Marubeni CORPORATION

Becoming a Stronger Marubeni

Annual Report 2011

For the fiscal year ended March 31, 2011

The impact of the Great East Japan Earthquake that struck on March 11, 2011, left a deep and lasting impact not only on northeastern Japan but the entire nation. On behalf of Marubeni, I would like to offer my sincerest condolences to those residing in or with ties to the region that was directly affected by this terrible disaster. In the wake of the earthquake and tsunami, we have heard from many associates in and outside of Japan seeking to confirm our safety and offer words of encouragement. Your concern and caring in this time of need have been greatly appreciated.

The extent of the damage caused by the disaster is unprecedented in postwar Japan, and we at Marubeni are harnessing our collective Group strengths to assist in efforts to get the devastated region back on its feet.

As a general trading company, Marubeni has developed a global business that creates new value by establishing ties between countries and ties between people. Even in tough times, the starting point for Marubeni's corporate activities—a commitment to enriching people's daily lives and promoting their happiness—has remained unchanged since the day the Company was founded. We will leverage the insight and collective strengths that the Marubeni Group has cultivated through business over the years to assist recovery efforts in northeastern Japan. Our goal is clear—to help the people who have suffered the worst of this tragic disaster to move on to a better future.

Once again, allow me to offer my sincerest hopes for a swift recovery and revitalization in the areas affected by this disaster.

Teruo Asada, President and CEO

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This report has two sections. In the SPIRIT section, we talk about the concepts that drive Marubeni and its strengths through features focusing on our businesses, and contributions from Marubeni people. The FACT section presents Marubeni's business results and the consolidated financial statements to show the Company's strengths in figures and graphs.

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Disclaimer Regarding Forward-Looking Statements

This report contains forward-looking statements about the performance and management plans of Marubeni Corporation and its Group companies based on management's assumptions in light of current information. The following factors may therefore influence actual results: consumer trends in Japan and in major global markets, private capital expenditure, currency fluctuations, notably against the U.S. dollar, materials price changes and political turmoil in certain countries and regions.

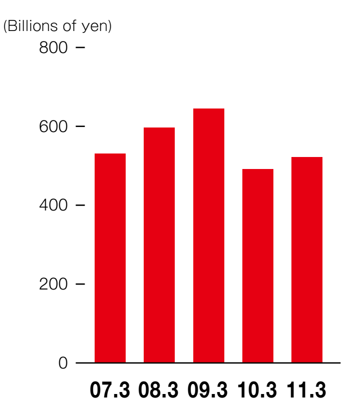
Consolidated Financial Highlights

Marubeni Corporation Years ended March 31

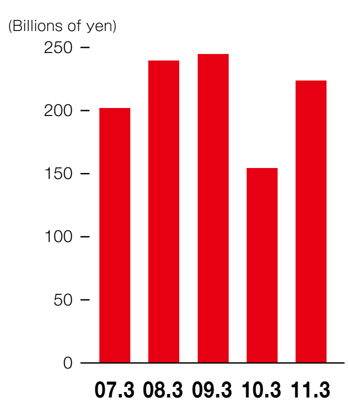
Five-Year Summary	2011.3	2010.3	2009.3	2008.3	2007.3	2011.3
	Millions of Yen					Millions of U.S. dollars
For the year:						
Revenues:						
Revenues from trading and other activities	**¥3,514,937**	¥3,110,736	¥ 3,807,480	¥ 3,958,276	¥3,467,925	**$ 42,349**
Commissions on services and trading margins	**168,912**	169,233	194,819	207,950	190,930	**2,035**
Total	**3,683,849**	3,279,969	4,002,299	4,166,226	3,658,855	**44,384**
Total volume of trading transactions	**9,020,468**	7,965,055	10,462,067	10,631,616	9,554,943	**108,680**
Gross trading profit	**522,152**	491,673	644,803	596,916	531,171	**6,291**
Equity in earnings of affiliated companies—net	**71,452**	28,864	21,973	55,661	44,880	**861**
Net income attributable to Marubeni	**136,541**	95,312	111,208	147,249	119,349	**1,645**
Core earnings (Billions of yen)	**223.7**	154.4	245.0	239.6	202.1	**2,695**
At year-end:						
Total assets	**¥4,679,089**	¥4,586,572	¥ 4,707,309	¥ 5,207,225	¥4,873,304	**$ 56,375**
Net interest-bearing debt	**1,615,634**	1,706,397	1,911,607	2,001,977	1,843,445	**19,465**
Total equity	**831,730**	799,746	623,356	860,581	820,839	**10,021**
Total Marubeni shareholders' equity	**773,592**	745,297	567,118	779,764	745,454	**9,320**
Amounts per share (¥, US$):						
Basic earnings	**¥ 78.63**	¥ 54.89	¥ 64.04	¥ 84.93	¥ 72.41	**$ 0.95**
Diluted earnings	**—**	—	—	—	68.85	**—**
Cash dividends	**12.00**	8.50	10.00	13.00	10.00	**0.14**
Cash flows (for the year):						
Net cash provided by operating activities	**¥ 210,044**	¥ 280,610	¥ 343,618	¥ 235,290	¥ 152,075	**$ 2,531**
Net cash used in investing activities	**(128,495)**	(35,207)	(387,069)	(306,855)	(135,147)	**(1,548)**
Free cash flow	**81,549**	245,403	(43,451)	(71,565)	16,928	**983**
Net cash provided by (used in) financing activities	**(17,010)**	(254,655)	257,608	65,865	24,819	**(205)**
Cash and cash equivalents at end of year	**616,003**	570,789	573,924	402,281	414,952	**7,422**
Ratios:						
Return on assets (%)	**3.0**	2.1	2.2	2.9	2.5	
Return on equity (%)	**18.0**	14.5	16.5	19.3	16.9	
Marubeni shareholders' equity to total assets (%)	**16.5**	16.2	12.0	15.0	15.3	
Net D/E ratio (times)	**1.9**	2.1	3.1	2.3	2.3	

Notes: 1. In the recognition of revenue, the Company and its consolidated subsidiaries ("the Companies") generally present transactions as net. This is done both in instances in which the Companies legally act as principal, or when the Companies are not the primary obligor and do not have general inventory risk.
2. For the convenience of investors in Japan, the presentation of total volume of trading transactions is consistent with customary accounting practices in Japan.
3. Core earnings is a management indicator that expresses the earning power of the main business of a general trading house. Core earnings is calculated as follows: Gross trading profit + SGA expenses (excluding restructuring costs up to FY2006) + Interest expense—net + Dividend income + Equity in earnings of affiliated companies—net
4. U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, at ¥83 to US$1, the prevailing rate as of March 31, 2011.
5. Although dilutive effects existed for the Company's Class I preferred stock issued in December 2003, the conversion of all preferred stock to shares of common stock was completed on March 19, 2007. Consequently, diluted earnings per share data have been omitted from earnings per share of common stock data since FY2007.

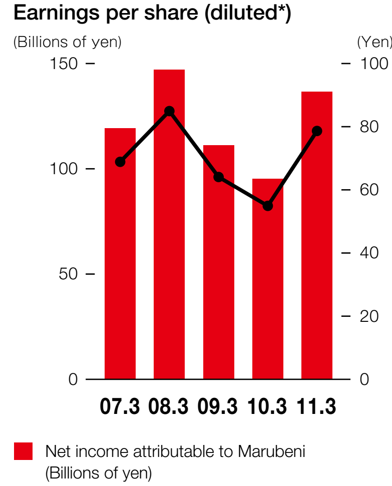
Gross trading profit



Core earnings



Net income attributable to Marubeni/ Earnings per share (diluted*)



* Prior to fiscal year ended March 2008

Overview of Consolidated Business Performance

Analysis of Management Results:

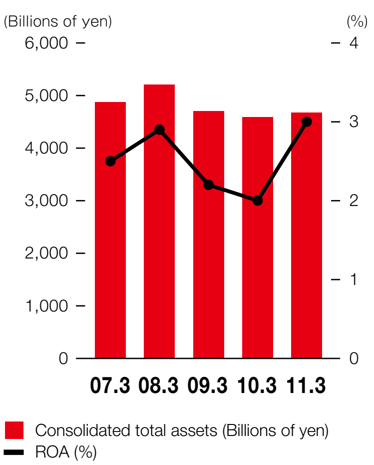
Total volume of trading transactions	In fiscal 2010, the total volume of trading transactions increased ¥1,055.4 billion (13.3%) from the previous fiscal year to ¥9,020.5 billion under robust economic growth in commodity markets.
Gross trading profit	Gross trading profit increased ¥30.5 billion (6.2%) from the previous fiscal year to ¥522.2 billion as profits increased in all segments except for Real Estate Development and Finance, Logistics and IT Business divisions.
Equity in earnings of affiliated companies —net	Equity in earnings of affiliated companies—net improved by ¥42.6 billion (148%) year on year to ¥71.5 billion, due to profit increases in copper business in Chile, coal business in Australia, and steel business. Also, an impairment loss on investment to an affiliated retail company posted in the previous fiscal year contributed to the increase.
Net income attributable to Marubeni	Net income attributable to Marubeni for fiscal 2010 amounted to ¥136.5 billion, increasing by ¥41.2 billion or 43% year on year, mainly due to profit increases in Metals & Mineral Resources and Food divisions.

Analysis of Financial Position:

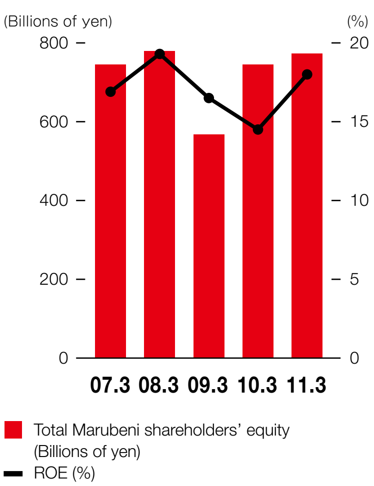
Assets, liabilities and total equity	Consolidated total assets increased ¥92.5 billion from the end of the previous fiscal year to ¥4,679.1 billion due mainly to an increase in operating assets. The consolidated net interest-bearing debt declined ¥90.8 billion from the end of the previous fiscal year to ¥1,615.6 billion. Total equity increased ¥32.0 billion from the end of the previous fiscal year to ¥831.7 billion due to positive net income, despite a decrease in accumulated other comprehensive income following the decline in stock prices and the appreciation of the yen. As a result, the consolidated net D/E ratio was 1.94 times.
Cash flows	Cash and cash equivalents at the end of fiscal 2010 were ¥616.0 billion, an increase of ¥45.2 billion compared with the end of the previous fiscal year. Free cash flow* was positive ¥81.5 billion.

* Free cash flow = Cash flow from operating activities + Cash flow from financing activities

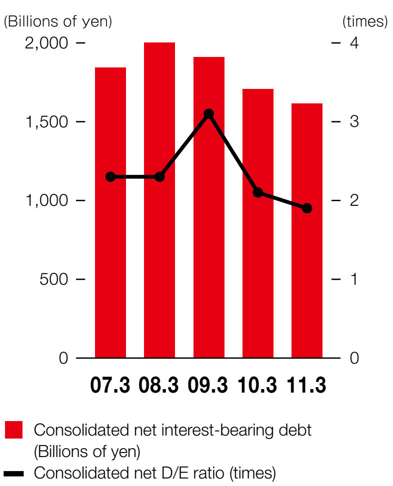
Consolidated total assets/ROA



Total Marubeni shareholders' equity/ROE



Consolidated net interest-bearing debt/ Consolidated net D/E ratio



—SPIRIT section—

Marubeni's Company Creed:

"(正) Fairness, (新) Innovation, (和) Harmony"

(formulated in 1949. calligraphy by Shinobu Ichikawa, first president of Marubeni Co., Ltd., now Marubeni Corporation)

The Marubeni Management Philosophy

(formulated in 2003, revised 2008)

In accordance with the spirit grounded in "Fairness, Innovation and Harmony," Marubeni Group is proudly committed to contribute to social and economic development and to safeguard global environment by conducting fair and upright corporate activities.

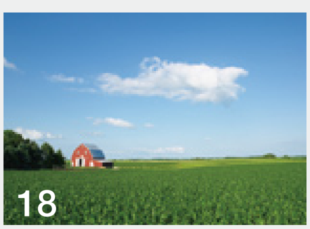
Marubeni's Corporate Principles

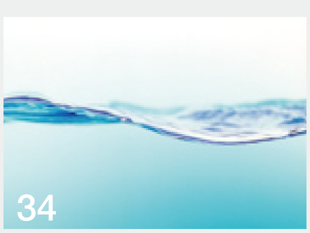
(formulated in 1998)

Marubeni Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and legal competition. As a company, Marubeni will also continue to play its part in the enlargement of the global economy, while always striving to enrich the society within which it operates. In order to achieve all the elements of the aforementioned goal, Marubeni is committed to the following six basic principles of business:

1. Conduct Fair and Open Business Activities
2. Develop a Globally-Connected Company
3. Create New Value Through Business Vision
4. Respect and Encourage Individuality and Originality
5. Promote Good Corporate Governance
6. Safeguard Ecological and Cultural Diversity

SPIRIT section





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「A Stronger Marubeni」

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A Stronger Marubeni

The *sogoshosa* or general trading company is a business model unique to Japan. In striving to further enhance its presence in a host of business fields, Marubeni has driven the evolution of the general trading company, in step with the changing times.

In April 2010, Marubeni launched SG-12, a medium-term management plan that will serve as a roadmap to sustainable growth. In this one-on-one discussion, Kaz Uchida, Professor, Graduate School of Commerce, Waseda University (Waseda Business School), and Marubeni President and CEO Teruo Asada talk in-depth about the Company's strengths and vision, and its quest to become a stronger Marubeni.

Kaz Uchida,
Professor, Graduate School of Commerce, Waseda University (Waseda Business School)

Teruo Asada,
President and CEO

What Are Marubeni's Strengths?

Highlighting Distinctive Strengths in the Fields of Natural Resources, Infrastructure, the Environment, and Essential Living Commodities

Uchida: I understand that Marubeni is operating under a medium-term management plan called SG-12.

Asada: That's correct. We unveiled SG-12 as a three-year medium-term management plan in April 2010, and it is now in its second year. The plan's basic policy, and the motivation behind measures inspired by it, is to build strong earnings and a solid financial base to become a "Stronger Marubeni" that challenges sustainable growth beyond all our stakeholders' expectations, even in this turbulent world economy. Four measures that are particular points of focus are a top management-led human resources strategy, priority allocation of management resources, to accelerate business in overseas markets, and strengthen our financial base and upgrade risk management.

(See p. 40 for details regarding SG-12.)

Uchida: The plan names natural resources, infrastructure, the environment, and essential living commodities as key fields for the priority allocation of management resources, right? Why have you focused on these four fields in particular?

Asada: First, since medium- to long-term demand is expected to increase in natural resources, the stable supply of natural resources will be critical to the sustainable growth of the global economy going forward. In infrastructure, the future will continue to hold many business opportunities, especially in emerging economies. Given Marubeni's strengths based on its wealth of experience over the years, both of these fields are indispensable. In essential living commodities, as living standards improve in China, ASEAN countries, and other emerging economies, this trend is forecasted to trigger massive growth in demand for consumer goods. Marubeni has long enjoyed advantages in essential living commodities, so this field is one where we hope to expand further. Finally, there is the environment. A new range of needs, which translates into a stream of new business opportunities, is expected to accompany rising environmental awareness and ever tighter environmental regulations. At the same time, the environment is intimately linked to the other three fields as well. These are the reasons why we chose these four priority business fields for priority allocation of management resources.

Uchida: What are the representative businesses Marubeni is pursuing in each field?

Priority Business Fields | Natural Resources

Asada: In natural resources, our representative projects would probably be the Esperanza and El Tesoro copper mines in Chile, where we acquired 30% interests following a total investment, including development costs, of about US$1.9 billion in 2008.

Uchida: I would think an investment project of that magnitude must have had a major impact both within and outside of Marubeni.

Asada: As a resource, copper is an important base metal essential to electrical cables, electrical devices, automobiles and other products, and is considered by some to be the "vein and artery of industry." Chile is the world's largest copper producer, accounting for roughly one-third of all the world's copper, and about 40% of Japan's own copper imports. The Esperanza copper mine, which Marubeni operates in collaboration with Antofagasta PLC, began operating near the end of 2010. January 2011 saw the first shipment of copper concentrates from the mine to Japan. If things

Kaz Uchida

Professor, Graduate School of Commerce, Waseda University (Waseda Business School)
Background: Born in 1951. After graduating with a degree in electronic engineering from the University of Tokyo in 1974, joined Japan Airlines (JAL). While working, earned his MBA from Keio University. Joined The Boston Consulting Group (BCG) in 1985, becoming Vice President (Partner) in 1991 and Senior Vice President in 1999. Worked as the head of BCG Japan office from June 2000 to December 2004. Was named one of the world's top 25 most influential consultants in Consulting Magazine (2006). Assumed current post as professor in April 2006.

Striving for Sustainable Growth as a "Partner that Performs Beyond Expectations"

go smoothly, once full-scale operations begin, we project that the mine will produce an average of 700,000 tons of copper concentrates and 230,000 ounces of gold per year over the next decade. Full production at Esperanza will raise Marubeni's share of total payable copper production to 125,000 tons. This figure is equivalent to around 10% of Japan's annual copper demand, and will put Marubeni in the top class among Japanese trading companies.

Uchida: I've heard that one point behind the success of this project is Marubeni's great partnership with Antofagasta, Chile's largest private-sector company in copper. How did you come to form this alliance with Antofagasta?

Asada: As you stated, the presence of an excellent partnership is one key to the success of this project. Marubeni and Antofagasta have worked together on a different project before, where we built a relationship of trust. This past was a major part of what allowed us to forge such a great partnership with Antofagasta on this project, which represents Marubeni's largest such investment to date. After the Esperanza copper project, we were able to acquire mining interests in the Mirador copper mine in Chile's Sierra Gorda region. Given this and other accomplishments since, we plan to vigorously promote this partnership with Antofagasta further, now and in the future. Furthermore, we intend to leverage this experience and know-how to develop operations in a wide range of other regions outside of Chile.

Uchida: The general trading company business model has evolved from the old commission-based model of the past to a predominant model of supply chain management. This copper mining project seems to be case in point. However, since it is not possible to form the entire supply chain internally, choosing the right partners is one of the keys to this new business model. What points do you look for when choosing a partner?

Asada: Without question, the most important point is whether we can trust one another. There are no particular points beyond that. For example, the kind of partner we can truly trust is one that honestly discloses information pertaining to the project, and one that never fails to consult with us on important matters. The relationship, in other words, is defined by open communication. If a partner cannot build this kind of relationship, then coming together to execute a major project is not possible.

(See p. 26 for details regarding copper mining projects.)

Priority Business Fields | Infrastructure

Uchida: What are your representative projects in infrastructure?

Asada: Our representative businesses would be the overseas Independent Power Producer (IPP) and water businesses.

Uchida: What specific strengths does Marubeni possess in these businesses?

Asada: In the overseas IPP business, Marubeni has power generation assets in 20 countries worldwide, and boasted a net generation capacity of 7.5 GW as of March 31, 2011. This scale is largest among Japanese trading companies. And we are moving to expand our

SG-12—Marubeni's Medium-Term Management Plan

SG-12 Principles

The Marubeni Group, even in this turbulent world economy, will build strong earnings and a solid financial base to become a "Stronger Marubeni" who challenges sustainable growth beyond all our stakeholders' expectations.

SG-12 Key Measures

- Top Management-Led Human Resources Strategy
- Priority Allocation of Management Resources
- Accelerate Business in Overseas Market
- Strengthen Financial Base and Upgrade Risk Management

	Priority Business Fields
Natural Resources	Metals and Mineral Resources, Energy Resources, etc.
Infrastructure	Overseas I(W)PP*, Water-related Projects, Industrial and Social Infrastructure Projects, etc.
Environment	Forestation Projects, Clean Energy Projects, Emissions Credits, etc.
Essential Living Commodities	Grain, Agriculture-related Materials (fertilizer, agrichemicals, etc.) Trade/Distribution (food products, pulp and paper, lifestyle products, motor vehicles), etc.

Priority Regions		
	China	North America
	ASEAN	South America
	India	

capacity to levels comparable to those of leading Independent Power Producers from the United States and Europe. Marubeni's strengths include our strong regional network comprising project development bases in Japan, New York, London and Singapore, our extensive expertise in both the EPC* and O&M* fields, and our skills in arranging a variety of project finance. We also have a diverse project portfolio in the water business.

Uchida: So I take it that Marubeni has also demonstrated strengths in the EPC field?

Asada: Marubeni started in the EPC field in the 1960s, when it began delivering and constructing electric power generation facilities for customers overseas. Since then, we have built a long track record working both independently and in partnership with U.S. and European manufacturers, and have established our own methods for project management. We also lead other general trading companies in our achievements as an EPC contractor.

* EPC is an abbreviation for Engineering, Procurement and Construction, and refers to contracts for the complete delivery and installation of power generation facilities.
O&M is an abbreviation for Operation and Maintenance, in reference to the operation and maintenance of power generation facilities.
I(W)PP is an abbreviation for Independent (Water) Power Producer, and refers to electric power wholesalers, some of whom operate water businesses.

Priority Business Fields | Environment

Uchida: With the overseas IPP business, for example, thermal power plants are said to put an additional load on the environment. How do you reconcile this given that the environment is one of Marubeni's other priority fields?

Asada: When you talk about from an environmental perspective, one tends to think first of promoting renewable energy projects. Naturally, the field of renewable energy, such as wind and geothermal power, is also a focus for us in our IPP business. However, thermal power facilities are comparatively easier to adopt from an operational and price standpoint, and with an improvement in generating efficiency of the machines newly applied, the amount of CO_2 emitted for the same quantity of power has been greatly reduced in recent years. They therefore have a lower impact on the environment than before. Marubeni vigorously promotes this type of low environmental-impact thermal power plant. Another of Marubeni's strengths in infrastructure, the water business, can also be viewed as an environmental one, if you consider that the treatment of wastewater and re-use of water improves local health and sanitation conditions. In this way, infrastructure and the environment are closely intertwined.

Uchida: I've heard that Marubeni was also quick to enter the water business you just mentioned.

Asada: Marubeni was ahead of the pack when we entered the sector in 1997. Right now, our involvement extends to all applicable business fields, from drinking water and wastewater operations and desalination to fully integrated water businesses. The regions where we operate have also expanded to cover Central and South America, China, the Middle East, and Australia.

In the fall of 2010, Marubeni acquired a stake in Aguas Nuevas S.A., Chile's third-largest full-service company in the water business. The start of 2011, meanwhile, saw us invest in Osmoflo Holdings Pty Ltd., a major Australian engineering firm specializing in industrial water treatment. By the end of fiscal 2012, Marubeni will be providing services to 10 million people, and we aim to be among the top 10 names in the water business in the world.

(See p. 34 for details regarding the water business.)

Priority Business Fields | Essential Living Commodities

Uchida: Which business field is your strongest in essential living commodities?

Asada: That would be grain. Our transaction volume in this field, if we combine imports and off-shore trade, is about 20 million tons. This scale ranks Marubeni sixth among the world's major players in grain. We also handle 20% of Japan's entire grain trading volume, ranking Marubeni first among Japanese trading companies. In the grain business, two things are important. The first is to create distribution efficiency by having a range of options worldwide for moving grain from optimal production to optimal consumer markets. The second is having a network that allows you to supply cost competitive grain. Marubeni's grain teams are developing more diverse grain production sites and a framework for procuring grain worldwide. In parallel, the teams are building a diversified global procurement structure to provide a stable supply of internationally competitive grain, not only to Japan, but also to the rest of the world. In 2012, the aim is to expand our transaction volume to approximately 25 million tons.

Uchida: What overseas markets in particular have caught Marubeni's attention in grain?

Asada: China. It has the world's largest population, is moving towards more Western dietary habits, and has become the world's biggest grain importer. In recent years, Marubeni has entered a comprehensive alliance in the grain distribution sector with Sinograin Oil & Fats Corporation, a member of the Sinograin Group. Among other actions, we reached an agreement with the COFCO Group for exclusive sales rights for wheat exports to Japan, and took a stake in the feed and livestock business of the Shandong Liuhe Group, a farming combine. These alliance partners are each the largest or among the largest of their kind in China, and will contribute greatly to the global strategy our grain teams are promoting.

(See p. 18 for details regarding the grain business.)

Human Resources Initiatives

No Personnel Development Without Frontline Experience

Uchida: As we were just saying, the evolution of the general trading company business model will see a variety of human resource needs emerge. For example, people who can perform a producer-type role by creating and proposing businesses themselves, and people who can build trust relationships with industry-leading partners without always needing to rely on companies under the Marubeni umbrella. It seems that general trading companies will increasingly seek a variety of human resources with highly developed lateral capabilities in order to take on diverse challenges in the future. What are your thoughts on that?

Asada: At present, over 80% of Marubeni's consolidated net income comes from overseas-related transactions. As you know, several factors, chief among them a declining population, low birthrates, and a growing elderly population, are causing the Japanese market to contract. For this reason, Marubeni will have to square off against competitors in the global market to a much greater extent than before to make sustainable growth possible. The key to our success or failure here is our people. For a general trading company, there is no greater management resource. To this end, we positioned the pursuit of a "top management-led human resources strategy" as one of the principal measures of SG-12. To strengthen our human resources further, we established the HR Strategy Committee, where I serve as chair, in order to develop human resources that can adapt to a changing business environment and diverse business models.

Uchida: What kind of human resources are you specifically looking to foster?

Asada: In brief, we are striving for human resources with strong individuality that can assert themselves on the global stage more than ever before. Beyond language skills, we need human resources with a real interest in and who can adapt to circumstances outside of Japan. They must be flexible enough in their thinking to accept different cultures, yet have a strong sense of resolve. A unique sense of their individuality is also important. I expect our people to display their strengths in frontline operations all over the world. They must have the strength to head off on their own accord, and the passion to achieve any targets set. They will also make frequent visits to customers, an important habit to have for a trading company employee.

Uchida: Along those lines, there has been an apparent increase in the number of conservative-minded young people in Japan, many with no interest in going abroad.

Asada: The young employees you're describing are not found at Marubeni. Virtually every employee expresses a desire to work overseas.

Uchida: Once again, Marubeni defies expectations. During my own years stationed overseas I often found that general trading company people had a sense of responsibility for supporting Japan. I think this is a strength of Marubeni people, and that this attitude needs to be fostered in young employees. What are your specific thoughts with respect to human resources development at Marubeni?

Asada: Marubeni adopted a three-pronged approach to enhancing HR development. First, experience gained through practice is the main source for strengthening human resources.

Then there are assessment and incentive systems to encourage each individual's development and achievement as well as practical training programs. Particularly for young employees in their twenties, we are making overseas assignments mandatory, and encouraging them to gain practical experience at business sites at the forefront of our operations. For general trading companies, personnel development is impossible without experience of frontline operations. Although in some cases the environment at these sites is quite difficult, our young employees have the advantages in terms of both the physical toughness and the mental flexibility necessary. If our employees gain an ability to judge things well through their experiences of going abroad at a young age and gaining a firsthand feel for customer needs,

then they will be better at thinking about complex cases in the future. Our employees will also get an head start on learning the specialized aspects of their business. If we are not well versed in the products, markets, business customs, and characteristics of a particular sector, we will not earn a customer's trust. I believe that the tools needed to earn a customer's trust can all be learned through firsthand experience on the ground. In our other training programs, we are also adding sessions where younger employees can develop a keen sense of frontline operations based on case studies of experiences and expertise of more senior employees.

Uchida: To operate on a global field, it would seem necessary to step up use of non-Japanese human resources. What are your thoughts on this?

Asada: Since the general trading company is a uniquely Japanese business model, I think that Japanese management personnel will be indispensable to general trading companies for some time. That said, I believe that local personnel have an important role to play in operating companies, and should be given responsibility for operations in countries and regions outside of Japan. For example, as with Helena Chemical Company, the second largest player in the U.S. market for fertilizer and agrichemicals, our main U.S. operating companies have a core management composed entirely of U.S. nationals.

CSR Initiatives

CSR Activities Befitting Marubeni

Uchida: While aggressively developing a host of businesses as a general trading company, Marubeni has nonetheless won recognition from global CSR research and rating company SAM of Switzerland as both a "SAM Sector Leader," and as a member of the top "SAM Gold Class" based on a comprehensive evaluation that well-exceeded the Factor rating. What sorts of CSR initiatives are behind these rankings?

Asada: One prominent feature of Marubeni CSR is the Marubeni Foundation, established in 1974. Each year the foundation spends ¥100 million to assist facilities and organizations involved in social welfare across Japan. Even in the early 2000s, when Marubeni was confronting a punishing management environment, the foundation stayed committed to this work. Marubeni has also set up scholarship foundations in the Philippines, Vietnam, Indonesia, Cambodia, Laos and Brazil. It would be wonderful if the young people in these countries who take advantage of this system one day find themselves connected to Marubeni yet again.

Uchida: One of the better-known socially responsible investment indexes, the Dow Jones Sustainability World Index (DJSI World), has included Marubeni as a component, top 10% of the leading sustainable companies, for three consecutive years. What points do you attribute this favorable performance to?

Asada: I think that the whole range of activities that Marubeni has pursued diligently for so long have finally come

to fruition. When we take action on the CSR front, our concern isn't how it will be evaluated. Instead, we work every day to make all officers and employees aware of CSR, and show our dedication to CSR through specific actions.

(See p.44 for more details regarding the SRI indexes.)

Uchida: The environment is also an important consideration in CSR, isn't it. Earlier, we talked about the key business fields of infrastructure and the environment. CSR is also related to the environment business in some ways. That is to say, in one way the environment can be treated as one business field of a general trading company, but from another angle, it is also a focus of social contribution activities. Where do you see connections between the two?

Asada: Marubeni is a private-sector company, so our purpose in doing business is of course to generate profits. But we also work vigorously to contribute to the environment through those businesses. A perfect example is the seven afforestation projects we have underway primarily in Indonesia, Australia and elsewhere. Marubeni's total area of afforested and possibly-afforested covers 390,000 hectares*. With these assets, we promote afforestation management, while creating employment opportunities at the same time. In Chile, we are promoting efficient use of water resources through our integrated water and wastewater operations. And in the Philippines, we, through our affiliates, TeaM Energy Corporation etc., are responsible for building facilities used to transmit electric power to regions and households without electricity, and installing distributed electric power sources (solar power), as part of measures in the country to bring electricity to every region. In addition, we take steps to support the livelihoods, health and education of local residents. Marubeni is similarly active in micro hydropower, as well as wind power, geothermal power, and other environmentally friendly renewable energy fields.

* The figure of 390,000 hectares includes all areas of afforested and possibly-afforested affiliated with the Marubeni Group.

Marubeni as a Global Company

Comprehensive Strength is the True Power of a General Trading Company

Uchida: In the past, a general trading company's business was mainly to function as an intermediary between producers and consumers. But today, that business model has radically transformed into one that, as you mentioned earlier, involves investment in and financing of resource interests, production facilities, and a variety of other areas, as well as developing entire supply chains covering upstream to downstream sectors. What were the factors that drove this transformation?

Asada: In the early days, when intermediating or trading was our core business, the role of a trading company in Japan was to scout out export and import opportunities. Since Japan has always lacked most natural resources, importing those resources was the only real option. Buying them required that Japan grow its exports to gain foreign currency, which made advancing into overseas markets critical. It was in this era that general trading companies in Japan offered functions such as intermediary services and overseas markets penetration support to their customers. But as times changed, Japan's manufacturing sector and other companies became more international in scope, and acquired their own capacity to procure capital. Before long, these trends caused the functions that trading companies had excelled in to lose relevance. This turn of events led to debate over whether trading companies were still needed at all, or whether the industry itself was becoming obsolete.

Uchida: The reason for the existence of trading companies was itself called into question. I see. What conclusion did Marubeni draw from this situation?

Asada: We had to alter our business model. Instead of ending at just the intermediary business, we sought to acquire the insight and abilities needed to take the initiative in putting things into motion in order to deliver greater added value to our customers. Some good examples of this include securing ownership rights, our full-package infrastructure business, and investment functions with respect to each project. I mentioned securing ownership interests, but we don't stop at just infusing capital. Acting as a developer in its own right, Marubeni sends its own executives, experts, and other

—SPIRIT section—

Comprehensive Strength is the True Power of a General Trading Company

employees to local sites as part of its active involvement in developing and operating projects. In the trade business, too, instead of simple intermediary transactions, we are increasing the number of projects where we cover supply chains and value chains, upstream through downstream sectors, and everything in between. The business model you see today is the result of our pursuit to provide high-added value to customers. Particularly over the last 10 years, the reforms we initiated seem to have dovetailed nicely with the changes we predicted in the global economic climate, and have culminated in visible success.

Uchida: I imagine that cooperation with not one but a number of business divisions will be essential to large-scale business development and value chain creation. The typical impression of general trading companies among those on the outside is that divisions operate stridently independently from one another, so this kind of cooperation would be difficult to coordinate unless the president or management ordered it. Is this an accurate view?

Asada: That was probably true, at least in part, in the past. But that kind of atmosphere simply does not exist today. Comprehensive strength, in which the entire company comes together as one, is the true power of a general trading company. When promoting a copper mine development project, for example, you have to be able to consider whether construction equipment from the transportation machinery team can be incorporated to execute the project more efficiently. Or whether our commodity teams can provide low-cost, high-quality materials. Or whether business and administrative divisions can come together to assemble the rock-solid capital procurement and project insurance coverage to support all of this. If these points can't really be considered, then providing functions and services that offer high-added value in the truest sense to customers is impossible.

The approach called for is to fully capitalize on functions present as a general trading company to always deliver high-added value functions, services, and solutions. This is what defines the kind of businesses that only Marubeni can offer, or those that perfectly suit Marubeni.

Uchida: You mentioned businesses that perfectly suit Marubeni. What would you say are Marubeni's defining traits?

Asada: One of Marubeni's biggest traits is the presence of a well-balanced earnings structure.

Uchida: What do you mean exactly?

Asada: Resource businesses typically account for between 20% to 80% of a general trading company's earnings, and varies among companies. At Marubeni, resource businesses account for just over 40% of earnings, with machinery, materials, and living essentials accounting for around 20% each. Instead of capturing explosive earnings from a specific field, having a well-balanced earnings structure means that a structure is in place for generating earnings from all fields without relying too heavily on one in particular. The resources field is of course an important field for Marubeni's sustainable growth, and will remain so since the stable supply of resources to Japan, which has few of its own, is non-negotiable. But this field carries the risk of sharp jumps or declines in earnings due to supply and demand, as well as price volatility. Marubeni has continuously strengthened its hand in non-resource sectors, while securing earnings power and cash flows that stay above a certain level regardless of fluctuations in market prices. This well-balanced earnings structure has become a core competence for Marubeni.

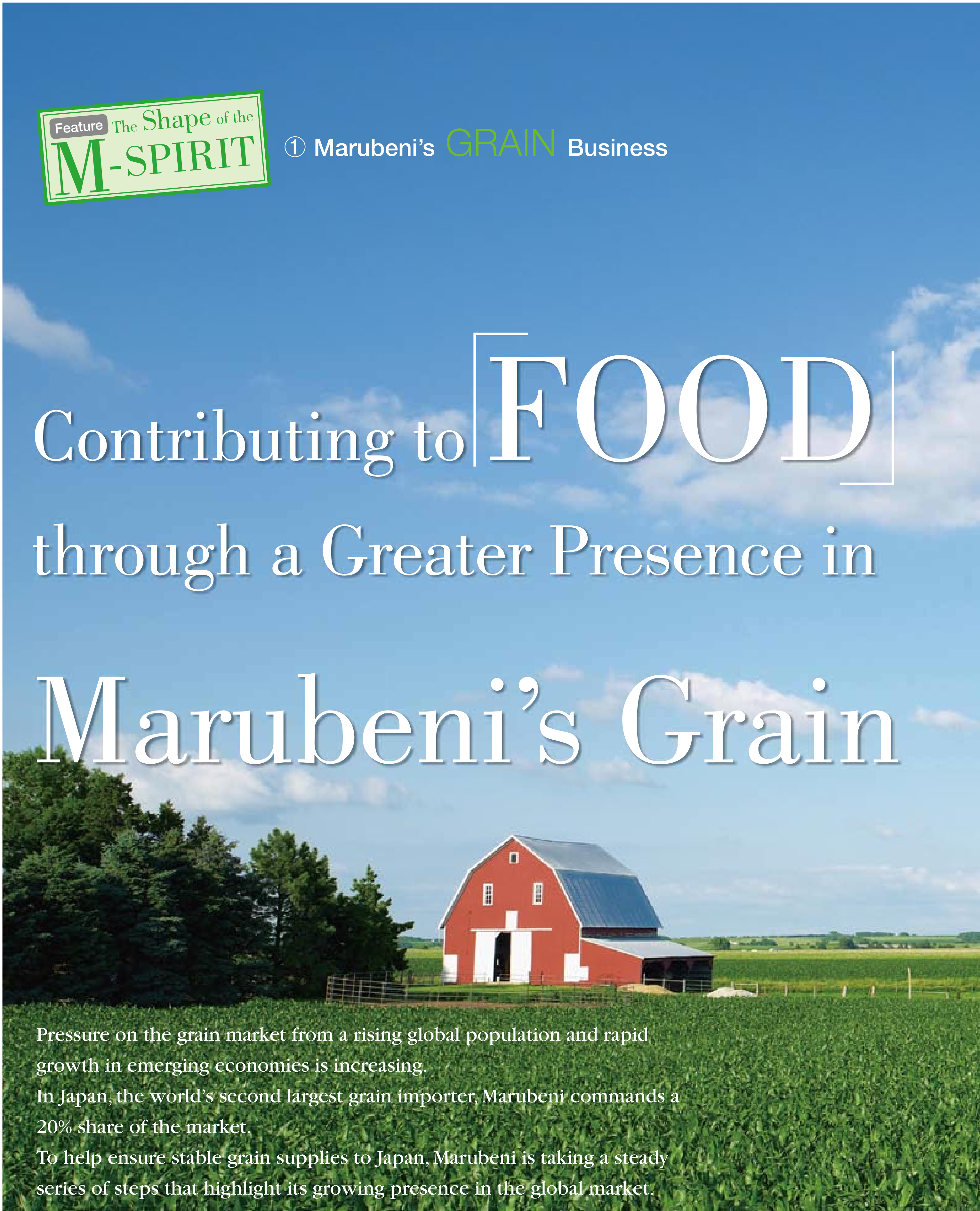
The Future of Marubeni

Realizing a Stronger Marubeni Capable of Sustainable Growth

Uchida: Through their business activities, trading companies have played a major role in changing lifestyles in countries around the world, raising living standards and helping to form and develop better societies. They are expected to continue this role in the future. That brings me to my last question. Marubeni has already changed its business model in step with the changing times. What points do you consider vital to the Company's sustainable growth going forward?

Asada: I suspect that relentlessly forcing our business model to evolve, and whether we can continue to provide customers with the high-added-value functions, services and solutions they need, will remain key points. However, the most crucial thing with respect to Marubeni's sustainable growth, as I touched on earlier, is not simply to offer high added value, but to deliver truly distinctive products, services and functions that only Marubeni can or must, and that rival companies cannot.

Once this is achieved, Marubeni needs to win support from all stakeholders as the best trading company to do business with, the best possible partner, and a trading company to develop long-term ties with. And our existence has to be one in which Marubeni contributes unequivocally to economic, social and environmental development, and is considered a vital entity by people across the globe. In other words, the sole path to sustainable growth is for Marubeni, in all activities, to have a clear presence as a "partner that performs beyond expectations," as we demonstrate our commitment to realizing a stronger Marubeni.



Feature The Shape of the M-SPIRIT

① Marubeni's GRAIN Business

Contributing to FOOD through a Greater Presence in Marubeni's Grain

Pressure on the grain market from a rising global population and rapid growth in emerging economies is increasing.
In Japan, the world's second largest grain importer, Marubeni commands a 20% share of the market.
To help ensure stable grain supplies to Japan, Marubeni is taking a steady series of steps that highlight its growing presence in the global market.

Availability in Japan the Global Market—

Business

Feature The Shape of the M-SPIRIT

① Marubeni's GRAIN Business

Contributing to Stable Grain Supplies to the Japanese Market

In the grain sector, Marubeni has spent more than 40 years developing a supply chain for Japan. More recently, the Company has achieved and maintained its status as Japan's top*1 grain trader by share.

Initially, Marubeni specialized simply in importing grain harvested at overseas production sites to Japan. That approach changed radically in 2003, when Marubeni chose to set its sights abroad and expand beyond sales channels that had been confined to Japan by launching the full-scale, third-country trade of grain, mainly to South Korea, Taiwan, and China. Marubeni would then soon become the first Japanese trading company to enter a "time charter*2," effectively a long-term ship leasing contract. This chartered vessel model, in turn, has enabled Marubeni to extend the target markets where it can sell grain.

Expanding sales channels outside of Japan means having to increase trading volume, which, if taken further, implies the ability to import competitive grain to Japan. Enhancing trade competitiveness on the global stage means it is then possible to supply a steady volume of grain from international markets to Japan. Increasing the number of grain supply terminals worldwide will also lead to the stable supply of food to the country. Advancing deeper into the global market will thus be essential, and particularly for responding to growing grain demand going forward. Ultimately, this move will also help to ensure the stability of Japan's food supply.

*1 Share among trading companies
*2 Refers to ship leasing typically for periods of between 45 days and 3 years.

Grain export terminal of Columbia Grain, Inc. in the U.S.A.

History of the Marubeni Group in the Grain Trade

1950	First contract for the import of foodstuffs (barley) for the Foodstuffs Agency (foodstuffs imports would grow significantly thereafter)
1967	Establishment of silos in the city of Chiba via joint venture with Taiyo Gyogyo K.K. (current Maruha Nichiro Holdings, Inc.), others Establishment of "West Japan Grain Terminal Co., Ltd." (completed Apr. 1969) in the city of Kurashiki with Nihon Koyu Co., Ltd. (currently The Nisshin OilliO Group, Ltd.) and Zenkoren (currently the ZEN-NOH Group)
1969	Establishment of Central Japan Grain Terminal Co., Ltd. with Japan Corn Starch Co., Ltd.
1971	Establishment of South Japan Grain Terminal Co., Ltd. with the ZEN-NOH Group and Nippon Express Co., Ltd.
1975	Acquired U.S.-based grain collection company Western Grain Exchange, Inc. (later absorbed by Columbia Grain, Inc.)
1978	Establishment of Columbia Grain, Inc. following acquisition of grain elevator in Portland (U.S.A.)
1990	Operations commence at livestock feed complex in Kamaishi (establishment of Kamaishi Shiryo Co., Ltd. and Kamaishi Grain Terminal Co., Ltd.)
1997	West Japan Grain Terminal Co., Ltd. and South Japan Grain Terminal Co., Ltd. merged for establishment of Pacific Grain Terminal Co., Ltd.
2002	Merger of Nikko Oil Mills Co., Ltd. (Marubeni subsidiary), Nisshin Seiyu Co., Ltd., and Linolic Oils & Fats Co., Ltd. for the establishment of The Nisshin OilliO Group, Ltd. (15% investment by Marubeni), Japan's largest extracted-oil producer
2003	Marubeni Shiryo Co., Ltd. (Marubeni subsidiary) and Nisshin Feed Co., Ltd. merge to become Marubeni Nisshin Shiryo Co., Ltd.
2004	Strategic partnership in production, import and sale of livestock feed grain and oilseeds with Archer Daniels Midland Company (ADM), among the largest of major grain players
2005	Investment in Terlogs Terminal Maritimo Ltda., a grain export terminal company in Brazil
2006	Comprehensive alliance with the GLON Group of France, a specialist in compound feed and livestock production
2007	Establishment of Tokachi Feed Co., Ltd. and Tokachi Grain Terminal Co., Ltd. in Hiroo, Hokkaido Prefecture
2009	Comprehensive partnership with Brazilian grain collection and oil-pressing company Amaggi Exportação e Importação Ltda. (AMAGGI) Entered a comprehensive alliance with Sinograin Oil & Fats Corporation, a subsidiary of China's largest grain company, the Sinograin Group Comprehensive partnership with total food product company Molino Cañuelas of Argentina
2010	Entered an alliance in grain trading with Senalia Union, owner of Europe's largest silo network Strategic alliance with Shandong Liuhe Group, China's largest farming company

—SPIRIT section—

Aiming to Increase Options and Enhance Competitiveness

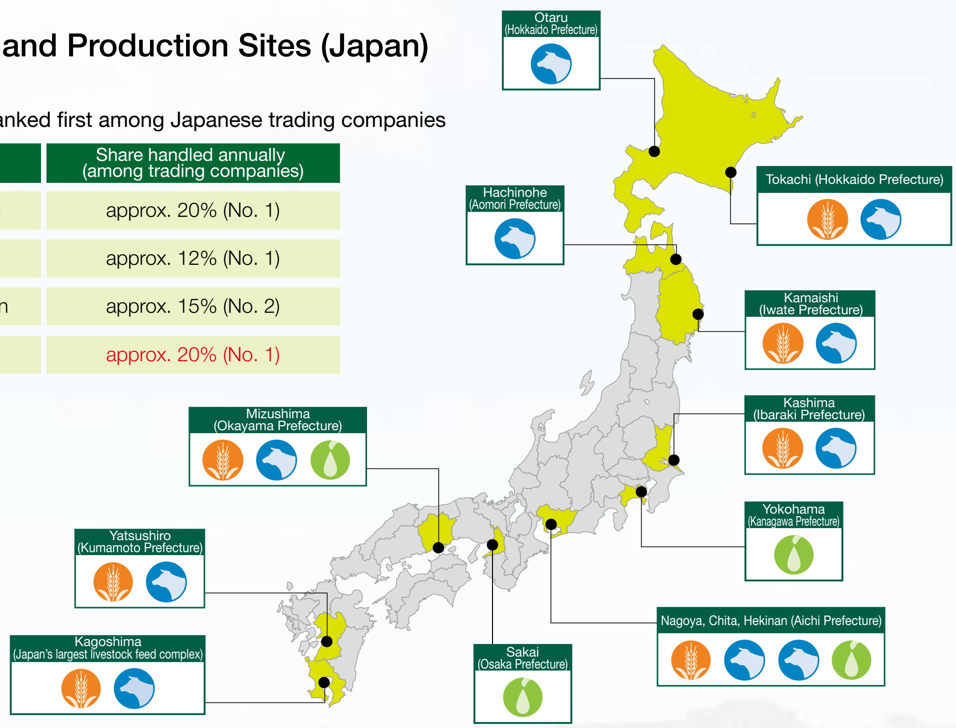
Increasing the number of available options is essential to the grain business. The key, in other words, is to develop as many combinations of grain production sites and grain consumer regions as possible worldwide. To raise its profile in the global market, Marubeni is moving to solidify its sales capabilities in Japan. In parallel, the Company is flexibly combining a range of grain production sites and different grain types, and utilizing bigger ships in a bid to reduce costs. In this way, Marubeni is boosting its competitiveness in order to hone sales capabilities in the global market. At grain production sites, backed by a stable list of buyers, Marubeni not only buys grain from major players, but adds to its own unique collection network to increase its options in grain production markets. Creating more options for buying and selling grain in this way is critical.

Honing cost competitiveness is indispensable for enhancing overall competitiveness in the global market. Doing so also demands that Marubeni provide its own unique form of added value. One source of the Company's cost competitiveness today is ship chartering based on the "time charter" model discussed earlier. If properly managed, this ship-leasing

Marubeni Import and Production Sites (Japan)

Marubeni's import share ranked first among Japanese trading companies

Category	Share handled annually (among trading companies)
Corn and milo (sorghum)	approx. 20% (No. 1)
Wheat and barley	approx. 12% (No. 1)
Soybeans for oil extraction	approx. 15% (No. 2)
Total	approx. 20% (No. 1)



Import and Production Sites

Grain silos (Storage capacity of 760,000 tons)	Compound feed plant (Production volume of 3.6 million tons)	Oil extraction and refining plant (Extracted oil volume of 2.1 million tons)
Pacific Grain Terminal Co., Ltd. Mizushima (Okayama Prefecture), Yatsushiro (Kumamoto Prefecture), Kagoshima Kamaishi Grain Terminal Co., Ltd. Kamaishi (Iwate Prefecture) Kanto Grain Terminal Co., Ltd. Kashima (Ibaraki Prefecture) Central Japan Grain Terminal Co., Ltd. Hekinan (Aichi Prefecture) Tokachi Grain Terminal Co., Ltd. Tokachi (Hokkaido)	Marubeni Nisshin Feed Co., Ltd. Tokachi, Otaru (Hokkaido Prefecture), Hachinohe (Aomori Prefecture), Kamaishi (Iwate Prefecture), Kashima (Ibaraki Prefecture), Chita, Hekinan (Aichi Prefecture), Mizushima (Okayama Prefecture), Yatsushiro (Kumamoto Prefecture), Kagoshima *Includes plants formed through joint ventures	The Nisshin OilliO Group, Ltd. Yokohama (Kanagawa Prefecture), Nagoya (Aichi Prefecture), Sakai (Osaka Prefecture), Mizushima (Okayama Prefecture) * Sakai involved in refining only

method, where the time period is the basic unit rather than amount of freight, can deliver huge returns, and enable lower costs. Furthermore, ships can be operated flexibly to meet customer requests, thereby allowing added value in the form of "just-in-time" grain supply efforts for target markets. When constantly operating on shipping lanes, Marubeni ships can deliver the grain that customers need when they need it at the right volume. This flexible responsiveness can be thought of as the type of service "above and beyond price" that only Marubeni can realize.

Building an Enormous Industrial Complex and Expanding the Distribution Base Network

A major reason that Marubeni's top share of grain in the Japanese market remains unchallenged is its basic strategy, which calls for establishing bases in areas of high demand and the stable provision of high-quality grain. Through group companies centered on Pacific Grain Terminal Co., Ltd., Marubeni has developed a grain silo network at ports across Japan with a holding capacity of 760,000 tons, and has its own import sites. Meanwhile, standing behind these grain silos are group companies, most notably Marubeni Nisshin Feed Co., Ltd., with grain processing sites possessing a production capacity of 3.6 million tons.

As one component of this basic strategy, Marubeni built an industrial complex formed by Tokachi Grain Terminal Co., Ltd., a storage silo company for raw materials for livestock feed, and compound feed production plant Tokachi Feed Co., Ltd. The complex is sited in Tokachi, Hokkaido's largest livestock and dairy farming region. Full-scale operations got underway in September 2010 with the arrival of the first shipload of grain. The Tokachi Port can directly accommodate large ships loaded with both grain and feed. With completion, the result has been an integrated feed complex at the port encompassing grain cargo work and storage through to compound feed production. This complex will permit the supply of highly competitive grain across all of Japan, creating even more stability in the domestic market. In the future, it is very likely that construction of the Tokachi complex will enable Marubeni to supply production farmers throughout Japan with feed manufactured at Group-owned plants using imported raw materials that pass through the Marubeni Group's grain silos.

For many years, Marubeni has been involved in supplying Japanese livestock feed, the high quality of which is recognized worldwide. Leveraging expertise amassed in this area, as well as comprehensive strengths in supply-chain coordination, Marubeni will make strategic proposals tailored to world markets. Where its distinctiveness shines through is in delivering in-depth services from the customer's point of view. Together, these advantages are strengths that Marubeni believes no competitor can match.

Tokachi Grain Terminal Co., Ltd. and Tokachi Feed Co., Ltd. complex

French Senalia Union's Facilities at the Port of Rouen

Future Strategies

In terms of upcoming global strategies, the first task is to increase sales targets in the world's largest grain market, China, as well as in South Korea, Taiwan, and Southeast Asia. The partnership with Sinograin Oil & Fats Corporation, a member of grains reserve operations company, the Sinograin Group, will allow Marubeni to combine its procurement capabilities with the Sinograin Group's domestic grain distribution network in China. The aim here is to supply China with the most competitive grain possible. Marubeni has also forged an alliance with the Shandong Liuhe Group, China's largest farming company. Here, the Company will pursue operations integrating the feed and livestock businesses in China, and is addressing trends that signal impending expansion in China's domestic demand. Additionally, Marubeni will use the procurement network it commands in grain and raw materials for livestock feed to grow trade opportunities in the Chinese market.

Concerning production site measures, Marubeni will strategically enhance its supply sources in food resource-producing countries where its sales capabilities are well embedded, such as North and South America, the east coast of Russia, and Europe. The partnership with AMAGGI of Brazil will also help anchor Marubeni's response efforts here. In 2010, the Company entered an alliance in grain trading with Senalia Union, owner of Europe's largest silo network, with the goal of promoting sales expansion in the Asia, North Africa, and Middle East regions.

As for initiatives in the Japanese market, Marubeni has reached and signed an agreement with the ZEN-NOH Group, Japan's major agricultural cooperative federation, to partner in the collection, processing and sale of rice. Joining forces with the ZEN-NOH Group, which has its own rice collection network and rice processing facilities across Japan, Marubeni will leverage its own distribution routes to support the distribution of competitive rice, which should result in sales expansion. Furthermore, Marubeni is eyeing the possibility of exporting the Japanese rice handled by the ZEN-NOH Group to China, Singapore, Europe, and other consumer regions. To this end, the policy will be to contribute to enhancing the competitiveness of Japanese rice, while promoting business expansion.

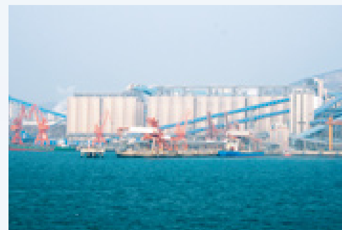
Viewing further expansion in transaction volume as both vital to building a stronger presence in the global grain market and the key to this business, Marubeni aims to grow its global sales channels and promote a more robust domestic market.

With increasing global demand for grain on the horizon, Marubeni must do more than enable stable grain procurement to Japan. To answer the complex needs the situation will trigger, Marubeni will acquire sales capabilities in the world's grain consumer regions, using this capacity as a springboard for increasing its purchasing power in a host of production markets. Having Japan's top trading volume in grain brings with it a powerful sense of mission, and carries a weighty responsibility with respect to food in Japan. With this mission foremost in mind, Marubeni is determined to take bold steps to develop this business going forward.

Feature The Shape of the M-SPIRIT

① Marubeni's GRAIN Business

Marubeni Grain Trade and Operations
(Global Sales Strategies and Production Site Initiatives)



Food Pier of Beilian Port (Dalian/China)

Eastern Europe and Russia

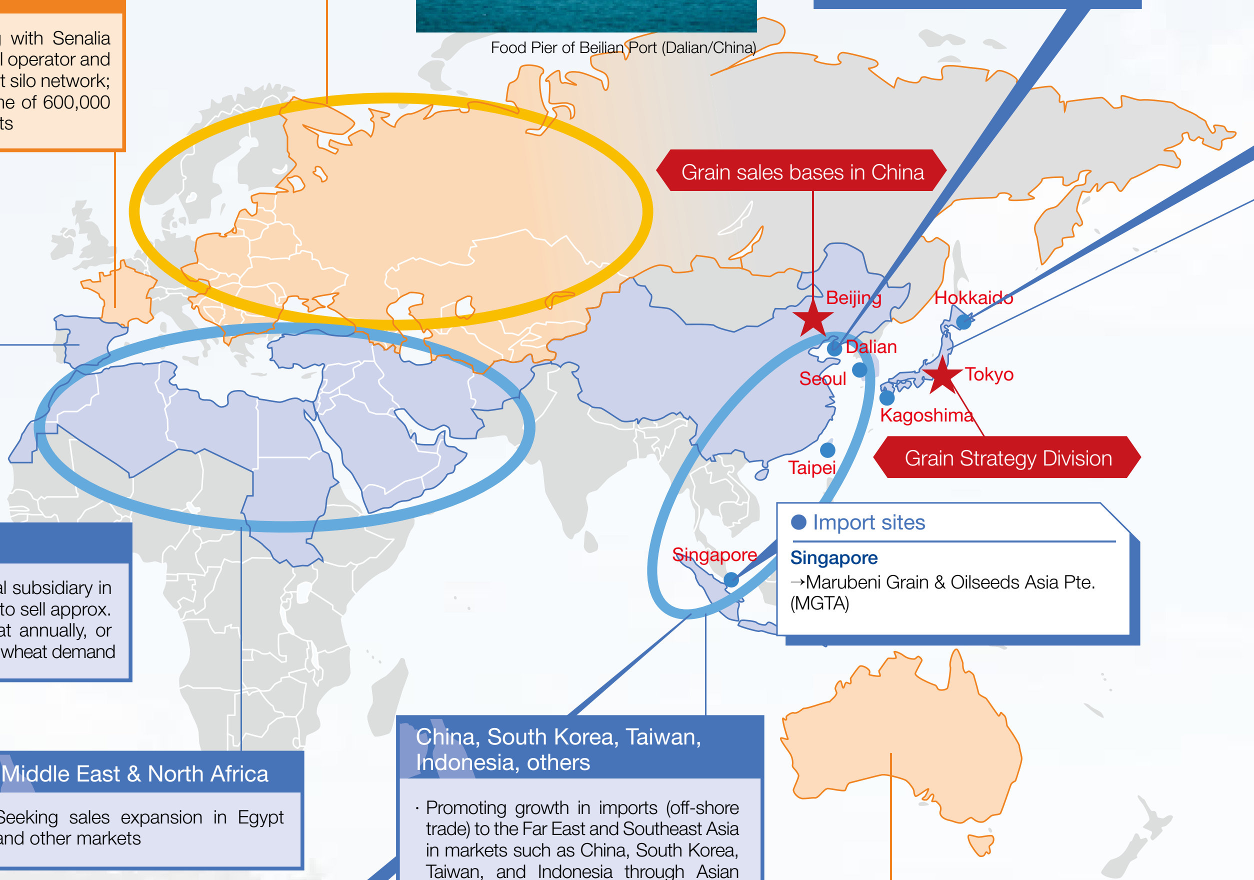
· Seeking to secure export bases in Ukraine and other markets

France

· Alliance in grain trading with Senalia Union, an export terminal operator and owner of Europe's largest silo network; striving for trading volume of 600,000 tons, among other targets

Import sites

Dalian
→Dalian Columbia Trading, Inc. (DCTI)



Import sites

Singapore
→Marubeni Grain & Oilseeds Asia Pte. (MGTA)

Spain

· CGI established a local subsidiary in Spain in 2009; aiming to sell approx. 100,000 tons of wheat annually, or roughly 25% of Spain's wheat demand

Middle East & North Africa

· Seeking sales expansion in Egypt and other markets

China, South Korea, Taiwan, Indonesia, others

· Promoting growth in imports (off-shore trade) to the Far East and Southeast Asia in markets such as China, South Korea, Taiwan, and Indonesia through Asian grain trading company HIC, others
· Investment in the Christine Group, a major bakery shop operation in China

Import sites

Taipei, Seoul
→Heartland International Co., Ltd. (HIC)

Australia

· Promoting production-site initiatives in Australia following deregulation in wheat exports

Consumer regions

Japan | China | South Korea | Taiwan | Indonesia
Spain | Middle East & North Africa | others

Distribution


Large grain silo at Tokachi Grain Terminal Co., Ltd.

Import sites

Hokkaido, Kagoshima, etc.
→Tokachi Grain Terminal Co., Ltd., Pacific Grain Terminal Co., Ltd., others

Japan

· Import of approx. 20% of Japan's grain imports (No. 1 share among trading companies)

United States

· Wheat, barley, corn, and soybean exports through CGI, the largest grain export terminal on the U.S. West Coast
· Alliance with major grain player ADM in the purchase of corn, milo (sorghum), and soybeans
· Promoting production-site initiatives, including upgrade and enhancement of CGI export terminal facilities, and collection network extension in the U.S. interior

Export bases

Portland→Columbia Grain, Inc. (U.S.A.) (CGI)


CGI office

Brazil, Argentina

· Soybean exports through Terlogs Terminal Maritimo Ltda. (Brazil is the world's largest soybean producer)
· Comprehensive partnership with Brazilian grain collection and oil-pressing company AMAGGI
· Comprehensive partnership with total food product company Molino Cañuelas of Argentina
· Seeking to advance into the Brazilian and Argentine interior

Export bases

San Francisco do Sul
→Terlogs Terminal Maritimo Ltda.

