

MITSUI & CO LTD
Form 6-K
June 05, 2008
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Business Report The fiscal year ended March 31, 2008

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of June 5, 2008

Commission File Number 09929

Mitsui & Co., Ltd.

(Translation of registrant's name into English)

2-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 5, 2008

MITSUI & CO., LTD.

By: /s/ Junichi Matsumoto
Name: Junichi Matsumoto
Title: Executive Director
Executive Vice President
Chief Financial Officer

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From the President

We are pleased to bring you the Business Report for our 89th fiscal year, which ended on March 31, 2008.

For the fiscal year under review we achieved consolidated net income of ¥410.1 billion and non-consolidated net income of ¥157.9 billion, considerably higher than our results in the previous fiscal year.

An interim dividend of ¥23 per share has already been paid during the year, and we propose paying a year-end dividend of a further ¥23 per share. This represents a total annual dividend of ¥46 per share, ¥12 per share higher than in the previous fiscal year.

We posted earnings growth in the period under review, driven by robust economic activity in emerging countries, rising prices of mineral and metal resources and energy, which were strongly impacted by this activity, and other factors. However, we are also seeing instability in financial markets triggered by the sub-prime loan problem in the United States, a strengthening of the yen, a downturn in equity markets and economic slowdowns in the United States, Europe and Japan.

While remaining constantly aware of the external environment, we intend to work to raise corporate value by continuing to harness our comprehensive business engineering capabilities and allocating our business resources in the best possible way, based on our Medium-Term Management Outlook announced in May 2006.

We look forward to your continued support.

Shoei Utsuda

President and Chief Executive Officer

June 2008

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Note: In this translated report, the term "the Group" refers to corporate organizations as defined in Clause 2, Article 122 of the enforcement regulations of the Corporate Law of Japan.

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(Billions of yen)

	Year ended Mar. 31, 2005	Year ended Mar. 31, 2006	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008
Gross profit	679.9	784.6	866.3	988.1
Operating income	173.0	247.7	282.8	374.8
Equity in earnings of associated companies	64.3	94.2	153.1	154.3
Net income	121.1	202.4	301.5	410.1

PART I: BUSINESS REVIEW**1. OPERATING ENVIRONMENT**

An overview of the operating environment in the fiscal year under review is as follows.

THE GLOBAL ECONOMY

The slowdown in the U.S. economy intensified from the middle of the fiscal year, and instability continued in the financial markets, due to a decline in residential investment and increasing losses at financial institutions. In response, the Federal Reserve Board strove to improve the financial and economic environment by implementing a series of policy interest rate cuts.

Despite a slowdown in growth of exports to the United States, Asia as a whole continued to enjoy strong growth, with increasing levels of industrial and construction investment, particularly in China.

Europe continued its moderate recovery, underpinned by factors including growth in exports and industrial investment in Germany and increasing consumer spending in the United Kingdom and France.

Prices of internationally traded commodities such as crude oil, non-ferrous metals and grains continued to rise, reaching record highs in March 2008. In the first half of the fiscal year, central banks across the world raised interest rates moderately, but in the second half the United States implemented a series of policy rate cuts and the United Kingdom and Canada also lowered interest rates.

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JAPANESE ECONOMY

In Japan, exports of automobiles, steel and chemical products and other materials, particularly to emerging countries, continued to grow. As a result, industrial production remains strong and the employment situation improved. Consumer spending continued to increase owing to the rising popularity of flat-screen TVs and cable television related services.

On the other hand, as a result of the impact of the revised Building Standards Law enforced in June 2007, investment in construction of residential housing and commercial facilities dropped off sharply, and business confidence declined particularly in construction and related industries.

The economy as a whole was moving steady over the course of the year, despite a moderate decline in the pace of expansion in the fiscal second half.

In foreign exchange, the yen strengthened against the U.S. dollar, but remained weak against the Euro and other major currencies.

2. OPERATING RESULTS, FINANCIAL CONDITION AND ETC.

1 EXECUTIVE SUMMARY

(1) BUSINESS PERFORMANCE OVERVIEW

Mitsui and its subsidiaries posted a considerably higher net income of ¥410.1 billion, ¥108.6 billion higher than the ¥301.5 billion recorded in the previous fiscal year. By operating segment, the Mineral and Metal Resources and Energy segments posted substantial increases in income due to gains on divestitures of interests in major projects such as iron ore manufacturer Sesa Goa Limited (Sesa Goa) in India and the Sakhalin II project. The income increases in both segments were also partly attributable to rising prices accompanied by generally steady growth in equity production volumes. Transactions and various types of business in the Iron & Steel Products, Chemical and Machinery & Infrastructure Projects segments continued to perform well, and results recovered in the Foods & Retail segment, which recorded large impairment losses in the previous fiscal year. However, the Americas segment posted lower net income, due to write-downs on ready-built house sales business as a result of the impact of the sub-prime loan problem in the Americas, a downturn in business within the Americas and other factors. In addition, write-downs relating to listed marketable securities in Japan increased, mainly at companies in which Mitsui has invested in automotive and financial market-related industries.

(2) FINANCIAL CONDITION

Total assets as of March 31, 2008 were ¥9.7 trillion, a decrease of ¥0.1 trillion compared to March 31, 2007. Total investments and plant, property and equipment decreased ¥0.2 trillion, due to a reduction in the investment balance with respect to the Sakhalin II project, the impact of the stronger yen and the downturn in the Japanese equity markets at the end of the fiscal year, and other factors, which offset new investments and expansion of existing investments in mineral and metal resources, energy, machinery and infrastructure projects and the Americas. As of March 31, 2008, shareholders' equity had increased to ¥2.2 trillion due to the growth in net income for the year and other factors, and the Net Debt-to-Equity Ratio was 1.27 times. Return on equity in the fiscal year ended March 31, 2008 was 19.1%.

(3) CASH FLOW

Net cash provided by operating activities for the fiscal year ended March 31, 2008 was ¥415.8 billion, reflecting steady operating income. Net cash used in investing activities was ¥104.8 billion, as a result of expenditures for various new investments and expansion projects, which was largely offset by cash provided from large-scale divestitures of interests in Sakhalin II, Sesa Goa and other assets. As a result, free cash flow for the fiscal year ended March 31, 2008 was a net inflow of ¥311.0 billion.

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2 RESULTS OF OPERATIONS: Key items of consolidated income

1 GROSS PROFIT

Gross profit for the fiscal year ended March 31, 2008 was ¥988.1 billion, an increase of ¥121.8 billion from the previous fiscal year. Increases in energy were the major drivers in the Group's increase in consolidated gross profit, with contributions coming from the consolidation of Mitsui Oil Exploration Co., Ltd. (Japan) (MOECO), the increase in production at the Enfield Oil Field in Australia and the commencement of production at the Tui Oil Field in New Zealand.

Automotive, shipping, rolling stock leasing and other Machinery & Infrastructure Projects businesses, and basic materials such as various chemical products and steel products at Mitsui and its subsidiaries, although differing by item also continued to show good overall performance, reflecting a favorable economic environment.

* MOECO was made a consolidated subsidiary in the fourth quarter of the previous fiscal year, having formerly been an associated company. As a result, gross profit recorded from the company increased significantly. However, this means that most of the increase in gross profit was transferred from previously being recorded as equity in earnings of associated companies.

