business Unit
Atsushi Kume		Managing Officer; Chief Operating Officer, Financial & New Business Unit
Toru Suzuki		Managing Officer; Chief Operating Officer, Performance Chemicals Business Unit
Hideyuki Mikayama		Managing Officer; General Manager, Nagoya Office
Takeshi Kanamori		Managing Officer; Chief Operating Officer, Infrastructure Projects Business Unit
Satoshi Tanaka		Managing Officer; Chief Operating Officer, Consumer Service Business Unit
Makoto Suzuki		Managing Officer; Chief Representative of Mitsui & Co., Ltd. in South West Asia
Yasushi Takahashi		Managing Officer; Chief Operating Officer, Mineral & Metal Resources Business Unit
Kaku Kato		Managing Officer; General Manager, Internal Auditing Division
Akira Nakaminato		Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute
Yasushi Yoshikai		Managing Officer; Chief Operating Officer, Energy Business Unit II
Keigo Matsubara		Managing Officer; Deputy Chief Financial Officer; General Manager, Global Controller Division
Kazuo Nakayama		Managing Officer; Chief Operating Officer, Food Resources Business Unit
Kazuya Okamura		Managing Officer; Chief Operating Officer, Basic Chemicals Business Unit

6. Corporate Governance

(1) Corporate Governance

1) Basic Corporate Governance Policy

Mitsui employs the structure of a company with a board of corporate auditors. In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures.

i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Corporate Auditors participate as members.

ii) The Corporate Auditors supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Corporate Auditors carry out multiple, effective supervisory activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

In structuring the corporate governance framework, Mitsui places emphasis on "improved transparency and accountability" and "clarification of the division of roles between management oversight and execution." For the "improved transparency and accountability," Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Corporate Auditors. Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For "clarification of the division of roles between management oversight and execution," Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers' business activities. Chief Operating Officers of 15 business units within headquarters and three regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.

2) Status of Implementation of Corporate Governance Policy

i) Management bodies regarding our management decision-making, business execution and supervision, and other corporate governance structures

(a) Corporate governance structure

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11. In June 2003, the first External Director was appointed and since the Ordinary General Meeting of Shareholders held in June 2007, four External Directors have been appointed each year. The Chairman is a director who does not represent the company, and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. As of the date of the issuance of this report, 13 Directors are appointed, eight of whom also serve as Managing Officers. Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in case of increasing the number of board members in order to enhance the separation of duties between supervision and management. The tenure of Directors is one year, and Directors can be reappointed.

- While increasing the effectiveness of supervisory function by having Corporate Auditors, Mitsui implements corporate governance by maintaining board of corporate auditors system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Corporate Auditors participate, Mitsui achieves highly effective corporate governance to secure "management transparency and accountability" and "separation of duties between supervision and management."

- In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes a resolution of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.

- Regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2012, 15 meetings were held, including 4 extraordinary meetings.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors (the compositions of members are as of the date of issuance of this report).

- Governance Committee
  Composition: Chairman of the Board of Directors (committee chair), President and Chief Executive Officer, 2 External Directors, 3 internal Directors, 1 External Corporate Auditor
  Role: To study the state and direction of Mitsui's corporate governance with the viewpoints of External Directors and External Corporate Auditor

- Nomination Committee
  Composition: President and Chief Executive Officer (committee chair), 2 External Directors, 2 internal Directors
  Role: To establish the selection standards and processes used in nominating directors and managing officers as well as evaluating director nomination proposals

- Remuneration Committee
  Composition: External Director (committee chair), President and Chief Executive Officer, 2 internal Directors
  Role: To study the system and decision-making process related to remuneration and bonuses for directors and managing officers as well as evaluating remuneration proposals for them

- As of the issuance of this report, there are five Corporate Auditors, including two Full-time Corporate Auditors and three External Corporate Auditors. A meeting of the Corporate Auditors is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2012, 16 meetings were held. Corporate Auditors attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions.

(b) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the Business Units and Regional Business Units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the President and Chief Executive Officer (committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.

- As a result of the termination of the SEC registration in July 2011 and the delisting from the NASDAQ in April 2011, Mitsui implements the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its corporate governance and internal control system by positioning the internal control as the structure by which the management controls the executive body. The objectives of this structure are: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The conservation of company assets;" and consists of the following six components: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in “Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting,” issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

- Internal Controls Committee
  Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system.

- Compliance Committee
  As an organization under the Internal Controls Committee, this committee, with an attorney at law from outside Mitsui among its members, develops, maintains, and improves the effectiveness of the compliance structure.

- Disclosure Committee
  As an organization under the Internal Controls Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.

- J-SOX Committee
  As an organization under the Internal Controls Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the trustworthiness of our consolidated financial reporting. During the fiscal year ended March 31, 2012, due to the termination of the registration with the SEC, the SOA Sec. 404 Committee was renamed as the J-SOX Committee.

- Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee establishes corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.

- Information Strategy Committee
  As an organization under the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of management platform and promotion of structure of information strategy.

- CSR Promotion Committee
  As an organization under the Corporate Management Committee, this committee acts as the central body in achieving management that emphasizes “Corporate Social Responsibility” (CSR), and it provides advice to the management, raises awareness among the employees, develops internal corporate structure and sends out messages with respect to CSR-oriented management.

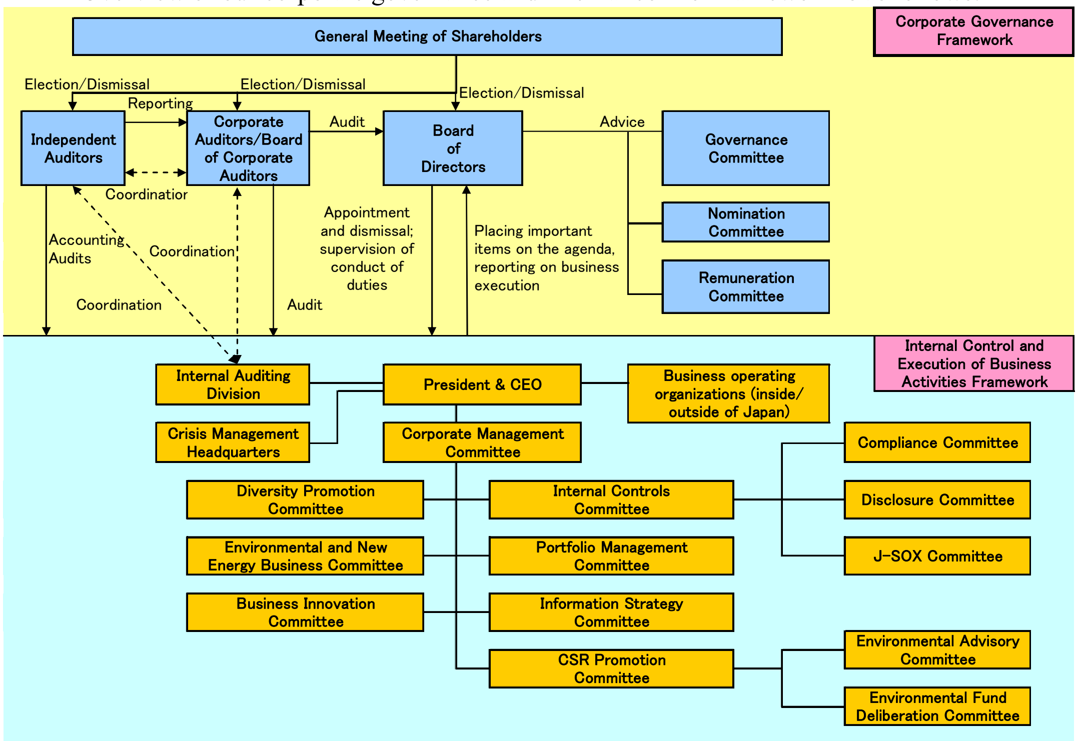
- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.

- Environmental and New Energy Business Committee
  As an advisory body to the Corporate Management Committee, this committee analyzes the external business environment, monitors and evaluates our current activities, specifies our priorities and focuses, and recommends relevant measures in environmental and new energy business.

- Crisis Management Headquarters
  As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves the head of this Headquarters.

- Business Innovation Committee
  As an organization under the Corporate Management Committee, this committee monitors and analyzes new technology trends and potential business innovations, specifies our priorities and focuses, and provides advice to the management, as well as examines specific measures to support business units in implementing potential new businesses, aiming for the next generation.

  Overview of our corporate governance and internal control framework is as follows:



ii) Status of auditing by the Corporate Auditors, Internal Auditors and Independent Auditors

(a) Auditing by the Corporate Auditors

- The Guidelines of auditing by Corporate Auditors define responsibility of Corporate Auditors, the frame of mind necessary for auditors, the framework of audits, audit standards, and codes of conduct. Pursuant to laws and regulations, the Articles of Incorporation and the provision of the rules of the Board of Corporate Auditors, the Board of Corporate Auditors receives reports, deliberates and/or makes resolutions as to important matters in auditing.

- Each Corporate Auditor has a duty to audit the following issues: In the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditor, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditor, and the system of disclosure.

- The Board of Corporate Auditors establishes audit policies and makes audit plans taking into consideration materiality, timeliness and other necessary elements. To conduct effective and efficient audits, the Board of Corporate Auditors coordinates closely with the Independent Auditor and Internal Auditing Division.

- Full-time Corporate Auditors attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the Chairman and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Corporate Auditors receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units.

- The Corporate Auditors conduct auditing on the management status of Mitsui's subsidiaries through visits to domestic and overseas branch offices and major subsidiaries as well as through cooperation with corporate auditors at subsidiaries.

- The Board of Corporate Auditors has designated Motonori Murakami and Hiroyasu Watanabe as Corporate Auditors who have considerable expertise in finance and accounting.

  Mr. Murakami joined Mitsui in 1971. Before being elected as one of our Corporate Auditors in 2007, he had worked in the field of accounting and was appointed as General Manager of the General Accounting Division in 2000 and in 2006, was appointed as Executive Managing Officer, Assistant to Senior Executive Managing Officer in charge of Corporate Staff Division and Assistant to Chief Financial Officer.

  Mr. Hiroyasu Watanabe had been working for the Ministry of Finance and National Tax Agency, and his final position in such field was Commissioner of the National Tax Agency. He is currently working as Professor at Waseda University, Graduate School of Finance, Accounting and Law.

- We set up the Corporate Auditor Division to assist in the performance of the duties of the Corporate Auditors, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

(b) Internal auditing

- Based on the orders or approval of the President and Chief Executive Officer, the Internal Auditing Division verifies the status of the development and management of internal controls from the perspective of the effectiveness and efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations, and the conservation of corporate assets. At the same time, the division evaluates the suitability and effectiveness of risk management and gives advice and recommendations for its improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division is as follows; as of March 31, 2012, of a total of 89 people, which include one General Manager, 34 inspectors, 34 members in charge of audits, and 20 staff members, 72 people are stationed in the Internal Auditing Division in the Head Office, 7 people are stationed in the Internal Auditing Offices overseas, 5 people are stationed in the Auditing Division within the Business Unit, and 5 people are stationed in affiliated companies.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the internal auditing guidelines, with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or environmental management systems, and extraordinary audits to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes. The Internal Auditing Division as an independent department compiles, reviews and provides final evaluation of the entity-wide assessment of internal control over financial reporting, pursuant to the Financial Instruments and Exchange Act of Japan. The overall results are reported to the J-SOX Committee.

- For each fiscal year, internal auditing policy and the internal auditing plan goes through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with advance notice or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

(c) Auditing of financial statements

- For the year ended March 31, 2012, the certified public accountants executing audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Koji Inagaki, Nobuaki Fuse, Hidehito Goda, and Michiyuki Yamamoto. The number of assistants involved in auditing work is 107 people as of March 31, 2012, and this number is comprised of 35 certified public accountants, 26 members of the Japanese Institute of Junior Accountants, and 46 others.

- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries are in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's accounting auditors implement auditing under Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

(d) Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Division and auditing by Independent Auditors

- At the end of the fiscal year, the Independent Auditors report to the Board of Corporate Auditors the audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Corporate Auditors hold monthly meetings with the Independent Auditors, receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

- In addition to the exchange of information with the Internal Auditing Division for implementing efficient audits, Full-time Corporate Auditors in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Board of Corporate Auditors. The Corporate Auditors, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.

3) The Relationship with External Directors and External Corporate Auditors and the Results of Their Activities

i) Relationship with External Directors and reasons for their appointments; policy regarding their independence

- The prospective person's extensive business experience and knowledge is required to deliberate on such board meeting proposals as investments and loans, and knowledge of his or her particular area of business should be used.

- Mitsui puts great value on ensuring their independence from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui shall take into consideration the field from which candidates originate, along with their gender.

- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle with likely conflicts of interest involving the prospective External Director in individual transactions with external parties.

The four External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 21, 2012, their relationships with Mitsui, and the reasons for their appointment, are as follows. Mitsui has entered into agreements with these External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui and concurrent positions in other organizations held by External Directors etc. (*)	Reasons for appointment as External Director at Mitsui
Nobuko Matsubara (Since June 2006)	Ms. Matsubara is former Vice Minister of the Ministry of Labor and later served as Ambassador Extraordinary and Plenipotentiary of Japan to Italy. She is currently the Chairman of the Japan Institute of Workers' Evolution. There is no special interest between Mitsui and Japan Institute of Workers' Evolution.	Ms. Matsubara is appointed as an External Director so that the management may benefit from her knowledge and experience in labor issues gained over the years within the public sectors, as well as for her independent oversight.
Ikujiro Nonaka (Since June 2007)	Mr. Nonaka is Professor Emeritus at Hitotsubashi University.	Mr. Nonaka is appointed as an External Director so that the management may benefit from his deep insight and supervisory capabilities related to management acquired over the years as an expert in international corporate strategy, as well as for his independent oversight.
Hiroshi Hirabayashi (Since June 2007)	Mr. Hirabayashi is from the Ministry of Foreign Affairs, and has in the past served in various diplomatic service posts, including Ambassador Extraordinary and Plenipotentiary to India and Ambassador Extraordinary and Plenipotentiary to France. Currently, he is President of the Japan-India Association. Mitsui, as with other companies, made a donation to the Japan-India Association for the celebration of 60 years of diplomatic relations between Japan and India. However, since the donated amount is small and would not affect the independence of Mr. Hirabayashi, details of such donation are omitted. Mr. Hirabayashi's eldest daughter works as a non-managerial employee of Mitsui.	Mr. Hirabayashi is appointed as an External Director so that the management may benefit from his wealth of international experience and knowledge gained as a diplomat, as well as for his independent oversight.
Toshiro Mutoh (Since June 2010)	Mr. Mutoh is former Vice Minister of the Ministry of Finance and later served as Deputy Governor of the Bank of Japan. He is currently Chairman of Daiwa Institute of Research Ltd. There is no special interest between Mitsui and Daiwa Institute of Research Ltd.	Mr. Mutoh is appointed as an External Director so that the management may benefit from his deep insight into fiscal and monetary affairs and economics in general, gained at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight.

(*) As of the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2012, concurrent positions in other organizations held by External Directors are mainly as follows.

Name	Concurrent positions in other organizations held by External Directors	
Nobuko Matsubara	Daiwa Securities Group Inc.	External Director
Ikujiro Nonaka	Seven & i Holdings Co., Ltd. Trend Micro Incorporated	External Director External Director
Hiroshi Hirabayashi	TOSHIBA CORPORATION DAIICHI SANKYO COMPANY, LIMITED	External Director External Director
Toshiro Mutoh	Sumitomo Metal Industries, Ltd.	External Corporate Auditor

ii) Activities of External Directors in the year ended March 31, 2012

The activities of External Directors in the year ended March 31, 2012 are as follows.

Name	Major activities
Nobuko Matsubara	Ms. Matsubara participated in all 15 of the Board of Directors meetings held during the year ended March 31, 2012, and offered advice mainly from the perspective of her high degree of knowledge and varied experience of labor issues while working as a Japanese public servant. Ms. Matsubara is also a member of the Governance Committee, an advisory committee to the Board of Directors.
Ikujiro Nonaka	Mr. Nonaka participated in 14 of the 15 Board of Directors meetings held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied experience from his graduate and post-graduate research as a professor and international business specialist. Mr. Nonaka is also a member of the Governance Committee and the Nomination Committee, both advisory committees to the Board of Directors.
Hiroshi Hirabayashi	Mr. Hirabayashi participated in 13 of the 15 Board of Directors meetings held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied international experience from his activities as a foreign diplomat for Japan. Mr. Hirabayashi is also a member of the Nomination Committee, an advisory committee to the Board of Directors.
Toshiro Mutoh	Mr. Mutoh participated in 14 of the 15 Board of Directors meetings held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied experience in finance and other general economic fields gained at the Ministry of Finance and the Bank of Japan. Mr. Mutoh is also Chairman of the Remuneration Committee, an advisory committee to the Board of Directors.

iii) Relationship with External Corporate Auditors and reasons for their appointments; policy regarding their independence

The External Corporate Auditors shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and in particular it is expected that the External Corporate Auditors will give objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence and ability to influence people. When selecting candidates for External Corporate Auditors, the Board of Corporate Auditors shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.

The three External Corporate Auditors as of the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2012, their relationship with Mitsui, and the reasons for their appointment, are as follows. Mitsui has entered into agreements with these External Corporate Auditors respectively limiting their liability as External Corporate Auditors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui and concurrent positions in other organizations held by External Corporate Auditors etc. (*)	Reasons for appointment as External Corporate Auditor at Mitsui
Naoto Nakamura (Since June 2006)	Mr. Nakamura is an attorney at law.	Mr. Nakamura is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, and from the experience and perspective he has gained mainly as an attorney at law, particularly in the field of corporate law.
Kunihiro Matsuo (Since June 2008)	Mr. Matsuo was formerly Prosecutor General (retired in 2006). He is an attorney at law.	Mr. Matsuo is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, and from the many years of experience and perspective he has gained, mainly as prosecutor and as an attorney at law.
Hiroyasu Watanabe (Since June 2009)	Mr. Watanabe was formerly a Commissioner of the National Tax Agency (retired in 2003). He is a professor at the Graduate School of Finance, Accounting and Law, Waseda University. Mitsui made donations to Waseda University as research grants through the Mitsui & Co., Ltd. Environment Fund. However, since candidate projects for the grants are solicited publicly and the selection is made with outside experts participating in the process, we believe that the donation would not affect the independence of Mr. Watanabe. As such, details of such donation are omitted.	Mr. Watanabe is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, and from the experience and perspective he has gained, mainly at the Ministry of Finance and also as a graduate school professor.

(*) As of the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2012, concurrent positions held in other organizations, etc. are mainly as follows.

Name	Concurrent positions held in other organizations	
Naoto Nakamura	Asahi Group Holdings, Ltd.	External Corporate Auditor
Kunihiro Matsuo	ASAHI GLASS CO., LTD.	External Director
	Tokyo Stock Exchange Group, Inc.	External Director
	TOYOTA MOTOR CORPORATION	External Corporate Auditor
	Sompo Japan Insurance Inc. (**)	External Corporate Auditor
	Komatsu Ltd.	External Corporate Auditor
	BROTHER INDUSTRIES, LTD.	External Corporate Auditor
Hiroyasu Watanabe	NOMURA Co., Ltd.	External Corporate Auditor
	JX Holdings, Inc.	External Corporate Auditor

(**) Resignation scheduled dated June 25, 2012

iv) Activities of External Corporate Auditors in the year ended March 31, 2012

The activities of Mr. Hideharu Kadowaki, Mr. Naoto Nakamura, Mr. Kunihiro Matsuo and Mr. Hiroyasu Watanabe in the year ended March 31, 2012 are as follows.

Name	Major activities
Hideharu Kadowaki	Mr. Kadowaki participated in 14 of the 15 Board of Directors meetings, and 15 of the 16 Board of Corporate Auditors meetings, held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied experience in banking operations. Mr. Kadowaki was also a member of the Governance Committee, an advisory body to the Board of Directors.
Naoto Nakamura	Mr. Nakamura participated in 12 of the 15 Board of Directors meetings, and 14 of the 16 Board of Corporate Auditors meetings, held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied experience as an attorney at law, working primarily on issues related to the fields of Companies Act of Japan.

Name	Major activities
Kunihiro Matsuo	Mr. Matsuo participated in 12 of the 15 Board of Directors meetings, and 15 of the 16 Board of Corporate Auditors meetings, held during the year ended March 31, 2012, and offered advice mainly from the perspective of his many years of knowledge and varied experience obtained working as a prosecutor and an attorney at law.
Hiroyasu Watanabe	Mr. Watanabe participated in all 15 of the Board of Directors meetings, and all 16 of the Board of Corporate Auditors meetings, held during the year ended March 31, 2012, and offered advice mainly from the perspective of his high degree of knowledge and varied experience obtained working at the Ministry of Finance and as a graduate school professor.

v) Coordination between supervision by the External Directors or auditing by External Corporate Auditors and the internal audits, auditing by Corporate Auditors and Independent Auditors, and relationship with Internal Control Division

The External Directors and External Corporate Auditors, through the Board of Directors and the Board of Corporate Auditors, mutually coordinate with internal audits, auditing by Corporate Auditors and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors: results of the internal audits and internal audit plans, results of auditing by the Board of Corporate Auditors and audit implementation plans, outlines of management letters by Independent Auditors, assessment results with regard to internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls.

In addition to the above, as stated in 2) ii) (d) "Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Division and auditing by Independent Auditors," at meetings such as meetings of the Board of Corporate Auditors, the External Corporate Auditors coordinate with Independent Auditors and the Internal Auditing Division by periodically receiving reports regarding the status and results of their audit activities, and exchanging information and opinions.

The External Directors and External Corporate Auditors are given the following support:

(a) For External Directors, before regular and extraordinary meetings of the Board of Directors, the Board of Directors Secretariat (Legal Division and Secretariat) provides material on the proposals and gives advance explanations.

(b) In addition to timely provision of company information by the Full-time Corporate Auditors and staff in the Corporate Auditor Division, summaries of meetings between Full-time Corporate Auditors and staff in the Corporate Auditor Division are provided to External Corporate Auditors periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Board of Corporate Auditors and of the Board of Directors.

4) Remuneration of Directors and Corporate Auditors

i) The remuneration of Directors and Corporate Auditors regarding the year ended March 31, 2012 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Total remuneration
Directors (Excluding External Directors)	12	¥652 million	¥435 million	¥1,087 million
Corporate Auditors (Excluding External Corporate Auditors)	2	¥113 million	—	¥113 million
External Directors and External Corporate Auditors	8	¥96 million	—	¥96 million
Total	22	¥861 million	¥435 million	¥1,296 million

(Notes) 1. Limits on the remuneration of Directors and Corporate Auditors have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: total amount to be paid to the Directors should not exceed ¥70 million per month (by its resolution on

June 22, 2007); total amount to be paid to the Corporate Auditors should not exceed ¥20 million per month (by its resolution on June 22, 2007). In addition to the above, for Directors (not including External Directors) bonuses shall be paid in an amount whose total amount shall not exceed ¥500 million (by its resolution on June 22, 2007).
2. The bonus shown above is the planned amount.
3. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥633 million to 137 retired Directors, and a total of ¥68 million to 24 retired Corporate Auditors in the year ended March 31, 2012.

ii) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million per year for the year ended March 31, 2012.

Name	Category of position	Payer	Basic remuneration	Bonus	Total remuneration
Shoei Utsuda	Director	Mitsui	¥106 million	¥70 million	¥176 million
Masami Iijima	Director	Mitsui	¥109 million	¥70 million	¥179 million
Seiichi Tanaka	Director	Mitsui	¥69 million	¥49 million	¥118 million
Takao Omae	Director	Mitsui	¥68 million	¥49 million	¥117 million
Masayoshi Komai	Director	Mitsui	¥68 million	¥49 million	¥117 million

iii) Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration and performance-related bonus based on the consolidated net income. The following formula applies in calculating the performance-related bonuses, which is advised as being appropriate by the Remuneration Committee and subsequently resolved at the Board of Directors meeting.

Directors are not paid retirement compensation, with the exception of those payments that were approved prior to the abolition of the program.

(a) Total amount paid in bonuses for Directors

Total bonuses are calculated as the lesser of consolidated net income x 0.1% and ¥500 million (if the consolidated net income is minus, i.e. net loss, this item is set as 0 for the calculation).

(b) Amount paid as individual bonuses

The total amount calculated by the method shown in above (a) is distributed to each Director in proportion to the following points which are assigned for each position. Amounts less than ¥10,000 will be rounded off.

(Amount individually paid = total amount paid × position points / sum of position points)

Points by position

Chairman/President	Executive Vice President	Senior Executive Managing Officer	Executive Managing Officer
10	7	6	5

Based on the composition of the Directors and Corporate Auditors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (in the case of net income of ¥500 billion for the fiscal year) are as follows.

Chairman/President	=	¥500 million × 10 points / (10 points × 2 persons + 7 points × 2 persons + 6 points × 3 persons + 5 points × 2 persons = 62 points)	=	¥80.65 million
Executive Vice President	=	¥500 million × 7 / 62 points	=	¥56.45 million
Senior Executive Managing Officer	=	¥500 million × 6 / 62 points	=	¥48.39 million
Executive Managing Officer	=	¥500 million × 5 / 62 points	=	¥40.32 million

iv) Corporate Auditors receive only monthly remunerations which do not include performance-related portion. The monthly remuneration for each Corporate Auditor is determined by discussions among the Corporate Auditors. The total amount shall not exceed the amount shown in Note 1 in i) above. Retirement compensation is not paid to the Corporate Auditors.

v) Each of Mitsui's Directors (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration through Mitsui Executives' Shareholding Association.

5) Status of Stocks Held

i) Stocks for investment held for purposes other than pure investment purposes stood at 521 issues and total of the amount recorded in the balance sheet is ¥382,629 million as of March 31, 2012.

ii) Top 30 investments held for purposes other than pure investment purposes (excluding unlisted stocks), in terms of the amount recorded in the balance sheet as of March 31, 2011, were as follows:

Specified Investment Shares (25 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	34,424	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
POSCO	482,000	18,426	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Nippon Steel Corporation	58,297,544	15,507	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamaha Motor Co., Ltd.	8,586,000	12,466	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
MODEC, INC.	6,957,500	10,554	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Burberry Group plc	6,521,739	10,251	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Chemicals, Inc.	34,740,390	10,213	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	8,545	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
FORMOSA EPITAXY INCORPORATION	74,693,000	8,462	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toray Industries, Inc.	13,776,000	8,334	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
INPEX CORPORATION	9,021	5,692	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
ISHIHARA SANGYO KAISHA, LTD.	54,744,000	5,474	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DUSKIN CO., LTD.	3,500,000	5,397	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOYOTA MOTOR CORPORATION	1,500,000	5,025	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KATO SANGYO Co., Ltd.	3,153,000	4,524	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toho Titanium Co., Ltd.	2,016,226	4,286	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsubishi UFJ Financial Group, Inc.	11,130,000	4,273	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	4,193	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Sumitomo Metal Mining Co., Ltd.	2,908,000	4,161	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Fudosan Co., Ltd.	3,000,000	4,119	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
The Dai-ichi Life Insurance Company, Limited	31,639	3,970	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DAICEL CHEMICAL INDUSTRIES, LTD. (currently DAICEL Corporation)	7,560,402	3,878	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamato Kogyo Co., Ltd.	1,368,000	3,789	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
JFE Holdings, Inc.	1,554,100	3,782	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KANEKA CORPORATION	5,543,459	3,209	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Deemed Stockholdings (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	7,524	Execution of voting rights
MS & AD Insurance Group Holdings, Inc.	2,846,100	5,390	Execution of voting rights
Sky Perfect JSAT Holdings Inc.	134,052	3,941	Execution of voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	3,845	Execution of voting rights
TOSHIBA CORPORATION	8,621,000	3,508	Execution of voting rights

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and deemed held shares are not combined.

Top 30 investments held for purposes other than pure investment purposes (excluding unlisted stocks), in terms of the amount recorded in the balance sheet as of March 31, 2012 were as follows:

Specified Investment Shares (25 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	39,874	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
POSCO	482,000	13,279	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Nippon Steel Corporation	58,297,544	13,233	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Burberry Group plc	6,521,739	12,822	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
MODEC, INC.	6,957,500	11,911	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamaha Motor Co., Ltd.	8,586,000	9,521	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Chemicals, Inc.	34,740,390	8,719	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Toray Industries, Inc.	13,776,000	8,458	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	6,183	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
LIFENET INSURANCE COMPANY	4,800,000	6,009	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DUSKIN CO., LTD.	3,500,000	5,785	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
FORMOSA EPITAXY INCORPORATION	74,693,000	5,715	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
TOYOTA MOTOR CORPORATION	1,500,000	5,355	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	5,291	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
KATO SANGYO Co., Ltd.	3,153,000	5,152	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsui Fudosan Co., Ltd.	3,000,739	4,749	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Mitsubishi UFJ Financial Group, Inc.	11,130,000	4,585	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
DAICEL Corporation	7,560,402	4,029	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Yamato Kogyo Co., Ltd.	1,565,600	3,780	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
T-Gaia Corporation	26,985	3,705	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
The Dai-ichi Life Insurance Company, Limited	31,639	3,616	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
ISHIHARA SANGYO KAISHA, LTD.	40,384,000	3,392	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
Sumitomo Metal Mining Co., Ltd.	2,908,000	3,382	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
SHOCHIKU Co., Ltd.	3,700,000	2,886	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks
GOLDWIN INC.	5,459,381	2,784	Strengthening relationship with issuer of stocks or seeking operating revenue and improvement in corporate value by making various proposals, etc. to issuer of stocks

Deemed Stockholdings (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	8,018	Execution of voting rights
Sky Perfect JSAT Holdings Inc.	134,052	4,886	Execution of voting rights
MS & AD Insurance Group Holdings, Inc.	2,846,100	4,835	Execution of voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	4,433	Execution of voting rights
TOSHIBA CORPORATION	8,621,000	3,138	Execution of voting rights

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and deemed held shares are not combined.

iii) There are no stocks held solely for investment purposes.