Distribution

Production sites

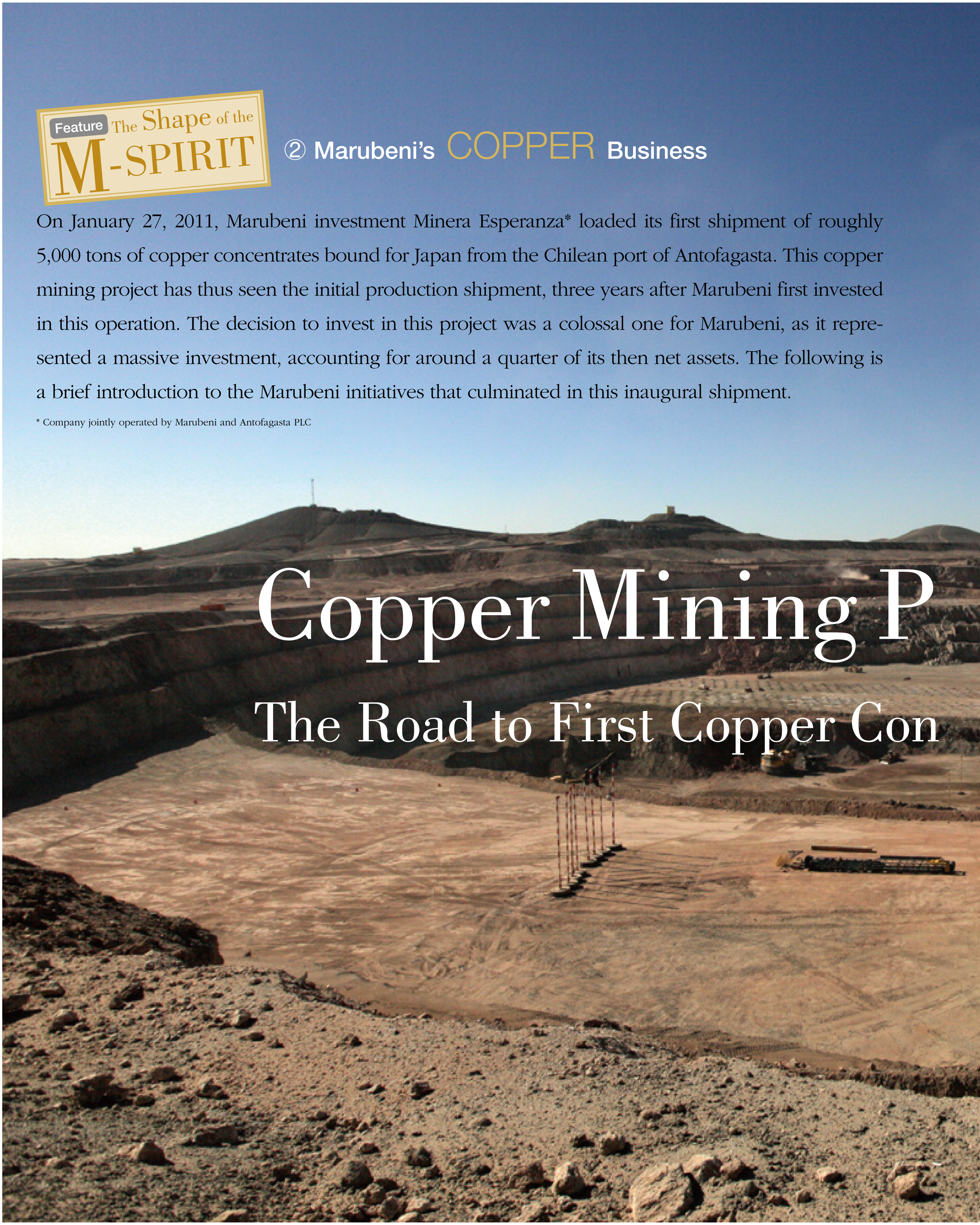
United States
South America (Brazil, Argentina)
France, Eastern Europe and Russia
Australia

Feature The Shape of the M-SPIRIT

② Marubeni's COPPER Business

On January 27, 2011, Marubeni investment Minera Esperanza* loaded its first shipment of roughly 5,000 tons of copper concentrates bound for Japan from the Chilean port of Antofagasta. This copper mining project has thus seen the initial production shipment, three years after Marubeni first invested in this operation. The decision to invest in this project was a colossal one for Marubeni, as it represented a massive investment, accounting for around a quarter of its then net assets. The following is a brief introduction to the Marubeni initiatives that culminated in this inaugural shipment.

* Company jointly operated by Marubeni and Antofagasta PLC



Copper Mining P

The Road to First Copper Con

roject in Chile——

centrates Shipment

Shoji Kuwayama
Managing Executive Officer, COO, Metals & Mineral Resources Division

Mutsumi Ishizuki
Executive Officer, Senior Operating Officer, Metals & Mineral Resources Division

Daisuke Tsuchiya
President, Marubeni LP Holding B.V.

Yukihiko Matsumura
Executive Officer, General Manager, Finance Dept.

Mining area at the Esperanza copper mine

Feature The Shape of the M-SPIRIT

② Marubeni's COPPER Business

1 A Decision for the Future

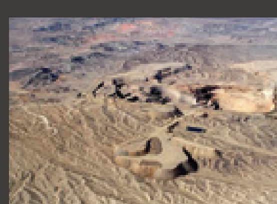
Copper is a base metal indispensable to daily life and industry. Demand, moreover, is expected to grow steadily in step with growth in emerging economies. Japan is the world's second-largest importer of copper concentrates, and is completely reliant on imports for the copper it needs.

Marubeni has invested in copper projects since the 1970s, including those from which it eventually withdrew, and has amassed expertise in the copper business over its many years of involvement. In 1997, Marubeni acquired interests in Canada's Huckleberry copper mine and in the Los Pelambres copper mine in Chile, the world's largest copper-producing country. Los Pelambres is Chile's most cost-competitive mine, and Marubeni holds a 8.75% interest. Production at the mine began in 1999.

In April 2008, Marubeni acquired 30% stakes in the Esperanza and El Tesoro copper projects in the Sierra Gorda region of northern Chile from Antofagasta PLC, one of the world's leading copper producing companies.

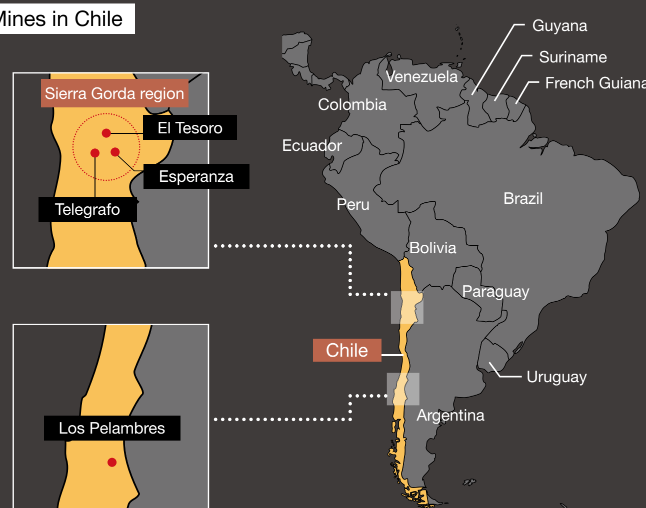
Kuwayama: "This investment was a huge decision for the future on Marubeni's part. Our total investment in the Esperanza and El Tesoro projects, including development expenses, was roughly US$1.9 billion, or equivalent to around a quarter of Marubeni's net assets at the time. This giant investment was itself a proof of Marubeni's level of commitment to this field."

Principal Marubeni Copper Mines in Chile



El Tesoro copper mine

Los Pelambres copper mine



—SPIRIT section—

Processing site for the Esperanza copper mine when under construction

2 From Tenacious Negotiations to Agreement

Marubeni's path to acquiring these assets began in April 2006, when it received word that interests in the active El Tesoro copper mine were available for purchase.

Ishizuki: "I thought our investment in the El Tesoro copper mine had the potential to lead to our investment in the Esperanza copper mine, which is one of the world's largest greenfield projects, and to our participation in the general development of the Sierra Gorda region in Chile, which has tremendous development potential."

Mutsumi Ishizuki, who was General Manager of the Non-Ferrous Metals & Ores Department at the time, immediately began looking into options for acquiring claims in both projects. This entailed a dozen or more business trips to Chile over the next two years, repeated contract negotiations in New York, and a string of late-night teleconferences bridging the time-difference with Chile. As a result, Ishizuki gained Antofagasta's trust and an agreement was successfully reached after hammering out the optimal proposal including a contract to ship the copper concentrates produced to Japan, and a way to procure funds for the development.

Ishizuki: "In resource development projects it is not only the quantity and quality of reserves and the cost competitiveness of mining and production that we have to consider–it is also extremely important to take a long-term perspective on weighing the real risk of a project, including partner risk, against the project's value. From there, we have to manage the risk and find the way to maximize that value. Going up against major resource players, or companies from other countries that have the whole country helping them in the scramble to secure resources is hard work, and winning out was no mean feat. It took tenacity in negotiations and the full capacity of the Marubeni Group to accomplish it.

Feature The Shape of the M-SPIRIT

② Marubeni's COPPER Business

Pipeline for transporting mined copper concentrates to port

3 Building a Solid Relationship of Trust

In the metal resources business, the prime projects are typically controlled by "resource majors," so called because of their overwhelming capital strength and ability to assume risk. This situation greatly limits the number of prime projects in which Japanese companies can take part.

Kuwayama: "When investing in metal resource projects, beyond having a prime project, who the partner responsible for operations will be is important. One of Chile's largest corporate groups, Antofagasta, has done a stellar job in managing the Los Pelambres copper mine. What's more, Marubeni, through business investment in Los Pelambres, had developed a solid relationship of trust with Antofagasta. In addition to this past record, the commitment that our total investment of roughly US$1.9 billion demonstrated is likely a key reason Antofagasta chose Marubeni as its partner for this enormous project. A critical part of the resource business is "the power of people," particularly their ability to discern risk and opportunity, and to foster trust both person to person and company to company."

In selecting a partner, the points that Antofagasta mainly emphasized were whether the partner was on the same page in terms of addressing environmental concerns, local communities, and labor relations. These were in addition to whether they shared common concepts for business management and future development from a medium- to long-term perspective. Antofagasta and Marubeni began building a relationship as business partners through management of the Los Pelambres mine, with interaction over many years nurturing a strong relationship of trust. This good relationship in turn gave rise to the momentum needed to expand their shared business further.

—SPIRIT section—

4 Securing Copper Resources to Stably Supply to Japan

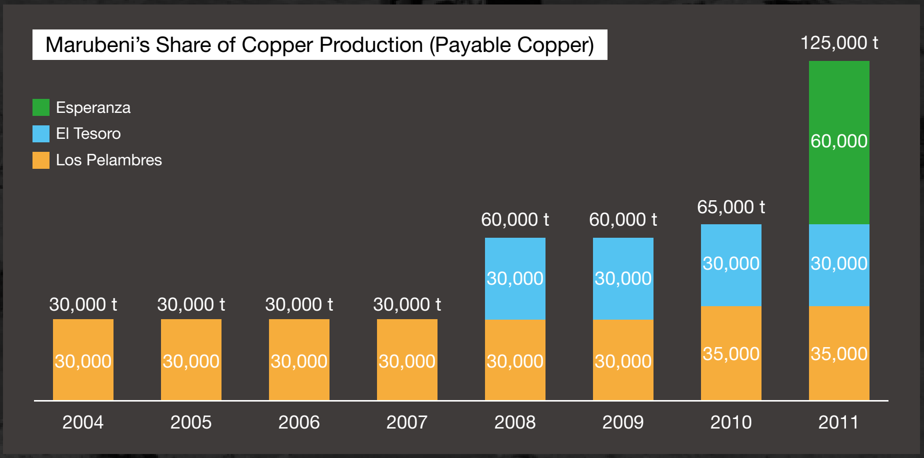
In 2009, a total of US$1.7 billion in project and acquisition financing contracts with respect to the Esperanza and El Tesoro projects were signed.

Kuwayama: "The fact that we were able to arrange enormous financing contracts in a climate where the financial market was shrinking was an acknowledgement of how highly competitive both projects were. What's more, since around 40% of the copper concentrates produced at the Esperanza copper mine were earmarked for Japan, which is equivalent to 7% of Japan's imported copper volume, this would allow for long-term supply stability. From this financing, Marubeni procured about half of its investment, and at the same time was able to mitigate project risk.

Extracted and refined copper concentrates from the Esperanza copper mine are transported to port via a roughly 150km pipeline. The material is then loaded and shipped to Japan and other markets. Copper concentrates from the Esperanza mine are supplied to all Japanese copper smelters. This is a defining strength of the financing arrangement for the project, which earned it recognition at the Project Finance International Awards (PFI Awards) in 2009.

Matsumura: "Along with simply being an outstanding project, one reason behind the PFI Award win was the wide praise it received for the enormous US$1.05 billion project financing arrangement that was successfully developed. I think we can safely say that confidence in Marubeni has improved greatly as a result."

Construction work got underway at the Esperanza copper mine in 2008, and saw seawater flotation and thickened tailings technology used for the first time in Chile. The mine also adopted the use of some of the largest milling equipment in the world. In the 10-year period from the start of production, plans call for average annual production of around 700,000 tons of copper concentrates (approx. 191,000 tons of payable copper), and some 230,000 ounces of gold.



Feature The Shape of the M-SPIRIT

② Marubeni's COPPER Business

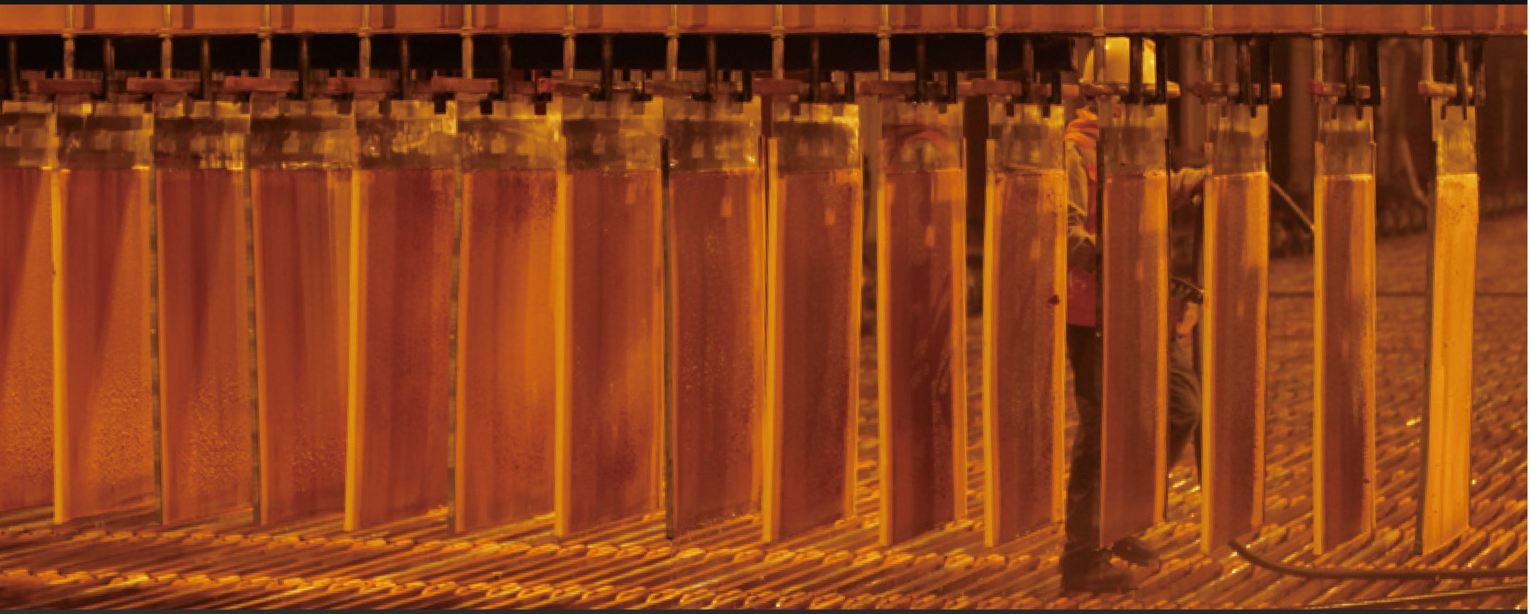
In 2011, Marubeni's cumulative share of copper production (payable copper) from the Los Pelambres, El Tesoro, and Esperanza copper mines dramatically increased to roughly 125,000 tons per annum. This share of copper production has put Marubeni among the top trading companies in the field. This share, in fact, is equivalent to about 10% of Japan's annual demand for copper used in end-products such as electrical wire and components for automobiles and home appliances.

5 Initial Shipment from the Esperanza Copper Mine

January 2011 saw the long-awaited departure for Japan of a ship loaded with copper concentrates from the Esperanza copper mine. But the road to this milestone was far from easy.

Tsuchiya: "Most of the construction workers onsite were from the area at the epicenter of the major earthquake that struck Chile in February 2010. The indirect damage the quake caused in terms of shortages in personnel and equipment was serious, and led to inevitable delays in completing the construction. But we worked with partner Antofagasta to set up a new schedule, and somehow managed to overcome this predicament with minimal delays."

Ship loaded with first shipment of copper concentrates from the Esperanza mine



Copper cathode production area at the El Tesoro mine

6 The Biggest Risk Is Missing Out on Opportunity

Looking ahead, Marubeni is planning next to develop the Telegrafo copper mine adjacent to Esperanza. In August 2010, Marubeni investment Minera El Tesoro acquired 30% of mining usufruct rights in the Mirador copper mine next to El Tesoro from Antofagasta. Marubeni and Antofagasta have agreed to continue to work jointly on general development in the Sierra Gorda region. Located in the copper production belt of northern Chile, the Sierra Gorda region has a great deal of development potential. With estimated copper resources exceeding 5.0 billion tons, there are already many exploratory projects happening in the area. Through this joint development, Marubeni will do its part to secure even more copper resources for Japan.

Kuwayama: "Investment has inherent risks. With that said, having interests in prime resources is critical to ensuring resource stability. In that sense, missing out on the chance to acquire interests is perhaps the biggest risk of all. As we look ahead, Marubeni remains committed to doing its part to secure resources for Japan by obtaining prime resources through investment in mines, mine development, metal smelting projects, and other opportunities overseas. At the same time, we are determined to continue efforts to broaden our business earnings."

"In Spanish, 'esperanza' means 'hope,' and 'tesoro' means 'jewel.' For Marubeni, these two mines are very much like discovered jewels that we are confident will be sources of hope for the future."

The Marubeni Water Business

—Striving to Join the World's

Feature The Shape of the M-SPIRIT

③ Marubeni's WATER Business

Water is critical to human existence and daily life, not to mention agriculture, industry and all other economic activities. The stable supply of water has long been recognized as the most important of all infrastructure.

Today, as urbanization gains momentum most notably in emerging economies and consciousness grows around public health and sanitation, demand for water is on the rise. Water shortages triggered by growing populations and climate change are also pushing up demand.

The estimated future scale of this market, at ¥100 trillion, is drawing a steadily growing number of companies both from within and outside Japan. Nowadays, the water business is the most focused business area. Marubeni began to work on this business about 15 years ago. In the following pages we introduce the water business of Marubeni, which retains one of the best and most diverse business portfolios in this area in Japan.

Team

Top Ten Players

Start of Full Entry in the 1990s

Marubeni entered the water business on a full scale in the 1990s, and was the first of Japan's major trading companies. The business model of water business is extremely close to the overseas Independent Power Producer (IPP) business, where Marubeni has long had clear strengths. This similarity allowed Marubeni to take full advantage of its track record and business expertise in the IPP field. In fact, the actual project came in 1999, when Marubeni won an order for a BOT*[1] waterworks project in the city of Chengdu, China, with Veolia Water Environment S.A. (Veolia Water), one of the world's most prominent names in the field. The project was set into motion when the two companies, which already had ties in the IPP business, decided to jointly explore other areas of business.

Furthermore, as the world's population grows, so too is this market expected to expand. This point, coupled with the stable long-term earnings anticipated, the indispensable nature of the business and the tremendous social meaning it holds, marks it as one with enormous future potential.

The characteristic of Marubeni's water business is a diverse business portfolio that we have groomed over many years. In Central and South America, China, the Middle East, and Australia, Marubeni is involved in a variety of water operations—from water and wastewater businesses to desalination and comprehensive water projects encompassing multiple elements. Thanks to this wealth of business experience and the sheer scale of water supplied, Marubeni ranks among the top in the industry in Japan.

*1: Build-Operate-Transfer

Strengths and Features of Marubeni's Water Business Team

Marubeni's water business covers all the scopes as much as those of major players in the field. The key to this strength is in eschewing the role of a mere investment player to develop water businesses with close local ties, which allow Marubeni to make the most of mutual synergies with companies it has a capital stake in. A case in point is the comprehensive water and wastewater business in the city of Valdivia, Chile, being developed with 100% Marubeni investment, something that no other Japanese company can claim.

Wastewater treatment plant in Valdivia, Chile

Feature The Shape of the M-SPIRIT ③ Marubeni's WATER Business

Chengdu water treatment plant of the water supply BOT project in the city of Chengdu (Sichuan Province, China)

Concessions, BOT and EPC

Marubeni's water business today is broadly divided into two models.

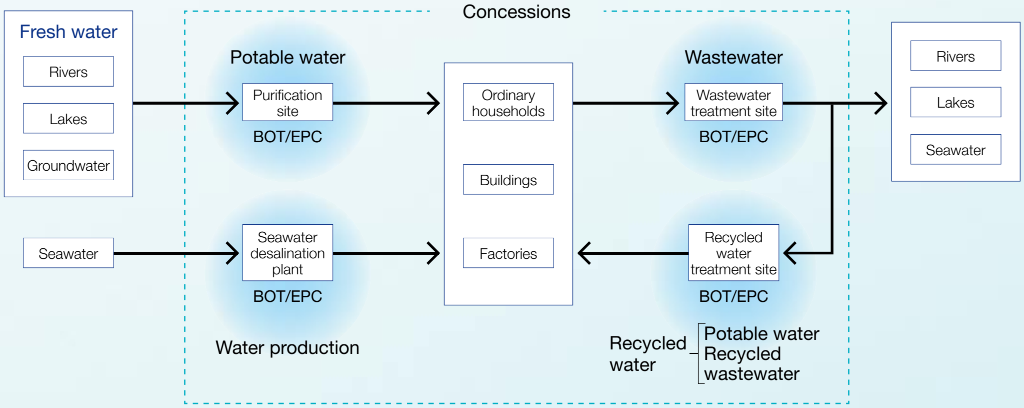
The first model, called BOT, involves the construction of water purification and treatment facilities then owned and operated by Marubeni over a specified period of time. With this business model, facility construction, operation and other expenses are collected from local governments through water treatment charges. Marubeni implements this business model in Mexico, Peru, and China.

The second model is concessions in the water business. In place of local government, Marubeni itself owns and operates all facilities necessary for water supply and wastewater treatment services. Essentially, this model encompasses every aspect of the business, from water intake, purification, and distribution, and wastewater collection and treatment, to the collection of usage charges for services to individual households. Marubeni pursues this model in Chile through Aguas Décima S.A. (Aguas Décima, acquired in 2006) and Aguas Nuevas S.A. (Aguas Nuevas, acquired with Innovation Network Corporation of Japan in 2010).

Elsewhere, Marubeni is conducting EPC*2 work related to wastewater in the United Arab Emirates (UAE) and Qatar.

*2: Engineering, Procurement & Construction

Scope of the Water Business



Absorbing Expertise Since Initial Entry

The water business is not defined by sophisticated technology controlled exclusively by a small number of companies. Rather, expertise in business operations and coordination capabilities are far more important attributes. One of Marubeni's key advantages is that it has absorbed expertise in business operations since its initial entry to the sector.

Marubeni's first water project was a joint operation with major players in the field. The partner was a prominent company such as Veolia Water and Suez Environnement S.A. (Suez) of France, two companies involved in water business operations across the globe. As the top two names in the field, the firms are thought to collectively account for 60% of the world's privately operated waterworks.

Although water business privatization has made strides overseas, the water service is considered a publicly operated utility in Japan. Consequently, opportunities for private-sector companies to take part in water business operations and management are extremely limited. Marubeni has partnered with major players since its first water business project, allowing it to absorb critical operational know-how from day one.

One specific initiative occurred in 1996, when Marubeni joined in a consortium with Degremont S.A., (Degremont) a subsidiary of Suez of France, to bid on a desalination and industrial wastewater recycling BOT project for a state-owned company in Mexico. One reason Degremont chose Marubeni as its partner was the latter's keen local knowledge of each country as a general trading company. Another was its expertise in project finance arrangement. Marubeni proposed the arrangement of a two-step loan from the Japan Bank for International Cooperation to Mexico. Admirably, the consortium won the bid, marking Marubeni's first full-scale entry into the water business.

The next key initiative came in 1999, when Marubeni teamed up with Veolia Water of France to bid on a water supply BOT project in the city of Chengdu, Sichuan Province, China. This project was China's first BOT financed with 100% foreign capital.

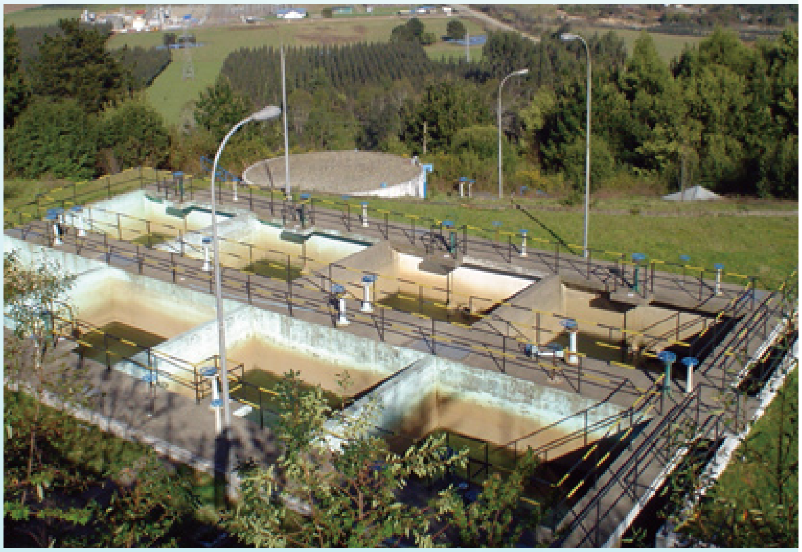
Commercial operations commenced in February 2002, with drinking water now supplied to 3.2 million Chengdu residents. Marubeni has gained a strong reputation in China as a result.

The Challenge of "100% Investment"

Marubeni's dramatic leap in the water business came with the complete acquisition of Aguas Décima in Chile in 2006. Chile is one of the few markets worldwide that legally permit the complete privatization of waterworks. In Valdivia, a city of 140,000 people in southern Chile, Aguas Décima is responsible for every aspect of the water business, from water intake, purification, and distribution, to the billing and collection of waterworks charges, customer support, and wastewater treatment. The company's operations include not only water for daily living but industrial-use water as well.

Through Aguas Décima operations, Marubeni has amassed practical expertise critical to the water business, including in devising ways to improve service charge collection ratio, know-how in negotiating water service charge revisions with the relevant water authority, deciding when to upgrade facilities, and expertise in developing an efficient organizational structure.

Today, Aguas Décima is consistently first in rankings announced by the authority responsible for waterworks monitoring in Chile, by adopting a precision management system introduced by Marubeni that emphasizes operational efficiency. In this way, a variety of mutual benefits are emerging from this business between Marubeni and Aguas Décima. Chile's waterworks authority responsible for monitoring private sector has given high marks to Marubeni for its trustworthiness, skill, and diligence in operating in the field.



The Cuesta de soto purification plant in Valvidia, Chile

Feature The Shape of the M-SPIRIT

③ Marubeni's WATER Business

Advancement into China

In 2009, Marubeni took a capital stake in comprehensive wastewater treatment company Anhui Guozhen Environment Protection Science and Technology Joint Stock Co., Ltd. (Anhui Guozhen Environment). The company is among the most prominent of its type in China, involved in investment in wastewater businesses, business operations, maintenance and administration, construction contracting, and the manufacture and sale of related equipment. As such, Anhui Guozhen Environment possesses broad-ranging competitiveness in terms of technology, achievements in the field, and cost.

Wastewater treatment site in Changsha (Hunan Province, China)

Hopes are high that investment from Marubeni will enable Anhui Guozhen Environment to ① gain access to cutting-edge technology from Japan, ② acquire advanced corporate management know-how, and ③ build a presence in overseas markets via Marubeni's network.

Similarly, Marubeni intends to leverage Anhui Guozhen Environment as a vehicle for aggressively promoting its own operations in China's wastewater market.

Development in the Middle East

In the Middle East, Marubeni has been involved in many water-related EPC projects over the years. In the process, the Company has won praise for everything from its frank honesty to its sincerity and tenacity in taking on projects. In this way, Marubeni has built relationships of trust with customers that have in turn led to subsequent business opportunities.

The several projects underway as part of current contracts being executed in Doha, Qatar, include an O&M*3 contract that will span ten years once construction is completed. Through that project, Marubeni is taking steps to amass further expertise in its water business. Having built a presence of this kind in the Middle East market, the focus will now turn to BOT and other investment projects in the future. In addition Marubeni continuously aims at business opportunities in Asia and North Africa, as the movement to request the private company which has the funding ability and the business ability of water business is gaining momentum. Given this context, Marubeni will continue to target business opportunities in this region.

*3: Operation & Maintenance

Shuweihat water transmission scheme in Abu Dhabi (UAE)

Capturing a New 1.2-Million Strong Water Supply Population

In 2010, Marubeni reached an agreement to purchase Aguas Nuevas, Chile's third-largest company in the water business, from Capital Riesgo Global, a subsidiary of Spain's Banco Santander S.A. together with the Innovation Network Corporation of Japan. (50% each of investment by Marubeni and Innovation Network Corporation.) Aguas Nuevas has three subsidiary water companies, including Aguas del Altiplano S.A., and provides full water services, including the provision of water purification and wastewater treatment services, and the development and maintenance of water and wastewater networks, and metering, billing, and collection of water. These services cover all 48 cities within Chile's Region 1, Region 9, Region 12, and Region 15. The concession contract in place with the Chilean government will continue through 2034, with Aguas Nuevas' three subsidiaries currently supplying water to a population of roughly 1.2 million people.

For its part, Marubeni will pursue synergies between Aguas Nuevas and its previous water business acquisition in Chile, Aguas Décima. In parallel, the Company will plot its next move by leveraging Aguas Nuevas' expertise in water business operations as a new platform for further developing business in the Central and South American markets.

—SPIRIT section—

Marubeni's Water Business

<table>
<tr><th></th><th>Production of materials, components and equipment</th><th>Construction</th><th>Design</th><th>Maintenance and administration</th><th>Business operation</th><th>Investment</th><th>Service charge collection</th></tr>
<tr><td rowspan="6">Marubeni projects</td><td></td><td></td><td></td><td></td><td colspan="2">Mexico BOT</td><td></td></tr>
<tr><td></td><td></td><td></td><td colspan="3">China (Chengdu) BOT</td><td></td></tr>
<tr><td></td><td></td><td></td><td colspan="3">Peru (Lima) BTO*</td><td></td></tr>
<tr><td></td><td></td><td></td><td colspan="4">Chile concession</td></tr>
<tr><td colspan="6">China (Anhui Guozhen Environment) BOT/TOT**</td><td></td></tr>
<tr><td></td><td colspan="3">Gulf states EPC and O&M</td><td></td><td></td><td></td></tr>
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* Build-Transfer-Operate
** Transfer-Operate-Transfer

Making Marubeni Synonymous with Water Business

Marubeni is determined to vigorously develop new projects and seek out new acquisitions. By assuming the existing operational company in the world to be "Core", and developing its business over a wider geographical area, Marubeni aims to amass both additional assets and expertise going forward.

In February 2011, Marubeni invested in Osmoflo Holdings Pty Ltd. (Osmoflo), an engineering firm specializing in seawater desalination and industrial-use water treatment in Australia. Positioning Osmoflo as a strategic core company in industrial-use water treatment, Marubeni is seeking to do more than simply enter the country's water treatment market. Ultimately, the Company hopes to leverage the membrane technology cultivated by Osmoflo to promote initiatives in the industrial-use water treatment field. These efforts will support Marubeni's water business development in resource-rich nations in regions such as Central and South America, as well as in the Middle East, China, and other regions where future demand for seawater desalination is anticipated.

Marubeni is involved in the water business in Central and South America, China, the Middle East, and Australia, and now supplies water to an estimated 4.6 million people. The target is to raise this figure to 10 million people. To reach this goal, Marubeni will need to break into the ranks of the globe's major water business operators to become one of the world's top 10 companies in this field.

If Marubeni can become one of the top 10 names in the field, this feat will greatly enhance its presence in the water business, as well as brand power and its aura of dependability. This accomplishment is also likely to make Marubeni's ties with customers and partners stronger than ever before. To achieve this goal, Marubeni must execute steps with speed, establish specific timelines, optimally allocate the right human resources for the job, all with a firm understanding of the business model in this field, and react swiftly, showing its power to move things forward as it embarks on a host of measures in the field.

By dynamically promoting business in line with this strategy, the possibility of achieving a water supply population of 10 million people is amply feasible.

The water business is an attractive field not only because it enables companies to take on major business opportunities, but also because it is highly public in nature. The ultimate end in producing life-sustaining water is to have it bring joy to as many people as possible. This understanding is keenly felt at Marubeni. Balancing the need to establish a viable business, while remaining mindful of fulfilling social responsibilities as a company, is thus one of the inherent difficulties of operating in this field. In garnering low-risk, stable returns, Marubeni aims to both contribute to society and realize consistent earnings going forward. Marubeni is determined to achieve a dramatic step forward by making its name synonymous with the water business.

Column 1

SG-12 Progress and Fiscal 2011 Prospects

In fiscal 2009, Marubeni emphasized a defensive stance following the simultaneous global recession from the middle of fiscal 2008, and steadily implemented efforts to improve its financial base and solidify the earnings structure as priority measures. Marubeni shifted to an aggressive management stance with the start of its SG-12 medium-term management plan in fiscal 2010.

SG-12 (Fiscal 2010 to Fiscal 2012) Overview

SG-12 Principles

The Marubeni Group, even in this turbulent world economy, will build strong earnings and a solid financial base to become a "Stronger Marubeni" who challenges sustainable growth beyond all our stakeholders' expectations.

SG-12 Key Measures

- **Top Management-Led Human Resources Strategy**
Establish an "HR Strategy Committee" chaired by the CEO to strengthen the human resources of the entire Group to better deal with the changing business environment and diversified business models.
- **Priority Allocation of Management Resources**
In contributing to the world's economic and social needs, Marubeni will allocate its management resources in 4 priority fields; "Natural Resources," "Infrastructure," the "Environment" and "Essential Living Commodities."
- **Accelerate Business in Overseas Market**
Reinforce overseas operations to realize growth in overseas markets, especially in emerging countries.
- **Strengthen Financial Base and Upgrade Risk Management**
Strengthen our financial base and upgrade risk management to stabilize Group management, especially given the current rapidly changing business environment.

SG-12 Quantitative Targets and Fiscal 2010 Progress

	SG-12 Target	FY2010 Actual Results	Status
Consolidated Net Income	FY2010: 125.0 billion yen	136.5 billion yen	achieved
Consolidated Net D/E Ratio	Approx. 1.8 times	1.94 times	on target
Risk Assets	Less than Equity	627.3 billion yen (Equity: 831.7 billion yen)	on target
ROE	Over 15% stably	18.0%	on target

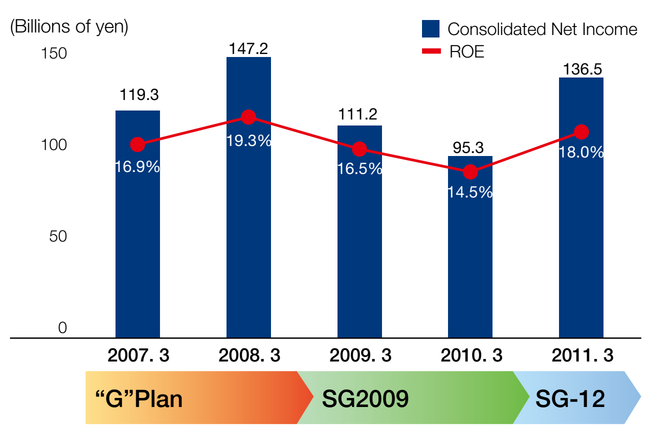
Fiscal 2010 Overview

The global economy maintained a modest recovery mode due to healthy economic growth in emerging markets and ongoing monetary easing in developed countries. With commodity prices remaining at healthy levels, a generally stable operating environment prevailed.

However, the Great East Japan Earthquake that struck in March 2011 caused a downturn in demand in Japan that led to lower revenues.

In this environment, consolidated net income attributable to Marubeni was ¥136.5 billion, much higher than the quantitative

Consolidated Net Income and ROE

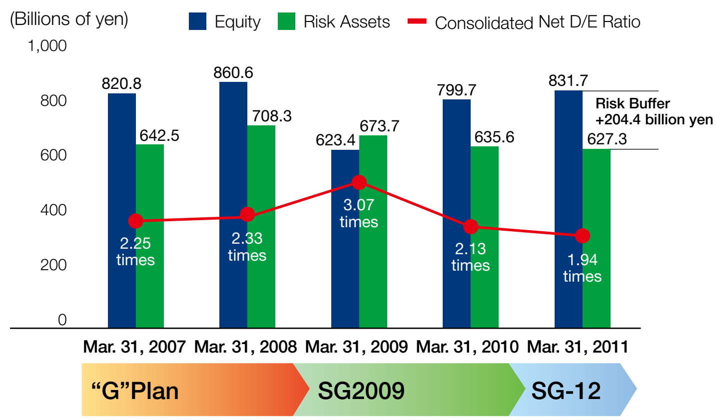


target of ¥125.0 billion. This outcome included losses of just under ¥4.0 billion resulting from the impact of the Great East Japan Earthquake.

ROE was 18.0%, higher than the target for stable ROE of at least 15%.

Equity increased to ¥831.7 billion, ¥32.0 billion higher year on year. This was due mainly to the higher earnings, which overcame a deterioration in currency translation adjustments caused by the yen's appreciation. Consequently, the consolidated net D/E ratio dropped below the 2 times level to reach 1.94 times. Moreover, the risk buffer, the difference between equity and risk assets, rose to ¥204.4 billion at the end of March 2011, up ¥40.3 billion year on year.

Equity, Net Risk Assets and Consolidated Net D/E Ratio



Priority Allocation of Management Resources (Promoting New Investments)

	New Investment (Gross)	Strategic Divestiture of Assets	New Investment (Net)
FY2010 actual results	Approx. 160.0 billion yen	Approx. 70.0 billion yen	Approx. 90.0 billion yen

	Priority Business Fields	FY2010 Actual	Major Projects
Natural Resources	Metals and Mineral Resources/Energy Resources, etc.	**Approx. 30.0 billion yen**	Oil and gas interests (Gulf of Mexico, USA) Copper mining right (Mirador, Chile), etc.
Infrastructure	Overseas I(W)PP Projects/Water-related Projects/Industrial and Social Infrastructure Projects, etc.	**Approx. 80.0 billion yen**	Hsin Tao Power (Taiwan) Aguas Nuevas water and sewage utility (Chile) LNG carrier ownership and chartering business Power transmission project (USA) , etc.
Environment, Essential Living Commodities, and Others	Forestation Projects/Clean Energy Projects/ Emission Credits/Grain, Agriculture-related Materials (fertilizer, agrochemicals, etc.)/Trade·Distribution (food products, pulp and paper, lifestyle products, motor vehicles, etc.), etc.	**Approx. 50.0 billion yen**	Tokachi Grain Terminal (Japan) Acecook Vietnam (Vietnam) GS Paper & Packaging (Malaysia) Raleigh Wind Energy Centre Project (Canada) Aircraft operating lease business, etc.
Total		**Approx. 160.0 billion yen**	

Approx. 350.0 billion yen of new investments have been approved including the above. ▶▶▶ New investment plan in SG-12 is proceeding as expected.

Under SG-12, Marubeni plans to invest a total of ¥750.0 billion over 3 years on a gross basis, including portfolio adjustments.

In fiscal 2010, Marubeni made new investments of approximately ¥160.0 billion.

In addition to fields it has long invested in such as oil and gas field interests and overseas IPP assets, Marubeni invested in new businesses where it can leverage its insight and strengths to expand its earnings base. These included investments in a regulated power transmission and distribution business, an aircraft operating lease business and an LNG carrier ownership and chartering business.

Furthermore, a total of approximately ¥350.0 billion in investment projects had been approved in-house as of March 31, 2011. This represents approximately 47% of the ¥750.0 billion planned for investment over 3 years. Marubeni is thus making steady progress in sowing the seeds for future earnings growth.

Column 1

Prospects for fiscal 2011

	SG-12 Target	FY2010 Actual Results	Prospects for FY2011
Consolidated Net Income	FY2010: 125.0 billion yen	136.5 billion yen	170.0 billion yen
Consolidated Net D/E Ratio	Approx. 1.8 times	1.94 times	Approx. 1.90 times
Risk Assets	Less than Equity	627.3 billion yen (Equity: 831.7 billion yen)	Less than Equity
ROE	Over 15% stably	18.0%	Approx. 20%

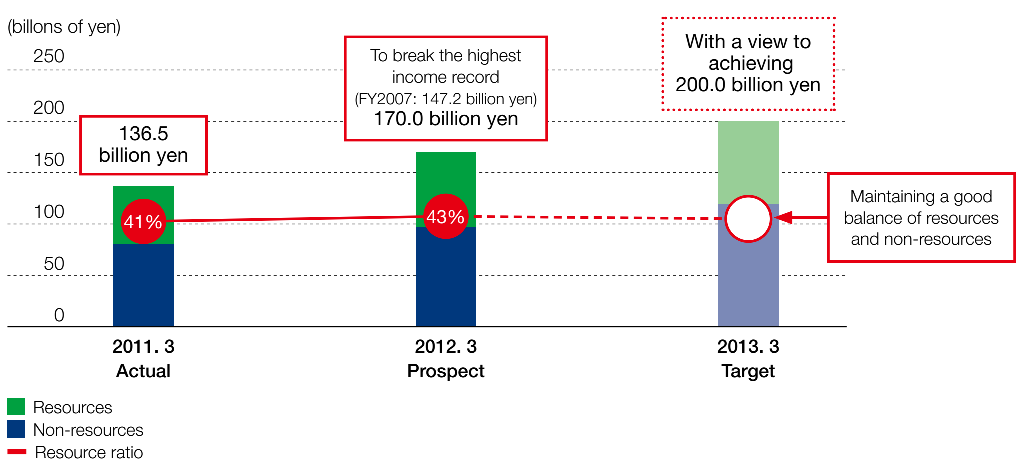
Assumptions for FY2011	Currency Exchange Rate	US$ LIBOR	Yen TIBOR	LME Copper	Crude Oil WTI
	85 Yen/US$	0.6%	0.5%	US$8,800/t (Jan.–Dec.)	US$85/bbl (Jan.–Dec.)

Marubeni sees fiscal 2011 as a critical year for realizing a stronger Marubeni. Despite ongoing uncertainty about the outlook for the global economy, Marubeni will work swiftly in fiscal 2011 to make new investments and implement the necessary strategies for achieving consolidated net income attributable to Marubeni of ¥200.0 billion in fiscal 2012.

Fiscal 2011 projections are shown in the table above. Marubeni is projecting consolidated net income attributable to Marubeni of ¥170.0 billion. It is therefore aiming for record earnings exceeding the ¥147.2 billion it posted in fiscal 2007. This forecast incorporates ¥5.0 billion (post-tax) set aside to deal with the impact of the Great East Japan Earthquake.

Marubeni's policy is to steadily manage the company to achieve the SG-12 targets for the consolidated net D/E ratio and risk buffer also.

Net Income Target for the Period of SG-12



Column 2

Thorough Risk Management for New Investments

Marubeni responds to changes in the business environment and minimizes withdrawal losses to strengthen its management foundation. Key strategies here are selection and accumulation of prime assets through more stringent and sophisticated screening of individual projects, and enabling assets to be sold as deemed necessary by setting clear guidelines for business withdrawal.

Marubeni performs rigorous due diligence for each project by carrying out thorough screening for investment and financing projects, and strictly observing quantitative benchmarks.

As quantitative benchmarks for investment and financing projects, Marubeni uses the recovery period, its own measure-PATRAC[*1], and IRR[*2] guidelines.

For projects with a recovery period of less than 10 years from the start of investment, Marubeni's criteria is that PATRAC must become positive within 3 years from the start of operations.

For IRR, Marubeni sets guidelines according to the characteristics of the business field for both Project IRR–a measure of the profitability of the project itself, and Equity IRR—which measures the profitability of the equity investment. These measures help Marubeni to select the best assets.

Marubeni also conducts regular monitoring and follow-up on the projects it has invested in.

Thorough implementation of these risk management strategies and tools helps Marubeni to strengthen its business foundation.

*1 PATRAC (Profit After Tax less Risk Asset Cost)
Marubeni's proprietary management index for measuring the degree to which the return risk-return exceeds a minimum target risk-return.

*2 Internal Rate of Return
An index measuring the profitability of an investment as the future cash flows against the initial investment expressed as an average annual percentage.

Process for Deciding on a New Investment or Financing Project

Investment Criteria ▶ Decision-Making Process ▶ Decision to Invest and Execution ▶ Monitoring and Follow-up

Investment Criteria

- Ensure that the recovery period for the investment is less than 10 years
- Use PATRAC to determine whether the return will exceed a minimum target risk-return within three years
- Use IRR to compare the profitability throughout the entire investment against guidelines

Decision-Making Process

- Applications pass through the Investment and Credit Committee and Corporate Management Committee for approval. Approval of the Board of Directors is also required to start a business using more than a specified amount of money.

Decision to Invest and Execution

Monitoring and Follow-up

- Compare planned and actual results, analyze the cause of any discrepancies that arise in the comparison, and if results fall short of plans, deliberate and decide on an appropriate response, including withdrawal.

Column 3

CSR Initiatives

—SRI Indexes—

SRI (Socially Responsible Investment) Indexes are stock price indexes that include only companies that deliver outstanding performance, both financially and in terms of social responsibility initiatives.

In order to build a better future where society and companies grow together, Marubeni works tirelessly to fulfill its social responsibilities as a corporate citizen. We do this through our core operations of stably supplying a range of key resources for daily life, developing social infrastructure, and trading grain and other essential living commodities. Beyond these efforts, we strive to develop human resources, strengthen corporate governance, and to preserve the environment. We also make ongoing contributions to society in other ways, including through the Marubeni Foundation and scholarship foundations established overseas.

In recognition of these CSR initiatives, Marubeni has been selected as an index component of two global SRI indexes, the Dow Jones Sustainability World Index (DJSI World) and the FTSE4Good Global Index, as well as a Japanese SRI index, the Morningstar Socially Responsible Investment Index (MS-SRI). We have also won recognition from global CSR research and rating company SAM as both a "SAM Sector Leader," and as a member of the prestigious "SAM Gold Class."

Marubeni's policy is to further its CSR initiatives with the goal of realizing a sustainable society.

Recognition by SAM as a "Sustainability Leader"

In March 2011, Marubeni won recognition from SAM, a company that researches and rates candidates for the Dow Jones Sustainability World Index from a CSR standpoint, as a "SAM Sector Leader." SAM awarded Marubeni the highest evaluation in the "Support Services" sector for a third year running. In a repeat of 2010, Marubeni was again named a member of the highest-ranking "SAM Gold Class," based on a comprehensive evaluation beyond sector. For these accolades, Marubeni was listed as a "Sustainability Leader" in "The Sustainability Yearbook 2011" published by SAM.

Of outstanding companies worldwide in 2011, "SAM Sector Leader" recognition was applied to 58 companies (5 from Japan), while 103 companies (7 from Japan) were selected for "SAM Gold Class" membership. Marubeni was evaluated and recognized in both of these categories.

Headquartered in Switzerland, SAM is a global CSR research and ratings company that evaluates companies in terms of sustainability using an established set of economic, social and environmental criteria. In line with these criteria, companies are examined and rated based on information SAM obtains through questionnaires sent to the target company, publications, the media and other means.

sam 2011 sector leader

sam 2011 gold class

Inclusion in SRI Indexes

Dow Jones Sustainability World Index (DJSI World)

The Dow Jones Sustainability World Index (DJSI World) is a global stock price indicator created from an alliance between U.S.-based Dow Jones & Company and Sustainable Asset Management (SAM) Group of Switzerland. Some 2,500 of the world's largest corporations are evaluated for their environmental, social, and economic sustainability, and the stocks of the top 10% are selected for inclusion in the index.

Marubeni was one of 323 global companies, and one of 30 from Japan, selected for inclusion in the index (as of November 2010).

FTSE4Good Global Index

The FTSE4Good Global Index is a stock price indicator developed and established by the Financial Times Stock Exchange (FTSE), a joint venture between the Financial Times Ltd. of the U.K. and the London Stock Exchange. Companies are evaluated on their environmental sustainability efforts, relationships with stakeholders, protection of human rights, safeguarding of labor standards in their supply chains, and commitment to preventing corruption.

Marubeni has been consistently selected for inclusion in the index since 2001, when the index was initially established.

Morningstar Socially Responsible Investment Index (MS-SRI)

Developed by Morningstar Japan K.K., the Morningstar Socially Responsible Investment Index (MS-SRI) is Japan's first SRI index. Following an evaluation of approximately 3,600 domestically listed companies, 150 with outstanding social qualities are selected for inclusion in this stock price index.

Marubeni has been a perennial choice for inclusion in the index since 2003, when the index was first established.

Contributing to Society at Marubeni

Social Contribution Activities

Social contributions which Involve the Entire Marubeni Group

To promote coexistence in harmony with society and the environment, Marubeni has established a Basic Policy on Social Contribution Activities to guide its social contribution activities. This policy places priority on activities that fall into any of the following five categories: social welfare, international exchange, community contribution, global environment and cultural support.

A representative example of these activities is the Marubeni Foundation, which for 36 years has been supporting social welfare facilities and groups in cities and towns throughout Japan, spending some ¥100 million per year on such activities. Supporting the Foundation's diligent efforts in its long-term charitable work are initiatives that encompass the entire Marubeni Group. Specifically, support comes from individual donations made possible through the 100 Yen Club, a voluntary organization consisting of current and former Marubeni Group executives and employees, along with a matching gift from Marubeni equal to these individual donations. Overseas, Marubeni has set up scholarship foundations in five Southeast Asian countries and Brazil to provide financial assistance for education. With these funding programs, we place importance on managing activities in close connection with the region, tailoring eligibility, the delivery of assistance, and other details based on local characteristics.

Marubeni has also launched a Volunteer Promotion Team to develop a variety of volunteer programs that actively support employees' volunteering efforts. Several key activities are planned for fiscal 2011. One will include a Mt. Fuji cleanup program for foreign exchange students and Marubeni Group employees, using efforts to beautify the area as an opportunity to deepen mutual understanding. The "Okutama Forest Thinning Volunteer" program will utilize brush clearing and the creation of walking paths to encourage participants to think about nature in Tokyo, while another program, called "Arakawa Clean Aid," asks volunteers to consider what they can do to beautify their local environment.

Marubeni Foundation

The Marubeni Foundation, established in 1974, gives away ¥100 million in assistance grants each year. In fiscal 2010, the foundation's 36th year, a total of ¥100 million in grants went to 64 projects for facilities and organizations involved in social welfare across Japan, the same as in a typical year.

Although the grants focus on assisting projects for the mentally and physically disabled, the elderly, and children, this year's round of grants targeted a wider range of fields, including efforts to combat current social concerns such as drug dependency and domestic violence.

The source of the funds used to make grants is individual donations made possible through the 100 Yen Club, a voluntary organization consisting of current and former Marubeni Group executives and employees who donate 100 yen each month, along with a matching gift from Marubeni equal to these individual donations. Together, funds collected in fiscal 2010 totaled ¥24.2 million.

Marubeni Scholarship Foundations

Marubeni has set up scholarship foundations primarily in the ASEAN region to contribute to youth education and development in emerging countries. Over the years, these foundations have provided a total of $3 million in scholarships across six countries. Marubeni will continue to give monetary support to education to fulfill its responsibilities as a global citizen.

Marubeni Scholarship Foundation, Inc. (1989/Philippines)
Marubeni Educational Fund in Vietnam (1994)
Yayasan Beasiswa Marubeni (1999/Indonesia)
Marubeni Cambodia Educational Foundation (2007)
Marubeni Educational Foundation in Lao PDR (2007)
Marubeni-Café Iguaçu Scholarship Fund (2006/Brazil)

* Year established in parentheses

The First Marubeni Overseas Scholarship Foundation

To mark the 80th anniversary of Marubeni's first business operations in the Philippines, in 1989 then Marubeni president Tomio Tatsuno expressed the Company's gratitude by announcing the establishment of Marubeni Scholarship Foundation, Inc. (MSFI) to Philippine president, Corazon Aquino. This became Marubeni's first scholarship foundation. In establishing it, the hope was that supporting students headed for college would one day contribute to industrial revitalization in the Philippines and further the country's development. Other Marubeni Scholarship Foundations eventually followed, and are now found in six countries worldwide.

MSFI
MARUBENI SCHOLARSHIP FOUNDATION, INC.

Social Contribution Activities Led by Group Employees

Mt. Fuji Cleanup Program

The Mt. Fuji cleanup program was developed as an offshoot of the International Exchange Camp, which seeks to further understanding of Japanese culture and corporations among foreign students studying in Japan. A total of 107 participants including Marubeni Group employees took part in the cleanup event, held on September 4, 2010. This year, participants worked together to clean up in the vicinity of Senzui, picking up everything from shards of glass to large canisters and tires. By the end of the event, the volunteers had collected enough garbage to fill a large truck.

Arakawa Clean Aid

On November 13, 2010, Marubeni joined forces with companies The Daiei, Inc. and Cedyna Financial Corporation to hold a cleanup program and survey water quality at Akigase Park in the city of Saitama. The 140 volunteers in the event, collected 24 bags of garbage as well as large discarded appliances and materials. A survey of water quality in the river was also conducted, with the results reported to the secretariat office for the event, the "Arakawa Clean Aid Forum."

Okutama Forest Thinning Volunteer Program

As an environmental conservation measure, on October 2, 2010, 59 Marubeni Group employee volunteers took part in "Tokyo Greenship Action," a forest-thinning program in collaboration with the Bureau of Environment (Tokyo Metropolitan Government). The event took place in the Ome Kaminariki Forest Environmental Conservation Zone. After an explanation from a lecturer from the NPO Kankyo Gakushukai Foundation about the need to thin forests and present conditions in the forest, the volunteers set to work to clear away brush and create walking paths in the forest.

Relief Support for Areas Affected by the Great East Japan Earthquake

The Marubeni Group has sent monetary donations and material assistance to areas stricken by the recent disaster in Japan, in the hopes of providing relief to the affected zone and assisting in recovery efforts.

In terms of monetary donations, along with an initial gift of ¥360 million to the five hardest-hit prefectures (Iwate, Miyagi, Fukushima, Aomori, and Ibaraki), Marubeni's head office, as well as branches and offices in Japan and overseas, overseas subsidiaries, and Marubeni Group companies, contributed over ¥480 million in donations. Outside of the Marubeni Group organization, we have collected individual donations from Marubeni executives and employees which have been donated via the Japanese Red Cross Society. As of May 31, 2011, ¥33 million had been collected, and we are continuing to receive donations.

In addition, Marubeni Group is collaborating with Oki Electric Industry Co., Ltd., Mizuho Financial Group, Inc., and Sompo Japan Insurance Inc. to dispatch employee volunteers to stricken areas, and has donated ¥500 million through the Marubeni Foundation as earthquake recovery assistance to social welfare organizations affected by the disaster. The entire Marubeni Group remains committed to cooperating with the affected regions and helping their recovery.

Marubeni Annual Topics

2010 4 April

Food Products Division

Participation in Management of Acecook Vietnam

In April 2010, Marubeni accepted the entire allotment of a private placement of shares by Acecook Vietnam, which controls a nearly 70% share of Vietnam's instant noodle market. By participating in the company's management, Marubeni has established a firm foothold in the food product distribution business in growth markets.

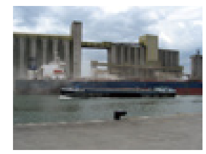
Power Projects & Infrastructure Division

Cirebon Thermal Power Plant Project in Indonesia

A new 660-MW coal-fired thermal power plant IPP project is currently under development in Cirebon, an area in West Java, Indonesia.

Construction is scheduled to conclude at the end of October 2011. Once completed, the electricity generated will be sold to Indonesia's state-owned electric power company PT PLN (Persero) through a 30-year power purchase agreement.

5 May



Food Materials Division

Alliance with Company Possessing Largest Silo Capacity in Europe

The division entered a basic partnership agreement in grain trading with Senalia Union, a company possessing the largest silo capacity in Europe with storage facilities sanctioned by NYSE Euronext Paris (European futures market). The goal is to expand sales in Asia, North Africa and the Middle East of French grain departing Rouen, Europe's largest grain port.

Food Products Division

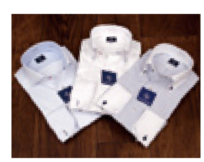
Start of Operations at Flour Milling Company Plant in Shanghai

In May 2010, operations commenced at a flour milling plant owned by Great Wall Foods (Shanghai) Co., Ltd., a joint venture established in 2006 between Marubeni, prominent Chinese food products company Great Wall Enterprise, and SHANGHAI LIANGYOU GROUP CO. LTD. Together

with the Christine Group, a Marubeni investee involved in the bakery business in Shanghai, operations at the plant have enabled Marubeni's participation in a supply chain in China covering flour milling through to bread production and sales.

Lifestyle Division

Shirt Business Expansion



In Japan's dress shirt market, Marubeni handles around 15 million shirts each year, and has an integrated value chain extending from planning and procurement of materials to production of finished products. With dress shirt demand set to increase sharply in China and India, the division will focus on sales expansion by taking advantage of Marubeni's network to promote initiatives with influential local companies.

Extend the Footwear Business Focusing on Prominent Brands

MERRELL

We recently celebrated the 30th anniversary of the major U.S.-based outdoor footwear brand, "Merrell," whose sales volume has expanded rapidly in Japan thanks to superior functionality and innovative design. For the 14 years since Marubeni began importing Merrell, retail stores handling Merrell have exceeded 1,300 in Japan. Also, children's footwear brand "IFME," developed and designed by Marubeni Footwear in collaboration with sports medical doctors, has achieved sales of 11.5 million pairs since its launch 11 years ago. Marubeni has launched sales of this brand in Hong Kong, Taiwan, and other overseas markets.

Export of Off-Road Tyres for Construction and Mining Machinery

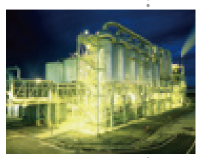
Marubeni exports giant off-road tyres for construction and mining machinery to major users in CIS, and Central & South American countries, per medium- to long-term agreements. Since demand for replacement tyres is expected to grow firmly in step with construction of infrastructure and development of natural resources accompanying global economic growth, especially in emerging economies. Marubeni will take steps to expand exports of the off-road tyres to overseas countries.

Marubeni's main activities for fiscal 2010

6 June

Forest Products Division

Handling of All Pulp from Indonesia-based TEL



Acquiring the exclusive sales rights, Marubeni started handling all pulp produced by Indonesia-based TEL in June 2010.

Marubeni aims to expand pulp business further, especially in China, India, ASEAN, and the other countries where demands are growing.

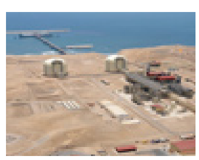
Chemicals Division

Strategic Partnership Agreement with Major Chinese Chemical Company

Marubeni concluded a comprehensive strategic partnership agreement with Tianjin Bohai Chemical Industry Group Co. Under the agreement, Marubeni will be a priority participant in Tianjin Bohai's businesses. Our cooperative business activity is the first propane-based propylene production project in China. We will promote wide-ranging initiatives going forward.

Energy Division-I

Start of Shipments at Peru LNG Project



Operations are progressing smoothly at the Peru LNG Project, South America's first LNG operation, where shipments began in June 2010. This is Marubeni's third LNG project following others in Qatar and Equatorial Guinea. The Company aims to secure competitive advantage in the supply of LNG to the Pacific Rim region, where market growth is anticipated.

Power Projects & Infrastructure Division

Tateshina Micro-Hydro Power Plant Revitalization and Effective Use of Natural Energy

In June 2010, Marubeni purchased out-of-service power generating facilities along the Venus Line road in Tateshina, a popular year-round tourist destination in the city of Chino in Japan's Nagano Prefecture. Renovation work was then performed to convert the assets into micro-hydro power facilities to enable the effective use of natural energy. Construction work concluded in spring of 2011. The start of operations at the power plant will garner attention in Japan for its effective clean energy generation.

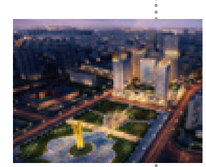
Power Projects & Infrastructure Division

Order for 660-MW Nghi Son (1) Power Plant Facilities from Vietnam Electricity

In June 2010, Marubeni won an order from state-run Vietnam Electricity to build facilities for the Nghi Son (1) Coal Fired Thermal Power Plant, with a total capacity of 600 MW. This full-turnkey project is Marubeni's 10th power plant construction contract in Vietnam. Once completed, the project will bring the cumulative power generation capacity of Marubeni supplied facilities in the country to roughly 3,400 MW, or about 20% of Vietnam's total power generating capacity.

Real Estate Business Department

Start of Sales for Residential Portion of Shenyang Multipurpose Development Project



In June 2010, Marubeni commenced sales of the residential portion (Shenyang Sunwah, Tenji; total of 1,000 units) of the Shenyang multipurpose development project being jointly developed with the Sun Wah Group of Hong Kong. The project has been praised for its great location, with available units continuing to sell well.

7 July

Chemicals Division

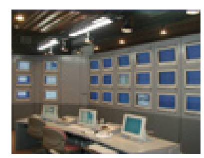
Operating Company Established for Manufacture of Synthetic Rubber Through a Joint Venture in India

Marubeni joined forces with India's state-run petroleum company Indian Oil and TSRC of Taiwan in a joint venture that established an operating company that will produce 120,000 tons of styrene-butadiene rubber, a type of synthetic rubber, per year. As the country's first specialist in the manufacture and sale of synthetic rubber raw materials for tires, the venture will spur growth in India's automobile industry.

