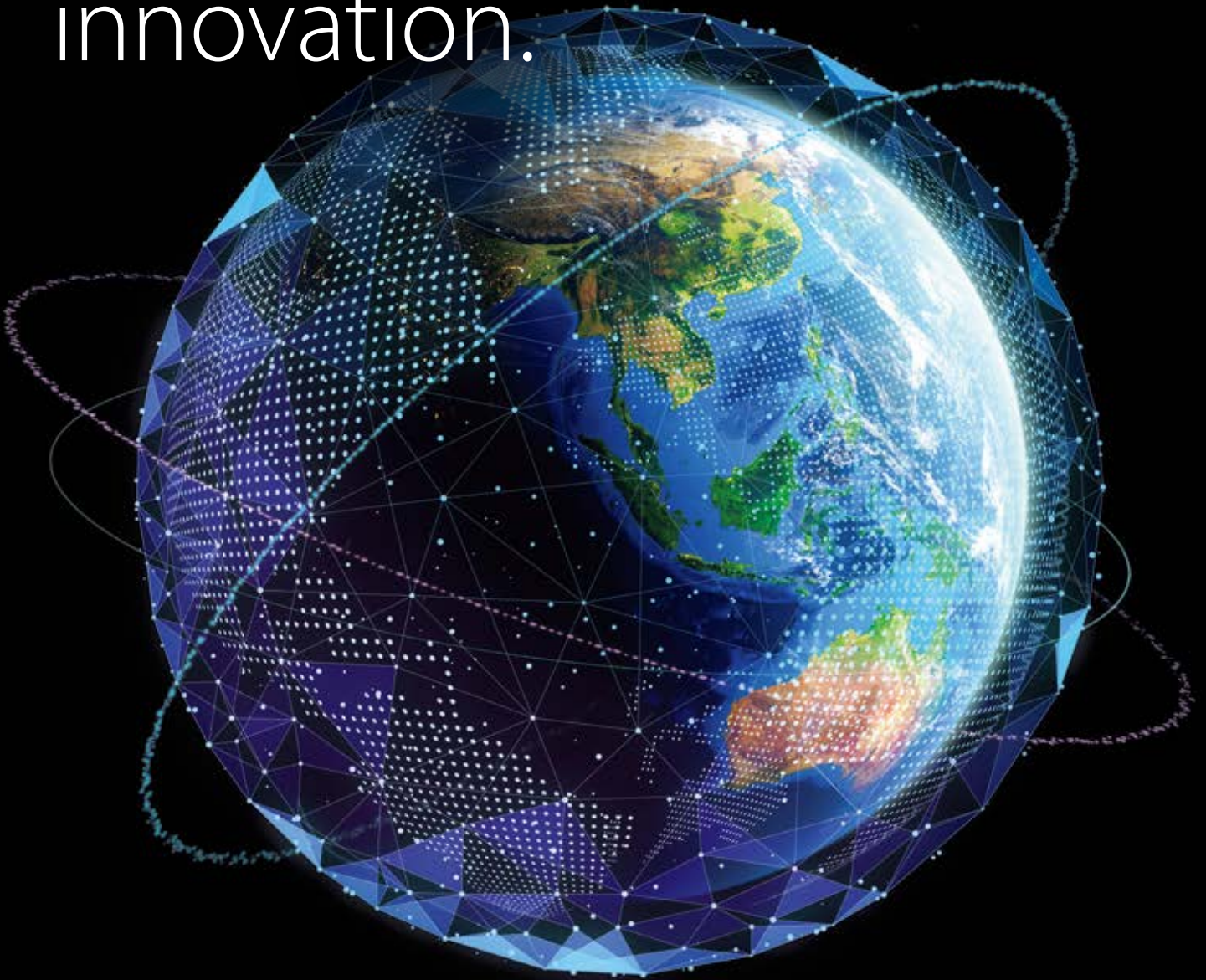
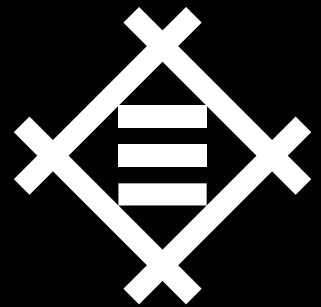


360° business innovation.



MITSUI & CO., LTD.

Integrated Report 2018



MITSUI & CO.

Publication of an Integrated Report

In 2004, Mitsui systematically and clearly set forth in writing the implicit values it shares as common knowledge, and issued its “Mission, Vision and Values” (see page 002). To “strive to contribute to the creation of a future where the aspirations of the people can be fulfilled,” set in Mitsui’s Mission, in 2015 we defined Five Material Issues (Materiality) as the important issues for our management to address (see pages 014–016). Meanwhile, in the same year, the United Nations adopted the Sustainable Development Goals (SDGs), which lay out 17 goals and 169 targets to end poverty, protect the planet, and ensure prosperity for all by 2030, and clearly underline the priority issues on a global basis and ideal visions for the future.

As a trading company, we possess various functions and develop a broad range of businesses in diverse countries and regions around the world. As our Materiality has strong association with the SDGs, we believe that we can make wide-ranging contributions to society through our businesses. Our diverse human resources leverage our comprehensive strengths and global network and continuously pursue industrial solutions to social issues.

Since 2012, we have published the Annual Report with a view to an integrated report. The Annual Reports have introduced Mitsui’s value creation process that is aimed at improving our corporate value continuously, our CSR activities contributing to society through our business, and so on.

We consider it important to send a clearer message from a long-term and comprehensive perspective about the unchanging approach of Mitsui’s management and each employee, pursuing sustainable development for both the society and us continuously, with the aim of creating a future where all aspirations can be fulfilled. Accordingly, we have renewed it as Integrated Report from the fiscal year ending March 2019.

Looking ahead, we will continue to do our utmost to ensure that the Integrated Report serves as an effective communication tool that positively contributes to constructive dialogue with our stakeholders. To do so, we will strive to improve the clarity of this report based on the valued feedback we receive from our stakeholders.

In the process, we referred to “the International Integrated Reporting Framework” propounded by International Integrated Reporting Council (IIRC) and “the Guidance for Collaborative Value Creation” formulated by Ministry of Economy, Trade and Industry, in addition to other frameworks. In the course of preparing this report, we have worked closely with each of our internal departments to provide a summary of our holistic perspective on the Group as a whole. Through these means, I can say with confidence that this report was created in an honest and sincere manner.

September 2018

Masami Iijima

Representative Director and Chairman of the Board of Directors
Chairman of the Governance Committee



360°
business
innovation.

Editorial Policy

Recently, there has been growing interest in the United Nations' "Sustainable Development Goals" (SDGs) and in "Environmental, Social, and Governance" (ESG) investments. In this environment, we believe it is important to clearly convey the sustainable nature of Mitsui's businesses and the potential for corporate value growth over the medium to long term through explanations of the business risks and opportunities we identify as well as the strategies and initiatives we are pursuing to address them. To this end, we have decided to turn our conventional annual report into an integrated report. We hope that this report can help further our stakeholders' understanding of a general trading company's business model, which is said to be difficult to comprehend, in addition to the competitiveness of Mitsui.

This integrated report was completed with reference to the following guidelines:

- GRI (Global Reporting Initiative), *Sustainability Reporting Standard*
- Ministry of the Environment, Japan, *Environmental Accounting Guidelines 2005*
- ISO 26000 (*Guidance on social responsibility*)
- IIRC (International Integrated Reporting Council), *International Integrated Reporting Framework*
- Ministry of Economy, Trade and Industry, Japan, *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation*

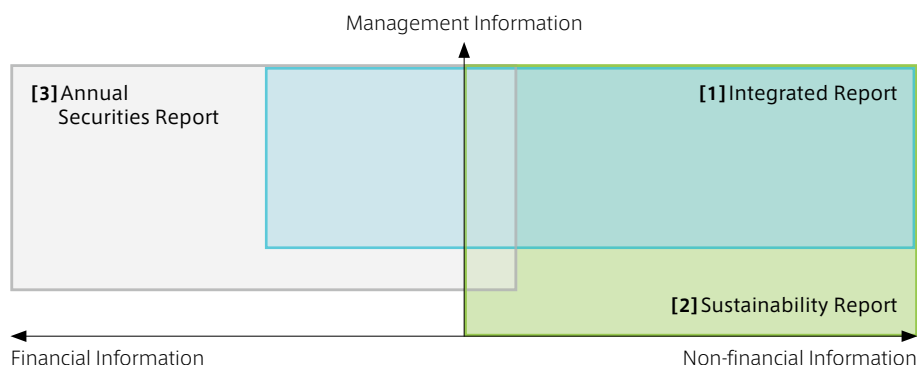


About Reports Issued by the Company

This integrated report summarizes relevant information with a particular focus on factors that impact Mitsui's corporate value. In addition to this report, the Company publishes various communication tools for Mitsui's stakeholders.

Reports	Contents	Media		
		Booklet	PDF	HTML
Integrated Report (This booklet) [1]	For details, please see "CONTENTS" on page 003.			
Sustainability Report [2]	The Company publishes a sustainability report for Mitsui's multi-stakeholders. Published annually, the <i>Sustainability Report</i> contains detailed non-financial information. <i>Sustainability Report 2018</i> was issued in August 2018.			
Annual Securities Report [3]	The Annual Securities Report is prepared pursuant to Article 24, Section 1 of the Financial Instruments and Exchange Act and is required to be submitted to the Kanto Finance Bureau. Please refer to this report for more detailed financial information. It is issued in late June of each year.			
Corporate Governance Report	In accordance with Japan's Corporate Governance Code, the Company publishes a Corporate Governance Report that provides details on Mitsui's basic corporate governance approach and structure. The Company is also required to submit this report to the Tokyo Stock Exchange. Please refer to the PDF link for more detailed information related to Mitsui's organizational design, operational status, and evaluation of Board of Director effectiveness.			

As used in this report, "the Company" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), while "Mitsui," "the Companies," "the Group," "we," "us," and "our" are used to indicate Mitsui & Co., Ltd. and affiliated companies, unless otherwise understood from the context.



Mission

Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.

Vision

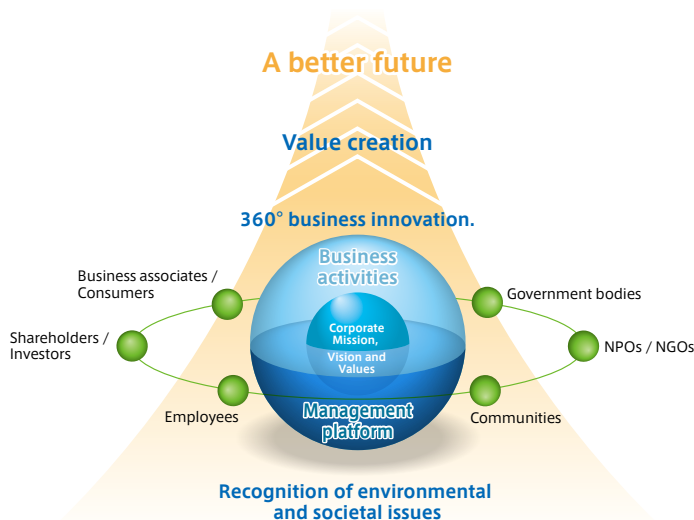
Aim to become a global business enabler that can meet the needs of our customers throughout the world.

Values

- Build trust with fairness and humility.
- Aspire to set high standards and to contribute to society.
- Embrace the challenge of continuous innovation.
- Foster a culture of open-mindedness.
- Strive to develop others and oneself to achieve full potential.

There has always been a close relationship between the growth of a corporation and the development of society. Going forward, this relationship will hold an even greater significance. We believe that we must continually improve the way we engage with environmental and societal issues, listen closely to our stakeholders, and ensure that we have a clear understanding of key concerns, issues, and expectations. It is then our responsibility to contribute to addressing issues and meeting expectations in the most effective way possible.

We continue to ensure that all of our employees share our management philosophy, as expressed in our Mission, Vision and Values, and to strengthen our robust management platform, including our governance and risk management systems. At the same time, working alongside our stakeholders, our aim is to pursue business in a manner expressed in our "360° business innovation." slogan. This slogan indicates that one of our greatest strengths is our ability to connect various ideas, information, customers, partners, and our businesses. Through these connections, we will create new ideas and work to spur business and industrial innovation to create new value around the world so as to strive to contribute to the creation of a future where the aspirations of the people can be fulfilled. This is what Mitsui is expected to do and how Mitsui strives to create new value in pursuit of social sustainability.



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A Cautionary Note on Forward-Looking Statements:

This Integrated Report contains statements (including figures) regarding Mitsui & Co., Ltd. ("Mitsui")'s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui's management but should not be relied on solely in making investment and other decisions. You should be aware that a number of known or unknown risks, uncertainties, and other factors could lead to outcomes that differ materially from those presented in such forward-looking statements.

These risks, uncertainties, and other factors referred to above include, but are not limited to, those contained in Mitsui's latest Annual Securities Report and Quarterly Securities Report, and Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.



Tatsuo Yasunaga
Representative Director,
President and Chief Executive Officer

CEO Message

We will strongly push forward with the medium-term management plan with even deeper confidence that we can achieve the plan's targets. In doing so, we will make thorough efforts to further enhance our earning power, which centers on our competitiveness.

Looking back on the first year of the medium-term management plan and outlook for the fiscal year ending March 31, 2019

In the fiscal year ended March 31, 2018, the first year of the current medium-term management plan, Mitsui made very significant progress, enhancing base profit in all segments by achieving solid results in each of our key initiatives and tackling specific areas of concern. We achieved a record high in core operating cash flow, Mitsui's most important indicator, and made steady progress in strengthening our financial base by improving capital efficiency, represented by ROE, while reducing Net DER. Shareholder returns, in the form of dividends and share buybacks, totaled ¥172.5 billion and were the highest ever by Mitsui.

In the fiscal year ending March 31, 2019, the second year of our medium-term management plan, we are targeting profit after tax of ¥420 billion. This figure is mostly in line with the first year's profit of ¥418.5 billion, but what lies behind it has changed significantly. As a result of resolving issues in the previous fiscal year and new contributions to base profit by each business segment, base profit will increase by approximately ¥70 billion. Notably, our target of ¥180 billion profit after tax for our steadily growing non-resources areas accounts for 43% of our overall profit target, and we are on track to achieve our profit forecast of ¥200 billion for non-resources areas in the fiscal year ending March 31, 2020.

In *Annual Report 2017*, I expressed my confidence that we can reach the targets of the medium-term management plan. That confidence is now even deeper.

Business environment update and Mitsui policies

We continue to see climate change, partial globalization, expanding populations and improving living standards in emerging nations, and technological innovation as important factors in our medium-term management plan, and in light of changes over the last year, I would like to look again at two of these factors and our approach to tackling them.

The first is the acceleration of measures to tackle climate change, in particular in Europe and the U.S., and together with this, the expansion of partial globalization and the increasing importance of a business development model aligned with the issues faced by each region.

Mitsui has identified “Protection of the Global Environment” as a material issue for us. We recognize that our impact on the environment presents potential risks to society and our sustainable growth, but we are also keenly aware that there are new business opportunities for us in low-carbon energy and environmentally friendly infrastructure and products.

“Stable Supply of Resources and Materials” and “Enhancement of Local Industrial Bases & Quality of Life” are also material issues for Mitsui and fall under the ESG umbrella. The increase in demand for infrastructure, resources, and food that has accompanied population growth and economic development, the changing tastes associated with higher standards of living, and increasing healthcare needs associated with shifts in disease structure, are already recognized global issues. To address these issues there is a need for a steady, sustained, long-term approach to opening up new business frontiers that is sensitive to regional characteristics. Contributing to the development of nations through this kind of approach is an important mission for Mitsui.

We believe that contributing to economic and

social development at the country and regional level and addressing global-scale issues such as climate change through our wide-ranging global business activities—taking a long-term, balanced approach to both—is itself a sustainable growth strategy.

The second factor is the growing importance of data capital. There is something striking about how, over the past year alone, AI and IoT have permeated society. This phenomenon has raised the value of data in business, giving it a place next to human, manufactured, and financial capital, and is even changing the face of capitalism itself. In many ways, power is steadily shifting into the hands of the consumer as business models made possible by ICT become more deeply entrenched.

This trend is not only the concern of downstream businesses that engage directly with consumers. We believe that it is becoming necessary for businesses in all sectors, including resources, materials, and infrastructure, to be directly aware of data capital and the end consumer.

In our current medium-term management plan, we have positioned the enhancement of innovation functions as a key initiative and we are rolling out digital transformation activities throughout our group. To be clear, we are not merely pursuing AI and IoT as business areas in and of themselves. Rather, by being a smart user of these technologies, which means employing them at our diverse project sites around the world, we will seek to gain a thorough understanding of AI and IoT, and use this knowledge to strengthen our group.

At the corporate level, by equipping smaller teams to operate with a high degree of sophistication, we can enable a significant shift of personnel to the business frontlines and strengthen Mitsui’s earning power. At the business frontline level, as a result of our sensitivity to consumer-centric changes in the



environment and our ability to find solutions to global challenges through our unique, on-the-ground expertise, we are beginning to see cost reductions and sales growth in existing businesses. Looking ahead, we will further evolve the business by promoting cross-sector collaboration across divisions and business domains to accelerate comprehensive initiatives.

Core and growth area initiatives for the current fiscal year

We have a number of key initiatives for the fiscal year ending March 31, 2019. In Resources & Energy, Machinery & Infrastructure, and Chemicals, which are Mitsui's core areas and profit base, we will apply the concept of "Enhancing Our Strengths."

In Resources, we are steadily ramping up the Moatize coal mine and Nacala infrastructure projects in Mozambique, which have already begun contributing to profit, and are pursuing ongoing enhancement of the profit base in existing businesses, including the development of South Flank iron ore mine with BHP. In Energy, in the E&P business, we achieved production start-up at the Kaikias oil field one year ahead of schedule. Looking ahead, we will launch the Tempa Rossa oil field in Italy and the Greater Enfield oil field in Australia. We will leverage new Australian subsidiary AWE to enhance upstream and midstream business foundations in oil and gas while improving operator functions and expanding the scale of our E&P business activities in Australia. In our LNG business, we are making progress in construction projects for the launch of Cameron LNG in the U.S., scheduled for 2019, and we are accelerating our efforts to make a final investment decision on our LNG project in Mozambique. Through these initiatives, which can both reduce costs and increase production volume, we are increasing revenue in the resources area without needing to rely

on higher commodity prices.

In Machinery & Infrastructure, we are launching new power generation projects in the Middle East and Morocco and are accelerating initiatives in next-generation power including distributed power and services by U.S. subsidiary Forefront. In FPSO projects, where demand is recovering, primarily at Brazil-based Petrobras, we will continue to enhance our fleet. We are also deepening efforts in mobility services such as leasing, rental, and sharing in the railway, automotive, and aircraft sectors.

In Chemicals, we are pursuing ongoing facilities expansion at U.S. terminal business ITC and are expanding our presence in the coating materials business centered on Helios, in which we made the decision to invest in April 2018. We are also strengthening our business base through initiatives such as the expansion of methionine production capacity at Novus and by enhancing trading.

In our four growth areas too, we are continuing to push ahead with aggressive initiatives to establish the revenue pillars for sustained growth through our next medium-term management plan and beyond.

In Mobility, in the fiscal year ended March 31, 2018 we engaged in a range of initiatives toward the electrification of commercial vehicles and expanded our passenger rail network.

In Chile, we pursued initiatives in automotive operating lease and rental car businesses and we will aim to enhance base profit in these businesses. Furthermore, we are accelerating our growth strategy for Gestamp, which is planning to establish its first plant in Japan in Matsusaka, Mie Prefecture.

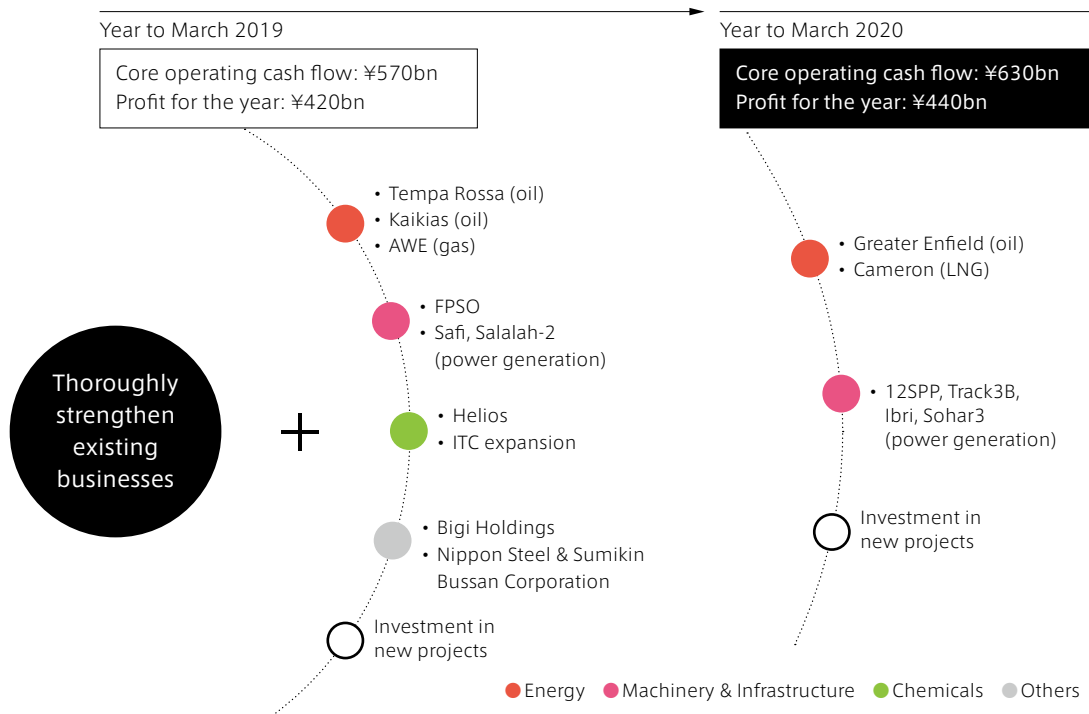
In Healthcare, in the fiscal year ended March 31, 2018, we made an additional investment in Columbia Asia Group and will continue to strengthen our healthcare ecosystem in Asia. We are addressing the demand for new drugs in Russia through our investment in JSC R-Pharm, a Russian pharmaceutical company, and we are expanding our businesses that provide temporary staffing and permanent placement in the U.S.

In Nutrition & Agriculture, in May 2018 we invested in ETC Group, which deals in agricultural products and materials and manufactures and sells food products in East Africa. Mitsui already has a presence in the region through our

Resources & Energy business, and by realizing synergies through our involvement in food and agriculture and infrastructure improvement, we aim to pursue a model of business development that shares the profits of economic progress with the local population and contributes to the further economic development of African nations.

In Retail & Services, we took steps to enhance base profit in our domestic and international asset management businesses, expanding the businesses in part through our investment in CIM in the U.S. in the fiscal year ended March 31, 2018. We also strengthened our sales and marketing capabilities through the acquisition of Bigi Holdings to enhance our direct reach to consumers. In addition, we are improving the quality of the assets of senior living properties—a retirement community on the west coast of the U.S. that was acquired by MBK Real Estate (MRE)—and are working to

The accumulation of assets and the start of their contributions to earnings and cash flow



enhance the business' profit base.

Enhancing human resources and governance

The origins of Mitsui's business are in trading and, over time, through our involvement in a broad range of business sectors and handling a diverse array of goods, we expanded from trading into business investment, leveraging the vast expertise, customer base, and partnerships that we had fostered through trade. By participating in the management of these projects, we helped increase their value and that in turn gave rise to further trading opportunities and network expansion. Through the continuous repetition of this cycle, Mitsui has evolved into its current form and our businesses have developed to the point where each has its own competitiveness. Though not on the balance sheet, the customers and partner networks, and our more than 42,000 professionals who have the capability and independence to leverage these relationships to the full, what we call our "Strong Individuals," remain Mitsui's greatest assets. The continued strengthening of each individual will always be a key management focus.

Promoting a level playing field dynamically for our people in every region in which we operate encourages mutual understanding, acceptance, and friendly competition that transcends nationality, gender, and language, and by working to "strengthen each individual" we are building a full-strength team of professionals with diverse backgrounds and perspectives.

Turning to governance, in the fiscal year ended March 31, 2018 we further diversified our Board of Directors, improving the balance of representation, enhancing the Board's effectiveness, and demonstrating greater accountability by encouraging deeper discussion on major company policy and strategy and their implementation.

We recognize that in order to ensure meaningful debate there must be a consistent level of understanding of the agendas among directors. The thorough preparation in advance enables deeper discussion in Board meetings, and I believe strongly that it has been a key factor in the improvement of the quality of management.

In conclusion

I noted above that my confidence in achieving the targets of the medium-term management plan has further deepened. As I noted in *Annual Report 2017*, I am confident also that reaching our three-year quantitative targets will be only one of many milestones we pass on the road to fulfilling our long-term vision for Mitsui as a group that draws on its comprehensive strengths and continuously takes the initiative to incubate and develop new business.

I will do my utmost to combine effective leadership with sound corporate governance to achieve not only the targets for the current fiscal year, ending March 31, 2019, which is a crucial stepping stone along that path, but also for the fiscal year ending March 31, 2020 and for the sustainable growth of Mitsui further into the future. I very much appreciate your interest in our progress, and look forward to your continued support.

September 2018



Representative Director,
President and Chief Executive Officer

An aerial photograph of a coastline. The top right shows a lush green mountain range with snow-capped peaks. The bottom left shows a city at night, with bright yellow and orange lights reflecting on the water. The rest of the image is a deep blue sea.

CHAPTER 1

Aiming for Sustainable



Growth

- 012 | Our Corporate Value Creation Process
- 014 | Material Issues of Focus (Materiality)
- 017 | Capitals
- 018 | Business Model for Growth That Balances between Trading and Business Management
- 020 | Positioning Strategy That Leverages Our Competitiveness
- 022 | Portfolio Management
- 024 | Enhancing Management Capital 1
 - Human Capital**
 - The individual builds the business, and the business cultivates the individual
- 026 | Enhancing Management Capital 2
 - Relationship Capital**
 - Engagement for business creation
- 028 | Efforts to Address Climate Change through Our Business
- 030 | Message from the Chairperson of the Sustainability Committee

Our Corporate Value Creation Process

The origin of Mitsui's value creation lies in its approach of identifying societal issues and providing industrial solutions that address social needs. Under "Driving Value Creation," our medium- to long-term goal, we are fully leveraging our various capitals and our highly competitive business model to formulate and execute our medium-term management plan, which addresses our Materiality. While allocating our finite capital in a well-balanced manner, we aspire for not only sustainable corporate value growth but also sustainable environmental and social development.

Mitsui's Vision

—Mitsui is a group that incubates and develops new businesses—
A diverse pool of talented professionals that take the initiative to create new business and actively leverage Mitsui Group's comprehensive strengths and global network for sustained creation of new value

1



Megatrends That Mitsui Envisions

- Population increase
- Widening gap in income between rich and poor
- Climate change, environmental pollution
- Aging population
- Rapidly growing middle-income class
- Increase of healthcare needs
- Diversification of human resources
- Energy and water shortages
- Changes in work style
- Increase and diversification of infrastructure needs
- Technological innovation
- Accelerating smartification accompanied by increased security risk
- Further consideration for human rights

2



Material Issues of Focus (Materiality) [□ P.014–016](#)

Stable supply of resources & materials



Enhancement of local industrial bases & quality of life



Protection of the global environment



Respect for human rights



Corporate governance & human resources



3



Mitsui's Growth Model

Capitals [□ P.017](#)

- Human capital
- Organizational capital
- Relationship capital
- Financial capital
- Natural capital
- Manufactured capital



Medium-term Management Plan

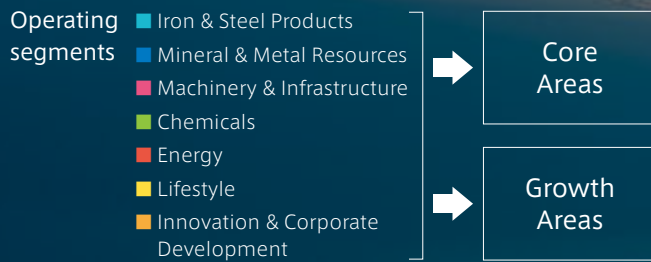


Business Model

[□ P.018–023](#)

- Business Model for Growth That Balances between Trading and Business Management
- Positioning Strategy That Leverages Our Competitiveness
- Portfolio Management

Under the current medium-term management plan, we pursue each business strategy according to two strategic areas.



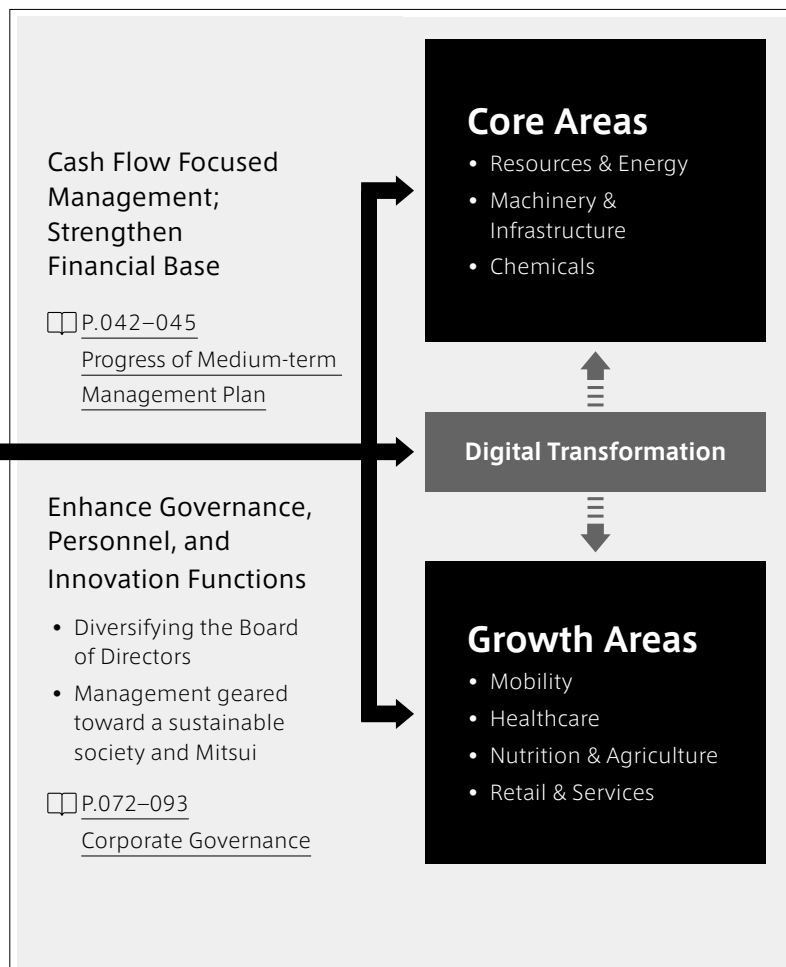
How We Quantify Outcomes

□□ P.034-035

Profit (loss) for the year attributable to owners of the parent / ROE	1 2 3
Core operating cash flow	1 3
Total assets / Net DER	2
Total shareholder return amount / Total shareholder returns as a percentage of core operating cash flow	3
Equity share of production	1 4
Power generating capacity (gross)	1 4
Female managerial staff / Female employees dispatched overseas	4 5
Number of NS GMs □□ P.025	4 5
Greenhouse gas (GHG) emissions	4

4

Capital Allocation to Priority Areas; Implementation of Medium-term Management Plan



5

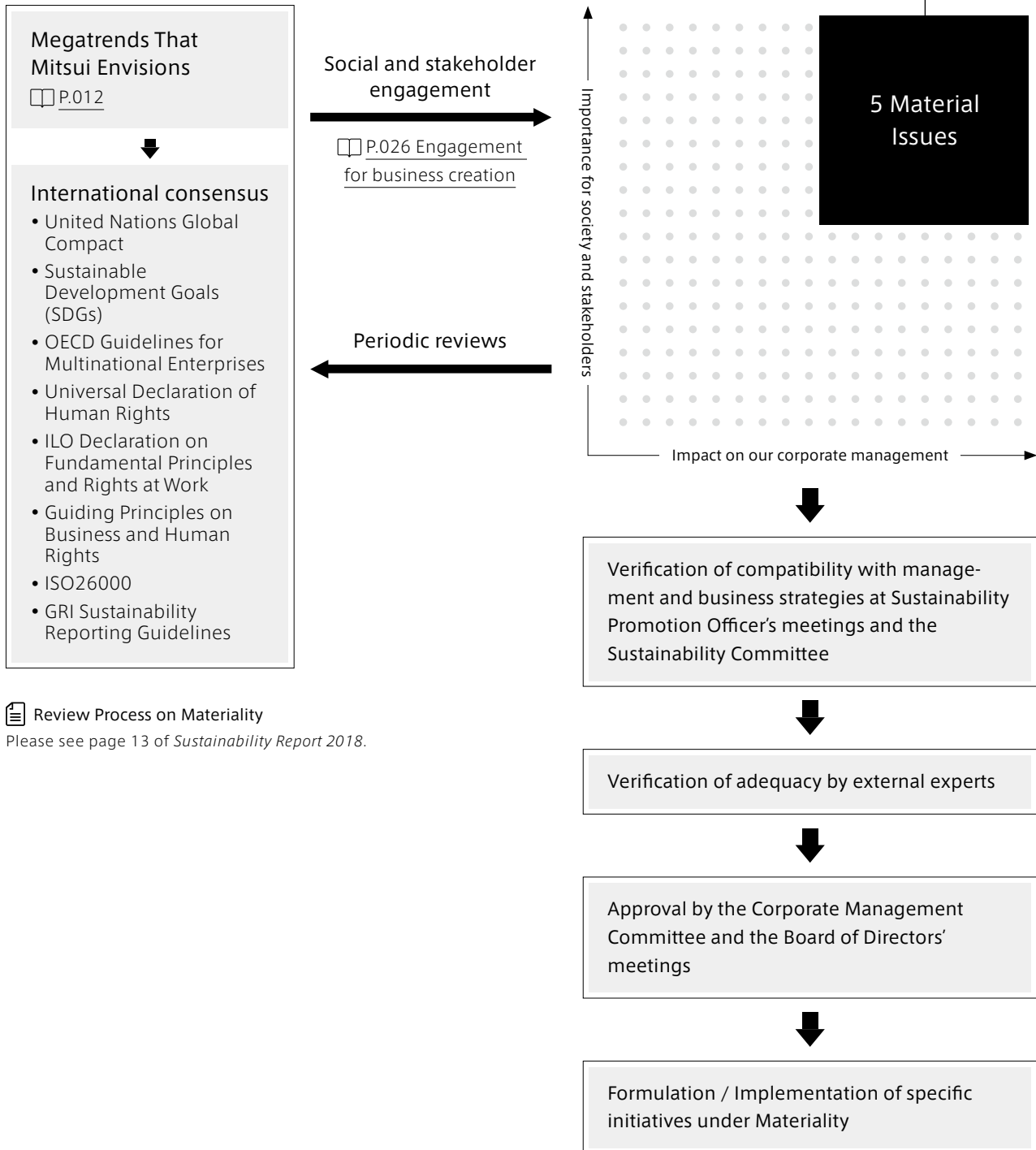
Outcomes



Material Issues of Focus (Materiality)


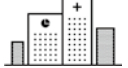



As a provider of industrial solutions for sustainable social development, we identified issues that are of high importance for society and our stakeholders and that have a significant impact on our corporate management. We designated these issues as Materiality. Materiality provides us with guiding principles to accurately assess expectations of Mitsui and fulfill our social responsibility. Accordingly, addressing these issues will help us maintain and strengthen our value creation capabilities in a sustainable manner.

Identification Processes on Materiality












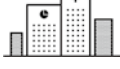
































Review Process on Materiality
Please see page 13 of *Sustainability Report 2018*.




Materiality	Recognition of societal issues	Main risks and opportunities
<p>Stable supply of resources & materials</p> 	<ul style="list-style-type: none"> Population increase and expansion of demand for resources and materials Expanded responsibility for environmental and social aspects in supply chain 	<p>Risks</p> <ul style="list-style-type: none"> Suspension of business operations and instability in the supply of energy and food resources because of climate change and population growth <p>Opportunities</p> <ul style="list-style-type: none"> Sustainable resource development and food supply Reinforced competitiveness through measures to ensure traceability
<p>Enhancement of local industrial bases & quality of life</p> 	<ul style="list-style-type: none"> Aging infrastructure in developed countries Infrastructure development in emerging countries Food safety and reliability Maintenance of health, securing of medical, nursing care, and welfare services 	<p>Risks</p> <ul style="list-style-type: none"> Loss of credibility due to safety or health problems affecting infrastructure users or final consumers of products and services <p>Opportunities</p> <ul style="list-style-type: none"> Enhancing quality of life in developing countries through infrastructure development Measures to ensure food safety and reliability Growing demand for food with high added value in response to the growing middle-income class Changes in shifts in disease structure due to population growth/economic development and increase in healthcare needs due to aging Creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities
<p>Protection of the global environment</p>  <p>□ P.028–029 Efforts to Address Climate Change through Our Business</p>	<ul style="list-style-type: none"> Global warming and climate change Loss of biodiversity Energy and water shortages Environmental pollution 	<p>Risks</p> <ul style="list-style-type: none"> Changes in each country's policies and regulations related to the transition toward a low-carbon economy Impact resulting from the creation of new technologies and new markets on supply and demand of existing businesses Operational risks associated with the physical impact of climate change Adverse effects on production yields in agricultural, forestry, and fishery products due to abnormal weather Increase in environmental costs resulting from ecosystem destruction and degradation caused by business activities <p>Opportunities</p> <ul style="list-style-type: none"> Expansion of environment-related markets due to increased environmental awareness and the tightening of regulations Creation of new business models through circular economy and sharing Expansion of business domains (renewable energy, etc.) as a result of energy diversification
<p>Respect for human rights</p> 	<ul style="list-style-type: none"> Greater responsibility for human rights in the supply chain (labor practices, impact on local residents, etc.) Consideration for indigenous people in conjunction with resource development Illicit use of personal information that may be obtained via the increasingly widespread use of Internet and digital communication technology 	<p>Risks</p> <ul style="list-style-type: none"> Disputes or protests concerning human rights issues in every spectrum of business that could hinder the start-up or continuation of business Leakage of information held by the company that could be used to identify individuals <p>Opportunities</p> <ul style="list-style-type: none"> Strengthening of the ability to ensure stable supply through consideration for human rights across all supply chains
<p>Corporate governance & human resources</p> 	<ul style="list-style-type: none"> Malfunctioning of corporate governance and internal controls Stagnation in productivity due to cookie-cutter working styles Diversification and globalization of human resources 	<p>Risks</p> <ul style="list-style-type: none"> Impact due to a lack of appropriate decision making from a broad perspective Corruption in business of high public significance in emerging countries and other markets Suspension of business operations due to information security problems <p>Opportunities</p> <ul style="list-style-type: none"> Contributions to labor productivity improvement via innovation in working styles Promotion of fair and equitable treatment and meaningful human resources training Enhancement of individual competitiveness through promotion of diversity management Creation of new business opportunities focusing on the solution of societal issues through heightened employee sustainability awareness



Material Issues of Focus (Materiality)

Materiality	Related SDGs theme	Initiatives of Mitsui
Stable supply of resources & materials 	       	<p>Contributing to the stable supply of resources and materials through building of optimal supply chains, spanning all stages from upstream to downstream</p> <ul style="list-style-type: none"> ▶ Contribute to the stable supply of metal resources and energy, and maintain an asset portfolio that is sustainable over the long term ▶ Steadily and efficiently supply safe and reliable food resources ▶ Traceability management for grain crops, such as wheat, corn, and soybeans starting at the production and collection phases <p>Meeting society's expectation together with our business partners in order to resolve various issues in the supply chain</p> <ul style="list-style-type: none"> ▶ Ensure compliance with laws and regulations, respect for human rights, and maintenance of safety and sanitary working conditions; reduce environmental load; and give consideration to securing the safety and reliability of our products and services
Enhancement of local industrial bases & quality of life 	      	<p>Contributing to nation building and enhancing quality of life through the establishment of infrastructure</p> <ul style="list-style-type: none"> ▶ Respond to the increasing demand for core infrastructure in emerging countries, which are experiencing remarkable population growth and economic development, and by doing so, work to cultivate local industries and create employment ▶ Secure a safe and reliable food supply ▶ Respond to the need for food with high added value, focusing particularly on greater demand for deliciousness and a heightened awareness of health ▶ Pursue the establishment of healthcare ecosystems, which are next-generation medical infrastructure that enhances the quality and efficiency of medical treatment
Protection of the global environment 	       	<p>Making contributions by providing industrial solutions to environmental problems through the development of environment-related businesses</p> <ul style="list-style-type: none"> ▶ Promote businesses and strengthen response capabilities in the field of renewable energy ▶ Proceed with initiatives toward smart cities, modal shifts, and the widespread use of new energy vehicles such as electric vehicles <p>Continuously revising our asset portfolio with an awareness of enhancing our resistance to climate change-related risks</p> <ul style="list-style-type: none"> ▶ Monitor government policies and regulations in each country of operation ▶ For energy, promote the strengthening of our asset portfolio related to gas and manage a crude oil portfolio with an awareness of the time period between 2030 and 2040 ▶ For metal resources, strengthen our asset portfolio—centered on iron ore, coking coal, and copper—by bolstering our cost competitiveness and promoting flexible asset replacement that responds to changes in demand forecasts ▶ Gradually reduce the ratio of coal-fired thermal power within our equity share of power generation capacity and increase the proportion of renewable energy, including hydraulic power, to 30% by 2030 <p>Establishing targets to reduce annual energy consumption by an average of 1% or more at the Company and its domestic subsidiaries</p>
Respect for human rights 	      	<p>In terms of resource development, constructing infrastructure that supports the lifestyles of new inhabitants in planned development areas</p> <p>Establishing a structure for protecting and managing personal information</p> <ul style="list-style-type: none"> ▶ Create a CPO office under the Chief Privacy Officer (CPO) and raise the awareness of all officers and employees regarding the protection of personal information ▶ Regularly review the status of personal information management in the daily course of business and enhance it as needed
Corporate governance & human resources 	      	<p>Taking steps to improve the effectiveness of our corporate governance structure</p> <ul style="list-style-type: none"> ▶ Improve transparency and accountability ▶ Clarify the separation of management oversight and execution <p>Strengthening sustainability governance</p> <ul style="list-style-type: none"> ▶ Cautiously promote businesses in accordance with the Specially Designated Business Management System, which responds to business domains with high qualitative risks pertaining to ESG (environmental, social, and governance) and other factors <p>Reinforcing compliance under the concept that our sound reputation is the foundation of our business, and we recognize that it is only through compliance that we can maintain that reputation and gain even more trust from our customers</p> <ul style="list-style-type: none"> ▶ Thoroughly enhance the compliance awareness of each employee ▶ Establish compliance frameworks on a Global Groupwide basis <p>Enhancing our pool of talented professionals, who represent our greatest asset</p> <p>Promoting diversity management</p> <ul style="list-style-type: none"> ▶ Build a full-strength team comprising our diverse human resources in terms of nationality, gender, perspective, etc.

 Details of Materiality

Please see page 12 of *Sustainability Report 2018*.

Through the global development of a broad range of businesses across a wide variety of industries and value chains, Mitsui has realized unique industrial solutions and value creation. By doing so, Mitsui has amassed the necessary capital to deliver business value across the world through proactive business creation. Going forward, Mitsui will leverage its highly competitive capital aiming for creation of further value.

Human Capital

Diverse, Talented Professionals

(As of March 31, 2018)

EXPERTISE

- Product and industrial expertise
- Regional expertise
- Business development expertise
- Frontline management expertise
- Flexibility to be active on a global stage

42,304 (Consolidated)
5,859 (Non-consolidated)

☐ Please see pages 024 and 025 for details on Mitsui's human capital.

Relationship Capital

Global Network

(As of April 1, 2018)

PARTNERSHIPS

- Clients
- Suppliers
- Business partners
- Government bodies and local governments
- Local communities

Total Number of Offices: 137
(Japan: 12, Overseas: 125)

Geographical Scope of Activities:
66 Countries and Regions

☐ Please see pages 026 and 027 for details on Mitsui's relationship capital.

Organizational Capital

Comprehensive Strengths

(As of April 1, 2018)

AXES

Functional × Product × Regional expertise

- Subsidiaries and Associated Companies¹: 472
- Headquarter Business Units: 16
- Overseas Regional Business Units: 3
(Americas, Europe, the Middle East and Africa, and Asia Pacific)
- Business Supporting Units: 11
- Corporate Units: 18

☐ Please see page 021 for details on Mitsui's functional expertise and page 071 for details on our product and regional expertise.

Financial Capital

Financial Base

(As of March 31, 2018)

- Assets: ¥11.3 trillion
- Shareholders' Equity²: ¥4.0 trillion
- Net DER: 0.78 times
- Core Operating Cash Flow: ¥666.5 billion
(Fiscal year ended March 31, 2018)

Credit Rating

- Moody's: A3 (STABLE)
- S&P: A (STABLE)
- R&I: AA⁻ (STABLE)

☐ Please also see the CFO Message on pages 036 to 041.

¹1. As of March 31, 2018

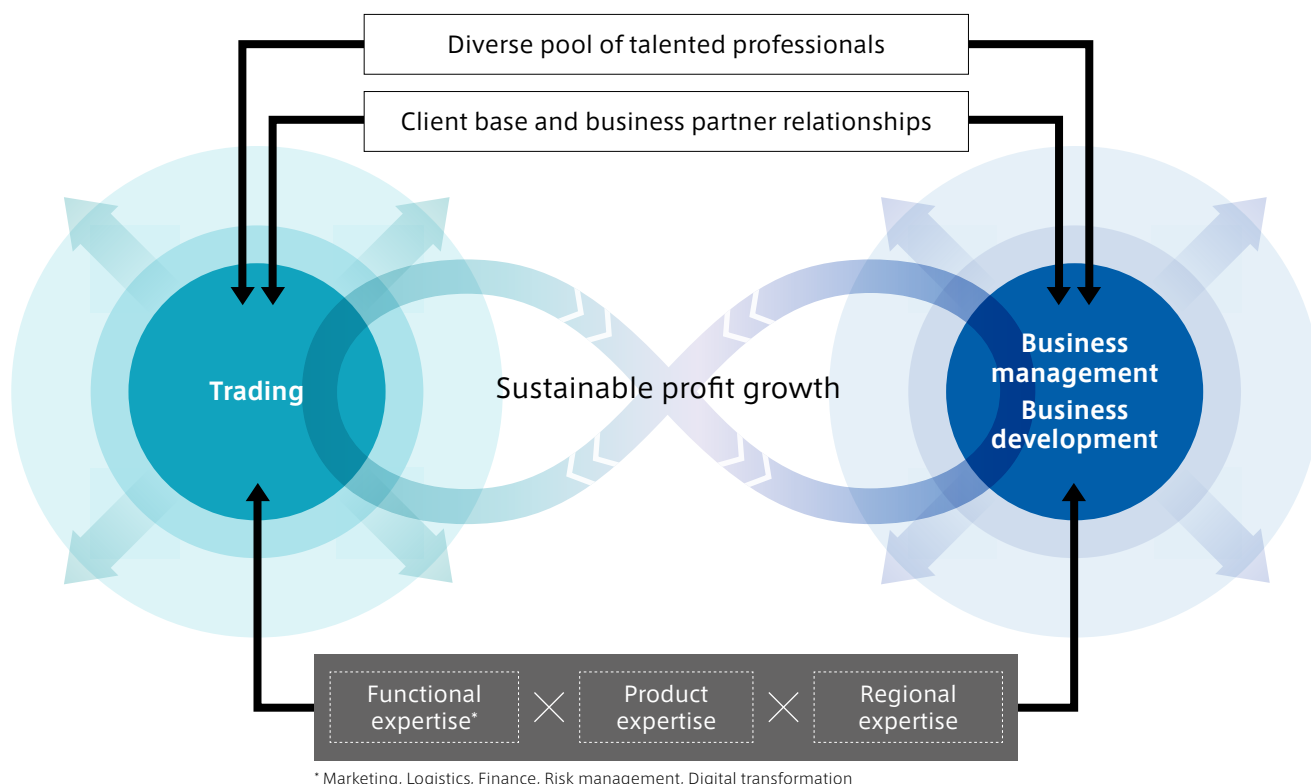
²2. Total equity attributable to owners of the parent

Business Model for Growth That Balances between Trading and Business Management

Through our original business of trading, Mitsui has cultivated expansive networks comprising a wide range of clients and has leveraged these networks to carry out business investments. Mitsui gets involved in the management of the projects in which we have invested in an effort to enhance their value. In turn, these projects help Mitsui further promote our trading business and expand our networks. Through the repetition of this cycle, Mitsui has developed our current business structure.