6) Basic Policy on Internal Control System and Status of System

In the construction of internal control processes, until the previous fiscal year, with the US Sarbanes-Oxley Act of 2002 in mind, we promoted, for both the head office and the subsidiaries, a system with the following four purposes: the improvement of management effectiveness and efficiency, a high level of reliability for financial reporting, compliance, and the conservation of company assets. Although it will no longer be necessary for Mitsui to meet the requirements of the US Sarbanes-Oxley Act of 2002 from the year ended March 31, 2012 due to the termination of its registration with the SEC, Mitsui will maintain the current internal control system.

i) Risk management system

As a general trading company engaging in wide variety of businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of Business Units and Regional Business Units within their authorization delegated from the management. Risks associated with our business include quantitative risks, such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk. There are also qualitative risks such as compliance risk and operational risk. Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit / regional unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system. Furthermore, as stated in "2) Status of Implementation of Corporate Governance Policy," as committees responsible for business execution and internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units. With respect to the risks in the fields they are in charge of, each division of Corporate Staff Unit is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

Mitsui had been complying with Section 404 of the US Sarbanes-Oxley Act of 2002, which became applicable to Mitsui from the year ended March 31, 2007, but as a result of the termination of the SEC registration, Mitsui implements the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2012.

iii) Internal controls regarding construction and management of information systems

In order to manage Mitsui's information assets appropriately, Mitsui formulated the "Information System Rules" in September 2005, which were revised in August 2009, the "Rules of the Information Strategy Committee" in January 2009, and then the "Rules on IT Security" in June 2011. The purposes of these rules are to plan an appropriate IT strategy on a global basis, and to appropriately control risks involving information assets through the procurement and introduction of information systems, the provision of services and support for such services, and the implementation of monitoring based on such strategy.

iv) Information management system (system for storage and security of information)

In the light of the growing information risk including risk of information leakage in recent years, we established the Information Risk Management Subcommittee as an advisory organization of the Information Strategy Committee in November 2010, which have newly formulated the "Rules on Information Management" on a global basis in December 2011. This new rule was formed by integrating the previously enforced "Rules on Document Management" and "Rules on Information Security and Use of Information Assets." This enables us to treat information assets such as hardware, software, networks, various types of data files, electronic media, and services provided by using these media appropriately, or to unify the way of thinking in categorizing the important information assets and the information life-cycle management to provide protection against a variety of threats, and clarify the responsibilities of risk management in each organization, thereby redoubling efforts to strengthen the system of internal control.

v) Compliance structure

Regarding the Compliance Committee, chaired by the Chief Compliance Officer, see "2) Status of Implementation of Corporate Governance Policy." In Mitsui there is a compliance management system within the regular line of management at business division and department level, and in addition, Compliance Supervising Officers are designated at domestic and overseas business units, branch offices and others.

Mitsui has set forth the "Business Conduct Guidelines For Employees And Officers Of Mitsui & Co., Ltd." (the "Guidelines") and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui's website for the "Business Conduct Guidelines For Employees And Officers Of Mitsui & Co., Ltd."

We have a total of eight whistle-blowing system routes in place, including those involving external attorney at law and a third-party providing hotline services. In response to the enforcement of the Whistleblower Protection Act in April 2006, we made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing routes (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain high standard of confidentiality and (ii) enable their employees to use these routes without uneasiness. Any cases of the violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

vi) Specially Designated Business Management System

In response to the occurrence of the DPF Incident, Mitsui established the "Specially Designated Business Management System" in April 2005, and strengthened the internal review of the following business domains: "R&D-oriented manufacturing," "Environment-related business," "Medical, Healthcare and Bioethics-related businesses," and "Businesses with a high public profile." We have determined that, when examining these matters, we will obtain advice from the CSR Promotion Committee or the Environmental Advisory Committee in which external experts participate as members, as necessary. In addition, we carry out inspections of new and existing environment-related businesses as necessary, by recruiting external specialists with insights into environmental issues and technologies, such as those with experience in manufacturing industries and appointing them in the Environmental/Social Contribution Division as environmental inspectors.
Since some problems in the operation of the system were recognized, as of April 1, 2012, we modified the official regulations and the execution policy, while maintaining the purpose of introduction of the

system and aiming at a more comprehensive and well-balanced management of risks. We have excluded the “R&D-oriented manufacturing” business from the scope of the Specially Designated Business Management System while expanding the scope of the “Environment-related business.” We also adopted changes to expedite the review process by allowing more flexibility in the discussion process with the external experts including the Environmental Advisory Committee and by the reorganization of other advisory committees.

vii) Systems to secure appropriateness of operations within the corporate group

In March 2006, Mitsui established the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles.” Based on this, in the light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate similar internal controls, and for its associated companies, Mitsui coordinates with other equity participants and encourages the associated companies to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see the above stated “internal control over financial reporting.” In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the “rules for supervising officers of affiliated companies.” Also, when Mitsui deploys Full-time Corporate Auditors in major affiliated companies, Mitsui selects personnel from Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

7) Implementation Status of Enhancements of Corporate Governance in the Past Year

i) Implementation for strengthening corporate governance
The status of meetings held in the year ended March 31, 2012 by the three Committees that are advisory bodies to the Board of Directors is as follows.

- The Governance Committee met in February 2012 and carried out reviews of matters such as the corporate governance structure of Mitsui.

- The Nomination Committee met in February 2012 and carried out a review of the standards and the processes for the appointment of Mitsui’s Directors and Managing Officers. The committee submitted its report that the candidates for Director meet the selection criteria.

- In March 2012, the Remuneration Committee carried out a review of the remuneration structure for Mitsui’s Directors and Managing Officers.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding internal controls in the year ended March 31, 2012 are as follows.

- The Internal Controls Committee held two meetings. The three sub-committees to the Internal Controls Committee, which are the Compliance Committee, the Disclosure Committee and the J-SOX Committee, each made reports to the Internal Controls Committee regarding matters including the discussions they held, progress made on the business process level control and the policy on amendments to the internal rules.

- The Compliance Committee meeting was held during the year ended March 31, 2012. In order to improve the awareness and knowledge of its officers and employees regarding compliance issues, Mitsui implemented compliance e-learning and various compliance training sessions. Mitsui also worked on building a consolidated group-wide compliance structure by developing a compliance program at affiliated companies, through provision of assistance to compliance officers of such companies, for example, by individual visits to important domestic affiliated companies.

- The Disclosure Committee met a total of four times and established a disclosure policy for the year and carried out a review of the internal system and rules regarding timely disclosure. It also carried out evaluations of the appropriateness of the contents of this Annual Securities Report.

- The J-SOX Committee held two meetings. The Committee prepared Mitsui’s policy on compliance with the requirements of Article 24-4-4 and Article 193-2 Paragraph 2 of the Financial Instruments and

Exchange Act of Japan, and managed the schedule. In addition to these, the Committee put together the overall evaluation of internal control over financial reporting by management regarding the year ended March 31, 2012. The name of the SOA Sec. 404 Committee has been changed to the J-SOX Committee as a result of the termination of the registration with the U.S. SEC.

- The Portfolio Management Committee met 36 times. The Committee reported to the Corporate Management Committee regarding the results of examinations into business area strategy, human resource portfolio strategy, investments, loans and recycling plans, and individual, large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets.

- The Information Strategy Committee met 10 times. The Committee made decisions on policies such as the construction of the company-wide core system including business process level control as the next-generation management platform on a global and group basis, IT governance and various measures on IT portfolio management, management of IT investments, IT security and R&D activity on information technology, business process improvement, training of human resources literate in IT management, and changing mindsets company-wide.

- The CSR Promotion Committee held two meetings. The Committee developed policies regarding CSR management through our core business and carried out an operational review of the Specially Designated Business Management System.

- The Environmental and New Energy Business Committee met six times. The Committee carried out analysis of the external business environment such as related policies, industry trends and the like, held discussions on policies to handle individual projects, and carried out observations of company-wide efforts, and reported to the Corporate Management Committee regarding implementation policies and necessary measures in this field.

8) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that the attendance of shareholders who hold one third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that that resolutions for the appointment of Directors may not be made with cumulative voting.

ii) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible and swift capital policy, the Articles of Incorporation set forth that Mitsui may acquire its own shares by means of market transaction upon a resolution of the Board of Directors.

iii) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders, the Articles of Incorporation set forth that a resolution of General Meeting of Shareholders as specified by Article 309, Paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

iv) Interim dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, with September 30 set as the record date each year.

v) Limitation of liability of Directors and Corporate Auditors

In order to enable Directors and Corporate Auditors to fully carry out the role that is expected of them in the execution of their duties, the Articles of Incorporation set forth that, upon a resolution of the Board of

Directors, the liability of Directors and Corporate Auditors may be limited to the extent determined by the applicable laws and regulations.

(2) Details of Audit Fees and Other Matters

1) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC.

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2012 and 2011.

Classification	Year ended March 31, 2012		Year ended March 31, 2011	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	669	353	634	11
Consolidated subsidiaries	887	9	954	8
Total	1,556	362	1,588	19

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by law to be performed by the auditor, and can only be reasonably performed by the auditor.

2) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, which belongs to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries.

Classification	Year ended March 31, 2012		Year ended March 31, 2011	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	20	5	14	25
Consolidated subsidiaries	1,785	348	1,926	308
Total	1,805	353	1,940	333

3) Details of non-auditing work implemented by the certified public accountant auditor for Mitsui

The non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC consist of auditing-related work and taxation work. Auditing-related work includes those that has indirect relevance to auditing and attestation work. It includes services such as advisory services in connection with the introduction of International Financial Reporting Standards (IFRS), consultation related to accounting practice that has no direct relevance to auditing, financial due diligences services relating to target company of acquisition, and supporting work regarding the development of internal controls, to the extent acceptable to be performing simultaneously with the audit.

Taxation work includes services such as supporting work for the preparation of tax returns and consulting work regarding the interpretation and application of tax laws.

4) Policy for deciding audit fees

In determination of audit fees, factors such as past records and the volume of work accompanying audit work are taken into account. The approval of the Board of Corporate Auditors is obtained when decisions on fees for auditing work are made.

5. Financial Information

1. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2012	2011	2012
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 2, 5)	¥ 1,431,112	¥ 1,441,059	$ 17,453
Time deposits	4,130	2,574	50
Marketable securities (Notes 2, 5 and 26)	1,087	5,602	13
Trade receivables (Notes 7 and 9):			
Notes and loans, less unearned interest	322,585	297,552	3,934
Accounts (Note 8)	1,616,191	1,463,601	19,710
Associated companies	116,885	160,133	1,425
Allowance for doubtful receivables (Note 2)	(17,860)	(16,368)	(218)
Inventories (Notes 2, 9, 22 and 24)	515,758	467,355	6,290
Advance payments to suppliers	129,987	124,634	1,585
Deferred tax assets—current (Notes 2 and 20)	37,513	41,372	457
Derivative assets (Notes 2, 24 and 26)	53,664	95,619	654
Other current assets	215,271	234,509	2,627
Total current assets	4,426,323	4,317,642	53,980
Investments and Non-current Receivables (Notes 2, 9 and 22):			
Investments in and advances to associated companies (Notes 5, 6, 7, 17 and 26)	1,709,082	1,600,818	20,842
Other investments (Notes 5 and 26)	792,492	859,843	9,665
Non-current receivables, less unearned interest (Notes 7, 8, 24 and 26)	454,191	457,495	5,539
Allowance for doubtful receivables (Note 7)	(36,840)	(42,414)	(449)
Property leased to others—at cost, less accumulated depreciation (Note 8)	272,746	259,682	3,326
Total investments and non-current receivables	3,191,671	3,135,424	38,923
Property and Equipment—at Cost (Notes 2, 8, 9, 10 and 26):			
Land, land improvements and timberlands	202,834	148,716	2,474
Buildings, including leasehold improvements	401,451	360,648	4,896
Equipment and fixtures	1,306,754	1,077,930	15,935
Mineral rights (Note 28)	158,967	161,840	1,939
Vessels	42,539	38,900	519
Projects in progress (Note 28)	152,789	142,960	1,863
Total	2,265,334	1,930,994	27,626
Accumulated depreciation	(1,009,451)	(900,246)	(12,310)
Net property and equipment	1,255,883	1,030,748	15,316
Intangible Assets, less Accumulated Amortization (Notes 2, 10, 12 and 26)	110,307	87,525	1,345
Deferred Tax Assets—Non-current (Notes 2 and 20)	15,626	14,522	191
Other Assets (Note 14)	12,013	12,263	145
Total	¥ 9,011,823	¥ 8,598,124	$ 109,900

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2012	2011	2012
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 9 and 13)	¥ 307,132	¥ 250,062	$ 3,746
Current maturities of long-term debt (Notes 8, 9, 13 and 24)	372,657	308,883	4,545
Trade payables:			
Notes and acceptances	53,308	41,049	650
Accounts	1,342,343	1,316,772	16,370
Associated companies	110,289	87,185	1,345
Accrued expenses:			
Income taxes (Notes 2 and 20)	73,111	67,946	892
Interest	16,619	17,530	203
Other (Note 14)	93,266	72,273	1,137
Advances from customers	106,787	127,960	1,302
Derivative liabilities (Notes 2, 24 and 26)	65,262	88,198	796
Other current liabilities (Notes 2, 20, 21, 22 and 28)	83,256	165,091	1,014
Total current liabilities	2,624,030	2,542,949	32,000
Long-term Debt, less Current Maturities (Notes 8, 9, 13, 22 and 24)	2,898,218	2,818,529	35,344
Accrued Pension Costs and Liability for Severance Indemnities (Notes 2 and 14)	55,799	37,054	680
Deferred Tax Liabilities—Non-current (Notes 2 and 20)	283,614	316,031	3,459
Other Long-term Liabilities (Notes 2, 11, 21, 24 and 26)	289,352	330,227	3,529
Contingent Liabilities (Notes 9 and 21)			
Equity (Note 15):			
Mitsui & Co., Ltd. Shareholders' equity:			
Common stock—no par value			
Authorized, 2,500,000,000 shares;			
Issued, 1,829,153,527 shares in 2012 and 1,829,153,527 shares in 2011	341,482	341,482	4,164
Capital surplus	430,491	430,152	5,250
Retained earnings:			
Appropriated for legal reserve	65,500	61,763	799
Unappropriated (Notes 6 and 13)	2,192,494	1,860,271	26,738
Accumulated other comprehensive income (loss) (Note 2):			
Unrealized holding gains and losses on available-for-sale securities (Note 5)	90,476	96,657	1,103
Foreign currency translation adjustments (Note 24)	(380,457)	(344,878)	(4,640)
Defined benefit pension plans (Note 14)	(68,163)	(58,544)	(831)
Net unrealized gains and losses on derivatives (Note 24)	(24,302)	(14,370)	(296)
Total accumulated other comprehensive loss	(382,446)	(321,135)	(4,664)
Treasury stock, at cost: 4,204,441 shares in 2012 and 4,324,067 shares in 2011	(6,203)	(6,341)	(76)
Total Mitsui & Co., Ltd. shareholders' equity	2,641,318	2,366,192	32,211
Noncontrolling interests (Note 2)	219,492	187,142	2,677
Total equity	2,860,810	2,553,334	34,888
Total	¥ 9,011,823	¥ 8,598,124	$ 109,900

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2012, 2011 and 2010

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2012	2011	2010	2012
Revenues (Notes 2, 6, 17, 24 and 26):				
Sales of products	¥ 4,753,167	¥ 4,154,833	¥ 3,590,490	$ 57,965
Sales of services	377,033	371,352	374,701	4,598
Other sales	121,402	153,258	131,254	1,481
Total revenues	5,251,602	4,679,443	4,096,445	64,044
Total Trading Transactions (Notes 2 and 17): 2012, ¥10,481,166 million—$127,819 million; 2011, ¥9,942,472 million; 2010, ¥9,358,379 million				
Cost of Revenues (Notes 2, 6, 23, 24 and 26):				
Cost of products sold	4,166,337	3,589,147	3,195,948	50,808
Cost of services sold	147,561	137,384	135,600	1,800
Cost of other sales	59,425	93,689	62,936	725
Total cost of revenues	4,373,323	3,820,220	3,394,484	53,333
Gross Profit	878,279	859,223	701,961	10,711
Other Expenses (Income):				
Selling, general and administrative (Notes 2, 14, 18 and 23)	514,798	532,990	546,221	6,278
Provision for doubtful receivables (Notes 2 and 7)	15,097	9,230	11,227	184
Interest income (Notes 2, 7 and 24)	(37,172)	(39,970)	(35,879)	(453)
Interest expense (Notes 2 and 24)	42,612	40,667	46,310	520
Dividend income	(86,461)	(51,000)	(37,715)	(1,054)
Gain on sales of securities—net (Notes 2, 3, 5, 15 and 24)	(21,937)	(39,517)	(20,949)	(268)
Loss on write-down of securities (Notes 2, 5 and 26)	33,481	19,464	48,488	408
Gain on disposal or sales of property and equipment—net (Note 23)	(5,697)	(229)	(5)	(69)
Impairment loss of long-lived assets (Notes 2, 10, 12, 23, 26 and 28)	14,049	18,297	8,715	171
Impairment loss of goodwill (Notes 2, 12 and 26)	4,209	596	9,907	51
Settlement of the oil spill incident in the Gulf of Mexico (Note 28)	—	88,555	—	—
Other (income) expense—net (Notes 2, 18, 19, 23, 24 and 28)	(7,911)	7,443	(399)	(96)
Total other expenses (income)	465,068	586,526	575,921	5,672
Income from Continuing Operations before Income Taxes and Equity in Earnings	413,211	272,697	126,040	5,039
Income Taxes (Notes 2 and 20):				
Current	186,815	156,899	105,568	2,278
Deferred	(14,193)	47,002	(16,351)	(173)
Total income taxes	172,622	203,901	89,217	2,105
Income from Continuing Operations before Equity in Earnings	240,589	68,796	36,823	2,934
Equity in Earnings of Associated Companies—Net (Notes 2, 6, 17 and 26)	232,090	242,144	131,473	2,830
Income from Continuing Operations before Attribution of Noncontrolling Interests	472,679	310,940	168,296	5,764
Loss from Discontinued Operations—Net (After Income Tax Effect) (Notes 4, 20 and 23)	—	—	(794)	—
Net Income before Attribution of Noncontrolling Interests	472,679	310,940	167,502	5,764
Net Income Attributable to Noncontrolling Interests	(38,182)	(4,281)	(17,783)	(465)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 434,497	¥ 306,659	¥ 149,719	$ 5,299
	Yen			U.S. Dollars (Note 2)
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 2 and 16):				
Basic:				
Continuing operations (Note 4)	¥ 238.10	¥ 168.05	¥ 82.48	$ 2.90
Discontinued operations (Notes 4 and 23)	—	—	(0.36)	—
Total	¥ 238.10	¥ 168.05	¥ 82.12	$ 2.90
Diluted:				
Continuing operations (Note 4)	¥ 238.10	¥ 168.05	¥ 82.47	$ 2.90
Discontinued operations (Notes 4 and 23)	—	—	(0.36)	—
Total	¥ 238.10	¥ 168.05	¥ 82.11	$ 2.90

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2012, 2011 and 2010

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2012	2011	2010	2012
Comprehensive Income (Loss) (Notes 2, 15 and 20):				
Net income before attribution of noncontrolling interests	¥ 472,679	¥ 310,940	¥ 167,502	$ 5,764
Other comprehensive (loss) income (after income tax effect) (Note 2):				
Unrealized holding (losses) gains on available-for-sale securities (Note 5)	(9,897)	(29,154)	66,857	(121)
Foreign currency translation adjustments (Note 24)	(37,127)	(79,319)	115,067	(453)
Defined benefit pension plans (Note 14):				
Net prior service credit (cost)	25	164	(232)	0
Net actuarial (loss) gain	(9,670)	(9,508)	20,001	(118)
Net unrealized (losses) gains on derivatives (Note 24)	(9,899)	(6,845)	4,679	(121)
Comprehensive income (loss) before attribution of noncontrolling interests	406,111	186,278	373,874	4,951
Comprehensive (income) loss attributable to noncontrolling interests	(33,082)	5,067	(20,203)	(403)
Comprehensive income attributable to Mitsui & Co., Ltd.	¥ 373,029	¥ 191,345	¥ 353,671	$ 4,548

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2012, 2011 and 2010

	Millions of Yen 2012	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars (Note 2) 2012
Common Stock (Note 15):				
Balance at beginning of year				
Shares issued: 2012—1,829,153,527 shares; 2011—1,829,153,527 shares; 2010—1,824,928,240 shares	¥ 341,482	¥ 341,482	¥ 339,627	$ 4,164
Common stock issued upon conversion of bonds				
Shares issued: 2012—0 share; 2011—0 share; 2010—4,225,287 shares	—	—	1,855	—
Balance at end of year				
Shares issued: 2012—1,829,153,527 shares; 2011—1,829,153,527 shares; 2010—1,829,153,527 shares	¥ 341,482	¥ 341,482	¥ 341,482	$ 4,164
Capital Surplus (Note 15):				
Balance at beginning of year	¥ 430,152	¥ 428,848	¥ 434,188	$ 5,246
Conversion of bonds	—	—	1,850	—
Equity transactions with noncontrolling interest shareholders (Note 2)	339	1,304	(7,190)	4
Balance at end of year	¥ 430,491	¥ 430,152	¥ 428,848	$ 5,250
Retained Earnings (Note 15):				
Appropriated for Legal Reserve:				
Balance at beginning of year	¥ 61,763	¥ 53,844	¥ 48,806	$ 753
Transfer from unappropriated retained earnings	3,737	7,919	5,038	46
Balance at end of year	¥ 65,500	¥ 61,763	¥ 53,844	$ 799
Unappropriated (Note 6):				
Balance at beginning of year	¥ 1,860,271	¥ 1,618,101	¥ 1,486,201	$ 22,687
Net income attributable to Mitsui & Co., Ltd.	434,497	306,659	149,719	5,299
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(98,537)	(56,567)	(12,779)	(1,202)
(annual rate per share: 2012, ¥54.0—65.9¢; 2011, ¥31.0; 2010, ¥7.0)				
Transfer to retained earnings appropriated for legal reserve	(3,737)	(7,919)	(5,038)	(46)
Losses on sales of treasury stock	(0)	(3)	(2)	(0)
Balance at end of year	¥ 2,192,494	¥ 1,860,271	¥ 1,618,101	$ 26,738
Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect) (Notes 2, 15 and 20):				
Balance at beginning of year	¥ (321,135)	¥ (205,826)	¥ (421,497)	$ (3,916)
Unrealized holding (losses) gains on available-for-sale securities (Note 5)	(6,293)	(27,238)	66,202	(77)
Foreign currency translation adjustments (Note 24)	(35,622)	(72,212)	113,623	(434)
Defined benefit pension plans (Note 14):				
Net prior service credit (cost)	25	138	(210)	0
Net actuarial (loss) gain	(9,644)	(9,550)	19,797	(118)
Net unrealized (losses) gains on derivatives (Note 24)	(9,934)	(6,452)	4,540	(121)
Equity transactions with noncontrolling interest shareholders	157	5	11,719	2
Balance at end of year	¥ (382,446)	¥ (321,135)	¥ (205,826)	$ (4,664)
Treasury Stock, at Cost (Note 15):				
Balance at beginning of year				
Shares in treasury: 2012—4,324,067 shares; 2011—4,331,644 shares; 2010—3,770,220 shares	¥ (6,341)	¥ (6,321)	¥ (5,662)	$ (78)
Purchases of treasury stock				
Shares purchased: 2012—11,774 shares; 2011—194,407 shares; 2010—566,547 shares	(16)	(263)	(667)	(0)
Sales of treasury stock				
Shares sold: 2012— 131,400 shares; 2011— 201,984 shares; 2010—5,123 shares	154	243	8	2
Balance at end of year				
Shares in treasury: 2012—4,204,441 shares; 2011—4,324,067 shares; 2010—4,331,644 shares	¥ (6,203)	¥ (6,341)	¥ (6,321)	$ (76)
Total Mitsui & Co., Ltd. shareholders' equity	¥ 2,641,318	¥ 2,366,192	¥ 2,230,128	$ 32,211

See notes to consolidated financial statements

Statements of Changes in Consolidated Equity—(Continued)

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2012, 2011 and 2010

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2012	2011	2010	2012
Noncontrolling Interests (Notes 15 and 20):				
Balance at beginning of year	¥ 187,142	¥ 199,678	¥ 229,783	$ 2,283
Dividends paid to noncontrolling interest shareholders	(14,712)	(12,623)	(10,799)	(179)
Net income attributable to noncontrolling interests	38,182	4,281	17,783	465
Unrealized holding (losses) gains on available-for-sale securities (after income tax effect) (Notes 2 and 5)	(3,604)	(1,916)	655	(44)
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 24)	(1,505)	(7,107)	1,444	(18)
Defined benefit pension plans (after income tax effect) (Notes 2 and 14)				
Net prior service credit (cost)	—	26	(22)	—
Net actuarial (loss) gain	(26)	42	204	(0)
Net unrealized gains (losses) on derivatives (after income tax effect) (Notes 2 and 24)	35	(393)	139	0
Equity transactions with noncontrolling interest shareholders and other (Note 2)	13,980	5,154	(39,509)	170
Balance at end of year	¥ 219,492	¥ 187,142	¥ 199,678	$ 2,677
Total Equity (Notes 6, 15 and 20):				
Balance at beginning of year	¥ 2,553,334	¥ 2,429,806	¥ 2,111,446	$ 31,139
Conversion of bonds	—	—	3,705	—
Losses on sales of treasury stock	(0)	(3)	(2)	(0)
Net income before attribution of noncontrolling interests	472,679	310,940	167,502	5,764
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(98,537)	(56,567)	(12,779)	(1,202)
Dividends paid to noncontrolling interest shareholders	(14,712)	(12,623)	(10,799)	(179)
Unrealized holding (losses) gains on available-for-sale securities (after income tax effect) (Notes 2 and 5)	(9,897)	(29,154)	66,857	(121)
Foreign currency translation adjustments (after income tax effect) (Notes 2 and 24)	(37,127)	(79,319)	115,067	(453)
Defined benefit pension plans (after income tax effect) (Notes 2 and 14):				
Net prior service credit (cost)	25	164	(232)	0
Net actuarial (loss) gain	(9,670)	(9,508)	20,001	(118)
Net unrealized (losses) gains on derivatives (after income tax effect) (Notes 2 and 24)	(9,899)	(6,845)	4,679	(121)
Sales and purchases of treasury stock	138	(20)	(659)	2
Equity transactions with noncontrolling interest shareholders and other (Note 2)	14,476	6,463	(34,980)	177
Balance at end of year	¥ 2,860,810	¥ 2,553,334	¥ 2,429,806	$ 34,888

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2012, 2011 and 2010

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2012	2011	2010	2012
Operating Activities (Note 27):				
Net income before attribution of noncontrolling interests	¥ 472,679	¥ 310,940	¥ 167,502	$ 5,764
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:				
Loss from discontinued operations—net (after income tax effect)	—	—	794	—
Depreciation and amortization	153,475	147,388	136,951	1,872
Pension and severance costs, less payments	9,243	10,375	15,645	113
Provision for doubtful receivables	15,097	9,230	11,227	184
Gain on sales of securities—net	(21,937)	(39,517)	(20,949)	(268)
Loss on write-down of securities	33,481	19,464	48,488	408
Gain on disposal or sales of property and equipment—net	(5,697)	(229)	(5)	(69)
Impairment loss of long-lived assets	14,049	18,297	8,715	171
Impairment loss of goodwill	4,209	596	9,907	51
Settlement of the oil spill incident in the Gulf of Mexico	—	88,555	—	—
Deferred income taxes	(14,193)	47,002	(16,351)	(173)
Equity in earnings of associated companies, less dividends received	(72,804)	(92,398)	(19,933)	(888)
Changes in operating assets and liabilities:				
(Increase) decrease in trade receivables	(134,283)	(104,471)	87,156	(1,638)
(Increase) decrease in inventories	(33,045)	(49,027)	79,035	(403)
Increase (decrease) in trade payables	39,397	74,082	(25,616)	480
Increase (decrease) in accrued expenses	19,737	31,928	(24,538)	241
(Increase) decrease in advance payments to suppliers	(297)	(5,723)	26,010	(4)
(Decrease) increase in advances from customers	(44,226)	17,831	(47,057)	(539)
Change in derivative assets and liabilities—net	1,779	30,142	124,929	22
Payment for the settlement of the oil spill incident in the Gulf of Mexico	(86,105)	—	—	(1,050)
Other—net	30,425	(9,991)	65,791	372
Net cash provided by operating activities of discontinued operations	—	—	4,659	—
Net cash provided by operating activities	380,984	504,474	632,360	4,646
Investing Activities (Note 27):				
Net decrease (increase) in time deposits	253	10,983	(12,891)	3
Investments in and advances to associated companies	(181,163)	(111,085)	(90,577)	(2,209)
Sales of investments in and collection of advances to associated companies	82,267	39,763	45,728	1,003
Acquisitions of available-for-sale securities	(2,682)	(24,424)	(19,558)	(33)
Proceeds from sales of available-for-sale securities	25,605	21,073	17,552	312
Proceeds from maturities of available-for-sale securities	4,276	4,247	16,124	52
Acquisitions of held-to-maturity debt securities	(236)	(1,579)	—	(3)
Proceeds from maturities of held-to-maturity debt securities	—	10	1,893	—
Acquisitions of other investments	(49,933)	(81,859)	(29,234)	(609)
Proceeds from sales and maturities of other investments	67,632	86,234	77,485	825
Increase in long-term loan receivables	(110,250)	(127,535)	(83,114)	(1,344)
Collection of long-term loan receivables	108,848	97,056	84,858	1,327
Additions to property leased to others and property and equipment	(364,337)	(330,682)	(232,141)	(4,443)
Proceeds from sales of property leased to others and property and equipment	23,473	17,184	43,782	286
Acquisitions of subsidiaries, net of cash acquired	(48,482)	(106,797)	—	(591)
Proceeds from sales of subsidiaries, net of cash held by subsidiaries	6,538	23,390	—	80
Net cash used in investing activities	(438,191)	(484,021)	(180,093)	(5,344)
Financing Activities (Note 27):				
Net increase (decrease) in short-term debt	41,420	50,202	(212,413)	505
Proceeds from long-term debt	486,714	377,526	493,321	5,935
Repayments of long-term debt	(367,774)	(345,710)	(435,213)	(4,485)
Transactions with noncontrolling interests shareholders	(4,533)	8,427	(47,330)	(55)
Sales (purchases) of treasury stock—net	138	(36)	(31)	2
Payments of cash dividends	(98,571)	(56,589)	(12,779)	(1,202)
Net cash provided by (used in) financing activities	57,394	33,820	(214,445)	700
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(10,134)	(14,613)	15,768	(123)
Net (Decrease) Increase in Cash and Cash Equivalents	(9,947)	39,660	253,590	(121)
Cash and Cash Equivalents at Beginning of Year	1,441,059	1,401,399	1,147,809	17,574
Cash and Cash Equivalents at End of Year	¥ 1,431,112	¥ 1,441,059	¥ 1,401,399	$ 17,453

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. NATURE OF OPERATION

Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (collectively, the "companies"), as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The companies conduct sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure Projects," "Chemical," "Energy," "Foods & Retail," and "Consumer Service & IT," while providing general services for retailing, information and communications, technical support, transportation, and logistics and financing.

Further, the companies are also engaged in development of natural resources such as oil and gas, and iron and steel raw materials.

In addition to the above, the companies are engaged in strategic business investments in new areas such as information technology, renewable energy and environmental solution business.

2. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the "Company") is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2012 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥82=U.S. $1, the approximate rate of exchange at March 31, 2012. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Effect has been given in the consolidated financial statements to adjustments which have not been entered in the companies' general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for pension costs and severance indemnities, accounting for consolidation, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for asset retirement obligations, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, accounting for uncertainty and change of rate in income taxes, and accounting for subsequent events.

Total trading transactions, as presented in the accompanying Statements of Consolidated Income, are voluntary disclosures, and represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.

Total trading transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies' operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that total trading transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned domestic and foreign subsidiaries, the variable interest entities ("VIEs") where the Company or one of its subsidiaries is a primary beneficiary, and its proportionate share of the assets, liabilities, revenues and expenses of certain of its oil and gas producing, and mining unincorporated joint ventures in which the companies own an undivided interest in the assets, and pursuant to the joint venture agreements, are severally liable for their share of each liability. The VIEs are defined by Accounting Standard Codification ("ASC") 810, "Consolidation." The unincorporated joint ventures proportionately consolidated in accordance with ASC 810-10-45-14, "Consolidation—Proportionate Consolidation," by the companies include but are not limited to Block 9 J/V (35%), Block 10,11,12,13,10A/11A J/V (20%-40%), Capricorn Coal Development J/V (30%), Dawson J/V (49%), Kestrel J/V (20%), Marcellus Shale J/V(15%), Eagle Ford Shale J/V(12.5%), Mt. Goldsworthy J/V (7%), Mt. Newman J/V (7%), Robe River Iron Associates J/V (33%), WA-28-L J/V (40%), and Yandi J/V (7%).

