
Marubeni

# Annual Report 2013

For the year ended March 31, 2013

## Editorial Policy

This report presents the Marubeni Group's business strategies, financial information and non-financial information in an integrated format. The non-financial information includes Marubeni's basic policy on CSR and the various activities undertaken to realize this policy. The report is intended to function as a tool for communicating with our stakeholders and an instrument for gaining trust from the general public.

## Promoting CSR Together with Stakeholders

**Marubeni**

### Customers and Business Partners

Aiming to be a company that enjoys the trust and confidence of customers and business partners, we strive to develop and offer products and services that are useful to society as well as safe. Furthermore, we constantly strive to improve satisfaction and earn trust by responding sincerely to feedback from our customers and business partners.

**Communication Tools**
- Annual reports, website
- Responding sincerely based on the Marubeni Corporate Principles and Basic Supply Chain CSR Policy
- Website inquiry and contact page
- Survey on Supply Chain CSR

### Local Communities

We aim to become a valued member of the local communities where we do business, and to contribute to the creation of robust local districts. Overseas, we respect local laws, cultures, and customs, and strive to operate our businesses in a way that contributes to local development. Furthermore, we are firmly opposed to antisocial forces and groups that threaten the order and safety of society.

**Communication Tools**
- Social welfare funding by the Marubeni Foundation
- Support through scholarships and donations overseas
- Volunteer activities in association with NGOs and NPOs
- Stakeholder dialogues
- Activities implemented through business and industry groups
- Receiving student visits
- Cultural contributions through the Marubeni Collection

### Shareholders

To meet shareholders' expectations, we strive to enhance corporate value by responding to changes in the business environment and maintaining stable profitability. At the same time, we also attach great importance to environmental and social concerns, and disclose pertinent information in a fair and timely manner.

**Communication Tools**
- Annual reports, website and shareholders' reports
- General Meeting of Shareholders
- Briefing for retail investors
- IR activities
- CSR questionnaire from SRI index survey organization

### Employees

We respect the individual values and life goals of each and every employee. We also work hard to eliminate all forms of discrimination and foster an atmosphere that is pleasant for all.

**Communication Tools**
- Employee Awareness surveys
- Compliance Access Point (Door of Courage)
- Marubeni Group magazine, Company intranet
- Dialogue between management and employees
- Marubeni Employee Union
- Training

## Note on Using the Annual Report

More detailed information on the financial report can be found in the securities reports filed with the Financial Services Agency. Please consult these reports in addition to this report.

The financial section of the annual report can be viewed online at the IR page of Marubeni's website in the Consolidated Financial Results for FY2013/3 (US GAAP basis) and Prospects for FY2014/3 (IFRS basis).

- The IR page of Marubeni's website can be found at
  http://www.marubeni.com/ir
  More details about Marubeni's CSR activities can be found on the CSR/Environment page of Marubeni's website.
- The CSR/Environment page can be found at
  http://www.marubeni.com/csr

**Disclaimer Regarding Forward-Looking Statements**

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

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Strategy
Business
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Financial
Corporate Information

# Consolidated Financial Highlights

Marubeni Corporation Years ended March 31

| Five-Year Summary | Millions of yen | | | | | Millions of U.S. dollars |
|---|---|---|---|---|---|---|
| | 2013.3 | 2012.3 | 2011.3 | 2010.3 | 2009.3 | 2013.3 |
| **For the year:** | | | | | | |
| Revenues: | | | | | | |
| Revenues from trading and other activities | ¥ 4,702,281 | ¥ 4,221,653 | ¥ 3,514,937 | ¥ 3,110,736 | ¥ 3,807,480 | $ 50,024 |
| Commissions on services and trading margins | 159,030 | 168,700 | 168,912 | 169,233 | 194,819 | 1,692 |
| Total | 4,861,311 | 4,390,353 | 3,683,849 | 3,279,969 | 4,002,299 | 51,716 |
| Total volume of trading transactions | 10,509,088 | 10,584,393 | 9,020,468 | 7,965,055 | 10,462,067 | 111,799 |
| Gross trading profit | 528,194 | 541,454 | 522,152 | 491,673 | 644,803 | 5,619 |
| Equity in earnings of affiliated companies—net | 87,790 | 81,528 | 71,452 | 28,864 | 21,973 | 934 |
| Net income attributable to Marubeni | 205,696 | 172,125 | 136,541 | 95,312 | 111,208 | 2,188 |
| Core earnings (Billions of yen) | 226.8 | 249.6 | 223.7 | 154.4 | 245.0 | 2,413 |
| **At year-end:** | | | | | | |
| Total assets | ¥ 5,965,086 | ¥ 5,129,887 | ¥ 4,679,089 | ¥ 4,586,572 | ¥ 4,707,309 | $ 63,458 |
| Net interest-bearing debt | 1,785,247 | 1,755,705 | 1,615,634 | 1,706,397 | 1,911,607 | 18,992 |
| Total equity | 1,188,379 | 915,770 | 831,730 | 799,746 | 623,356 | 12,642 |
| Total Marubeni shareholders' equity | 1,131,834 | 852,172 | 773,592 | 745,297 | 567,118 | 12,041 |
| **Amounts per share (¥, US$):** | | | | | | |
| Basic earnings | ¥ 118.48 | ¥ 99.13 | ¥ 78.63 | ¥ 54.89 | ¥ 64.04 | $ 1.26 |
| Cash dividends | 24.00 | 20.00 | 12.00 | 8.50 | 10.00 | 0.25 |
| **Cash flows:** | | | | | | |
| Net cash provided by operating activities | ¥ 295,734 | ¥ 172,599 | ¥ 210,044 | ¥ 280,610 | ¥ 343,618 | $ 3,146 |
| Net cash used in investing activities | (210,878) | (273,689) | (128,495) | (35,207) | (387,069) | (2,243) |
| Free cash flow | 84,856 | (101,090) | 81,549 | 245,403 | (43,451) | 903 |
| Net cash provided by (used in) financing activities | 129,030 | 171,913 | (17,010) | (254,655) | 257,608 | 1,373 |
| Cash and cash equivalents at end of year | 919,475 | 677,312 | 616,003 | 570,789 | 573,924 | 9,782 |
| **Ratios:** | | | | | | |
| Return on assets (%) | 3.71 | 3.51 | 2.95 | 2.05 | 2.24 | |
| Return on equity (%) | 20.74 | 21.17 | 17.98 | 14.52 | 16.51 | |
| Marubeni shareholders' equity to total assets (%) | 18.97 | 16.61 | 16.53 | 16.25 | 12.05 | |
| Net D/E ratio (times) | 1.50 | 1.92 | 1.94 | 2.13 | 3.07 | |

Notes:
1. In the recognition of revenue, the Company and its consolidated subsidiaries ("the Companies") generally present transactions as net. This is done both in instances in which the Companies legally act as principal, or when the Companies are not the primary obligor and do not have general inventory risk.
2. For the convenience of investors in Japan, the presentation of total volume of trading transactions is consistent with customary accounting practices in Japan.
3. Core earnings is a management indicator that expresses the earning power of the main business of a general trading house. Core earnings is calculated as follows: Gross trading profit + SGA expenses + Interest expense—net + Dividend income + Equity in earnings of affiliated companies—net
4. U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, at ¥94 to US$1, the prevailing rate as of March 31, 2013.

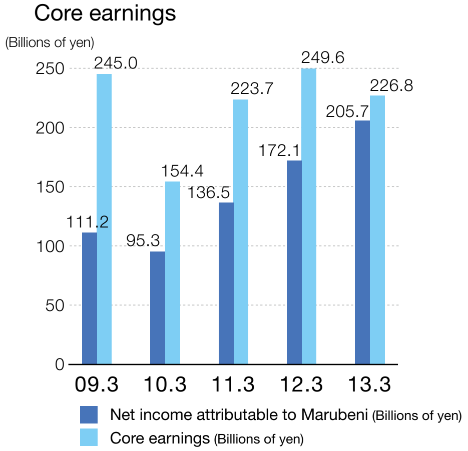
# Non-Financial Highlights

Marubeni Corporation  Years ended March 31

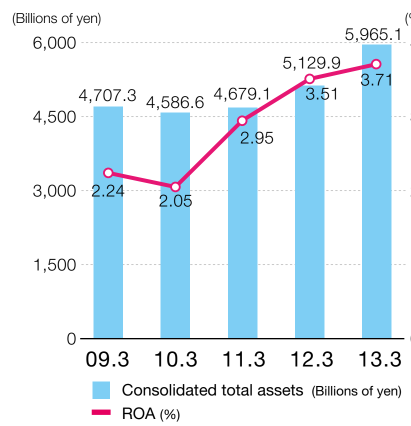
| | 2013.3 | 2012.3 | 2011.3 | 2010.3 | 2009.3 |
|---|---|---|---|---|---|
| **Employee Data:** | | | | | |
| **Employees** | 4,166 | 4,074 | 4,020 | 3,951 | 3,856 |
| Male | 3,144 | 3,104 | 3,067 | 3,032 | 2,991 |
| Female | 1,022 | 970 | 953 | 919 | 865 |
| **Environmental Data:** | | | | | |
| **$CO_2$ Emissions ($tCO_2eq$)** | 4,874 | 6,142 | 7,316 | 8,149 | – |
| **Electricity Consumption (MWh)** | 11,221 | 13,483 | 15,842 | 15,966 | 16,537 |
| **Water Consumption ($m^3$)** | 108,107 | 122,385 | 128,307 | 126,559 | 129,978 |
| **Waste Generation (tons)** | 706 | 773 | 1,067 | 1,339 | 1,016 |

See page 203 for details on the calculation method for environmental data.

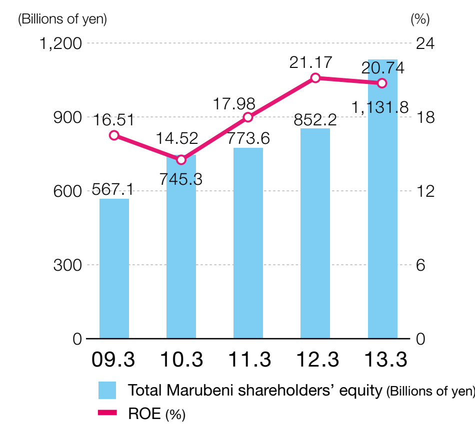
Net income attributable to Marubeni, Core earnings



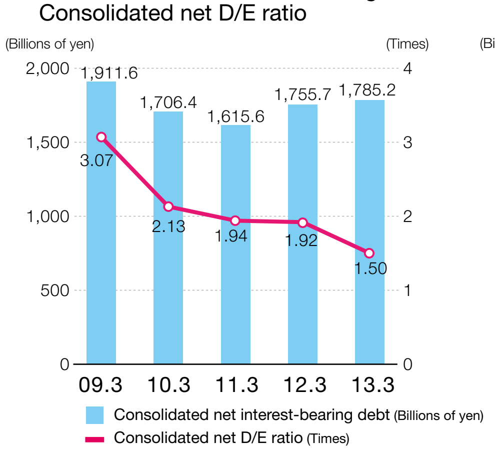

Consolidated total assets, ROA



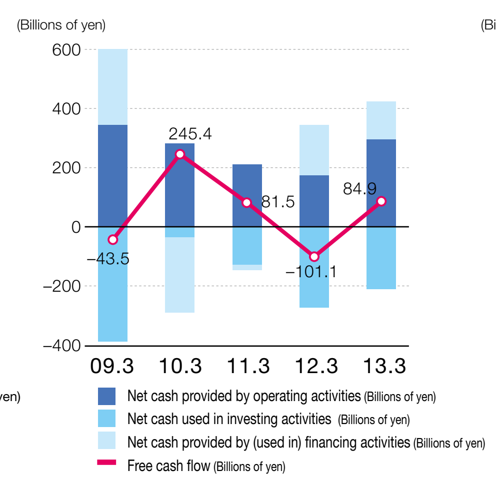

Total Marubeni shareholders' equity, ROE



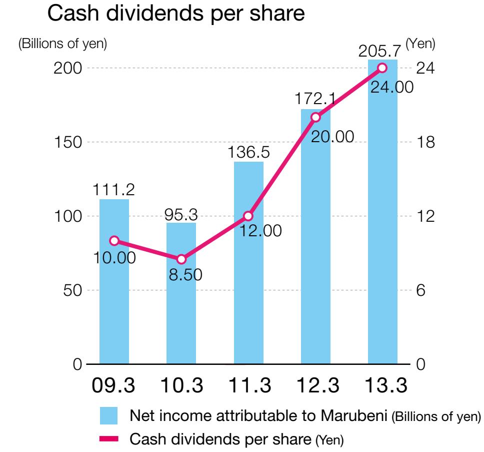

Consolidated net interest-bearing debt, Consolidated net D/E ratio




Cash flows




Net income attributable to Marubeni, Cash dividends per share



# TO ALL OUR STAKEHOLDERS

## Marubeni Achieves Record-high Consolidated Net Income of ¥205.7 Billion, Embarks on Its Next Challenge

Marubeni has embarked on a new stage, having successfully achieved all the quantitative objectives in the SG-12 (Sustainable Growth) medium-term management plan launched in April 2010.

In April 2013, the Marubeni Group took up the challenge of achieving more growth and progress under the new medium-term management plan Global Challenge 2015. The plan is defensive on one hand, and aggressive on the other. In terms of the former, Marubeni will refine risk management, rigorously enforce compliance, and take other steps to strengthen its “defensive” systems and structures. On the “aggressive” side of our plan, we will continue to bolster existing businesses and actively make new investments in line with our overall portfolio strategy. These actions should build a strong earnings structure as well as a solid financial base, allowing us to realize sustainable growth and at the same time further elevate the Marubeni Group’s corporate value.

The Marubeni Group sees corporate value as delivering greater added value for stakeholders in our work. This will contribute to the development of society and earn the Marubeni Group trust as a member of the global society. To this end, every Group member will work as one to build a Marubeni Group that is more ambitious, stronger, and flexible.

**Fumiya Kokubu**
President and CEO

# Message from the President


## Successful Completion of the SG-12 Plan for "Becoming a Stronger Marubeni"

The guiding principle of the SG-12 Plan, which was launched in April 2010, was as follows: The Marubeni Group, even in this turbulent world economy, will build strong earnings and a solid financial base to become a "Stronger Marubeni" who challenges sustainable growth beyond all our stakeholders' expectations. I am pleased to report that the Marubeni Group achieved all of the plan's quantitative objectives for the year ended March 31, 2013, the final year of the three-year SG-12 Plan. By proactively executing new investments and expanding new business fields during the plan's three-year period, we have steadily brought our aspirations for "Becoming a stronger Marubeni" to fruition. I believe that this feat was made possible by the concerted efforts of all Marubeni Group officers and employees to achieve the SG-12 Plan's key measures and objectives. I would like to convey my sincere gratitude to all our business partners and stakeholders, who have supported us in our efforts.

