MITSUI & CO LTD
Form 6-K
February 04, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Consolidated Financial Results for the Nine-Month Period Ended December 31, 2008

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

of the Securities Exchange Act of 1934

For the month of February 4, 2009

Commission File Number 09929

Mitsui & Co., Ltd.

(Translation of registrant s name into English)

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

(Address of principal executive offices)

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

Form 20-F __X__ Form 40-F ______

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

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

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

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

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

Yes ______ No __X__

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

Signatures

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

Date: February 4, 2009

MITSUI & CO., LTD.

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

Consolidated Financial Results for the Nine-Month Period Ended December 31, 2008

[Based on accounting principles generally accepted in the United States of America (U.S. GAAP)]

Tokyo, February 3, 2009 Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 31, 2008.

Mitsui & Co., Ltd. and subsidiaries

(Web Site : http://www.mitsui.co.jp)

President and Chief Executive Officer : Shoei Utsuda

Investor Relations Contacts : Katsurao Yoshimori, General Manager, Investor Relations Division TEL 81-3-3285-7533

1. Consolidated financial results (Unreviewed)

(1) Consolidated operating results information for the three-month period ended December 31, 2008 (from October 1, 2008 to December 31, 2008)

(Millions of yen)

	Three-month period ended December 31,			
	2008		**2007**	
		%		%
Revenues	1,176,009	(19.7)	1,465,046	24.6
Income from continuing operations before income taxes, minority interests and equity in earnings	27,201	(68.8)	87,065	1.2
Net income	39,153	(52.6)	82,594	(8.0)

(2) Consolidated operating results information for the nine-month period ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

(Millions of yen)

	Nine-month period ended December 31,			
	2008		**2007**	
		%		%
Revenues	4,508,634	7.3	4,202,329	21.3
Income from continuing operations before income taxes, minority interests and equity in earnings	337,389	8.8	310,163	38.7
Net income	279,701	(16.4)	334,515	37.0
Net income per share, basic	153.71		185.67	
Net income per share, diluted	153.26		183.42	

Notes :

1. Percentage figures for Revenues, Income from continuing operations before income taxes, minority interests and equity in earnings, and Net income represent changes from the previous year.

2. In accordance with Statement of Financial Accounting Standards (SFAS) No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the figures for the nine-month period ended December 31, 2007 relating to discontinued operations have been

reclassified from income from continuing operations.

(2) Consolidated financial position information

		December 31, 2008	March 31, 2008
Total assets	Millions of yen	8,847,577	9,537,829
Shareholders equity	Millions of yen	1,921,111	2,183,660
Shareholders equity ratio	%	21.7	22.9
Shareholders equity per share	Yen	1,054.86	1,202.03

Note :

The companies adopted FASB Staff Position No. FIN 39-1, Amendment of FASB Interpretation No. 39 effective April 1, 2008. In accordance with this amendment, the companies adjusted the total assets as of March 31, 2008.

2. Dividend information

		Year ended March 31, 2009	Year ended March 31, 2008	Year ending March 31, 2009 (Forecast)
Interim dividend per share	Yen	25	23	
Year-end dividend per share	Yen		23	10
Annual dividend per share	Yen		46	35

3. Forecast of consolidated operating results for the year ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

		Year ending March 31, 2009
Net income	Millions of yen	310,000
Net income per share, basic	Yen	170.33

4. Others

(1) Increase/decrease of important subsidiaries during the period : None

(2) Number of shares :

	December 31, 2008	March 31, 2008
Number of shares of common stock issued, including treasury stock	1,824,917,976	1,820,183,809
Number of shares of treasury stock	3,710,961	3,543,891

	Nine-month period ended December 31, 2008	Nine-month period ended December 31, 2007
Average number of shares of common stock outstanding	1,819,668,434	1,801,661,010

A Cautionary Note on Forward-Looking Statements:

This report contains statements (including figures) regarding Mitsui & Co., Ltd. (Mitsui) s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui s management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to, (i) changes in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui s ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

I. Highlights of Consolidated Financial Results for the Three-Month Period and Nine-Month Period Ended December 31, 2008

Consolidated financial statements for the three month and nine-month periods ended December 31, 2008 and for the corresponding the three month and nine month periods of the previous year are not reviewed by auditors.

1 Summary of Financial Results for the Three-Month Period and Nine-Month Period Ended December 31, 2008

(1) *Operating environment*

The stress in the financial markets in the United States intensified in mid-September 2008 following the sudden collapse of Lehman Brothers, and rapidly spread to major European countries as well as other regions. Amid deteriorating business confidence, authorities and central banks in the world responded immediately with extraordinary steps, including taking equity positions in commercial banks and large injections of liquidity, coordinated reductions in policy interest rates and coordinated measures to stimulate the economy as well as to support industries. Such measures have started to have an effect somewhat in bringing the waves of panic that have inundated credit and equity markets across the world under control to some extent. However, the intensification of the financial crisis has started to exact a significant toll far beyond expectation on economic activity across the world especially in the auto and construction business with a falloff in business performance as well as private consumption.

Emerging economies, which have been the major driver behind the recent global growth, have not escaped the impact of the widening crisis with export volumes fading as import demand in developed countries declined sharply and softening of domestic demand. In response, the Chinese government unveiled a massive economic stimulus package to boost economy and domestic demand.

The macroeconomic landscape in Japan is similar to that in the United States and Europe. Household spending has retrenched, business investment intentions has been market down steeply, and export has slowed down with slumping import demand in the rest of the world.

Commodity markets too are at a crossroad. Prices in energy, metals and all commodity markets have fallen sharply from the highest prices ever in July 2008 reflecting slower growth and increase in risk aversion. Future oil price (WTI) reached USD-33 per barrel at one time in December. Japanese Yen appreciated against almost all currencies and even reached Yen-87 against USD-1.00 at one point due to several reasons, including decrease in spread between Japanese interest rates and U.S. rates, Euro Zone rates as well as other countries rates, weakening of currencies of resource-rich countries such as the Australian Dollar and Brazilian Real as a result of falloff in commodity prices; the Japanese financial markets being less affected by fallout from the global financial and banking crisis.

Following the decision by Bank of Japan to reduce the policy interest rate in October and in December 2008 and to take on proactive measures to provide liquidity such as conducting outright purchases of commercial paper, the Japanese government decided to introduce the second supplementary budget for fiscal year 2008 including financial support for small and medium-sized enterprises.

Such measures are expected to eventually restore confidence in the economy. Nevertheless, a serious downturn of the real economy is yet to come, and we must be fully prepared for continuing challenges in the economic environment, such as slowing economy, appreciation of the Japanese Yen, falloff in commodity markets and credit crunch.

(2) ***Operating Results (Comparison between the three month periods ended December 31, 2008 and 2007)***

Mitsui & Co., Ltd. (Mitsui) and its subsidiaries (collectively the Group) posted a consolidated net income of ¥39.2 billion for the three month period ended December 31, 2008, a decline of ¥43.4 billion, from ¥82.6 billion for the corresponding three month period of the previous year. Major factors during the periods were as follows.

Due to the time lag in consolidating their earnings into our operating results as well as the price formulas, Oil and Gas Producing businesses remained robust despite the sharp falloff in oil prices for the three month period ended December 31, 2008. Reflecting the higher prices, coal business also showed solid performance. As a result, the Energy Segment reported increases in gross profit, equity in earnings of associated companies and dividend income.

On the other hand, reflecting a decline in sales volume caused by the sharp slowdown of the global economy since last autumn and the appreciation of the Japanese Yen against the Australian Dollar and Brazilian Real, businesses of Mineral & Metal Resources reported a decline in gross profit, equity in earnings of associated companies.

Affected by a significant toll on economic activity across the world, almost all the non-resources segments including the Iron & Steel Product Segment, the Chemical Segment and the Food & Retail Segment, reported a decrease in net income compared to the corresponding three month period of the previous year. Only the Consumer Service & IT Segment reported an increase in net income due to a large gain on sale of a real estate trust beneficiary right.

Due to the sharp decline in equity markets, the Group recognized impairment losses of ¥32.9 billion including those of listed securities at the Chemical Segment and the Machinery & Infrastructure Projects Segment. In addition, reflecting declines in listed shares in Sims Metal Management Limited (Australia) and Penske Automotive Group, Inc. (United States), we recognized impairment losses of ¥25.8 billion and of ¥5.1 billion in equity in earnings of associated companies-net, respectively.

(3) ***Operating Results (Comparison between the nine month periods ended December 31, 2008 and 2007)***

The group posted consolidated net income of ¥279.7 billion, a decline of ¥54.8 billion, or down 16.4 %, from ¥334.5 billion for the corresponding nine month period of the previous year. Major developments during the periods were as follows.

Although gross profit and equity in earnings of associated companies declined compared to the corresponding three month period of the previous year reflecting the Japanese Yen appreciation against almost all currencies and slowing growth in the global economies since last September, the businesses of Mineral & Metal Resources recorded increases in gross profit and equity in earnings of associated companies attributable to the robust performance during the first six month period ended September 30, 2008 enjoying the continued run-up in prices of related commodities and increased sales volumes.

Due to the time lag in consolidating their earnings into our operating results as well as the price formulas, Oil and Gas Producing businesses remained solid despite the sharp falloff in oil prices for the three month period ended December 31, 2008. Reflecting the higher prices, coal business also showed solid performance. As a result, the Energy Segment reported increases in gross profit, equity in earnings of associated companies and dividend income.

Due to intensification of the global economic slowdown and the credit crunch since last September, excluding the Foods & Retail Segment, the Logistics & Financial Markets Segment and the America Segment, all the other non-resources segments recorded substantial decreases in gross profit for the three month period ended December 31, 2008 compared to the corresponding three month period of the previous year, and also showed decreases in gross profit for the nine month period ended December 31, 2008.

Due to the sharp decline in equity markets, the Group recognized impairment losses of ¥57.6 billion including those of listed securities such as Mitsui Chemical held by the Chemical Segment and Yamaha Motor stock held by the Machinery & Infrastructure Projects Segment. In addition, reflecting declines in listed shares in Sims Metal Management Limited and Penske Automotive Group, Inc., we recognized impairment losses of ¥25.8 billion and of ¥5.1 billion in equity in earnings of associated companies-net, respectively.

Substantial one-off gains on sale of securities and divestitures in the six month period of the previous year amounting to approximately ¥93 billion (after tax) including sales of the Group s stakes in mineral resources and energy businesses, such as Sesa Goa Limited in India, Sakhalin II in Russia, Wandoo Petroleum Pty. Ltd. in Australia and EBM (*1) in Brazil, gains on sale of aircraft held by Tombo Aviation, Inc. (United States) as well as a gain on land sale in Europe in the automotive field.

(*1) Empreendimentos Brasileiros de Mineração S.A.

