MITSUI & CO LTD
Form 6-K
November 16, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Quarterly Consolidated Financial Statements for the three-month period ended September 30, 2009

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

of the Securities Exchange Act of 1934

For the month of November 16, 2009

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)

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 __X__ 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 __X__

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

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: November 16, 2009

MITSUI & CO., LTD.

By: /s/ Junichi Matsumoto
Name: Junichi Matsumoto
Title: Executive Vice President

Chief Financial Officer

Quarterly Consolidated Financial Statements

for the three-month period ended September 30, 2009

English translation of quarterly consolidated financial statements for the three-month period ended September 30, 2009, which were prepared in accordance with U.S. GAAP and filed as part of the Quarterly Securities Report with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 13, 2009.

Financial Highlights

Mitsui & Co., Ltd. and subsidiaries

As of or for the Periods Ended September 30, 2009 and 2008 and as of or for the Year Ended March 31, 2009

	Billions of Yen				
	Six-month period ended September 30, 2009	Six-month period ended September 30, 2008	Three-month period ended September 30, 2009	Three-month period ended September 30, 2008	As of or for the Year ended March 31, 2009
For the Period and the Year:					
Revenues	¥ 2,007	¥ 3,333	¥ 1,027	¥ 1,807	¥ 5,535
Gross Profit	¥ 345	¥ 629	¥ 178	¥ 354	¥ 1,016
Operating Income[*2]	¥ 76	¥ 311	¥ 42	¥ 188	¥ 395
Equity in Earnings of Associated Companies Net	¥ 56	¥ 120	¥ 25	¥ 58	¥ 120
Net Income Attributable to Mitsui & Co., Ltd	¥ 73	¥ 241	¥ 16	¥ 137	¥ 178
Net Cash Provided by Operating Activities	¥ 329	¥ 69	¥	¥	¥ 583
Net Cash Used in Investing Activities	¥ (40)	¥ (192)	¥	¥	¥ (291)
At Period-End and Year-End:					
Total Assets	¥	¥	¥ 8,295	¥ 9,718	¥ 8,364
Total Mitsui & Co., Ltd. Shareholders Equity	¥	¥	¥ 2,076	¥ 2,232	¥ 1,882
Total Equity	¥	¥	¥ 2,305	¥ 2,491	¥ 2,111
Cash and Cash Equivalents	¥	¥	¥ 1,385	¥ 805	¥ 1,148
Long-term Debt, Less Current Maturities	¥	¥	¥ 2,866	¥ 2,862	¥ 2,841
			Yen		
Amounts per Share:					
Net Income Attributable to Mitsui & Co., Ltd.:					
Basic	¥ 39.98	¥ 132.24	¥ 8.51	¥ 75.51	¥ 97.59
Diluted	¥ 39.91	¥ 131.79	¥ 8.50	¥ 75.31	¥ 97.32
Total Mitsui & Co., Ltd. Shareholders Equity	¥	¥	¥ 1,137.71	¥ 1,225.84	¥ 1,033.22

*1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America.

*2. Operating income is comprised of our (a) gross profit, (b)selling, general and administrative expenses and (c) provision for doubtful receivables, as presented in the Statements of Consolidated Income.

*3. The consolidated financial statements have been adjusted due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-10-65, Transition Related to FASB Statement No.160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, which was formerly Statement of Financial Accounting Standards (SFAS) No. 160.

*4. Tax effects on investments in associated companies which were formerly included in Equity in Earnings of Associated Companies Net are included in Income Taxes for the six-month period ended September 30, 2009 and the three-month period ended September 30, 2009. Amounts for the six-month period ended September 30, 2008, the three-month period ended September 30, 2008 and the year ended March 31, 2009 have been reclassified to conform to the current period presentation.

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries

September 30, 2009 and March 31, 2009

	Millions of Yen	
	September 30, 2009	**March 31, 2009**
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1, 3 and 12)	**¥ 1,385,371**	¥ 1,147,809
Time deposits	**4,422**	5,645
Marketable securities (Notes 1, 3 and 12)	**5,626**	18,097
Trade receivables :		
Notes and loans, less unearned interest	**265,145**	298,677
Accounts	**1,370,920**	1,412,022
Associated companies	**157,192**	169,115
Allowance for doubtful receivables (Note 1)	**(18,439)**	(18,165)
Inventories (Notes 1 and 9)	**529,367**	592,530
Advance payments to suppliers	**98,531**	98,772
Deferred tax assets current (Note 1)	**42,651**	29,969
Derivative assets (Notes 1, 10 and 12)	**191,963**	329,897
Other current assets	**248,002**	334,769
Total current assets	**4,280,751**	4,419,137
Investments and Non-current Receivables (Note 1):		
Investments in and advances to associated companies (Notes 3, 6 and 12)	**1,314,602**	1,275,490
Other investments (Notes 3 and 12)	**1,006,735**	957,219
Non-current receivables, less unearned interest (Notes 10 and 12)	**462,276**	486,412
Allowance for doubtful receivables	**(54,579)**	(51,883)
Property leased to others at cost, less accumulated depreciation	**206,609**	199,204
Total investments and non-current receivables	**2,935,643**	2,866,442
Property and Equipment at Cost (Note 1):		
Land, land improvements and timberlands	**162,230**	165,249
Buildings, including leasehold improvements	**366,752**	344,392
Equipment and fixtures	**901,143**	867,323
Mineral rights	**154,223**	154,246
Vessels	**32,754**	35,754
Projects in progress	**160,042**	153,923
Total	**1,777,144**	1,720,887
Accumulated depreciation	**(822,121)**	(774,597)
Net property and equipment	**955,023**	946,290
Intangible Assets, less Accumulated Amortization (Note 1)	**92,000**	96,505
Deferred Tax Assets Non-current (Note 1)	**17,678**	21,011
Other Assets	**13,879**	14,858

Total	**¥ 8,294,974**	¥ 8,364,243

See notes to consolidated financial statements.