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as a gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Changes in the companies' ownership interests while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are remeasured at their fair value at that date and the difference between the fair value and the carrying amount of the retained noncontrolling investments is recognized as a gain or loss in net income attributable to Mitsui & Co., Ltd.

Certain subsidiaries with a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31, are included on the basis of the subsidiaries' respective fiscal year-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at year-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for credit losses

The companies have loans and trade receivables relating to businesses with corporate customers ("corporate business") and financial business with retail customers ("retail finance business").

If the debtor is under litigation or if there is significant difficulty in collecting receivables considering the debtor's financial condition, an allowance for credit loss of the doubtful receivables which are deemed to be impaired. The allowance is based on the latest information of the debtor and is measured individually based on the present value of expected cash flows discounted with the original effective interest rate of the loan or the fair value of the collateral if the loan is collateral dependent.

Other than the cases above, as for the corporate businesses, an allowance for credit losses is measured collectively based primarily upon the companies' historical credit loss experiences and an evaluation of the potential losses for all receivables. As for the retail finance business, some subsidiaries engaged in the business of providing financial services for the purchase of automobiles and motorcycles have credit risks relating to retail customers. Those subsidiaries record an allowance for doubtful receivables collectively based on each subsidiaries' historical credit loss ratio based on dates past due of the receivables considering the current economic situation.

Loans or trade receivables are charged-off when certain conditions are met. The following are the cases loans and trade receivables are charged-off: cutoff of loans and receivables by legal liquidation, obtainment of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

Inventories

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

Derivative instruments and hedging activities

In accordance with ASC 815, "Derivatives and Hedging," all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation. On the Consolidated Balance Sheets, the companies offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income (loss) and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met, are currently recognized in sales of products, cost of products sold or other sales without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as mainly sales of products or other (income) expense-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other (income) expense-net immediately.

Changes in the fair value of interest rate and currency swap agreements, designated and effective as fair value hedges or cash flow hedges for changes in the fair values or cash flows of foreign-currency-denominated assets or liabilities attributable to changes in the designated benchmark interest rate or the related foreign currency exchange rate are recorded as either earnings or other comprehensive income depending on the treatment of foreign currency hedges as fair value hedges or cash flow hedges.

Changes in the fair value of derivative financial instruments, for which hedge requirements are not met, are currently recognized in interest income and expense for interest rate swap agreements and in mainly other (income) expense-net for foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements.

The Company and certain subsidiaries also enter into agreements for certain derivative financial instruments as a part of their trading activities. These derivative instruments are marked to market and the related gains or losses are reported in other sales.

The companies use derivative instruments and non-derivative financial instruments in order to reduce the foreign currency exposure in the net investment in a foreign operation. The foreign currency transaction gains or losses on these instruments, designated as and effective as hedging instruments, are deferred and recorded as foreign currency translation adjustments within other comprehensive income (loss) to the extent they are effective as hedges. These amounts are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

For the Statements of Consolidated Cash Flows, cash flows from derivative commodity instruments and derivative financial instruments that qualify for hedge accounting are included in the same category as the items being hedged.

Debt and marketable equity securities

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading.

Securities are classified as trading securities and carried at fair value only if the companies possess those securities for the purpose of purchase and sale. Unrealized holding gains and losses are included in earnings.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premiums and discounts amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with related unrealized holding gains and losses reported in accumulated other comprehensive income (loss) in equity on a net-of-tax basis.

For an other-than-temporary decline in the value of debt and marketable equity securities below their cost or amortized cost, the investment is reduced to its fair value, which becomes the new cost basis of the investment. The amount of the reduction is reported as a loss for the period in which such determination is made. Whether the decline in the value of marketable equity securities is other-than-temporary is judged by reviewing various factors, such as the extent by which the cost exceeds the market value, the duration of the market decline, the financial condition and near-term prospects of the issuer, foreign exchange rates, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. Debt securities are reduced to their fair value, when the companies intend to sell the debt security or it is more likely than not that the companies will be required to sell the security prior to recovery of its amortized cost basis. When the companies do not intend to sell the security and it is not more likely than not that the companies will be required to sell the security before recovery of its amortized cost basis, the companies will recognize the credit component of an other-than-temporary impairment of the debt security in earnings and the noncredit component in other comprehensive income (loss).

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

Non-marketable equity securities

Non-marketable equity securities are carried at cost. When an other-than-temporary decline in the value of such securities below their cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and near-term prospects of the issuer, are reviewed to judge whether it is other-than-temporary.

The cost of non-marketable equity securities sold is determined based on the moving-average cost method.

Investments in associated companies

Investments in associated companies (20% to 50%-owned corporate investees, corporate joint ventures, and less than 20%-owned corporate investees over which the companies have the ability to exercise significant influence) and noncontrolling investments in general partnerships, limited partnerships and limited liability companies are accounted for under the equity method, after appropriate adjustments for intercompany profits and dividends. The differences between the cost of such investments and the companies' equity in the underlying fair value of the net assets of associated companies at the dates of acquisition are recognized as equity method goodwill.

For an other-than-temporary decline in the value of investments in associated companies below the carrying amount, the investment is reduced to its fair value and an impairment loss is recognized.

Leasing

The companies are engaged in lease financing consisting of direct financing leases, sales-type leases and leveraged leases, and in operating leases of properties. For direct financing leases and sales-type leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Income on leveraged leases is recognized over the life of the lease at a constant rate of return on the positive net investment. Income from the sales under sales-type leases is recognized at the inception of lease. Initial direct costs of direct financing leases and leveraged leases are deferred and amortized using the interest method over the lease period. Operating lease income is recognized as other sales over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

Property and equipment

Property and equipment are stated at cost.

Depreciation of property and equipment (including property leased to others) is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related property and equipment. The estimated useful lives for buildings, equipment and fixtures, freight cars, and vessels are primarily 2 to 52 years, 3 to 50 years, 13 to 30 years, and 3 to 20 years, respectively. Mineral rights are amortized over their respective estimated useful lives, which are 10 to 63 years, using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of long-lived assets

Long-lived assets to be held and used or to be disposed of other than by sale are reviewed, by using undiscounted future cash flows, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Business combinations

In accordance with ASC 805, "Business Combinations," the acquisition method of accounting which requires the measurement of the fair value of all of the assets and liabilities of an acquired company, including noncontrolling interests, is used for all business combinations from April 1, 2009. The companies separately recognize and report acquired intangible assets as goodwill or other intangible assets. Any excess of fair value of acquired net assets over cost arising from a business combination is recognized as a gain from a bargain purchase. In a business combination achieved in stages, its previously held equity interest is remeasured at its acquisition-date fair value and the resulting gains or losses are recognized in earnings.

Goodwill and other intangible assets

Goodwill is not amortized but tested for impairment annually or more frequently if impairment indicators arise. Identifiable intangible assets with a finite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment." Any identifiable intangible asset determined to have an indefinite useful life is not amortized, but instead tested for impairment in accordance with ASC 350, "Intangibles-Goodwill and Other," until its useful life is determined to be no longer indefinite.

Equity method goodwill is reviewed for impairment as part of an other-than-temporary decline in the value of investments in associated companies below the carrying amount in accordance with ASC 323, "Investments-Equity Method and Joint Ventures."

Intangible assets subject to amortization consist primarily of software, trademarks, rights to operate and customer relationships which are amortized over their respective estimated useful lives using the straight-line method. The estimated useful lives for software, trademarks, rights to operate and customer relationships are 5 years, 5 to 30 years, 12 to 25 years, 10 to 24 years, respectively. Intangible assets not subject to amortization mainly consist of land rights and trademarks.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, "Extractive Activities-Oil and Gas—Unproved Properties," with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Effective March 31, 2010, the companies adopted Accounting Standards Update ("ASU") No. 2010-03, "Oil and Gas Reserve Estimation and Disclosures." This update aligns the current oil and gas reserve estimation and disclosure requirements of ASC 932, "Extractive Activities- Oil and Gas."

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The Company and certain subsidiaries have defined benefit pension plans and severance indemnities plans. The costs of defined benefit pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the Consolidated Balance Sheets. The net actuarial gain or loss and net prior service cost or credit are included in accumulated other comprehensive income (loss) in equity on a net-of-tax basis and are amortized into net periodic pension costs over the certain future periods.

Guarantees

In accordance with ASC 460, "Guarantees," the companies recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

Revenue recognition

The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies:

<u>Sales of products</u>

Sales of products include the sales of various products as a principal in the transactions, the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise, the development of natural resources such as coal, iron ore, oil and gas, and the development and sale of real estate. The companies recognize those revenues at the time the delivery conditions agreed with customers are met. These conditions are usually considered to have been met when the goods are received by the customer, the title to the warehouse receipts is transferred, or the implementation testing is duly completed.

For long-term construction contracts such as railroad projects, depending on the nature of the contract, revenues are accounted for by the percentage-of-completion method if estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, otherwise the companies use the completed contract method.

The Company and certain subsidiaries enter into buy/sell arrangements, mainly relating to transactions of crude oil and petroleum products. Under buy/sell arrangements, which are entered into primarily to optimize supply or demand requirements, the Company and certain subsidiaries agree to buy (sell) a specific quality and quantity of commodities to be delivered at a specific location and/or time while agreeing to sell (buy) the same quality and quantity of the commodities to be delivered at a different location and/or time to the same counterparty. The buy/sell arrangements are reported on a net basis in the Statements of Consolidated Income.

Sales of services

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

Other sales

Other sales principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, equipment and others, the revenues from derivative commodity instruments and derivative financial instruments held for trading purposes, and the revenues from financing. See accounting policies for leasing and derivative instruments and hedging activities for the revenue recognition policies regarding leasing and derivative transactions, respectively.

Research and development expenses

Research and development costs are charged to expenses when incurred.

Advertising expenses

Advertising costs are charged to expenses when incurred.

Income taxes

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

Upon the introduction of the Australian Mineral Resource Rent Tax Act and Expansion of the Petroleum Resource Rent Tax Act, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. As we plan to apply the market value approach, and the Mineral Resource Rent Tax and Petroleum Resource Rent Tax are regarded as an income tax subject to tax effect accounting in accordance with ASC 740 “Income Taxes,” we recorded deferred tax assets for the operating assets based on the difference in the book values for accounting purposes and tax purposes (the market values as of May 1, 2010 based on our best estimation), and apply a valuation allowance for the portion we judged could not be realized in consideration of several tax deductible items such as royalties and the impact of future augmentation which will be incurred on tax losses carried forward in the Mineral Resource Rent Tax and Petroleum Resource Rent Tax.

In accordance with ASC 740, “Income Taxes,” the companies recognize and measure uncertainty in income taxes. Interests and penalties incurred in relation to income taxes are reported in current income taxes in the Statements of Consolidated Income.

Net income per share

Basic net income per share attributable to Mitsui & Co., Ltd. is computed by dividing net income attributable to Mitsui & Co., Ltd. by the weighted-average number of common shares outstanding for the period. Diluted net income per share attributable to Mitsui & Co., Ltd. reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

III. RECLASSIFICATION

For the year ended March 31, 2012, comprehensive income which was formerly included in the Statements of Changes in Consolidated Equity is separately presented in the Statements of Consolidated Comprehensive Income (Loss).

Certain reclassifications and format changes have also been made to prior year amounts to conform to the current year presentation.

IV. NEW ACCOUNTING STANDARDS

Multiple-deliverable revenue arrangements

Effective April 1, 2011, the companies adopted the new provisions in ASC 605-25, "Revenue Recognition—Multiple-Element Arrangements," which the FASB issued as ASU 2009-13, "Multiple-Deliverable Revenue Arrangements."

ASU 2009-13 amends the provisions in ASC 605-25 for treating multiple deliverables in a revenue arrangement as separate units of accounting, and permits using a best estimate of selling price in allocating arrangement consideration to each deliverable if neither vendor-specific objective evidence nor third-party evidence is available. The provisions also expand the disclosure requirements for such arrangements.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Revenue arrangements with software elements

Effective April 1, 2011, the companies adopted the new provisions in ASC 985-605, "Software—Revenue Recognition," which the FASB issued as ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements."

ASU 2009-14 amends the provisions in ASC 985-605, clarifies the scope of the software revenue guidance for revenue arrangements that include both tangible products and software elements, and provides guidance on allocating revenue for such arrangements.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Fair value measurements

Effective April 1, 2011, the companies adopted the new provisions in ASC 820, "Fair Value Measurements and Disclosures," which the FASB issued as ASU 2010-06, "Improving Disclosures about Fair Value Measurements," and also, effective January 1, 2012, the companies adopted the new provisions in ASC 820, which the FASB issued as ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S.GAAP and IFRSs."

ASU 2010-06 amends the provisions for Level 3 reconciliations in ASC 820 and requires the changes attributable to purchases, sales, issuances and settlements to be disclosed separately. The adoption of these provisions had no impact on the companies' financial position and results of operations.

ASU 2011-04 amends the wording used in ASC 820 to describe the requirements in U.S.GAAP for measuring fair value and for disclosing information about fair value measurements, to improve consistency in application between U.S.GAAP and IFRSs. It also amends certain principles and requirements for measuring fair value or disclosing information about fair value measurements, and enhances disclosure requirements. The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Clarification on troubled debt restructurings by creditors

Effective July 1, 2011, the companies adopted the new provisions in ASC 310-40, "Receivables—Troubled Debt Restructurings by Creditors," which the FASB issued as ASU 2011-02, "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring."

ASU 2011-02 amends the provisions in ASC 310-40, and clarifies the guidance on evaluating whether a restructuring constitutes a troubled debt restructuring.

These provisions have been applied retrospectively from April 1, 2011. However, the effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Disclosures about an employer's participation in a multiemployer plan

Effective March 31, 2012, the companies adopted the new provisions in ASC 715-80, "Compensation—Retirement Benefits—Multiemployer Plans," which the FASB issued as ASU 2011-09, "Disclosures about an Employer's Participation in a Multiemployer Plan."

ASU 2011-09 amends the provisions in ASC 715-80 to require enhanced disclosures regarding an employer's participation in multiemployer pension plans or other multiemployer postretirement benefits other than pensions.

The adoption of these provisions had no impact on the companies' financial position and results of operations.

Testing goodwill for impairment

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment."
ASU 2011-08 amends the provisions in ASC 350 and permits the companies not to calculate the fair value of the reporting unit unless it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a result of qualitative approach.
The provisions are effective for testing goodwill for impairment in fiscal years beginning on or after December 16, 2011, and interim periods within those fiscal years. The effect of the adoption of these provisions on the companies' financial position and results of operations will be immaterial.

V. USE OF ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. BUSINESS COMBINATIONS

For the year ended March 31, 2012

Multigrain AG

The Company entered into a definitive agreement to acquire 44.2% of Multigrain AG (“MAG”) shares held by CHS Inc. through its subsidiary CHSIH SARL, and 9.7% of MAG shares held by PMG Trading AG on March 17, 2011 and April 28, 2011, respectively. The Company acquired these shares for a total consideration of ¥22,068 million (U.S. $274 million) on May 6, 2011. As a result of these acquisitions, MAG became a wholly owned subsidiary of the Company from an associated company. The Company remeasured its previously held equity interest to fair value, ¥18,095 million (U.S. $225 million), based on the amounts paid to acquire these additional shares, and recognized a gain of ¥3,557 million. The gain is included in gain on sales of securities—net in the Statements of Consolidated Income for the year ended March 31, 2012.

MAG is involved in agricultural production, especially grain production, in Brazil, and in grain trading. The Company acquired additional shares in MAG in order to strengthen its agricultural production and grain trading business in Brazil, and to secure a stable supply of grain from Brazil to Asia and other markets.

The following table summarizes the finalized acquisition-date fair values of assets acquired and liabilities assumed, recorded at March 31, 2012, after the completion of purchase price allocation, and the provisional amounts for such assets and liabilities, recorded at December 31, September 30, and June 30, 2011, during the process of determining its purchase price allocation.

	Millions of yen			
	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Current assets	¥ 60,346	¥ 56,928	¥ 56,928	¥ 56,928
Property and equipment	55,759	55,759	55,759	42,229
Intangible assets	4,853	7,109	7,109	15,889
Investments and other assets	9,381	9,381	9,381	9,381
Total assets acquired	130,339	129,177	129,177	124,427
Current liabilities	(75,049)	(73,887)	(73,887)	(73,887)
Long-term liabilities	(15,127)	(15,127)	(15,127)	(10,377)
Total liabilities assumed	(90,176)	(89,014)	(89,014)	(84,264)
Net assets acquired	¥ 40,163	¥ 40,163	¥ 40,163	¥ 40,163

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥1,179 million from the contractual amounts of ¥8,340 million.

¥687 million and ¥4,166 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Foods & Retail segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net decrease in cash and cash equivalents of ¥21,870 million arising from this business combination is included in acquisitions of subsidiaries—net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

MicroBiopharm Japan Co., Ltd.

On April 25, 2011, the Company entered into an agreement to acquire all the outstanding shares of MBS Co., Ltd., a wholly owned subsidiary of Mercian Corporation, that succeeded Mercian’s pharmaceutical and chemical businesses by demerger (absorption-type split). This acquisition for ¥15,820 million in cash was closed on July 1, 2011. On the same day, MBS Co., Ltd. changed its name to MicroBiopharm Japan Co., Ltd.

("MicroBiopharm Japan"). As a result of a post-closing purchase price adjustment, the acquisition cost was changed to ¥15,137 million during the year ended March 31, 2012.

MicroBiopharm Japan applies its unique manufacturing technologies and combined know-how of biotechnology and fermentation technology to its manufacturing, contract manufacturing, and sales of pharmaceutical ingredients and intermediates, as well as manufacturing and sales of food additives and industrial chemical. The Company positions MicroBiopharm Japan as a core company in its pharmaceutical CMO business, and acquired shares of MicroBiopharm Japan in order to strengthen its CMO business by utilizing MicroBiopharm Japan's unique manufacturing technologies, know-how, and development capabilities.

On January 5, 2012, the Company entered into a sales agreement to sell 20% of its interest in MicroBiopharm Japan to Toray Industries, Inc. This transaction was completed on January 6, 2012.

The following table summarizes the finalized acquisition-date fair values of assets acquired and liabilities assumed, recorded at March 31, 2012, after the completion of purchase price allocation, and the provisional amounts for such assets and liabilities, recorded at December 31 and September 30, 2011, during the process of determining its purchase price allocation.

	Millions of Yen		
	March 31, 2012	December 31, 2011	September 30, 2011
Current assets	¥ 1,138	¥ 1,138	¥ 1,138
Property and equipment	3,946	3,946	3,958
Intangible assets	3,746	3,788	3,103
Investments and other assets	7,215	7,216	8,529
Total assets acquired	16,045	16,088	16,728
Current liabilities	(44)	(44)	—
Long-term liabilities	(864)	(864)	(908)
Total liabilities assumed	(908)	(908)	(908)
Net assets acquired	¥ 15,137	¥ 15,180	¥ 15,820

¥1,526 million and ¥2,220 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The intangible assets subject to amortization consist primarily of customer relationship of ¥1,200 million with an amortization period of 10 years. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Consumer Service & IT segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net decrease in cash and cash equivalents of ¥15,128 million arising from this business combination is included in acquisitions of other investments, subsidiaries—net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

Portek International Limited

On July 13, 2011, the Company announced a voluntary conditional cash offer ("Offer") for all shares of Portek International Limited ("Portek"), and submitted the Offer to the Singapore Exchange Securities Trading Limited. The Offer price is Singapore $1.4 per share. The Company acquired 100% of its shares for a total consideration of ¥13,741 million (Singapore $214 million) on September 26, 2011.

Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of medium sized container and multipurpose ports in areas such as Asia, Africa, and Europe. The Company acquired Portek to expand the Company's logistics infrastructure and network in emerging countries.

The Company is in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed. The following table summarizes the acquisition-date fair values of such assets and liabilities provisionally recorded at March 31, 2012, December 31 and September 30, 2011.

	Millions of Yen		
	March 31, 2012	December 31, 2011	September 30, 2011
Current assets	¥ 5,275	¥ 6,068	¥ 6,063
Property and equipment	2,453	3,626	3,626
Intangible assets	14,523	14,386	9,817
Investments and other assets	2,310	584	584
Total assets acquired	24,561	24,664	20,090
Current liabilities	(3,269)	(3,385)	(3,370)
Long-term liabilities	(4,662)	(4,813)	(2,053)
Total liabilities assumed	(7,931)	(8,198)	(5,423)
Noncontrolling interests	(2,889)	(2,725)	(926)
Net assets acquired	¥ 13,741	¥ 13,741	¥ 13,741

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net decrease in cash and cash equivalents of ¥11,484 million arising from this business combination is included in acquisitions of subsidiaries—net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2012.

For the year ended March 31, 2011

On December 24, 2009, MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon") entered into a definitive agreement with Gas Natural SDG, S.A. to acquire 100% of its outstanding shares of a portfolio of companies holding five gas-fired combined cycle power stations in Mexico, as well as relevant companies including a pipeline company. This acquisition for ¥111,519 million (U.S. $1,221 million) was closed on June 2, 2010 (the acquisition date). The Company intends to enhance its portfolio of power generating assets through this acquisition.

On December 27, 2010, the Company entered into sales agreements to sell 20% of its interest in MT Falcon to a 100% subsidiary of Chubu Electric Power Co., Inc., and 10% of its interest to a 100% subsidiary of Tohoku Electric Power Co., Inc. These transactions were completed on March 30, 2011, and as a result, MT Falcon's status within the Company changed from a 70% owned subsidiary to a 40% owned associated company.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 24,470
Property leased to others	101,468
Property and equipment	3,559
Intangible assets	9,021
Total assets acquired	138,518
Current liabilities	(9,188)
Long-term liabilities	(17,811)
Total liabilities assumed	(26,999)
Net assets acquired	¥ 111,519

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net decrease in cash and cash equivalents of ¥106,797 million arising from this business combination is included in acquisitions of subsidiaries—net of cash acquired in the Statements of Consolidated Cash Flows for the year ended March 31, 2011.

For the year ended March 31, 2010

The business combinations, which were completed during the year ended March 31, 2010, were immaterial.

4. DISCONTINUED OPERATIONS

The companies present the results of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line item in the Statements of Consolidated Income under (loss) income from discontinued operations—net (after income tax effect). The results of discontinued operations are not reclassified in the Statements of Consolidated Income and the Statements of Consolidated Cash Flows for the years ended March 31, 2012 and 2011 due to immateriality to the results of operations and cash flows of the companies.

The carrying amounts of assets and liabilities of a disposal group classified as held for sale were immaterial for the years ended March 31, 2012 and 2011.

Summarized selected financial information and amounts attributable to Mitsui & Co., Ltd. for the year ended March 31, 2010 for the discontinued operations reclassified during the year ended March 31, 2010 were as follows:

	Millions of Yen		
	Oil and gas interests held by MitEnergy	Other subsidiaries	Total
Year ended March 31, 2010:			
Revenues	¥ 11,771	¥ 1,080	¥ 12,851
Income from discontinued operations before income taxes	¥ 166	¥ 35	¥ 201
(Loss) gain on disposal—net	(1,971)	156	(1,815)
Income tax benefit (expense)	835	(15)	820
(Loss) income from discontinued operations—net	¥ (970)	¥ 176	¥ (794)

	Millions of Yen
	2010
Amounts attributable to Mitsui & Co., Ltd.	
Income from continuing operations	¥ 150,376
Loss from discontinued operations—net (after income tax effect)	(657)
Net income	¥ 149,719

The primary discontinued operations for the year ended March 31, 2010 were as follows:

Oil and Gas interests held by MitEnergy

MitEnergy Upstream LLC (“MitEnergy”), a subsidiary partially reported in both the Energy and Americas Segments, had been engaged in the oil and gas exploration, development and production business (“E&P Business”) mainly in the Gulf of Mexico of the United States. After the careful scrutiny of the Company’s E&P Business strategy in North America, MitEnergy divested all of its Gulf of Mexico oil and gas assets to a third party during the year ended March 31, 2010.

Other subsidiaries

This category consists of some individually immaterial subsidiaries engaged in operations such as apparel sale, consumer products related to daily life sale, venture investment fund, and membership rewards program.

5. MARKETABLE SECURITIES AND OTHER INVESTMENTS

Debt and marketable equity securities

At March 31, 2012 and 2011, the cost, fair value and gross unrealized holding gains and losses on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
March 31, 2012:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 218,015	¥ 370,506	¥ 155,245	¥ (2,754)	¥ 152,491
Marketable equity securities (Non-Japan)	14,767	41,637	27,072	(202)	26,870
Preferred stock that must be redeemed	63,412	55,523	1,363	(9,252)	(7,889)
Government bonds	20	20	0	—	0
Other securities	460	460	0	—	0
March 31, 2011:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 222,590	¥ 387,889	¥ 168,636	¥ (3,337)	¥ 165,299
Marketable equity securities (Non-Japan)	12,309	41,725	29,432	(16)	29,416
Preferred stock that must be redeemed	75,593	72,232	1,671	(5,032)	(3,361)
Government bonds	5,022	5,022	0	—	0
Other securities	3,734	3,761	27	—	27

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
March 31, 2012:					
Held-to-maturity debt securities	¥ 2,364	¥ 2,364	¥ 0	—	¥ 0
March 31, 2011:					
Held-to-maturity debt securities	¥ 2,075	¥ 2,075	¥ 0	—	¥ 0

At March 31, 2012 and 2011, the companies did not hold available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the Consolidated Balance Sheets.

At March 31, 2012 and 2011, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen			
	Less than 12 months		12 months or more	
	Fair value	Unrealized holding losses	Fair value	Unrealized holding losses
March 31, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 19,389	¥ (2,956)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 47,709	¥ (9,252)
Total	¥ 19,389	¥ (2,956)	¥ 47,709	¥ (9,252)
March 31, 2011:				
Available-for-sale:				
Marketable equity securities	¥ 57,776	¥ (3,353)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 61,163	¥ (5,032)
Total	¥ 57,776	¥ (3,353)	¥ 61,163	¥ (5,032)

The companies' investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed (approximately 25 issuers). The severity of decline in fair value less than cost was 11% to 24%. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market and the duration of the impairment was less than nine months. The companies evaluated the near-term prospects of the issuers of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at March 31, 2012.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. Losses on write-down of current portion of the preferred stock were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary. For the non-current portion, the companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider this portion to be other-than-temporarily impaired at March 31, 2012.

For the years ended March 31, 2012, 2011 and 2010, losses of ¥12,337 million, ¥8,613 million and ¥17,100 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portion of net trading gains and losses for the year that relates to trading securities still held at March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen		
	2012	2011	2010
Net trading gains (losses)	¥ —	¥ 2	¥ (10)

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen		
	2012	2011	2010
Proceeds from sales	¥ 25,327	¥ 21,351	¥ 17,552
Gross realized gains	¥ 10,736	¥ 6,583	¥ 6,646
Gross realized losses	(189)	(1,495)	(258)
Net realized gains	¥ 10,547	¥ 5,088	¥ 6,388

Debt securities classified as available-for-sale and held-to-maturity at March 31, 2012 mature as follows:

	Millions of Yen			
	Available-for-sale		Held-to-maturity	
	Amortized cost	Aggregate fair value	Amortized cost	Aggregate fair value
Contractual maturities:				
Within 1 year	¥ 6,664	¥ 7,972	¥ 10	¥ 10
After 1 year through 5 years	57,228	48,031	184	184
After 5 years through 10 years	—	—	—	—
After 10 years	—	—	2,170	2,170
Total	¥ 63,892	¥ 56,003	¥ 2,364	¥ 2,364

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturity.

Investments other than debt and marketable equity securities

Investments other than investments in debt and marketable equity securities consisted primarily of non-marketable equity securities and non-current time deposits and amounted to ¥378,027 million and ¥422,930 million at March 31, 2012 and 2011, respectively. The estimation of the corresponding fair values at those dates was not practicable, as the fair value for the individual non-marketable securities held by the companies was not readily determinable at each balance sheet date.

Investments in non-marketable equity securities are carried at cost; however, if the fair value of an investment has declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value. Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥21,144 million, ¥10,851 million and ¥31,388 million for the years ended March 31, 2012, 2011 and 2010, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥326,136 million and ¥370,272 million at March 31, 2012 and 2011, respectively. Investments with an aggregate carrying amount of ¥285,546 million at March 31, 2012 and ¥350,474 million at March 31, 2011, were not evaluated for impairment because the companies did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments and the companies determined that it is not practicable to estimate the fair value of those investments in accordance with the requirements of ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments."

6. INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES

Investments in associated companies (investees owned 20% to 50%, corporate joint ventures and other investees over which the companies have the ability to exercise significant influence) are accounted for under the equity method. In addition, noncontrolling investments in general partnerships, limited partnerships and limited liability companies are also accounted for under the equity method. Such investments include, but are not limited to, the companies' investments in Valepar S.A. (18.24%), Integrated Healthcare Holdings Sdn. Bhd. (*) (26.63%), Japan Australia LNG (MIMI) Pty. Ltd. (50.00%), JA Mitsui Leasing, Ltd. (33.40%), P.T. Paiton Energy (36.32%), Sims Metal Management Limited (17.56%), Inner Mongolia Erdos Electric Power & Metallurgy Co., Ltd. (25.00%), and Penske Automotive Group, Inc. (17.23%).

The investment in Valepar S.A. is accounted for under the equity method because of the Company's ability to exercise significant influence over operating and financial policies primarily through the board representation and power of veto over significant operating and financial decisions through the board of directors. As the sole operating company among the shareholders, which consist primarily of pension funds and financial institutions, the Company utilizes its experience and expertise in operating businesses and substantively participates in the decision-making processes.

The investment in Sims Metal Management Limited is accounted for under the equity method because the companies are the largest and sole shareholder to have board designation right and the top up right, which enable the companies to increase their share in the event of dilution so that the companies are able to retain proportionate share after the dilutive event, and the companies have ability to exercise significant influence over operating and financial policies primarily through the board representation and the membership in various advisory committees to the board, such as the Finance and Investment Committee.

The companies are the second largest shareholder group of Penske Automotive Group, Inc. ("PAG") and entered into a shareholders agreement with the largest shareholder group owning approximately 35% of its voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through the board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in the decision-making processes.

Associated companies are engaged primarily in the development of natural resources, power generation businesses outside Japan and the distribution of various products. The major geographic areas of such entities are the Americas, Europe, Asia and Oceania.

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

Investments in and advances to associated companies at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen	
	2012	2011
Investments in capital stock	¥ 1,542,140	¥ 1,432,474
Advances	166,942	168,344
Total	¥ 1,709,082	¥ 1,600,818

The carrying value of the investments in associated companies exceeded the companies' equity in the underlying net assets of such associated companies by ¥94,467 million and ¥92,068 million at March 31, 2012 and 2011, respectively. The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments are generally attributed to property and equipment which consist primarily of mineral rights amortized over their respective estimated useful lives, principally 3 to 47 years, using either the straight-line or the unit-of-production method.