## Review of SG-12 in Numbers

In the year ended March 31, 2013, the Marubeni Group posted consolidated net income of ¥205.7 billion, a record-high for a second consecutive year. With this, the Marubeni Group's consolidated net income surpassed the ¥200 billion mark for the first time ever.

Let's now take a look at our results in the year ended March 31, 2013 in terms of our earning power and financial base over the past five years, which includes years preceding the SG-12 Plan. Starting with earnings, the Marubeni Group saw consolidated net income decline unavoidably for two consecutive years in the years ended March 31, 2009 and 2010 following the Lehman crisis in September 2008. In the year ended March 31, 2010, before the SG-12 Plan, consolidated net income had declined to ¥95.3 billion, slipping below the ¥100 billion mark. However, the Marubeni Group went on to achieve a dramatic turnaround in earning power during the SG-12 Plan. In fact, we saw two consecutive years of record-high consolidated net

## SG-12 Review (Quantitative Objectives)

| | SG-12 Targets | SG-12 Results |
|---|---|---|
| Consolidated Net Income * | 2011.3 ¥125.0 billion | 2011.3 ¥136.5 billion<br>2012.3 ¥172.1 billion<br>2013.3 ¥205.7 billion |
| Consolidated Net D/E Ratio | Approx.1.8 times | 2013.3 end 1.5 times |
| Risk Assets | Within the range of Consolidated Total Equity | 2013.3 end ¥853.6 billion<br>(Consolidated Total Equity ¥1,188.4 billion) |
| ROE | Equal to or more than 15% stably | 2011.3 18%<br>2012.3 21%<br>2013.3 21% |

* Consolidated net income attributable to Marubeni

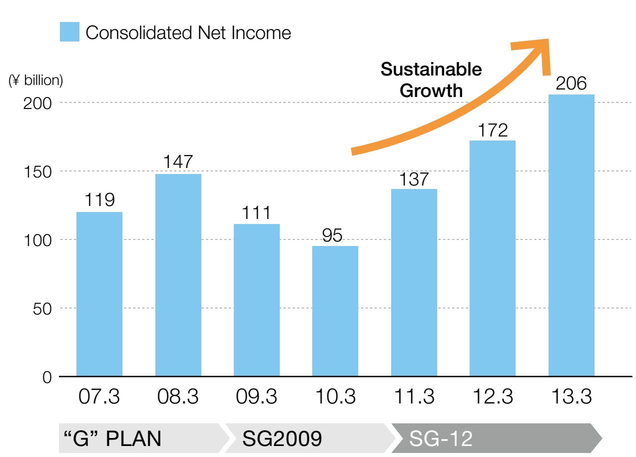
income in the years ended March 31, 2012 and 2013.

Turning to our financial base, our consolidated total equity increased owing to steady accumulation of earnings from the year ended March 31, 2004. However, due to the yen's sharp appreciation thereafter, consolidated total equity had decreased to ¥623.4 billion by March 31, 2009. Subsequently, we implemented successful measures to counter foreign exchange movements, and steadily accumulated profit during the period covered by the SG-12 Plan. As a result, consolidated total equity rose to ¥1,188.4 billion as of March 31, 2013, surpassing the ¥1,000 billion mark for the first time in our history.

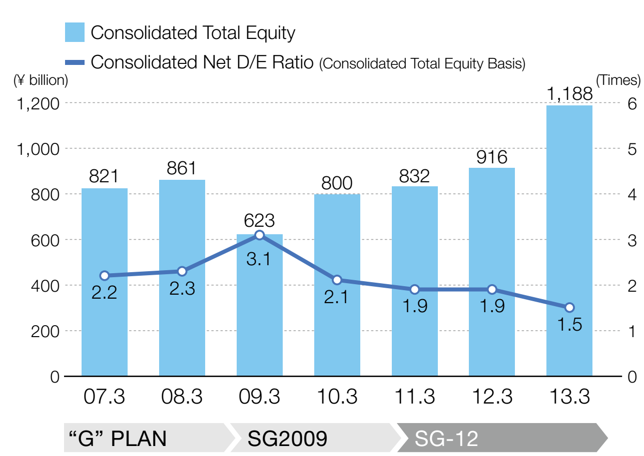
The consolidated net D/E ratio had deteriorated to around 3 times on March 31, 2009. However, the Marubeni Group steadily accumulated income even while proactively executing new investments during the SG-12 Plan. Consequently, the consolidated net D/E ratio had improved to 1.5 times by March 31, 2013.

During the period covered by the SG-12 Plan, Marubeni saw ROA, an indicator of asset efficiency, reach 3.0% as of March 31,

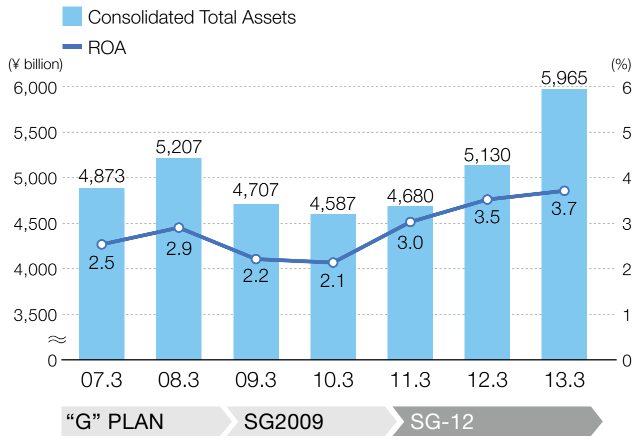
### Earnings Power



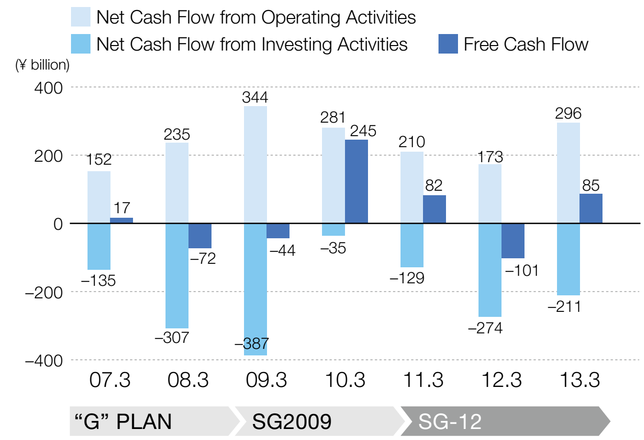

### Financial Base



## Asset Efficiency




## Cash Flows




2011, and improve to 3.5% and 3.7% as of March 31, 2012 and 2013, respectively. Although the improvement in ROA was partly due to the positive impact of natural resource prices, we believe that it also testifies to our achievements in terms of replacing assets that lacked growth potential, as well as our efforts to continuously improve earnings from existing assets. While ROA has clearly improved during the SG-12 Plan, we believe that further improvement is necessary, and that we must continue to implement initiatives to this end.

In regard to cash flows, the Marubeni Group had proactively executed new investments up to the year ended March 31, 2009. In the year ended March 31, 2010, however, we shifted gears and prioritzed improving our financial base, which led to a large positive free cash flow. During the SG-12 Plan, we worked to improve our financial base, while ramping up new investments once again in the years ended March 31, 2012 and 2013.

## Review of the SG-12 Plan's Measures

Under the SG-12 Plan, we defined the following priorities as our four key measures: top management-led human resources strategy; priority allocation of management resources; accelerate business in overseas markets; and strengthen financial base and upgrade risk management.

In regard to our top management-led human resources strategy, the HR (Human Resources) Strategy Committee that I chair promoted this strategy by determining a basic policy on measures to strengthen human resources that adopted a three-pronged approach combining practical "Experience," "Assessment and Incentives" and "Training." We focused particularly on developing globally viable human resources by making overseas work experience mandatory for young career-track employees and encouraging firsthand involvement in frontline operations. At the same time, we conducted intensive selection-based training of future leaders, as well as training seminars tailored to divisional needs.

The next key measure was priority allocation of management resources. Under the SG-12 Plan, we initially earmarked a total of around ¥750.0 billion for new investments over the three-year period. However, since the continuation of the yen's historic appreciation presented a prime opportunity to lay the groundwork for future growth, Marubeni increased its new investments. As a result, we decided on new investments of around ¥970.0 billion during the period covered by the SG-12 Plan. For more information, please see the table titled "Priority Allocation of Management Resources During the SG-12 Plan Period" on page 7.

By proactively executing new investments during the SG-12 Plan, we believe that the Marubeni Group has sown the seeds of future growth, while maintaining a balanced earnings structure between the natural resource and non-natural resource fields, which is one of Marubeni's strengths.

Another key measure of the SG-12 Plan was to accelerate business in overseas markets. We established Business Strategy Committees, primarily in priority regions, with a view to capturing growth in overseas markets, especially in emerging markets. These committees helped to expand business by promoting measures addressing markets and companies, and facilitated coordination among business divisions. In the ASEAN region, one of the Marubeni Group's priority regions, Marubeni established a corporate subsidiary in Vietnam in October 2011, followed in January 2012 by the opening of a liaison office in Nay Pyi Taw, Myanmar. We also established new autonomous regional CEO posts in South America and Oceania in April 2011 and April 2012, respectively, to strengthen measures targeting local markets and customers.

Our last key measure was to strengthen our financial base and upgrade risk management. To strengthen our financial base, we developed a system that enables business divisions to directly monitor their own balance sheets. I believe that this system has thrown into sharper relief the need for business divisions to keep a close eye on their financial position as they seek to expand earnings.

**Priority Allocation of Management Resources During the SG-12 Plan Period**

| | SG-12 Plan | | SG-12 Results |
|---|---|---|---|
| New Investments (gross) | Approx. ¥750 billion | ▶ | Approx. ¥970 billion * |

| Priority Fields | 2011.3 | 2012.3 | 2013.3 | SG-12 Period | Major Items |
|---|---|---|---|---|---|
| Natural Resources | Approx. ¥30 billion | Approx. ¥90 billion | Approx. ¥110 billion | Approx. ¥230 billion | •Gulf of Mexico oil and gas field (U.S.)<br>•Shale oil and gas field (U.S.)<br>•Roy Hill iron ore mine (Australia)<br>•Antucoya copper mine (Chile)<br>•Grande Cache coal mine (Canada), etc. |
| Infrastructure | Approx. ¥80 billion | Approx. ¥40 billion | Approx. ¥50 billion | Approx. ¥170 billion | •LNG carriers<br>•FPSO** (Brazil)<br>•Seajacks offshore wind power installation business (U.K.)<br>•Paiton 2 coal-fired power plant (Indonesia)<br>•Sur natural gas-fired combined cycle power plant (Oman)<br>•Maynilad Manila metropolitan area water treatment/sewage utility<br>•Aguas Nuevas full service water utility (Chile), etc. |
| Environment, Essential Living Commodities and Others | Approx. ¥50 billion | Approx. ¥130 billion | Approx. ¥390 billion | Approx.* ¥570 billion | •Gavilon acquisition (U.S.)<br>•Terlogs grain export terminal (Brazil)<br>•Oita mega-solar project<br>•Gunfleet Sands offshore wind power farm (U.K.)<br>•Westlake auto consumer finance company (U.S.)<br>•ACR reinsurance company (Singapore)<br>•Shanghai Nanxiang housing development, etc. |
| Total | Approx. ¥160 billion | Approx. ¥260 billion | Approx. ¥550 billion | Approx.* ¥970 billion | |

* Figures are as announced on May 8, 2013. Moreover, as announced in our press release dated June 10, 3013 "Modification of the Terms of Acquisition of Gavilon Holdings, LLC," the terms of Marubeni's acquisition of an equity interest in Gavilon Holdings have changed.
** FPSO: Floating Production, Storage and Offloading system

In regard to risk management, we introduced new qualitative risk analysis methods as well as business plan evaluation methodology to verify the volatility of future cash flows. By continuously implementing these approaches, we expect to continuously upgrade risk management for investments across the Marubeni Group as a whole.

## New Medium-Term Management Plan Global Challenge 2015

Starting from April 2013, the Marubeni Group has been endeavoring to achieve the goals of its new three-year medium-term management plan Global Challenge 2015.

We chose to name the new medium-term management plan "Global Challenge 2015" (GC2015) because we wanted to express the determination of all officers and employees to continuously aim for global growth with a sense of boldness, and not to become complacent with the status quo.

The basic policy of GC2015 is as follows: the Marubeni Group will work to maximize corporate value by continuing to develop a full line of businesses able to demonstrate the dynamism of general trading companies (*sogo shosha*), and proactively expanding these businesses to capitalize on global economic growth over the medium and long term. The Marubeni Group will expand businesses where it can play a leading role, focusing on business fields where it has strengths, expertise and competitiveness. In doing so, we aim to build a strong earnings structure and a solid financial base, while achieving sustainable growth.

## GC2015 Quantitative Targets

Looking at the quantitative targets of GC2015, the Marubeni Group is targeting consolidated net income in the range of ¥250.0 to ¥300.0 billion in the year ending March 31, 2016. Additionally, we are targeting a consolidated net D/E ratio of approximately 1.5 times, stable ROE of 15% or more, and ROA of 4% or more. Our policy of striving to grow consolidated net income while maintaining a solid financial base will remain unchanged. However, to compete on this new stage we must successfully expand assets in tandem with improving asset efficiency. That is why we have decided to announce an ROA target under GC2015.

Furthermore, until the SG-12 Plan, the Marubeni Group had disclosed figures based on U.S. generally accepted accounting principles (GAAP). However, from the GC2015 Plan, we will disclose figures based on International Financial Reporting Standards (IFRS).