(4) ***Financial Condition***

Total assets as of December 31, 2008 were ¥8.8 trillion, a decline of ¥0.7 trillion from ¥9.5 trillion as of March 31, 2008. With commodity prices plummeting during the three month period ended December 31, 2008, current assets declined by ¥0.2 trillion. Investments and plant, property and equipment (PPE) declined by ¥0.5 trillion compared to the previous fiscal year end due to decreases in investment in foreign associated companies, in PPE held by foreign subsidiaries and in listed securities resulting from the stronger Japanese Yen and sharp decline in equity markets all over the world partially offset by additional investment in Valepar S.A. (Brazil) and various capital expenditures for the expansions made by the Mineral & Metal Resources and the Energy segments. Shareholders equity as of December 31, 2008 was ¥1.9 trillion, a decline of ¥0.3 trillion from ¥2.2 trillion as of March 31, 2008, due to the stronger Japanese Yen and lower equity prices offset by an increase of retained earnings. Net Debt-to-Equity Ratio (Net DER) (*1) as of December, 2008 was 1.44 times, an increase of 0.17 point from ¥1.27 times as of March 31, 2008.

(1*) See 4 Financial Condition and Cash Flows regarding Net DER .

(5) ***Cash Flow Statement***

Reflecting a net increase in Mitsui s cash outflow of ¥209.4 billion due to the rise in operating assets and liabilities including rise in derivative assets, net cash provided by operating activities for the nine month period ended December 31, 2008 was ¥242.8 billion. Net cash used in investing activities for the nine month period ended December 31, 2008 was ¥256.0 billion due mainly to an additional investment in Valepar S.A., and other expansion related expenditures for natural resources in the Mineral & Metal Resources and the Energy Segments. As a result, free cash flow (*1) for the nine-month period ended December 31, 2008 was a net outflow of ¥13.2 billion.

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

2. Results of Operation

(1) *Analysis on consolidated income statements (Comparison between the three month periods ended December 31, 2008 and 2007)*

Gross Profit

Gross profit for the three month period ended December 31, 2008 was ¥234.2 billion, a decline of ¥7.2 billion, from ¥241.4 billion for the corresponding three month period of the previous year as a result of the following:

The Americas Segment reported an increase of ¥19.8 billion in gross profit due to the solid performance of Novus International Inc. (U.S.A.) reflecting a continued strong demand of animal feed additives and improved performance of the activities at Westport Petroleum Inc. (U.S.A.) supported by the favorable environment in oil future markets.

The Energy Segment reported an increase of ¥12.6 billion in gross profit despite the recent precipitation in oil prices. Due to the time lag in consolidating their earnings into our operating results as well as the price formulas the oil & gas producing businesses showed solid performance and Mitsui Coal Holdings Pty. Ltd. (Australia) reported an increase in gross profit due to higher coal prices.

The Mineral & Metal Resources Segment reported a decline of ¥12.4 billion in gross profit. Due to the decrease in sales volume resulting from the global recession, Mitsui Iron Ore Development Pty. Ltd. (Australia) and Mitsui Itochu Iron Pty. Ltd. (Australia) reported decreases of ¥6.7 billion and ¥3.4 billion, respectively, in spite of the run-up in iron ore annual contract prices.

The Logistics & Financial Markets Segment reported an increase of ¥9.3 billion which was offset by a foreign exchange loss of ¥15.6 billion related to commodity trading at Mitsui and posted in other expense-net.

Almost all segments in non- resources business excluding the Food & Retail Segment, the Logistics & Financial Markets Segment and the Americas Segment, reported a decline in gross profit affected by the global economic crisis.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three month period ended December 31, 2008 were ¥141.5 billion, a decline of ¥8.2 billion, from ¥149.7 billion for the corresponding three month period of the previous year.

The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

							Billions of Yen
	Personnel	**Welfare**	**Travel**	**Entertainment**	**Communication**	**Others**	**Total**
Three month period ended December 31, 2008	69.5	2.9	8.5	2.8	11.4	46.4	141.5
Three month period ended December 31, 2007	72.2	3.0	9.2	2.7	12.4	50.2	149.7
Change	p2.7	p0.1	p0.7	0.1	p1.0	p3.8	p8.2

(*)p: Decrease in selling, general and administrative expenses

Personnel expenses were ¥69.5 billion, a decrease of ¥2.7 billion from ¥72.2 billion for the corresponding three month period of the previous year. Personnel expenses increased at Mitsui Marubeni Liquefied Gas Co., Ltd. (Japan) as a result of merger with Marubeni Liquefied Gas Corporation (Japan) and also at Novus International Inc. (United States) due to increase in bonus expenses. On the other hand, reclassification of T Gaia Corporation (Japan) from subsidiary to associated company resulted in a decrease in personnel expenses.

Expenses in the category Others were ¥46.4 billion, a decline of ¥3.8 billion from ¥50.2 billion for the corresponding three month period of the previous year.

The table below provides selling, general and administrative expenses by operating segment.

Billions of Yen

Operating Segment	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Markets
Three month period ended December 31, 2008	8.3	3.8	19.9	12.0	14.1	16.7	17.8	7.4
Three month period ended December 31, 2007	8.3	3.7	20.6	14.3	10.7	15.7	24.1	9.1
Change(*)	0.0	0.1	p0.7	p 2.3	3.4	1.0	p 6.3	p 1.7

Operating Segment	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All other	Adjustments and Eliminations	Consolidated Total
Three month period ended December 31, 2008	17.4	5.6	6.5	129.5	1.4	10.6	141.5
Three month period ended December 31, 2007	17.2	6.1	6.4	136.2	1.7	11.8	149.7
Change(*)	0.2	p 0.5	0.1	p 6.7	p 0.3	p 1.2	p 8.2

(*)p: Decrease in selling, general and administrative expenses

While the Energy Segment reported an increase of ¥3.4 billion, the Consumer Service & IT Segment reported a decline of ¥6.3 billion. The major increase in the Energy Segment was reported by Mitsui Marubeni Liquefied Gas Co., Ltd. and the major decline in the Consumer Service & IT Segment was reported by T-Gaia Corporation.

Provision for Doubtful Receivables

Provision for doubtful receivables for the three month period ended December 31, 2008 was ¥4.7 billion, an increase of ¥2.5 billion, from ¥2.2 billion for the corresponding three month period of the previous year reflecting the credit crunch sparked by the intensifying financial turmoil. Provisions for both periods consisted of an accumulation of reserves for individually small receivables.

Interest Expense, Net of Interest Income

Interest expense, net of interest income for the three month period ended December 31, 2008 was ¥9.4 billion, a decline of ¥4.0 billion from ¥13.4 billion for the corresponding three month period of the previous year. Overseas subsidiaries reported a decline in total due to lower U.S. Dollar interest rates.

The following table sets forth the periodic average of 3 month Libor of Japanese Yen and U.S. Dollar for the three month periods ended December 31, 2008 and 2007.

Periodic average of 3 month Libor (%p.a.)

	Three month Period Ended December 31, 2008	2007
Japanese Yen	0.90%	0.93%
U.S. Dollar	2.22%	4.91%

Dividend Income

Dividend income for the three month period ended December 31, 2008 was ¥19.9 billion, an increase of ¥8.2 billion from ¥11.7 billion for the corresponding three month period of the previous year.

Dividends from LNG projects in Abu Dhabi, Qatar and Oman were ¥12.7 billion, an increase of ¥7.0 billion for the corresponding three month period of the previous year reflecting higher prices. In addition, we received dividends of ¥1.5 billion from an LNG project in Equatorial Guinea for the three month period ended December 31, 2008.

Gain on Sales of Securities

Gain on sales of securities for the three month period ended December 31, 2008 was ¥16.4 billion, an increase of ¥5.6 billion from ¥10.8 billion for the corresponding three month period of the previous year. The major items were a gain of ¥11.9 billion on sale of a trust beneficiary right of Shiodome building, a gain of ¥2.9 billion from the merger of T-Gaia Corporation (Former Telepark Corp) with MS Communications Co., Ltd. There were divestitures of two cable television businesses for the corresponding three month period of the previous year.

Loss on Write-Down of Securities

Loss on write-downs of securities for the three month period ended December 31, 2008 was ¥32.9 billion, an increase of ¥26.2 billion from ¥6.7 billion for the corresponding three month period of the previous year.

Major losses for the three month period ended December 31, 2008 were write-downs on listed shares in Yamaha Motors Co. Ltd. (Japan) in the Machinery & Infrastructure Segment, in Mitsui Chemicals, Inc. (Japan) and in Ishihara Sangyo Kaisha LTD. (Japan) in the Chemical Segment, while loss for the corresponding three month period of the previous year consisted of miscellaneous small items.

Gain on Disposal or Sales of Property and Equipment Net

Loss on disposal or sales of property and equipment net for the three month period ended December 31, 2008 was ¥0.6 billion, an increase of ¥0.6 billion compared to the corresponding three month period of the previous year.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the three month period ended December 31, 2008 was ¥13.3 billion, an increase of ¥8.2 billion from ¥5.1 billion for the corresponding three month period of the previous year. The major loss for the three month period ended December 31, 2008 was an impairment loss of ¥10.2 billion on property & equipment and mineral rights of Vincent oil field. The major loss for the corresponding three month period of the previous year was an impairment loss of ¥3.9 billion of power producing equipment at domestic power producing operations.

Impairment Loss of Goodwill

Impairment loss of goodwill for the three month period ended December 31, 2008, was ¥13.6 billion. The major losses were an impairment loss of ¥5.5 billion for Steel Technologies Inc. (United States) triggered by the severe condition of the steel products business related to automotive and housing industries in the United States, and ¥4.1 billion for Mitsui Knowledge Industry Co., Ltd. (Japan), reflecting a decline in its share price. The group did not record any impairment loss for the corresponding three month period of the previous year.

Other Expense Net

Other Expense net for the three month period ended December 31, 2008 was ¥27.2 billion, an increase of ¥27.4 billion, from income of ¥0.2 billion for the corresponding three month period of the previous year. The major expenses for the three month period ended December 31, 2008 were foreign exchange losses of ¥17.4 billion at Mitsui, ¥15.6 billion of which was related to commodity derivative trading at the Logistics & Financial Markets Segment and corresponded to the gross profit at the same segment. Also salvage expenses of ¥4.0 billion for the Mexican gulf oil production facility destroyed by hurricane was posted at the Energy Segment. Other expense-net for the corresponding three month period of the previous year consisted of miscellaneous small items.

Income Taxes

Income Taxes for the three month period ended December 31, 2008 was a tax benefit of ¥8.2 billion, an improvement of ¥47.5 billion, from a tax expense of ¥39.3 billion for the corresponding three month period of the previous year. We recognize tax effect of an impairment loss on a listed security, if and when share price of such security declines to 50% or less of the carrying value to meet tax deductibility criteria under the Japanese tax laws and regulations. For the three month period ended December 31, 2008, we recorded an additional positive tax effect on the impairment losses of the prior periods, on which we had not recorded tax effect, as a result of the further decline in their share prices.(*1)

Minority Interests in Earnings of Subsidiaries

Minority interests in earnings of subsidiaries for the three month period ended December 31, 2008 was a loss of ¥6.1 billion, a decline of ¥6.2 billion from a loss of ¥12.3 billion for the corresponding three month period of the previous year. Major factors of the decline were related to increases in minority interest at Mitsui Marubeni liquefied gas Co., Ltd., at Japan Collahuasi Resources B.V. (Netherlands), the holding company of Compania Minera Dona Ines de Collahuasi,SCM, a copper producing company in Chile, and at Mitsui Oil Exploration Co., Ltd. (Japan), which resulted in a large portion of the losses being allocated to the minority shareholder.