Investments in common stock of publicly traded associated companies include marketable equity securities carried at ¥155,397 million and ¥208,297 million at March 31, 2012 and 2011, respectively. Corresponding aggregate quoted market values were ¥209,991 million and ¥240,036 million, respectively. These investments are valued using quoted market prices and classified as level 1 in the fair value hierarchy.

Summarized financial information for associated companies at March 31, 2012 and 2011, and for the years ended March 31, 2012, 2011 and 2010, were as follows:

	Millions of Yen	
	2012	2011
Current assets	¥ 6,999,777	¥ 7,857,521
Property and equipment—net of accumulated depreciation	10,872,414	10,410,380
Other assets	3,560,823	2,819,841
Total assets	¥ 21,433,014	¥ 21,087,742
Current liabilities	¥ 4,527,844	¥ 4,979,930
Long-term liabilities	6,554,649	6,533,054
Associated companies' shareholders' equity	5,809,416	5,319,611
Non-controlling interests	4,541,105	4,255,147
Total liabilities and shareholders' equity	¥ 21,433,014	¥ 21,087,742
The companies' equity in the net assets of associated companies	¥ 1,447,673	¥ 1,340,406

	Millions of Yen		
	2012	2011	2010
Revenues	¥ 13,073,868	¥ 11,574,275	¥ 9,541,949
Gross profit	4,619,584	4,149,201	2,512,033
Net income attributable to associated companies	1,200,360	1,118,727	648,981

The companies' revenues and purchases from associated companies included in cost of revenues during the years ended March 31, 2012, 2011 and 2010, were as follows:

	Millions of Yen		
	2012	2011	2010
Revenues	¥ 52,229	¥ 51,562	¥ 56,106
Purchases	351,655	321,713	254,873

Dividends received from associated companies for the years ended March 31, 2012, 2011 and 2010, amounted to ¥159,286 million, ¥149,746 million and ¥111,540 million, respectively.

Consolidated unappropriated retained earnings at March 31, 2012 and 2011, included the companies' equity in net undistributed earnings of associated companies in the amount of ¥468,673 million and ¥422,004 million, respectively.

7. *FINANCING RECEIVABLES AND RELATED ALLOWANCES*

Portfolio segment

The financing receivables below are mainly loans and long-term receivables for the purpose of providing financing other than short term receivables. The amounts of recorded investment in financing receivables defined in ASC 310 and the analysis of the change in the related allowances as of March 31, 2012 and 2011, were as follows.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Year ended March 31, 2012:			
Related Allowances			
Balance at March 31, 2011	¥ 42,693	¥ 7,210	¥ 49,903
Credits charged off	(6,831)	(10,970)	(17,801)
Provision for doubtful receivables	(54)	13,717	13,663
Others	(1,857)	(332)	(2,189)
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Allowances Collectively Evaluated	1,286	2,774	4,060
Allowances Individually Evaluated	32,665	6,851	39,516
Financing Receivables			
Balance at March 31, 2012	¥ 414,864	¥ 134,664	¥ 549,528
Financing Receivables with Allowances Collectively Evaluated	366,131	123,507	489,638
Financing Receivables with Allowances Individually Evaluated	48,733	11,157	59,890

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Three month period ended March 31, 2011:			
Related Allowances			
Balance at December 31, 2010	¥ 45,064	¥ 6,256	¥ 51,320
Credits charged off	(4,569)	(2,037)	(6,606)
Provision for doubtful receivables	503	2,793	3,296
Others	1,695	198	1,893
Balance at March 31, 2011	¥ 42,693	¥ 7,210	¥ 49,903
Allowances Collectively Evaluated	1,861	2,198	4,059
Allowances Individually Evaluated	40,832	5,012	45,844
Financing Receivables			
Balance at March 31, 2011	¥ 454,223	¥ 125,967	¥ 580,190
Financing Receivables with Allowances Collectively Evaluated	383,771	117,836	501,607
Financing Receivables with Allowances Individually Evaluated	70,452	8,131	78,583

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

Credit quality indicators

The companies engaged in businesses with corporate customers ("corporate businesses") assess and monitor financing receivables every quarter by classifying the receivables into two categories, performing financing receivables and nonperforming financing receivables. Certain receivables are classified as nonperforming financing receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet any of the following conditions are classified as nonperforming financing receivables.

1) Counterparties who have filed a petition for liquidation, adjustments, rehabilitation or reorganization under the Bankruptcy Act.

2) Counterparties experiencing suspension or discontinuance of business, as well as those who have found it impossible or extremely difficult to fulfill their payments or deliveries, due to deficits in equity or insolvency for a considerable period without prospects for business improvement, also those who have suffered from tremendous losses due to natural disasters, sudden changes of economic conditions, or similar catastrophes.

3) Counterparties from which amounts due have been outstanding for more than one year.

Companies engaged in financial business with retail customers ("retail finance business") assess and monitor financing receivables every quarter by dates past due.

The amounts of recorded investments in financing receivables of the companies engaged in corporate businesses classified by Credit Quality Indicators were as follows. As for the financing receivables of the companies engaged in the retail finance business, refer to the table of Financing Receivables by Dates Past Due.

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total
Performing	¥ 51,419	¥ 31,535	¥ 13,495	¥ 204,583	¥ 71,305	¥ 372,337
Nonperforming	3,446	13,873	6,311	9,356	9,541	42,527
Total	¥ 54,865	¥ 45,408	¥ 19,806	¥ 213,939	¥ 80,846	¥ 414,864

Balance at March 31, 2011:
Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total
Performing	¥ 55,241	¥ 35,914	¥ 12,468	¥ 229,340	¥ 68,761	¥ 401,724
Nonperforming	5,217	12,057	11,512	10,334	13,379	52,499
Total	¥ 60,458	¥ 47,971	¥ 23,980	¥ 239,674	¥ 82,140	¥ 454,223

Corporate Businesses are mainly classified into the following business areas.
Mineral Resources & Energy Business Area: Mineral & Metal Resources, Energy
Global Marketing Networks Business Area: Iron & Steel Products, Motor Vehicles & Construction Machinery, Chemical
Consumer Service Business Area: Foods & Retail, Consumer Service & IT, Financial & New Business
Infrastructure Projects Business Area: Infrastructure Projects, Marine & Aerospace, Transportation Logistics

Financing receivables by dates past due

The amounts of recorded investments in financing receivables classified by dates past due were as follows:

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	**Global Marketing Networks**	**Consumer Service**	**Infrastructure Projects**	**Others**	**Total**
Less than 90 days (including not past due).......	¥ 51,417	¥ 37,939	¥ 15,081	¥ 204,306	¥ 76,246	¥ 384,989
90 days or more..................	3,448	7,469	4,725	9,633	4,600	29,875
Total	¥ 54,865	¥ 45,408	¥ 19,806	¥ 213,939	¥ 80,846	¥ 414,864
90 days or more past due and accruing........................	—	¥ 200	—	—	—	¥ 200

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)...........	¥ 118,671
30-89 days past due.................	5,701
90-179 days past due...............	4,058
180-359 days past due.............	5,110
360 days or more past due.......	1,124
Total	¥ 134,664

As for the companies engaged in retail finance business, the recorded investments of financing receivables of 90 days or more past due and accruing was considered minor.

Balance at March 31, 2011:
Corporate Businesses

	Millions of Yen					
	Mineral Resources & Energy	**Global Marketing Networks**	**Consumer Service**	**Infrastructure Projects**	**Others**	**Total**
Less than 90 days (including not past due).......	¥ 53,824	¥ 40,863	¥ 14,924	¥ 228,906	¥ 75,718	¥ 414,235
90 days or more..................	6,634	7,108	9,056	10,768	6,422	39,988
Total	¥ 60,458	¥ 47,971	¥ 23,980	¥ 239,674	¥ 82,140	¥ 454,223
90 days or more past due and accruing........................	—	—	—	¥ 126	—	¥ 126

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)...........	¥ 113,831
30-89 days past due.................	4,217
90-179 days past due...............	3,477
180-359 days past due.............	3,121
360 days or more past due.......	1,321
Total	¥ 125,967

As for the companies engaged in retail finance business, the recorded investment of financing receivables of 90 days or more past due and accruing was considered minor.

Impaired financing receivables

The amounts of recorded investments in the impaired financing receivables were as follows.
Balance at March 31, 2012:

	Millions of Yen							
	Corporate Businesses							
	Mineral Resources & Energy		Global Marketing Networks		Consumer Service		Infrastructure Projects	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥10,910	¥ 3,047	¥11,126	¥ 9,354	¥ 6,460	¥ 5,694	¥10,163	¥ 9,492
Without allowance for credit losses	—	—	915	—	538	—	266	—
Total	¥10,910	¥ 3,047	¥12,041	¥ 9,354	¥ 6,998	¥ 5,694	¥10,429	¥ 9,492
Average investment in impaired financing receivables in the year ended March 31, 2012	¥16,262		¥12,486		¥ 8,950		¥11,539	

	Millions of Yen					
	Corporate Businesses				Retail Finance Business	
	Others		Total		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 10,074	¥ 5,078	¥ 48,733	¥ 32,665	¥ 11,157	¥ 6,851
Without allowance for credit losses	1,183	—	2,902	—	—	—
Total	¥ 11,257	¥ 5,078	¥ 51,635	¥ 32,665	¥ 11,157	¥ 6,851
Average investment in impaired financing receivables in the year ended March 31, 2012	¥ 13,161		¥ 62,398		¥ 9,644	

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.
Interest income recognized on impaired financing receivables was considered minor.

Balance at March 31, 2011:

	Millions of Yen							
	Corporate Businesses							
	Mineral Resources & Energy		Global Marketing Networks		Consumer Service		Infrastructure Projects	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥21,613	¥ 4,158	¥12,174	¥ 9,433	¥10,723	¥ 9,758	¥ 2,079	¥ 9,229
Without allowance for credit losses	—	—	758	—	180	—	569	—
Total	¥21,613	¥ 4,158	¥12,932	¥ 9,433	¥10,903	¥ 9,758	¥12,648	¥ 9,229
Average investment in impaired financing receivables in the three-month period ended March 31, 2011	¥22,459		¥13,640		¥11,040		¥12,152	

	Millions of Yen					
	Corporate Businesses				Retail Finance Business	
	Others		Total		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 13,863	¥ 8,254	¥ 70,452	¥ 40,832	¥ 8,131	¥ 5,012
Without allowance for credit losses	1,202	—	2,709	—	—	—
Total	¥ 15,065	¥ 8,254	¥ 73,161	¥ 40,832	¥ 8,131	¥ 5,012
Average investment in impaired financing receivables in the three-month period ended March 31, 2011	¥ 16,347		¥ 75,637		¥ 4,066	

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal. Interest income recognized on impaired financing receivables was considered minor.

Financing receivables on nonaccrual status

The companies recognize interest income on the accrual-basis. However, for companies engaged in corporate businesses, interest on impaired financing receivables is primarily recognized on a cash basis. For companies engaged in retail finance business, interest is recognized on a cash basis after a specified period without payment of interest. The companies resume the accrual of interest earnings only after the full amount of contractually outstanding interest has been collected.

The amounts of the recorded investments in financing receivables on nonaccrual status were as follows.

Balance at March 31, 2012:

Millions of Yen						
Corporate Businesses						Retail Finance Business
Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total	
¥ 3,446	¥ 12,041	¥ 6,959	¥ 22,000	¥ 11,258	¥ 55,704	¥ 11,157

Balance at March 31, 2011:

Millions of Yen						
Corporate Businesses						Retail Finance Business
Mineral Resources & Energy	Global Marketing Networks	Consumer Service	Infrastructure Projects	Others	Total	
¥ 5,217	¥ 12,932	¥ 10,903	¥ 22,528	¥ 15,065	¥ 66,645	¥ 8,131

Troubled Debt Restructurings

The companies classify receivables as troubled debt restructurings (“TDRs”) as the receivables which: 1) had their conditions modified through the conclusion of an agreement for deferred payment or reduction of interest and 2) are considered outstanding from borrowers which are experiencing financial difficulty. For receivables classified as TDRs, the companies measure the allowance for doubtful accounts in consideration of the fair value of collateral and risk of changes in future cash flow due to an extension of the due date.

The following table provides information on loans and financing receivables modified as TDRs within the retail finance business due to an extension of the due date during the year ended March 31, 2012.

Millions of Yen	
Year Ended March 31, 2012	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 14,024	¥ 13,292

The increase in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the year ended March 31, 2012 was considered minor. As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

The amounts of financing receivables modified as TDRs and subsequently defaulted for the retail finance business after the beginning of the year ended March 31, 2012 was ¥1,088 million. As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

8. *LEASES*

Lessor

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others.

Certain leases of rolling stock, aircraft, equipment, real estate and others are classified as direct financing leases, sales-type leases or leveraged leases, and the net investments are included as part of trade receivables—accounts and non-current receivables, less unearned interest in the accompanying Consolidated Balance Sheets. The companies have no general obligation for principal and interest on notes and other instruments related to third-party participation in leveraged leases. Such notes and other instruments have not been included in liabilities but have been offset against the related lease receivables. The residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on the companies' future ability to sell the related assets under then prevailing market conditions.

Other leases are classified as operating leases and the related assets are presented as property leased to others—at cost, less accumulated depreciation in the accompanying Consolidated Balance Sheets.

The following comprises the components of the net investment in direct financing leases and sales-type leases as of March 31, 2012 and 2011:

	Millions of Yen	
	2012	2011
Total minimum lease payments to be received	¥ 95,064	¥ 112,119
Estimated unguaranteed residual value of leased assets	6,933	9,092
Less unearned income	(30,440)	(36,925)
Net investment in direct financing leases and sales-type leases	¥ 71,557	¥ 84,286

The following is a schedule by years of future minimum lease payments to be received from direct financing leases and sales-type leases as of March 31, 2012:

	Millions of Yen
Year ending March 31:	
2013	¥ 10,786
2014	12,766
2015	12,471
2016	11,976
2017	10,883
Thereafter	36,182
Total	¥ 95,064

The following represents the components of the net investment in leveraged leases as of March 31, 2012 and 2011:

	Millions of Yen	
	2012	2011
Total minimum lease payments to be received (net of principal and interest on third-party nonrecourse debt)	¥ 3,230	¥ 3,267
Estimated unguaranteed residual value of leased assets	3,879	3,925
Less unearned income	(1,579)	(1,672)
Investment in leveraged leases	5,530	5,520
Less deferred tax liabilities arising from leveraged leases	(4,559)	(5,060)
Net investment in leveraged leases	¥ 971	¥ 460

The following provides an analysis of the companies' investment in property leased to others under operating leases by classes as of March 31, 2012 and 2011:

	Millions of Yen					
	2012			2011		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Real estate	¥ 220,600	¥ (80,158)	¥ 140,442	¥ 226,313	¥ (82,349)	¥ 143,964
Rolling stock	85,156	(8,353)	76,803	78,028	(7,600)	70,428
Ocean transport vessels	44,737	(4,929)	39,808	45,863	(8,439)	37,424
Aircraft	10,168	(257)	9,911	—	—	—
Equipment and others	14,492	(8,710)	5,782	20,239	(12,373)	7,866
Total	¥ 375,153	¥ (102,407)	¥ 272,746	¥ 370,443	¥ (110,761)	¥ 259,682

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of March 31, 2012:

	Millions of Yen
Year ending March 31:	
2013	¥ 18,437
2014	13,486
2015	10,854
2016	8,429
2017	7,881
Thereafter	14,810
Total	¥ 73,897

Lessee

The companies lease equipment, real estate and others under capital leases. Approximately 40% and 50% of the capital leases are with the Company's associated company, JA Mitsui Leasing, Ltd. at March 31, 2012 and 2011, respectively.

The following provides an analysis of the companies' leased assets recorded under capital leases by classes as of March 31, 2012 and 2011:

	Millions of Yen					
	2012			2011		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Equipment	¥ 14,400	¥ (6,446)	¥ 7,954	¥ 11,770	¥ (7,532)	¥ 4,238
Real estate	6,625	(2,270)	4,355	6,583	(1,834)	4,749
Others	1,056	(746)	310	1,325	(810)	515
Total	¥ 22,081	¥ (9,462)	¥ 12,619	¥ 19,678	¥ (10,176)	¥ 9,502

The following is a schedule by years of future minimum lease payments under capital leases together with components of the present value of the net minimum lease payments as of March 31, 2012. Minimum payments have not been reduced by minimum sublease rentals of ¥20,069 million due in the future under subleases:

		Millions of Yen
Year ending March 31:		
2013	¥	8,342
2014		11,270
2015		3,886
2016		3,293
2017		2,678
Thereafter		12,696
Total minimum lease payments		42,165
Less amount representing interest		6,365
Present value of net minimum lease payments		35,800
Less current capital lease obligations		7,001
Long-term capital lease obligations	¥	28,799

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others under operating leases. Most of the rolling stock, ocean transport vessels and aircraft under operating leases are subleased to third parties.

The Company and certain subsidiaries sold rolling stock and others to third parties for ¥3,366 million and ¥6,868 million in total during the years ended March 31, 2011 and 2010, respectively, and leased them back with terms ranging up to 20 years. The resulting leases were classified as operating leases. There were no such transactions during the year ended March 31, 2012.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of March 31, 2012. Minimum payments have not been reduced by minimum sublease rentals of ¥15,260 million due in the future under noncancelable subleases:

		Millions of Yen
Year ending March 31:		
2013	¥	21,037
2014		20,371
2015		12,500
2016		7,790
2017		5,387
Thereafter		23,444
Total	¥	90,529

Rental expenses incurred for operating leases for the years ended March 31, 2012, 2011 and 2010 were ¥40,861 million, ¥44,213 million and ¥52,746 million, respectively. Sublease rental income for the years ended March 31, 2012, 2011 and 2010 were ¥14,672 million, ¥20,094 million and ¥18,589 million, respectively.

9. *PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL*

Pledged assets

At March 31, 2012 and 2011, the following assets (exclusive of assets covered by trust receipts discussed below) were pledged as collateral for certain liabilities of the companies:

	Millions of Yen	
	2012	2011
Trade receivables (current and non-current)	¥ 76,286	¥ 95,977
Inventories	9,716	6,954
Investments	194,900	168,683
Property leased to others (net book value)	23,446	26,531
Property and equipment (net book value)	57,093	41,106
Other	17,332	16,418
Total	¥ 378,773	¥ 355,669

The distribution of such collateral among short-term debt, long-term debt, and financial guarantees and other was as follows:

	Millions of Yen	
	2012	2011
Short-term debt	¥ 9,871	¥ 12,901
Long-term debt	157,840	158,302
Financial guarantees and other	211,062	184,466
Total	¥ 378,773	¥ 355,669

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts.

In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. See Note 13, "SHORT-TERM AND LONG-TERM DEBT," for certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

Financial assets accepted as collateral

At March 31, 2012 and 2011, the fair values of financial assets that the companies accepted as collateral for trade receivables and that they are permitted to sell or repledge consisted of the following:

	Millions of Yen	
	2012	2011
Bank deposits	¥ 883	¥ 917
Trade receivables—accounts	2,031	1,781
Stocks and bonds	4,993	4,935

There were no financial assets repledged or accepted as collateral under security repurchase agreements at March 31, 2012 and 2011.

10. IMPAIRMENT LOSS ON LONG-LIVED ASSETS

The companies have recognized impairment losses on long-lived assets in accordance with the provisions of ASC 360 “Property, Plant, and Equipment” during the years ended March 31, 2012, 2011 and 2010.

The impairment loss on long-lived assets for the year ended March 31, 2012 consisted principally of mining equipment and mineral rights of ¥5,026 million, which were owned by Mitsui & Co. Uranium Australia Pty. Ltd., a subsidiary in Australia engaged in the exploration, development and production of uranium.

The impairment for the year ended March 31, 2012 related to the revaluation of the assets due to its decision to withdraw from a uranium mine development project in Australia.

The impairment loss on long-lived assets for the year ended March 31, 2011 consisted principally of mining equipment and mineral rights of ¥6,921 million, which were owned by Mitsui & Co. Uranium Australia Pty. Ltd., and distribution facilities of ¥4,019 million, which were owned by an oil downstream business subsidiary, Mitsui Oil Co., Ltd. (Japan).

The impairments for the year ended March 31, 2011 mainly related to the revaluation of the assets due to the delay of the development schedule in Australia, and the change in the oil business conditions in Japan.

The impairment loss on long-lived assets for the year ended March 31, 2010 consisted principally of intangible assets including customer relationships of ¥2,700 million, which were owned by a locomotive leasing subsidiary in Europe, Mitsui Rail Capital Europe B.V. The impairments for the year ended March 31, 2010 mainly related to the decrease in the sales resulting from a prolonged downturn in the volume of rail freight transportation in Europe.

See Note 23, “EXIT OR DISPOSAL COST OBLIGATIONS,” for the exit or disposal activities which resulted in recognition of an impairment loss on long-lived assets.

Impairment losses on long-lived assets recognized by operating segment for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen		
	2012	2011	2010
Iron & Steel Products	¥ 961	¥ 1,320	¥ 56
Mineral & Metal Resources	757	9	83
Machinery & Infrastructure Projects	2,496	2,121	2,707
Chemical	1,224	—	431
Energy	5,396	13,002	1,517
Foods & Retail	1,309	1,026	1,498
Consumer Service & IT	946	271	156
Logistics & Financial Business	—	76	163
Americas	931	336	2,205
All Other	11	127	—
Adjustments and Eliminations	—	—	(431)
Consolidated Total	¥ 14,031	¥ 18,288	¥ 8,385

Note: “Adjustments and Eliminations” represents impairment losses related to assets not allocated to specific operating segments. The figures for the year ended March 31, 2010 related to discontinued operations have been reclassified. The reclassifications to “Loss from Discontinued Operations-Net (After Income Tax Effect)” are included in “Adjustments and Eliminations.”

The fair value of the assets is calculated based on independent appraisals, market value or discounted future cash flows whichever management considers most appropriate.

In addition to the impairment loss on long-lived assets based on ASC 360 “Property, Plant, and Equipment” shown in the above table, the impairment loss on intangible assets not subject to amortization based on ASC 350 “Intangibles—Goodwill and Other” was included in impairment loss of long-lived assets in the Statements of Consolidated Income for the years ended March 31, 2012, 2011, and 2010 as discussed in Note 12, “GOODWILL AND OTHER INTANGIBLE ASSETS.”

11. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations are principally related to the costs of dismantling and removing mining and oil and gas production facilities owned by subsidiaries in Australia, which are engaged in mining operations or oil and gas producing activities and a domestic subsidiary, which has interests in oil and gas operations in South East Asia and other areas.

The changes in asset retirement obligations for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen	
	2012	2011
Balance at beginning of year	¥ 76,831	¥ 54,980
Liabilities incurred	284	6,858
Liabilities settled	(23)	(286)
Disposition of assets	(143)	(558)
Accretion expense	4,666	3,879
Revisions in estimated cash flows	11,171	15,569
Foreign currency translation adjustments	(233)	(3,611)
Balance at end of year	¥ 92,553	¥ 76,831

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets subject to amortization at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen			
	2012		2011	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Software	¥ 75,662	¥ 40,881	¥ 70,213	¥ 39,105
Trademarks	17,545	15,572	13,941	12,059
Rights to operate	11,293	510	—	—
Customer relationships	8,767	3,079	8,595	3,367
Others	40,254	28,721	40,589	29,907
Total	¥153,521	¥ 88,763	¥133,338	¥ 84,438

The aggregate amortization expense of intangible assets for the years ended March 31, 2012, 2011 and 2010 was ¥14,466 million, ¥13,215 million and ¥13,425 million, respectively. The estimated aggregate amortization expense of intangible assets at March 31, 2012 for each of the next five years is as follows:

	Millions of Yen
Year ending March 31:	
2013	¥ 16,369
2014	11,057
2015	7,886
2016	5,295
2017	3,241

Total carrying amount of intangible assets not subject to amortization (excluding goodwill) at March 31, 2012 and 2011 consisted of:

	Millions of Yen	
	2012	2011
Land rights	¥ 7,250	¥ 7,196
Trademarks	605	653
Others	2,471	2,500
Total	¥ 10,326	¥ 10,349

Intangible assets subject to amortization acquired during the year ended March 31, 2012 totaled ¥27,573 million, and consisted primarily of software of ¥10,981 million and rights to operate of ¥11,293 million. The weighted average amortization periods for software and right to operate are 5 years and 18 years, respectively. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2012 totaled ¥724 million.

Intangible assets subject to amortization acquired during the year ended March 31, 2011 totaled ¥12,438 million, and consisted primarily of software of ¥10,529 million. The weighted average amortization periods for intangible assets subject to amortization in total and software are 6 years and 5 years, respectively. Acquisition of intangible assets not subject to amortization during the year ended March 31, 2011 totaled ¥614 million.

The impairment losses recognized for intangible assets subject to amortization and not subject to amortization (excluding goodwill) for the year ended March 31, 2012 were immaterial.

The impairment losses recognized for intangible assets subject to amortization and not subject to amortization (excluding goodwill) for the year ended March 31, 2011 were immaterial.

During the year ended March 31, 2010, the companies recognized impairment losses of ¥4,705 million on intangible assets subject to amortization and not subject to amortization (excluding goodwill) which were included in impairment loss of long-lived assets in the Statements of Consolidated Income. These impairment losses included in the Machinery & Infrastructure Projects Segment consisted of ¥2,939 million on the write-down of customer relationships (intangible assets subject to amortization) and other which were held by Mitsui Rail Capital Europe B.V., a locomotive leasing company in Europe. These impairments were due to the decrease in the fair values resulting from a prolonged downturn in railway freight transport in Europe. The fair value for the basis of determining these impairment losses were calculated based on the Discounted Cash Flow Method.

The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen							
	Iron & Steel Products	Machinery & Infrastructure Projects	Chemical	Foods & Retail	Consumer Service & IT	Logistics & Financial Business	Americas	Consolidated Total
Balance at April 1, 2010								
Goodwill	¥ 872	¥ 9,269	¥ 3,737	¥ 19,167	¥ 10,286	—	¥ 27,276	¥ 70,607
Accumulated impairment losses...	—	(3,717)	—	(16,528)	(7,314)	—	(20,331)	(47,890)
	872	5,552	3,737	2,639	2,972	—	6,945	22,717
Acquisition	—	789	355	734	4,112	—	2,146	8,136
Impairment losses.............	—	—	—	—	—	—	(596)	(596)
Others	—	(1,111)	141	(91)	(187)	—	(733)	(1,981)
Balance at March 31, 2011								
Goodwill	872	8,693	4,233	19,810	14,199	—	26,533	74,340
Accumulated impairment losses...	—	(3,463)	—	(16,528)	(7,302)	—	(18,771)	(46,064)
	872	5,230	4,233	3,282	6,897	—	7,762	28,276
Acquisition	—	2,704	—	4,166	2,220	2,571	1,685	13,346
Impairment losses.............	—	(251)	(1,658)	(607)	(1,248)	—	(445)	(4,209)
Others	—	(207)	(208)	37	(1,914)	42	60	(2,190)
Balance at March 31, 2012								
Goodwill	872	11,005	4,109	23,406	14,542	2,613	17,694	74,241
Accumulated impairment losses...	—	(3,529)	(1,742)	(16,528)	(8,587)	—	(8,632)	(39,018)
	¥ 872	¥ 7,476	¥2,367	¥6,878	¥5,955	¥2,613	¥9,062	¥35,223

Notes: “Others” principally includes the effect of foreign currency exchange rate changes, decrease as the result of deconsolidation of subsidiaries and purchase accounting adjustments.

The impairment losses recognized for goodwill for the year ended March 31, 2012 were the accumulation of immaterial impairment losses.

The impairment losses included in the Americas Segment for the year ended March 31, 2011 were the accumulation of immaterial impairment losses.

The impairment loss included in the Machinery & Infrastructure Projects Segment for the year ended March 31, 2010 consisted of an impairment loss of ¥3,148 million for goodwill related to Mitsui Rail Capital Europe B.V. Because of a prolonged downturn in railway freight transport in Europe, the carrying amount of the subsidiary exceeded its fair value and the impairment loss was recognized in the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. The fair value of the subsidiary for the basis of determining the impairment loss of goodwill was calculated with the Discounted Cash Flow Method.

The impairment losses included in the Americas Segment for the year ended March 31, 2010 consisted primarily of impairment losses of ¥3,108 million and ¥2,942 million for goodwill related to AFC HoldCo, LLC, an automotive retail finance company, and SunWize Technologies, Inc., a distributor of photovoltaic systems, respectively. Because of a prolonged economic slowdown, the carrying amounts of the subsidiaries exceeded their fair values and the impairment losses were recognized in the amounts equal to the excess of the carrying amounts of goodwill over the implied fair values of goodwill. The fair values of the subsidiaries for the basis of determining the impairment losses of goodwill were calculated with, the Discounted Cash Flow Method for AFC HoldCo, LLC, and a combination of the Discounted Cash Flow Method, the Guideline Public Company Method and the Guideline Merged & Acquired Company Method for SunWize Technologies, Inc.

13. SHORT-TERM AND LONG-TERM DEBT

Short-term debt at March 31, 2012 and 2011 were comprised of the following:

	Millions of Yen			
	2012		2011	
		Interest rate *1		Interest rate *1
Short-term bank loans and others	¥ 255,914	2.0%	¥ 197,264	2.6%
Commercial paper	51,537	0.3	52,803	1.0
Total	307,451		250,067	
ASC 815 fair value adjustment *2	(319)		(5)	
Total	¥ 307,132		¥ 250,062	

*1. The interest rates represent weighted average rates in effect at March 31, 2012 and 2011 regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.

*2. In accordance with the requirements of ASC 815, "Accounting for Derivative Instruments and Hedging Activities," the portion of the companies' fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt's carrying value plus an ASC 815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

Unused lines of credit, for short-term financing the Company and its foreign subsidiaries, at March 31, 2012 and 2011, aggregated ¥847,891 million and ¥556,847 million, respectively. The Company and certain foreign subsidiaries compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2012 and 2011.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen	
	2012	2011
Long-term debt with collateral (Note 9):		
Banks and insurance companies, maturing serially through 2045—principally 0.8% to 12.5%	¥ 60,626	¥ 60,109
Government-owned banks and government agencies, maturing serially through 2056—principally 0.0% to 12.0%	55,492	64,752
Japanese yen bonds (floating rate 1.1%, due 2012)	2,400	1,700
Total	118,518	126,561
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.2% to 6.0%, maturing serially through 2030	1,744,405	1,812,038
Principally 0.0% to 15.8%, maturing serially through 2026 (payable in foreign currencies)	868,248	643,838
Bonds and notes:		
Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015)	10,000	10,000
Japanese yen bonds (fixed rate 0.7% to 3.2%, due 2011–2031)	295,959	290,953
Japanese yen bonds (fixed and floating rate: floating rate 1.2% to 2.8%, due 2013–2024)	101,500	101,500
Japanese yen bonds (floating rate 0.9% to 2.1%, due 2016–2017)	40,000	40,000
Reverse dual currency yen/U.S. dollar bonds (fixed rate 3.0%, due 2012)	—	10,000
Notes under global medium-term note programme (fixed rate 4.5% to 4.6%, due 2011)	—	2,235
Notes under euro medium-term note programme (fixed rate 1.3% to 4.3%, due 2011–2017)	15,406	14,176
Notes under euro medium-term note programme (floating rate 0.5% to 1.6%, due 2012–2013)	1,726	2,429
Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.0% to 1.0%, due 2013–2024)	10,240	10,133
Capital lease obligations (principally 0.3% to 7.9%, maturing serially through 2030)	35,800	30,460
Total	3,123,284	2,967,762
Total	3,241,802	3,094,323
ASC 815 fair value adjustment*	29,073	33,089
Total	3,270,875	3,127,412
Less current maturities	372,657	308,883
Long-term debt, less current maturities	¥ 2,898,218	¥ 2,818,529

*In accordance with the requirements of ASC 815, "Accounting for Derivative Instruments and Hedging Activities," the portion of the companies' fixed-rate debt obligations that is designated and effective as a fair value hedge is reflected in the Consolidated Balance Sheets as an amount equal to the sum of the debt's carrying value plus an ASC 815 fair value adjustment representing changes recorded in the fair value of the hedged debt obligations attributable to movements in the designated benchmark interest rates and applicable foreign currency exchange rates during the term of the hedge.