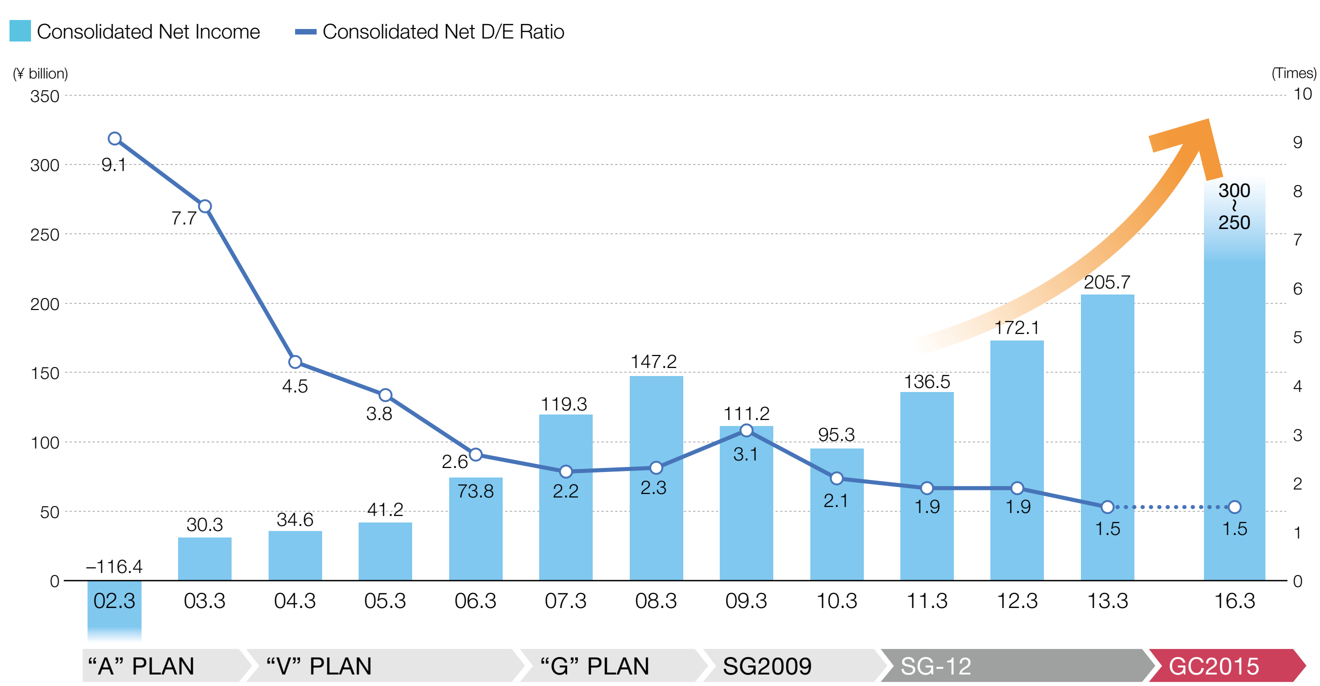
## New Investment Plan Under GC2015

Under GC2015, the Marubeni Group has earmarked a total of ¥1.1 trillion for new investments over the plan's three-year period. (see the table on page 9).

As with the SG-12 Plan, we will continue to proactively execute new investments. We plan to allocate around 40% of the new investment budget to the Natural Resources-Related Group and around 60% to the Non-Natural Resources Group. We have defined our priority fields as those that Marubeni can strengthen based on its knowledge and strengths. These are fields which Marubeni must strengthen in order to grow as a company. Naturally, we will also proactively take part in projects outside our of priority fields if they will contribute to our sustainable growth.

### GC2015 Quantitative Targets

| | |
|---|---|
| Consolidated Net Income | ¥250-300 billion in the year ending March 31, 2016 |
| Consolidated Net D/E Ratio | Approx. 1.5 times on March 31, 2016 |
| ROE | Equal to or more than 15% stably |
| ROA | Equal to or more than 4% |



## Three Key Measures Under GC2015

To achieve the quantitative targets of GC2015, Marubeni will implement the following three key measures: optimize management resources, strengthen/expand overseas business, and further top management-led human resources strategy.

To increase the effectiveness of these three measures, we have set up three strategic committees that I chair: the PM (Portfolio Management) Strategy Committee, the GM (Global Market) Strategy Committee, and the HR (Human Resources) Strategy Committee. These strategic committees will convene meetings as necessary and coordinate seamlessly with one another to swiftly implement the three key measures.

### New Investment Plan (Three-Year Total)

Approx. ¥1.1 Trillion (Gross)

| Group | | Allocation | Priority Fields |
|---|---|---|---|
| Natural Resources-Related Group | | Approx. 40% | •Energy/metals and minerals resources fields in which demand growth is expected for the medium-term<br>•Natural gas value chain (natural resource development, petrochemical production, gas-related infrastructure, etc.)<br>•Raw material for fertilizers, etc. |
| Non-Natural Resources | Machinery Group | Approx. 60% | •Infrastructure related to electric power, gas, and water treatment/sewage<br>•Transportation machinery such as LNG carriers, railways, aircraft, etc.<br>•Offshore projects (FPSO, etc.) etc. |
| | Food, Lifestyle, Forest Products, ICT & Realty Group | | •Strengthen global grain-related value chain<br>•Agricultural, ICT and Insurance fields in which demand growth is expected due to growing populations and rising living standards<br>•Basic living products fields such as apparel, food and housing, etc. |

## Optimize Management Resources

In the year ended March 31, 2013, consolidated net income was ¥205.7 billion, with the natural resource and non-natural resource fields accounting for 29% and 71% of the whole, respectively. In the year ending March 31, 2016 under GC2015, our goal is to generate consolidated net income in the range of ¥250.0-300.0 billion regardless of the operating environment. To this end, we aim to build a portfolio that can definitely generate consolidated net income of ¥150.0-200.0 billion from non-natural resource fields and ¥100.0-150.0 billion from natural resource fields, which are more susceptible to market conditions.

In our portfolio structure, we divide our portfolio into business fields within each division and Portfolio Unit*. The PM Strategy Committee will analyze the profitability, efficiency, and growth of each business field from the standpoint of optimizing management resources. Based on this analysis, the committee will determine the reallocation of funds and personnel, and asset replacements.

The PM Strategy Committee aims to build a strong, balanced asset portfolio and pursue optimization of management resources. Specifically, the committee will determine policies for building such a portfolio by forming a robust earnings base that can generate consolidated net income of between ¥250.0-300.0 billion regardless of fluctuations in economic and market conditions. The aforementioned allocation plan for new investments will be revised as necessary in light of the business environment surrounding Marubeni and progress on new investments.

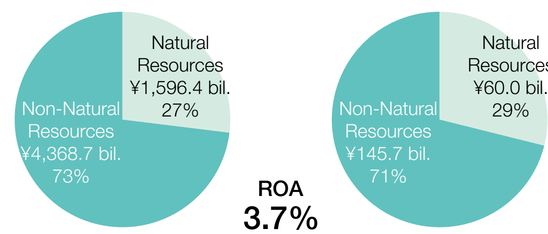
Another priority is to visualize each business field quantitatively in terms of earnings stability and volatility. This allows us to classify each business field into categories such as "businesses promising long-term stable earnings," "businesses offering growth prospects, albeit with a medium-return, medium-risk profile," and "businesses offering the potential for massive growth, despite high volatility." Based on this analysis, we will set a detailed course for each business field.

* Unit of business management linking business divisions and operating companies by business domain.

**2013.3 Results** (U.S. GAAP)

**Total Assets**
**¥5,965.1 billion**

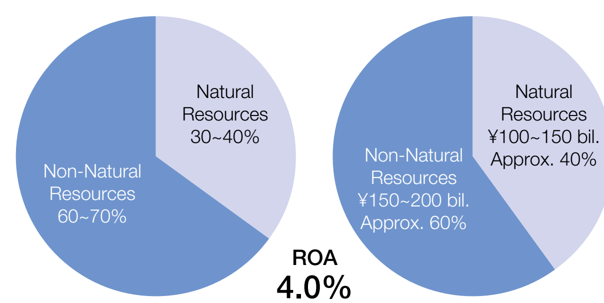
**Consolidated Net Income**
**¥205.7 billion**




**2016.3 Image** (IFRS)

**Target Portfolio**
**Total Assets**
**¥7,500 billion**

**Target Earnings Structure**
**Consolidated Net Income**
**¥250-300 billion**



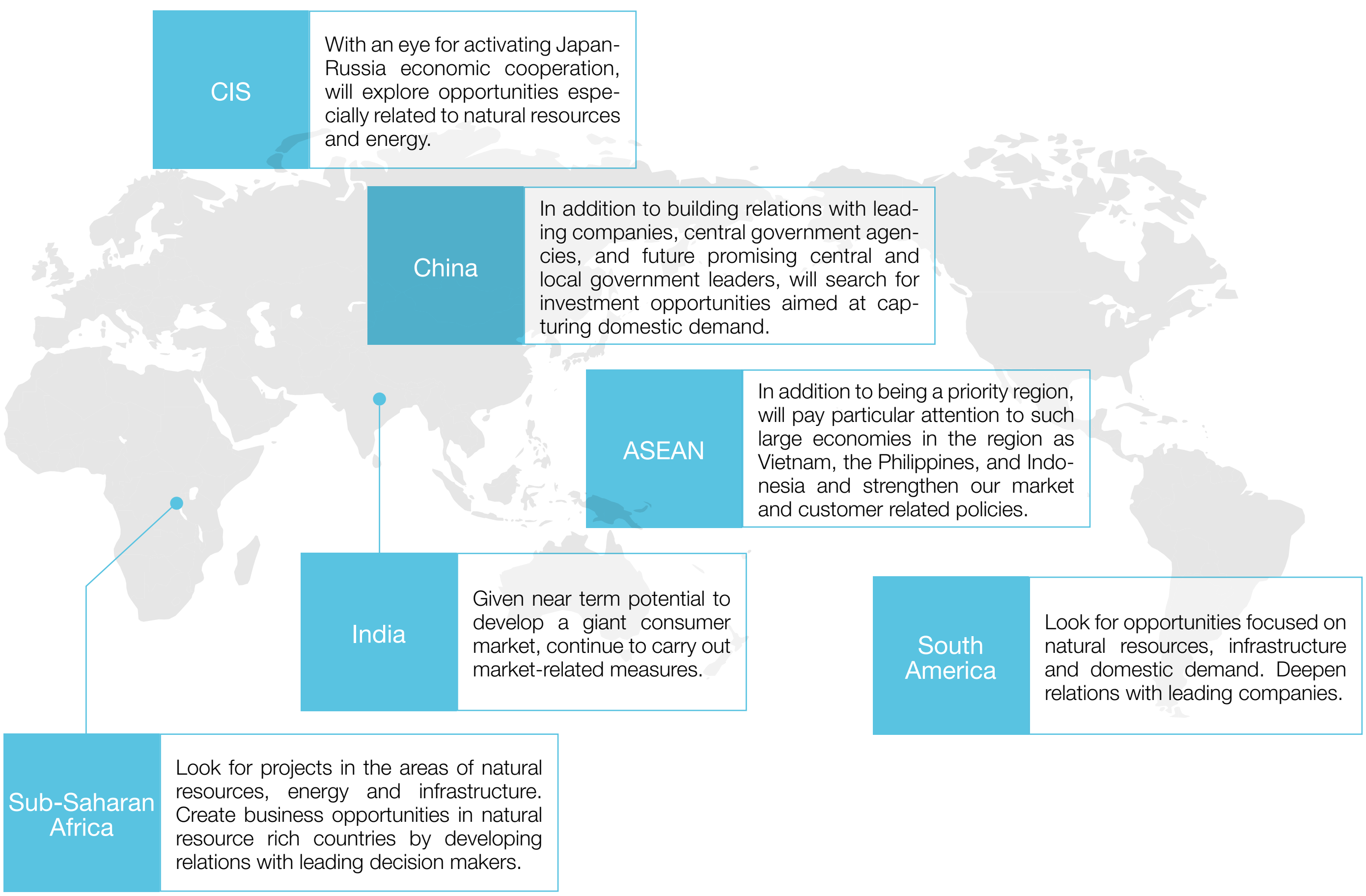
## Strengthen and Expand Overseas Business

To drive further growth at the Marubeni Group, we must further strengthen and expand our overseas business. Under GC2015, we will establish the aforementioned GM Strategy Committee in order to strengthen and expand our overseas business. The Business Strategy Committees under the SG-12 Plan will remain in place under a different name: the Market Strategy Committees. The GM Strategy Committee will field proposals from the six Market Strategy Committees, the business divisions, and overseas and domestic offices, and will determine market strategies and policies from a global perspective.

Under GC2015, Marubeni will retain the priority region* classification defined in the SG-12 Plan. In addition, the Sub-Saharan Africa and Mekong River Basin regions will be designated as Company-wide “frontier” regions, given their extremely high growth potential over the medium and long terms, and the prospects for Marubeni to establish a presence in these areas. In Sub-Saharan Africa, we have designated Angola, Kenya, and South Africa as countries of special interest. In the Mekong River Basin, we have designated Myanmar as a country of special interest. In these frontier regions, Marubeni will press ahead with measures such as strategic personnel assignments and project studies, with a view to establishing the Company’s presence in each region. The Market Strategy Committees for the six regions comprising priority regions and frontier regions will be chaired by members of senior management, who will fulfill leadership roles in sales and foreign relations in each region.

* Priority regions: North America, South America, ASEAN, China, and India, as well as the Middle East and Australia

### Market Strategy Committee Measures



## Further Top Management-Led HR Strategy

As in the SG-12 Plan, Marubeni's top management-led HR strategy will remain one of its highest priorities. We will continue to implement measures to strengthen human resources based on a three-pronged approach that emphasizes practical "experience," together with "assessment and incentives" and finally "training."

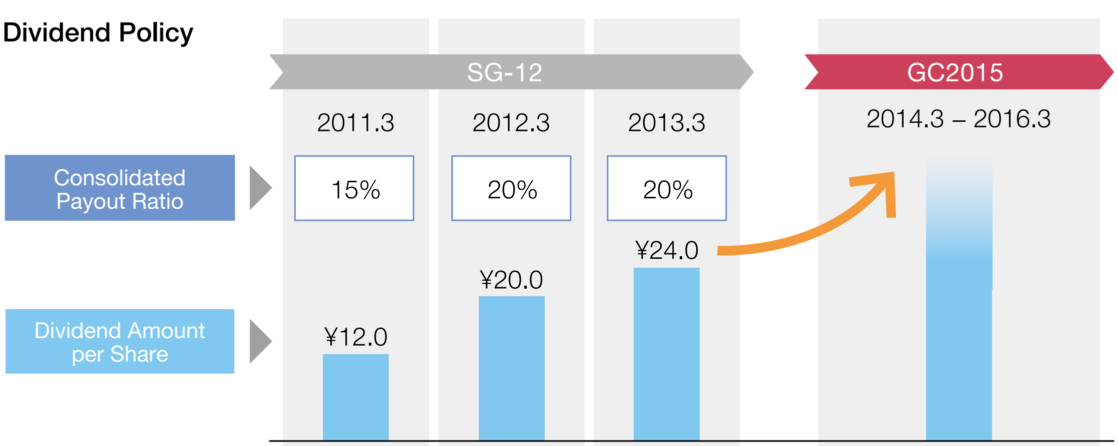
Under the GC2015 Plan, Marubeni will focus particularly on "experience" and "training." In regard to "experience," we will introduce measures designed to give personnel a diverse array of practical experience, with the aim of developing and strengthening human resources who can address increasingly complex and specialized new investment projects and manage subsidiary companies. In regard to "training," we aim to develop a practical training system through such means as expanding selective training programs designed to step up development of future leaders.