Equity in Earnings of Associated Companies Net

Equity in earnings of associated companies net (after income tax effect) for the three month period ended December 31, 2008 was ¥9.9 billion, a decline of ¥36.6 billion from ¥46.5 billion for the corresponding three month period of the previous year as a result of followings:

- Reflecting higher oil price and favorable price amendment of condensate sold to Mittwell Energy Resources Pty. Ltd. (Australia), Japan Australia LNG (MIMI) Pty. Ltd. (Australia) reported an increase in earnings.

- Due to lower nickel price and the appreciation of Japanese Yen vis-à-vis Brazilian Real, Valeper S.A., the holding company of Companhia Vale do Rio Doce, a Brazilian mining company, reported a decline in earnings.

- Due to the appreciation of Japanese Yen vis-à-vis the U.S.Dollar, Compania Minera Dona Ines de Collahuasi SCM, a copper producing company, reported a decrease in earnings.

- Reflecting other-than-temporary declines in listed shares in Sims Metal Management Limited and Penske Automotive Group, Inc., we recognized impairment losses of ¥25.8 billion and of ¥5.1 billion, respectively.

Income from Discontinued Operations Net

Income from discontinued operations net (after income tax effect) for the three month period ended December 31, 2008 was nil. Income from discontinued operations for the corresponding three month period of the previous year was ¥0.6 billion.

(*1) We recognize an impairment loss on a listed security if the security has an other-than-temporary decline in its share price. As an example, we record an impairment loss when a listed security s price in the market declines by 30% or more compared to its purchase price, taking into account the materiality of the decline. Under the Japanese tax laws and regulations, less than 50% decline impairment losses are generally considered as non-taxable expenses. In case of non-taxable impairment losses, we set up valuation allowances on the deferred tax assets on the impairment losses unless the deferred tax assets can be realized with reasonable grounds. If and when the share price falls by 50% or more and the non-taxable impairment loss turns into taxable, we recognize tax effect on the loss including the non-taxable loss(es) recorded in the previous period(s).

(2) ***Operating Results by Operating Segment***

Based on the reorganization effective April 1, 2008, the following subsidiaries previously included in the Machinery & Infrastructure Projects and the Chemical Segments were transferred to the Americas Segment. The operating segment information for the three month period ended December 31, 2007 has been restated to conform to the current year presentation.

From the Machinery & Infrastructure Projects Segment:

Mitsui Automotoriz S.A. (Peru), Road Machinery LLC (United States), Ellison Technologies Inc. (United States)

From the Chemical Segment:

Novus International, Inc. (*1), Fertilizantes Mitsui S.A. Industria e Comercio (Brazil)

(*1) Novus International, Inc. was transferred in the 4th quarter of the fiscal year ended March 31, 2008.

Iron & Steel Products Segment

Gross profit for the three month period ended December 31, 2008 was ¥11.8 billion, a decline of ¥3.7 billion from ¥15.5 billion for the corresponding three month period of the previous year. Regency Steel Asia Pte Ltd. (Singapore) recorded a valuation loss on inventory and posted a large decline in gross profit due to the significant toll on economic activity as well as the intensifying credit crunch in the region. The steel products transactions in the domestic market were less affected by fallout from the global financial crisis.

Operating income for the three month period ended December 31, 2008 was ¥3.4 billion, a decline of ¥3.5 billion from ¥6.9 billion for the corresponding three month period of the previous year reflecting a decrease in gross profit.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥0.7 billion, a decline of ¥0.6 billion from ¥1.3 billion for the corresponding three month period of the previous year.

Net income for the three month period ended December 31, 2008 was ¥2.7 billion, a decline of ¥3.0 billion from ¥5.7 billion for the corresponding three month period of the previous year.

Mineral & Metal Resources Segment

Gross profit for the three month period ended December 31, 2008 was ¥15.1 billion, a decrease of ¥12.4 billion from ¥27.5 billion for the corresponding three month period of the previous year.
The main factor of the decline was the curtailment of sales volume in iron ore producing business and the appreciation of Japanese Yen vis-à-vis the Australian Dollar and Brazilian Real. Reflecting tight supply and demand balance in emerging and developing economies, especially in China and India, iron ore contract prices for the year ending March 31, 2009 increased substantially from the year ended March 31, 2008.

Following the settlement of Brazilian iron ore fines with increases in price by 65~71%, Australian iron ore lump and fines prices were settled with an increase by 96.5% and 79.9% respectively.

Reflecting reduced crude steel production due to the global recession since last autumn, the iron ore sales volume dropped sharply, and as a result, gross profit recorded by Mitsui Iron Ore Development Pty. Ltd. and Mitsui Itochu Iron Pty. Ltd. declined by ¥6.7 billion and ¥3.4 billion respectively.

Operating income for the three month period ended December 31, 2008 was ¥11.4 billion, a decline of ¥12.5 billion from ¥23.9 billion for the corresponding three month period of the previous year, reflecting the decrease in gross profit.

Equity in losses of associated companies for the three month period ended December 31, 2008 was ¥9.3 billion, a decrease of ¥29.7 billion from earnings of ¥20.4 billion for the corresponding three month period of the previous year. Major factors were as follows:

Earnings at Robe River Mining Company, which is an investment vehicle company for iron ore mining business in Australia, were ¥4.8 billion, an increase of ¥2.5 billion from ¥2.3 billion for the corresponding three month period of the previous year reflecting increase in the iron ore prices.

Compania Minera Dona Ines de Collahuasi SCM, a copper producing company, recorded earnings of ¥1.6 billion, a decline of ¥5.3 billion from ¥6.9 billion for corresponding three month period of the previous year. The main reasons for the decline were increases in production cost and the appreciation of the Japanese Yen against the U.S. Dollar.

Valepar S.A. posted earnings of ¥7.9 billion, a decline of ¥1.4 billion from ¥9.3 billion for the corresponding three month period of the previous year. Due to the fact that Valepar S.A. has a different fiscal year end, an increase from higher iron ore price was offset with a decline in nickel price as well as the appreciation of the Brazilian Real against the U.S. Dollar. In addition, the appreciation of the Japanese Yen against the Brazilian Real resulted in lower equity in earnings in consolidating its earnings into our financial statements.

Reflecting a decline in listed share in Sims Metal Management Limited, we recognized an impairment loss of ¥25.8 billion. Consequently, net loss for the three month period ended December 31, 2008 was ¥7.9 billion, a substantial decline of ¥38.0 billion from net income of ¥30.1 billion for the corresponding three month period of the previous year.

Machinery & Infrastructure Projects Segment

Gross profit for the three month period ended December 31, 2008 was ¥22.1 billion, a decline of ¥9.7 billion from ¥31.8 billion for the corresponding three month period of the previous year.

Although the motorcycle retail finance company P.T. Bussan Auto Finance continued to show solid performance, overseas automotive distribution subsidiaries in the emerging countries in Latin America and Russia as well as in North America posted a decline affected by the slow down of the economy and the credit crunch. As a result, this business unit reported a decline.

Reflecting a sharp drop of demand, marine business slowed in marketing commercial vessels, trading in used vessels, operating and chartering vessels, and owning or leasing special energy-related vessels.

Infrastructure projects business reported a decline at leasing subsidiaries in Europe reflecting remodeling and overhaul of rolling stock and in the United States reflecting an increase in idle freight cars.

Operating income for the three month period ended December 31, 2008 was ¥1.0 billion, a decline of ¥8.0 billion, from ¥9.0 billion for the corresponding three month period of the previous year due to a decline in gross profit.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥5.5 billion, a decline of ¥7.6 billion from ¥13.1 billion for the corresponding three month period of the previous year.

Overseas power producing businesses such as IPM UK Power Holdings Limited (Gibraltar) and IPM Eagle LLP (United Kingdom) and P.T. Paiton Energy (Indonesia) reported a ¥2.0 billion profit in total, a decline of ¥5.0 billion from a ¥7.0 billion for the corresponding three month period of the previous year due to a reversal effect that Australian power producing operation recorded a mark-to-market evaluation profit of ¥4.1 billion on power contracts for the corresponding three month period of the previous year.

This segment recorded a ¥4.1 billion (this segment portion) loss on write-down of securities in listed share in Penske Automotive Group, Inc. reflecting a decline in its share.

Net income for the three month period ended December 31, 2008 was ¥4.5 billion, a decline of ¥13.9 billion, from ¥18.4 billion for the corresponding three month period of the previous year. This segment recorded a loss of ¥7.7 billion on write-down of securities of Yamaha Motor Co., Ltd. The segment posted a positive tax effect of ¥6.7 billion in income taxes not only on the impairment loss of ¥7.7 billion for the current period but also on the impairment loss of ¥8.6 billion for the previous year.

Chemical Segment

Gross profit was ¥12.2 billion, a decline of ¥10.9 billion from ¥23.1 billion for the corresponding three month period of the previous year. The major factors of declines in this segment were as follows:

In the up-stream products area, due to a sharp decline of market price of ammonia since last autumn and curtailment of sales volume, P.T. Kaltim Pasifik Amoniak (Indonesia), a joint venture manufacturing and marketing company of ammonia, recorded a decline in gross profit. Basic petrochemicals also recorded a decline due to a further deterioration in market prices of ethylene dioxide and vinyl chloride monomer, both of which are used for vinyl chloride as raw materials.

Mid-stream intermediate products such as styrene monomer, mono-ethylene glycol and phenol used for synthetic resin and synthetic fiber raw materials in overall recorded a decline in gross profit due to sluggish market prices as well as a further deterioration in demand.

Plastics and functional materials also recorded a decline in gross profit due to falloff in the market prices coupled with a decline in demand.

Sulfur and sulfuric acid, raw materials of fertilizer, decelerated sharply after the last summer when the export custom duty for the fertilizer products in China was raised substantially and the demand in China declined considerably.

Operating loss for the three month period ended December 31, 2008 was ¥0.4 billion, a decline of ¥9.7 billion from ¥9.3 billion of profit for the corresponding three month period of the previous year, reflecting the decline in gross profit.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥0.1 billion, a decline of ¥1.4 billion from ¥1.5 billion for the corresponding three month period of the previous year. Although International Methanol Company (Saudi Arabia), a joint venture methanol manufacturing company, recorded earnings of ¥0.6 billion, similar to the earnings for the corresponding three month period of the previous year, an impairment loss on listed share in an associated company resulted in the decline.