	Millions of Yen	
	September 30, 2009	March 31, 2009
LIABILITIES AND SHAREHOLDER S EQUITY		
Current Liabilities:		
Short-term debt	**¥ 312,886**	¥ 454,059
Current maturities of long-term debt (Note 10)	**397,061**	373,197
Trade payables:		
Notes and acceptances	**37,660**	51,048
Accounts	**1,259,047**	1,292,520
Associated companies	**34,026**	39,243
Accrued expenses:		
Income taxes (Note 1)	**36,830**	46,576
Interest	**18,078**	20,504
Other	**64,442**	89,704
Advances from customers	**127,873**	132,116
Derivative liabilities (Notes 1, 10 and 12)	**94,496**	180,533
Other current liabilities (Notes 1 and 8)	**91,163**	112,990
Total current liabilities	**2,473,562**	2,792,490
Long-term Debt, less Current Maturities (Note 10)	**2,866,363**	2,841,301
Accrued Pension Costs and Liability for Severance Indemnities (Note 1)	**33,362**	33,814
Deferred Tax Liabilities Non-current (Note 1)	**299,780**	256,085
Other Long-Term Liabilities (Notes 1, 8, 10 and 12)	**316,555**	329,107
Contingent Liabilities (Note 8)		
Equity:		
Mitsui & Co., Ltd. Shareholders equity (Note 1)		
Common stock no par value	**341,482**	339,627
Authorized, 2,500,000,000 shares;		
issued, 1,829,153,527 in 2009. 9 and 1,824,928,240 shares in 2009. 3		
Capital surplus	**434,825**	434,188
Retained earnings:		
Appropriated for legal reserve	**53,651**	48,806
Unappropriated	**1,554,189**	1,486,201
Accumulated other comprehensive income (loss) (Note 1):		
Unrealized holding gains and losses on available-for-sale securities (Note 3)	**101,193**	44,263
Foreign currency translation adjustments	**(333,920)**	(384,618)
Defined benefit pension plans	**(64,798)**	(68,683)
Net unrealized gains and losses on derivatives (Note 10)	**(4,177)**	(12,459)
Total accumulated other comprehensive income (loss)	**(301,702)**	(421,497)
Treasury stock, at cost: 4,320,375 in 2009. 9 and 3,770,220 shares in 2009. 3	**(6,306)**	(5,662)
Total Mitsui & Co., Ltd. shareholders equity	**2,076,139**	1,881,663
Noncontrolling interests (Note 1)	**229,213**	229,783
Total equity	**2,305,352**	2,111,446
Total	**¥ 8,294,974**	¥ 8,364,243

Statements of Consolidated Income

Mitsui & Co., Ltd. and subsidiaries

For the Six-Month Periods Ended September 30, 2009 and 2008

	Millions of Yen	
	Six-Month Period Ended September 30, 2009	**Six-Month Period Ended September 30, 2008**
Revenues (Notes 1, 10 and 12):		
Sales of products	**¥ 1,746,236**	¥ 2,944,856
Sales of services	**184,482**	284,094
Other sales	**76,249**	103,675
Total revenues	**2,006,967**	3,332,625

[Total Trading Transactions (Notes 1 and 6)

Six-month period ended September 30, 2009 ¥ 5,355,872 million]

Six-month period ended September 30, 2008 ¥ 8,973,117 million

Cost of Revenues (Notes 1, 10 and 12)		
Cost of products sold	**1,565,420**	2,572,265
Cost of services sold	**64,056**	85,945
Cost of other sales	**32,866**	45,728
Total cost of revenues	**1,662,342**	2,703,938
Gross Profit	**344,625**	628,687
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 4)	**264,627**	312,101
Provision for doubtful receivables (Note 1)	**4,472**	5,786
Interest income (Notes 1 and 10)	**(16,310)**	(23,703)
Interest expense (Notes 1 and 10)	**25,764**	42,073
Dividend income	**(17,956)**	(38,906)
Gain on sales of securities net (Notes 1 and 3)	**(3,766)**	(18,467)
Loss on write-down of securities (Notes 1, 3 and 12)	**18,751**	24,746
Gain on disposal or sales of property and equipment net	**(755)**	(5,160)
Impairment loss of long-lived assets (Notes 1 and 12)	**1,430**	1,133
Impairment loss of goodwill (Notes 1 and 12)	**3,108**	
Other expense net (Notes 8 and 10)	**9,480**	18,896
Total other expenses	**288,845**	318,499
Income before Income Taxes and Equity in Earnings	**55,780**	310,188
Income Taxes (Note 1):	**34,405**	158,582
Income before Equity in Earnings	**21,375**	151,606
Equity in Earnings of Associated Companies Net (Notes 1 and 12)	**56,014**	119,657

Net Income before Attribution of Noncontrolling Interests (Note 1)		**77,389**		271,263
Net Income Attributable to Noncontrolling Interests (Note 1)		**(4,554)**		(30,715)
Net Income Attributable to Mitsui & Co., Ltd. (Note 1)	**¥**	**72,835**	¥	240,548

	Yen			
	Six-Month Period Ended September 30, 2009		**Six-Month Period Ended September 30, 2008**	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 5):				
Basic	**¥**	**39.98**	¥	132.24
Diluted	**¥**	**39.91**	¥	131.79

See notes to consolidated financial statements.