The companies have entered into currency swap agreements and interest rate swap agreements in connection with certain bonds, notes and other long-term borrowings. The floating interest rates for interest rate swap agreements are generally based on the three-month or six-month LIBOR (London Interbank Offered Rate). The three-month and six-month LIBORs for Japanese yen denominated debt as of March 31, 2012 were 0.20% and 0.34%, respectively. The three-month and six-month LIBORs for Japanese yen denominated debt as of March 31, 2011 were 0.20% and 0.35%, respectively (See Note 24, "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES," and Note 25, "FINANCIAL INSTRUMENTS.").

Substantially all short-term and long-term bank borrowings are made under agreements which, as is customary in Japan, provide that under certain conditions a bank may require the borrower to provide collateral (or additional collateral) or guarantors with respect to the borrowings and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. Default provisions of certain loan agreements grant sale or possession rights of the pledged assets to lenders.

Under certain loan agreements with government-owned banks, the creditors may require the companies to submit proposals as to the payment of dividends and other appropriations of earnings for the creditors' review and approval before presentation to the shareholders. Certain of those agreements require the borrower, upon the request of the lender, to reduce outstanding loans before scheduled maturity dates when the lender considers that the companies are able to reduce such loans through increased earnings or through the proceeds from the sale of common stock or bonds and notes. During the years ended March 31, 2012 and 2011, the companies did not receive any such requests, and there is no expectation that any such requests will be made.

Maturities of long-term debt outstanding at March 31, 2012 were as follows, excluding the effect of the ASC 815, "Accounting for Derivative Instruments and Hedging Activities," fair value adjustment:

	Millions of Yen
Year ending March 31:	
2013	¥ 374,578
2014	439,095
2015	422,273
2016	335,021
2017	420,780
Thereafter	1,250,055
Total	¥ 3,241,802

14. PENSION COSTS AND SEVERANCE INDEMNITIES

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans, covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. The benefits from CPF are based on the length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnities plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

The companies use a measurement date of March 31 for their defined benefit pension plans.

Obligations and funded status

The following table sets forth the reconciliation of the companies' benefit obligations, plan assets and funded status of the plans:

	Millions of Yen	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	¥276,596	¥280,889
Service cost	7,880	9,856
Interest cost	6,314	6,370
Plan participants' contributions	362	363
Plan amendments	(13)	(285)
Actuarial loss	12,414	2,858
Benefits paid from plan assets	(12,013)	(13,387)
Direct benefit payments	(1,679)	(1,439)
Settlements	—	(780)
Acquisitions and divestitures	921	(6,316)
Foreign currency translation adjustments	(279)	(1,533)
Benefit obligation at end of year	290,503	276,596
Change in plan assets:		
Fair value of plan assets at beginning of year	239,708	266,274
Actual gain (loss) on plan assets	893	(13,003)
Employer contribution	5,128	3,886
Plan participants' contributions	362	363
Benefits paid from plan assets	(12,013)	(13,387)
Settlements	—	(766)
Acquisitions and divestitures	423	(2,881)
Foreign currency translation adjustments	(155)	(778)
Fair value of plan assets at end of year	234,346	239,708
Funded status at end of year	¥(56,157)	¥(36,888)
Amounts recognized in the Consolidated Balance Sheets consist of:		
Other assets (prepaid pension costs)	¥ 340	¥ 719
Accrued expenses - others	(698)	(553)
Accrued pension costs and liability for severance indemnities	(55,799)	(37,054)
	¥(56,157)	¥(36,888)
Amounts recognized in accumulated other comprehensive loss before income tax effect consist of:		
Prior service cost	¥ 6,675	¥ 3,411
Net actuarial loss	102,610	95,966
	¥109,285	¥ 99,377

The prior service cost/credit is amortized over the average remaining service period of employees expected to receive related benefits.

The amortization periods of the net actuarial gain/loss are seven years for CPF and the average remaining service period for other defined benefit pension plans.

The accumulated benefit obligation for the companies' defined benefit pension plans as of March 31, 2012 and 2011 was ¥286,331 million and ¥ 272,814 million, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for plans with projected benefit obligations in excess of plan assets were ¥286,899 million and ¥231,015 million at March 31, 2012 and ¥274,179 million and ¥236,572 million at March 31, 2011. The aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were ¥282,621 million and ¥230,603 million at March 31, 2012 and ¥270,044 million and ¥236,153 million at March 31, 2011.

Components of net periodic pension costs and other amounts recognized in other comprehensive loss (gain)

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2012, 2011 and 2010 and other amounts recognized in other comprehensive loss (gain) for the year ended March 31, 2012, 2011 and 2010 included the following components:

	Millions of Yen		
	2012	**2011**	**2010**
Service cost – benefits earned during the period	¥ 7,880	¥ 9,856	¥ 8,981
Interest cost on projected benefit obligation	6,314	6,370	6,326
Expected return on plan assets	(7,907)	(8,006)	(7,947)
Amortization of prior service cost	32	170	(8)
Amortization of net actuarial loss	9,731	7,298	12,787
Settlement (gain) loss	—	(13)	36
Curtailment (gain) loss	—	(7)	1,233
Net periodic pension costs	¥ 16,050	¥ 15,668	¥ 21,408
Prior service cost arising during period	¥ (13)	¥ (285)	¥ 403
Amortization of prior service cost	(32)	(170)	8
Net actuarial loss (gain) arising during period	19,389	23,636	(19,900)
Amortization of net actuarial loss	(9,731)	(7,298)	(12,787)
Acquisition and divestitures	—	(369)	—
Foreign currency translation adjustments	(531)	(586)	474
Curtailment loss	—	—	(337)
Total recognized in other comprehensive loss (gain)	¥ 9,082	¥ 14,928	¥ (32,139)

The estimated prior service cost and net actuarial loss of the companies that will be amortized for the year ending March 31, 2013 are as follows:

	Millions of Yen
	2013
Amortization of prior service cost	¥ (213)
Amortization of net actuarial loss	(10,934)

Assumptions

Weighted-average assumptions used to determine the companies' benefit obligations as of March 31, 2012 and 2011 are set forth as follows:

	2012	**2011**
Discount rate	2.1%	2.5%
Rate of increase in future compensation levels	0.9%	0.9%

Weighted-average assumptions used to determine the companies' net periodic pension costs for the years ended March 31, 2012, 2011 and 2010 are set forth as follows:

	2012	**2011**	**2010**
Discount rate	2.5%	2.6%	2.5%
Expected long-term rate of return on plan assets	3.3%	3.4%	3.3%
Rate of increase in future compensation levels	0.9%	0.9%	0.8%

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

The rate of increase in future compensation levels was not applied in determining the projected benefit obligation of CPF other than the cash balance plan, because the benefit formulas of these plans do not contain factors relating to compensation levels.

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

Plan assets

The Company's investment objective is to build high quality plan assets, and the investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in the fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to stably ensure adequate returns to provide future payments of pension benefits over the long term.

The companies' weighted-average target allocation of plan assets as of March 31, 2012 is 44% equity securities (including securities held in the employee retirement benefit trust), 55% debt securities, and 1% life insurance company general accounts.

The fair value of the companies' pension plan assets as of March 31, 2012 and 2011, by asset class and level within the fair value hierarchy, as described in Note 26, "FAIR VALUE MEASUREMENTS," are set forth as follows:

	Millions of Yen							
	2012				2011			
Asset Class	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
Equity securities (Japan)	¥ 46,388	¥ 29,260	—	¥ 75,648	¥ 44,462	¥ 29,462	—	¥ 73,924
Equity securities (Non-Japan)	4,109	30,637	—	34,746	4,405	40,815	—	45,220
Debt securities (Japan)	1,011	52,302	—	53,313	420	42,241	—	42,661
Debt securities (Non-Japan)	5,668	33,237	—	38,905	5,420	41,874	—	47,294
Life insurance company general accounts	—	21,731	—	21,731	—	20,732	—	20,732
Cash and deposits	9,324	—	—	9,324	9,345	—	—	9,345
Other	139	540	—	679	34	498	—	532
Total	¥ 66,639	¥ 167,707	—	¥ 234,346	¥ 64,086	¥ 175,622	—	¥ 239,708

Equity securities above include securities held in the Company's employee retirement benefit trust. Publicly-traded, marketable equity securities and debt securities are valued using quoted market prices and classified as level 1. Other equity securities and debt securities are mostly pooled investments managed by trust banks. They are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as level 2. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. They are valued based on the value of the accounts calculated by the insurance companies and classified as level 2.

The fair value of equity securities of the companies and associated companies included in plan assets as of March 31, 2012 and 2011 were immaterial.

Cash flows

Contributions

The companies expect to contribute ¥7,779 million to their defined benefit pension plans for the year ending March 31, 2013.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Millions of Yen
Year ending March 31:	
2013	¥ 13,795
2014	15,238
2015	15,252
2016	15,490
2017	15,498
2018-2022	79,143

Multiemployer plan

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and subsidiaries also participate in MGPF, which are different from single-employer plans in the following respects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the substitutional part of the welfare pension and the additional benefit stipulated by the plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2011, 2010, and 2009 were as follows. A funding improvement plan has been implemented by MGPF as of March 31, 2011.

	Millions of Yen		
	2011	**2010**	**2009**
Plan assets, net of current payables	¥ 41,724	¥ 40,970	¥ 46,728
Benefit obligation under pension actuarial valuation	44,786	43,768	33,925

The subsidiaries contributed ¥1,368 million, ¥1,558 million and ¥1,557 million to MGPF for the years ended March 31, 2012, 2011 and 2010, respectively. The amount contributed by the subsidiaries constituted a significant portion of the total contribution and included surcharge.

The Company and certain subsidiaries also have defined contribution plans. For the years ended March 31, 2012, 2011 and 2010, the companies recorded ¥1,998 million, ¥1,853 million and ¥2,090 million as costs of defined contribution plans.

The Company also provides the "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels. During the years ended March 31, 2012, 2011 and 2010, the Company recorded ¥1,345 million, ¥1,390 million and ¥5,671 million of periodic payments in excess of previous projections and projected benefits based on factors including the history of benefit payments as selling, general and administrative expenses, respectively.

15. EQUITY

Common stock

Under the companies act of Japan enacted in May 2006 (the "Companies Act"), certain issuances of common stock, including conversions of bonds and notes and exercises of warrants issued, are required to be credited to the common stock account for at least 50% of the amount of properties contributed by persons who become shareholders at share issue.

Capital surplus and retained earnings

The Companies Act provides that an amount equal to 10% of distribution must be appropriated as additional paid-in capital or a legal reserve depending on the equity account charged upon the payment of such distribution until the total aggregate amount of capital surplus and legal reserve equals 25% of the common stock. The Companies Act also provides that common stock, capital surplus, legal reserve and unappropriated retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the above transfer under the Companies Act. Additional amounts recorded as capital surplus to conform with U.S. GAAP were ¥62,732 million at March 31, 2012 and primarily relate to accounting for warrants, business combinations, expenses for the issuance of common stock and equity transactions with noncontrolling interest shareholders. When debt securities were previously issued with detachable stock purchase warrants, the portion of the proceeds which was allocable to the warrants was credited to capital surplus under U.S. GAAP. In addition, the step acquisition of the shares held by minority shareholders of a subsidiary by selling unissued shares of the Company was accounted for by the purchase method under U.S. GAAP rather than by the pooling of interests method which was prevailing in Japan when such business combinations occurred.

Pursuant to the resolution of the Board of Directors, the Company made free distributions of common stock in prior years. Such free distributions did not result in the transfer of retained earnings to common stock or capital surplus. Corporations in the United States issuing shares in similar transactions would be required to account for them as stock dividends as of the shareholders' record date by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the above free distributions of shares made on and after September 30, 1986, capital surplus at March 31, 2012 would have been increased by ¥87,860 million with a corresponding decrease in unappropriated retained earnings.

Dividends

Under the Companies Act, the amount available for distribution is calculated as of the effective date which is determined by the resolution of the shareholders at the shareholders' meeting. Such amount is calculated based on the amount of capital surplus, exclusive of additional paid-in capital, and retained earnings, exclusive of retained earnings appropriated for legal reserve, recorded in the general books of account in accordance with accepted Japanese accounting practices. The adjustments included in the accompanying consolidated financial statements for U.S. GAAP purposes but not recorded in the general books of account have no effect on the calculation of the amount available for distribution under the Companies Act. The amount of retained earnings available for dividends would amount to ¥616,757 million, if the amount were to be calculated at March 31, 2012.

The Companies Act permits payments of dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of shareholders at the shareholders' meeting. A mid-year interim dividend may be paid by resolution of the Board of Directors, subject to limitations imposed by the Companies Act. See Note 13, "SHORT-TERM AND LONG-TERM DEBT," for the right of certain creditors to review and approve the companies' proposal for the payment of dividends.

Purchase by the Company of shares

The Companies Act permits the Company to purchase and hold its own shares. The Company is allowed to decide the number, amount and others of the shares to be acquired, not to exceed the amount available for distribution, subject to the prior approval of the shareholders at the shareholders' meeting. The Companies Act permits the Company to purchase its own shares through market transactions or tender offer upon the approval of the Board of Directors, as far as it is permitted under the Articles of Incorporation, subject to limitations imposed by the Companies Act. At the ordinary general meeting of shareholders held on June 24, 2004, it was approved that the Company amended the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Company's own common stock by its resolution.

The Company may dispose of them, subject to the approval of the Board of Directors, unless otherwise specified in the Companies Act, or as far as the Articles of Incorporation do not require a resolution of the shareholders at the shareholders' meeting. In addition, the Companies Act enables the Company to retire its own shares by resolution of the Board of Directors.

Equity transactions with noncontrolling interest shareholders

For the years ended March 31, 2012, 2011 and 2010, changes in equity due to equity transaction with noncontrolling interest shareholders are as follows:

(1) Net income attributable to Mitsui & Co., Ltd. and changes in Mitsui & Co., Ltd.'s paid-in capital due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2012	**2011**	**2010**
Net income attributable to Mitsui & Co., Ltd.	¥ 434,497	¥ 306,659	¥ 149,719
Transfers from (to) the noncontrolling interests			
Increase (decrease) in Mitsui & Co., Ltd.'s paid-in capital due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests	1,387	(181)	558
(Decrease) increase in Mitsui & Co., Ltd.'s paid-in capital due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries from noncontrolling interests	(1,048)	1,485	(7,748)
Net transfers from (to) noncontrolling interests	339	1,304	(7,190)
Changes in net income attributable to Mitsui & Co., Ltd. and transfers from (to) noncontrolling interests	¥ 434,836	¥ 307,963	¥ 142,529

(2) Changes in accumulated other comprehensive income (loss) (after income tax effect) attributable to Mitsui & Co., Ltd. due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2012	**2011**	**2010**
(Decrease) increase in Mitsui & Co., Ltd.'s accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests	¥ (26)	¥ 1	¥ (204)
Increase in Mitsui & Co., Ltd.'s accumulated other comprehensive income due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries from noncontrolling interests	183	4	11,923

(3) Changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders

	Millions of Yen		
	2012	**2011**	**2010**
Increase in noncontrolling interests due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests, and contributions from noncontrolling interest shareholders	¥ 13,413	¥ 11,168	¥ 5,687
Decrease in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	(1,460)	(1,933)	(46,648)

Increase in noncontrolling interests related to newly consolidated entities

During the year ended March 31, 2012, ¥2,889 million of a noncontrolling interest was recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity, as a result of the acquisition of Portek International Limited ("Portek"). Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of multipurpose ports. See Note 3, "BUSINESS COMBINATIONS," for further information regarding the Company's acquisition of Portek.

During the year ended March 31, 2011, ¥12,602 million of a noncontrolling interest was recorded in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity, as a result of the consolidation of MT Falcon Holdings Company S.A.P.I. de C.V. ("MT Falcon"), with the Company acquiring a 70% ownership interest. See Note 3, "BUSINESS COMBINATIONS," for further information regarding MT Falcon's acquisition of a gas-fired power business.

Decrease in noncontrolling interests due to the deconsolidation of subsidiaries

During the year ended March 31, 2012, decreases in noncontrolling interests due to the deconsolidation of subsidiaries were not material.

During the year ended March 31, 2011, decreases of ¥11,541 million and ¥5,900 million in noncontrolling interests were recorded, respectively, due to the deconsolidation of MT Falcon and ENEOS GLOBE Corporation (formerly Mitsui Marubeni Liquefied Gas Co., Ltd.) and included in equity transactions with noncontrolling interest shareholders and other in the Statements of Changes in Consolidated Equity.

Gains recorded due to the deconsolidation of subsidiaries

During the year ended March 31, 2012, the companies deconsolidated certain subsidiaries due to the merger of a subsidiary with a third party and the sale of their entire interests, and through these transactions recognized a net pre-tax loss of ¥648 million. This net loss was included in gain on sales of securities—net in the Statements of Consolidated Income. Of the net total of ¥648 million, a gain of ¥259 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using a discounted cash flow model. The retained investments are accounted for under the equity method because the companies maintain significant influence over them primarily through representation on their boards of directors.

During the year ended March 31, 2011, the companies deconsolidated certain subsidiaries mainly due to the mergers of subsidiaries with third parties and the sale of the interests in other subsidiaries to third parties, and through these transactions recognized a net pre-tax gain of ¥19,572 million. This net gain was included in gains on sales of securities—net in the Statements of Consolidated Income. Of the net total of ¥19,572 million, a gain of ¥11,806 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using principally a discounted cash flow model. The retained investments are accounted for under the equity method because the companies maintain significant influence over them primarily through representation on their boards of directors.

Other comprehensive income (loss)

Changes in each component of other comprehensive income (loss) for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Millions of Yen		
	2012	2011	2010
Unrealized Holding Gains (Losses) on Available-for-Sale Securities:			
Pre-tax amount of unrealized holding gains (losses) on available-for-sale securities	¥ (16,713)	¥ (40,940)	¥ 89,016
Deferred income taxes	9,674	11,642	(30,722)
Adjustments for year (after income tax effect)	(7,039)	(29,298)	58,294
Pre-tax amount of reclassification adjustments	1,804	3,521	10,712
Deferred income taxes	(1,058)	(1,461)	(2,804)
Adjustments for year (after income tax effect)	746	2,060	7,908
Foreign Currency Translation Adjustments:			
Pre-tax amount of translation adjustments	¥ (48,139)	¥ (91,237)	¥ 123,398
Deferred income taxes	6,180	15,911	(11,244)
Adjustments for year (after income tax effect)	(41,959)	(75,326)	112,154
Pre-tax amount of reclassification adjustments	7,702	3,440	1,546
Deferred income taxes	(1,365)	(326)	(77)
Adjustments for year (after income tax effect)	6,337	3,114	1,469
Defined Benefit Pension Plans:			
Pre-tax amount of defined benefit pension plan	¥ (23,703)	¥ (22,548)	¥ 19,031
Deferred income taxes	7,347	8,475	(7,436)
Adjustments for year (after income tax effect)	(16,356)	(14,073)	11,595
Pre-tax amount of reclassification adjustments	9,763	7,468	13,116
Deferred income taxes	(3,026)	(2,807)	(5,124)
Adjustments for year (after income tax effect)	6,737	4,661	7,992
Net Unrealized Gains (Losses) on Derivatives:			
Pre-tax amount of net unrealized gains (losses) on derivatives	¥ (13,405)	¥ 1,593	¥ 22,734
Deferred income taxes	5,012	(626)	(7,920)
Adjustments for year (after income tax effect)	(8,393)	967	14,814
Pre-tax amount of reclassification adjustments	(2,496)	(11,460)	(15,870)
Deferred income taxes	955	4,041	5,596
Adjustments for year (after income tax effect)	(1,541)	(7,419)	(10,274)
Other Comprehensive Income (Loss) Attributable to Mitsui & Co., Ltd. —Total:			
Pre-tax amount	¥ (85,187)	¥ (150,163)	¥ 263,683
Deferred income taxes	23,719	34,849	(59,731)
Adjustments for year (after income tax effect)	(61,468)	(115,314)	203,952
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interests			
Pre-tax amount	¥ (7,911)	¥ (10,465)	¥ 2,957
Deferred income taxes	2,811	1,117	(537)
Adjustments for year (after income tax effect)	(5,100)	(9,348)	2,420
Other Comprehensive Income (Loss)			
Pre-tax amount	¥ (93,098)	¥ (160,628)	¥ 266,640
Deferred income taxes	26,530	35,966	(60,268)
Adjustments for year (after income tax effect)	(66,568)	(124,662)	206,372

16. NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2012, 2011 and 2010:

	2012			2011			2010		
	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:									
Income from continuing operations	¥ 434,497	1,824,889	¥ 238.10	¥ 306,659	1,824,792	¥ 168.05	¥ 150,376	1,823,240	¥ 82.48
Loss from discontinued operations—net (after income tax effect)	—	—	—	—	—	—	(657)	1,823,240	(0.36)
Net income	434,497	1,824,889	238.10	306,659	1,824,792	168.05	149,719	1,823,240	82.12
Effect of Dilutive Securities:									
Adjustment of effect of dilutive securities of associated companies	—	—		(2)	—		(19)	—	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:									
Income from continuing operations	434,497	1,824,889	238.10	306,657	1,824,792	168.05	150,357	1,823,240	82.47
Loss from discontinued operations—net (after income tax effect)	—	—	—	—	—	—	(657)	1,823,240	(0.36)
Net income after effect of dilutive securities	¥ 434,497	1,824,889	¥ 238.10	¥ 306,657	1,824,792	¥ 168.05	¥ 149,700	1,823,240	¥ 82.11

17. SEGMENT INFORMATION

ASC 280, "Segment Reporting," requires disclosure of financial and descriptive information about operating segments, which are components of an enterprise whose operating results are regularly reviewed by the enterprise's chief operating decision maker in deciding about resources to be allocated to the segment and assessing its performance.

The business units of the companies' Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified business together with their subsidiaries and associated companies in collaboration with the business units.

Therefore, the companies' operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of the regional business units. The companies' operating segments have been aggregated based on the nature of the products and other criteria into eight product-focused reportable operating segments and three region-focused reportable operating segments, totaling eleven reportable operating segments.

During the year ended March 31, 2012, the companies changed the management system of the offices in the Far East and CIS areas to reinforce and accelerate the regional business strategy. Effective April 1, 2011, the business units of the Head Office oversee operations in China, Taiwan, Korea and CIS. The information related to the companies in the above areas is included in the operating segment information of the related business units. In accordance with this change, the operating segment information for the years ended March 31, 2011 and 2010 has been restated to conform to the current year presentation.

During the year ended March 31, 2012, "Logistics & Financial Markets" segment changed its name to "Logistics & Financial Business."

A description of reportable operating segments of the Company follows.

Iron & Steel Products manufactures, sells and trades iron & steel products in Japan and abroad.

Mineral & Metal Resources develops raw material resources of iron and non-ferrous metals in foreign countries, and manufactures, sells and trades raw materials and metal products in Japan and abroad.

Machinery & Infrastructure Projects is engaged in the manufacture, sale and trade of machinery products, leasing, financing and promotion of certain projects such as plant construction and infrastructure development in Japan and abroad.

Chemical manufactures, sells and trades chemical products in Japan and abroad.

Energy develops energy resources overseas and manufactures, sells and trades oil, gas and related products in Japan and abroad.

Foods & Retail manufactures, sells, and trades foods and provides support service to large retailers in Japan and abroad.

Consumer Service & IT manufactures, sells and trades textiles and IT products for consumers, and is engaged in consumer-related business such as media & information, outsourcing and real estate in Japan and abroad.

Logistics & Financial Business engages in logistics services, insurance and financial businesses in Japan and abroad.

Americas, Europe, the Middle East and Africa, and Asia Pacific trade in various commodities and conduct related business led by overseas trading subsidiaries or offices located in each region.

The companies' operating segment information, product information and geographic area information for the years ended March 31, 2012, 2011 and 2010 presented in conformity with ASC 280 are as follows:

OPERATING SEGMENT INFORMATION

Year ended March 31, 2012:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥ 189,338	¥ 567,718	¥ 312,589	¥ 789,283	¥1,730,010	¥ 720,758	¥ 152,437	¥ 73,597
Gross Profit	¥ 42,796	¥ 194,833	¥ 93,957	¥ 65,211	¥ 219,051	¥ 90,746	¥ 47,494	¥ 27,224
Operating Income (Loss)	¥ 9,637	¥ 173,141	¥ (8,181)	¥ 10,271	¥ 173,533	¥ 18,172	¥ (16,960)	¥ (10,666)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,006	¥ 131,178	¥ 37,985	¥ 6,736	¥ 53,928	¥ 3,426	¥ (20,260)	¥ 5,752
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 9,451	¥ 201,264	¥ 17,689	¥ 9,086	¥ 188,085	¥ 15,519	¥ (35,530)	¥ 4,839
Total Assets at March 31, 2012	¥ 523,884	¥1,121,721	¥1,340,703	¥ 685,933	¥1,750,490	¥ 763,490	¥ 644,944	¥ 404,168
Investments in and Advances to Associated Companies at March 31, 2012	¥ 26,140	¥ 553,175	¥ 344,021	¥ 76,171	¥ 131,871	¥ 66,484	¥ 200,223	¥ 77,409
Depreciation and Amortization	¥ 2,006	¥ 14,995	¥ 9,592	¥ 7,740	¥ 84,341	¥ 8,001	¥ 4,047	¥ 6,021
Additions to Property Leased to Others and Property and Equipment	¥ 2,519	¥ 52,914	¥ 56,796	¥ 10,199	¥ 203,028	¥ 7,519	¥ 2,935	¥ 4,774

Year ended March 31, 2012:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 529,052	¥ 119,511	¥ 65,056	¥ 5,249,349	¥ 2,246	¥ 7	¥ 5,251,602
Gross Profit	¥ 75,616	¥ 18,151	¥ 11,685	¥ 886,764	¥ 684	¥ (9,169)	¥ 878,279
Operating Income (Loss)	¥ 24,290	¥ (712)	¥ (4,159)	¥ 368,366	¥ (5,245)	¥ (14,737)	¥ 348,384
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,276	¥ 451	¥ 4,735	¥ 232,213	—	¥ (123)	¥ 232,090
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 16,389	¥ 1,232	¥ 49,221	¥ 477,245	¥ 2,196	¥ (44,944)	¥ 434,497
Total Assets at March 31, 2012	¥ 428,391	¥ 106,076	¥ 275,758	¥ 8,045,558	¥ 2,923,772	¥(1,957,507)	¥ 9,011,823
Investments in and Advances to Associated Companies at March 31, 2012	¥ 40,614	¥ 8,918	¥ 136,258	¥ 1,661,284	¥ (383)	¥ 48,181	¥ 1,709,082
Depreciation and Amortization	¥ 5,558	¥ 761	¥ 425	¥ 143,487	¥ 460	¥ 9,528	¥ 153,475
Additions to Property Leased to Others and Property and Equipment	¥ 13,865	¥ 1,559	¥ 708	¥ 356,816	¥ 716	¥ 6,805	¥ 364,337

Year ended March 31, 2011 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥ 187,827	¥ 495,389	¥ 295,889	¥ 890,346	¥1,400,613	¥ 581,466	¥ 147,717	¥ 67,720
Gross Profit	¥ 44,012	¥ 187,395	¥ 93,938	¥ 71,625	¥ 196,655	¥ 77,409	¥ 46,784	¥ 29,847
Operating Income (Loss)	¥ 10,840	¥ 169,171	¥ 7,173	¥ 21,045	¥ 139,382	¥ 11,204	¥ (10,940)	¥ 225
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,474	¥ 120,501	¥ 33,110	¥ 3,714	¥ 52,350	¥ 1,287	¥ 7,925	¥ 6,958
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 8,282	¥ 167,521	¥ 40,107	¥ 12,762	¥ 56,608	¥ 2,796	¥ 3,861	¥ (718)
Total Assets at March 31, 2011	¥ 487,439	¥1,145,516	¥1,368,674	¥ 699,370	¥1,564,059	¥ 625,210	¥ 561,344	¥ 388,460
Investments in and Advances to Associated Companies at March 31, 2011	¥ 25,482	¥ 533,983	¥ 355,406	¥ 63,681	¥ 131,946	¥ 81,438	¥ 138,986	¥ 71,958
Depreciation and Amortization	¥ 2,783	¥ 12,858	¥ 12,362	¥ 7,087	¥ 79,227	¥ 7,087	¥ 4,943	¥ 4,836
Additions to Property Leased to Others and Property and Equipment	¥ 931	¥ 40,726	¥ 46,235	¥ 13,403	¥ 151,398	¥ 7,276	¥ 39,443	¥ 7,216

Year ended March 31, 2011 (As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 396,751	¥ 136,782	¥ 76,679	¥ 4,677,179	¥ 2,058	¥ 206	¥ 4,679,443
Gross Profit	¥ 76,378	¥ 17,838	¥ 15,916	¥ 857,797	¥ 914	¥ 512	¥ 859,223
Operating Income (Loss)	¥ 22,611	¥ 1,528	¥ 42	¥ 372,281	¥ (5,150)	¥ (50,128)	¥ 317,003
Equity in Earnings (Losses) of Associated Companies—Net	¥ 6,639	¥ (29)	¥ 3,919	¥ 240,848	—	¥ 1,296	¥ 242,144
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 15,854	¥ 77	¥ 40,396	¥ 347,546	¥ 3,633	¥ (44,520)	¥ 306,659
Total Assets at March 31, 2011	¥ 415,328	¥ 114,926	¥ 268,613	¥ 7,638,939	¥ 2,704,386	¥(1,745,201)	¥ 8,598,124
Investments in and Advances to Associated Companies at March 31, 2011	¥ 40,466	¥ 3,366	¥ 113,729	¥ 1,560,441	¥ 1,169	¥ 39,208	¥ 1,600,818
Depreciation and Amortization	¥ 5,703	¥ 777	¥ 640	¥ 138,303	¥ 491	¥ 8,594	¥ 147,388
Additions to Property Leased to Others and Property and Equipment	¥ 13,008	¥ 2,227	¥ 612	¥ 322,475	¥ 369	¥ 7,838	¥ 330,682

Year ended March 31, 2010 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Business
	Millions of Yen							
Revenues	¥ 123,339	¥ 273,125	¥ 228,225	¥ 838,010	¥1,258,183	¥ 542,536	¥ 163,904	¥ 63,303
Gross Profit	¥ 37,610	¥ 73,627	¥ 91,610	¥ 71,153	¥ 150,256	¥ 84,363	¥ 53,139	¥ 31,541
Operating Income (Loss)	¥ 3,051	¥ 57,017	¥ 10,615	¥ 16,576	¥ 91,503	¥ 20,567	¥ (8,739)	¥ 1,362
Equity in Earnings (Losses) of Associated Companies—Net	¥ 4,506	¥ 35,173	¥ 38,291	¥ 2,683	¥ 35,297	¥ 7,830	¥ (6,197)	¥ 5,091
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 4,556	¥ 62,946	¥ 19,910	¥ 13,207	¥ 83,912	¥ (774)	¥ (9,772)	¥ (945)
Total Assets at March 31, 2010	¥ 476,005	¥ 916,942	¥1,327,654	¥ 629,897	¥1,519,167	¥ 609,947	¥ 530,872	¥ 384,696
Investments in and Advances to Associated Companies at March 31, 2010	¥ 24,786	¥ 455,278	¥ 339,470	¥ 28,704	¥ 147,702	¥ 90,313	¥ 101,579	¥ 60,821
Depreciation and Amortization	¥ 2,978	¥ 10,161	¥ 9,421	¥ 7,369	¥ 76,865	¥ 5,224	¥ 5,516	¥ 3,413
Additions to Property Leased to Others and Property and Equipment	¥ 3,043	¥ 39,899	¥ 43,154	¥ 9,853	¥ 85,194	¥ 6,631	¥ 4,985	¥ 14,677
Total Trading Transactions	¥1,023,570	¥ 549,238	¥1,084,612	¥1,674,349	¥1,574,291	¥1,786,399	¥ 409,272	¥ 130,156

Year ended March 31, 2010 (As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 463,590	¥ 100,440	¥ 51,701	¥ 4,106,356	¥ 2,958	¥ (12,869)	¥ 4,096,445
Gross Profit	¥ 78,416	¥ 15,541	¥ 14,819	¥ 702,075	¥ 784	¥ (898)	¥ 701,961
Operating Income (Loss)	¥ 12,442	¥ (3,652)	¥ (1,422)	¥ 199,320	¥ (4,297)	¥ (50,510)	¥ 144,513
Equity in Earnings (Losses) of Associated Companies—Net	¥ 3,409	¥ 1,177	¥ 3,919	¥ 131,179	—	¥ 294	¥ 131,473
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (9,572)	¥ (3,396)	¥ 21,739	¥ 181,811	¥ 1,764	¥ (33,856)	¥ 149,719
Total Assets at March 31, 2010	¥ 446,663	¥ 130,457	¥ 237,444	¥ 7,209,744	¥ 2,744,660	¥(1,585,420)	¥ 8,368,984
Investments in and Advances to Associated Companies at March 31, 2010	¥ 18,366	¥ 6,698	¥ 99,982	¥ 1,373,699	¥ 269	¥ 29,088	¥ 1,403,056
Depreciation and Amortization	¥ 8,894	¥ 923	¥ 613	¥ 131,377	¥ 627	¥ 4,947	¥ 136,951
Additions to Property Leased to Others and Property and Equipment	¥ 13,037	¥ 1,243	¥ 549	¥ 222,265	¥ 385	¥ 9,491	¥ 232,141
Total Trading Transactions	¥ 524,624	¥ 374,494	¥ 237,816	¥ 9,368,821	¥ 2,686	¥ (13,128)	¥ 9,358,379

Notes: (1) "All Other" includes business activities which primarily provide services, such as financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at March 31, 2012, 2011 and 2010 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.