Furthermore, the HR Strategy Committee will promote optimal allocation of human resources based on the policies determined by the newly established PM and GM Strategy Committees.

## Shareholder Returns

In keeping with the basic dividend policy from before, Marubeni is targeting a consolidated payout ratio of at least 20% from the

**Dividend Policy**



year ending March 31, 2014 and thereafter. We will consider raising the consolidated payout ratio as soon as we are able to confirm steady progress with the GC2015 Plan.

## Promoting Brand Management

In the year ended March 31, 2013, Marubeni opened a new chapter in its history by achieving record-high consolidated net income. To continue growing as a global enterprise, Marubeni will need to enhance its brand value by disseminating a unified corporate image based on its strong corporate culture.

As one measure under the GC2015 Plan, the Marubeni Group has formulated the "Marubeni Spirit" (see diagram to the right), which rephrases the Group's ideal corporate culture in terms of a personal code of conduct.

By having every Marubeni Group employee implement the "Marubeni Spirit," we aim to establish a robust corporate image, which will help us to build solid relationships of trust with all manner of stakeholders.

### Marubeni Spirit

- Possess the willpower to shape the future.
- Relish great challenge.
- Value a full, free and vigorous debate.
- Fight through hardships.
- Maintain a formidable sense of fairness.

## Aiming to Improve Corporate Value

To date, the Marubeni Group has achieved continuous self-transformation as a general trading company. Historically, general trading companies primarily conducted business as intermediaries. Today, however, we have obtained the knowledge and ability to play a more proactive leadership role in business. These roles include acquisition of natural resource interests, coordination of integrated infrastructure projects, a variety of project investments, and the creation of supply chains and value chains in trading businesses. Through such activities we now aim to offer even more added value to customers.

Considering this history of self-transformation, we must once again earnestly consider what kind of value our work can provide for society. I believe that all Group officers and employees need to hold high ambitions for the Marubeni Group. Certainly, we cannot justify our existence as a company unless we are profitable. However, profits are not the only requirement. All members of the Marubeni Group must ask themselves whether or not they are providing sufficient added value to customers, and contributing to the development of business.

Furthermore, it is equally crucial for us to embrace an even higher perspective by considering whether the businesses we conduct every day lie in Japan's national interests and whether they contribute to societies and economies around the world. Today, our world faces numerous social issues including energy, water resources, and food problems. I believe that we can present solutions to such issues by harnessing the knowledge and collective capabilities that are the characteristic strength of general trading companies. In fact, the Marubeni Group is developing businesses around the world that directly address key priorities such as ensuring stable supplies of food, stable supplies of metals and mineral resources, and renewable energy. Moreover, for example, in Angola, where the scars of civil war still remain, Marubeni is conducting businesses that also consider local community development. These include projects to rehabilitate and build factories and other infrastructure with the aim of creating jobs and rebuilding industry.

By maintaining this high level of awareness and elevated perspective as we conduct business, I believe that we can win higher recognition from stakeholders and earn their trust. It is from these sorts of businesses that we can generate strong, sustainable earnings, leading ultimately to further improvement in our corporate value. As a good corporate citizen, I also believe that it is crucial to remain engaged in the social activities we have undertaken to date. Examples include setting up scholarship funds in emerging countries, providing support for social welfare organizations through the Marubeni Foundation, and volunteer activities by employees.

While seeking to bring the GC2015 Plan to a successful conclusion, the Marubeni Group also aims to be recognized by society as a good corporate citizen through sound management that co-exists in harmony with both society and the environment. In doing so, we aspire to make the Marubeni Group a trusted enterprise in the eyes of all our stakeholders.

# Members of the Board and Corporate Auditors

## Members of the Board

### Teruo Asada
Chairman of the Board

1972 Joined Marubeni Corporation
2002 Corporate Vice President
2004 Corporate Senior Vice President
2005 Corporate Senior Vice President, Member of the Board
2006 Corporate Executive Vice President
2008 President and CEO
2013 Chairman of the Board

### Fumiya Kokubu
President and CEO

1975 Joined Marubeni Corporation
2005 Corporate Vice President
2008 Managing Executive Officer, Member of the Board
2010 Senior Managing Executive Officer
2012 Senior Executive Vice President
2013 President and CEO

### Shigeru Yamazoe
Senior Managing Executive Officer

1978 Joined Marubeni Corporation
2006 Corporate Vice President
2009 Managing Executive Officer
2010 Managing Executive Officer, Member of the Board
2012 Senior Managing Executive Officer

### Mitsuru Akiyoshi
Senior Managing Executive Officer

1978 Joined Marubeni Corporation
2007 Corporate Vice President
2009 Managing Executive Officer
2010 Managing Executive Officer, Member of the Board
2012 Senior Managing Executive Officer

### Yutaka Nomura
Senior Managing Executive Officer

1978 Joined Marubeni Corporation
2007 Corporate Vice President
2010 Managing Executive Officer
2011 Managing Executive Officer, Member of the Board
2013 Senior Managing Executive Officer

### Daisuke Okada
Managing Executive Officer

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

### Shoji Kuwayama
Managing Executive Officer

1979 Joined Marubeni Corporation
2008 Executive Officer
2011 Managing Executive Officer
2012 Managing Executive Officer, Member of the Board

### Kazuaki Tanaka
Managing Executive Officer

1980 Joined Marubeni Corporation
2008 Executive Officer
2011 Managing Executive Officer
2013 Managing Executive Officer, Member of the Board

### Yukihiko Matsumura
Managing Executive Officer

1980 Joined Marubeni Corporation
2009 Executive Officer
2012 Managing Executive Officer, Member of the Board

### Masumi Kakinoki
Managing Executive Officer

1980 Joined Marubeni Corporation
2010 Executive Officer
2013 Managing Executive Officer, Member of the Board

## Outside Directors

### Takao Kitabata
Outside Director (Independent Officer)

2002 Deputy Vice-Minister, the Ministry of Economy, Trade and Industry
2004 Director-General, Economic and Industrial Policy Bureau
2006 Vice-Minister of Economy, Trade and Industry (Retired in 2008)
2010 Appointed Outside Corporate Auditor
2013 Outside Director, Member of the Board

### Yukiko Kuroda
Outside Director (Independent Officer)

1991 Representative Director, People Focus Consulting
2012 Director, People Focus Consulting
2013 Appointed Outside Director, Member of the Board

## Corporate Auditors

### Takafumi Sakishima
Corporate Auditor

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

### Masahiro Enoki
Corporate Auditor

1977 Joined Marubeni Corporation
2007 Executive Officer
2010 Managing Executive Officer
2013 Corporate Auditor

### Norimasa Kuroda
Outside Corporate Auditor
(Independent Officer)

2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd.
2007 Deputy President
2010 Chairman, Mizuho Trust & Banking Co., Ltd. Appointed Outside Corporate Auditor of Marubeni
2013 Director, Sompo Japan Insurance Inc.

### Takashi Suetsuna
Outside Corporate Auditor
(Independent Officer)

2004 Deputy Superintendent General, Tokyo Metropolitan Police Department
2005 Chief Chamberlain of the Board of the Crown Prince's Household, Imperial Household Agency
2009 Ambassador Extraordinary and Plenipotentiary of Japan to the Grand Duchy of Luxembourg (Retired in 2012)
2013 Appointed Outside Corporate Auditor of Marubeni

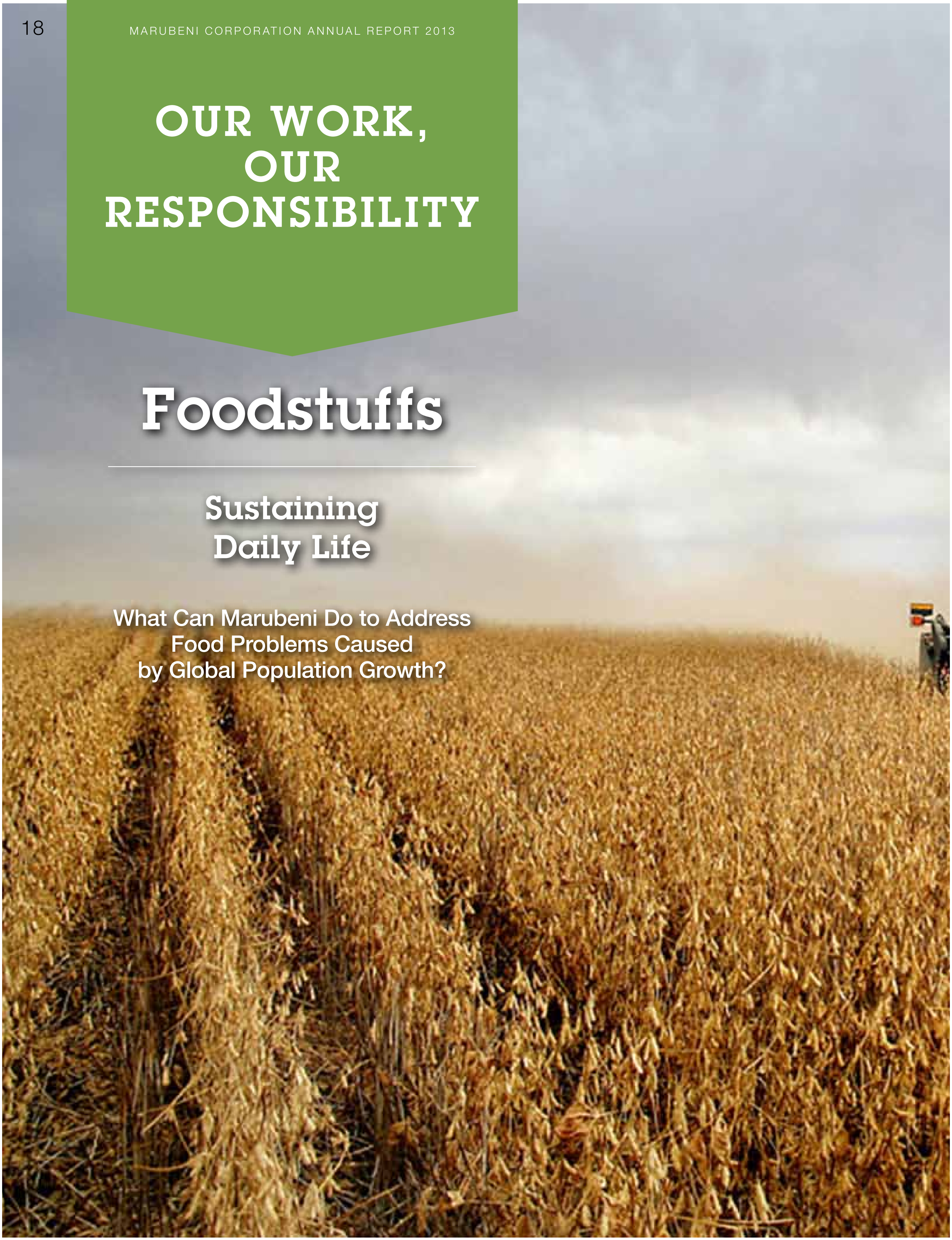
### Yoshizumi Nezu
Outside Corporate Auditor
(Independent Officer)

1991 Director, Managing Executive Officer, Tobu Railway Co., Ltd.
1993 Director, Senior Managing Executive Officer
1995 Director, Vice President
1999 President, Representative Director
2013 Appointed Outside Corporate Auditor of Marubeni

# OUR WORK, OUR RESPONSIBILITY


The Marubeni Group is aiming to leap even further ahead under Global Challenge 2015–the Group's new medium-term management plan. To achieve a major step up, we must be there for society, to supply its needs and meet its expectations, backed by our powerful ability to create businesses. In this report, we show how the Marubeni Group will be involved with society, and its high aspirations for the future.

# OUR WORK, OUR RESPONSIBILITY



# Foodstuffs

## Sustaining Daily Life

### What Can Marubeni Do to Address Food Problems Caused by Global Population Growth?

# OUR WORK, OUR RESPONSIBILITY

## Foodstuffs

Sustaining Daily Life

**Marubeni will vigorously expand its trading volume and markets as it takes on the challenge of ensuring a stable supply of foodstuffs worldwide.**

Marubeni's Food Materials Division has built its own business around trading in the grain and livestock feed sectors. In grain, the division is the top trader among general trading companies in terms of volume and sales capabilities.

Aiming to provide a stable supply of grain worldwide, Marubeni has established a global grain procurement framework by steadily securing more diverse production sites.

In doing so, we have become a significant presence in the world's grain markets and are on the way to becoming a true global player.

### Marubeni's Grain Business

OUR WORK | OUR RESPONSIBILITY

Marubeni's grain business leads general trading companies with an annual trading volume of 25 million tons, placing us just behind the world's top five grain companies in terms of trading volume.

In the grain sector, Marubeni has taken advantage of its strengths since the beginning of the 1960s. We were among the first to invest in our own grain warehouses and silos, while also investing in a livestock feed company, and have led other firms in the comprehensive development of our business.

Providing Japan with a stable supply of foodstuffs is a crucial mission for Marubeni. One of our strengths in this respect is our distinctive supply chain that incorporates not just straightforward grain trading, but midstream distribution and retail businesses within the Marubeni Group.

### Aspirations for the Foodstuffs Business

OUR WORK | OUR RESPONSIBILITY

Japan's food supply depends heavily on imports. While the country's food self-sufficiency rate is said to be around 40%, the actual rate is believed to be even lower because livestock feed is also mostly imported. Marubeni recognizes that providing a stable supply of food in a country with limited food resources means covering that lack through trade in foodstuffs, which are unevenly distributed around the world.

Marubeni hopes to address this imbalance not only through trade, but by expanding our domestic businesses to developing nations also, thus contributing to reliable food supplies and improved diets in those countries. Specifically, we are focusing on the food products business, including livestock feed, oil pressing, and milling.