For the Three-Month Periods Ended September 30, 2009 and 2008

	Millions of Yen	
	Three-Month Period Ended September 30, 2009	Three-Month Period Ended September 30, 2008
Revenues (Notes 1, 10 and 12):		
Sales of products	¥ **890,231**	¥ 1,597,935
Sales of services	**93,754**	145,819
Other sales	**42,782**	63,000
Total revenues	**1,026,767**	1,806,754

[Total Trading Transactions (Notes 1 and 6)

Three-month period ended September 30, 2009 ¥ 2,729,537 million

Three-month period ended September 30, 2008 ¥ 4,685,220 million]

Cost of Revenues (Notes 1, 10 and 12)		
Cost of products sold	**798,890**	1,383,396
Cost of services sold	**33,398**	43,376
Cost of other sales	**16,569**	26,275
Total cost of revenues	**848,857**	1,453,047
Gross Profit	**177,910**	353,707
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 4)	**131,845**	161,383
Provision for doubtful receivables (Note 1)	**3,660**	4,789
Interest income (Notes 1 and 10)	**(7,848)**	(13,011)
Interest expense (Notes 1 and 10)	**10,809**	22,384
Dividend income	**(7,717)**	(14,290)
Gain on sales of securities - net (Notes 1 and 3)	**(1,546)**	(12,055)
Loss on write-down of securities (Notes 1, 3 and 12)	**15,963**	14,118
Gain on disposal or sales of property and equipment - net	**(494)**	(2,932)
Impairment loss of long-lived assets (Notes 1 and 12)	**999**	660
Impairment loss of goodwill (Notes 1 and 12)	**3,108**	
Other expense - net (Notes 8 and 10)	**10,094**	7,732
Total other expenses	**158,873**	168,778
Income before Income Taxes and Equity in Earnings	**19,037**	184,929
Income Taxes (Notes 1 and 7)**:**	**30,686**	87,986
(Loss) Income before Equity in Earnings	**(11,649)**	96,943
Equity in Earnings of Associated Companies Net (Notes 1 and 12)	**25,192**	57,590
Net Income before Attribution of Noncontrolling Interests (Note 1)	**13,543**	154,533
Net Loss (Income) Attributable to Noncontrolling Interests (Note 1)	**1,970**	(17,069)
Net Income Attributable to Mitsui & Co., Ltd. (Note 1)	¥ **15,513**	¥ 137,464

	Yen			
	Three-Month Period Ended September 30, 2009		Three-Month Period Ended September 30, 2008	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 5):				
Basic	**¥**	**8.51**	¥	75.51
Diluted	**¥**	**8.50**	¥	75.31

See notes to consolidated financial statements.

Statements of Consolidated Shareholders Equity

Mitsui & Co., Ltd. and subsidiaries

For the Six-Month Periods Ended September 30, 2009 and 2008

	Millions of Yen	
	Six-Month Period Ended September 30, 2009	**Six-Month Period Ended September 30, 2008**
Common Stock:		
Balance at beginning of period		
Shares issued: 2009.09 1,824,928,240 shares; 2008.09 1,820,183,809 shares	**¥ 339,627**	¥ 337,544
Common stock issued upon conversion of bonds		
Shares issued: 2009.09 4,225,287 shares; 2008.09 4,728,465 shares	**1,855**	2,076
Balance at end of period		
Shares issued: 2009.09 1,829,153,527 shares; 2008.09 1,824,912,274 shares	**¥ 341,482**	¥ 339,620
Capital Surplus:		
Balance at beginning of period	**¥ 434,188**	¥ 432,245
Conversion of bonds	**1,850**	2,069
Gains on sales of treasury stock		101
Other	**(1,213)**	
Balance at end of period	**¥ 434,825**	¥ 434,415
Retained Earnings:		
Appropriated for Legal Reserve:		
Balance at beginning of period	**¥ 48,806**	¥ 47,463
Transfer from unappropriated retained earnings	**4,845**	7,320
Balance at end of period	**¥ 53,651**	¥ 54,783
Unappropriated:		
Balance at beginning of period	**¥ 1,486,201**	¥ 1,397,313
Net income attributable to Mitsui & Co., Ltd. (Note 1)	**72,835**	240,548
Cash dividends paid to Mitsui & Co., Ltd. shareholders		(41,788)
Transfer to retained earnings appropriated for legal reserve	**(4,845)**	(7,320)
Losses on sales of treasury stock	**(2)**	
Balance at end of period	**¥ 1,554,189**	¥ 1,588,753
Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect) (Note 1)**:**		
Balance at beginning of period	**¥ (421,497)**	¥ (25,775)
Unrealized holding gains (losses) on available-for-sale securities (Note 3)	**56,930**	(52,364)
Foreign currency translation adjustments	**50,698**	(82,791)
Defined benefit pension plans	**3,885**	1,436
Net unrealized gains (losses) on derivatives (Note 10)	**8,282**	(19,724)
Balance at end of period	**¥ (301,702)**	¥ (179,218)
Treasury Stock, at Cost:		
Balance at beginning of period	**¥ (5,662)**	¥ (5,130)

Purchases of treasury stock	**(650)**	(1,262)
Sales of treasury stock	**6**	283
Balance at end of period	**¥ (6,306)**	¥ (6,109)
Total Mitsui & Co., Ltd. shareholders equity	**¥ 2,076,139**	¥ 2,232,244

Statements of Consolidated Shareholders Equity (Continued)