(2) Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable operating segments, such as certain expenses of the corporate departments, and eliminations of intersegment transactions.

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2012 includes (a) ¥20,786 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥4,009 million for pension related items, and (c) ¥19,437 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2011 includes (a) ¥22,662 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥6,768 million for pension related items, and (c) ¥14,943 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the year ended March 31, 2010 includes (a) ¥21,328 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥8,267 million for pension related items, and (c) ¥7,126 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and so on. (all amounts are after income tax effects)

(3) Transfers between operating segments are made at cost plus a markup.

(4) Operating Income (Loss) reflects the companies' (a) gross profit, (b) selling, general and administrative expenses, and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

Product information

	Millions of Yen					
	Iron and Steel	Non-Ferrous Metals	Machinery	Electronics & Information	Chemicals	Energy
Year ended March 31, 2012:						
Revenues	¥ 843,901	¥ 218,872	¥ 373,500	¥ 90,629	¥1,138,073	¥1,585,850
Year ended March 31, 2011:						
Revenues	¥ 759,787	¥ 202,084	¥ 364,989	¥ 89,941	¥1,243,787	¥1,281,496
Year ended March 31, 2010:						
Revenues	¥ 623,491	¥ 118,134	¥ 291,098	¥ 94,150	¥1,117,925	¥1,134,080

	Millions of Yen				
	Foods	Textiles	General Merchandise	Property and Service Business	Consolidated Total
Year ended March 31, 2012:					
Revenues	¥ 811,906	¥ 26,999	¥ 30,324	¥ 131,548	¥ 5,251,602
Year ended March 31, 2011:					
Revenues	¥ 565,711	¥ 27,148	¥ 14,534	¥ 129,966	¥ 4,679,443
Year ended March 31, 2010:					
Revenues	¥ 536,277	¥ 26,623	¥ 13,633	¥ 141,034	¥ 4,096,445

Geographic area information

	Millions of Yen				
	Japan	United States	Australia	All Other	Consolidated Total
Year ended March 31, 2012:					
Revenues	¥ 2,522,110	¥ 1,097,692	¥ 505,969	¥ 1,125,831	¥ 5,251,602
Year ended March 31, 2011:					
Revenues	¥ 2,581,111	¥ 789,945	¥ 443,619	¥ 864,768	¥ 4,679,443
Year ended March 31, 2010:					
Revenues	¥ 2,329,501	¥ 821,317	¥ 289,396	¥ 656,231	¥ 4,096,445

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen					
	Australia	Japan	United States	Thailand	All Other	Consolidated Total
At March 31, 2012:						
Long-lived assets	¥ 480,102	¥ 379,633	¥ 234,333	¥ 139,127	¥ 295,434	¥ 1,528,629
At March 31, 2011:						
Long-lived assets	¥ 422,031	¥ 388,686	¥ 134,590	¥ 139,042	¥ 206,081	¥ 1,290,430
At March 31, 2010:						
Long-lived assets	¥ 403,219	¥ 387,088	¥ 103,028	¥ 121,227	¥ 187,998	¥ 1,202,560

Note: Long-lived assets located in Thailand are separately presented in consideration of the importance of the amount as of March 31, 2012.
The figures as of March 31, 2011 and 2010 have been reclassified to conform to the current year presentation.

There were no individual material customers with respect to revenues for the years ended March 31, 2012, 2011 and 2010.

18. SUPPLEMENTAL INCOME STATEMENT INFORMATION

Supplemental information related to the Statements of Consolidated Income is as follows:

	Millions of Yen		
	2012	2011	2010
Depreciation of property and equipment	¥138,433	¥133,558	¥129,119
Research and development expenses	3,334	3,836	3,602
Advertising expenses	4,430	4,185	5,877
Foreign exchange (gains) losses—net	(1,000)	7,097	(20,422)

19. OTHER (INCOME) EXPENSE—NET

Other (income) expense—net for the years ended March 31, 2012, 2011 and 2010, consists of the following:

	Millions of Yen		
	2012	2011	2010
Exploration expenses	¥ 19,768	¥ 16,725	¥ 14,729
Loss with regard to the settlement with the United States concerning the oil spill incident in the Gulf of Mexico	7,397	—	—
Compensation for releasing an interest in the mining lease area	(5,788)	—	—
Business interruption insurance	—	—	(3,356)
Foreign exchange (gains) losses—net	(1,000)	7,097	(20,422)
Other	(28,288)	(16,379)	8,650
Total	¥ (7,911)	¥ 7,443	¥ (399)

Compensation for releasing an interest in the mining lease area for the year ended March 31, 2012 relates to the compensation received by Shark Bay Salt Pty. Ltd. (a 100% owned subsidiary of the Company in the Chemical Segment) which posted a ¥5,788 million gain as consideration for releasing an interest in a mining lease area to support the progress of an LNG project in the vicinity of its salt field.

The major factor contributing to the recoveries of business interruption insurance is that Novus International, Inc. (a 65% owned subsidiary of the Company in the Americas Segment) which received insurance recoveries related to a business interruption claim due to Hurricane Ike of ¥2,027 million for the year ended March 31, 2010.

20. INCOME TAXES

Income taxes in Japan applicable to the companies, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in normal effective statutory tax rates of approximately 41% for the years ended March 31, 2012, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the countries in which they operate. Income Taxes in the Statements of Consolidated Income for the year ended March 31, 2012 includes the gain on the change in the balance of the deferred tax assets and liabilities-net of ¥26,106 million recorded to reflect the decrease in normal effective statutory tax rates to approximately 36% based on the new laws which were enacted on November 30, 2011 and will be effective April 1, 2012. The increase in the statutory tax rate based on the special measures enacted on the same date is not reflected on the newly enacted effective statutory tax rate as the effect of the increase in the statutory tax rate on the balance of the deferred tax assets and liabilities is insignificant.

A reconciliation between the normal statutory tax rate in Japan applied to income from continuing operations and the effective income tax rate on income from continuing operations for the years ended March 31, 2012, 2011 and 2010 is summarized as follows:

	%		
	2012	**2011**	**2010**
Normal statutory tax rate in Japan applied to income from continuing operations before income taxes and equity in earnings	41.0%	41.0%	41.0%
Increases (decreases) in tax rate resulting from:			
Expenses not deductible for tax purposes and income not taxable—net	1.8	(0.0)	6.5
Application of lower tax rates to certain taxable income	(9.7)	(13.4)	(16.7)
Changes in effective tax rates	(6.3)	—	—
Tax effects on dividends	(12.0)	(8.2)	(26.3)
Changes in valuation allowance—net	37.5	20.0	17.4
Higher tax rates for resource related taxes	6.0	8.7	11.7
Tax effects of the enactment of the Australian Mineral Resource Rent Tax Act 2012	(33.6)	—	—
Tax effects on investments in associated companies	18.3	25.8	33.6
Other-net	(1.2)	0.9	3.6
Effective income tax rate on income from continuing operations	41.8%	74.8%	70.8%

Amounts provided for income taxes for the years ended March 31, 2012, 2011 and 2010 are allocated as follows:

	Millions of Yen		
	2012	**2011**	**2010**
Income taxes on income from continuing operations	¥172,622	¥203,901	¥ 89,217
Loss from discontinued operations—net	—	—	(820)
Other comprehensive (loss) income	(26,530)	(35,966)	60,268
Total	¥146,092	¥167,935	¥148,665

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of Yen	
	2012	**2011**
Deferred Tax Assets:		
Accrued pension costs and liability for severance indemnities	¥ 42,418	¥ 41,127
Allowance for doubtful receivables	14,591	18,737
Estimated losses	57,872	91,002
Long-lived assets	64,778	52,769
Long-lived assets related to the Australian Mineral Resource Rent Tax Act 2012	140,075	—
Loss carryforwards of subsidiaries and associated companies	130,015	90,754

	Millions of Yen	
	2012	2011
Foreign currency translation	37,591	43,723
Tax credit carryforwards	23,307	41,506
Other	27,973	27,098
Total deferred tax assets	538,620	406,716
Valuation allowance	(346,586)	(220,184)
Deferred tax assets—net	192,034	186,532
Deferred Tax Liabilities:		
Property	99,484	102,909
Investment securities	63,979	83,703
Undistributed earnings	256,204	251,776
Foreign currency translation	2,245	8,267
Other	1,754	2,337
Deferred tax liabilities	423,666	448,992
Net deferred tax liabilities	¥(231,632)	¥(262,460)

Net deferred tax liabilities at March 31, 2012 and 2011 are included in the Consolidated Balance Sheets as follows:

	Millions of Yen	
	2012	2011
Current assets—Deferred tax assets—current	¥ 37,513	¥ 41,372
Deferred tax assets—Non-current	15,626	14,522
Current liabilities—Other current liabilities	(1,157)	(2,323)
Deferred tax liabilities—Non-current	(283,614)	(316,031)
Net deferred tax liabilities	¥(231,632)	¥(262,460)

The valuation allowance is provided principally on deferred tax assets for loss carryforwards and temporary differences of certain subsidiaries where it is more likely than not that a tax benefit will not be realized. During the years ended March 31, 2012, 2011 and 2010, the valuation allowances increased by ¥126,402 million, ¥56,060 million and ¥10,343 million, respectively. The increase during the year ended March 31, 2012 was mainly due to the valuation allowance on deferred tax assets related to the Australian Mineral Resource Rent Tax Act 2012 of which the tax benefit is expected to be unrealizable considering the deductible items under the tax act. For the years ended March 31, 2012, 2011 and 2010, adjustments of the beginning-of-the-year balance of the valuation allowances attributable to continuing operations were ¥2,912 million (income), ¥3,094 million (income) and ¥63 million (loss), respectively.

The tax benefits of operating loss carryforwards attributable to continuing operations for the years ended March 31, 2012, 2011 and 2010 were ¥2,713 million, ¥10,989 million and ¥14,361 million, respectively.

The amounts of undistributed earnings, which have been considered to be indefinitely reinvested into foreign subsidiaries and foreign corporate joint ventures, and for which deferred tax liabilities have not been recognized, were ¥1,024,641 million and ¥876,137 million at March 31, 2012 and 2011, respectively. Determination of the amount of unrecognized deferred income taxes with respect to these foreign earnings is not practicable.

At March 31, 2012, the companies had aggregate operating loss carryforwards of ¥296,207 million, which are available to reduce taxable income in subsequent periods. If not utilized, such loss carryforwards expire as follows:

	Millions of Yen
Within 5 years	¥ 37,026
After 5 to 10 years	73,614
After 10 to 15 years	1,342
After 15 years	184,225
Total	¥ 296,207

At March 31, 2012, certain subsidiaries had aggregate tax credit carryforwards of ¥ 23,307 million. If not utilized, such tax credit carryforwards expire within 3 years.

Income from continuing operations before income taxes and equity in earnings for the years ended March 31, 2012, 2011 and 2010 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2012	¥ (68,567)	¥481,778	¥413,211
Year ended March 31, 2011	¥ (31,033)	¥303,730	¥272,697
Year ended March 31, 2010	¥ (62,888)	¥188,928	¥126,040

Income taxes on income from continuing operations for the years ended March 31, 2012, 2011 and 2010 comprised the following:

	Millions of Yen		
	Domestic	Foreign	Total
Year ended March 31, 2012:			
Current	¥ 11,155	¥175,660	¥186,815
Deferred	218	(14,411)	(14,193)
Total	¥ 11,373	¥161,249	¥172,622
Year ended March 31, 2011:			
Current	¥ 249	¥156,650	¥156,899
Deferred	41,191	5,811	47,002
Total	¥ 41,440	¥162,461	¥203,901
Year ended March 31, 2010:			
Current	¥ 15,869	¥ 89,699	¥105,568
Deferred	(19,541)	3,190	(16,351)
Total	¥ (3,672)	¥ 92,889	¥ 89,217

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of Yen	
	2012	2011
Balance at beginning of year	¥ 3,232	¥ 4,231
Additions for tax positions of prior years	4,212	132
Additions for tax positions of current year	236	240
Reductions for tax positions of prior years	—	(368)
Settlements with tax authorities	(12)	(368)
Reductions due to lapse of statute of limitations	—	(53)
Foreign currency translation adjustments and others	151	(582)
Balance at end of year	¥ 7,819	¥ 3,232

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of March 31, 2012 and 2011 were approximately ¥3,868 million and ¥3,014 million, respectively.

The companies recognize interest expense and penalties accrued related to uncertain tax positions in income taxes – current. For the years ended March 31, 2012, 2011 and 2010, the companies recognized interest expense and penalties of ¥2,167 million and ¥314 million, and a net reduction in interest expense and penalties of ¥489 million, respectively. The companies had ¥2,703 million and ¥25 million for the payment of interest and penalties accrued as of March 31, 2012 and 2011, respectively.

As of March 31, 2012, the earliest tax years that remain subject to examination by major tax jurisdictions in which the companies operate are the year ended March 31, 2006 for Japan, the year ended March 31, 2007 for the United States of America and the year ended March 31, 2008 for Australia.

21. CONTINGENT LIABILITIES AND COMMITMENTS

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC 460, "Guarantees," at March 31, 2012 and March 31, 2011. The maximum potential amount of future payments represents the amounts without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, results of operations, or cash flows of the companies is remote at March 31, 2012.

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 72,817	¥ 13,010	¥ 104,701	¥ 1,407	2045
Guarantees for associated companies	166,350	6,750	257,511	4,177	2046
Guarantees to financial institutions for employees' housing loans	3,781	—	3,781	—	2036
Total	¥ 242,948	¥ 19,760	¥ 365,993	¥ 5,584	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 77,114	¥ 74,098	¥ 77,114	—	2013
Residual value guarantees of leased assets	7,109	—	7,109	—	2016
Total	¥ 84,223	¥ 74,098	¥ 84,223	—	
Derivative instruments	¥ 5,115	—	¥ 5,115	¥ 40	

	Millions of Yen								
	Amount outstanding		Recourse provisions/ collateral		Maximum potential amount of future payments		Carrying amount of liabilities		Expire no later than
March 31, 2011:									
Type of guarantees:									
Credit guarantees:									
Guarantees for third parties	¥	79,815	¥	26,767	¥	102,889	¥	434	2045
Guarantees for associated companies		140,287		7,559		218,111		5,080	2046
Guarantees to financial institutions for employees' housing loans		4,538		—		4,538		—	2035
Total	¥	224,640	¥	34,326	¥	325,538	¥	5,514	
Market value guarantees:									
Obligation to repurchase bills of exchange	¥	64,764	¥	60,801	¥	64,764		—	2012
Residual value guarantees of leased assets		8,578		—		8,578		—	2016
Total	¥	73,342	¥	60,801	¥	73,342		—	
Derivative instruments	¥	11,516		—	¥	11,516	¥	174	

Credit guarantees

The companies provide various types of guarantees to the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing, trade payable or contractual performance.

Categories of credit guarantees are as follows:

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding at March 31, 2012 and March 31, 2011, will expire through 2020 and 2016, respectively.

Guarantees for associated companies

The companies, severally or jointly with others, issue guarantees for associated companies for the purpose of furtherance of their trading activities and credit enhancement of associated companies. Main items of these guarantees are contractual performance guarantees which guarantee Toyo Engineering Corporation regarding plant construction contracts executed under the name of the guaranteed party in Southeast Asia. In the case that Toyo Engineering Corporation failed to fulfill the contractual obligation, the project owners would execute the performance guarantees to claim compensation for damages to the companies. Most of these guarantees outstanding at March 31, 2012 and March 31, 2011, will expire through 2025 and 2022, respectively.

Guarantees to financial institutions for employees' housing loans

As a part of its employee benefits program, the Company issues guarantees to financial institutions for employees' housing loans. The maximum duration of the guarantees is 24 years. The Company obtains a mortgage on the employees' assets, if necessary.

Market value guarantees

Obligation to repurchase bills of exchange

In connection with export transactions, the Company issues bills of exchange, some of which are discounted by its negotiating banks. If a customer fails to fulfill its obligation with respect to the bills, the Company would be obligated to repurchase the bills based on the banking transaction agreement. The maximum potential amount of future payments is represented by the aggregate par value of the bills discounted by the banks, and the recourse provisions and collateral are represented by the amount backed by letters of credit from the issuing banks of the customers. Most of these obligations outstanding will be extinguished within 1 year.

Residual Value guarantees of leased assets

As lessees in operating lease contracts, a subsidiary has issued residual value guarantees on the leased locomotives. On the date of expiration of the major part of the operating lease contracts, in case of sales of those leased locomotives to the third party, the subsidiary will be responsible for making up any shortfall between the actual sales price and the guaranteed price for sales of those leased locomotives to the third party. Most of these guarantees outstanding at March 31, 2012 and March 31, 2011, will expire within 4 years and 5 years, respectively.

Derivative instruments

Certain derivative contracts, including written put options and credit default swaps, meet the accounting definition of guarantees under ASC 460, “Guarantees,” when it is probable that the counterparties have underlying assets or liabilities related to the derivative contracts.

The companies consider the business relationship with counterparties and other circumstances in deciding whether it is probable that the counterparties have underlying assets or liabilities, and did not include the derivative contracts with certain financial institutions and traders.

ASC 460, “Guarantees,” does not require disclosure about derivative contracts if such contracts permit or require net settlement and the companies have no basis for concluding that it is probable that the counterparties have underlying assets or liabilities.

The companies have written put options as a part of various derivative transactions related to energy, non-ferrous metals, precious metals and grain. The aggregation of notional amounts computed based on the strike prices and quantities of written options are disclosed as the total amount outstanding and the maximum potential amount of future payments. The carrying amount of liabilities is represented by the fair value of such written options recorded in the consolidated balance sheet. Most of these put options will expire within 1 year.

The companies manage the market and credit risks on these derivative instruments by monitoring fair values against loss limits and credit lines, and generally the maximum potential amount of future payments as stated above greatly overstates the companies’ exposure to market and credit risks.

Indemnification contracts

Indemnification for cargo delivery

The companies have issued Discharging Letters of Indemnification (“DLOI”) to shipping companies for international trading activities. The maximum potential amount of future payments can not be estimated since the amount to be compensated is not specified in DLOI. No liability is recorded since the companies believe that there is little likelihood of incurring any loss from DLOI.

Indemnification for Sakhalin Energy Investment Company Ltd.

By entering into an indemnity agreement for the year ended March 31, 2011 which indemnify the banks against the companies’ equity interest percentage of any impairment caused to the banks as a result of the mortgages over certain assets of Sakhalin Energy Investment Company Ltd. (“Sakhalin Energy”), in which the companies hold a 12.5% equity interest, as stipulated in the bank loan agreement not being granted nor perfected, the Company terminated the credit guarantee agreement in relation to the bank borrowings of Sakhalin Energy. The guaranteed amount not being stipulated in the indemnity agreement nor the measurement of the maximum potential amount of future payment not being practicable, no liability is recorded since the companies believe that there is little likelihood of incurring any loss from performance under the indemnity agreement.

The total amount of Sakhalin Energy's bank borrowings is U.S. $6.7 billion. The repayments of the borrowings have been made as stipulated in the loan agreement.

Product warranties

Certain subsidiaries provide warranties, in relation to their sales of products, including residential houses and automobiles, for the performance of such products during specified warranty periods, and they are responsible for repair or payments of compensation against the claims by the customers regarding defects in performance or function. Estimated warranty costs are accrued at the time the products are sold based on the historical claim experiences.

Mitsui Bussan House-Techno, Inc., a 100% subsidiary engaged in the custom-made house building business, exited from the business due to the downturn of the business environment caused by declining demand, however, the companies retained the obligation for the future maintenance service, because Bussan Housing Maintenance Co., Ltd. a 100% subsidiary, assumed the obligation for periodical inspection and maintenance service for a contractual period after the completion.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the years ended March 31, 2012, 2011 and 2010 is as follows:

	Millions of Yen		
	2012	2011	2010
Balance at beginning of year	¥ 4,748	¥ 5,762	¥ 6,534
Payments made in cash or in kind	(620)	(557)	(415)
Accrual for warranties issued during the year	406	580	1,078
Changes in accrual related to pre-existing warranties	(52)	(1,037)	(1,435)
Balance at end of year	¥ 4,482	¥ 4,748	¥ 5,762

II. LITIGATION

See Note 28, "THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO" for lawsuits on the incident.

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

III. SIGNIFICANT LOAN COMMITMENT

As of March 31, 2012, the companies are committed to provide a loan amounting up to U.S. $ 5.8 billion to a subsidiary of Corporación Nacional del Cobre de Chile ("CODELCO"). The loan has not been drawn down upon as of March 31, 2012 and the commitment period is until August 1, 2012.

22. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure Projects, Chemical and Foods & Retail Segments.

When evaluating whether the companies are the primary beneficiary of a VIE and must therefore consolidate the VIE, the companies perform a qualitative analysis that the primary beneficiary of a VIE has both the: (1) power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

The VIEs that have been consolidated by the companies in accordance with ASC 810, "Consolidation," are described by groups aggregated by similar characteristics of risks and rewards of each VIE as follows:

The companies hold senior investment securities of VIEs whose operations are real estate development ("Real estate development VIE") as of March 31, 2012 and 2011. The companies also hold a majority of the voting interests in VIEs, whose primary activity is chartering a vessel under a single-lessee leasing arrangement ("Vessel chartering VIE"), and whose primary activity is providing loans ("Loan VIE").These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The companies' involvement with the above consolidated VIEs as of March 31, 2012 and 2011 is as follows:

March 31, 2012	Millions of Yen		
		Amounts in the Consolidated Balance Sheets	
Type of VIEs	Total Assets of VIEs	Assets	Liabilities
Real estate development VIE	¥ 5,777	¥ 5,777	¥ 2,546
Vessel chartering VIE	22,124	22,124	6,903
Loan VIE	33,753	33,753	2,108

Notes: (1) For Real estate development VIE, assets are mainly inventories, and liabilities are mainly long-term debt, less current maturities.
(2) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.
(3) For Loan VIE, assets are mainly Non-current receivables, less unearned interest.

March 31, 2011	Millions of Yen		
		Amounts in the Consolidated Balance Sheets	
Type of VIEs	Total Assets of VIEs	Assets	Liabilities
Real estate development VIE	¥ 5,185	¥ 5,185	¥ 1,847
Vessel chartering VIE	2,658	2,658	6
Loan VIE	21,216	21,216	13

Notes: (1) For Real estate development VIE, assets are mainly inventories, and liabilities are mainly long-term debt, less current maturities.
(2) For Vessel chartering VIE, assets are mainly property leased to others—at cost, less accumulated depreciation.
(3) For Loan VIE, assets are mainly Non-current receivables, less unearned interest.

The consolidated real estate which includes land and buildings was pledged as collateral for the Real estate development VIE's long-term debt. Its carrying amounts as of March 31, 2012 and 2011 are ¥4,377 million and ¥4,354 million, respectively, and they are included mainly in inventories as real estate for sale on the Consolidated Balance Sheets as of March 31, 2012 and 2011.

In addition, the companies have an agreement with the Real estate development VIE to provide financial support by purchasing additional beneficial interest securities of the VIE if any breach of loan contract by the VIE occurs.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2012 and 2011.

The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the companies.

Non-consolidated Variable Interest Entities

VIEs that are not consolidated because the companies are not the primary beneficiary, but in which the companies have significant variable interests, are described as follows. In addition, the followings include VIEs that the companies determined not to consolidate as the power to direct the activities that most significantly impact the entity's economic performance is shared among multiple unrelated parties by contractual provisions and the like.

The companies are involved with and have significant variable interests in a number of VIEs that have been established to finance crude oil and LNG producing plants and equipment or to finance subordinated debts by providing guarantees or subordinated loans to the VIEs. Those VIEs provide financing for customers located principally in Latin America, Middle East, and Southeast Asia in the form of leases and loans. These entities are financed mainly by bank borrowings and issuance of stock including preferred securities.

The total assets of the non-consolidated VIEs in which the companies have significant variable interests, and the carrying amounts of assets and liabilities in the Consolidated Balance Sheets that relate to the companies' variable interests in the VIEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the VIEs as of March 31, 2012 and 2011 are as follows:

March 31, 2012:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 1,576,853	¥ 99,672	¥ 10	¥ 115,557

Notes: (1) The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.
(2) The liabilities that relate to the companies' variable interests in the VIEs are mainly other current liabilities.

March 31, 2011:

Millions of Yen			
	Assets and liabilities that relate to variable interests in VIEs		
Total Assets of VIEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 1,535,336	¥ 92,526	¥ 79	¥ 108,966

Notes: (1) The assets that relate to the companies' variable interests in the VIEs are mainly investments and non-current receivables.
(2) The liabilities that relate to the companies' variable interests in the VIEs are mainly other current liabilities.

The total assets of the VIEs reflect the most current information available to the companies.

The amount of maximum exposure to loss represents a loss that the companies could incur from the variability in value of the leased assets, from financial difficulties of the customers and the like. In addition, the amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the VIEs and is considered to greatly exceed the anticipated loss.

The liability that relates to the companies' variable interests in the VIEs represent a liability as a guarantor recognized under ASC 460, "Guarantees," while the maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of March 31, 2012 and 2011.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the years ended March 31, 2012 and 2011.

23. EXIT OR DISPOSAL COST OBLIGATIONS

The Company focuses on the maximization of its consolidated corporate value. To achieve this objective, the Company strives to strengthen its consolidated capabilities through optimal group management. The Company actively restructures its businesses to make them more efficient by regularly reassessing the business environment and operational objectives of each of its businesses.

In addition to these restructurings, the companies have disposed of certain long-lived assets based on reviews of whether the companies should keep holding those assets from the standpoint of profitability.

For the year ended March 31, 2012, the companies recorded total exit or disposal costs of ¥10,327 million, which consisted of losses on disposals and impairments of long-lived assets of ¥6,113 million, contract termination costs of ¥599 million and other associated costs of ¥3,615 million. The line items in the Statements of Consolidated Income of the exit or disposal costs are mainly Impairment loss of long-lived assets of ¥6,113 million, Cost of products sold of ¥2,616 million, Other expense of ¥599 million, all of which are before income tax effect. Of the total exit or disposal costs for the year ended March 31, 2012, ¥5,026 million was recorded in the Energy Segment, and ¥3,890 million was recorded in the Foods & Retail Segment. The companies do not expect to recognize additional material costs in future periods relating to these restructurings for the year ended March 31, 2012.

The primary exit or disposal activities for the year ended March 31,2012 were as follows:

Mitsui & Co. Uranium Australia Pty. Ltd., a subsidiary reported in the Energy Segment, recorded an impairment loss of ¥5,026 million in mining equipment and mineral rights due to its decision to withdraw from a uranium mine development project in Australia for the year ended March 31, 2012.

MCM FOODS HOLDINGS LTD., a subsidiary reported in the Foods & Retail Segment, is mainly engaged in the wholesale of food products in Europe under its subsidiaries. It recorded ¥411 million in Impairment loss of long-lived assets and ¥2,616 million of Costs of products sold and ¥863 million in other cost due to its withdrawal from the business and decision to liquidate itself during the year ended March 31, 2012.

For the year ended March 31, 2011, the companies recorded total exit or disposal costs of ¥792 million, which consisted of one-time termination benefits of ¥378 million, contract termination costs of ¥224 million, losses on disposals and impairments of long-lived assets of ¥66 million and losses on disposals of other assets of ¥124 million. The line items in the Statements of Consolidated Income of the exit or disposal costs are Selling, general and administrative expenses of ¥378 million, Other expense of ¥224 million, Cost of products sold of ¥124 million, loss on disposal or sales of property and equipment of ¥33 million and Impairment loss of long-lived assets of ¥33 million, all of which are before income tax effect. All of the total exit or disposal costs for the year ended March 31, 2011 was recorded in the Americas Segment. There were no material individual exit or disposal activities for the year ended March 31, 2011.

For the year ended March 31, 2010, the companies recorded total exit or disposal costs of ¥3,749 million, which consisted of losses on disposals and impairments of long-lived assets of ¥2,502 million, and contract termination costs of ¥1,247 million. The line items in the Statements of Consolidated Income of the exit or disposal costs are Impairment loss of long-lived assets of ¥531 million, Other expense of ¥1,247 million and Loss from discontinued operations-net (after income tax effect) of ¥1,971 million, all of which are before income tax effect. Of the total exit or disposal costs for the year ended March 31, 2010, ¥3,218 million was recorded in the Energy Segment. There were no material individual exit or disposal activities for the year ended March 31, 2010.