Net loss for the three month period ended December 31, 2008 was ¥4.2 billion, a decline of ¥9.5 billion from ¥5.3 billion of profit for the corresponding three month period of the previous year. This segment recorded a loss of ¥8.9 billion on write-down of securities including an additional ¥4.5 billion impairment loss on shares of Mitsui Chemicals, Inc. and a ¥3.5 billion impairment loss on shares in Ishihara Sangyo Kaisha LTD. This segment recorded an income tax effect of ¥6.1 billion not only on the impairment loss of ¥4.5 billion for Mitsui Chemicals in the current three month period ended December 31, 2008 but also on an impairment loss of ¥10.3 billion on the same securities posted in the six month period ended September 30, 2008.

Energy Segment

Japan Crude Cocktail (JCC) plummeted to US$55 per barrel (preliminary figure) in December 2008 as a result of slowing demand and increased risk aversion after reaching a historical high price in July 2008. The JCC price trend is generally reflected in the net income of our overseas oil and gas producing subsidiaries and associated companies in this segment within a zero to 6 month time lag. Considering these time lags, Mitsui periodically calculates the weighted average JCC price applied to operating results of those oil and gas producing subsidiaries and associated companies for internal reviewing purposes. Such weighted average JCC prices for internal reviewing purposes for the three month period ended December 31, 2008 and 2007 were US$120 per barrel and US$73 per barrel, respectively.

Gross profit for the three month period ended December 31, 2008 was ¥64.1 billion, an increase of ¥12.7 billion from ¥51.4 billion for the corresponding three month period of the previous year primarily due to the following:

Mitsui E&P Australia Pty Ltd (Australia) recorded a ¥11.7 billion increase in gross profit due to an increase in sales volume from Tui oil field in New Zealand which started its oil production in July 2007 as well as higher oil prices. On the other hand, Mittwell Energy Resources Pty., Ltd. (Australia) posted a decline of ¥7.3 billion in gross profit due to a curtailment of shipments and an increase in condensate cost as a result of the revision of the transfer price from Japan Australia LNG (MIMI) Pty. Ltd. Likewise, due to lower oil prices, Mitsui Oil Exploration Co., Ltd., of which fiscal year end is March 31, reported a decline of ¥8.4 billion.

The price for representative Australian premium hard coking coal for the year ending March 31, 2009 increased by approximately 200% to US$300 per ton FOB from the price for the year ended March 31, 2008. At the same time thermal coal prices also increased by approximately 100% from the previous period. For the three month period ended December 31, 2008, gross profit at Mitsui Coal Holdings Pty. Ltd. (Australia) increased by ¥17.6 billion, reflecting higher coal price.

Following the merger with Marubeni Liquefied Gas Corporation (Japan) in April 2008, Mitsui Marubeni Liquefied Gas Co., Ltd. increased its sales volume but reported a decline of ¥5.9 billion in gross profit due to a valuation loss on inventories resulting from a decline in market price.

Operating income for the three month period ended December 31, 2008 was ¥49.9 billion, an increase of ¥9.5 billion from ¥40.4 billion for the corresponding three month period of the previous year. An increase of ¥3.3 billion of selling, general and administrative expenses caused by the merger with Marubeni Liquefied Gas Corporation was recorded at Mitsui Marubeni Liquefied Gas Co., Ltd.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥12.0 billion, an increase of ¥4.9 billion from ¥7.1 billion for the corresponding three month period of the previous year. Japan Australia LNG (MIMI) PTY. Ltd. (Australia) reported an increase in earnings due to run-up in oil prices and revised transfer price applied to sales of condensate to Mittwell Energy Resources Pty., Ltd.

Net income for the three month period ended December 31, 2008 was ¥49.4 billion, an increase of ¥33.5 billion from ¥15.9 billion for the corresponding three month period of the previous year. Besides the above-mentioned developments, there were following factors:

Dividends from LNG projects in Abu Dhabi, Qatar, Oman and Equatorial Guinea were ¥14.2 billion, an increase of ¥8.5 billion over the corresponding three month period of the previous year.

This segment recorded a ¥10.2 billion impairment loss on property & equipment and mineral rights at Vincent oil field in Australia due to a sharp decline in the market price.

This segment recorded salvage expenses of ¥4.0 billion for the Mexican gulf oil production facility destroyed by a hurricane. Increase in exploration costs was partially offset with a gain in foreign exchange. As a result, other expenses-net was a gain of ¥0.4 billion, an improvement of ¥1.5 billion. The major item for the three month period ended December 31, 2007 was exploration expenses at Mitsui

E&P Australia Pty Limited.

Foods & Retail Segment

Gross profit for the three month period ended December 31, 2008 was ¥22.0 billion, an increase of ¥2.5 billion from ¥19.5 billion for the corresponding three month period of the previous year. The Segment has been taking various cost reduction initiatives in the domestic food distribution and retail operations facing severe conditions in terms of profitability.

In the food raw material business, soybeans and wheat transaction were solid.

MITSUI FOODS CO., LTD. recorded an increase in gross profit over the corresponding three month period of the previous year due to improved margins gained as a result of restructuring unprofitable businesses.

Mitsui Norin Co.,Ltd. (Japan) reported a decline in gross profit due to a weaker market of whole sales tea products and raw materials of beverages.

Operating income for the three month period ended December 31, 2008 was ¥5.3 billion, an increase of ¥1.5 billion from ¥3.8 billion for the corresponding three month period of the previous year. MITSUI FOODS CO., LTD. reported an increase in their operating income. Mitsui Norin Co., Ltd. also reported a decline in operating income reflecting a decline in gross profit partly offset with an improvement in selling, general and administrative expenses.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥0.4 billion, a ¥1.2 billion decline from ¥1.6 billion for the corresponding three month period of the previous year.

Reflecting these factors, net income for the three month period ended December 31, 2008 was ¥1.5 billion, a decline of ¥2.5 billion from ¥4.0 billion for the corresponding three month period of the previous year. In addition to the above mentioned factors, other expense-net for the three month period ended December 31, 2008 was ¥2.5 billion, mainly due to a foreign currency exchange loss. Other expense-net for the corresponding three month period of the previous year was a gain of ¥0.2 billion and consisted of miscellaneous small items.

Consumer Service & IT Segment

Gross profit for the three month period ended December 31, 2008 was ¥14.1 billion, a decline of ¥11.3 billion from ¥25.4 billion for the corresponding three month period of the previous year due to severe business condition caused by slowdown of the domestic economy and T-GAIA Corporation reclassified from subsidiary to associated company.

This segment recorded a ¥3.7 billion operating loss, a decline of ¥5.1 billion from an income of ¥1.4 billion for the corresponding three month period of the previous year. Selling, general and administrative expenses improved due to the reclassification of T-GAIA Corporation from subsidiary to associated company.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was ¥2.1 billion, an increase of ¥0.5 billion from ¥2.1 billion for the corresponding three month period of the previous year.

Net income for the three month period ended December 31, 2008 was ¥1.8 billion, an increase of ¥1.2 billion from a profit of ¥0.6 billion for the corresponding three month period of the previous year. Other than the above-mentioned there were following factors:

This segment reported a gain of ¥14.9 billion on sale of securities including a gain of ¥11.9 billion on sales of a trust beneficiary right with respect to Shiodome building and a gain of ¥2.9 billion on sales of share in T-Gaia Corporation (former Telepark Corp.) through the merger transaction with MS Communications Co., Ltd. This segment reported a gain of ¥2.8 billion on sales of securities of two cable television operations for the corresponding three month period of the previous year.

This segment reported an impairment loss ¥4.1 billion on goodwill reflecting a decline in share price of Mitsui Knowledge Industry Co., Ltd. (Japan).

Reflecting the overall decline at domestic equity markets, this segment recorded a loss of ¥4.0 billion on write-down of securities including an impairment loss of Tokyo Broadcasting System, Inc. for the three month period ended December 31, 2008. This segment recorded a loss of ¥2.3 billion on write-down of securities, which were mainly listed on the market and consisted of miscellaneous small items, for the corresponding three month period of the previous year.

Logistics & Financial Markets Segment

Gross profit for the three month period ended December 31, 2008 was ¥25.5 billion, an increase of ¥9.3 billion from ¥16.2 billion for the corresponding three month period of the previous year. The increase included a profit corresponding to a foreign exchange loss of ¥15.6 billion related to commodity trading business posted in other expense-net. Despite the continued volatile commodity markets, which are favorable for the commodity traders, Mitsui Energy Risk Management Ltd. reported a decline of ¥5.2 billion due to the credit contraction. Likewise, returns from the funds held by Mitsui worsened due to the credit crunch. Logistics business recorded a valuation loss on real estate for sale.

Operating income for the three month period ended December 31, 2008 was ¥16.2 billion, an increase of ¥9.5 billion from ¥6.7 billion for the corresponding three month period of the previous year.

Equity in earnings of associated companies for the three month period ended December 31, 2008 was a loss of ¥1.2 billion, an improvement of ¥0.4 billion from a loss of ¥1.6 billion for the corresponding three month period of the previous year.

Accordingly, net loss for the three month period ended December 31, 2008 was ¥5.1 billion, a deterioration of ¥8.2 billion from net income of ¥3.1 billion for the corresponding three month period of the previous year. Other than above factors, the following factors were attributable to the deterioration:

- The segment recorded a foreign exchange loss of ¥15.6 billion in other expense-net, which corresponded to the increase in gross profit.

- The segment recorded a ¥4.8 billion loss on the write-down, mainly write-downs on listed shares for the three month period ended December 31, 2008, while it recorded a loss of ¥1.6 billion for the corresponding three month period of the previous year.

Americas Segment

Gross profit for the three month period ended December 31, 2008 was ¥34.4 billion, an increase of ¥19.8 billion from ¥14.6 billion for the corresponding three month period of the previous year.

- Novus International Inc. recorded an increase of ¥8.9 billion in gross profit over for the corresponding three month period of the previous year reflecting higher product prices as well as increase in sales volume supported by a strong demand of animal feed additives globally.

- Oil products trading subsidiary, Westport Petroleum, Inc., recorded an improvement of ¥5.9 billion reflecting change in the oil future markets environment.

- Champions Pipe & Supply, Inc. (United States) contributed to the increase in gross profit supported by a strong demand of tubular pipes for oil and gas industry carrying over from the previous periods despite the fact that decreasing oil rig counts under lower oil prices showed signs of slower growth of tubular pipe demand.

- This segment reported an increase due to a reversal effect of ¥5.0 billion loss on the write-down of inventories at MBK Real Estate Ltd. (United States) reflecting the decline in the residential market for the corresponding three month period of the previous year.

Operating income for the three month period ended December 31, 2008 was ¥15.2 billion, a substantial increase of ¥18.4 billion from a loss of ¥3.2 billion for the corresponding three month period of the previous year reflecting the large increase in gross profit.

Equity in losses of associated companies for the three month period ended December 31, 2008 was ¥0.9 billion, a decline of ¥2.5 billion from earnings of ¥1.6 billion for the corresponding three month period of the previous year.