Our diverse pool of talented professionals work to combine the sophisticated product expertise that each business unit possesses with our regional expertise, which is supported by local employees who are active in regions around the world, and various functional expertise as a general trading company. In this way, these professionals are leveraging our long-cultivated client base and networks to create new business models and pursue new projects.

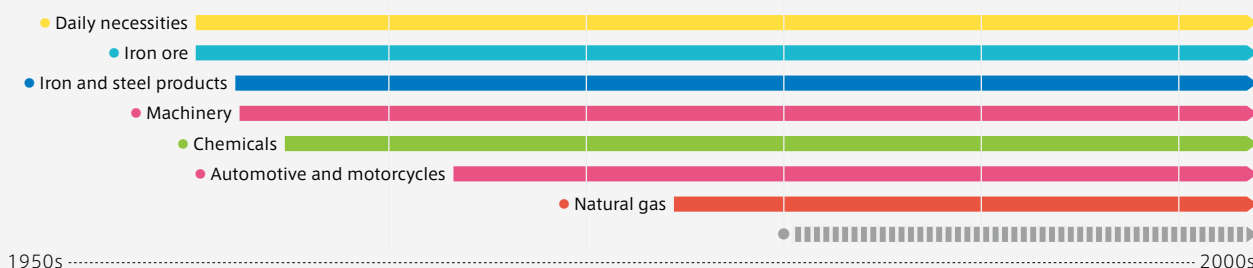
Unwavering Value Creation and Profit Growth



The Diverse Range of Products That General Trading Companies Handle

As a general trading company, Mitsui's bread-and-butter business has always been trading. To leverage the superior trading functions that we possess to the full, Mitsui has naturally formed a business structure for handling an extensive lineup of products through a wide variety of outlets. Our traditional core competencies have been trading activities that link product demand with product supply and the extensive network of clients we have acquired through these trading activities. Additionally, these competencies have included the judgment capabilities, keen awareness, and appropriate conduct of our employees, who have helped us maintain and expand our network.

□ Please see "Mitsui's Continuing Evolution by Meeting the Changing Needs of the Times" on pages 096 and 097.



CASE The Cameron LNG Project in the U.S.



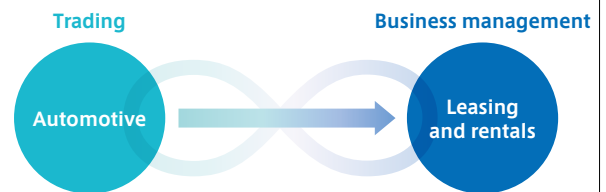
In 2013, Mitsui invested in the Cameron LNG Project, which is located just north of the Gulf of Mexico in the U.S. state of Louisiana. For this project, liquefaction facilities are currently under construction aiming for production commencement of three LNG production trains within 2019. We have secured an annual LNG tolling capacity of four million tons, spanning over 20 years. After production begins, the Cameron LNG Project will utilize seven of our LNG vessels to sell LNG on a global basis. Natural gas and LNG produce relatively lower amounts of greenhouse gas emissions and are expected to increase in global demand over the medium to long term. We already own upstream shale interests in projects that contribute to natural gas production in the U.S. Through the Cameron LNG Project, we will contribute to the stable production of LNG as well as a stable energy supply for Japan and the rest of the world.



CASE Truck Leasing and Rental Business and Logistics Business in the U.S.

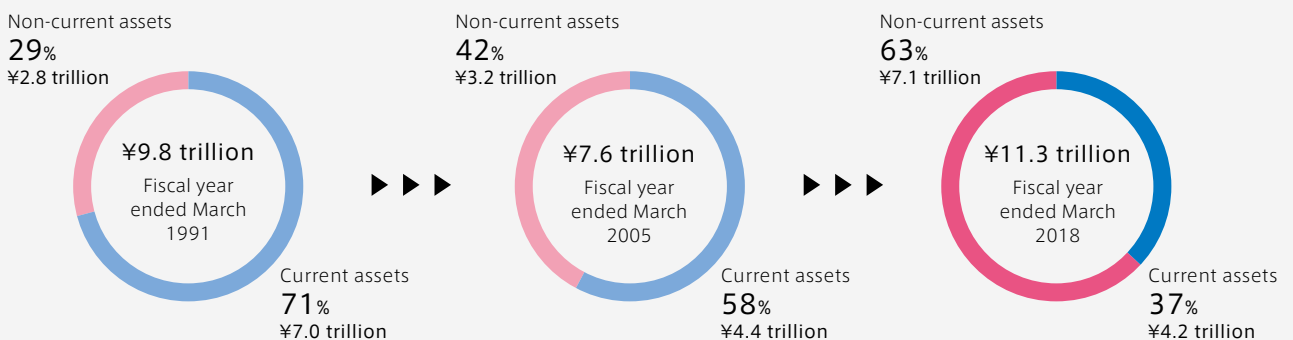
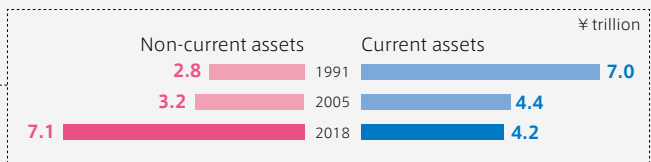


Mitsui has long been involved in overseas trading, mainly in Southeast Asia and the Americas, engaged in automotive manufacturing and assembly, distribution, and retail businesses. In the U.S., we have formed a trust-based relationship with the Penske Automotive Group, which operates automotive and commercial dealerships, through our investment in them in 2001. This trust-based relationship provided us with an opportunity to invest in Penske Truck Leasing Co., L.P. (PTL) in 2015, which operates under the umbrella of the Penske Automotive Group. PTL is one of the largest truck leasing companies in North America and primarily engages in full-service truck leasing, contract maintenance, and commercial/consumer truck rental businesses. In addition, PTL operates a logistics business that mainly serves North America. Mitsui seeks to fully take advantage of its diverse business footprint and become the solution provider of fleet management and supply chain efficiency via PTL's vast capacities to our business partners and affiliates.



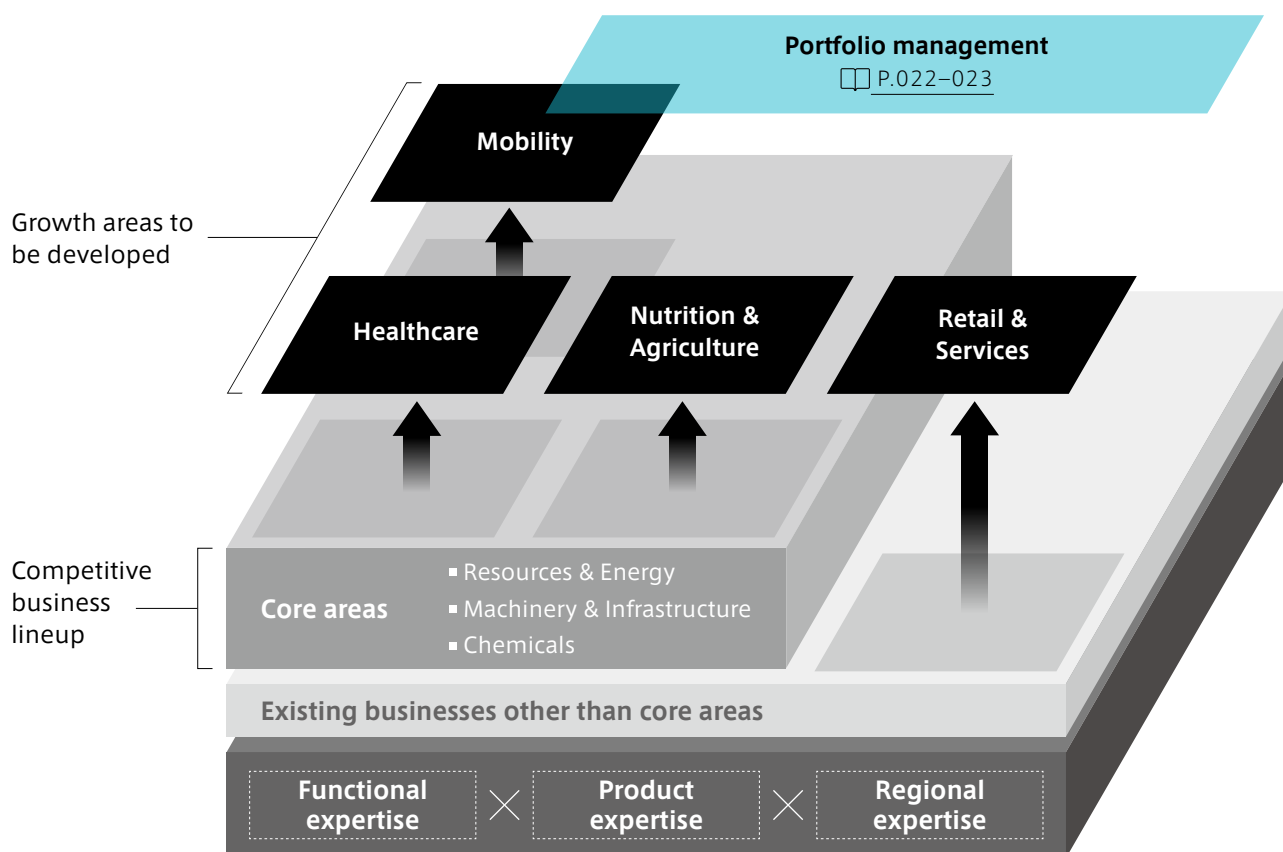
Changes in Mitsui's Business Portfolio (Total Assets)

1. Expansion in business management beginning with trade
2. Increase in non-current assets due to business management expansion
3. Maintenance of current asset scale in response to new trade brought about by business management



Positioning Strategy That Leverages Our Competitiveness

In “Core areas,” Mitsui continuously adds assets through bolt-on acquisitions in its areas of strength, thereby further enhancing its strong businesses. In “Growth areas,” Mitsui’s next profit pillars, we develop and evolve our existing businesses, including those in our core areas where we are already competitive. In addition, we allocate our limited capitals in a well-balanced manner through portfolio management, with the aim of building a robust profit base as well as establishing new growth areas.

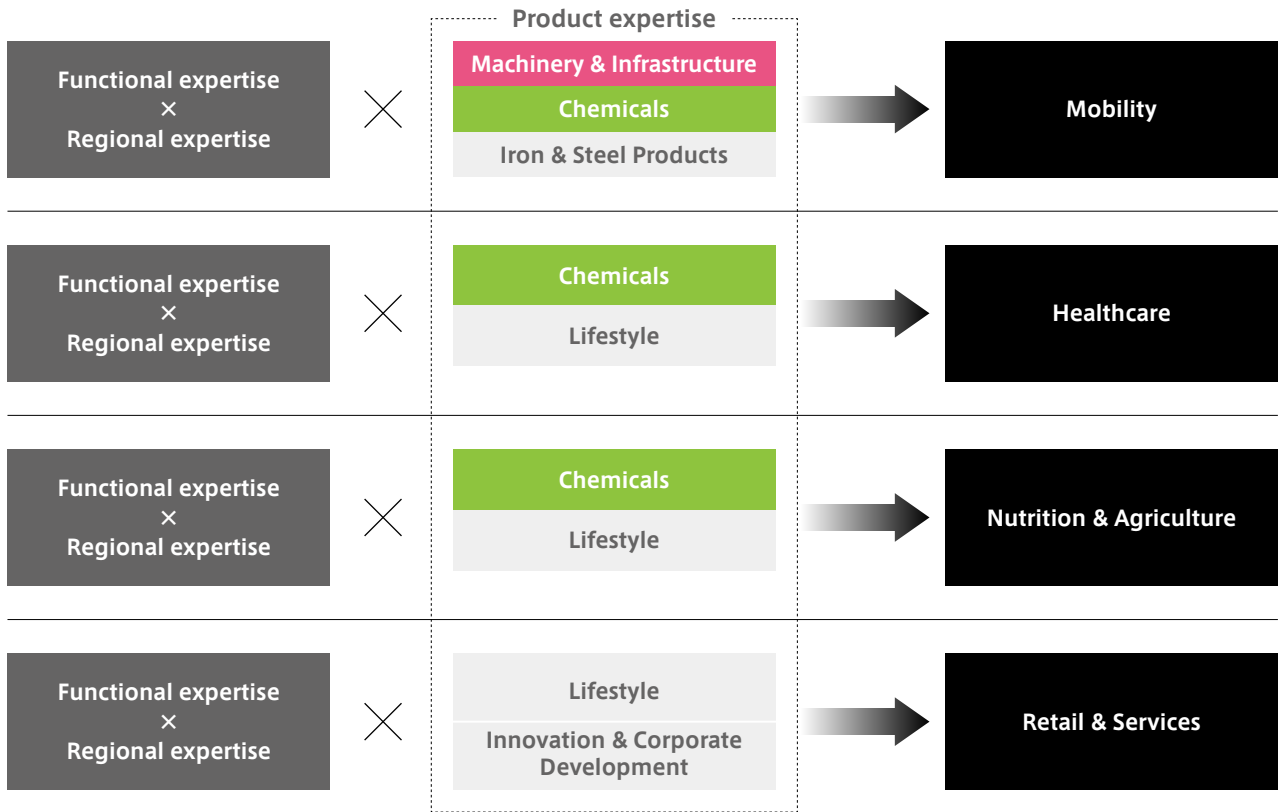


Overview Our Competitiveness in Core Areas

	Value provision	Competitiveness	Efforts to gain an even greater competitiveness
Mineral & Metal Resources	<ul style="list-style-type: none"> • Cost competitiveness • Stable supply of a consistent level of quality • Financing • Marketing (purchasing power) 	<ul style="list-style-type: none"> • Overwhelming cost competitiveness of owned assets • Ability to supply a consistent level of quality • Relationships with influential partners (including governments and local communities) • Brand and trustworthy reputation 	<ul style="list-style-type: none"> • Strengthen a three-pronged approach of enhancing cost competitiveness, production volume, and reserves
Energy			
Machinery & Infrastructure (Infrastructure Projects)	<ul style="list-style-type: none"> • Stable over the long-term supply of electricity and gas • Provision of services related to offshore energy • Financing 	<ul style="list-style-type: none"> • Ability to organize and manage projects • Know-how in infrastructure development and management • Ability to negotiate long-term contracts • Long-term, trust-based relationships with important clients • Relationships with influential partners (including governments and local communities) 	<ul style="list-style-type: none"> • Undertake a digital transformation for our assets
Machinery & Infrastructure (Integrated Transportation Systems)	<ul style="list-style-type: none"> • Establishment and expansion of local value chains • Sales support and provision of financing • Provision of comprehensive services related to leasing, maintenance, logistics, etc. 	<ul style="list-style-type: none"> • Trading network • Marketing capabilities • Logistics expertise • Long-term, trust-based relationships with important clients • Relationships with influential partners 	<ul style="list-style-type: none"> • Take initiatives toward the growth area of “Mobility”
Chemicals	<ul style="list-style-type: none"> • Virtual pipeline • Cost competitiveness • Stable supply 	<ul style="list-style-type: none"> • Trading network • Marketing capabilities • Know-how in transportation of chemicals that are difficult to transport • Industrial and material expertise (judgment capabilities) • Multilayered relationships with influential partners and clients 	<ul style="list-style-type: none"> • Take initiatives toward the growth area of “Nutrition & Agriculture” • Reinforce trading capabilities

Establishing Growth Areas

Rather than establishing businesses in which we have no experience or track record, we adopt a perspective that considers the overall value chains of our existing businesses, fully utilizing the industrial expertise we have cultivated in these businesses, as well as our established network of clients and partnerships, to create new business models and promote new projects.



Overview The Functions We Provide

We provide the following functions to our clients, business partners, and investees in every country and region.

- (1) Create new markets by drawing on sales capabilities developed in extensive experience aligned with various business practices as well as our powerful information gathering and analysis expertise
- (2) Provide optimal logistics solutions in both transportation and cost efficiency
- (3) Offer and advise on various financial functions, from fund procurement and financial structuring to trade finance
- (4) Propose risk reduction and control by utilizing know-how accumulated over many years
- (5) Optimize business processes and revolutionize business models by utilizing AI and IoT

Portfolio Management

Lifecycle Management of Investments and Practicing Disciplined Portfolio Management

Striving to improve business quality and ensure returns, Mitsui applies its refined risk management capabilities to all stages of business, beginning with selecting investment candidates that we have discovered by leveraging our expansive networks and industrial expertise, and continuing on through the process of making investment decisions, starting up projects, enhancing corporate value, and strategically recycling assets. In addition, through portfolio management, we efficiently allocate our limited capital in a well-balanced manner to areas that are of importance to the Group, to further strengthen our business portfolio with the aim of our sustainable growth and social development.

Basic philosophy of portfolio management

- ▶ Strengthening earnings bases of existing businesses and leveraging economies of scale
- ▶ Generating inter-business synergies through strategic positioning in the value chain
- ▶ Acquiring new function platforms
- ▶ Expanding into new business fields and taking on the challenge of creating innovative new business models

■ Business Frontline
■ Business Supporting Unit¹

01

Project Incubation

Mitsui develops existing businesses by leveraging the networks and insights gained through partnerships and customer relationships in various industries and regions while seeking out and advancing new projects with the potential to become promising businesses in a similar manner.

Risk Management

- Objective self-analysis of the depth of our understanding and management capabilities regarding the risks of target markets and business models
- Necessary measures including partner involvement and risk hedging

02

Analysis, Evaluation, and Deliberation

Investment decisions are made based on analysis of qualitative factors as well as the required profitability ratio and other quantitative standards.²

Moreover, a variety of factors are evaluated in making decisions, including the ability to execute business plans, Mitsui's functions to be utilized, probability of increasing value, conditions of contracts with other related parties, risk analysis and management measures (including ESG-related risks), value of the business, period of project execution, and internal control effectiveness. Investment candidates are screened and final decisions are made after deliberations by relevant committees.

Risk Management

- Appropriateness evaluations and stress checks based on prerequisite conditions related to commodities markets, foreign exchange, interest rates, and costs
- Contract condition negotiations and due diligence
- Deliberations held at every stage by the Council of Individual Proposals, the Corporate Management Committee, and the Board of Directors regarding factors such as investment, loan, and guarantee amount

03

Final Investment Decision and Execution

Investments are decided and executed once it has been determined that they meet internal approval standards and that contractual obligations have been fulfilled.

Investment Discipline

- Appropriate accounting treatments for factors such as investment disparities

Quantitative Guidelines of Each Meeting Structure to Select Proposals for Deliberation

Meeting Structure	Proposals	Amount
Council of Individual Proposals	Investment, loan, and guarantee proposals, project entailing acquisition of business assets or other such project	Over ¥5.0 billion
Corporate Management Committee	Total investment, loan, and guarantee amount on a consolidated basis	Over ¥15.0 billion
	Among investment, loan, and guarantee proposals, matters to be resolved by the Board of Directors	—
Board of Directors	Disposal and acquisition of important business assets	Over ¥40.0 billion

- In accordance with the Specially Designated Business Management System, separate discussions are held, when necessary, regarding business domains with high qualitative risks pertaining to ESG and other factors.

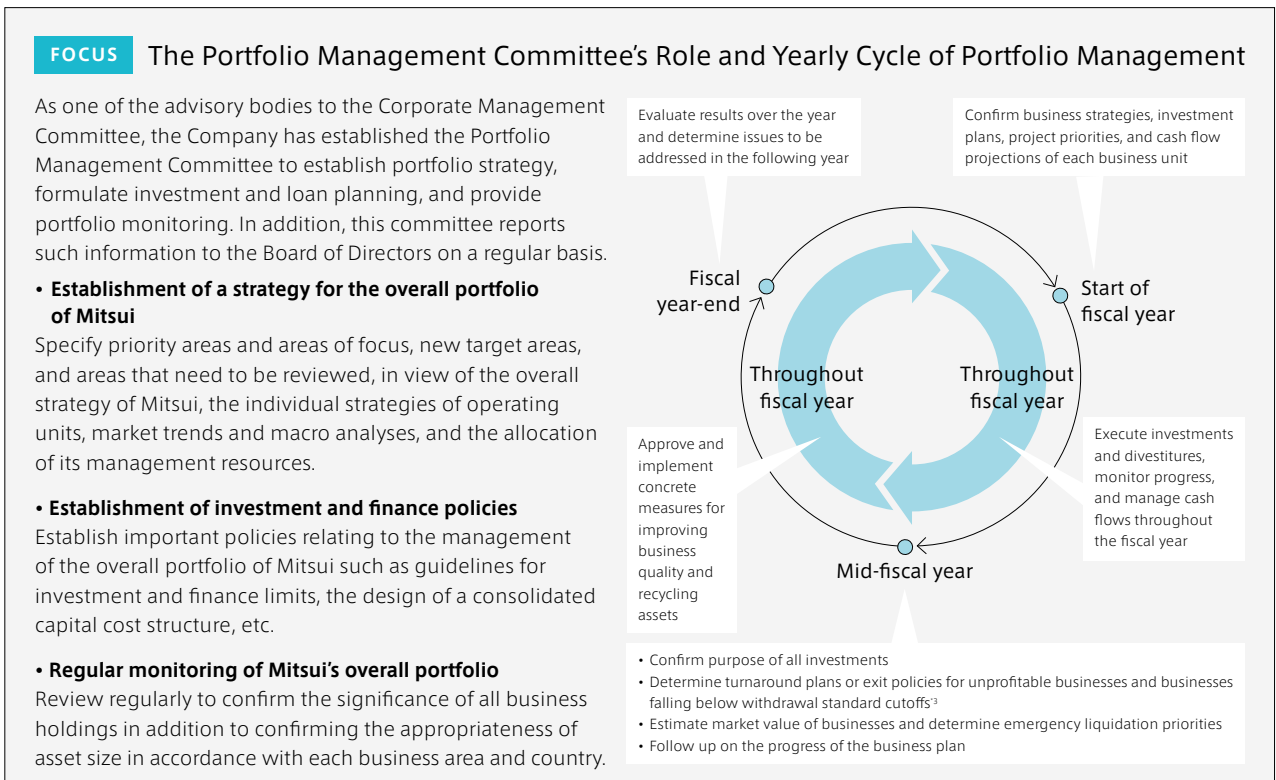
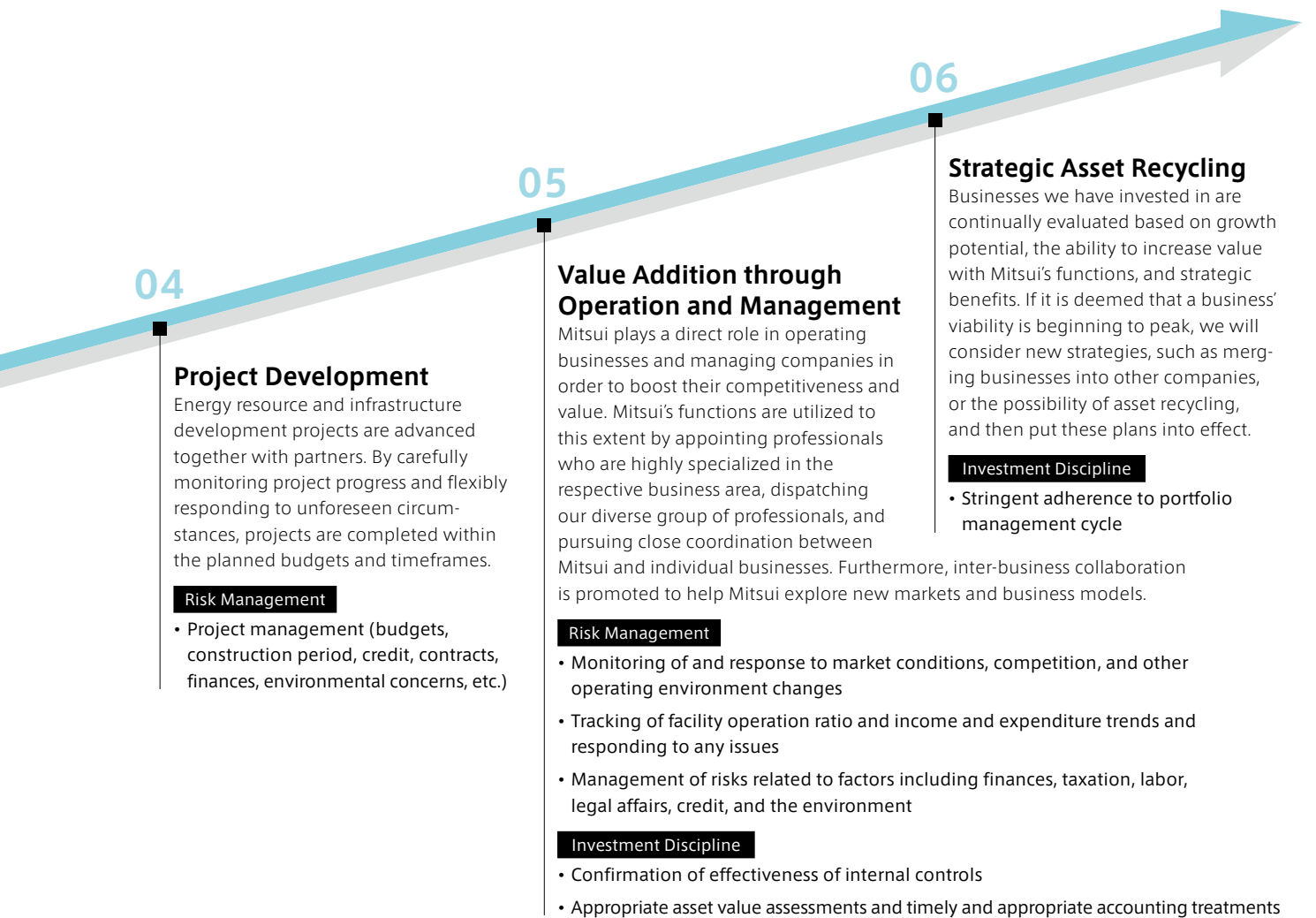


Details on the Specially Designated Business Management System

<https://www.mitsui.com/jp/en/company/outline/governance/system/index.html>

¹ Planning & Administrative Divisions related to each business segment and Financial Management & Advisory Divisions (Please see organization chart on page 070 for details.)

² Quantitative standards considered include consolidated internal rate of return, ratio of consolidated investments and loans outstanding to guarantees, and risk-return ratio. The risk-return ratio is the ratio between the amount of risk assets associated with a specific project and the profit for the year projected to be generated through Mitsui's equity holdings in the project. Risk assets refer to the maximum amount of anticipated loss on operating receivables and investments, assets such as property, and off-balance-sheet positions such as liability on guarantee belonging to the Group, calculated by multiplying internally established risk weight according to latent risks such as credit and market risks.



³ Withdrawal standard cutoffs include risk-return ratio, core operating cash flow, insolvency indicators, and other profitability standards as well as qualitative standards.

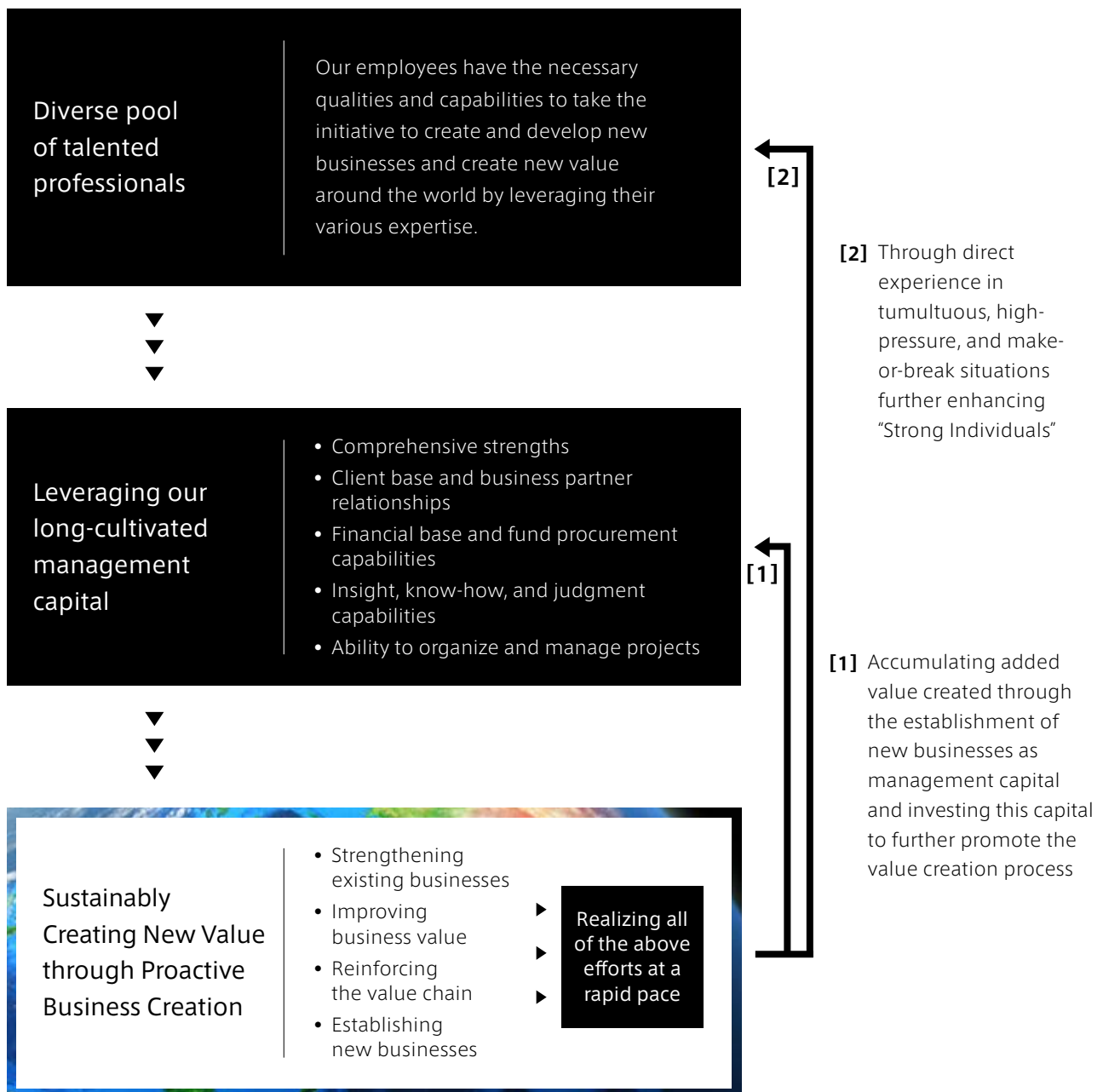
Enhancing Management Capital 1

Human Capital

The individual builds the business,
and the business cultivates the individual

As the first president of the former Mitsui, Takashi Masuda, stated, "Mitsui has a pool of very talented individuals. This is Mitsui's most important asset." We believe that human resources are our greatest asset. There is an extremely diverse group of talented professionals working at the Group, including at affiliated companies around the world, and continually maintaining and expanding this strong pool of talent will always be a key management focus.

Through promoting a level playing field, we aim to strengthen each individual, build a full-strength team of professionals, and also draw out the latent potential of our professionals to the full. At the same time, we promote optimum talent among our strong pool of human resources.



Framework for Encouraging the Active Role of Our Diverse Pool of Talented Professionals

Re-allocation of Human Resources

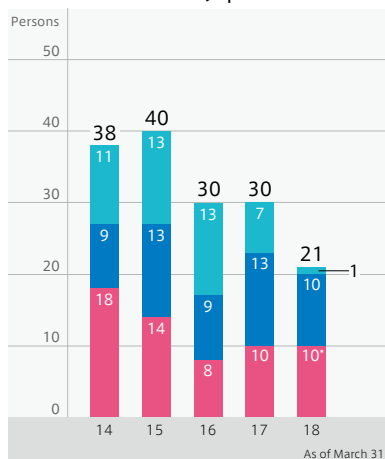
Mitsui believes that direct experience in tumultuous, high-pressure, and make-or-break situations is an essential part of strengthening the individual. We are actively promoting a significant shift in our corporate personnel to the business frontlines as part of our initiatives to have our employees utilize various experiences to the full as well as our efforts to maximize our organizational strengths. In the fiscal year ended March 31, 2018, we transferred over 70 people from administrative units to business units and affiliated companies with the aim of strengthening our earnings power on a companywide basis. We intend to continue this initiative during the fiscal year ending March 31, 2019. At the same time, we are actively pursuing digital transformation on the corporate side, from where we are dispatching these employees, equipping smaller teams to operate with a high degree of sophistication.

Training and Transfer to Japan

National staff (NS) personnel selected for training as next-generation leaders are sent to Japan to learn and experience a variety of things. They are given opportunities to study the Japanese language and Japanese business practices and experience Japanese work styles, while learning other aspects of Japan, such as its culture and history. Their training is targeted toward their development as management personnel who will one day play key roles in Mitsui's Global Group management. In addition to opportunities to network with people within and beyond Mitsui, the program is also designed to enable participants to build lifelong relationships by inspiring and being inspired by other talented people who are gathered in Japan for the same purpose. A total of 159 people have participated in various training programs in Japan since the fiscal year ended March 2014. Mitsui will continue to implement these programs going forward.

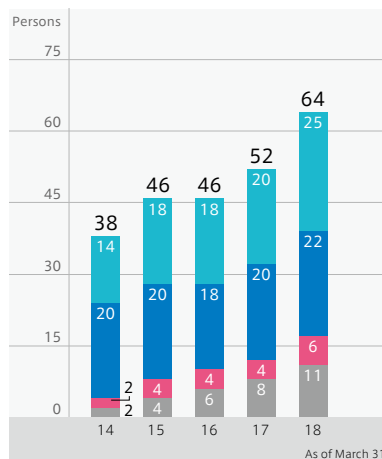


Personnel Sent to Japan



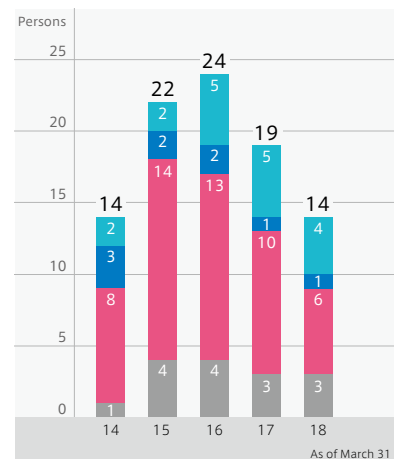
■ Japan Language and Business Program (LBP)
 ■ Business Integration Program (BIP)
 ■ NS transfers
 * Including one NS transferee accepted by an affiliated company

Number of NS GMs



■ Americas
 ■ EMEA
 ■ Asia Pacific
 ■ Other

Number of NS Employees Transferred between Overseas Countries



■ Americas
 ■ EMEA
 ■ Asia Pacific
 ■ Other

Enhancing Management Capital 2

Relationship Capital

Engagement for business creation

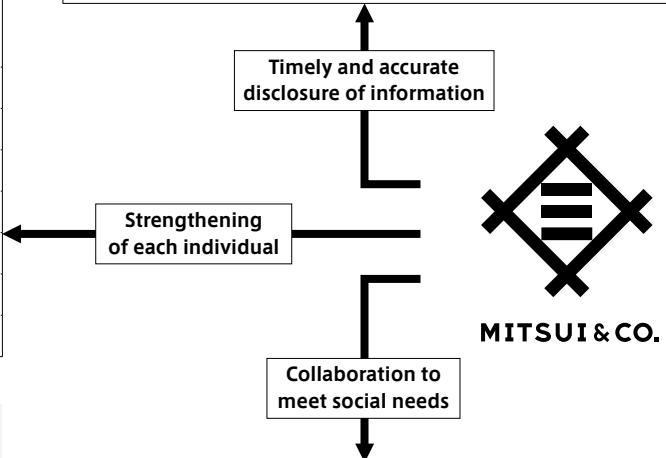
Through interactive communication with our various stakeholders, each of Mitsui's employees and officers is endeavoring to acquire a firm understanding of what society expects from and requires of Mitsui. Based on this understanding, we strive to respond to changes in market environments and contribute to resolving social issues through our business activities.

Employees
Through promoting working style reforms and a level playing field for our people globally, we will build a full-strength team of professionals and enhance diversity. We aim to draw out the latent potential of our professionals to the full.
Engagement Methods
Intranet
In-house newsletter of Mitsui & Co.
Roundtable Meetings, New Active Talk Wednesday (dialogue between management and employees, as well as among employees)
Diversity Cafe
Training programs and seminars; Opinion surveys
Mitsui Environment Month
Activities under the Mitsui Global Volunteer Program
Volunteer Activity Leave
In-house and external whistle-blowing channels
Discussions with labor unions

Shareholders and Investors

We strive for continuous improvement of our corporate value and appropriate market recognition by fulfilling transparency and accountability in management with timely and accurate disclosure of information, and by engaging in interactive communication with shareholders and investors.

Engagement Methods
General meetings of shareholders
IR meetings (presentations on financial results, Investor Day, briefings for individual investors)
Separate engagement for IR and SR (departments in charge of exercising voting rights and responsible investment)
Securities Report
Integrated Report
Newsletter to Shareholders
Mitsui & Co. websites
Surveys from ESG research organizations



CASE Mitsui × Partner

Going beyond the supply of materials, Mitsui will provide assistance to Gestamp by proposing new materials, promoting a shift to smart factories that leverage IT, expanding sales to Japanese automotive manufacturers, and helping to continue to improve efficiency in the distribution of materials and components. In addition to contributing to improvement in Gestamp's corporate value, these efforts will help Mitsui expand its ancillary equipment business.

Clients and Business Partners

We endeavor to acquire a firm understanding of what clients and business partners expect from and require of Mitsui, whose businesses are becoming more diverse and complex. In addition to providing our business partners and associates with various functions in a proactive manner, we also work to resolve various issues in the supply chain while giving consideration to the end consumer and to ensuring the safety and security of products and services.

Engagement Methods
Engagement that occurs regularly in the ordinary course of business
Mitsui & Co. websites
Corporate Brochure / Advertisements / TV commercials
Sustainability Report
Activities based on the Supply Chain CSR Policy
Supplier questionnaire and on-site surveys

Government Bodies

We are committed to compliance with related laws and regulations formulated by government agencies and local governments in the countries where we engage in business activities. Furthermore, through cooperation with governmental agencies and local governments, we firmly entrench ourselves in the local industrial structure. In order to create businesses that play a key role in each country and region of operation, we aim to contribute to nation building and industrial promotion in a highly unique manner.

Engagement Methods
Participation in policy councils
Participation in consultation and advisory meetings with government agencies and offices
Training programs for local government bodies
Activities through business and industry groups
Engagement that occurs regularly in the ordinary course of business
Engagement undertaken for a particular purpose, such as large-scale resource development

Contribution to nation building

Coexistence with local communities

Collaboration to resolve social issues

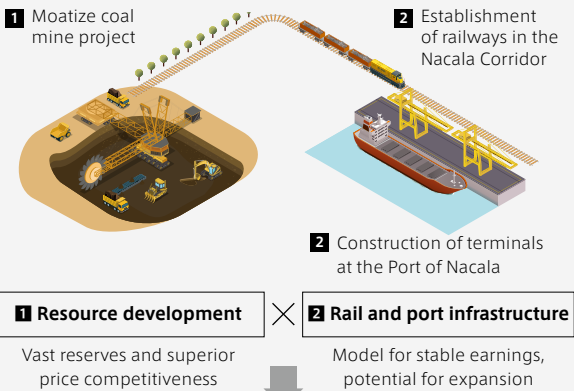
NPOs and NGOs

We endeavor to establish networks with various NPOs and NGOs and gather opinions regarding environmental and societal issues. At the same time, we pursue collaboration with NPOs and NGOs to resolve these issues.

Engagement Methods
Discussions and local visits for cooperation with NPOs and NGOs
Participation in seminars hosted by NPOs and NGOs
Responses to questionnaires from NPOs and NGOs

CASE Mitsui × Government Bodies

Leveraging the solid trust-based relationships we have with local governments and major global companies, we have cultivated a competitive edge in resource development over many years. By combining this competitive edge with the experience and knowledge we have gained in the infrastructure domain, we are contributing to the economic development of countries around the world in such ways as promoting industry, establishing infrastructure, and creating jobs.



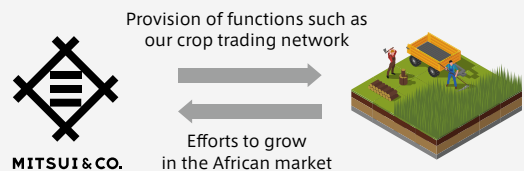
Local Communities

We contribute to sustainable development through our wide-ranging business activities and societal contribution activities in countries and regions throughout the world. We also aim to achieve harmonious coexistence with local communities through contributions in such areas as local industry development, creation of employment opportunities, and the establishment of infrastructure, as well as improvements in the daily lives of local residents.

Engagement Methods
Engagement that occurs regularly in the ordinary course of business
Engagement undertaken for a particular purpose, such as large-scale resource development

CASE Mitsui × Local Communities

We have invested in ETC Group Limited, which has adopted “if farmers grow, we grow too” as one of its credos. Through this investment, we will provide farming advice and leverage our crop trading network and other functions with the aim of reinforcing our profit base in Africa and in nations bordering the Indian Ocean.



Efforts to Address Climate Change through Our Business

The actions of corporations to address climate change are becoming more and more important for realizing a sustainable society. This importance is highlighted by such factors as the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement by the United Nations as well as the announcement of risk management guidelines by the Task Force on Climate-related Financial Disclosures.

Mitsui has adopted the protection of the global environment as one of its material issues, "Protection of the Global Environment," in recognition of the adverse impact that climate change and other global environmental changes have on the sustainable growth of Mitsui and society as a whole. Meanwhile, the response to climate change provides us with new business opportunities, including low-carbon energy, eco-friendly infrastructure and products, and innovative services that make extensive use of digital technologies. We believe that the sustainable growth of society cannot be realized without economic development and measures to address climate change. Accordingly, we will leverage the comprehensive strengths of the Mitsui's Global Group to achieve sustainable growth for society through collaboration with our various stakeholders.

Governance

Accelerating Our Response to Climate Change

To serve as an organization that operates under the Corporate Management Committee, we established the Sustainability Committee, which comprises directors, executive officers, and the general managers of each relevant corporate staff division. The Sustainability Committee engages in such efforts as collecting information related to the sustainability of Mitsui's businesses, conducting monitoring activities, and submitting proposals to the Corporate Management Committee. In addition, the committee collaborates with the Headquarter Business Units to identify business risks and opportunities

pertaining to climate change and monitor the status of our frontline response to climate change. At the same time, the committee promotes activities to respond appropriately to the demand for information disclosure from external stakeholders. The details on discussions held at meetings of the Sustainability Committee are reported regularly to the Corporate Management Committee and the Board of Directors. These details are then used to help determine the future direction of our management.

Strategy

Simultaneously Pursuing Economic, Social, and Environmental Value

We identify business risks and opportunities by Headquarter Business Units and formulate strategies for sustainable growth accordingly. While working to fulfill important missions for Mitsui, such as "Stable Supply of Resources and Materials" and "Enhancement of Local Industrial Bases and Quality of Life,"

we are making concerted efforts to enhance the operational efficiency of our existing businesses and promote the development of innovative new technologies and business models. Through these means, we are taking on the challenge of realizing both economic development and a low-carbon society.

Examples of Mitsui & Co.'s Initiatives

1 Natural Gas and LNG Businesses

Natural gas has a relatively low amount of greenhouse gas emissions compared with other fossil fuels. Accordingly, demand for natural gas as a clean energy source is increasing around the world. Since the 1970s, Mitsui has been investing in LNG businesses in the Middle East, Australia, Southeast Asia, and other regions. Through these investments, we have been extensively involved in the LNG supply chain, from production to marketing, and have contributed to a sustainable supply of natural gas and LNG.



Sakhalin II LNG project
©Sakhalin Energy

2 Power Generation Businesses That Use Renewable Energy

Mitsui's Company-owned power generating capacity is 9.3GW (as of March 31, 2018), and renewable energy sources, including hydroelectric power, account for 16% of this amount. We have adopted a target of increasing this percentage to 30% by 2030. To work in tandem with this target, we are taking steps to gradually lower our percentage of coal-fired thermal power, which has a high environmental impact.



Bii Stinu wind project

3 Initiatives toward New Technologies

To respond to the increasing demand for energy, and to pursue efforts to address climate change, we are engaging in a pilot project in the supply chain for hydrogen, which is expected to be utilized as a form of next-generation energy, and undertaking initiatives toward new technologies, including carbon capture and storage technologies.



Hydrogen supply chain project
Source: Chiyoda Corporation

We have classified businesses with a high level of environmental impact as “specially designated businesses” and are working to formulate measures to address the environmental impacts that accompany these businesses. We are also making efforts to examine the compliance of the specially designated businesses with environmental regulations and guidelines and to minimize risks starting from the stage of project incubation (Specially Designated Business Management System). Furthermore, we have established the Environmental & Societal Advisory Committee, which functions as an advisory body to the Sustainability Committee. Composed of attorneys and other external experts, the Environmental & Societal Advisory Committee takes steps to improve the quality of Mitsui’s projects from an objective and highly specialized perspective.

In the promotion and management of each business, we bear in mind the various climate change scenarios that are offered by internationally recognized organizations, such as the

International Energy Agency, and analyze the impact of such scenarios on our businesses. Additionally, as we are a company that develops businesses all over the world, the climate change-related policies of each country have a significant impact on the profitability and sustainability of each individual business. We therefore make full use of the global network we have established through our business activities over many years to promptly gain an understanding of the policies of each country of operation as well as the stakeholder trends that could impact such policies. This understanding is then utilized in our decision-making process.

We undertake initiatives in a broad range of diverse businesses. Accordingly, we are continuously revising our portfolio with an awareness of enhancing our tolerance to climate change-related risks. We are also taking on the challenge of flexibly capturing business opportunities that leverage our expansive business development.

Major Climate Change-related Risks and Their Impact on Mitsui’s Businesses

To address the following climate change-related risks, which have the potential to adversely impact Mitsui’s businesses, we are transitioning to a portfolio with a high risk tolerance in each business field. In addition, we are closely monitoring government policies, laws, and regulations in each country of operation and working to provide new products and services that give consideration to a low-carbon society. Through these means, we are preparing ourselves to respond to potential risks should they occur.

Transition Risks	
Policy and Legal	Decrease in demand for fossil fuels and impairment to Mitsui’s stake in fossil fuel businesses resulting from the transition to using energy with low carbon emissions Adverse impact on the profitability of Company-owned assets resulting from such factors as changes in the energy and power source mix due to government policies in each country and the introduction of new laws or regulations
Technology	Adverse impact on the supply and demand of existing products and services due to the introduction of new technologies that respond to climate change
Market	Risks that affect the procurement of funds for business promotion resulting from low-carbon policies of financial institutions and insurance companies
Physical Risks	Impediment of operations at operating companies in Australia, the U.S., and other regions due to cyclones and hurricanes

Efforts Related to Greenhouse Gas Emissions

We have been conducting a survey of our greenhouse gas (GHG) emissions from the fiscal year ended March 31, 2006, in Japan and the fiscal year ended March 31, 2009, overseas.