First, using the expertise in food safety and in improving diets that we have accumulated in Japan, we will work with Japanese manufacturers to enter global markets, where we will stimulate demand and supply grain. Establishing a virtuous cycle in grain trading will generate other business, enabling us to achieve ongoing growth. Our goal is not only to increase the volume of grain we provide, but to transplant the knowledge and experience we have gained in Japan in developing nations. This is Marubeni's aspiration for its foodstuffs business.

## A Counter-intuitive Concept: Buy High, Sell Low

OUR WORK | OUR RESPONSIBILITY

Like any other business, the conventional approach to the grain business calls for generating profit by buying as cheaply as possible from production sites then selling the grain on at a high price. Marubeni's strategy, however, is to buy high and sell low, a different focus from that of other products. How are profits possible? The answer lies in the total cost, including distribution costs. Since distribution costs fall as transport volumes grow, handling larger volumes makes it possible to set competitive rates. With the goal of expanding the volume we handle, Marubeni acquired an equity stake in Gavilon Holdings, LLC, a company involved in the trading of grain and fertilizer, primarily in North America. With this acquisition, trading volume is expected to expand significantly, to more than 55 million tons.

The transaction will enable Marubeni to secure a stable source of supply in North America, and we anticipate that along with increasing our annual volume, it will enhance our presence in the global demand for grain.

## Boldly Taking on the Challenge of Ensuring a Stable Food Supply

OUR WORK | OUR RESPONSIBILITY

Global population growth is accelerating, and the global population is expected to reach 7.7 billion by 2020. Marubeni recognizes that with this growth, securing sufficient foodstuffs has become one of humanity's most pressing concerns.

Today, Marubeni is working vigorously to dramatically expand its trading volumes and extend its sales channels worldwide, in a drive to build a flexible supply structure that can meet the growing global demand for grain.

In addition, developing into a strongly competitive, truly global player will enable us to work with new supply sites, where room for expansion remains, nurturing production and enhancing our procurement capabilities.

As part of its role as a major global grain trader, Marubeni will exercise its ability to provide a stable supply of grain as we take on the challenge of solving the world's food supply issues.

Daisuke Okada
Managing Executive Officer,
Member of the Board,
Chief Operating Officer,
Food Materials Division

# OUR WORK, OUR RESPONSIBILITY

Mr. Nakazawa picks some produce in a field

## Marubeni is constantly expanding its global trade in foodstuffs to ensure stable supplies.

### Bringing Instant Noodles to Every Corner of Vietnamese Society

Tadashi Otsuki
General Manager, Acecook Vietnam Joint Stock Company

Marubeni is an investor in Acecook Vietnam Joint Stock Company. My role is to develop various strategies at Acecook Vietnam, Vietnam's leading instant noodle manufacturer.

Various issues become apparent in the course of executing business projects. Continuing business operations and driving sustained growth means facing one difficulty after the other. For example, our business results can be swayed by factors beyond our control because we do business with consumers—customers whom we cannot see directly. Unexpected incidents can also occur. Our approach is to form teams by harnessing our past business experience and business networks within and outside the company, while getting various people to cooperate with us. As we repeat a process of trial and error, we must seek to constantly find and develop solutions. This is what makes our work as trading company professionals truly worthwhile. And ultimately, it is what makes our work truly interesting.

Mr. Otsuki in front of the Vietnam Office

Acecook Vietnam produces more than three billion units of instant noodles a year, and distributes and sells these products in every corner of Vietnam. Using this operation, what kinds of new businesses can we create to capture growing internal demand within the ASEAN region? I believe that our operations in Vietnam offer both expansive possibilities and challenges in this regard.

I would like to capture many more group synergies to answer these possibilities and challenges. Until now, the operating company Acecook Vietnam and its shareholders Marubeni and Acecook Co., Ltd. have acted separately. Looking ahead, I believe that the three companies must work in unison to formulate a group-wide strategy.

### Transport Lies at the Heart of the Grain Trade

Masayuki Nakazawa
Columbia Grain Trading, Inc.

My job is to charter and assign vessels to transport grains. Marubeni has adopted a chartering format based on the time-charter method. Under this method, our work does not end after contracting a vessel. After signing, we constantly think of what we can do from there and how we can effectively utilize the vessel.

In recent times, grain prices have been increasing so rapidly that some have suggested that the world is now vying for grain resources. I feel that I am working at the forefront of this battle. Weather conditions and other uncertainties can have huge impacts on trading. Besides the grain harvest, the grain trade involves uncontrollable events such as disruptions in logistics from inland transport to loading, along with vessel operations. In the absence of any "correct" answers, we think ahead and make predictions so as to approximate the correct answer. When our predictions are not borne out by events despite our best efforts, we must take action to deal with the situation. This process is repeated over time.

Going forward, given that shortages of foodstuff supplies are anticipated in the near future, it will be crucial to efficiently produce, transport and supply food to consumers. In this context, grain trading is inseparable from logistics. We always think of how to transport the grain we have now most efficiently and cost effectively, along with what type of vessel and what type of shipping route to choose. We work closely with all parties related to trading, including grain producers, port terminal operators, shipping firms, and consumers. For example, a vessel that I charter might be on a 40-day voyage to transport grains produced by growers in the Americas to consumers in Japan. In this sense, I believe that I am acting as a bridge, both mentally and physically, between Japan and the rest of the world.

My goals are to help Marubeni as it strives to expand its grain trade and contribute as a globally competitive force to the world's advancement. At the same time, I hope to deliver as much grain as possible to the consumers who need it.

## Tackling Challenges Globally in the Marine Products Sector Centered on Alaska

Masayuki Yano
CEO & President, North Pacific Seafoods, Inc.

I serve as President of North Pacific Seafoods, Inc. (NPSI), an operating company of the Marine Products Unit. NPSI owns five marine product processing plants in Alaska. The company purchases Alaskan marine products centered on wild salmon and trout from fisheries firms and fishermen, and supplies these products to secondary processors, mass-retail stores, foodservice industries, and other customers in global consumer markets. In other areas, NPSI procures marine products other than those from Alaska according to market needs, and supplies these products to the North American market.

Because our mainstay Alaskan marine products are wild natural resources, the fish catch varies on a daily basis. The presence of competitors demands instant purchasing decisions. Furthermore, we must constantly keep an eye on the sales front. Even after they are caught, marine products, which are highly priced food materials, remain susceptible to strong fluctuations in market conditions. Furthermore, our processing plants are located in remote parts of Alaska, making it impossible to adjust the number of personnel, who are sent to the plants prior to the work season. For this reason, we must conduct advanced planning, purchase materials considering not only market conditions but also plant utilization, and subsequently choose appropriate markets to sell the processed products, among other priorities. Instant decisions made on these and other priorities can have a significant bearing on earnings.

Mr. Yano visits a supplier in Alaska

We strive to properly monitor these ever-changing conditions as we implement our current strategies and policies, and it is exceptionally rewarding when we achieve good results. By good results, I mean not just that we are able to contribute to profits, but also knowing that we have supplied precious marine resources to a broad spectrum of consumer markets, and that our products are widely enjoyed by consumers. Furthermore, I am delighted that people are starting to recognize that precious marine resources are healthy foods rich in protein and low on calories, and that traditional seafood-based Japanese cuisine, such as sushi and tempura, is becoming increasingly popular around the world.

In the marine products field, I would like to upgrade and expand the links between the world's production regions and its consumer markets. First, the Marine Products Unit is strengthening the channels between the production regions and the world's three major marine product markets, namely Japan, the U.S., and Europe. This will allow us to increase our trading capacity and build a framework for the stable supply of marine products to the global market. The unit is currently exploring a host of initiatives, including acquiring sales hubs in the North American market and bolstering trading of Alaskan marine resources, mainly through investments. Other such initiatives include strengthening the shrimp trade centered on Southeast Asia, and increasing trading in farmed salmon. I believe that we still have many more opportunities to scale greater heights going forward.

Mr. Fukuda of the Tokyo Head Office

## Enhancing Marubeni's Presence in the Grain Trade

Takashi Fukuda
Deputy General Manager,
Grain Department-I, Food Materials Division

I serve as Deputy General Manager of the Grain Department-I, which handles all kinds of grain. In addition, I also supervise two other organizations. Although these three responsibilities are interrelated, I am careful to use my time effectively as my job entails many decision-making opportunities and business trips. I endeavor to find time both to make decisions quickly, and to develop my subordinates.

Every country in the world has a need for grains. To meet this need, all countries either export or import grains. The grain business is dynamic work with business opportunities in all countries, and I feel that our work is directly tied to improving the world's food situation.

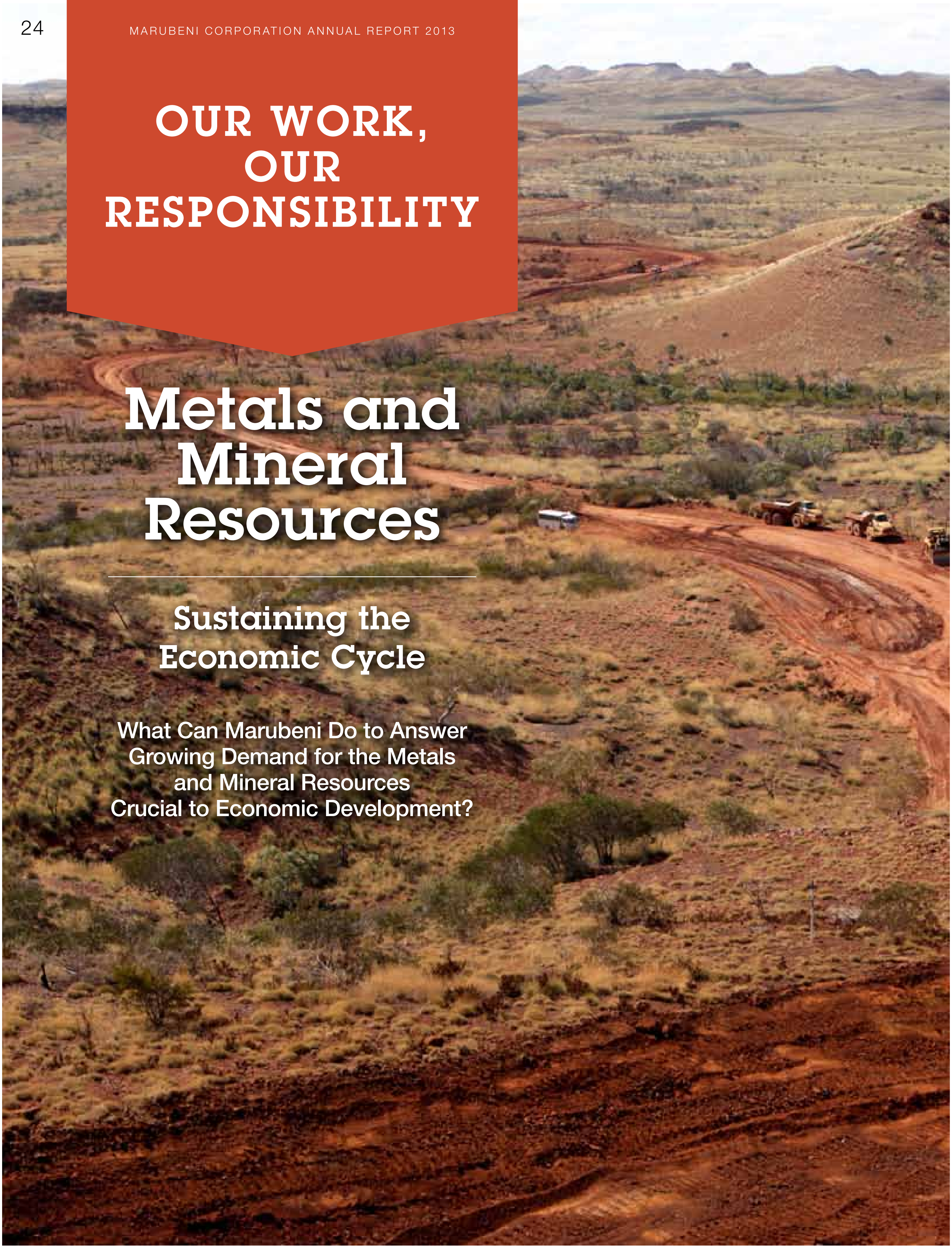
I believe that my role is to set a course for Marubeni to follow in the grain business. I will strive to establish a global presence for Marubeni and to build an organization that constantly plays a central role in global grain movements and the realignment of grain players.

# OUR WORK, OUR RESPONSIBILITY

# Metals and Mineral Resources

## Sustaining the Economic Cycle

What Can Marubeni Do to Answer Growing Demand for the Metals and Mineral Resources Crucial to Economic Development?



# OUR WORK, OUR RESPONSIBILITY

## Metals and Mineral Resources

Sustaining the Economic Cycle

**Our mission is the stable supply of the metals and mineral resources that sustain the economic cycle. Taking full advantage of our unique information capabilities, Marubeni provides the market with a stable supply of metals and mineral resources.**

With its share of total copper production in metal at 125,000 tons per annum, Marubeni's copper business in Chile is one of the strongest among Japanese firms. In addition, we have built a diverse portfolio through expansion into sectors such as coal, aluminum and iron ore.

Our hope is to provide not only Japan, but the whole world, with a stable supply of the metals and mineral resources that are the key to economic growth. Building a business strategy that looks a decade into the future will help us to fulfill this public mission.

### The Strengths of Marubeni's Metals and Mineral Resources Business

OUR WORK | OUR RESPONSIBILITY

Marubeni's metals and mineral resources business extends from upstream mine development and smelting to primary and secondary processing, and beyond to downstream transport, sales, and recycling, encompassing both natural resource development and trading.

In the process of building our natural resources value chain, our information capabilities have been key to the business. For example, in the copper business, Marubeni invests in mines, then processes the copper produced by those mines into cathodes, which we then sell to manufacturers of electrical cable and other customers. Having an accurate grasp of conditions at the customer level enables us to better understand the strength of global demand for copper at any point in time, as well as trends in demand going forward. Upstream investment in mines is only possible with this kind of information.

In addition to the financial strength and expertise Marubeni brings as a general trading company, our efforts to draw metals and mineral resources into the distribution stream are backed by information about the movement of goods. It is this information-based, distribution-focused approach that has enabled Marubeni to maintain such a strong track record among Japanese firms in its handling of copper, aluminum, and other natural resources.