Net loss for the three month period ended December 31, 2008 was ¥10.6 billion, an increase of ¥8.8 billion from net loss of ¥1.8 billion for the corresponding three month period of the previous year. Other than the above-mentioned there were following factors:

This segment recorded a ¥9.6 billion impairment loss of goodwill and a ¥2.9 billion impairment loss of long-lived assets at subsidiaries of Mitsui & Co., (U.S.A.), Inc. Steel Technologies Inc. recorded a ¥5.5 billion impairment loss of goodwill and also an impairment loss of long-lived assets, reflecting severe condition of the steel products business for automotive and housing industries in the United States.

The segment reported interest expense, net of interest income improved by ¥2.4 billion resulting from lower U.S. Dollar interest rates.

This segment reported liquidation cost and evaluation loss of ¥2.3 billion of currency option transactions at Fertilizantes Mitsui S.A. Industria e Comercio (Brazil), a fertilizer producing and marketing company, in other expense-net.

Europe, the Middle East and Africa Segment

Gross profit for the three month period ended December 31, 2008 was ¥6.0 billion, a decline of ¥0.9 billion from ¥6.9 billion for the corresponding three month period of the previous year.

Operating profit for the three month period ended December 31, 2008 was ¥0.3 billion, a ¥0.5 billion decline from ¥0.8 billion for the corresponding three month period of the previous year, reflecting the decline in gross profit.

Net loss for the three month period ended December 31, 2008 was ¥0.9 billion, a decline of ¥1.9 billion from net income of ¥1.0 billion for the corresponding three month period of the previous year, reflecting economic slowdown in Europe.

Asia Pacific Segment

Gross profit for the three month period ended December 31, 2008 was ¥3.0 billion, a decline of ¥5.7 billion from ¥8.7 billion for the corresponding three month period of the previous year.

Operating loss for the three month period ended December 31, 2008 was ¥3.6 billion, a decline of ¥5.9 billion from operating income of ¥2.3 billion for the corresponding three month period of the previous year, reflecting the decline in gross profit.

Net income for the three month period ended December 31, 2008 was ¥3.9 billion, a decline of ¥2.0 billion from ¥5.9 billion for the corresponding three month period of the previous year. In addition to the above mentioned factors, the segment s minority interest in Mitsui Coal Holdings Pty. Ltd. increased by ¥3.7 billion, supported by increases in prices of coal.

3. **Results of Operations**

(1) *Analysis on consolidated income statements (Comparison between the nine month periods ended December 31, 2008 and 2007)*

Gross Profit

Gross profit for the nine month period ended December 31, 2008 was ¥862.8 billion, an increase of ¥142.9 billion, or 19.8%, from ¥719.9 billion for the corresponding nine month period of the previous year as a result of the following:

The Energy Segment reported an increase of ¥78.6 billion in gross profit. This increase is attributable to solid performance by the oil & gas producing businesses and Mitsui Coal Holdings Pty. Ltd. (Australia), reflecting continued run-up in mineral resource prices and additional energy equity production.

The Mineral & Metal Resources Segment also reported an increase of ¥34.8 billion in gross profit. Reflecting higher iron ore prices, Mitsui Iron Ore Development Pty. Ltd. (Australia) and Mitsui Itochu Iron Pty. Ltd. (Australia) reported increases of ¥28.1 billion and ¥4.9 billion, respectively.

The Americas Segment reported an increase of ¥45.2 billion in gross profit. Supported by strong demand of animal feed additives, Novus International Inc. (United States) reported an increase of ¥23.0 billion. Backed by strong demand of tubular pipes for oil and gas industry, Champions Pipe & Supply, Inc. (United States) and Mitsui Real Estate LLC (United States), which recorded a loss on the write-down of residential home inventories, for the corresponding nine month period of the previous year, also contributed to the increase in gross profit.

Logistics & Financial Markets Segment reported an increase of ¥18.2 billion, while the Segment posted a foreign exchange loss of ¥19.5 billion in other expense-net corresponding to the increase in gross profit.

Due to the financial turmoil intensified after the last fall, excluding Foods & Retail Segment, Logistics & Financial Markets Segment and the Americas Segment, all the other non-resources segments recorded substantial decline in gross profit attributable to decline in sales volumes as well as margins, which offset the increased gross profits for the six month period ended September 30, 2008 reflecting the positive economic circumstances in the emerging countries. In addition, Consumer Service & IT Segment reported a decline due to a loss on write down of inventories in the domestic residential home business.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the nine month period ended December 31, 2008 were ¥453.6 billion, an increase of ¥7.5 billion from ¥446.1 billion for the corresponding nine month period of the previous year.

The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

							Billions of Yen
	Personnel	**Welfare**	**Travel**	**Entertainment**	**Communication**	**Others**	**Total**
Nine month period ended December 31, 2008	224.2	9.3	26.3	8.2	36.2	149.4	453.6
Nine month period ended December 31, 2007	218.6	8.8	26.4	7.9	35.3	149.1	446.1
Change(*)	5.6	0.5	p 0.1	0.3	0.9	0.3	7.5

(*)p: Decrease in selling, general and administrative expenses

Personnel expenses were ¥224.2 billion, an increase of ¥5.6 billion from ¥218.6 billion for the corresponding nine month period of the previous year. This increase is mainly attributable to Mitsui Marubeni Liquefied Gas Co., Ltd. (Japan) s merger with Marubeni Liquefied Gas Corporation (Japan) and increased sales volume at Novus International Inc.

The table below provides selling, general and administrative expenses by operating segment.

Operating Segment	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Billions of Yen Logistics & Financial Markets
Nine month period ended December 31, 2008	26.4	11.6	62.4	39.4	42.4	48.4	65.7	26.2
Nine month period ended December 31, 2007	25.8	12.0	60.2	44.1	33.3	49.2	73.7	24.1
Change(*)	0.6	p 0.4	2.2	p 4.7	9.1	p 0.8	p 8.0	2.1

Operating Segment	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Nine month period ended December 31, 2008	55.3	18.6	20.6	417.0	4.3	32.3	453.6
Nine month period ended December 31, 2007	51.3	18.0	18.4	410.1	5.5	30.5	446.1
Change(*)	4.0	0.6	2.2	6.9	p 1.2	1.8	7.5

(*)p: Decrease in selling, general and administrative expenses

The Energy and the Americas Segments reported increases of ¥9.1 billion and ¥4.0 billion, respectively. The major increases were reported by Mitsui Marubeni Liquefied Gas Co., Ltd. in the Energy Segment and by Novus International Inc. in the Americas Segment. The Chemical Segment and the Consumer Service & IT Segment reported decline of ¥4.7 billion and ¥8.0 billion, respectively. The major declines were reported by INOUEKI CO., LTD. (Japan) in the Chemical Segment and by T-GAIA Corporation (former Telepark Corp.) (Japan) in the Consumer Service & IT Segment, both companies of which were reclassified from subsidiary to associated company.

Provision for Doubtful Receivables

Provision for doubtful receivables for the nine month period ended December 31, 2008 was ¥10.5 billion, an increase of ¥5.6 billion, from ¥4.9 billion for the corresponding nine month period of the previous year reflecting the credit crunch sparked by the intensifying financial turmoil. Provisions for both periods consisted of an accumulation of reserves for individually small receivables.

Interest Expense, Net of Interest Income

Interest expense, net of interest income for the nine month period ended December 31, 2008 was ¥27.7 billion, a decline of ¥9.4 billion from ¥37.1 billion for the corresponding nine month period of the previous year. Mitsui and its domestic subsidiaries recorded a ¥1.5 billion increase reflecting higher Japanese Yen interest rates.

On the other hand, overseas subsidiaries reported a decline in total due to lower U.S. Dollar interest rates.

The following table sets forth the periodic average of 3 month Libor of Japanese Yen and U.S. Dollar for the nine month periods ended December 31, 2008 and 2007.

Periodic average of 3 month Libor (%p.a.)

	Nine month period ended December 31, 2008	2007
Japanese Yen	0.92	0.85
U.S. Dollar	2.74	5.22

Dividend Income

Dividend income for the nine month period ended December 31, 2008 was ¥58.8 billion, an increase of ¥18.6 billion from ¥40.2 billion for the corresponding nine month period of the previous year.

Dividends from LNG projects in Abu Dhabi, Qatar and Oman were ¥33.8 billion, an increase of ¥15.0 billion over for the corresponding nine month period of the previous year. In addition, we received dividends of ¥4.4 billion for the first time from an LNG project in Equatorial Guinea which started commercial shipments in May 2007.

Gain on Sales of Securities

Gain on sales of securities for the nine month period ended December 31, 2008 was ¥34.9 billion, a decline of ¥27.0 billion from ¥61.9 billion for the corresponding nine month period of the previous year. While we recorded gains of ¥11.9 billion on sale of a trust beneficiary right with respect to Shiodome building, ¥6.7 billion on sale of Mitsui s shareholding in Kyushu Oil Co., Ltd. (Japan) and ¥4.0 billion on sale of share in T-Gaia Corporation (former Telepark Corp.) (Japan) through its share buy-back program and the merger with MS Communications Co., Ltd. (Japan) for the nine month period ended December 31, 2008, we posted substantial gains for the corresponding nine month period of the previous year as a result of several large scale divestitures such as the sale of a part of its stake in the Sakhalin II project and its whole stake in EBM in Brazil.

Loss on Write-Down of Securities

Loss on write-downs of securities for the nine month periods ended December 31, 2008 was ¥57.6 billion, an increase of ¥38.3 billion from ¥19.3 billion for the corresponding nine month period of the previous year.

After reaching ¥18,261.98 in July 2007 on high expectations for further growth in Japanese corporate earnings, the Nikkei Stock Average continued to move downwards reflecting declines in global equity prices and appreciation of Japanese Yen against major currencies, triggered by sub-prime mortgage crisis, and recorded ¥12,525.54 as of March 31, 2008. In the current fiscal year the Nikkei Stock Average once resurged to ¥14,601.27 in June 2008, however, reversed to the downward trend over the summer. Following the bankruptcy of one of the largest investment banks in the United States in September 2008, the Nikkei Stock Average plummeted to ¥8,859.56 as of December 31, 2008.

The losses for the nine month period ended December 31, 2008 included write-downs on listed shares for ¥48.9 billion reflecting the above mentioned domestic market downward trend. While we recorded impairment losses of ¥7.7 billion for Yamaha Motor Co., Ltd. (Japan) at the Machinery & Infrastructure Projects Segment and ¥14.8 billion for Mitsui Chemicals, Inc. (Japan) as well as ¥3.5 billion for Ishihara Sangyo Kaisha LTD. (Japan) at the Chemical Segment, almost all segments recorded impairment losses on various listed securities.

The losses for the corresponding nine month period ended December 31, 2007 included write-downs on listed shares for ¥15.3 billion, including ¥4.5 billion for Seven & i Holdings Co., Ltd. (Japan) at the Foods & Retail Segment and ¥5.0 billion for Central Finance Co., Ltd. (Japan) at the Logistics & Financial Markets Segment.