In the fiscal year ended March 31, 2018, GHG emissions from the Head Office, Company offices and branches, and domestic/overseas subsidiaries came to 0.66 million tons. Furthermore, GHG emissions from un-incorporated joint ventures in the metal resource and energy field totaled 3.32 million tons. As a result, total GHG emissions came to 3.99 million tons (see page 035).

Meanwhile, in addition to owning and maintaining forests that accumulate and absorb CO₂, we are working to ease our total GHG emissions in such ways as participating in the Jirau run-of-the-river hydropower project in Brazil, which has received approval from the United Nations for annual carbon credits of 6 million tons.

Also, we have adopted a target to reduce the annual amount of energy consumed by 1% at our Head Office as well as at our domestic offices and branches and domestic subsidiaries.

 For more information on our environmental data, please see page 33 of *Sustainability Report 2018*.

Mitsui’s Forests

Passing on an abundance of forests to the next generation with the aim of realizing a sustainable society

We own forests in 74 locations that cover a total of 444 km² (44,417 hectares), which is roughly 0.1% of Japan’s total land area. Taking into account the public value offered by forests, we have maintained and managed our forests over many years. In addition, all of our forests have obtained the FSC® certification (license number: FSC®C057355) and SGEC certification, which are both international standards. It is also estimated that Mitsui’s forests accumulate and absorb roughly 560,000 tons of CO₂ per year.* These factors demonstrate how we contribute to the mitigation of climate change-related risks through responsible forest management.



* Based on in-house calculations that referenced “IPCC Guidelines for National Greenhouse Gas Inventories” Tier 1

Message from the Chairperson of the Sustainability Committee



Satoshi Tanaka
Representative Director,
Executive Vice President
Chief Administrative Officer (CAO)
Chief Information Officer (CIO)
Chief Privacy Officer (CPO)

We will drive our business with an increased focus on ESG (environmental, social, and governance) aspects in line with our identified Materiality, and embody our corporate slogan, “360° business innovation.” By doing so, we will create outstanding business that benefits Japan and the world.

Mitsui acknowledges companies can only be sustainable if the societies they operate in are sustainable. We want to fulfill our social responsibilities by the sustainable growth of our own company, in order to contribute to the realization of a sustainable society through our business activities.

Mitsui has been accurately identifying society's expectations and societal issues through dialogue with various stakeholders, and enhancing our capabilities and functions to meet the expectations of society. Takashi Masuda, the first president of the former Mitsui, stated, "Let not short-term gains tempt your mind, seek only enduring prosperity by embracing grand aspirations." That commitment to stay focused on the future and pursue the sustainability of society and business has remained part of our heritage down to the present day. As a company engaged in business operations on a global scale, we believe that it is our mission to contribute to the creation of a sustainable society through our business activities.

In 2004, the Company made a declaration to the international community of its commitment to put these concepts into practice by signing and pledging its support for the UN Global Compact, a charter of voluntary principles for businesses and institutions concerning human rights, labor, the environment, and anti-corruption. We strive to implement the provisions of the Global Compact and are committed to stay focused on the future. In 2015, we identified five material issues which are relevant to all aspects of our business activities. Based on a medium- and long-term perspective, we assess potential risks and opportunities that arise from the influences brought by those identified five material issues.

In 2017, the Company established the Sustainability Committee under the Corporate Management Committee with the aim of ensuring that these ideas are deeply reflected in the activities of Mitsui. For the fiscal year ended March 31, 2018, we held discussions mainly on climate change, covering a wide range of topics including the direction of Mitsui's future initiatives and

responses, risk management, and disclosure policies, and reported the results to the Corporate Management Committee and the Board of Directors. We will continue to plan, formulate, and make proposals for advancing management more focused on the sustainability of society and Mitsui.

Today, problems with the potential to threaten the sustainability of both the global environment and society are occurring on a global scale, causing heightened unpredictability and uncertainty in every field of activity. We are now in an era in which we must use various options to search for paths to the future. As manifested in the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement by the United Nations, corporations are expected to enhance corporate value and maintain a strong focus on long-term perspectives and social sustainability. Because of these changes, we believe that we need to sharpen the sensitivity of the antenna that we have developed, in order to fulfill our corporate mission of contributing to the creation of a sustainable society through our business activities.

Mitsui will contribute, through its wide-ranging global business activities, to solutions to global issues, such as economic and social development in various countries and regions and climate change. We will work to promote a better understanding of our business activities by informing the world about our strengths and vision, so that we can earn the trust of all our stakeholders, including our customers, business partners, and governments and local communities in the countries where we do business, as well as our investors.

While we continue to strive not only to fulfill our social responsibilities, we will drive our business with an increased focus on ESG (environmental, social, and governance) aspects in line with our identified Materiality, and embody our corporate slogan, "360° business innovation." By doing so, we will create outstanding business that benefits Japan and the world and enhances our corporate value, and contribute to the realization of a sustainable future where the aspirations of people can be fulfilled.

An aerial photograph of a large, deep blue reservoir nestled in a valley. The surrounding landscape is covered in dense, vibrant green forest. The water in the reservoir is a deep, clear blue, reflecting the sky. The terrain around the reservoir is rugged, with steep slopes and some rocky outcrops. The overall scene is one of natural beauty and tranquility.

CHAPTER 2

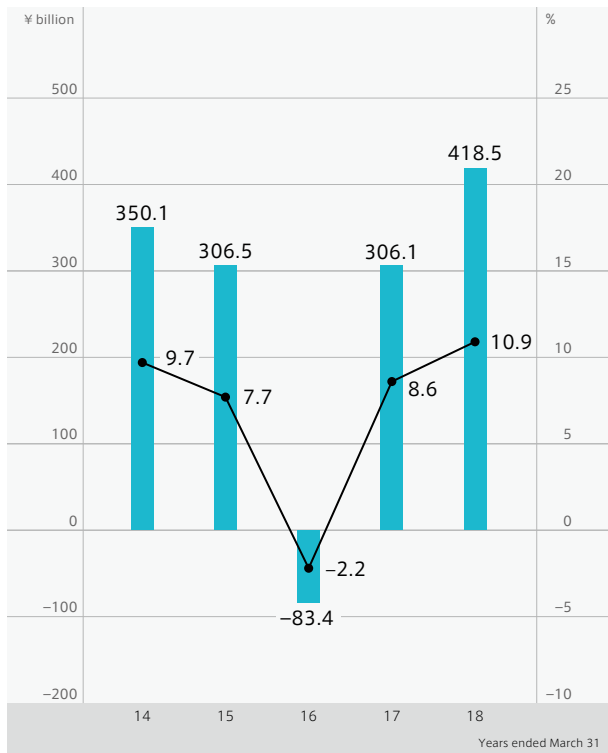
Our Progress



034	Performance Highlights
036	CFO Message
042	Progress of Medium-term Management Plan
046	Results of Initiatives
046	Case 1: Establishing Selected New Growth Areas
048	Case 2: Promoting the Digital Transformation Strategy
050	Case 3: Main Results of Our Efforts toward Sustainability

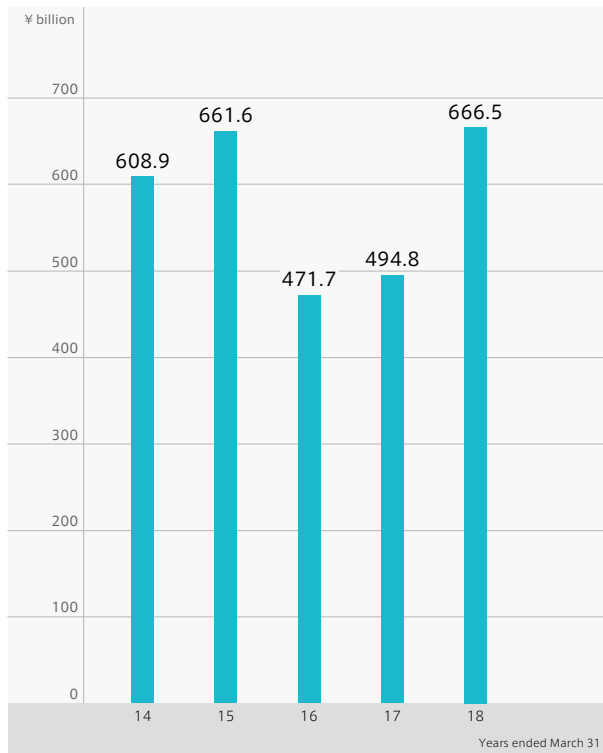
Performance Highlights

Profit (Loss) for the Year Attributable to Owners of the Parent / ROE 1 2 3



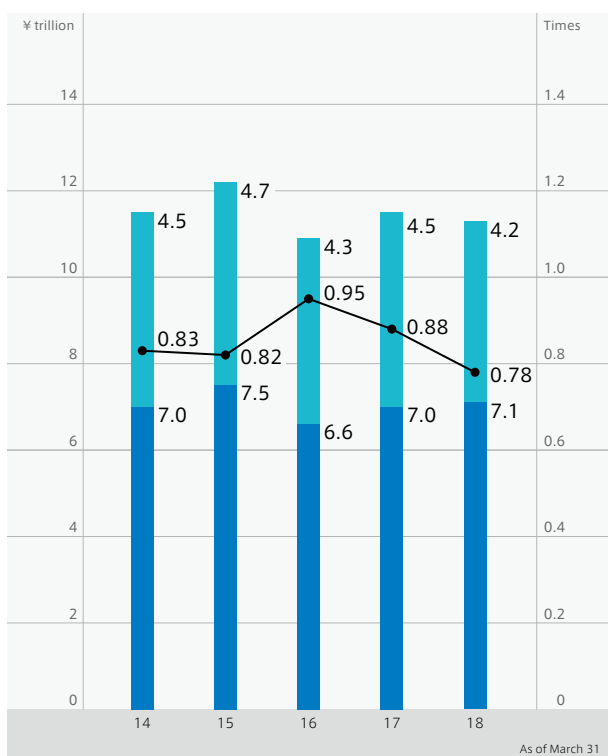
■ Profit (loss) for the year attributable to owners of the parent
 ● ROE (right scale)

Core Operating Cash Flow* 1 3



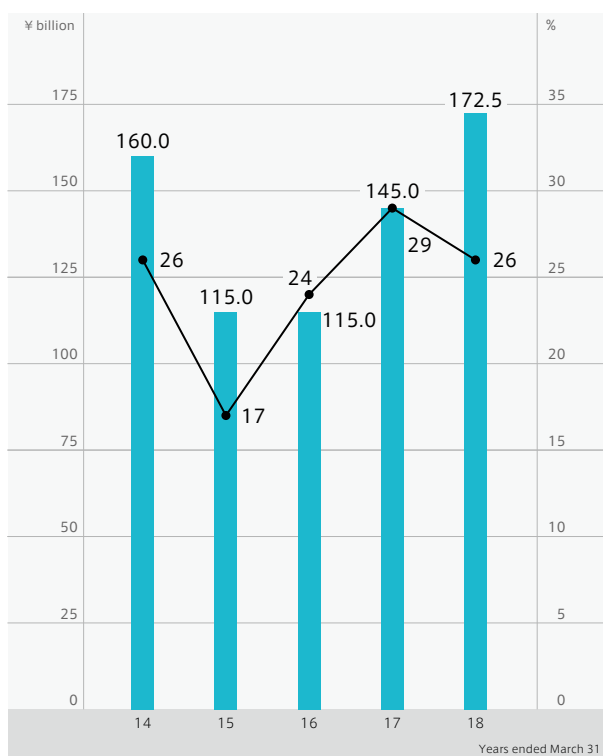
* Cash flows from operating activities minus cash flows from changes in working capital

Total Assets / Net DER 2



■ Current assets ■ Non-current assets ● Net DER (right scale)

Total Shareholder Return Amount / Total Shareholder Returns as a Percentage of Core Operating Cash Flow* -- 3

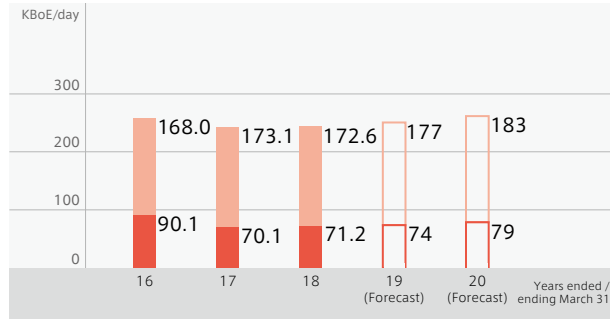


■ Total shareholder return amount
 ● Total shareholder returns as a percentage of core operating cash flow (right scale)
 * Amount of shareholder returns divided by Core operating cash flow

- Maintain robust, sustainable earnings growth 1
- Boost asset and capital efficiency 2
- Continually increase shareholder value 3
- Create social and environmental value 4
- Improve human resource capabilities 5

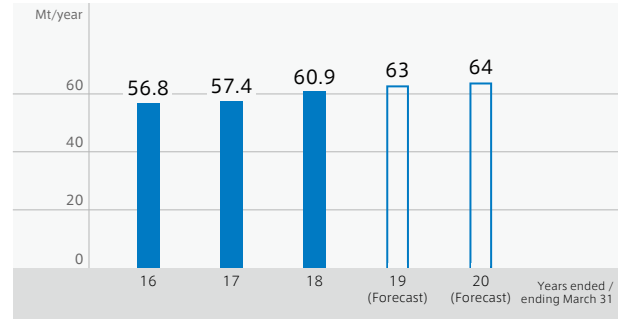
Equity Share of Production 1 4

Crude Oil & Gas

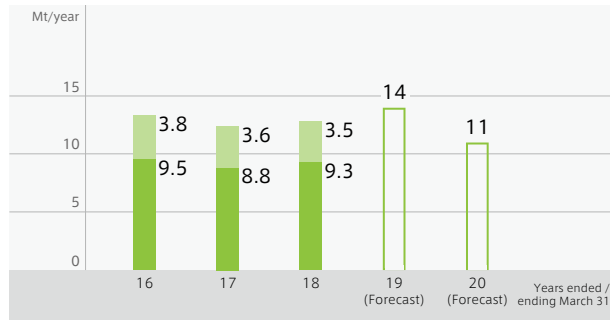


Crude oil Gas

Iron Ore

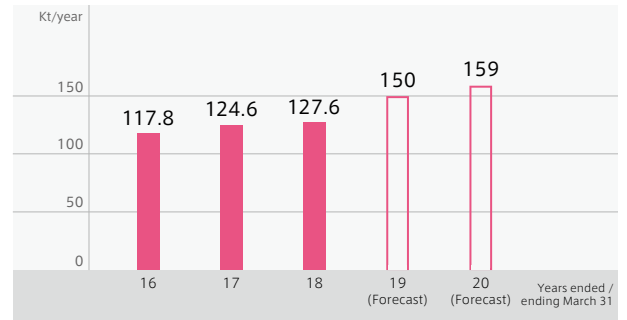


Coal

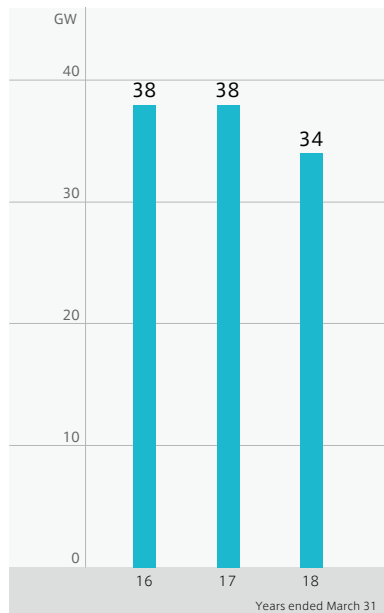


Coking coal Thermal coal

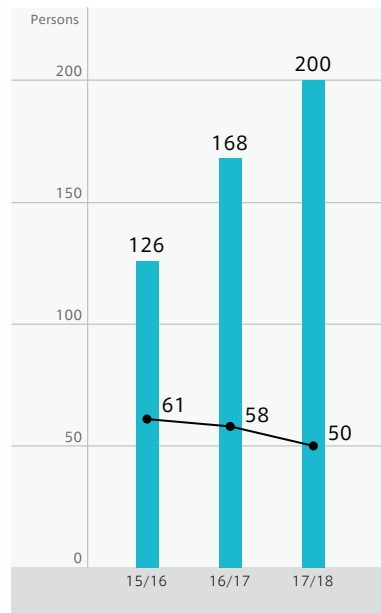
Copper



Power Generating Capacity (Gross) 1 4

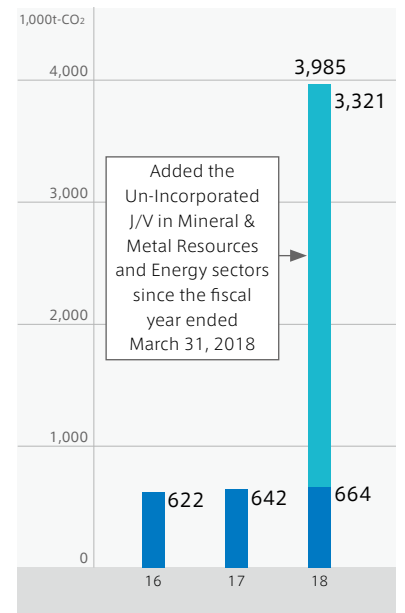


Female Managerial Staff¹ / Female Employees Dispatched Overseas² 4 5



Female managerial staff
 Female employees dispatched overseas
¹ Non-consolidated, as of July 1 (2015–2017)
² Overseas trading subsidiaries, as of April 1 (2016–2018)

Greenhouse Gas (GHG) Emissions 4



Scope: Greenhouse gas emissions of the Company, consolidated subsidiaries, and un-incorporated joint ventures in Mineral & Metal Resources and Energy sectors (Scope 1 and Scope 2, includes gas generated at times of production)
 The Company and subsidiaries
 Un-incorporated joint ventures in Mineral & Metal Resources and Energy sectors



Cash flow focused management is progressing extremely well. In light of this, we will continue efforts to further improve our financial base.

Takakazu Uchida
Representative Director,
Executive Managing Officer,
Chief Financial Officer (CFO)

Results for the fiscal year ended March 31, 2018

Looking back on the business environment during the fiscal year ended March 31, 2018, the global economy saw ongoing gradual growth in both developed countries and emerging countries supported by firm spending and investment. In this favorable environment, we achieved strong earnings in Resources & Energy and also saw steady growth in non-resource areas such as Iron & Steel Products and Machinery & Infrastructure. Furthermore, we made good progress on the key initiatives, and overall we made a solid start along the road to achieving the targets of our medium-term management plan for the year ending March 31, 2020.

Profit for the year attributable to owners of the parent was ¥418.5 billion, and compared with the previous fiscal year ended March 31, 2017, we had a large increase in earnings by ¥112.4 billion. Along with this growth in profit, ROE reached 10.9%, exceeding the 10% target of our medium-term management plan. Core operating cash flow was the highest ever at ¥666.5 billion (an increase of ¥171.7 billion year on year), supported by strong business results and an increase in dividends from equity-method affiliates.

In addition to increasing the annual dividend for the fiscal year ended March 31, 2018 to ¥70 per share (an increase of ¥15 year on year), we also implemented share buybacks totaling ¥50.0 billion. Together, these initiatives represented a total return to shareholders of approximately ¥172.5 billion **Chart 1**. Please also note that in April 2018 we canceled approximately 54 million shares, equivalent to around 3% of issued shares. For the fiscal year ending March 31, 2019, we forecast our dividend at ¥70 per share, but our policy is to continue initiatives to improve our business performance and achieve sustained dividend increases and ROE of 10% in the fiscal year ending March 31, 2020.

The global economy is expected to follow a trend of gentle recovery going forward. However, there are several factors that careful watch

continues to be needed as we exert all our efforts to manage Mitsui's business. These include the escalation of geopolitical risk surrounding the Middle East, the future prospects for the European and U.S. economies, which have shown signs of maturity in some parts, the impact of the Federal Reserve Board's monetary tightening on the economies of emerging countries, and trends in U.S. trade policy.

Basic Approach to Financial Strategy

Mitsui's basic financial policy is to secure the liquidity and maintain the sound financial base needed to support the growth strategy for our diverse business portfolio centered on core areas. In funding, we focus particularly on liquidity and stability. For this reason, in principle our funding procurement is based on funding periods of 10 years plus using long-term borrowings or bond issues, aiming to minimize refinancing risk.

We also work to reduce risk in large-scale projects, actively using financial programs provided by the export credit agencies of various countries and project finance. We place critical importance on planning risk prevention from the outset, which we can achieve by seeking participation

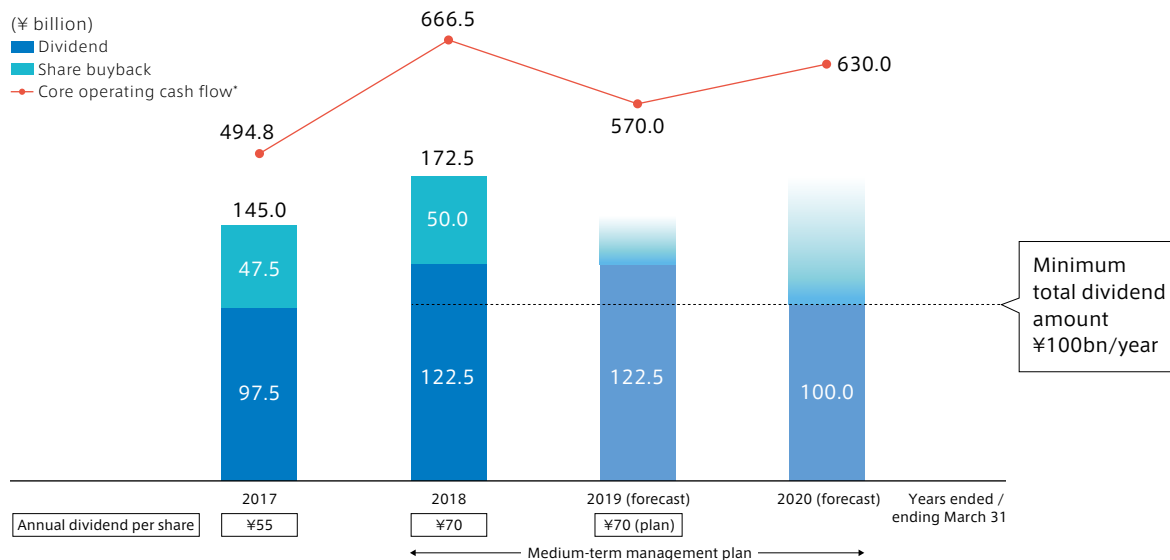
from government financial agencies or multilateral agencies so that our projects are recognized at the intergovernmental level. This is particularly evident in how we closely address country risks in emerging markets.

Furthermore, we operate a global cash management system (CMS) aimed at maximizing funding efficiency throughout our consolidated group. In this system, funding procurement is in principle centered on the Company or its financial subsidiaries, creating an in-house banking process in which funding can be procured and surpluses deployed in each region according to need. Currently our CMS encompasses more than 200 companies.

Progress of Cash Flow Focused Management

During our previous medium-term management plan, we introduced a cash flow allocation framework. Our purpose was to drive the implementation of our growth strategy while maintaining and strengthening our financial foundation by making a balanced allocation of cash, gained from operating cash flow and asset recycling, to both growth investments and shareholder returns. As a result,

Chart 1 Shareholder Returns



* Cash flows from operating activities minus cash flows from changes in working capital

we achieved positive free cash flow during the previous medium-term management plan, and realized shareholder returns totaling ¥375.0 billion, including share buybacks.

During the current medium-term management plan, we are making more progress on cash flow focused management and in strengthening the financial base. For shareholder returns, we set a minimum dividend and are realizing positive free cash flow even after shareholder returns. Depending on the business environment, such free cash flow will be allocated to additional shareholder returns, repayment of interest-bearing debt, or additional investment. Meanwhile, we are aiming to maintain a credit rating of A or higher.

In the fiscal year ended March 31, 2018, the first year of the current medium-term management plan, core operating cash flow was approximately ¥670.0 billion, reflecting the steady increase in our business performance and an increase in dividends from equity-method affiliates. Combined with ¥300.0 billion obtained from progress in asset recycling, this produced cash-in of ¥970.0 billion. Furthermore, through strict investment discipline, investment and loans were kept to ¥560.0 billion, and with total shareholder returns

of ¥172.5 billion, total cash-out was ¥732.5 billion. As a result, free cash flow after shareholder returns excluding the impact of fluctuations in working capital and time deposits was ¥237.5 billion, marking very good progress.

We have updated our three-year cumulative plan for cash flow allocation based on the results of the fiscal year ended March 31, 2018 and the business plan for the fiscal year ending March 31, 2019 **Chart 2**.

While the update reflects the increase in core operating cash flow and additional shareholder returns, we are maintaining our three-year cumulative investment and loans amount at between ¥1.7 trillion and ¥1.9 trillion as announced at the launch of the medium-term management plan, due to continued investment discipline. Likewise, there is no change to our forecast for asset recycling. For shareholder returns for the fiscal year ending March 31, 2020, we are drafting a three-year cumulative plan incorporating only the minimum dividend payment announced at the launch of the medium-term management plan. Even then, the level of shareholder returns will exceed what it was under the previous medium-term management plan. As a result of the above, we have

Chart 2 Outlook for Cash Flow Allocation (FY2018–FY2020)

Unit: ¥ billion		FY March 2018 Full-year results	3-year cumulative (Updated in May 2018)	3-year cumulative (Disclosed in May 2017)
Cash-In	Core Operating Cash Flow*1 ··· [1]	670.0	1,870.0	1,700.0
	Asset Recycling ··· [2]	300.0	700.0	700.0
Cash-Out	Investment and Loans ··· [3]	-560.0	-1,700.0~ -1,900.0	-1,700.0~ -1,900.0
	Shareholder Returns*2 ··· [4]	-172.5	-400.0	-300.0
Free Cash Flow*3 after Shareholder Returns*2 ··· [1]+[2]+[3]+[4]		237.5	270.0~ 470.0	200.0~ 400.0

Allocation

Additional shareholder returns

Repayment of interest-bearing debt

Additional investment

*1. Cash flows from operating activities minus cash flows from changes in working capital

*2. The three-year cumulative (updated in May 2018) column is calculated on a minimum total dividend of ¥100bn for FY March 2020

*3. Free cash flow that excludes the effects of changes in working capital and time deposits

shifted upward the range of the three-year cumulative plan for free cash flow after shareholder returns to between ¥270 billion and ¥470 billion.

Mitsui's Earning Power from the Perspective of Core Operating Cash Flow

We position core operating cash flow as our most important indicator. Core operating cash flow is the source of funds for both our growth strategy and the returns we provide to shareholders.

From 2005 on, resources and energy prices surged, leading to significant growth in Mitsui's core operating cash flow **Chart 3**. After the global recession triggered by the Lehman Shock, we were able to secure around ¥500 billion of cash generation annually, though there were some fluctuations caused by commodity prices.

Subsequently, the commodities super-cycle ended. The fiscal year ended March 31, 2016 saw crude oil prices fall below \$30 a barrel, but even amid these circumstances, which appear extreme when we look back now, we were still able to maintain cash flow of ¥470 billion. To us, this verified the resilient baseline cash flow that our

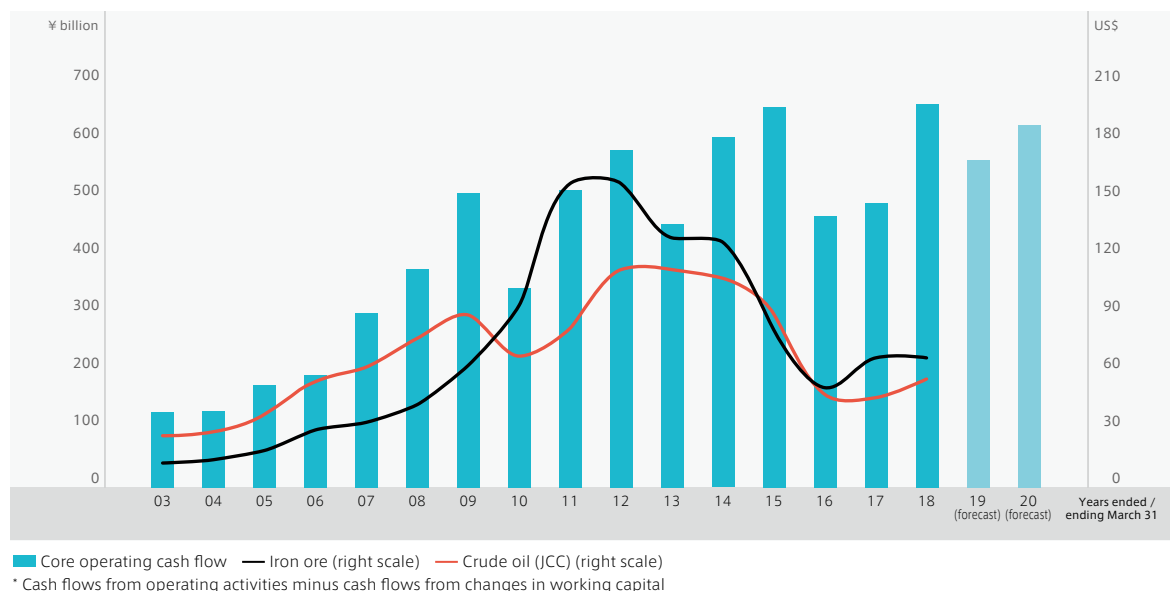
asset portfolio could produce, and we used this in calculations when establishing our minimum dividend policy. Meanwhile, we have been getting positive results from efforts to strengthen our earnings foundation in non-resource areas. Through a combination of further increasing the cost competitiveness of our resource-related portfolio, we have been able to maintain a balanced earnings structure even when commodity prices are below historic trends.

In the fiscal year ended March 31, 2018, we achieved a record high for core operating cash flow, partly as a result of the rise in coal prices as well as the cash provided by dividends received from the past earnings of equity-method affiliates. Even if we exclude one-off factors, we think we are on track to maintain core operating cash flow in the range of ¥550 billion to ¥600 billion per year throughout the current medium-term management plan.

Liquidity and Financial Leverage

Our priority in funding is to maintain liquidity. By obtaining stable medium- to long-term funds, our aim is to avoid concentrating debt maturity and to

Chart 3 Core Operating Cash Flow*



minimize refinancing risk. Under this strategy, we aim to keep enough cash in hand to cover around two years of repayments. As in the financial crisis, when market liquidity dries up, or if for some reason we are not able to access the market, we aim to hold ample liquidity on our balance sheet.

Long-term debt repayment per year is a little under ¥500 billion, which is within our current core operating cash flow capacity. From the perspective of liquidity we believe that if we can further lift the level of core operating cash flow or enable even longer term stable fund procurement, our financial base will become even more stable, giving us increased capacity to borrow. Conversely, if core operating cash flow decreases, or if funding procurement becomes shorter term, this will put pressure on our financial base and decrease our capacity to borrow.

Net DER temporarily increased in the fiscal year ended March 31, 2016, but since then it has continued to improve, aided by hybrid loans among other things **Chart 4**. Although we have not set a specific target level for net DER, by maintaining positive free cash flow after returns to shareholders within the current cash flow allocation framework, we expect to see a steady improvement. Although net DER is an important

leverage indicator, it does not reflect changes in our asset structure. Concomitant with the shift in business composition from trading to investment, our investment assets and fixed assets have been increasing. When you have an increase in business investments or fixed assets that are relatively high risk or take longer to generate returns, leverage needs to be reduced, and we have in fact deleveraged significantly compared to historic levels.

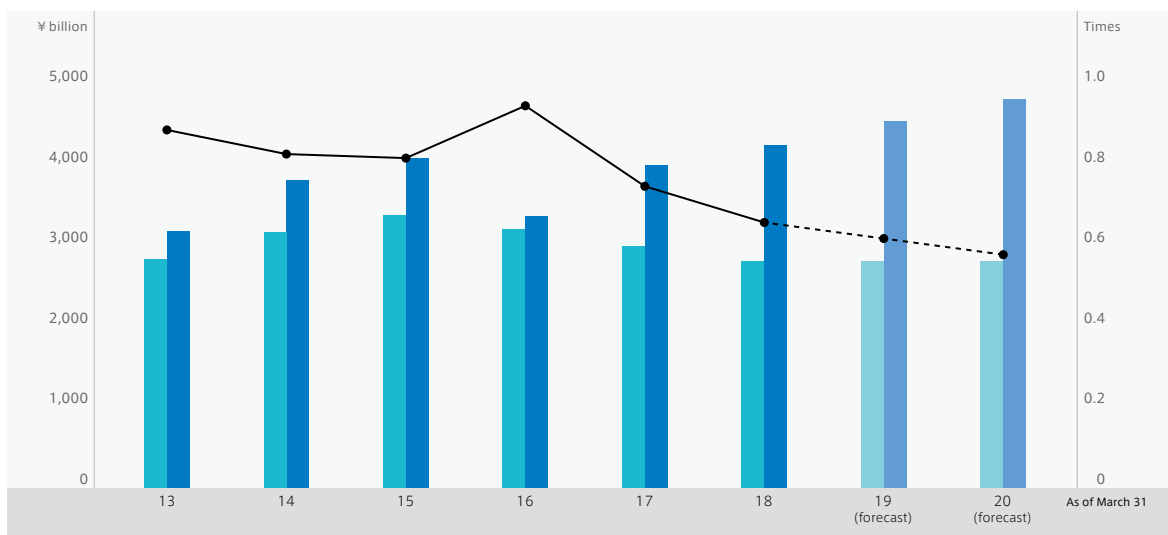
Shareholders' Equity and Risk Management

When we compare our non-current assets with relatively high risk and the equity that ultimately absorbs this risk, we see that there has continued to be gradual improvements **Chart 5**. This gap is mainly funded by interest-bearing debt, and if this expands, it reduces financial stability. Within the current cash flow allocation framework, our aim is to gradually improve this indicator while balancing the need for growth investment.

Also, as well as the risk amount carried by assets on the balance sheet, we assess and periodically monitor the amount of off-balance sheet risk such as market risk and guarantees to a set standard.

Our risk exposure is being held within a range

Chart 4 Net Debt to Equity Ratio*



* Adjusted net DER by including 50% of subordinated syndicated loan (¥550 billion) in capital

of about 60% of our shareholders' equity **Chart 6**, and we periodically stress test our risk assets for various scenarios, verifying the impact on the risk asset to shareholders' equity ratio.

For all these indicators we focus on when considering financial strategy, our policy is to achieve gradual improvements toward the final year of our medium-term management plan by following our cash flow allocation framework

and maintaining positive free cash flow after returns to shareholders. While keeping a close watch on the business environment, we aim to maintain and improve a stable financial base, allocating cash flow to achieve an appropriate balance between growth investment and returns to shareholders.

September 2018

Chart 5 Non-Current Assets / Shareholders' Equity

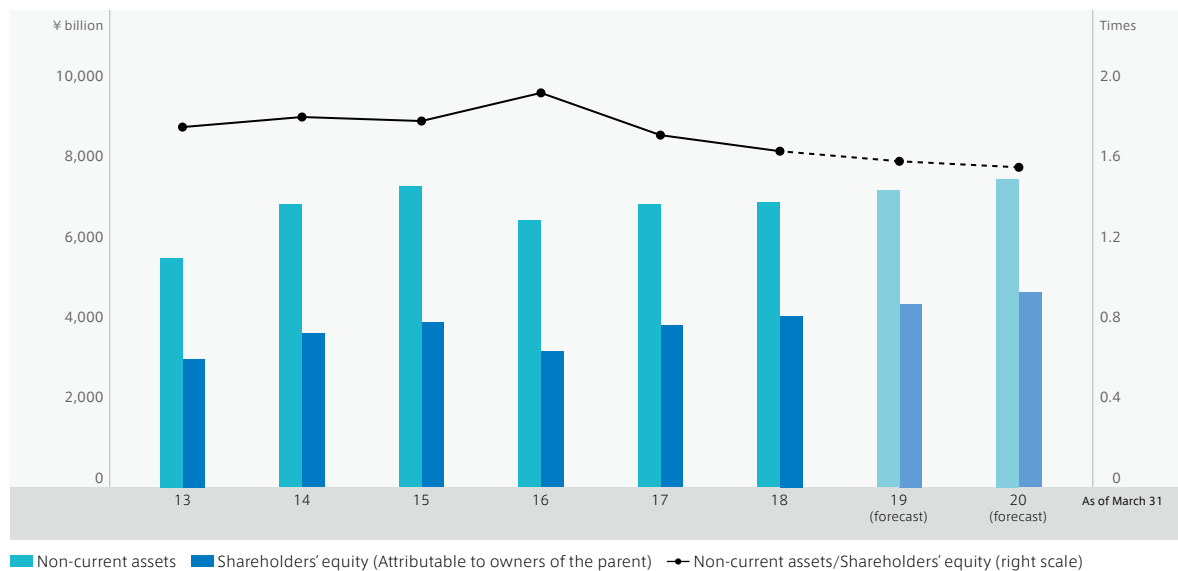
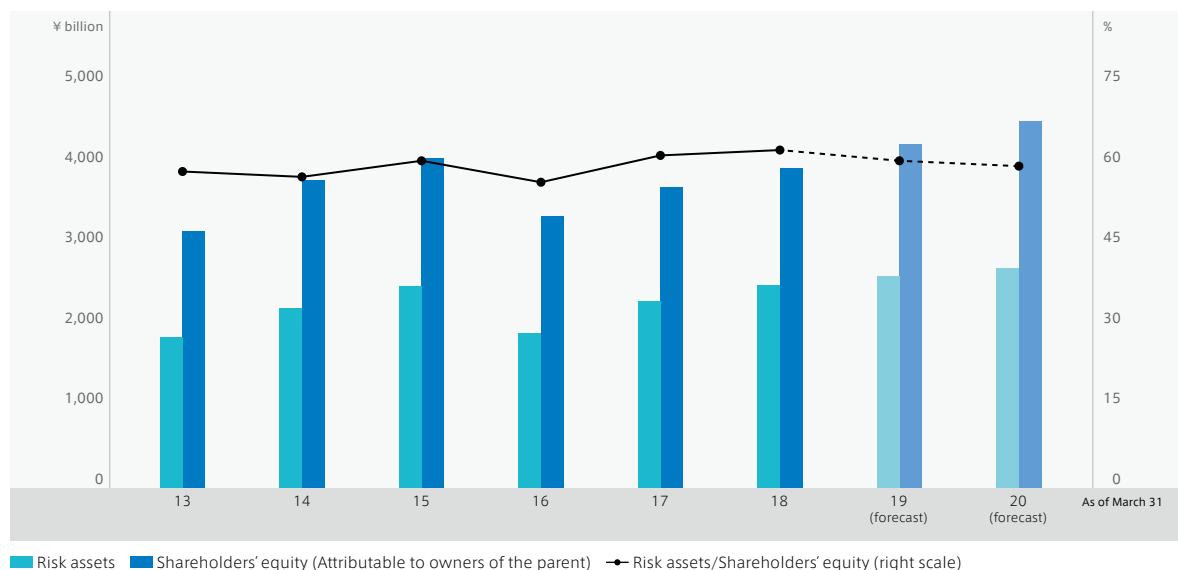


Chart 6 Risk Assets / Shareholders' Equity



Progress of Medium-term Management Plan

— Medium-term Management Plan —

Driving Value Creation

2018

2019

2020

External environment

- Following the end of the global resources super-cycle, a worldwide shift away from an overreliance on volume expansion to a focus on the pursuit of growth in quality
- Continued changes at a rapid pace, with shifts such as the move away from a system of global rules led by the U.S. and Europe toward a world in which each region considers what is optimal for them



Mitsui's focus

- Establish a profit base resilient to external changes and risks
- Dynamic allocation of resources
- Strengthening our management foundation



Key initiatives

- 1** Build a robust profit base and thoroughly strengthen existing businesses
- 2** Establish selected new growth areas
- 3** Cash flow focused management; Strengthen financial base
□ P.036-041 CFO Message
- 4** Enhance Governance, Personnel, and Innovation functions



Quantitative targets

Profit for the year*1

¥440.0bn

(Year to March 31, 2020)

¥418.5bn

(Year ended March 31, 2018)

Core operating cash flow*2

¥630.0bn

(Year to March 31, 2020)

¥666.5bn

(Year ended March 31, 2018)

ROE

10%

(Year to March 31, 2020)

10.9%

(Year ended March 31, 2018)

*1. Profit for the year attributable to owners of the parent

*2. Cash flows from operating activities minus cash flows from changes in working capital

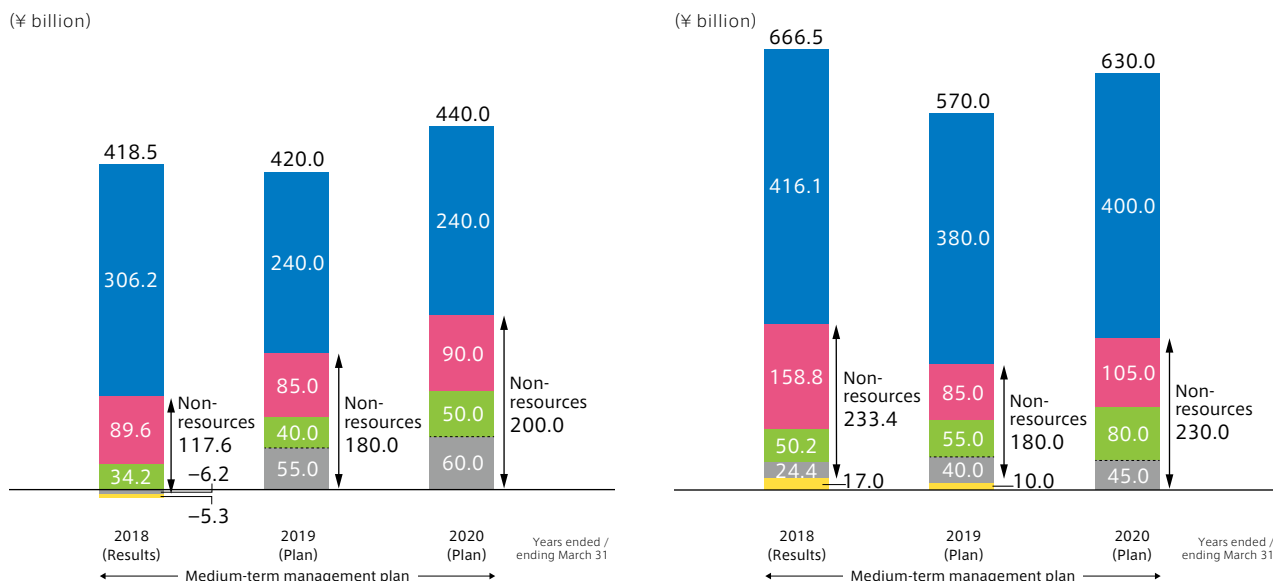
Profit for the year*1 (for each segment)

- Targeting steady profit growth in non-resource areas through improvement of our base profit
- Forecasting profit decline in Resources & Energy in FY Mar/2019 due to absence of valuation gain for Valepar recorded in FY Mar/2018

Core operating cash flow*2 (for each segment)

- Temporary decline in FY Mar/2019 mainly due to a concentration of large dividend payments from equity-method affiliates, including early payments, recorded in FY Mar/2018
- Steady progress from FY Mar/2018 in strengthening cash flow generation due to increase in base profit

(¥ billion)



■ Resources & Energy ■ Machinery & Infrastructure ■ Chemicals ■ Other areas ■ All others / Adjustments and eliminations

*1. Profit for the year attributable to owners of the parent

*2. Cash flows from operating activities minus cash flows from changes in working capital

FY2019 action plans

- Further strengthen profit base in core areas through steady progress of the initiatives described below
- Continue efforts to decrease loss-making companies and grow revenue of existing businesses
- Accelerate initiatives in four growth areas and foster the next revenue pillars

Mineral & Metal Resources

- Enhance profit base at existing Australian operations
- Improve operations at Caserones in Chile

Energy

- Steadily progress toward a final investment decision concerning LNG project in Mozambique
- Successfully launch Kaikias in U.S. and Tempa Rossa in Italy
- Integrate Australia-based AWE Limited into the Group

Machinery & Infrastructure

- Launch new power generation projects (Safi in Morocco, Salalah-2 in Oman)
- Accelerate initiatives in next-generation power (Forefront and other distributed power, services businesses)
- Pursue mobility service initiatives (lease, rental, and sharing businesses)

Chemicals

- Expand Intercontinental Terminals Company LLC in the U.S.
- Participate in European coating materials business
- Pursue Novus International Inc. growth strategy in the U.S. (pursue plans to expand methionine manufacturing capacity, etc.)

Key initiatives and results of first year of medium-term management plan

Initiative 1 Build a robust profit base and thoroughly strengthen existing businesses

The three core areas of our medium-term management plan are Resources & Energy, Machinery & Infrastructure, and Chemicals. We aim to generate 90% of our entire core operating cash flow from these three areas. We will continue to add assets through bolt-on acquisitions in these areas of strength, thereby enhancing our strengths.

Resources & Energy	Machinery & Infrastructure	Chemicals
<ul style="list-style-type: none"> • Iron Ore • Oil & Gas 	<ul style="list-style-type: none"> • Power generation • Marine energy • Gas distribution • Automotive • Shipping • Railroads 	<ul style="list-style-type: none"> • Feed additives/Agricultural chemicals • Functional materials • Tank terminals • Chemical products manufacture and trading

In addition, we will thoroughly strengthen existing businesses and improve the value through the following initiatives.

- Realize latent value (raise value through operational improvement, business revitalization, and industry reorganization)
- Pursue business entry and exit coordinated with business cycle
- Reinforce trading by upgrading our selling power and value add

Results of first year of medium-term management plan 2018 2019 2020

In FY Mar/2018, the first year of the medium-term management plan, we built a robust profit base and thoroughly strengthened existing businesses and grew non-resource area profit to ¥170.0 billion level, excluding valuation gains/losses.

Segment	Specific achievements
Mineral & Metal Resources	<ul style="list-style-type: none"> ■ Ramping up of Moatize/Nacala, entered into project finance in Mozambique ■ Acquired additional equity in Collahuasi copper mine in Chile
Energy	<ul style="list-style-type: none"> ■ Start of Kipper contribution in Australia ■ Tender offer for AWE Limited in Australia
Machinery & Infrastructure	<ul style="list-style-type: none"> ■ Improved asset quality through IPP asset recycling ■ Commencement of 2 FPSO charter contracts ■ Additional investment in Penske Truck Leasing Co., L.P. in the U.S.
Chemicals	<ul style="list-style-type: none"> ■ Stable operations of methanol business ■ Strengthened trading (Mitsui & Co. Plastics Ltd., European sulphur & sulfuric acid business, etc.)
Iron & Steel Products	<ul style="list-style-type: none"> ■ Promoted business reform (made Nippon Steel & Sumikin Bussan Corporation an equity-method affiliate, sold Champions Cinco Pipe & Supply LLC in the U.S., etc.) ■ Expansion of Gestamp Automoción S.A. business in Spain
Lifestyle	<ul style="list-style-type: none"> ■ Decision to withdraw from Multigrain Trading AG in Brazil ■ Panasonic Healthcare Holdings Co., Ltd. (currently PHC Holdings Corporation) contributed to profit ■ Acquired Bigi Holdings Co., Ltd.
Innovation & Corporate Development	<ul style="list-style-type: none"> ■ Strengthened profit base of CIM Group, LLC in the U.S. by increasing assets under management ■ Expanded consumer goods logistics business (Mitsui & Co. Global Logistics, Ltd.)

Initiative 2 Establish selected new growth areas

Based on the medium-term outlook for the business environment, we have selected four growth areas in which we can excel and allocate business resources to these areas dynamically.

Mobility	Healthcare	Nutrition & Agriculture	Retail & Services
Multifaceted approach to Materials and Mobility & Transportation services based on changing social needs in the environmental society	Build healthcare ecosystem around medical services businesses	Raise productivity, provide stable supplies in agriculture/livestock/fisheries, enhance added value of foods	Foster next generation digital/logistics/financial functions to meet consumer needs

The expanding middle class of Asia and growing North American economy are core targets

Establish Mitsui's next profit pillars

Results of first year of medium-term management plan

2018

2019

2020

In FY Mar/2018, we accelerated initiatives to establish four new growth areas, mainly in Mobility and Healthcare.