### Sustainable Mining Development and Consideration for the Environment

OUR WORK | OUR RESPONSIBILITY

Metals and mineral resources are essential to the world's economic development. We believe that our most important role is to provide the market with a stable supply of these natural resources.

In mine development, continued extraction leads to a decline in natural reserves. But providing a stable supply of natural resources to the world's markets is only possible through continuous development in the face of such decline. In other words, to provide the world with a stable supply of metals and mineral resources, it is essential that we take full advantage of our information capabilities, backed by our significant fund procurement capabilities, to ensure ongoing mine development. We consider this continued development to be our primary contribution to society, and a means of redistributing profit. Our participation in Australia's Roy Hill Iron Ore Project, our acquisition of Canada's Grand Cache Coal Corporation, which produces coking coal for the steel industry, and our other dynamic business expansion activities, are all part of our mission to provide a stable supply of natural resources.

Another aspect of mining development that must be kept in mind is consideration for the environment. The time has passed when we could simply focus on providing society with a stable supply of natural resources; mine development and mining itself are subject to each country's varying environmental standards. Marubeni recognizes that working with our partners to strictly adhere to these environmental standards is one of our obligations as a member of society.

## Looking Ten Years Out

OUR WORK | OUR RESPONSIBILITY

Marubeni will look not only to secure natural resources for Japan, but to provide a stable supply of metals and mineral natural resources for infrastructure demand in emerging economies, where strong economic growth is expected to continue.

One of the biggest issues we face in fulfilling our public mission is securing capital resources. Access to substantial financial power is indispensable in the metals and mineral resources sector, where projects continue to increase in scale. We must maintain our financial strength by building on our prime natural resource development interests while expanding earnings through trading.

Another important task is to sharpen our knowledge- and experience- based information capabilities. By remaining receptive to new data and aggregating information from both the upstream and downstream ends of the value chain, we will work to incorporate the needs of society more precisely. In new investments, our goal is to extend exploration and other activities to an even broader range of minerals, while also expanding sales.

Moreover, it is human resources that actually lead a business to success. Financial strength and information capabilities alone will not enable us to fulfill our social responsibilities, or to outperform the competition. The key is how we make use of these capabilities, and the answer lies in our human resources. Marubeni will continue actively working to develop leaders wherever it does business around the world.

Finally, there is the relationship of trust we maintain with our partners. Today, Marubeni is extremely fortunate to work with excellent partners. By maintaining these positive relationships and continuing to generate earnings, Marubeni will continue to deliver on its powerful commitment to society.

Shoji Kuwayama
Managing Executive Officer,
Member of the Board

# OUR WORK, OUR RESPONSIBILITY

**Metals and mineral resources underpin global economic development.**

**Marubeni plays an active role as a strategic partner developing a range of projects in countries around the world.**


Mr. Kodama on site at the Roy Hill Iron Ore Project

## New Iron Ore Mine Development in Australia

### Tomoharu Kodama

Managing Director,
Marubeni Iron Ore Australia Pty. Ltd.

In the year ended March 31, 2013, Marubeni acquired a 12.5% equity interest in Roy Hill Holdings Pty. Ltd., an iron ore mining development project in the Pilbara region of Australia, where many excellent quality mining projects are concentrated. Marubeni Iron Ore Australia Pty. Ltd. was established locally to facilitate the investment, and the company has conducted a host of negotiations with main shareholder, Hancock Prospecting Pty Ltd and other project companies, to get the project up and running as quickly as possible.

At 55 million tons, this project will be the largest single mine in Australia in terms of production volume. The scale of the project is enormous, as it encompasses an integrated infrastructure including the mine, railway, and port, all owned by the project. Shipments are scheduled to start from 2015, with expectations for both quality and volume running high in Asian markets, where demand for steel is projected to grow.

Currently, the project is in the construction phase, and those involved are working in coordination with one another on the construction, fund procurement, sales contracts and other aspects of the project. A wide range of people are involved in the project including stakeholders, financial institutions, and construction companies. Creating harmony between all these people is of paramount importance to ensure that the project progresses on schedule. To this end, stakeholders and project companies need to work as a team and move forward together. The Marubeni Group is required to contribute as a shareholder, but also by helping in various ways with marketing for the Japanese market and communicating with Japanese banks.

My personal goal in realizing this project is to contribute to the stable supply of iron and steel raw materials to the Asian markets, including Japan.

## Joint Venture with the Jellinbah Group of Australia

### Greg Chalmers

CEO, Jellinbah Group

My role is Chief Executive Officer of the Jellinbah Group, a corporation in which Marubeni Group owns one third of the stock.

Jellinbah Group has a 70% interest, through two joint ventures, in two large open-cut metallurgical coal mines in Central Queensland, Australia: the Jellinbah Mine and the Lake Vermont Mine.

Jellinbah Group is a private company with three equal shareholders. This situation allows me to focus strongly on the operating businesses and the cordial relationship with the three shareholders. Among the three shareholders, Marubeni holds a most significant position. In addition to its direct interest in Jellinbah Group, it also has a beneficial interest at the joint venture level.

Our mines produce almost exclusively metallurgical coal products of both PCI (pulverised coal injection) and coking coal for markets around the world, most notably in North Asia, and in particular Japan and China, where almost 70% of the total production is sold.

In Japan our customers are steel mills as well as several merchant coke makers and chemical companies.

Elsewhere, India and South America form a market for Jellinbah Group

Mr. Chalmers, CEO of the coal mine development partner, Jellinbah Group products. Marubeni's worldwide network of offices and talented employees are an important factor in the success of marketing products of our company throughout the world. In this way, Marubeni's participation in the business goes beyond being just a shareholder, and is highly valued.

Jellinbah Group holds a significant quantity of coal resources, which could conceivably support the development of several additional mines. Therefore, the medium-term ambition is to ensure that all areas of economic resources are covered by a mining lease as soon as practicable. In the nine years I have been with the Group our production capacity has grown from less than 3 million tons per year to approximately 11.0 million tons per year. In the medium term it is my hope that this growth might continue to the benefit of shareholders and employees alike. This will only be achieved with the continued support of all of our friends at Marubeni, with whom we have built a strong relationship.

## Aluminum Smelting Business in Canada

### Andre Martel

President & CEO, Aluminerie Alouette Inc.

Aluminerie Alouette Inc. is an aluminum smelter located in Quebec, Canada, a very active industrial region including mining, power generation and various other industries. The Alouette Smelter commenced production of aluminum in 1992 and was subsequently expanded in 2005. Today, Alouette is the largest smelter in North America and the tenth largest smelter in the world with a production of close to 600,000 tons per year.

Marubeni is one of the five shareholders of Aluminerie Alouette, with an equity stake of 13.33%. As CEO of Alouette, I therefore strive to meet Marubeni's expectations as a key stakeholder. The CEO role is critical to ensure the right governance of the company as well as the right coaching of the management team. The CEO also has overall responsibility and accountability for executing the medium- to long-term mission. Other responsibilities include plant processes, including production and maintenance, workplace health, safety, and environmental management, continuous quality improvement and technological

Mr. Martel, CEO of Aluminerie Alouette Inc.

innovation, information technology, procurement, and human resources.

One key area that I focus on is securing human resources and improving worker safety. At sites where labor resources tend to be scant, our task is to attract suitable employees, and to establish appropriate operations that support worker safety. On the production site, I take care to ensure that safe, environmentally acceptable working methods and practices are implemented. I also see that sufficient plant equipment is available and that it is properly operated and maintained, to facilitate proper access and enable all operations to be carried out safely.

My aim in this is to create the identity and culture of the operating company within the local environment and the community. In doing so, I am seeking to achieve sustainable business development that is in the best interest of our employees and Marubeni as a shareholder.

## Copper Mine Exploration Development Business in Chile

### Alejandro Rivera

Vice President of Development,
Antofagasta Minerals S.A.

Antofagasta Minerals S.A. is based in South America, with operations mainly involving copper mining. Marubeni has been a great strategic partner for Antofagasta during the last 15 years that we have operated partnership projects together, and our relationship is as strong today as it ever was. This partnership has contributed significantly to our business operation itself, and Marubeni has also been extremely helpful in obtaining finance in the Japanese market.

Mining is truly an essential industry for economic development. It is vital for our everyday lives. The mining industry has been a spawning ground for a host of technologies, and technological development is also boosted through application of technologies in mining. I feel that the potential for the mining industry is huge, with demand driven by global growth. The challenge is to grasp technology trends firmly, and introduce the suitable ones as quickly as possible to allow the viable development of increasingly challenging projects, which grow more difficult each year.

We expect Marubeni to continue to be a strategic partner for Antofagasta, and to travel alongside us on the long–but nevertheless exciting–road that lies ahead.

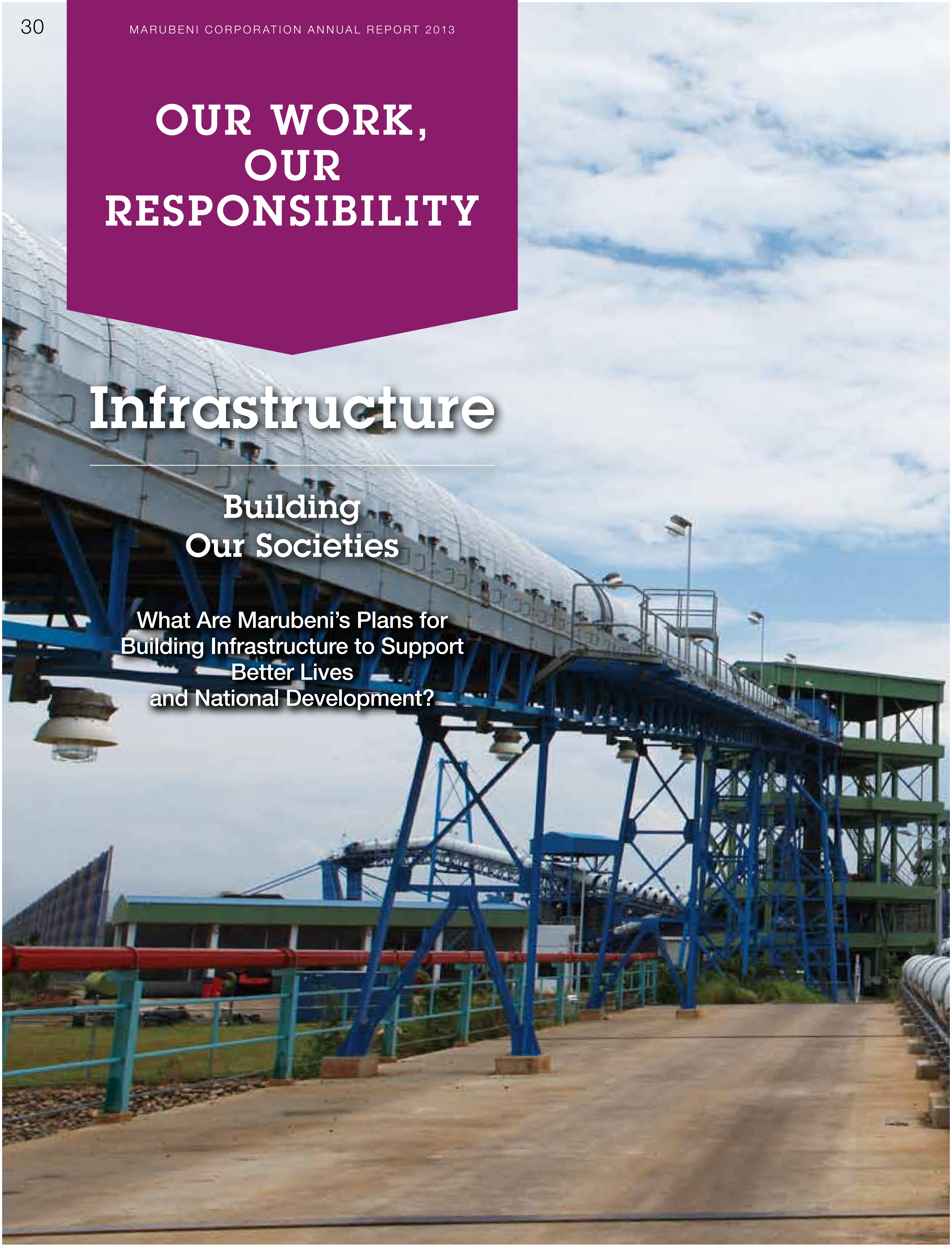
Mr. Rivera, Vice President of Development, Antofagasta Minerals S.A.

# OUR WORK, OUR RESPONSIBILITY

# Infrastructure

## Building Our Societies

### What Are Marubeni's Plans for Building Infrastructure to Support Better Lives and National Development?



# OUR WORK, OUR RESPONSIBILITY

## Infrastructure

Building Our Societies

**Coexisting with local communities. Responding to society's needs is a basic function of the infrastructure business.**

Marubeni has accumulated a wealth of knowledge and experience through its long years of involvement in various infrastructure projects all over the world. Among these, Marubeni has been involved with the overseas engineering, procurement, and construction (EPC) business in the field of electricity since the 1960s. Thanks to this long history in the business, we have grown to become one of Japan's largest producers of electricity, with 9,065 MW net of generating capacity worldwide. In the environmental sector, as well, we have been involved from early on in the micro-hydro power and wind farm businesses.

The most important thing in the infrastructure business, which provides the foundation for industry, is close communication with partner countries. Based on its efforts to date, Marubeni will continue to deepen its involvement in the business, as we aim to establish an even stronger earnings base.

### Three Characteristics of Marubeni's Infrastructure Business

OUR WORK | OUR RESPONSIBILITY

In addition to our work overseas as an independent power producer (IPP), Marubeni's infrastructure business extends across a broad range of sectors, including a fully integrated water business, global power trading, renewable energy, and others. We are also involved in construction of oil, gas, and chemical plants, transportation projects, industrial machinery, and environment-related businesses, enabling us to provide the foundation for virtually every industry necessary to human life.

Providing that base infrastructure means actually building things. One of Marubeni's characteristic strengths is its technology and expertise, accumulated through a half-century of experience. This added dimension means that Marubeni can offer more than an ordinary trading company.

A second characteristic is the fact that the infrastructure business always involves another party. Over our long years in business, we have worked with customers in Japan and around the world to build infrastructure in many different countries.

Finally, Marubeni's third characteristic is that we are a trading company, and not a manufacturer. To build things, we must also build positive relationships with engineering firms and manufacturers, not only in Japan but overseas as well.

The understanding of engineering we bring to the projects in which we participate is a unique characteristic of Marubeni's infrastructure business.