Photo courtesy of The Chemical Daily

Finance, Logistics & IT Business Division

ICT Outsourcing Business Expansion



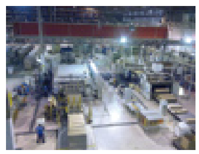
To expand the ICT outsourcing business, Marubeni merged existing companies to form Marubeni Access Solutions Inc., and further strengthened its business base by acquiring managed hosting specialist i2ts, inc.

Marubeni Annual Topics

8 August

Forest Products Division

Acquisition of Integrated Containerboard Raw Materials and Finished Products Manufacturer in Malaysia



In August 2010, Marubeni took a stake in GS Paper & Packaging Sdn. Bhd. (GSPP), the largest containerboard manufacturing and sales company in Malaysia. With GSPP as a base, Marubeni will develop a packaging business in ASEAN and surrounding regions where economic growth is expected.

Chemicals Division

Rapid expansion in China LCD market

In China, to correspond to the rapid expansion of Flat Panel TV demand, the construction of advanced generation LCD panel factory is planned in succession. Leveraging relationships with customers and know-how cultivated by supply of materials related to display devices, Marubeni has continually acquired orders of Array Exposure, the core equipment in LCD panel production.

Metals & Mineral Resources Division

Acquisition of Mining Usufruct Right of a New Copper Mine in Chile

In August 2010, Marubeni acquired mining usufruct right at the Mirador Copper Mine in Chile through Minera El Tesoro (MET), a company in which Marubeni holds a 30% stake. Together with existing interests, MET has increased its copper mine reserves to 300 million tons.

9 September

Plant & Industrial Machinery Division

Contract Awarded for Paper and Pulp Production Facilities for Jiangsu Oji Paper Co., Ltd.

In a follow-up to a contract for onsite power generation facilities awarded in 2008, Marubeni received an order from Jiangsu Oji Paper Co., Ltd. in China to provide paper and pulp production facilities. Utilizing its years of experience and well-developed engineering expertise, Marubeni will provide comprehensive support for the project.

Plant & Industrial Machinery Division

Marubeni Awarded 5 Publicly Offered Projects Under METI Global Warming Countermeasures Project

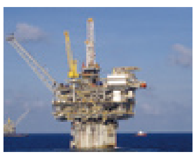
In addition to REDD+* in Indonesia, Marubeni has won four other publicly offered projects. These projects are part of efforts by Japan's Ministry of Economy, Trade and Industry (METI) to promote widespread adoption of global warming countermeasures. Marubeni will use the links across its business divisions, harnessing its comprehensive strengths to contribute to the global environment and Japan's economic future.

* REDD+: Reducing Emissions from Deforestation and Forest Degradation, including conservation, sustainable management of forests and enhancement of forest carbon stocks

10 October

Energy Division-II

Purchase Agreement Concluded for Oil and Gas Production Interests in U.S. Gulf of Mexico

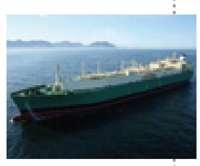


Marubeni holds interests in oil and gas fields in the U.S. Gulf of Mexico, the U.K. North Sea, the Indian Ocean, Qatar, and Sakhalin. In October 2010, Marubeni concluded a purchase agreement to acquire interests in an oil and gas producing blocks in the Gulf of Mexico from a subsidiary of U.K.-based industry giant BP. Going forward, Marubeni remains staunchly committed to actions to maintain and expand its production and reserve volumes.

Transportation Machinery Division

Entry into LNG Ship Ownership and Management

Marubeni established a joint venture with Bermuda-based LNG marine transport service company BW Gas Limited (BWG). We acquired 49% ownership of 8 LNG ships owned by BWG under long-term charter to Nigeria LNG Limited, a Nigerian LNG sales company, for approximately US$700 million.



Real Estate Business Department

Providing Quality Living Environments Through Condominium Development Business in Tokyo Metropolitan Area

In October 2010, Marubeni completed construction on "The RESIDENCE Kunitachi," a residential project in Kunitachi, Tokyo that was lauded for offering an appealing living environment. Other condominiums supplied by Marubeni mainly in the Tokyo metropolitan area include "Grand-Suite Kaga" (Itabashi-ku, Tokyo), and "Grand-Suite Bunkyo Kozakura" (Bunkyo-ku, Tokyo).

11 November

Food Materials Division

Strategic Alliance with Shandong Liuhe Group, China's Largest Farming Company

The division concluded a memorandum of understanding for a strategic alliance with the Shandong Liuhe Group, China's largest farming company. In addition to participation in the Shandong Liuhe Group's feed and livestock businesses, the companies will explore cooperative ventures in the construction of large-scale feed plants, grain silos, and related business fields.

Power Projects & Infrastructure Division

Joint Acquisition of Chile's Third-Largest Water Utility, Aguas Nuevas S.A. (AN) with Innovation Network Corporation of Japan

AN, through its regional subsidiaries, owns 33 water treatment plants, 39 sewage plants, and approximately 3,500km length of water network and 2,900km of sewage network, and provides full water services (including water and sewerage services, operation and maintenance of the network, and metering and billing services) to approximately 1.2 million people in 48 cities in Chile's 4 regions.

Plant & Industrial Machinery Division

Contract Signed for Rehabilitation of Textile Plant for the Ministry of Trade, Republic of Angola

Following the previous textile plant rehabilitation project in the city of Luanda for the Republic of Angola's Ministry of Geology, Mining and Industry, Marubeni has signed a contract for a similar project in the city of Benguela.

The full-turnkey contract for rehabilitation covers the installation of the state-of-the-art textile plants and utility facilities. Once completed, this project will greatly contribute to the revitalization of textile industries and the agriculture sector (cotton production), and generate employment opportunities to Angola.

Marubeni Annual Topics

2011

12 December

Metals & Mineral Resources Division

Production Capacity Expansion at Australia's Lake Vermont Coal Mine

In December 2010, the decision was made to double current annual production at Australia's Lake Vermont Coal Mine to 8 million tons by 2013. Marubeni has a 33% interest in the mine. This coal mine has rich reserves that will permit long-term operations to continue after the expansion.

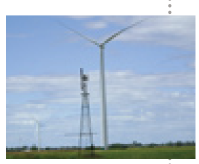
Transportation Machinery Division

Participation in Aircraft Operating Lease Business

The demand of aerospace market is expected to expand because of the growth of emerging economies and global deregulation. Consequently, demand for aircraft leases is also increased. In view of this development, Marubeni, together with a fund managed and operated by DVB Bank SE of Germany, established MD Aviation Capital Pte. Ltd., a joint venture in aircraft operating leases based in Singapore, the center of Asia's aerospace industry. Centered on the joint venture, Marubeni will take steps to establish an earnings base in the aircraft lease business going forward.

Power Projects & Infrastructure Division

Acquisition of Interests at Raleigh Wind Energy Centre Project in Canada



In December 2010, Marubeni acquired 49% of share of Raleigh Wind Power Partnership with 78MW generation capacity located in Ontario, Canada, from U.S. based Invenergy Wind LLC. This plant is in the operation since January 2011 and supplying clean energy to users.

Power Projects & Infrastructure Division

Full-Scale Launch of the Hallett 4 Wind Farm Project in Australia

In December 2010, Hallett 4 wind farm, Australia's largest wind farm located in the State of South Australia jointly invested by the three companies Marubeni, Australian leading utility APA group and Osaka Gas Co. Ltd, was completed the construction. This plant has 132 MW generation capacity with 63 units of 2.1 MW wind turbines, and supplies clean energy to AGL Energy Ltd. over 25 years.

Real Estate Business Department

United Urban Investment Corporation Becomes Leading J-REIT in Japan Through Merger

OPA Shinsaibashi

In December 2010, United Urban Investment Corporation, a real estate investment trust managed by operating company Japan REIT Advisors Co., Ltd., merged with Nippon Commercial Investment Corporation, making it Japan's largest comprehensive J-REIT in terms of asset scale.

1 January

Food Materials Division

Letter of Intent for Strategic Alliance in Rice Collection, Processing and Sales with the ZEN-NOH Group

The alliance between the division and the ZEN-NOH Group aims to develop a sound production base in rice and encourage growth in consumption and sales by leveraging the partners' respective strengths in various fields. Specifically, the alliance will provide more competitive rice through a more robust network for rice collection, greater rice processing efficiency, and the development and expansion of a sales and distribution network built on processed rice.

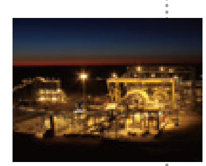
Chemicals Division

Agreement on Joint Venture for Manufacture of High-Purity Lithium Carbonate

To prepare for rising demand for the lithium-ion batteries (LIB) accompanying the spread of electric vehicles, Marubeni decided to launch a business specializing in the manufacture of high-purity lithium carbonate, a key electrolytic raw material for LIB production, as a joint venture with The Honjo Chemical Corporation, a major Japanese manufacturer.

Metals & Mineral Resources Division

Start of Copper Concentrates Shipments at the Esperanza Copper Mine in Chile



The first shipment of copper concentrates from Chile's Esperanza copper mine left the Chilean port of Antofagasta in January 2011 bound for Japan. Marubeni has a 30% stake in the mine. Copper concentrates production at the mine is expected to climb to roughly 700,000 tons per year.

Transportation Machinery Division

Purchase of Honda Dealer in Long Island (U.S.A.)

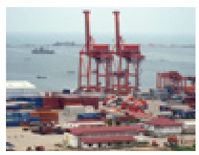
In January 2011, Marubeni purchased the assets of a Honda dealer in Long Island, New York (U.S.A.), and commenced business at the dealership. Marubeni is operating 14 dealerships (including the latest acquisition) covering 10 brands in the U.S., and is seeking to enhance sales further in the country.

2 February

Forest Products Division

Establishment of Joint Venture Company for Wood Chip Production in Cambodia

In February 2011, Marubeni established HMM International, a wood chip production company in Cambodia. Marubeni sees a potential that Cambodia is likely to be a dominant chip source in the future, and will develop a stable supply system for wood chip.



Power Projects & Infrastructure Division

Investment in Major Australian Industrial Water Treatment Engineering Company, Osmoflo Holdings Pty Ltd.

Osmoflo's strength is in the field of desalination and industrial water treatment utilizing membrane technology, such as Reverse Osmosis, and has the largest share in the industrial water treatment market in Australia. Marubeni will position Osmoflo as the strategic "core" company for the desalination and industrial water treatment field and promote projects together with Osmoflo in Australia, Latin America and the Middle East.

3 March

Energy Division-I

Mitsui Marubeni Liquefied Gas Completes LPG Business Integration

In March 2011, Mitsui Marubeni Liquefied Gas Co., Ltd., in which Marubeni holds a 40% stake, merged with part of the LPG business of JX Nippon Oil & Energy Corporation to launch a new company, ENEOS GLOBE Corporation. With LPG demand declining in Japan, Marubeni aims to win out in the market by building competitive advantage through integration with other companies.

Finance, Logistics & IT Business Division

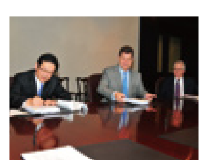
Entry into Cloud Computing

Marubeni signed an agreement to invest in Fusion Communications Corp., a subsidiary of Rakuten, Inc. Through alliances with Group companies, Marubeni will work with Fusion Communications to develop the cloud computing business in Japan.

Energy Division-I

Participation in Development Project with U.S. Shale Oil

Marubeni concluded an agreement with Marathon Oil Corporation to purchase interests held in a shale oil mining block in the Niobrara area in the Midwestern United States. This area has grabbed attention as a promising shale oil mining block. Accordingly, Marubeni will promote drilling and production activities at the project as one that will contribute to medium- to long-term earnings.



Energy Division-II

Uranium Mine Development Project in Kazakhstan

In Kazakhstan, home to the world's second largest uranium resource reserves, Marubeni in 2007 began participating in the Kharassan Uranium Mine Development Project. Test production has been initiated at the project toward commercial production. Marubeni is committed to actively promoting this important project, which will contribute to Japan's energy security.

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Management's Discussion of Business Conditions

Fiscal 2010 Results Highlights and SG-12 Plan Progress

Teruo Asada,
President and CEO

Overview of Financial Results in Fiscal 2010

¥136.5 Billion in Consolidated Net Income Attributable to Marubeni—A Substantial Increase

I would like to report Marubeni's financial results for fiscal 2010, beginning with a discussion of earnings.

Consolidated net income attributable to Marubeni was ¥136.5 billion. This figure was a substantial 43% higher than that reported in fiscal 2009. Furthermore, this result not only surpassed our initial projection of ¥125.0 billion for the year, but also the upwardly revised forecast of ¥135.0 billion announced in January 2011. This figure of ¥136.5 billion is the highest consolidated net income Marubeni has seen since the record high of ¥147.2 billion we posted in fiscal 2007. It is also a ringing endorsement of the extremely sound progress made in the first year of SG-12, our medium-term management plan set to run for three years from fiscal 2010.

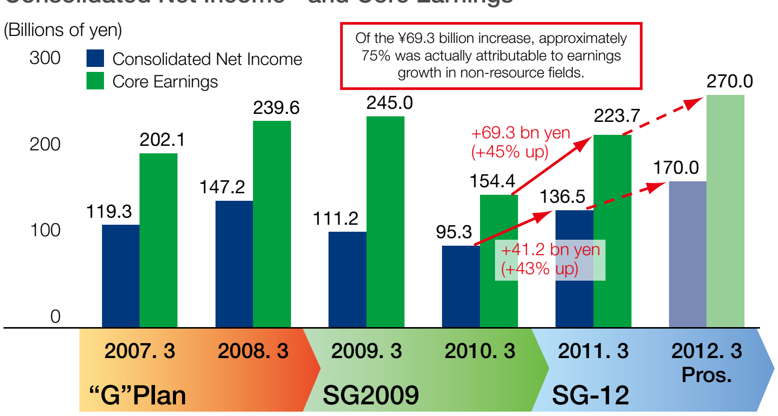
In fiscal 2010, along with the steady growth that continued in emerging markets, markets in developed countries were supported by monetary easing as the global economy as a whole continued its modest recovery. Prices for resources such as oil and copper also moved higher overall relative to fiscal 2009. With that said, natural resources accounted for about 40% of the ¥136.5 billion in consolidated net income attributable to Marubeni. This strongly suggests that we achieved profit growth while maintaining the favorable balance between resource and non-resource fields that has become a defining trait of Marubeni.

Similarly in core earnings, an indicator of Marubeni's earning power as a general trading company, we posted ¥223.7 billion in fiscal 2010, up a sharp 45%, or ¥69.3 billion, year on year. Of this ¥69.3 billion increase, approximately 75% was actually attributable to earnings growth in non-resource fields.

From this figure, too, it is clear to see that earnings expansion at Marubeni is happening in a well-balanced way.

In the fourth quarter of fiscal 2010, the Marubeni Group was also impacted, albeit in a limited fashion, by the Great East Japan Earthquake, which resulted in unexpected losses. In addition, in light of uncertainty in the operating environment in the wake of the disaster, we recorded one-time losses of more than ¥15.0 billion, including impairment losses on long-term assets at certain group companies. Excluding temporary factors of this kind, our analysis is that Marubeni's actual earning power was at a substantially higher level of ¥140.0 billion.

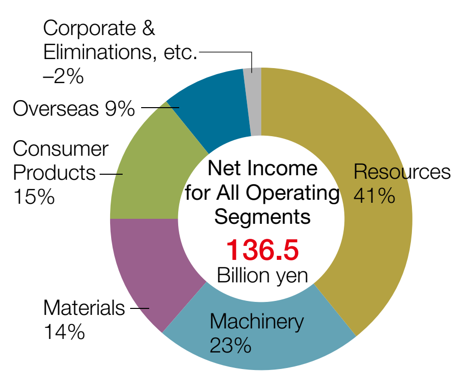
Consolidated Net Income*1 and Core Earnings*2



Dividends per share	¥10.0	¥13.0	¥10.0	¥8.5	¥12.0	¥15.0 (plan)

*1 In this report, "Consolidated Net Income," "net income for the period" and "net income" indicate "net income (loss) attributable to Marubeni."

*2 Core earnings is a management indicator that expresses the earning power of the main business of a general trading house. Core earnings is calculated as follows: Gross trading profit + SGA expenses (excluding restructuring costs up to FY2006) + Interest expense—net + Dividend income + Equity in earnings of affiliated companies—net



Natural resources accounted for about 40%.

Category

Resources:Energy, Metals & Mineral Resources (excluding Iron & Steel Strategies and Coordination)

Machinery:Transportation Machinery, Power Projects & Infrastructure, Plant & Industrial Machinery

Materials:Forest Products, Chemicals, Iron & Steel Strategies and Coordination

Consumer Products: Food, Lifestyle, Real Estate Development, Finance, Logistics & IT Business

Consolidated Net D/E Ratio of 1.94 Times—Level of Under 2 Times Achieved

Next, I would like to report on our financial position.

As of March 31, 2011, equity stood at ¥831.7 billion. Profit grew steadily despite a strong yen, weak stock prices, and other negative factors, lifting equity by ¥32.0 billion over a year ago.

Net interest-bearing debt, meanwhile, was ¥1,615.6 billion, declining ¥90.8 billion from the end of fiscal 2009. As a result, the consolidated net D/E ratio was 1.94 times, down 0.19 points compared to the end of fiscal 2009. This was the best level recorded in Marubeni history, bettering the 2.13 times recorded at the end of fiscal 2009, and marked the first time Marubeni has seen the level under 2 times.

In terms of cash flows, investing activities used cash of ¥128.5 billion, mainly for ¥160.0 billion in new investments during the first year of the SG-12 medium-term management plan. Operating activities, meanwhile, provided net cash of ¥210.0 billion, resulting in a positive ¥81.5 billion in free cash flow for the year. From fiscal 2011, our policy will be to accelerate expansion of Marubeni's earnings base through new investments in priority fields. At the same time, we will take steps to further improve Marubeni's financial condition.

Annual Dividend per Share of ¥12 for Fiscal 2010

In light of our basic dividend policy, which aims for a consolidated payout ratio of about 15%, Marubeni paid an annual dividend per share of ¥12 for fiscal 2010. This dividend includes an earlier-paid interim dividend of ¥5.50 per share, as well as a year-end dividend of ¥6.50 per share.

Progress on the SG-12 Medium-Term Management Plan

The next topic I want to discuss is progress made on the SG-12 medium-term management plan during fiscal 2010, the first year of the plan.

Launched a year ago, the SG-12 medium-term management plan is a three-year plan with the following basic policy: "The Marubeni Group, even in this turbulent world economy, will build strong earnings and a solid financial base to become a 'Stronger Marubeni' who challenges sustainable growth beyond all our stakeholders' expectations." In fiscal 2010, the plan got off to an extremely robust start as the "hop" stage of the "hop, step and jump" process the plan represents.

First, in terms of quantitative targets, as I explained earlier, consolidated net income attributable to Marubeni was ¥136.5 billion, surpassing our initial plan target of ¥125.0 billion. The consolidated net D/E ratio fell below 2 times to 1.94 times, marking steady improvement toward our goal of a ratio of around 1.8 times as quickly as possible.

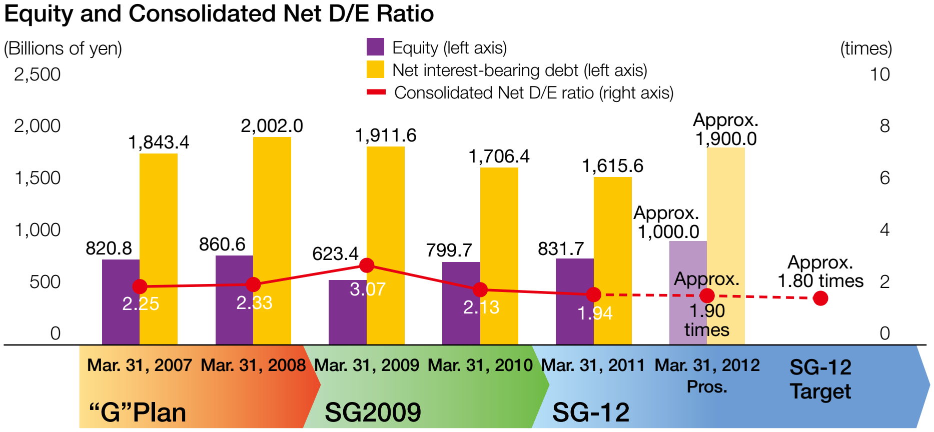
Similarly, our risk buffer, defined as the difference between equity and risk assets, at the end of fiscal 2010 was ¥204.4 billion, topping the ¥200.0 billion level for the first time. ROE was 18.0%, clearing our target of 15% or more by a wide margin.

The next topic I will turn to is priority allocation of management resources.

Under SG-12, our plans call for making ¥750.0 billion in new investments in priority fields between fiscal 2010 and 2012, in a bid to further enhance our earnings base for supporting sustainable future growth.

In fiscal 2010, we made around ¥160.0 billion in new investments. As for key projects, in the natural resources field, we

Equity and Consolidated Net D/E Ratio



acquired oil and gas field interests in the Gulf of Mexico from a U.S. subsidiary of U.K.-based oil major BP. In infrastructure, we acquired additional equity in Hsin Tao Power Corporation of Taiwan, and purchased Aguas Nuevas S.A., the third-ranking water and wastewater operator in the Republic of Chile. We also took part in a business for the owning and operation of a fleet of eight LNG tankers. In environment, essential living commodities, and other business fields, Marubeni participated in the Raleigh Wind Energy Centre Project in Canada, invested in the containerboard business of GS Paper & Packaging Sdn. Bhd. (GSPP) in Malaysia, and took part in a business specializing in aircraft operating leases. In this way, we are marking steady progress in investing in priority fields.

Alongside these projects we have already invested in, we have around ¥190.0 billion earmarked for investment, for a total already of approximately ¥350.0 billion in investment projects previously decided in-house. As such, we are ready to accelerate efforts to enhance Marubeni's earnings base from fiscal 2011.

Fiscal 2011 Forecasts and Fiscal 2012 Targets

I now want to discuss our business forecasts for fiscal 2011 and targets for fiscal 2012.

Eyeing the Highest Earnings in Marubeni History

Consolidated net income attributable to Marubeni is projected to hit ¥170.0 billion, rising significantly over the previous record of ¥147.2 billion set in fiscal 2007. Assumptions for key indicators for the year include an exchange rate of ¥85 to the U.S. dollar, a WTI of US$85 per barrel for crude oil, and an LME price of US$8,800 per ton for copper. As of April 2011, when forecasts were formulated, crude oil and copper prices were at levels above these assumptions. However, given how uncertain the operating environment remains due to the impact of the disaster in Japan, as well as the geopolitical situation in the Middle East and North Africa, we chose to develop fairly conservative estimates.

On the other hand, as I explained earlier, our policy is to accelerate new investment from fiscal 2011 in a continued push to expand our earnings base. As a result, while we are projecting that consolidated net interest-bearing debt will rise to around ¥1,900.0 billion, equity will also grow to the level of roughly ¥1 trillion, helping the consolidated net D/E ratio to improve to about 1.9 times. This will bring Marubeni a step closer to the target of 1.8 times outlined in the SG-12 plan.

Turning to risk assets and ROE, as in fiscal 2010, our policy of maintaining a proper risk buffer and ROE of over 15% remains unchanged. ROE in fiscal 2011 is expected to improve to around 20%, which will also be the highest level in Marubeni's history. ROA, which improved to roughly 3% in fiscal 2010, should do even better in fiscal 2011, when it is expected to be around 3.5%.

Consolidated Net Income Attributable to Marubeni of ¥200.0 Billion for Fiscal 2012

As a target for fiscal 2012, the final year of the SG-12 plan, we are eyeing consolidated net income attributable to Marubeni on the level of ¥200.0 billion. While one element of this will certainly be the full contribution to profits of the Esperanza copper mine in Chile, non-resource fields such as food, paper and pulp, electric power and infrastructure, and industrial plants and machinery, are also expected to see strong growth. In fiscal 2011, the percentage of consolidated net income from resources is likely to edge up slightly from the 41% seen in fiscal 2010 to around 43%. Marubeni's policy will be to continue to retain a favorable balance between resource and non-resource fields in fiscal 2012 in order to realize profit growth.

Dividends

The last topic I will discuss is our dividend policy. In line with SG-12, which targets a consolidated payout ratio of around 15%, we will consider increasing Marubeni's consolidated payout ratio if the medium-term management plan proceeds on course, as we anticipate it will.

Although the operating environment continues to harbor uncertainty, including effects from the recent disaster, our progress on SG-12, as I have stated, has been exceptionally steady. Given this context, we will consider raising the consolidated payout ratio as soon as we confirm that our forecasts for fiscal 2011 have been met.

Realizing a "Stronger Marubeni"

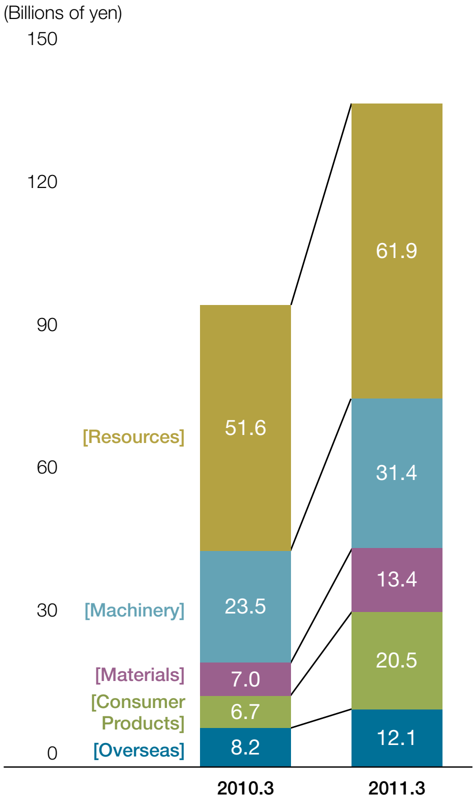
Fiscal 2011 will be a critical year for realizing returns on the SG-12 plan.

Looking at the environment surrounding Marubeni, the global economy as a whole is continuing to grow modestly, with growth still led by emerging markets. But as I explained, we still have to contend with the aftermath of the disaster in Japan, as well as instability in the Middle East and North Africa, and sovereign debt problems in some European nations. There is also the possibility that economies in emerging markets will overheat and face inflationary pressures. All in all, the environment continues to call for guarded optimism, at best.

Despite the steady progress made in fiscal 2010, we remain as determined as ever to continue our bold push to realize a "stronger Marubeni" that will be a "partner that performs beyond expectations" for all of its stakeholders.

Operating Segment Information

Net Income by Operating Segment



	2010.3	2011.3
Resources	51.6	61.9
Energy	37.6	28.2
Metals & Mineral Resources	14.0	33.7
Machinery	23.5	31.4
Transportation Machinery	3.9	10.7
Power Projects & Infrastructure	18.8	17.5
Plant & Industrial Machinery	0.8	3.2
Materials	7.0	13.4
Forest Products	0.7	7.3
Chemicals	6.3	6.1
Consumer Products	6.7	20.5
Food	2.1	15.2
Lifestyle	3.6	5.0
Real Estate Development	(2.1)	(2.9)
Finance, Logistics & IT Business	3.1	3.2
Overseas	8.2	12.1
Overseas corporate subsidiaries and branches	8.2	12.1
Corporate and elimination	1.8	2.8
Consolidated	¥95.3 billion	¥136.5 billion

Main reasons for increase/decrease

Food Division

Due to an increase in gross trading profit by grain trading and an improvement of equity in earnings of affiliated companies caused by the absence of an impairment loss on a retail group company recorded in the previous fiscal year, net income for the period increased.

Lifestyle Division

Gross trading profit for the period increased mainly in rubber materials, tyre products and footwear businesses. Expenses and gain on investment securities improved. As a result, net income for the period increased.

Forest Products Division

Net income for the period improved in line with increases in gross trading profit and equity in earnings of affiliated companies, due to the strong pulp market conditions.

Chemicals Division

Although gross trading profit increased in the petrochemical business, the absence of a gain on sale of investment securities recorded in the previous fiscal year caused a decrease in net income for the period.

Energy Division

Although gross trading profit for the period increased in the oil and gas development business, the absence of a refund of royalties in the oil and gas development business recorded in the previous fiscal year decreased net income for the period.

Metals & Mineral Resources Division

Gross trading profit for the period increased due to a rise in prices of raw materials for steel, and non-ferrous light metals. In addition, equity in earnings of affiliated companies increased. As a result, net income for the period increased.

Transportation Machinery Division

Gross trading profit increased due to a recovery of market conditions in automobile, construction machinery and ships, and an impairment loss on investment securities recorded in the previous fiscal year was absent. These factors increased net income for the period.

Power Projects & Infrastructure Division

Gross trading profit for the period increased in overseas power plant projects. However, the absence of a gain on sales of overseas IPP business, which was recorded in the previous fiscal year, caused a decrease in net income for the period.

Plant & Industrial Machinery Division

Gross trading profit increased in textile plant, textile machinery and industrial machinery businesses, causing an increase in net income for the period.

Real Estate Development Division

Both gross trading profit and net income for the period decreased due to a shrinkage of transactions in domestic and overseas condominium sales.

Finance, Logistics & IT Business Division

Although the sale of a subsidiary in the IT solution business and a decline in profit at overseas IT-related business caused a decrease in gross trading profit, net income for the period was at the same level as the previous fiscal year, due to cutting of selling, general and administrative expenses.

Overseas corporate subsidiaries and branches

Gross trading profit increased in Marubeni America and Marubeni ASEAN, which caused net income for the period to increase.

· From FY2010 the Company has reorganized its operating segments, which had previously been "Metals & Mineral Resources," "Transportation Machinery," "Power Projects & Infrastructure," "Plant, Ship & Industrial Machinery," "Finance, Logistics & IT Business," and "Iron & Steel Strategies and Coordination." The name of the "Plant, Ship & Industrial Machinery Division" has been changed to "Plant & Industrial Machinery Division," and the "Iron & Steel Strategies and Coordination Department" has been reorganized to be part of the "Metals & Mineral Resources Division." The operating segment data for FY2009 has been restated on the basis of this new structure.
· The ratio of Resources within the Net Income by Operating Segment on p. 55 has been calculated excluding the income from the Iron & Steel Strategies and Coordination business from Metal & Mineral Resources.

Division At a Glance

Total assets (Billions of yen)
Net income (loss) (Billions of yen)
ROA (%)

Food Division

Business Highlights

(Billions of yen)

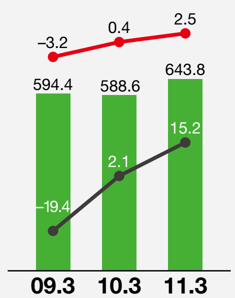
	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	113.7	108.8	**113.4**	–
Equity in earnings (losses)	(25.7)	(8.2)	**3.5**	–
Segment net income (loss)	(19.4)	2.1	**15.2**	19.0
Segment assets	594.4	588.6	**643.8**	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Nisshin Feed Co., Ltd.	0.7	0.9	**0.3**	60.00%
Pacific Grain Terminal Co., Ltd.	0.8	0.9	**0.9**	78.40%
Yamaboshiya Co., Ltd.	1.3	1.5	**1.6**	77.58%
Marubeni Foods Corporation	0.4	0.5	**0.4**	100.00%

Total assets/
Net income (loss)/ROA



* This segment has been reconfigured as Food Materials Division and Food Products Division from FY2011.

Lifestyle Division

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	32.3	30.7	**31.0**	–
Equity in earnings (losses)	(0.0)	(0.1)	**0.1**	–
Segment net income	4.0	3.6	**5.0**	6.5
Segment assets	146.9	134.4	**132.6**	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Fashion Link, Ltd.	0.8	1.0	**0.9**	100.00%
Marubeni Intex Co., Ltd.	0.6	0.7	**0.6**	100.00%
Marubeni Footwear Inc.	0.3	0.5	**0.6**	100.00%

Total assets/
Net income/ROA

—FACT section—

Forest Products Division

Business Highlights

(Billions of yen)

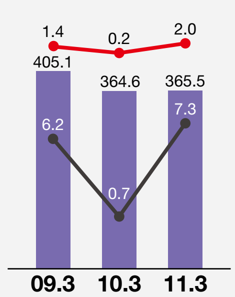
	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	42.7	33.3	**39.8**	–
Equity in earnings (losses)	(2.5)	0.3	**3.0**	–
Segment net income	6.2	0.7	**7.3**	9.0
Segment assets	405.1	364.6	**365.5**	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Koa Kogyo Co., Ltd.	0.9	1.5	**0.8**	79.95%
PT. Tanjungenim Lestari Pulp and Paper	5.1	(1.2)	**4.3**	100.00%

Total assets/
Net income/ROA



Total assets (Billions of yen)
Net income (Billions of yen)
ROA (%)

Chemicals Division

Business Highlights

(Billions of yen)

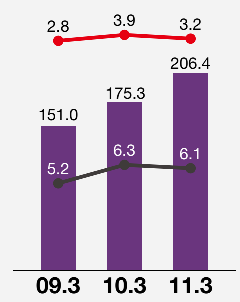
	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	30.1	22.6	24.1	–
Equity in earnings	3.1	3.0	3.0	–
Segment net income	5.2	6.3	6.1	7.5
Segment assets	151.0	175.3	206.4	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Plax Corporation	(0.1)	0.3	0.6	100.00%
Marubeni Chemix Corporation	0.3	0.4	0.4	100.00%
Agrovista B.V.	0.7	0.7	0.5	100.00%
Shen Hua Chemical Industrial Co., Ltd.	0.4	0.9	1.0	22.56%

Total assets/ Net income/ROA



Energy Division

Business Highlights

(Billions of yen)

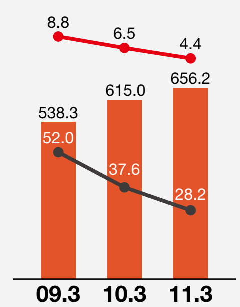
	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	92.4	44.7	48.8	–
Equity in earnings	0.3	0.7	0.6	–
Segment net income	52.0	37.6	28.2	24.0
Segment assets	538.3	615.0	656.2	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Shenzhen Sino-Benny LPG Co., Ltd.	0.5	0.2	0.1	30.00%

Total assets/ Net income/ROA



Metals & Mineral Resources Division

Business Highlights

(Billions of yen)

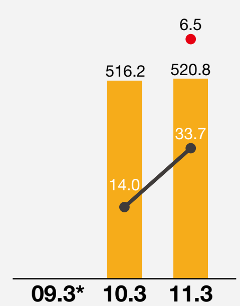
	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	20.5	27.7	–
Equity in earnings	–	14.2	32.6	–
Segment net income	–	14.0	33.7	59.0
Segment assets	–	516.2	520.8	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Coal Pty. Ltd.	16.1	8.9	14.8	100.00%
Marubeni Aluminum Australia Pty. Ltd.	1.7	(0.5)	1.2	100.00%
Marubeni Los Pelambres Investment B.V.	5.6	7.8	11.3	100.00%
Marubeni-Itochu Steel Inc.	14.8	2.7	6.8	50.00%

Total assets/ Net income/ROA



* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

—FACT section—

Total assets (Billions of yen)
Net income (Billions of yen)
ROA (%)

Transportation Machinery Division

Business Highlights

(Billions of yen)

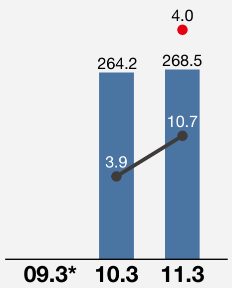
	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	37.7	42.9	–
Equity in earnings	–	1.9	3.4	–
Segment net income	–	3.9	10.7	10.5
Segment assets	–	264.2	268.5	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Aviation Services Ltd.	3.0	2.9	4.0	100.00%
Marubeni Auto Investment (UK) Ltd.	0.6	0.7	0.6	100.00%

Total assets/
Net income/ROA



* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

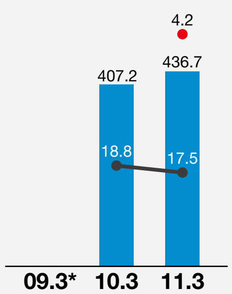
Power Projects & Infrastructure Division

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	24.9	25.6	–
Equity in earnings	–	16.0	23.9	–
Segment net income	–	18.8	17.5	17.0
Segment assets	–	407.2	436.7	–

Total assets/
Net income/ROA



* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Plant & Industrial Machinery Division

Business Highlights

(Billions of yen)

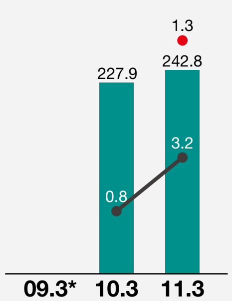
	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	18.1	24.4	–
Equity in earnings	–	1.1	1.7	–
Segment net income	–	0.8	3.2	6.0
Segment assets	–	227.9	242.8	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Protechs Corporation	0.1	0.1	0.2	100.00%
Marubeni Tekmatex Corporation	0.1	0.1	0.5	100.00%
Marubeni Techno-Systems Corp.	0.6	0.3	0.8	100.00%
Midwest Railcar Corporation	0.5	0.6	0.6	100.00%

Total assets/
Net income/ROA



* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Total assets (Billions of yen)
Net income (loss) (Billions of yen)
ROA (%)

Real Estate Development Division

Business Highlights

(Billions of yen)

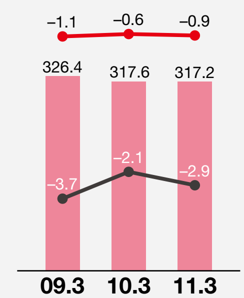
	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	23.0	22.6	**16.0**	–
Equity in earnings (losses)	(0.5)	(0.5)	**(0.2)**	–
Segment net income (loss)	(3.7)	(2.1)	**(2.9)**	(1.5)
Segment assets	326.4	317.6	**317.2**	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Shanghai House Property Development Co., Ltd.	0.4	1.2	**0.3**	60.00%
Marubeni Community Co., Ltd.	0.3	0.7	**0.6**	100.00%
Marubeni Real Estate Co., Ltd.	0.4	0.8	**0.9**	100.00%

Total assets/ Net income (loss)/ROA



Finance, Logistics & IT Business Division

Business Highlights

(Billions of yen)

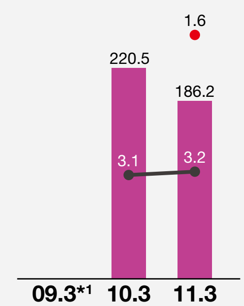
	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	45.6	**42.3**	–
Equity in earnings (losses)	–	(0.2)	**(0.5)**	–
Segment net income	–	3.1	**3.2**	4.5
Segment assets	–	220.5	**186.2**	–

Equity Interest in Principal Subsidiaries and Affiliates

(Billions of yen)

	2009.3	2010.3	2011.3	Percentage of Voting Rights
Marubeni Information Systems Co., Ltd.	0.9	1.1	**1.2**	100.00%
Marubeni Access Solutions Inc.	–	2.0	**2.6**	99.96%
Marubeni Telecom Co., Ltd.	1.3	1.1	**1.2**	100.00%
Marubeni Safenet Co., Ltd.	0.5	0.4	**0.5**	100.00%
Marubeni Logistics Corporation	0.4	0.2	**0.4**	100.00%

Total assets/ Net income/ROA



*1 As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

*2 As of December 1, 2010, Global Access (Marubeni's equity portion: 99.95%) and VECTANT (Marubeni's equity portion: 99.98%) have been merged, and Marubeni Access Solutions has been established. The figure for FY2009 is altered accordingly.

CSR and Corporate Governance

CSR (Corporate Social Responsibility)

The ability of the Marubeni Group to fulfill its responsibilities as a member of society requires every individual within the Group to adhere to the Company Creed of "（正）Fairness,（新）Innovation and（和）Harmony," and to give CSR considerations high priority as they participate in corporate activities. We take a diligent approach to CSR activities, and work to increase transparency for various stakeholders, as we aim for sound management that coexists in harmony with both society and the environment. Our goals are to ensure that the Marubeni Group is recognized by society as a good corporate citizen, and to realize sustainable growth. Marubeni is particularly focused on the following specific areas.

- **Achieve administrative transparency by strengthening corporate governance and internal controls**
- **Be committed to compliance and respect for human rights, which are essential for sound corporate management**
- **Promote development of human resources, the most valuable assets of general trading company, and create an efficient and comfortable working environment**
- **Contribute to society and the protection of the global environment as a responsible corporate citizen**
- **Promote sound management and increase corporate value**

Pursuing CSR Together with Our Stakeholders

In order to exist in harmony and prosper alongside society and the global environment and attain sustainable growth, Marubeni believes that efforts must be made to pursue a balance among three domains in terms of value and assessment. The three domains include not only the domain of economic activities that generate profit, but also the social and environmental domains.

In order to establish a CSR policy that earns the trust and approval of stakeholders, the Marubeni Group recognizes that it is important to always listen to the opinions of stakeholders, and work with them to put these ideas into practice. By striving to serve the interests of various stakeholders, win their trust and ensure their satisfaction, we are working to steadily build a sustainable foundation for group companies.

CSR Report

The Marubeni Group publishes a CSR Report with the aim of earning the public's trust by enhancing communication with stakeholders, introducing Group policies regarding CSR and examples of CSR activities that help to build a sustainable society. The special feature of Marubeni CSR Report 2011 introduces examples of activities intended to help to solve social issues through the Marubeni Group's businesses.

Main Contents of "Marubeni CSR Report 2011":

- Message from the President
- Marubeni Group's Management Philosophy
- Marubeni Group's Medium-Term Management Plan SG-12
- Marubeni Group's CSR
- Special Feature—Initiatives to Address Social Issues in SG-12 Priority Areas for Business Resource Allocation
- Corporate Governance
- Internal Control and Risk Management
- Compliance
- Supply Chain Management
- Social Contribution Activities
- Initiatives for Human Resources and Human Rights
- Initiatives for the Global Environment

* For further information, please download our CSR Report, available on the Company's Website.
URL: http://www.marubeni.com/csr/reports.html

Corporate Governance

Approach to Corporate Governance

Marubeni operates under a corporate audit governance system, adhering closely to the Corporation Law of Japan, with a control structure designed to facilitate a clearly defined decision-making process, business execution system and supervisory system. A diagram of the structure is described below.

Our Board of Directors comprises 13 directors (two externally appointed) who deliberate on overall corporate policy and major issues while monitoring the performance of individual directors. Each director's term of office is one year, and the Board is led by a chairman who has no representation rights and no authority for business execution to ensure a clear distinction between management and execution.

The five auditors (including three outside auditors) who comprise the Board of Corporate Auditors are responsible for implementing the auditing policies and plans set by the Board of Corporate Auditors, as well as for overseeing directors in the execution of their duties, by attending important meetings of the Board of Directors and the Board of Executive Officers, monitoring business activities and financial conditions. The Corporate Auditors have monthly meetings with the independent accounting auditors to exchange information and opinions on auditing plans, progress of auditing activities at Marubeni and its subsidiaries, audit results, key points and considerations on earnings results, and trends of accounting audit.

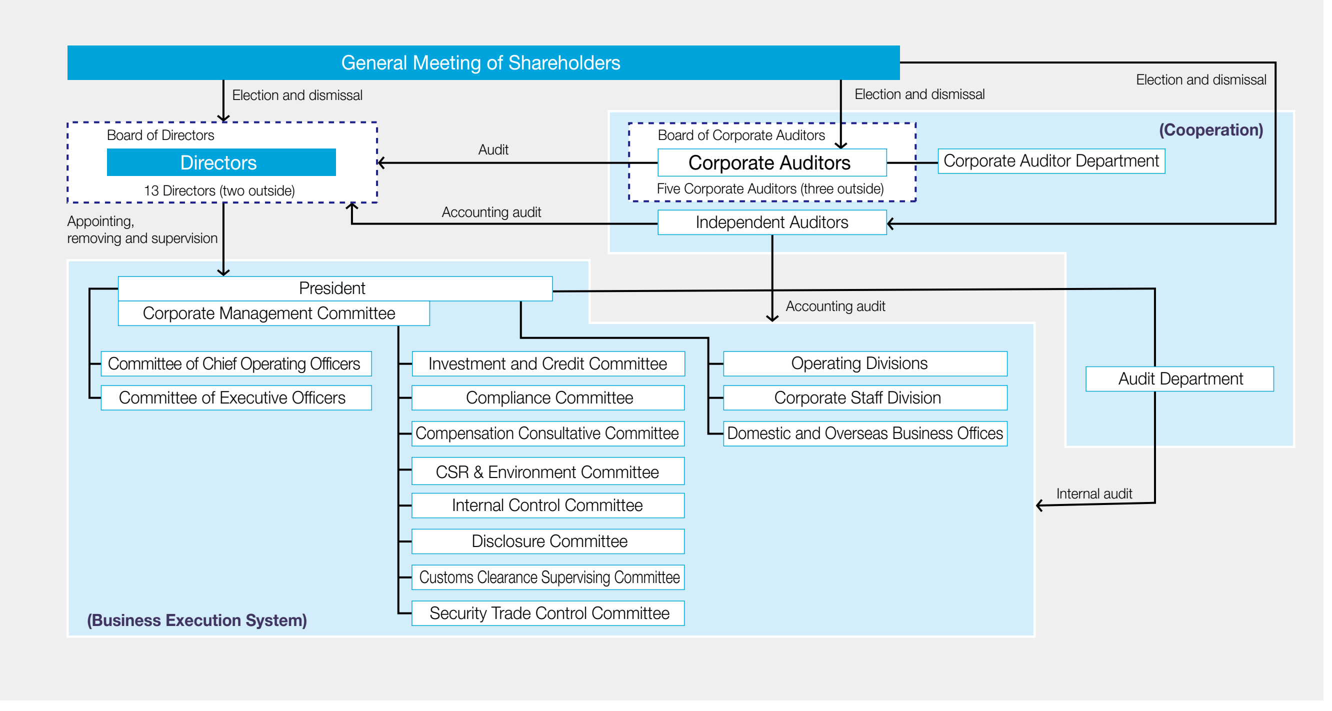
In fiscal 2010, remuneration amounted to ¥779 million for the 13 directors and ¥ 104 million for the 6 auditors (including 1 auditor who retired in June 2010).

The Corporate Management Committee, which reports directly to the President, comprises the President and nine directors to deliberate substantive matters related to management and operations. To enhance corporate governance, another six committees have been established: the Investment and Credit Committee, the Compliance Committee, the Compensation Consultative Committee, the CSR & Environment Committee, the Internal Control Committee and the Disclosure Committee. In addition, individual committees are established to address specified issues (such as the Customs Clearance Supervising Committee and the Security Trade Control Committee).

Marubeni's Executive Officer System

To clearly separate supervisory and executive functions, and to define authority and responsibility, Marubeni has introduced an executive officer system. Each executive officer is assigned authority to manage the operations of their division and full responsibility for implementing policies, while the relevant advisors to the President will monitor and support the executive officers. The Committee of Executive Officers comprises 38 executive officers (10 of whom are also directors) and holds monthly meetings, in principle, to announce management policies issued by the President and to discuss financial performance, the results of internal audits and other issues that affect business execution, and to facilitate the exchange of information between the oversight function and the implementation function. Keeping communication lines open between the directors and officers, outside directors also attend these meetings. Executive officers are selected by the Board of Directors and appointed to one-year terms of office.

Corporate Governance Structure



Committee Roles and Functions

Marubeni has established various committees designed to enhance corporate governance. To build a highly effective governance structure, committee members are selected from across the Company based on the role and function of each committee. A brief description of the principal committees and their respective governance roles is given below.

Investment and Credit Committee

Along with a committee chairman, vice chairman, and an advisor to the President from one of the business divisions, this committee is composed of general managers from Corporate Planning & Strategy, Corporate Accounting, Finance, Risk Management, Legal, and other corporate staff departments. When Marubeni makes an investment, this committee performs an analysis of business viability and examines business plans from a specialist standpoint using indicators such as PATRAC* and IRR (Internal Rate of Return) to quantitatively evaluate profitability, and makes qualitative evaluation of the investment's significance and strategic importance. Projects pending approval, such as investments, are discussed by the Investment and Credit Committee prior to appearing on the Corporate Management Committee's agenda. For highly important projects, a mechanism is also in place whereby the committee deliberates such projects prior to receiving the Board of Directors' approval. The Investment and Credit Committee deliberated a total of 185 projects pending approval in fiscal 2010.

* PATRAC (Profit After Tax less Risk Asset Cost)
Marubeni's proprietary management index for measuring the degree to which the return risk-return exceeds a minimum target risk-return.

Compliance Committee

The organizational function of this committee, supervised directly by the Company President, is to support and raise compliance awareness, thereby ensuring that Group officers and employees are able to act in full compliance. Specifically, the committee strives to enhance and promote the Company's compliance structure. Tasks here include compliance structure development, maintenance and management, drafting and maintenance of the Marubeni Group Compliance Manual, providing various training seminars and other compliance knowledge and awareness raising activities, research and response formulation when compliance issues emerge, and operation of the "Door of Courage"—a compliance reporting and consultation hotline for Marubeni and Group company officers and employees.

Key Activities

- Distribution of the revised Compliance Manual and posting on the Company intranet and website
- Visits by the Chairman of Compliance Committee and the Secretariat to operating companies in Japan and overseas offices to conduct training and discussion sessions
- Expanded implementation of compliance e-Learning for overseas offices' national staff to overseas operating companies
- Implementation of a third-party compliance monitoring questionnaire in order to assess the current state of compliance and formulate future improvement activities
- Review of the business law management system (starting in fiscal 2010, each division creates lists of process flow and applicable business laws in order to enhance the management system)

Board of Directors

Frequency of meetings	Once per month in principle, and on an ad hoc basis as needed
Number of meetings in FY 2010	20
Attendance by Outside Directors (2)	100%

Board of Corporate Auditors

Frequency of meetings	Twice per month in principle, and on an ad hoc basis as needed
Number of meetings in FY 2010	11
Attendance by Outside Corporate Auditors (3)	100%

Frequency of Various Management Committee Meetings

Investment and Credit Committee	Once per week in principle (35 times in FY 2010)
Compliance Committee	Twice per year in principle
Compensation Consultative Committee	On an ad hoc basis (4 times in FY 2010)
CSR & Environment Committee	Once per year in principle, and on an ad hoc basis as needed (1 time in FY 2010)
Internal Control Committee	On an ad hoc basis (4 times in FY 2010)
Disclosure Committee	Four times per year in principle, and on an ad hoc basis as needed (6 times in FY 2010)

Compensation Consultative Committee

Under advice from the Company President, this committee deliberates the full range of decisions regarding officer compensation made by the President, including salaries, rewards and sanctions, in order to enhance the transparency and objectivity of the decision-making processes involved.

Committee members serve one-year terms, and in fiscal 2010 included a Senior Executive Vice President and seven other members. In addition, an outside corporate auditor serves as a committee member each year, helping to maintain the transparency and objectivity of the committee.

CSR & Environment Committee

In order for the Group to grow sustainably and co-exist in harmony with society and the environment, the CSR Committee (currently the CSR & Environment Committee) was established in April 2004. The committee monitors the Group's activity status, proposes prioritized action items and plans, and offers awareness-raising activities, in the areas of CSR and environmental preservation.

Key Activities

- Introduce strict compliance with environment-related laws such as the "Waste Management and Public Cleansing Law," the "Law Concerning the Rational Use of Energy," and the "Law Concerning the Examination and Regulation of Manufacture," etc.
- Deployment of an ISO 14001 standards-based environmental management system
- Issue CSR report to publicize the Marubeni Group's CSR activities both within and outside of the Group
- Provide CSR-related information to SRI index research firms, etc.

Internal Control Committee

Until the establishment of the Internal Control Committee in April 2008, internal control system improvement and management was conducted on a voluntary basis mainly through the Internal Control System Promotion Task Force. The committee's purpose is to add functionality and strength to the Company's internal control system on an ongoing basis. Committee activities are designed to improve internal control systems across the entire Group, and rest largely on compliance with mandates pertaining to the "Internal Control Report System" under Japan's Financial Instruments and Exchange Law, as well as the basic policy on internal control systems stipulated by Japan's Corporation Law.

Key Activities

- Ensure the creation and implementation of the basic policy on internal control systems, conduct reviews and prepare proposed revisions
- Formulate policy for addressing internal control reporting system
- Deliberate on the formal internal control reports that state the Company directors' evaluation

Disclosure Committee

The purpose of this committee, established in April 2008, is to develop a more robust disclosure framework and further enhance the various initiatives regarding proper information disclosure that the Company has promoted over the years. Composed of a committee chair appointed by the Company President as well as general managers from corporate staff departments, the committee ensures that internal systems concerning legally mandated and timely disclosure are in place, and decides the importance and appropriateness of the information targeted for disclosure. When necessary, issues from this committee may be referred to the Corporate Management Committee or Board of Directors.

The committee convened six times in fiscal 2010, deliberating on items in the securities report, the business report, the financial statements, the quarterly reports, and in extraordinary reports, among other matters. The committee will convene as needed in fiscal 2011 as well.

Details of Executive Compensation

Amounts of executive compensation, details of policies regarding calculation methods used to decide compensation, and methods for making compensation decisions are as follows. Compensation for directors and corporate auditors is decided based on limits to the amount of total compensation for directors and corporate auditors determined by the General Meeting of Shareholders. Compensation for individual directors is decided by the Compensation Consultative Committee, a body whose membership includes outside auditors, and by the Board of Directors. Compensation for individual corporate auditors is decided through deliberation by the corporate auditors. Basic compensation paid to directors other than outside directors consists of fixed compensation and variable compensation, the latter of which is linked to business performance in the previous fiscal year. Compensation for outside directors and corporate auditors, both of whom are completely independent from business execution, consists entirely of fixed compensation.

Total compensation paid to directors and corporate auditors for fiscal 2010

Position	Total Amount of Compensation	Total Compensation by Type		Number of Recipients
		Basic Compensation	Retirement Bonuses	
Directors (excluding outside directors)	¥768 million	¥755 million	¥12 million	11
Corporate auditors (excluding outside auditors)	¥77 million	¥77 million	—	2
Outside executives	¥51 million	¥51 million	—	6
Total	¥896 million	¥883 million	¥12 million	19

*1 Rounded to the nearest million.
*2 Limits to the amount of executive compensation determined by a resolution of the General Meeting of Shareholders are as follows: "¥85 million to directors monthly (including ¥2.5 million for outside directors)" and "¥10 million to corporate auditors monthly" (both resolutions of the 83rd General Meeting of Shareholders held on June 22, 2007).
*3 Outside executives to whom compensation was paid include one executive who retired at the conclusion of the 86th General Meeting of Shareholders held on June 25, 2010.
*4 Retirement bonuses include an increase in the allowance for retirement bonuses (¥9 million for directors disclosed in the securities reports filed by the Company for fiscal 2006 (83rd business term) and fiscal 2007 (84th business term). This entire amount was covered by an allowance through fiscal 2007.
*5 The Company submitted a resolution to abolish its system of retirement bonuses for executives at the conclusion of the 83rd General Meeting of Shareholders held on June 22, 2007, with abolishment accompanied by the decision to close out and pay any remaining retirement bonuses associated with the system. The Company will make these payments to directors and corporate auditors who are eligible under the resolution, paying directors when they have retired both from their directorship and any held post as executive officer, and paying corporate auditors upon their retirement.

Individuals to whom the total amount of compensation paid exceeded ¥100 million are as follows.

Name	Position	Total Compensation by Type		Total Compensation
		Basic Compensation	Retirement Bonuses	
Teruo Asada	Director	¥130 million	—	¥130 million

Members of the Board and Corporate Management

Members of the Board

Nobuo Katsumata
Chairman

1966 Joined Marubeni-Iida Co., Ltd.*
1996 Director, Marubeni Corporation, Member of the Board
1999 Corporate Vice President
2001 Senior Vice President
2002 Corporate Executive Vice President
2003 President and CEO
2008 Chairman

Teruo Asada
President and CEO

1972 Joined Marubeni Corporation
2002 Corporate Vice President
2004 Corporate Senior Vice President
2005 Corporate Senior Vice President, Member of the Board
2006 Corporate Executive Vice President
2008 President and CEO

Mamoru Sekiyama
Senior Executive Vice President

1974 Joined Marubeni Corporation
2002 Corporate Vice President
2005 Corporate Senior Vice President
2006 Corporate Senior Vice President, Member of the Board
2007 Corporate Executive Vice President
2008 Senior Managing Executive Officer
2009 Senior Executive Vice President

Michihiko Ota
Senior Managing Executive Officer

1975 Joined Marubeni Corporation
2005 Corporate Vice President
2008 Managing Executive Officer
2009 Managing Executive Officer, Member of the Board
2010 Senior Managing Executive Officer

Shinji Kawai
Managing Executive Officer

1976 Joined Marubeni Corporation
2006 Corporate Vice President
2009 Managing Executive Officer, Member of the Board

Shigemasa Sonobe
Managing Executive Officer

1975 Joined Marubeni Corporation
2006 Corporate Vice President
2009 Managing Executive Officer
2010 Managing Executive Officer, Member of the Board

Shigeru Yamazoe
Managing Executive Officer

1978 Joined Marubeni Corporation
2006 Corporate Vice President
2009 Managing Executive Officer
2010 Managing Executive Officer, Member of the Board

Mitsuru Akiyoshi
Managing Executive Officer

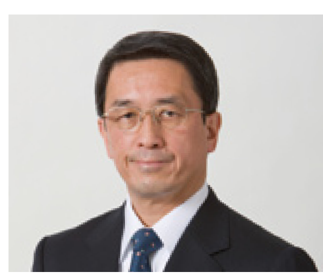
1978 Joined Marubeni Corporation
2007 Corporate Vice President
2009 Managing Executive Officer
2010 Managing Executive Officer, Member of the Board

Yutaka Nomura
Managing Executive Officer

1978 Joined Marubeni Corporation
2007 Corporate Vice President
2010 Managing Executive Officer
2011 Managing Executive Officer, Member of the Board

Daisuke Okada
Managing Executive Officer

1979 Joined Marubeni Corporation
2007 Corporate Vice President
2010 Managing Executive Officer
2011 Managing Executive Officer, Member of the Board



Yukichi Nakamura
Managing Executive Officer

1976 Joined Marubeni Corporation
2008 Executive Officer
2011 Managing Executive Officer, Member of the Board

* Marubeni-Iida Co., Ltd. was renamed Marubeni Corporation in 1972
** Outside director as stipulated under Article 2, Item 15 of the Corporation Law of Japan

Corporate Management (As of June 21, 2011)

Toshiyuki Ogura**
Outside Director

1965 Joined The Fuji Bank, Limited
1991 Director, The Fuji Bank, Limited
1998 Deputy President, The Fuji Bank, Limited
1998 Senior Managing Director, The Fuji Bank, Limited
1999 Deputy President, The Fuji Bank, Limited
2000 Deputy President, Representative Director, Mizuho Holdings, Inc.
2002 President & CEO, Fuyo General Lease Co., Ltd.
2008 Chairman, Representative Director, Fuyo General Lease Co., Ltd.
2009 Outside Director, Member of the Board

Shigeaki Ishikawa**(Independent Officer)
Outside Director

1968 Joined National Police Agency
2002 Superintendent General, Tokyo Metropolitan Police Department
2004 Retired from Superintendent General, Tokyo Metropolitan Police Department President, Japan Road Traffic Information Center
2007 Retired from Japan Road Traffic Information Center
2008 Lawyer
2009 Outside Director, Member of the Board

Members of the Board

Chairman
Nobuo Katsumata

President and CEO
Teruo Asada

Senior Executive Vice President
Mamoru Sekiyama
Chief Operating Officer, Global Strategy & Coordination Dept., and Research Institute; Advisor to the President for Real Estate Business Dept.; Senior Operating Officer, Audit Dept.

Senior Managing Executive Officer
Michihiko Ota
Chief Operating Officer, General Affairs Dept., and Human Resources Dept.; Advisor to the President for Living Essentials Group (Lifestyle Div.); Chairman of Compensation Consultative Committee

Managing Executive Officers
Shinji Kawai
Advisor to the President for Energy, Metals & Mineral Resources Group

Shigemasa Sonobe
CIO; CFO; Chief Operating Officer, Information Strategy Dept., Corporate Accounting Dept., and Finance Dept.; Chief Operating Officer, Investor Relations; Chairman of Disclosure Committee

Shigeru Yamazoe
Advisor to the President for Machinery Group; Vice Chairman of Investment and Credit Committee

Mitsuru Akiyoshi
Chief Operating Officer, Executive Secretariat, Corporate Communications Dept., and Corporate Planning & Strategy Dept.; Advisor to the President for Finance, Logistics & IT Business Div.; Chief Operating Officer, Real Estate Business Dept.; Chairman of Investment and Credit Committee; Chairman of CSR & Environment Committee; Chairman of Internal Control Committee

Yutaka Nomura
Chief Operating Officer, Risk Management Dept., Legal Dept., and Trade Compliance Management Dept.; Chairman of Compliance Committee

Daisuke Okada
Advisor to the President for Living Essentials Group (Food Materials Div. and Food Products Div.), and Supply Chain Management; Vice Chairman of Investment and Credit Committee

Yukichi Nakamura
Advisor to the President for Forest Products & Chemicals Group

Outside Directors
Toshiyuki Ogura
Shigeaki Ishikawa

Corporate Auditors
Hideyuki Yasue
Takafumi Sakishima
Hiroshi Kudo
Takao Kitabata
Norimasa Kuroda

Executive Officers

Senior Managing Executive Officer
Fumiya Kokubu
Regional CEO for North & Central America; Advisor to the President for South America; President and CEO, Marubeni America Corporation

Managing Executive Officers
Chihiro Shikama
Regional CEO for China; President, Marubeni (China) Co., Ltd.; General Manager, Beijing Office

Masahiro Enoki
Chief Operating Officer, Business Accounting Dept.-I, Business Accounting Dept.-II, and Business Accounting Dept.-III; Senior Operating Officer, Corporate Accounting Dept.; Vice Chairman of Investment and Credit Committee

Keizo Torii
Chief Operating Officer, Energy Div.-I

Shingo Tsuda
Regional CEO for Europe; Regional CEO for Middle East & North Africa; Managing Director and CEO, Marubeni Europe plc

Shoji Kuwayama
Chief Operating Officer, Metals & Mineral Resources Div.