	Specific achievements
Mobility	<ul style="list-style-type: none"> Commercial vehicle electrification initiatives starting in Europe (investment in EV bus business, electric vehicle battery business) Expanded railway-related business (expanded rail network in U.K. passenger rail business, started Taiwan train station business) Initiatives in operating lease and rental car business in Chile
Healthcare	<ul style="list-style-type: none"> Expanded hospital infrastructure business in Southeast Asia (additional investment in Columbia Asia Group) Took initiatives to address new drug needs in Russia (investment in JSC R-Pharm) Expanded healthcare staffing business (acquisition of Accountable in U.S.)
Nutrition & Agriculture	<ul style="list-style-type: none"> Strengthened network and Africa regional strategy (ETC Group Limited investment agreement) Reinforced food science area (SODA AROMATIC Co., Ltd. tender offer)
Retail & Services	<ul style="list-style-type: none"> Expanded assets under management (¥1.4 trillion to ¥1.9 trillion) Acquired planning/marketing platform in fashion and retail business

P.046-047

Initiative 4 Enhance Governance, Personnel, and Innovation functions

Results of first year of medium-term management plan

2018

2019

2020

	Specific achievements
Strengthen governance	<ul style="list-style-type: none"> Strengthened the effectiveness of the Board of Directors <ul style="list-style-type: none"> Increased diversity and improved skill set balance of Board members Created more opportunities for discussion on Mitsui's long-term direction, including its corporate strategies and medium-term management plan Established Sustainability Committee, and promoted management with greater emphasis on the sustainability of both society and Mitsui
Strengthen the individual	<ul style="list-style-type: none"> Shifted corporate staff to business frontline Introduced staggered working hours at an individual level Launched in-house entrepreneur system, currently preparing to commercialize business plans
Strengthen innovation functions	<ul style="list-style-type: none"> Appointed CDO and established Digital Transformation (DT) team Accelerated initiatives of DT, focusing on three areas: reducing costs in existing businesses, increasing sales in existing businesses, and developing new business <p>Please see "Promoting the Digital Transformation Strategy" on pages 048 and 049.</p>

Results of Initiatives

Case 1: Establishing Selected New Growth Areas

Mitsui has selected Mobility, Healthcare, Nutrition & Agriculture, and Retail & Services as four areas in which we can leverage our strengths. To establish these areas as its next profit pillars, Mitsui is continuing to push ahead with aggressive initiatives for the strategies formulated under its medium-term management plan.

Mobility

Basic Strategies

- 1 Respond to innovation in transportation services**
 - Provide comprehensive services in passenger and cargo transportation
- 2 Respond to the “sharing economy” sector**
 - From “owning” to “use,” expand the service
- 3 Create business opportunities that support technological innovations**
 - Engage in new businesses in the automotive industry
- 4 Contribute to the creation of next-generation cars**
 - Expand the automotive components and materials business



Expansion of Passenger Rail Business in the U.K.

Mitsui was collectively selected as the winning bidder for the West Midlands Franchise, jointly with East Japan Railway Company and Abellio Transport Group Limited. Through the West Midlands Franchise, we will provide safe and quality services cultivated by the rail business in Japan.



Acceleration of Electric Vehicle Business Expansion in Europe

Mitsui has invested in Foresee Power, a French battery system manufacturer, and CaetanoBus, S.A., a Portuguese electric bus manufacturer. By forming organic collaborations between these companies, Mitsui will move forward with the expansion of the electric vehicle business.



Healthcare

Basic Strategies

- 1 Strengthen existing businesses**
 - Promote initiatives aimed at improving profitability
- 2 Gain operatorship**
 - Hospitals and hospital ancillary businesses
 - Manufacture and sale of pharmaceuticals
 - Healthcare staffing businesses
- 3 Strengthen collaboration between assets**
 - Maximize value of healthcare ecosystems
 - Formulate and execute business strategies in new domains



Acquisition of Healthcare Staffing Company in the U.S.

Mitsui acquired 100% of the shares in Accountable Healthcare Holding Corporation, the leading provider of nurse staffing services and other healthcare providers in the U.S. Mitsui intends to expand the scale of human capital businesses, which include the supply of healthcare providers.



Acquisition of an Additional Equity Stake in Columbia Asia Group

Mitsui carried out an additional investment in Columbia Asia Group, the largest international hospital group in Asia. By further strengthening the partnership with the founding members, the Baty Family, Mitsui is committed to solving the medical supply-demand gap in Asian countries.



Nutrition & Agriculture

Basic Strategies

1 Answer the need for increased food production

- Expand grain trading
- Further develop global logistics
- Expand agricultural inputs business and sulphur business
- Enhance the animal nutrition business

2 Answer the need for foods with high added value

- Expand business of value added products that promote health
- Accelerate the development of the food science business



Reinforcement of the Food Science Domain

Mitsui completed the delisting of SODA AROMATIC Co., Ltd. through a tender offer for its common shares. While drawing on its overseas network, Mitsui will further accelerate the expansion both in Japan and overseas by leveraging Soda Aromatic's expertise related to manufacturing, quality control, product application development, and other matters.



Agreement to Invest in ETC Group

Mitsui agreed to invest in ETC Group Limited, which engages in the business involving agricultural products, agricultural supplies, and food manufacturing and sales in East Africa to expand its networks (completed investment in May 2018).



Retail & Services

Basic Strategies

1 Strengthen and develop existing assets

- Strengthen collaboration between business assets
- Strengthen collaboration with the Seven & i Group
- Provide solutions through digital transformation
- Develop and enhance the media commerce business



2 Adapt to change

- Respond to expansion in the prepared foods market
- Further enhance chilled & frozen distribution
- Expand contact points with consumers
- Develop and deliver food products

3 Provide attractive investment management services

- Increase balance of assets under management
- Enhance sales capabilities aimed at domestic investors



Asset Management Business

We were able to increase assets under management to ¥1.9 trillion over the past year, responding to investors' diverse needs with asset management business in Japan and abroad.



Acquisition of Bigi Holdings

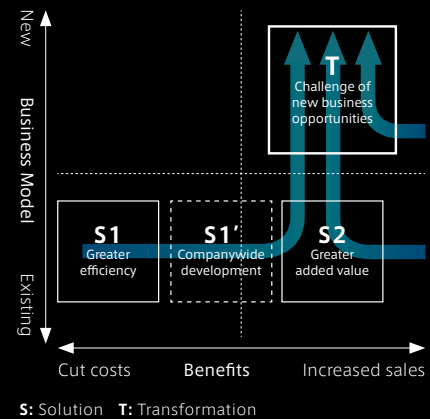
Mitsui has gained planning and sales platforms of fashion and retail businesses with the acquisition of Bigi Holdings Co., Ltd. This will bring us close to consumers and enable us to strengthen our marketing and sales capabilities.



Results of Initiatives

Case 2: Promoting the Digital Transformation Strategy

Digital transformation is a strategy for realizing improved profits through the utilization of digital power to improve the operational expertise and technologies at business frontlines (Operational Technology = OT). To this end, we will quantify and digitalize various business information and data at business frontlines and around the globe and use digital power such as AI to categorize, analyze, and control this data. By doing so, we aim to leverage this data in our businesses and society. We are pursuing the digital transformation to reduce costs and increase sales by enhancing and optimizing our business operations. We will also take steps to improve the quality of our existing businesses while moving forward with the creation of new business models.



Strategy 1 Improving the Quality of Existing Businesses

We employ ICT at our diverse project sites around the world, as we aim to further improve our business value by increasing sales and improving the efficiency of existing businesses.

Business Evolution through Strategic Alliances Solution

In March 2016, Mitsui invested in the U.S.-based OSIsoft, LLC, thereby entering into a memorandum of understanding to explore business opportunities. This strategic alliance was formed in order to transform the conventional business model of a general trading company before the full-scale onset of the IoT era. Through this alliance, we will utilize OSIsoft's core product, PI System, to improve the operational efficiencies of the Group businesses and pursue cost reductions. Since August 2017, we have been conducting a demonstration experiment that uses PI System to remotely monitor the operating conditions of our owned power plant in Mexico in real time. Going forward, we intend to make use of PI System at our factories and facilities around the world.



Active Incorporation of AI Technologies Solution

Mitsui has invested in the U.K.-based Sky Futures, a company that leverages drone-gathered data and AI to resolve issues related to inspection and examination and provide solutions for enhancing business profitability. For example, through the introduction of drones, Sky Futures can help eliminate the need for periodic shutdowns at factories, in addition to confirming the safety of factory employees. This in turn helps to significantly reduce the cost of factory inspections, including opportunity costs associated with the stoppage of factory operations.

Also, we have been deepening our collaboration with our key business partner Komatsu Ltd. Together with LANDLOG Ltd., an IoT specialist company in the construction industry, we have been moving forward with efforts to introduce digital solutions to improve industrial productivity. As part of these efforts, we have been promoting a fuel supply service business geared toward construction sites.

Digital Tran

Creating New Business Models

Within the Group, we have companies that develop digital solutions and companies that provide data analysis surveys. At the same time, we have formed strategic alliances with a diverse range of business partners. By combining and leveraging the expertise of the Companies and business partners, we will work to create new business models while spurring innovation in our own businesses to respond to the changing times.

■ Partnership with Highly Advanced AI Companies Transformation

Mitsui regards securing world-class AI engineers as a priority matter and partnering with a company with highly advanced AI technologies as an integral part of its strategy to enhance its competitiveness through digitalization. To this end, in December 2017 we invested in Preferred Networks, Inc., which develops and provides AI technologies. In addition to supporting the growth of Preferred Networks, we will use its deep learning technology to solve issues affecting our business partners, customers, and the Group's global business assets in a wide range of industries. Furthermore, we aim to create businesses under a recurring business model with the use of next-generation AI technologies. Through our partnership with Preferred Networks, we will gain practical knowledge about cutting-edge AI technologies and undertake human resource development initiatives to train people to utilize AI and formulate businesses.

■ Establishment of a Medical Imaging AI Platform Business Transformation

In April 2018, Mitsui invested in NOBORI Ltd., a company newly established by TechMatrix Corporation, which transferred its medical systems business. NOBORI provides cloud service of picture archiving and communication systems and already has over 800 contracted medical facilities and has accumulated a massive resource of imaging data representing 120 million medical examinations of a total of 22 million patients. While building a data platform based on NOBORI's accumulated imaging data, we will provide AI-based interpretation and diagnosis support, which will contribute to more advanced medical care and promote collaboration with medical institutions to develop and introduce services for individual patients.

■ Launch of Dynamic Pricing Business

Transformation

In June 2018, Mitsui and Yahoo Japan Corporation established Dynamic Plus Co., Ltd., a joint venture that provides dynamic pricing services, which set flexible prices for services based on current market demand. Dynamic Plus has accepted equity investment from PIA Corporation, one of the largest ticketing agencies in Japan, and signed an alliance to develop a dynamic pricing business. Drawing on PIA's solid track record in tickets for sporting events, we will expand our dynamic pricing businesses geared toward the hotel, parking, transportation, and other as-a-service industries.



Transformation

Results of Initiatives

Case 3: Main Results of Our Efforts toward Sustainability

Of our five material issues (Materiality), we aim to realize the “Stable supply of resources & materials,” the “Enhancement of local industrial bases & quality of life,” and the “Protection of the global environment” through our business. This section introduces the main efforts we pursued to address these material issues in the fiscal year ended March 31, 2018.

For more details on the results of our sustainability activities, please refer to *Sustainability Report 2018*.



Stable Supply of Resources & Materials

November 2017

Participation in Floating Storage and Regasification Unit Project in Pakistan

In Pakistan, demand for gas is growing while production of indigenous gas is declining. Through a long-term agreement to jointly own a floating storage and regasification unit (FSRU), we provide regasification services for LNG with a low environmental impact. The demand for imported LNG in Pakistan is expected to grow steadily and the FSRU project delivers a key energy infrastructure project of high national importance.



FSRU *BW Integrity*

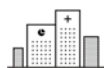
February 2018

Acquisition of Additional Equity in the Collahuasi Copper Mine in Chile

Mitsui has owned concessions in the Collahuasi Copper Mine since 1996. With its high-grade and cost competitiveness, the mine is an excellent asset with the potential to further enhancement of its business value through future production expansions. World demand is expected to increase steadily over the medium- to long-term future, in line with infrastructure investment in emerging countries. Through the acquisition of additional equity in the Collahuasi Copper Mine, we contribute to the stable supply of resources going forward.



Collahuasi Copper Mine



Enhancement of Local Industrial Bases & Quality of Life

April 2017

Execution of Long-term Power Purchase Agreement for New Solar Photovoltaic Project in Jordan

Facing an increase in electricity demand due to steady economic growth, the Government of Jordan has decided to promote renewable energy to enhance generation capacity. We will continue to contribute to the stable supply of growing electricity demand and clean energy development in Jordan by participating in this project.



Solar panels scheduled to be purchased
©JA Solar Holdings

April 2017

Participation in Russian Pharmaceutical Company JSC R-Pharm

In pharmaceutical areas, we have focused in particular on the alleviation of qualitative and quantitative gaps in emerging countries through the expansion of business operations centering on support for new drug development, manufacturing, and sales. Through the investment in JSC R-Pharm, we will contribute to the development of the Russian and CIS pharmaceutical market, where demand for pharmaceuticals is shifting from low-cost generics to new drugs with high added value following the rise in per capita income.



JSC R-Pharm



Protection of the Global Environment

April 2017

Participation in Land-based Trout Farming Business in Japan

Global population growth and the improvement of living standards are reflected in the continuing rise in demand for marine products. As a result, there is an expanding need for products from fish farming systems. Recognizing that areas suitable for sea aquaculture are limited, Mitsui aims to develop land-based aquaculture with an extremely low environmental impact in order to meet the farming industry's growing demand for marine products in the future.



Land-based trout farming system of FRD Japan Co.

October 2017

Participation in The Mobility House for Commercialization of German-based Energy Management Services with Electric Vehicles (EVs)

Due to the spread throughout the market of electric vehicles, the electric power industry is faced with an increased burden on power grid systems. To address this issue, Mitsui has invested in The Mobility House AG, which is engaged in the sale of charging systems for electric vehicles and in the development of stationary energy storage systems built with secondhand electric vehicle batteries. In addition, The Mobility House conducts demonstration projects for services that connect parked electric vehicles to the power grid to adjust the supply and demand of electricity. Through the investment in The Mobility House, we will take on the challenge of creating an innovative business model in which electric vehicle owners can obtain supplementary income by using their on-board battery to help stabilize electric power grids.



Large energy storage system operated by The Mobility House

December 2017

Strategic Alliance with Portuguese Electric Bus Manufacturer

As a measure against atmospheric pollution and to protect the environment, the bus market is an area where electrification is anticipated to become widespread as large cities in Europe launch a policy to actively promote the electrification of buses. Under these circumstances, Mitsui has formed a strategic alliance with CaetanoBus, S.A. Through this alliance, Mitsui promotes the sales expansion of electric buses produced by CaetanoBus in Europe, Asia, and worldwide, and contributes to the realization of an environmentally friendly society.



The CaetanoBus-developed electric bus "e. City Gold" in operation in Portugal

An aerial photograph of a rugged, mountainous landscape. The terrain is characterized by steep, rocky slopes and deep valleys, with a mix of brown, tan, and green hues. A large body of water, likely a reservoir or a wide river, is visible in the lower-left corner, with a clear blue-green gradient. The overall scene is one of natural beauty and geographical complexity.

CHAPTER 3

Our Business



054	Results by Operating Segment
056	Review of Segments
056	Iron & Steel Products Segment
058	Mineral & Metal Resources Segment
060	Machinery & Infrastructure Segment
062	Chemicals Segment
064	Energy Segment
066	Lifestyle Segment
068	Innovation & Corporate Development Segment
070	The Structure That Supports Mitsui

Results by Operating Segment

(Year Ended March 31, 2018, IFRS)

	Iron & Steel Products 	Mineral & Metal Resources 	Machinery & Infrastructure 	Chemicals 
¥ billion				
Business Unit	Iron & Steel Products Business Unit	Mineral & Metal Resources Business Unit	Infrastructure Projects Business Unit Integrated Transportation Systems Business Unit I Integrated Transportation Systems Business Unit II	Basic Materials Business Unit Performance Materials Business Unit Nutrition & Agriculture Business Unit

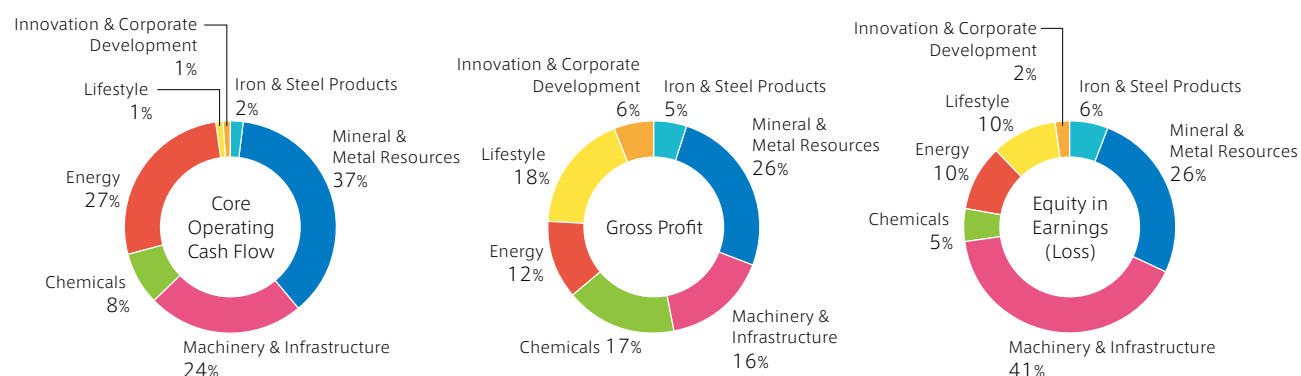
Core Operating Cash Flow	14.2	240.8	158.8	50.2
Net Investment Cash Flow	(22.7)	(2.5)	(38.1)	(35.4)
Investment Cash Flow (IN)	15.2	67.6	128.9	0.6
Investment Cash Flow (OUT)	(37.9)	(70.1)	(167.0)	(36.0)
Free Cash Flow ¹	(8.5)	238.3	120.8	14.7

Gross Profit	41.9	206.8	121.9	136.6
Equity in Earnings (Loss)	13.3	61.8	96.5	11.3
Dividend Income	2.5	16.4	3.4	2.3
Selling, General and Administrative Expenses	(32.1)	(44.4)	(121.5)	(96.6)
Other	(0.9)	17.0	(10.7)	(19.4)
Profit (Loss) for the Year Attributable to Owners of the Parent	24.7	257.6	89.6	34.2

Assets	654.7	2,092.9	2,255.7	1,186.3
Non-current Assets	341.8	1,530.7	1,543.9	503.6
Property, Plant and Equipment	10.9	381.7	199.4	201.5
Investments Accounted for Using the Equity Method	217.8	431.7	880.2	117.4
Other Investments	101.8	542.9	119.1	103.1
Other Non-current Assets ²	11.3	174.4	345.2	81.6

Number of Employees (Non-consolidated)	349	291	851	676
Number of Employees (Consolidated)	1,873	599	15,613	5,107

Composition by Operating Segment



	Energy	Lifestyle	Innovation & Corporate Development	Others / Adjustments and Eliminations	
					Company Total
	Energy Business Unit I Energy Business Unit II	Food Business Unit Food & Retail Management Business Unit Healthcare & Service Business Unit Consumer Business Unit	IT & Communication Business Unit Corporate Development Business Unit		

	175.3	7.1	3.1	17.0	666.5
	(62.6)	(69.1)	(3.3)	(22.8)	(256.6)
	34.6	38.4	15.2	4.2	304.8
	(97.3)	(107.5)	(18.6)	(27.1)	(561.4)
	112.7	(62.0)	(0.2)	(5.8)	409.9

	96.8	139.5	45.1	2.1	790.7
	24.5	22.8	5.0	(0.5)	234.9
	51.9	4.3	2.7	1.3	84.8
	(42.1)	(153.0)	(50.8)	(31.1)	(571.7)
	(82.5)	(39.9)	(6.6)	22.9	(120.2)
	48.6	(26.3)	(4.6)	(5.3)	418.5

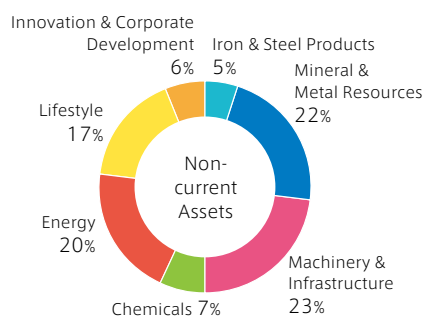
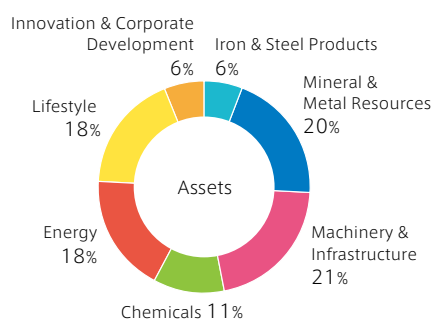
	1,917.7	1,901.8	622.7	674.9	11,306.7
	1,396.9	1,128.1	409.6	225.9	7,080.5
	628.4	170.0	36.4	101.6	1,729.9
	254.3	452.9	151.4	(2.6)	2,503.0
	387.7	291.3	201.1	78.0	1,825.0
	126.5	213.9	20.7	48.9	1,022.6

	403	936	439	1,914	5,859
	803	11,195	3,575	3,539	42,304

Note: The horizontal and vertical totals may not match as a result of differences that occurred due to the rounding of figures.

*1. "Free cash flow" is calculated from core operating cash flow and differs from free cash flow calculated using conventional accounting methods.

*2. "Other non-current assets" includes non-current receivables, investment property, intangible assets, and deferred tax assets.



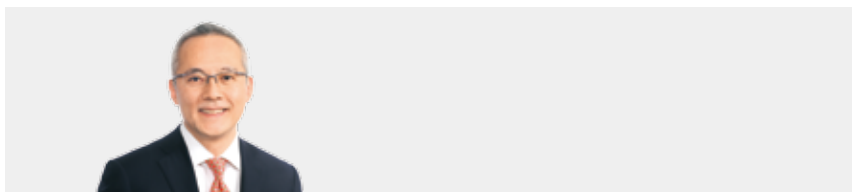
Note: The pie chart for Profit for the Year is not shown as some segments recorded a deficit.

Iron & Steel Products Segment

- Iron & Steel Products Business Unit



Iron & steel products business / Gestamp Automoción S.A. (Spain)



Managing Officer,
Chief Operating Officer
of Iron & Steel Products Business Unit
Shinichi Hori

Business Activities

To respond to diverse industrial needs, we procure, supply, sell, and invest in processing and functional trading businesses of iron and steel products, both in Japan and in various overseas regions.

Mitsui's Competitive Advantages

- Comprehensive strengths that leverage the extensive customer base and partnerships possessed by our 16 Headquarter Business Units in Japan and overseas
- Diversified business portfolio with value chains around the world that cover everything from upstream to downstream operations

Business Environment

Business opportunities	<ul style="list-style-type: none"> Promotion of electric vehicles following the transition to a low-carbon society, diversification and increased efficiency of energy consumption, and the trend in renewable energy use Trend in logistics innovation and a shift toward smart factories as a result of digital transformation
Business (competitive) risks	<ul style="list-style-type: none"> Industrial reorganization and changes to distribution channel against the backdrop of steel overproduction in China Impact of trade friction on the supply and demand of products stemming from measures by the U.S. to apply additional tariffs



Basic Strategies

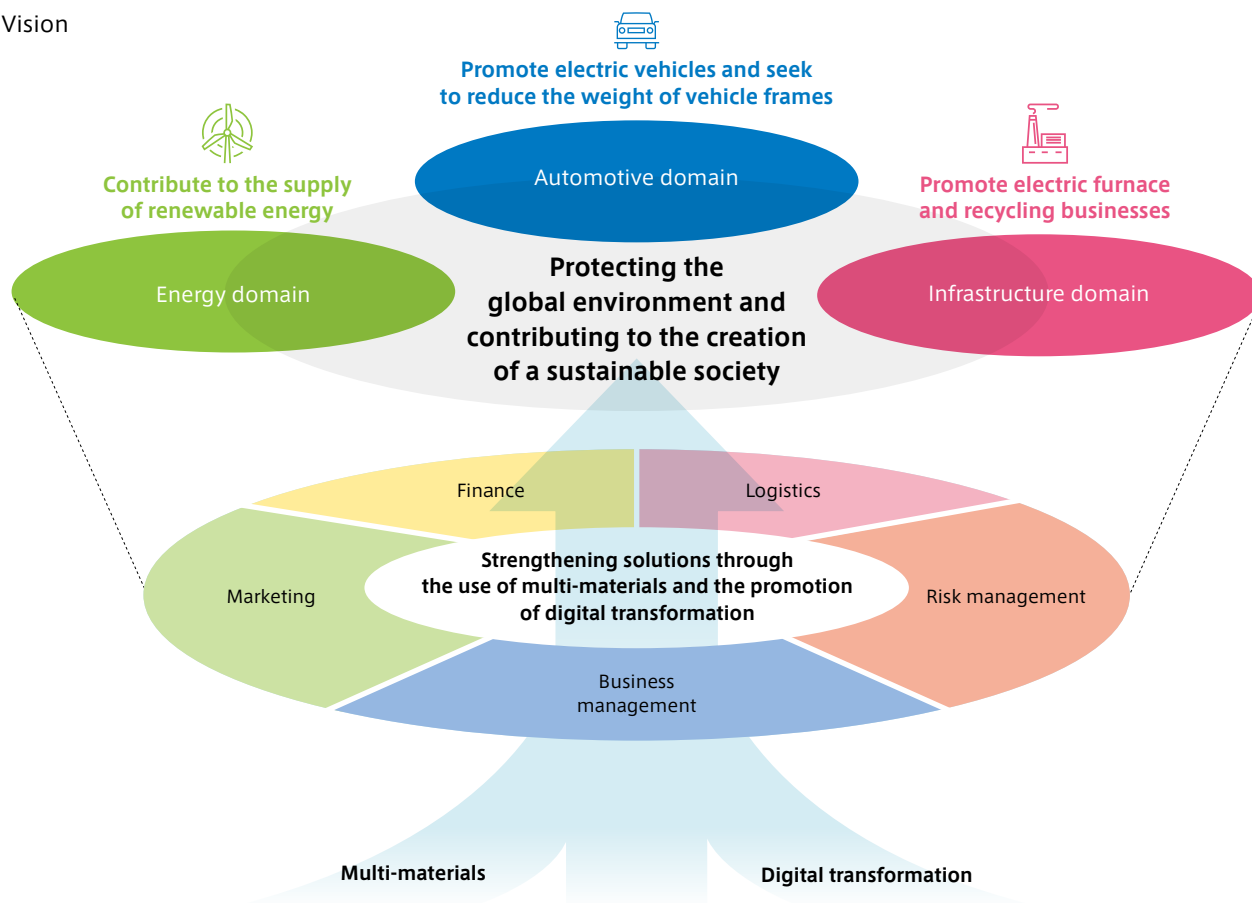
<ul style="list-style-type: none"> Create businesses through synergies between steel trading business and business investments Provide high-value-added services including component manufacturing and repair and maintenance Facilitate collaborations between existing businesses, assets with comprehensive strengths, and business partners; further pursue new business creation centered on industrial businesses
--



Individual Strategies & Progress

Area	Our Approach
Automotive	<ul style="list-style-type: none"> We are providing support for business expansion in order to contribute to value improvement for Gestamp Automoción S.A. (GA). We are also promoting the establishment of new businesses and peripheral trading businesses for GA, with a focus on the core field of mobility. We are working to acquire materials and components businesses in response to structural changes in the industry brought about by the shift to electric vehicles.
Infrastructure	<ul style="list-style-type: none"> We are establishing a steel supply structure through the electric furnace business in order to respond to the global demand for infrastructure. We are developing steel processing and trading businesses on a local basis in response to trends relating to local production for local consumption of construction steel.
Energy	<ul style="list-style-type: none"> We are improving the quality of our portfolio in the energy domain through the sale of Champions Cinco Pipe & Supply LLC. We are pursuing highly functional trading in the oil and gas field and stepping up our efforts in the renewable energy field centered on GRI Renewable Industries, S.L. and GEG Holdings Limited.
Steel trading	<ul style="list-style-type: none"> We are creating steel trading businesses that leverage the respective strengths of Mitsui & Co. Steel Ltd., MM & KENZAI Corporation, and Nippon Steel & Sumikin Bussan Corporation.

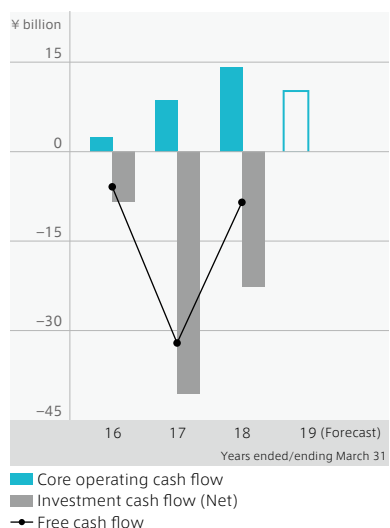
Vision



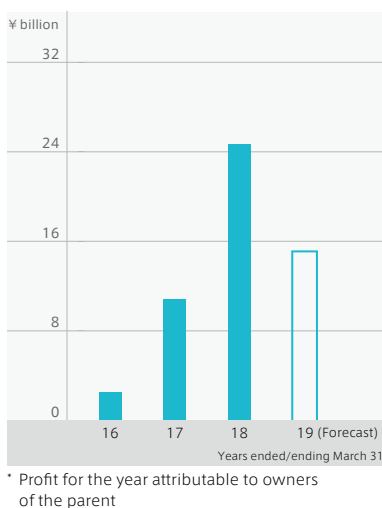
Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
Mitsui & Co. Steel Ltd.	Sales, export, import of steel products	100.0	3.7	3.7	6.1
(Consolidated) Gestamp companies	Manufacture of automotive components	Var.	1.4	0.6	3.9
Game Changer Holdings Inc.	Investment in steel processing company	100.0	2.4	3.6	6.7

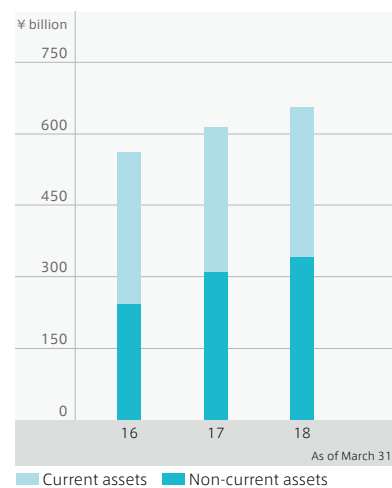
Cash Flow



Profit for the Year*

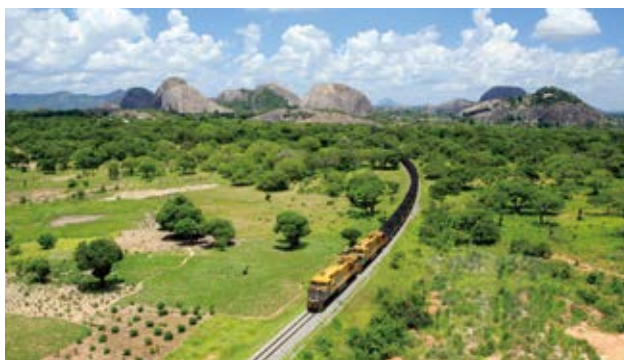


Total Assets

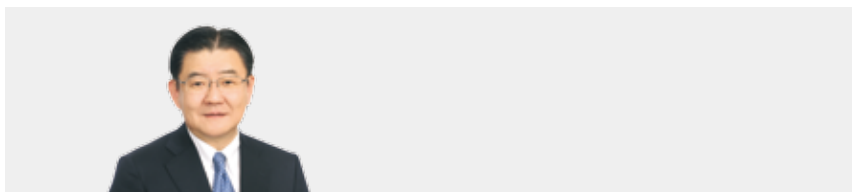


Mineral & Metal Resources Segment

- Mineral & Metal Resources Business Unit



Coal and infrastructure businesses / Moatize coal mine and Nacala infrastructure project (Mozambique)



Executive Managing Officer,
Chief Operating Officer
of Mineral & Metal Resources Business Unit
Shinichiro Omachi

Business Activities

Through business development, investment and trading of ferrous and nonferrous metals and resources, etc., we work to develop integrated value chains which deliver a stable supply of resources and materials essential to industrial society. We also take part in resource recycling, developing industrial solutions that address environmental issues.

Mitsui's Competitive Advantages

- Profit base supported by the three pillars of cost competitiveness, production volume, and ore reserves
- Business opportunities born out of functions, trust, network, and distribution channels we have cultivated in various industries

Business Environment

Business opportunities	<ul style="list-style-type: none"> Increased need for high-quality resources following rapid changes in environmental policies primarily in China Heightened importance to secure a stable supply of raw materials for secondary batteries in light of the widespread use of electric vehicles
Business (competitive) risks	<ul style="list-style-type: none"> Changes in the government policies of each country brought about by the transition to a low-carbon society Impact of technological innovation and other factors on the supply and demand of commodities



Basic Strategies

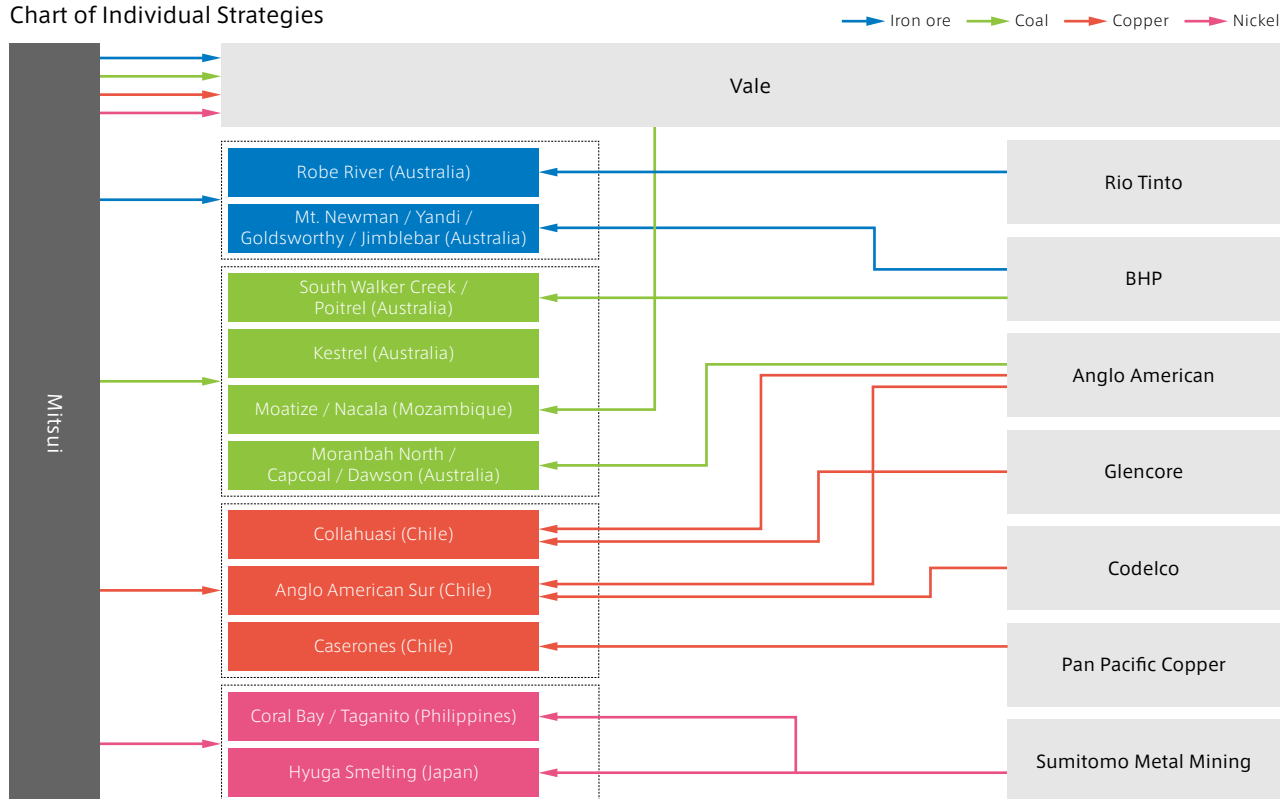
<p>Secure competitive mineral and metal resources and contribute to their stable supply</p> <ul style="list-style-type: none"> Establish a robust profit base that steadily captures upside potential <p>Create trading and investment businesses to fulfill the needs of our customers and partners</p> <ul style="list-style-type: none"> Expand businesses in the mineral and metal resources value chain from raw material supply to recycling <p>Promote businesses that contribute to sustainable economic growth while preserving the global environment</p> <ul style="list-style-type: none"> Contribute to the nation building of resource-supplying countries and the development of the global economy, and reduce environmental impact through increased efficiency
--



Individual Strategies & Progress

Area	Our Approach
Iron ore	<ul style="list-style-type: none"> We are increasing production at Vale Carajas S11D and BHP Jimblebar, working to develop BHP South Flank, and automating operations in Western Australia. Through these and other means, we are promoting the further reinforcement of a profit base supported by the three pillars of cost competitiveness, production volume, and ore reserves.
Coal	<ul style="list-style-type: none"> In Mozambique, we aim to establish a profit base for the Moatize coal mine and the Nacala infrastructure project. In Australia, we are strengthening the structure of existing businesses through such means as the cost reduction of coking coal. Also, we are moving forward with efforts to enhance our portfolio by adding highly competitive assets. Furthermore, for thermal coal, we refrain from accumulating new assets while existing assets are under thorough review for divestiture possibilities.
Copper and others	<ul style="list-style-type: none"> We are enhancing the quality of existing businesses through operational improvements at Caserones and Anglo American Sur. We are also promoting efforts in growth areas by working to establish a value chain for raw materials used in secondary batteries.

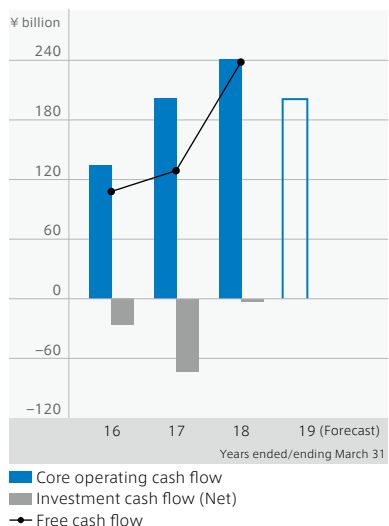
Chart of Individual Strategies



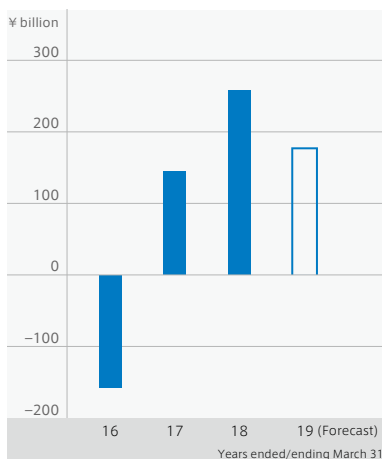
Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
(Consolidated) Iron ore mining operations in Australia	Mining and sales of Australian iron ore	Var.	74.7	102.9	110.4
(Consolidated) Coal operations in Australia	Mining and sale of coal in Australia	Var.	(26.4)	34.3	46.3
(Consolidated) Coal and rail & port infrastructure business in Mozambique	Investment in coal and rail & port infrastructure business in Mozambique	100.0	—	(1.5)	2.6
Japan Collahuasi Resources B.V.	Investment in the Collahuasi copper mine in Chile	91.9	1.4	3.3	6.3
Oriente Copper Netherlands B.V.	Investment in the Chile-based copper company Inversiones Mineras Acrux SpA	100.0	(99.7)	(8.6)	2.6
Mitsui Bussan Copper Investment & Co., Ltd.	Investment in the Caserones copper mine in Chile	100.0	(52.1)	(8.9)	(22.6)

Cash Flow

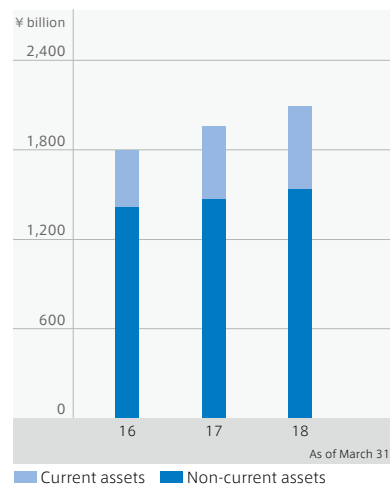


Profit for the Year*



* Profit for the year attributable to owners of the parent

Total Assets



Machinery & Infrastructure Segment

- Infrastructure Projects Business Unit
- Integrated Transportation Systems Business Unit I
- Integrated Transportation Systems Business Unit II



Offshore energy / FPSO (Floating, Production, Storage, and Offloading system) (Brazil)

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Managing Officer,
Chief Operating Officer
of Infrastructure Projects
Business Unit
Yoshio Kometani

Executive Managing Officer,
Chief Operating Officer
of Integrated Transportation
Systems Business Unit I
Shingo Sato

Managing Officer,
Chief Operating Officer
of Integrated Transportation
Systems Business Unit II
Takeshi Setozaki

Business Activities

We contribute to the development of countries and the creation of better lives through the long-term, reliable supply of indispensable social infrastructure such as power, gas, water, railways and logistics infrastructure. While strengthening contact points with end users including consumers, we provide sales, financing, lease, transportation and logistics, and investment in various areas, including large-scale plants, marine resource development facilities, ships, aerospace, railways, motor vehicles, and mining/construction/industrial machinery.

Mitsui's Competitive Advantages

- Extensive customer base and collaboration with prestigious partners
- Existing infrastructure assets supported by stable demand
- Transition to high-quality assets through increased productivity

Business Environment

Business opportunities	<ul style="list-style-type: none"> · Shift to a low-carbon society in response to climate change · Accelerating changes of industrial structure following technological innovation and digital transformation · Expansion of the mobility market · Movement from ownership to usership (leasing, rentals, sharing)
Business (competitive) risks	<ul style="list-style-type: none"> · Strengthening of environmental regulations · Entry of competitors from other industries



Basic Strategies


<p>Thoroughly reinforce a sustainable profit base</p> <ul style="list-style-type: none"> · Reduce costs and improve management efficiency through the introduction of AI and IoT; steadily complete assets under construction; and expand business through bolt-on investments <p>Implement strategic lifecycle management</p> <ul style="list-style-type: none"> · Recycle assets at the appropriate time and constantly improve portfolio quality by capitalizing on opportunities <p>Enter new business domains</p> <ul style="list-style-type: none"> · Take on challenges in the new growth area of mobility as well as challenges in new infrastructure businesses
--



Individual Strategies & Progress

Area	Our Approach
Next-generation electric power	<ul style="list-style-type: none"> · We are stepping up the pace of initiatives geared toward distributed power, energy management services, and renewable energy.
Automotive and construction equipment	<ul style="list-style-type: none"> · We are making advancements in upstream businesses, such as electric vehicles, storage batteries, and engineering, as well as downstream businesses, such as services and leasing.
Ships, aerospace, and rail	<ul style="list-style-type: none"> · We are bolstering our lease, trading, and maintenance services, while also working to improve the quality of our portfolio to contribute to the shift toward a low-carbon society.


Competitiveness



Electric power

- Total power generating capacity of approximately 9.3GW
- Project operatorship
- Well-balanced power generation portfolio in terms of region and fuel


Graph 1, 2



Offshore energy

- Robust structure for collaboration with MODEC Inc.
- Abundant project achievements for Petróleo Brasileiro S.A. — Petrobras
- Stable profits from 18 FPSO/FSO


©MODEC



Gas distribution


- Strategic partnership with Petrobras
- Nearly 50% share of Brazil's gas distribution volume

160 affiliated companies




Automotive

New business platforms in the mobility field by leveraging our customer base




Construction equipment

Leveraging of comprehensive strengths in the construction/mining equipment, machine tool, and agricultural equipment businesses




Ships

- Leveraging of comprehensive sales/purchasing and owner functions
- Diverse range of transportation and sales solutions in the LNG business



Aerospace

- Providing solutions for aircraft/engine leasing, and freighter conversion through various functions
- Promoting involvement in aviation/space industries



Rail

Providing solutions through a wide range of function in the infrastructure construction, rolling stock leasing, operatorship, and train station businesses

Graph 1

Fuel

Renewable energy 16%
Coal 22%
Gas 62%

Graph 2

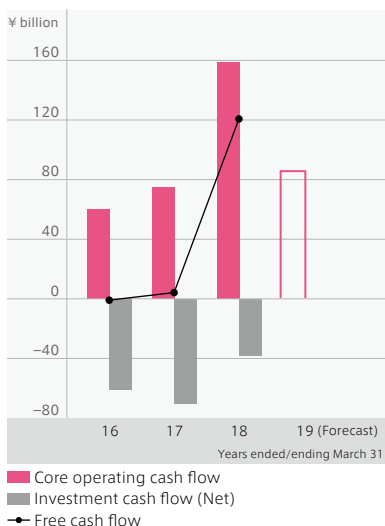
Region

Africa 7%
Americas 34%
Middle East 26%
Asia and Australia 32%

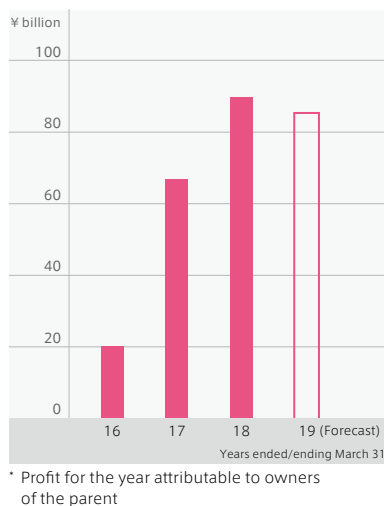
Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
(Consolidated) IPP businesses	Investment in power generation businesses	Var.	(41.5)	8.6	46.4
(Consolidated) FPSO/FSO leasing businesses	FPSO/FSO leasing	Var.	7.6	7.8	9.1
(Consolidated) Gas related businesses	Gas distribution businesses in Brazil and Mexico	Var.	3.0	8.9	7.7
Penske Automotive Group, Inc.	Automotive retailer	15.7	6.7	6.3	11.1
(Consolidated) Truck leasing and rental businesses	Truck leasing, rental, and logistics businesses	100.0	2.0	2.2	4.3
(Consolidated) Rolling stock leasing businesses	Freight car and locomotive leasing	Var.	4.7	3.3	4.5
VLI S.A.	Integrated Freight Transportation	20.0	3.1	2.2	2.3

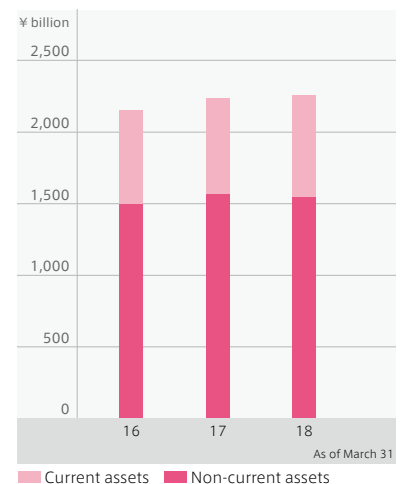
Cash Flow



Profit for the Year*



Total Assets



Chemicals Segment

- Basic Materials Business Unit
 - Nutrition & Agriculture Business Unit
- Performance Materials Business Unit



Trading / Mitsui's sulphur carrier *Sulphur Guardian*



Managing Officer,
Chief Operating Officer
of Basic Materials
Business Unit
Sayu Ueno

Managing Officer,
Chief Operating Officer
of Performance Materials
Business Unit
Takeo Kato

Managing Officer,
Chief Operating Officer
of Nutrition & Agriculture
Business Unit
Kohei Takata

Business Activities

Our chemicals business encompasses trade and investment in a range of industries, from upstream and midstream chemicals such as basic chemicals and fertilizer and inorganic resources, to downstream chemicals which meet diverse market needs, including functional materials, electronics materials, fertilizers, agrochemicals, feed additives, flavorings, and specialty chemicals. We are also pursuing new initiatives in food science, tank terminals and carbon fiber.