1 OPERATING INCOME

Operating income* for the fiscal year ended March 31, 2008 was ¥374.8 billion, an increase of ¥92.0 billion compared to the previous fiscal year. Factors contributing to this increase included the large increase in gross profit noted above, which was partly offset by increases in selling, general and administrative expenses in Machinery & Infrastructure Projects, Energy and the Americas, reflecting consolidation of new subsidiaries acquired by these operating segments.

* Operating income = [gross profit - selling, general and administrative expenses - provision for doubtful receivables]

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1 EQUITY IN EARNINGS OF ASSOCIATED COMPANIES NET (AFTER INCOME TAX EFFECT)

Equity in earnings of associated companies net (after income tax effect) for the fiscal year ended March 31, 2008 was ¥154.3 billion, an increase of ¥1.2 billion compared to the previous fiscal year. Performance at associated companies was strong in general, with higher earnings at Valepar S.A. (Brazil) (Valepar)*¹ due to strong operating results at Vale concomitant with higher iron ore and nickel prices, and good results at Australian LNG operation Japan Australia LNG (MIMI) Pty. Ltd. and our Brazilian gas distribution operations. Major losses included a mark-to-market evaluation loss*² on long-term swap agreements relating to overseas power generation business, and an equity evaluation loss reflecting the decline in market value of ASAHI TEC CORPORATION (Japan) (Asahi Tec).

An additional factor was the change in accounting treatment of MOECO following the inclusion of the company in the scope of consolidation, because of which the announced result increased only slightly from the previous fiscal year.

*1 Valepar is a controlling shareholder of Vale (formerly named Companhia Vale do Rio Doce), a mineral resources company in Brazil.

*2 We recorded a mark-to-market evaluation loss, based on wholesale power market conditions, with respect to power swap contracts valid during the period of long-term power supply contracts.

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I NET INCOME

Net income for the fiscal year ended March 31, 2008 was ¥410.1 billion, an increase of ¥108.6 billion compared to previous fiscal year. In addition to the higher operating income and equity in earnings of associated companies, factors contributing to this increase include the following:

- Income from discontinued operations Net (after income tax effect) increased by ¥68.6 billion to ¥71.0 billion. The majority of the figure recorded during the period arose from a gain on the sale of the Group's entire stake in Sesa Goa, and an additional factor was a gain on the sale of the entire upstream gas and oil interests of Wandoo Petroleum Pty. Ltd. (Australia) (Wandoo Petroleum).
- Gain on sales of securities increased by ¥33.5 billion to ¥92.3 billion. Major gains recorded during the period included a gain on the transfer of a part of the Group's stake in the Sakhalin II project, and the sale of the Group's stake in Empreendimentos Brasileiros de Mineracao S.A. (EBM) in Brazil. In addition, as a result of sales of securities based on a company-wide review of the significance of holding such securities, gains on sales of securities were recorded in various operating segments including Consumer Service & IT and Logistics & Financial Markets.

Loss on write-down of securities increased by ¥25.0 billion to ¥36.7 billion. The increase was attributable to recording of write-down losses on securities due to the decline in Japanese equity markets during the fiscal year under review.

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3 RESULTS BY OPERATING SEGMENT

Net Income by Operating Segment

- 1 **Iron & Steel Products:** Net income for the fiscal year ended March 31, 2008 was ¥20.2 billion, a decrease of ¥0.4 billion compared to the previous fiscal year. Performance was generally strong in steel product markets, driven by continued firm demand for tubular products and high-end products such as steel plates, particularly for energy applications. Increased earnings arising from the sale of steel pipes and steel plates to the Asian market by Regency Steel Asia Pte. Ltd. (Singapore) contributed, but lower gains from sales of securities and higher interest expenses meant that results were slightly lower than in the previous fiscal year.
- 1 **Mineral & Metal Resources:** Net income for the period increased substantially, rising ¥78.6 billion to ¥177.0 billion. In addition to ¥55.2 billion of income (post tax) recorded from the sale of the Group's entire stake of Sesa Goa noted above, income was recorded from other recycling initiatives, such as the sale of shares in EBM and Toho Titanium Co. Ltd. (Japan) (Toho Titanium).

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In addition, a rise in iron ore prices led to higher earnings at iron ore subsidiaries in Australia, while higher prices for iron ore and nickel also led to higher earnings at Valepar.

- 1 **Machinery & Infrastructure Projects:** Net income for the period was ¥35.0 billion, an increase of ¥1.4 billion. Automobile and shipping-related business was sound, supported by favorable global markets. Various types of infrastructure projects and rolling stock leasing also contributed to income. However, overall earnings in this segment increased only slightly, impacted by a mark-to-market evaluation loss on long-term swap agreements relating to power generation business in Australia and elsewhere, and a loss on investments in Asahi Tec and Yamaha Motor Co., Ltd. (Japan) (YMC) following other-than-temporary declines in those companies' share prices.

- 1 **Chemical:** Net income for the period was ¥18.4 billion, a decrease of ¥0.9 billion. Ammonia and methanol-related business grew soundly, supported by favorable market conditions, and inorganic mineral and raw materials also trended favorably. However, results in the previous fiscal year included a credit to income as a result of a reversal of an accrued cost for charges related to the DPF incident and a gain on the sale of shares in Toho Titanium, and the absence of these factors, along with the recording of an evaluation loss on holdings of shares in Kaneka Corporation (Japan), offset the factors increasing income and resulted in a slight decrease in earnings for the period.

- 1 **Energy:** Net income for the period was ¥124.1 billion, a substantial increase of ¥48.4 billion. Earnings in this segment were boosted significantly by the partial sale of the Group's stake in the Sakhalin II project and the sale of the Group's entire interests in Wandoo Petroleum. Increased equity production volumes at the Enfield Oil Field in Australia and the commencement of production in July 2007 at the Tui Oil Field in New Zealand contributed to profits, as did rising oil prices in the Group's overall oil and gas production business. Another factor was the absence of a naphtha trading loss at Mitsui Oil (Asia) Pte. Ltd. (Singapore) that had impacted performance in the previous fiscal year. Earnings declined at Australian coal mining operations, reflecting lower market prices for hard coking coal and lower-than-planned production.

- 1 **Foods & Retail:** Net income for the period was ¥10.4 billion, an increase of ¥22.7 billion. Raw materials businesses mainly trended positively as raw material prices remained high, and in domestic distribution and retail-related business, a reduction in selling, general and administrative expenses due to cost cutting initiatives also contributed. A write-down loss was recorded on holdings of securities of Seven & i Holdings Co., Ltd. (Japan), but reflecting the absence of impairment losses on intangible assets and goodwill at Mitsui Norin Co., Ltd. (Japan) that were recorded in the previous fiscal year meant that income increased substantially from the previous fiscal year.