Kazuaki Tanaka
Chief Operating Officer, Energy Div.-II

Executive Officers
Shoichi Ikuta
Regional CEO for CIS

Hidenao Yoichi
Deputy Regional CEO for China; President, Marubeni (Shanghai) Co., Ltd.

Yukihiko Matsumura
Senior Operating Officer, Finance Dept.; Senior Operating Officer, Investor Relations; General Manager, Finance Dept.

Ryusuke Konto
Regional COO for North & Central America; Senior Executive Vice President, COO, Regional General Manager of Western Region, Marubeni America Corporation

Hiroshi Ikuno
Regional CEO for ASEAN; Managing Director, Marubeni ASEAN Pte. Ltd.

Kaoru Iwasa
Chief Operating Officer, Transportation Machinery Div.

Naoya Iwashita
Chief Operating Officer, Chemicals Div.

Kaoru Kuzume
General Manager, Human Resources Dept.

Motoo Uchiyama
Chief Operating Officer, Plant & Industrial Machinery Div.

Hikaru Minami
Chief Operating Officer, Finance, Logistics & IT Business Div.

Katsuhisa Yabe
Chief Operating Officer, Lifestyle Div.

Yutaka Ienaga
General Manager, Osaka Branch

Yasuyuki Amakusa
Chief Operating Officer, Forest Products Div.

Masumi Kakinoki
Chief Operating Officer, Power Projects & Infrastructure Div.

Akira Terakawa
General Manager, Corporate Planning & Strategy Dept.

Yoshiaki Mizumoto
Chief Operating Officer, Food Products Div.

Satoshi Wakabayashi
Chief Operating Officer, Food Materials Div.

Takeo Kobayashi
General Manager, Nagoya Branch

Mutsumi Ishizuki
Senior Operating Officer, Metals & Mineral Resources Div.

Shin Tajima
Senior Operating Officer, Food Products Div.

Takeshi Kumaki
Senior Operating Officer, Energy Div.-I

Auditors

Hideyuki Yasue
Corporate Auditor

1973 Joined Marubeni Corporation
2005 Corporate Vice President
2007 Corporate Senior Vice President
2008 Managing Executive Officer, Member of the Board
2009 Corporate Auditor

Takafumi Sakishima
Corporate Auditor

1974 Joined Marubeni Corporation
2006 Corporate Vice President
2008 Managing Executive Officer, Member of the Board
2011 Corporate Auditor

Hiroshi Kudo
Outside Corporate Auditor

2005 Managing Executive Officer of Sompo Japan Insurance Inc.
2009 Chairman of Sompo Japan Commercial Line Services Inc.
Appointed outside corporate auditor of Marubeni

Takao Kitabata (Independent Officer)
Outside Corporate Auditor

2002 Deputy Vice-Minister of Ministry of Economy, Trade and Industry
2004 Director-General of Economic and Industrial Policy Bureau
2006 Vice-Minister of Economy, Trade and Industry
2008 Retired from Vice-Minister of Economy, Trade and Industry
2010 Appointed outside corporate auditor and independent officer of Marubeni

Norimasa Kuroda
Outside Corporate Auditor

2002 Managing Executive Officer of Mizuho Corporate Bank, Ltd.
2007 Deputy President of Mizuho Corporate Bank, Ltd.
2010 Chairman of Mizuho Trust & Banking Co., Ltd.
Appointed outside corporate auditor of Marubeni

Outside Officer System

The Roles and Functions of Outside Directors

To enhance management transparency and the effectiveness of its Board of Directors, Marubeni ratified two external appointments in June 2005. Outside directors offer opinions on business management drawn from their broad experience and high-level perspective, and give advice to better implement corporate governance. We currently employ two outside directors; one has served as an officer for a bank, and the other as Superintendent General of the Tokyo Metropolitan Police Department.

Outside directors attend the meetings of the Board of Directors and the Committee of Executive Officers including on an ad hoc basis, making active contributions from the perspective of internal control. Their attendance rate at meetings for the Board of Directors and Committee of Executive Officers in fiscal 2010 was 100 percent. (See p. 65 for details on the number of times each type of meeting was convened.) Prior to meetings, outside directors are provided with agendas and fully briefed on management issues and project execution status.

The Roles and Functions of Outside Auditors

Marubeni's Board of Corporate Auditors is comprised of five members, including three outside corporate auditors. Outside corporate auditors monitor the directors' execution of duties and draw upon their wealth of professional expertise to offer various recommendations and advice to enhance corporate audits. The current outside corporate auditors have experience as an executive of an insurance company, as Vice-Minister of the Ministry of Economy, Trade and Industry and as a bank executive, respectively. In fiscal 2010, the outside corporate auditors attended every meeting of the Board of Corporate Auditors and also the Board of Directors and Committee of Executive Officers, contributing to the meetings appropriately. (See p. 65 for details on the number of times each type of meeting was convened.) In addition, the corporate auditors meet with the president on a bimonthly basis, as well as with members of the Audit Department, Corporate Accounting Department, and Independent Accounting Auditors on a monthly basis for an exchange of opinions. They receive audit-related information from the standing corporate auditors which they use in the execution of their auditing duties. One of the outside corporate auditors is also a member of the Compensation Consultative Committee.

—FACT section—

Human Resources Initiatives

As a general trading company, Marubeni sees its human resources as the source of its competitive power. In order to create new added value for our stakeholders continuously, the basic policy is to create a workplace where employees can fully demonstrate their capabilities and skills as well as an environment that helps maximize employee value. To this end, we have implemented various reforms in our human resources strategy.

Enrich Human Resources Strategy in the SG-12 Medium-Term Management Plan

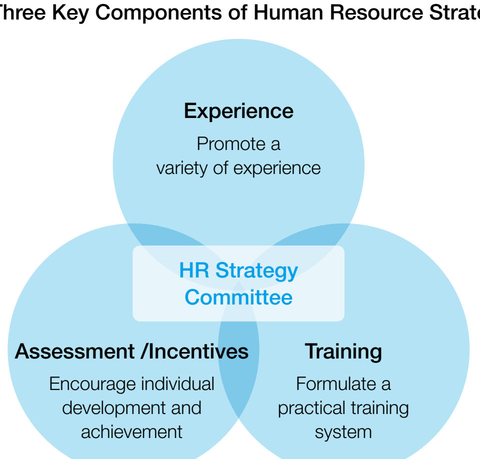
In the SG-12 medium-term management plan, Marubeni is committed to the promotion of a top management-led human resources strategy. Reflecting this emphasis on strengthening human resources, and to better deal with the changing business environment and diversified business models, we have established an HR Strategy Committee, chaired by the CEO, and appointed HR officers in each business division, corporate staff division, and overseas region.

Specifically, Marubeni's fundamental policy is to adopt a three-pronged approach to HR that emphasizes Experience through practice, together with Assessment and Incentives, and finally Training.

Where experience is concerned, we have focused on young career-track employees, and have made overseas work experience mandatory in their twenties. We will also step up our efforts to expose young employees to frontline experience in different departments, for example by sending them to work at operating companies and rotating them in-house. By broadening employees' experience, Marubeni aims to develop human resources that can adapt to changes in the business environment, business model diversification, and ongoing globalization.

Marubeni is also working to nurture strong leaders to take on the role of management in the next generation. To this end, candidates for management at department or business division level are selectively given management experience in different environments at other departments within head office, or at operating companies inside and outside Japan.

Three Key Components of Human Resource Strategy



Enhancement of Work-Life Balance Initiatives

In fiscal 2010, Marubeni made sweeping revisions to its initiatives for achieving a better work-life balance. We consider this an important measure for realizing a stronger Marubeni and the sustainable growth envisioned in SG-12.

In making the revisions, the purpose of promoting a work-life balance was defined as "the Company and employees create a working environment tailored to employees' career and life stages, so as to maximize the medium- to long-term contribution of every employee to the Company." Relevant measures were organized into the following two programs.

Life Event Support Program

This program aims to support employees in their career and personal lives during childrearing, nursing care, and other life events

Meri-Hari Work Promotion Program

This program encourages employees to reduce work outside of normal business hours and to take time-off so that they can efficiently produce high-quality performance in the best possible conditions

Guided by these two programs, Marubeni will assertively promote a better work-life balance for its employees.

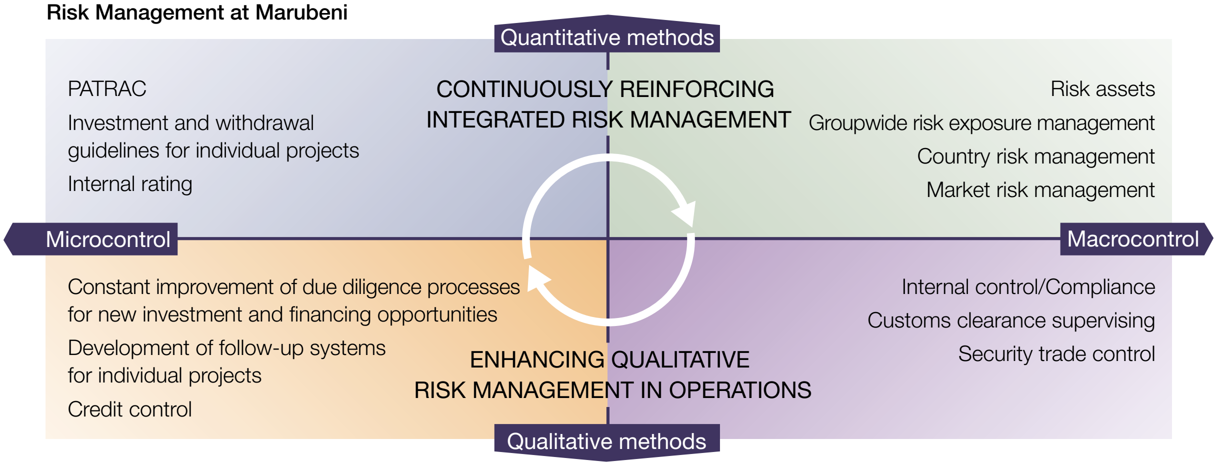
<Key Initiatives Introduced in Fiscal 2010>

Support payments for child daycare when returning to work	Assistance for employees unable to find an available daycare center when wishing to return to work to partially offset expenses for babysitters and other alternative daycare services
Childrearing/nursing care flex time	System for flexible working times (up to 1 hour per day) for employees with childrearing/nursing care responsibilities
Paternity leave	Partially paid paternity leave of up to 10 consecutive days available within the first eight weeks of a child's birth to encourage fathers to take childrearing leave
Nursing care support for employees posted overseas	Corporate contract with a Japanese NPO specializing in nursing care for family members living apart
Year-round special leave	A previous system allowing employees to take three days of special summer leave during the months of June through September has now been extended to cover the whole year.

Risk Management

In the course of its diversified business activities, Marubeni conducts risk management activities which address risk from a variety of perspectives: macro and micro, qualitative and quantitative. In the wake of the global financial crisis, increased volatility in exchange rates, resource prices and other parameters has continued unabated. Under these conditions, the Company is promoting integrated risk management, measuring the maximum level of risk on a consolidated basis and limiting it to within the scope of net assets, set aside as a provision for potential losses. By conducting thorough screening and follow-up for individual projects and further enhancing internal control systems, the Company has established a structure that minimizes losses due to unforeseen events.

Risk Management at Marubeni



In fiscal 2010, Marubeni implemented new investments while promoting active portfolio adjustments in order to limit risk assets to within the scope of consolidated net assets. Consequently, the Company has held a risk buffer that also covers future investments in priority fields. In response to heightened country risk, the Company dynamically reviewed individual country management standards. In order to enhance the risk management system for conducting individual projects, the Company has revised IRR guidelines, along with promoting risk assessment methods to identify and evaluate major risk factors and introducing probability analyses of risk scenarios. By further enhancing post-implementation monitoring and follow-up, Marubeni will build a business portfolio with an appropriate balance of risk and return.

Internal Control

Marubeni seeks to steadily increase and maximize corporate value while conducting business activities that are in accordance with our Company doctrine and management philosophy. To this end, Marubeni has established internal control systems, which serve as a rational process to ensure improvement of efficiency of business activities, accurate reporting of earnings results to stakeholders, maintenance of compliance with applicable laws and regulations, and safeguarding of assets. The Company regularly reviews this internal control system policy to respond to changes in social conditions and the business environment.

In accordance with the Corporation Law of Japan and its implementation guidelines, Marubeni has established a basic internal control system policy which helps to ensure that all business activities are conducted appropriately. Each year, the Company confirms the content and implementation of this policy, and implements improvements when necessary. With regard to the internal control report system mandated under the Financial Instruments and Exchange Law, the Internal Control Committee conducts evaluations as stipulated in the practical standards. In the reports on internal controls in fiscal 2010, the committee again concluded that "internal controls are effective."

* For further information on the basic internal control system policy, please refer to the Company's website:
http://www.marubeni.com/csr/005455.html

Consolidating Internal Control Activities for the Entire Group

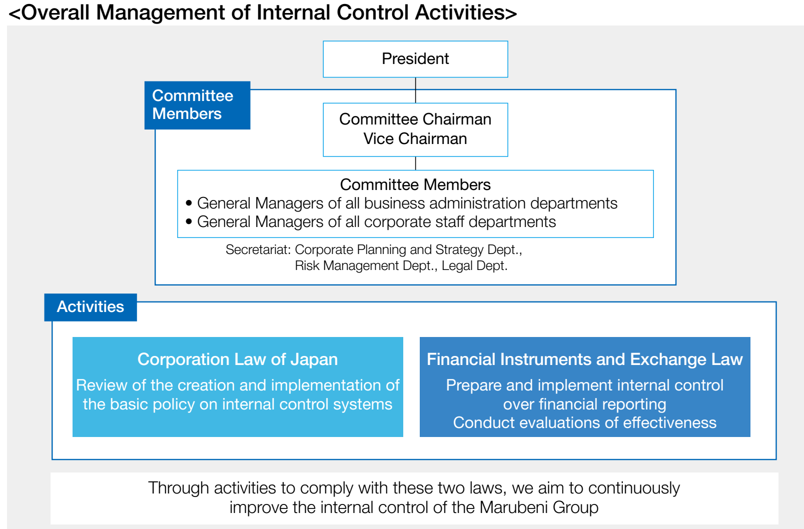
The Financial Instruments and Exchange Law was established in 2006 to provide rules on the internal control over financial reporting.

In fiscal 2008, revisions to this law made it mandatory for company directors to submit internal control reports, and also required external auditors to submit verification stating that the internal control reports have been audited. Marubeni recognized the importance of internal control reports at a very early stage. In March 2004, a decision by top management launched the “MARICO PROJECT” (MARubeni Internal COntrol Systems PROJECT) with a view to ensuring the reliability of financial reporting. The mechanism was fully implemented in fiscal 2005.

In April 2008 Marubeni established the Internal Control Committee, a new structure reporting directly to the Company president. The committee was established to maintain the internal control over financial reporting activated by the MARICO PROJECT, and is also charged with overall management of internal control activities, including formulation and implementation of the basic policy on internal control systems, based on the Corporation Law of Japan. Through this committee, Marubeni has established a structure which improves the effectiveness of comprehensive internal control, and conducts practical activities related to the basic policy on internal control and the Financial Instruments and Exchange Law.

Marubeni conducts a review of the basic policy on internal control every year. In fiscal 2008, the Company added four items: (1) To avoid any and all contact with corporate racketeers and other antisocial forces; (2) To prevent the loss or improper release of information; (3) To formulate a business continuity plan; and (4) To establish the Internal Control Committee and the Disclosure Committee. With regard to the “Internal Control Report System” under Japan’s Financial Instruments and Exchange Law, the Company has implemented continuous improvements by each organization and striven to raise the evaluations of company directors, and confirmed that internal controls are functioning effectively.

Mechanism of the Internal Control Committee
<Overall Management of Internal Control Activities>



Integrated Risk Management

Marubeni operates in a diversified range of industries and regions. Therefore, the company has established an integrated risk management system which not only focuses on the micro level of the individual risk factors, but also takes a macro view of the various factors that affect the entire Marubeni Group. Integrated risk management takes a broad overview of the assets for the entire Group, gauging risk based on the exposure of these assets to each specific risk factor—industry risk, country risk, credit risk for each client, and so on. These risks form the basis for calculating Value at Risk (VaR), which takes into account dispersion effects and correlations to calculate maximum risk. VaR is used as a primary benchmark for portfolio management.

Management Indicators Used to Pursue Steady, Balanced Growth

Integrated risk management looks at various risk factors in a comprehensive way to enable managers to understand risk as a single monetary value. By adopting a simulation system that uses an independently developed computerized statistical model, Marubeni has made it possible to grasp the degree of risk in more detail than ever before. We calculate PATRAC based on risk assets—a value based on the maximum decline in the value of Group assets as quantified by the Company. PATRAC indicates profit after tax following adjustment for risk, and Marubeni has adopted PATRAC as the most important management indicator, using it to screen proposals requiring approval, as well as to evaluate the performance of each portfolio unit. Each business unit constantly takes steps to adjust its portfolio in a flexible manner, seeking to improve PATRAC in order to achieve maximum returns for a given level of risk, enabling Marubeni to achieve steady and balanced earnings growth.

Compliance

Yutaka Nomura
Managing Executive Officer,
Chairman of Compliance Committee

Making Compliance the Top Priority

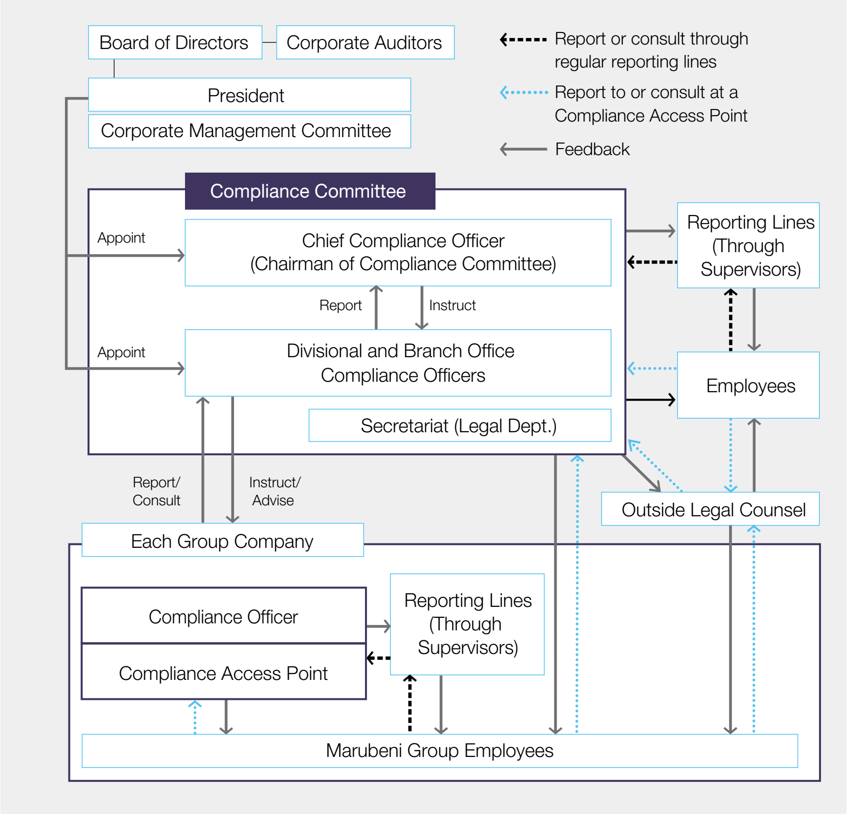
Marubeni recognizes that "compliance" means more than observing laws and regulations. A company is a member of society that must live up to the expectations of its stakeholders and act in a socially responsible manner. This is the real meaning of compliance: to ensure that all employees and executives have a strong awareness of their responsibilities and to ensure that all activities adhere to high ethical standards.

Marubeni has compiled the Marubeni Group Compliance Manual, which specifies the standards of behavior that Group employees are expected to follow in all of their daily work activities. Every year, the Company's employees and executives, as well as presidents of all Marubeni Group companies, take an oath to adhere to the code expressed in this manual.

In the foreword to the manual, the top management sends a message that defines Marubeni's stance on compliance: **"When you are faced with a choice between integrity and profit, choose integrity without hesitation."** Every Marubeni Group employee is expected to take this slogan to heart, and apply it in their daily work activities. The Company holds group training programs and e-learning programs on a timely basis to educate personnel in general compliance issues and to keep up to date on regulatory changes and economic and social trends. In addition, the Chairman of the Compliance Committee makes periodic visits to Group companies and overseas offices to provide training. These and other measures help to ensure that all individuals in the Company possess the necessary understanding and awareness of compliance issues, and know-how to apply their knowledge. Overseas subsidiaries and offices develop their own compliance systems in accordance with the laws, regulatory structures and business customs of each country in which they operate. Major overseas offices formulate and review their compliance plans every year.

We will continue to make efforts to achieve even higher standards of compliance.

Organizational Diagram for the Marubeni Group Compliance System



Compliance Access Point (Door of Courage)

Rules on reporting to and consulting with a Compliance Access Point

1. A person filing a report or requesting a consultation shall provide his/her name, which shall remain confidential. (The report to the Compliance Committee from outside legal counsel shall omit the name of the reporting person, if he/she so desires.)
2. The company guarantees that the reporting person shall not in any way be prejudiced or reprimanded because of his/her decision to report or consult with a Compliance Access Point.
3. Anyone who believes that the company has not acted in accordance with Rule 2 (above) may consult with the Compliance Committee.
4. The Compliance Committee shall provide the reporting person with details of its findings in relation to any matter reported to it and any matter upon which they have been consulted.

Business Segments/ Overseas and Domestic Operations

Business Division Organizational Changes (April 1, 2011)

In April 2011, Marubeni Corporation enacted a partial realignment of its business organization, transitioning from a structure consisting of 12 divisions to a framework with 12 divisions and one department. As part of these changes, the Food Division was reorganized into the newly established Food Materials Division and Food Products Division. Furthermore, Marubeni disbanded the Real Estate Development Division and established the Real Estate Business Department.

Prior to changes	Business organization changes (April 1, 2011)	
Food Division	Food Materials Division	P76
	Food Products Division	P78
Lifestyle Division	Lifestyle Division	P80
Forest Products Division	Forest Products Division	P82
Chemicals Division	Chemicals Division	P84
Energy Division-I	Energy Division-I	P86
Energy Division-II	Energy Division-II	P88
Metals & Mineral Resources Division	Metals & Mineral Resources Division	P90
Transportation Machinery Division	Transportation Machinery Division	P92
Power Projects & Infrastructure Division	Power Projects & Infrastructure Division	P94
Plant & Industrial Machinery Division	Plant & Industrial Machinery Division	P96
Real Estate Development Division	Finance, Logistics & IT Business Division	P98
Finance, Logistics & IT Business Division	Real Estate Business Department	P100

Food Materials Division

Products and Areas:
Assorted grain (wheat, soybeans, rapeseed, and corn)/Livestock feed and raw ingredients/Fresh and processed meat (beef, pork, and chicken)/Agricultural products (rice, vegetables and fruits) and fertilizer

Division Organization:
Food Administration Dept./Grain Dept./Grain Business Development Dept./Meat Dept./Farm Products Dept.

Executive Officer, COO, Food Materials Division
Satoshi Wakabayashi

In April 2011, the Food Materials Division, covering the grain, livestock, and agricultural products sectors, launched following the reorganization of the former Food Division. In grain, the division is the top trader among general trading companies in terms of volume. Backed by unrivaled sales capabilities, we are bolstering efforts to develop sales operations worldwide, along with measures targeting grain production markets. In livestock, we pursue synergies with grain and livestock feed, with sights on promoting an integrated livestock and feed business encompassing grain, feed and processed meat worldwide. Finally, in rice, our primary agricultural product, we are working to boost distribution efficiency in Japan, promote business overseas, and further extend our business area.

Sources of Strength

Selling grain to the world: Top industry trading volume

The Food Materials Division leads general trading companies with annual grain trading volume of roughly 20 million tons. It possesses a framework for grain procurement composed of diverse production sites worldwide, and is developing global sales operations. Leveraging internationally competitive grains, the division not only provides Japan with a stable grain supply, but is also building a structure for flexibly supplying grain to meet growing global demand.

Among the top trading companies in rice trading volume

The volume of rice handled by the Marubeni Group is one of the highest among general trading companies. The division is hoping to enhance its processed rice sales capabilities in Japan through a strategic alliance with the ZEN-NOH Group, which handles roughly 30% of Japan's rice. Rice exports are another goal going forward.

Development of integrated livestock and feed business in China

China is a massive consumer of fresh meat. In this market, the division has allied with the Shandong Liuhe Group Co., Ltd. (Shandong Liuhe Group), China's largest farming corporation, to promote integration in livestock and feed operations. The aim is to build an integrated structure that extends from the grain sector, where Marubeni is dominant, through to feed production, meat processing, and wholesale and retail sales.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	113.7	108.8	113.4	–
Equity in earnings (losses)	(25.7)	(8.2)	3.5	–
Segment net income (loss)	(19.4)	2.1	15.2	19.0
Segment assets	594.4	588.6	643.8	–

* Figures are for total of Food Materials and Food Products Division.

Promoting Growth Strategies Built on Powerful Partnerships and Investment in Business Projects

Industry Environment and Fiscal 2010 Results

Population growth and economic development are gaining momentum in China and ASEAN markets. The subsequent rise in domestic demand is triggering dramatic growth in purchasing power. As diets Westernize and incorporate more meat, demand is growing sharply for grains used as livestock feed, as well as for human consumption. Against this backdrop, in fiscal 2010 we sought to further extend trade and aggressively pursued investments and alliances.

In the grain sector, we focused on soybean sales in China, the world's largest grain importer, extending Marubeni's share of Chinese soybean imports to nearly 20%. In the livestock feed and meat sectors, we entered a strategic alliance with the Shandong Liuhe Group, one of China's largest farming corporations, and inked an exclusive agreement with China's largest grain trader, COFCO Limited, for the export of wheat for flour production to Japan. In the ASEAN region, we established a grain sales company in Singapore, and developed a sales structure for meeting enormous demand.

For grain production markets, the division put a proprietary procurement system in place in partnership with Senalia Union, a French company with the largest silo capacity in Europe, as well as influential grain-collection company Amurzerno, and export terminal operator Fetexim, two firms based in Russia. Armed with worldwide options for moving grain from optimal production to optimal consumer markets, the division sought to boost distribution efficiency and developed a global network for supplying competitive grain to Japan and other markets.

In the livestock sector, to meet China's growing domestic demand, we took steps to integrate our livestock and feed operations with the Shandong Liuhe Group, with whom the division is jointly developing retail operations in fresh meat in China.

In agricultural products, the division formed an alliance in Japan with the ZEN-NOH Group to promote rice consumption, expand sales, and develop a sounder production base. In tandem, steps were taken to build and expand a sales and distribution network driven by processed rice distribution.

As a result, in fiscal 2010, segment gross trading profit (combining the Food Materials and Food Products Divisions) was ¥113.4 billion. Segment net income was ¥15.2 billion.

Global Player Contributing to Stable Supply of Foodstuffs

Initiatives in Fiscal 2011

The division will advance more in-depth growth strategies as a global player responsive to consumer food safety needs and a contributor to the stable supply of foodstuffs worldwide.

In grain, along with stable supplies to Japan, the division will extend sales to growth markets in Asia, the Middle East, and North Africa. To this end, in conjunction with efforts to secure trade volume, increase sophistication, and bring more companies into the Group, we are investing in feed and oil-pressing operations in demand markets in a bid to capture demand growth. In initiatives for production markets, we are working to enhance our grain collection network in Brazil and other influential grain-producing countries.

In livestock, we are eyeing business development overseas, backed by deeply embedded trade and operations in Japan. Leveraging our strategic alliance with the Shandong Liuhe Group, we are building integrated operations covering feed, livestock (mainly broiler hens), and processed meats. Through this and similar actions, the division will deepen partnerships extending from the upstream area of grain trading to the downstream areas of meat production and processing in Asia, its primary business theater.

In agricultural products, the division will act to secure rice supply sites in Japan and overseas, and expand its competitive rice trade. At the same time, efforts will focus on achieving more robust trade in fertilizer, a vital resource for agricultural production.

Food Products Division

Products and Areas:
Flour, sugar, oils, and other food ingredients/Beverage products and raw materials/Snacks, processed foods and frozen foods/Rice, vegetables, fruits/Seafood

Division Organization:
Food Administration Dept./Food Materials & Products Marketing Dept./Retail Business Development Dept./Overseas Food Business Development Dept./Beverage Dept./Seafood Dept./Nishinihon-Tokai Food Dept./Daiei Dept.

Executive Officer, COO, Food Products Division
Yoshiaki Mizumoto

The Food Products Division was launched in April 2011, following the reorganization of the former Food Division. Business fields for the newly formed division consist of distribution of raw ingredients for food and food products, the food products business in emerging markets, and the beverage and marine products businesses. By blending the functions of both the retail and wholesale distribution businesses, the division is establishing a consumer-driven food distribution network. At the same time, the division proposes various options in sectors such as food products, beverage ingredients, marine products and other raw ingredients, and the sale of processed foods, and is bolstering relationships with manufacturers in a bid to strengthen its food product supply chain. To capture internal demand in growth markets, the division is also taking aggressive steps to develop business in China, ASEAN countries, and other emerging markets.

Sources of Strength

Powerful domestic food distribution network and business development in growth markets overseas

The division has influential sales spaces around the Tokyo Metropolitan Area, establishing a consumer-oriented food distribution network that takes advantage of the division's strengths, namely functions and expertise in the procurement of food products and raw materials. Overseas, the division is working to expand its business domains in countries worldwide. Steps here include participation in the management of Acecook Vietnam Joint Stock Company (Acecook Vietnam) to build its food distribution network in growth markets.

Industry-leading share of imports through an optimal supply chain in coffee trading

The division has an approximately 30% share of coffee bean imports to Japan. Beyond the Japanese market, the division is pursuing a strategy for supplying coffee beans to markets worldwide, including Europe, the United States, and Asia, with subsidiary Cia. Iguaçu de Café Solúvel, Brazil's largest instant coffee manufacturing and sales company, as a key production site.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	113.7	108.8	113.4	–
Equity in earnings (losses)	(25.7)	(8.2)	3.5	–
Segment net income (loss)	(19.4)	2.1	15.2	19.0
Segment assets	594.4	588.6	643.8	–

* Figures are for total of Food Materials and Food Products Division.

Initiatives in the Global Food Products Sector

Industry Environment and Fiscal 2010 Results

In Japan, the overall market is contracting, reflecting market maturation, a falling birthrate, and an aging population. In stark contrast, internal demand is rising in newly emerging and rapidly growing economies, and is triggering a dramatic rise in purchasing power. In this climate, the division pursued further trade expansion as well as aggressive investment in fiscal 2010.

In Japan, the distribution market is rapidly evolving into a consumer-led market, as consumer preferences grow increasingly diverse. In this climate, we invested in several retailers, among them The Daiei, Inc., The Maruetsu, Inc., and Tobu Store Co., Ltd. We also boosted business volume by creating impressive sales spaces, leveraging product development capabilities that accurately capture consumer needs, and taking advantage of division strengths in the procurement of global food ingredients and products. The geographic focus of these efforts was the Tokyo Metropolitan Area, a region that continues to show stable growth.

In growth markets overseas, we vigorously promoted trade and business development in an effort to capture internal demand. We increased investment in Acecook Vietnam by accepting all shares of a private allocation of shares to a third party in an effort to further solidify our presence in the processed foods business in growth markets.

As a result, in fiscal 2010, segment gross trading profit (combining the Food Materials and Food Products Divisions) was ¥113.4 billion. Segment net income was ¥15.2 billion.

More Robust Distribution Strategy in Japan and Greater Overseas Business Development

Initiatives in Fiscal 2011

Along with expansion in trade and business earnings in Japan, we are using overseas markets as engines for growth as we push ahead with assertive business development in emerging markets.

In Japan, we intend to strengthen relationships with retailers in which Marubeni invests, and will expand trading not only in raw ingredients but in processed foods, as we beef up our supply chain. In addition to stronger initiatives with manufacturers and broader sales of private-brand products, both backed by retail and wholesale purchasing power, we will bolster our intermediate distribution functions in a move to extend our business domains to cover commercial-use, home delivery, and other fields.

Where initiatives in overseas markets are concerned, to capture internal demand in China, ASEAN, India and other growth markets, we plan to strategically invest in and form partnerships with local processed food manufacturers in a bid to expand division earnings. To this end, since the beginning of fiscal 2011 we have reorganized the China & ASEAN Market Development Dept., which was established within the division in fiscal 2010, into the Overseas Food Business Development Department. As a new business unit, this department will seek to bolster our sales structure for food products in growth markets by building a network of sales bases and developing operations in peripheral fields.

Lifestyle Division

Products and Areas:
Apparel/Uniforms/Footwear/Lifestyle goods/Raw materials for textiles /Industrial materials/ Fitness and office equipment/Natural rubber/Synthetic rubber /Rubber products

Division Organization:
Lifestyle Administration Dept./Fashion Apparel Dept./Utility Apparel Dept./ Functional Materials & Lifestyle Dept./Rubber Dept./General Merchandise & Footwear Dept.

Executive Officer, COO, Lifestyle Division
Katsuhisa Yabe

The Lifestyle Division is tasked with coordinating businesses related to a wide range of consumer goods, such as apparel, footwear, household goods, home furnishings, sporting goods, tyres, fitness equipment, and others. Since the division's launch in fiscal 2008, we have strengthened our Supply Chain Management (SCM) system to bolster the OEM trade as our core business. In fiscal 2011, so as to move our business activities ahead aggressively, we will develop new production bases in Asian countries in addition to China and expand our sales forces in fast-growing China, as well as the other emerging Asian countries and the Europe & North America regions.

Sources of Strength

OEM business in apparel, footwear and household goods

In apparel, footwear, household goods and other lifestyle-related products, the division has a well-established SCM production framework enabling low cost, timely and stable delivery of high-added-value products. These advantages have earned a high level of trust for the division from our customers around the world.

Answering customer needs in uniform sales and rentals market

In uniforms, the division, along with OEM sales, offers rental service functions. It is also expanding market share through this structure, which enables the division to respond flexibly to diverse needs from our corporate customers for cost-cutting measures, asset reduction, sanitary supervision, and security management.

Establishment of a wide-ranging and unique value chain in rubber covering raw materials to products

The division has developed a rubber value chain encompassing upstream fields, such as the processing, production and sale of natural rubber and the sale of synthetic rubber, to midstream and downstream sectors covering the export and import, offshore trading, and overseas retailing of tyres, conveyor belts, and other rubber products.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	32.3	30.7	31.0	–
Equity in earnings (losses)	(0.0)	(0.1)	0.1	–
Segment net income	4.0	3.6	5.0	6.5
Segment assets	146.9	134.4	132.6	–

More Robust Earnings Base Through a Stronger OEM Production Framework

Industry Environment and Fiscal 2010 Results

In fiscal 2010, the Lifestyle Division faced an adverse environment as consumption in Japan, the division's main market, continued to be weak and the labor cost and raw material cost increased sharply in China and other countries involved in production. In this economic climate, the division, mainly in apparel, footwear, and household goods, expanded trade business with major customers by planning and proposals that anticipate changes of evolving needs among consumers and customers, strengthening the division's SCM production framework in China and Asian countries, and finding new production bases in India and Bangladesh. Similarly, we increased our trading volume of natural rubber, synthetic rubber and tyre products, mostly to emerging economies. A series of actions by the division resulted in ¥31.0 billion of gross trading profit, and ¥5.0 billion of consolidated net income. We also embarked on OEM sales of fashion apparel and household goods from major Japanese retailers developing outlets in fast-growing China, as well as Western brands, to local apparel companies.

Enlarging OEM Business and Expanding Sales to Overseas Markets

Initiatives in Fiscal 2011

It is expected that the uptrend of the labor and raw material cost in China, a major production base for our division, continues even in 2011. In response, the division will reinforce the other bases in Asian countries, India and Bangladesh and so on for expansion of its SCM production framework. Based on this strengthened base network, we will also bolster sales in Japan and overseas, particularly in future growth markets such as China, India, and ASEAN countries, and in more developed Western markets. Our priority initiatives are as follows:

- Add material procurement capabilities that take advantage of EPA/FTA in Asia to our well-established SCM production framework, and broaden this framework in geographical terms to further improve product development and supply capabilities that meet customer needs. We aim at increasing our share of sales in the domestic market with this scheme.
- In overseas markets, pursue strategic alliances with influential local partners to promote extending business in apparel, footwear, household goods, and other lifestyle products in China, Asian countries and India, where population increase and economic growth are expected to trigger rapid growth in consumer markets.
- In rubber, concentrate on tyre and conveyor belt businesses in Europe and North America, as well as in emerging markets such as China and ASEAN countries; focus similarly on expanding sales of natural and synthetic rubber to China and other growing markets.

Forest Products Division

Products and Areas:
Afforestation/Wood chips/Pulp/Paper and paperboard/Wastepaper/Logs, lumber, and building materials/Concrete, cement

Division Organization:
Forest Products Administration Dept./Pulp Dept./Wood Chip Dept./Paper & Paperboard Dept./TEL Dept./Housing & Construction Materials Dept.

Executive Officer, COO, Forest Products Division
Yasuyuki Amakusa

The Forest Products Division of Marubeni has an overwhelming presence and transaction volume especially in the pulp and paper industry, doing business and trading in the field of forest industry. We also own the largest forested areas abroad among Japanese companies, securing the renewable wood resources.

For sustainable profit expansion, we proactively continue overseas operations, and powerfully develop our value chain both from the viewpoint of operations and from the viewpoint of trading on the axis of our wide range of operating companies ranging from resources to products.

Sources of Strength

A value chain in the forest products business covering upstream to downstream operations

The division conducts business investment, as well as production and trade, across the entire paper and pulp business, including in areas such as afforestation, wood chips, pulp, paper, paperboard, and wastepaper. Each product segment within the division seeks to create added value and aims to be top in its field, enabling the development of a highly competitive value chain.

Domestic and international business networks capable of providing production, sales and other extensive functions

Leveraging the Group's strengths as a wood chip and pulp supply source, as a manufacturer of printing paper and a containerboard manufacturer, and as a paper distribution company, the division is aiming to further expand sustainable earnings particularly in Asia, where future growth is anticipated.

Largest area under afforestation of any company in Japan

The division entered the afforestation business in the 1990s. Since then, it has properly managed mainly seven projects in five countries, covering a total area of 390,000 hectares, which includes all areas of afforested and possibly-afforested*. Wood chips from controlled logging and wood processing are converted primarily into raw material for paper and biomass fuel. The division remains committed to securing access to forest-related commercial goods, which have begun to assume new value.

* The figure of 390,000 hectares includes all areas of afforested and possibly-afforested Affiliated with Marubeni Group.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	42.7	33.3	39.8	–
Equity in earnings (losses)	(2.5)	0.3	3.0	–
Segment net income	6.2	0.7	7.3	9.0
Segment assets	405.1	364.6	365.5	–

Enhancing Competitiveness in Each Business Domain

Industry Environment and Fiscal 2010 Results

Amid stagnant growth in supply volume, market prices for pulp in fiscal 2010 were firm throughout the year, buoyed by growing demand in China, the world's largest consumer of paper and paperboard, and other emerging economies. In finished products, although demand for paperboard including corrugated board was firm in step with the global economic recovery, printing paper business was in a tough condition that demand languished and prices for raw materials and fuel rose. Similarly, low trading levels lingered in building materials since the new housing start was still at a low level of 810,000 though it showed slight recovery. In this environment, we worked hard to enhance its competitiveness by extensively cutting costs and improving production efficiency in upstream sectors, including the pulp production business in which we have an advantage. As a result, PT. Tanjungenim Lestari Pulp and Paper (TEL) and Daishowa-Marubeni International Ltd. (DMI), aided by higher pulp prices, recorded significantly improved earnings. In midstream sectors, aiming to capture demand in the ASEAN region we took a stake in GS Paper & Packaging Sdn. Bhd. (GSPP), Malaysia's largest containerboard manufacturing and sales company jointly with Oji Paper Co., Ltd., in order to secure a production base. In downstream sectors, we consolidated most of the commercial sales rights in paper and paperboard to Marubeni Pulp & Paper Co., Ltd., with the goal of strengthening domestic sales.

As a result, in fiscal 2010, the gross trading profit of the division totaled ¥39.8 billion, and the net income totaled ¥7.3 billion on a consolidated basis.

Strengthening Marubeni's Value Chain Further

Initiatives in Fiscal 2011

In fiscal 2011, we will keep working hard to build solid earning bases by bolstering its value chain ranging upstream from to downstream. To this end, DMI and TEL, overseas pulp suppliers, will conduct large-scale capital investments to boost competitiveness, aiming at enhancing earnings power. In wood chip sales, in addition to existing supply sources such as Australia and Chile, we will actively develop supply sources in Asia and expand sales to China, where demand is growing, and Japan. In the finished products sector, we will develop a packaging business in China, ASEAN and surrounding countries with GSPP and Long Chen Paper (China) Holdings Co., Ltd. in which we invested capital. Since the value of renewable forest-related commercial goods is considered to rise in the medium or long term, we will propel an environmentally-friendly business, through securing access to competitive afforestation resources and promoting sales of eco-building materials.

In terms of financial results, while we anticipate firm market prices for pulp, the business environment is likely to be challenging particularly for manufacturing companies in our operation due to higher costs of raw materials and fuel. In these circumstances, we will try to expand earnings through additional cost reductions and by steadily enhancing the sales force.

Chemicals Division

Products and Areas:
Petrochemicals/Inorganic and agricultural chemicals/Electronic materials/ Vinyl alkali/Plastics/ Specialty chemicals

Division Organization:
Chemicals Administration Dept./Petrochemicals Dept./Vinyl Alkali Dept./Plastics Dept./ Inorganic & Agricultural Chemicals Dept./Specialty Chemicals Dept./Electronic Materials Dept.

Executive Officer, COO, Chemicals Division
Naoya Iwashita

The Chemicals Division supplies a host of industries worldwide with the chemicals that serve as raw and basic materials. This regular contact with trends across a range of industries is the division's greatest strength. The division also maintains a broad portfolio encompassing petrochemicals, inorganic and agricultural chemicals, electronic materials, as well as vinyl alkali, plastics, and specialty chemicals. Leveraging insight and networks gained through the division's strengths in trade, we will accelerate business investment and push synergies with our trade business to maximum effect.

Sources of Strength

Established and leading presence in markets for olefins, synthetic fiber intermediates and plastics

Through specialty tanker chartering, the Chemicals Division enjoys a top-class industry position today in Asia and the Middle East, particularly in the olefin market. Similarly, in synthetic fiber intermediates, plastics and vinyl alkali, the division is leveraging alliances with prominent suppliers to enlarge its global sales network.

Sale of agricultural materials and initiatives in the fertilizer raw materials and agricultural chemicals fields

The division has some of the best-known agricultural material distributors in the United States and the United Kingdom, and is moving to further develop operations in the fertilizers and agricultural chemicals fields. In raw materials for fertilizers, the division is diversifying its supply sources for the trade of sulfur, while working to extend its presence in nitrogen and phosphate-based fertilizers through synergies with distributors and grain business.

Operations across the entire chemicals supply chain

Upstream, the division invests in and finances some of the world's leading supply sources for salt, boric acid and other inorganic mineral resource fields to ensure supply stability. Downstream, the division is identifying projects that contribute to earnings in various electronic materials, such as LCDs and solar and semiconductor materials, as well as in specialty chemical fields, such as functional materials and fatty alcohol.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	30.1	22.6	24.1	–
Equity in earnings	3.1	3.0	3.0	–
Segment net income	5.2	6.3	6.1	7.5
Segment assets	151.0	175.3	206.4	–

Steady Expansion in Business Scope and New Initiatives for the Future

Industry Environment and Fiscal 2010 Results

The industry environment was favorable in fiscal 2010, with the market led by growth in emerging economies. In petrochemicals, business performance improved steadily, buoyed mainly by growth in the trade of olefins and other petrochemicals. This was coupled with an increase in business scope at synthetic rubber operating companies driven by growing demand for car tires. The division also advanced several new initiatives for the future. In addition to a strategic partnership agreement with Tianjin Bohai Chemical Industry Group Corporation and promotion of a joint venture in the manufacture of propylene in China, we established an operating company for the manufacture of synthetic rubber through a joint venture in India and signed a memorandum to study the feasibility of a methanol business in the Republic of Ghana.

In inorganic and agricultural chemicals, the business scope at agriculture-related operating companies grew steadily, supported by healthy market prices for grain. Furthermore, in January 2011 the division decided to establish a manufacturing joint venture in high-purity lithium carbonate, the raw material for lithium-ion batteries, in response to soaring growth in projected demand. In electronic materials, business performance recovered strongly mainly supported by handling solar panel-related components, for which demand has grown substantially, and array exposure used to produce LCD panels in China. Contributions to earnings also came from other sources, including the conversion of a compound business in Indonesia into an affiliate in the vinyl alkali field, stable operations at operating companies in plastics involved in producing acrylic sheets for Light Guide Panel (LGP) used in LCD televisions, and from increased handling of fluorine gas in specialty chemicals. These contributions laid a firm foundation for the future, and resulted in strong segment performance, with gross trading profit for fiscal 2010 of ¥24.1 billion and segment net income of ¥6.1 billion.

Accelerating Business Development Based on Strengths in Trade

Initiatives in Fiscal 2011

The division continued to accelerate business development based on its strengths in trade, thereby seeking out growth and expansion on well-balanced business and trade. In petrochemicals, we are steadily launching operations at our Indian synthetic rubber business, which we finished setting up in fiscal 2010. We will also promote propylene and other businesses in China as we continue to aggressively unveil new business projects that capture growth in resource-producing countries and emerging economies. In inorganic and agricultural chemicals, the division will focus its efforts on its agriculture-related operating companies to expand trade, mainly for raw materials for fertilizer, and to create new business projects. In parallel, we will continue to pursue development for the future in lithium-ion batteries, factory horticulture sites, and other areas. Our efforts to expand trade and business will also apply to the electronic materials and specialty chemicals fields.

In fiscal 2011, we intend to spur trade growth by further building trading volume in growing emerging markets, such as China, India and Brazil, and doing the same for petrochemicals and other products from the Middle East. At the same time we will boost earnings by widening our business scope, mainly at plastic and chemical sales companies in Japan, agriculture-related operating companies in Europe and North America, and operating companies involved in synthetic rubber manufacturing and sales in China.

Energy Division-I

Products and Areas:
Development and production of LNG/Trading in LNG/Trading in oil and petroleum products/Marketing of petroleum products and LPG/Other new businesses

Division Organization:
Energy Administration Dept./LNG Dept./Natural Gas Project Development Dept./LPG Dept./Energy Trading Dept./Industrial Energy Dept./Energy Business Development Dept.

Managing Executive Officer, COO, Energy Division-I
Keizo Torii

Energy Division-I is seeking to enhance its earnings base and develop new business domains in three primary business fields: LNG, oil and gas trading, and oil and gas marketing.

In the LNG sector, the division, in addition to promoting existing projects and participating in new ventures, is working to expand LNG trading. In trading, the division is leveraging bases worldwide to develop global trade, while consistently striving in marketing to devise inventive ways to take advantage of its strengths in logistic networks to win out against the competition.

Sources of Strength

More in-depth LNG business through start of operations in Peru and trade expansion

Operations continue to progress smoothly at LNG projects in Qatar and Equatorial Guinea. Meanwhile, full production was reached at the Peru LNG Project, where stable operations continue since the start of initial shipments in June 2010. Furthermore, the division is focused on initiatives designed to broaden trade in order to meet increased global demand for LNG in the future.

Strong petroleum trading business boasting Asia's top share in naphtha trading

The division is involved in the global trading of oil and petroleum products from key bases in Japan, Singapore, the United States and the United Kingdom. Particularly for naphtha and other petrochemical feedstocks, the division boasts the top trading share in Japan and the entire Asia region.

Oil and gas marketing business that meets customer needs with a diverse service menu

Through operating companies worldwide, the division is engaged in the sale of petroleum products and LPG utilizing a distribution network consisting of import terminals, service stations, and LPG retailers. Similarly, the division conducts the sale of LNG and fuel oil used for power generation to electric power companies. Going forward, the division remains committed to offering distinctive, high-value-added services to customers.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	92.4	44.7	48.8	–
Equity in earnings	0.3	0.7	0.6	–
Segment net income	52.0	37.6	28.2	24.0
Segment assets	538.3	615.0	656.2	–

* Figures are for total of Energy Division-I and Energy Division-II.

Profit Generation Centered on LNG Business Spurred by Recovering Energy Demand

Industry Environment and Fiscal 2010 Results

Energy demand rose in step with the global economic recovery in fiscal 2010. The result was relatively robust growth in the price of oil and other energy resources, which generated profits for the division, most notably in the LNG business.

The price of crude oil held firmly at around US$70 to US$90 a barrel from the start of fiscal 2010 until the calendar year-end, mainly reflecting increased oil demand and production adjustments by OPEC (Organization of the Petroleum Exporting Countries) nations. From January 2011, however, price levels climbed to over US$110 a barrel, as unrest in the Middle East disrupted crude oil supplies from Egypt, Libya, and other oil-producing countries. In contrast, natural gas prices remained at around US$3 to US$5 per mmbtu, due to increased non-conventional gas production and high stockpile levels. In Japan's oil market, unseasonably hot weather and other specific factors led to year-on-year growth in sales volume for gasoline and other fuel oil for the first time in five years.

Under these circumstances, the continuation of steady progress in the LNG sector on operations at projects in Qatar and Equatorial Guinea contributed to division earnings. Meanwhile, full production was reached at the Peru LNG Project, where stable operations continue since the start of initial shipments in June 2010. Marubeni has been participating in this project since 2007. In energy trading, while prices were strong atop increased demand for crude oil and petroleum products from China, India, and other emerging economies, low overall price volatility resulted in few earnings opportunities. In the marketing field, the division secured a certain level of earnings on increased demand for gasoline and other fuel oil due to an unseasonably hot summer and a recovery in margins. In the LPG business, the division completed a merger with another company in an effort to enhance its competitiveness.

As a result, total segment net income in fiscal 2010 for Energy Division-I and Energy Division-II amounted to ¥28.2 billion.

Maintain Stable Operations in the LNG Business and Aim for Entrenchment in Energy Trading

Initiatives in Fiscal 2011

In the LNG sector, beyond pursuing opportunities to take part in new projects, we will focus on maintaining operational stability at existing projects in Qatar, Equatorial Guinea, and Peru. In LNG trading, our plan is to move forward with building a value chain by securing transport vessels, terminals, and other assets, in a drive to enhance the division's earnings base.

In petroleum trading, in response to extreme volatility in crude oil and petroleum products prices, and an increasingly complex oil market, we intend to expand business scope and strengthen alliances among division bases worldwide, and push ahead with developing operations overseas. In energy marketing, we look to offer distinctive, high-value-added services with the goal of emerging as a dominant market competitor.

Regarding the situation surrounding energy in fiscal 2011, the IEA (International Energy Agency) and other entities are predicting a tight supply-demand picture in the oil market, mainly due to increased oil demand worldwide and long-term unrest in oil-producing nations in the Middle East and North Africa. In light of these circumstances, we will strive to boost profitability by seeking to expand trade in the LNG sector, developing global trade further in the energy trading sector, and enhancing value-added services in energy marketing.

Energy Division-II

Products and Areas:
Exploration, development and production of oil and gas fields/Exploration, development and production of uranium resources/Uranium trading/Nuclear fuel-related services/Equipment and materials for nuclear power plants

Division Organization:
Energy Administration Dept./Oil and Gas E&P Dept./Sakhalin Project Dept./Nuclear Fuel Dept./Nuclear Fuel Project Dept.

Managing Executive Officer, COO, Energy Division-II
Kazuaki Tanaka

Energy Division-II is keenly focused on enhancing its earnings base through two main strategic fields—the resource development field, mainly the exploration and development of oil and gas fields and uranium mines, and the broad field of nuclear fuel.

In resource development, in conjunction with promoting exploration, development and production projects at oil and gas fields around the world, the division is taking part in a uranium mine development project in Kazakhstan. In the nuclear fuel sector, the division's focus is on uranium procurement and sales, providing services pertaining to each stage of the nuclear fuel cycle, and the sale of equipment and materials for nuclear power plants.

Sources of Strength

Full-stage upstream resource development operations (exploration, development and production)

The division is steadily promoting oil, natural gas and uranium development projects in the United States, the United Kingdom, India, Qatar, Russia, Kazakhstan and other locations worldwide. In fiscal 2010, the division acquired interests at oil and gas producing blocks in the U.S. Gulf of Mexico. Meanwhile, test production has commenced at the Kharassan uranium mines in Kazakhstan as part of preparations for commercial production. The division is also taking proactive steps to identify new prime resource development projects in an ongoing and assertive effort to increase its production and reserve volumes.

Nuclear fuel business centered on expanded uranium trading

The division is expanding its global procurement and sales of uranium, with efforts led by bases in Japan and the United States. The division is also vigorously developing wide-ranging business activities such as the provision of solutions services pertaining to each stage of the nuclear fuel cycle and, through operating companies, of nuclear power plant equipment and materials.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	92.4	44.7	48.8	–
Equity in earnings	0.3	0.7	0.6	–
Segment net income	52.0	37.6	28.2	24.0
Segment assets	538.3	615.0	656.2	–

* Figures are for total of Energy Division-I and Energy Division-II.

Acquiring Upstream Resource Development Interests and Promoting Development and Production Operations

Industry Environment and Fiscal 2010 Results

The price of crude oil held firmly at around US$70 to US$90 a barrel from the start of fiscal 2010 until the calendar year-end, mainly reflecting increased oil demand in step with the global economic recovery. From January 2011, however, price levels climbed to over US$110 a barrel as unrest in the Middle East disrupted crude oil supplies from Egypt, Libya and other oil-producing countries. In contrast, natural gas prices remained at around US$3 to US$5 per mmbtu, due to increased non-conventional gas production and high stockpile levels. The spot price for uranium, meanwhile, remained around US$40 to US$50 a pound during the first half of the year. From the second half, however, the spot price rose to around US$75, primarily due to long-term purchases by Chinese companies and production stops at large-scale uranium mines.

Under these circumstances, the division took aggressive action in the upstream resource development sector to promote exploration, development and production operations at project sites worldwide. October 2010 saw the acquisition of oil and gas production interests in the U.S. Gulf of Mexico from a subsidiary of U.K.-based industry giant BP. In uranium, steady progress was made toward the start of commercial production at the Kharassan uranium mines in Kazakhstan, where test production is being conducted. In nuclear fuel, we stepped up efforts to strengthen ties with entities involved globally in the purchase and sale of uranium to spur increased trading volume. In the same field, we added and improved services related to each stage of the nuclear fuel cycle, and focused particularly on expanding the division's trade of equipment and materials for nuclear power plants.

As a result, total segment net income in fiscal 2010 for Energy Division-I and Energy Division-II amounted to ¥28.2 billion.

Aggressively Promote Upstream Resource Development and Strive to Expand and Enhance the Nuclear Fuel Business

Initiatives in Fiscal 2011

In upstream resource development, the division remains committed to aggressively promoting oil and gas field exploration, development and production operations in the U.S. Gulf of Mexico, the U.K. North Sea and other locations worldwide. At the same time, the division will also seek to acquire new prime projects in a push to further boost production and reserve volumes. In uranium, we will steadily implement test production at our existing development project in Kazakhstan, as we move resolutely toward the start of commercial production in the future. Attention will also be given to identifying new projects.

In the area of nuclear fuel, focus will be on expansion in uranium trading volume, enhancing our menu of services and improving value primarily for domestic power companies at each stage of the nuclear fuel cycle. Another task will be sales expansion in equipment and materials for nuclear power plants.

The IEA (International Energy Agency) and other entities are predicting a tight supply-demand picture in the oil market, mainly due to increased global oil demand and long-term unrest in oil-producing nations in the Middle East and North Africa. In upstream resource development, our goals are to move forward with operations at existing working interests, and to aggressively capture new prime projects. Where nuclear fuel is concerned, the target is to augment our uranium trading to accumulate earnings.

Metals & Mineral Resources Division

Products and Areas:
Iron ore/Coal/Copper, zinc and rare metals/Aluminum/Ferroalloy, metals recycling/Non-ferrous and light metal products, electronic materials/Iron and steel products/Business investments related to the above

Division Organization:
Metals & Mineral Resources Administration Dept./Metals & Mineral Resources Development Dept./Iron Ore Dept./Coal Dept./Non-Ferrous Metals & Ores Dept./Light Metals Dept./Metals & Mineral Resources Project Management Dept./Iron & Steel Strategies and Coordination Dept.

Managing Executive Officer, COO,
Metals & Mineral Resources Division
Shoji Kuwayama

The Metals & Mineral Resources Division seeks to expand earnings through business investments and trading operations throughout the value chain. In upstream sectors, we are involved in areas such as metals and coal mine development and smelting operations, as well as in iron and steel products, electronic materials, recycling and other downstream sectors. Our operations also extend to innovative fields such as new energy development. Going forward, the division will continue to operate and promote profitable projects where it can leverage Marubeni's strengths, and extend and develop its trading activities, from a medium- to long-term perspective.

Sources of Strength

Business investments that enable substantial management input

In the mine development sector, most notably copper and coal, the division's holdings grant it significant influence over how projects are managed. Today, the division is working with business partners to realize strategies for delivering stable earnings, and is reinforcing frameworks that help meet users' supply stability needs.

Top-class trading activities in many industry sectors

The division boasts one of the best transaction volumes in every product category and region, including coal, copper cathodes, and aluminum ingots. With the addition of the iron and steel products business from fiscal 2010, the division will organically link market data spanning raw materials to finished products in a bid to create greater added value and expand transaction volume.

Environmental, new technology, recycling and downstream sectors

The division has businesses and trading activities that form its business base in each sector related to underground coal gasification, upgrading low-grade coal, metals recycling, iron and steel products, and non-ferrous and light metal products. Added to that, it is building strategic alliances in these areas with companies that have related technologies. In tandem, the division is pursuing new business and trading opportunities in new technology fields and innovative sectors.

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	20.5	27.7	–
Equity in earnings	–	14.2	32.6	–
Segment net income	–	14.0	33.7	59.0
Segment assets	–	516.2	520.8	–

* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Steady Progress in Existing Business Investments

Industry Environment and Fiscal 2010 Results

The industry environment in fiscal 2010 made strides towards recovery on a global scale. Powerful growth in emerging economies, supported by high demand, eclipsed more modest recovery tones in Japan, the United States, Europe and other developed economies. Market prices for copper, coal and other products handled by the division were also firm, buoyed by the recovery and an influx of speculative capital triggered by a weak dollar. Consequently, earnings improved dramatically in both the division's investment and trade businesses.

In non-ferrous metals, we initiated operations in November 2010 at the Esperanza copper project in Chile, where the division acquired a 30% interest in 2008. Our first shipment of 5,000 tons of copper concentrates to Japan took place in January 2011. The start of operations and initial production shipments were largely on schedule despite unforeseen setbacks that occurred since the start of development in 2008, including the global economic crisis and an earthquake in Chile. With production at the project now underway, Marubeni will expand its share of total payable copper production to 125,000 tons per annum.

In coal, expansion work is underway at the Lake Vermont Coal Mine in Australia, where Marubeni has a 33% interest, following a decision to double annual production capacity from its current 4 million tons to 8 million tons. Since starting production in January 2009, the mine has successfully stepped up to full-scale operations in a short time frame to meet strong demand from China and other emerging economies. Efforts to expand production have also moved ahead steadily.

As a result, the division's consolidated gross trading profit was ¥27.7 billion, and net income was ¥33.7 billion in fiscal 2010.

Extending Existing Business Investments and Broadening Scope for New Investments

Initiatives in Fiscal 2011

The Metals & Mineral Resources Division will continue adhering to a policy of acquiring prime resource assets as part of its long-term strategy. Today, the race between major mining firms and companies from emerging economies to acquire resource interests is intensifying. In this climate, the division will pursue measures to expand operations at the coal and copper mines, as we consider efforts to extend existing businesses to be very likely to succeed. We will also take steps to broaden the scope of potential business investment opportunities to include mines in the early exploratory stages, as well as metals that the division has no previous track record of investing in. Our intent here is to increase opportunities for the division to acquire mining interests.

In trade, along with striving to expand business scope in offshore trading and other areas that need powerful risk management skills, we will focus on further reinforcing division functions to fully meet requests from both buyer and seller clients.

Observers are projecting firm market prices for raw materials for steel, as well as for non-ferrous and light metals in fiscal 2011. This trend, together with full-year operation of the Esperanza copper mine, will likely result in greater earnings from division business investments, most notably its coal and copper mines. We also aim to increase earnings by boosting trading volume through efforts to capture demand from emerging economies.