Mitsui & Co., Ltd. and subsidiaries

For the Six-Month Periods Ended September 30, 2009 and 2008

	Millions of Yen	
	Six-Month Period Ended September 30, 2009	Six-Month Period Ended September 30, 2008
Noncontrolling Interests (Note 1)**:**		
Balance at beginning of period	**¥ 229,783**	¥ 243,976
Dividends paid to noncontrolling interest shareholders	**(7,642)**	(9,382)
Net income attributable to noncontrolling interests	**4,554**	30,715
Unrealized holding gains (losses) on available-for-sale securities (after income tax effect) (Note 3)	**4,446**	(11,728)
Foreign currency translation adjustments (after income tax effect)	**(1,796)**	(2,184)
Defined benefit pension plans (after income tax effect)	**(6)**	
Net unrealized losses on derivatives (after income tax effect) (Note 10)	**(71)**	(714)
Other	**(55)**	8,268
Balance at end of period	**¥ 229,213**	¥ 258,951
Total Equity:		
Balance at beginning of period	**¥ 2,111,446**	¥ 2,427,636
Conversion of bonds	**3,705**	4,145
(Losses) gains on sales of treasury stock	**(2)**	101
Net income before attribution of noncontrolling interests	**77,389**	271,263
Cash dividends paid to Mitsui & Co., Ltd. Shareholders		(41,788)
Dividends paid to noncontrolling interest shareholders	**(7,642)**	(9,382)
Unrealized holding gains (losses) on available-for-sale securities (after income tax effect) (Note 3)	**61,376**	(64,092)
Foreign currency translation adjustments (after income tax effect)	**48,902**	(84,975)
Defined benefit pension plans (after income tax effect)	**3,879**	1,436
Net unrealized gains (losses) on derivatives (after income tax effect) (Note 10)	**8,211**	(20,438)
Sales and purchases of treasury stock	**(644)**	(979)
Other	**(1,268)**	8,268
Balance at end of period	**¥ 2,305,352**	¥ 2,491,195
Comprehensive Income :		
Net income before attribution of noncontrolling interests (Note 1)	**¥ 77,389**	¥ 271,263
Other comprehensive income (after income tax effect) (Note 1):		
Unrealized holding gains (losses) on available-for-sale securities (Note 3)	**61,376**	(64,092)
Foreign currency translation adjustments	**48,902**	(84,975)
Defined benefit pension plans	**3,879**	1,436
Net unrealized gains (losses) on derivatives (Note 10)	**8,211**	(20,438)
Comprehensive income before attribution of noncontrolling interests (Note 1)	**199,757**	103,194
Comprehensive income attributable to noncontrolling interests (Note 1)	**(7,127)**	(16,089)
Comprehensive income attributable to Mitsui & Co., Ltd. (Note 1)	**¥ 192,630**	¥ 87,105

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries

For the Six-Month Periods ended September 30, 2009, 2008

	Millions of Yen	
	Six-Month Period ended September 30, 2009	Six-Month Period ended September 30, 2008
Operating Activities:		
Net income before attribution of noncontrolling interests (Note 1)	¥ 77,389	¥ 271,263
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	70,808	70,594
Pension and severance costs, less payments	6,149	3,331
Provision for doubtful receivables	4,472	5,786
Gain on sales of securities - net	(3,766)	(18,467)
Loss on write-down of securities	18,751	24,746
Gain on disposal or sales of property and equipment - net	(755)	(5,160)
Impairment loss of long-lived assets	1,430	1,133
Impairment loss of goodwill	3,108	
Deferred income taxes	(11,350)	20,298
Equity in earnings of associated companies, less dividends received	(4,441)	(58,320)
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	107,302	(4,761)
Decrease (increase) in inventories	53,033	(90,483)
Decrease in trade payables	(62,883)	(15,358)
Decrease in accrued expenses	(37,659)	(8,972)
Decrease (increase) in advance payments to suppliers	3,774	(91,123)
(Decrease) increase in advances from customers	(18,736)	97,536
Decrease (increase) in derivative assets	104,039	(34,264)
Decrease in derivative liabilities	(45,599)	(50,324)
Decrease in other current assets - income tax receivables	57,995	2,271
Other - net	5,728	(50,243)
Net cash provided by operating activities	328,789	69,483
Investing Activities:		
Net decrease in time deposits	1,217	2,660
Investments in and advances to associated companies	(25,816)	(138,971)
Sales of investments in and collection of advances to associated companies	23,705	43,642
Acquisitions of other investments	(15,716)	(42,593)
Proceeds from sales of other investments	48,496	58,438
Increase in long-term loan receivables	(35,140)	(45,573)
Collection of long-term loan receivables	38,576	41,117
Additions to property leased to others and property and equipment	(87,288)	(135,456)
Proceeds from sales of property leased to others and property and equipment	12,253	26,411
Acquisitions of subsidiaries, net cash acquired		(1,208)
Net cash used in investing activities	(39,713)	(191,533)
Financing Activities :		
Net (decrease) increase in short-term debt	(139,653)	92,571
Proceeds from long-term debt	320,470	133,350
Repayments of long-term debt	(230,384)	(142,497)

Purchases of treasury stock - net	(16)	(880)
Payments of cash dividends and others	(8,189)	(49,395)
Net cash (used in) provided by financing activities	(57,772)	33,149
Effect of Exchange Rate Changes on Cash and Cash Equivalents	6,258	(5,165)
Net Increase (Decrease) in Cash and Cash Equivalents	237,562	(94,066)
Cash and Cash Equivalents at Beginning of Period	1,147,809	899,264
Cash and Cash Equivalents at End of Period	¥ 1,385,371	¥ 805,198

See notes to consolidated financial statements.

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the Company) is incorporated and principally operates.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP). Effect has been given in the consolidated financial statements to adjustments which have not been entered in Mitsui & Co., Ltd. and subsidiaries (collectively, the companies) general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for warrants, accounting for pension costs and severance indemnities, recognition of installment sales on the accrual basis of accounting, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for asset retirement obligations, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, and accounting for uncertainty in income taxes.

Effective July 1, 2009, the companies adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC or collectively The Codification) 105, Generally Accepted Accounting Principles, which was formerly Statement of Financial Accounting Standards (SFAS) No. 168, and the accompanying consolidated financial statements are presented in accordance with the Codification. The companies have also included some references to superseded U.S. accounting standards for better guidance for users of the consolidated financial statements.

Total trading transactions, as presented in the accompanying Statements of Consolidated Income, are voluntary disclosures as permitted by ASC 605-45, Revenue Recognition Principal Agent Considerations, which was formerly FASB Emerging Issues Task Force Issue (EITF) No. 99-19, and represent the gross transaction volume or the aggregate nominal value of the sales contracts in which the companies act as principal and transactions in which the companies serve as agent. Total trading transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that total trading transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned domestic and foreign subsidiaries, the variable interest entities (VIEs) where the Company or one of its subsidiaries is a primary beneficiary, and its proportionate share of the assets, liabilities, revenues and expenses of certain of its oil and gas producing, and mining unincorporated joint ventures in which the companies own an undivided interest in the assets, and pursuant to the joint venture agreements, are severally liable for their share of each liability. The VIEs are defined by ASC 810, Consolidation, which was formerly FASB Interpretation (FIN) No. 46 (revised December 2003).