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- 1 **Consumer Service & IT:** Net income for the period was ¥12.0 billion, a decrease of ¥4.6 billion. The trading environment in this segment varied by product and by region. In Europe and within Japan, for example, real-estate businesses performed well, while systems integration and other IT industry-related business declined. As a result, overall gross profit for the segment decreased. Net income also decreased, despite contributions to income from gains on the sale of shares in Jupiter Telecommunications Co., Ltd. (Japan) and other companies, and the absence of costs recorded in the previous fiscal year related to the discontinuation of housing operations at Mitsui Bussan House-Techno Inc (Japan).
- 1 **Logistics & Financial Markets:** Net income for the period was ¥7.5 billion, a decrease of ¥7.1 billion. The decline mainly reflects the fact that results were extremely strong in the highly volatile commodity markets of the previous fiscal year. In addition, results include a gain on sales of shares in BALtrans Holdings Limited, a logistics company in Hong Kong, but the impact of a write down in shares of Central Finance Co., Ltd. (Japan) (Central Finance) meant that income declined from the previous fiscal year.
- 1 **Americas:** Net income for the period was ¥4.3 billion, a decrease of ¥12.6 billion. U.S. real estate subsidiary MBK Real Estate LLC. (MRE) reported weak performance, reflecting the slowdown in the U.S. housing market and a write-down of ¥9.6 billion on real estate for sale. Relative income in the period under review was also affected by the absence of two factors that had boosted income in the previous fiscal year, namely: high earnings at U.S. subsidiary Westport Petroleum Inc., and similarly strong performance at Mitsui Steel Holdings, Inc., a U.S. steel product holding company. In addition, interest expenses increased due to an increase in interest-bearing debt, which also contributed to the decline in income.
- 1 **Europe, the Middle East and Africa:** Net income for the period was ¥5.0 billion, an increase of ¥0.9 billion. Energy and machinery and infrastructure projects performed strongly, results in this segment were contributed to by an increase in earnings from minority interests in automotive business and real estate business in Europe.
- 1 **Asia Pacific:** Net income for the period was ¥22.5 billion, an increase of ¥0.5 billion. In addition to strong performance mainly in steel products and chemicals, results in this segment were contributed to by an increase in earnings from minority interests in Australian iron ore ventures and energy-producing subsidiaries. However, due to factors including an increase in administrative expenses mainly attributable to personnel costs, net income increased only slightly compared to the previous fiscal year.

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Total assets as of March 31, 2008 were ¥9,690.9 billion, a decrease of ¥122.4 billion from March 31, 2007.

Of this, **current assets** were ¥5,211.1 billion, an increase of ¥137.3 billion from March 31, 2007. This was attributable to an increase in cash and cash equivalents mainly at Mitsui, and an increase in derivative assets reflecting rising commodities prices. **Current liabilities** were ¥3,594.6 billion, a decrease of ¥215.6 billion.

This was due to decreases in short-term liabilities and the current maturities of long-term debt mainly at Mitsui and overseas financial subsidiaries, which offset an increase in derivative liabilities that counterbalanced the increase in derivative assets noted above

- 1 Total non-current assets (namely, investments and non-current receivables, property and equipment at cost, etc.) were ¥4,479.8 billion, a decrease of ¥259.7 billion. The decrease was attributable to divestitures of major assets, a downturn in Japanese equity markets at the end of the period and the impact of the stronger yen, which offset investments made mainly in mineral resources and energy. A breakdown of principal items is as follows.

Total investments and non-current receivables as of March 31, 2008 were ¥3,237.3 billion, a decrease of ¥254.7 billion. Within this category, investments in and advances to associated companies totaled ¥1,333.0 billion, a decrease of ¥254.6 billion. As of March 31, 2007, investment for the Sakhalin II project amounting to ¥417.2 was recorded in this account. Concomitant with the partial divestiture of this investment, the remaining balance has been transferred to Other investments, resulting in a net decrease in this entry. Major factors of increase in this category for the period under review were: investment in Sims Group Limited (Sims Group), an Australian resource recycler; additional investment to combine United Kingdom power generating assets with International Power plc (IPR), an independent power producer in the United Kingdom; and investment in Erdos Electrical Power & Metallurgical Co., Ltd. (Erdos EPM), a conglomerate in the Inner Mongolian Autonomous Region of China engaged in power generation, coal mining and ferrous alloy production. Other investments were ¥1,281.5 billion, an increase of ¥42.6 billion. Significant items contributing to this increase were the purchase of preferred shares in Japan Airline Corporation (Japan) (JAL), shares in YMC, and the purchase of shares and convertible bonds of Central Finance. In addition, as noted above, investment in the Sakhalin II project amounting to ¥218.5 billion was transferred into this account and recorded as of March 31, 2008.

Property and equipment at cost, as of March 31, 2008 was ¥1,016.3 billion, an increase of ¥28.0 billion. Significant items contributing to this increase were investments for developing and expanding coal and iron ore mines in Australia, and the acquisition during the period of major U.S. steel processing company Steel Technologies Inc. (Steel Technologies).

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1 **Long-term debt** (excluding the current portion) as of March 31, 2008 was ¥2,944.4 billion, an increase of ¥56.9 billion. This increase was primarily due to an increase in borrowings from financial institutions associated with funding for various investments at Mitsui and Mitsui & Co. (U.S.A.), Inc.

1 **Shareholders equity** as of March 31, 2008 was ¥2,183.7 billion, an increase of ¥73.4 billion. This increase was primarily due to the ¥332.9 billion in retained earnings, along with bond conversions, which offset net deterioration in foreign currency translation adjustments due to the stronger yen against the Australian dollar, the U.S. dollar and the Brazilian real, and a decrease in unrealized holding gains on marketable securities reflecting the downturn in the Japanese equity markets and other factors.

As a result, the ratio of shareholders equity to total assets as of March 31, 2008 was 22.5%, 1.0 percentage point higher than the 21.5% figure as of March 31, 2007. Net interest-bearing debt (interest-bearing debt minus cash and cash equivalents and time deposits) as of March 31, 2008 was ¥2,774.0 billion, a decrease of ¥337.5 billion compared to March 31, 2007.

5 CASH FLOWS: Key items of consolidated cash flows

CASH FLOW FROM OPERATING ACTIVITIES

Net cash provided by operating activities for the fiscal year ended March 31, 2008 was **¥415.8 billion**, an increase of ¥176.5 billion from the ¥239.3 billion of the previous year. Factors contributing to this outcome included an increase in operating income and a reduction in trade receivables and inventories.

CASH FLOW FROM INVESTMENT ACTIVITIES

Net cash used in by investment activities for the fiscal year ended March 31, 2008 was **¥104.8 billion**. The primary factors contributing to this outcome were:

The net inflow of cash that corresponded to investments in and advances to associated companies was ¥102.8 billion, primarily accounted for by the partial sale of the Group's stake in the Sakhalin II project.

Other acquisitions and disposals of investments included a cash inflow of ¥92.8 billion from the sale of Sesa Goa, and an outflow of ¥45.0 billion for the acquisition of Steel Technologies.

The net outflow of cash that corresponded to property leased to others and property and equipment was ¥166.2 billion, primarily related to coal mining business in Australia and energy projects.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash outflow from financing activities was **¥185.1 billion**, with key elements including reductions in short-term debt and long-term debt leading to a net outflow ¥111.5 billion, dividend payments of ¥72.1 billion and the purchases of treasury stock.

3. Progress of key measures of the Medium-Term Management Outlook

1 OVERVIEW

1 Mitsui announced its Medium-Term Management Outlook in May 2006. The Medium-Term Management Outlook is based on a company-wide consideration of the kind of business models that we should seek to develop over the next three to five years (2009 to 2011). The key elements of the approach outlined in this plan are:

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Building a business portfolio that meets the needs of our stakeholders, including shareholders, customers and society.