Mitsui's Competitive Advantages

- Handling of products across a broad range of domains and a robust client base around the globe
- Business creation through trading that fully leverages our network and project management
- High level of investment efficiency by actively driving business initiatives

Business Environment

Business opportunities	<ul style="list-style-type: none"> · Rise in potential businesses where industries intersect following the emergence of increasingly more complex industrial structures · Need for diversification and high performance of chemicals and materials arising from heightened environmental awareness · Need for increased food production due to increasing global populations, and need for high added value resulting from a rising middle class and a sharper awareness of health
Business (competitive) risks	<ul style="list-style-type: none"> · Deterioration of customer base and the risk of existing business models becoming obsolete due to changes in industrial structures

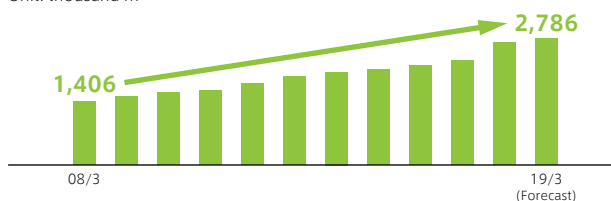


Basic Strategies, Our Approach & Progress

Basic Strategies	Our Approach & Progress
Execute bolt-on investments	We are promoting plans to expand methionine production and specialty businesses with Novus International Inc. We are also reinforcing the profit bases of tank terminal businesses in the U.S. and Europe as well as methanol businesses in the Middle East and the U.S., etc.
Reinforce trading capabilities	By combining our regional expertise, which is deeply connected to local business partners and customers, extensive product expertise, and Mitsui's functional expertise, we are providing added value to customers and realizing steady business expansion.
Engage in new growth opportunities	We are accelerating initiatives in the domains of performance materials, mobility, IoT, nutrition, and agriculture. □ Please see "Establishing Selected New Growth Areas" on pages 046 and 047.

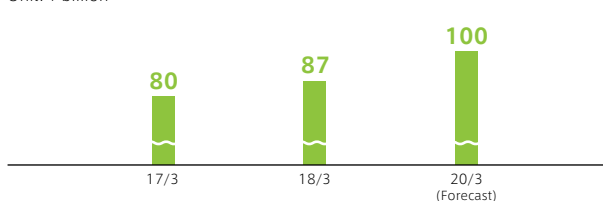
ITC Tank Capacity

Unit: thousand m³

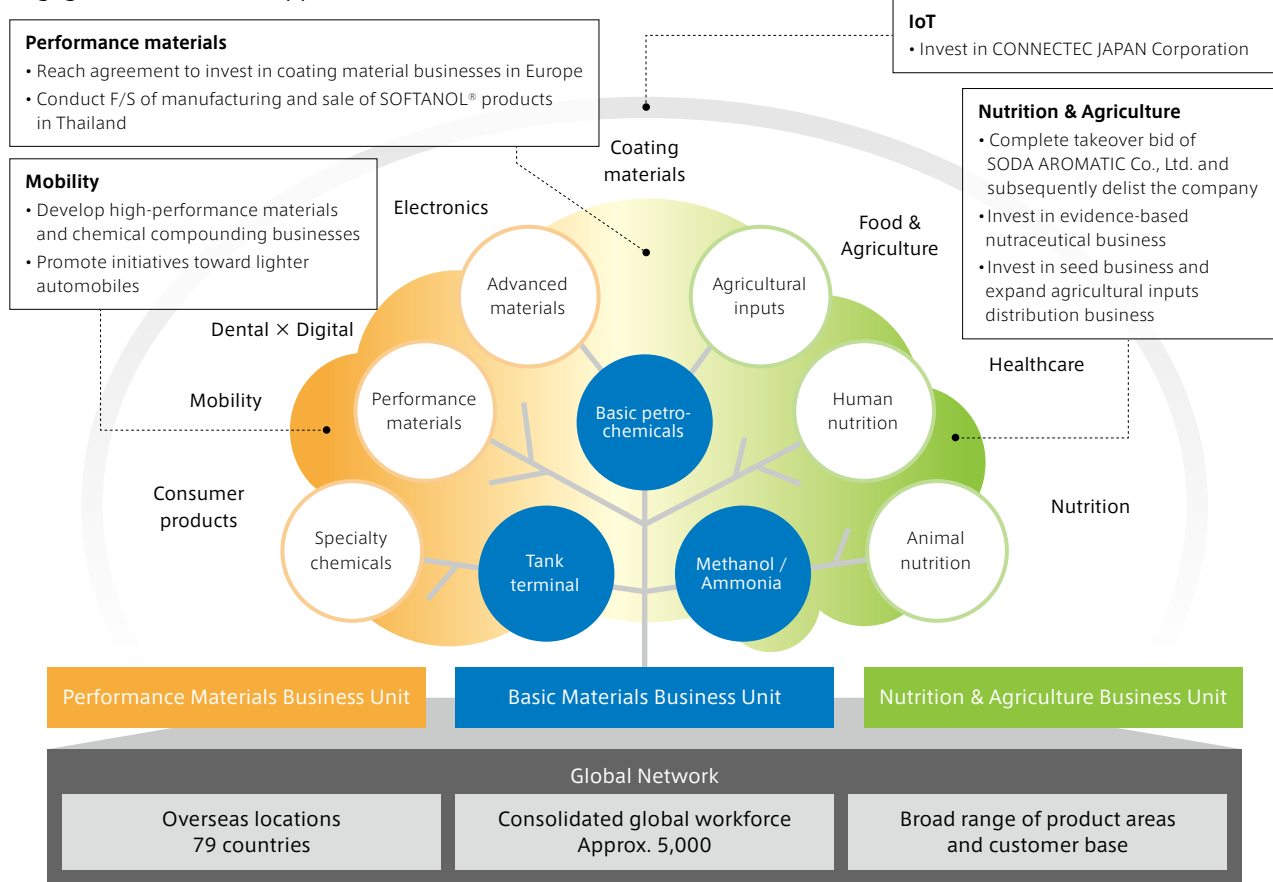


Trading-related Gross Profit

Unit: ¥ billion



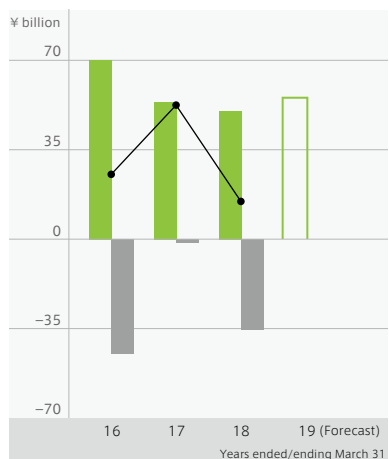
Engage in New Growth Opportunities



Major Subsidiaries & Associated Companies

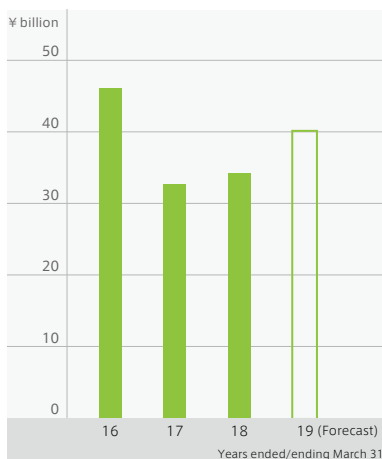
Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
Novus International, Inc.	Manufacture and sales of feed additives	80.0	20.9	8.7	0.5
Intercontinental Terminals Company LLC	Chemical tank leasing	100.0	5.5	4.8	13.3
MMTX Inc.	Investment in methanol producing business in the U.S. and sale of products	100.0	(2.8)	1.7	2.9
MITSUI & CO. PLASTICS LTD.	Sales and marketing of plastics and chemicals	100.0	2.8	3.2	3.8
(Consolidated) Mitsui AgriScience International	Investments in crop protection businesses in Europe and the Americas	100.0	1.5	1.6	1.7

Cash Flow



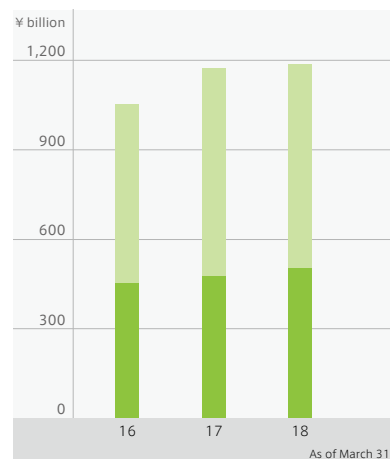
■ Core operating cash flow
■ Investment cash flow (Net)
—●— Free cash flow

Profit for the Year*



* Profit for the year attributable to owners of the parent

Total Assets



■ Current assets
■ Non-current assets

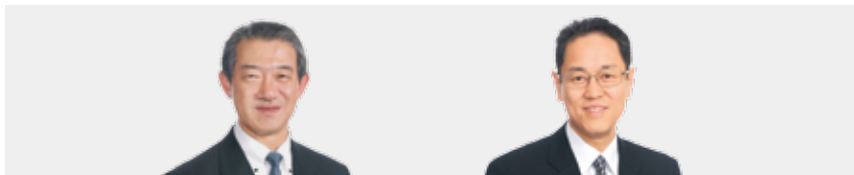
Energy Segment

- Energy Business Unit I
- Energy Business Unit II



LNG business / Sakhalin II LNG project (Russia)

©Sakhalin Energy



Managing Officer,
Chief Operating Officer
of Energy Business Unit I
Masaharu Okubo

Executive Managing Officer,
Chief Operating Officer
of Energy Business Unit II
Hirotatsu Fujiwara

Business Activities

Through upstream development, logistics and trading of energy resources such as oil, natural gas/LNG, coal and uranium, we contribute to the stable supply of energy vital to society. In addition, as part of efforts to achieve a low-carbon society, we are actively involved in environmental and renewable energy businesses.

Mitsui's Competitive Advantages

- Highly competitive, high-quality asset portfolio (growing production volume, reserves, and reinforced LNG production capacity)
- Quality business opportunities born out of our long-cultivated logistics functions, network, and trust

Business Environment

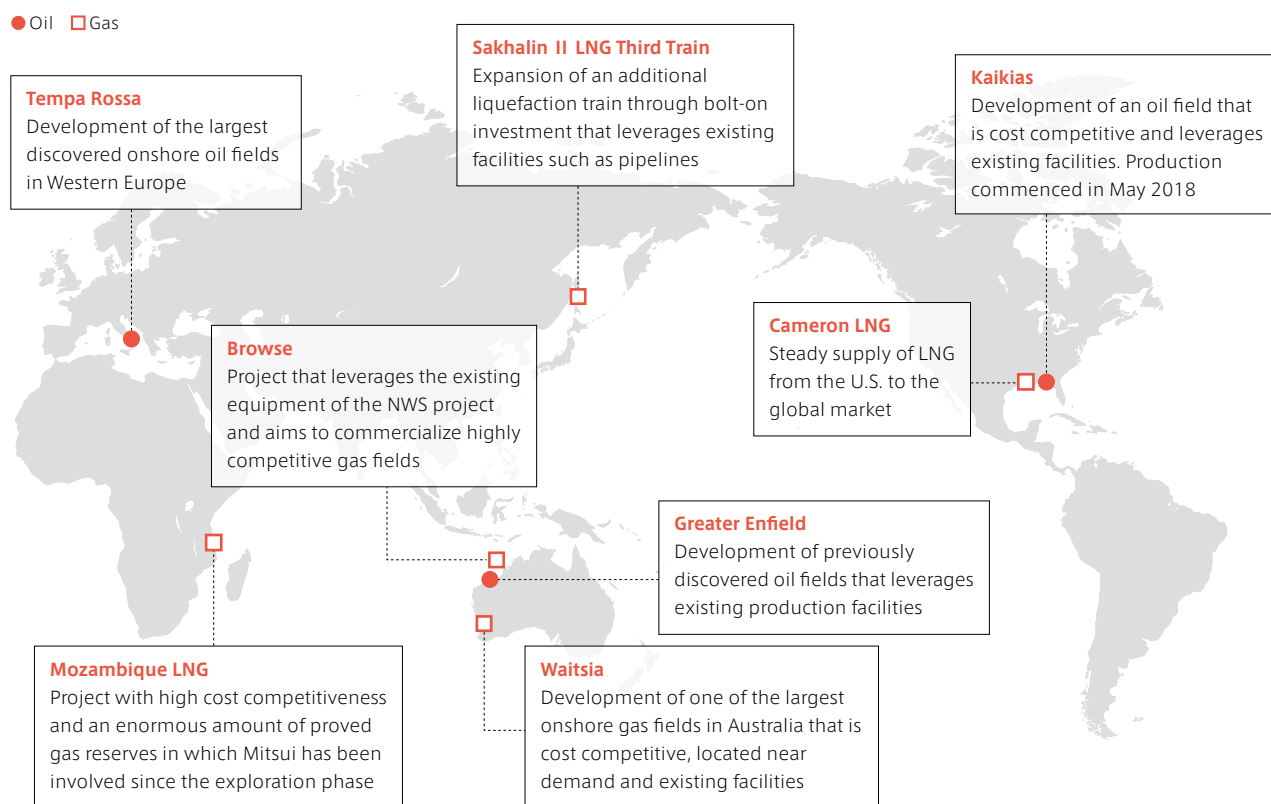
Business opportunities	<ul style="list-style-type: none"> · Expansion of LNG and gas businesses that have a relatively low environmental impact · Emergence of opportunities to undertake initiatives in areas related to renewable energy and new energy
Business (competitive) risks	<ul style="list-style-type: none"> · Unexpected long-term stagnation of oil and gas prices · Adverse impact on supply and demand stemming from changes to environmental policies in each country due to the shift to a low-carbon society



Basic Strategies, Our Approach & Progress

Basic Strategies	Our Approach
Establish a competitive upstream asset portfolio	<ul style="list-style-type: none"> · We are strengthening the competitiveness of existing assets, acquiring new high-quality assets, and promoting the expansion of our LNG production capacity (we are also continuously reviewing our cost competitiveness and carefully selecting new projects for investment). · We are expanding businesses for gas that has relatively low greenhouse gas emissions. Demand for gas is expected to increase over the long term. · As crude oil demand is expected to plateau between 2030 and 2040 under some scenarios, we are managing the upstream crude oil business bearing in mind cost competitiveness and timeframes.
Increase profit in midstream and downstream businesses by leveraging Mitsui's functions	In addition to supplying our customers with energy, we are pursuing a variety of other efforts to develop value chains. These include promoting trading, and marketing activities that capture opportunities from environmental changes such as the shale gas revolution and changes in government policies; acquiring high-quality assets and expanding businesses in the midstream and downstream, including LNG vessels; and developing power generation and other related businesses.
Expand renewable energy and new energy businesses	It is expected that the demand from society for non-fossil fuels and renewable energy will grow and that the reduced cost of these types of fuel and energy will encourage their widespread use going forward. Under such circumstances, we are stepping up our efforts toward the biomass power generation project in Tomakomai and Shimokawacho in Hokkaido, our efforts in domestic and international geothermal business, and the next-generation energy businesses such as hydrogen. Furthermore, we have invested in the U.S.-based LanzaTech Inc., which uses microorganisms to develop gas fermentation technology. Through this investment, we are taking steps to convert greenhouse gases into energy sources and chemical products.

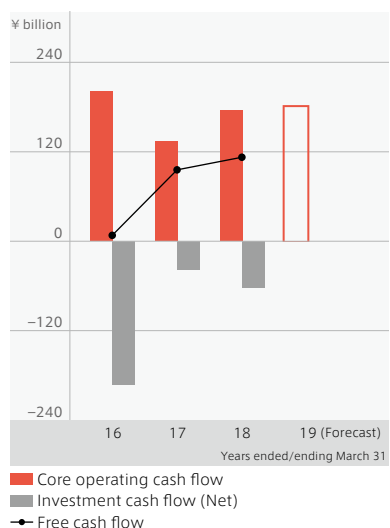
Asset Portfolio That Will Contribute to Future Profits



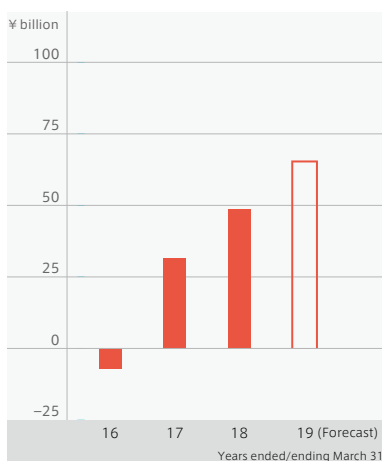
Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	74.3	9.9	6.7	11.5
Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas in Middle East	89.7	(15.4)	2.5	3.5
Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas in Oceania	100.0	(5.6)	1.7	3.9
Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	100.0	3.6	1.2	(4.4)
Mitsui E&P Mozambique Area 1 Limited	Development of LNG project in Mozambique	50.0	(6.6)	(3.1)	(3.4)

Cash Flow

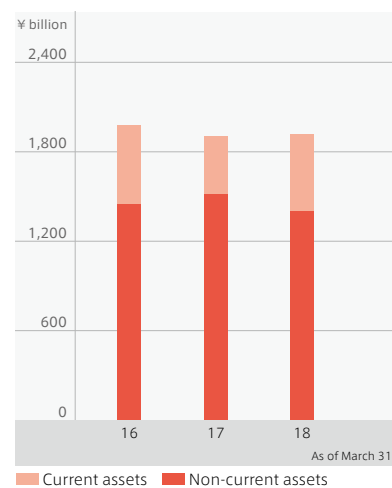


Profit for the Year*



* Profit for the year attributable to owners of the parent

Total Assets



Current assets Non-current assets

Lifestyle Segment

- Food Business Unit
 - Food & Retail Management Business Unit
- Healthcare & Service Business Unit
 - Consumer Business Unit



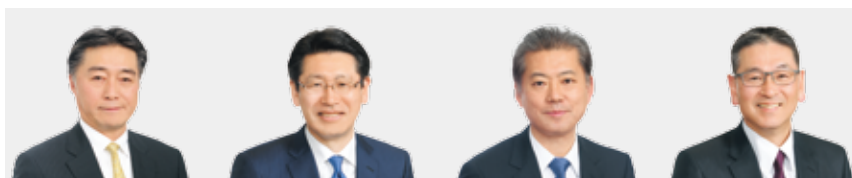
Real estate business / Elderly housing with home-care services in the U.S.

Business Activities

Adapting to changes in consumption and lifestyles while meeting consumers' diverse needs, we provide value-added products and services, develop businesses and make investments in business fields such as food resources and food products, retail services, healthcare, outsourcing, fashion and textiles, forestry plantation resources, and real estate-related business.

Mitsui's Competitive Advantages

- Global network for the origination and sale of grains and other products
- Trust-based relationships with numerous prestigious partners in the value chains of Japan's foodstuff and food product markets
- Extensive contact points with consumers



Managing Officer,
Chief Operating Officer
of Food Business Unit

Miki Yoshikawa

Managing Officer,
Chief Operating Officer
of Food & Retail Management
Business Unit

Yoshiki Hirabayashi

Managing Officer,
Chief Operating Officer
of Healthcare & Service
Business Unit

Koji Nagatomi

Managing Officer,
Chief Operating Officer
of Consumer
Business Unit

Reiji Fujita

Business Environment

Business opportunities	<ul style="list-style-type: none"> · Rising need for securing food resources and securing a sustainable food supply · Increased demand for securing the safety and reliability of food as well as for providing food with high added value due to the emergence of a growing middle class · Heightened need for healthcare services resulting from changes to the pattern of illnesses and the rapidly aging population · Structural changes to the consumer market brought about by technological innovation, higher standards of living, and various lifestyle changes
Business (competitive) risks	<ul style="list-style-type: none"> · Impact of a shift in production areas and other factors caused by import regulations on global logistics · Climate change, infectious diseases in livestock and marine products, etc.



Individual Strategies & Progress

Area	Our Approach
Food Business Unit	<ul style="list-style-type: none"> · We have established our business domains as proteins, sugars, oils & fats, staple foods, grain and feed networks, and value materials. From a nutrient-oriented perspective, we are establishing a global business foundation in each of these domains.
Food & Retail Management Business Unit	<ul style="list-style-type: none"> · We are refining our existing functions such as DCM and logistics by utilizing digital transformation, robotics, and other technologies. · We are also working to enhance the value of existing assets and acquire new assets by equipping ourselves with functions to provide retail solutions.
Healthcare & Service Business Unit	<ul style="list-style-type: none"> · We are strengthening existing business and acquiring operatorships in order to expand healthcare ecosystems that combine the five elements of places, people, goods, services, and information. By doing so, we are strengthening healthcare-related assets. <p>□ Please see "Establishing Selected New Growth Areas" on pages 046 and 047.</p>
Consumer Business Unit	<ul style="list-style-type: none"> · We are working continuously to strengthen the functions of existing businesses within the domains of real estate, fashion, textiles, and day-to-day products. To capitalize on business opportunities, we are also promoting efforts to reposition ourselves to target customer segment that can provide larger profit pools.

Examples of Initiatives

Initiatives in global food transactions

- Import, domestic sales, and multinational trade of food materials from major production areas such as the U.S., Brazil, Australia, Thailand, and Canada; utilization of hedge transactions through futures
- Livestock and marine products business that centers on domestic livestock and overseas marine product assets; coffee trading that leverages economy of scale; and value ingredients businesses, such as teas, fruit juices, and dairy products, that leverage our quality control and product development capabilities

Initiatives in the food and retail management business

- Providing value to 7-Eleven Inc. by refining our functions for supply, procurement, logistics, etc.
- Acquiring and understanding consumer data and insight, equipping ourselves with retail solution functions aimed at the diversification of products, services, and sales floors, while improving the quality of existing assets and acquiring new business assets
 - Merchandising domains, such as prepared foods, commercial foods, and food materials
 - Retail domains such as overseas franchising, "grocerants," and home-delivered meals

Initiatives in the real estate business

- Accumulation of superior properties, primarily by operating companies, in Japan, the U.S., and Asia
- Value enhancement at the U.S.-based MBK Real Estate LLC, which entered into the business of elderly housing with home-care services in 1990 through improved occupancy rates; entry into the logistics facilities development business following increased e-commerce demand in the U.S.

Share of domestic imports

Fiscal year ended March 31, 2017	Domestic import volume	Company share of domestic imports	Position
Corn	15.0 million tons	18%	Industry No. 1
Soy beans	3.2 million tons	18%	Industry No. 1
Flour for milling	5.0 million tons	21%	Domestic No. 1
Rapeseed	2.3 million tons	35%	Domestic No. 1
Palm oil and other vegetable oils	0.9 million tons	30%	Domestic No. 1
Raw sugar	1.3 million tons	25%	Domestic No. 1

Functions provided to 7-Eleven

Function	Details
DCM functions*	Centralized management of raw materials (food materials for boxed lunches, packaging and containers) <ul style="list-style-type: none"> • Inventory management and recipe and traceability management, etc., based on demand forecasts that give consideration to such factors as order history and campaigns at all 7-Eleven stores
Logistics functions	Store delivery <ul style="list-style-type: none"> • Top share of delivery in all controlled temperature ranges
Wholesale functions	Handling of processed foods and liquor

* Demand chain management (DCM): System that comprehensively manages the chain with demand forecast information as the starting point

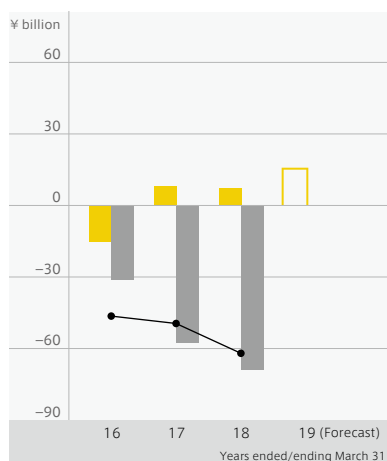


Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
Multigrain Trading AG	Origination and merchandising of agricultural products	100.0	(30.2)	(1.2)	(47.7)
Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	32.2	2.0	5.1	3.3
WILSEY FOODS, INC.	Investments in edible oil products company	90.0	5.1	3.5	3.4
IHH Healthcare Berhad*	Healthcare related business	18.0	4.1	17.3	1.6
AIM SERVICES CO., LTD.	Contract food services	50.0	1.6	1.9	2.3
Mitsui & Co. Real Estate Ltd.	Real estate sales, leasing, management and consulting	100.0	8.5	2.4	2.8

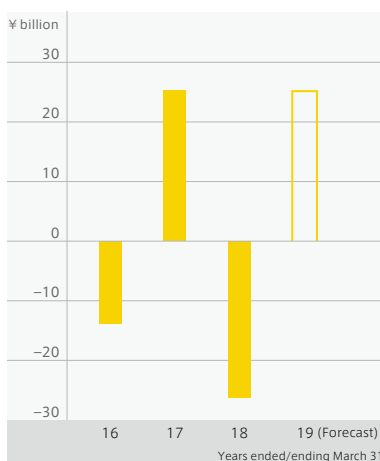
* IHH Healthcare Berhad became a direct investment through a share transfer from MBK Healthcare Partners Ltd. on January 25, 2018.

Cash Flow



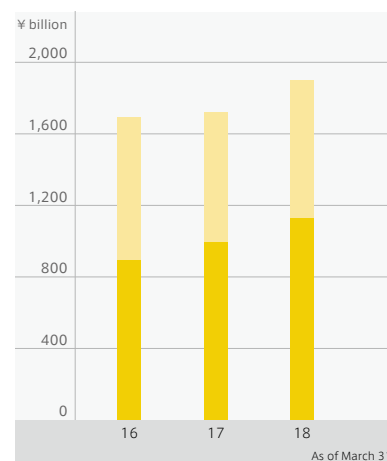
■ Core operating cash flow
 ■ Investment cash flow (Net)
 ● Free cash flow

Profit for the Year*



* Profit for the year attributable to owners of the parent

Total Assets



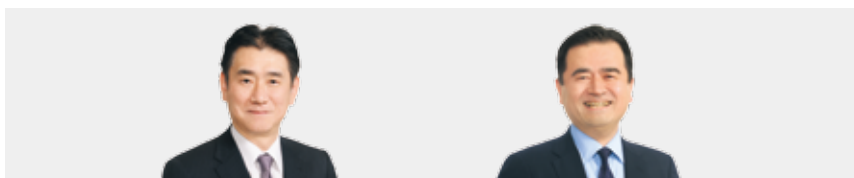
■ Current assets ■ Non-current assets

Innovation & Corporate Development Segment

- IT & Communication Business Unit
- Corporate Development Business Unit



Owner and operator of real assets in North America / CIM Group



Managing Officer,
Chief Operating Officer
of IT & Communication
Business Unit
Masaki Saito

Managing Officer,
Chief Operating Officer
of Corporate Development
Business Unit
Shinichi Kikuchihara

Business Activities

Through our ICT, finance and logistics business, we work on a diverse range of projects aimed at developing innovative business and expanding our business field. At the same time, we promote efforts to strengthen our earnings base by exploring strategic projects that lead to new business areas, and providing specialized functions on a global basis.

Mitsui's Competitive Advantages

- Network with prominent business partners in Japan and overseas and established business models that leverage our customer base
- Development and fostering of human resources that oversee business management, investment, and digital transformation

Business Environment

Business opportunities	<ul style="list-style-type: none"> · Growing value of data assets due to the evolution of AI, robotics, and IoT; shift of power toward consumers · Global expansion of real estate asset management businesses · Diversification of consumer needs; changes and expansion in the logistics industry due to the heightened awareness of labor shortages and the working environment
Business (competitive) risks	<ul style="list-style-type: none"> · Uncertainty of technological innovations, new services, and business models · Impact of decrease in money easing initiatives and interest rate trends in Europe and the Americas on the real estate asset management business



Basic Strategies, Our Approach & Progress

Basic Strategies	Our Approach & Progress
Bolster profit base of domestic affiliated companies in the ICT domain	To bolster the profit base of major domestic affiliated companies, such as MITSUI KNOWLEDGE INDUSTRY CO., LTD., QVC JAPAN INC., and Relia, Inc., we are enhancing our business promotion capabilities by increasing employee capabilities and sharpening our management strengths.
Provide specialized, high-value-added services and actively drive initiatives	We are working to strengthen the wide range of services we offer to both institutional and individual investors. These include alternative asset management services that provide Mitsui-owned real estate assets, insurance-linked securities, and other products; highly sophisticated consumer goods logistics services that are extremely cost competitive; and corporate value improvement services where we invest in other companies to help improve their management.
Support efforts to improve corporate value companywide	<ul style="list-style-type: none"> · We provide support for establishing structures to enhance human resources so that they can contribute to achieving companywide digital transformation. · We offer assistance to large-scale M&A projects of other headquarter business units as well as support and consulting services for existing business turnaround and management improvement. · For investments in next-generation business models, we carefully select new domains to take on challenges and pursue those challenges with a focus on bolt-on investments that leverage Company strengths.

Major Businesses

MITSUI KNOWLEDGE INDUSTRY CO., LTD. (MKI)

MKI's main business domains are the establishment of corporate systems and networks and the provision of cloud services. In the fiscal year ended March 31, 2018, the company acquired a large number of high-quality projects from its existing customer base, thereby realizing increases in sales and profits. With its Digital Transformation Center acting as the core, MKI is contributing to the digital transformation of the entire Mitsui Group.

World Hi-Vision Channel, Inc.

Since 2007, World Hi-Vision Channel, Inc. has been operating "BS12TwellV," a 24/7 free-to-air BS channel. The company has been gradually improving its level of recognition and steadily increasing its profits.

QVC JAPAN INC. (QVC Japan)

QVC Japan is a television shopping company in Japan that operates under the U.S.-based Qurate Retail Group. While reinforcing its customer base with a high percentage of repeat sales, QVC Japan has been achieving a solid business performance year after year. The company aims to further expand profits through various measures, including 4K broadcasts that are slated to begin in December 2018.



©QVC JAPAN, INC.

CIM Group (Owner and Operator of Real Assets in North America)

In 2017, Mitsui invested approximately ¥50 billion in CIM Group (CIM) and funds operated by CIM. CIM's unique strategy utilizes its in-house expertise to create value in real estate and infrastructure assets, benefiting communities. As defined by CIM, it has \$28.6 billion in assets owned and operated. Mitsui contributes to CIM's business diversification and expansion of partner and co-investor base, by providing access to Japanese institutional investors.

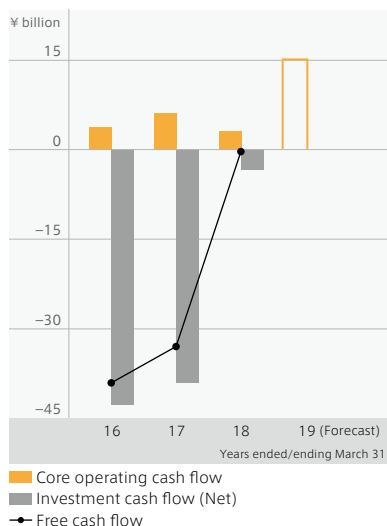
Mitsui & Co. Global Logistics, Ltd. (MGL)

MGL has operated a logistics center operation business and a real estate leasing business, and added an iron and steel machinery and equipment transportation business through a business merger with Mitsui's other logistics service subsidiary, which has strengthened its sales capabilities. The company possesses 20 offices in seven major cities across Japan and a group network that spans 150 cities in 35 countries around the world. In addition, the company operates a warehouse that covers 700,000 m² (roughly the size of 15 Tokyo Domes), which is the largest of its kind in Japan. Due primarily to the steady operations of its logistics center and acquisition of new projects, MGL achieved an increase in profits in the fiscal year ended March 31, 2018.

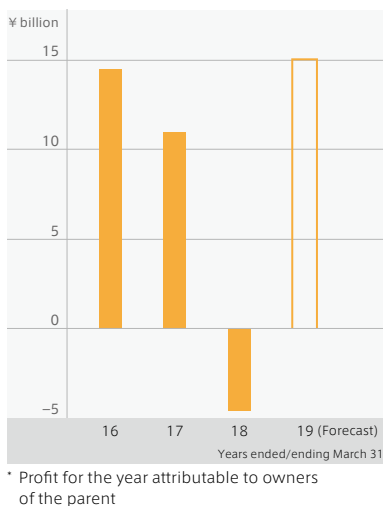
Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership Interest (%)	Annual Earnings (¥ billion)		
			16/3	17/3	18/3
Asia Pacific Mobile Pte. Ltd.	Investment in high-speed mobile service business in Indonesia	100.0	(2.2)	(2.6)	(5.0)
QVC JAPAN INC.	TV shopping using a 24-hour dedicated channel	40.0	4.2	4.4	5.2
MITSUI KNOWLEDGE INDUSTRY CO., LTD.	Planning, development and sales of information and communication systems	100.0	0.6	1.3	2.1
JA Mitsui Leasing, Ltd.	Leasing and financing business	31.4	4.1	3.3	4.0
Mitsui & Co. Global Logistics, Ltd.	Domestic warehousing transportation and customs clearance, and real estate leasing, globally integrated transportation services	100.0	1.4	1.9	2.3
Mitsui & Co. Asset Management Holdings LTD.	Real estate asset management	100.0	0.0	1.7	2.0

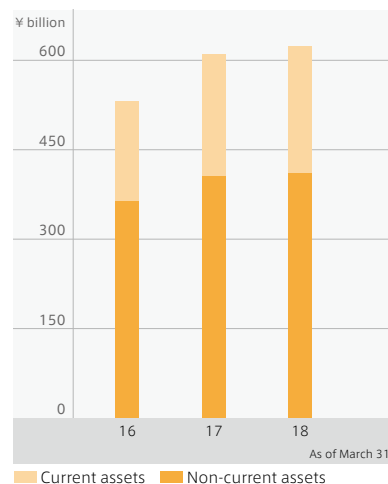
Cash Flow



Profit for the Year*



Total Assets



The Structure That Supports Mitsui

Organization Chart (As of April 1, 2018)



Product and Regional Expertise

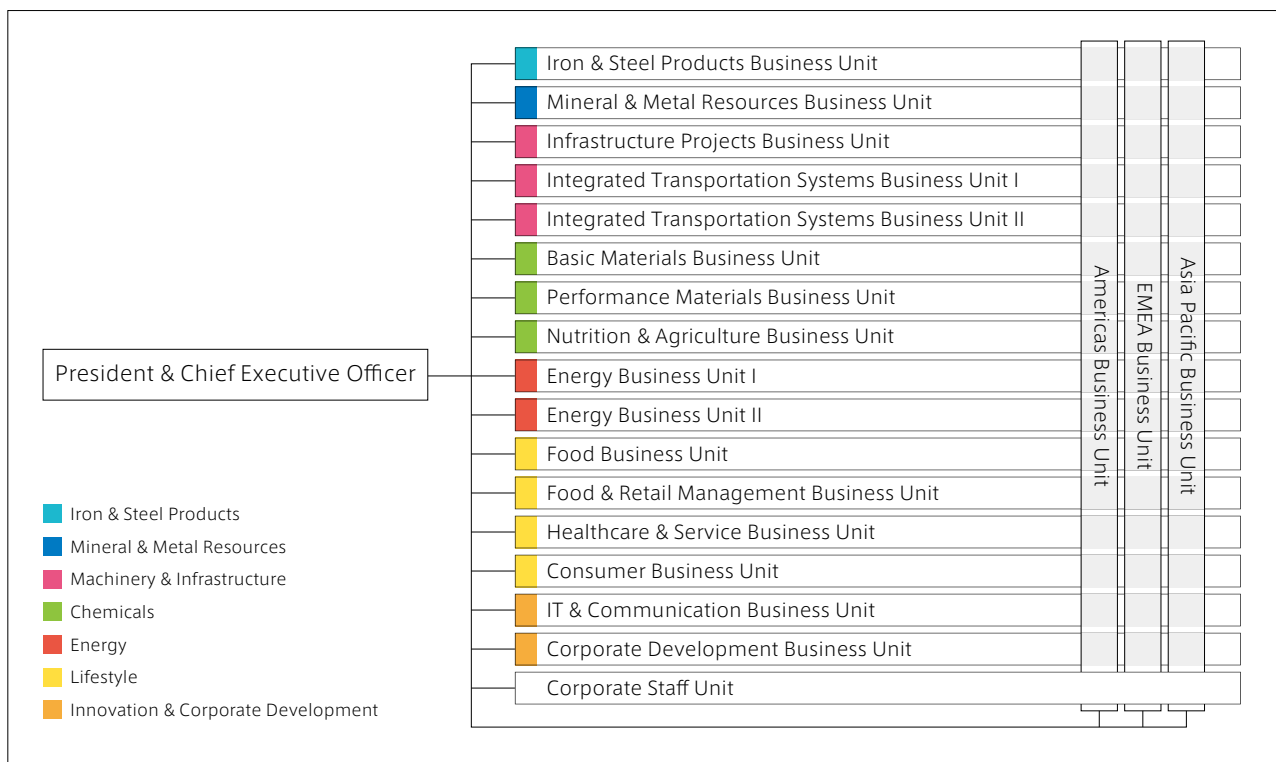
Mitsui has a unique operational organization that is built upon the two axes of product and regional expertise. Under this organization, we engage in its business activities while leveraging the respective strengths provided by these two axes and pursuing collaboration between them.

One strength provided by our product expertise is our 16 Headquarter Business Units. Each Headquarter Business Unit formulates comprehensive strategies for each product it is responsible for, and these strategies integrate our domestic and overseas operations. Guided by such strategies, our Headquarter Business Units promote business activities around the globe. Furthermore, we are working to deepen the horizontal connections between each unit in order to leverage our comprehensive strengths. By doing so, we are promoting groupwide businesses through collaborative initiatives between each Headquarter Business Unit.

One strength provided by our regional expertise is our three Overseas Regional Business Units. We have divided the overseas markets on which we focus into three regions—the Americas;

Europe, the Middle East and Africa (EMEA); and Asia Pacific—and have put into place a trilateral structure that provides independence to each region. Acting as a cornerstone for our regional strategies, each Overseas Regional Business Unit is entrusted with the business operations in their respective area of responsibility. While collaborating with our Headquarter Business Units, the Overseas Regional Business Units manage a diverse array of businesses together with affiliated companies that operate under their jurisdiction. Furthermore, the Overseas Regional Business Units function as expert organizations that have thorough knowledge of information pertaining to their respective area of responsibility, and this knowledge is leveraged to form close relationships with prominent local companies. In these ways, the Overseas Regional Business Units provide the foundation for our global strategies.

By combining the product strategies of the 16 Headquarter Business Units and the regional strategies of the three Overseas Regional Business Units, which are implemented under a trilateral structure, we are able to realize an organic global network.



* China, Taiwan, South Korea, and CIS are regions under the direct jurisdiction of the Head Office.

* The Headquarter Business Units and the Overseas Regional Business Units have thus far been organized into product segments and regional segments. However, from the fiscal year ended March 31, 2018, these units are organized under seven product segments in consideration of decision making pertaining to management resource allocation as well as the evaluation process for business performance.

Chief Operating Officers of the Overseas Regional Business Units



Executive Managing Officer,
Chief Operating Officer
of Americas Business Unit
Katsurao Yoshimori

Senior Executive Managing Officer,
Chief Operating Officer of EMEA (Europe,
the Middle East and Africa) Business Unit
Yasuyuki Fujitani

Senior Executive Managing Officer,
Chief Operating Officer
of Asia Pacific Business Unit
Taku Morimoto

CHAPTER 4

Corporate Governance



074	External Directors Panel Discussion
078	Mitsui's Corporate Governance
086	Execution of Business Activities and Internal Controls
090	Board of Directors and Independent Directors
092	Full-time and Independent Audit & Supervisory Board Members
093	Executive Officers

June 12, 2018

External Directors Panel Discussion

External Director: Ms. Izumi Kobayashi

External Director: Mr. Samuel Walsh

Facilitator: Mr. Leo Lewis (Financial Times)



Izumi Kobayashi

External Director

Profile

- 1981/4 Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
- 1985/6 Joined Merrill Lynch Futures Japan Inc.
- 2001/12 President, Merrill Lynch Japan Securities Co., Ltd.
- 2008/11 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014/6 External Director, Mitsui & Co., Ltd. (current position)



Samuel Walsh

External Director

Profile

- 1972/2 Joined General Motors Holden's Limited
- 1987/6 Joined Nissan Motor Australia
- 1991/9 Joined Rio Tinto Limited
- 2013/1 Chief Executive Officer, Rio Tinto Limited
- 2017/2 Chairman, The Accenture Global Mining Executive Council (current position)
- 2017/6 External Director, Mitsui & Co., Ltd. (current position)

Facilitator: How do you understand the principal role and responsibilities, and targets of being an external director at the Company?

.....

Kobayashi: While I think that, of course, each independent director has their own aim on how to contribute to Mitsui, I believe that the value of independent directors lies in their ability to convey the views of the various stakeholders to management and reflect these views in the decision-making process. I think that in any corporation, the internal discussions tend to be based on "internal" common sense, instead of "entire" common sense, which sometimes is different from an outside perspective. So as an independent director, I try to bring a different view to the discussions and the decision-making process. Each director comes from a different background and has a different profession, so it is important to be able to leverage those different experiences in order to contribute to better decision making and management oversight.

Since the introduction of the corporate governance code, I have seen more open discussion on the Board as well as independent Board members having a bigger voice in the decision-making process. In fact, I have even seen decisions made by internal management changed as a result of the influence of the independent Board members. Also, the advisory bodies to the Board, including the Nomination Committee and Remuneration Committee, have benefited from great change. For example, the Nomination Committee is not only engaged in the nomination of senior management but is also involved in developing the future of senior management.

Walsh: Let me just grab some reference here in terms of my coming on the Board as the only non-Japanese speaker. Simultaneous translation is provided

for me at the Board meetings, and Chairman Iijima mentioned that all of the Board's materials would also be in English. So that helps me to be a very active participant on the Board. But I think coming in as a former CEO and a member of two boards, that of Rio Tinto and of Seven West Media, the largest media company in Australia, has taught me that the board members, as Kobayashi-san said, play a different role. We're there to represent shareholders. We're there to ensure that appropriate decision making is carried out—for example, in terms of cash allocations between investments and returns to shareholders. These are the sorts of priorities that today's shareholders are addressing. Growth, environmental performance, innovation, cyber security, and so on. All of these issues are very important, and we need to look at all such projects and report on them in light of today's priorities.

Personally, I think governance is very strong at the Company. Remember, we have five independent directors, but we also have the Audit & Supervisory Board. Together, we're a very noisy group and we are truly able to express our views, which may be strongly supportive or perhaps opposing depending on the issue—and I think that's a very healthy process. Also, I've got to say that bringing me onto the Board was a big step by Mitsui and I think that I play a very active role.

Facilitator: How have you used your global experiences to the advantage of the Board?

.....

Walsh: You know, certainly, I can offer what I've learned from my experiences dealing with a number of issues in a whole range of countries, particularly with resource projects, but also in terms of understanding the dynamics, the risks, and the areas of focus required of a global company. Today, the world is a very dynamic place. It's changing ever

so rapidly, and it's very important that Mitsui has a sense of urgency that it is responding when necessary to the changes in the environment. And I think that Mitsui is doing exactly that.

Facilitator: How are you measuring, in your own mind, the success of the Board meetings at the Company and on the basis of those measurements, what progress are you looking for?

.....

Walsh: I think it's the ability of the independent directors to speak their mind and for that to be accepted and acknowledged by the chairman. The chair is looking for consensus. Obviously, if there was a majority decision, there are far more executive directors than non-executive directors. Chairman Iijima is looking for consensus in the views, and he strongly considers the views of the non-executive directors. The process is very healthy. The day before a Board meeting, we have a pre-Board briefing. And that enables us to inquire deeply into the issues. It also enables us to raise the critical questions that we are likely to ask at the Board meetings and also give management a view as to whether they support it or not. To me, it's a very healthy process because it gives management the time to draw a breath and to understand the type of questioning or the type of issues that will be raised at the Board meetings the next day. The Board meetings move very quickly, so it's important to have the scene set in advance.

Kobayashi: After Mr. Walsh joined the Board, I think that the dynamics of the discussions have further improved. The internal common sense that I mentioned earlier is not only within the Company but also within Japanese society, as its standards sometimes differ from what the global standards are. Mr. Walsh always shares his global perspective, conveying how the global

market sees a particular trend, which gives us both a fresh outlook on the world and very important input into management's decision making, because Mitsui is a global company and as such we have to be globally competitive.

Facilitator: When strategy comes up as an issue for the Board to discuss, what can you do in those strategy discussions to really make your views known and to have impact on the discussions?

Kobayashi: I think that compared to the time when I joined the Board, the time spent on strategy has been increasing at the request of the independent directors. The issue, though, is not the actual time spent on the Board discussing strategy. What's more important is that once we develop a strategy and growth story, we have to then think about each investment and day-to-day management under that strategy and follow it closely. To put it simply, it is easy to develop a good strategy to engage with investors, but what's important is to follow through on that strategy. So I think that the role of the independent directors can be defined as once we develop a strategy, we have to ensure that every proposal is perfectly aligned with that strategy and also determine what kind of value to create based on that strategy.

Walsh: By every nature in long-term business, strategy is important in terms of setting our vision, setting our direction, setting the scene for our 42,000 employees as we take the business

forward. Strategy, compliance, governance, monitoring—these are the types of roles that the Board plays and I think the key role is actually ensuring that the strategy provides sustainable growth as you go forward. It's important that Mitsui has a very clear view of its long-term strategy but also that it enables employees and management to work in that direction.

Facilitator: Where do you see the external director's role in keeping an eye on mistakes or risks?

Walsh: Accountability is an important issue and it's something that Mitsui is strengthening before our eyes, but more importantly, recognizing that there will be some mistakes along the line. And most importantly, to learn from our mistakes. In the discussions that we have about impairment, yes, we express disappointment that the events have taken place, but we're more focused on what we've learned so that we can ensure that such a situation doesn't happen again. But on the Board, you tend to compartmentalize the business. And there are a lot of really seriously good things happening. Sometimes on the Board, though, you think, "All we're talking about is impairment." But that's not really true—there are a lot of very good things happening.

Facilitator: What would you say are your experiences in terms of being able to hold the Board accountable for improvements in competitiveness and also in regard to ways that your advice

can permeate the overall atmosphere of the Board?

Kobayashi: One of the collective thoughts on the Board is that the business of a trading company is not easy for investors to understand. When we talk about global competitiveness, it is easy to explain competitiveness in terms of one specific product or industry area. However, it is very difficult to compare a trading company with a competitor in one specific field. So what I expect of management is to make the global market understand the value of the trading company's business model and clearly communicate our story to investors as well as the value and differences of the trading company's business model compared with those of each industry's specialized companies. So in this regard, I feel that management has started to talk more about the storyline of Mitsui. The challenge now is to figure out how to link our financial results with our own story. I think that is one way in which the very unique business model of a trading company can illustrate the competitiveness in the global market, which entails being able to compete against different business models.

Facilitator: How honest, how transparent are the discussions on the weaknesses that every company must have?

Kobayashi: The weaknesses are in various areas. Even though Mitsui is a Japanese company, we have a big franchise all over the world. How we

So I think we need to have a better mix of regional and Tokyo personnel even with regard to our Japanese business. Mobility within our organization will be the key to improving our global position.

————— Izumi Kobayashi





Together, we're a very noisy group and we are truly able to express our views. I think that I play a very active role.