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as an extraordinary gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Certain subsidiaries with a second-quarter-end on or after June 30, but prior to the parent company s second-quarter-end of September 30, are included on the basis of the subsidiaries respective second-quarter-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective period-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at period-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for doubtful receivables

An impairment loss for a specific loan deemed to be impaired is measured based on the present value of expected cash flows discounted at the loan s original effective interest rate or the fair value of the collateral if the loan is collateral dependent.

An allowance for doubtful receivables is recorded for all receivables not defined as specific loan based primarily upon the companies credit loss experiences and an evaluation of potential losses in the receivables.

Inventories

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

Derivative instruments and hedging activities

In accordance with ASC 815, Derivatives and Hedging, which was formerly SFAS No. 133, all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met under ASC 815, are currently recognized in sales of products or cost of products sold without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income and reclassified into earnings as foreign exchange gains or losses when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in foreign exchange gains or losses immediately.

Changes in the fair value of interest rate and currency swap agreements, designated and effective as fair value hedges or cash flow hedges for changes in the fair values or cash flows of foreign-currency-denominated assets or liabilities attributable to changes in the designated benchmark interest rate or the related foreign currency exchange rate are recorded as either earnings or other comprehensive income depending on the treatment of foreign currency hedges as fair value hedges or cash flow hedges.

Changes in the fair value of derivative financial instruments, for which hedge requirements are not met under ASC 815, are currently recognized in interest income and expense for interest rate swap agreements and in foreign exchange gains or losses for foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements.

The Company and certain subsidiaries also enter into agreements for certain derivative financial instruments as a part of their trading activities. These derivative instruments are marked to market and the related gains or losses are reported in other sales.

The companies use derivative instruments and non-derivative financial instruments in order to reduce the foreign currency exposure in the net investment in a foreign operation. The foreign currency transaction gains or losses on these instruments, designated as and effective as hedging instruments, are deferred and recorded as foreign currency translation adjustments within other comprehensive income to the extent they are effective as hedge. These amounts are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

For the Statements of Consolidated Cash Flows, cash flows from derivative commodity instruments and derivative financial instruments that qualify for hedge accounting are included in the same category as the items being hedged.

Debt and marketable equity securities

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading.

Securities are classified as trading securities and carried at fair value only if the companies possess those securities for the purpose of purchase and sale. Unrealized holding gains and losses are included in net income attributable to Mitsui & Co., Ltd.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premiums and discounts amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with related unrealized holding gains and losses reported in accumulated other comprehensive income (loss) in shareholders equity on a net-of-tax basis.

For other than a temporary decline in the value of debt and marketable equity securities below their cost or amortized cost, the investment is reduced to its fair value, which becomes the new cost basis of the investment. The amount of the reduction is reported as a loss for the year in which such determination is made. Various factors, such as the extent which the cost exceeds the market value, the duration of the market decline, the financial condition and near-term prospects of the issuer, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, are reviewed to judge whether the decline is other than temporary.

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

Non-marketable equity securities

Non-marketable equity securities are carried at cost. When other than a temporary decline in the value of such securities below their cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and near-term prospects of the issuer, are reviewed to judge whether it is other than temporary.

The cost of non-marketable equity securities sold is determined based on the moving-average cost method.

Investments in associated companies

Investments in associated companies (20% to 50%-owned corporate investees, corporate joint ventures, and less than 20%-owned corporate investees over which the companies have the ability to exercise significant influence) and noncontrolling investments in general partnerships, limited partnerships and limited liability companies are accounted for under the equity method, after appropriate adjustments for intercompany profits and dividends. The differences between the cost of such investments and the companies equity in the underlying fair value of the net assets of associated companies at the dates of acquisition are recognized as equity method goodwill.

For other than a temporary decline in the value of investments in associated companies below the carrying amount, the investment is reduced to its fair value and an impairment loss is recognized.

Leasing

The companies are engaged in lease financing consisting of direct financing leases and leveraged leases, and in operating leases of properties. For direct financing leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Income on leveraged leases is recognized over the life of the lease at a constant rate of return on the positive net investment. Initial direct costs are deferred and amortized using the interest method over the lease period. Operating lease income is recognized as other sales over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

Property and equipment

Property and equipment are stated at cost.

Depreciation of property and equipment (including property leased to others) is computed principally under the declining-balance method for assets located in Japan and under the straight-line method for assets located outside Japan, using rates based upon the estimated useful lives of the related property and equipment. Mineral rights are amortized over their respective estimated useful lives using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of long-lived assets

Long-lived assets to be held and used or to be disposed of other than by sale are reviewed, by using undiscounted future cash flows, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flow is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Business combinations

In accordance with ASC 805, Business Combinations, which was formerly SFAS No. 141 (revised 2007), the acquisition method of accounting which requires the measurement of the fair value of whole acquired company included noncontrolling interests is used for all business combinations from April 1, 2009. The companies separately recognize and report acquired intangible assets as goodwill or other intangible assets. Any excess of fair value of acquired net assets over cost arising from a business combination is recognized as a gain on a bargain purchase.

Goodwill and other intangible assets

Goodwill is not amortized but tested for impairment annually or more frequently if impairment indicators arise. Identifiable intangible assets with a finite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360, Property, Plant, and Equipment, which was formerly SFAS No. 144. Any identifiable intangible asset determined to have an indefinite useful life is not amortized, but instead tested for impairment in accordance with ASC 350, Intangibles Goodwill and Others, which was formerly SFAS. 142, until its useful life is determined to be no longer indefinite.

Equity method goodwill is reviewed for impairment as part of an other than temporary decline in the value of investments in associated companies below the carrying amount in accordance with ASC 323, Investments Equity Method and Joint Ventures, which was formerly Accounting Principles Board Opinion No. 18.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, Extractive Activities Oil and Gas Property, Plant, and Equipment Subsequent Measurement Unproved Properties, which was formerly SFAS No. 19, with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchase in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as stripping costs. During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The company and certain subsidiaries have defined benefit pension plans and severance indemnities plans covering substantially all employees other than directors. The costs of defined benefit pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods. The company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in the statement of financial position. In addition, the company and certain subsidiaries have defined contribution pension plans. The costs of defined contribution pension plans are charged to expenses when incurred.