Leveraging business engineering capabilities across Mitsui and its subsidiaries and optimizing resource allocation.

Prioritizing the development of human resources. In this respect we intend to build on our existing values of *challenge and opportunity* and *freedom and open-mindedness* with additional emphasis on *fairness, humbleness and compliance*. We intend to form and foster a diverse pool of capable personnel.

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1 The four key strategies of the Medium-Term Management Outlook are (i) **Development of strategic business portfolio**, (ii) **Evolution of business models leveraging business engineering capabilities**, (iii) **Implementation of global strategies** and (iv) **Reinforcing the management framework to support growth**. Of these strategies, the development of a strategic business portfolio is the most directly connected to our business results, financial position and cash flow for the consolidated fiscal year ended March 31, 2008 and we are implementing the following policies with regard to this strategy.

We have developed key policies based on dividing up the Group's business into four areas, as outlined below.

Mineral Resources & Energy

- (1) Complete the development of large-scale projects such as the Sakhalin II project and the Enfield Oil Field. Expand existing projects such as the LNG project in Western Australia and iron ore and coal production in Australia
- (2) Ensure the liquidity of our equity production interests and carry out recycling
- (3) Invest selectively in emerging regions and new business domains

Global Marketing Networks (particularly steel products, machinery and chemical products)

- (1) Actively invest in our operating base with the objective of strengthening our various logistics and IT capabilities and focus allocation of human resources to growth fields
- (2) Strengthen partnerships with quality customers and evolve our SCM capabilities
- (3) Strengthen initiatives in growth region Asia and the automotive, IT and energy business fields

Consumer Services

- (1) Pursue initiatives in media and information, healthcare and medical, and senior living industries
- (2) Develop new consumer-oriented businesses and strengthen related logistics business

Infrastructure

- (1) Develop business portfolio positioning power generation, water supply, energy and transportation as strategic industrial fields
- (2) Pursue synergies with other business areas

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Under the coordination of the Portfolio Management Committee that we established in April 2006, we will further refine our investment evaluation criteria, and seek to recycle existing investments, by reviewing their viability and taking into account the need to generate cash flow for new investments. Furthermore, accompanying a review of our business portfolio, we will allocate and shift human resources from a group-wide perspective in a more dynamic fashion.

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1 Quantitative image 3-5 years (2009 - 2011) ahead in the Medium-Term Management Outlook

Looking ahead towards 2009 to 2011, risks in the operating environment include political, economic and environmental factors. Notwithstanding these risks, we believe that the currently favorable operating environment with simultaneous growth in different regions of the world, and strong upstream markets for mineral resources, energy and materials is likely to continue. Based on this assumption, by implementing the four key strategies of the Medium-Term Management Outlook, we aim to achieve optimal allocation of the Group's business resources, and as of May 2006 envisaged achieving the parameters over the next three to five years as illustrated in the chart on the right.

2 PROGRESS ON KEY POLICIES IN MEDIUM-TERM MANAGEMENT OUTLOOK

(1) Development of strategic business portfolio

Progress on investments and loans plans and key policies in each business area

During the year ended March 31, 2008, investments, loans and leases of approximately ¥710 billion were undertaken as part of our total investment outlook of ¥800 billion.

Further, we have been focusing on divestitures of outstanding investments and fixed assets, and collected approximately ¥610 billion.

We made the following progress in each of the four business areas presented in our Medium-Term Management Outlook.

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1 Mineral & Metal Resources and Energy

We continued to focus on projects already under development as well as the expansion of existing projects. We made an additional investment in the Enfield Oil Field in Australia for facilities upgrading and to boost output capacity. Our total investment in the Sakhalin II project, as of the end of March 2008, was approximately ¥218.5 billion as a result of stake dilution and expenditure for the development of the project. Initiatives also include the May 2007 commencement of production from the Equatorial Guinea LNG project and the July 2007 start of production from the Tui Oil Field in New Zealand. We invested in our Australian iron ore and coal mining business as part of our plan to increase production capacity. We also acquired shares with voting rights of 16.0% in the Australian company Sims Group, and shares with voting rights of 25% in Erdos EPM. As a result, investments in Mineral & Metal Resources and Energy totaled ¥310 billion.

In this business area, through the divestiture of existing investments, we generated cash inflows totaling approximately ¥390 billion. In April 2007, we sold our entire stake in Sesa Goa, after deliberate consideration of our worldwide iron ore business portfolio.

Regarding the Sakhalin II project, in April 2007, we transferred 50% of our stake to OAO Gazprom (Russia) (Gazprom), with our share diluting from 25% to 12.5%. We also agreed to an Area of Mutual Interest arrangement with Gazprom, relating to prospects for expansion of the Sakhalin II project.

Tui Oil Field in New Zealand

1 GLOBAL MARKETING NETWORKS BUSINESS AREA

We took further steps to strengthen our multi-functional global operating network in raw materials procurement and product sales, acquiring key businesses and reinforcing strategic alliances with major partners to support our goal of creating new value. In June 2007, we acquired Steel Technologies for ¥45.0 billion. In the motor vehicles, aerospace and chemical businesses, we acquired shares in YMC, JAL (preferred shares) and Mitsui Chemicals, Inc., respectively, aiming to enhance business relationships.

1 CONSUMER SERVICES BUSINESS AREA

We are continuing to build our operations in promising new business domains. In May 2007, we acquired new shares and convertible bonds issued by Central Finance aiming to increase business opportunities. In the foods and retail field, we have been taking measures to improve the performance of Mitsui Foods. At the same time we are making investments to secure a stable supply of overseas food sources and acquired 25% of the shares of Multigrain AG, a company that focuses on the origination and export of grain in Brazil.

1 INFRASTRUCTURE PROJECTS BUSINESS AREA

Our efforts were directed at selectively investing in superior project opportunities while seeking to develop synergies with other business areas. In overseas power generation business, we further strengthened our strategic alliance with IPR during the year, and in June 2007 consolidated power generating assets in the U.K., resulting in an increase of our generating capacity by approximately 260MW on an equity basis for ¥22.2 billion. The railway transportation leasing business (locomotive and freight wagon leasing business) has expanded in Europe, U.S.A and Brazil.

Locomotive and freight wagon leasing business in Europe

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Continuous review of business portfolio based on Mitsui's business strategy

Twice a year, Mitsui's management examines each business unit's strategic portfolio development, including asset recycling, referring to key performance indicators at subsidiaries and associated companies and also at other investments. Additionally, and from an overall company perspective, we have examined the key aspects of our human resources portfolio review and allocated our human resource assets to focused areas across the organization.

(2) Evolution of business models leveraging business engineering capabilities

We will pursue business development in new fields that show the greatest potential for growth in Japan, such as consumer-oriented services including healthcare and medical businesses, environment businesses including emission trading and recycling, and new energy businesses including biomass ethanol businesses. We have decided to enhance the cooperation of the various business units in the major operating areas across the Group and have established a specialized framework for the automobile-related businesses and the healthcare and medical businesses.