Exit or disposal activities for the year ended March 31, 2012 are expected to be completed during the year ending March 31, 2013. Exit or disposal activities for the years ended March 31, 2011 and 2010 were completed in the years ended March 31, 2012 and 2011, respectively. Ending balances of liabilities for exit or disposal costs were immaterial at March 31, 2012 and 2011, respectively. Ending balances of liabilities for exit or disposal costs at March 31, 2010 were ¥1,247 million and the balances of these liabilities were paid during the year ended March 31, 2011.

24. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business.

In order to offset or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity future, forward, option and swap contracts, to hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, to hedge the foreign currency exposure in the net investment in a foreign operation.

The notional amounts of the companies' derivative instruments as of March 31, 2012 and 2011 were as follows:

	Billions of Yen	
	March 31, 2012	March 31, 2011
Foreign exchange contracts	¥ 2,893	¥ 2,590
Interest rate contracts	2,039	1,611
Commodity contracts	34,678	26,469
Other contracts	—	1
Total derivative notional amounts	¥ 39,610	¥ 30,671

Foreign currency exchange rate risk hedging activities

The companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements, to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency and long-term financing transactions as part of the companies' global operations in many countries. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, in order to hedge the foreign currency exposure in the net investment in a foreign operation.

Interest rate risk hedging activities

The companies use interest rate swap agreements and interest rate and currency swap agreements to diversify the sources of fund raising, reduce fund-raising costs, fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and reduce the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk hedging activities

The companies use derivative instruments, such as commodity future, forward, option and swap contracts, to reduce the exposure to changes in the fair value of inventories and unrecognized firm commitments and to fix the expected future cash flows from forecasted transactions in marketable commodities, such as non-ferrous metals, crude oil and agricultural products.

Risk management policy

The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments and are responsible for cash settlement and account confirmation with counterparties. Risk management sections classify the derivative transactions into trading transactions and hedging transactions. The distinction between trading and hedging transactions is strictly managed by confirming the correspondence with the hedged items for transactions for hedging purposes. Furthermore, these risk management sections comprehensively monitor, evaluate and analyze the positions of derivative instruments and report the results periodically to the Company's executive officers in charge of risk management. Based on these reports, the executive officers assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy regarding derivative instruments.

Fair value hedges

Changes in the fair value of derivative instruments designated as hedging the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments are recorded in earnings together with changes in the fair value of the corresponding hedged items attributable to the hedged risks.

The net gain or loss recognized in earnings representing the amount of the hedges' ineffectiveness and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness were immaterial for the years ended March 31, 2012, 2011 and 2010.

The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge was immaterial for the years ended March 31, 2012, 2011 and 2010.

The companies include the gain and loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments.

The following table presents the gain/(loss) on hedged items and derivative instruments designated and qualifying as a fair value hedge included within the Statement of Consolidated Income for the years ended March 31, 2012, 2011 and 2010:

Year Ended March 31, 2012	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (10,233)	Interest rate contracts and foreign exchange contracts	¥ 10,082
Other (income) expense —net	Long-term debt	3,444	Foreign exchange contracts	(3,660)
Cost of products sold	Firm commitments and inventories	496	Commodity contracts	(474)
Total		¥ (6,293)		¥ 5,948

Year Ended March 31, 2011	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (8,766)	Interest rate contracts and foreign exchange contracts	¥ 8,653
Other (income) expense —net	Long-term debt	(3,107)	Foreign exchange contracts	3,201
Cost of products sold	Firm commitments and inventories	2,909	Commodity contracts	(2,909)
Total		¥ (8,964)		¥ 8,945

Year Ended March 31, 2010	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (10,454)	Interest rate contracts and foreign exchange contracts	¥ 10,654
Other (income) expense —net	Long-term debt	200	Foreign exchange contracts	(194)
Cost of products sold	Firm commitments and inventories	1,128	Commodity contracts	(1,097)
Total		¥ (9,126)		¥ 9,363

Cash flow hedges

Changes in the fair value of foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements designated as hedging instruments to hedge the exposure to variability in expected future cash flows of recognized assets or liabilities, unrecognized firm commitments and forecasted transactions denominated in foreign currencies are initially recorded as other comprehensive income (“OCI”) to the extent they are effective. The amounts in accumulated other comprehensive income (“AOCI”) are reclassified into earnings when earnings are affected by the hedged items.

Changes in the fair value of interest rate swap agreements designated as hedging instruments to reduce the exposure to variability in expected future cash flows of floating-rate financial assets and liabilities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as interest income and expense when earnings are affected by the hedged items.

Changes in the fair value of commodity forward and swap contracts designated as hedging instruments to hedge the exposure to variability in expected future cash flows of the marketable commodities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as sales of products or cost of products sold when earnings are affected by the hedged transactions.

The ineffective portion of the hedging instruments’ gain or loss and the component of the derivative instruments’ gain or loss excluded from the assessment of hedge effectiveness are reported in earnings immediately. If the hedged forecasted transaction will not occur by the end of the originally specified time period, gain or loss on the hedging instrument reported in AOCI is reclassified into earnings. These amounts were immaterial for years ended March 31, 2012, 2011 and 2010.

The estimated net amounts of the existing gains or losses in AOCI at March 31, 2012 and 2011 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥1,284 million and ¥991 million, respectively.

As of March 31, 2012 and 2011, the maximum length of time over which the companies are hedging their exposure to the variability in expected future cash flows for forecasted transactions (excluding those forecasted transactions related to the payment of variable interest on existing financial instruments) was 12 and 21 months. Foreign exchange forward contracts are used as hedging instruments for the forecasted transactions.

Hedges of the net investment in a foreign operation

The foreign currency transaction gain or loss on the derivative instrument and the non-derivative financial instrument that are designated as, and are effective as, hedging instruments to hedge the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within OCI to the extent they are effective as a hedge.

Derivative instruments for trading purposes and risk management policy

The Company and certain subsidiaries use derivative instruments such as foreign exchange forward contracts, interest rate swap agreements and commodity future, forward, swap and option contracts for trading purposes. The Company’s executive officers in charge of risk management have set strict position and loss limits for these instruments. Independent back and middle offices strictly separated from trading sections (front offices) monitor, evaluate and analyze the position of trading transactions and market risks. Those results are periodically reported to the executive officers. Among others, VaR (Value at Risk: Statistical measure of the potential maximum loss in the fair value of a portfolio resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates and commodity prices, over a defined period, within a certain confidence level) is used to measure the market risks of derivative instruments for trading purposes.

The following table presents the fair value of derivative instruments included within the Consolidated Balance Sheets as of March 31, 2012 and 2011:

Derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen				
		March 31, 2012	March 31, 2011		March 31, 2012	March 31, 2011
Derivative instruments	Balance sheet location	Fair value	Fair value	Balance sheet location	Fair value	Fair value
Foreign exchange contracts	Derivative assets	¥ 8,369	¥ 8,113	Derivative liabilities	¥ 1,813	¥ 4,147
	Non-current receivables, less unearned interest	15,402	15,299	Other Long-Term Liabilities	1,101	3,093
Interest rate contracts	Derivative assets	451	374	Derivative liabilities	172	448
	Non-current receivables, less unearned interest	23,950	23,702	Other Long-Term Liabilities	7,819	2,165
Commodity contracts	Derivative assets	89	51	Derivative liabilities	152	580
Total		¥ 48,261	¥ 47,539		¥ 11,057	¥ 10,433

Derivative instruments not designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen				
		March 31, 2012	March 31, 2011		March 31, 2012	March 31, 2011
Derivative instruments	Balance sheet location	Fair value	Fair value	Balance sheet location	Fair value	Fair value
Foreign exchange contracts	Derivative assets	¥ 23,249	¥ 19,029	Derivative liabilities	¥ 42,517	¥ 25,830
	Non-current receivables, less unearned interest	12,625	14,090	Other Long-Term Liabilities	11,246	19,917
Interest rate contracts	Derivative assets	1,070	1,418	Derivative liabilities	1,567	984
	Non-current receivables, less unearned interest	10,310	8,323	Other Long-Term Liabilities	12,272	10,081
Commodity contracts	Derivative assets	1,115,936	717,647	Derivative liabilities	1,119,666	729,793
	Non-current receivables, less unearned interest	450,113	351,415	Other Long-Term Liabilities	483,063	368,440
Credit contracts				Derivative liabilities	—	17
Total		¥ 1,613,303	¥ 1,111,922		¥ 1,670,331	¥ 1,155,062

As of March 31, 2012 and 2011, the amount of receivables in respect of cash collateral paid that was netted against derivative liabilities was ¥49,426 million and ¥50,681 million, respectively. The amount of payables associated with cash collateral received that was netted against derivative assets was ¥9,574 million and ¥7,783 million, respectively. Cash collateral receivables and payables of ¥31,621 million and ¥4,926 million, respectively, as of March 31, 2012, and ¥18,540 million and ¥3,033 million, respectively, as of March 31, 2011 were not offset.

Non-derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen	
		March 31, 2012	March 31, 2011
Hedging instruments	**Balance sheet location**	**Carrying amount**	**Carrying amount**
Foreign-currency-denominated debt	Current maturities of long-term debt	¥ 31,548	¥ 35,200
	Long-term Debt, less Current Maturities	295,031	184,397
Total		¥ 326,579	¥ 219,597

The following tables present the amounts affecting the Statements of Consolidated Income and other comprehensive income for the year ended March 31, 2012, 2011 and 2010:

Derivative instruments in ASC 815 fair value hedging relationships

Year Ended March 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ (127)
	Other (income) expense —net	(3,660)
Interest rate contracts	Interest expense	10,209
Commodity contracts	Cost of products sold	(474)
Total		¥ 5,948

Year Ended March 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 118
	Other (income) expense —net	3,201
Interest rate contracts	Interest expense	8,535
Commodity contracts	Cost of products sold	(2,909)
Total		¥ 8,945

Year Ended March 31, 2010	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 304
	Other (income) expense —net	(194)
Interest rate contracts	Interest expense	10,350
Commodity contracts	Cost of products sold	(1,097)
Total		¥ 9,363

Derivative instruments in ASC 815 cash flow relationships

Year Ended March 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,314	Sales of products	¥ 2,328		
		Cost of products sold	20		
		Other (income) expense —net	2,519		
Interest rate contracts	(4,844)	Interest expense	1,861		
Commodity contracts	57			Sales of products	¥ (30)
Total	¥ 527		¥ 6,728		¥ (30)

Year Ended March 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,398	Sales of products	¥ 7,002		
		Other (income) expense —net	2,297		
Interest rate contracts	1,003	Interest expense	219		
Commodity contracts	(57)	Sales of products	227	Sales of products	¥ 68
Total	¥ 6,344		¥ 9,745		¥ 68

Year Ended March 31, 2010	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 11,551	Sales of products	¥ 14,470		
		Sales of services	(14)		
		Cost of products sold	(49)		
		Other (income) expense —net	(5,236)		
Interest rate contracts	289	Interest income	5		
		Interest expense	564		
Commodity contracts	322	Sales of products	6,262	Sales of products	¥ (74)
		Cost of products sold	(38)		
Total	¥ 12,162		¥ 15,964		¥ (74)

Derivative instruments and hedging instruments in ASC 815 net investment hedging relationships

Year Ended March 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 5,530	Gain on sales of securities—net	¥ 424	Interest income	¥ (228)
				Other (income) expense —net	677
Foreign-currency -denominated debt	(8,269)	Gain on sales of securities—net	3,931	Other (income) expense —net	177
Total	¥ (2,739)		¥ 4,355		¥ 626

Year Ended March 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 4,240			Interest expense	¥ (210)
				Other (income) expense —net	49
Foreign-currency -denominated debt	17,988	Other (income) expense —net	¥ 2,844	Other (income) expense —net	1,005
Total	¥ 22,228		¥ 2,844		¥ 844

Year Ended March 31, 2010	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 3,745			Interest expense	¥ (221)
				Other (income) expense —net	1,848
Foreign-currency -denominated debt	7,525	Other (income) expense —net	¥ (201)	Other (income) expense —net	(10)
Total	¥ 11,270		¥ (201)		¥ 1,617

Derivative instruments not designated as hedging instruments under ASC 815

Year Ended March 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ (1,496)
	Other sales	407
	Cost of products sold	(666)
	Other (income) expense —net	1,655
Interest rate contracts	Other sales	2,003
	Interest expense	1,580
	Cost of other sales	(407)
Commodity contracts	Sales of products	11,684
	Other sales	10,291
	Cost of products sold	(9,030)
	Other (income) expense —net	(913)
Total		¥ 15,108

Year Ended March 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ 745
	Cost of products sold	(848)
	Other (income) expense —net	11,661
Interest rate contracts	Other sales	934
	Interest expense	2,115
	Other (income) expense —net	264
Commodity contracts	Sales of products	(11,047)
	Other sales	11,277
	Cost of products sold	(4,653)
	Other (income) expense —net	(264)
Total		¥ 10,184

Year Ended March 31, 2010	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ (261)
	Cost of products sold	(712)
	Interest income	50
	Interest expense	(372)
	Other (income) expense —net	(17,780)
Interest rate contracts	Other sales	(67)
	Interest income	154
	Interest expense	765
	Other (income) expense —net	510
Commodity contracts	Sales of products	(14,011)
	Other sales	15,120
	Cost of products sold	(16,517)
	Other (income) expense —net	477
Credit contracts	Other (income) expense —net	(389)
Total		¥ (33,033)

Credit-risk-related contingent features

Certain of the companies' derivative instruments, mainly for commodity future, forward, option and swap contracts, contain provisions that require the companies' debt to maintain a certain credit rating from each of the major credit rating agencies such as Standard & Poor's Services. If the credit rating of the companies' debt falls below a designated credit rating, it will be in violation of these provisions, and the counterparties to the derivative instruments can request early termination or demand immediate and ongoing overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on March 31, 2012 and 2011, was ¥15,310 million and ¥39,807 million, respectively (¥8,100 million and ¥11,604 million on the net basis of liability position after offsetting derivative assets against derivative liabilities in accordance with the adoption of ASC 210-20 "Balance Sheet: Offsetting"). Collateral of ¥5,302 million and ¥7,560 million in the normal course of business associated with these contracts were posted at March 31, 2012 and 2011, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2012 and 2011, the aggregate fair value of additional assets that would be required to be posted as collateral and/or the aggregate fair value of assets needed to settle the instruments would be ¥2,949 million and ¥4,139 million, respectively.

25. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

In accordance with the requirements of ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments," the companies have provided the following fair value estimates and information about valuation methodologies.

Quoted market prices, where available, are used to estimate fair values of financial instruments. When market prices are unavailable, fair values are estimated using discounted cash flow analysis or other valuation techniques.

Current financial assets other than marketable securities and current financial liabilities

The carrying amount approximates the fair value of the majority of these instruments because of their short maturities.

Marketable securities and other investments

See Note 5, "MARKETABLE SECURITIES AND OTHER INVESTMENTS" and Note 26, "FAIR VALUE MEASUREMENTS."

Non-current receivables and advances to associated companies

The fair values of non-current receivables, including fixed rate, long-term loans receivable, are estimated by discounted cash flow analysis, using interest rates currently being offered for loans or accounts receivable with similar terms to borrowers or customers of similar credit quality and remaining maturities. The carrying amounts of loans with floating rates approximate the fair value.

Long-term debt

The fair values for long-term debt, except for debt with floating rates whose carrying amounts approximate fair value, are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Financial guarantees and financing commitments

The fair values of financial guarantees are estimated based on the present values of expected future cash flows, considering the remaining terms of the arrangements and the counterparties' credit standings.

The companies have not estimated the fair values of financing commitments because management does not believe it is practicable to estimate the fair values due to uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market. However, management believes the likelihood is remote that material payments will be required under these financing commitments.

Derivative financial instruments

See Note 26, "FAIR VALUE MEASUREMENTS."

The estimated fair values of certain financial instruments at March 31, 2012 and 2011 were as follows:

	Millions of Yen			
	2012		2011	
	Carrying amount	Fair value(*)	Carrying amount	Fair value
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities	¥3,655,399	¥3,655,399	¥3,553,033	¥3,553,033
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)	314,108	315,938	295,004	296,239
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities	2,043,574	2,043,574	1,892,492	1,892,492
Long-term debt (including current maturities)	3,427,444	3,513,485	3,299,571	3,369,342

* The fair values of financial assets and liabilities other than derivative financial instruments at March 31, 2012, which primarily include cash and cash equivalents, accounts receivable, loans, accounts payable, borrowings, and bonds, are estimated using a discounted cash flow model by incorporating such key observable inputs as market interest rates, and are classified as level 2 except for the following:

1. ¥1,280,662 million of the fair values of cash and cash equivalents included in current financial assets other than marketable securities are classified as level 1.
2. ¥46,686 million of the fair values of loans and other receivables included in non-current receivables and advances to associated companies (less allowance for doubtful receivables) are estimated using a discounted cash flow model by incorporating such key significant unobservable inputs as credit spreads, probability of default, and loss severity of each loan or receivable, and are classified as level 3.

Concentration of Credit Risk

The companies' global operations include a variety of businesses with diverse customers and suppliers, which reduces concentrations of credit risks. The companies mainly deal with selective international financial institutions to minimize the credit risk exposure of derivative financial instruments. Credit risk represents the likelihood that the counterparties may be unable to meet the terms of the agreements. Management does not expect any significant losses as a result of counterparty default on financial instruments. Credit risk is managed with approvals of credit lines by management and continuous monitoring of counterparties' operations. The companies require counterparties to post collateral, if necessary.

26. *FAIR VALUE MEASUREMENTS*

ASC 820 “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes the fair value hierarchy that may be used to measure fair value which is provided as follows:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

(1) Quoted prices for similar assets or liabilities in active markets
(2) Quoted prices for identical or similar assets or liabilities in markets that are not active
(3) Inputs other than quoted prices that are observable for the asset or liability
(4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the asset or liability.

The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Valuation techniques

Primary valuation techniques used for each financial instrument and nonfinancial asset measured at fair value are as follows:

Securities
- Marketable equity securities and debt securities are measured at fair value.
- Publicly-traded, marketable equity securities are valued using quoted market prices and classified as level 1.
- Debt securities, consisting principally of preferred stock that must be redeemed and government bonds, are valued using a discounted cash flow analysis or quoted prices obtained from third parties, and classified as level 2.
- In the event of an other-than-temporary decline in fair value of non-marketable equity securities and investments in associated companies, these are measured at fair value. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are valued based on quoted market prices. These are classified as level 1. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. These securities are classified as level 2. Other non-marketable equity securities, apart from those classified as level 2, and the investments in unlisted associated companies are valued based on the net asset value of the investment adjusted using cash flows and other factors that would impact the fair value. These are classified as level 3.

Derivative Instruments
- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments valued using quoted market prices are classified as level 1. The valuation for certain derivative commodity instruments is based upon adjusted quoted prices. These derivative commodity instruments are classified as level 2 or level 3 depending on the level of adjustment made.
- Derivative financial instruments classified as level 2 are mainly valued by a discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements.

Nonfinancial Assets

- Long-lived assets include tangible assets and identifiable intangible assets subject to amortization.
- The assets are valued based on independent appraisals, prices for similar assets or discounted future cash flows whichever management considers most appropriate and categorized as level 3.
- Goodwill classified as level 3 is mainly valued on the basis of the fair value of the subsidiary, which is measured using discounted cash flows or third party valuations.

Long-term Loans

- Long-term loans are measured based on the fair value of the collateral. The fair value of the collateral is measured based on a broker's price opinion and classified as level 3.

Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by management of the Corporate Staff Division. Based on the policy and procedures, either personnel from the accounting division or the investment directors determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All the valuations including those performed by the external experts are reviewed and approved by the Corporate Staff Division management before being recorded in the general ledgers. The companies quarterly analyzes changes in the recurring fair valuation measurements of non-marketable equity securities based on such information as prices from most recent transactions.

Quantitative information regarding level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value for the three-month period ended March 31, 2012 is as follows:

	Millions of Yen			
March 31, 2012	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Recurring fair value measurements:				
Non-marketable equity securities	¥ 590	Income approach	Revenue growth rate	2%-321%
			Discount rate	20%
	7,367	Market approach	Revenue multiple	4-9
			Discount for lack of marketability	0%-60%
			Volatility rate	43%-115%
Non-recurring fair value measurements:				
Non-marketable equity securities	8,349	Income approach	Revenue growth rate	4%-71%
			Discount rate	8%-16%
Long-lived assets	0	Income approach	Loss severity	100%

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of non-marketable equity securities measured using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value, and increases (decreases) in revenue growth rates would result in a higher (lower) fair value. For those non-equity securities measured using the market approach, increases (decreases) in revenue multiples would result in a higher (lower) fair value, increases (decreases) in discounts for lack of marketability would result in a lower (higher) fair value, and increases (decreases) in volatility rates would result in a higher (lower) fair value.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at March 31, 2012 and March 31, 2011, are as follows:

	Millions of Yen				
March 31, 2012	**Fair value measurements using**				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 370,506	—	—		
Marketable equity securities (Non-Japan)	41,640	—	¥ 14,569		
Preferred stock that must be redeemed	—	¥ 55,523	—		
Government bonds	—	20	—		
Other securities	—	460	—		
Total equity securities and debt securities	¥ 412,146	¥ 56,003	¥ 14,569		¥ 482,718
Derivative assets:					
Foreign exchange contracts	—	¥ 59,645	—		
Interest rate contracts	¥ 6,218	29,563	—		
Commodity contracts	26,147	1,539,106	¥ 885		
Total derivative assets (current and non-current)	¥ 32,365	¥ 1,628,314	¥ 885	¥(1,554,378)	¥ 107,186
Total assets	¥ 444,511	¥ 1,684,317	¥ 15,454	¥(1,554,378)	¥ 589,904
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 56,677	—		
Interest rate contracts	¥ 5,345	16,485	—		
Commodity contracts	26,397	1,575,663	¥ 821		
Total derivative liabilities (current and non-current)	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158
Total liabilities	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158

March 31, 2011	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 387,889	—	—		
Marketable equity securities (Non-Japan)	42,975	—	¥ 8,374		
Preferred stock that must be redeemed	—	¥ 72,232	—		
Government bonds	—	5,022	—		
Other securities	—	3,761	—		
Total equity securities and debt securities	¥ 430,864	¥ 81,015	¥ 8,374		¥ 520,253
Derivative assets:					
Foreign exchange contracts	—	¥ 56,531	—		
Interest rate contracts	¥ 1,751	32,066	—		
Commodity contracts	26,267	1,041,018	¥ 1,828		
Total derivative assets (current and non-current)	¥ 28,018	¥ 1,129,615	¥ 1,828	¥(1,004,081)	¥ 155,380
Total assets	¥ 458,882	¥ 1,210,630	¥ 10,202	¥(1,004,081)	¥ 675,633
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 52,987	—		
Interest rate contracts	¥ 1,311	12,367	—		
Commodity contracts	36,170	1,061,051	¥ 1,592		
Other contracts	—	17	—		
Total derivative liabilities (current and non-current)	¥ 37,481	¥ 1,126,422	¥ 1,592	¥(1,046,979)	¥ 118,516
Total liabilities	¥ 37,481	¥ 1,126,422	¥ 1,592	¥(1,046,979)	¥ 118,516

* Amounts of netting adjustments include the impact of legally enforceable master netting agreements that allow the companies to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2012 is as follows:

March 31, 2012	Millions of Yen Fair value measurements using significant unobservable inputs (Level 3) Equity securities and debt securities Marketable equity securities (Non-Japan)	Derivative assets (liabilities)—net Commodity contracts
Opening balance	¥ 8,374	¥ 236
Total gains or losses for the year:	2,878	825
Included in earnings	2,878	825
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements	3,203	(793)
Purchases	3,203	—
Sales	—	—
Issues	—	—
Settlements	—	(793)
Transfers into Level 3:	—	—
Transfers out of Level 3:	—	(204)
Translation adjustments	114	(0)
Closing balance	¥ 14,569	¥ 64
Change in unrealized gains for the year included in earnings for assets held at the end of the year	¥ 2,878	¥ 122

	Millions of Yen Other sales	Cost of products sold	Other income (expenses)—net	Total gains
Total gains for the year included in earnings	¥ 2,680	¥ 972	¥ 51	¥ 3,703
Change in unrealized gains for the year included in earnings for assets held at the end of the year	2,726	223	51	3,000

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2011 is as follows:

	Millions of Yen	
March 31, 2011	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,663	¥ (6,551)
Total gains or losses (realized/unrealized):	(924)	(1,032)
Included in earnings	(924)	(1,032)
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements	1,654	7,421
Transfers into and/or (out of) Level 3:	—	—
Translation adjustments	(1,019)	398
Ending balance	¥ 8,374	¥ 236
The amount of total (losses) or gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the end of the year	¥ (803)	¥ 226

	Millions of Yen			
	Other sales	**Cost of products sold**	**Other income (expenses)—net**	**Total losses**
Total losses included in earnings for the year	¥ (802)	¥ (1,033)	¥ (121)	¥ (1,956)
Change in unrealized (losses) or gains relating to assets still held at the end of the year	(855)	278	—	(577)

Assets and liabilities measured at fair value on a nonrecurring basis

Certain non-marketable equity securities and investments in associated companies are written down to fair value if the fair value of these investments has declined and such decline is judged to be other-than-temporary. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are measured at fair value using unadjusted quoted prices in active markets for identical assets. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. Other non-marketable equity securities, apart from these classified as level 2, and investments in unlisted associated companies are primarily valued by unobservable inputs based on financial information obtained from counterparties or third parties.

Financial assets measured at fair value on a nonrecurring basis for the years ended March 31, 2012 and March 31, 2011, are as follows:

	Millions of Yen				
		Fair value measurements using			Year ended March 31, 2012
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 8,194	—	¥ 1,847	¥ 6,347	¥ (7,180)
Non-Japan	17,827	—	3,860	13,967	(13,964)
Total non-marketable equity securities	¥ 26,021	—	¥ 5,707	¥ 20,314	¥ (21,144)
Investments in associated companies					
Japan	¥ 49,329	¥ 48,231	—	¥ 1,098	¥ (14,672)
Non-Japan	7,729	7,585	—	144	(20,057)
Total investments in associated companies	¥ 57,058	¥ 55,816	—	¥ 1,242	¥ (34,729)

	Millions of Yen				
		Fair value measurements using			Year ended March 31, 2011
	Fair value	Level 1	Level 2	Level 3	Total (losses) or gains
Non-marketable equity securities					
Japan	¥ 6,103	—	¥ 750	¥ 5,353	¥ (1,380)
Non-Japan	18,157	—	—	18,157	(9,471)
Total non-marketable equity securities	¥ 24,260	—	¥ 750	¥ 23,510	¥ (10,851)
Investments in associated companies					
Japan	¥ 26,793	¥ 13,389	—	¥ 13,404	¥ (569)
Non-Japan	41,146	—	—	41,146	6,215
Total investments in associated companies	¥ 67,939	¥ 13,389	—	¥ 54,550	¥ 5,646

Long-lived assets are reviewed for impairment using undiscounted future cash flows whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted future cash flows is less than the carrying amount of the assets, the assets are determined to be impaired and written down to the amount of fair value. Long-lived assets are primarily valued by unobservable inputs based on an operating plan reflecting the most recent condition of the long-lived assets or prices for similar assets.

The carrying amount of goodwill is assessed for impairment annually or upon the occurrence of an indicator of impairment at each of the subsidiaries, which for the purpose of the impairment testing, are considered to be reporting units. If the implied fair value of goodwill, which is measured on the basis of the fair value of the subsidiary, falls below the carrying amount of goodwill, the impairment loss is recognized as the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. Goodwill is primarily valued by unobservable inputs based on financial information including the business plan of the subsidiary.

Long-term loans are measured based on the fair value of the collateral, if the collateral-dependant loan is determined to be impaired considering current information. The fair value of the collateral is measured based on a broker's price opinion.

Nonfinancial assets measured at fair value on a nonrecurring basis for the years ended March 31, 2012 and March 31, 2011, are as follows:

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2012
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 7,460	—	—	¥ 7,460	¥ (14,049)
Goodwill	3,759	—	—	3,759	(4,209)
Long-term loans	2,424	—	—	2,424	(864)

	Millions of Yen				
		Fair value measurements using			Year Ended March 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 15,470	—	—	¥ 15,470	¥ (18,288)
Goodwill	0	—	—	0	(596)

27. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the Statements of Consolidated Cash Flows is as follows:

	Millions of Yen		
	2012	2011	2010
Cash paid during the year for:			
Interest	¥ 53,095	¥ 50,636	¥ 59,103
Income taxes, net of refunds (Note 20)	155,929	107,080	106,256
Non-cash investing and financing activities:			
Exchange of shares in connection with business combinations and reorganizations involving investees:			
Fair market value of shares received	—	17,274	—
Carrying amounts of shares surrendered	—	8,456	—
Common stock issued upon conversion of convertible bonds	—	—	3,705
Acquisitions of subsidiaries (Note 3):			
Fair value of assets acquired	170,945	138,518	—
Fair value of liabilities assumed	99,015	26,999	—
Acquisition costs of subsidiaries	71,930	111,519	—
Non-cash acquisition cost	20,984	—	—
Cash acquired	2,464	4,722	—
Acquisitions of subsidiaries, net of cash acquired	48,482	106,797	—

28. THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO

On April 20, 2010, the *Deepwater Horizon*, a third party semi-submersible drilling rig conducting exploration work on the Mississippi Canyon 252 block in the Gulf of Mexico experienced a blow-out event that led to an explosion, fire and the extensive release of oil into the Gulf of Mexico (Incident). At the time of the Incident, MOEX Offshore 2007 LLC (MOEX Offshore), a 100% subsidiary of MOEX USA Corporation (MOEX USA), owned a 10% working interest in the block (Interest) as a non-operator. On September 19, 2010, BP Exploration and Production Inc. (BP), the owner of a 65% Interest and the operator of the exploration project in the block at the time of the Incident, publicly announced that the operations to plug the well were successfully completed in cooperation with U.S. government agencies. MOEX USA is a 100% subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) in which Mitsui & Co., Ltd. (Mitsui) has a 70.45% equity interest.

Following this Incident, civil lawsuits were brought by various private parties, seeking recovery for alleged property damages, personal injuries and economic losses caused by the Incident, and alleged injuries and damages caused by post-incident clean-up activities. Almost all of these lawsuits are pending before the federal district court for the Eastern District of Louisiana (Court), and the plaintiffs in some of the civil lawsuits have requested the award of punitive damages from MOEX Offshore, MOEX USA and MOECO (collectively, MOEX Parties) and others.

On May 20, 2011, the MOEX Parties entered into a settlement (BP Settlement) with regard to the Incident, and BP, BP Corporation North America Inc. and BP p.l.c., (collectively, BP Parties) are now the counterparties. Pursuant to the BP Settlement, the MOEX Parties made payment of US$1.065 billion and MOEX Offshore assigned to BP the Interest and most of the MOEX Parties' claims against other parties involved in the Incident. BP, under the terms of the BP Settlement, waived and released all of its claims against the MOEX Parties and all other Mitsui companies. In addition, the BP Parties agreed to fully indemnify the MOEX Parties and all other Mitsui companies as to the claims except for fines, penalties or sanctions (collectively, Penalties) assessed against the MOEX Parties, and punitive damages, solely to the extent arising from conduct of the MOEX Parties, arising from the Incident. The indemnification covers, for example, claims asserted under the Oil Pollution Act of 1990 (OPA).