Guarantees

In accordance with ASC 460, Guarantees, which was formerly FIN No. 45, the companies recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

Revenue recognition

The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies:

Sales of products

Sales of products include the sales of various products as a principal in the transactions, the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise, the development of natural resources such as coal, iron ore, oil and gas, and the development and sale of real estate. The companies recognize those revenues at the time the delivery conditions agreed with customers are met. These conditions are usually considered to have been met when the goods are received by the customer, the title to the warehouse receipts is transferred, or the implementation testing is duly completed.

For long-term construction contracts such as railroad projects, depending on the nature of the contract, revenues are accounted for by the percentage-of-completion method if estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, otherwise the companies use the completed contract method.

The Company and certain subsidiaries enter into buy/sell arrangements, mainly relating to transactions of crude oil and petroleum products. Under buy/sell arrangements, which are entered into primarily to optimize supply or demand requirements, the Company and certain subsidiaries agree to buy (sell) a specific quality and quantity of commodities to be delivered at a specific location and/or time while agreeing to sell (buy) the same quality and quantity of the commodities at a different location and/or time to the same counterparty. The buy/sell arrangements are reported on a net basis in the Statements of Consolidated Income.

Sales of services

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

Other sales

Other sales principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, equipment and others, the revenues from derivative commodity instruments and derivative financial instruments held for trading purposes, and the revenues from external consumer financing.

Research and development expenses

Research and development costs are charged to expenses when incurred.

Advertising expenses

Advertising costs are charged to expenses when incurred.

Income taxes

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

In accordance with ASC 740, Income Taxes, which was formerly FIN48, the companies recognize and measure uncertainty in income taxes. Interests and penalties incurred in relation to income taxes are reported in current income taxes in the Statements of Consolidated Income.

Net income attributable to Mitsui & Co., Ltd. per share

Basic net income attributable to Mitsui & Co., Ltd. per share is computed by dividing net income attributable to Mitsui & Co., Ltd. by the weighted-average number of common shares outstanding for the period. Diluted net income attributable to Mitsui & Co., Ltd. per share reflects the potential dilution as a result of issuance of shares upon conversion of the companies convertible bonds.

Subsequent events

The Company has evaluated subsequent events through November 13, 2009.

III. RECLASSIFICATION

Tax effects on investments in associated companies which were formerly included in Equity in Earnings of Associated Companies Net (After Income Tax Effect) are included in Income Taxes for the six-month period ended September 30, 2009 and the three-month period ended September 30, 2009. At the same time, the line item Equity in Earnings of Associated Companies Net (After Income Tax Effect) has been changed to Equity in Earnings of Associated Companies Net. Amounts for the six-month period ended September 30, 2008 and the three-month period ended September 30, 2008 have been reclassified to conform to the current period presentation.

The consolidated financial statements have been adjusted due to the adoption of ASC 810-10-65, Transition Related to FASB Statement No.160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No.51, which was formerly SFAS No.160.

IV. DISCONTINUED OPERATIONS

The companies have the policy of presenting the results of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line item in the Statements of Consolidated Income under income from discontinued operations net (after income tax effect).

The figures of discontinued operations during the three-month periods ended September 30, 2008 and 2009 were immaterial to the companies financial position and results of operations, and as a result, were not reclassified in the Consolidated Financial Statements as of September 30, 2008 and 2009, respectively.

V. NEW ACCOUNTING STANDARDS

FASB Accounting Standards Codification

Effective July 1, 2009, the companies adopted ASC 105, Generally Accepted Accounting Principles, which was formerly SFAS No. 168.

ASC 105 defines the FASB Accounting Standards Codification (The Codification) as the single source of authoritative accounting principles. Rules and interpretive releases issued by the U.S. Securities and Exchange Commission (the SEC) are also sources of authoritative accounting principles for SEC registrants. The Codification reorganizes existing U.S. accounting standards by topic, and supersedes all existing U.S. accounting standards.

The adoption of this topic had no impact on the companies financial position and results of operations.

Fair value measurements

Effective April 1, 2009, the companies adopted ASC 820, Fair Value Measurements and Disclosures, which was formerly SFAS No. 157, for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis.

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Effective April 1, 2009, the companies also adopted the new provisions in ASC 820, which was formerly FASB Staff Position No. FAS 157-4. These provisions provide guidance for determining whether a market that was formerly active has become inactive and a transaction is not orderly in order to apply the fair value measurement provisions of ASC 820.

The effect of the adoption of this topic on the companies financial position and results of operations was immaterial.

Business combinations

Effective April 1, 2009, the companies adopted ASC 805, Business Combinations, which was formerly SFAS No. 141 (revised 2007).

ASC 805 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired in the business combination or a gain from a bargain purchase. ASC 805 also requires disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

Effective April 1, 2009, the companies also adopted the new provisions in ASC 805-20, Business Combinations Identifiable Assets and Liabilities, and Any Noncontrolling Interest, which require an asset or liability arising from a contingency in a business combination to be recognized at fair value if fair value can be reasonably determined.

The effect of the adoption of this topic on the companies financial position and results of operations was immaterial.

Noncontrolling interests in consolidated financial statements

Effective April 1, 2009, the companies adopted ASC 810-10-65, Consolidation Transition Related to FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51.

ASC 810-10-65 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary.

As a result of the adoption of this section, noncontrolling interests, which were previously referred to as minority interests and classified between liabilities and shareholders equity on the Consolidated Balance Sheet, are included as a separate component of total equity. In addition, the items on the Statement of Consolidated Income, the Statement of Consolidated Shareholders Equity and the Statement of Consolidated Cash Flows have been adjusted accordingly. The companies have also retrospectively applied the presentation and disclosure provisions of this section, and have made reclassifications and format changes on the Consolidated Balance Sheet as of March 31, 2009, and the Statement of Consolidated Income, the Statement of Consolidated Shareholders Equity and the Statement of Consolidated Cash Flows for the period ended September 30, 2008.