Transportation Machinery Division

Products and Areas:
Aircraft, helicopters/Defense systems/Automobiles/Construction machinery/Agro machinery/Ships

Division Organization:
Transportation Machinery Administration Dept./Aerospace & Defense Systems Dept./Automotive Dept./Construction Machinery Dept./Agro Machinery Dept./Ship Dept.-I/Ship Dept.-II

Executive Officer, COO, Transportation Machinery Division
Kaoru Iwasa

The Transportation Machinery Division is developing business and trade across the broad field of transportation machinery (aircraft and defense systems, automobiles, construction machinery, agro machinery, and ships). In fiscal 2010, our trade business improved in step with market recovery, and the division is moving decisively to expand earnings in fiscal 2011. Our policy in business development is to reinforce our earnings base further by means of new investments for fiscal 2011 including automobile retail finance, construction machinery product support, and agro machinery after-market businesses, in addition to LNG ship chartering and aircraft operating lease businesses launched in fiscal 2010.

Sources of Strength

Expanding the product lineups in Europe and North America through investment and trade in aerospace and defense system fields

Investment in development programs for world-class large aerospace engines of Rolls-Royce (U.K.), passenger aircraft of Embraer S.A. (Brazil), large helicopters of AgustaWestland (U.K./Italy), helicopter engines of Honeywell International Inc. (U.S.A.), and composite materials and adhesives for aircraft from Cytec Industries Inc. (U.S.A.) contributed to the profit of the division.

A wide variety of functions, such as trade and retail finance, in the automotive, construction and agro machinery fields

We operate a wide variety of businesses worldwide. These businesses include the trade, distributor, dealer, and retail finance of automobiles, and construction and agro machinery in emerging economies, along with initiatives mainly targeting car dealer franchises in the United States, the United Kingdom and Australia.

Organizing function in the ship business

In the ship business, we have a value chain in new shipbuilding transactions, as well as ship chartering operations, trade in second-hand ships and ship equipment, ship ownership and other related operations. Through the value chain, the division brings the organizing function of a general trading company to develop a global ship business that organically integrates the needs of ship operators, owners, dockyards and financial institutions.

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	37.7	42.9	–
Equity in earnings	–	1.9	3.4	–
Segment net income	–	3.9	10.7	10.5
Segment assets	–	264.2	268.5	–

* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Entry into New Fields and Earnings Base Enhancement

Industry Environment and Fiscal 2010 Results

In fiscal 2010, global sales volume of automobiles hit record levels, surpassing the 71.4 million units sold in 2007 prior to the financial crisis. Along with greater-than-expected automobile sales in China and India, this outcome was brought by temporary growth in some countries in Western Europe and Japan stimulated by incentive measures for new car purchases. Similarly, the construction machinery market improved markedly, with growth led mainly by the emerging economies of China, ASEAN countries and India and the mining markets of resource-producing countries. Growth was also assisted by modest recoveries in the U.S. and European markets.

We expanded our revenue base in the automobile, construction machinery and agro machinery sectors by lowering the break-even point of existing subsidiaries since last year. We also entered the after-market business which is relatively resistant to economic volatility, and enhanced components business and services as a dealer. The result was notable improvement in the earnings bases at operating companies. This trend was most evident in the United States, Asia and other regions where market recovery is gaining ground. Markets where recovery has been slow, such as Mexico and the construction machinery market in Russia, also saw a gradual rebound from the second half of fiscal 2010, and should see earnings stabilize in fiscal 2011.

In the aerospace and defense systems fields, our participation in the aircraft operating lease business enabled the division to offer a wider range of services. In the ship field, the acquisition of the LNG ship ownership allowed our division to take the first step to expand LNG and other energy transportation businesses.

As a result, the division's consolidated gross trading profit was ¥42.9 billion, and net income was ¥10.7 billion in fiscal 2010.

More Firm Functions for Customers

Initiatives in Fiscal 2011

The division's focus in fiscal 2011 will be to reinforce more firm functions for customers, as well as to strengthen value chains with existing businesses and switch to a business portfolio offering stable high earnings. We will also raise the division's value of the industry in both quantitative and qualitative terms by taking stronger initiatives in priority sectors in each business segment.

In the automobile, construction machinery, and agro machinery sectors, we will expand sales while maintaining the break-even points lowered in fiscal 2009. We will also focus on the retail financing and aftermarket businesses, which are resistant to economic volatility, to build a stable earnings base. In the aerospace and defense systems fields, we will concentrate on the lease and aftermarket sectors with the aim of delivering even higher added value to customers. In ships, in addition to LNG transport, we will promote business expansion in LNG FPSO*1/FSRU*2 and other peripheral fields. At the same time, we are determined to improve customer service levels by strengthening our value chain covering new shipbuilding, chartering, second-hand ships, and ship materials.

*1 FPSO: Floating Production, Storage and Offloading system
*2 FSRU: Floating Storage and Regasification Unit

Power Projects & Infrastructure Division

Products and Areas:
EPC for overseas power projects/Power service and maintenance businesses/
I(W)PP and other overseas power businesses/Power consolidation and retailing/
PPS business in Japan/EPC for overseas environmental infrastructure projects/
Overseas water operations (drinking water, wastewater treatment and desalination)

Division Organization:
Power Projects & Infrastructure Administration Dept./Power Projects & Infrastructure Asset Management Dept./Overseas Power Project Dept.-I/Overseas Power Project Dept.-II/
Overseas Power Project Dept.-III/Overseas Power Project Dept.-IV/Domestic Power Project Dept./
Environment Infrastructure Dept.

Executive Officer, COO,
Power Projects & Infrastructure Division
Masumi Kakinoki

The Power Projects & Infrastructure Division strives to contribute to society as a global player in public infrastructure, with a focus on overseas I(W)PP*[1] and water projects. In tandem, the division is continuing to consistently grow earnings and advance into new business domains. Capitalizing on Marubeni's strengths, backed by solid regional sales bases and ample business experience in overseas I(W)PP, water, EPC*[2] for overseas power projects, domestic and overseas power trading businesses, and renewable energy, the division will seek to replace and acquire assets, as well as further expand and achieve high earnings in each of its businesses.

Sources of Strength

Generation assets with a net generating capacity of 7.5 GW, among the top in the industry

The Power Projects & Infrastructure Division is expanding its power generating capacity, already top among Japanese trading companies, to a level comparable to that of leading Independent Power Producers from the United States and Europe.

One of Japan's most diverse water business portfolios

The division is developing diverse water businesses in Central and South America, China, the Middle East, and Australia, ranging from drinking water, wastewater and desalination operations to fully integrated water businesses. The division's ample business experience and supply scale rank it as one of the top companies in this sector in Japan.

Solid regional sales base and expertise in the arrangement, development and implementation of sophisticated finance programs

With development bases in New York, London, and Singapore, in addition to the head office, the division has built a solid regional sales base and is promoting the formation of a well-balanced I(W)PP asset portfolio. Other division strengths are its diverse project finance arrangements and expertise in EPC and O&M*[3].

Ample proven results and distinct EPC management capabilities in the overseas power plant EPC field

Since embarking on the delivery and construction of overseas power generation facilities in the 1960s, the division has built an impressive track record in the field and, through collaborations with European and U.S.-based manufacturers, has established a unique project management methodology. In addition to achievements as an EPC contractor that are second to none, the division is realizing synergies with I(W)PP project developments.

*1 I(W)PP: Independent (Water) Power Producer
*2 EPC: Engineering, Procurement and Construction
*3 O&M: Operation and Maintenance

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	24.9	25.6	–
Equity in earnings	–	16.0	23.9	–
Segment net income	–	18.8	17.5	17.0
Segment assets	–	407.2	436.7	–

* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Securing a Stable Earnings Base and Rigorous Selection of Additional Business Assets

Industry Environment and Fiscal 2010 Results

The global economy held firm in fiscal 2010, particularly in steadily growing Asia, the Middle East, and other emerging economies. Economic growth infrastructure such as electricity and water businesses saw growth in new investment and steady demand. Similarly, Marubeni continued to secure earnings from active I(W)PP and water business projects in emerging economies. We also moved to acquire new assets and replace certain others, while carefully identifying promising business projects. The division bought additional power generation interests from Hsin Tao Power Corporation of Taiwan, participated in the Raleigh Wind Energy Centre Project in Canada, acquired interests in Aguas Nuevas S.A., Chile's third-ranking water business operator, and assumed a role in Australian industrial water treatment engineering firm Osmoflo Holdings Pty Ltd. We also took part in a regulated power transmission and distribution business in the U.S. state of Texas, as well as large-scale submarine power cable development in the U.S. Mid-Atlantic region. These efforts marked our entry into the power transmission and distribution business. In overseas power plant EPC, the division won two back-to-back projects—the Nghi Son (1) Coal Fired Thermal Power Plant in Vietnam, which will be the country's largest, and an extra high-voltage cable project in Abu Dhabi. The division also won the Haripur Combined Cycle Power Plant Project in Bangladesh, the largest power plant project awarded to a Japanese company in the country.

In summary, the division saw earnings from brisk overseas power plant EPC business in addition to stable earnings from existing power and water business assets. As a result, segment gross trading profit for fiscal 2010 was ¥25.6 billion, with segment net income of ¥17.5 billion.

Enlarge the Scale of Power and Water Businesses to Leap Forward as a Top Global Player

Initiatives in Fiscal 2011

In the overseas I(W)PP business, the Power Projects & Infrastructure Division continues to grow business scale by acquiring selected prime business assets in Asia, the Middle East, the Americas, and Australia. We seek to achieve a well-balanced regional portfolio and optimize investment returns. At the same time, under integrated management of division assets, we will move to improve the earnings power of existing projects. We will also take steps to promote power transmission and distribution, a new field for the division.

In water operations, the division will leverage its business track record and expertise to encourage growth in business scale and business domains in Central and South America, Asia, Australia, and the Middle East.

In the overseas power plant EPC sector, in addition to Asia and other existing priority markets, we will look to enter new global markets where we can leverage Marubeni's strengths. We will develop a more robust earnings base by taking on combined cycle, coal-fired, geothermal, and other power plant and transmission projects. We will also make the service and maintenance businesses peripheral to EPC more diverse.

In retail power sales in Japan, the division, will use its low-carbon power generation assets to expand its earnings base by securing additional sources of electricity and increasing the number of customers. These efforts will dovetail with measures to enhance added value on the environmental front.

Marubeni's existing I(W)PP and water projects are backed by long-term power purchase agreements and other sources of stable earnings. With demand in electric power and water business expected to rise, most notably in Asia, we will maintain earnings stability in fiscal 2011.

Plant & Industrial Machinery Division

Products and Areas:
Plant projects in steel, non-ferrous metals, cement, textiles, pulp, paper, oil, gas, and chemical industries/Greenhouse gas reduction projects/Railway, airport and other transportation infrastructure/Industrial and production machinery/New energy and environment-related equipment

Division Organization:
Plant & Industrial Machinery Administration Dept./Heavy Machinery & Natural Resources Plant Dept./Energy & Chemical Projects Dept./Global Environment Projects Dept./
Railway & Transport Project Dept./Transport Project Management Dept./
Pulp & Paper Machinery Dept./Industrial Machinery Dept./Production Machinery Dept.

Executive Officer, COO,
Plant & Industrial Machinery Division
Motoo Uchiyama

The division's business domain has four main segments; i) plants for oil, gas, chemicals, steel, cement, textiles, and pulp and paper industries; ii) transportation projects; iii) industrial and production machinery; and iv) environmental projects, including Clean Development Mechanism (CDM) projects.

We leverage our accumulated expertise to offer customers the best solutions for their projects. Our goal is to consistently exceed customer expectations as a partner. We also seek out opportunities to develop new business in collaboration with strategic partners around the world.

Sources of Strength

Experience and expertise to provide solutions to customers for Engineering, Procurement and Construction (EPC)

The division, through its experience over the years in the full range of plant and transportation projects, has accumulated technical expertise, strong relationships with engineering companies and equipment manufacturers, and expertise in project and risk management. The division leverages these skills in its efforts to gain EPC contract awards.

Top-ranked industry record of greenhouse gas reduction initiatives

The division has an extensive track record and great expertise in development of greenhouse gas reduction projects that rank it as one of the top among trading companies. Based on this expertise, the division plans to pursue initiatives in three areas: emissions credit development and trade, environmental EPC business, and investment in environmental business.

Establishing customer and partner trust and diversification of functions matched to customer needs

Based on its initiatives and track record in a host of countries and regions, as well as strong relationships with customers, including national oil and gas companies, the division offers a wide range of functions, including finance arrangement, supply of raw materials and marketing of products. Leveraging these functions, the division expands existing businesses and develops new business fields. In the trade of industrial, production and textile machinery, the division proactively proposes new products and technology to our customers.

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	18.1	24.4	–
Equity in earnings	–	1.1	1.7	–
Segment net income	–	0.8	3.2	6.0
Segment assets	–	227.9	242.8	–

* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Contracts Awarded on the Basis of Comprehensive Strength

Industry Environment and Fiscal 2010 Results

Fiscal 2009 saw a sense of stagnation permeate the industry. In contrast, fiscal 2010 brought signs of a gradual rebound in the market environment that grew stronger over the second half of the year. The increase in inquiries and promising projects was most striking in the markets of emerging economies. Ultimately, the impression for the year was of preparation for a leap forward in fiscal 2011.

In plant and transportation projects, we further consolidated our comprehensive strength by linking our accumulated market/product knowledge and finance arrangement skills, and collaborating with in-house commodity divisions. We were awarded a number of new project contracts, including paper and pulp production facilities in China and Asia, and rehabilitation of a textile plant in Africa. Business performance also improved steadily at our railcar leasing operating companies in the United States and Australia, and we increased the division's prime business assets in both countries.

In industrial machinery, we recorded sharp growth in photovoltaic cell manufacturing facilities mainly to Japan and in hydraulic components to China. Sales of textile machinery to China and Asia were also firm. Elsewhere, we worked to strengthen our structure for business expansion, including by establishing a new sales company for general-purpose machine tools.

In environmental projects, we worked on greenhouse gas reduction projects, including the CDM (Clean Development Mechanism) and JI (Joint Implementation) program. Marubeni ranks among the top general trading companies in terms of reducing the total volume of emissions it generates. We also focused on new businesses, including the start of forest conservation initiatives in developing countries, to prepare for the post-Kyoto framework that will emerge from 2013.

As a result, in fiscal 2010, segment gross trading profit totaled ¥24.4 billion, and segment net income amounted to ¥3.2 billion.

Enhancing Functions for Customers

Initiatives in Fiscal 2011

In fiscal 2011 we will expect active developments in new projects. The division will need to respond to progressively more complex geopolitical, environmental and energy issues, capital markets, and diversifying customer needs. For each project, we will strive to offer the best solutions to customer needs. To do this, we will enhance not only our market knowledge and EPC expertise, but also our skill at integrating in-house functions, such as the supply of raw materials, product marketing, and finance arrangement, as well as our risk management capabilities.

In oil, gas, chemicals, steelmaking, cement, paper and pulp, textiles, and other industrial plant and transportation projects, we will focus on consolidating functions for essential solutions in order to expand business transactions.

In industrial and production machinery and machine tools, we will work to increase existing trade volume. In the business investment area, we will take on PPP (Public Private Partnership) projects and the ocean business, and accumulate more prime business assets, in addition to existing investments in natural resources, railcar leasing and other areas.

In environmental projects, greenhouse gas reduction continues to be a worldwide concern, and new rules are widely anticipated. Marubeni will engage in emissions credit trading, an area where it ranks in the top tier among general trading companies, and distribute photovoltaic generation facility-related equipment, a business sector that is steadily growing. In tandem, we plan to extend our efforts in environmental projects, a wide-ranging field covering global warming countermeasures, biotechnology and energy efficiency-related projects.

Finance, Logistics & IT Business Division

Products and Areas:
Fund, lease and asset management/Insurance broking/Third-party logistics and international logistics, and logistics infrastructure/ICT outsourcing/System solutions/BPO/pharmaceutical, and health care-related businesses/Sales of PC-related products and mobile terminals/Communications and broadcasting-related systems

Division Organization:
Finance, Logistics & IT Business Administration Dept./Finance & Insurance Business Dept./Logistics Business Dept./IT Network Business Dept./IT Solutions Business Dept.

Executive Officer, COO,
Finance, Logistics & IT Business Division
Hikaru Minami

The Finance, Logistics & IT Business Division pursues operations in fields that are relatively new for general trading houses, providing outsourced services primarily to domestic and international private enterprises and public institutions in the business areas of finance, insurance, logistics, and information. By region, the division is focused on developing a presence in the fast-growing China and ASEAN markets. Ultimately, the division seeks to achieve sustained growth by blending its know-how and resources to provide comprehensive, high-value-added services to support our customers' management bases.

Sources of Strength

Superior ability to provide comprehensive IT services

Leveraging infrastructure held within its own group of companies, the Finance, Logistics & IT Business Division is targeting corporations in a range of business process outsourcing sectors, from broadband network services and datacenter services, to consulting, systems development, the sale of IT-related equipment and mobile terminals, and call center operations. In this way, the division offers comprehensive IT business solutions to its customers.

Provision of optimal logistics and insurance solutions

Reducing logistics costs and risk hedging through insurance have become important topics for many companies worldwide. The division supports improvements to customers' businesses by providing optimal logistics solutions, encompassing everything from logistics design to operations and insurance, based on years of experience and achievements in this area.

Rich experience in fund management

In 1997, the division joined with Advantage Partners, LLP to form Japan's very first buyout fund. Leveraging a steady management track record since then, as well as years of experience and trading company functions embedded in supply chains and business services, the division is developing financial operations that set it distinctly apart from conventional financial institutions.

Business Highlights

(Billions of yen)

	2009.3*	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	–	45.6	42.3	–
Equity in earnings (losses)	–	(0.2)	(0.5)	–
Segment net income	–	3.1	3.2	4.5
Segment assets	–	220.5	186.2	–

* As of April 1, 2010, this operating segment has been reorganized and the figures for FY2009 are altered to apply to the new divisional organization for reference purpose.

Business Scale Expansion and Overseas Development Initiatives

Industry Environment and Fiscal 2010 Results

The global economy moved on from the worst of the economic slump that lingered after fiscal 2008, and business performance was firm.

In the finance sector, along with a certain level of earnings secured in line with market recovery, the logistics field saw strong baseline performance as shipping rates for containers rose in step with a worldwide rebound in freight movement. Similarly, a rise in maritime insurance income in the insurance field, coupled with efforts by subsidiaries to purchase commercial rights from insurance agencies in Japan, contributed heavily to division earnings.

Turning to the information and communications field, in the ICT outsourcing sector, where the division is mainly engaged in data communication network operations, we successfully covered the impact of pressure from existing customers to lower service prices and contract terminations through new projects and greater operational efficiency. Performance in system solutions was brisk, with sales and earnings up from the previous fiscal year. This outcome reflected a modest recovery in IT investment sentiment across the corporate sector, as well as lower adoption costs due to a stronger yen. The same was true for PC and mobile terminal sales and the BPO sector, where lower expenses and other factors led to earnings for the division.

In contrast, the overall operating environment remained challenging in the overseas telecom and information sector, where the division's main thrust is telecom and information system EPC projects. In addition to smaller projects, tough conditions stemmed from the rise of new players in this sector, particularly from China.

While business scale, on the one hand, grew substantially in fiscal 2010 from M&A activity and subsidiary mergers, asset replacement was also carried out to lay the groundwork for earnings expansion in fiscal 2011 and beyond. In parallel, the division pursued aggressive measures to develop markets in the growth markets of China and ASEAN countries, including through establishment of new companies and employee deployments.

All told, segment gross trading profit in fiscal 2010 was ¥42.3 billion and segment net income was ¥3.2 billion.

Addressing Growth Markets and Stabilizing Earnings in New Businesses

Initiatives in Fiscal 2011

In the finance field, we will continue to closely monitor market conditions and expand earnings from our domestic and overseas lease and fund businesses. In tandem, we will move proactively to grow asset management operations launched in fiscal 2010. In logistics, we will continue to bolster business in China and the ASEAN region, with efforts centered on Shanghai Jiaoyun Rihong International Logistics Co., Ltd. and Beijing Wai-Hong International Logistics Co., Ltd. In the information and communications field, meanwhile, our focus will be on lifting the earnings power of existing operating companies, especially Marubeni Access Solutions Inc., formed from the merger of Global Access Ltd. and VECTANT Ltd., and Marubeni Information Systems Co., Ltd. At the same time, we will enhance group synergies with company i2ts, inc., Marubeni OKI Network Solutions Inc, Fusion Communications Corporation, and new operating companies to put our cloud computing services business and other new operations on track. In addition, we will continue to push ahead in business process outsourcing with strengthening our call center operations, plus the development of new services in the pharmaceutical and health care fields. Elsewhere, we will develop new corporate services utilizing smartphones, which are set to come into even wider use. In the overseas telecom and information sector, we will reorganize and integrate the IT Network Business and IT Solutions Business departments from fiscal 2011 to take better advantage of synergies within the division. We will also continue to increase contracts in focus markets such as South Africa, particularly for security system projects.

As we remain committed to nurturing growth in new businesses in Japan in fiscal 2011, we will pursue more robust initiatives in the rapidly growing China and ASEAN markets.

Real Estate Business Department

Products and Areas:
Condominium sales in Japan/Asset management business/Overseas real estate development business/Real estate rental and brokerage

Managing Executive Officer, Member of the Board,
COO, Real Estate Business Department
Mitsuru Akiyoshi

The Real Estate Business Department and its operating companies are involved in a wide range of real estate businesses, with the condominium sales business in Japan, asset management business, and overseas real estate development business as core earnings drivers. Signs of a recovery in real estate transactions have gradually emerged for the first time since the global economic recession hit. A clear indicator of this is the domestic condominium residence supply, which increased for the first time in five years. Consequently, in fiscal 2011 we intend to aggressively expand our condominium business and peripheral operations in Japan, as well as promote business development in rapidly growing China and Southeast Asia.

Sources of Strength

Ample experience in the condominium business

The Real Estate Business Department has supplied approximately 75,000 residences since first entering the condominium business in the 1960s. Today, under the "GrandSuite" brand, the division promotes business through an integrated system, together with operating companies, that encompasses everything from product planning and sales to post-sales management services.

Substantial development experience in China's housing business

In 1985, the department became the first Japanese real estate developer in China when it took part in a rental housing project for foreign nationals in Shanghai. This milestone was followed by establishment of a joint venture with local partners, and marked the department's full-scale entry into China's housing business. To date, the department has developed roughly 5,000 residences, including detached dwellings and condominiums.

Experience in J-REIT and other asset management businesses

The department has rich experience and a strong track record in the asset management business. Operating company Japan REIT Advisors Co., Ltd., for example, is responsible for managing United Urban Investment Corporation, Japan's largest comprehensive J-REIT (publicly listed real estate investment trust) in terms of assets.

Business Highlights

(Billions of yen)

	2009.3	2010.3	2011.3	2012.3 (Pros.)
Gross trading profit	23.0	22.6	16.0	–
Equity in earnings (losses)	(0.5)	(0.5)	(0.2)	–
Segment net income (loss)	(3.7)	(2.1)	(2.9)	(1.5)
Segment assets	326.4	317.6	317.2	–

* Forecasts for FY2011 are presented on the organizational basis used in FY2010.

Commercializing Existing Projects and Engaging in Carefully Screened Investments

Industry Environment and Fiscal 2010 Results

In 2010, roughly 84,000 condominium residences were supplied in Japan, increasing year on year for the first time in five years. The office building market, meanwhile, saw vacancy rates in Tokyo's five central wards largely flat at around 9%. It is expected to be some time yet before the decline in rents completely bottoms out. In China's real estate market, the government took measures as needed to prevent the market from overheating, but demand is solidly underpinned by continued movement of the population into the cities.

In fiscal 2010, along with strides made in commercializing existing domestic and overseas properties, we focused on identifying land for business use in preparation to take on new projects.

In the condominium business in Japan, we invested in new projects, with a focus on major cities where demand is firm. Elsewhere, condominium management company Marubeni Community Co., Ltd. increased the number of units under management, while condominium Internet connection professional Tsunagu Network Communications, Inc. steadily increased the number of service subscribers during the year.

In the asset management business, United Urban Investment Corporation under the management of Japan REIT Advisors Co., Ltd., merged with Nippon Commercial Investment Corporation to form Japan's largest comprehensive J-REIT in terms of asset scale.

In the overseas real estate development business, the department began sales for the first stage of House Huang Ma Yuan, a 700-unit condominium development in Shanghai, and is moving steadily to close contracts on all available units.

Although the Japanese condominium market and the Chinese real estate market are both favorable, Marubeni's businesses in these markets are not expected to contribute earnings until fiscal 2011. In fiscal 2010, gross trading profit was ¥16.0 billion, and the segment recorded a net loss of ¥2.9 billion.

Identifying New Domestic and Overseas Investment Projects and Bolstering Operating Company Earnings Strength

Initiatives in Fiscal 2011

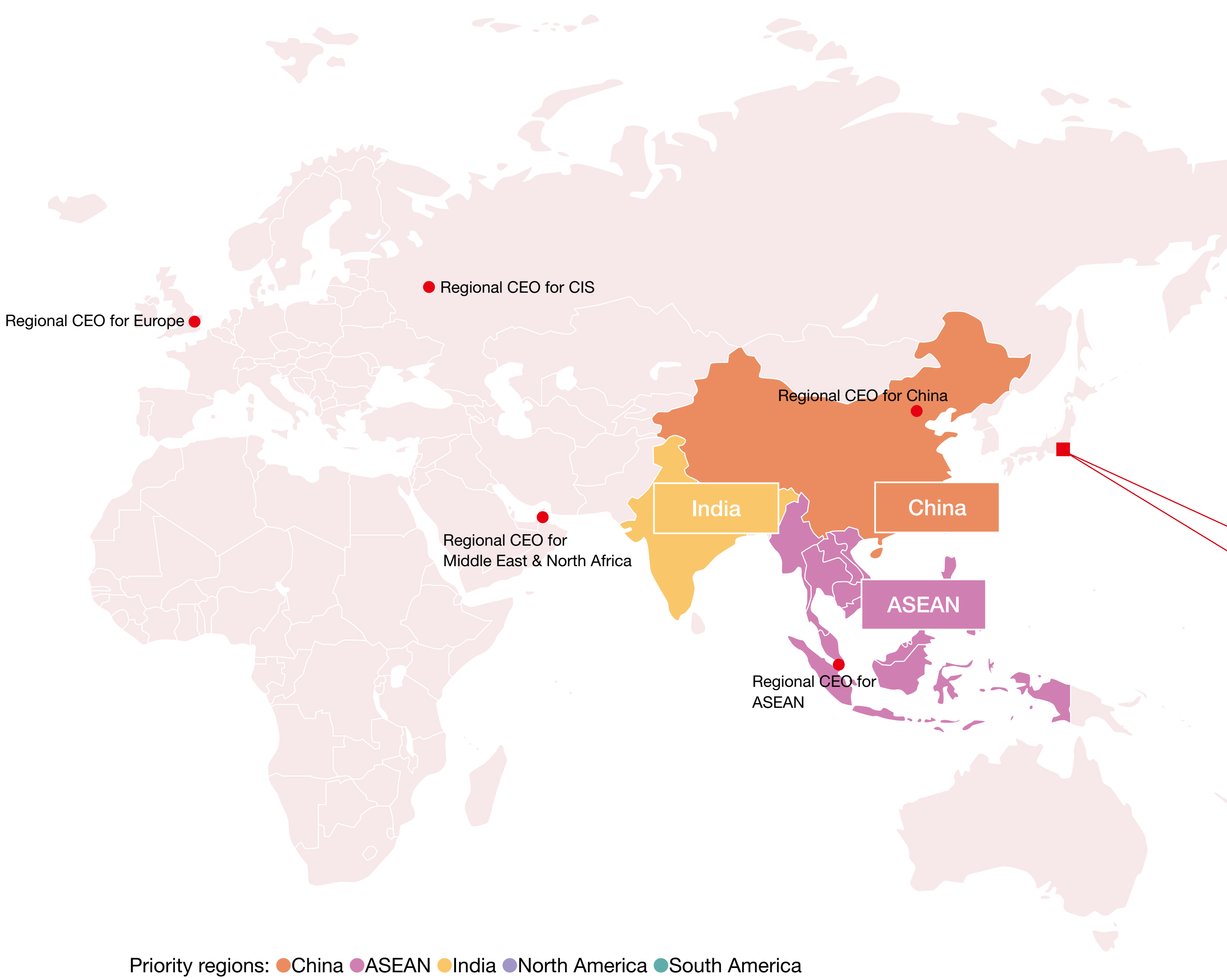
In the domestic condominium business, the department is planning products in response to the aging of Japan's population, growing environmental consciousness, and other lifestyle changes. In parallel, we are moving to acquire land for development in step with demand trends in each area. Meanwhile, Marubeni Community Co., Ltd. and Tsunagu Network Communications, Inc. are increasing the number of units under management and service subscribers in a bid to reinforce and expand their respective earnings bases.

In the asset management business, the department will strengthen the functions of Japan REIT Advisors Co., Ltd. and Marubeni Asset Management Co., Ltd. to expand the fee business by increasing the entrusted assets under management.

In the overseas real estate development business, we will continue to promote our housing development business centered in Shanghai, while working to identify new projects in other parts of China and in Southeast Asia. In fiscal 2011, we anticipate improved earnings from the condominium business in Japan and our housing development business in Shanghai. However, it will take time for the commercial and office space markets to recover, and overall earnings are likely be only slightly higher than in fiscal 2010.

Overseas and Domestic Operations

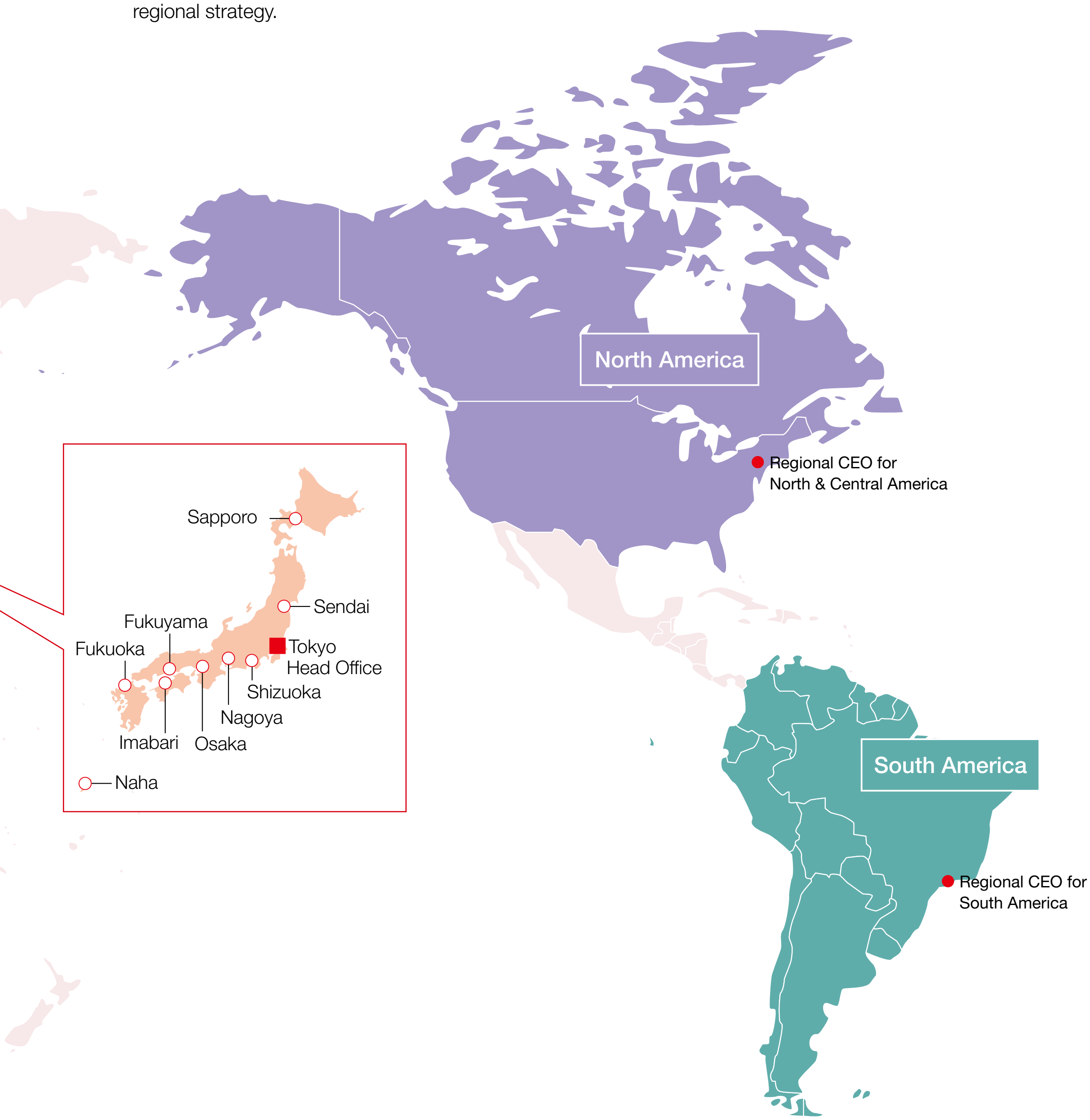
Marubeni has 119 branches, offices, and local subsidiaries spanning 69 countries and regions around the world, as well as 9 business sites in Japan and 425 operating companies worldwide. These global networks transcend product and divisional barriers, allowing Marubeni to gather live market information and data along geographical, industrial and corporate dimensions. They also serve as a driving force in bringing the Company's comprehensive capabilities to bear. As such, these networks offer the kind of global value that only Marubeni can provide.



Market Strategy Promotion Structure

Marubeni's market strategy is structured based on the global product strategy that the Company's business divisions pursue, with regional CEOs assisted by overseas branch and office managers, presidents of overseas corporate subsidiaries and branch and office managers in Japan. These staff formulate market strategies shaped by frontline operations that reflect the individual market and product strategies of each division. In this capacity, these personnel serve to actively identify and propose business opportunities and draw in division business activities by publicizing regional information, and broadening contacts with customers. At the same time, as regional representatives of the Marubeni Group, these personnel are responsible for the promotion and coordination of regional strategy.

To capture growth particularly in emerging markets, the current SG-12 medium-term management plan has positioned China, ASEAN, India, North America and South America, as priority countries and regions, with Marubeni taking steps to augment its overseas personnel and bolster initiatives in foreign markets. In April 2011, Marubeni established new autonomous regional CEO posts in South America (in São Paolo, Brazil) and the CIS (in Moscow, Russia), with the intent of strengthening measures targeting local markets and customers. Marubeni also continued to maintain its six Business Strategy Committees covering ASEAN, China, India, South America, CIS/Mongolia, and Sub-Saharan Africa, aggressively promoting Company-wide cross-divisional initiatives.



North & Central America

Fumiya Kokubu
Senior Managing Executive Officer,
Regional CEO for North & Central America

The United States is the world's largest consumer market as well as a prominent agricultural and resource producer. In this region, we are vigorously developing business in new growth fields in a drive to contribute to expansion in earnings for the entire Marubeni Group.

Major Regional Business Bases

North America
Chicago
Detroit
Houston
Los Angeles
New York
Omaha
Silicon Valley
Toronto
Vancouver
Washington, D.C.
Mexico and Central America
Guatemala
Mexico City

Highlights of Operations in the Region (Market) and Initiatives in Fiscal 2010

The U.S. economy continued its moderate rebound in fiscal 2010, with gradual real GDP growth of 2.9% amid further monetary easing and ongoing economic stimulus measures. Grain and resource prices trended higher as emerging economies continued to grow. In the U.S., Marubeni's core sector in this market, sales of agricultural materials such as fertilizer and agrichemicals performed strongly. Grain exports to Asian markets, primarily China, also expanded from the previous year. In electric power/infrastructure and resources/energy—both positioned as priority fields in the U.S.—Marubeni gained access to participation in regulated power transmission and distribution business. The Company also concentrated on identifying new projects in an array of fields, including non-conventional energy, which is the scene of active development in the U.S., and in the fields of raw materials for fertilizer and metal resources, both of which are expected to grow in future. Marubeni also focused on businesses that target enormous consumer markets by serving U.S. internal demand.

Initiatives in Fiscal 2011

In tandem with agricultural-related business—a long-time focus for Marubeni in the North American market—in fiscal 2011, the Company will continue to enhance its earnings base for the Americas by promoting new businesses in growth fields such as resources, energy, electric power and infrastructure, raw materials for fertilizer, and food products.

South America

Ichiro Maeda
Corporate Officer, Regional CEO for South America

With the rise of emerging economies and increasing global competition to secure resources, South America has risen dramatically in importance. The region is important not only as a supplier to the world but also as a consumer market, and Marubeni will focus on the development of new businesses there with emphasis on agriculture, resources, and infrastructure.

Major Regional Business Bases

Bogota
Buenos Aires
Caracas
Lima
Rio de Janeiro
Salvador
Santiago
São Paulo

Features of Operations in the Region (Market)

Guided by a measure in the medium-term management plan calling for more robust action in the South American market, Marubeni in April 2010 launched the South America Business Strategy Committee to promote business in the region across all divisions. A regional CEO system for South America was enacted from fiscal 2011, with the goal of boosting Marubeni's earnings strength across South America as a whole.

The South American market is an enormous supply market centered on natural resources. Marubeni works to promote and develop business around two main fields: agriculture and resources. The first, agriculture, is anchored by Brazil, Argentina, and Colombia. The second, resources (mainly minerals and energy), takes place largely in Chile, Brazil and Peru. Like Brazil, many South American countries are becoming increasingly attractive as consumer markets as well. Leveraging functions that only a trading company can offer, Marubeni is concentrating on trade and investment in an array of fields, from fertilizer, agrichemicals, and other agricultural materials to infrastructure, in an effort to enhance its earnings base.

Initiatives in Fiscal 2011

Major global economic and political changes are widely anticipated in 2011. In this context, South America's importance as a supplier of resources is likely to achieve even greater prominence. Under the regional CEO system in South America, Marubeni will further bolster both its ability to generate information on conditions on the ground and strengthen its local presence. The Company will also continue to promote business centered on the priority fields of agriculture and agricultural materials, resources, and infrastructure. Joint efforts with prominent South American companies will also be on the table as Marubeni focuses on developing new projects.

Europe

Shingo Tsuda
Managing Executive Officer, Regional CEO for Europe

With "Initiatives with third regions such as Asia, the Middle East and North Africa" as a guiding slogan, Marubeni's policy is to focus on new businesses primarily in food, machinery, the environment and infrastructure.

Highlights of Operations in the Region (Market) and Initiatives in Fiscal 2010

For its activities in Europe, Marubeni promotes business development through Marubeni Europe and its other overseas offices, and over 20 operating companies. Its involvement spans a diverse range of areas that include North Sea oil field development, electric power wholesale and retail, transportation machinery, agrichemicals, chemical products, industrial materials, food, machinery import and export, and regional sales.

In 2010, the European economy saw better-than-expected growth of 1.8% for the eurozone as a whole, despite increasingly acute financial problems in southern Europe, as exports from Germany and other major European countries performed strongly. Marubeni's business performance was also firm overall despite the impact of economic weakness on certain transportation machinery-related operations. This outcome mainly reflected inventory adjustments and a recovery in Germany's export sector.

The EU is continuing to pursue economic alliances with other markets. In this climate, Marubeni's measures for 2010 included, in addition to the enhancement of existing businesses, a focus on both the export of European products and technology to the broader Asian market, rather than primarily to Japan, and the promotion of joint projects in and outside Europe with prominent European companies.

Initiatives in Fiscal 2011

While the possibility of a second bottoming out seems unlikely, growth in the European economy is widely expected to remain modest at best. Factors likely to restrain growth include lingering financial problems in southern Europe, and the full-scale enactment of austerity measures in Germany and other major countries. In fiscal 2011 our aim is to build a stronger earnings base by continuing with measures from fiscal 2010, and also, by utilizing my network as Regional CEO for the Middle East and North Africa, focusing on the development of business linking Europe and the Middle East.

Major Regional Business Bases

Europe
Athens
Bucharest
Budapest
Düsseldorf
Hamburg
London
Madrid
Milan
Paris
Prague
Risley
Warsaw
Africa
Algiers

CIS

Shoichi Ikuta
Executive Officer, Regional CEO for CIS

In a total of nine former Soviet-bloc countries, chief among them Russia, Ukraine, Kazakhstan, and Uzbekistan, Marubeni is seeking to identify and promote medium- to long-term projects centered on resources and energy, and to expand its existing commodities trade.

Major Regional Business Bases

Almaty
Astana
Khabarovsk
Kiev
Moscow
St. Petersburg
Tashkent
Vladivostok
Yuzhno-Sakhalinsk

Features of Operations in the Region (Market)

Marubeni opened its first business office in the region in Moscow in 1968, during the Soviet era. Over the years preceding the opening of a field office in Vladivostok in 2010, the Company upgraded and expanded its network of bases. Today, Marubeni operates a total of nine bases in the four countries of Russia, Ukraine, Kazakhstan and Uzbekistan.

From resource and energy trade and plant delivery and installation projects, to consumer commodity exports and sales, Marubeni has expanded its business in CIS countries over a wide range of fields.

More recently, the CIS region has become steadily more important as a supplier of energy resources to Japan and the rest of the Asia-Pacific region. In Russia and Kazakhstan, Marubeni is working alongside prominent Japanese and global companies to aggressively promote resource development projects. In tandem, the Company is also focusing on developing projects for the supply of related plants and materials. Business opportunities are similarly emerging in grain purchasing, energy conservation and environmental measures, and other new fields where Marubeni can capitalize on its strengths to expand trade.

Initiatives in Fiscal 2011

The economic structure of the CIS region is heavily influenced by the price of crude oil. Assuming prices remain high throughout the year, 2011 should see active investment and consumption push up economic growth. Marubeni for its part will promote projects in three fields: resources and energy, infrastructure development, and consumer goods. Especially in resources and energy, the Company, while partnering with the Business Strategy Committee for the region, will strive to maintain and reinforce its relationships with relevant government and corporate leaders.

Middle East & North Africa

Shingo Tsuda
Managing Executive Officer,
Regional CEO for Middle East & North Africa

In the Middle East & North Africa, resource abundance is expected to spur growth. While striving to bolster relationships with major business partners, Marubeni's policy in the region is two-fold—to further expand trade not only in energy, but also in areas such as chemical products, transportation machinery, and food, and to focus on infrastructure and oil and gas-related projects, where it has advantages.

Major Regional Business Bases

Middle East
Abu Dhabi
Amman
Ankara
Baghdad
Cairo
Doha
Dubai
Istanbul
Kuwait City
Muscat
Riyadh
Sana'a
Tehran
North Africa
Luanda
Tripoli

Highlights of Operations in the Region (Market) and Initiatives in Fiscal 2010

Leveraging massive capital gained from energy businesses, especially oil, this region is aggressively promoting both downstream resource and energy development and the development of lifeline infrastructure, such as water, electricity, housing, and transportation. With oil prices at consistently high levels, the economies of countries within the region are expected to see additional growth. In this context, Marubeni is aiming to extend its wide-ranging businesses, namely operations, trade and EPC, even further. The contribution of energy to regional economies is extremely high, at around 70%. In addition to expanding this figure, the region is also concentrating on developing more projects, primarily in infrastructure and plants, and expanding its commodity base. In fiscal 2010, Marubeni focused attention on participation in projects covering electric power, water production, and oil and gas-related fields. At the same time, the Company worked to expand its trade not only in LNG, crude oil, and petroleum products, but also base cargo trade in areas such as food, chemical products, and transportation machinery.

Initiatives in Fiscal 2011

In this region, along with country risks and terrorism concerns tied to historical legacies, democratization is another factor fueling uncertainty. While these issues are difficult to navigate, the region also harbors high market potential. Its importance to Marubeni thus remains unchanged. Together with promoting more robust initiatives with major partners on the ground, we will also leverage our networks in Europe, another area of my responsibility, to expand Marubeni's broad business scope, with the aim of creating a more pronounced presence in the region.

ASEAN

Hiroshi Ikuno
Executive Officer, Regional CEO for ASEAN

Asia remains a hotbed of growth. Amid all the hustle and bustle and chaos, the ASEAN region continues to grow strongly. In the region, Marubeni is capturing this energy in a push to develop a dynamic business that transcends national and regional boundaries.

Major Regional Business Bases
Bangkok
Hanoi
Ho Chi Minh
Jakarta
Kuala Lumpur
Kuching
Manila
Phnom Penh
Quang Ngai
Sibu
Singapore
Vientiane
Yangon

Highlights of Operations in the Region (Market) and Initiatives in Fiscal 2010

Marubeni has a long history in the ASEAN region, which is one of its traditional markets. In the Philippines, the Company's business activities began over a century ago, followed by the opening of business offices in Singapore and Indonesia more than 50 years ago. Accordingly, Marubeni has made unceasing efforts to build a solid business base in the region over many years.

From power-generation businesses in the Philippines, Singapore, and Thailand, to large-scale acacia afforestation and pulp production businesses in Indonesia, Marubeni is involved in a host of businesses in the region, contributing to economic development in ASEAN countries in addition to expanding its own commercial interests.

In fiscal 2010, Marubeni took strides to put a structure in place for advancing new trade and business in the region. Leading this effort was Marubeni ASEAN Pte. Ltd., a company established in Singapore in 2009. Marubeni also assigned additional personnel to the forefront of its overseas sales operations. Fortunately, the year saw success gradually emerge from new business initiatives, among them Marubeni's investment in Acecook Vietnam and the establishment of a company specializing in aircraft operating leases.

Initiatives in Fiscal 2011

As before, Marubeni will work to extend and entrench its business base in the region in fiscal 2011. To this end, the Company will move to expand its commercial interests in terms of trade and business investment by ① strengthening the four priority fields of food, resources, infrastructure, and new energy and the environment, ② building up strong relationships with important business partners, and ③ expanding inter-regional trade between ASEAN and China, and ASEAN and India. Marubeni is committed to contributing to local society in the region, and fast-growing ASEAN region by creating the kinds of businesses that only Marubeni can.

China

Chihiro Shikama
Managing Executive Officer, Regional CEO for China

Major Regional Business Bases

- Beijing
- Changchun
- Chengdu
- Dalian
- Guangzhou
- Hong Kong
- Kunming
- Nanjing
- Qingdao
- Shanghai
- Tianjin
- Wuhan
- Xiamen

Personal incomes and urbanization in China are projected to continue rising going forward. Guided by the slogan, "Grow Bigger, Go Deeper," Marubeni is eyeing major development of business and trade around domestic demand and consumption in China. In parallel, Marubeni is looking to promote initiatives in and outside of China with some of the country's most prominent companies.

Highlights of Operations in the Region (Market) and Initiatives in Fiscal 2010

The Chinese economy continued to post huge gains, as robust consumption and domestic investment, coupled with recovering exports, fueled an economic growth rate of 10.3%. With China now the world's second largest economy, Marubeni is determined to create bigger business mechanisms in this market with a focus on capturing expansion in domestic demand. To this end, Marubeni entered a strategic alliance with the Shandong Liuhe Group, one of China's largest farming companies, covering the feed and livestock businesses, the construction of a large feed production site, the grain silo business, and other areas. Marubeni also concluded an alliance agreement regarding joint ventures and other areas with major comprehensive chemical manufacturer Tianjin Bohai Chemical Industry Group Corporation. In trade, backed by high domestic demand in fiscal 2010, Marubeni increased its trade of soybeans to the Chinese market, sharply expanding sales to almost 20% of China's total soybean imports. The Company also greatly increased its trading in chemical products, automotive components, hydraulic devices, and commodities such as paper and pulp.

Initiatives in Fiscal 2011

In its twelfth Five-Year Plan running from 2011 to 2015, China is targeting economic growth of 7%, with importance placed on transitioning to a growth development pattern that emphasizes growth in domestic demand and the consumer sector. This change is expected to spur further consumption growth, as well as service industry development. Furthermore, new energy and environmental businesses, as well as the advancement of Chinese companies overseas, are expected to gain momentum going forward. In line with China's governmental policies, Marubeni will continue to tackle businesses related to the environment and energy conservation, such as wastewater and sludge treatment, and will channel efforts into joint projects in third countries with Chinese companies. In step with the entry into force of a free trade agreement with ASEAN in 2010 and an economic cooperation framework agreement with Taiwan, Marubeni will also focus on trade and business between China and surrounding regions.

Domestic

At its branches and offices in Japan, Marubeni closely monitors regional industry and corporate trends through regional alliances with Marubeni Group companies and initiatives with local firms, with a focus on developing businesses tailored to local characteristics.

Domestic Locations
Sapporo
Sendai
Tokyo (Head Office)
Shizuoka
Nagoya
Osaka
Fukuyama
Imabari
Fukuoka
Naha

In Japan, in addition to the Tokyo Head Office, Marubeni has a total of nine business sites. These include five branches in Hokkaido (Sapporo), Tohoku (Sendai), Nagoya, Osaka, and Kyushu (Fukuoka), as well as branches in Shizuoka, Fukuyama, and Naha, and an office in Imabari. Through these sites, Marubeni promotes trading company activities with close ties to Japan's respective regions.

The primary trade and commercial goods at Marubeni branches and offices in Japan typically vary by site. At the Hokkaido branch, these largely consist of real estate, foodstuffs and food products. Energy is the main product at the Tohoku branch. At the Shizuoka branch, it is equipment and machinery, compared to aircraft and photovoltaic cell-related equipment and machinery at the Nagoya branch, and textile products and materials, food products and real estate at the Osaka branch. The Kyushu branch specializes mainly in foodstuffs and food products, while the Naha branch deals mainly in energy and foodstuffs. To stimulate local industry and economies, Marubeni pursues measures with local companies and regional governments, and actively participates in local economic organizations as part of its commitment to contribute to local communities.

Marubeni branches and offices in Japan also take advantage of the functions of a general trading company in locally based initiatives. The Osaka branch, in partnership with local small- and medium-sized enterprise (SME) support site Osaka Sangyo Sozokan, utilizes Marubeni's domestic and overseas network of companies and distribution channels to conduct matching activities between local SME companies possessing advanced technologies and other companies. Furthermore, through financial-sector activities in every locality, Marubeni provides local companies and economic groups with information concerning overseas markets, in addition to facilitating business interactions with foreign companies.

In light of damage caused by the Great East Japan Earthquake that struck on March 11, 2011, Marubeni is also concentrating on providing urgently needed food and material support to local companies and governments, as well as supporting efforts to restore damaged facilities. For local electric utilities, Marubeni is expediting the procurement of two transportable gas-turbine generators to help them meet peak power demand during the summer months. Through these and other actions, Marubeni is contributing to the stability of electric power supplies vital to post-disaster recovery in Japan's hard-hit Tohoku region.

Major Subsidiaries and Affiliates

Food Materials Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Chikusan Corporation	Wholesale of meats and processed products. Production of chicken, pork and processed products	Japan	100.00%
	Marubeni-Mitsuhashi Rice, Inc.	Wholesale of rice and processed rice	Japan	51.00%
	Marubeni Nisshin Feed Co., Ltd.	Compound feed manufacturing and distribution	Japan	60.00%
	Nippon Chunky Co., Ltd.	Broiler GPS farming and PS production	Japan	100.00%
	Pacific Grain Terminal, Co., Ltd.	Grain warehousing, stevedoring and transportation	Japan	78.40%
	Tokachi Grain Terminal Co., Ltd.	Grain warehousing, stevedoring and transportation	Japan	65.00%
Overseas	Columbia Grain, Inc.	Grain trading	U.S.A.	100.00%
	Rangers Valley Cattle Station Pty. Ltd.	Beef feedlot operation	Australia	100.00%
Affiliates				
Domestic	Kanto Grain Terminal Co., Ltd.	Grain warehousing, stevedoring and transportation	Japan	25.00%
	SFoods Inc.	Retail of meats, manufacturing and sale of processed products	Japan	17.39%
	The Nisshin OilliO Group, Ltd.	Seed crushing and sales of edible oils, fine chemicals and healthy food products	Japan	15.17%
	WOOKE CO., LTD	Manufacturing, sale and export of aseptic cooked-rice	Japan	34.00%
Overseas	Great Wall (Dalian) Investment Co., Ltd.	Broiler integration and production of processed products	China	40.00%
	Terlogs Terminal Maritimo Ltda.	Grain transport, storage and port handling operations	Brazil	25.50%

Food Products Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Benirei Corporation	Wholesale of seafood products and warehousing	Japan	98.76%
	Marubeni Foods Corporation	Sale of coffee, tea, fruit juice, produce, agricultural products, and processed foods	Japan	100.00%
	Nacx Nakamura Corporation	Wholesale of frozen foods	Japan	83.52%
	Tokyo Flour Milling Co., Ltd.	Production and sale of wheat flour, mixed flour and bran	Japan	59.36%
	Yamaboshiya Co., Ltd.	Wholesale of confectionery	Japan	77.58%
Overseas	Aroma Coffee (Shanghai) Co., Ltd.	Manufacturing and sale of roasted coffee, sale of coffee beans, instant coffee	China	75.00%
	Cia. Iguaçu de Café Solúvel	Manufacturing and sale of instant coffee, coffee extract, coffee oil, selection and sales of coffee beans	Brazil	86.38%
	North Pacific Seafoods, Inc.	Processing and wholesale of seafood	U.S.A.	100.00%
Affiliates				
Domestic	Miyako Sugar Manufacturing Co., Ltd.	Production and sale of sugar	Japan	25.17%
	The Daiei, Inc.	Supermarket chain	Japan	29.35%
	The Maruetsu, Inc.	Food retailer	Japan	29.90%
	Tobu Store Co., Ltd.	Food retailer	Japan	30.67%
	Tokyo Allied Coffee Roasters Co., Ltd.	Manufacturing and sale of roasted coffee	Japan	23.82%
	Toyo Sugar Refining Co., Ltd.	Sugar refining, and production and sale of functional food materials	Japan	39.30%
Overseas	Acecook Vietnam Joint Stock Company	Manufacturing and sale of wheat-flour noodles, rice-flour noodles, cellophane noodles, and other food products	Vietnam	18.30%
	Asia Christine International Holdings Co., Ltd.	A bakery retail operator	China	16.20%
	Jiangsu Saint Fruit Winery Co., Ltd.	Manufacturing and sale of wine	China	30.00%
	Shanghai Baihong Trading Co., Ltd.	Wholesaling of domestic and imported commodities, export of domestic products, storage, product processing, delivery, and retailing of self-supporting commodities in China.	China	49.00%

Lifestyle Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Kyoto Marubeni Co., Ltd.	Wholesale of Japanese kimonos and related products	Japan	99.91%
	Marubeni CLS Corporation	Sale of man-made leather, design and import of bags	Japan	100.00%
	Marubeni Fashion Link, Ltd.	Wholesale of fashion apparel garments and accessories	Japan	100.00%
	Marubeni Fashion Planning Corp.	Consulting on fashion merchandising, planning, design and quality examination	Japan	100.00%
	Marubeni Footwear Inc.	Design, import and sale of footwear	Japan	100.00%
	Marubeni Intex Co., Ltd.	Sale of industrial textile and lifestyle goods	Japan	100.00%
	Marubeni Mates Co., Ltd.	Design, production, sale and rental of uniforms, subcontracting of related clerical operations	Japan	100.00%
	Marubeni Techno Rubber Corporation	Wholesale of synthetic rubber, natural rubber, carbon black and rubber materials	Japan	100.00%
	Marubeni Tex Co., Ltd.	Wholesale of textile piece goods	Japan	100.00%
	PROAVANCE corporation	Import of fitness equipment, golf grips and other products, export of fishing equipment	Japan	100.00%
	TEXTILE RENTAL Co., Ltd.	Design, production, sales, rental and cleaning of uniforms	Japan	100.00%
Overseas	Belterra Corporation	Sale of conveyor belts, parts and other industrial rubber products and the provision of related services	Canada	100.00%
	Marubeni Business Machines (America), Inc.	Sale of copying machines and other office equipment in Central and South America	U.S.A.	100.00%
	Marubeni Footwear Resources Limited	Development and sourcing for footwear and bags	Hong Kong	100.00%
	Marubeni International Commodities (Singapore) Pte. Ltd.	Sale of natural rubber	Singapore	100.00%
	Marubeni Textile Asia Pacific Ltd.	Purchase agent of textile products for Japan and other countries	Hong Kong	100.00%
	Marubeni Textile (Shanghai) Co., Ltd.	Purchase agent of textile products for Japan and other countries	China	100.00%
	Shanghai Tong Nuan Hong Knitting Co., Ltd.	Production and sale of socks	China	90.00%
	UNIMAC Rubber Co., Ltd.	Production and sale of natural rubber	Thailand	75.00%
	Wonderful Saigon Garment Co., Ltd.	Production of uniforms and other clothing	Vietnam	51.00%
Affiliates				
Domestic	ASPLUND Co., Ltd.	Operation of furniture and miscellaneous goods retail shops and tearooms, planning, import, and sale of furniture and miscellaneous goods for hotel, tearoom, office and home use	Japan	20.32%
	Fabricant Co., Ltd.	Manufacture and sale of Lacoste-brand apparel and other related products	Japan	33.36%
Overseas	Konica Minolta Business Solutions Do Brasil Ltda.	Assembly and sale of copiers in Brazil	Brazil	49.00%
	N.V. Yokohama Belgium S.A.	Sale of Yokohama tyres in Belgium and Luxembourg	Belgium	33.40%
	Thai Textile Development & Finishing Co., Ltd.	Dyeing and finishing of cotton and synthetic blended fabrics	Thailand	27.11%
	Yokohama Iberia S.A.	Sale of Yokohama tyres in Spain and Portugal	Spain	49.00%
	Yokohama Reifen GmbH	Sale of Yokohama tyres in Germany	Germany	25.00%
	Yokohama Tyre Australia Pty. Ltd.	Sale of Yokohama tyres in Australia	Australia	40.00%

Forest Products Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Fuji Coated Paper Co., Ltd.	Production, sale and marketing of coated paper	Japan	100.00%
	Fukuyama Paper Co., Ltd.	Manufacture of medium board and paper tube materials	Japan	55.00%
	Koa Kogyo Co., Ltd.	Manufacture of medium board, containerboard and printing paper	Japan	79.95%
	Marubeni Building Materials Co., Ltd.	Wholesale of wood products and construction materials	Japan	100.00%
	Marubeni Cement & Construction Materials Co., Ltd.	Wholesale of cement and construction materials	Japan	90.00%
	Marubeni Office Supply Co., Ltd.	Conversion and sale of information processing paper	Japan	100.00%
	Marubeni Paper & Pulp Logistics Co., Ltd.	Integrated logistics management of imported and domestic paper and pulp products	Japan	100.00%
	Marubeni Paper Recycle Co., Ltd.	Assortment and sale of wastepaper	Japan	100.00%
	Marubeni Pulp & Paper Co., Ltd.	Wholesale of all types of paper	Japan	100.00%
	Mascot-Chemical Paper Co., Ltd.	Manufacture and sale of cash register paper	Japan	80.00%
	Sumatra Pulp Corporation	Capital contributions towards PT. Tanjungenim Lestari Pulp and Paper	Japan	49.95%
	Taiei Sangyo Co., Ltd.	Plastics thermoforming	Japan	100.00%
Overseas	Intragrated Resources Holdings, Inc.	Sale of printing paper, consulting service	U.S.A.	100.00%
	PT. Musi Hutan Persada	Plantation investment and management, sale of pulp logs from plantation forests	Indonesia	60.00%
	PT. Tanjungenim Lestari Pulp and Paper	Production and sale of Acacia-based wood pulp	Indonesia	100.00%
	Southern Plantation Forest Pty. Ltd.	Management of hardwood plantation	Australia	57.10%
Affiliates				
Domestic	Forestnet Co., Ltd.	Internet sale and marketing of printing/writing paper, other related services	Japan	35.00%
	Marusumi Paper Co., Ltd.	Manufacture and sale of printing paper and pulp	Japan	32.16%
	Well Corporation	Collection and sale of office wastepaper and classified documents	Japan	40.00%
Overseas	Amapa Florestal e Celulose S.A.	Management of plantation, production and export of wood chips	Brazil	50.00%
	Daishowa-Marubeni International Ltd.	Manufacture and sale of pulp	Canada	50.00%
	GS Paper & Packaging Sdn. Bhd.	Manufacture and sale of container board and carton box	Malaysia	25.00%
	Long Chen Paper (China) Holdings Co., Ltd	Holding company of Long Chen Paper Co., Ltd. engaged in containerboard and converting business in China	China	15.04%
	Marusumi Whangarei Co., Ltd.	Manufacture and sale of wood chips	New Zealand	49.00%
	WA Plantation Resources Pty. Ltd.	Management of plantation, production and export of wood chips	Australia	50.00%