(3) Implementation of global strategies

To strengthen our product strategy in the broad economic regions of the Americas, Europe and Asia, we established the Regional Business Unit system in April 2006. In April 2007 we refined this system by expanding Europe to include the Middle East and Africa, while expanding Asia to include Oceania. We also adopted systems in each regional headquarters to hire and foster talented employees and increase the diversity of our human resources. We are undertaking a fundamental reform of our human resources system from the perspective of our Group's business units located globally.

(4) Reinforcing the management framework to support growth

We are undertaking initiatives, such as increasing in the number of our external directors, to strengthen our corporate governance system, and are implementing further improvements to our internal controls within the Group through various works to ensure compliance with Section 404 of the U.S. Sarbanes-Oxley Act (SOX-404). For information on our progress in CSR, please see 4. Mitsui's CSR Management Promotion

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4. MITSUI S CSR-ORIENTED MANAGEMENT PROMOTION

1 MITSUI S CSR-ORIENTED MANAGEMENT

Mitsui meets the challenges of a wide range of social issues through its broad-based business activities. Each officer and employee of the company firmly believes that the backbone of our CSR-oriented management comes from being aware of the company's role towards overcoming the challenges and expectations of society and striving to accumulate a track record of *Yoi-Shigoto* (good quality work).

2 PROMOTING CSR-ORIENTED MANAGEMENT THROUGHOUT THE GROUP

The company has focused on changes in business models and mindset during the 2-year period following the establishment of the Medium-Term Management Outlook, and unrolled a variety of awareness activities throughout the company.

The company hosted a workshop designed to reexamine what is meant by *Yoi-Shigoto* for all company employees in 2006, and conducted awareness activities centered on CSR through our ordinary course of business, in 2007, aimed at reviewing working processes and the quality of profits in line with the challenges faced by each department.

Informal session with stakeholders at Mitsui USA

The company also hosted a range of activities as a consolidated group including our subsidiaries and associated companies both in Japan and overseas, such as group discussions using case studies, and informal sessions with our business partners and interested parties designed for opinion exchanges focusing on specific topics.

3 SUPPLY CHAIN CSR POLICY

The globalization of the economy and heightened consumer awareness are driving a trend towards the selection of suppliers from a CSR standpoint that includes safety and security, human rights and labor as well as the environment. It was against this backdrop that the company, in December 2007, established a supply chain CSR policy. We are asking our business partners to understand and practice legal compliance, respect for human rights, environmental conservation, occupational safety and health, and the protection of the safety and security of products and services, as will jointly strive towards the development of a CSR-oriented supply chain.

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4 ENVIRONMENT-RELATED ACTIVITIES

In addition to reducing the burden on the environment caused by the consolidated group, including our subsidiaries and associated companies both in Japan and overseas, the company is also promoting various initiatives aimed at achieving an industrial solution to environmental issues, such as a clean energy-related businesses, emissions trading-related businesses and recycling businesses.

The Mitsui & Co., Ltd. Environment Fund has expanded the activities and the regions its supports and has selected numerous proposals from a broad range of areas, including the promotion of research into carbon fixing through tree planting in Australia's arid areas and the use of biomass in addition to supporting Argentina-based eco-education and related programs.

The company also plans to step up activities designed to further increase the environmental and social value of company-owned forests (on approximately 44,000 hectares of land at 73 locations throughout Japan). Apart from pushing ahead with long-term conservation and maintenance, we will also implement a forestry eco-education program, at company-owned forests in five locations, which aims to address the concerns of our shareholders, the general public, our employees and their families.

Forest environmental program

The company will continue to engage in activities designed to contribute to solutions for environmental problems that have become a global issue.

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5. OUTLINE OF FINANCING AND CAPITAL EXPENDITURE

1 FINANCING

Mitsui's basic funding policy is to secure stable sources of funds to maintain adequate liquidity and financing to satisfy capital requirements for our operations and to maintain the financial strength and stability of our balance sheet. We obtain funds primarily in the form of long-term funds with maturities of around 10 years, from financial institutions, including banks and insurance companies, and through the issuance of corporate bonds. In addition, for various projects and so forth we utilize financing programs from government financing agencies and also utilize project financing.

In principle, wholly owned Japanese and overseas subsidiaries do not individually raise their funds in financial markets or borrow from financial institutions, but instead use a cash management service provided by our regional financing subsidiary, which centralizes the fund raising function and promotes efficient use of funds.

As of March 31, 2008, interest-bearing debt decreased ¥232.5 billion compared to the previous fiscal year to ¥3,685.6 billion, and net interest bearing debt after deduction of cash equivalents decreased ¥337.5 billion over the same period to ¥2,774.0 billion. Approximately 83% of total interest-bearing debt was raised by Mitsui and the financing subsidiaries as in-house banking bases. We will continue to strive to ensure stable sources of funds, while closely monitoring Japanese and overseas business conditions and price movements, economic environments and other relevant trends.

During the fiscal year, we raised a total of ¥244.8 billion in long-term funding by borrowing from banks, insurance companies and other financial institutions, and issued three corporate bonds that raised ¥35.0 billion in total with the redemption period from March 18, 2022 to May 21, 2027. In addition, our Japanese and overseas in-house banking financial subsidiaries raised long-term funds and issued commercial paper and medium-term notes.

Table of Contents**2 CAPITAL EXPENDITURE**

For more information on capital expenditure during the consolidated fiscal year under review, please see FINANCIAL CONDITION OF THE GROUP: Key items from the consolidated balance sheet on pages 10-11 and PROGRESS ON KEY POLICIES IN MEDIUM-TERM MANAGEMENT OUTLOOK, section (a) Development of strategic business portfolio, on pages 13 15 of this report.

6. TRENDS IN VALUE OF GROUP ASSETS AND PROFITABILITY**1 TRENDS IN VALUE OF ASSETS AND OPERATING RESULTS (CONSOLIDATED)**

(Millions of Yen, Except Net Income per Share)

	86 th Fiscal Year	87 th Fiscal Year	88 th Fiscal Year	89 th (Current) Fiscal Year
Total Trading Transactions	¥ 13,509,948	¥ 14,796,535	¥ 15,271,649	¥ 17,009,056
Gross Profit	679,872	784,564	866,291	988,077
Net Income	121,136	202,409	301,502	410,061
Net Income per Share (Yen)	76.55	126.26	174.26	227.20
Net Assets	1,122,828	1,677,907	2,110,279	2,183,660
Total Assets	7,593,387	8,573,578	9,813,312	9,690,879

Notes:

- The figures shown in this table have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP). Total Trading Transactions is a voluntary disclosure and represents the gross transaction volume of the nominal aggregate value of the sales contracts in which Mitsui & Co., Ltd. and its subsidiaries (collectively the companies) act as principal and transactions in which the companies serve as agent. Total Trading Transactions is not meant to represent sales or revenues in accordance with US GAAP. The companies have included the information concerning Total Trading Transactions because it is used by similar Japanese trading companies as an industry benchmark, and the companies believe it is a useful supplement to results of operations data as a measure of the companies performance compared to other similar Japanese trading companies.
- In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the prior year figures relating to discontinued operations have been reclassified.
- Figures less than ¥1 million and figures less than ¥1/100 (in the case of Net Income per Share) are rounded.