————— Samuel Walsh

leverage the diverse human resources outside of Japan to make Mitsui a truly global company is the area in which Mitsui can further improve.

Walsh: I think that probably the biggest challenge that we have, along with every company in the world, is the changing nature of the business environment and the need to be responsive. I think in Mitsui's case, we do a very good job in communicating, engaging, and involving employees. Because, at the end of the day, it's the people that are going to implement the strategy; they need to be aware of how they as individuals add value. Sometimes people get tied up in "busy work," in the number of e-mails they have, whatever the case may be. Without actually realizing how they physically add to the value of Mitsui and improve its efficiency, every single employee is at risk in terms of how they do their job and how they can improve on how they do their job. And most importantly, how Mitsui uses innovation and technology to take leaps in terms of the efficiency in what it does.

Facilitator: Do you feel that you're flying too high above the day-to-day activities to make a difference or do you think that there is a difference you can make from your position?

.....

Walsh: Clearly, the Board needs to be up above looking at the overall business rather than getting directly involved in the management's job to any degree. But the Board's role is there to

set the scene; the Board's role is to identify the sort of challenges that the business is facing and ensuring that Mitsui is responding to that.

Facilitator: Kobayashi-san mentioned that there is a distinct difference between simply being global and having a global mind-set. The question is, what can you do to see that a global mind-set is instilled, and where would you say Mitsui is along that path?

.....

Walsh: I think the key issue is the people at Mitsui. Our people are one of the key strengths of the businesses and we must ensure that we make good use and take advantage of the skills and experience that our 42,000 employees bring. Half of our workforce are Japanese and half are non-Japanese. And we must ensure that we've got the balance right, that we're taking the most advantage of the skills that our people bring. Reviewing our HR systems is right on our agenda. We need to ensure that we are modern in the approach that we are taking, particularly when dealing with millennials.

Facilitator: You've seen companies all around the world. What is your take on the Company's progress in governance?

.....

Walsh: In my opinion, I think governance is very strong. As I have said, I think the external directors' oversight, plus the checks and balances that the Audit & Supervisory Board provides, works very effectively from where I sit.

Kobayashi: I think the area where we need to do more is how we can better utilize our foreign regional personnel in each field of global business. Our regional personnel contributes a lot. But unfortunately, we don't see much influence from regional personnel at the senior management level. So I think we need to have a better mix of regional and Tokyo personnel even with regard to our Japanese business. This will give voice to a greater majority of our global workforce. For example, we can mobilize our talent in global locations to better serve areas around the world where help is needed. Mobility within our organization will be the key to improving our global position.

Walsh: I think that if you look at me as an example, the Company has gone through a great deal to ensure that I'm effective, to ensure that I'm adding value. And I hope in some small way that I'm providing a leadership role for the foreign nationals in a situation where they can see, well, that "There is a *gaijin* (foreign national) on the Board, that he is contributing, that he is opening the door for me." I hope that's how people see it.

Facilitator: So you wouldn't say that you've reached the peak level of noise as of yet?

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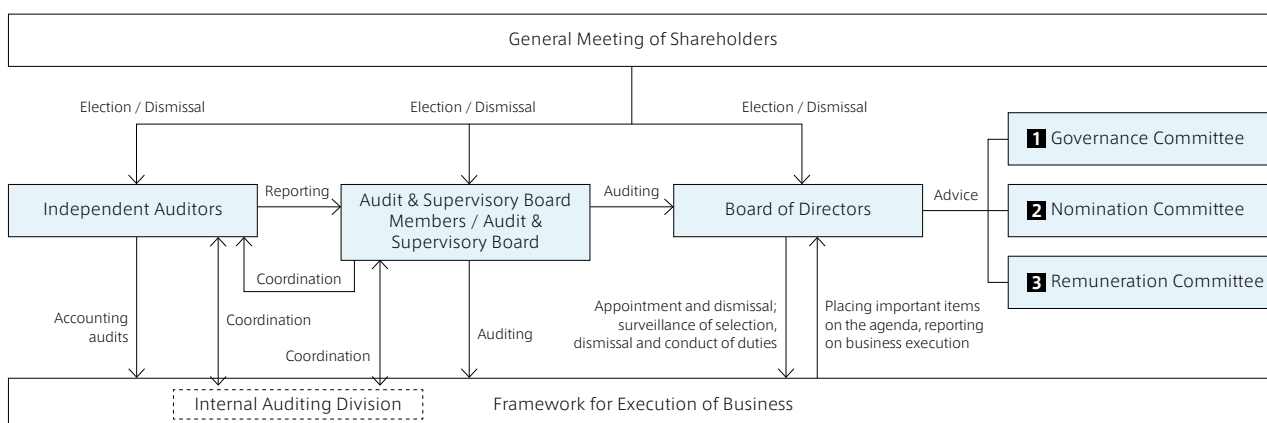
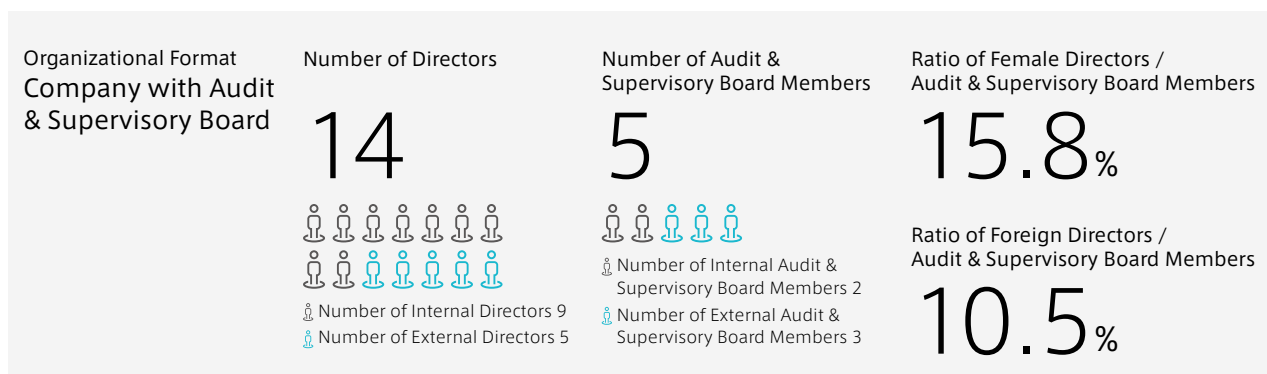
Walsh: Oh, no. I'm very noisy.

Kobayashi: Yeah, I think that the internal Board members are having a very tough time because we are so noisy!

Mitsui's Corporate Governance

In terms of strengthening corporate governance, the Company worked to improve diversity among members of the Board of Directors. At the same time, an even greater number of discussions were held at Board of Directors' meetings regarding Mitsui's future direction and business strategies. In these ways, the Company has been moving forward with efforts to enhance the effectiveness of the Board of Directors.

Corporate Governance Framework



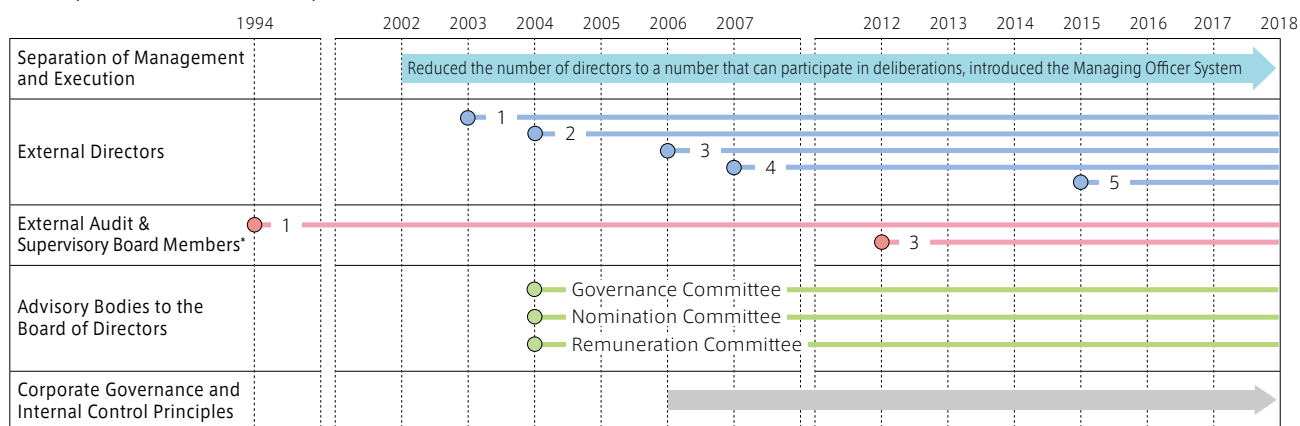
Advisory bodies	1 Governance Committee	2 Nomination Committee	3 Remuneration Committee
Committee chair	Chairman of the Board of Directors	External Director	External Director
Composition (including committee chair)	Chairman of the Board of Directors President and Chief Executive Officer 1 Internal Director 3 External Directors 1 External Audit & Supervisory Board Member	Chairman of the Board of Directors President and Chief Executive Officer 2 External Directors 1 External Audit & Supervisory Board Member	President and Chief Executive Officer 2 Internal Directors 2 External Directors 1 External Audit & Supervisory Board Member
Role	To study the state and future vision of the Company's corporate governance with the viewpoints of External Directors and External Audit & Supervisory Board Members.	To study the selection standards and processes to be applied in nominating Directors and Managing Officers, establish succession planning for the President and Chief Executive Officer and other top executives, and evaluate the proposals of Director nomination.	To study the system and decision-making process related to remuneration and bonuses for Directors and Managing Officers as well as to evaluate the remuneration proposals for Directors.
Results in the fiscal year ended March 31, 2018	The Governance Committee was held three times in the year ended March 31, 2018 and carried out studying the state and future vision of the Company's corporate governance while taking into consideration the viewpoints of External Officers.	The Nomination Committee was held twice in the year ended March 31, 2018, and carried out establishing the selection standards and process to be applied in nominating Directors and Managing Officers and evaluating proposals of Director nomination.	The Remuneration Committee was held three times in the year ended March 31, 2018 and carried out a review of the remuneration system for Directors and Managing Officers, and evaluated compensation proposals.

Directors and Audit & Supervisory Board Members

	Name	Position at the Company	Term of Office Stipulated	Governance Committee*	Nomination Committee*	Remuneration Committee*	Diversity	
							Female	Foreigner
Directors	Masami Iijima	Representative Director, Chairman of the Board of Directors	1 year	◎	○			
	Tatsuo Yasunaga	Representative Director, President and Chief Executive Officer		○	○	○		
	Makoto Suzuki	Representative Director, Executive Vice President				○		
	Satoshi Tanaka	Representative Director, Executive Vice President		○				
	Shinsuke Fujii	Representative Director, Executive Vice President						
	Nobuaki Kitamori	Representative Director, Senior Executive Managing Officer						
	Yukio Takebe	Representative Director, Senior Executive Managing Officer						
	Takakazu Uchida	Representative Director, Executive Managing Officer				○		
	Kenichi Hori	Representative Director, Executive Managing Officer						
	Toshiro Muto	Director (External)		○		◎		
	Izumi Kobayashi	Director (External)			◎	○	○	
	Jenifer Rogers	Director (External)		○			○	○
	Hiroataka Takeuchi	Director (External)			○			
	Samuel Walsh	Director (External)		○				○
Audit & Supervisory Board Members	Joji Okada	Full-time Audit & Supervisory Board Member	4 years					
	Takashi Yamauchi	Full-time Audit & Supervisory Board Member						
	Haruka Matsuyama	Audit & Supervisory Board Member (External)		○			○	
	Hiroshi Ozu	Audit & Supervisory Board Member (External)			○			
	Kitataka Mori	Audit & Supervisory Board Member (External)				○		

* ◎: Committee chair for the respective advisory committees

History of the Governance System



* The number of External Audit & Supervisory Board Members (number appointed / upper limit according to the Articles of Incorporation), was temporarily 4/7 and is currently 3/5.

Initiatives to Further Improve the Effectiveness of the Board of Directors

Year to March 31, 2017	Year to March 31, 2018	Further plans to enhance governance
<ul style="list-style-type: none"> Ensured time to review agenda items Improved the quality of materials provided to external directors to assist in decision making Enhanced coordination between the external members as well as between the accounting auditors and the Internal Auditing Division Enhanced discussions regarding the direction of management 	<ul style="list-style-type: none"> Increased diversity and improved skill set balance of Board members Created more opportunities for discussion on Mitsui's long-term direction, including its corporate strategies and medium-term management plan Board materials improved to identify points that have been discussed up to the stage of referral to the Board and include a list of key discussion points, risks, and countermeasures 	<ol style="list-style-type: none"> Constantly examine the most appropriate structure for the Board of Directors Continually assess the meeting agenda based on matters such as current companywide initiatives (themes) and market trends Reevaluate deliberation method including opportunities for free discussion Revise the management of the advisory committee

Basic View on Corporate Governance

In structuring the corporate governance framework, the Company places emphasis on "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and the executive activities of management." For "improved transparency and accountability," the Company ensures sound supervision and monitoring of management with the viewpoints of External Directors and External Audit & Supervisory Board Members. The Company 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 "the clarification of the division of roles between the oversight activities and the executive activities of management," the Company 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 the 16 Headquarter Business Units and the 3 Overseas Regional Business Units serve concurrently as Managing Officers and engage in business operations for the consolidated Group in a responsive and flexible manner.

While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, the Company implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having internal Directors who are familiar with its 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 Audit & Supervisory Board Members participate, the Company achieves highly effective corporate governance to secure "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and the executive activities of management."

Board of Directors

The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, the Company has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in the case of increasing the number of board members in order to enhance the division of roles between management oversight and execution. In addition, the Company has established the Governance Committee, the Nomination Committee, and the Remuneration Committee to serve as advisory bodies to the Board of Directors. These committees comprise mainly external members.

At Board of Directors' meetings, matters that are deliberated or reported on abide by the Company's internal regulations. In addition to matters concerning fundamental policies related to management, important business execution and matters authorized by resolutions of the General Meeting of Shareholders, the Company passes resolutions on matters determined by law and company statute. We also receive reports regarding matters determined by law and the status of important business operations.

Regular meetings of the Board of Directors are held once every month in principle and extraordinary meetings are held from time to time at any time if deemed necessary.

Audit & Supervisory Board

The Audit & Supervisory Board Members supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Audit & Supervisory Board Members carry out multifaceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

Audit & Supervisory Board meetings are held periodically and precede meetings of the Board of Directors. Moreover, additional meetings are held on an as-needed basis. The Audit & Supervisory Board Members attend meetings of the Board of Directors to monitor how the proceedings of the meetings are managed and the content of the decisions made. These members also actively express their opinions.

Auditing by the Audit & Supervisory Board Members covers a variety of areas, among which are execution of duties by Directors, decision-making processes at the meetings of the Board of Directors and others, status of construction and operation of the internal control system, independence of the Independent Auditors, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.

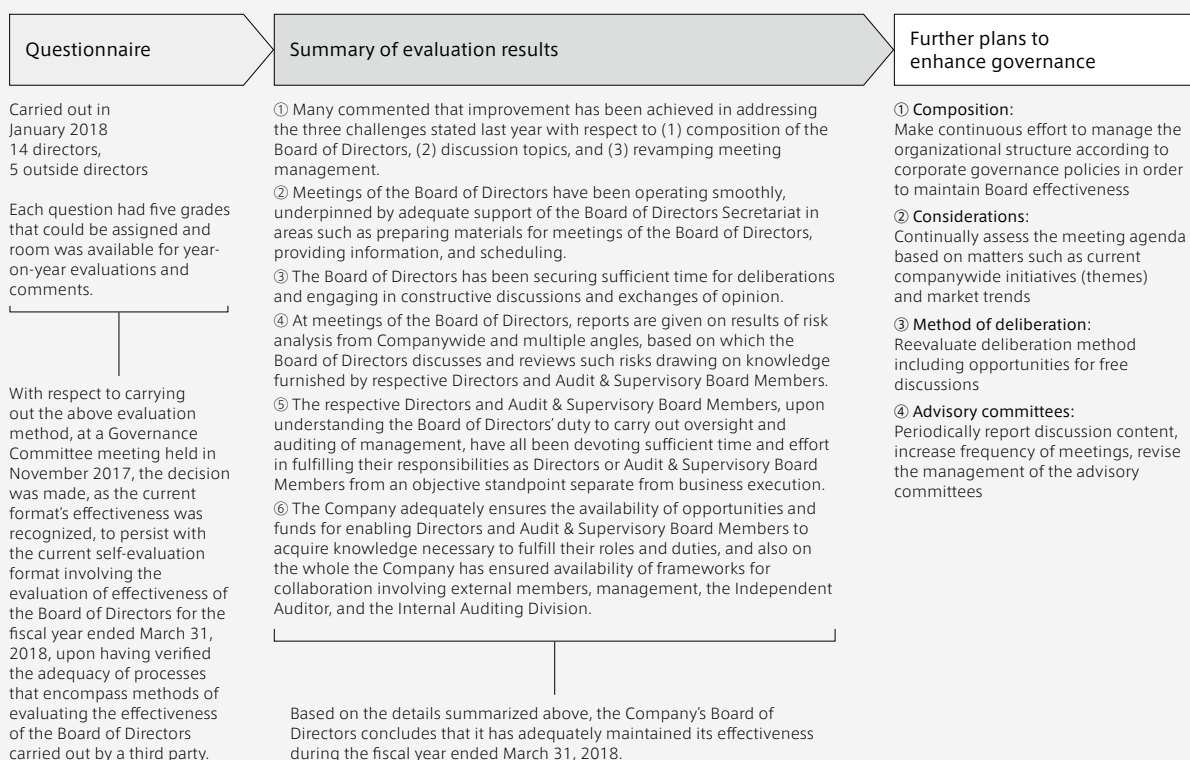
Evaluation of the Effectiveness of the Board of Directors

During the fiscal year ended March 31, 2017, the Company carried out questionnaires regarding the effectiveness of the Board of Directors. Based on the results of these questionnaires, the Board of Directors and its secretariat implemented the following initiatives in the fiscal year ended March 31, 2018, to further improve Board effectiveness.

Recognition of issues based on evaluation results carried out on March 31, 2017	Initiatives	Evaluations of questionnaire carried out on March 31, 2018
Composition of the Board of Directors	During the fiscal year ended March 31, 2018, the Company achieved improvements with respect to striking a balance in diversifying the composition of its Board of Directors, having appointed Director Walsh, who has experience being the CEO of a global corporation, and Audit & Supervisory Board Member Mori, who has expertise in accounting and auditing.	A significant majority of the external members responding to the 2018 questionnaire provided favorable assessment concerning the composition of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.
Discussion topics	During the fiscal year ended March 31, 2018, the Board of Directors engaged in deliberations regarding business plans for the fiscal year, given the notion that more opportunities should be arranged for discussing Mitsui's overall direction on matters such as corporate strategy and the medium-term management plan. The Board of Directors also engaged in deliberations with respect to the new medium-term management plan, subsequent to deliberations of the External Member Meetings. Moreover, at External Member Meetings, opportunities were arranged to discuss topics that included "matters of concern regarding the capital market and the Company's IR activities" and "Mitsui's digital transformation."	A significant majority of the external members responding to the 2018 questionnaire provided favorable assessment concerning the matter of discussions regarding Mitsui's overall direction at meetings of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.
Operation of the Board meetings	With respect to matters that are to be referred and reported to the Board of Directors, beginning in the fiscal year ended March 31, 2018, materials for meetings of the Board of Directors now clearly state points that are to be discussed up to the stage of referral and reporting to the Board of Directors, including bodies such as the Council on Individual Proposals and the Corporate Management Committee. The materials for meetings of the Board of Directors now contain content that is appropriate with respect to deliberating on such points, and tables listing major points of discussion, risks, and countermeasures in that regard.	A significant majority of the external members responding to the 2018 questionnaire provided a favorable assessment concerning the notion that there is greater clarity with respect to points of internal Company discussion, which have been the basis of discussions of the Board of Directors, and a majority of the respondents overall feel the situation has improved in comparison with the previous year.

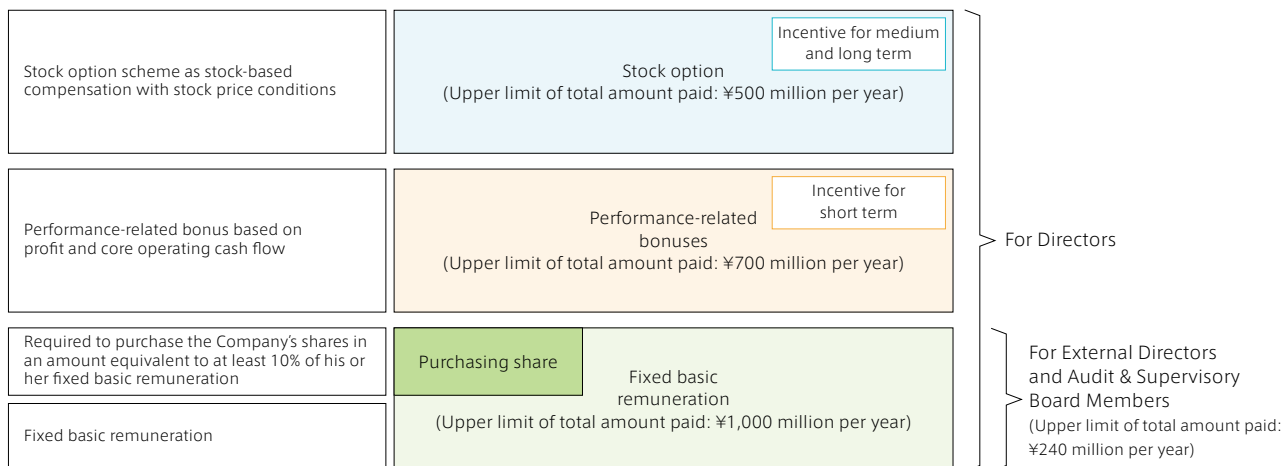
► Evaluation of the Effectiveness of the Board of Directors for the Fiscal Year Ended March 31, 2018

In light of the results of the questionnaires, the resolution was passed at a Board of Directors' meeting held in March 2018 after discussions were held at an External Members Meeting and at meetings of the Governance Committee, which took place in February 2018.



Remuneration of Directors and Audit & Supervisory Board Members

Structure of Remuneration



► Remuneration of Directors

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 the sum of fixed basic remuneration, performance-related bonuses based on important KPI set by management and stock-based compensation stock options with stock price conditions as medium and long-term incentive compensation and limited to within the amounts resolved at the General Meetings of Shareholders. Retirement compensation is not paid to Directors.

- The performance-related bonuses paid to directors are calculated based on the following formula, which has been deemed appropriate by the Remuneration Committee and subsequently approved by the Board of Directors.
Total payment amount = (consolidated profit for the year [attributable to owners of the parent] × 50% × 0.1%) + (core operating cash flow × 50% × 0.1%)

The upper limit for the total amount is set at ¥700 million and individual payment amounts are proportionally distributed based on a point system determined by director position. In the event that consolidated profit for the year (attributable to owners of the parent) is negative, i.e., a loss, or if the core operating cash flow is negative, i.e., a net cash outflow, the items are calculated as zero.

- The stock option scheme is granted to directors in order to have them share the benefits and risks of stock price fluctuations with the Company's shareholders and to give them greater incentive to make contributions to improvements in medium- and long-term business performance and corporate value. Under the stock option scheme, subscription rights to shares, up to annual amounts of ¥500 million and 500,000 shares, are assigned to all Directors. The period for the right to exercise subscription rights to shares is 27 years from the day following the passage of three years from the allotment date. The exercise price is set at ¥1. In the case eligible recipients lose their Director and/or Managing Officer, and/or Audit & Supervisory Board Member status, and 10 years pass from the

following day of such forfeiture, they are no longer able to exercise their subscription rights to shares.

- Each Director (excluding External Directors) is required to purchase the Company's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million through the Mitsui Executives' Shareholding Association.

The remuneration for External Directors is limited to a fixed remuneration that does not include a performance-related portion, and there is no obligation of share purchasing for the External Directors.

► Remuneration of Audit & Supervisory Board Members

Remuneration of the Audit & Supervisory Board Members is determined through deliberation among the Audit & Supervisory Board Members, the total of which should not exceed the amount determined at the General Meeting of Shareholders. Audit & Supervisory Board Members receive only monthly fixed remuneration, which is not related to the performance of Mitsui. Retirement compensation is not paid to the Audit & Supervisory Board Members.

Remuneration of directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2018

Category of Position	Number of Recipients ¹⁾	¥ million			
		Basic Remuneration	Bonus	Stock Option	Total Remuneration ²⁾
Directors (Excluding External Directors)	11	733	542	129	1,405
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	2	132	—	—	132
External Directors and External Audit & Supervisory Board Members	10	151	—	—	151
Total	23	1,016	542	129	1,688

¹⁾ The above includes Directors and Audit & Supervisory Board Members who retired from office in the fiscal year to March 2018.

²⁾ In addition to the above amounts, a total of ¥559 million was paid to 119 retired Directors, and ¥62 million to 17 retired Audit & Supervisory Board Members, as pensions (representing payments determined prior to the abolition of those systems).

External Directors / External Audit & Supervisory Board Members

▶ Selection Criteria

External Directors

- The prospective person's extensive business experience and knowledge are required to deliberate and knowledge of his or her particular area of business should be used.
- The Company puts great value on ensuring independence of External Directors from Mitsui in the pursuit of their management oversight functions.
- With a view to overseeing business operations in a way that reflects the perspectives of our diverse stakeholders, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

Reasons for Appointing Each External Director / Major Activities in the Fiscal Year Ended March 31, 2018

Name	Independent Director*	Reasons for Appointment	Attendance at Meetings in FY2018 (Number of Meetings Attended / Total Number of Meetings)	Significant Concurrent Positions (As of June 21, 2018)
Toshiro Muto	○	Mr. Muto has deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. At the Board of Directors' meetings, he uses his specialist knowledge to speak out actively, making a significant contribution to deepening the discussion. In the fiscal year ended March 31, 2018, he served as the committee chair of the Remuneration Committee and a member of the Governance Committee, contributing to the study, revision and so forth of the remuneration system for Directors, which helped to further strengthen Mitsui's corporate governance. The Company has reappointed him as an External Director so that he may continue to advise and supervise its management.	(13/15)	Chairman, Daiwa Institute of Research Ltd. CEO (Chief Executive Officer) and Director General, the Tokyo Organising Committee of the Olympic and Paralympic Games
Izumi Kobayashi	○	Ms. Kobayashi has advanced expertise in organizational management and risk management for generating innovation, which she has accumulated through her experience working as the representative of private sector financial institutions and a multilateral development bank. She speaks out actively from diverse perspectives at the Board of Directors' meetings, making a significant contribution to deepening the discussion. During the fiscal year ended March 31, 2018, Ms. Kobayashi served as a member of the Remuneration Committee and exercised strong leadership as chair of the Nomination Committee in examining the composition of the Board of Directors, the selection process for Directors and Managing Officers, and related matters. In view of these points, the Company has reappointed her as an External Director so that she may continue to advise and supervise its management.	(15/15)	External Director, ANA HOLDINGS INC. Governor, Japan Broadcasting Corporation External Director, Mizuho Financial Group, Inc.
Jenifer Rogers	○	Ms. Rogers has a global perspective and advanced expertise in risk management cultivated through her experience working for international financial institutions and her experience in legal work as in-house counsel. She makes many useful comments concerning risk control at the Board of Directors' meetings, making a significant contribution to enhancing the supervisory function of the Board of Directors. Since the fiscal year ended March 31, 2016, she has served as a member of the Governance Committee, actively stating her opinions on the building of a highly transparent governance system. In view of these points, the Company has reappointed her as an External Director so that she may continue to advise and supervise its management.	(15/15)	General Counsel Asia, Asurion Japan Holdings G.K.
Hirotake Takeuchi	○	Mr. Takeuchi has deep insight related to management gained as an expert in international corporate strategy. At the Board of Directors' meetings, he makes thought-provoking proposals on Mitsui's management strategies, making a significant contribution to enhancing the supervisory function of the Board of Directors. Since the fiscal year ended March 31, 2017, he has served as a member of the Nomination Committee, helping to improve the transparency of the Company's officers' nominations. The Company has reappointed him as an External Director so that he may continue to advise and supervise its management.	(14/15)	Professor Emeritus, Hitotsubashi University Professor, Harvard Business School External Director, Daiwa Securities Group Inc. External Director, BrightPath Biotherapeutics Co., Ltd.
Samuel Walsh	○	Mr. Walsh has global expertise and excellent management skills cultivated through his long years working in upper management within the automotive industry and as chief executive officer of an international mining and resources company. At the Board of Directors' meetings, he makes proposals and suggestions from a broad-minded standpoint based on his experience of managing a global company, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. During the fiscal year ended March 31, 2018, Mr. Walsh served as a member of the Governance Committee and actively provided his opinions on building of a highly transparent governance system. The Company has selected him as an External Director so that he may continue to advise and supervise its management.	(11/11) (Since his appointment in June 2017)	—

* An External Director who is unlikely to have conflicts of interest with general shareholders, as stipulated by the stock exchange

External Audit & Supervisory Board Members

The External Audit & Supervisory Board Members 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 Audit & Supervisory Board Members will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members, the Audit & Supervisory Board shall confirm that no issues with independence arise by taking into consideration such factors as relations with the Company, management and important staff members.

Reasons for Appointing Each External Audit & Supervisory Board Member / Major Activities in the Fiscal Year Ended March 31, 2018

Name	Independent Audit & Supervisory Board Member*	Reasons for Appointment	Attendance at Meetings in FY2018 (Number of Meetings Attended / Total Number of Meetings)	Significant Concurrent Positions (As of June 21, 2018)
Haruka Matsuyama	○	Ms. Matsuyama is appointed as an External Audit & Supervisory Board Member in expectation of the expression of her objective audit opinions from an independent and neutral standpoint, with advanced insight into corporate governance and risk management cultivated through her many years of experience in legal affairs as a judge and as an attorney at law.	Meetings of Board of Directors (15/15) Meetings of Audit & Supervisory Board (21/21)	Attorney at law External Director, T&D Holdings, Inc. External Director, Mitsubishi UFJ Financial Group, Inc. External Director, VITEC HOLDINGS CO., LTD.
Hiroshi Ozu	○	Mr. Ozu is appointed as an External Audit & Supervisory Board Member in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has gained, mainly as a prosecutor.	Meetings of Board of Directors (15/15) Meetings of Audit & Supervisory Board (21/21)	Attorney at law External Audit & Supervisory Board Member, TOYOTA MOTOR CORPORATION External Audit & Supervisory Board Member, Shiseido Company, Limited
Kimitaka Mori	○	Mr. Mori is appointed as an External Audit & Supervisory Board Member because the Company deems him capable of clearly expressing an opinion as External Audit & Supervisory Board Member from a neutral and objective perspective based on his advanced expertise in corporate accounting cultivated through his many years of experience as a certified public accountant.	Meetings of Board of Directors (10/11) Meetings of Audit & Supervisory Board (15/16) (Appointed in June 2017)	Certified public accountant External Director, Japan Exchange Group, Inc. External Audit & Supervisory Board Member, East Japan Railway Company External Director, Sumitomo Life Insurance Company

* An External Audit & Supervisory Board Member who is unlikely to have conflicts of interest with general shareholders, as stipulated by the stock exchange

► Criteria for Independence of External Officers (Directors/Audit & Supervisory Board Members)

External Directors or External Audit & Supervisory Board Members of the Company who do not fall under any of the following items are to be judged to have independence.

- (1) Person who is currently or was in the past 10 years an executive director, executive officer, managing officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of the Company or its consolidated subsidiaries
- (2) Person or the executing person of a corporation holding either directly or indirectly 10% or more of the total number of the voting rights of the Company
- (3) Person whose major business partner is the Company or its consolidated subsidiaries*¹ or the executing person of the same
- (4) Major business partner of the Company or its consolidated subsidiary*² or the executing person of the same
- (5) Independent auditor of the Company or its consolidated subsidiary or employee, etc. of the same
- (6) Person providing professional services such as consultant, lawyer and certified public accountant who received from the Company monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent fiscal year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
- (7) Person or the executing person of a corporation who received the annual total of ¥10 million or more of donations or aid funds from the Company or its consolidated subsidiary in the most recent fiscal year
- (8) Person who has fallen under any of (2) to (7) above in the past three years
- (9) Spouse or relative within the second degree of kinship (hereinafter referred to as "close relatives") of the person who is currently or has been recently the important executing person of the Company or its consolidated subsidiary (including director who is not the executing person in the case of External Audit & Supervisory Board Member)
- (10) Close relatives of the person who currently falls or has fallen recently under any of (2) to (7) above (excluding the one who is not important)

*1. If the relevant business partner received from the Company or its consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent fiscal year or the relevant business partner obtained from the Company or its consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent fiscal year, the relevant business partner is deemed to be the person whose major business partner is the Company or its consolidated subsidiary.

*2. If the Company or its consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most recent fiscal year or the relevant business partner provided the Company or its consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of the Company or its consolidated subsidiary.

► Support Systems

For External Directors, before regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given. For External Audit & Supervisory Board Members, in addition to the timely provision of corporate information by the Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Member Division, the essence of the meetings between Full-time Audit & Supervisory Board Members and the Audit & Supervisory Board Member Division is provided periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors. The Company provides its External Directors and External Audit & Supervisory Board Members with specialized personal computers and distributes materials for meetings of the Board of Directors in a timely manner via e-mail. In doing so, the Company ensures that the external members have sufficient time to review agenda items. At the same time, the Company has set up a database for storing information, such as meeting minutes and other materials from past meetings of the Board of Directors, and the external members can access this database using their specialized personal computers.

► External Members Meetings

The meeting composed of all External Directors and External Audit & Supervisory Board Members is held periodically, for the purpose of exchanging information and opinions regarding important matters in management among External Directors, or among External Directors and/or Internal Directors, Audit & Supervisory Board Members, and Managing Officers. The

External Members Meetings were held six times in the fiscal year ended March 31, 2018, where External Directors, External Audit & Supervisory Board Members, Internal Directors, Full-time Audit & Supervisory Board Members, Independent Auditors, and Managing Officers exchanged information and opinions regarding matters such as the corporate management policy, audits, and the operation of operating segments.

► Cooperation among External Directors and External Audit & Supervisory Board Members in Audits, Internal Audits, Corporate Audits, and Independent Audits, as well as Their Relationship with Internal Control Departments

External Directors and External Audit & Supervisory Board Members, through the Board of Directors and the Audit & Supervisory Board, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits, as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at meetings of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to the 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. Furthermore, at External Members Meetings, External Directors, Corporate Auditors, and Independent Auditors exchange opinions and information on auditing policy.

Policy on Training for Directors and Audit & Supervisory Board Members

Upon assumption, opportunities are given to Directors and Audit & Supervisory Board Members for gaining full understanding of the business, financial affairs, organization, etc., of Mitsui, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they

may fulfill their duties including the respective roles expected of Directors or Audit & Supervisory Board Members, which are mandated by the shareholders (fiduciary responsibility) and each legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

Policy Related to Acquisition and Holding of Listed Shares

When holding listed shares for any purposes other than purely for investment returns, the Company holds such listed shares only in the case where it is judged to be reasonable after strict and comprehensive examination of several factors, including the necessity for maintaining or strengthening relationships with the investee, medium- to long-term economic rationale, and future outlook. With respect to the Group's asset portfolio that includes listed shares, Mitsui reviews the significance of

holding such assets every year in light of medium- to long-term economic rationale and future outlook, and reports said significance to the Board of Directors. With respect to exercising voting rights for listed shares held by the Group, deliberation is conducted on a case-by-case basis as to whether or not a proposal should be approved by comprehensively taking into consideration any impact that the relevant proposal may have on corporate value of the investee.

Independent Auditors

The Company appoints certified public accountants belonging to Deloitte Touche Tohmatsu LLC as Independent Auditors to carry out auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of consolidated financial statements in English. To

secure prompt financial closing and reliability, the auditing work of the Company and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu, which belongs to the same network as Deloitte Touche Tohmatsu LLC.

Execution of Business Activities and Internal Controls

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 relating to the overall management. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the 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. Matters referred to the Corporate Management Committee meeting are determined by the President and Chief Executive Officer, taking into consideration discussions among the Committee members.

Mitsui aims to achieve the four objectives listed below in terms of internal controls. In addition, Mitsui views internal controls as a “framework for management to control and supervise its business execution organization” that comprises the six elements of control environment, risk assessment, control activities, information and communication, monitoring, and response to IT.

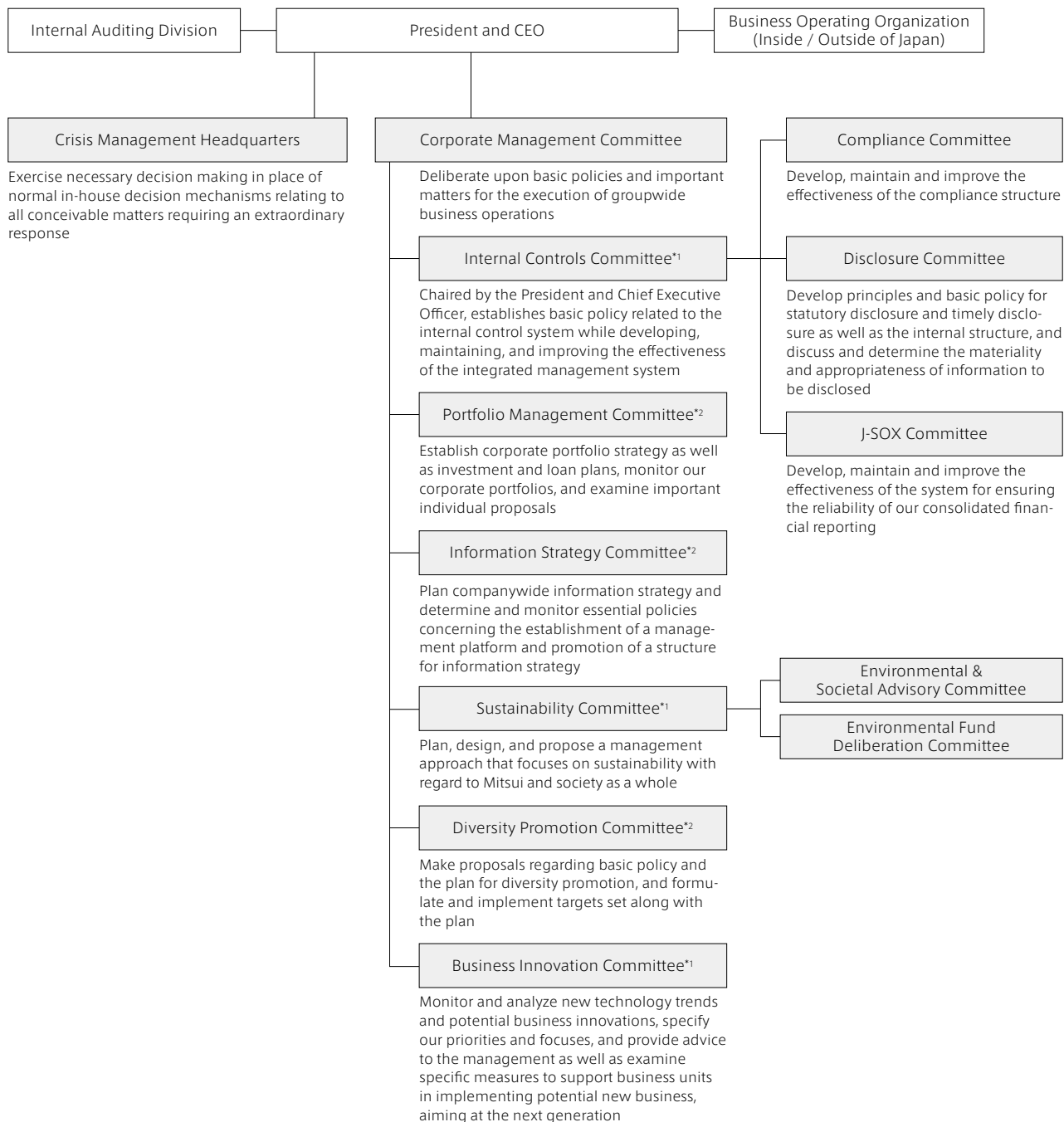
- 1** Improvement of effectiveness and efficiency of operations;
- 2** Ensuring compliance with generally accepted accounting principles and the reliability of financial reporting;
- 3** Compliance with applicable laws and regulations, along with management principles and in-house rules including various codes of conduct reflecting management principles (hereafter referred to as “laws, regulations and in-house rules”); and
- 4** Safeguarding of Company assets.

The Board of Directors oversees the design of Mitsui’s internal controls and assumes the role and responsibility of monitoring internal control establishment, operation, and assessment. Based on the basic design of internal controls provided for by the Board of Directors, Mitsui’s management assumes the role and responsibility of maintaining, operating, and assessing internal controls. In addition, the Internal Auditing Division, which is under the direct control of the president, verifies the suitability and status of internal control design based on plans approved by Mitsui’s management and from an independent standpoint.

The Company has established the following major committees pertaining to the execution of business and implementation of internal controls, 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
- Portfolio Management Committee
- Information Strategy Committee
- Sustainability Committee
- Diversity Promotion Committee
- Business Innovation Committee
- Crisis Management Headquarters

Framework for Internal Controls and Execution of Business Activities



*1. Sub-committees to the Corporate Management Committee

*2. Advisory bodies to the Corporate Management Committee

Risk Management

Risks arising from Mitsui's business activities are monitored and managed by chief operating officers of business units and regional business units within the authorization delegated to them from Mitsui's management. Measures taken by each business unit to manage quantitative risks include setting position limits and loss-cut limits and conducting monitoring through divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe relevant internal regulations. When a business unit or regional business unit takes on risks that are greater than the scope of authority granted to them, it is necessary to obtain approval of the Corporate Management Committee or a relevant representative director or senior managing officer, depending on the importance of the situation, in accordance with the standards of the internal approval system.

Furthermore, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop risk management structures on a companywide basis and handle significant risks. Members of the corporate staff of each committee are responsible for surveillance of Mitsui's position regarding the risks they are in charge of overseeing, as well as the control of risks within the prescribed range of their authority and the provision of support to relevant directors and managing officers.

Internal Controls over Financial Reporting

The Company implements the internal controls framework as stipulated in the Financial Instruments and Exchange Act of Japan. In addition to companywide 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.

Global Tax Management Policy

The Company is committed to complying with all applicable laws, rules and regulations in meeting its tax compliance and reporting responsibilities, whilst simultaneously managing its

global tax expenses. The Company does not adopt artificial arrangements or structures for the purpose of tax avoidance.

Internal Controls Related to Information Systems and Information Security

The Information Strategy Committee establishes important policies related to Global Group information strategy. Further, the committee leads Mitsui's efforts to build and operate information systems, develop internal rules required for information security, and strengthen the management of risks related to information, including the risk of information leakage. The committee ensures the establishment of systems to control risk associated with information assets appropriately. Specifically, it

establishes rules for process of procurement, introduction and operation of information assets; code of conduct for the system supervisory divisions regarding IT security; requirements for information risk management systems and the basics of information management; and internal rules relating to the handling of personal information required in the course of business operations as well as Cyber Security Countermeasures.

Compliance

Mitsui has a strong belief that a sound reputation is the foundation of Mitsui's business. At Mitsui, we define compliance as complying with corporate ethics and social norms in addition to laws, regulations, and internal rules of the Company. By word "compliance". Mitsui requires its employees and officers to act in accordance with its corporate ethics, based on its management philosophy and social norms in addition to laws and regulations as well as internal rules of the Company. To those ends, we carry out corporate management with emphasis on compliance. With the Chief Compliance Officer as a chairperson and including an external lawyer as an observer, the Compliance Committee develops Mitsui's compliance system and maintains and enhances its effectiveness.

The Company has established the "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." and has equivalent business guidelines in place for its subsidiaries. Mitsui is striving to improve observance of these guidelines through continuous monitoring and review. In addition, the Company has a total of eight whistle-blowing avenues in place, including those involving an external attorney at law and a

third party providing hotline services. The Company made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by the Company as a result of whistle-blowing. Additionally, the Company makes sure that its domestic affiliated companies are also able to use the whistle-blowing avenues (external attorneys at law and a third party providing hotline services). Mitsui's overseas offices and overseas affiliated companies also have whistle-blowing systems that were put in place considering applicable local laws and regional characteristics.

To maintain and improve its compliance structure, the Company consistently conducts activities to raise employee awareness toward compliance and provides as many opportunities as possible for employees to better themselves through training and other means. In doing so, the Company shares knowledge and important points of concern related to compliance. Any cases of violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

Ensuring the Appropriateness of Operations within the Corporate Group

The Company has set forth the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles." In light of other laws and regulations, Mitsui requires its subsidiaries to develop and operate internal controls based on these principles and to the extent reasonable. For its equity-accounted investees, Mitsui coordinates with other equity participants and

encourages the equity-accounted investees to develop and operate similar internal controls. In addition, from its officers and employees, the Company appoints supervising officers to each affiliated company and has them conduct management based on the "Rules on Delegation of Authority for Supervising Officers of Affiliated Companies."

Internal Audits

Based on the order or approval of the President and Chief Executive Officer, the Internal Auditing Division verifies the status of development and management of internal controls, evaluates the suitability and effectiveness of risk management, and gives advice and suggestions for improvements.

During the regular audits that cover the Company, overseas offices, overseas trading subsidiaries, and Japanese and overseas affiliated companies, particularly subsidiaries, Internal Auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., 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 and extraordinary examinations to get the 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 and methods to prevent recurrence.