Chemicals Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Chemix Corporation	Sale and foreign trade of organic chemicals, functional chemicals and pharmaceutical intermediates	Japan	100.00%
	Marubeni Plax Corporation	Sale and foreign trade of plastic resin and products	Japan	100.00%
	Shinko Chemical Terminal Co., Ltd.	Management of storage terminals of chemical products	Japan	85.50%
Overseas	Agrovista B.V.	Holding company of agrochemicals distributors in the U.K. and the Netherlands	U.K.	100.00%
	Helena Chemical Company	Distribution of agrochemicals, fertilizer and seeds	U.S.A.	100.00%
	Jiangmen Senkei Chemical Tank Storage Co., Ltd.	Operation of molten caprolactam storage facilities	China	100.00%
	Marubeni Specialty Chemicals Inc.	Sale and foreign trade of specialty chemicals and plastics in the U.S.A.	U.S.A.	100.00%
	Tianjin Benny Trading Co., Ltd.	Import and export, storage and domestic sale of molten sulfur	China	67.20%
Affiliates				
Domestic	Katakura Chikkarin Co., Ltd.	Production and sale of fertilizer, feedstuffs and foods, production and sale of cosmetics ingredients	Japan	25.16%
	Konan Laminate Co., Ltd.	Processing of lamination and manufacture of paper products	Japan	35.00%
	Pacific Lithium Corporation	Manufacture and sales of High-Purity Lithium Carbonate	Japan	30.00%
	Polytech Incorporated	Manufacture and sale of polyester sheet	Japan	41.98%

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Affiliates				
Domestic	Shoei Chemical Co., Ltd.	Manufacture (OEM) of paint and paint thinner	Japan	27.00%
	Sun Agro Co., Ltd.	Production and sale of fertilizer, sale of agricultural chemicals, golf-related business	Japan	22.78%
Overseas	Agricultural Chemicals (Malaysia) Sdn. Bhd.	Manufacture and sale of agrochemicals	Malaysia	29.55%
	Chlor-Alkali Unit Pte. Ltd.	Sale of salt and gypsum for Dampier Salt	Singapore	21.51%
	CMK Electronics (Wuxi) Co., Ltd.	Development, manufacture and sale of PCB	China	20.00%
	Dainichi Color India Private Limited	Manufacture and sale of plastic compound	India	30.00%
	Dampier Salt Limited	Production and sale of salt and gypsum	Australia	21.51%
	Indian Synthetic Rubber Limited	Production and sales of Synthetic Rubber (SBR)	India	20.00%
	Key Plastics (Dalian) Co., Ltd.	Manufacture and sale of tools and plastic products	China	20.00%
	MGC Advanced Polymers, Inc.	Manufacture and sale of MXD-6 polymers	U.S.A.	20.00%
	Mitsubishi Rayon Polymer Nantong Co., Ltd.	Manufacture and sale of PMMA resin, PMMA sheets and acrylic coating resins	China	20.00%
	Nantong Benny Petrochemicals Harbour Storage Co., Ltd.	Storage and transport of petrochemical and chemical products	China	25.00%
	Point-Benny Technology (Wuhan) Co., Ltd.	Manufacture and sales of Color Toner	China	36.00%
	P.T. Fukusuke Kogyo Indonesia	Manufacture and sale of PE films	Indonesia	35.00%
	P.T. Riken Indonesia	Manufacture and sales of PVC Compound and its products	Indonesia	28.16%
	Sekisui S-LEC Mexico S.A. de C.V.	Manufacture and sale of polyvinyl butyral interlayer film	Mexico	29.08%
	Shen Hua Chemical Industrial Co., Ltd.	Manufacture and sale of SBR	China	22.56%
	Suzhou Ruihong Electronic Chemicals Co., Ltd.	Manufacture and sales of electronic chemicals which are mainly Photoresist and relative high purity chemicals	China	19.87%
	TSRC-UBE (Nantong) Chemical Industrial Company Limited	Manufacture and sale of polybutadiene rubber	China	20.00%
	Wuxi Zhenyu Chemical Co., Ltd.	Production and sale of sulfuric acid, SOP and hydrochloric acid	China	44.44%

Energy Division-I

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Energy Corporation	Sale of petroleum products, operation of oil terminals and service stations	Japan	66.60%
	Marubeni Ennex Corporation	Management and operation of oil and gas terminals	Japan	100.00%
Overseas	Marubeni Energy Europe Limited	Petroleum trading, primarily in Europe	U.K.	100.00%
	Marubeni International Petroleum (Singapore) Pte. Ltd.	Petroleum trading, primarily in Asia and Oceania	Singapore	100.00%
	Marubeni LNG International B.V.	Investment in the Qatargas LNG Project	Netherlands	100.00%
	MIECO Inc.	Petroleum trading, primarily in North America and the Pacific Rim	U.S.A.	100.00%
	MQL International B.V.	Investment in the Qatargas LNG Project	Netherlands	100.00%
Affiliates				
Domestic	ENEOS GLOBE Corporation	Import and sale of LPG, and sale of new energy-related equipment	Japan	20.00%
Overseas	Shenzhen Sino-Benny LPG Co., Ltd.	Import and sale of LPG in China	China	30.00%

Energy Division-II

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Utility Services, Ltd.	Sale of nuclear power plant-related components and services	Japan	100.00%
Overseas	Energy U.S.A. Inc.	Nuclear energy-related business	U.S.A.	100.00%
	Marubeni North Sea Limited	Oil and gas development and production in the North Sea	U.K.	100.00%
	Marubeni Oil & Gas (USA) Inc.	Oil and gas development and production in the Gulf of Mexico	U.S.A.	100.00%
	Ravva Oil (Singapore) Pte. Ltd.	Oil and gas development and production in India’s Ravva oilfield	Singapore	100.00%

Metals & Mineral Resources Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Metals Corporation	Sale of and investment in non-ferrous and light metal products	Japan	100.00%
	Marubeni Tetsugen Co., Ltd.	Sale of raw materials for steelmaking, ferro alloys and other minerals	Japan	100.00%
Overseas	Marubeni Aluminium Australia Pty. Ltd.	Investment in aluminum business in Australia, sale of aluminum ingots	Australia	100.00%
	Marubeni Coal Pty. Ltd.	Investment in coal business in Australia	Australia	100.00%
	Marubeni Los Pelambres Investment B.V.	Investment in copper business in Chile	Netherlands	100.00%
	Marubeni Metals & Minerals (Canada) Inc.	Investment in aluminum business in Canada, sale of aluminum ingots	Canada	100.00%
	Marubeni Thermal Coal Pty. Ltd.	Investment in Dartbrook coal mine in Australia	Australia	100.00%
Affiliates				
Domestic	Marubeni Construction Material Lease Co., Ltd.	Leasing and sale of temporary construction materials	Japan	35.24%
	Marubeni-Itochu Steel Inc.	Manufacture, processing, import, export and sale of steel products	Japan	50.00%
	Nippon Shindo Co., Ltd.	Production and sale of copper and brass rods, electrical wire cable, etc.	Japan	15.83%
Overseas	J-Power Systems Saudi Co., Ltd.	Manufacturing and sales of submarine composite cables, and providing services of installing, maintaining factory's products	Saudi Arabia	25.00%
	Resource Pacific Holdings Pty Limited	Investment in Ravensworth Underground coal mine in Australia	Australia	22.22%
	Shanghai Nichiei Metals Co., Ltd.	Manufacturing of refrigeration cycle; copper, aluminum, etc., all kinds of pipe processing for home appliances and vehicles	China	25.00%
	Silbasa-Silicio de Alta Pureza da Bahia S.A.	Production and sale of high-purity ferro silicon	Brazil	24.62%
	Toyo-Memory Technology Sdn. Bhd.	Production and sale of aluminum disks for hard disk drives (HDDs)	Malaysia	40.00%

Transportation Machinery Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	KOYO LINE, LTD.	Ship management and trade of ship machinery and equipment	Japan	100.00%
	Marubeni Aerospace Corporation	Sales, import & export and lease of aircraft, aero-engines, marine engines, satellites, equipment and components for aircraft and ships, space related equipment & materials and those related parts	Japan	100.00%
	Marubeni Automotive Corporation	Import, export and domestic sales of automotive parts, accessories and material	Japan	100.00%
Overseas	Advantage Funding Management, Inc.	Finance and lease of automobiles	U.S.A.	80.00%
	Avenue Machinery Corporation	Sale and service of Kubota & MF brand agricultural machinery	Canada	100.00%
	Distribuidora Automotriz Marubeni Ltda.	Import & distribution of Nissan products in Chile	Chile	100.00%
	Gallery Automotive Group, LLC.	Sale and service of automobiles	U.S.A.	100.00%
	KM DISTRIBUCION DE MAQUINARIAS, S.A. de C.V.	Wholesale importer of agricultural machinery and parts manufactured by Kubota Corporation	Mexico	100.00%
	Long Island Automotive Group, Inc.	Sale and service of automobiles	U.S.A.	100.00%
	Marubeni Aero Partners Limited	Investment in aero engines	Cayman Islands	100.00%
	Marubeni Aerospace America Corporation	Export of aircraft, various kinds of engines/parts, equipment and components for aircraft, etc. to Japan	U.S.A.	100.00%
	MARUBENI AG Makina Ticaret Limited Sirketi	Wholesale importer of agricultural machinery and parts manufactured by Kubota Corporation	Turkey	100.00%
	Marubeni Auto & Construction Machinery America Inc.	Investment in the business of distribution and finance of automobiles, construction machineries, and agricultural machineries	U.S.A.	100.00%
	Marubeni Auto and Construction Machinery LLC	Komatsu distributor in Pre-Volga and South Russia region, and sales of construction machinery in Russia & CIS	Russia	100.00%
	Marubeni Auto Finance, Ltda.	Retail finance for automobiles	Chile	100.00%
	Marubeni Auto Investment (UK) Ltd.	Investment in motor retail (new car & used car) & service industry	U.K.	100.00%
	Marubeni Auto Ltda.	Nissan Motors sales and servicing	Chile	100.00%
	Marubeni Automotive Holding (Australia) Pty Ltd.	Investment and coordination of automotive group companies in Australia	Australia	100.00%
	Marubeni Aviation International Ltd.	Export & Import of products for commercial aviation and export of defence systems to Japanese market	U.K.	100.00%

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Overseas	Marubeni Aviation Services Ltd.	Investment in aircraft engine development programs and leasing of aircraft	Cayman Islands	100.00%
	Marubeni Holding Ltda.	Holding company of import, distribution and retail sales business of Nissan and automotive retail finance business in Chile	Chile	100.00%
	Marubeni Komatsu Ltd.	Wholesale importer of Komatsu construction equipment in the U.K.	U.K.	100.00%
	Marubeni Machinery Distribution Poland SP. Zo. o.	Wholesale importer of agricultural machinery manufactured by Kubota Corporation and forklifts manufactured by Nissan Motor Co., Ltd.	Poland	100.00%
	Marubeni Maquinarias Mexico, S.A. de C.V.	Import and sales of Komatsu construction machinery	Mexico	100.00%
	Marubeni Motor Holdings, Inc.	Investment in automobile financing service companies	U.S.A.	100.00%
	Marubeni Motors Poland SP. Zo. o.	The wholesale of CBU and parts made by Tata Motors Limited in Poland	Poland	100.00%
	Prime Automotive Warehouse Inc.	Aftermarket automotive parts wholesale	U.S.A.	100.00%
	ROYAL MARITIME CORPORATION	Ship owning, chartering and financing	Liberia	100.00%
	Toyota Ghana Company Ltd.	Import and distribution of Toyota vehicles and spare parts	Ghana	100.00%
Affiliates				
Domestic	MTU-Marubeni Co.,Ltd.	Distributor of various diesel engines for construction machinery, marine, power generator and military vehicles manufactured by MTU-Friedrichshafen and Daimler AG in Germany as well as Detroit Diesel in U.S.A.	Japan	49.00%
	Swissport Japan Ltd.	Ground handling business for airlines	Japan	49.00%
Overseas	BW Gas JuJu LNG Limited	Holding of 5 special purpose companies owning 8 LNG carriers chartered to Nigeria LNG Limited	Bermuda	49.00%
	CODACA Holding & Investment Co., Ltd.	Holding company of import, distribution, and other related business of truck and bus (Hino, International, Scania, Iveco) business in Guatemala and Honduras	Bahamas	49.00%
	Hino Motors Sales India Private Limited	Import and sales of Hino truck, bus and spare parts	India	35.00%
	Hitachi Construction Machinery (Australia) Pty. Ltd.	Distribution of Hitachi, John Deere, construction forestry and mining equipment	Australia	20.00%
	Komatsu Vietnam Joint Stock Company	Sales and after services of Komatsu products in Vietnam	Vietnam	30.00%
	Kubota Canada Ltd.	Wholesale importer of Kubota tractors, agricultural machinery, construction machinery, power equipment and spare parts	Canada	20.00%
	Kubota Construction Machinery (Shanghai) Co., Ltd.	Wholesale distribution and assembly of Kubota construction machinery and spare parts	China	25.00%
	Kubota (Deutschland) GmbH	Wholesale importer of Kubota tractors, agricultural machinery, power equipment and spare parts	Germany	20.00%
	Kubota Europe S.A.	Wholesale importer of Kubota tractors, agricultural machinery, construction machinery, power equipment and spare parts	France	26.22%
	Kubota Korea Co., Ltd.	Wholesale importer of Kubota tractors, agricultural machinery, construction machinery, power equipment and spare parts	South Korea	20.00%
	Kubota Tractor Australia Pty. Ltd.	Wholesale importer of Kubota tractors, agricultural machinery, construction machinery, power equipment and spare parts	Australia	20.00%
	Kubota (U.K.) Ltd.	Wholesale importer of Kubota tractors, agricultural machinery, construction machinery, power equipment and spare parts	U.K.	40.00%
	Maxima Machineries, Inc.	Sale and service of construction machinery, mainly Komatsu Ltd. products	Philippines	40.00%
	MD Aviation Capital Pte. Ltd.	Sales and lease of aircraft	Singapore	50.00%
	P.T. Kencana Internusa Artha Finance	Finance of automobiles	Indonesia	49.00%
	P.T. Surya Artha Nusantara Finance	Finance of construction machinery	Indonesia	40.00%
	ZAMine Services LLC	Distributor of Hitachi Construction Machinery Co., Ltd. In Mongolia	Mongolia	50.00%

Power Projects & Infrastructure Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Power Development Corporation	Development and operation of overseas IPP projects	Japan	100.00%
	Marubeni Power Systems Corporation	Engineering, procurement and construction services for power projects overseas	Japan	100.00%
	Mibugawa Power Company	Operation of Mibugawa Hydro Power Station	Japan	100.00%
Overseas	Aguas Décima S.A.	Providing full water and wastewater services to the city of Valdivia, region of Los Rios, Chile	Chile	100.00%
	Axia Power Holdings, B.V.	Overseas power assets holding company	Netherlands	100.00%
	Geoenergia de Guanacaste Ltda.	Geothermal IPP in Costa Rica	Costa Rica	100.00%
	Marubeni Asian Power Singapore Pte. Ltd.	Marketing and development of power projects in the Asia Pacific region	Singapore	100.00%
	Marubeni Caribbean Power Holdings, Inc.	Holding company for Power Plants and Power Business Co. in Caribbean area	U.S.A.	100.00%
	Marubeni Europower Ltd.	Marketing and development of power projects in Europe, the Middle East and Africa	U.K.	100.00%
	Marubeni Power Asset Management Ltd.	Management of Marubeni's global IPP assets	Hong Kong	100.00%
	Marubeni Power International, Inc.	Marketing and development of power projects in North America, Central America and South America	U.S.A.	100.00%
	Marubeni Power Services, Inc.	Management of acquired companies, marketing, development and acquisition of service and maintenance business in power sector in the U.S.A. and other countries	U.S.A.	100.00%
	Oak Creek Energy Systems Inc.	Wind energy development on greenfield and re-power projects in the Southwestern United States including transmission lines	U.S.A.	58.02%
	PIC Group, Inc.	Providing services of operation and maintenance, outage, construction management, installation, start-up and commissioning for power generation facilities around the world.	U.S.A.	100.00%
	P.T. Matlamat Cakera Canggih	Marketing, development, contracting and project execution of power projects in Indonesia	Indonesia	75.00%
	Sithe Fuel Co., Ltd.	Fuel supply business in South Korea	South Korea	100.00%
	Sithe Yosu Cogeneration Co., Ltd.	Independent steam supply business in Yosu City, South Korea	South Korea	100.00%
	SmartestEnergy Ltd.	Electricity consolidation and trading business in the U.K.	U.K.	100.00%
	Smithfield Power Partnership	IPP in New South Wales, Australia	Australia	100.00%
Affiliates				
Domestic	Misaki Wind Power Corporation	Operation of a wind-generated power plant for Shikoku Electric Power Co., Inc.	Japan	49.00%
Overseas	Aguas Nuevas S.A.	Providing full water and wastewater services to the Region of Arica-Parinacota, Tarapaca, La Araucania and Magallanes y de la Antartia Chilena, and 2-hydroelectric plants in region of Tarapaka, Chile	Chile	50.00%
	Anhui Guozhen Environment Protection Science and Technology Joint Stock Co., Ltd.	Investment, O&M, EPC, equipment & manufacturing for sewage & re-use water treatment	China	30.00%
	Aquasistema Salina Cruz S.A. de C.V.	Build-operate-transfer (BOT) water recycling and desalination project for Petroleos Mexicanos (PEMEX)	Mexico	50.00%
	Carthage Power Company sarl	IPP in Tunisia	Tunisia	40.00%
	Chengdu Générale des Eaux-Marubeni Waterworks Co., Ltd.	BOT water supply project for the Chengdu Municipal Government, Sichuan Province	China	40.00%
	Consorcio Agua Azul S.A.	BTO water supply project in the northern part of Lima (Chillon river) for Sedapal	Peru	29.00%
	Eastern Power and Electric Company Limited	IPP in Bang Bo, Thailand	Thailand	28.00%
	Electric Infrastructure Alliance of America, LLC	Regulated transmission/distribution business in Texas, U.S.A.	U.S.A	19.80%
	Emirates CMS Power Company	Taweelah A2 IWPP in Abu Dhabi, U.A.E.	U.A.E.	34.00%
	Ever Power IPP Co., Ltd.	IPP in Taoyuan county, Taiwan	Taiwan	40.00%
	Fujairah Asia Power Co.	IWPP in Fujairah, U.A.E.	U.A.E.	20.00%
	Gangwon Wind Power Co., Ltd.	Operation of a wind-generated power plant in Gangwon, South Korea	South Korea	30.00%
	Hsin Tao Power Corporation	IPP in Hsinchu County, Taiwan	Taiwan	50.00%
	Invenergy Thermal Financing, LLC	Holding company for the Hardee, Cannon Falls and Spindle Hill power plants in U.S.A.	U.S.A.	49.00%
	Mesaieed Power Company Ltd.	IPP in Mesaieed, Qatar	Qatar	30.00%
	Millmerran Power Partnership	IPP in Queensland, Australia	Australia	30.00%

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Affiliates				
Overseas	Osmoflo Holdings Pty Ltd.	Desalination and Industrial water treatment utilizing membrane technology, such as Reverse Osmosis	Australia	40.00%
	PPN Power Generating Company Limited	IPP in Pillaiperumalnallur, India	India	26.00%
	PT Cirebon Electric Power	IPP in Cirebon, Indonesia	Indonesia	32.50%
	Rabigh Arabian Water & Electricity Co.	IWPP for chemical complex in Saudi Arabia	Saudi Arabia	30.00%
	Raleigh Wind Power Partnership	Operation of a wind-generated power plant in Ontario, Canada	Canada	49.00%
	Ruwais Power Company	IWPP in Shuweihat, U.A.E.	U.A.E	10.00%
	San Roque Power Corporation	Hydro IPP in Luzon, the Philippines	Philippines	50.00%
	Senoko Energy Pte. Ltd.	IPP in Singapore	Singapore	30.00%
	Tapal Energy (Private) Ltd.	IPP in Pakistan	Pakistan	40.00%
	Taweelah Asia Power Company	Taweelah B IWPP in Abu Dhabi, U.A.E.	U.A.E.	14.00%
	TeaM Energy Corporation	Holding company for the Ilijan, Pagbilao and Sual power plants in the Philippines	Philippines	50.00%
	Uni-Mar Enerji Yatirimlari A.S.	IPP in Marmara Ereglisi, Turkey	Turkey	33.33%
	Youngduk Wind Power Co., Ltd.	Operation of a wind-generated power plant in Youngduk City, South Korea	South Korea	34.00%

Plant & Industrial Machinery Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	Marubeni Machine Tools Co., Ltd.	Sale, export and import of machine tools and related equipment	Japan	99.00%
	Marubeni Protechs Corporation	Import, export and domestic sale of plant and related machinery, Environmental related business, Support to Japanese industries transferring abroad base of production, and project under Official Development Assistance (ODA)	Japan	100.00%
	Marubeni Pulp & Paper Engineering Corporation	Engineering of pulp and paper machinery	Japan	100.00%
	Marubeni Techno-Systems Corp.	Import and export of machinery relating to beverages, packaging, electronics, optical disc, printing, chemical, recycle and core components for construction machinery	Japan	100.00%
	Marubeni Tekmatex Corporation	Import, export and domestic sale of general textile machinery and industrial machinery and facilities	Japan	100.00%
	Marubeni Transport Engineering Co., Ltd.	Provision of engineering services and project management services for rail infrastructure project	Japan	100.00%
	Shinnihon Reiki Co., Ltd.	Engineering and construction of industrial-use cooling towers and accessories	Japan	100.00%
Overseas	KMA Manufacturing, LLC	Steel fabrication, maintenance services, repair/rebuild of machinery for steel mills in U.S.A.	U.S.A.	95.00%
	MARIOS, Inc.	Investment in KMA Manufacturing, LLC	U.S.A.	100.00%
	Marubeni Citizen-Cincom Inc.	Sale of Citizen and Miyano machine tools	U.S.A.	60.00%
	Marubeni Plant Contractor, Inc.	Engineering works, civil & building works, installation works, and equipment procurement works for plant projects in U.S.A.	U.S.A.	100.00%
	MCP Iron Oxide, Inc.	Investment in a joint venture company for the recycling of acid from waste acid and the production of iron oxide	U.S.A.	100.00%
	Midwest Railcar Corporation	Leasing, brokerage and management of railcars	U.S.A.	100.00%
Affiliates				
Domestic	JMD Greenhouse-Gas Reduction Co., Ltd.	Purchase and sale of Certified Emission Reduction (CER) credits obtained by the decomposition of HFC-23	Japan	43.00%
	KAFCO Japan Investment Co., Ltd.	Investment and related services for Karnaphuli Fertilizer Co., Ltd.	Japan	26.81%
	Kaji Technology Corporation	Manufacture and sale of pressing machines, textile machines, cast products and industrial machinery	Japan	37.63%
Overseas	Citizen Machinery America, Inc.	Sale and engineering service of machine tools	U.S.A.	33.40%
	Compañía de Nitrógeno de Cantarell S.A. de C.V.	Production and supply of nitrogen for Petroleos Mexicanos (PEMEX) of Mexico	Mexico	35.00%

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Affiliates				
Overseas	Energy Infrastructure Investments Pty Limited	Operating gas pipelines, power generating facilities, gas processing plants and interconnectors	Australia	49.90%
	JV LLC Sakhalin-Shelf-Service	Management of equipment supply base for Sakhalin Project	Russia	25.00%
	Unipres India Private Limited	Sale and manufacture of automotive body panels	India	20.00%
	Unipres Mexicana, S.A. de C.V.	Sale and manufacture of automotive body panels	Mexico	25.00%
	Unipres U.S.A. Inc.	Sale and manufacture of automotive body panels	U.S.A.	25.00%

Finance, Logistics & IT Business Division

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	iSigma Capital Corporation	Investment fund management company	Japan	100.00%
	i2ts, inc.	Managed hosting services using datacenters	Japan	100.00%
	Logipartners, Inc.	Management and operation of various logistics centers, provision of distribution and related consulting services	Japan	100.00%
	Marnix Corporation	Insurance brokerage, risk consulting	Japan	100.00%
	Marubeni Access Solutions Inc.	Providing international/domestic combined bandwidth via own fiber-optic cable network, Internet access service, ASP, iDC and IP-VPN service provider	Japan	99.96%
	Marubeni Hospital Partners Corporation	Sale of medical materials and equipment, and provision of related hospital management consulting services	Japan	100.00%
	Marubeni Information Systems Co., Ltd.	Operation and development of information and communication systems, sale of computers, network products, and SI	Japan	100.00%
	Marubeni Logistics Corporation	Warehousing and logistics services	Japan	100.00%
	Marubeni OKI Network Solutions Inc.	Planning and construction of information and telecommunication network	Japan	66.00%
	Marubeni Safenet Co., Ltd.	Insurance agency	Japan	100.00%
	Marubeni Telecom Co., Ltd.	Sale of mobile handsets and fixed-line communications services, IT solutions and mobile contents	Japan	100.00%
	Mighty Card Corporation	Planning, development and sale of wireless IC tag solutions	Japan	91.25%
Overseas	Beijing Wai-Hong International Logistics Co., Ltd.	Warehousing, domestic delivery service in China, and international logistics	China	90.00%
	CoActiv Capital Partners, Inc.	Vendor finance, small ticket leasing, collection servicer	U.S.A.	100.00%
	MAC Trailer Leasing, Inc.	Refrigerated trailer leasing	U.S.A.	100.00%
	Marnix Europe Ltd.	Insurance brokerage	U.K.	100.00%
	MarPless Communication Technologies (Pty) Ltd.	Receiving orders and fulfilling contracts in the field of information for South Africa and its neighboring countries	South Africa	51.00%
	Train Trailer Rentals Ltd.	Dried-freight trailer, refrigerated trailer and container chassis leasing	Canada	100.00%
Affiliates				
Domestic	Avanti Staff Corporation	Temporary staff placement, recruitment services, outsourcing and training services	Japan	42.99%
	Fusion Communications Corporation	Fixed phone, IP phone, ISP business, cloud computing business	Japan	34.70%
	Marunouchi Direct Access Ltd.	Area local exchange carrier, providing last-mile solutions to supply dark fiber and co-location service in Marunouchi, Tokyo	Japan	49.00%
	MG Leasing Corporation	General leasing	Japan	45.00%
	Q&A Corporation	Call center/contact center outsourcing, technical support services	Japan	22.04%
	Telemarketing Japan, Inc.	Planning and management of call centers as outsourcing businesses, cross-media marketing business	Japan	40.00%
Overseas	Eastern Sea Laem Chabang Terminal Co., Ltd.	Container terminal operation in Thailand	Thailand	25.00%
	Shanghai Jiaoyun Rihong International Logistics Co., Ltd.	Domestic logistics service in China	China	34.00%

Real Estate Business Department

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	FUYO KANKO Co., Ltd.	Operation of Fuyo Country Golf Club	Japan	74.50%
	IMT Corporation	Holding and leasing of commercial facilities in LIVE HILLS, a large-scale residential complex developed by Marubeni in Sapporo City, Hokkaido	Japan	100.00%
	Japan REIT Advisors Co., Ltd.	Asset management entrusted by United Urban Investment Corporation, a Japanese real estate investment trust (J-REIT)	Japan	51.00%
	KOEI Co., Ltd.	Operation of golf courses	Japan	100.00%
	Marubeni Asset Management Co., Ltd.	Management and advisory services related to real estate investment	Japan	100.00%
	Marubeni Community Co., Ltd.	Property management of condominiums, buildings and complexes	Japan	100.00%
	Marubeni Real Estate Co., Ltd.	Development, leasing and management of real estate	Japan	100.00%
	Marubeni Real Estate Sales Co., Ltd.	Sales agent and planning, consultation and coordination of sales promotion	Japan	100.00%
	Tsunagu Network Communications, Inc.	MDU (Multiple Dwelling Unit) broadband Internet service provider	Japan	60.00%
Overseas	P.T. Megalopolis Manunggal Industrial Development	Development, sale and management of MM 2100 Industrial Town	Indonesia	60.00%
	Shanghai House Property Development Co., Ltd.	Housing development in Shanghai, China	China	60.00%
Affiliates				
Domestic	Koshigaya Community Plaza Co., Ltd.	Management of the Koshigaya Community Plaza, operations related to real estate leasing	Japan	42.86%
	TIPNESS Limited	Operation of sports clubs and facilities	Japan	28.57%
Overseas	Dalian Acacia Town Villa Co., Ltd.	Management and operation of rental housing for foreign residents in Dalian, China	China	42.50%
	EAST OCEAN INVESTMENT Ltd.	Investment related to an operating company established to develop office buildings and lease office space in central Ho Chi Minh City, Vietnam	Hong Kong	30.00%
	LIMA LAND, Inc.	Development and sale of lots in the Lima Technology Center in Batangas, Philippines	Philippines	40.00%
	P.T. Mekanusa Cipta	Development and sale of a residential estate in Cibubur, Bogor, Indonesia	Indonesia	26.00%
	SHANGHAI INTERNATIONAL REALTY COMPANY Ltd.	Management and operation of high-rent housing for foreign residents in Shanghai, China	China	30.00%

Others

	Company Name	Description of Operations	Country/Area	Percentage of Voting Rights
Consolidated Subsidiaries				
Domestic	MARICS Co., Ltd.	Credit management-related consulting and services	Japan	100.00%
	Marubeni Financial Service Corporation	Loan and zero-balance transactions, provision of financial accounting support and consulting for the Marubeni Group	Japan	100.00%
	Marubeni Office Support Corporation	Clerical work services, general office support, and promotion of employee wellness	Japan	100.00%
	Marubeni Personnel Management Corporation	Services regarding personnel management	Japan	100.00%
	Marubeni Service Corporation	Provision of management services for Marubeni-owned facilities and general affairs-related and other administrative services, sale of items related to general affairs operations	Japan	100.00%

This list primarily reflects data available as of March 31, 2011 as well as some data made available following that date.

Financial Section

Eleven-Year Financial Summary

	2011.3	2010.3	2009.3	2008.3
For the year:				
Revenues:				
Revenues from trading and other activities	**¥3,514,937**	¥3,110,736	¥ 3,807,480	¥ 3,958,276
Commissions on services and trading margins	**168,912**	169,233	194,819	207,950
Total	**3,683,849**	3,279,969	4,002,299	4,166,226
Total volume of trading transactions	**9,020,468**	7,965,055	10,462,067	10,631,616
Gross trading profit	**522,152**	491,673	644,803	596,916
Operating profit	**145,774**	118,926	234,065	200,153
Dividend income	**19,200**	23,561	27,719	23,645
Equity in earnings of affiliated companies—net	**71,452**	28,864	21,973	55,661
Net income attributable to Marubeni	**136,541**	95,312	111,208	147,249
Core earnings (Billions of yen)	**223.7**	154.4	245.0	239.6
At year-end:				
Total assets	**¥4,679,089**	¥4,586,572	¥ 4,707,309	¥ 5,207,225
Net interest-bearing debt	**1,615,634**	1,706,397	1,911,607	2,001,977
Total equity	**831,730**	799,746	623,356	860,581
Total Marubeni shareholders' equity	**773,592**	745,297	567,118	779,764
Amounts per share (¥, US$):				
Basic earnings	**¥ 78.63**	¥ 54.89	¥ 64.04	¥ 84.93
Diluted earnings	**—**	—	—	—
Cash dividends	**12.0**	8.50	10.00	13.00
Cash flows (for the year):				
Net cash provided by operating activities	**¥ 210,044**	¥ 280,610	¥ 343,618	¥ 235,290
Net cash used in investing activities	**(128,495)**	(35,207)	(387,069)	(306,855)
Free cash flow	**81,549**	245,403	(43,451)	(71,565)
Net cash provided by (used in) financing activities	**(17,010)**	(254,655)	257,608	65,865
Ratios:				
Return on assets (%)	**3.0**	2.1	2.2	2.9
Return on equity (%)	**18.0**	14.5	16.5	19.3
Marubeni shareholders' equity to total assets (%)	**16.5**	16.2	12.0	15.0
Net D/E ratio (times)	**1.9**	2.1	3.1	2.3

Notes: 1. U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, at ¥83 to US$1, the prevailing rate as of March 31, 2011.
2. In the recognition of revenue, the Companies generally present transactions as net. This is done both in instances in which the Companies legally act as principal, or when the Companies are not the primary obligor and do not have general inventory risk.
3. The figures for total volume of trading transactions and operating profit have been prepared according to accounting principles generally accepted in Japan (Japan GAAP). Figures for equity in earnings of affiliate companies for FY2003 and prior years have not been revised to include them under income before income taxes.

						Millions of yen	Millions of U.S. dollars
2007.3	2006.3	2005.3	2004.3	2003.3	2002.3	2001.3	**2011.3**
¥3,467,925	¥2,949,058	¥2,874,455	¥2,622,546	¥2,520,531	¥ —	¥ —	**$ 42,349**
190,930	190,787	161,108	148,674	160,636	—	—	**2,035**
3,658,855	3,139,845	3,035,563	2,771,220	2,681,167	—	—	**44,384**
9,554,943	8,686,532	7,936,348	7,902,494	8,793,303	8,972,245	9,436,863	**108,680**
531,171	502,024	433,395	406,761	424,643	436,804	479,754	**6,291**
165,020	143,248	86,461	78,624	73,371	776	41,482	**1,756**
20,705	12,065	8,989	7,198	6,797	7,477	7,692	**231**
44,880	31,602	25,727	—	—	—	—	**861**
119,349	73,801	41,247	34,565	30,312	(116,418)	15,036	**1,645**
202.1	171.3	109.9	80.0	—	—	—	**2,695**
¥4,873,304	¥4,587,072	¥4,208,037	¥4,254,194	¥4,321,482	¥4,805,669	¥5,320,604	**$ 56,375**
1,843,445	1,876,350	1,823,909	1,969,323	2,264,117	2,712,906	3,089,839	**19,465**
820,839	710,786	483,567	434,581	292,712	296,769	372,878	**10,021**
745,454	663,787	443,152	392,982	260,051	263,895	342,297	**9,320**
¥ 72.41	¥ 48.34	¥ 26.61	¥ 22.85	¥ 20.30	¥ (77.92)	¥ 10.06	**$ 0.95**
68.85	40.46	22.31	20.16	18.96	(77.92)	9.40	**—**
10.00	7.00	4.00	3.00	3.00	—	—	**0.14**
¥ 152,075	¥ 133,408	¥ 173,824	¥ 201,560	¥ 194,788	¥ 198,456	¥ 179,305	**$ 2,531**
(135,147)	(193,781)	46,043	57,983	113,241	74,504	187,993	**(1,548)**
16,928	(60,373)	219,867	259,543	308,029	272,960	367,298	**983**
24,819	(46,037)	(238,057)	(233,938)	(294,001)	(150,104)	(456,125)	**(205)**
2.5	1.7	1.0	0.8	0.7	—	0.3	
16.9	13.3	9.9	10.6	11.6	—	4.5	
15.3	14.5	10.5	9.2	6.0	5.5	6.4	
2.3	2.6	3.8	4.5	7.7	9.1	8.3	

4. Operating profit = Gross trading profit + Selling, general and administrative expenses + Provision for doubtful accounts
5. Core earnings is a management indicator that expresses the earning power of the main business of a general trading house. Core earnings is calculated as follows: Gross trading profit + SGA expenses (excluding restructuring costs up to FY2006 or prior) + Interest expense—net + Dividend income + Equity in earnings of affiliated companies—net
6. Although dilutive effects existed for the Company's Class I preferred stock issued in December 2003, the conversion of all preferred stock to shares of common stock was completed on March 19, 2007. Consequently, diluted earnings per share data have been omitted from earnings per share of common stock data since FY2007.

Consolidated Financial Statements

Marubeni Corporation and Subsidiaries

At March 31, 2011 and 2010 and
for the Years ended March 31, 2011 and 2010
with Report of Independent Auditors

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Report of Independent Auditors

The Board of Directors and Shareholders
Marubeni Corporation
(Marubeni Kabushiki Kaisha)

We have audited the accompanying consolidated balance sheets of Marubeni Corporation and subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marubeni Corporation and subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 1. In our opinion, such statements have been translated on such basis.

Ernst & Young ShinNihon LLC

June 21, 2011

Marubeni Corporation and Subsidiaries

Consolidated Balance Sheets

Assets	Millions of yen, March 31, 2011	Millions of yen, March 31, 2010	Thousands of U.S. dollars (Note 1), March 31, 2011
Current assets:			
Cash and cash equivalents *(Notes 9, 18, 19, 20 and 24)*	¥ **616,003**	¥ 570,789	$ **7,421,723**
Time deposits *(Notes 9, 18, 19 and 20)*	**25,187**	22,959	**303,458**
Investment securities *(Notes 4, 18 and 19)*	**2,870**	3,743	**34,578**
Notes and accounts receivable – trade *(Notes 6, 9, 20, 22 and 24)*:			
Notes receivable	**53,376**	51,491	**643,084**
Accounts receivable	**884,872**	864,760	**10,661,108**
Due from affiliated companies	**49,156**	55,575	**592,241**
Allowance for doubtful accounts	**(8,457)**	(10,418)	**(101,892)**
Inventories *(Notes 2 and 9)*	**372,156**	328,916	**4,483,807**
Advance payments to suppliers	**191,910**	173,168	**2,312,169**
Deferred income taxes *(Note 12)*	**11,135**	22,015	**134,157**
Prepaid expenses and other current assets *(Note 20)*	**199,583**	158,130	**2,404,615**
Total current assets	**2,397,791**	2,241,128	**28,889,048**
Investments and long-term receivables:			
Affiliated companies *(Notes 5, 9, 18 and 19)*	**821,575**	768,365	**9,898,494**
Securities and other investments *(Notes 4, 9, 18, 19 and 24)*	**354,928**	423,720	**4,276,241**
Notes, loans and accounts receivable – trade *(Notes 6, 9, 18, 22 and 24)*	**91,903**	98,861	**1,107,265**
Allowance for doubtful accounts *(Note 6)*	**(39,734)**	(37,981)	**(478,723)**
Property leased to others, at cost, less accumulated depreciation of ¥45,493 million ($548,108 thousand) in 2011 and ¥41,127 million in 2010 *(Notes 9, 19, 22 and 24)*	**171,800**	143,823	**2,069,880**
Total investments and long-term receivables	**1,400,472**	1,396,788	**16,873,157**
Property, plant and equipment, at cost *(Notes 9, 19, 22 and 24)*:			
Land	**175,200**	196,621	**2,110,844**
Buildings and structures	**314,716**	326,232	**3,791,759**
Machinery and equipment	**668,729**	681,012	**8,056,976**
Mining rights	**7,849**	8,457	**94,566**
	1,166,494	1,212,322	**14,054,145**
Accumulated depreciation	**(527,128)**	(521,186)	**(6,350,940)**
Net property, plant and equipment	**639,366**	691,136	**7,703,205**
Prepaid pension cost *(Note 11)*	**468**	206	**5,638**
Deferred income taxes *(Note 12)*	**66,307**	69,622	**798,879**
Intangible assets *(Notes 7 and 19)*	**85,406**	92,388	**1,028,988**
Goodwill *(Notes 7 and 19)*	**41,790**	48,152	**503,494**
Other assets *(Note 20)*	**47,489**	47,152	**572,157**
Total assets *(Note 16)*	¥ **4,679,089**	¥ 4,586,572	$ **56,374,566**

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries

Consolidated Balance Sheets

Liabilities and equity	Millions of yen March 31 2011	Millions of yen March 31 2010	Thousands of U.S. dollars (Note 1) March 31 2011
Current liabilities:			
Short-term loans *(Notes 9, 10, 18 and 20)*	**¥ 105,275**	¥ 96,362	**$ 1,268,373**
Current portion of long-term debt *(Notes 9, 10 and 18)*	**248,888**	236,343	**2,998,651**
Notes and accounts payable – trade:			
Notes and acceptances payable	**167,368**	156,098	**2,016,482**
Accounts payable *(Note 9)*	**732,560**	675,736	**8,826,024**
Due to affiliated companies	**36,765**	48,061	**442,952**
Advance payments received from customers	**156,118**	149,819	**1,880,940**
Accrued income taxes *(Note 12)*	**13,046**	19,830	**157,181**
Deferred income taxes *(Note 12)*	**1,995**	2,280	**24,036**
Accrued expenses and other current liabilities *(Notes 8, 9, and 20)*	**274,137**	219,243	**3,302,855**
Total current liabilities	**1,736,152**	1,603,772	**20,917,494**
Long-term debt, less current portion *(Notes 8, 9, 10, 18, 20 and 24)*	**2,021,241**	2,104,718	**24,352,301**
Employees' retirement benefits *(Note 11)*	**53,411**	44,154	**643,506**
Deferred income taxes *(Note 12)*	**36,555**	34,182	**440,422**
Commitments and contingent liabilities *(Note 23)*			
Equity *(Note 13)*:			
Marubeni shareholders' equity:			
Common stock:			
Authorized shares – 4,300,000,000 shares			
Issued and outstanding shares – 1,737,940,900 shares in 2011 and 1,737,940,900 shares in 2010	**262,686**	262,686	**3,164,892**
Capital surplus	**157,908**	158,409	**1,902,506**
Retained earnings	**712,815**	594,508	**8,588,133**
Accumulated other comprehensive income (loss) *(Notes 12 and 14)*:			
Unrealized gains on investment securities *(Note 4)*	**21,005**	33,808	**253,072**
Currency translation adjustments	**(273,019)**	(204,482)	**(3,289,386)**
Unrealized losses on derivatives	**(46,224)**	(42,857)	**(556,916)**
Pension liability adjustments *(Note 11)*	**(60,898)**	(56,137)	**(733,711)**
Treasury stock, at cost – 1,551,900 shares in 2011 and 1,473,250 shares in 2010	**(681)**	(638)	**(8,205)**
Total Marubeni shareholders' equity	**773,592**	745,297	**9,320,385**
Noncontrolling interests	**58,138**	54,449	**700,458**
Total equity	**831,730**	799,746	**10,020,843**
Total liabilities and equity	**¥4,679,089**	¥4,586,572	**$56,374,566**

Marubeni Corporation and Subsidiaries

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31		Year ended March 31
	2011	2010	2011
Revenues *(Note 16)*:			
Revenues from trading and other activities	**¥ 3,514,937**	¥ 3,110,736	**$ 42,348,639**
Commissions on services and trading margins	**168,912**	169,233	**2,035,084**
Total	**3,683,849**	3,279,969	**44,383,723**
(Total volume of trading transactions: 2011, ¥ 9,020,468 million ($ 108,680,337 thousand) 2010, ¥ 7,965,055 million) *(Notes 5 and 16)*			
Cost of revenues from trading and other activities *(Notes 19 and 20)*	**3,161,697**	2,788,296	**38,092,735**
Gross trading profit *(Note 16)*	**522,152**	491,673	**6,290,988**
Expenses and other:			
Selling, general and administrative expenses	**370,963**	366,922	**4,469,434**
Provision for doubtful accounts *(Note 6)*	**5,415**	5,825	**65,241**
Interest income *(Note 6)*	**(10,944)**	(12,640)	**(131,855)**
Interest expense *(Note 20)*	**29,077**	35,457	**350,325**
Dividend income	**(19,200)**	(23,561)	**(231,325)**
Impairment loss on investment securities *(Notes 4, 19 and 20)*	**14,476**	14,815	**174,410**
Gain on sales of investment securities *(Notes 4, 19 and 25)*	**(26,105)**	(26,051)	**(314,518)**
Loss on property, plant and equipment *(Notes 7 and 19)*	**6,947**	10,813	**83,699**
Equity in earnings of affiliated companies – net *(Notes 5, 16, 19 and 20)*	**(71,452)**	(28,864)	**(860,867)**
Other—net *(Notes 2, 17, 19 and 20)*	**15,758**	(17,470)	**189,854**
Total	**314,935**	325,246	**3,794,398**
Income before income taxes	**207,217**	166,427	**2,496,590**
Provision for income taxes *(Note 12)*:			
Current	**44,173**	43,513	**532,205**
Deferred	**20,366**	22,314	**245,373**
	64,539	65,827	**777,578**
Net income	**142,678**	100,600	**1,719,012**
Less: net income attributable to noncontrolling interests	**(6,137)**	(5,288)	**(73,940)**
Net income attributable to Marubeni *(Note 16)*	**¥ 136,541**	¥ 95,312	**$ 1,645,072**

	Yen		U.S. dollars
Earnings per share of common stock *(Note 15)*:			
Basic:			
Net income attributable to Marubeni	**¥ 78.63**	¥ 54.89	**$ 0.95**

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31		Year ended March 31
	2011	2010	2011
Comprehensive income (loss):			
Net income	¥ **142,678**	¥ 100,600	$ **1,719,012**
Other comprehensive income (loss), net of tax *(Notes 14 and 19)* :			
Unrealized gains (losses) on investment securities *(Note 4)*	**(12,798)**	27,093	**(154,193)**
Currency translation adjustment *(Note 20)*	**(70,903)**	38,962	**(854,253)**
Unrealized gains (losses) on derivatives *(Note 20)*	**(3,398)**	24,528	**(40,940)**
Pension liability adjustment *(Note 11)*	**(4,743)**	6,124	**(57,144)**
Total	**(91,842)**	96,707	**(1,106,530)**
Comprehensive income (loss)	**50,836**	197,307	**612,482**
Less: comprehensive (income) loss attributable to noncontrolling interests	**(3,763)**	(7,873)	**(45,337)**
Comprehensive income (loss) attributable to Marubeni	¥ **47,073**	¥ **189,434**	$ **567,145**

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

Millions of yen

Year ended March 31, 2011

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Marubeni shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2010	¥ 262,686	¥ 158,409	¥ 594,508	¥ (269,668)	¥ (638)	¥ 745,297	¥ 54,449	¥ 799,746
Dividends on common stocks	—	—	(18,234)	—	—	(18,234)	—	**(18,234)**
Dividends to noncontrolling interests	—	—	—	—	—	—	(2,939)	**(2,939)**
Equity transactions with noncontrolling interests and other	—	(499)	—	—	—	(499)	2,865	**2,366**
Sales/ purchase of treasury stock, net	—	(2)	—	—	(43)	(45)	—	**(45)**
Comprehensive income:								
Net income	—	—	136,541	—	—	136,541	6,137	**142,678**
Other comprehensive income (loss), net of tax *(Notes 14 and 19)*								
Unrealized gains (losses) on investment securities *(Note 4)*	—	—	—	(12,803)	—	(12,803)	5	**(12,798)**
Currency translation adjustments *(Note 20)*	—	—	—	(68,537)	—	(68,537)	(2,366)	**(70,903)**
Unrealized gains (losses) on derivatives (Note 20)	—	—	—	(3,367)	—	(3,367)	(31)	**(3,398)**
Pension liability adjustments (Note 11)	—	—	—	(4,761)	—	(4,761)	18	**(4,743)**
Comprehensive income (loss)						47,073	3,763	**50,836**
Balance at March 31, 2011	**¥ 262,686**	**¥ 157,908**	**¥ 712,815**	**¥ (359,136)**	**¥ (681)**	**¥ 773,592**	**¥ 58,138**	**¥ 831,730**

Thousands of U.S. dollars (Note 1)

Year ended March 31, 2011

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Marubeni shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2010	$ 3,164,892	$ 1,908,542	$ 7,162,748	$ (3,249,014)	$ (7,687)	$ 8,979,481	$ 656,013	$ 9,635,494
Dividends on common stocks	—	—	(219,687)	—	—	(219,687)	—	**(219,687)**
Dividends to noncontrolling interests	—	—	—	—	—	—	(35,410)	**(35,410)**
Equity transactions with noncontrolling interests and other	—	(6,012)	—	—	—	(6,012)	34,518	**28,506**
Sales/ purchase of treasury stock, net	—	(24)	—	—	(518)	(542)	—	**(542)**
Comprehensive income:								
Net income	—	—	1,645,072	—	—	1,645,072	73,940	**1,719,012**
Other comprehensive income (loss), net of tax *(Notes 14 and 19)*								
Unrealized gains (losses) on investment securities *(Note 4)*	—	—	—	(154,253)	—	(154,253)	60	**(154,193)**
Currency translation adjustments *(Note 20)*	—	—	—	(825,747)	—	(825,747)	(28,506)	**(854,253)**
Unrealized gains (losses) on derivatives (Note 20)	—	—	—	(40,566)	—	(40,566)	(374)	**(40,940)**
Pension liability adjustments (Note 11)	—	—	—	(57,361)	—	(57,361)	217	**(57,144)**
Comprehensive income (loss)						567,145	45,337	**612,482**
Balance at March 31, 2011	**$ 3,164,892**	**$ 1,902,506**	**$ 8,588,133**	**$ (4,326,941)**	**$ (8,205)**	**$ 9,320,385**	**$ 700,458**	**$ 10,020,843**

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

Millions of yen

Year ended March 31

2010

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Marubeni shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2009	¥ 262,686	¥ 158,454	¥ 510,484	¥ (363,790)	¥ (716)	¥ 567,118	¥ 56,238	¥ 623,356
Dividends on common stocks	—	—	(11,288)	—	—	(11,288)	—	(11,288)
Dividends to noncontrolling interests	—	—	—	—	—	—	(4,982)	(4,982)
Equity transactions with noncontrolling interests and other	—	(11)	—	—	—	(11)	(4,680)	(4,691)
Sales/ purchase of treasury stock, net	—	(34)	—	—	78	44	—	44
Comprehensive income:								
Net income	—	—	95,312	—	—	95,312	5,288	100,600
Other comprehensive income (loss), net of tax *(Notes 14 and 19)*								
Unrealized gains (losses) on investment securities *(Note 4)*	—	—	—	27,058	—	27,058	35	27,093
Currency translation adjustments *(Note 20)*	—	—	—	37,839	—	37,839	1,123	38,962
Unrealized gains (losses) on derivatives (Note 20)	—	—	—	23,142	—	23,142	1,386	24,528
Pension liability adjustments (Note 11)	—	—	—	6,083	—	6,083	41	6,124
Comprehensive income (loss)						189,434	7,873	197,307
Balance at March 31, 2010	¥ 262,686	¥ 158,409	¥ 594,508	¥ (269,668)	¥ (638)	¥ 745,297	¥ 54,449	¥ 799,746

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31		Year ended March 31
	2011	2010	2011
Operating activities :			
Net income	¥ **142,678**	¥ 100,600	$ **1,719,012**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**72,142**	74,373	**869,181**
Provision for doubtful accounts	**5,415**	5,825	**65,241**
Equity in (earnings) losses of affiliated companies, less dividends received	**(28,957)**	12,602	**(348,880)**
Gain on investment securities	**(11,629)**	(11,236)	**(140,108)**
Loss on property, plant and equipment	**6,947**	10,813	**83,699**
Deferred income taxes	**20,366**	22,314	**245,373**
Changes in operating assets and liabilities:			
Notes and accounts receivable	**(49,578)**	(13,516)	**(597,325)**
Inventories	**(67,733)**	64,786	**(816,060)**
Advance payments to suppliers and prepaid expenses and other assets	**(97,717)**	8,352	**(1,177,313)**
Prepaid pension cost	**(293)**	(207)	**(3,530)**
Notes, acceptances and accounts payable	**103,685**	65,496	**1,249,217**
Advance payments received from customers and accrued expenses and other liabilities	**65,143**	(73,436)	**784,855**
Accrued income taxes	**(5,790)**	5,440	**(69,759)**
Other	**55,365**	8,404	**667,048**
Net cash provided by operating activities	**210,044**	280,610	**2,530,651**
Investing activities:			
Net decrease in time deposits	**544**	28,246	**6,554**
Proceeds from sales of available-for-sale securities	**12,434**	12,111	**149,807**
Proceeds from redemptions of available-for-sale securities	**13,738**	464	**165,518**
Purchases of available-for-sale securities	**(6,561)**	(5,317)	**(79,048)**
Proceeds from sales of investments in affiliated companies	**12,867**	3,941	**155,024**
Acquisitions of investments in affiliated companies	**(71,136)**	(25,433)	**(857,060)**
Proceeds from sales of other investments	**42,071**	35,338	**506,880**
Acquisitions of other investments	**(40,134)**	(30,085)	**(483,542)**
Proceeds from sales of property, plant and equipment and property leased to others	**11,311**	19,906	**136,277**
Purchases of property, plant and equipment and property leased to others	**(91,457)**	(87,843)	**(1,101,892)**
Collection of loans receivable	**24,924**	31,416	**300,289**
Loans made to customers	**(37,096)**	(17,951)	**(446,940)**
Net cash used in investing activities	**(128,495)**	(35,207)	**(1,548,133)**

Marubeni Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31		Year ended March 31
	2011	2010	2011
Financing activities:			
Net increase (decrease) in short-term loans	¥ **1,766**	¥ (154,516)	$ **21,277**
Proceeds from long-term loans and bonds	**350,093**	277,046	**4,217,988**
Payments of long-term loans and bonds	**(350,757)**	(361,329)	**(4,225,988)**
Cash dividends paid	**(18,234)**	(11,288)	**(219,687)**
Purchase of treasury stock, net	**(44)**	22	**(530)**
Other	**166**	(4,590)	**2,000**
Net cash used in financing activities	**(17,010)**	(254,655)	**(204,940)**
Effect of exchange rate changes on cash and cash equivalents	**(19,325)**	6,117	**(232,831)**
Net increase (decrease) in cash and cash equivalents	**45,214**	(3,135)	**544,747**
Cash and cash equivalents at beginning of year	**570,789**	573,924	**6,876,976**
Cash and cash equivalents at end of year	¥ **616,003**	¥ 570,789	$ **7,421,723**
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	¥ **29,391**	¥ 38,208	$ **354,108**
Income taxes	**49,695**	35,749	**598,735**
Non-cash investing activities:			
Exchange of assets:			
Fair value of assets received	**1,421**	892	**17,120**
Carrying value of assets surrendered	**2**	912	**24**

See accompanying Notes to consolidated financial statements.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

1. Nature of Operations and Basis of Financial Statements

Marubeni Corporation (the "Company"), a Japanese corporation, and its consolidated subsidiaries engage in import and export trades of domestic and overseas products and commodities, including domestic and offshore trades in fields which cover extensive types of commodities such as agri-marine products, textile, forest products and general merchandise, paper and pulp, chemicals, energy, metals, machinery, development and construction, finance, logistics, information industry and others. In addition, the Company offers various services and engages in diversified business such as investments in domestic and foreign businesses, exploration of natural resources and others.

The Company maintains its books and records and prepares its financial statements in Japanese yen. The accompanying consolidated financial statements differ from the consolidated financial statements issued generally in Japan. In addition to the consolidation, they reflect certain adjustments not recorded in the Company's books, which in the opinion of management are appropriate to present the Company's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2011 is included solely for the convenience of readers outside of Japan and has been made at ¥83 to $1, the exchange rate prevailing on March 31, 2011. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

2. Significant Accounting Policies

Consolidation

The consolidated financial statements of the Company include the accounts of all majority owned domestic and foreign subsidiaries and variable interest entities ("VIEs"), of which the Company and/or its subsidiaries are the primary beneficiary (together, the "Companies").

Significant intercompany transactions and accounts among the Companies have been eliminated.

Certain subsidiaries have been included on the basis of a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31. During the intervening prtiods, the Companies entered into a definitive agreement with Abu Dhabi National Energy Company PJSC on January 11, 2011, to purchase 50% of outstanding shares of Marubeni TAQA Caribbean, Ltd., which was formerly 50% owned by the Companies and TAQA. This acquisition for ¥16,672 million ($200,000 thousand) was closed on January 12, 2011. The Companies intends to redefine its power generating operation strategy through this acquisition.

Further information related to the accounting for this business combination has not been disclosed because the initial accounting for this acquisition has not been completed as of the issuance date of the consolidated financial statements.

Marubeni Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Investments in affiliated companies

The Companies' investments in affiliated companies (investees owned 20% to 50% and other investees over which the Companies have the ability to exercise significant influence) are stated at cost, adjusted for equity in their undistributed earnings or accumulated losses since acquisition. Dividends received from the affiliated companies are deducted from the investments in the affiliated companies. No amortization is recorded for equity method goodwill which is the excess amount of the cost of investments in the affiliated companies. When declines in the value of investments in the affiliated companies are other than temporary, the investments are written down to fair value and impairment losses are recognized. Whether declines in the value of investments are other than temporary is determined by examining the length of time and the extent to which the market value has been less than cost as well as the recoverability based on projected business results.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates due to inherent uncertainty in nature. Significant estimates and assumptions reflected in the accompanying consolidated financial statements include allowance for doubtful accounts, valuation of investment securities, impairment of long-lived assets, impairment of goodwill and other intangible assets, realization of deferred tax assets, employees' retirement benefits and uncertain tax positions.

Foreign currency translation

Assets and liabilities included in financial statements of foreign subsidiaries and affiliated companies are translated into Japanese yen at the respective year-end rates. All income and expenses accounts are translated at the average rates prevailing during the year. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Foreign currency-denominated receivables and payables are translated into Japanese yen at the year-end rates with the resulting gains and losses recognized in earnings.

Cash equivalents

The Companies include deposits in banks, certificates of deposit and securities purchased under resale agreements with an original maturity of 3 months or less in cash equivalents.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Investments in debt and marketable equity securities

The Companies determine the appropriate classification of investment securities as trading securities, held-to-maturity securities or available-for-sale securities at the date of purchase.

Debt securities are classified as held-to-maturity when the Companies have positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and interest on securities classified as held-to-maturity are included in interest income. When there are declines in the value of held-to-maturity securities that are judged to be other than temporary, if the Companies intend to sell the debt securities or more likely than not will be required to sell the securities before recovery of its amortized cost basis excluding credit losses, they are written down to fair value by recognizing impairment loss on investment securities. If the Companies do not intend to sell the debt securities and it is more likely than not that they will not be required to sell the securities before recovery of its amortized cost basis, declines in fair value of these investments that are judged to be other than temporary are classified as credit losses or other losses. The Companies recognize the credit losses in impairment loss on investment securities and the other losses with unrealized gains and losses, net of taxes, in accumulated other comprehensive income (loss).

Trading securities are held for resale in anticipation of short-term market movements and stated at fair value. Realized gains and losses on trading securities are calculated based on average cost and included in gain on sales of investment securities.

Marketable equity securities not classified as trading and debt securities not classified as trading or held-to-maturity are classified as available-for-sale securities and are carried at fair value, with the unrealized gains and losses, net of taxes, reported in accumulated other comprehensive income (loss). The amortized cost of debt securities in this category is adjusted for the amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Interest and dividends on investment securities classified as available-for-sale are included in interest income and dividend income, respectively. Realized gains and losses on available-for-sale securities are calculated based on the average cost and included in gain on sales of investment securities. If the declines in fair value of available-for-sale securities are judged to be other than temporary, debt securities are accounted for on the same basis as held-to-maturity securities, and marketable equity securities are written down to fair value with recognition of impairment losses.

Whether declines in the value of investments are other than temporary is comprehensively determined by examining the length of time and the extent to which the market value has been less than cost.

Non-marketable equity securities

Non-marketable equity securities are stated at cost. Declines in value judged to be other than temporary are written down to fair value by recognizing impairment loss on investment securities.

Whether declines in the value of investments are other than temporary is determined by examining the extent to which the value of net assets is less than cost and other factors.

Inventories

Inventories, which primarily consist of commodities, merchandise and real estate held for sale, are stated at the lower of cost (primarily specific or moving average cost) or market (generally replacement cost). Inventories included real estate held for sale of ¥56,370 million ($679,157 thousand) and ¥52,122 million at March 31, 2011 and 2010, respectively.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Allowance for doubtful accounts

In evaluating the credit risk relating to financing receivables, the Companies categorize them based on the potential exposures for credit ratings of debtors, geographical and other considerations. The allowance for credit losses for financing receivables is determined based on a historical bad debt ratio or an estimated collectable amount by the credit risk category. When financing receivable is impaired, the allowance for credit losses is determined based on discounted cash flows using the financing receivable's initial effective interest rate, observable quoted prices or the fair value of the collateral for certain collateral dependent loans. When financing receivables are legally or contractually determined to be uncollectible, the financing receivables are offset against their respective allowances.

Leases

The Companies lease fixed assets under direct financing leases and operating leases as lessors. Income from direct financing leases is recognized by the amortization of unearned income over the lease term at a constant periodic rate of return on the net investment. Rental revenue on operating leases is recognized over the lease term on a straight-line basis.

The Companies lease fixed assets under operating leases and capital leases as lessees. For capital lease obligations, interest expense is recognized over the lease term at a constant periodic rate on the lease obligation. Accumulated depreciation of the leased assets is recognized over the lease term on a straight-line basis or a declining-balance basis. Rental expense on operating leases is recognized over the lease term on a straight-line basis.

Depreciation

Depreciation of property, plant and equipment and property leased to others excluding mining rights is determined by the straight-line method or the declining-balance method based on the estimated useful lives of the respective assets (buildings and structures from 2 to 60 years, machinery and equipment from 2 to 45 years). Mining rights are primarily amortized by the straight-line method or the unit-of-production method based on the estimated useful lives of 9 to 30 years. Depreciation of property, plant and equipment (including property leased to others) is ¥62,888 million ($757,687 thousand) and ¥64,763 million for the years ended March 31, 2011 and 2010, respectively.

Intangible assets subject to amortization with useful lives are amortized by the straight-line method based on the estimated useful lives.

Impairment of long-lived assets (property leased to others, property, plant and equipment and intangible assets)

Property leased to others, property, plant and equipment and intangible assets subject to amortization that are held and used or to be disposed of other than by sale are evaluated for impairment and written down to fair value if the sum of their expected future cash flows is less than the carrying amount of the assets, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less cost to sell.

Goodwill and other intangible assets

The Companies do not amortize goodwill and intangible assets with indefinite useful lives. The Companies review them for impairment at least annually. The Companies test goodwill for impairment using the two-step process. The first step is a screen for recognizing an impairment loss at the reporting unit level, and the second step measures the amount of the impairment, if any.

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Business combinations
The Companies use the acquisition method of accounting for all business combinations. The Companies separately recognize and present acquired intangible assets as goodwill or other intangible assets.