In the financial statements, Mitsui recognized the effect of the BP Settlement as a subsequent event, and recognized the BP Settlement amount as "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31, 2011, and "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2011. The BP Settlement amount was paid during the year ended March 31, 2012.
Mitsui recognized an impairment loss for the amounts invested to acquire the Interest that were booked as "Property and Equipment (Mineral Rights)" in "Impairment loss of long-lived assets," and also recognized expense relating to the well that had been capitalized as "Property and Equipment (Projects in Progress)" in "Other (income) expense-net" for the year ended March 31, 2011.

The United States filed a complaint in the Court on December 15, 2010, seeking from parties, including MOEX Offshore, among other things, civil penalties under the Clean Water Act (CWA). In addition, two states and certain local governmental entities filed civil penalty claims, punitive damages claims and claims seeking other remedies based on state environmental laws and other laws. In November and December 2011, the state law claims and maritime negligence claims against MOEX Offshore and MOEX USA, made in the state and certain local government cases, were dismissed by the Court, although such dismissal was followed by an appeal by certain local governmental entities. The United States entered into an agreement with MOEX Offshore and MOEX USA to resolve the United States' civil penalty claims, on February 17, 2012 lodged a settlement agreement (DOJ Settlement) with the Court, and on June 18, 2012 the Court approved the DOJ Settlement. Pursuant to the DOJ Settlement, MOEX Offshore and MOEX USA have agreed to make a US$45 million payment to the United States, as well as payments, which could total to up to US$25 million, to those Gulf Coast state governments that, within a specified period of time, waive all potential civil or administrative penalty claims concerning the Incident against the MOEX Parties. In addition, MOEX Offshore and MOEX USA have agreed to undertake environmental projects in four Gulf Coast states, and the total cost of the projects is anticipated to be US$20 million.

Mitsui recognized US$90 million with respect to the DOJ Settlement as "Other (income) expense-net" in the Statement of Consolidated Income for the year ended March 31, 2012, as well as the "Other current liabilities" in the Consolidated Balance Sheet as of March 31, 2012.

In August and September 2011, the Court issued orders with respect to a number of the claims filed against the MOEX Parties and others by private parties seeking recovery for alleged economic loss and property damage and for personal injury and costs caused by the clean-up efforts, dismissing certain of the causes of action filed by these private parties against MOEX Offshore and MOEX USA. Indemnification and contribution claims were filed by co-defendants against MOEX Offshore and MOEX USA, but in November 2011, the Court dismissed these claims.

These dismissal orders are not final and Penalties assessed against the MOEX Parties and punitive damages, solely to the extent arising from conduct of the MOEX Parties, are not covered by the indemnification provided under the BP Settlement. Under the terms of the BP Settlement, the MOEX Parties must defend all active claims pending against them. As the result of the Court's dismissal orders, the BP Settlement and the DOJ Settlement, the only claims that the MOEX Parties will continue to defend are those arising under the OPA, certain individual personal injury claims, as well as certain claims filed by local governmental entities. As to the OPA claims and the compensatory damages claims for the above-mentioned individual personal injury claims, they are covered by the indemnity in the BP Settlement. In connection with the settlements between BP and a number of the private party plaintiffs that were filed with the Court for approval on April 18, 2012 and once approved are to include releases of claims against the MOEX Parties, the commencement date of the trial of a number of the issues presented by the lawsuits before the Court is postponed to January 14, 2013.

As a result of the BP Settlement, the DOJ Settlement and the various orders issued by the Court, Mitsui expects that any additional liability resulting from the Incident will not materially affect its future consolidated financial position, results of operations or cash flows.

The MOEX Parties have sought insurance coverage with respect to the Incident, but the maximum potential insurance recovery, including the partial recovery that has already been obtained, is substantially less than the costs incurred in connection with this Incident, including the BP Settlement amount.

29. SUBSEQUENT EVENT

On June 21, 2012, the shareholders approved the payment of a cash dividend to shareholders of record on March 31, 2012 of ¥28 per share or a total of ¥51,111 million at the Company's ordinary general meeting of shareholders.

2. Others

Quarterly data for the year ended March 31, 2012

	Millions of Yen, Except Amounts per Share			
	Year ended March 31, 2012	Nine-month period ended December 31, 2011	Six-month period ended September 30, 2011	Three-month period ended June 30, 2011
Revenues	¥5,251,602	¥3,946,819	¥2,629,030	¥1,280,455
Income before Income Taxes and Equity in Earnings	413,211	332,465	231,640	119,702
Net Income Attributable to Mitsui & Co., Ltd.	434,497	340,248	227,261	132,698
Total Trading Transactions	10,481,166	7,839,096	5,233,587	2,593,136
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 238.10	¥ 186.46	¥ 124.54	¥ 72.72

	Three-month period ended March 31, 2012	Three-month period ended December 31, 2011	Three-month period ended September 30, 2011	Three-month period ended June 30, 2011
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 51.65	¥ 61.92	¥ 51.82	¥ 72.72

Note: Total Trading Transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.

Litigation

See Note 28, “THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO.”

3. Supplemental Information on Oil and Gas Producing Activities (Unaudited)

In accordance with Accounting Standard Codification ("ASC") 932 "Extractive Activities-Oil and Gas" this section provides supplemental information on oil and gas exploration and producing activities of the companies in five separate tables. Tables 1 through 3 provide historical cost information pertaining to costs incurred for property acquisitions, exploration and development; capitalized cost; and results of operations. They do not include any settlement costs relating to the Gulf of Mexico oil spill. Tables 4 and 5 present information on the companies' estimated net proved reserve quantities and standardized measure of estimated discounted future net cash flows related to proved reserves. The amounts for investments that are accounted for by the equity method are separately presented as "Associated Companies," for which the companies' share of the investees' information on oil and gas producing activities is presented in the following tables.

The regional analysis presented below tables is on continent basis, with separate disclosure for countries that contain 15% or more of the total proved reserves (for subsidiaries plus equity accounted entities), in line with FASB requirements. The comparative information for 2011 and 2010 is also presented on this basis. The "Consolidated Companies" column includes activities in "Australia/Oceania," "Thai/Asia," "Middle East" (Qatar and Oman), "North America" and "Others" (Africa and Europe). Only unproved properties are included in "Others" for the years ended March 31, 2012, 2011 and 2010. The "Associated Companies" column includes activities in "Australia/Oceania" and "Thai/Asia." The "Associated Companies" column of the following tables includes information on liquefied natural gas ("LNG") producing activities as an integral part of natural gas producing activities.

TABLE 1. COSTS INCURRED FOR PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT*1

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North*2 America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2012:								
Acquisition of Proved Properties	¥ –	¥ –	¥ –	¥ 9,206	¥ –	¥ –	¥ –	¥ 9,206
Acquisition of Unproved Properties	1,236	–	–	2,606	71	–	–	3,913
Exploration	7,962	5,701	1,590	1,418	10,298	699	25	27,693
Development	16,270	24,986	12,309	81,597	–	10,205	1,577	146,944
Total Costs Incurred	¥ 25,468	¥ 30,687	¥ 13,899	¥ 94,827	¥ 10,369	¥ 10,904	¥ 1,602	¥ 187,756
Year Ended March 31, 2011:								
Acquisition of Proved Properties	¥ –	¥ –	¥ 6,682	¥ 3,514	¥ –	¥ –	¥ –	¥ 10,196
Acquisition of Unproved Properties	–	–	5,174	14,286	–	–	–	19,460
Exploration	6,409	4,393	2,882	1,410	9,266	6	185	24,551
Development	14,761	26,655	10,141	44,618	–	8,967	2,848	107,990
Total Costs Incurred	¥ 21,170	¥ 31,048	¥ 24,879	¥ 63,828	¥ 9,266	¥ 8,973	¥ 3,033	¥ 162,197
Year Ended March 31, 2010:								
Acquisition of Proved Properties	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
Acquisition of Unproved Properties	–	7	–	277	–	–	–	284
Exploration	3,743	1,826	101	2,963	4,411	142	25	13,211
Development	11,153	35,936	9,174	3,350	–	13,975	3,176	76,764
Total Costs Incurred	¥ 14,896	¥ 37,769	¥ 9,275	¥ 6,590	¥ 4,411	¥ 14,117	¥ 3,201	¥ 90,259

*1. Includes costs incurred whether capitalized or expensed and capitalized asset retirement costs incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."
*2. The significant increase was mainly due to the new shale gas/oil project in the United States.

TABLE 2. CAPITALIZED COSTS RELATED TO OIL AND GAS PRODUCING ACTIVITIES

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North America[*2]	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2012:								
Proved Properties[*1]	¥ 186,460	¥ 439,984	¥ 92,012	¥ 88,724	¥ –	¥ 206,987	¥ 45,056	¥ 1,059,223
Unproved Properties	13,323	3,532	5,452	68,885	13,961	–	5,368	110,521
Gross Capitalized Properties	199,783	443,516	97,464	157,609	13,961	206,987	50,424	1,169,744
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	136,958	328,744	56,253	12,151	–	107,311	34,006	675,423
Net Capitalized Costs	¥ 62,825	¥ 114,772	¥ 41,211	¥ 145,458	¥ 13,961	¥ 99,676	¥ 16,418	¥ 494,321
Year Ended March 31, 2011:								
Proved Properties[*1]	¥ 171,614	¥ 432,761	¥ 78,663	¥ 46,965	¥ –	¥ 199,343	¥ 50,604	¥ 979,950
Unproved Properties	10,276	3,890	6,919	13,940	6,208	–	5,253	46,486
Gross Capitalized Properties	181,890	436,651	85,582	60,905	6,208	199,343	55,857	1,026,436
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	115,505	307,924	46,881	1,779	376	102,847	37,524	612,836
Net Capitalized Costs	¥ 66,385	¥ 128,727	¥ 38,701	¥ 59,126	¥ 5,832	¥ 96,496	¥ 18,333	¥ 413,600
Year Ended March 31, 2010:								
Proved Properties[*1]	¥ 164,707	¥ 373,543	¥ 68,463	¥ –	¥ –	¥ 189,125	¥ 48,452	¥ 844,290
Unproved Properties	10,077	3,017	–	2,389	6,109	–	5,137	26,729
Gross Capitalized Properties	174,784	376,560	68,463	2,389	6,109	189,125	53,589	871,019
Accumulated Depreciation, Depletion, Amortization and Valuation Allowances	104,207	273,557	39,658	–	1,927	94,803	34,995	549,147
Net Capitalized Costs	¥ 70,577	¥ 103,003	¥ 28,805	¥ 2,389	¥ 4,182	¥ 94,322	¥ 18,594	¥ 321,872

*1. Includes capitalized asset retirement costs in accordance with ASC 410.
*2. The significant increase was mainly due to the new shale gas/oil project in the United States.

TABLE 3. RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

The companies' results of operations from oil and gas producing activities are shown in the following table. In accordance with ASC 932, income taxes are based on statutory tax rates. Interest income and expense are excluded from the results reported.

	Millions of Yen							
	Consolidated Companies					Associated Companies		
	Australia/ Oceania	Thai/ Asia	Middle East	North America	Others	Australia/ Oceania	Thai/ Asia	Worldwide
Year Ended March 31, 2012:								
Sales to Unaffiliated Enterprises	¥ 60,139	¥ 111,862	¥ 8,673	¥ 8,362	¥ –	¥ 92,479	¥ 15,411	¥ 296,926
Transfers to Affiliated Enterprises	8,049	–	50,915	–	–	–	–	58,964
Total Revenues	68,188	111,862	59,588	8,362	–	92,479	15,411	355,890
Production Costs	9,076	16,100	5,822	1,742	–	24,006	3,582	60,328
Exploration Expenses	6,158	5,807	2,507	1,418	2,772	1,049	–	19,711
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	21,733	23,059	12,934	9,965	–	8,838	2,660	79,189
Income Tax Expenses	12,732	37,772	22,923	(1,915)	1	17,650	3,087	92,250
Results of Operations for Oil and Gas Producing Activities	¥ 18,489	¥ 29,124	¥ 15,402	¥ (2,848)	¥ (2,773)	¥ 40,936	¥ 6,082	¥ 104,412
Year Ended March 31, 2011:								
Sales to Unaffiliated Enterprises	¥ 56,492	¥ 97,221	¥ 6,487	¥ 2,068	¥ –	¥ 88,500	¥ 13,753	¥ 264,521
Transfers to Affiliated Enterprises	5,217	–	38,961	–	–	–	–	44,178
Total Revenues	61,709	97,221	45,448	2,068	–	88,500	13,753	308,699
Production Costs	11,967	11,877	5,264	541	–	21,915	3,478	55,042
Exploration Expenses	5,051	1,535	831	1,410	7,313	86	–	16,226
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	23,740	19,926	11,716	1,824	2,039	8,262	3,635	71,142
Income Tax Expenses	11,685	35,467	15,679	–	–	17,404	2,876	83,111
Results of Operations for Oil and Gas Producing Activities	¥ 9,266	¥ 28,416	¥ 11,958	¥ (1,707)	¥ (9,352)	¥ 40,833	¥ 3,764	¥ 83,178
Year Ended March 31, 2010:								
Sales to Unaffiliated Enterprises	¥ 45,854	¥ 73,059	¥ 3,058	¥ 11,820	¥ –	¥ 72,955	¥ 11,686	¥ 218,432
Transfers to Affiliated Enterprises	9,795	–	30,133	–	–	–	–	¥ 39,928
Total Revenues	55,649	73,059	33,191	11,820	–	72,955	11,686	258,360
Production Costs	11,365	7,746	4,399	4,307	–	22,260	3,723	53,800
Exploration Expenses	2,792	2,926	267	7,955	789	273	12	15,014
Depreciation, Depletion, Amortization, Accretion and Valuation Allowances	23,098	20,275	10,567	6,823	1,499	6,808	4,675	73,745
Income Tax Expenses	11,893	22,073	11,314	242	–	13,022	1,809	60,353
Results of Operations for Oil and Gas Producing Activities	¥ 6,501	¥ 20,039	¥ 6,644	¥ (7,507)	¥ (2,288)	¥ 30,592	¥ 1,467	¥ 55,448

TABLE 4. PROVED RESERVE QUANTITY INFORMATION

The following table describes proved oil and gas reserves and changes thereto for the years ended March 31, 2012, 2011 and 2010. The definitions of proved oil and gas reserves used herein were revised by ASU 2010-03 in January 2010. Among the significant revisions in this rule are requirements to use a price based on the average first-day-of-the-month price during the 12-month period for reserve estimation and disclosure instead of a single end-of-year price; expanding the definition of oil and gas producing activities to include nontraditional resources such as synthetic oil and gas; permitting the use of new reliable technologies to establish reasonable certainty of proved reserves, and the new standard has been adopted since 2010.

Proved Developed and Undeveloped Reserves:

	Crude Oil, Condensate and Natural Gas Liquids *1 Millions of Barrels							Natural Gas *1, *3 Billions of Cubic Feet						
	Consolidated Companies				Associated Companies			Consolidated Companies				Associated Companies		
	Australia/ Oceania	Thai/ Asia*4	Middle East	North America	Australia/ Oceania	Thai/ Asia	World-wide	Australia/ Oceania	Thai/ Asia*4	Middle East	North America	Australia/ Oceania	Thai/ Asia	World-wide
Reserves at April 1, 2009	29	32	17	13	33	3	127	48	584	44	25	714	185	1,600
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	1	5	5	–	5	7	23	24	6	(2)	–	30	(9)	49
Extensions and Discoveries	4	–	–	–	–	–	4	–	–	–	–	–	–	–
Purchases	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sales	–	–	–	(10) *5	–	–	(10)	–	–	–	(23) *5	–	–	(23)
Production	(9)	(6)	(5)	(3)	(5)	(2)	(30)	(10)	(70)	(4)	(2)	(54)	(7)	(147)
Reserves at March 31, 2010	25	31	17	–	33	8	114	62	520	38	–	690	169	1,479
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	–	(2)	4	–	2	(1)	3	(16)	7	3	–	(11)	(11)	(28)
Extensions and Discoveries	4	–	–	–	–	–	4	–	–	–	242 *6	–	–	242
Purchases	–	–	5	–	–	–	5	–	–	–	42 *6	–	–	42
Sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Production	(9)	(7)	(4)	–	(5)	(2)	(27)	(10)	(80)	(4)	(6)	(59)	(13)	(172)
Reserves at March 31, 2011	20	22	22	–	30	5	99	36	447	37	278	620	145	1,563
Changes Attributable to:														
Revision of Previous Estimates (includes improved recovery)	4	12	–	–	1	1	18	(1)	146	(3)	(81)	2	14	77
Extensions and Discoveries	–	–	1	–	–	–	1	–	–	4	143 *6	–	–	147
Purchases	–	–	–	9	–	–	9	–	–	–	30 *6	–	–	30
Sales	–	–	–	–	–	(3)	(3)	–	–	–	–	–	–	–
Production	(7)	(8)	(5)	–	(3)	(1)	(24)	(11)	(86)	(4)	(24)	(57)	(13)	(195)
Reserves at March 31, 2012	17	26	18	9	28	2	100	24	507	34	346	565	146	1,622
Proved Developed Reserves : *2														
Reserves at April 1, 2009	25	19	14	10	21	3	92	14	339	29	15	392	181	970
Reserves at March 31, 2010	20	20	12	–	17	7	76	25	274	23	–	315	161	798
Reserves at March 31, 2011	16	11	15	–	13	4	59	36	241	24	142	255	49	747
Reserves at March 31, 2012	15	15	13	5	14	1	63	24	251	19	161	209	42	706

*1. 1 barrel of crude oil = 5,800 cubic feet of natural gas

*2. The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 58 percent as of March 31, 2010 and almost same level compared to the percentage as of March 31, 2009. The expected costs to develop these undeveloped reserves were estimated to be ¥265,398 million in total as of March 31, 2010.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 51 percent as of March 31, 2011 and has gradually declined year by year on the back of prosperous production. The expected costs to develop these undeveloped reserves were estimated to be ¥210,362 million in total as of March 31, 2011.
The proportion of Proved Developed Reserves to Proved Developed and Undeveloped Reserves was about 49 percent as of March 31, 2012 and almost same level compared to the percentage as of March 31, 2011. The expected costs to develop these undeveloped reserves were estimated to be ¥355,919 million in total as of March 31, 2012.

*3. The proved gas reserves are restricted to those volumes that are related to firm sales commitments.

*4. Includes total proved reserves attributable to Mitsui Oil Exploration Co., Ltd. of 31 million, 22 million and 26 million barrels of Crude oil, Condensate and Natural Gas Liquids and 520 billion, 447 billion and 507 billion of cubic feet of Natural Gas in March 2010, 2011 and 2012, as well as proved developed reserves of 19 million, 11 million and 15 million barrels of Crude oil, Condensate and Natural Gas Liquids and 274 billion, 241 billion and 251 billion of cubic feet of Natural Gas in March 2010, 2011 and 2012, respectively, in which there is a 29.7 percent, 29.7 percent and 29.5 percent noncontrolling interests.

*5. The decrease of 10 million barrels in sales of Crude oil, Condensate and Natural Gas Liquids and, 23 billion of cubic feet in sales of Natural Gas in place was mainly due to the asset sales related to operation in the Gulf of Mexico.

*6. The increases of 284 billion cubic feet and 173 billion cubic feet in Purchases and Extensions and Discoveries of Natural Gas for 2011 and 2012 were mainly due to the new shale gas project in the United States.

TABLE 5. STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATED TO PROVED OIL AND GAS RESERVES

The standardized measure of discounted future cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with ASU 2010-03. Estimated future net cash inflows from proved oil and gas reserves are computed using the average first-day-of-the-month price during the 12-month period for 2012, 2011 and 2010. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates. Discounted future net cash flows are calculated using a discount factor of 10 percent.

The information provided does not represent management's estimate of the companies' expected future cash flows or value of proved oil and gas reserves. Estimates of proved reserve quantities shall change over time as new information becomes available. Moreover, probable and possible reserves, which may become proved in the future, are excluded from the calculations. The arbitrary valuation prescribed under ASC 932 requires assumptions as to the timing of future development and production costs. The calculations are made as of each fiscal year-end and should not be relied upon as an indication of the companies' future cash flows or value of their oil and gas reserves.

1) Standardized Measure of Discounted Future Net Cash Flows

	Millions of Yen						
	Consolidated Companies				Associated Companies		
	Australia/ Oceania	Thai/ Asia *1	Middle East	North America	Australia/ Oceania	Thai/ Asia	Worldwide
At March 31, 2012:							
Future Cash Inflows from Production	¥ 171,202	¥ 451,561	¥ 259,251	¥ 163,962	¥ 823,625	¥ 116,986	¥ 1,986,587
Future Production Costs	(72,108)	(108,501)	(30,858)	(28,857)	(213,326)	(20,764)	(474,414)
Future Development Costs *2	(33,839)	(120,542)	(29,710)	(52,329)	(106,870)	(12,629)	(355,919)
Future Income Taxes	(19,577)	(175,490)	(106,459)	–	(153,568)	(39,692)	(494,786)
Undiscounted Future Net Cash Flows	45,678	47,028	92,224	82,776	349,861	43,901	661,468
10% Annual Discount for Timing of Estimated Cash Flows	(3,585)	(5,008)	(23,034)	(45,277)	(127,856)	(25,830)	(230,590)
Standardized Measure of Discounted Future Net Cash Flows	¥ 42,093	¥ 42,020	¥ 69,190	¥ 37,499	¥ 222,005	¥ 18,071	¥ 430,878
At March 31, 2011:							
Future Cash Inflows from Production	¥ 145,078	¥ 369,092	¥ 240,596	108,527	¥ 729,580	¥ 87,442	¥ 1,680,315
Future Production Costs	(80,183)	(69,185)	(30,140)	(24,762)	(186,721)	(21,486)	(412,477)
Future Development Costs *2	(25,990)	(50,314)	(20,648)	(29,620)	(78,763)	(5,027)	(210,362)
Future Income Taxes	(11,512)	(167,068)	(106,959)	–	(134,931)	(25,500)	(445,970)
Undiscounted Future Net Cash Flows	27,393	82,525	82,849	54,145	329,165	35,429	611,506
10% Annual Discount for Timing of Estimated Cash Flows	(1,788)	(14,467)	(23,767)	(30,185)	(130,768)	(22,169)	(223,144)
Standardized Measure of Discounted Future Net Cash Flows	¥ 25,605	¥ 68,058	¥ 59,082	*3 23,960	¥ 198,397	¥ 13,260	¥ 388,362
At March 31, 2010:							
Future Cash Inflows from Production	¥ 160,574	¥ 452,310	¥ 187,141	–	¥ 642,427	¥ 65,008	¥ 1,507,460
Future Production Costs	(53,166)	(79,265)	(24,497)	–	(189,893)	(22,956)	(369,777)
Future Development Costs *2	(27,154)	(118,084)	(16,772)	–	(95,176)	(13,080)	(270,266)
Future Income Taxes	(27,442)	(184,626)	(78,877)	–	(116,833)	(14,134)	(421,912)
Undiscounted Future Net Cash Flows	52,812	70,335	66,995	–	240,525	14,838	445,505
10% Annual Discount for Timing of Estimated Cash Flows	(7,685)	(6,311)	(19,324)	–	(97,594)	(3,943)	(134,857)
Standardized Measure of Discounted Future Net Cash Flows	¥ 45,127	¥ 64,024	¥ 47,671	–	¥ 142,931	¥ 10,895	¥ 310,648

*1. Includes discounted future net cash flows attributable to Mitsui Oil Exploration Co., Ltd. of ¥42,020 million, ¥68,058 million and ¥64,024 million in March 2012, 2011 and 2010 respectively, in which there is a 29.5 percent, 29.7 percent and 29.7 percent minority interest.

*2. Includes cash-out for asset retirement obligations incurred in accordance with ASC 410 "Asset Retirement and Environmental Obligations."

*3. The increase of ¥23,960 million in Standardized Measure of Discounted Future Net Cash Flows was mainly due to the new shale gas project in the United States.

2) Details of Changes for the Year

	Millions of Yen								
	Consolidated Companies			Associated Companies			Worldwide		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Present Value at April 1	¥ 176,705	¥ 156,822	¥ 127,960	¥ 211,657	¥ 153,824	¥ 127,481	¥ 388,362	¥ 310,646	¥ 255,441
Sales/Transfers of Oil and Gas Produced, Net of Production Costs	(216,839)	(165,250)	(144,138)	(80,087)	(76,751)	(58,879)	(296,926)	(242,001)	(203,017)
Development Costs Incurred	72,669	50,584	59,613	11,782	11,815	17,152	84,451	62,399	76,765
Purchases of Reserves in Place	19,401	28,313	–	–	–	–	19,401	28,313	–
Extensions and Discoveries	27,600	30,352	32,502	–	–	–	27,600	30,352	32,501
Sales of Reserves	–	–	(11,214)	(1,204)	–	–	(1,204)	–	(11,214)
Net Changes in Prices, Development and Production Cost	20,827	109,422	27,252	77,234	117,347	(38,098)	98,061	226,769	(10,846)
Revisions of Previous Quantity Estimates*1	65,863	(27,277)	169,549	17,819	(13,690)	51,934	83,682	(40,967)	221,483
Accretion of Discount	17,104	15,313	12,055	20,500	14,376	12,748	37,604	29,689	24,803
Net Changes in Income Taxes	13,504	12,139	(84,395)	(16,810)	(1,495)	9,523	(3,306)	10,644	(74,872)
Others *2	(6,032)	(33,713)	(32,362)	(815)	6,231	31,963	(6,847)	(27,482)	(399)
Net Changes for the Year	14,097	19,883	28,862	28,419	57,833	26,343	42,516	77,716	55,205
Present Value at March 31	¥ 190,802	¥ 176,705	¥ 156,822	¥ 240,076	¥ 211,657	¥ 153,824	¥ 430,878	¥ 388,362	¥ 310,646

*1. Includes amounts resulting from changes in the timing of production.
*2. Main portion of “Others” is foreign currency translation adjustments and increase or decrease of royalty due to revisions of previous reserves.

6. Outline Regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling (Note 1.)	(Special account) The Chuo Mitsui Trust and Banking Company, Limited Headquarters 33-1, Shiba 3-chome, Minato-ku, Tokyo
Administrator of shareholder registry (Note 2.)	(Special account) The Chuo Mitsui Trust and Banking Company, Limited 33-1, Shiba 3-chome, Minato-ku, Tokyo
Forwarding office	------
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice (Note 3.)	Mitsui carries out its public notifications by means of electronic public notice. http://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Notes) 1. 2. On April 1, 2012, The Chuo Mitsui Trust and Banking Company, Limited, the administrator of shareholder registry and the special account, merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited. As the company's trade name changed to "Sumitomo Mitsui Trust Bank, Limited," information regarding the changes in name and address are as follows.

Place of handling	4-1 Marunochi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department
Administrator of shareholder registry	4-1 Marunochi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
(Special account)	4-1 Marunochi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

3. Public notice of book closing is not included in the public notices shown in "Method of giving public notice."

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2012 and the issuance date (June 21, 2012) of the original Japanese version of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 92nd) From April 1, 2010 to March 31, 2011 Submitted to the director of the Kanto Local

Finance Bureau, Japan, on June 24, 2011

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 93rd period) (From April 1, 2011 to June 30, 2011) Submitted to the director of the Kanto Local Finance Bureau, Japan, on August 12, 2011

(The 2nd quarter of 93rd period) (From July 1, 2011 to September 30, 2011) Submitted to the director of the Kanto Local Finance Bureau, Japan, on November 14, 2011

(The 3rd quarter of 93rd period) (From October 1, 2011 to December 31, 2011) Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 13, 2012

(3) Internal Control Report

Fiscal Year (the 92nd) (From April 1, 2010 to March 31, 2011) Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 24, 2011

(4) Extraordinary Report

Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 27, 2011
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 3, 2012
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Shelf Registration Statement (corporate bonds)

1) Amended Shelf Registration Statement

Submitted to the director of the Kanto Local Finance Bureau, Japan, on April 1, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on May 16, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 24, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on June 27, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on August 12, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on October 28, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on November 14, 2011
Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 3, 2012
Submitted to the director of the Kanto Local Finance Bureau, Japan, on February 13, 2012

2) Supplemental Documents to Shelf Registration Statement and Attached Documents

Submitted to the director of the Kanto Local Finance Bureau, Japan, on July 8, 2011

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the accompanying consolidated balance sheets of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and subsidiaries (the "Company") as of March 31, 2012 and 2011, and the related statements of consolidated income, consolidated comprehensive income, changes in consolidated equity, and consolidated cash flows for each of the three years in the period ended March 31, 2012 (all expressed in Japanese yen). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 in accordance with attestation standards established by the American Institute of Certified Public Accountants 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2012 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2012, 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 adopted Accounting Standards Update No. 2010-03, "Oil and Gas Reserve Estimation and Disclosures" effective March 31, 2010.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2012

NOTE TO READERS:
Notwithstanding the second paragraph of the Independent Auditors' Report, Deloitte Touche Tohmatsu LLC ("DTT") has performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of DTT's report is included within this annual report as information for readers.

Management's Annual Report on Internal Control over Financial Reporting (Translation)

NOTE TO READERS:
Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Masami Iijima, President and CEO, and Joji Okada, Representative Director and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2012. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2012.

4. Supplementary Matters

Not applicable.

5. Special Information

Because we had registered our American Depositary Shares (ADS) with the U.S. Securities and Exchange Commission (SEC), and had listed our ADSs on the NASDAQ stock market (NASDAQ) until the last fiscal year, we submitted Form 20-F as an annual report to the SEC, which included management's report on internal control over financial reporting that had been created following the regulations of Section 404 of the Sarbanes-Oxley Act of 2002, and the final rules regarding management's report on internal control over financial reporting and the commission guidelines concerning management's report on internal control over financial reporting issued by the SEC. On April 15 2011, we filed for delisting of our ADSs from NASDAQ, and termination of registration with the SEC, and on April 25, the delisting of ADSs from NASDAQ was completed. On July 14 the termination of registration with the SEC was completed, and on July 24, our reporting obligations under the Article 15 of the Securities Exchange Act of 1934 were terminated. Consequently, we have conducted the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Independent Auditors' Report (filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS: Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information. There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA"). In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business units selection and/or account selection. In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT
(filed under the Financial Instruments and Exchange Act of Japan)

June 21, 2012

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Nobuaki Fuse

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hidehito Goda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Michiyuki Yamamoto

[Audit of Financial Statements]

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2012 of Mitsui & Co., Ltd. (the "Company") and its consolidated subsidiaries, and the statements of consolidated income, consolidated comprehensive income, changes in consolidated equity and consolidated cash flows for the fiscal year from April 1, 2011 to March 31, 2012, including notes to consolidated financial statements and consolidated supplementary schedules.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No. 11 of the Cabinet Office Ordinance in 2002), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsui & Co., Ltd. and its consolidated subsidiaries as of March 31, 2012, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

[Audit of Internal Control]

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management’s report on internal control over financial reporting of Mitsui & Co., Ltd. and its consolidated subsidiaries as of March 31, 2012.

Management’s Responsibility for the Report on Internal Control

The Company’s management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in conformity with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of Mitsui & Co., Ltd. and its consolidated subsidiaries as of March 31, 2012 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.