### 'Coexistence' is the Key Factor for Success

OUR WORK | OUR RESPONSIBILITY

Because the infrastructure business involves building the foundations of society, success is not possible without understanding that we need to coexist with the people of the many countries in which these projects take place. In other words, a country's infrastructure needs become clear through the concept of coexistence.

For example, in a large-scale hydropower project in the Philippines, the question of how to provide relief to citizens living in regions being inundated by the construction of Asia's largest dam became a major issue. Starting with the construction of schools and the creation of new employment opportunities for the local residents, Marubeni promoted programs to support self-sufficiency and enable the people to manage their own lives, making both the project and its regional contribution a success.

In South America, which is expected to see strong, continued economic growth, population increases and industrialization have made securing water resources a pressing issue. Over the past several years, we have focused on the water business in Chile, where growth has been particularly dramatic. Today, we have grown to become the country's third-largest water business in terms of population supplied, and have extended our involvement in the drinking and wastewater business to include fee collection as well.

## Advanced Project Management and Communications Capabilities

OUR WORK | OUR RESPONSIBILITY

In the power sector, Marubeni has worked since the 1960s to aggressively promote itself as a total contractor in the EPC business undertaking the engineering, procurement, and construction aspects. Advanced project management capabilities, backed by technology, are one of Marubeni's major strengths.

Meanwhile, in the IPP and water businesses too, we have a track record spanning about 20 years. Here, we are involved not only in construction but in operations as well. While building a portfolio of prime assets is important for sustainable growth, the infrastructure business also demands strong maintenance and operational capabilities. Communication with our partner countries' governments, related agencies, and businesses is essential in this regard, and the knowledge we have accumulated in the EPC business has enabled us to build positive relationships. These relationships of trust with other countries will open the door for our involvement with even more projects.

## Nurturing Steadfast Human Resources

OUR WORK | OUR RESPONSIBILITY

With the long lead times needed for commercialization, the infrastructure business requires the steadfast passion to complete a project even in the face of failures. This passion can be nurtured by going on-site to see actual working power plants, factories, and railroads.

In the power business, Marubeni has locations in London, New York, Singapore, and Dubai, where over the past several decades young employees sent from Japan have worked together with local staff to develop projects. These highly capable human resources, forged through on-site experience, are our most important assets.

The ability to take the initiative, cultivated through this kind of on-site experience, is also valuable in developing projects that cross divisional business sectors, and can generate significant synergies. One example was the purchase of an installation vessel for an offshore wind farm, completed jointly by the Power Projects & Infrastructure Division and the Transportation Machinery Division.

As we go beyond the boundaries between business segments, we continue to pursue that which makes us uniquely Marubeni, contributing to society as a partner that surpasses expectations.

Shigeru Yamazoe
Senior Managing Executive Officer,
Member of the Board

# OUR WORK, OUR RESPONSIBILITY

**Marubeni is using its years of accumulated experience and knowledge to develop infrastructure and tackle societal issues in countries around the world.**

Mr. Ainslie (left), CEO of Seajacks International Ltd. and Mr. Kamide (right)

## Acquisition of Seajacks International Spurs Renewable Energy Business

Eisuke Kamide
General Manager, EPC Business Investment Team, Overseas Power Project Department-I, Power Projects & Infrastructure Division

In May 2012, Marubeni acquired Seajacks International Ltd., a leading offshore wind farm constructor in the U.K. With this acquisition, we became the first Japanese corporation to enter the offshore wind farm installation business. Seajacks International has dedicated ships and extensive construction know-how that we will incorporate into a new business model to add to our long-running EPC business. This will lend powerful impetus to our renewable energy-related business.

In Europe, offshore wind farms are gaining recognition as a viable alternative for the post nuclear power age. Today the farms are a rapidly growing industry, and with players from oil and natural gas also participating, the industry looks set to undergo a structural transformation. Each offshore wind turbine generates around 3-5 MW of electricity, which means it would require 200-350 wind turbines to generate power on par with a single nuclear power station. Projects currently being planned in Europe are much bigger than that, and expectations are high for this new source of energy.

The appeal of offshore wind farms is their extremely low environmental impact. They do not emit any harmful substances, and compared to other major sources of power, they cause no adverse impact on the ecosystem. This business is therefore an important part of Marubeni's efforts to provide solutions to tackle environmental and energy challenges.

Marubeni is leading the charge ahead of other companies toward establishing EPC solutions in the offshore wind farm business, an area where no company has yet made a fully-fledged entry. Looking ahead, North America and Japan are also eying full-scale introduction of offshore wind farms. We will work to develop Seajacks International as an industry leader in this field, establishing a firm foundation, while expanding our earnings base from offshore wind farm power generation and accelerating development and supply of renewable energy.

## Experiencing International Contribution First-Hand through Promotion of Large IPP Projects

Atsuko Nakajima
On assignment to
Marubeni Power Development Corporation

I am responsible for overseas electric power investment business, working with IPP projects. These projects involve constructing power stations in overseas countries, operating them, and deriving profits from the sale of the electricity generated. Most of the regions where Marubeni is active are in Southeast Asia. Our main customers are the national governments in these countries. We sell the electricity to state-owned power companies, who supply it to ordinary citizens and local factories.

Since joining Marubeni, I have been involved in this kind of operation at an IPP project at the Cirebon Coal-fired Thermal Power Plant in Indonesia. The development rights to generate and supply electricity for this project were won through a tender submitted in 2007 by a consortium of four companies, including Marubeni. At the time when I joined Marubeni, the project was still in the finance arrangement phase.

My duties included local negotiations on the loan agreement for the project. To sign such an agreement requires coordination on many different fronts, including coordination of power purchase agreements and coal supply agreements that are acceptable to the financial institutions providing loans. Furthermore, I negotiated with a diverse array of stakeholders, including project investors, construction firms, and local government officials. In my second year after joining Marubeni, I conducted negotiations locally for 10 months in total. In the process, I came to see clearly how important it is to understand the culture and customs of the host country.

Ms. Nakajima at the power plant site

Last year, construction of the power station was completed safely, and it commenced operations. This achievement was highly rewarding in itself, and I will always relish the experience of having promoted this project with people of various nationalities and positions. Marubeni actively sends young employees abroad on overseas assignments. I truly feel that I have taken my first step as a member of the international community by actually participating on-site in overseas infrastructure development.

## Addressing Increasing Demand for Water through Extensive Experience and Expertise in the Water Business

Yasuhito Ogawa
Maynilad Water Services, Inc.

In February 2013, Marubeni acquired a 20% equity stake of Maynilad Water Services, Inc., a water and sewerage utility in the Philippines. This move marked Marubeni's entry into the water and wastewater services business in Metropolitan Manila. Marubeni has the longest history of participation in the water business among Japanese trading companies.

Having positioned the water business as a key operation, Marubeni has been working steadily to expand the size of this business. We have a wide range of experience in different projects, including concessions in a water and wastewater business in Chile, build-operate-transfer (BOT) type businesses in Mexico, Peru and China where we, for example, operate a water purification plant, and participation in a wastewater investing company also in China. Furthermore we contracted construction of a wastewater treatment plant in the Middle East, and took an equity stake in a seawater desalination and industrial-use water desalination company in Australia. Marubeni's characteristic strength in the water business is its wide ranging operational know-how, and comprehensive understanding of various project aspects through these portfolios.

In the Maynilad project, Marubeni is expected to play a larger role than a usual investor. We are also expected to transfer the knowledge and technical expertise we have developed over the years in the water business to Maynilad Water Services, Inc. The water and sewerage services business in Manila is still in a growth phase. In fact, in the Maynilad service area, sewerage service coverage is only around 10%, relative to water service coverage of 90%. And the non-revenue water ratio*, a key management benchmark in the water business, stands at around 40%, indicating a large loss of water resource. To solve these sorts of issues, we plan to procure the funds needed for capital investment while also transferring our technologies overseas. Furthermore, with the environmental condition of Manila Bay continuing to deteriorate, we believe that development of sewerage infrastructure will contribute greatly to improve Manila's rivers and marine environment.

Going forward, we will apply our experience with Maynilad Water Services across various countries in the ASEAN region facing similar water issues, with a view to addressing the increasing demand for water.

* Non-revenue water ratio: Ratio of the water volume not counted in sales revenue to total produced water volume. Developing countries tend to have a high non-revenue water ratio due to water leakage and theft.

Mr. Ogawa at the Maynilad water purification facility

## Marubeni Becomes Japan's First Company to Fully Participate in a Light Rail PPP Project in Gold Coast, Australia

Taro Hibi
GoldLinQ Pty Ltd

Marubeni is involved in executing a light rail construction, maintenance and management project in Gold Coast in Queensland, Australia. We are participating in this project as a member of GoldLinQ Pty Ltd, in which we have invested since June 2011. My duties in this project include providing technical support and conducting finance-related operations for the light rail public transportation system.

Mr. Hibi at a project site at Gold Coast

Light rail systems consist of a variety of components, including tracks, traffic signals, electrical and communications facilities, and rolling stock. These systems cannot function as an integral whole unless all these components are in place. A diverse array of participants are involved in the project, from Queensland state government officials to Design & Construction (D&C) companies engaged in civil engineering and rail system construction work as subcontractors, and Operation & Maintenance (O&M) firms that will maintain and manage the rail system. It is extremely challenging to develop a project of this kind with a cohesive team that brings people and physical assets together as one.

By becoming the first Japanese company to participate fully in a railway Public Private Partnership (PPP) project, Marubeni has proven its capacity for taking on innovative projects. I believe that Marubeni is now well positioned to play a pioneering role as a Japanese company in future railway PPP projects and other new initiatives.

The Gold Coast is one of Australia's foremost tourist destinations, attracting visitors from around the world. These visitors will undoubtedly use the Gold Coast's light rail public transportation system when staying in the city. Generally speaking, railway projects take over ten years from the planning stage until final completion. Through these long days of preparation and execution, I keep myself motivated by imagining all the tourists who will used the completed light rail system.

## Using Our Strengths as a General Trading Company to Build Win-Win Relationships

Koichi Nagashima
General Manager,
Angola Textile Plant Project Office

Marubeni has been executing three contracts for the rehabilitation of textile factories awarded by the Ministry of Geology, Mining and Industry of the Republic of Angola, has also signed a construction contract for the production of sugar and ethanol, and is promoting new projects related to the construction of industrial plants. Now that 10 years have passed since the end of the Angolan civil war, these projects, which will play a pivotal role in reviving the non petroleum industries and in creating new jobs, have also attracted the attention within the country.

The plant business is an unending series of challenges from project planning to negotiations, agreements, and their execution. When a plant commences operations as a result of all related parties pulling together and making an unwavering effort to rise above these challenges, the project will start to produce tangible results in the form of people working at the plant and the goods they produce. In Angola, Marubeni faces tough conditions, including differences in the customs and values of its staff and those of the Angolan people, an underdeveloped business environment and infrastructure, and poor hygienic conditions. Nonetheless, we will continue making a resolute effort to address these challenges by applying Marubeni's experience and expertise accumulated over the years.

The completion of these textile plants will create a significant number of jobs, and instead of importing them, clothing made in Angola will be fabricated. This is a long-cherished dream that Angolan people have been waiting for. Through our work, we seek to build win-win relationships where we bring satisfaction to customers, plant employees, and product users, and become satisfied ourselves in the course of fulfilling our duties. At the same time, we will strive to earn people's trust. Through this process, we believe that we can remain the number one trading company in the Angolan market. We believe that these efforts will lead in turn to the enhancement of Marubeni's corporate value.

Mr. Nagashima at a plant under construction

# Business





## Business Division Organizational Changes (April 1, 2013)

In April 2013, Marubeni enacted a partial realignment of its business organization, transitioning from a structure consisting of 12 divisions and one department to one with five groups and 12 divisions. The former Lifestyle Division and former Forest Products Division were merged to form a single Lifestyle & Forest Products Division, and the former Metals & Mineral Resources Division has been divided into Metals & Mineral Resources Division-I and Metals & Mineral Resources Division-II. Moreover, the former Finance, Logistics & IT Business Division and former Real Estate Business Department were reorganized into the ICT, Finance & Insurance, Real Estate Business Division.

### Prior to changes

- Food Materials Division
- Food Products Division
- Lifestyle Division
- Forest Products Division
- Chemicals Division
- Energy Division-I
- Energy Division-II
- Metals & Mineral Resources Division
- Transportation Machinery Division
- Power Projects & Infrastructure Division
- Plant & Industrial Machinery Division
- Finance, Logistics & IT Business Division
- Real Estate Business Department

### Business organization changes (April 1, 2013)

**Food Group**
- Food Materials Division
- Food Products Division

**Energy & Chemicals Group**
- Chemicals Division
- Energy Division-I
- Energy Division-II

**Metals & Mineral Resources Group**
- Metals & Mineral Resources Division-I
- Metals & Mineral Resources Division-II

**Machinery Group**
- Transportation Machinery Division
- Power Projects & Infrastructure Division
- Plant & Industrial Machinery Division

**Lifestyle, Forest Products, ICT & Realty Group**
- Lifestyle & Forest Products Division
- ICT, Finance & Insurance, Real Estate Business Division

# Marubeni at a Glance 2013

Performance Overview for the Year Ended March 31, 2013

**Business organization changes (April 1, 2013)**

Food Group
- Food Materials Division
- Food Products Division

Energy & Chemicals Group
- Chemicals Division
- Energy Division-I
- Energy Division-II

Metals & Mineral Resources Group
- Metals & Mineral Resources Division-I
- Metals & Mineral Resources Division-II

Machinery Group
- Transportation Machinery Division
- Power Projects & Infrastructure Division
- Plant & Industrial Machinery Division

Lifestyle, Forest Products, ICT & Realty Group
- Lifestyle & Forest Products Division
- ICT, Finance & Insurance, Real Estate Business Division