Asset retirement obligation
The Companies recognize a liability for an asset retirement obligation of long-lived assets at fair value at the time that the obligation is incurred and capitalize the same amount of the liability. The liability is accreted to the present value each period over time and the capitalized costs is depreciated over the useful life of the related long-lived assets.

Oil and gas producing activities
Oil and gas exploration and development costs are accounted for 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 units-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. Proved properties are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The proved properties are written down to fair value and impairment losses are recognized if the carrying value may not be recoverable. Unproved properties are assessed at least annually for impairment. Unproved properties are written down to fair value and the impairment losses are recognized whenever the carrying value may not be recoverable.

Mining operations
Mining exploration costs are expensed as incurred until the mining projects have 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 the straight-line method or the units-of-production method based on the proven and probable reserves. The stripping costs incurred during the production phase of the mines are accounted for as variable production costs included in the costs of the inventory produced during the period that the stripping costs are incurred.

Employees' retirement benefits
The Company and certain of its subsidiaries have pension plans or severance indemnities plans covering substantially all employees other than directors. The Companies measure the projected benefit obligation and pension cost based on an actuarial valuation and the fair value of plan assets. The funded status, which is the net of the fair value of plan assets and projected benefit obligation are measured at the date of the fiscal year-end and recognized in the consolidated balance sheets.

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Revenue recognition and the total volume of trading transactions

The trading transactions undertaken by the Companies take many forms and consist of those in which the Companies act as a principal and those in which the Companies act as an agent. In agency transactions, payment for goods is made directly by the purchaser to the supplier. The Companies receive commissions from the purchaser and/or the supplier.

The Companies derive revenues from sales of goods, performance of services and commissions on trading transactions. Although the Companies legally act as a principal, when the Companies are not the primary obligor and do not have general inventory risk, the Companies generally present the transactions net. The presentation may change according to changes in form or substance of transactions.

The total volume of trading transactions, which is voluntarily disclosed in the statements of income, includes the sales value of all transactions in which the Companies participate, regardless of the form of such transaction, based on similar practices of Japanese trading companies. This information is not required by accounting principles generally accepted in the United States.

The Companies' revenues and commissions are recognized when they are realized or realizable and earned. Revenues and commissions 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 customers, the sales price is fixed or determinable and collection is reasonably assured.

Sales of goods and other: In acting as a principal, revenues from the sales of goods are recognized when the delivery conditions are met. These conditions are considered to have been met when the goods are received by the customers or the title is transferred to the customer. In addition, revenues are recognized when the inspection testing is fully completed and any future obligations become inconsequential or perfunctory and do not affect each customer's final acceptance.

Performance of services: Commissions are recognized when the contracted services to the third-party customers are completed. In acting as an agent, the Companies recognize commissions when contracted services are fully rendered to the customers.

Construction arrangements: Revenues from construction projects are accounted for by the completed-contract-method unless revenues and costs to complete and extent of progress toward completion of construction are reasonably estimable, in which case the Companies use the percentage-of-completion method. The measurement of the percentage to completion of construction is primarily based on the cost-to-cost method. Losses on construction contracts are recognized in the period when the losses become probable.

Shipping and handling costs are included in cost of revenues from trading and other activities.

Consumption taxes

Revenues, cost and expenses in the consolidated statements of income do not include consumption taxes.

Other—net

Other—net includes gains and losses incurred in liquidating subsidiaries and affiliated companies, such amounts were ¥249 million ($3,000 thousand) of losses and ¥135 million of gains for the years ended March 31, 2011 and 2010, respectively.

The aggregated amounts of gains and losses on sales of loans, included in other—net were ¥944 million of gains for the year ended March 31, 2010. There were no significant gains and losses on sales of loans for the year ended March 31, 2011.

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Derivative instruments and hedging activities

The Companies recognize all derivative instruments at fair value as an asset or liability. Accounting for changes in fair value of derivatives is determined by whether the derivatives are appropriate as hedges or not, and the purpose and the designation of the hedge. Derivatives that are not hedges are adjusted to fair value through income. Depending on the purpose of the derivative, the hedges are categorized as fair value hedge, cash flow hedge or hedge of net investments in foreign operations.

Changes in fair value of derivatives categorized as fair value hedge are adjusted and offset against the change in value of the hedged assets, liabilities, or firm commitments through earnings. The Companies use derivatives for hedging the volatility in the fair value of commodities or firm commitments and the volatility in the fair value of assets and liabilities with interests of fixed rate.

Derivatives for hedging risks in the cash flow of the hedged assets are recognized in accumulated other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of the change in fair value of a hedge is immediately recognized in earnings. The Companies use derivatives for hedging changes of future cash flow from changes of market price risk and foreign currency risk in purchase and sales of commodities and changes of future cash flow from change of interest rates in assets and liabilities with interests of floating rate.

For derivative and non-derivative financial instruments designated as hedging foreign currency exposure of a net investment in foreign operations, gains or losses are reported in other comprehensive income as part of the currency translation adjustment to the extent the hedges are effective. Gains and losses related to the hedge ineffective portion and related to the portion of hedging instruments excluded from the assessment of hedge effectiveness are included in other—net on the consolidated statements of income.

Offsetting of amounts related to certain contracts

The Companies offset the fair value of derivatives contracted with the same partner in master netting arrangements and the fair value of receivables recognized for the right to receive a return of cash collateral or a liability recognized for the obligation to return cash collateral against net derivative positions in master netting arrangements.

The amount of derivative liabilities offset was ¥186 million at March 31, 2010. The amount of derivative liabilities offset at March 31, 2011 was not material.

Fair value measurement

The Companies measure certain assets and liabilities at fair value. The inputs used in fair value measures are categorized into three levels based upon the observability of inputs in markets.

Guarantees

The Companies recognize a liability for the fair value of the obligation undertaken at the inception of a guarantee.

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Income taxes
Deferred tax assets and liabilities are recognized based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized.

The Companies recognize the financial statement effects of tax positions when it is more likely than not, based on technical interpretations, that the tax positions will be sustained upon examination by the tax authorities. Benefits from the tax positions that are more likely than not are measured at the largest amount of benefit to be realized upon settlement.

Interest and penalties accrued related to unrecognized tax benefits are included in other—net.

Accounting for noncontrolling interests
Changes in the Companies' ownership interest that do not result in a loss of control are accounted for as equity transactions of the consolidated entity. The Companies recognize gains or losses from changes in the Companies' ownership interests in net income. If the Companies lose control, noncontrolling interests are remeasured at fair value and included in net income.

Reclassification
Certain reclassifications and format changes have been made to the prior year amounts to conform to the current year presentation.

3. Acquisitions

There were no significant acquisitions for the years ended March 31, 2011 and 2010.

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4. Debt Securities and Marketable Equity Securities

The following is a summary of available-for-sale securities at March 31, 2011 and 2010. There were no held-to-maturity securities at March 31, 2011 and 2010.

	Millions of yen							
	Available-for-sale securities							
	2011				**2010**			
	Cost	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
Current:								
Debt securities	¥ **1,046**	¥ **212**	¥ **(7)**	¥ **1,251**	¥ 3,847	¥ 1	¥ (126)	¥ 3,722
Non-current:								
Debt securities	¥ **16,790**	¥ **—**	¥ **(92)**	¥ **16,698**	¥ 28,101	¥ 384	¥ (38)	¥ 28,447
Marketable equity securities	**146,665**	**45,293**	**(12,313)**	**179,645**	146,217	60,389	(7,617)	198,989
Total	¥ **163,455**	¥ **45,293**	¥ **(12,405)**	¥ **196,343**	¥ 174,318	¥ 60,773	¥ (7,655)	¥ 227,436

	Thousands of U.S. dollars			
	Available-for-sale securities			
	2011			
	Cost	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
Current:				
Debt securities	$ **12,602**	$ **2,554**	$ **(84)**	$ **15,072**
Non-current:				
Debt securities	$ **202,289**	$ **—**	$ **(1,108)**	$ **201,181**
Marketable equity securities	**1,767,048**	**545,699**	**(148,350)**	**2,164,397**
Total	$ **1,969,337**	$ **545,699**	$ **(149,458)**	$ **2,365,578**

Debt securities were mainly consisted of corporate bonds.

The fair value and gross unrealized holding losses on available-for-sale aggregated by investment category and length of time that such securities have been in continuous unrealized loss positions, at March 31, 2011 and 2010, were as follows:

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	Millions of yen							
	2011				2010			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:								
Debt securities	¥ 2,379	¥ (99)	¥ –	¥ –	¥ 3,529	¥ (164)	¥ –	¥ –
Marketable equity securities	56,989	(12,313)	–	–	51,395	(7,617)	–	–
Total	¥ 59,368	¥ (12,412)	¥ –	¥ –	¥ 54,924	¥ (7,781)	¥ –	¥ –

	Thousands of U.S.dollars			
	2011			
	Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:				
Debt securities	$ 28,663	$ (1,192)	$ –	$ –
Marketable equity securities	686,614	(148,350)	–	–
Total	$ 715,277	$ (149,542)	$ –	$ –

The investments in available-for-sale securities with unrealized losses primarily consisted of marketable equity securities of 90 issues and 70 issues as of March 31, 2011 and 2010, respectively. The unrealized losses on these securities were mainly due to what management believes is a temporary decline in the stock market. The severity of the decline in fair value less than cost was 2% to 49% and the duration of the impairment was less than 12 months. Based on the evaluation and the Companies' ability and intent to hold these securities for a reasonable period of time sufficient for a recovery of fair value, the Companies did not consider the declines in fair value of these investments to be other-than-temporary and these investments were not impaired at March 31, 2011.

In addition to the securities listed above, the Companies held trading securities of ¥1,619 million ($19,506 thousand) and ¥21 million, at fair value, as of March 31, 2011 and 2010, respectively. The net unrealized holding gains and losses on trading securities included in earnings for the years ended March 31, 2011 and 2010 amounted to ¥1 million ($12 thousand) of losses and ¥1 million of gains, respectively.

The proceeds from sales of available-for-sale securities amounted to ¥12,434 million ($149,807 thousand) and ¥12,111 million for the years ended March 31, 2011 and 2010, respectively. Gross realized gains on sales of available-for-sale securities totaled ¥6,314 million ($76,072 thousand) and ¥5,503 million, and gross realized losses totaled ¥77 million ($928 thousand) and ¥155 million for the years ended March 31, 2011 and 2010, respectively.

The Companies wrote down to fair value certain marketable investment securities whose declines in value were considered to be other than temporary. These write-downs amounted to ¥7,275 million ($87,651 thousand) and ¥8,488 million for the years ended March 31, 2011 and 2010, respectively.

The amortized cost and estimated fair value of debt and marketable equity securities at March 31, 2011 were summarized by contractual maturity below. Expected maturities may differ from contractual maturities because the issuers of certain securities have the right to prepay obligations without penalties.

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	Available-for-sale Securities			
	Millions of yen		*Thousands of U.S. dollars*	
	Cost	Fair value	Cost	Fair value
Due in one year or less	¥ 1,046	¥ 1,251	$ 12,602	$ 15,072
Due after one year through five years	1,017	949	12,253	11,434
Due after five years through ten years	10,284	10,286	123,904	123,928
Due after ten years	5,489	5,463	66,132	65,819
Total debt securities	17,836	17,949	214,891	216,253
Marketable equity securities	146,665	179,645	1,767,048	2,164,397
Total	¥ 164,501	¥ 197,594	$ 1,981,939	$ 2,380,650

5. Affiliated Companies

Investments in and amounts due from affiliated companies at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	2011
Investments in equity securities	¥ 778,227	¥ 730,156	$ 9,376,229
Long-term receivables	43,348	38,209	522,265
Total	¥ 821,575	¥ 768,365	$ 9,898,494

Summarized financial information of affiliated companies at March 31, 2011 and 2010 and for the years ended March 31, 2011 and 2010, were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	2011
Current assets	¥ 2,139,287	¥ 1,962,388	$ 25,774,542
Other assets	4,013,376	3,815,829	48,353,928
Total assets	¥ 6,152,663	¥ 5,778,217	$ 74,128,470
Current liabilities	¥ 1,554,904	¥ 1,496,877	$ 18,733,783
Other liabilities	2,654,764	2,489,467	31,985,109
Equity accounts	1,942,995	1,791,873	23,409,578
Total liabilities and equity	¥ 6,152,663	¥ 5,778,217	$ 74,128,470

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	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total volume of trading transactions	¥ **5,599,270**	¥ 5,182,438	$ **67,461,084**
Net income attributable to shareholders of affiliated companies	**211,431**	145,746	**2,547,361**

The Companies' transactions with affiliated companies for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total volume of trading transactions	¥ **265,109**	¥ 246,613	$ **3,194,084**
Purchase transactions	**145,956**	156,540	**1,758,506**

The Company's significant investments in affiliated companies, which are accounted for using the equity method are Marubeni-Itochu Steel Inc. (50.00% owned), Marubeni Construction Material Lease Co., Ltd. (35.24% owned), The Maruetsu, Inc. (29.90% owned), The Daiei, Inc. (29.35% owned), TeaM Energy Corporation (50.00% owned) and Lion Power (2008) Pte. Ltd. (42.86% owned).

The balance of the difference between the cost of investment in the affiliated companies and the Companies' equity in the net assets at the dates of acquisitions amounted to ¥193,614 million ($2,332,699 thousand) and ¥197,308 million at March 31, 2011 and 2010, respectively. The excess consistsed of fair value adjustments on assets and liabilities of the affiliated companies at the time of acquisition and equity method goodwill.

Certain investments in the common stock of the affiliated companies are marketable equity securities, which had carrying values of ¥59,487 million ($716,711 thousand) and ¥59,737 million at March 31, 2011 and 2010, with corresponding aggregate quoted market values of ¥40,583 million ($488,952 thousand) and ¥49,761 million, respectively.

The presentation of total volume of trading transactions is based on similar practice of Japanese trading companies.

6. Financing Receivables and Allowance for Credit Losses

The Companies classify financing receivables into normal receivables, doubtful receivables and failed receivables on the basis of the credit risk associated with its obligors. Normal receivables are those financing receivables whose obligors are without significant problems in its financial position or its operations. Doubtful receivables are those financing receivables whose obligors are in financing difficulty for payment or are suspected of being so. Failed receivables are those financing receivables whose obligors are in legal bankruptcy, liquidation, rehabilitation and/or substantial bankruptcy. The allowance for credit losses for normal receivables are determined collectively, and those for doubtful receivables and failed receivables are determined individually based on an estimated collectable amount. The Companies periodically monitor the financing receivables and update them whenever obligors' credit risk are changed.

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The recorded investments in financing receivables and the balance in the allowance for credit losses classified by the credit quality indicator at March 31, 2011 were as follows:

	Millions of yen	
	2011	
	The recorded investment in financing receivables	**The balance in the allowance for credit losses**
Normal receivables	¥ 112,964	¥ 868
Doubtful receivables	8,834	7,925
Failed receivables	31,533	30,324
Total	¥ 153,331	¥ 39,117

	Thousands of U.S. dollars	
	2011	
	The recorded investment in financing receivables	**The balance in the allowance for credit losses**
Normal receivables	$ 1,361,012	$ 10,458
Doubtful receivables	106,434	95,482
Failed receivables	379,915	365,349
Total	$ 1,847,361	$ 471,289

The activities in the allowance for credit losses for financing receivables for the fourth quarter period ended March 31, 2011 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
	Fourth-quarter period ended March 31, 2011	
Balance at beginning of the	¥ 36,736	$ 442,602
Provision	2,717	32,735
Charge-offs	(90)	(1,084)
Other	(246)	(2,964)
Balance at end of the period	¥ 39,117	$ 471,289

The Companies do not record the accrual of interest when financing receivables are past due for a period of 180 days or more. The accrual of interest is resumed when an agreement for the rescheduling of payments is made and the receipt of interest is probable. Financing receivables 90 days past due are noted as delinquent and are tightened to monitor for collectability. The recorded investments in financing receivables past due 90 days or more were ¥37,499 million ($451,795 thousand) at March 31, 2011. The recorded investments in financing receivables past due 90 days or more and still accruing interest were not significant at March 31, 2011.

The Companies evaluate loans subject to doubtful receivables or failed receivables as impairment when it is probable that the Companies will be unable to collect all amounts due according to the contractual terms of the loan agreement. At March 31, 2011, the recorded investments in loans that were considered to be impaired were ¥40,367 million ($486,349 thousand), and the allowance for credit losses related to those loans were ¥38,249 million ($460,831 thousand). The recorded investments in the impaired loans, net of the allowance or credit losses, are either secured by collateral or considered collectible based upon various analyses. The average recorded investments in impaired loans were ¥40,042 million ($482,434 thousand) for the fourth quarter period ended March 31, 2011.

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The differences between recorded investments and unpaid principal balances in impaired loans were not significant at March 31, 2011. The Companies generally do not accrue for interest on those loans, and recognize interest income on a cash basis. Recognized interest income on those loans was ¥42 million ($506 thousand) for the fourth quarter period ended March 31, 2011.

7. Long-Lived Assets

The gross carrying amounts and accumulated amortization of intangible assets as of March 31, 2011 and 2010 were as follows:

	Millions of yen			
	2011		2010	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Intangible assets subject to amortization:				
Licenses and operating rights in natural resources	¥ 56,584	¥ (10,027)	¥ 57,376	¥ (8,147)
Customer contracts and relationships	24,599	(8,003)	26,405	(6,832)
Software	22,308	(13,534)	21,251	(12,271)
Other	3,288	(1,854)	3,441	(1,686)
Intangible assets not subject to amortization:				
Land lease rights	2,196	–	2,441	–
Trademarks	1,711	–	1,930	–
Other	8,138	–	8,480	–
Total	¥ 118,824	¥ (33,418)	¥ 121,324	¥ (28,936)

	Thousands of U.S. dollars	
	2011	
	Gross carrying amount	Accumulated amortization
Intangible assets subject to amortization:		
Licenses and operating rights in natural resources	$ 681,735	$ (120,807)
Customer contracts and relationships	296,374	(96,422)
Software	268,771	(163,060)
Other	39,614	(22,337)
Intangible assets not subject to amortization:		
Land lease rights	26,458	–
Trademarks	20,614	–
Other	98,048	–
Total	$ 1,431,614	$ (402,626)

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Intangible assets subject to amortization acquired during the year ended March 31, 2011 totaled ¥4,885 million ($58,855 thousand) and consisted primarily of customer contracts and relationships of ¥881 million ($10,614 thousand) and software of ¥3,874 million ($46,675 thousand). The weighted-average amortization periods of customer contracts and relationships and software acquired during the year ended March 31, 2011 were 12 years (straight-line method) and 5 years (straight-line method), respectively. Intangible assets not subject to amortization acquired during the year ended March 31, 2011 totaled ¥430 million ($5,181 thousand).

Intangible assets subject to amortization acquired during the year ended March 31, 2010 totaled ¥4,054 million and consisted primarily of customer contracts and relationships of ¥550 million and software of ¥2,550 million. The weighted-average amortization periods of customer contracts and relationships and software acquired during the year ended March 31, 2010 were 5 years (straight-line method) and 5 years (straight-line method), respectively. Intangible assets not subject to amortization acquired during the year ended March 31, 2010 totaled ¥101 million.

The amortization expense for intangible assets was ¥7,268 million ($87,566 thousand) and ¥7,257 million for the years ended March 31, 2011 and 2010, respectively. The future amortization expense for the next 5 years was estimated as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 6,885	$ 82,952
2013	6,147	74,060
2014	5,374	64,747
2015	4,688	56,482
2016	3,800	45,783

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The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2011 and 2010 were as follows:

Millions of yen

	Food		Lifestyle		Forest products	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2009	¥ 10,493	¥ —	¥ 1,748	¥ —	¥ —	¥ —
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—
Disposal, effect of exchange rate and other	(147)	—	—	—	2,067	—
Balance at March 31, 2010	**10,346**	—	**1,748**	—	**2,067**	—
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	(2,067)
Disposal, effect of exchange rate and other	**(182)**	—	—	—	—	—
Balance at March 31, 2011	**¥ 10,164**	**¥ —**	**¥ 1,748**	**¥ —**	**¥ 2,067**	**¥ (2,067)**

Millions of yen

	Chemicals		Transportation machinery		Power project & infrastructure	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2009	¥ 756	¥ —	¥ 6,433	¥ —	¥ 3,141	¥ —
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—
Disposal, effect of exchange rate and other	85	—	300	—	(152)	—
Balance at March 31, 2010	**841**	—	**6,733**	—	**2,989**	—
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—
Disposal, effect of exchange rate and other	**(115)**	—	**(446)**	—	**(106)**	—
Balance at March 31, 2011	**¥ 726**	**¥ —**	**¥ 6,287**	**¥ —**	**¥ 2,883**	**¥ —**

Millions of yen

	Plant & industrial machinery		Real estate development		Finance, logistics & IT business	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2009	¥ 3,339	¥ —	¥ 527	¥ —	¥ 11,092	¥ —
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—
Disposal, effect of exchange rate and other	39	—	—	—	—	—
Balance at March 31, 2010	**3,378**	—	**527**	—	**11,092**	—
Goodwill acquired during the year	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	(782)
Disposal, effect of exchange rate and other	**(383)**	—	—	—	**(1,958)**	782
Balance at March 31, 2011	**¥ 2,995**	**¥ —**	**¥ 527**	**¥ —**	**¥ 9,134**	**¥ —**

Millions of yen

	Overseas corporate subsidiaries and branches		Total	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2009	¥ 8,497	¥ (255)	¥ 46,026	¥ (255)
Goodwill acquired during the year	—	—	—	—
Impairment losses	—	—	—	—
Disposal, effect of exchange rate and other	192	(3)	2,384	(3)
Balance at March 31, 2010	**8,689**	**(258)**	**48,410**	**(258)**
Goodwill acquired during the year	301	—	**301**	—
Impairment losses	—	(499)	—	(3,348)
Disposal, effect of exchange rate and other	**(973)**	66	**(4,163)**	**848**
Balance at March 31, 2011	**¥ 8,017**	**¥ (691)**	**¥ 44,548**	**¥ (2,758)**

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Thousands of U.S. dollars

	Food		Lifestyle		Forest products	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2010	$ 124,651	$ –	$ 21,060	$ –	$ 24,904	$ –
Goodwill acquired during the year	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	(24,904)
Disposal, effect of exchange rate and other	(2,193)	–	–	–	–	–
Balance at March 31, 2011	$ 122,458	$ –	$ 21,060	$ –	$ 24,904	$ (24,904)

Thousands of U.S. dollars

	Chemicals		Transportation machinery		Power project & infrastructure	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2010	$ 10,133	$ –	$ 81,120	$ –	$ 36,012	$ –
Goodwill acquired during the year	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–
Disposal, effect of exchange rate and other	(1,386)	–	(5,373)	–	(1,277)	–
Balance at March 31, 2011	$ 8,747	$ –	$ 75,747	$ –	$ 34,735	$ –

Thousands of U.S. dollars

	Plant & industrial machinery		Real estate development		Finance, logistics & IT business	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2010	$ 40,699	$ –	$ 6,349	$ –	$ 133,639	$ –
Goodwill acquired during the year	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	(9,422)
Disposal, effect of exchange rate and other	(4,615)	–	–	–	(23,591)	9,422
Balance at March 31, 2011	$ 36,084	$ –	$ 6,349	$ –	$ 110,048	$ –

Thousands of U.S. dollars

	Overseas corporate subsidiaries and branches		Total	
	Gross goodwill	Accumulated impairment losses	Gross goodwill	Accumulated impairment losses
Balance at March 31, 2010	$ 104,686	$ (3,108)	$ 583,253	$ (3,108)
Goodwill acquired during the year	3,627	–	3,627	–
Impairment losses	–	(6,011)	–	(40,337)
Disposal, effect of exchange rate and other	(11,722)	794	(50,157)	10,216
Balance at March 31, 2011	$ 96,591	$ (8,325)	$ 536,723	$ (33,229)

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As a result of decreases in the estimated future cash flows due to the worsened business circumstances and conditions and changes in management strategies, the Companies recognized impairment losses on goodwill of ¥3,348 million ($40,337 thousand), which were included in loss on property, plant and equipment in the consolidated statements of income, for the year ended March 31, 2011. There were no impairment losses on goodwill recognized for the year ended March 31, 2010. The fair value of the reporting unit was estimated using the expected present value of future cash flows.

Due to decreases in expected future cash flows, the Company and certain of its subsidiaries recognized impairment losses primarily on their facility, real estate and plant, based on their fair values, in the total amounts of ¥9,262 million ($111,590 thousand) and ¥13,322 million, which were included in loss on property, plant and equipment in the consolidated statements of income, for the years ended March 31, 2011 and 2010, respectively. The fair value was primarily estimated using the discounted cash flow method or third-party appraisals. The segments affected by the impairment losses were primarily Energy of ¥6,357 million ($76,590 thousand) for the year ended March 31, 2011, and Energy of ¥ 5,531 million, Real estate development of ¥3,984 million and Power project and infrastructure of ¥ 1,727 million for the year ended March 31, 2010.

8. Asset Retirement Obligations

The Company and certain of its subsidiaries recognize asset retirement obligations. The asset retirement obligations are primarily related to the costs of dismantlement and removing oil and gas production facilities owned by subsidiaries engaged in oil and gas producing activities.

These liabilities are included in long-term debt, less current portion and accrued expenses and other current liabilities on the consolidated balance sheets.

The changes in asset retirement obligations for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	**2011**
Balance at beginning of year	¥ **21,966**	¥ 23,482	$ **264,651**
Liabilities incurred	**511**	124	**6,157**
Liabilities settled	**(1,584)**	(1,174)	**(19,084)**
Accretion expense	**963**	1,058	**11,602**
Revisions to cost estimate	**4,286**	(2,441)	**51,639**
Other	**(765)**	917	**(9,218)**
Balance at end of year	¥ **25,377**	¥ 21,966	$ **305,747**

"Other" includes foreign exchange rate changes.

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9. Pledged Assets

The following table summarizes assets pledged as collateral for the Companies' obligations at March 31, 2011 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Cash and cash equivalents, time deposits	¥ **45,495**	¥ 39,065	$ **548,132**
Notes, loans and accounts receivable–trade (current and non-current)	**10,386**	12,050	**125,132**
Inventories	**9,246**	755	**111,398**
Securities and other investments and investments in affiliated companies	**256,174**	258,151	**3,086,434**
Property, plant and equipment, and property leased to others, net of accumulated depreciation	**321,557**	345,626	**3,874,181**
Other	**1,699**	627	**20,470**
Total	¥ **644,557**	¥ 656,274	$ **7,765,747**

The obligations secured by such collateral were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Short-term loans	¥ **36,646**	¥ 19,837	$ **441,518**
Accounts payable	—	381	—
Other current liabilities	**11,828**	5,000	**142,506**
Long-term debt	**98,541**	155,757	**1,187,241**
Guarantees of contracts and other	**11,300**	11,656	**136,145**
Total	¥ **158,315**	¥ 192,631	$ **1,907,410**

In addition to the above, acceptances payable at March 31, 2011 and 2010 were secured by trust receipts on inventories. The standard terms provide that the proceeds from the sales of any such collateral be delivered to the respective bank to be applied against outstanding acceptances. However, the Companies have, in general, followed the practice of paying acceptances on their maturity dates. Given the substantial volume of the Companies' transactions, it would not be practical to determine the total amount of inventories and/or proceeds from the sales of such inventories covered by outstanding trust receipts.

As is customary in Japan, security, if requested by a lending bank, must be given and the bank has the right to offset cash deposited with it against any debt or obligations that become due and, in the case of default or certain other specified events, against all debt payable to the bank. To date, no such request has been made to the Companies and no such rights have been exercised.

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10. Short-Term Loans and Long-Term Debt

Short-term loans and their weighted average interest rates at March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Short-term loans mainly from banks	**¥ 105,275**	¥ 96,362	**$ 1,268,373**
Weighted average interest rates (%)	**1.22%**	1.20%	**1.22%**

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Long-term debt at March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
1.32% notes due 2012	¥ **10,000**	¥ 10,000	$ **120,482**
1.38% notes due 2012	**10,000**	10,000	**120,482**
0.80% notes due 2010	**—**	20,000	**—**
1.28% notes due 2012	**15,000**	15,000	**180,723**
1.09% notes due 2010	**—**	30,000	**—**
1.56% notes due 2012	**10,000**	10,000	**120,482**
1.50% notes due 2012	**10,000**	10,000	**120,482**
1.67% notes due 2011	**20,000**	20,000	**240,964**
1.81% notes due 2012	**10,000**	10,000	**120,482**
1.62% notes due 2012	**10,000**	10,000	**120,482**
1.64% notes due 2013	**10,000**	10,000	**120,482**
1.80% notes due 2014	**10,000**	10,000	**120,482**
1.71% notes due 2012	**10,000**	10,000	**120,482**
1.78% notes due 2013	**10,000**	10,000	**120,482**
1.75% notes due 2013	**10,000**	10,000	**120,482**
1.62% notes due 2013	**10,000**	10,000	**120,482**
1.72% notes due 2014	**15,000**	15,000	**180,723**
1.46% notes due 2014	**20,000**	20,000	**240,964**
1.46% notes due 2015	**20,000**	20,000	**240,964**
2.30% notes due 2022	**5,000**	5,000	**60,241**
1.03% notes due 2013	**20,000**	20,000	**240,964**
1.11% notes due 2015	**10,000**	10,000	**120,482**
2.55% notes due 2025	**10,000**	10,000	**120,482**
0.88% notes due 2015	**15,000**	—	**180,723**
0.72% notes due 2014	**30,000**	—	**361,446**
0.57% notes due 2015	**10,000**	—	**120,482**
0.85% notes due 2017	**10,000**	—	**120,482**
1.59% notes due 2020	**10,000**	—	**120,482**
2.10% notes due 2025	**10,000**	—	**120,482**
Secured notes due from 2011 to 2012 principally at rates from 0.7% to 1.9% or at floating rates	**10,004**	10,504	**120,530**
Medium-term notes due to 2010 principally at rates from 0.4% to 2.4% or at floating rates	**—**	5,776	**—**
Loans from government-owned banks and government agencies:			
Secured, due serially through 2024 principally at rates from 1.7% to 3.5%	**39,957**	47,738	**481,410**
Unsecured, due serially through 2025 principally at rates from 0.3% to 4.9%	**105,527**	78,022	**1,271,410**
Loans principally from banks and insurance companies:			
Secured, due serially through 2021 principally at rates from 0.4% to 8.7%	**81,940**	114,902	**987,229**
Unsecured, due serially through 2021 principally at rates from 0.4% to 5.4%	**1,555,683**	1,622,130	**18,743,169**
Other	**118,628**	137,326	**1,429,250**
	2,251,739	2,321,398	**27,129,386**
ASC 815, *Derivatives and Hedging,* fair value adjustments	**18,390**	19,663	**221,566**
	2,270,129	2,341,061	**27,350,952**
Less: current portion	**248,888**	236,343	**2,998,651**
	¥ **2,021,241**	¥ 2,104,718	$ **24,352,301**

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The fair value adjustments above represent adjustments made to the balance of the debt in accordance with ASC 815, *Derivatives and Hedging,* with respect to changes in the fair value of hedged long-term debt attributable to fluctuations of interest rates during the term of the hedge.

To hedge against exposures related to the payment of interest and the repayment of the principal of certain short-term loans and long-term debt denominated in foreign currencies, the Company and certain of its subsidiaries entered into foreign exchange contracts.

To strengthen its asset-liability management and to hedge against exposures to changes in foreign currency exchange rates, the Company and certain of its subsidiaries entered into interest rate swap agreements, including interest rate and currency swap agreements, on short-term loans and long-term debt. The floating interest rates are, in general, based upon 6-month or 3-month LIBOR (London Interbank Offered Rate) or 6-month or 3-month TIBOR (Tokyo Interbank Offered Rate). The interest rate swap agreements are to remain in effect through the maturity dates of the short-term loans and long-term debt.

On March 31, 2011, the Company renewed its unused long-term line of credit arrangement of ¥245,000 million ($2,951,807 thousand) and unused long-term line of credit arrangement of ¥55,000 million ($662,651 thousand). As a result, the Company had unused long-term line of credit arrangements of ¥300,000 million ($3,614,458 thousand) at March 31, 2011 in aggregate. Based on such arrangements, ¥265,973 million ($3,204,494 thousand) of short-term loans and long-term debt due within 1 year were classified to long-term debt on the consolidated balance sheet at March 31, 2011, as the Company had an intention and ability to refinance when they become due. The Company had an unused long-term line of credit of ¥300,000 million, and classified short-term loans and long-term debt due within 1 year of ¥176,168 million to long-term debt on the consolidated balance sheet at March 31, 2010.

In addition to the above, on February 28, 2011, the Company and certain of its subsidiaries renewed the short-term lines of credit in the equivalent amount and had unused short-term lines of credit of $515 million at March 31, 2011.

Maturities of long-term debt outstanding at March 31, 2011, excluding the effect of the fair value adjustment of ASC 815, *Derivatives and Hedging*, are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 246,905	$ 2,974,759
2013	382,216	4,605,012
2014	552,175	6,652,711
2015	319,832	3,853,398
2016	240,729	2,900,349
Thereafter	509,882	6,143,157

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Certain agreements primarily with government-owned financial institutions provide that earlier repayment may be required if, in the judgment of the lenders, the Companies' ability to repay the loans is considered enhanced as a result of higher than expected earnings, issuance of common stock or debentures, or other reasons. No such request has been received for the year ended March 31, 2011.

Certain of the long-term debt agreements stipulate that certain subsidiaries, upon the lenders' request, submit for the lenders' approval on the proposed appropriations of income, including dividend payments, before such appropriations can be submitted to the shareholders. No such request has been received for the year ended March 31, 2011.

11. Employees' Retirement Benefits

The Company and certain of its subsidiaries have cash-balance plans based on the Defined Benefit Corporate Pension Plan Act and other defined benefit pension plans. These plans cover substantially all employees. In addition to the pension plans, the Company and certain of its subsidiaries have unfunded lump-sum retirement plans to be paid upon retirement or severance based on the years of service and compensation level.

The reconciliation of beginning and ending balances of the projected benefit obligation and plan assets, and the funded status of the Company's and certain subsidiaries' plans at March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	**2011**
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	¥ **223,510**	¥ 220,376	$ **2,692,892**
Service cost	**6,481**	5,622	**78,084**
Interest cost	**6,108**	6,053	**73,590**
Actuarial loss	**6,053**	3,686	**72,928**
Foreign currency exchange rate changes	**(3,693)**	(45)	**(44,494)**
Benefits paid	**(13,255)**	(12,182)	**(159,699)**
Acquisition and deconsolidation	**(678)**	—	**(8,169)**
Projected benefit obligation at end of year	**224,526**	223,510	**2,705,132**
Change in plan assets:			
Fair value of plan assets at beginning of year	**179,562**	168,995	**2,163,398**
Actual return on plan assets	**914**	16,404	**11,012**
Foreign currency exchange rate changes	**(3,046)**	(98)	**(36,699)**
Employees' contributions	**272**	280	**3,277**
Employer's contribution	**4,226**	4,293	**50,915**
Benefits paid	**(10,131)**	(10,312)	**(122,060)**
Acquisition and deconsolidation	**(214)**	—	**(2,578)**
Fair value of plan assets at end of year	**171,583**	179,562	**2,067,265**
Funded status	¥ **(52,943)**	¥ (43,948)	$ **(637,867)**

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Amounts recognized in the consolidated balance sheets at March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Prepaid benefit cost	¥ 468	¥ 206	$ 5,638
Accrued pension liabilities	(53,411)	(44,154)	(643,506)
	¥ (52,943)	¥ (43,948)	$ (637,868)

Amounts recognized in accumulated other comprehensive (income) loss, before tax, at March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Prior service credit	¥ (11,079)	¥ (12,076)	$ (133,482)
Net actuarial loss	111,501	105,591	1,343,386
	¥ 100,422	¥ 93,515	$ 1,209,904

Changes in accumulated other comprehensive (income) loss, before tax, for the years ended March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current year net actuarial (gain) loss	¥ 11,416	¥ (6,426)	$ 137,542
Amotization of prior service credit	1,018	1,000	12,265
Amotization of net acutuarial loss	(4,733)	(4,829)	(57,024)
	¥ 7,701	¥ (10,255)	$ 92,783

The amounts in accumulated other comprehensive (income) loss, before tax, expected to be recognized as components of net periodic benefit cost for the year ending March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Prior service credit	¥ (1,056)	$ (12,723)
Net actuarial loss	5,547	66,831
	¥ 4,491	$ 54,108

The accumulated benefit obligation for all defined benefit pension plans were ¥216,007 million ($2,602,494 thousand) and ¥215,619 million at March 31, 2011 and 2010, respectively.

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The components of net periodic benefit cost of the Company's and certain subsidiaries' plans for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost–benefits earned during the year	¥ **6,481**	¥ 5,622	$ **78,084**
Interest cost on projected benefit obligation	**6,108**	6,053	**73,590**
Expected return on plan assets	**(6,277)**	(6,292)	**(75,626)**
Amortization of unrecognized prior service credit	**(1,018)**	(1,000)	**(12,265)**
Amortization of unrecognized net actuarial loss	**4,733**	4,829	**57,024**
Employees' contributions	**(272)**	(280)	**(3,277)**
Net periodic benefit cost	¥ **9,755**	¥ 8,932	$ **117,530**

The aggregate projected benefit obligation and aggregate fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Aggregate projected benefit obligation	¥ **220,190**	¥ 222,095	$ **2,652,892**
Aggregate fair value of plan assets	**166,779**	177,941	**2,009,386**

The aggregate accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Aggregate accumulated benefit obligation	¥ **189,727**	¥ 194,160	$ **2,285,867**
Aggregate fair value of plan assets	**143,712**	156,751	**1,731,470**

The weighted-average assumptions used to determine projected benefit obligations at March 31, 2011 and 2010 were as follows:

	2011	2010
Discount rates	**2.5%**	2.5%
Rates of increases in future compensation levels	**4.9%**	5.0%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
Discount rates	**2.5%**	2.5%
Rates of increases in future compensation levels	**5.0%**	5.0%
Expected long-term rates of return on plan assets	**2.7%**	2.7%

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The overall expected long-term rates of return on plan assets are calculated based on the historical average returns for certain years adjusted by the components of the current asset portfolio and the target rate of return based on the future investment plan.

In making investment decisions, the main objective is to secure the necessary return over the long term to cover pension and retirement benefit payments. The primary investment policy is to analyze the risk/return characteristics by asset class and to invest in a diversified portfolio taking into consideration of the correlation among asset classes.

The Company sets a policy asset mix with investments in equity securities and debt securities. Based on this policy, the Company selects multiple investment managers who execute the strategy. When selecting an investment manager, the Company gives consideration to management philosophy and content, investment management policy and investment style, investment control systems including information collection mechanisms and decision-making processes, compliance systems, investment experience and the track record of the investment manager as well as their investment professional in charge of managing pension assets.

Plan assets are generally invested 30%, 60% and 10% in equity securities, debt securities and other, respectively.

The investments which are executed by investment managers are outlined as follows:

Equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Company has investigated the business condition of the investee companies and appropriately diversified investments by type of industry and other relevant factors. Debt securities are selected primarily from government bonds, public debt instruments and corporate bonds. Prior to investing, the Company has investigated the quality of the issue, including issuers, rating, interest rate and repayment dates, and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity and debt securities described above. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and a return of capital. With respect to foreign investments vehicles, the Company has investigated the stability of the underlying governments and economies, the market characteristics such as settlement systems and the taxation systems. For each of such an investment, the Company has selected the appropriate investment country and currency.

As a result of the introduction of the cash-balance plan, the performance of certain plan assets is matched with the related pension benefits to a certain extent.

For inputs used to measure fair value, see Note 19 to consolidated financial statements.

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The fair values of the Companies' pension plan assets at March 31, 2011 by category were as follows:

	Millions of yen			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	¥ 15,056	¥ —	¥ —	¥ 15,056
Equity securities:				
Japanese companies	11,624	—	—	11,624
Foreign companies	1,990	—	—	1,990
Pooled funds	—	46,898	—	46,898
Debt securities:				
Bonds denominated in Japanese yen	—	31,868	—	31,868
Bonds denominated in foreign currency	—	3,812	—	3,812
Pooled funds	—	44,987	—	44,987
Life insurance company general accounts	—	11,429	—	11,429
Other assets	—	3,915	4	3,919
	¥ 28,670	¥ 142,909	¥ 4	¥ 171,583

	Thousands of U.S. dollars			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	$ 181,398	$ —	$ —	$ 181,398
Equity securities:				
Japanese companies	140,048	—	—	140,048
Foreign companies	23,976	—	—	23,976
Pooled funds	—	565,036	—	565,036
Debt securities:				
Bonds denominated in Japanese yen	—	383,952	—	383,952
Bonds denominated in foreign currency	—	45,928	—	45,928
Pooled funds	—	542,012	—	542,012
Life insurance company general accounts	—	137,699	—	137,699
Other assets	—	47,168	48	47,216
	$ 345,422	$1,721,795	$ 48	$2,067,265

Pooled investments of equity securities consist of listed equity securities. Japanese companies and foreign companies account for 50% and 50%, respectively of the equity securities.

Pooled investments of debt securities consist of 50% bonds denominated in Japanese yen and 50% bonds denominated in foreign currency.

The fair values of the Companies' pension plan assets at March 31, 2010 by category were as follows:

	Millions of yen			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	¥ 16,626	¥ —	¥ —	¥ 16,626
Equity securities:				
Japanese companies	15,746	—	572	16,318
Foreign companies	928	—	—	928
Pooled funds	—	53,965	—	53,965
Debt securities:				
Bonds denominated in Japanese yen	—	31,669	—	31,669
Bonds denominated in foreign currency	—	2,101	—	2,101
Pooled funds	—	47,840	—	47,840
Life insurance company general accounts	—	6,496	—	6,496
Other assets	—	3,598	21	3,619
	¥ 33,300	¥ 145,669	¥ 593	¥ 179,562

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Pooled investments of equity securities consist of listed equity securities. Japanese companies and foreign companies account for 60% and 40%, respectively of the equity securities.

Pooled investments of debt securities consist of 50% bonds denominated in Japanese yen and 50% bonds denominated in foreign currency.

Plan assets categorized into Level 1 consist of primarily listed stocks of Japanese companies, which are measured at quoted prices in active markets without adjustments.

Plan assets categorized into Level 2 consist of primarily government and corporate bonds. These assets are measured based upon quoted prices of identical assets not categorized into Level 1 in markets that are not active or similar assets or liabilities in active markets using observable inputs such as market price in the commodity market.

Plan assets categorized into Level 3 consist of primarily unlisted stocks and funds for which observable inputs are not available due to lack of similar assets in active markets.

The changes in Level 3 plan assets for the year ended March 31, 2011 were as follows:

	Millions of yen				
	Balance at beginning of year	**Purchases, sales, cancels**	**Net realized gain or loss**	**Net transfers in and/or(out) of Level 3**	**Balance at end of year**
Equity securities of Japanese companies	¥ 572	¥ —	¥ —	¥ (572)	¥ —
Other assets	21	—	(17)	—	4
	¥ 593	¥ —	¥ (17)	¥ (572)	¥ 4

	Thousands of U.S. dollars				
	Balance at beginning of year	**Purchases, sales, cancels**	**Net realized gain or loss**	**Net transfers in and/or(out) of Level 3**	**Balance at end of year**
Equity securities of Japanese companies	$ 6,892	$ —	$ —	$ (6,892)	$ —
Other assets	253	—	(205)	—	48
	$ 7,145	$ —	$ (205)	$ (6,892)	$ 48

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The changes in Level 3 plan assets for the year ended March 31, 2010 were as follows:

	Millions of yen			
	Balance at beginning of year	**Purchases, sales, cancels**	**Net realized gain or loss**	**Balance at end of year**
Equity securities of Japanese	¥ —	¥ 572	¥ —	¥ 572
Other assets	2,964	(2,964)	21	21
	¥ 2,964	¥ (2,392)	¥ 21	¥ 593

The benefits expected to be paid in the next ten years are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 10,876	$ 131,036
2013	11,222	135,205
2014	11,480	138,313
2015	11,538	139,012
2016	11,652	140,386
2017 – 2021	59,648	718,650
	¥ 116,416	$ 1,402,602

The amount of contributions expected to be paid to the pension plans during the year ending March 31, 2012 is approximately ¥2,900 million ($34,940 thousand).

12. Income Taxes

The Company files a consolidated income tax return in Japan.

Total income taxes recognized for the years ended March 31, 2011 and 2010 were attributable to the following:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Income before income taxes	¥ **64,539**	¥ 65,827	$ **777,578**
Other comprehensive income (loss)	**(4,880)**	37,030	**(58,795)**
Total	¥ **59,659**	¥ 102,857	$ **718,783**

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Taxes on income applicable to the Company would normally result in the statutory tax rate of approximately 41% in Japan for the years ended March 31, 2011 and 2010. A reconciliation of the statutory income tax rate to the effective income tax rate expressed as a percentage of income before income taxes for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
Statutory income tax rate	**41.0 %**	41.0 %
Tax effect of subsidiaries' operations	**0.2 %**	7.7 %
Tax effect of permanent differences	**0.5 %**	0.4 %
Difference in tax rate of foreign subsidiaries	**(8.2)%**	(7.7)%
Tax effect on equity in earnings of affiliated companies and undistributed earnings of subsidiaries	**(5.0)%**	(4.8)%
Other	**2.6 %**	3.0 %
Effective income tax rate	**31.1 %**	39.6 %

Income before income taxes for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	2011
Domestic	¥ **39,820**	¥ 36,529	$ **479,759**
Foreign	**167,397**	129,898	**2,016,831**
Total	¥ **207,217**	¥ 166,427	$ **2,496,590**

Provision for income taxes for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2010	2011
Current:			
Domestic	¥ **14,684**	¥ 18,441	$ **176,916**
Foreign	**29,489**	25,072	**355,289**
Deferred:			
Domestic	**17,167**	19,441	**206,831**
Foreign	**3,199**	2,873	**38,542**
Total	¥ **64,539**	¥ 65,827	$ **777,578**

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Significant components of deferred tax assets and deferred tax liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Deferred tax assets:			
Allowance for doubtful accounts	¥ **19,662**	¥ 20,588	$ **236,891**
Inventories	**3,878**	4,330	**46,723**
Investment securities	**43,298**	36,340	**521,662**
Employees' retirement benefits	**37,261**	36,636	**448,928**
Unrealized profit on intercompany transactions	**17,755**	9,734	**213,916**
Net operating loss carryforwards	**26,209**	26,648	**315,771**
Other	**34,442**	30,256	**414,964**
Total deferred tax assets	**182,505**	164,532	**2,198,855**
Valuation allowance	**(37,440)**	(28,373)	**(451,084)**
Total deferred tax assets - net	**145,065**	136,159	**1,747,771**
Deferred tax liabilities:			
Property, plant and equipment	**24,475**	28,523	**294,880**
Undistributed earnings	**16,895**	7,448	**203,554**
Investment in affiliated companies	**30,879**	23,754	**372,036**
Other	**33,924**	21,259	**408,723**
Total deferred tax liabilities	**106,173**	80,984	**1,279,193**
Net deferred tax assets	¥ **38,892**	¥ 55,175	$ **468,578**

The net changes in the valuation allowance for deferred tax assets were ¥9,067 million ($109,241 thousand) of increases and ¥5,420 million of increases for the years ended March 31, 2011 and 2010, respectively.

At March 31, 2011, certain subsidiaries had net operating loss carryforwards amounting to ¥79,870 million ($962,289 thousand), subject to expiration as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 1,503	$ 18,108
2013	5,697	68,639
2014	2,792	33,639
2015	7,727	93,096
2016	3,733	44,976
2017 and thereafter	28,120	338,795
Indefinite period	30,298	365,036
Total	¥ 79,870	$ 962,289

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No provision has been made for Japanese income taxes on the undistributed earnings of the Company's domestic subsidiaries earned prior to March 31, 1993 or on part of the undistributed earnings of the Company's foreign subsidiaries with no distribution plan, which amounted to ¥295,463 million ($3,559,795 thousand) and ¥266,909 million at March 31, 2011 and 2010, respectively. The Company intends such earnings to be permanently invested. Determination of the amount of the related unrecognized deferred income tax liability is not practical.

Realization of the Company's net deferred tax assets depends on the Company generating sufficient taxable income or the Company executing certain available tax strategies. Although realization is not assured, management believes it is more likely than not that the net deferred tax assets will be realized.

Unrecognized tax benefits at March 31, 2011 and April 1, 2010 were not material. Although the Company believes that its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements and any related litigation could affect the effective tax rate in the future periods. Based on each of the items which the Company is aware of at March 31, 2011, no significant changes to the unrecognized tax benefits are expected within the next 12 months. Interests and penalties related to income tax are included in other—net in the consolidated statements of income. Both the interests and the penalties accrued as of March 31, 2011 in the consolidated balance sheets, and the interests and the penalties included in other—net in the consolidated statements of income for the year ended March 31, 2011 are not material. The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the income tax examinations of the Companies by the tax authority for years through the year ended March 31, 2009 have been substantially completed. In the United States, the income tax examinations of the Companies by the tax authority for years through the year ended March 31, 2006 have been substantially completed.

13. Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to capital reserve and legal reserve, respectively, until the sum of capital reserve and legal reserve equals 25% of the common stock account. The amount of retained earnings available for distributions under the Law is based on the amount recorded on the Company's books maintained in accordance with Japanese accounting practices. The adjustments to conform to accounting principles generally accepted in the United States, reflected in the accompanying consolidated financial statements but not recorded on the books, as explained in Note 1, have no effect on the determination of retained earnings available for the distributions under the Law. Such distributions can be made at any time by resolution of the shareholders or by resolution of the Board of Directors if certain conditions are met. The retained earnings available for distributions amounted to ¥114,273 million ($1,376,783 thousand) at March 31, 2011.

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14. Other Comprehensive Income (Loss)

The amount of income tax expense or benefit allocated to each component of other comprehensive income (loss) including noncontrolling interests for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		
2011	**Before-tax amount**	**Tax (expense) or benefit**	**Net-of-tax amount**
Unrealized gains (losses) on investment securities arising during the period	¥ (21,753)	¥ 8,341	¥ (13,412)
Reclassification adjustments included in net income	1,038	(424)	614
Net unrealized gains (losses) on investment securities	(20,715)	7,917	(12,798)
Currency translation adjustments arising during the period	(67,932)	(4,988)	(72,920)
Reclassification adjustments included in net income	2,855	(838)	2,017
Net currency translation adjustments	(65,077)	(5,826)	(70,903)
Unrealized gains (losses) on derivatives arising during the period	(15,201)	(547)	(15,748)
Reclassification adjustments included in net income	12,342	8	12,350
Net unrealized gains (losses) on derivatives	(2,859)	(539)	(3,398)
Pension liability adjustments arising during the period	(11,980)	4,926	(7,054)
Reclassification adjustments included in net income	3,909	(1,598)	2,311
Net pension liability adjustments	(8,071)	3,328	(4,743)
Other comprehensive loss	¥ (96,722)	¥ 4,880	¥ (91,842)

	Thousands of U.S. dollars		
2011	**Before-tax amount**	**Tax (expense) or benefit**	**Net-of-tax amount**
Unrealized gains (losses) on investment securities arising during the period	$ (262,084)	$ 100,494	$ (161,590)
Reclassification adjustments included in net income	12,505	(5,108)	7,397
Net unrealized gains (losses) on investment securities	(249,579)	95,386	(154,193)
Currency translation adjustments arising during the period	(818,458)	(60,096)	(878,554)
Reclassification adjustments included in net income	34,398	(10,097)	24,301
Net currency translation adjustments	(784,060)	(70,193)	(854,253)
Unrealized gains (losses) on derivatives arising during the period	(183,145)	(6,590)	(189,735)
Reclassification adjustments included in net income	148,699	96	148,795
Net unrealized gains (losses) on derivatives	(34,446)	(6,494)	(40,940)
Pension liability adjustments arising during the period	(144,337)	59,349	(84,988)
Reclassification adjustments included in net income	47,097	(19,253)	27,844
Net pension liability adjustments	(97,240)	40,096	(57,144)
Other comprehensive loss	$ (1,165,325)	$ 58,795	$ (1,106,530)

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2010	Millions of yen Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Unrealized gains (losses) on investment securities arising during the period	¥ 39,719	¥ (14,429)	¥ 25,290
Reclassification adjustments included in net income	3,045	(1,242)	1,803
Net unrealized gains (losses) on investment securities	42,764	(15,671)	27,093
Currency translation adjustments arising during the period	52,415	(14,634)	37,781
Reclassification adjustments included in net income	1,296	(115)	1,181
Net currency translation adjustments	53,711	(14,749)	38,962
Unrealized gains (losses) on derivatives arising during the period	7,137	1,294	8,431
Reclassification adjustments included in net income	19,829	(3,732)	16,097
Net unrealized gains (losses) on derivatives	26,966	(2,438)	24,528
Pension liability adjustments arising during the period	6,198	(2,495)	3,703
Reclassification adjustments included in net income	4,098	(1,677)	2,421
Net pension liability adjustments	10,296	(4,172)	6,124
Other comprehensive loss	¥ 133,737	¥ (37,030)	¥ 96,707

The accumulated balance of each component of accumulated other comprehensive income (loss) at March 31, 2011 and 2010 were as follows:

Millions of yen

	Unrealized gains (losses) on investment securities	Currency translation adjustments	Unrealized gains (losses) on derivatives	Pension liability adjustment	Accumulated other comprehensive income (loss)
Balance at March 31, 2009	¥ 6,750	¥ (242,321)	¥ (65,999)	¥ (62,220)	¥ (363,790)
Change in the period	27,058	37,839	23,142	6,083	94,122
Balance at March 31, 2010	33,808	(204,482)	(42,857)	(56,137)	(269,668)
Change in the period	(12,803)	(68,537)	(3,367)	(4,761)	(89,468)
Balance at March 31, 2011	¥ 21,005	¥ (273,019)	¥ (46,224)	¥ (60,898)	¥ (359,136)

Thousands of U.S. dollars

	Unrealized gains (losses) on investment securities	Currency translation adjustments	Unrealized gains (losses) on derivatives	Pension liability adjustment	Accumulated other comprehensive income (loss)
Balance at March 31, 2010	$ 407,325	$ (2,463,639)	$ (516,349)	$ (676,350)	$ (3,249,013)
Change in the period	(154,253)	(825,747)	(40,567)	(57,361)	(1,077,928)
Balance at March 31, 2011	$ 253,072	$ (3,289,386)	$ (556,916)	$ (733,711)	$ (4,326,941)

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15. Earnings per Share of Common Stock

The computation of basic earnings per share of common stock is based on the weighted average number of shares of common stock outstanding during the year.

The following table sets forth the computation of basic earnings per share:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Numerator:			
Net income attributable to Marubeni	¥ **136,541**	¥ 95,312	$ **1,645,072**
Denominator:			
Denominator for basic earnings per share–weighted average shares	**1,736,434,298**	1,736,463,624	

	Yen		*U.S. dollars*
	2011	**2010**	**2011**
Earnings per share of common stock:			
Net income attributable to Marubeni	¥ **78.63**	¥ 54.89	$ **0.95**

No diluted earnings per share are disclosed for the years ended March 31, 2011 and 2010 because the Company does not have any dilutive instruments.

16. Segment Information

The Companies' operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or the areas. The segments, by product and service, are managed by the divisions of the Head Office. Overseas corporate subsidiaries and branches operate in the respective areas and are independent operating units. Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations on a worldwide basis. The Companies has 11 segments identified by products and services, in addition to its overseas corporate subsidiaries and branches. These segments are outlined as follows:

Food: This group produces and distributes all sorts of food such as fodder, soy beans, grain, sugar, processed food and beverages, raw materials, foodstuffs for commercial use, and agricultural and marine products, both domestically and internationally.

Lifestyle: This group deals with wide range of customer goods, such as apparel, footwear, household goods and home furnishings, sporting goods, fitness machines and tires. In addition, this group operates various businesses from planning, manufacturing, importing, and wholesaling of products to brand development, consulting services and business investments, and providing a variety of services, both domestically and internationally.

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Forest products: This group manufactures and distributes raw materials for paper production, paper and cardboard, and takes part in afforestation projects and sells housing materials, both domestically and internationally.

Chemicals: This group handles a wide variety of goods ranging from upstream, such as petrochemical, to downstream, such as electronic materials and agrochemicals. Focusing on Middle East, South East Asia, South America and India as well as China, as a priority market, this group is conducting business with a balance between investment and trade, both domestically and internationally.

Energy: This group focuses on products related to energy such as oil and gas, etc. It also takes part in various sorts of businesses which benefit from the development of resources through retail such as gas stations, both domestically and internationally.

Metals & mineral resources: This group produces, processes and sells nonferrous light metals, while trading raw materials for production of steel and light metals as well as manufacturing, processing and selling steel related products such as steel plate, steel pipe, and special steel, both domestically and internationally. This group also develops raw materials for production of steel and light metals internationally.

Transportation machinery: This group focuses on trade (export, import, wholesale, and retail) in aerospace and defense systems, automotive, construction and agricultural machinery, and other transportation related machinery, and related services such as loans and investments, trade finance, leasing and overseas business support services, both domestically and internationally. Also included in the division are trading, leasing, and charter of various types of cargo vessels and tankers.

Power projects & infrastructure: This group develops, invests in, and operates power projects and infrastructure projects, especially power generation (including desalinization, co-generation and wind power projects), while undertaking the procurement and installation of generators, power distribution grids, electrical substations, clean water treatment and waste water treatment as well as making loans and investments to other new technologies and business models in the alternate energy field, both domestically and internationally.

Plant & industrial machinery: This group deals with equipment procurement and construction of oil, gas, chemical, environmental, steel, cement, paper and pulp and other industrial plants, infrastructure development such as railway/airport and textile machinery, alternative energy facilities, automobile machinery and other industrial machines; origination and management of projects in domestic and overseas markets. This group also works on environmental projects, including Clean Development Mechanism (CDM) projects.

Real estate development: In addition to a housing business that focuses on the development of the "Grand-Suite" series condominiums for sale in Japan, this group operates a broad range of real estate-related businesses, including a real estate development business dealing in residences and office buildings, overseas as well as intermediary and development businesses of REIT/investment fund-oriented real estate properties.

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Finance, logistics & IT business: Both domestically and internationally, this group is involved in various financial businesses such as fund management, leasing business and financial product trading, while in the logistics area, it operates the forwarding business and logistics-related consultation, among others. In the insurance area, it operates an insurance intermediary business. In the communication business area, this group deals with business in wide-ranging areas including data communication network business, system solution business, data center business, mobile terminal sales business, RFID business and BPO business, as well as export and offshore trading in communications, broadcasting and information systems.

Overseas corporate subsidiaries and branches: Overseas corporate subsidiaries and branches are located throughout the world, in North America, Europe, Asia and other areas, and handle various merchandise and perform related activities.