2 TRENDS IN VALUE OF COMPANY ASSETS AND OPERATING RESULTS (NON-CONSOLIDATED)

(Millions of Yen, Except Net Income per Share)

	86 th Fiscal Year	87 th Fiscal Year	88 th Fiscal Year	89 th (Current) Fiscal Year
Sales	¥ 10,415,768	¥ 11,378,886	¥ 11,407,301	¥ 12,291,218
Net Income	36,260	74,484	118,588	157,905
Net Income per Share (Yen)	22.91	46.31	68.53	87.47
Total equity	742,741	1,091,007	1,233,398	1,231,061
Total Assets	4,529,139	4,962,510	5,369,989	5,231,618

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Notes:

1. Net Income per Share was computed based on the average number of shares outstanding during the fiscal year.
2. Beginning with the 87th fiscal year, the Company changed accounting for retirement benefits and accounting for precious metals forward contracts.
3. Beginning with the 88th fiscal year, the Company has applied Accounting Standards for Bonuses to Directors , Accounting Standards Presentation of Shareholders Equity , Accounting Standards Relating to Business Combinations and Accounting Standards Relating to Business Separation .
4. Figures less than ¥1 million and figures less than ¥1/100 (in the case of Net Income per Share) are truncated.

Table of Contents**7. KEY ISSUES TO ADDRESS****MANAGEMENT PLAN THROUGH MARCH 2009**

For the year ending March 2009, we are optimizing our strategic business portfolio and pursuing other measures under the four main policies outlined in our Medium-Term Management Outlook. Forecast net income and other items for the year ending March 2009 is as follows.

(Billions of yen)

	Forecast for FY ending March 31, 2009	FY ended March 31, 2008	Change
Gross profit	1,080.0	988.1	91.9
Operating income	470.0	374.8	95.2
Equity in earnings of associated companies	220.0	154.3	65.7
Net income	460.0	410.1	49.9

*Note: The above chart is based on the following assumptions:

-Iron ore: US\$83 per ton (an increase of US\$33 per ton compared to the previous consolidated fiscal year)

-Crude oil: US\$85 per ton (an increase of US\$14 per barrel compared to the previous consolidated fiscal year)

-Exchange rate: ¥100 to US\$1 (an increase of ¥14 in the strength of the yen compared to the previous consolidated fiscal year)

In our Investment and Loan Plan, we project total investments and loans of ¥700.0 billion in the fiscal year ending March 31, 2009, including ¥350.0 billion allocated to metal resources and energy. Conversely, we project an inflow of ¥270.0 billion from asset recycling. As a result, we anticipate that cash flow from investing activities will be a net outflow for the year. We expect free cash flow to be broadly neutral or slightly positive, as we are anticipating a steady increase in cash flow from operating activities.

Table of Contents**PART II: CORPORATE OUTLINE****1. PRINCIPAL GROUP BUSINESS (AS OF MARCH 31, 2008)**

The Mitsui Group is engaged in its business through the product segments comprised of the business units of the Head Office and the regional segments comprised of overseas offices and subsidiaries. Along with its domestic and overseas subsidiaries and associated companies, the Group is engaged in the sale, import, export, international trading and manufacturing of various products from the Iron and Steel Products, Mineral and Material Resources, Machinery and Infrastructure Projects, Chemicals, Energy, Foods and Retail, and Consumer Service and IT business areas. The Mitsui Group also provides a diversified range of services including transport and financial services in addition to the development of natural resources and investment in operations.

2. PRINCIPAL GROUP OFFICES (AS OF MARCH 31, 2008)

Mitsui has 15 domestic offices and branches in Japan in addition to the Head Office, and 141 branches and trading subsidiaries overseas, including the principal entities outlined below.

Domestic:	Head Office	Chiyoda-ku, Tokyo
	Offices and Branches	Sapporo Office, Tohoku Office (Sendai), Nagoya Office, Osaka Office, Hiroshima Office, Fukuoka Office, Niigata Branch, Hokuriku Branch (Toyama), Takamatsu Branch
Overseas:	Trading Subsidiaries	Mitsui & Co. (U.S.A.), Inc. Mitsui & Co. Europe Holdings PLC (United Kingdom) Mitsui & Co., (Asia Pacific) Pte. Ltd. (Singapore)

Note: For information regarding the overseas offices, subsidiaries and other companies, including the above-listed entities and important subsidiaries and associated companies, please refer to page 23-24 of this document.

3. SHARES OF MITSUI & CO., LTD. (AS OF MARCH 31, 2008)

Number of shares authorized:	2,500,000,000 shares
Number of shares outstanding:	1,820,183,809 shares (including 3,325,430 treasury stock)
Number of shareholders:	105,338 shareholders

Table of Contents**4. PRINCIPAL SHAREHOLDERS (AS OF MARCH 31, 2007)**

Name of Shareholder	Investment in Mitsui & Co., Ltd.	
	Number of shares (thousands)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	180,697	9.92
Japan Trustee Services Bank, Ltd. (trust account)	130,503	7.16
State Street Bank and Trust Company	53,271	2.92
Sumitomo Mitsui Banking Corporation	38,500	2.11
Mitsui Life Insurance Company, Limited	37,630	2.06
Nippon Life Insurance Company	35,070	1.92
The Chuo Mitsui Trust and Banking Company, Limited	30,799	1.69

Note: In thousands of shares, rounded down

5. GROUP EMPLOYEES

Operating segment	Number of Employees as of March 31, 2008	Number of Employees as of March 31, 2007	Change in Number of Employees
Iron & Steel Products	2,255	2,270	(15)
Mineral & Metal Resources	757	2,425	(1,668)
Machinery & Infrastructure Projects	13,177	10,859	+2,318
Chemical	3,489	3,731	(242)
Energy	1,633	1,516	+117
Foods & Retail	6,008	6,575	(567)
Consumer Service & IT	4,540	5,481	(941)
Logistics & Financial Markets	1,177	1,284	(107)
(Corporate Staff Division)	1,793	1,906	(113)
Americas	4,297	2,316	+1,981
Europe, the Middle East and Africa	1,299	1,326	(27)
Asia Pacific	2,196	2,072	+124
Total	42,621	41,761	+860

Notes:

- The above employee figures do not include temporary staff, seconded or part-time staff.
- Of the 42,621 employees as of March 31, 2008, 5,869 were employed by the Company, (26 more than at the end of the previous fiscal year).