Subsequent events

Effective April 1, 2009, the companies adopted ASC 855, Subsequent Events, which was formerly SFAS No. 165.

ASC 855 establishes general accounting and disclosure standards for events and transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events and transactions were evaluated, as well as whether that date is the date financial statements were issued or the date the financial statements were available to be issued.

The adoption of this topic had no impact on the companies financial position and results of operations.

Recognition and presentation of other-than-temporary impairments

Effective April 1, 2009, the companies adopted ASC 320-10-65, Investments Debt and Equity Securities Overall Transition Related to FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments.

ASC 320-10-65 requires an entity to recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the noncredit component in other comprehensive income when the entity does not intend to sell the security and it is more likely than not that the entity will not be required to sell the security prior to recovery. This section also expands the disclosure requirements for other-than-temporary impairments on debt and equity securities.

The effect of the adoption of this section on the companies financial position and results of operations was immaterial.

2. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2009

The business combinations which were completed during the six-month period ended September 30, 2009 were immaterial.

For the six-month period ended September 30, 2008

The following is the primary business combination, which was completed during the six-month period ended September 30, 2008.

Moeco Thai Oil Development Co., Ltd.

Mitsui Oil & Exploration Co., Ltd. (MOECO), a 54.6% owned subsidiary of the Company as of September 30, 2009, agreed with the Ministry of Economy, Trade and Industry of Japan to acquire an additional 50% ownership interest in Moeco Thai Oil Development Co., Ltd. (MOT) for ¥9,000 million on June 30, 2008 as a result of the successful bid at general public bidding on June 13, 2008. After satisfying the closing conditions, MOECO completed the acquisition process on July 15, 2008. Since MOECO s ownership of voting shares of MOT increased to 80%, MOT, which had been previously accounted for under the equity method, became a subsidiary of MOECO. Subsequently, MOECO agreed with Toyo Engineering Corporation, a 23% owned associated company of the Company accounted for under the equity method as of September 30, 2009, to sell 10% of ownership interests in MOT on August 11, 2008. MOECO completed the sale of the interests on September 25, 2008 and MOECO s ownership of voting shares of MOT decreased to 70%.

MOT has 5% interest in the Block B12/27 in the Gulf of Thailand and is engaged in natural gas and condensate exploration, development and production projects. The Company positions its energy businesses as a significant strategic business sector and continues to strengthen its revenue base by acquiring new oil and natural gas assets and replacing its reserves in wider areas including Southeast Asia in addition to the Middle East, Sakhalin and Oceania areas. This acquisition of a controlling interest in MOT is consistent with the Company s core strategy.

The purchase price was determined based on the expected future cash flows MOT will generate. The consolidated financial statements for the six-month period ended September 30, 2008 include the operating result of MOT as a subsidiary from the date of acquisition.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

3. MARKETABLE SECURITIES AND OTHER INVESTMENTS

Debt and marketable equity securities

At September 30 and March 31, 2009, the fair value and gross unrealized holding gains and losses on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

Such gross unrealized gains and losses do not include those attributable to noncontrolling interests.

		Millions of Yen		
		Unrealized holding gains (losses)		
	Fair value	**Gains**	**Losses**	**Net**
September 30, 2009:				
Available-for-sale:				
Marketable equity securities	**¥ 457,325**	**¥ 171,638**	**¥ (2,560)**	**¥ 169,078**
Debt securities, consisting principally of preferred stock that must be redeemed	**82,796**	**20**	**(6,561)**	**(6,541)**
March 31, 2009:				
Available-for-sale:				
Marketable equity securities	¥ 398,676	¥ 112,381	¥ (20,780)	¥ 91,601
Debt securities, consisting principally of preferred stock that must be redeemed and convertible debt	86,788	19	(16,001)	(15,982)

			Millions of Yen		
			Unrealized holding gains (losses)		
	Amortized cost	**Fair value**	**Gains**	**Losses**	**Net**
September 30, 2009:					
Held-to-maturity debt securities, consisting principally of preferred stock that must be redeemed	**¥ 1,349**	**¥ 1,349**	**¥ 0**		**¥ 0**
March 31, 2009:					
Held-to-maturity debt securities, consisting principally of preferred stock that must be redeemed	¥ 2,656	¥ 2,656	¥ 0		¥ 0

At March 31, 2009, the carrying amounts of available-for-sale securities, with original maturities of three months or less, and included in cash and cash equivalents in the Consolidated Balance Sheets were ¥1,498 million. The companies did not have such carrying amounts at September 30, 2009.

At September 30 and March 31, 2009, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen							
	Less than 12 months				12 months or more			
	Fair value		Unrealized holding losses		Fair value		Unrealized holding losses	
September 30, 2009:								
Available-for-sale:								
Marketable equity securities	¥	**21,680**	¥	**(2,560)**				
Debt securities, consisting principally of preferred stock that must be redeemed		**361**		**(25)**	¥	**71,520**	¥	**(6,536)**
Total	¥	**22,041**	¥	**(2,585)**	¥	**71,520**		**(6,536)**
March 31, 2009:								
Available-for-sale:								
Marketable equity securities	¥	71,166	¥	(20,780)				
Debt securities, consisting principally of preferred stock that must be redeemed		63,033		(16,001)				
Total	¥	134,199	¥	(36,781)				

The companies investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market. The companies evaluated the near-term prospects of the issuer of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at September 30, 2009.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. The companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider these investments to be other-than-temporarily impaired at September 30, 2009.