Gain on Disposal or Sales of Property and Equipment Net

Gain on disposal or sales of property and equipment net for the nine month period ended December 31, 2008 was ¥4.5 billion, an increase of ¥3.3 billion from ¥1.2 billion for the corresponding nine month period of the previous year. Major gain for the nine month period ended December 31, 2008 was related to the sale of a lumber mill factory held by Portac Inc. (United States) at the Americas Segment and the sale of an office building previously held by Mitsui & Co. France S.A. at the Europe, the Middle East and Africa Segment, while miscellaneous small items for the corresponding nine month period of the previous year.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the nine month period ended December 31, 2008 was ¥14.4 billion, an increase of ¥7.1 billion from ¥ 7.3 billion for the corresponding nine month period of the previous year. Impairment losses consisted of ¥10.2 billion on property & equipment and mineral rights of Vincent oil field and a loss on intangible assets at Steel Technologies Inc. for the nine month period ended December 31, 2008, and ¥3.9 billion on facilities of domestic power producing operations and a loss on company-owned residences of Mitsui for the corresponding nine month period of the previous year.

Impairment loss of Goodwill

Impairment loss of goodwill for the nine month period ended December 31, 2008, was ¥13.6 billion. The major losses were ¥5.5 billion for Steel Technologies Inc., reflecting severe condition of the steel products business for automotive and housing industries in the United States, and ¥4.1 billion for Mitsui Knowledge Industry Co., Ltd. (Japan), reflecting a decline in its share price.

Other Expense Net

Other Expense net for the nine month period ended December 31, 2008 was ¥46.1 billion, an increase of expense by ¥47.8 billion, from ¥1.7 billion of income for the corresponding nine month period of the previous year.

Mitsui recorded foreign exchange losses of 25.2 billion for nine month period ended December 31, 2008 including a loss of 19.5 billion on commodity trading activities at the Logistics & Financial Markets Segment which corresponded to a profit in gross profit at the same segment.

The other major expenses were exploration expenses at the oil & gas business, salvage expenses of ¥4.0 billion for the Mexican gulf oil production facility destroyed by hurricane and a liquidation cost and evaluation loss of ¥3.5 billion of currency option transactions at Fertilizantes Mitsui S.A. Industria e Comercio.

Other expenses for the corresponding nine month period of the previous year consisted of miscellaneous small items.

Minority Interests in Earnings of Subsidiaries

Minority interests in earnings of subsidiaries for the nine month period ended December 31, 2008 was ¥36.9 billion, an increase of ¥3.9 billion from ¥33.0 billion for the corresponding nine month period of the previous year. While the major decline are related to Mitsui E&P Mozambique Area 1(Republic of Mozambique) and Mitsui Marubeni Liquefied Gas Co., Ltd., the increases were in minority interest at Novus International, Inc., Mitsui Oil Exploration Co., Ltd. and Mitsui Itochu Iron Pty. Ltd..

Equity in Earnings of Associated Companies Net

Equity in earnings of associated companies net (after income tax effect) for the nine month period ended December 31, 2008 was ¥95.8 billion, a decline of ¥23.1 billion from ¥118.9 billion for the corresponding nine month period of the previous year as a result of followings:

Increase in earnings at Robe River Mining Company reflecting an increase in iron ore prices.

Increase in earnings at Japan Australia LNG (MIMI) PTY. Ltd. reflecting an increase in oil prices as well as a higher price of condensate sold to Mittwell Resources Pty. Ltd..

Decline in earnings at Valepar S.A. reflecting a reduction in earnings at Companhia Vale do Rio Doce (Vale) mainly due to a sharp drop in nickel prices as well as appreciation of the Brazilian Real against the U.S. Dollar partially offset by an increase in iron ore prices.

Declines in earnings at Sims Metal Management Limited and at Penske Automotive Group, Inc. due to impairment losses of ¥25.8 billion and ¥5.1 billion, respectively, reflecting other-than-temporary declines in share prices of the companies.

Income from Discontinued Operations Net

Income from discontinued operations net (after income tax effect) for the nine month period ended December 31, 2008 was nil, a decline from ¥66.0 billion for the corresponding nine month period of the previous year. Major discontinued operations for the corresponding nine month period of the previous year were related to Sesa Goa Limited (India) of the Mineral & Metal Resources Segment, Tombo Aviation, Inc. of the Machinery & Infrastructure Projects Segment and Wandoo Petroleum Pty. Ltd. of the Energy Segment.

(2) ***Operating Results by Operating Segment***

Based on the reorganization effective April 1, 2008, the following subsidiaries previously included in the Machinery & Infrastructure Projects and the Chemical Segments were transferred to the Americas Segment. The operating segment information for the nine month period ended December 31, 2007 has been restated to conform to the current year presentation.

From the Machinery & Infrastructure Projects Segment:

Mitsui Automotoriz S.A. (Peru), Road Machinery LLC (United States), Ellison Technologies Inc. (United States)

From the Chemical Segment:

Novus International, Inc. [(*1)], Fertilizantes Mitsui S.A. Industria e Comercio (Brazil)

(*1) Novus International, Inc. was transferred in the 4th quarter of the fiscal year ended March 31, 2008.

Iron & Steel Products Segment

Gross profit for the nine month period ended December 31, 2008 was ¥46.1 billion, a decline of ¥1.0 billion from ¥47.1 billion for the corresponding nine month period of the previous year. The domestic steel products business which enjoyed a steady growth under the tight supply and demand balance turned a corner. Sales volume declined and margins were squeezed in the three month period ended December 31, 2008 as a result of the overall economic slowdown and credit crunch triggered by the financial crisis in the United States in September. Also foreign trading transactions of various products such as steel sheets and plates for automobiles and shipbuilding, steel tubular products and line pipes for oil and gas development including transactions carried out by Regency Steel Asia Pte Ltd. to Asian markets, which recorded solid results for the six month period ended September 30,2008 supported by continued favorable demand, decelerated due to a sharp decline in demand for the same reason mentioned above and were forced to recognize a valuation loss on inventories. Operating income for the nine month period ended December 31, 2008 was ¥19.9 billion, a decline of ¥1.3 billion from ¥21.2 billion for the corresponding nine month period of the previous year reflecting a decline in gross profit.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥3.0 billion, a decline of ¥1.0 billion from ¥4.0 billion for the corresponding nine month period of the previous year.

Net income for the nine month period ended December 31, 2008 was ¥12.0 billion, a ¥5.6 billion decline from ¥17.6 billion for the corresponding nine month period of the previous year. In addition to the decline in operating income, a decline in profit on sales of securities and recognition of impairment loss on listed securities resulted in the decline in net income.

Mineral & Metal Resources Segment

Gross profit for the nine month period ended December 31, 2008 was ¥106.9 billion, an increase of ¥34.8 billion from ¥72.1 billion for the corresponding nine month period of the previous year.

The main factor contributing to the increase at iron ore mining operations was the increase of iron ore annual contract prices. Reflecting tight supply and demand balance in emerging and developing countries, especially in China and India, iron ore prices for the year ending March 31, 2009 increased substantially from prices for the year ended March 31, 2008. Following the settlement of Brazilian iron ore fines with increases by 65~71%, in other hand Australian iron ore lump and fines prices were settled with an increase by 96.5% and 79.9% respectively. Consequently increases in gross profit recorded by Mitsui Iron Ore Development and Mitsui Itochu Iron were ¥28.1 billion and ¥4.9 billion, respectively. FOB prices of Brazilian iron ore and Australian iron ore had been at the same level as is the customary practice in this industry up to the year ended March 31, 2008. However, Australian iron ore producers insisted that different prices be applied, reflecting the ocean freight difference between Australia and Brazil to major steel making countries, China and Japan.

Due to the global economic slowdown triggered by the financial turmoil, the world crude steel production of the last year decelerated compared with the previous year s production. Crude steel production of China, which had been sharply increasing in the recent years, fell off dramatically. Reflecting decline in sales volume under such a weak demand situation as well as the weakening Australian Dollar vis-à-vis the Japanese Yen, iron ore mining operating business recorded a decline in gross profit for the three month period ended December 31, 2008 compared for the corresponding three month period of the previous year.

Operating income for the nine month period ended December 31, 2008 was ¥ 95.6 billion, an increase of ¥35.5 billion from ¥60.1 billion for the corresponding nine month period of the previous year, reflecting the increase in gross profit.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥42.2 billion, a decline of ¥16.9 billion from ¥59.1 billion for the corresponding nine month period of the previous year. Major factors were as follows:

Earnings at Robe River Mining Company were ¥19.5 billion, an increase of ¥11.9 billion from ¥7.6 billion for the corresponding nine month period of the previous year reflecting increase in the iron ore prices.

Compania Minera Dona Ines de Collahuasi SCM, a Chilean copper mining company, recorded earnings of ¥13.5 billion, a decline of ¥1.5 billion from ¥15.0 billion for the corresponding nine month period of the previous year due to increase in the production cost and depreciation of the U.S. Dollar against the Japanese Yen.

Valepar S.A. (Brazil) posted earnings of ¥27.1 billion, a decline of ¥3.1 billion from ¥30.2 billion for the corresponding nine month period of the previous year, reflecting a reduction in earnings at Vale mainly due to a drop in nickel prices as well as the depreciation of Brazilian Real against the Japanese Yen.

Reflecting a decline in listed share in Sims Metal Management Limited, we recognized an impairment loss of ¥25.8 billion.

Net income for the nine month period ended December 31, 2008 was ¥84.1 billion, a decline of ¥64.2 billion from ¥148.3 billion for the corresponding nine month period of the previous year. Other than the above mentioned factors there are following factors:

Other expense-net was a loss of ¥2.2 billion, including a foreign exchange translation loss of ¥3.4 billion related to the borrowing denominated in the U.S. Dollar at Mitsui Raw Material Development Pty. Limited (Australia). In addition, this segment recorded a loss of ¥3.1 billion on write-down of securities including an impairment loss on shares of JFE Holdings, Inc. (Japan).

Increase in operating income and equity in earnings were offset by a significant rebound effect from gains from divestitures for the nine month period ended December 31, 2007 of a ¥93.9 billion on the sale of its whole stake in Sesa Goa Limited [*1] and a ¥12.4 billion gain on the sale of shares in EBM, a Brazilian iron ore company.

(*1) In this Operating Results by Operating Segment , operating results of Sesa Goa have been included in and presented as continuing operations. In the consolidated statement of income, net income of ¥55.2 billion from the transaction of Sesa Goa for the corresponding nine month period of the previous year is presented as income from discontinued operations (after income tax effect).

Machinery & Infrastructure Projects Segment

Gross profit for the nine month period ended December 31, 2008 was ¥84.2 billion, a decline of ¥4.1 billion from ¥88.3 billion for the corresponding nine month period of the previous year.