Table of Contents**6. PRINCIPAL SOURCES OF BORROWINGS (AS OF MARCH 31, 2008)**

Unit: Millions of yen, rounded down

Source of Borrowings	Amount Borrowed by the Company
Meiji Yasuda Life Insurance Company	221,500
Nippon Life Insurance Company	183,000
The Dai-ichi Mutual Life Insurance Company	166,000
Mitsui Life Insurance Company, Limited	150,000
Sumitomo Life Insurance Company	148,000
National Mutual Insurance Federation of Agricultural Cooperatives	75,000
Sumitomo Mitsui Banking Corporation	74,416
Japan Bank for International Cooperation	118,760

Table of Contents**7. PRINCIPAL SUBSIDIARIES****1 PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES (AS OF MARCH 31, 2008)****Subsidiary(S)/**

Associated companies(A)	Operating Segment	Common Stock	Percentage owned by Mitsui & Co., Ltd.	Main Business
Mitsui & Co. Steel Ltd. (Japan) (S)	Iron and Steel Products	¥1,000 million	100	Sales of iron and steel products
Mitsui Iron Ore Development Pty. Ltd. (Australia) (S)	Mineral & Metal Resources	A\$20,000 thousand	100 (20)	Production and marketing of Australian iron ore
Valepar S.A. (Brazil) (A)	Mineral & Metal Resources	R\$7,258,206 thousand	18.2	Investments in Brazilian natural resources company Vale
Mitsui Automotive Europe B.V. (Netherlands) (S)	Machinery and Infrastructure Projects	Euro65,595 thousand	100 (40)	Investments in automobile businesses
IPM Eagle LLP (United Kingdom) (A)	Machinery and Infrastructure Projects	US\$532,191 thousand	30 (30)	Investments in power generation business
Japan-Arabia Menthol Company Ltd. (Japan) (S)	Chemical Products	¥5,000 million	55	Investments in methanol producing businesses in Saudi Arabian
Mitsui Sakhalin Holdings B.V. (Netherlands) (S)	Energy	Euro1,402,204 thousand	100	Investment in Sakhalin Energy Investment
Mitsui Oil Exploration Co., Ltd. (Japan) (S)	Energy	¥33,133 million	51.0	Exploration, development and production of oil and natural gas resources
Japan Australia LNG (MIMI) Pty. Ltd. (Australia) (A)	Energy	A\$369,050 thousand	50 (50)	Exploration, development and marketing of oil and natural gas
MITSUI FOODS CO., LTD. (Japan) (S)	Food and Retail	¥12,031 million	99.9	Wholesale of food products
MIKUNI COCA COLA BOTTLING	Food and Retail	¥5,407 million	34.3	Production and sale of soft drinks

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CO., LTD. (Japan)				
(A)				
QVC JAPAN INC. (Japan)	Consumer Service and IT	¥11,500 million	40	TV shopping business
(A)				
Mitsui Knowledge Industry Co., Ltd. (Japan)	Consumer Service and IT	¥4,114 million	58.4	Development and sale of computer systems
(S)				
Mitsui Leasing and Development Ltd. (Japan)	Logistics and Financial	¥9,153 million	40.7	Leasing business
(A)			(0.7)	
TRI-NET INC. (Japan)	Logistics and Financial	¥400 million	100	International integrated transportation business
(S)				
Steel Technologies Inc. (United States)	Americas	US\$1 thousand	100	Sale of steel products
(S)			(100)	
Notes:				

1. The companies listed above are the major subsidiaries and associated companies of the main business segments.
2. The figures in brackets represent indirect ownership through other subsidiaries.
3. The figures for capital have been rounded.

Table of Contents**2 THE NUMBER OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The number of subsidiaries and associated companies as of March 31, 2008, and for the previous three years, is as follows:

(Unit: companies)

	86th Fiscal Year	87th Fiscal Year	88th Fiscal Year	89th Fiscal Year
Subsidiaries	356	314	315	297
Associated Companies Accounted for under the Equity Method	277	192	176	182

Note: Some of subsidiaries and associated companies report their financial statements with further consolidating their subsidiaries and associated companies. The numbers of companies in the table do not include the latter, namely, those consolidated to other subsidiaries and associated companies and companies that are managed by overseas trading subsidiaries.

Table of Contents**8. SENIOR COMPANY OFFICERS AND AUDITORS****1 Directors and Corporate Auditors (as of March 31, 2008)**

(* represents a director)

Name	Title	Principal position(s)/Areas overseen
Nobuo Ohashi	Chairman and Director	Chairman, Governance Committee
Shoei Utsuda*	President and Chief Executive Officer	Chief Executive Officer Chairman, Nomination Committee
Hiroshi Tada*	Director	Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II
Kazuya Imai*	Director	Chief Financial Officer, Corporate Staff Division (Financial Planning Division, Accounting Division, Finance Division, Investment Administration Division, Credit Risk Management Division, Market Risk Management Division, First Business Process Control Division, Second Business Process Control Division, Third Business Process Control Division, Investor Relations Division); Deputy Chief Operating Officer, Business Process Re-Engineering Project Headquarters; Director, Mitsui & Co. (U.S.A), Inc.
Toshihiro Soejima*	Director	Infrastructure Projects Business Unit; Motor Vehicles Business Unit; Marine & Aerospace Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit
Motokazu Yoshida*	Director	Chief Information Officer; Corporate Staff Division (Information Strategic Planning Division, Corporate Planning & Strategy Division, Corporate Communication Division, CSR Promotion Division); New Business Promotion; Environmental Matters; Chief Operating Officer, Business Process Re-Engineering Project Headquarters
Hiroshi Ito*	Director	First Consumer Service Business Unit; Second Consumer Service Business Unit; Foods & Retail Business Unit; IT Business Unit; Director, Mitsui & Co. (Asia Pacific) Pte. Ltd.
Yoshiyuki Izawa*	Director	First Chemicals Business Unit; Second Chemicals Business Unit; Domestic Offices and Branches; Director, Mitsui & Co. Europe Holdings PLC
Junichi Matsumoto*	Director	Chief Compliance Officer; Chief Privacy Officer; Corporate Staff Division (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Logistics Management Division); Business Continuity Plan Management
Akishige Okada	Director	Advisor to Board of Sumitomo Mitsui Banking Corporation Chairman, Remuneration Committee
Nobuko Matsubara	Director	Chairman, Japan Institute of Workers' Evolution
Ikujiro Nonaka	Director	Professor Emeritus, Hitotsubashi University
Hiroshi Hirabayashi	Director	President, The Japan-India Association
Tasuku Kondo	Corporate Auditor	
Satoru Miura	Corporate Auditor	

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Motonori Murakami	Corporate Auditor	
Ko Matsukata	Corporate Auditor	Standing Advisor, Mitsui Sumitomo Insurance Company, Limited
Yasutaka Okamura	Corporate Auditor	Attorney at Law
Hideharu Kadowaki	Corporate Auditor	Chairman of the Institute, The Japan Research Institute, Limited
Naoto Nakamura	Corporate Auditor	Attorney at Law

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Notes:

1. Akishige Okada, Nobuko Matsubara, Ikujiro Nonaka and Hiroshi Hirabayashi are external Directors.
2. Ko Matsukata, Yasutaka Okamura, Hideharu Kadowaki and Naoto Nakamura are external Corporate Auditors. Tasuku Kondo, Satoru Miura and Motonori Murakami are full-time Corporate Auditors.
3. Yasutaka Okamura is resigning as a Corporate Auditor as of the end of the General Meeting of Shareholders held June 24, 2008.
4. Full-time Corporate Auditor Tasuku Kondo, who was a General Manager of the Financial Division and Chief Financial Officer of the Company, has considerable expertise in finance and accounting. Full time Corporate Auditor Motonori Murakami, who was as Executive Managing Officer and Assistant to Chief Financial Officer, has considerable expertise in finance and accounting. Corporate Auditor Hideharu Kadowaki, who was a Vice President and Representative Director of Sumitomo Mitsui Financial Group, Inc., has considerable expertise in finance and accounting.
5. In addition to the foregoing, other significant representative positions and concurrent positions held by Directors and Corporate Auditors of the Company in the other organizations are as follows.