For the six-month periods ended September 30, 2009 and 2008, losses of ¥15,482 million and ¥21,875 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

For the three-month periods ended September 30, 2009 and 2008, losses of ¥15,378 million and ¥12,980 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portion of net trading gains and losses for the six-month periods that relates to trading securities still held at September 30, 2009 and 2008 were as follows:

	Millions of Yen	
	September 30, 2009	**September 30, 2008**
Net trading losses	**¥ (12)**	¥ (18)

The portion of net trading gains and losses for the three-month periods that relates to trading securities still held at September 30, 2009 and 2008 were as follows:

	Millions of Yen	
	September 30, 2009	**September 30, 2008**
Net trading losses	**¥ (10)**	¥ (5)

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the six-month periods ended September 30, 2009 and 2008 are shown below:

	Millions of Yen	
	September 30, 2009	**September 30, 2008**
Proceeds from sales	**¥ 9,503**	¥ 11,610
Gross realized gains	**¥ 4,058**	4,142
Gross realized losses	**(4)**	(120)
Net trading gains	**¥ 4,054**	¥ 4,022

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the three-month periods ended September 30, 2009 and 2008 are shown below:

	Millions of Yen	
	September 30, 2009	**September 30, 2008**
Proceeds from sales	**¥ 7,368**	¥ 6,182
Gross realized gains	**¥ 3,346**	¥ 2,314
Gross realized losses	**(2)**	(19)
Net trading gains	**¥ 3,344**	¥ 2,295

Debt securities classified as available-for-sale and held-to-maturity at September 30, 2009 mature as follows:

	Millions of Yen			
	Available-for-sale		**Held-to-maturity**	
	Amortized cost	**Aggregate fair value**	**Amortized cost**	**Aggregate fair value**

Contractual maturities:				
Within 1 year	¥ 4,767	¥ 4,742	¥ 1,235	¥ 1,235
After 1 year through 5 years	51,329	47,092	114	114
After 5 years through 10 years	33,241	30,962		
After 10 years				
Total	¥ 89,337	¥ 82,796	¥ 1,349	¥ 1,349

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturity.

Investments other than debt and marketable equity securities

Investments other than investments in debt and marketable equity securities consisted primarily of non-marketable equity securities and non-current time deposits and amounted to ¥541,653 million and ¥550,809 million at September 30 and March 31, 2009, respectively. The estimation of the corresponding fair values at those dates was not practicable, as the fair value for all the individual non-marketable securities held by the companies was not readily determinable at each balance sheet date.

Investments in non-marketable equity securities are carried at cost; however, if the fair value of an investment has declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥3,270 million and ¥2,872 million, for the six-month periods ended September 30, 2009 and 2008, respectively.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥586 million and ¥1,139 million, for the three-month periods ended September 30, 2009 and 2008, respectively.

The aggregate carrying amount of the companies non-marketable equity securities accounted for under the cost method totaled ¥491,312 million and ¥499,924 million at September 30 and March 31, 2009, respectively.

4. PENSION COSTS AND SEVERANCE INDEMNITIES

Net periodic pension costs of the companies defined benefit pension plans for the six-month period ended September 30, 2009 and three-month period ended September 30, 2009 included the following components:

	Millions of Yen Six-month period ended September 30, 2009	
Service cost - benefits earned during the period	¥	4,499
Interest cost on projected benefit obligation		3,156
Expected return on plan assets		(3,932)
Amortization of prior service cost		(16)
Amortization of net actuarial loss		6,360
Net periodic pension costs	¥	10,067

	Millions of Yen Three-month period ended September 30, 2009	
Service cost - benefits earned during the period	¥	2,065
Interest cost on projected benefit obligation		1,574
Expected return on plan assets		(1,967)
Amortization of prior service cost		0
Amortization of net actuarial loss		3,182
Net periodic pension costs	¥	4,854

5. NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the six-month and three-month periods ended September 30, 2009 and 2008:

	Six-Month Period Ended September 30, 2009			Six-Month Period Ended September 30, 2008		
	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	**¥ 72,835**	**1,821,650**	**¥ 39.98**	**¥ 240,548**	**1,819,012**	**¥ 132.24**
Effect of Dilutive Securities:						
Japanese yen convertible bonds	**1**	**3,441**		**14**	**6,043**	
Adjustments of effect of dilutive securities of associated companies	**(1)**			**(31)**		
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	**¥ 72,835**	**1,825,091**	**¥ 39.91**	**¥ 240,531**	**1,825,055**	**¥ 131.79**

	Three-Month Period Ended September 30, 2009			Three-Month Period Ended September 30, 2008		
	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen	Net income (numerator) Millions of Yen	Shares (denominator) In Thousands	Per share amount Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	**¥ 15,513**	**1,822,211**	**¥ 8.51**	**¥ 137,464**	**1,820,361**	**¥ 75.51**
Effect of Dilutive Securities:						
Japanese yen convertible bonds	**1**	**2,698**		**5**	**4,535**	
Adjustments of effect of dilutive securities of associated companies	**(1)**			**(31)**		
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	**¥ 15,513**	**1,824,909**	**¥ 8.50**	**¥ 137,438**	**1,824,896**	**¥ 75.31**

6. SEGMENT INFORMATION

	Millions of Yen							
Six-month period ended September 30, 2009 :	**Iron & Steel Products**	**Mineral & Metal Resources**	**Machinery & Infrastructure Projects**	**Chemical**	**Energy**	**Foods & Retail**	**Consumer Service & IT**	**Logistics & Financial Markets**
Total trading transactions:	**¥ 465,357**	**¥ 332,913**	**¥ 665,027**	**¥ 806,762**	**¥ 959,129**	**¥ 909,801**	**¥ 210,937**	**¥ 74,737**
Gross profit	**¥ 16,855**	**¥ 32,243**	**¥ 44,093**	**¥ 33,746**	**¥ 68,774**	**¥ 42,460**	**¥ 26,457**	**¥ 24,739**
Operating income (loss)	**¥ (561)**	**¥ 24,475**	**¥ 4,883**	**¥ 8,454**	**¥ 41,636**	**¥ 11,627**	**¥ (6,434)**	**¥ 10,652**
Equity in earnings (losses) of associated companies	**¥ 1,732**	**¥ 14,458**	**¥ 18,407**	**¥ 84**	**¥ 14,884**	**¥ 4,869**	**¥ (3,911)**	**¥**