Although overseas automotive related and construction machinery subsidiaries continued to show solid performance, particularly at the motorcycle retail finance company P.T. Bussan Auto Finance as well as subsidiaries in the emerging countries such as Chile and Peru as well as Russia, this business unit reported a decline of ¥1.4 billion in gross profit due to a decline in export transactions for North America and less business activity as a result of restructuring of subsidiaries in Europe.

Despite the financial turmoil and the sluggish freight market, ocean vessels and marine project businesses showed overall rather strong performance through marketing commercial vessels, trading in used vessels, operating and chartering vessels, and owning or leasing special energy-related vessels for the nine month period ended December 31, 2008. Nevertheless, this business unit reported a decline of ¥1.9 billion due to a reversal effect from profit on delivery of some new vessels and gains on sales of commercial vessels realized in the corresponding nine month period of the previous year.

Infrastructure projects business fields reported a decline of 0.7 billion in gross profit due to fewer deliveries of plant business and a decline in gross profit at leasing subsidiaries in Europe reflecting remodeling and overhaul of rolling stock partly offset by a positive contribution of newly acquired subsidiaries.

Operating income for the nine month period ended December 31, 2008 was ¥15.7 billion, a decline of ¥6.7 billion from ¥22.4 billion for the corresponding nine month period of the previous year. The major factors were increases in selling, general and administrative expenses and in provision for doubtful receivables at the marine and aerospace and infrastructure projects businesses in addition to the decline in gross profit.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥13.4 billion, a decline of ¥1.3 billion from ¥14.7 billion for the corresponding nine month period of the previous year. Major factors were as follows:

Overseas power producing businesses such as IPM UK Power Holdings Limited, IPM Eagle LLP and P.T. Paiton Energy reported equity in earnings of ¥0.9 billion, a decline of ¥1.1 billion, from equity in earnings of ¥2.0 billion for the corresponding nine month period of the previous year. UK power producing operations recording a ¥5.0 billion mark-to-market evaluation loss related to long-term power contracts while Australian power producing operations recorded a ¥5.3 billion mark-to-market evaluation loss on long-term swap agreement for the corresponding nine month period of the previous year.

This segment recorded equity in losses of ¥1.9 billion for ASAHI TEC CORPORATION (Japan) and equity in losses of ¥4.1 billion (this segment portion) for Penske Automotive Group, Inc. reflecting declines in the share prices. The same segment recorded a loss of ¥5.5 billion (this segment portion) for ASAHI TEC CORPORATION for the same reason for the corresponding nine month period of the previous year.

Other than the above-mentioned factors, this segment recorded a profit from sales of vessels at marine business for the nine month period ended December 31, 2008 and had a reversal effect (rebound effect) of profit from sale of real estate at automotive related business for the corresponding nine month period of the previous year.

Net income for the nine month period ended December 31, 2008 was ¥21.7 billion, a decline of ¥9.6 billion from ¥31.3 billion for the corresponding nine month period of the previous year. In addition to the above-mentioned factors, major factors were as follows:

This segment recorded a loss of ¥9.9 billion on write-down of securities including a ¥7.7 billion impairment loss on shares of Yamaha Motor Co., Ltd. The segment posted a positive tax effect of ¥6.7 billion in Income Taxes not only on the impairment loss of ¥7.7 billion for the current period but also on the impairment loss of ¥8.6 billion for the previous year.

This segment recorded a gain of ¥5.5 billion [*1] on the sale of leased aircraft held by Tombo Aviation Inc. for the corresponding nine month period of the previous year.

(*1) In this Operating Results by Operating Segment , the gain on the sale of aircraft has been included in and presented as continuing operations. In the consolidated statement of income, the gain of ¥3.5 billion on the sale for the corresponding nine month period of the previous year is presented as income from discontinued operations (after income tax effect).

Chemical Segment

Gross profit for the nine month period ended December 31, 2008 was ¥67.2 billion, a decline of ¥8.8 billion from ¥76.0 billion for the corresponding nine month period of the previous year. The principal developments in this segment were as follows:

Basic petrochemicals of upstream products recorded a decline due to a further deterioration in market prices of ethylene dioxide and vinyl chloride monomer, both of which are raw materials of vinyl chloride. Despite the fact that the market price of ammonia plunged sharply after the last autumn, P.T. Kaltim Pasifik Amoniak, a joint venture manufacturing and marketing company of ammonia, recorded an increase in gross profit due to higher price and an increase in sales volume in the six month period ended September 30, 2008. Consequently upstream products showed overall rather strong performance in total.

Mid-stream intermediate products such as styrene monomer, mono-ethylene glycol and phenol used for synthetic resin and synthetic fiber products overall recorded a decline in gross profit due to sharp declines in market prices as well as a further drop in demand.

Plastics and Functional Materials also recorded a decline in gross profit due to declines in the market prices coupled with a decline in demand.

On the other hand, supported by a globally strong demand for agriculture products, businesses of crop protection chemicals and fertilizer remained robust while sulfur and sulfuric acid, raw materials of fertilizer, decelerated sharply after the last summer when the export custom duty for the fertilizer products in China was raised substantially and the demand in China declined considerably.

Operating income for the nine month period ended December 31, 2008 was ¥26.5 billion, a decline of ¥6.2 billion from ¥32.7 billion for the corresponding nine month period of the previous year, reflecting the decline in gross profit.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥3.7 billion, a decline of ¥0.7 billion from ¥4.4 billion for the corresponding nine month period of the previous year. While International Methanol Company, a joint venture methanol manufacturing company, recorded earnings, the segment recorded an equity in loss reflecting an other-than-temporary decline in share price of Agro-Kanesho Co., Ltd. (Japan).

Net loss for the nine month period ended December 31, 2008 was ¥0.2 billion, a decline of ¥16.4 billion from net income of ¥16.2 billion for the corresponding nine month period of the previous year. In addition to the above-mentioned factors, this segment recorded a loss of ¥21.3 billion on write-down of securities including a ¥14.8 billion impairment loss on shares of Mitsui Chemicals, Inc. and a ¥3.5 billion impairment loss on shares in Ishihara Sangyo Kaisha LTD.

Energy Segment

Japan Crude Cocktail (JCC) continued to rise since April 2007, reflecting strong demand and an influx of speculative money into the future markets and reached US$135 per barrel in August 2008. Following the banking crisis in September 2008, the JCC plummeted to US$55 per barrel (preliminary figure) in December 2008 as a result of weaker demand and increased risk aversion. The JCC price trend is generally reflected in the net income of our overseas oil and gas producing subsidiaries and associated companies in this segment within a zero to 6 month time lag. Considering these time lags, Mitsui periodically calculates the weighted average JCC price applied to operating results of those oil and gas producing subsidiaries and associated companies for internal reviewing purposes. Such weighted average JCC prices for internal reviewing purposes for the nine month period ended December 31, 2008 and 2007 were US$107 per barrel and US$66 per barrel, respectively.

Gross profit for the nine month period ended December 31, 2008 was ¥231.2 billion, an increase of ¥78.6 billion from ¥152.6 billion for the corresponding nine month period of the previous year primarily due to the following:

There were contributions of ¥28.0 billion by Mitsui E&P Australia Pty Ltd due to the start-up of oil production at Tui oil field in New Zealand in July 2007 and at Vincent oil field in Australia as well as higher oil prices. Likewise, due to higher oil prices MitEnergy Upstream LLC, Mitsui E&P Middle East B.V. (Netherland) and Mitsui Oil Exploration Co., Ltd. reported increases of ¥11.0 billion, ¥5.1 billion and ¥5.1 billion, respectively. On the other hand, Mittwell Energy Resources Pty., Ltd. posted a decline of ¥16.7 billion in gross profit due to decline of shipments and an increase in condensate cost as a result of the revision of the purchase price from Japan Australia LNG (MIMI) Pty. Ltd during the nine month period ended December 31, 2008. (*1)

The price for representative Australian premium hard coking coal for the year ending March 31, 2009 is quoted as US$300 per ton FOB, which is approximately triple of the price for the year ended March 31, 2008. At the same time thermal coal prices doubled from the price for the prior year. For the nine month period ended December 31, 2008, gross profit at Mitsui Coal Holdings Pty. Ltd. (Australia) increased by ¥47.8 billion, reflecting higher coal price as well as increase in production.

Following the merger with Marubeni Liquefied Gas Corporation (Japan) in April 2008, Mitsui Marubeni Liquefied Gas Co., Ltd. reported an increase of ¥3.9 billion in gross profit due to the merger and increased sales volume despite a valuation loss on inventories due to decline in market price.

Operating income for the nine month period ended December 31, 2008 was ¥ 188.3 billion, an increase of ¥69.4 billion from ¥118.9 billion for the corresponding nine month period of the previous year. An increase of ¥10.6 billion of selling, general and administrative expenses caused by the merger with Marubeni Liquefied Gas Corporation was recorded at Mitsui Marubeni Liquefied Gas Co., Ltd.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥31.6 billion, an increase of ¥5.3 billion from ¥26.3 billion for the corresponding nine month period of the previous year. Japan Australia LNG (MIMI) PTY. Ltd. reported an increase in earnings due to increased oil prices and revised transfer price applied to sales of condensate to Mittwell Energy Resources Pty., Ltd. partially offset with foreign exchange translation effect of the depreciated Australian Dollar against the Japanese Yen.

Net income for the nine month period ended December 31, 2008 was ¥132.5 billion, an increase of ¥44.1 billion from ¥88.4 billion for the corresponding nine month period of the previous year. Besides the above-mentioned developments, there were following factors:

Dividends from LNG projects in Abu Dhabi, Qatar, Oman and Equatorial Guinea were ¥38.2 billion, an increase of ¥19.4 billion over the corresponding nine month period of the previous year.

This segment recorded a profit of ¥6.7 billion on sale of its shareholding in Kyushu Oil Co., Ltd. On the other hand, in April 2007, this segment sold 50% of its stake in Sakhalin Energy Investment Company Ltd. (Bermuda) and recorded the relevant gains on sale of the shares for the corresponding nine month period of the previous year.

This segment recorded a ¥20.4 billion gain (pre-tax) on the sale of its entire oil and gas producing interests(*2) in Wandoo Petroleum Pty. Ltd. (Mitsui s profit share 71.7%) for the nine month period ended December 31, 2007.

This segment recorded a ¥10.2 billion impairment loss on property & equipment and mineral rights of Vincent oil field. For the corresponding nine month period ended December 31, 2007 this segment recorded a ¥3.9 billion impairment loss on power producing equipment at a domestic power producing operation.

Other expense-net increased by ¥10.8 billion due mainly to exploration expenses and salvage expenses of ¥4.0 billion for the Mexican gulf oil production facility destroyed by a hurricane.

(*1) Positive impact of the increase in condensate sales price for the nine month period ended December 31,2008 at Japan Australia LNG (MIMI) Pty. Ltd. is not reflected timely due to a three-month time lag in consolidating its earnings into our operating results and started to be reflected in our financial statements from this three-month period ended December 31,2008.