Board of Directors and Independent Directors

As of June 21, 2018

Directors

Years as a Director / Number of Company shares held

Masami Iijima

10 years / 95,833 shares

Representative Director,
Chairman of the Board
of Directors



1974 Joined Mitsui & Co., Ltd.
2015 Representative Director, Chairman of the Board of Directors
(current position)

Tatsuo Yasunaga

3 years / 36,100 shares

Representative Director,
President and Chief Executive
Officer



1983 Joined Mitsui & Co., Ltd.
2015 Representative Director, President and Chief Executive Officer
(current position)

Makoto Suzuki

3 years / 57,931 shares

Representative Director,
Executive Vice President
Chief Compliance Officer (CCO)



1981 Joined Mitsui & Co., Ltd.
2017 Representative Director, Executive Vice President, CCO
(current position)

Satoshi Tanaka

1 year / 43,292 shares

Representative Director,
Executive Vice President
Chief Administrative Officer (CAO)
Chief Information Officer (CIO)
Chief Privacy Officer (CPO)



1981 Joined Mitsui & Co., Ltd.
2017 Representative Director, Executive Vice President, CAO, CIO, CPO
(current position)

Shinsuke Fujii

2 years / 19,589 shares

Representative Director,
Executive Vice President



1981 Joined Mitsui & Co., Ltd.
2018 Representative Director, Executive Vice President
(current position)

Nobuaki Kitamori

1 year / 23,733 shares

Representative Director,
Senior Executive Managing
Officer
Chief Digital Officer (CDO)



1983 Joined Mitsui & Co., Ltd.
2018 Representative Director, Senior Executive Managing Officer, CDO
(current position)

Yukio Takebe

New / 16,204 shares

Representative Director,
Senior Executive Managing
Officer



1983 Joined Mitsui & Co., Ltd.
2018 Representative Director, Senior Executive Managing Officer
(current position)

Takakazu Uchida

New / 19,475 shares

Representative Director,
Executive Managing Officer
Chief Financial Officer (CFO)



1983 Joined Mitsui & Co., Ltd.
2018 Representative Director, Executive Managing Officer, CFO
(current position)

Kenichi Hori

New / 11,729 shares

Representative Director,
Executive Managing Officer



1984 Joined Mitsui & Co., Ltd.
2018 Representative Director, Executive Managing Officer
(current position)

Independent Directors

Years as a Director / Number of Company shares held

Toshiro Muto

8 years / 12,928 shares

External Director



- 1966 Entered the Ministry of Finance
- 1999 Director-General of the Budget Bureau, Ministry of Finance
- 2000 Administrative Vice Minister, Ministry of Finance
- 2003 Special Advisor, Ministry of Finance
Deputy Governor, Bank of Japan
- 2008 Chairman, Daiwa Institute of Research Ltd. (current position)
- 2010 External Director, Mitsui & Co., Ltd. (current position)

Izumi Kobayashi

4 years / 2,820 shares

External Director



- 1981 Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
- 1985 Joined Merrill Lynch Futures Japan Inc.
- 2001 President, Merrill Lynch Japan Securities Co., Ltd.
- 2002 External Director, Osaka Securities Exchange Co., Ltd.
- 2008 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014 External Director, Mitsui & Co., Ltd. (current position)
- 2015 Vice Chairperson, Japan Association of Corporate Executives (current position)

Jenifer Rogers

3 years / 3,565 shares

External Director



- 1989 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
- 1990 Registered as Attorney at Law, admitted in New York
- 1991 Joined Industrial Bank of Japan Limited, New York Branch (currently Mizuho Bank)
- 1994 Joined Merrill Lynch Japan Securities Co., Ltd.
- 2000 Merrill Lynch Europe Plc
- 2006 Bank of America Merrill Lynch (Hong Kong)
- 2012 General Counsel Asia, NEW Asurion Asia Pacific Japan LLC (currently Asurion Japan Holdings G.K.) (current position)
- 2015 External Director, Mitsui & Co., Ltd. (current position)

Hiroataka Takeuchi

2 years / 0 shares

External Director



- 1969 Joined McCann-Erickson Hakuodo Co., Ltd. (currently McCann Erickson Japan Inc.)
- 1976 Lecturer, Harvard Business School
- 1977 Associate Professor, Harvard Business School
- 1983 Associate Professor, Hitotsubashi University-Faculty of Commerce and Management
- 1987 Professor, Hitotsubashi University-Faculty of Commerce and Management
- 1998 Dean of The Graduate School of International Corporate Strategy, Hitotsubashi University
- 2010 Professor Emeritus, Hitotsubashi University (current position)
Professor, Harvard Business School (current position)
- 2016 External Director, Mitsui & Co., Ltd. (current position)

Samuel Walsh

1 year / 2,700 shares

External Director



- 1972 Joined General Motors Holden's Limited
- 1987 Joined Nissan Motor Australia
- 1991 Joined Rio Tinto Limited
- 2013 Chief Executive Officer, Rio Tinto Limited
- 2016 Global President, The Chartered Institute of Procurement and Supply (current position)
- 2017 Chairman, The Accenture Global Mining Executive Council (current position)
Chairman, Royal Flying Doctor Service (WA) (current position)
External Director, Mitsui & Co., Ltd. (current position)


Full-time and Independent Audit & Supervisory Board Members

As of June 21, 2018

Audit & Supervisory Board Members

Years as an Audit & Supervisory Board Member / Number of Company shares held

Joji Okada
3 years / 44,371 shares
Full-time Audit & Supervisory Board Member



1974 Joined Mitsui & Co., Ltd.
2015 Full-time Audit & Supervisory Board Member (current position)

Takashi Yamauchi
3 years / 60,511 shares
Full-time Audit & Supervisory Board Member




1976 Joined Mitsui & Co., Ltd.
2015 Full-time Audit & Supervisory Board Member (current position)

Independent Audit & Supervisory Board Members


Years as an Audit & Supervisory Board Member / Number of Company shares held

Haruka Matsuyama
4 years / 1,411 shares
External Audit & Supervisory Board Member




1995 Appointed Assistant Judge at Tokyo District Court
2000 Registered as Attorney at Law. Joined Hibiya Park Law Offices
2002 Partner at Hibiya Park Law Offices (current position)
2014 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Hiroshi Ozu
3 years / 1,052 shares
External Audit & Supervisory Board Member



1974 Appointed Public Prosecutor
2007 Vice Minister of Justice
2012 Attorney General
2014 Registered as Attorney at Law
2015 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Kimitaka Mori
1 year / 1,812 shares
External Audit & Supervisory Board Member



1980 Joined Shinwa Accountants (currently KPMG AZSA LLC)
2000 Representative Partner
2004 Director of Financial Services
2006 Board Member
2011 Chairman, KPMG FS Japan
2013 Established Mori Certified Public Accountant Office
Chairman and President, The Japanese Institute of Certified Public Accountants
2016 Senior Advisor, The Japanese Institute of Certified Public Accountants (current position)
2017 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Executive Officers

As of June 21, 2018

Executive Officers

* Corporate officer also serving as a director.

President

Tatsuo Yasunaga*

President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters

Executive Vice Presidents

Makoto Suzuki*

Chief Compliance Officer; Corporate Staff Unit (Secretariat, Audit & Supervisory Board Member Division, Human Resources & General Affairs Division, Legal Division, Corporate Logistics Division, New Head Office Building Development Department); Business Continuity Management; New Headquarter Project; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Management Headquarter

Satoshi Tanaka*

Chief Administrative Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Information Technology Promotion Division, Regional Business Promotion Division, Corporate Communications Division, Environmental-Social Contribution Division, Business Supporting Unit (Each Planning & Administrative Division)), Domestic Offices and Branches; HQ Overseen Region; Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, Sustainability Committee; Chairman, Business Innovation Committee

Shinsuke Fujii*

Healthcare & Service Business Unit; Consumer Business Unit; Corporate Development Business Unit; Chairman, Portfolio Management Committee

Senior Executive Managing Officers

Nobuaki Kitamori*

Chief Digital Officer, Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit I; Integrated Transportation Systems Business Unit II; IT & Communication Business Unit; Digital Transformation

Yukio Takebe*

Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II

Yasuyuki Fujitani

Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit

Motoo Ono

Chief Representative of Mitsui & Co., Ltd. in China

Taku Morimoto

Chief Operating Officer of Asia Pacific Business Unit

Executive Managing Officers

Takakazu Uchida*

Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Contoller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III, IV)); Chairman, Disclosure Committee; Chairman, J-SOX Committee

Noboru Katsu

Chairman & CEO of Mitsui & Co. (Australia) Ltd.

Shingo Sato

Chief Operating Officer of Integrated Transportation Systems Business Unit I

Hiromichi Yagi

Chief Representative of Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd.

Katsurao Yoshimori

Chief Operating Officer of Americas Business Unit

Kenichi Hori*

Basic Materials Business Unit; Performance Materials Business Unit; Nutrition & Agriculture Business Unit; Food Business Unit; Food & Retail Management Business Unit

Shinichiro Omachi

Chief Operating Officer of Mineral & Metal Resources Business Unit

Osamu Toriumi

General Manager of Internal Auditing Division

Hiroyuki Tsurugi

Representative Director, President & CEO of Mitsui Oil Exploration Co., Ltd.

Shinji Tsuchiya

President of Mitsui & Co. (Brasil) S.A.

Shinsuke Kitagawa

General Manager of Osaka Office

Hirotsu Fujiwara

Chief Operating Officer of Energy Business Unit II

Managing Officers

Shin Hatori

General Manager of Nagoya Office

Kohei Takata

Chief Operating Officer of Nutrition & Agriculture Business Unit

Yuki Kodera

General Manager of Planning & Administrative Division (Metals)

Hiroshi Meguro

Deputy Chief Administrative Officer (HQ Overseen Region)

Sayu Ueno

Chief Operating Officer of Basic Materials Business Unit

Hirohiko Miyata

General Manager of Investment Administrative Division

Kimiro Shiotani

General Manager of Global Contoller Division

Yumi Yamaguchi

President & CEO, Mitsui Global Strategic Studies Institute

Yoshiki Hirabayashi

Chief Operating Officer of Food & Retail Management Business Unit

Miki Yoshikawa

Chief Operating Officer of Food Business Unit

Masaki Saito

Chief Operating Officer of IT & Communication Business Unit

Yoshiaki Takemasu

General Manager of Human Resources & General Affairs Division

Yoshio Kometani

Chief Operating Officer of Infrastructure Projects Business Unit

Takeshi Setozaki

Chief Operating Officer of Integrated Transportation Systems Business Unit II

Yoshimitsu Gushiken

General Manager of Finance Division

Toshiaki Maruoka

Chief Representative of Mitsui & Co., Ltd. in CIS; General Director of Mitsui & Co. Moscow LLC

Reiji Fujita

Chief Operating Officer of Consumer Business Unit; General Manager of New Head Office Building Development Department

Shinichi Hori

Chief Operating Officer of Iron & Steel Products Business Unit

Motoaki Uno

President & CEO of P.T. Mitsui Indonesia

Takeo Kato

Chief Operating Officer of Performance Materials Business Unit

Shinichi Kikuchihara

Chief Operating Officer of Corporate Development Business Unit

Koji Nagatomi

Chief Operating Officer of Healthcare & Service Business Unit

Masaharu Okubo

Chief Operating Officer of Energy Business Unit I

A satellite night view of Earth, showing the glowing lights of cities and continents against the dark blue of the oceans. The lights are concentrated in the Eastern Hemisphere, particularly in Asia and Australia. The text 'CHAPTER 5 Fact Data' is overlaid on the left side of the image.

CHAPTER 5
Fact Data



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Financial information listed in the Fact Data section was taken from the *Annual Securities Report*. Please refer to this report for more detailed financial information and the Independent Auditor's Report.

Mitsui's Continuing Evolution by Meeting the Changing Needs of the Times



① Daiichi Bussan Kaisha, Ltd. (Tokyo)



② The Abu Dhabi LNG project (UAE)

©Sakhalin Energy



③ Sakhalin II projects (Russia)

1950

1960

1970

1980

1990

Contributed to the recovery of the postwar Japanese economy

■ Daiichi Bussan imported daily necessities into postwar Japan and promoted exports as postwar controls were lifted.

- In 1947, Daiichi Bussan Kaisha, Ltd. established ①
- In 1959, Daiichi Bussan Kaisha, Ltd. integrated with other trading companies (Mitsui & Co.'s great amalgamation) and changed its name to Mitsui & Co., Ltd.

As the driving force of high economic growth

■ In view of Japan's high dependence on overseas sources for key materials, Mitsui invested in the development of our own sources of mineral resources and energy with the aim of ensuring their stable supply to Japan

- In 1963, participated in the development of the Moura coal mine in Australia (currently the Dawson coal mine)
- In 1967, established an iron ore joint venture business with BHP Billiton in Australia
- In 1969, established Mitsui Oil Exploration Co., Ltd.
- In 1970, established Mitsui Iron Ore Development (MIOD) in Australia (Robe River iron ore joint venture)
- In 1971, signed a basic contract for the development of an LNG facility on Das Island in Abu Dhabi ②

■ Supported overseas business development of Japanese products

- Promoted export sales of iron and steel products, machinery and chemicals
- Invested in overseas production and sales operations of Japanese automotive and motorcycle makers (Toyota Motor Group, Hino Motor Group, Yamaha Motor Co., Ltd.) in such countries as Thailand, Canada, Peru and the U.K.

■ Introduced overseas technologies and business models to Japan

- In 1958, established Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.) and shortly after helped lay the groundwork for the computerization of Japan
- In 1976, established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)

Challenges as the pioneer of the era, responding to the rapid structural change of society

■ Further strengthened functions, including IT (information technology), FT (financial technology) and LT (logistics technology)

- In 1989, Japan Communications Satellite, in which the Company invested, successfully launched a communications satellite
- Provided supply chain management for the Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.)

■ Accelerated the planning and development of large-scale LNG projects in accordance with efforts to diversify Japan's energy supply sources

- In 1985, participated in the Western Australia LNG project
- In 1989, participated in the Qatar LNG project
- In 1994, signed development contracts for the Sakhalin II petroleum and natural gas projects ③

■ Acquired and developed large-scale businesses overseas

- In 1991, acquired feed additive business (currently Novus International, Inc.) from Monsanto Company, of the U.S.
- In 1994, established P.T. PAITON ENERGY, an electric power company in Indonesia

©Photo: Dario Zalis / Vale



④ Vale's Carajás iron ore mine (Brazil)



⑤ Mount Elizabeth Novena Hospital, an IHH hospital (Singapore)



⑥ 432 Park Avenue, owned by CIM Group (New York)

2000

2005

2010

2015

Development of various businesses with world class partners in response to the rapid growth of emerging economies and the evolving global industrial structure

■ Long-term initiatives in developing resources and energy businesses to enhance our ability to provide sustainable supply

- In 2003, purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company ④
- In 2010, acquired working interest in shale gas in the Marcellus area and, in the following year, in shale oil in the Eagle Ford area, both in the U.S.
- In 2012, established a strategic partnership with Corporación Nacional del Cobre de Chile and acquired copper interests
- In 2013, acquired interest in the Jimblebar Iron Ore mine in Western Australia
- In 2015, completed second phase of expansion of Robe River J/V mine and port
- In 2016, acquired working interest in Kipper gas and condensate field in Australia
- In 2016, acquired stake in oil and gas development project in the Gulf of Mexico
- In 2018, acquired AWE Limited, an oil and gas company in Australia

■ Response to new needs for enhancing industry and enriching lifestyles

- In 2001, launched 24-hour shopping channel in Japan with QVC network
- In 2001, invested in a major U.S. automotive dealer Penske Automotive Group
- In 2007, commenced capital and business alliance with Sogo Medical Co., Ltd.
- In 2008, launched chemical tank terminal business at the Port of Antwerp in Europe
- In 2011, invested in Asia's largest private hospital group Integrated Healthcare Holdings (currently IHH Healthcare Bhd.) ⑤
- In 2015, invested in a major U.S. truck leasing company Penske Truck Leasing
- In 2015, commenced commercial production of methanol at Fairway Methanol LLC in the U.S.
- In 2016, invested in Asia's largest hospital for middle-income patients, Columbia Asia
- In 2016, invested in the Spain-based Gestamp Automoción, S.A., the world's largest automotive press components manufacturer
- In 2017, invested in Panasonic Healthcare Holdings Co., Ltd., a medical equipment manufacturer
- In 2017, invested in CIM Group, a major real estate asset management company in the U.S. ⑥

■ Developing infrastructure businesses that contribute to nation building and industrial promotion in countries around the world

- In 2004, jointly acquired 13 power generating assets with International Power (currently ENGIE)
- In 2006, acquired a gas distribution business in Brazil
- In 2006, invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand
- In 2014, invested in VLI S.A., a Brazilian integrated logistics company owned and operated by Vale S.A.
- In 2015, participated in a passenger railway transportation business in Brazil, owned and operated by Odebrecht TransPort S.A.
- In 2017, invested in Moatize coal mine and the Nacala rail and port infrastructure projects in Mozambique

10-Year Financial Data (Including Sustainability Data)

Mitsui & Co., Ltd. and its subsidiaries
Fiscal years to March 31

U.S. GAAP

Billions of Yen

	2008	2009	2010	2011	2012	2013	2014
Consolidated Operating Results (For the Year):							
Revenues	5,738.9	5,535.2	4,096.4	4,679.4	5,251.6	4,911.6	5,740.7
Gross Profit	988.1	1,016.3	702.0	859.2	878.3	790.4	859.9
Operating Income	374.8	394.7	144.5	317.0	348.4	254.6	275.2
Equity in Earnings of Associated Companies	154.3	84.8	131.5	242.1	232.1	176.2	173.7
Net Income Attributable to Mitsui & Co., Ltd.	410.1	177.6	149.7	306.7	434.5	307.9	422.2
Consolidated Financial Position (At Year-End):							
Total Assets	9,690.9	8,364.2	8,369.0	8,598.1	9,011.8	10,324.6	11,001.3
Total Mitsui & Co., Ltd. Shareholders' Equity	2,183.7	1,881.7	2,230.1	2,366.2	2,641.3	3,181.8	3,586.4
Interest-bearing Debt	3,685.6	3,668.6	3,471.7	3,377.5	3,578.0	4,269.3	4,455.1
Net Interest-bearing Debt	2,774.0	2,515.1	2,055.7	1,933.9	2,142.8	2,839.4	3,224.4
Consolidated Cash Flows (For the Year):							
Net Cash Provided by Operating Activities	415.8	582.7	632.4	504.5	381.0	461.4	521.5
Net Cash Used in Investing Activities	(104.8)	(290.9)	(180.1)	(484.0)	(438.2)	(753.3)	(704.5)
Net Cash Provided by (Used in) Financing Activities	(185.1)	(9.8)	(214.4)	33.8	57.4	221.6	(34.7)
Free Cash Flow	311.0	291.8	452.3	20.5	(57.2)	(291.9)	(183.0)
Investments and Loans	(710.0)	(520.0)	(360.0)	(690.0)	(650.0)	(960.0)	(1,010.0)
Divestitures	610.0	190.0	210.0	190.0	210.0	220.0	305.0
Net Cash Outflow	(100.0)	(330.0)	(150.0)	(500.0)	(440.0)	(740.0)	(705.0)
Financial Indicators:							
Return on Equity (ROE) (%)	19.1%	8.7%	7.3%	13.3%	17.4%	10.6%	12.5%
Return on Assets (ROA) (%)	4.2%	2.0%	1.8%	3.6%	4.9%	3.2%	4.0%
Net Debt-to-Equity Ratio (Net DER) (times)	1.27	1.34	0.92	0.82	0.81	0.89	0.90

Yen

Amounts per Share:							
Net Income Attributable to Mitsui & Co., Ltd.							
Basic	227.20	97.59	82.12	168.05	238.10	168.72	231.79
Diluted	224.82	97.32	82.11	168.05	—	—	231.78
Cash Dividends	46	25	18	47	55	43	59
Consolidated Dividend Payout Ratio (%)	20.2%	25.6%	21.9%	28.0%	23.1%	25.5%	25.5%
Shareholders' Equity	1,202.03	1,033.22	1,222.11	1,296.66	1,447.34	1,743.34	2,000.78
Stock Price:							
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	2,020	986	1,571	1,491	1,357	1,313	1,459
Price Earnings Ratio (PER) (times)	8.89	10.10	19.13	8.87	5.70	7.78	6.29
Price Book-Value Ratio (PBR) (times)	1.68	0.95	1.29	1.15	0.94	0.75	0.73
Sustainability:							
Number of Employees (Consolidated)	42,621	39,864	41,454	40,026	44,805	45,148	48,090
Ratio of External Directors (%)	30.8%	33.3%	30.8%	30.8%	30.8%	30.8%	30.8%
Paper Consumption (thousand sheets; A4-size equivalent)	92,973	85,547	76,049	66,701	59,810	57,833	56,588

- Notes: 1. Figures for prior years have not been reclassified in accordance with Accounting Standard Codification ("ASC") 205-20, "Presentation of Financial Statements—Discontinued Operations."
2. Operating Income is comprised of "gross profit," "selling, general and administrative expenses," and "provision for doubtful receivables."
3. Tax effects on investments in associated companies which were formerly included in "Equity in Earnings of Associated Companies" are included in "Income Taxes" from the year ended March 2010. Figures for prior years have not been reclassified.
4. Per-share information is calculated based on the number of shares issued at year-end.
5. Diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2012 and 2013 are not disclosed because there are no dilutive potential shares.
6. Price earnings ratio (PER) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by basic net income attributable to Mitsui & Co., Ltd. per share.
7. Price book-value ratio (PBR) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by shareholders' equity per share.
8. Ratio of external directors is calculated based on director numbers upon the conclusion of the general meeting of shareholders held after the end of the respective fiscal year.
9. Paper consumption is calculated based on all offices in Japan (Head Office (Tokyo), 6 offices and 5 branches).

IFRS

	Billions of Yen						Millions of U.S. Dollars
	2013	2014	2015	2016	2017	2018	2018
Consolidated Operating Results (For the Year):							
Revenue	4,912.1	5,731.9	5,404.9	4,759.7	4,364.0	4,892.1	46,152
Gross Profit	814.1	880.1	845.8	726.6	719.3	790.7	7,459
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	183.1	171.2	144.6	(132.0)	170.6	234.9	2,216
Profit (Loss) for the Year Attributable to Owners of the Parent	296.6	350.1	306.5	(83.4)	306.1	418.5	3,948
Consolidated Financial Position (At Year-End):							
Total Assets	10,777.3	11,491.3	12,202.9	10,910.5	11,501.0	11,306.7	106,667
Total Equity Attributable to Owners of the Parent	3,439.1	3,815.8	4,099.8	3,379.7	3,732.2	3,974.7	37,497
Interest-bearing Debt	4,176.4	4,411.1	4,793.9	4,710.5	4,801.6	4,226.9	39,877
Net Interest-bearing Debt	2,739.1	3,178.8	3,382.2	3,215.0	3,282.1	3,089.2	29,144
Consolidated Cash Flows (For the Year):							
Net Cash Provided by Operating Activities	455.3	449.2	640.0	587.0	404.2	553.6	5,223
Core Operating Cash Flow	—	608.9	661.6	471.7	494.8	666.5	6,288
Net Cash Used in Investing Activities	(754.5)	(659.8)	(386.4)	(408.1)	(353.3)	(248.2)	(2,342)
Net Cash Provided by (Used in) Financing Activities	236.3	(13.2)	(126.2)	(50.5)	(50.3)	(652.3)	(6,154)
Free Cash Flow	(299.2)	(210.6)	253.6	178.9	50.9	305.4	2,881
Investments and Loans	—	—	(715.0)	(600.0)	(635.0)	(560.0)	(5,283)
Divestitures	—	—	340.0	190.0	290.0	300.0	2,830
Net Cash Outflow	—	—	(375.0)	(410.0)	(345.0)	(260.0)	(2,453)
Financial Indicators:							
Return on Equity (ROE) (%)	9.4%	9.7%	7.7%	(2.2%)	8.6%	10.9%	
Return on Assets (ROA) (%)	2.9%	3.1%	2.6%	(0.7%)	2.7%	3.7%	
Net Debt-to-Equity Ratio (Net DER) (times)	0.80	0.83	0.82	0.95	0.88	0.78	

	Yen						U.S. Dollars
Amounts per Share:							
Profit (Loss) for the Year Attributable to Owners of the Parent							
Basic	162.53	192.22	170.98	(46.53)	171.20	237.67	2.24
Diluted	—	192.21	170.95	(46.54)	171.10	237.50	2.24
Cash Dividends	43	59	64	64	55	70	0.63
Consolidated Dividend Payout Ratio (%)	26.5%	30.7%	37.4%	—	32.1%	29.5%	
Total Equity Attributable to Owners of the Parent	1,884.33	2,128.73	2,287.17	1,885.47	2,115.80	2,287.10	21.58
Stock Price:							
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	1,313	1,459	1,612	1,295	1,612.5	1,822.5	
Price Earnings Ratio (PER) (times)	8.08	7.59	9.43	—	9.42	7.67	
Price Book-Value Ratio (PBR) (times)	0.70	0.69	0.70	0.69	0.76	0.80	
Sustainability:							
Number of Employees (Consolidated)	45,148	48,090	47,118	43,611	42,316	42,304	
Ratio of External Directors (%)	30.8%	30.8%	35.7%	35.7%	35.7%	35.7%	
Paper Consumption (thousand sheets; A4-size equivalent)	57,833	56,588	50,155	50,369	48,529	45,894	

Notes: 1. We do not disclose "Core Operating Cash Flow" for 2013.

2. Figures calculated in accordance with IFRS standards for investments and loans, divestitures, and net cash outflow are have not been disclosed for the fiscal years ended March 31, 2013 and 2014.

3. Per share information is calculated based on the number of shares issued at year-end.

4. Diluted earnings per share attributable to owners of the parent in the fiscal year ended March 31, 2013, are not disclosed because there are no dilutive potential shares.

5. Price earnings ratio (PER) is calculated based on the year-end closing stock price divided by basic profit (attributable to owners of the parent) per share.

6. The consolidated dividend payout ratio for 2016 was omitted due to a loss.

7. The price earnings ratio (PER) for 2016 was omitted due to a loss.

8. Price book-value ratio (PBR) is calculated based on the year-end closing stock price divided by equity attributable to owners of the parent per share.

9. The U.S. dollar amounts, except cash dividends, represent translations of the Japanese yen amounts at the rate of ¥106.00=U.S.\$1, the approximate rate of exchange on March 31, 2018.

10. The U.S. dollar amounts for cash dividends represent translations of the Japanese yen amounts at the rate in effect on the payment date.

Participation in Initiatives

United Nations Global Compact

In October 2004, the Company signed and pledged its support for the UN Global Compact. The Company has been participating as a member of Global Compact Network Japan and is complying with the principles as part of its own corporate guidelines. Currently the Company conducts a companywide survey every other year in order to check compliance with the UN Global Compact principles and is working to comply with and practice the principles on a global group basis.



Ten Principles of the UN Global Compact

Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainable Development Goals (SDGs)

Mitsui uses its capabilities in the five areas of marketing, financing, logistics, risk management, and IT process configuration to develop diverse business operations across nations and regions. As such, we believe that we can leverage these capabilities to make a wide-ranging contribution to the achievement of the 17 goals. We will strive to achieve, in particular, the goals related to our identified material issues in partnership with our stakeholders.

As a corporate member of Global Compact Network Japan, Mitsui will continue to raise awareness of the SDGs in its business organizations, to reflect the SDGs in our business strategies, and to ensure that our business activities are always guided by a determination to contribute to the achievement of the SDGs.

Please refer to the *Sustainability Report* for information on the themes of initiatives Mitsui has determined by material issue as well as the relationship of these initiatives with the 17 goals and 169 targets laid out in the UN SDGs. The *Sustainability Report* also introduces the specific activities that Mitsui is pursuing to realize the SDGs.



Other Initiatives

- World Economic Forum
- Japan Foreign Trade Council, Inc.: Global Environment Committee, CSR Study Committee
- Japan Business Federation (Keidanren): Committee on Corporate Behavior & Social Responsibility, Committee on Gender Diversity, Committee on Environment and Safety, Committee on Nature Conservation
- Council for Better Corporate Citizenship (CBCC)
- Japan Forum of Business and Society (JFBS)
- Japan Business and Biodiversity Partnership
- Forest Stewardship Council (FSC®)
- Roundtable on Sustainable Palm Oil (RSPO)

Evaluation by Society

Major Selection and Certification (Year to March 31, 2018)



Top Award for Excellence in Corporate Disclosure

The Company has been selected for the top award in the commerce industry category at the 2017 Awards for Excellence in Corporate Disclosure. Organized by the Securities Analysts Association of Japan, this was the 23th holding of the awards. The Company received the highest scores in all five of the above criteria in the commerce industry category.



Dow Jones Sustainability Indices

The Dow Jones Sustainability Indices is a global stock index developed jointly by Dow Jones & Company in the U.S. and RobecoSAM AG in Switzerland. Major corporations around the world are evaluated in terms of their economic, environmental, and social performance. The Company was selected for both the World Index and Asia Pacific Index in 2017.



RobecoSAM Sustainability Award

RobecoSAM carries out surveys and analyses for the Dow Jones Sustainability Indices. From each industry, it recommends companies that have undertaken outstanding environmental, social, and economic initiatives. In the Trading Companies & Distributors category, the Company was selected as one of the companies to be ranked Gold Class, which is awarded to companies that are within a 1% range of the score of the industry leaders.



FTSE4Good Index Series

The FTSE4Good Index Series is a stock index developed by FTSE Russell, which is a wholly owned subsidiary of the London Stock Exchange. FTSE Russell evaluates major corporations around the world from the aspects of environmental, social, and governance criteria, including the labor standards applied throughout their supply chains, as well as on the basis of corporate sustainability. It selects companies that satisfy its standards as constituents of the index. The Company fulfilled the criteria of the index and was selected in the FTSE4Good Index Series.



FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. The index uses FTSE Russell's ESG Ratings data model, which draws on existing international ESG standards such as the UN Sustainable Development Goals (SDGs). The Company fulfilled the criteria of the index and was selected in the FTSE Blossom Japan Index in 2017.



Carbon Disclosure Project (CDP)

CDP is a London-based non-profit organization operated collaboratively by institutional investors. Its purpose is to urge leading companies (in terms of aggregate value) in major countries to disclose their environmental strategies and greenhouse gas emissions; the Company has continued to answer the questionnaire since 2012. In 2017, Mitsui was granted the rating "Management Level B" in relation to both climate change and water.



Inclusion in the 2018 Competitive IT Strategy Company Stock Selection

The Competitive IT Strategy Company Stock Selection is designated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) on the basis of outstanding IT utilization initiatives. The Company has been selected for four years in a row since the launch of the award in 2015.



Nadeshiko Brand

The Nadeshiko Brand is a designation jointly awarded by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) to companies listed in all TSE sections that have shown excellence in promoting career advancement for women. In the fiscal year ended March 2018, the Company was selected as a Nadeshiko Brand company for its proactive efforts to support women to play more active roles in the workplace. Including being selected as a Semi-Nadeshiko Brand last year, this is the fourth year running that the Company has been recognized as a Nadeshiko Brand.



Eruboshi (L Star)

Eruboshi status is awarded to companies that have submitted notifications under the Act on Promotion of Women's Participation and Advancement in the Workplace (Promotion of Women's Career Activities Act) promulgated on April 1, 2016. Requirements for certification include the fulfillment of specific standards and the implementation of outstanding initiatives to promote the advancement of women in the workplace. In September 2016, the Minister of Health, Labour and Welfare certified the Company as having achieved the second of three levels under the Eruboshi system.

Operating Environment Analysis

Operating Environment

Note: The following describes the understanding of the economic environments as of May 2018. Descriptions included herein may differ from our current understanding.

In the fiscal year ended March 31, 2018, the global economy saw ongoing gradual growth in both developed countries and emerging countries supported by firm spending and investment. In the U.S., consumer spending continues to be resilient supported by a favorable environment for employment and employee income. At the same time, tax reform is expected to drive capital investment. As such, economic recovery is expected to continue for the time being. In Europe, though the economy has been resilient following growth in spending and investment, this growth is expected to weaken going forward as corporate business confidence plateaus. In Japan, gradual economic recovery is expected to continue as a result of consumer spending continuing to be resilient following improvement in the employment environment, and because of increases in both investment related to the Olympic and Paralympic Games, and in capital investment focused on labor-saving initiatives. In emerging countries, while stable growth continues in China, this growth is expected to weaken following an environment of excess capacity and adjustments of debts. At the same time, future growth is expected in India due to the progress of economic reform such as the introduction of the Goods and Services Tax. Also, the trend of gradual recovery is expected to continue in Brazil with consumption and investment picking up. However, limited growth is expected to continue in Russia due in part to ongoing sanctions from the U.S. and other nations.

The global economy is expected to follow a trend of gentle recovery going forward. However, careful watch continues to be needed on the escalation of geopolitical risk surrounding the Middle East, the future prospects for the European and U.S. economies, which have shown signs of maturity in some parts, the impact of the Federal Reserve Board's monetary tightening on the economies of emerging countries, and trends in U.S. trade policy.

Business Environment by Segment

Iron & Steel Products

Global steel output for 2017 increased by 5.3% year-on-year to approximately 1.7 billion tons, reflecting steel demand not only in emerging markets such as China and India but also in North America and the EU. On the other hand, due to continued excessive steel supply mainly from Chinese steel manufacturers, which account for almost half of the global steel output, the difficult business environment is expected to persist. Under this situation, amid the integration in the steel industry even more intensified reorganization could occur among steel distributors.

Over the medium to long term, the domestic iron and steel market is expected to shrink gradually due to population decline, among other factors. However, we anticipate that the Americas and Asia will drive a global economic recovery, resulting in increased demand overseas for iron and steel products. Many business opportunities are expected to arise from this development.

Mineral & Metal Resources

In the short term, there is a risk that economic growth in China and emerging countries could slow down, which may lead to a weaker commodity market, however, steel and non-ferrous metals are core industrial materials, and demand for these materials is likely to grow over the long term. On the other hand, over the medium to long term, supply and demand is expected to be

tightened due to supply limitations resulting from the limited availability of high-quality undeveloped projects, in addition to rising development and production costs, depletion of reserves, and deterioration of quality minerals from existing mines. The segment believes the mineral and metal resources business will continue to be an important aspect of its operations.

Machinery & Infrastructure

In emerging countries, where economies and populations continue to grow markedly, demand is rising for the development of basic infrastructure, including electrical, water-related and logistical infrastructure. As for industrialized countries, aging infrastructure is leading to increased demand for repairs. The efforts to create a low-carbon society are also boosting demand for related infrastructure investment, such as a rapid expansion of environmentally friendly renewable energy. Moreover, as facilities and equipment for energy resource development become more advanced, larger, and more complex, development demand is rising overall. In the U.S., the progress of shale oil and gas development is heightening demand, not only for infrastructure development but also for pipeline transportation, downstream chemical manufacturing, gas-fired power generation, and LNG shipping facilities. On the other hand, policy interest rates have reached a historical low level backed by the implementation of quantitative easing policies by central banks primarily in industrialized countries, and greater attention is being paid to infrastructure projects from which stable earnings are expected, following an increase in the amount of investment-ready cash. The segment believes the infrastructure business will continue to be an important aspect of its operations.

As demand for resource and energy is seen to rise over the medium to long term with growth in emerging countries, demand for mining machinery should recover and market conditions are expected to pick up due to an increase in land-and-sea-based logistics. In the U.S., the manufacturing industry is undergoing a revival, and the underlying trend of improvement in U.S. business conditions is having a favorable effect on our automotive, truck, machine tool, and construction machinery businesses. Economic expansion in emerging economies has fostered growing concern about associated environmental problems, and a shift to public transportation has been encouraged as a solution to traffic congestion. As a result, demand for passenger and freight railway facilities is expected to increase. Due to ongoing global economic growth, the number of airline passengers is expected to increase over the medium to long term, and consequently, demand for airframes and engines is also expected to rise. Meanwhile, as global warming, population growth, urbanization, and the aging of society have progressed, various technological innovations for materials, engines, self-driving cars using artificial intelligence, and so on, have been developed and are soon to be put into practical use. In response to this, user awareness has changed including a heightening of safety and environmental consciousness and a progressive shift from ownership of transport to use of transport. Against this backdrop, diverse and innovative business models that go beyond industry customs are appearing across industries, and many business opportunities are expected to arise from this trend.

Chemicals

Due to the shale revolution, the petrochemical industry in North America has regained its competitiveness, and North America is becoming a supply region comparable with the Middle East, which has led to changes in the trade flow of petrochemicals.

Also due to restriction of capital and the environment in China and geographical risk in the Middle East, more volatility in the petrochemicals market could occur.

In the areas of performance and advanced materials as well as specialty chemicals, growth areas are garnering in a global macro environment consisting of a higher awareness toward the environment, improved quality of life, and advances in technological innovations. These growth areas are automobiles, where efforts to make vehicles lighter and electric powered such as electric vehicles and fuel cell vehicles, are progressing; consumer products, such as foods, detergents, and personal care products; and ICT and new industries, which include electronic materials, in addition to robotics and healthcare.

In the agricultural chemicals and food and nutrition science areas, the need for increased food production and the demand for high-value-added food are increasing significantly with population and economic growth in global and the increase in middle income earners and an improved awareness toward health, which has led to market expansion.

Energy

Energy demand is expected to increase along with population and economic growth around the world, and oil, natural gas, coal, and nuclear fuel are expected to continue as main sources of primary energy over the medium to long term. However, due to the introduction of new policies to tackle climate change, there are analysis and scenarios that show a plateau in the energy demand for fossil fuel from around 2030 to 2040, and it is important for us to build a strong portfolio of cost competitive assets that can thrive under that environment.

As oil demand is expected to increase in the medium to long term, the crude oil market is expected to follow a gentle uptrend, mainly due to the effect of slowed-down development by restrained new upstream investment and the necessity to develop higher cost fields. On the other hand, we are aware of the rapid growth in sales of EVs and compounded with the effect of environmental regulations, the potential decrease in the demand for oil needs to be carefully monitored.

The LNG market is expected to remain as an oversupply situation for the time being, because the pace of LNG demand increase will not match with the supply increase by start-up of new large-scale LNG projects in Australia, the U.S., and so on. However, in the medium and long term, the oversupply situation is expected to be resolved around the early 2020s due to the firm demand increase mainly resulting from market expansion in emerging countries and an environmental consideration.

In the upstream business, including E&P and LNG projects, we are working to improve profitability by promoting proactive initiatives and taking advantage of lower development costs caused by lower commodity prices. We are also promoting the development of undeveloped reserves and acquisition of good quality assets, which will establish a more stable earnings base. In addition, we will enhance our presence by reinforcing global business and trading structure, and we will develop business through our energy value chain from upstream to midstream to downstream, further enhancing our earnings base and improving the sustainable value-creating capabilities of our business portfolio by capturing new demand arising in emerging countries and opportunities in infrastructure business such as power generation plants and terminals.

As a response to climate change, there has been a need for a shift to cleaner energy and action taken toward contributing to a low-carbon society. The growth rate of renewable energies, centered primarily on solar power and wind power, is high due to

cost reduction by rapid technological innovation. Depending on the growth rate, it could significantly affect the composition of primary energy sources.

By assessing the trends in the energy business from a long-term perspective, we intend to promote the establishment of a well-balanced energy portfolio for the future, and to contribute to the sustainable growth of society through comprehensive stable energy supply.

Lifestyle

As the global population and economy grow, food demand is expected to increase constantly. Meanwhile, against a background of decreasing agricultural population primarily in industrialized countries and changes to suitable agricultural land due to climate change, the uneven distribution of food-producing regions is progressing and the need to secure food resources and stable food supplies is expected to become more pressing. The global increase of the middle-income class leads to the sophistication of food demand, such as preferences for taste, animal protein, and so on. Additionally, the aging of society led food demand to diversify in areas such as health improvement, disease prevention, safety, security, and so on. The segment believes that it is also necessary to address the demand for high-value-added food.

In Japan's mature consumer market, consumption is expected to decline at a moderate pace due to a declining birthrate and a population that is contracting and aging. The changes are not only quantitative. Against a backdrop of changing lifestyles accompanying the increase in the elderly population, and increases in dual-income households and small families due to more women having jobs, there are substantial changes in the quality and contents of services required, such as an emphasis on medical and healthcare services and the pursuit of safety, security, and convenience.

In emerging countries, mainly in Asia, the growth of medical expenditures is accelerating alongside changes in disease patterns, such as an increase in chronic disease patients, accompanying population growth, an aging society, an increasing middle-income class, and economic development. On the other hand, due to a shortage in the supply of medical services, demand-supply gaps regarding medical services are expected to expand further. The segment believes that it is necessary to address the difficult issues of increasing the supply of high-quality medical services and curtailing medical expenditures.

Innovation & Corporate Development

In the ICT business area, with the evolution of AI, robotics and IoT, the value of digital data is increasing drastically and it has given more power of influence to consumers. Business environments are changing rapidly, and as a result, there is a need to take swift action as technological innovation, as well as new services and business models, leads the way toward a next-generation society in which advanced ICT technologies and the real economy are closely linked.

In the Corporate Development business area, real estate asset management business, combining the knowledge of the real estate and finance businesses, is expanding in both developed and emerging economies around the world, however, more attention on the decrease of monetary easing initiatives and the increase of policy interest rates should be paid. Furthermore, buyout funds and other private equity funds, which provide management know-how and funding, are playing an increasingly important role in supporting corporate growth.

Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and its subsidiaries
March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

(Assets)	2014	2015	2016	2017	2018
Current Assets					
Cash and cash equivalents	1,226,317	1,400,770	1,490,775	1,503,820	1,131,380
Trade and other receivables	2,040,855	1,949,837	1,607,885	1,739,402	1,766,017
Other financial assets	271,288	384,156	295,064	267,680	243,915
Inventories	625,328	671,164	533,697	589,539	550,699
Advance payments to suppliers	183,576	188,545	220,711	225,442	307,339
Assets held for sale	—	—	—	—	108,920
Other current assets	118,049	136,051	138,563	148,865	117,886
Total current assets	4,465,413	4,730,523	4,286,695	4,474,748	4,226,156
Non-current Assets					
Investments accounted for using the equity method	2,448,848	2,791,341	2,515,340	2,741,741	2,502,994
Other investments	1,554,673	1,529,767	1,179,696	1,337,164	1,825,026
Trade and other receivables	470,880	425,136	382,176	477,103	400,079
Other financial assets	116,298	130,974	159,384	145,319	153,149
Property, plant and equipment	2,007,452	2,148,142	1,938,448	1,823,492	1,729,897
Investment property	139,334	147,757	147,756	179,789	188,953
Intangible assets	144,153	162,951	157,450	168,677	173,207
Deferred tax assets	74,419	78,746	92,231	92,593	49,474
Other non-current assets	69,849	57,584	51,335	60,387	57,725
Total non-current assets	7,025,906	7,472,398	6,623,816	7,026,265	7,080,504
Total assets	11,491,319	12,202,921	10,910,511	11,501,013	11,306,660

Analysis of Changes in Assets

Billions of yen

	2017	2018	Increase or decrease
Total current assets	4,474.7	4,226.2	-248.5
Cash and cash equivalents	1,503.8	1,131.4	-372.4
Trade and other receivables	1,739.4	1,766.0	+26.6
Advance payments to suppliers	225.4	307.3	+81.9
Assets held for sale	—	108.9	+108.9

Current Assets

- Cash and cash equivalents declined by ¥372.4 billion, mainly due to repayment of debt.
- Trade and other receivables increased by ¥26.6 billion, mainly because trading volume increased in the Energy Segment, prices and trading volume increased and March 31, 2018 fell under the financial institutions' holiday in the Chemical Segment, despite the decrease due to the transfer to Assets held for sale.
- Advance payments to suppliers increased by ¥81.9 billion, mainly due to an increase in trading volume in the Machinery & Infrastructure Segment.
- Assets held for sale increased by ¥108.9 billion, because assets expected to be transferred from the Company and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Billions of yen

	2017	2018	Increase or decrease
Total non-current assets	7,026.3	7,080.5	+54.2
Investments accounted for using the equity method	2,741.7	2,503.0	-238.7
Other investments	1,337.2	1,825.0	+487.8
Trade and other receivables	477.1	400.1	-77.0
Property, plant and equipment	1,823.5	1,729.9	-93.6
Investment property	179.8	189.0	+9.2
Deferred tax assets	92.6	49.5	-43.1

Non-current Assets

- Investments accounted for using the equity method declined by ¥238.7 billion, mainly due to the following factors:
 - ▶ A decline of ¥250.8 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
 - ▶ A decline of ¥73.6 billion resulting from foreign currency exchange fluctuations;
 - ▶ An increase of ¥234.9 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥285.9 billion due to dividends received from equity accounted investees;
 - ▶ An increase of ¥48.3 billion due to an additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in truck leasing and rental business in North America;
 - ▶ An increase of ¥16.9 billion due to an investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S.; and
 - ▶ An increase of ¥15.1 billion due to an additional acquisition of a stake in International Columbia U.S. LLC, the holding company for Asia's largest hospital group for middle-income patients.
- Other investments increased by ¥487.8 billion, mainly due to the following factors:
 - ▶ An increase of ¥307.1 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
 - ▶ Fair value on financial assets measured at FVTOCI increased by ¥159.5 billion mainly due to higher share prices;
 - ▶ An increase of ¥14.2 billion due to an investment in the Russian pharmaceutical company JSC R-Pharm; and
 - ▶ An increase of ¥10.2 billion due to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
- Trade and other receivables (non-current) declined by ¥77.0 billion, mainly due to the following factors:
 - ▶ A decline of ¥28.0 billion due to collection of loan to the IPP business in Indonesia;
 - ▶ A decline of ¥19.4 billion due to collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses;
 - ▶ A decline of ¥16.9 billion mainly due to reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management business in Brazil, to equity accounted investees;
 - ▶ A decline of ¥13.6 billion due to recording allowance for doubtful receivables against the loan to SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine;
 - ▶ An increase of ¥19.3 billion due to execution of loan to Gestamp Automoción S.A.'s North American operations; and
 - ▶ An increase of ¥13.4 billion due to execution of loan to the offshore energy business.
- Property, plant and equipment declined by ¥93.6 billion, mainly due to the following factors:
 - ▶ A decline of ¥34.0 billion at U.S. shale gas and oil producing operations mainly due to partial sale of interest in the Marcellus Shale Gas Project (including a foreign exchange translation loss of ¥8.1 billion);
 - ▶ A decline of ¥30.5 billion (including a foreign exchange translation loss of ¥16.3 billion) at iron ore mining operations in Australia;
 - ▶ A decline of ¥30.1 billion (including a foreign exchange translation loss of ¥15.3 billion) at oil and gas operations other than U.S. shale gas and oil producing operations; and
 - ▶ An increase of ¥10.5 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Investment property increased by ¥9.2 billion, mainly due to an increase of ¥13.8 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Deferred tax assets declined by ¥43.1 billion, mainly due to a reduction in the corporate tax rate following the U.S. tax reform.

Consolidated Statements of Financial Position

Millions of yen

(Liabilities and Equity)	2014	2015	2016	2017	2018
Current Liabilities					
Short-term debt	436,869	290,641	353,203	304,563	201,556
Current portion of long-term debt	505,946	472,718	519,161	388,347	482,550
Trade and other payables	1,473,834	1,384,039	1,107,238	1,203,707	1,264,285
Other financial liabilities	301,047	414,011	298,329	315,986	300,284
Income tax payables	42,857	41,877	22,309	52,177	62,546
Advances from customers	165,124	177,432	207,419	212,142	287,779
Provisions	17,491	25,523	14,959	13,873	28,036
Liabilities directly associated with assets held for sale	—	—	—	—	40,344
Other current liabilities	41,486	34,900	40,161	33,172	31,392
Total current liabilities	2,984,654	2,841,141	2,562,779	2,523,967	2,698,772
Non-current Liabilities					
Long-term debt, less current portion	3,468,301	4,030,598	3,838,156	4,108,674	3,542,829
Other financial liabilities	95,541	147,289	109,520	111,289	103,162
Retirement benefit liabilities	69,558	46,211	78,176	60,358	50,872
Provisions	174,855	228,540	219,330	196,718	200,649
Deferred tax liabilities	567,281	482,141	409,695	481,358	467,003
Other non-current liabilities	30,825	29,627	26,319	28,487	25,250
Total non-current liabilities	4,406,361	4,964,406	4,681,196	4,986,884	4,389,765
Total liabilities	7,391,015	7,805,547	7,243,975	7,510,851	7,088,537
Equity					
Common stock	341,482	341,482	341,482	341,482	341,482
Capital surplus	418,004	411,881	412,064	409,528	386,165
Retained earnings	2,345,790	2,537,815	2,314,185	2,550,124	2,903,432
Other components of equity	766,631	814,563	317,955	485,447	448,035
Treasury stock	(56,140)	(5,946)	(5,961)	(54,402)	(104,399)
Total equity attributable to owners of the parent	3,815,767	4,099,795	3,379,725	3,732,179	3,974,715
Non-controlling interests	284,537	297,579	286,811	257,983	243,408
Total equity	4,100,304	4,397,374	3,666,536	3,990,162	4,218,123
Total liabilities and equity	11,491,319	12,202,921	10,910,511	11,501,013	11,306,660

Analysis of Changes in Liabilities

Billions of yen

	2017	2018	Increase or decrease
Total current liabilities	2,524.0	2,698.8	+174.8
Short-term debt	304.6	201.6	-103.0
Current portion of long-term debt	388.3	482.6	+94.3
Trade and other payables	1,203.7	1,264.3	+60.6
Advances from customers	212.1	287.8	+75.7
Liabilities directly associated with assets held for sale	—	40.3	+40.3

Current Liabilities

- Short-term debt declined by ¥103.0 billion, mainly due to repayment of debt. Meanwhile, the current portion of long-term debt increased by ¥94.3 billion, mainly due to reclassification to current maturities, despite repayment of debt.
- Trade and other payables increased by ¥60.6 billion, corresponding to the increase in trade and other receivables. Furthermore, advances from customers increased by ¥75.7 billion, corresponding to the increase in advance payments to suppliers.
- Liabilities directly associated with assets held for sale increased by ¥40.3 billion, because liabilities expected to be transferred from the Company and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Billions of yen

	2017	2018	Increase or decrease
Total non-current liabilities	4,986.9	4,389.8	-597.1
Long-term debt, less current portion	4,108.7	3,542.8	-565.9
Provisions	196.7	200.6	+3.9
Deferred tax liabilities	481.4	467.0	-14.4

Non-current Liabilities

- Long-term debt, less the current portion, declined by ¥565.9 billion, mainly due to reclassification to current maturities, repayment of debt and reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management in Brazil, to equity accounted investees.
- Provisions increased by ¥3.9 billion, mainly due to recording of a provision related to Multigrain business, despite the decrease of the asset retirement obligation by ¥19.0 billion at oil and gas operations other than U.S. shale gas and oil producing operations.
- Deferred tax liabilities declined by ¥14.4 billion, mainly due to the reversal of deferred tax liability for the retained earnings of Valepar S.A. corresponding to the incorporation of Valepar S.A. by Vale S.A., the reversal of deferred tax liability on undistributed profits corresponding to receipt of dividends from the equity accounted investees which are engaged in the IPP business, and a reduction in the corporate tax rate following the U.S. tax reform, despite the increase in financial assets measured at FVTOCI corresponding to higher share prices.