Name	Representative and concurrent position(s) held in other organizations	
Nobuo Ohashi	IHI Corporation	External Corporate Auditor
	The Norinchukin Bank	Auditor
Shoei Utsuda	Tokyo Broadcasting System, Inc.	External Director
Toshihiro Soejima	Katakura Industries Co.,Ltd.	External Director
	Mitsui Ocean Development & Engineering Co., Ltd.	External Director
Hiroshi Ito	Nihon Unisys, Ltd.	External Director
Akishige Okada	Sumitomo Mitsui Banking Corporation	Advisor
	Sony Corporation	External Director
	Daicel Chemical Industries, Ltd.	External Director
	Hotel Okura Co., Ltd.	External Corporate Auditor
	Toyota Motor Corporation	External Corporate Auditor
	Mitsui Fudosan Co., Ltd.	External Corporate Auditor
Nobuko Matsubara	Japan Institute of Workers Evolution	Chairman
Ikujiro Nonaka	Hitotsubashi University	Professor Emeritus
	Eisai Co., Ltd.	External Corporate Auditor

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	Fujitsu, Ltd.	External Corporate Auditor
Hiroshi Hirabayashi	The Japan-India Association	President
	TOSHIBA Corporation	External Corporate Auditor
Ko Matsukata	Mitsui Sumitomo Insurance Company Limited	Standing Advisor
	Mitsui Life Insurance Company Limited	External Corporate Auditor
Hideharu Kadowaki	The Japan Research Institute, Ltd.	Chairman of the Institute
	Mitsui Chemicals, Inc.	External Corporate Auditor
Naoto Nakamura	Asahi Breweries, Ltd.	External Corporate Auditor

Table of Contents**2 Executive Officers (as of April 1, 2008)**

(* represents a director)

Name	Title	Principal position(s)/Areas overseen
Shoei Utsuda*	President and Chief Executive Officer	Chief Executive Officer Chairman, Internal Controls Committee
Yasunori Yokote	Executive Vice President	Chief Operating Officer, Americas Business Unit
Toshihiro Soejima*	Executive Vice President	Motor Vehicles Business Unit; Marine & Aerospace Business Unit; First Consumer Service Business Unit, Second Consumer Service Business Unit, IT Business Unit
Motokazu Yoshida*	Executive Vice President	Chief Information Officer; Corporate Staff Division (Information Strategic Planning Division, Corporate Planning & Strategy Division, Corporate Communication Division, CSR Promotion Division); New Business Promotion; Environment Matters; Chairman, CSR Promotion Committee
Ken Abe	Executive Vice President	Iron & Steel Products Business Unit; Infrastructure Projects Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit; Director, Mitsui & Co.(U.S.A.)Inc.
Yoshiyuki Izawa*	Executive Vice President	First Chemicals Business Unit; Second Chemicals Business Unit; Foods & Retail Business Unit; Domestic Offices and Branches; Director, Mitsui & Co. Europe Holdings PLC; Chairman, Portfolio management Committee
Junichi Matsumoto*	Executive Vice President	Chief Financial Officer, Chief Compliance Officer; Corporate Staff Division (Financial Planning Division, Accounting Division, Finance Division, Investment Administration Division, Credit Risk Management Division, Market Risk Management Division, First Business Process Control Division, Second Business Process Control Division, Third Business Process Control Division, Investor Relations Division); Chairman, Compliance Committee; Chairman, Disclosure Committee
Toshimasa Furukawa	Senior Executive Managing Officer	Chief Operating Officer, Asia Pacific Business Unit
Masami Iijima	Executive Managing Officer	Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II
Seiichi Tanaka	Executive Managing Officer	Chief Privacy Officer; Corporate Staff Division (Secretariat, Corporate Auditing Division, Human Resource & General Affairs Division, Legal Division, Logistics Management Division); Business Continuity Plan Management; Director, Mitsui & Co.(Asia Pacific) Pte. Ltd.
Shinjiro Ogawa	Executive Managing Officer	Chief Representative of Mitsui & Co., Ltd. in China
Jitsuro Terashima	Executive Managing Officer	President & CEO, Mitsui Global Strategic Studies Institute
Koji Nakamura	Executive Managing Officer	General Manager, Osaka Office
Kenichi Yamamoto	Executive Managing Officer	Chief Operating Officer, First Consumer Service Business Unit
Toshio Awata	Executive Managing Officer	General Manager, Nagoya Office
Kiyotaka Watanabe	Executive Managing Officer	General Manager: Kyushu Office
Masaaki Fujita	Executive Managing Officer	Chief Operating Officer, Foods & Retail Business Unit
Junichi Mizonoue	Executive Managing Officer	Chief Operating Officer, Second Chemicals Business Unit
Takao Omae	Executive Managing Officer	Chief Operating Officer, Infrastructure Projects Business Unit
Norinao Iio	Executive Managing Officer	Chief Operating Officer, EMEA (Europe, the Middle East and Asia) Business Unit

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Hideyo Hayakawa	Executive Managing Officer	General Manager, Internal Auditing Division
Masaaki Murakami	Managing Officer	President, Mitsui & Co. Korea Ltd.
Osamu Koyama	Managing Officer	Deputy Chief Operating Officer, Americas Business Unit
Terukazu Okahashi	Managing Officer	Deputy General Manager, Osaka Office
Osamu Takahashi	Managing Officer	Chief Operating Officer, IT Business Unit
Shigeru Hanagata	Managing Officer	Chief Operating Officer, Motor Vehicles Business Unit
Masayoshi Komai	Managing Officer	Chief Operating Officer, Marine & Aerospace Business Unit
Katsumi Ogawa	Managing Officer	Chief Operating Officer, Financial Markets Business Unit
Akio Yamamoto	Managing Officer	President, Mitsui & Co. (Thailand) Ltd.
Yoshinori Setoyama	Managing Officer	Chief Operating Officer, First Chemicals Business Unit
Noriaki Sakamoto	Managing Officer	President, MITSUI & CO. (CANADA) LTD.,
Masahiko Okamura	Managing Officer	Chief Operating Officer, Second Consumer Service Business Unit
Fuminobu Kawashima	Managing Officer	Chief Operating Officer, Energy Business Unit I
Masaaki Iida	Managing Officer	Chief Operating Officer, Transportation Logistics Business Unit
Joji Okada	Managing Officer	General Manager, Accounting Division
Takashi Fukunaga	Managing Officer	Deputy Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit
Takashi Yamauchi	Managing Officer	Chief Operating Officer, Iron & Steel Products Business Unit
Shuji Nakura	Managing Officer	General Manager, Investment Administration Division
Mitsuhiko Kawai	Managing Officer	Chief Operating Officer, Energy Business Unit II
Daisuke Saiga	Managing Officer	General Manager, Human Resources & General Affairs Division
Masayuki Kinoshita	Managing Officer	Chief Operating Officer, Mineral & Metal Resources Business Unit
Atsushi Ooi	Managing Officer	Chairman & managing Director, Mitsui & Co.(Australia) Ltd.

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3 Remuneration of Directors and Corporate Auditors

The remuneration of the Company's Directors and Corporate Auditors was as follows:

	Number of recipients	Total remuneration paid relating to the year ended March 31, 2008
Directors	13	¥1,053 million
Corporate Auditors	7	¥187 million
Total		