(*2) In this Operating Results by Operating Segment , the gain on the sale of the entire oil and gas producing interests in Wandoo Petroleum Pty. Ltd. has been included in and presented as continuing operations. In the consolidated statement of income, the gain of ¥5.5 billion on the sale for the corresponding nine month period of the previous year is presented as income from discontinued operations (after income tax effect).

Foods & Retail Segment

Gross profit for the nine month period ended December 31, 2008 was ¥64.0 billion, an increase of ¥2.7 billion from ¥61.3 billion for the corresponding nine month period of the previous year. Although entering into the three month period ended December 31, 2008, inflation of raw material prices has peaked out and started to decline, food raw material business transactions showed firm performance carrying over the positive trend of the previous periods into the current period. On the other hand, Under business circumstances where food manufacturers has been passing the higher raw material and oil costs along to consumers and these price increases as well as the economic downturn have been negatively affecting consumer sentiments, the segment has been taking various cost reduction initiatives in the domestic food distribution and retail operations. The major developments were as follows:

In the food raw material business, broiler business displayed robust performance due to increases in prices of the products in addition to steady results of soybeans and wheat transactions.

MITSUI FOODS CO., LTD (Japan) recorded an increase of ¥1.1 billion over the corresponding nine month period of the previous year due to improved margins gained through restructuring unprofitable businesses.

Mitsui Norin Co., Ltd. (Japan) reported a decline of ¥1.3 billion in gross profit due to the weaker market of whole sales tea products and raw materials of beverages in addition to a loss on write down of inventories under the inactivity on food service industry despite firm performance of tea business for the household use.

Operating income for the nine month period ended December 31, 2008 was ¥15.8 billion, an increase of ¥2.9 billion from ¥12.9 billion for the corresponding nine month period of the previous year. MITSUI FOODS CO., LTD. showed an improvement in operating income reflecting the increase in gross profit. Mitsui Norin Co., Ltd. reported a decline in operating income although the decline in gross profit was partly offset by a slight improvement in selling, general and administrative expenses.

Equity in earnings of associated companies for the nine month period ended December 31, 2008 was ¥1.4 billion, a decline of ¥0.9 billion from ¥2.3 billion for the corresponding nine month period of the previous year.

Reflecting these developments, net income for the nine month period ended December 31, 2008 was ¥6.9 billion, a decline of ¥2.2 billion from ¥9.1 billion for the corresponding nine month period of the previous year. Other than the above-mentioned factors there are following factors:

Loss on write-down of securities for the nine month period ended December 31, 2008 was ¥2.4 billion. For the corresponding nine month period of the previous year, Mitsui recognized a ¥4.9 billion loss mainly due to the write-down of the shares of Seven & i Holdings Co., Ltd of ¥4.5 billion.

This segment recorded a ¥2.6 billion gain on sales of securities, mainly related to listed securities, for the corresponding nine month period of the previous year.

Other expenses-net increased by ¥3.4 billion, major part of which was foreign exchange losses, over for the corresponding nine month period of the previous year.

Consumer Service & IT Segment

Gross profit for the nine month period ended December 31, 2008 was ¥60.2 billion, a decline of ¥24.2 billion from ¥84.4 billion for the corresponding nine month period of the previous year. Consumer Service recorded a decline of ¥6.0 billion due to a loss on write down of inventories and reduced sales in the domestic residential home business. In addition, Media related businesses recorded a ¥2.8 billion decline due to divestiture of cable television business made in the three month period ended December 31, 2007.

Reclassification of T-Gaia Corporation, which merged with MS Communications Co., Ltd. from subsidiary to associated company resulted in a decline of ¥5.6 billion in gross profit in IT division. The apparel and brand related business as well as life style related business continued to suffer.

Implementation Agreement

means the implementation agreement between Iberdrola and ScottishPower dated 28 November 2006;

Inducement fee

means £50,000,000;

KWh

means kilowatt hours;

Laws

means all laws, statues, secondary and subordinate legislation,

judgements, orders, decisions and interpretation of any law by any

court, authority and/or government department of agency plus any international or EU treaties and regulations;

LIBOR

means the rate of interest determined by Iberdrola on the basis of the average (rounded down where necessary to the nearest whole multiple of one-sixteenth of 1.0 per cent.) of the respective rates per annum at which any two London clearing banks selected by Iberdrola are prepared to offer six month Sterling deposits of £2 million to leading banks in the London inter-bank market at or about 11.00 am (London time) on the first Business Day of the relevant interest period and a certificate in writing, under the hand of a duly authorised official of Iberdrola, shall be conclusive evidence of that rate;

Listing Rules

means the Listing Rules of the FSA as amended from time to time and contained in the FSA s publication of the same name;

LNG

means liquefied natural gas;

Loan Note Alternative

means the alternative whereby ScottishPower Shareholders (other than ScottishPower Shareholders in Loan Note Restricted Jurisdictions, US resident holders of ScottishPower Shares and ScottishPower ADS Holders) may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled under the Offer;

Loan Note Elected Shares

means the ScottishPower Shares (if any) in respect of which valid elections for the Loan Note Alternative are made in accordance with its terms;

Loan Note Form of Election

means the forms of election relating to the Offer which will accompany the Scheme Document;

Loan Notes	means the floating rate unsecured loan notes of Iberdrola, or a wholly owned subsidiary of Iberdrola and guaranteed by Iberdrola, issued pursuant to the Loan Note Alternative;
Loan Note Restricted Jurisdictions	means any of the United States, Australia, Canada or Japan or any jurisdiction where extension or acceptance of the Loan Note Alternative would violate the law of that jurisdiction;
London Stock Exchange	means The London Stock Exchange plc;
Mix and Match Facility	means the mix and match facility under which ScottishPower Shareholders may, subject to availability, elect to vary the proportions of New Iberdrola Shares and cash they will receive under the Offer, subject to the elections made by other ScottishPower Shareholders;
MW	means megawatt;
MWh	means megawatt hours;
New Iberdrola Shares	means the Iberdrola Shares proposed to be issued to ScottishPower Shareholders, credited as fully paid, under the Offer;
Offer	means the proposed acquisition of the ScottishPower Shares by Iberdrola or Iberdrola and a member of the Iberdrola Group to be implemented by means of the Scheme (or, if Iberdrola so elects, subject to ScottishPower s prior consent, a Takeover Offer) on the terms and subject to the Conditions set out in this announcement and to be set out in the Scheme Document (or the Offer Document (as the case may be)) and where the context admits, any subsequent revision, variation, extension or renewal thereof;
Offer Document	means in the event Iberdrola elects, subject to ScottishPower s prior consent, to conduct the Offer by means of a Takeover Offer the document containing the offer to be sent to ScottishPower Shareholders;
Official List	means The Official List of the FSA;
OFGEM	means the Office of Gas and Electricity Markets;
Overseas Persons	means Iberdrola Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdiction outside the United Kingdom;
Panel	means the Panel on Takeovers and Mergers;

RAB	means regulated asset base;
Registrar of Companies	means the Registrar of Companies for Scotland;
Regulatory Information Service	means any of the services set out in Appendix 3 to the Listing Rules;
Relevant Authority	means the European Commission, the Office of Gas and Electricity Markets, the Comision Nacional de Energia and any other court or competition, antitrust or supervisory body or other government, governmental, trade or regulatory agency or body in each case in any jurisdiction whose consent or clearance is required or desirable in connection with the Offer including the US Federal Energy Regulatory Commission, US Department of Justice, US Federal Trade Commission, US Treasury Department and US state regulatory commissions or authorities and **Relevant Authorities** shall mean all of them;
Scheme	means the acquisition of the ScottishPower Shares by way of a scheme of arrangement under section 425 of the Act, on the terms and subject to the Conditions set out in this announcement;
Scheme Document	means the document to be sent to ScottishPower Shareholders which will, among other things, contain the terms and conditions of the Scheme;
Scheme Record Date	means 6.00 p.m. on the Business Day before the Scheme becomes Effective;
Scheme Shareholders	means the holders of the ScottishPower Shares;
Scheme Shares	means the ScottishPower Shares;
ScottishPower	means Scottish Power plc;
ScottishPower ADS	means an American depositary share comprising four underlying ScottishPower Shares;
ScottishPower ADS Holder	means the holders of ScottishPower ADSs;
ScottishPower B Shares	means the non-cumulative preferrence shares of 50 pence each in the share capital of ScottishPower;
ScottishPower Deferred Shares	means the deferred shares of 50 pence each in the share capital of ScottishPower;

ScottishPower Directors or Board of ScottishPower or **ScottishPower Board**	means the board of directors of ScottishPower;
ScottishPower EGM or **ScottishPower Extraordinary General Meeting**	means the extraordinary general meeting of ScottishPower (or any adjournment thereof) to be convened in connection with the Scheme;
ScottishPower EGM Resolution	means the special resolution to approve, amongst other things, the cancellation of the ScottishPower Shares, the alteration of ScottishPower s articles of association and such other matters as may be necessary to, connected with or desirable for the implementation of the Offer;
ScottishPower Group	means ScottishPower and its subsidiaries and, where the context permits, each of them;
ScottishPower Share Schemes	means the ScottishPower Employee Share Ownership Plan, the ScottishPower 2000 Long Term Incentive Plan, the ScottishPower 2006 Long Term Incentive Plan, the ScottishPower Sharesave Scheme, the ScottishPower Executive Share Option Plan 2001, the PacifiCorp Stock Incentive Plan and the Annual Incentive Plan Deferred Share Programme;
ScottishPower Shareholders	means the holders of ScottishPower Shares;
ScottishPower Shares	means the ordinary shares of 42 pence each in the capital of ScottishPower;
SEC	means the US Securities and Exchange Commission;
Special Dividend	means the special dividend of 12 pence (Euro 0.18) per ScottishPower Share to be paid to ScottishPower Shareholders on the ScottishPower register of members on the Scheme Record Date;
Sterling or **£**	means pounds sterling;
Subsidiary Undertaking, Associated Undertaking and Undertaking	have the meanings given by the Act (but for these purposes ignoring paragraph 20(1)(b) of Schedule 4A to the Act) and **substantial interest** means a direct or indirect interest in 20 per cent. or more of the equity capital of an Undertaking;

Takeover Offer	means a takeover offer as such term is defined in paragraph 1 of Schedule 2 to the Takeovers Directive (Interim Implementation) Regulations 2006;
TW	means terawatt;
TWh	means terawatt hours;
United Kingdom	means the United Kingdom of Great Britain and Northern Ireland;
US Securities Act	means The United States Securities Act of 1933, as amended.
Wider Iberdrola Group	means Iberdrola and its Subsidiary Undertakings, Associated Undertakings and any other Undertakings in which Iberdrola and such Undertakings (aggregating their interests) have a substantial interest; and
Wider ScottishPower Group	means ScottishPower and its Subsidiary Undertakings, Associated Undertakings and any other Undertakings in which ScottishPower and such Undertakings (aggregating their interests) have a substantial interest.