Analysis of Changes in Equity

Billions of yen

	2017	2018	Increase or decrease
Total equity	3,990.2	4,218.1	+227.9
Capital surplus	409.5	386.2	-23.3
Retained earnings	2,550.1	2,903.4	+353.3
Other components of equity	485.4	448.0	-37.4
Treasury stock	(54.4)	(104.4)	-50.0
Non-controlling interests	258.0	243.4	-14.6

- Capital surplus declined by ¥23.3 billion mainly due to the decrease corresponding to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.
- Retained earnings increased by ¥353.3 billion.
- Other components of equity declined by ¥37.4 billion, mainly due to the following factors:
 - ▶ Financial assets measured at FVTOCI increased by ¥102.8 billion, mainly due to higher share prices.
 - ▶ Foreign currency translation adjustments declined by ¥146.6 billion, mainly reflecting the appreciation of the Japanese yen against the U.S. dollar, the Australian dollar, and the Brazilian real.
- Treasury stock, which is a subtraction item in shareholders' equity, increased by ¥50.0 billion due to share buyback.
- Non-controlling interests declined by ¥14.6 billion mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.

Consolidated Statements of Income and Comprehensive Income

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	2018
Revenue:					
Sale of products	5,206,772	4,815,162	4,202,593	3,833,564	4,330,823
Rendering of services	415,395	432,112	399,937	405,893	436,606
Other revenue	109,751	157,656	157,164	124,512	124,720
Total revenue	5,731,918	5,404,930	4,759,694	4,363,969	4,892,149
Cost:					
Cost of products sold	(4,627,572)	(4,310,657)	(3,807,456)	(3,418,437)	(3,856,008)
Cost of services rendered	(162,690)	(181,528)	(161,910)	(171,741)	(186,093)
Cost of other revenue	(61,550)	(66,905)	(63,706)	(54,496)	(59,343)
Total cost	(4,851,812)	(4,559,090)	(4,033,072)	(3,644,674)	(4,101,444)
Gross profit	880,106	845,840	726,622	719,295	790,705
Other Income (Expenses):					
Selling, general and administrative expenses	(574,871)	(584,608)	(566,014)	(538,975)	(571,703)
Gain (loss) on securities and other investments-net	30,816	42,458	93,168	64,962	55,146
Impairment reversal (loss) of fixed assets-net	(59,966)	(79,948)	(88,964)	(5,732)	(25,454)
Gain (loss) on disposal or sales of fixed assets-net	16,419	1,446	(11,684)	11,013	15,108
Provision related to Multigrain business	—	—	—	—	(25,006)
Other income (expense)-net	(21,720)	(34,918)	(32,092)	9,877	15,826
Total other income (expenses)	(609,322)	(655,570)	(605,586)	(458,855)	(536,083)
Finance Income (Costs):					
Interest income	33,644	33,120	31,612	34,905	36,516
Dividend income	124,026	114,070	54,675	51,874	84,793
Interest expense	(49,176)	(50,229)	(50,961)	(56,997)	(66,488)
Total finance income	108,494	96,961	35,326	29,782	54,821
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	171,239	144,596	(132,033)	170,569	234,941
Profit before Income Taxes	550,517	431,827	24,329	460,791	544,384
Income Taxes	(176,654)	(104,903)	(91,243)	(134,641)	(103,082)
Profit (Loss) for the Year	373,863	326,924	(66,914)	326,150	441,302
Profit (Loss) for the Year Attributable to:					
Owners of the parent	350,093	306,490	(83,410)	306,136	418,479
Non-controlling interests	23,770	20,434	16,496	20,014	22,823
Comprehensive Income:					
Profit (loss) for the year	373,863	326,924	(66,914)	326,150	441,302
Other Comprehensive Income:					
Items That Will Not Be Reclassified to Profit or Loss:					
Financial assets measured at FVTOCI	76,202	(57,039)	(315,232)	198,971	174,983
Remeasurements of defined benefit pension plans	(9,676)	20,045	(33,191)	16,379	14,242
Share of other comprehensive income of investments accounted for using the equity method	622	(3,612)	(1,739)	(3,132)	4,372
Income tax relating to items not reclassified	(12,915)	42,045	81,316	(54,549)	(48,857)
Items That May Be Reclassified Subsequently to Profit or Loss:					
Foreign currency translation adjustments	19,961	32,509	(118,214)	25,787	(82,590)
Cash flow hedges	9,623	(15,889)	1,347	14,985	6,184
Share of other comprehensive income of investments accounted for using the equity method	103,182	74,115	(153,984)	(6,528)	(42,390)
Income tax relating to items that may be reclassified	(3,889)	20,174	(5,490)	7,094	(32,649)
Total other comprehensive income	183,110	112,348	(545,187)	199,007	(6,705)
Comprehensive Income for the Year	556,973	439,272	(612,101)	525,157	434,597
Comprehensive Income for the Year Attributable to:					
Owners of the parent	521,457	406,583	(607,490)	503,025	416,113
Non-controlling interests	35,516	32,689	(4,611)	22,132	18,484

Analysis of Changes in Profit for the Year Attributable to Owners of the Parent

Billions of yen

	2017	2018	Increase or decrease
Profit for the year attributable to owners of the parent	306.1	418.5	+112.4
Gross profit	719.3	790.7	+71.4
Share of profit (loss) of investments accounted for using the equity method	170.6	234.9	+64.3
Dividend income	51.9	84.8	+32.9
Selling, general and administrative expenses	(539.0)	(571.7)	-32.7
Others	(96.7)	(120.2)	-23.5

Gross profit Mainly the Energy Segment and the Mineral & Metal Resources Segment reported an increase in gross profit, while the Chemicals Segment recorded a decline.

- Energy **+32.9** (MOECO +17.1, MEPUSA +9.7, MEPTX +4.9, MEPME +4.5, MEPAU +4.4, WPI -3.7)
- Mineral & Metal Resources **+30.0** (Iron ore in Australia +13.6, Coal in Australia +12.3)
- Chemicals **-9.0** (Novus -16.9)

Share of profit (loss) of investments accounted for using the equity method Mainly the Machinery & Infrastructure Segment, the Mineral & Metal Resources Segment, the Energy Segment, and the Chemicals Segment recorded an increase.

- Machinery & Infrastructure **+32.2** (IPP +37.8 (Sales of the interests in UK IPP +20.3, Refinance of IPP +3.9, Improvement of MtM +2.6, Mar-17: Impairment loss on intangible asset, Loss on closure of a power plant in Australia, Decline of tax burden, etc.), PAG +4.8, Deterioration of overseas project, Reserve for Latin America loan -5.1, Impairment loss on overseas rail business, etc.)
- Mineral & Metal Resources **+13.3** (Acruz +11.7, Collahuasi +5.1, Valepar -9.6, etc.)
- Energy **+7.4** (JALMIMI, etc.)
- Chemicals **+7.4** (Miscellaneous)

Dividend income Mainly the Energy Segment and the Mineral & Metal Resources Segment reported an increase.

- Energy **+19.3** (Six LNG projects +19.7)
- Mineral & Metal Resources **+14.4** (Vale +8.7)

Selling, general and administrative expenses Primarily increases in personnel expenses and provision for doubtful receivables

Others

- The following table shows the details of Gain (loss) on securities and other investments-net, Impairment reversal (loss) of fixed assets-net, Gain (loss) on disposal or sales of fixed assets-net, Other income (expense)-net, and Provision related to Multigrain business.

Billions of yen

	2017	2018	Increase or decrease	2017 breakdown	2018 breakdown
Gain (loss) on securities and other investments-net	65.0	55.1	-9.9	Mineral & Metal Resources: Gain on deconsolidation of Sims +26.9 Lifestyle: Partial sale of IHH shares +14.6 Machinery & Infrastructure: Sale of wind power generation business in Australia +5.8 Sale of a stake in aviation business +4.1 Innovation & Corporate Development: Valuation gain on Hutchison China MediTech +4.8	Mineral & Metal Resources: Incorporation of Valepar +56.3 Machinery & Infrastructure: Gain on sale of an equity accounted investment, UK IPP holding company -3.5 Lifestyle: Impairment [DaVita] -5.9 Innovation & Corporate Development: Impairment [Naaptol] -3.1
Impairment reversal (loss) of fixed assets-net	(5.7)	(25.5)	-19.8	Miscellaneous	Lifestyle: Impairment at Xingu -11.3 Machinery & Infrastructure: Container terminal -5.4 Energy: Exploration expenses -4.9
Gain (loss) on disposal or sales of fixed assets-net	11.0	15.1	+4.1	Lifestyle: Sales of buildings in Japan	Lifestyle: Sales of buildings in Japan Innovation & Corporate Development: Sales of warehouses in Japan
Other income (expense)-net	9.9	15.8	+5.9	Machinery & Infrastructure: Receipt of IPP adjustment fees Energy/Mineral and Metal Resources: Exploration expenses -8.7	Iron & Steel Products: Gestamp price adjustment clause +4.8 Energy/Mineral and Metal Resources: Exploration expenses -3.5
Provision related to Multigrain business	—	(25.0)	-25.0		Lifestyle: Loss related to Multigrain

• The reasons for changes in income tax amounts are as follows.

- ▶ For the current year, deferred tax liabilities on the investment into Valepar S.A. were reversed. Furthermore, deferred tax liabilities on equity accounted investments were reversed upon receiving dividends from those investees, and deferred tax liabilities were reversed due to the U.S. tax reform. On the other hand, income taxes for the current year increased as profit before income taxes for the current year increased by ¥83.6 billion, and deferred tax assets on equity accounted investments as well as Multigrain Trading AG were reversed.
- ▶ The effective tax rate for the current year was 18.9%, a decline of 10.3% from 29.2% for the previous year. The aforementioned reversal of deferred tax liabilities resulted in the decline, while the reversal of deferred tax assets caused an increase.

Consolidated Statements of Cash Flows

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	2018
Operating Activities:					
Profit (loss) for the year	373,863	326,924	(66,914)	326,150	441,302
Adjustments to reconcile profit for the year to cash flows from operating activities:					
Depreciation and amortization	219,147	268,367	253,168	193,329	192,587
Change in retirement benefit liabilities	1,121	(3,787)	336	(637)	4,326
Provision for doubtful receivables	10,215	17,041	9,916	9,172	20,331
Provision related to Multigrain business	—	—	—	—	25,006
(Gain) loss on securities and other investments—net	(30,816)	(42,458)	(93,168)	(64,962)	(55,146)
Impairment (reversal) loss of fixed assets—net	59,966	79,948	88,964	5,732	25,454
(Gain) loss on disposal or sales of fixed assets—net	(16,419)	(1,446)	11,684	(11,013)	(15,108)
Finance (income) costs	(101,451)	(86,694)	(26,571)	(22,967)	(50,911)
Income taxes	176,654	104,903	91,243	134,641	103,082
Share of (profit) loss of investments accounted for using the equity method	(171,239)	(144,596)	132,033	(170,569)	(234,941)
Valuation (gain) loss related to contingent considerations and others	—	—	—	—	(5,230)
Changes in operating assets and liabilities:					
Change in trade and other receivables	(44,457)	151,918	338,168	(121,022)	(198,407)
Change in inventories	(13,508)	(161)	107,124	(60,272)	9,813
Change in trade and other payables	(51,883)	(52,092)	(228,258)	111,917	99,814
Other—net	(49,831)	(121,317)	(101,746)	(21,298)	(24,062)
Interest received	26,817	38,291	34,395	30,085	33,935
Interest paid	(51,283)	(49,906)	(51,232)	(65,352)	(69,935)
Dividends received	277,305	291,593	220,160	194,698	376,422
Income taxes paid	(164,958)	(136,561)	(132,311)	(63,461)	(124,687)
Cash flows from operating activities	449,243	639,967	586,991	404,171	553,645
Investing Activities:					
Change in time deposits	707	(4,736)	369	(8,936)	8,368
Net change in investments in and advances to equity accounted investees*	—	—	—	(155,423)	(114,955)
Net change in investments to equity accounted investees*	(204,757)	(155,355)	(126,378)	—	—
Net change in other investments	(96,918)	60,075	(23,424)	72,167	(23,523)
Net change in loan receivables*	—	—	—	(109,069)	25,731
Net change in long-term loan receivables*	(1,963)	60,046	14,097	—	—
Net change in property, plant, and equipment*	—	—	—	(149,568)	(135,714)
Net change in investment property*	—	—	—	(2,470)	(8,078)
Net change in property, plant, and equipment and investment property*	(356,887)	(346,427)	(272,723)	—	—
Cash flows from investing activities	(659,818)	(386,397)	(408,059)	(353,299)	(248,211)
Financing Activities:					
Net change in short-term debt	(85,141)	(181,841)	79,839	(48,983)	(99,045)
Net change in long-term debt	208,986	197,233	(15,211)	196,801	(351,218)
Purchase and sales of treasury stock—net	(50,216)	(23)	(14)	(48,647)	(49,992)
Dividends paid	(83,970)	(118,323)	(114,737)	(102,187)	(105,844)
Transactions with non-controlling interest shareholders	(2,896)	(23,239)	(425)	(47,249)	(46,193)
Cash flows from financing activities	(13,237)	(126,193)	(50,548)	(50,265)	(652,292)
Effect of exchange rate changes on cash and cash equivalents	17,595	47,076	(38,379)	12,438	(24,529)
Effect of cash and cash equivalents included in assets held for sale	—	—	—	—	(1,053)
Change in cash and cash equivalents	(206,217)	174,453	90,005	13,045	(372,440)
Cash and cash equivalents at beginning of year	1,432,534	1,226,317	1,400,770	1,490,775	1,503,820
Cash and cash equivalents at end of year	1,226,317	1,400,770	1,490,775	1,503,820	1,131,380

Certain reclassifications and format changes have been made to amounts of the Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2017 to conform to the current period's presentation. Certain reclassifications and format changes have not been made to amounts for the fiscal years ended March 31, 2014, 2015, and 2016.

Analysis of Changes in Cash Flows from Operating Activities

Billions of yen

		2017	2018	Increase or decrease
Cash flows from operating activities	a	404.2	553.6	+149.4
Cash flows from change in working capital	b	(90.6)	(112.9)	-22.3
Core operating cash flow	a-b	494.8	666.5	+171.7

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥112.9 billion of net cash outflow mainly due to the effects of Other-net. Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current year amounted to ¥666.5 billion.
 - ▶ Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥376.4 billion, an increase of ¥181.7 billion from ¥194.7 billion for the previous year.
 - ▶ Depreciation and amortization for the current year was ¥192.6 billion, a decline of ¥0.7 billion from ¥193.3 billion for the previous year.

The following table shows core operating cash flow by operating segment.

Billions of yen

	2017	2018	Increase or decrease
Iron & Steel Products	8.6	14.2	+5.6
Mineral & Metal Resources	202.1	240.8	+38.7
Machinery & Infrastructure	74.4	158.8	+84.4
Chemicals	53.8	50.2	-3.6
Energy	134.1	175.3	+41.2
Lifestyle	8.4	7.1	-1.3
Innovation & Corporate Development	6.1	3.1	-3.0
All other and adjustments and eliminations	7.3	17.0	+9.7
Consolidated total	494.8	666.5	+171.7

Cash Flows from Investing Activities for the Fiscal Year Ended March 31, 2018

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥115.0 billion, mainly due to the following factors:
 - ▶ An additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in the truck leasing and rental business in North America, for ¥48.3 billion;
 - ▶ An investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S., for ¥16.9 billion;
 - ▶ An investment in CIM Group, LLC for ¥10.1 billion;
 - ▶ A sale of a stake in relation to the water concession business in Czech Republic; and
 - ▶ A partial sale of an equity accounted investment for ¥10.9 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥23.5 billion, mainly due to the following factors:
 - ▶ An investment in the Russian pharmaceutical company JSC R-Pharm for ¥22.0 billion;
 - ▶ An acquisition of a healthcare staffing project in the U.S. for ¥13.3 billion;
 - ▶ An additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION for ¥10.2 billion; and
 - ▶ A sale of a stake in Champions Cinco Pipe & Supply LLC, oil and gas well tubular business.
- Net cash inflows that corresponded to collections of loan receivables (net of increases in loan receivables) were ¥25.7 billion, mainly due to the following factors:
 - ▶ Collection of loan to the IPP business in Indonesia for ¥28.0 billion;
 - ▶ Collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses for ¥19.4 billion;
 - ▶ Collection of loan corresponding to the sales of the interest in UK First Hydro power assets for ¥18.4 billion;
 - ▶ Execution of loan to Gestamp Automoción S.A.'s North American operations for ¥19.3 billion; and
 - ▶ Execution of loan to the offshore energy business for ¥13.4 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥135.7 billion, mainly due to the following factors:
 - ▶ An expenditure for the oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥64.1 billion;
 - ▶ An expenditure for iron ore mining operations in Australia for ¥15.0 billion;
 - ▶ An expenditure for coal mining operations in Australia for ¥13.9 billion;
 - ▶ An expenditure for the U.S. shale gas and oil projects for ¥11.5 billion;
 - ▶ An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥10.5 billion; and
 - ▶ A partial sale of interest in the Marcellus Shale Gas Project for ¥15.8 billion.
- Net cash outflows that corresponded to sales of investment property (net of purchases of investment property) were ¥8.1 billion, mainly due to the following factors:
 - ▶ An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥13.8 billion; and
 - ▶ A sale of buildings in Japan by Mitsui & Co. Real Estate Ltd. for ¥10.5 billion.

Cash Flows from Financing Activities for the Fiscal Year Ended March 31, 2018

- Net cash outflows from net change in short-term debt and long-term debt were ¥99.0 billion and ¥351.2 billion, respectively, mainly due to the repayment of debt.
- The cash outflow from the purchases of treasury stock was ¥50.0 billion.
- The cash outflow from payments of cash dividends was ¥105.8 billion.
- The cash outflow from transactions with non-controlling interest shareholders was ¥46.2 billion, mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.

Segment Information

Mitsui & Co., Ltd. and its subsidiaries

Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	220,068	791,197	410,155	943,198	1,454,254	890,587	103,215
Gross profit	51,130	200,892	114,743	80,527	199,834	113,979	22,579
Share of profit (loss) of investments accounted for using the equity method	5,395	37,990	24,400	8,606	60,087	19,289	4,879
Profit (loss) for the year	14,583	88,052	17,146	8,370	188,441	12,096	(12,258)
EBITDA	21,839	241,785	35,642	28,514	416,106	20,203	(23,614)
Total Assets at March 31, 2014	567,741	1,970,858	1,872,585	765,751	2,478,158	1,495,387	496,533

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	699,622	108,663	109,079	5,730,038	1,884	(4)	5,731,918
Gross profit	78,725	18,752	12,469	893,630	794	(14,318)	880,106
Share of profit (loss) of investments accounted for using the equity method	4,039	1,384	4,525	170,594	365	280	171,239
Profit (loss) for the year	13,668	397	30,682	361,177	11,004	(22,088)	350,093
EBITDA	26,334	499	(347)	766,961	7,756	44,930	819,647
Total Assets at March 31, 2014	568,772	105,907	345,074	10,666,766	5,037,172	(4,212,619)	11,491,319

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	151,442	791,211	443,946	888,222	991,247	975,991	120,167
Gross profit	37,970	146,125	130,131	70,134	202,739	116,242	37,420
Share of profit (loss) of investments accounted for using the equity method	7,641	913	32,988	7,225	56,610	21,642	5,748
Profit (loss) for the year	8,460	60,857	45,680	3,702	119,674	(2,695)	6,006
EBITDA	12,909	155,530	54,977	18,074	439,849	16,156	(4,991)
Total Assets at March 31, 2015	493,961	1,955,957	2,112,645	838,894	2,610,367	1,658,188	550,339

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	828,521	110,161	102,179	5,403,087	1,843	—	5,404,930
Gross profit	92,589	19,317	12,223	864,890	701	(19,751)	845,840
Share of profit (loss) of investments accounted for using the equity method	7,450	574	4,518	145,309	—	(713)	144,596
Profit (loss) for the year	25,757	3,408	30,535	301,384	8,947	(3,841)	306,490
EBITDA	41,297	(541)	(2,528)	730,732	3,221	54,312	788,265
Total Assets at March 31, 2015	584,086	104,646	382,495	11,291,578	5,135,246	(4,223,903)	12,202,921

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	111,082	685,557	415,198	787,370	672,638	990,438	139,473
Gross profit	31,951	98,672	127,085	76,453	108,952	116,506	52,884
Share of profit (loss) of investments accounted for using the equity method	4,842	(204,064)	8,045	7,956	(22,257)	18,547	7,825
Profit (loss) for the year	6,328	(162,480)	18,308	17,711	(3,885)	(13,996)	16,128
EBITDA	10,945	(93,802)	29,239	30,089	210,119	9,938	12,491
Total Assets at March 31, 2016	392,174	1,591,364	2,009,812	732,483	1,973,464	1,523,795	510,529

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	785,574	105,267	111,402	4,803,999	2,606	(46,911)	4,759,694
Gross profit	114,831	20,530	23,259	771,123	1,664	(46,165)	726,622
Share of profit (loss) of investments accounted for using the equity method	8,215	3,700	35,493	(131,698)	57	(392)	(132,033)
Profit (loss) for the year	28,301	3,474	11,552	(78,559)	7,429	(12,280)	(83,410)
EBITDA	69,371	5,262	40,850	324,502	(490)	12,406	336,418
Total Assets at March 31, 2016	648,787	151,328	402,889	9,936,625	5,590,315	(4,616,429)	10,910,511

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	202,406	746,406	408,504	1,037,284	463,601	1,378,263	125,226
Gross profit	36,724	176,786	114,452	145,611	63,885	136,179	44,988
Share of profit (loss) of investments accounted for using the equity method	11,129	48,468	64,341	3,880	17,090	24,085	2,077
Profit (loss) for the year	10,853	144,314	66,806	32,653	31,679	25,382	10,975
Core operating cash flow	8,617	202,136	74,432	53,771	134,109	8,378	6,109
Total Assets at March 31, 2017	612,632	1,962,236	2,238,142	1,175,205	1,905,252	1,723,399	611,395

				Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue				4,361,690	1,908	371	4,363,969
Gross profit				718,625	299	371	719,295
Share of profit (loss) of investments accounted for using the equity method				171,070	(106)	(395)	170,569
Profit (loss) for the year				322,662	(2,888)	(13,638)	306,136
Core operating cash flow				487,552	16,394	(9,100)	494,846
Total Assets at March 31, 2017				10,228,261	5,798,648	(4,525,896)	11,501,013

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	238,240	946,369	447,088	1,186,673	534,293	1,409,378	127,326
Gross profit	41,874	206,767	121,943	136,573	96,808	139,533	45,084
Share of profit (loss) of investments accounted for using the equity method	13,349	61,806	96,525	11,318	24,544	22,842	5,040
Profit (loss) for the year	24,728	257,617	89,617	34,235	48,601	(26,340)	(4,637)
Core operating cash flow	14,179	240,829	158,846	50,174	175,282	7,118	3,061
Total Assets at March 31, 2018	654,725	2,092,908	2,255,650	1,186,254	1,917,687	1,901,822	622,709

				Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue				4,889,367	1,937	845	4,892,149
Gross profit				788,582	1,278	845	790,705
Share of profit (loss) of investments accounted for using the equity method				235,424	(116)	(367)	234,941
Profit (loss) for the year				423,821	2,469	(7,811)	418,479
Core operating cash flow				649,489	8,558	8,440	666,487
Total Assets at March 31, 2018				10,631,755	6,239,888	(5,564,983)	11,306,660

Segment Information

- Notes:
1. "All Other" principally consisted of the Corporate Staff Unit, which provides financing services and operations services to external customers and/or to the Company and affiliated companies. Total assets of "All Other" at March 31, 2014, 2015, 2016, 2017 and 2018 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.
 2. Transfers between reportable segments are made at cost plus a markup.
 3. The amounts in "Adjustments and Eliminations" for Profit (Loss) for the Year Attributable to Owners of the Parent include income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
 4. In the fiscal year ended March 31, 2015, we introduced EBITDA as a measure of underlying earnings power in addition to profit (loss) attributable to owners of the parent as a base indicator to measure performance. However, due to the fact that EBITDA includes impairment losses recorded by major equity accounted investees, we determined that core operating cash flow was a more appropriate indicator for measuring our ability to generate cash flow. Accordingly, as of the fiscal year ended March 31, 2018, we no longer use EBITDA to measure performance and instead use core operating cash flow.
 5. Segment information for the fiscal years ended March 31, 2014, 2015, and 2016 has not been revised and restated in relation to paragraph 29 of IFRS 8. Also, the profit and loss results for the fiscal years below have been revised and restated in compliance with legal disclosure requirements.
 - No revisions and restatements were made for results between the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015.
 - Revisions and restatements were made for results between the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 to reflect the following changes.
 - ▶ Previously, profit of the jointly invested subsidiaries by several Company segments was allocated from the main segment to sub-segments using profit attributable to non-controlling interests. However, in order to disclose each operating segment's EBITDA more appropriately, since the fiscal year ended March 31, 2016, profits and losses associated with EBITDA have been allocated by using share of profit of investments accounted for using the equity method.
 - ▶ In order to disclose each operating segment's total assets more appropriately, since the fiscal year ended March 31, 2016, total assets of the jointly invested subsidiaries have been allocated based on internal profit share as of the fiscal year ended March 31, 2016.
 - Revisions and restatements were made for results between the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017 to reflect the following changes.
 - ▶ In the fiscal year ended March 31, 2017, the Food Science Business was transferred from the Lifestyle Segment to the Chemicals Segment in conjunction with the establishment of the Nutrition & Agriculture Business Unit.
 - ▶ In the fiscal year ended March 31, 2017, the United Grain Corporation of Oregon, which was formerly included in the Americas Segment, was transferred to the Lifestyle Segment with the aim of optimizing the Group's global grain trading strategy.
 6. In accordance with the changes below, the segment information for the fiscal year ended March 31, 2017 has been restated to conform to the current period's presentation.
 - Since the fiscal year ended March 31, 2018, the previous 10 reportable segments that include 7 product segments of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure," "Chemicals," "Energy," "Lifestyle" and "Innovation & Corporate Development" along with 3 regional segments of "Americas," "Europe, the Middle East and Africa" and "Asia Pacific," have been changed to 7 reportable segments of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure," "Chemicals," "Energy," "Lifestyle" and "Innovation & Corporate Development," where the regional segments were consolidated by product segment. In addition, part of each of the regional segments have been consolidated into "All Other."
 - Previously, there was a difference between the Company's actual income taxes and the reportable segments' income taxes that were calculated using the internal tax rate, and the difference was included in "Adjustments and Eliminations." Since the fiscal year ended March 31, 2018, the internal tax rate has been made the same as the external tax rate. In addition, since the fiscal year ended March 31, 2018, the scope of allocation of expenses incurred at the Corporate Staff Unit to reportable segments was reviewed, and part of the expenses which were previously allocated to the reportable segments have been excluded from the scope of allocation.
 - Previously, the profit and loss of consolidated subsidiaries that are jointly held by numerous operating segments were allocated from the supervising to the non-supervising operating segments based on the profit share of each of the segments using the Share of Profit (Loss) of Investments Accounted for Using the Equity Method and Income for the Period Attributable to Non-controlling Interests. Since the fiscal year ended March 31, 2018, these allocations have been made based on the profit share of each of the segments in each of the accounts disclosed in the segment information to reflect the performance of the operating segments more properly.

Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	2018
Attributable to owners of the parent					
Common stock					
Balance at beginning of year	341,482	341,482	341,482	341,482	341,482
Balance at end of year	341,482	341,482	341,482	341,482	341,482
Capital surplus					
Balance at beginning of year	428,552	418,004	411,881	412,064	409,528
Equity transactions with non-controlling interest shareholders	(10,548)	(6,338)	2	(2,700)	(23,581)
Compensation costs related to stock options	—	215	181	164	247
Sale of treasury stock	—	—	—	—	(29)
Balance at end of year	418,004	411,881	412,064	409,528	386,165
Retained earnings					
Balance at beginning of year	2,060,298	2,345,790	2,537,815	2,314,185	2,550,124
Profit (loss) for the year attributable to owners of the parent	350,093	306,490	(83,410)	306,136	418,479
Transfer from other components of equity	19,356	54,031	(25,498)	31,990	40,703
Dividends paid to the owners of the parent	(83,957)	(118,305)	(114,722)	(102,187)	(105,844)
Sale of treasury stock	0	0	(0)	(0)	(30)
Cancellation of treasury stock	—	(50,191)	—	—	—
Balance at end of year	2,345,790	2,537,815	2,314,185	2,550,124	2,903,432
Other components of equity					
Balance at beginning of year	614,783	766,631	814,563	317,955	485,447
Other comprehensive income for the year	171,364	100,093	(524,080)	196,889	(2,366)
Transfer to retained earnings	(19,356)	(54,031)	25,498	(31,990)	(40,703)
Equity transactions with non-controlling interest shareholders	(160)	1,870	1,974	2,593	5,657
Balance at end of year	766,631	814,563	317,955	485,447	448,035
Treasury stock					
Balance at beginning of year	(5,974)	(56,140)	(5,946)	(5,961)	(54,402)
Acquisition of treasury stock	(50,217)	(25)	(16)	(48,648)	(50,057)
Sale of treasury stock	51	28	1	207	60
Cancellation of treasury stock	—	50,191	—	—	—
Balance at end of year	(56,140)	(5,946)	(5,961)	(54,402)	(104,399)
Total balance at end of year	3,815,767	4,099,795	3,379,725	3,732,179	3,974,715
Non-controlling interests					
Balance at beginning of year	245,848	284,537	297,579	286,811	257,983
Profit (loss) for the year attributable to non-controlling interests	23,770	20,434	16,496	20,014	22,823
Other comprehensive income for the year	11,746	12,255	(21,107)	2,118	(4,339)
Dividends paid to non-controlling interest shareholders	(18,981)	(13,900)	(18,387)	(52,706)	(24,098)
Equity transactions with non-controlling interest shareholders	22,154	(5,747)	12,230	1,746	(8,961)
Balance at end of year	284,537	297,579	286,811	257,983	243,408
Total equity	4,100,304	4,397,374	3,666,536	3,990,162	4,218,123

Risk Information

Risk Factors

(1) Risks of Changes in Global Macroeconomic Factors

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, the U.S., and emerging countries. 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) Market Risk

① Commodity Market Risk

We are engaged in the trade in and, as the case may be, the 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 a 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.

- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment have been made, it may occur that the invested amount is not recoverable through sales of the produced products due to a fall in price, or we may have difficulty in divesting our proprietary equity at a reasonable price.
- A decline in the value of our investments in LNG projects and other investments which are recognized to designate as at fair value through other comprehensive income ("FVTOCI"), could adversely affect our operating results and financial condition due to the decline of other comprehensive income.
- In trading of commodities or derivative instruments losses may occur as a result of unexpected fluctuations.
- Fluctuations in a commodity market may cause a reduction of trading transactions in which we act as a principal or an agent.

② Foreign Currency Risk

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 profit for the year 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 investments in overseas subsidiaries and associated companies as well as in FVTOCI, and adversely affect our accumulated other comprehensive income.

③ Interest Rate Risk

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 ¥201.6 billion in short-term debt and ¥4,025.4 billion in long-term debt as of March 31, 2018. An increase in interest rates, especially in Japan and the U.S., may adversely affect our operating results.

④ Stock Price Risk

A significant portion of our investment portfolio consists of marketable equity financial assets. At March 31, 2018, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥1,046.6 billion, representing 9.3% 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 due to the decline of other comprehensive income.

⑤ Risks Regarding Pension Cost and Projected Benefit Obligations

Declines in the market value of domestic and foreign government bonds, other debt securities, and marketable equity securities 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 defined benefit obligation could adversely affect our operating results and financial condition due to the decline of other comprehensive income and retained earnings.

(3) Credit Risks

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, 2018, our current trade receivables (less allowance for doubtful receivables – current) were ¥1,766.0 billion, representing 15.6% of our total assets. The balance of the allowance for doubtful receivables – current for the year ended March 31, 2018 was ¥8.6 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.

(4) Risks Regarding Impairment Loss on Fixed Assets

Assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings are exposed to potential significant impairment losses due to the decline in the value of these assets. The total of the carrying amounts of property, plant and equipment, investment property, and intangible assets was ¥2,092.1 billion, as of March 31, 2018. The carrying amounts of assets for our own use and/or rental to third parties are affected by certain factors, which are beyond our control such as changes in price, sales volume, production volume, and cost based on global or local supply and demand. When impairment losses on these assets occur, impairment losses may have an adverse effect on our operating results and financial condition.

(5) Risks Regarding Fund Procurement

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

(6) Risks Regarding Deferred Tax Assets

We determine the recoverability 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. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable, while the amount of recoverable net deferred tax assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

A worsening of our operating environment 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, decrease in deferred tax assets due to the changes in assessment for recoverability of deferred tax assets may adversely affect our operating results and financial conditions.

(7) Concentrated Risk Exposures

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 Brazil, Chile and Russia, 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 Mozambique, we have significant interests in the rail and port infrastructure business and the exploration, development, and production of mineral resources.

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.

(8) Business Investment Risk

As of March 31, 2018, we had 265 consolidated subsidiaries and 207 equity accounted investees. 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.

Furthermore, 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.

(9) Risks Regarding Exploration, Development, and Production of Mineral Resources and Oil and Gas

Exploration, development, and production activities of mineral resources and oil and gas projects are becoming more significant to our operating results and financial condition. Mining and oil and gas projects involve risks, as follows:

- development of projects may face schedule delays or cost overruns than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect;
- 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 as per 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 have the discretion to control operations of such projects, including decision-making for development and production. In addition to the above-mentioned risks, an operator's failure in managing those projects may adversely affect our operating results and financial condition.

(10) Risks Due to Competition

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 networks 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.

(11) Risk Regarding Limitation of Resources on Business

In new businesses, we are investing in human resources that are capable of planning and evaluating business, executing projects, and managing and supervising a workforce. However, in certain business areas, we may have a shortage of required human resources, which could cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results, and financial condition.

(12) Environmental Risks

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, Chile, 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, criticism by stakeholders such as NPOs & NGOs, advice from institutional shareholder service providers and ratings by the ESG/SRI research company 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 hazards and/or property damage to those affected by the accident, compensation for absence from work, and/or for loss of earnings.

(13) Risks Associated with Laws and Regulations

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 for concessions, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene or even 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.

(14) Risks Regarding Employees' Compliance with Laws, Regulations, and Internal Policies

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily decentralized. 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.

(15) Risks Regarding Internal Control

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.

(16) Risks Regarding Climate Changes and Natural Disasters

Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as adoption and ratification of "Paris Agreement" at the 21st Conference of Parties (COP21) in United Nations' U.N. Framework Convention on Climate Change.

We recognize the significance of Climate Change. Transition risks related to transition to low carbon emission economy (Policy and Legal Risks, Technology Risk, and Market Risk) and physical risks resulting from climate change could adversely affect the operating results of our businesses.

As transition risks related to policy and legal risks, the introduction of government-imposed greenhouse gas emission restrictions including imposition of carbon tax, and cap-and-trade schemes of emissions credit could adversely affect the operating results of our businesses that use fossil fuels and emit a large amount of greenhouse gases, such as overseas power producing businesses, and that produce coal, oil, and gas, where we have minority share holdings.

As physical risks, 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, oil and gas, and salt production operations, leading to increased costs and/or decreased revenues. In the case that production sites, production 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 such as drought could also adversely affect foods raw material producing activities in which we have investments.

Furthermore, natural disasters, such as earthquakes, heavy rain or floods, that affect our employees and damage our offices or facilities, may adversely hinder our business. We have implemented measures such as developing a disaster contingency manual, creating a Business Continuity Plan (BCP), introducing a safety confirmation system for employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite these measures, there is no assurance that damage from disasters can be completely avoided.

(17) Risks Regarding Information Systems and Information Securities

As for the worldwide operation of our global communication network, it is important to properly operate the IT system, grasp information value, and handle it properly. We enhance the safety and security of information systems by internal control through development of related regulations to secure properly confidentiality, integrity, and availability on information and information systems for us and our consolidated subsidiaries. We reduce risks on data breaches by improved guidelines for better risk management, and tackle external threats with various measures, including the security monitoring of our IT networks. However, we cannot eliminate all the possibilities of distraction or leakages of confidential business information triggered by unexpected serious IT system troubles, and unforeseeable threats against our IT system infrastructure or communications networks. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, which may have an adverse impact on our business, operating results and financial condition.

(18) Risks Relating to Terrorists and Violent Groups

We conduct business operations globally, and these conditions are therefore exposed to risk from unexpected situations relating to terrorists and violent groups, as well as trends in politics and social factors. The materialization of such risks may have an adverse impact on our business, operating results and financial condition.

(19) Possibility of Difference between the Actual Dividend Amount and 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 profit for the year. Interim dividends are paid to shareholders of record on 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 the year-end dividend are determined by our Board of Directors based on the actual financial results including profit for the year. 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 profit for the year 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.

(20) Possibility of Restriction to Sell Our Common Stock Because of Daily Price Range Limitations under Japanese Stock Exchange Rules

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.

(21) Necessity of Depository to Exercise the Rights of Shareholders

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 depository, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depository can exercise those rights in connection with the deposited shares. The depository 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 depository.

Risk Management

(1) Credit Risk

With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the Company. If the credit ratings of the Company are downgraded, the counterparty will require additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.

Concentration of credit risk in specific regions or customers is minimized as the companies carry out a wide variety of transactions with various customers all over the world. The companies also minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit ratings. Therefore, the companies believe that a significant loss arising from these transactions is extremely unlikely. The companies manage credit risks through the management of commitment lines of credit approved by an executive officer and through counterparty monitoring conducted on an ongoing basis. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.

(2) Liquidity Risk

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lender or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity. The companies secure the liquidity required for our smooth operations and maintain the strength and soundness of our balance sheet by holding sufficient cash and cash equivalents, maintaining lines of credit with banks, procuring mainly long-term funds, utilizing financing programs provided by government financing agencies and/or project financing and such so that the companies decrease liquidity risk. The unused lines of credit that the companies can access to meet liquidity needs as of March 31, 2018 and 2017 were ¥1,237,812 million and ¥1,107,863 million, respectively.

(3) Market Risks

The Companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of the Company's operating and other activities.

The Companies have formulated market risk management policies and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining 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. Regarding interest rate risks, the environment surrounding financial markets, the Companies' ratio of assets and liabilities, and the risks of interest rate fluctuations are regularly reported to the executive officers, by whom the risk management policies for interest rate were approved. Stock price risk is managed by analyzing factors of stock price fluctuations.

① Interest Rate Risk

The Companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect the operating results. The Companies have entered into interest rate derivative transactions which consist mainly of interest rate swap agreements and interest rate and currency swap agreements to hedge exposures of certain assets and liabilities.

The impacts on profit before income taxes for the fiscal years ended March 31, 2018 and 2017, assuming a 100 basis point rise in interest rates as of March 31, 2018 and 2017, were ¥(24,686) million and ¥(28,353) million, respectively. These are calculated by multiplying the balance of floating-rate financial instruments held by the Companies as of March 31, 2018 and 2017 by 100 basis points without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant. The items that are considered to be instruments affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, deposits, and other instruments.

② Foreign Currency Exchange Rate Risk

The Companies 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. The Companies hedge these risks with forward exchange contracts and currency swaps.

For significant long and short net positions denominated in foreign currencies as of March 31, 2018 and 2017, assuming a 1% appreciation of the Japanese yen, the impacts on profit before income taxes would have been ¥(1,101) million from USD, ¥(17) million from BRL, and ¥(23) million from AUD as of March 31, 2018 and ¥(612) million from USD, ¥(37) million from BRL, and ¥59 million from AUD as of March 31, 2017. Based on the same assumption, the impacts on other comprehensive income would be ¥(245) million from USD and ¥(3,884) million from BRL, as of March 31, 2018 and ¥(260) million from USD as of March 31, 2017. The increase of impact on other comprehensive income from BRL is due to the Company's acquisition of Vale shares resulted from the incorporation in Valepar by Vale. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of the functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to a decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to an increase in the value of the currency. Foreign currency translation adjustments are not included in the scope of this analysis. In addition, this analysis assumes that all other variables are constant.

③ Commodity Price Risk

As the Companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks associated with commodity prices.

The Companies measure the risk of market commodities for which historical price fluctuations have been relatively significant along with actively traded derivatives by using Value at Risk (VaR), which 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. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99%. In addition, the figures do not necessarily take into account correlations between all commodities. VaRs as of March 31, 2018 and 2017 were ¥6,604 million and ¥10,445 million, respectively. The actual results may differ significantly from VaR above as VaR is calculated by using historical fluctuations of each risk component.

④ Stock Price Risk

The Companies invest in listed companies to strengthen ties with customers, suppliers and others, as well as to make various types of propositions to the companies in which the Companies invest, to pursue operating revenue. These investments are exposed to stock price risks.

For investments held as of March 31, 2018 and 2017, the impacts on other comprehensive income arising from changes in the fair values assuming a 10% change in the stock index representative of the markets on which the individual stocks are traded were ¥97,061 million and ¥52,203 million, respectively. The impact on profit before taxes is immaterial.

Major Risk Exposure by Country and Fund Operation

Investments, Loans, and Guarantees (As of March 31, 2018)

(Sum of Mitsui & Co., Ltd., Trading Subsidiaries, and some investment vehicles and subsidiaries)

Billions of yen

	Investments	Loans	Guarantees	Total	Hedged (ex. Insurance)	Net Position
Brazil	792.7	62.2	206.3	1,061.2	63.9	997.3
Chile	13.7	33.0	265.6	312.3	0.0	312.3
Mozambique	121.9	0.0	155.0	276.9	0.0	276.9
Italy	61.6	0.0	129.8	191.4	0.0	191.4
Indonesia	119.6	2.4	50.0	172.0	7.7	164.3
Malaysia	129.3	0.0	17.7	147.0	0.0	147.0
China	129.5	0.4	4.7	134.6	0.2	134.4
Mexico	68.8	0.0	47.7	116.5	0.1	116.4
Thailand	68.8	0.7	44.5	114.0	0.4	113.6
Russia	103.0	0.0	2.8	105.8	0.0	105.8
Qatar	100.8	0.0	2.3	103.1	0.0	103.1
India	26.0	0.6	17.4	44.0	0.0	44.0

Notes: 1. Among the countries subject to country risk reporting, we disclose countries with significance as to the balance.

2. "Hedged" represents the amounts by which credit risk is hedged by such as investment insurance and third-party guarantees.

3. "Investment" represents book value for accounting purposes on the basis of Japanese GAAP, not reflecting the effects of applying net investment hedging relationships.

4. From the fiscal year ended March 31, 2018, the balance of "China" in the above table includes Hong Kong.

Trade Receivables (As of March 31, 2018)

(Sum of Mitsui & Co., Ltd., Trading Subsidiaries, and some investment vehicles and subsidiaries)

Billions of yen

	Gross	Hedged (ex. Insurance)	Net Position
Brazil	21.4	0.9	20.5
Chile	14.8	0.3	14.5
Mozambique	0.2	0.0	0.2
Italy	17.6	2.2	15.4
Indonesia	22.5	0.1	22.4
Malaysia	12.4	0.2	12.2
China	223.1	4.8	218.3
Mexico	8.0	1.1	6.9
Thailand	38.2	1.5	36.7
Russia	1.4	0.0	1.4
Qatar	1.3	0.0	1.3
India	39.1	3.8	35.3

5. Among the countries subject to country risk reporting, we disclose countries with significance as to the balance.

6. "Hedged" represents the amounts by which credit risk is hedged by such as trade insurance and Confirmed L/C.

7. From the fiscal year ended March 31, 2018, the balance of "China" in the above table includes Hong Kong.

Investor Information

As of April 1, 2018

Securities Identification Code
8031

Stock Exchange Listings
Tokyo, Nagoya, Sapporo, Fukuoka

Fiscal Year
From April 1 to March 31

General Shareholders' Meeting
June

Administrator of the Register of Shareholders
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-0005

Contact Information for Above
Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

American Depository Receipts
Ratio: 1 ADR = 20 common shares
Exchange: OTC (Over-the-Counter)
Symbol: MITSY
CUSIP Number: 606827202

Depository and Registrar
Citibank, N.A. Shareholder Services
P.O. Box 43077, Providence,
Rhode Island 02940-3077, U.S.A.
Tel: 1-877-248-4237 (Toll free in the U.S.)
1-781-575-4555 (Overseas Dial-In)
E-mail: citibank@shareholders-online.com
URL: www.citi.com/adr

As of March 31, 2018

Unit Share
100 shares

Number of Shareholders
319,600 shareholders

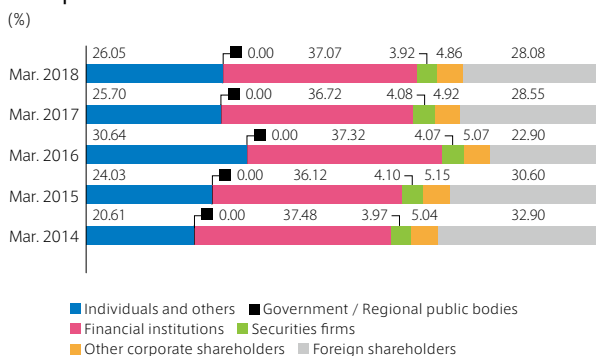
Number of Shares Issued
1,796,514,127 shares
(including 58,602,512 treasury shares)

Number of Shares Authorized
2,500,000,000 shares

Major Shareholders

The Master Trust Bank of Japan, Ltd. (trust account)
Japan Trustee Services Bank, Ltd. (trust account)
Japan Trustee Services Bank, Ltd. (trust account 9)
Nippon Life Insurance Company
Japan Trustee Services Bank, Ltd. (trust account 5)
STATE STREET BANK WEST CLIENT – TREATY 505234
Sumitomo Mitsui Banking Corporation
Japan Trustee Services Bank, Ltd. (trust account 7)
Japan Trustee Services Bank, Ltd. (trust account 1)
Japan Trustee Services Bank, Ltd. (trust account 2)

Composition of Shareholders



Note: The figures in the above graph reflect all shareholders and shares held but exclude shareholders who own less than one trading unit.

Mitsui & Co., Ltd.

As of March 31, 2018

Trade Name	MITSUI & CO., LTD.
Date of Establishment	July 25, 1947
Common Stock	¥341,481,648,946
Number of Employees	The Company and subsidiaries: 42,304 Non-consolidated: 5,859
Number of Affiliated Companies for Consolidation	Subsidiaries: 265 Equity accounted investees: 207
Address	1-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan (registered head office location) Nippon Life Marunouchi Garden Tower JA Building, 3-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan Tel: 81 (3) 3285-1111 Facsimile: 81 (3) 3285-9819 URL: https://www.mitsui.com/jp/en/



Corporate site

<https://www.mitsui.com/jp/en/index.html>



IR site

<https://www.mitsui.com/jp/en/ir/index.html>



Sustainability site

<https://www.mitsui.com/jp/en/sustainability/index.html>