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The Companies' operating segment information for the years ended March 31, 2011 and 2010 were as follows:

Millions of yen

Year ended March 31, 2011	Food	Lifestyle	Forest products	Chemicals
Total volume of trading transactions:				
Outside customers	¥ 1,728,844	¥ 380,319	¥ 544,839	¥ 698,041
Inter-segment	52,139	16,425	23,111	101,871
Total	¥ 1,780,983	¥ 396,744	¥ 567,950	¥ 799,912
Gross trading profit	¥ 113,379	¥ 30,980	¥ 39,823	¥ 24,130
Equity in earnings (losses) of affiliated companies–net	¥ 3,457	¥ 52	¥ 2,982	¥ 2,959
Net income (loss) attributable to Marubeni	¥ 15,208	¥ 4,990	¥ 7,300	¥ 6,069
Segment assets	¥ 643,775	¥ 132,552	¥ 365,470	¥ 206,427
Depreciation and amortization	¥ 7,622	¥ 2,220	¥ 8,985	¥ 541
Expenditures for segment assets	¥ 15,000	¥ 471	¥ 3,980	¥ 188

Millions of yen

Year ended March 31, 2011	Energy	Metals & mineral resources	Transportation machinery	Power projects & infrastructure
Total volume of trading transactions:				
Outside customers	¥ 2,459,420	¥ 820,021	¥ 653,239	¥ 262,729
Inter-segment	16,965	48,437	37,177	42
Total	¥ 2,476,385	¥ 868,458	¥ 690,416	¥ 262,771
Gross trading profit	¥ 48,757	¥ 27,675	¥ 42,942	¥ 25,647
Equity in earnings (losses) of affiliated companies–net	¥ 576	¥ 32,614	¥ 3,384	¥ 23,886
Net income (loss) attributable to Marubeni	¥ 28,215	¥ 33,720	¥ 10,744	¥ 17,512
Segment assets	¥ 656,228	¥ 520,762	¥ 268,500	¥ 436,676
Depreciation and amortization	¥ 28,642	¥ 3,440	¥ 3,786	¥ 2,465
Expenditures for segment assets	¥ 38,557	¥ 1,314	¥ 6,058	¥ 1,057

Millions of yen

Year ended March 31, 2011	Plant & industrial machinery	Real estate development	Finance, logistics & IT business	Overseas corporate subsidiaries and branches
Total volume of trading transactions:				
Outside customers	¥ 266,283	¥ 65,473	¥ 221,169	¥ 917,658
Inter-segment	69,234	511	9,557	716,916
Total	¥ 335,517	¥ 65,984	¥ 230,726	¥ 1,634,574
Gross trading profit	¥ 24,352	¥ 15,957	¥ 42,273	¥ 97,612
Equity in earnings (losses) of affiliated companies–net	¥ 1,724	¥ (238)	¥ (534)	¥ 661
Net income (loss) attributable to Marubeni	¥ 3,162	¥ (2,876)	¥ 3,213	¥ 12,101
Segment assets	¥ 242,764	¥ 317,230	¥ 186,164	¥ 535,098
Depreciation and amortization	¥ 1,073	¥ 2,455	¥ 3,945	¥ 3,567
Expenditures for segment assets	¥ 4,782	¥ 13,862	¥ 2,903	¥ 3,284

Millions of yen

Year ended March 31, 2011	Corporate and elimination	Consolidated
Total volume of trading transactions:		
Outside customers	¥ 2,433	¥ 9,020,468
Inter-segment	(1,092,385)	–
Total	¥ (1,089,952)	¥ 9,020,468
Gross trading profit	¥ (11,375)	¥ 522,152
Equity in earnings (losses) of affiliated companies–net	¥ (71)	¥ 71,452
Net income (loss) attributable to Marubeni	¥ (2,817)	¥ 136,541
Segment assets	¥ 167,443	¥ 4,679,089
Depreciation and amortization	¥ 3,401	¥ 72,142
Expenditures for segment assets	¥ 1	¥ 91,457

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Year ended March 31, 2011	Food	Lifestyle	Forest products	Chemicals
	Thousands of U.S. dollars			
Total volume of trading transactions:				
Outside customers	$ 20,829,446	$ 4,582,157	$ 6,564,325	$ 8,410,133
Inter-segment	628,181	197,891	278,446	1,227,361
Total	$ 21,457,627	$ 4,780,048	$ 6,842,771	$ 9,637,494
Gross trading profit	$ 1,366,012	$ 373,253	$ 479,795	$ 290,723
Equity in earnings (losses) of affiliated companies–net	$ 41,651	$ 627	$ 35,928	$ 35,651
Net income (loss) attributable to Marubeni	$ 183,229	$ 60,120	$ 87,952	$ 73,120
Segment assets	$ 7,756,325	$ 1,597,012	$ 4,403,253	$ 2,487,072
Depreciation and amortization	$ 91,831	$ 26,747	$ 108,253	$ 6,518
Expenditures for segment assets	$ 180,723	$ 5,675	$ 47,952	$ 2,265

Year ended March 31, 2011	Energy	Metals & mineral resources	Transportation machinery	Power projects & infrastructure
	Thousands of U.S. dollars			
Total volume of trading transactions:				
Outside customers	$ 29,631,566	$ 9,879,771	$ 7,870,349	$ 3,165,410
Inter-segment	204,398	583,578	447,916	506
Total	$ 29,835,964	$ 10,463,349	$ 8,318,265	$ 3,165,916
Gross trading profit	$ 587,434	$ 333,434	$ 517,373	$ 309,000
Equity in earnings (losses) of affiliated companies–net	$ 6,940	$ 392,940	$ 40,771	$ 287,783
Net income (loss) attributable to Marubeni	$ 339,940	$ 406,265	$ 129,446	$ 210,988
Segment assets	$ 7,906,361	$ 6,274,241	$ 3,234,940	$ 5,261,157
Depreciation and amortization	$ 345,084	$ 41,446	$ 45,614	$ 29,699
Expenditures for segment assets	$ 464,542	$ 15,831	$ 72,988	$ 12,735

Year ended March 31, 2011	Plant & industrial machinery	Real estate development	Finance, logistics & IT business	Overseas corporate subsidiaries and branches
	Thousands of U.S. dollars			
Total volume of trading transactions:				
Outside customers	$ 3,208,229	$ 788,831	$ 2,664,687	$ 11,056,121
Inter-segment	834,144	6,157	115,144	8,637,542
Total	$ 4,042,373	$ 794,988	$ 2,779,831	$ 19,693,663
Gross trading profit	$ 293,398	$ 192,253	$ 509,313	$ 1,176,048
Equity in earnings (losses) of affiliated companies–net	$ 20,771	$ (2,867)	$ (6,434)	$ 7,964
Net income (loss) attributable to Marubeni	$ 38,096	$ (34,651)	$ 38,711	$ 145,795
Segment assets	$ 2,924,867	$ 3,822,048	$ 2,242,940	$ 6,446,964
Depreciation and amortization	$ 12,928	$ 29,578	$ 47,530	$ 42,976
Expenditures for segment assets	$ 57,614	$ 167,012	$ 34,976	$ 39,566

Year ended March 31, 2011	Corporate and elimination	Consolidated
	Thousands of U.S. dollars	
Total volume of trading transactions:		
Outside customers	$ 29,312	$ 108,680,337
Inter-segment	(13,161,264)	—
Total	$ (13,131,952)	$ 108,680,337
Gross trading profit	$ (137,048)	$ 6,290,988
Equity in earnings (losses) of affiliated companies–net	$ (858)	$ 860,867
Net income (loss) attributable to Marubeni	$ (33,939)	$ 1,645,072
Segment assets	$ 2,017,386	$ 56,374,566
Depreciation and amortization	$ 40,977	$ 869,181
Expenditures for segment assets	$ 13	$ 1,101,892

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Year ended March 31, 2010	Millions of yen Food	Lifestyle	Forest products	Chemicals
Total volume of trading transactions:				
Outside customers	¥ 1,555,952	¥ 360,582	¥ 531,726	¥ 589,050
Inter-segment	35,282	15,414	13,905	63,325
Total	¥ 1,591,234	¥ 375,996	¥ 545,631	¥ 652,375
Gross trading profit	¥ 108,755	¥ 30,727	¥ 33,253	¥ 22,573
Equity in earnings (losses) of affiliated companies–net	¥ (8,184)	¥ (102)	¥ 333	¥ 3,015
Net income (loss) attributable to Marubeni	¥ 2,116	¥ 3,573	¥ 727	¥ 6,336
Segment assets	¥ 588,552	¥ 134,360	¥ 364,595	¥ 175,336
Depreciation and amortization	¥ 7,522	¥ 2,294	¥ 9,406	¥ 485
Expenditures for segment assets	¥ 12,323	¥ 459	¥ 5,894	¥ 222

Year ended March 31, 2010	Millions of yen Energy	Metals & mineral resources	Transportation machinery	Power projects & infrastructure
Total volume of trading transactions:				
Outside customers	¥ 1,907,734	¥ 630,126	¥ 653,740	¥ 308,197
Inter-segment	7,219	41,497	16,348	17
Total	¥ 1,914,953	¥ 671,623	¥ 670,088	¥ 308,214
Gross trading profit	¥ 44,683	¥ 20,461	¥ 37,701	¥ 24,928
Equity in earnings (losses) of affiliated companies–net	¥ 729	¥ 14,212	¥ 1,927	¥ 15,969
Net income (loss) attributable to Marubeni	¥ 37,646	¥ 14,035	¥ 3,894	¥ 18,806
Segment assets	¥ 615,043	¥ 516,178	¥ 264,195	¥ 407,195
Depreciation and amortization	¥ 28,716	¥ 3,983	¥ 2,999	¥ 3,660
Expenditures for segment assets	¥ 27,113	¥ 2,891	¥ 6,857	¥ 1,300

Year ended March 31, 2010	Millions of yen Plant & industrial machinery	Real estate development	Finance, logistics & IT business	Overseas corporate subsidiaries and branches
Total volume of trading transactions:				
Outside customers	¥ 295,774	¥ 101,699	¥ 275,159	¥ 749,249
Inter-segment	31,793	553	9,242	577,018
Total	¥ 327,567	¥ 102,252	¥ 284,401	¥ 1,326,267
Gross trading profit	¥ 18,052	¥ 22,633	¥ 45,620	¥ 91,381
Equity in earnings (losses) of affiliated companies–net	¥ 1,099	¥ (454)	¥ (156)	¥ 491
Net income (loss) attributable to Marubeni	¥ 788	¥ (2,056)	¥ 3,070	¥ 8,183
Segment assets	¥ 227,934	¥ 317,623	¥ 220,543	¥ 492,140
Depreciation and amortization	¥ 987	¥ 2,076	¥ 3,984	¥ 4,108
Expenditures for segment assets	¥ 2,911	¥ 18,314	¥ 3,162	¥ 6,015

Year ended March 31, 2010	Millions of yen Corporate and elimination	Consolidated
Total volume of trading transactions:		
Outside customers	¥ 6,067	¥ 7,965,055
Inter-segment	(811,613)	–
Total	¥ (805,546)	¥ 7,965,055
Gross trading profit	¥ (9,094)	¥ 491,673
Equity in earnings (losses) of affiliated companies–net	¥ (15)	¥ 28,864
Net income (loss) attributable to Marubeni	¥ (1,806)	¥ 95,312
Segment assets	¥ 262,878	¥ 4,586,572
Depreciation and amortization	¥ 4,153	¥ 74,373
Expenditures for segment assets	¥ 382	¥ 87,843

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Effective April 1, 2010, Metals & mineral resources segment, Transportation machinery segment, Power projects & infrastructure segment, Plant, ship & industrial machinery segment, Finance, logistics & IT business segment and Iron & steel strategies and coordination segment were reorganized. Plant, ship & industrial machinery segment was renamed to Plant & industrial machinery segment. Iron & steel strategies and coordination segment was combined into Metals & mineral resources segmént. Segment information for the year ended March 31, 2010 was restated to confirm to those changes.

The total volumes of trading transactions are voluntarily disclosed based on similar accounting practices used in Japanese trading companies.

Inter-segment transactions are generally priced in accordance with the prevailing market prices.

Net income (loss) attributable to Marubeni of corporate and elimination includes net income (loss) attributable to Marubeni resulting from headquarters expenses not allocated to the operating segments and inter-segment eliminations. Segment assets of corporate and eliminations include assets for general corporate purposes that are not allocated to the operating segments and inter-segment eliminations. The assets for general corporate purposes consist of mainly cash and cash equivalents related to financing, marketable securities and fixed assets for general corporate purposes.

Revenues from external customers by country for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
Country	**2011**	**2010**	**2011**
Japan	¥ **2,692,182**	¥ 2,345,866	$ **32,435,928**
United States	**643,561**	585,695	**7,753,747**
United Kingdom	**100,793**	104,816	**1,214,373**
Other	**247,313**	243,592	**2,979,675**
Total	¥ **3,683,849**	¥ 3,279,969	$ **44,383,723**

Revenues from external customers are attributed to countries based on the location of the Companies' operations.

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Long-lived assets, including property leased to others, by country as of March 31, 2011 and 2010 were as follows:

Country	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Japan	¥ **458,704**	¥ 457,742	$ **5,526,554**
United States	**172,617**	178,316	**2,079,723**
Indonesia	**106,410**	118,899	**1,282,048**
Other	**158,841**	172,390	**1,913,747**
Total	¥ **896,572**	¥ 927,347	$ **10,802,072**

Revenues from external customers by product for the years ended March 31, 2011 and 2010 were as follows:

Product	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Machinery	¥ **556,034**	¥ 465,217	$ **6,699,205**
Energy	**177,269**	164,691	**2,135,771**
Metals	**423,872**	369,666	**5,106,891**
Chemicals	**693,833**	658,357	**8,359,434**
Forest products and general merchandise	**288,675**	211,279	**3,478,012**
Food	**1,266,894**	1,087,328	**15,263,783**
Textile	**210,796**	221,035	**2,539,711**
Development and construction	**66,476**	102,396	**800,916**
Total	¥ **3,683,849**	¥ 3,279,969	$ **44,383,723**

There is no concentration by customer for any years presented.

17. Foreign Currency Transactions

Net foreign currency transaction gains and losses included in other—net amounted to ¥12,870 million ($155,060 thousand) in losses and ¥6,411 million in losses for the years ended March 31, 2011 and 2010, respectively.

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18. Financial Instruments

Fair value of financial instruments

The estimated fair value of the financial instruments of the Companies has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of amounts that could be realized or would be paid in a current market exchange.

The following methodologies and assumptions were used by the Companies in estimating the fair value disclosures of the financial instruments:

Cash and cash equivalents, and time deposits: The carrying amounts of the cash and cash equivalents, and time deposits reflected in the consolidated balance sheets approximate their fair value.

Investment securities, securities and other investments: The fair value of investments in debt securities is based on quoted market prices or estimated using discounted cash flow analyses, based on the estimated current rates offered to the issuers for securities with similar terms and remaining maturities. The fair value of marketable equity securities is based on quoted market prices. The carrying amount of the marketable equity securities reflected in the consolidated balance sheets represents their fair value. It was not practical to estimate the fair value of the investments other than debt securities and marketable equity securities without incurring excessive costs. The carrying amounts of the portion of the portfolio for which fair value could not be estimated was ¥158,585 million ($1,910,663 thousand) and ¥196,284 million at March 31, 2011 and 2010, respectively, and represented the cost of this portion of the portfolio, which, management believes, has no declines in fair value considered to be other than temporary.

Non-marketable securities of ¥93,555 million ($1,127,169 thousand) and ¥124,035 million, included in the above at March 31, 2011 and 2010, respectively. Of those securities that were not evaluated for impairment, because the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments, were in the amounts of ¥84,928 million ($1,023,229 thousand) and ¥123,628 million at March 31, 2011 and 2010, respectively.

For the carrying amounts and fair value of debt securities and marketable equity securities on the consolidated balance sheets, see Note 4 to consolidated financial statements.

Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies: The fair value of long-term notes, loans and accounts receivable – trade and long-term receivables to affiliated companies is estimated using discounted cash flow analyses, based on the interest rates currently being offered to borrowers for similar long-term notes, loans and accounts receivable – trade with similar credit ratings.

Short-term loans: The carrying amount of the short-term loans reflected in the consolidated balance sheets approximates their fair value.

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Long-term debt: The fair value of long-term debt is estimated using discounted cash flow analyses, based on the current borrowing rates for borrowing arrangements with similar terms and remaining maturities.

Interest rate swap agreements: The fair value of interest rate swap agreements is estimated using discounted cash flow analyses, based on the current swap rates for interest rate swap agreements with similar terms and remaining periods.

Foreign exchange contracts: The fair value of foreign exchange contracts is estimated based on the quoted market prices of comparable contracts, adjusted where necessary for maturity differences.

Commodity futures and forward contracts: The fair value of commodity futures and forward contracts is estimated primarily based on the quoted market prices of comparable contracts, adjusted where necessary for maturity differences.

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The following table presents the carrying amounts and fair value of financial instruments at March 31, 2011 and 2010 (amounts in parentheses represent liabilities).

	Millions of yen			
	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies (less allowance for doubtful accounts)	¥ 95,517	¥ 95,070	¥ 96,685	¥ 95,972
Long-term debt (including current portion)	(2,270,129)	(2,280,531)	(2,341,061)	(2,345,310)
Derivative instruments–assets:				
Interest rate swap agreements	14,660	14,660	17,017	17,017
Foreign exchange contracts and other	11,300	11,300	10,772	10,772
Commodity futures and forward contracts and other	105,122	105,122	94,058	94,058
Derivative instruments–liabilities:				
Interest rate swap agreements	(4,099)	(4,099)	(4,446)	(4,446)
Foreign exchange contracts and other	(8,421)	(8,421)	(8,559)	(8,559)
Commodity futures and forward contracts and other	(99,665)	(99,665)	(91,902)	(91,902)

	Thousands of U.S. dollars	
	2011	
	Carrying amount	Fair value
Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies (less allowance for doubtful accounts)	$ 1,150,807	$ 1,145,422
Long-term debt (including current portion)	(27,350,952)	(27,476,277)
Derivative instruments–assets:		
Interest rate swap agreements	176,627	176,627
Foreign exchange contracts and other	136,145	136,145
Commodity futures and forward contracts and other	1,266,530	1,266,530
Derivative instruments–liabilities:		
Interest rate swap agreements	(49,386)	(49,386)
Foreign exchange contracts and other	(101,458)	(101,458)
Commodity futures and forward contracts and other	(1,200,783)	(1,200,783)

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19. Fair Value Measurements

The Companies measure certain assets and liabilities at fair value. The inputs used in fair value measures are categorized into three levels based upon the observability of inputs in markets.

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: directly or indirectly observable inputs other than Level 1
Level 3: unobservable inputs

The following tables summarize financial assets and liabilities the Companies measure at fair value on a recurring basis at March 31, 2011 and 2010.

	Millions of yen							
	2011				2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents and time deposits	¥ –	¥ 152,000	¥ –	¥ 152,000	¥ –	¥ 128,000	¥ –	¥ 128,000
Short-term investments:								
Equity Securities	1,618	1	–	1,619	19	2	–	21
Debt Securities	–	–	1,251	1,251	–	541	3,181	3,722
Long-term investments:								
Equity Securities	179,645	–	–	179,645	198,989	–	–	198,989
Debt Securities	–	244	16,454	16,698	–	174	28,273	28,447
Derivative instruments								
Interest rate contracts	–	14,660	–	14,660	–	17,017	–	17,017
Foreign exchange contracts	–	11,300	–	11,300	–	10,772	–	10,772
Commodity contracts	37,550	67,498	74	105,122	19,361	74,176	519	94,056
Credit contracts	–	–	–	–	–	–	2	2
Liabilities:								
Derivative instruments:								
Interest rate contracts	–	(4,099)	–	(4,099)	–	(4,446)	–	(4,446)
Foreign exchange contracts	–	(8,421)	–	(8,421)	–	(8,559)	–	(8,559)
Commodity contracts	(45,528)	(54,037)	(66)	(99,631)	(16,855)	(72,328)	(1,447)	(90,630)
Credit contracts	–	–	(34)	(34)	–	–	(1,272)	(1,272)

	Thousands of U.S. dollars			
	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents and time deposits	$ –	$ 1,831,325	$ –	$ 1,831,325
Short-term investments:				
Equity Securities	19,494	12	–	19,506
Debt Securities	–	–	15,072	15,072
Long-term investments:				
Equity Securities	2,164,398	–	–	2,164,398
Debt Securities	–	2,940	198,241	201,181
Derivative instruments				
Interest rate contracts	–	176,627	–	176,627
Foreign exchange contracts	–	136,145	–	136,145
Commodity contracts	452,410	813,229	891	1,266,530
Credit contracts	–	–	–	–
Liabilities:				
Derivative instruments:				
Interest rate contracts	–	(49,386)	–	(49,386)
Foreign exchange contracts	–	(101,458)	–	(101,458)
Commodity contracts	(548,530)	(651,048)	(795)	(1,200,373)
Credit contracts	–	–	(410)	(410)

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Short-term and long-term investments categorized into Level 1 consist of marketable equity securities. Derivative instruments categorized into Level 1 consist of derivatives related to commodity contracts. These assets are measured at quoted prices in active markets without adjustments.

Cash equivalents and time deposits categorized into Level 2 consist of primarily certificates of deposit. Short-term and long-term investments categorized into Level 2 consist of primarily government and corporate bonds. Derivative instruments categorized into Level 2 consist of primarily derivatives related to commodity contracts, forward exchange contracts and interest rate swap agreements. These assets are measured based upon quoted prices of identical assets not categorized into Level 1 in markets that are not active or similar assets or liabilities in active markets. These assets are valued primarily based on a market approach using observable inputs such as commodity price, foreign exchange rate and interest rate.

Short-term and long-term investments categorized into Level 3 consist of primarily government and corporate bonds. Derivative instruments categorized into Level 3 consist of derivatives related to credit risk and commodity contracts. These assets are measured primarily based on a market approach using inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available due to lack of similar assets or liabilities in active markets or inappropriate market price by a decline of liquidity.

The Companies recognize inter-level transfers of financial assets and liabilities at the end of each quarter period.

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The changes in Level 3 assets and liabilities measured on a recurring basis for the years ended March 31, 2011 and 2010 (amounts in parentheses represent liabilities) were as follows:

	Millions of yen			
	2011			
	Short-term investments	Long-term investments	Derivative instruments (assets/(liabilities))	
	Debt securities	Debt securities	Commodity contracts	Credit contracts
Balance at Apirl 1, 2010	¥ 3,181	¥ 28,273	¥ (928)	¥ (1,270)
Gain (loss) on income statement	(101)	(59)	737	236
Other comprehensive income (loss)	200	(116)	44	—
Purchases, issuances, settlements and other	(2,029)	(11,644)	155	1,000
Net transfers in and/or (out) of Level 3	—	—	—	—
Balance at March 31, 2011	¥ 1,251	¥ 16,454	¥ 8	¥ (34)
Gain (loss) in assets and liabilities for the year ended March 31, 2011	¥ —	¥ (59)	¥ 8	¥ 236

	Thousands of U.S. dollars			
	2011			
	Short-term investments	Long-term investments	Derivative instruments (assets/(liabilities))	
	Debt securities	Debt securities	Commodity contracts	Credit contracts
Balance at Apirl 1, 2010	$ 38,325	$ 340,639	$ (11,181)	$ (15,301)
Gain (loss) on income statement	(1,217)	(711)	8,880	2,843
Other comprehensive income (loss)	2,410	(1,398)	530	—
Purchases, issuances, settlements and other	(24,446)	(140,289)	1,867	12,048
Net transfers in and/or (out) of Level 3	—	—	—	—
Balance at March 31, 2011	$ 15,072	$ 198,241	$ 96	$ (410)
Gain (loss) in assets and liabilities for the year ended March 31, 2011	$ —	$ (711)	$ 96	$ 2,843

	Millions of yen			
	2010			
	Short-term investments	Long-term investments	Derivative instruments (assets/(liabilities))	
	Debt securities	Debt securities	Commodity contracts	Credit contracts
Balance at Apirl 1, 2009	¥ 921	¥ 25,679	¥ 176	¥ (3,471)
Gain (loss) on income statement	(174)	(82)	550	2,343
Other comprehensive income (loss)	(34)	(68)	20	(1)
Purchases, issuances, settlements and other	2,468	2,744	(1,674)	(141)
Net transfers in and/or (out) of Level 3	—	—	—	—
Balance at March 31, 2010	¥ 3,181	¥ 28,273	¥ (928)	¥ (1,270)
Gain (loss) in assets and liabilities for the year ended March 31, 2010	¥ (174)	¥ (82)	¥ (942)	¥ 2,343

In the consolidated statements of income, the gain (loss) of investment securities and derivative instruments are included in impairment loss on investment securities, other—net or cost of revenues from trading and other activities.

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The following were summaries of assets the Companies measure at fair value on a nonrecurring basis at March 31, 2011 and 2010.

	Millions of yen			
	2011		2010	
	Level 3	Total	Level 3	Total
Assets:				
Securities and investments in affiliated companies	¥ **36,094**	¥ **36,094**	¥ 50,536	¥ 50,536
Property leased to others, property, plant and equipment, goodwill and intangible assets	**3,837**	**3,837**	12,330	12,330

	Thousands of U.S. dollars	
	2011	
	Level 3	Total
Assets:		
Securities and investments in affiliated companies	**$ 434,867**	**$ 434,867**
Property leased to others, property, plant and equipment, goodwill and intangible assets	**46,229**	**46,229**

Non-marketable equity securities are stated at cost. Investments in affiliated companies are stated at cost, adjusted for equity in their undistributed earnings or accumulated losses since acquisition. When declines in the value of investments in affiliated companies are other than temporary, the investments are written down to fair value and the impairment losses are recognized as a result of comprehensive examination of the recoverability for the investments based on projected business results and the percentage of decline for net assets against the investment, and other relevant factors. If the Company loses control of its subsidiaries due to the change in the ownership interest, retained interest is remeasured at fair value. As a result, the net write-downs amounted to ¥4,215 million ($50,783 thousand) and ¥9,695 million for the years ended March 31, 2011 and 2010, respectively.

Nonfinancial assets measured at fair value on a nonrecurring basis consist primarily of property leased to others, property, plant and equipment, goodwill and intangible assets. Property leased to others, property, plant and equipment and intangible assets subject to amortization are evaluated for impairment and written down to their fair value if the sum of their expected undiscounted future cash flows is less than the carrying amount of the assets, whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Companies review goodwill and intangible assets with indefinite useful lives for impairment at least annually. These assets are written down to fair value and impairment losses are recognized if they are determined to be impaired. As a result, the write-downs amounted to ¥12,610 million ($151,928 thousand) and ¥13,322 million for the years ended March 31, 2011 and 2010, respectively.

Valuation techniques of fair value measurement are primarily the discounted cash flow method that uses the future expected cash flows generated from the investees and related assets as inputs.

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20. Derivative Instruments and Hedging Activities

Risk management

The Company and certain of its subsidiaries are exposed to market risks such as foreign exchange, interest rate and commodity price and enter into derivative transactions, including non-derivative financial instruments which are designated as hedging instruments, to hedge the risks. The Company and certain of its subsidiaries also enter into derivative transactions for trading purposes. The Company and certain of its subsidiaries have internal regulations regarding position and loss limits and the actual positions and gains/losses are periodically reported to management. Although the Company and certain of its subsidiaries are exposed to credit risks in the event of nonperformance by the counterparties, such risks are minimized by avoiding concentration of counterparties, selecting counterparties with high credit ratings and maintaining strict credit control. Furthermore, the Company and certain of its subsidiaries generally enter into master netting agreements with each of its counterparties. The master netting agreements provide protection in the event of bankruptcy of the counterparty in certain circumstances and mitigate the credit risk exposure from these transactions.

The Company and certain of its subsidiaries have separate departments which confirm all derivative transactions and month-end outstanding balances directly with the counterparties from the departments which execute derivative transactions. In addition, the Company has a "Risk Management Division," in its Tokyo Head Office. The Risk Management Division independently analyzes various risks and exposures, reports the results of the analysis, and monitors and controls financing activities comprehensively. Furthermore, the Risk Management Division obtains derivative transaction data from the financial subsidiaries and the foreign corporate subsidiaries, reports to management periodically in cooperation with the related departments, and strengthens the Company's unified control over derivative transactions globally.

Management of foreign currency exposures

The Company and certain of its subsidiaries conduct business in various foreign currencies.

The Company and certain of its subsidiaries use derivative instruments such as currency swaps to hedge the exposure to changes in fair value of foreign currency denominated receivables and payables and firm commitments. The Company and certain of its subsidiaries use foreign exchange contracts to hedge foreign currency denominated receivables, payables, firm commitments and forecast transactions to minimize the effect of foreign currency exposures. The Company and certain of its subsidiaries are using foreign exchange contracts as a hedge of a net investment in foreign currency.

Management of interest rate risks

The Company and certain of its subsidiaries enter into interest rate swap agreements primarily to convert the fixed interest rates on the principal of certain assets and liabilities to floating interest rates.

The Company and certain of its subsidiaries enter into commodity futures, commodity forward contracts, commodity swaps and commodity options primarily to hedge the risks from changes in commodity prices associated with certain inventories, firm commitments and forecast transactions.

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Fair value hedging strategy

The Company and certain of its subsidiaries primarily designate, as a fair value hedge, currency swaps to hedge the exposure to changes in fair value of foreign currency denominated receivables, payables and firm commitments, commodity futures and forward contracts to hedge the exposure to the changes in fair value of certain inventories and firm commitments and interest rate swap agreements to hedge the fixed interest rates on the principal of certain assets and liabilities. Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2011 and 2010. Gains and losses related to unqualified firm commitments as a fair value hedge were not significant for the years ended March 31, 2011 and 2010.

The notional amounts for the interest rate swap agreements to convert fixed interest rates to floating interest rates were ¥767,413 million ($9,245,940 thousand) at March 31, 2011. The notional amounts for currency swap agreements related to the fair value hedge of foreign currency denominated receivables, payables and firm commitments were ¥7,912 million ($95,325 thousand) at March 31, 2011. Commodity futures and forward contracts that the Company and certain of its subsidiaries hold primarily as a fair value hedge were soybeans (10,934 thousand tons), aluminum (398 thousand tons) and copper (113 thousand tons) at March 31, 2011.

Cash flow hedging strategy

The Company and certain of its subsidiaries designate, as a cash flow hedge, foreign exchange contracts to hedge the cash flows of foreign currency denominated receivables, payables, firm commitments and forecasted transactions, interest rate swap agreements to hedge future interest payments of certain assets and liabilities and commodity futures and forward contracts to hedge the cash flows relating to forecasted commodity transactions.

Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2011 and 2010. Gains and losses reclassified into earnings from accumulated other comprehensive income as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions would not occur were not significant for the years ended March 31, 2011 and 2010.

The Company and certain of its subsidiaries expect to reclassify ¥723 million ($8,711 thousand) of net loss on derivative instruments from accumulated other comprehensive income to earnings during the 12 months ending March 31, 2012, due to actual export and import transactions or receipts and payments of interest.

The maximum length of time over which the Company and certain of its subsidiaries are hedging their exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payments of variable interest on existing financial instruments, is 309 months.

The notional amounts for the interest rate swap agreements to convert the floating interest rates to fixed interest rates were ¥308,065 million ($3,711,627 thousand) at March 31, 2011.

Commodity futures, forward and swap contracts that the Company and certain of its subsidiaries hold primarily as a cash flow hedges were electricity (24,383 GWh) at March 31, 2011. The notional amounts for foreign exchange contracts that the Company and certain of its subsidiaries hold primarily as a cash flow hedge were ¥224,723 million ($2,707,506 thousand) at March 31, 2011.

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Hedge of net investment in foreign operation strategy

The Company primarily designates foreign exchange contracts as a hedge of a net investment in foreign operations. Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2011 and 2010.

The amounts of foreign exchange contracts, short-term loans and long term debt and zero-cost collar as a hedge of a net investment in foreign operations were ¥203,932 million ($2,457,012 thousand), ¥43,437 million ($523,337 thousand) and ¥33,880 million ($408,193 thousand), respectively, at March 31, 2011.

Fair value of derivative instruments

The following were the locations and the amounts of derivative instrument fair values in the consolidated balance sheets segregated between designated, qualifying hedging instruments and the others at March 31, 2011 and 2010.

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Millions of yen

	2011			
	Asset derivatives		Liability derivatives	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging: instruments				
Interest rate contracts	Prepaid expenses and other	¥ 628	Accrued expenses and other	¥ 453
	Other assets	14,032	Long-term debt	3,389
Foreign exchange contracts	Cash and cash equivalents	194	Short-term loans	4,591
	Time deposits	2,689	Current portion of long-term debt	623
	Accounts receivable	104	Accrued expenses and other	2,485
	Prepaid expenses and other	7,873	Long-term debt	41,597
	Other assets	1,125	—	—
Commodity contracts	Prepaid expenses and other	24,267	Accrued expenses and other	30,668
	Other assets	4,670	Long-term debt	627
Total		¥ 55,582		¥ 84,433
Derivatives not designated as hedging: instruments				
Interest rate contracts	—	¥ —	Accrued expenses and other	¥ 2
	—	—	Long-term debt	255
Foreign exchange contracts	Prepaid expenses and other	1,572	Accrued expenses and other	1,617
	Other assets	935	Long-term debt	945
Commodity contracts	Prepaid expenses and other	72,251	Accrued expenses and other	59,047
	Other assets	3,934	Long-term debt	9,289
Credit contracts	Prepaid expenses and other	—	Accrued expenses and other	34
Total		¥ 78,692		¥ 71,189
Total derivatives		¥ 134,274		¥ 155,622

Thousands of U.S. dollars

	2011			
	Asset derivatives		Liability derivatives	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:				
Interest rate contracts	Prepaid expenses and other	$ 7,566	Accrued expenses and other	$ 5,459
	Other assets	169,061	Long-term debt	40,831
Foreign exchange contracts	Cash and cash equivalents	2,337	Short-term loans	55,313
	Time deposits	32,398	Current portion of long-term debt	7,506
	Accounts receivable	1,253	Accrued expenses and other	29,939
	Prepaid expenses and other	94,855	Long-term debt	501,169
	Other assets	13,555	—	—
Commodity contracts	Prepaid expenses and other	292,373	Accrued expenses and other	369,494
	Other assets	56,265	Long-term debt	7,554
Total		$ 669,663		$ 1,017,265
Derivatives not designated as hedging instruments:				
Interest rate contracts	—	$ —	Accrued expenses and other	$ 24
	—	—	Long-term debt	3,072
Foreign exchange contracts	Prepaid expenses and other	18,940	Accrued expenses and other	19,482
	Other assets	11,264	Long-term debt	11,386
Commodity contracts	Prepaid expenses and other	870,494	Accrued expenses and other	711,409
	Other assets	47,398	Long-term debt	111,916
Credit contracts	Prepaid expenses and other	—	Accrued expenses and other	410
Total		$ 948,096		$ 857,699
Total derivatives		$ 1,617,759		$ 1,874,964

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	Millions of yen			
	2010			
	Asset derivatives		Liability derivatives	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:				
Interest rate contracts	Prepaid expenses and other	¥ 111	Accrued expenses and other	¥ 578
	Other assets	16,905	Long-term debt	3,377
Foreign exchange contracts	Cash and cash equivalents	13	Accrued expenses and other	2,699
	Time deposits	3,428	Long-term debt	13,836
	Accounts receivable	108	–	–
	Prepaid expenses and other	7,404	–	–
	Other assets	1,790	–	–
Commodity contracts	Prepaid expenses and other	16,301	Accrued expenses and other	16,113
	Other assets	2,408	Long-term debt	434
Total		¥ 48,468		¥ 37,037
Derivatives not designated as hedging instruments:				
Interest rate contracts	Prepaid expenses and other	¥ 1	Accrued expenses and other	¥ 3
	–	–	Long-term debt	488
Foreign exchange contracts	Prepaid expenses and other	1,287	Accrued expenses and other	1,815
	Other assets	503	Long-term debt	503
Commodity contracts	Prepaid expenses and other	75,347	Accrued expenses and other	74,083
Credit contracts	Prepaid expenses and other	2	Long-term debt	1,272
Total		¥ 77,140		¥ 78,164
Total derivatives		¥ 125,608		¥ 115,201

Note: Derivatives designated as hedging instruments include non-derivative instruments which are designated as hedging.
Non-derivative instruments are presented at book value translated by the spot rates as of each balance sheet date.

Gains and losses on derivative instruments

The following were the locations and the amounts of gains and losses on derivative instruments in the statements of income segregated between designated, qualifying hedging instruments and the others for the years ended March 31, 2011 and 2010.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

	Location of gain (loss) in income on derivative	Millions of yen Amount of gain (loss) in income on derivative —year ended March 31,	Thousands of U.S. dollars Amount of gain (loss) in income on derivative —year ended March 31, 2011
Derivatives in fair value hedge:			
Interest rate contracts	Interest expense	¥ (2,962)	$ (35,687)
Foreign exchange contracts	Other—net	(890)	(10,723)
Commodity contracts	Cost of revenues from trading and other activities	(20,750)	(250,000)
Total		¥ (24,602)	$ (296,410)

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

Millions of yen

	Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2011	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2011
Derivatives in cash flow hedge:			
Interest rate contracts	¥ (1,678)	Interest expense	¥ (2,104)
Foreign exchange contracts	976	Other—net	125
Commodity contracts	2,177	Cost of revenues from trading and other activities	1,589
Total	¥ 1,475		¥ (390)

Thousands of U.S. dollars

	Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2011	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2011
Derivatives in cash flow hedge:			
Interest rate contracts	$ (20,217)	Interest expense	$ (25,349)
Foreign exchange contracts	11,759	Other—net	1,506
Commodity contracts	26,229	Cost of revenues from trading and other activities	19,144
Total	$ 17,771		$ (4,699)

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

	Millions of yen		
	Amount of gain (loss) recognized in OCI on deivative (effective portion) —year ended March 31, 2011	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2011
Derivatives in net investment hedge in foreign currency:			
Foreign exchange contracts	¥ 24,039	Other—net	¥ (1,839)
Total	¥ 24,039		¥ (1,839)

	Thousands of U.S. dollars		
	Amount of gain (loss) recognized in OCI on deivative (effective portion) —year ended March 31, 2011	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2011
Derivatives in net investment hedge in foreign currency:			
Foreign exchange contracts	$ 289,627	Other—net	$ (22,157)
Total	$ 289,627		$ (22,157)

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

	Millions of yen		Thousands of U.S. dollars
	Location of gain (loss) in income on derivative	Amount of gain (loss) in income on derivative —year ended March 31, 2011	Amount of gain (loss) in income on derivative —year ended March 31, 2011
Derivatives not designated as hedging instruments:			
Commodity contracts	Cost of revenues from trading and other activities	¥ (2,858)	$ (34,434)
Other contracts	Other—net	943	11,362
Total		¥ (1,915)	$ (23,072)

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

	Location of gain (loss) in income on derivative	*Millions of yen* Amount of gain (loss) in income on derivative —year ended March 31,	
Derivatives in fair value hedge:			
Interest rate contracts	Interest expense	¥	2,238
Foreign exchange contracts	Other—net		(1,048)
Commodity contracts	Cost of revenues from trading and other activities		6,898
Total		¥	8,088

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

Millions of yen

	Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2010		Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2010	
Derivatives in cash flow hedge:					
Interest rate contracts	¥	(1,131)	Interest expense	¥	(1,640)
Foreign exchange contracts		2,301	Other—net		(5,912)
Commodity contracts		(1,832)	Cost of revenues from trading and other activities		4,254
Total	¥	(662)		¥	(3,298)

Millions of yen

	Amount of gain (loss) recognized in OCI on deivative (effective portion) —year ended March 31, 2010		Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2010	
Derivatives in net investment hedge in foreign currency:					
Foreign exchange contracts	¥	12,967	Impairment loss on investment securities	¥	(11)
			Other—net		67
			Equity in earnings of affiliated companies		59
Total	¥	12,967		¥	115

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

	Location of gain (loss) in income on derivative	*Millions of yen* Amount of gain (loss) in income on derivative —year ended March 31,	
Derivatives not designated as hedging instruments:			
Commodity contracts	Cost of revenues from trading and other activities	¥	1,809
Other contracts	Other—net		1,137
Total		¥	2,946

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Credit-risk-related contingent features in derivative instruments

Certain of the derivative instruments that the Company and certain of its subsidiaries hold contain provisions that require the Company's debt to be maintained at an investment grade credit rating or higher from each of the major credit rating agencies. If the credit rating of the Company's debt were to fall below investment grade, the counterparties in the derivative transactions could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on March 31, 2011, was ¥300 million ($3,614 thousand). If the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2011, the Company and certain of its subsidiaries would not have been required to post additional collateral to its counterparties.

Credit Derivatives

The Company and certain of its subsidiaries enter into credit default swap agreements and use hybrid instruments that have embedded credit derivatives such as Collateralized Loan Obligation as a seller of credit derivatives. The referenced assets in those credit derivatives are mainly corporate bonds or loans. Some of these have fallen below investment grade. However, the Company and certain of its subsidiaries evaluate the credit derivatives at fair value and recognize adjustments in gains and losses. If default occurs in the referenced assets in the future, the Company and certain of its subsidiaries' financial position and results of operations may be affected. However, the influence is believed to be limited to the best of the Company's knowledge. The maximum potential amounts of future payments for the credit derivatives of the Company and certain of its subsidiaries were ¥6,988 million ($84,193 thousand) and ¥9,648 million and the fair value were an asset of ¥1,217 million ($14,663 thousand) and an asset of ¥194 million at March 31, 2011 and 2010, respectively. The Company and certain of its subsidiaries do not have recourse to the general credit of the third parties in the credit derivatives.

21. Concentration of Credit Risk

The Companies operate as a general trading business and their business comprises export, import, domestic and offshore trading in a wide variety of fields including industrial, agricultural and consumer products, and also involve all levels of activities from planning, investment, and research and development through production, distribution and marketing. In addition, the Companies operate in substantially all geographic areas of the world, and their customers are diversified. Accordingly, management of the Companies believe there is no significant concentration of credit risk among its customers or in its investments. The Companies require collateral to the extent considered necessary.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

22. Leases

Lessor:

The Company and certain of its subsidiaries lease industrial machinery, office equipment and certain other assets, which are classified as direct financing leases. Net investments were included in notes, loans and accounts receivable–trade in the consolidated balance sheets at March 31, 2011 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Total future minimum lease payments to be received	¥ **28,044**	¥ 40,202	$ **337,880**
Less unearned income	**(5,345)**	(6,946)	**(64,398)**
Net investments in direct financing leases	¥ **22,699**	¥ 33,256	$ **273,482**

The future minimum lease payments to be received from the next year at March 31, 2011 are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 10,343	$ 124,614
2013	7,099	85,530
2014	4,669	56,253
2015	2,397	28,880
2016	1,377	16,590
Thereafter	2,159	26,013
Total	¥ 28,044	$ 337,880

The Company and certain of its subsidiaries also lease property such as office buildings, freight railcars, trailers and certain other assets under operating leases. The cost and accumulated depreciation of the leased property at March 31, 2011 and 2010 were shown on the consolidated balance sheets. At March 31, 2011, the future minimum lease receipts under noncancelable operating leases are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 8,284	$ 99,807
2013	6,045	72,831
2014	4,806	57,904
2015	3,358	40,458
2016	2,341	28,205
Thereafter	10,325	124,397
Total	¥ 35,159	$ 423,602

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Lessee:

The Company and certain of its subsidiaries lease machinery, vessels, office equipment and certain other assets, which are classified as capital leases. At March 31, 2011, the cost and accumulated depreciation of the leased property, included primarily in property, plant and equipment in the consolidated balance sheet, were ¥23,814 million ($286,916 thousand) and ¥12,560 million ($151,325 thousand), respectively. The future minimum lease payments under capital leases from the next year together with the capital lease obligations at March 31, 2011 are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 2,897	$ 34,904
2013	2,570	30,964
2014	2,716	32,723
2015	2,014	24,265
2016	1,379	16,614
Thereafter	4,419	53,241
Total future minimum lease payments	15,995	192,711
Less amount representing interest	(2,929)	(35,289)
Capital lease obligation	¥ 13,066	$ 157,422

The Company and certain of its subsidiaries also lease office buildings, vessels, trailers and certain other assets under operating leases. Rental expense amounted to ¥21,858 million ($263,349 thousand) and ¥19,705 million for the years ended March 31, 2011 and 2010, respectively. At March 31, 2011, the future minimum lease payments under noncancelable operating leases are as follows:

Years ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2012	¥ 19,278	$ 232,265
2013	14,268	171,904
2014	10,144	122,217
2015	7,827	94,301
2016	6,010	72,410
Thereafter	25,638	308,891
Total	¥ 83,165	$ 1,001,988

The future minimum lease payments to be received under noncancelable subleases corresponding to the above future minimum lease payments were not material at March 31, 2011.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

23. Commitments and Contingent Liabilities

The Company and certain of its subsidiaries enter into long-term purchase contracts for certain goods and products in metal and mineral resources and machinery industries at either fixed or variable prices. The Company and certain of its subsidiaries generally enter into sales contracts for such purchase contracts with customers. At March 31, 2011, the total amount of the long-term purchase contracts was approximately ¥1,075,000 million ($12,951,807 thousand), of which deliveries were at various dates through 2022.

The Company and certain of its subsidiaries had commitments to make additional investments or loans in the aggregate amount of approximately ¥156,000 million ($1,879,518 thousand) at March 31, 2011.

The Company and certain of its subsidiaries provide various types of guarantees for the obligations of the affiliated companies and customers in the ordinary course of business. The guarantees are primarily for the monetary indebtedness to the benefit of third parties. Should the guaranteed customers fail to fulfill their obligations, the Company and certain of its subsidiaries would be required to fulfill the obligations under these guarantees.

The outstanding balances of guarantees were ¥213,936 million ($2,577,542 thousand) and ¥243,324 million, including ¥117,186 million ($1,411,880 thousand) and ¥138,947 million to the affiliated companies, at March 31, 2011 and 2010, respectively.

The outstanding balances of guarantees represent the maximum potential amount of future payments without consideration of the possibilities of fulfillment of the obligations. Therefore, such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Some guarantees are secured by secondary guarantees provided for the Company and certain of its subsidiaries by third parties. The amounts secured by secondary guarantees provided for the Company and certain of its subsidiaries by third parties were ¥22,456 million ($270,554 thousand) and ¥27,654 million, including ¥20,209 million ($243,482 thousand) and ¥23,833 million to the affiliated companies at March 31, 2011 and 2010, respectively. Guarantees with the longest term will expire in 2037. The liabilities recognized for the guarantees were ¥2,025 million ($24,398 thousand) and ¥2,308 million at March 31, 2011 and 2010, respectively.

The Company manages the risk of fulfillment of obligations under the guarantees by setting the appropriate line of credit and by undertaking provisional measures in accordance with the credit risk rank to which each guaranteed customer belongs. The Company determines the rank of each customer before entering into the guarantee agreements according to the customer's credit risk which is estimated and reviewed based on the customer's financial information. The possibilities of fulfillment of obligations under the guarantees which would have a material effect in the consolidated financial statements were estimated to be remote at March 31, 2011. A provision for loss on guarantees was recognized for the amount that was considered probable.

The outstanding balance of the export bills of exchange discounted by the negotiating banks were ¥9,776 million ($117,783 thousand) and ¥10,106 million at March 31, 2011 and 2010, respectively. If a customer fails to fulfill its obligation with respects to the bills, the Company and certain of its subsidiaries would be obligated to repurchase the bills based on the agreements with the banks.

Marubeni Corporation and Subsidiaries

Notes to Consolidated Financial Statements

The Companies and the affiliated companies conduct business activities on a global scale and are involved in transactions which are subject to the oversight by various types of authorities, both in Japan and abroad. Such business activities are exposed to risk and, from time to time, may involve legal actions, claims or other disputes. Although there were various issues outstanding at March 31, 2011, management is of the opinion that settlement of all such issues outstanding would not have a material effect on the consolidated financial position or results of operations, or cash flows of the Companies.

24. Variable Interest Entities

In December 2009, the FASB issued ASU 2009-17, *Improvements to Financial Reporting by Enterprise Involved with Variable Interest Entities*. ASU 2009-17, updating ASC 810-10, *Consolidation*, amends the guidance for assessment of consolidating variable interest entities and requires qualitative analyses. The exceptions for a Qualifying Special Purpose Entity are removed due to the removal of the concept of a Qualifying Special Purpose Entity in ASU 2009-16.

ASU 2009-17 has been effective from the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, and for interim periods within that first annual reporting period. Although the companies adopted ASU 2009-17 in the fiscal year, the effects of this adoption was not material for the Companies' financial position at March 31, 2011 and results of operations for the year ended March 31, 2011.

The Company and certain of its subsidiaries hold subordinated investment securities and other interests without voting rights in VIEs, whose operations are fund management and real estate developments, and consolidate them as the primary beneficiary.

The following table presents the carrying amounts and classification of the consolidated VIEs' assets and liabilities on the consolidated balance sheets at March 31, 2011 and 2010. The liabilities are primarily loans and bonds for purchase of assets. The creditors or beneficial interest holders of the consolidated VIEs, with exception of certain VIEs, do not have recourse to the general credit of the Company or its consolidated subsidiaries. The Company guarantees debts of certain of the VIEs but the balances of the guarantees were not material.

Assets and liabilities of VIEs on consolidated balance sheet	*Millions of yen*		*Thousands of U.S. dollars*
	2011	**2010**	**2011**
Assets:			
Cash and cash equivalents	¥ **20,068**	¥ 6,756	$ **241,783**
Accounts receivable	—	37	—
Securities and other investments	**1,653**	8,555	**19,916**
Property leased to others—net	**49,910**	21,534	**601,325**
Land	**20,140**	37,875	**242,651**
Other	**25,393**	20,538	**305,939**
Total	¥ **117,164**	¥ 95,295	$ **1,411,614**
Liabilities:			
Long-term debt, less current portion	**13,622**	34,830	**164,120**
Other	**34,704**	8,787	**418,121**
Total	¥ **48,326**	¥ 43,617	$ **582,241**

Marubeni Corporation and Subsidiaries

Notes to Consolidated Financial Statements

The part of the VIE's assets put in as a collateral of VIE's long-term debt, less current portion (including current portion of long-term debt whose maturity dates are within one year) and most of them were property leased to others—net and land.

There were no fluctuations of the VIE's assets caused by changing in conclusions to consolidate VIEs for the years ended March 31, 2011 and 2010.

The VIEs that have not been consolidated by the Company and certain of its subsidiaries because they are not the primary beneficiary while they hold variable interests in VIEs, in the form of investments, loans and other, whose operations are financing and leasing.

The total assets of these VIEs were ¥416,304 million ($5,015,711 thousand) and ¥485,528 million at March 31, 2011 and 2010, respectively. The following table presents the carrying amounts and classification of the assets and liabilities that relate to the Companies' variable interests in these VIEs in the consolidated balance sheets at March 31, 2011 and 2010. The following table also presents the amounts of the maximum exposure to loss as a result of the involvement with these VIEs. The maximum exposure represents the amounts of a loss which the Companies could incur from the variability in value of the investments, and does not necessarily represent the anticipated loss to be incurred from the involvement with the VIEs.

	Millions of yen			
	Variable Interests on consolidated balance	The maximum exposure to loss	Variable Interests on consolidated balance	The maximum exposure to loss
	2011		**2010**	
Securities and other investment	¥ **4,645**	¥ **4,645**	¥ 3,446	¥ 3,446
Long-term notes, loans and accounts receivable -	**12,237**	**12,237**	14,652	14,652
Lease contracts	—	**24,124**	—	18,348
Total	¥ **16,882**	¥ **41,006**	¥ 18,098	¥ 36,446

	Thousands of U.S. dollars	
	Variable Interests on consolidated balance	The maximum exposure to loss
	2011	
Securities and other investment	$ **55,964**	$ **55,964**
Long-term notes, loans and accounts receivable -	**147,434**	**147,434**
Lease contracts	—	**290,650**
Total	$ **203,398**	$ **494,048**

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

25. Gains or losses on loss of control of subsidiaries

The Companies recognize gains or losses as changes in the Companies' ownership interests in net income and the difference between carrying amount and fair value of retained noncontrolling investments remeasured is included in net income, if the Companies lose control of subsidiaries. The amount of gains or losses in net income by remeasuring retained noncontrolling investments at its fair value upon losing control of former subsidiaries were ¥4,114 million ($49,566 thousand) of gains and ¥9,321 million of gains for the years ended March 31, 2011 and 2010, respectively. Valuation techniques of fair value measurement are primarily the discounted cash flow method that uses the future expected cash flows generated from the investees and related assets as inputs. The amounts of gains or losses in net income as changes in the Companies' ownership interest were ¥6,795 million ($81,867 thousand) of gains and ¥14,295 million of gains for the years ended March 31, 2011 and 2010, respectively, including gains on remeasurement of retained noncontrolling investments, which the Company recognized upon losing control of subsidiaries. Gains or losses recognized by these accounting treatments were presented in gain on sale of investment securities. These sales transactions were not made with the related party of the company. Certain of former consolidated subsidiaries became affiliated companies after sales transactions which resulted in loss of control.

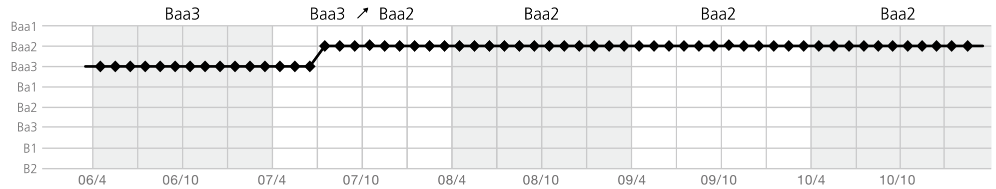
26. Subsequent Events

The Companies have evaluated subsequent events through June 21, 2011, which was the date its consolidated financial statements were available to be issued.

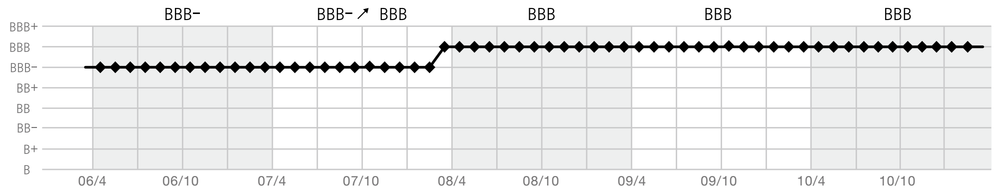
On May 18, 2011, the Board of Directors approved the payment of cash dividends to shareholders of record on March 31, 2011 of ¥6.5 ($0.08) per share of common stock or ¥11,288 million ($136,000 thousand) in the aggregate from the retained earnings payable on May 31, 2011.

Trends in Credit Ratings

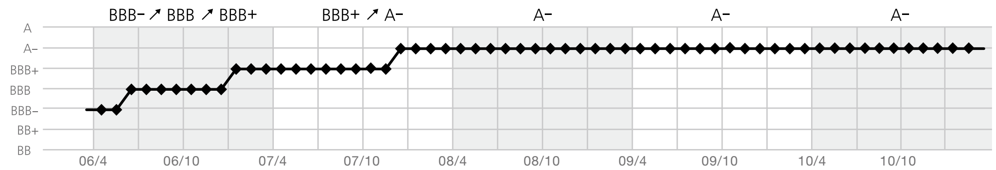
Moody's



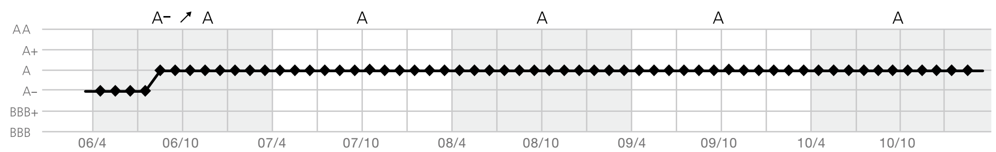
Standard & Poor's (S&P)



Rating and Investment Information, Inc. (R&I)



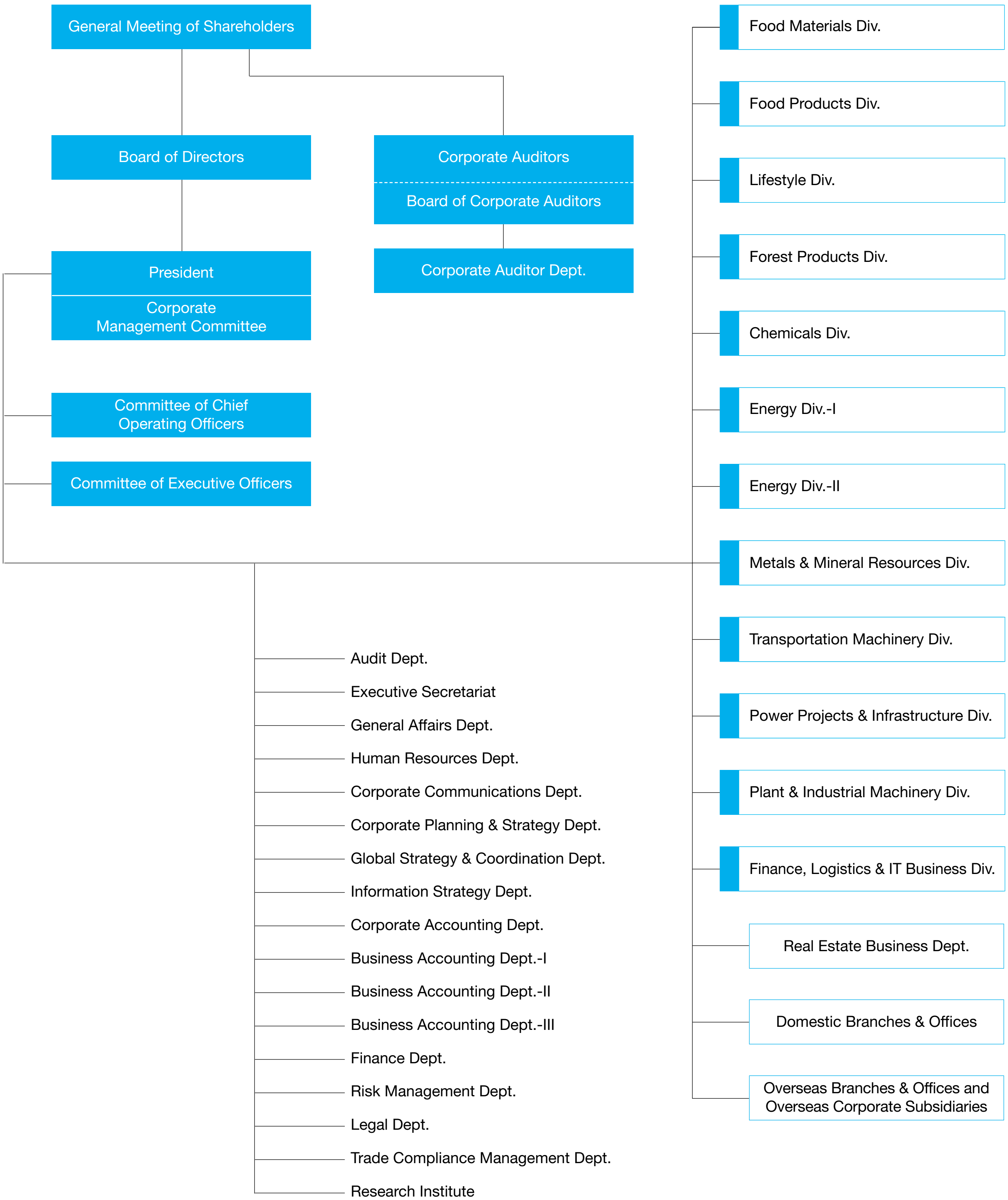
Japan Credit Rating Agency, Ltd. (JCR)



2007.3 **2008.3** **2009.3** **2010.3** **2011.3**

* In April 2011 the Japan Credit Rating Agency, Ltd. (JCR) upgraded Marubeni's rating from A to A+

Organization



(As of April 1, 2011)

Corporate Data

Founded
May 1858

Incorporated
December 1, 1949

Paid-in Capital
¥262,685,964,870

Number of Shareholders
129,765

Number of Shares Issued and Outstanding
1,737,940,900

Number of Employees
4,020
(Excluding 371 local employees of overseas branches and offices and 1,398 local employees of overseas corporate subsidiaries)

Number of Domestic Offices *
9

Number of Overseas Branches and Offices and Overseas Corporate Subsidiaries *
57 overseas branches & offices and
32 overseas corporate subsidiaries with 62 offices
for a total of 119 offices in 69 countries/areas

Major Shareholders
Japan Trustee Services Bank, Ltd. (Trust Account)
JP Morgan Chase Bank 380055
The Master Trust Bank of Japan, Ltd. (Trust Account)
Sompo Japan Insurance Inc.
Tokio Marine and Nichido Fire Insurance Co., Ltd.
Meiji Yasuda Life Insurance Company
State Street Bank and Trust Company
SSBT OD05 OMNIBUS ACCOUNT—TREATY CLIENTS
Mizuho Corporate Bank, Ltd.
Nippon Life Insurance Company

Stock Listings
Tokyo, Osaka, Nagoya

Transfer Agent of Common Stock
Mizuho Trust & Banking Co., Ltd.

Home Page Address
http://www.marubeni.com

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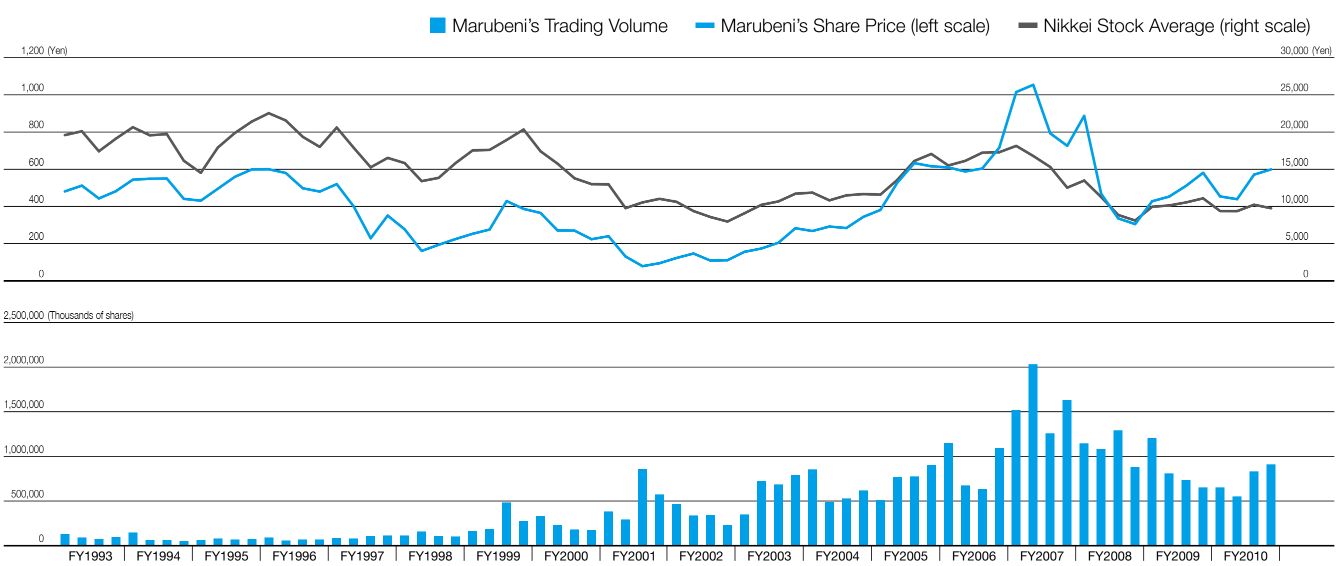
Fax: 81-3-3282-4241
E-mail: TOKB191@marubenicorp.com

(As of March 31, 2011, except* as of April 1, 2011)

Share Price and Trading Volume



Global Network

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Kuching
Kunming
Lahore
Manila
Mumbai (Bombay)
Nanjing
New Delhi
Phnom Penh
Qingdao
Quang Ngai
Seoul
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