Overseas
- Overseas Corporate Subsidiaries and Branches

## Food Group — Food Materials Div. / Food Products Div.

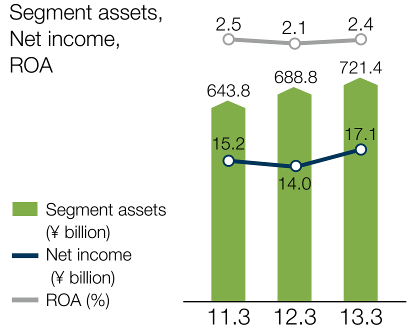
Gross trading profit
¥ 99.4 billion

Equity in earnings
¥ 1.6 billion

Net income
¥ 17.1 billion

Segment assets
¥ 721.4 billion

Segment assets, Net income, ROA




## Metals & Mineral Resources Group — Metals & Mineral Resources Div.-I / Metals & Mineral Resources Div.-II

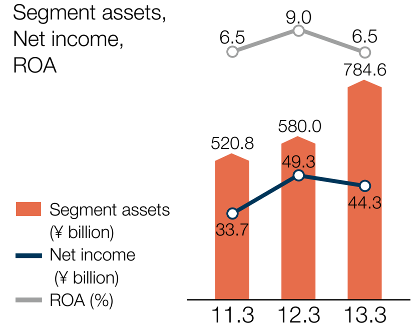
Gross trading profit
¥ 20.3 billion

Equity in earnings
¥ 31.0 billion

Net income
¥ 44.3 billion

Segment assets
¥ 784.6 billion

Segment assets, Net income, ROA




## Energy & Chemicals Group — Chemicals Div.

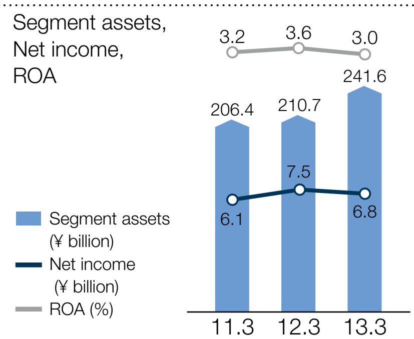
Gross trading profit
¥ 26.4 billion

Equity in earnings
¥ 1.9 billion

Net income
¥ 6.8 billion

Segment assets
¥ 241.6 billion

Segment assets, Net income, ROA




## Energy & Chemicals Group — Energy Div.-I / Energy Div.-II

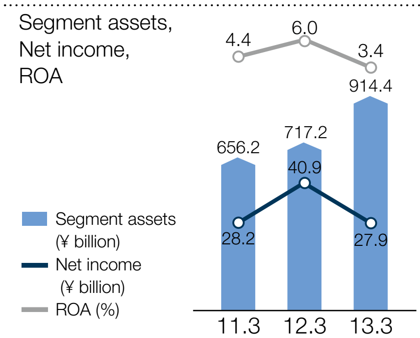
Gross trading profit
¥ 52.3 billion

Equity in earnings
¥ 1.8 billion

Net income
¥ 27.9 billion

Segment assets
¥ 914.4 billion

Segment assets, Net income, ROA



## Machinery Group — Transportation Machinery Div.

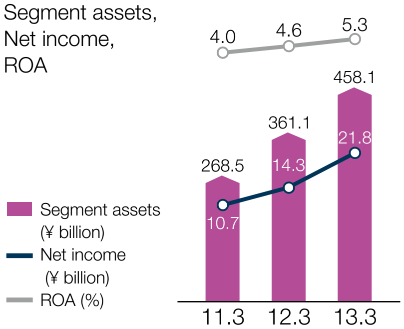
Gross trading profit
¥ 48.0 billion

Equity in earnings
¥ 13.9 billion

Net income
¥ 21.8 billion

Segment assets
¥ 458.1 billion

Segment assets, Net income, ROA




## Machinery Group — Power Projects & Infrastructure Div.

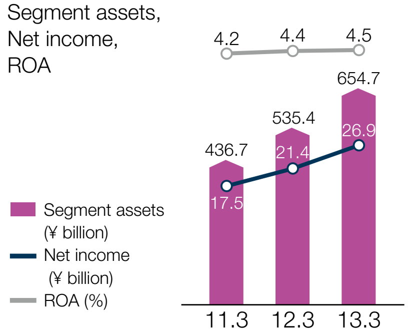
Gross trading profit
¥ 25.1 billion

Equity in earnings
¥ 28.7 billion

Net income
¥ 26.9 billion

Segment assets
¥ 654.7 billion

Segment assets, Net income, ROA




## Machinery Group — Plant & Industrial Machinery Div.

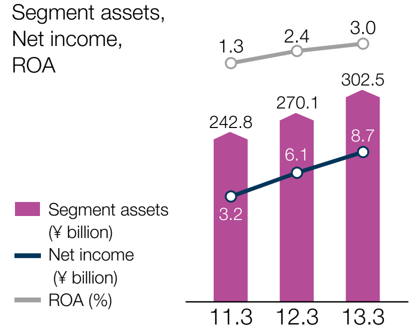
Gross trading profit
¥ 28.1 billion

Equity in earnings
¥ 2.7 billion

Net income
¥ 8.7 billion

Segment assets
¥ 302.5 billion

Segment assets, Net income, ROA




## Lifestyle, Forest Products, ICT & Realty Group — Lifestyle & Forest Products Div.*

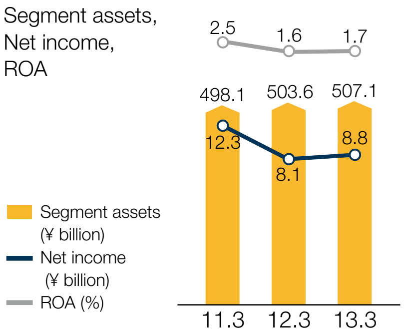
Gross trading profit
¥ 57.8 billion

Equity in earnings
¥ 0.3 billion

Net income
¥ 8.8 billion

Segment assets
¥ 507.1 billion

Segment assets, Net income, ROA




## Lifestyle, Forest Products, ICT & Realty Group — ICT, Finance & Insurance, Real Estate Business Div.**

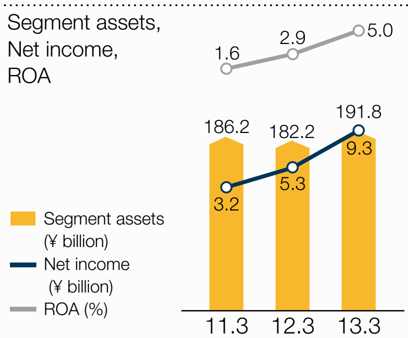
Gross trading profit
¥ 44.0 billion

Equity in earnings
¥ 4.4 billion

Net income
¥ 9.3 billion

Segment assets
¥ 191.8 billion

Segment assets, Net income, ROA




## Overseas — Overseas Corporate Subsidiaries and Branches

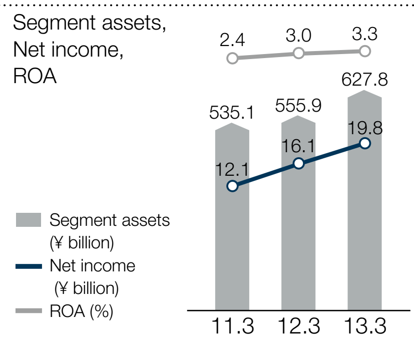
Gross trading profit
¥ 112.4 billion

Equity in earnings
¥ 0.9 billion

Net income
¥ 19.8 billion

Segment assets
¥ 627.8 billion

Segment assets, Net income, ROA




* Figures are the total for the former Lifestyle Division and the former Forest Products Division.
** Figures for the years up until 2013.3 are for the former Finance, Logistics & IT Business Division.

Business

# Division Strategy at a Glance

## Food Materials Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Initiatives to Strengthen Earnings Capacity in the Grain Sector

The division executed its strategy for developing new grain production sites in Brazil, Eastern Europe, Australia, and other regions. Specific business investment initiatives acquiring the U.S. grain distributor Gavilon Holdings, LLC, and the conversion of Brazilian grain export company Terlogs Terminal Maritimo Ltda. into a subsidiary. In consumer regions, the division expanded its grain transaction volume from 22 million tons per year to 25 million. To do so, the division worked to establish a sales base in overseas countries, including by establishing a grain sales company in Southeast Asia and securing stable buyers in the Middle East and North Africa.


A port facility of Terlogs Terminal Maritimo Ltda. (Brazil)

### Key Initiatives under GC2015

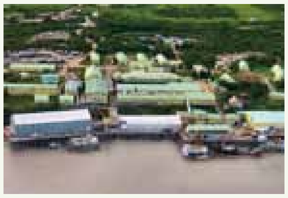
Marubeni has made Gavilon Holdings, LLC into a subsidiary to further bolster its competitiveness in grain trading by adding Gavilon's network of approximately 140 grain collection bases across the U.S. and its bases in major production regions outside the U.S. to Marubeni's existing assets. At the same time, on the grain sales side we aim to establish new sales networks for grain-buying countries including emerging markets, and promote an integrated livestock and feed business with business partners in various countries.

## Food Products Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Promoting the Food Products Business Overseas

To capture internal demand in China, where growth is continuing, Marubeni reached an agreement to develop a strategic alliance with the Want Want Group of China in food processing and related businesses. As the initial project under this agreement, we established the joint venture in the snack business, Nanjing Minghong Want Foods Ltd. together with Want Want Group and Natori Co., Ltd. In marine products, the division bolstered supply capabilities with the acquisition of a marine products processing plant in Alaska, and also acquired Welmar Europe B.V., a marine products wholesaler in the Netherlands, aiming to strengthen sales to the European market.


Salmon and trout processing plant (Alaska)

### Key Initiatives under GC2015

In Japan, we will strengthen and form alliances with Group retailers and food wholesalers including Yamaboshiya Co., Ltd. and Nacx Nakamura Corporation, and build a robust value chain by promoting sales floor-inspired product development and procurement of raw materials. Overseas, we will implement initiatives related to local domestic demand, including investing in local food makers centered on emerging countries, and expanding functions concerned with distribution after manufacturing, and sales.

## Chemicals Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Establishment of a Synthetic Rubber Manufacturing Company for Tires in India

India's first manufacturer of synthetic rubber for automobile tires was established through a joint venture with state-run Indian Oil Corporation Ltd. and TSRC Corporation of Taiwan. Commercial production is planned to commence in the year ending March 31, 2014. As a pioneer in this sector, which is expected to grow significantly with the growth of the Indian economy, we will continue to promote this new business.


Synthetic rubber manufacturing facility (India)

### Key Initiatives under GC2015

In agricultural chemicals, the division will continue to further expand the fertilizer value chain through our alliance with Gavilon Holdings, LLC of the U.S., while also working to expand our agricultural materials business in the U.S. and Europe. In petrochemicals and vinyl alkali, the division will further enhance its strengths in trading, with the goal of participating in competitive manufacturing businesses.

## Energy Division-I

### Key Topic During the SG-12 Medium-Term Management Plan

**Participation in an LNG Project in Papua New Guinea**

In November 2011, Marubeni acquired the shares of U.S. based Merlin Petroleum Company, which holds oil and gas interests in Papua New Guinea including interests in the Papua New Guinea LNG Project. Long-term sales and purchase agreements for 6.9 million tons per annum of LNG from the project over 20 years have been executed with Japanese electric and gas utilities as well as Chinese and Taiwanese buyers.

Papua New Guinea LNG Project

### Key Initiatives under GC2015

In the LNG business, the division will continue safe and stable operation of the existing LNG projects, such as the Qatar LNG Project, and development of the Papua New Guinea LNG Project, while working to participate in new projects. In the trading and marketing business, we will expand our business fields by enhancing trade infrastructure, strengthening our relationships with partners, and exploring new markets.

## Energy Division-II

### Key Topic During the SG-12 Medium-Term Management Plan

**Acquisition of oil and gas interests in the U.S. Gulf of Mexico**

Oil and gas field in the U.S. Gulf of Mexico

In January 2011, Marubeni acquired a range of oil and gas interests in the U.S. Gulf of Mexico from a subsidiary of British oil major BP in order to increase its ownership of production and reserves of oil and gas. We consider the oil and gas development business to be one of our most important businesses strategically, and will keep working on acquisition of oil and gas interests in the stages of exploration, development, and production.

### Key Initiatives under GC2015

In the upstream development and exploration business, the division will promote development projects of oil, gas and uranium all around the world. It will also continue to work on exploring new prime projects in order to increase its ownership of production and reserves in natural resources. In the nuclear fuel business, we will expand our global procurement and sales of uranium, while strengthening our operations in business fields such as nuclear power-related services, equipment, and materials.

## Metals & Mineral Resources Division-I

### Key Topic During the SG-12 Medium-Term Management Plan

**Completion of Expansion Work at the Lake Vermont Coal Mine in Australia**

Metals & Mineral Resources Division-I completed new investments in Australia's Roy Hill Iron Ore Mine and in the Grande Cache Coal Mine in Canada, while at the same time working aggressively to expand its existing interests. In the year ended March 2013, the Lake Vermont Coal Mine in Australia, in which Marubeni holds a 33.33% stake, completed work to expand capacity from 4.0 million tons to 8.0 million tons. Production volumes will gradually be increased going forward.

Lake Vermont Coal Mine (Australia)

### Key Initiatives under GC2015

In the iron ore business, the division will see the start of the Roy Hill Iron Ore Mine, a project it joined during the SG-12 Plan, and will target a share of iron ore production of 7.0 million tons. In the coal business, we will increase prime natural resource interests, centering on expansion of existing interests in the Jellinbah East, Lake Vermont, and Grande Cache mines, and increase Marubeni's share of coal production to 9.0 million tons. We will examine new investments with the goal of further adding to our interests.

## Metals & Mineral Resources Division-II

### Key Topic During the SG-12 Medium-Term Management Plan

#### Full Production Commences at the Esperanza Copper Mine in Chile

Chile's Esperanza Copper Mine, in which Metals & Mineral Resources Division-II holds a 30% stake, commenced operation at the end of 2010, and exports copper concentrate, primarily to Japan. With the start of full production at the mine, and combined with the Los Pelambres and El Tesoro copper mines, Marubeni will rank among the top Japanese firms in terms of share of total payable copper production, a natural resource it will put to work in providing a stable supply of copper concentrate and copper cathodes.

The Esperanza Copper Mine (Chile)

### Key Initiatives under GC2015

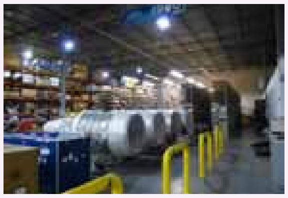
In the copper business, the division will work with Antofagasta plc of the U.K. to start operations at the Antucoya Copper Project, joined during the SG-12 Plan, and begin the next phase of development in the Centinela mining district. Marubeni holds top-ranked volumes in copper and aluminum interests and in volume of cathode/ingot trades handled. The division will continue to promote integrated management of natural resource interest investments and high value-added trades, as it works to further increase its prime natural resource interests.

## Transportation Machinery Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Marubeni Enters Aircraft and Engine Lease, Aircraft Dismantling and Parts Sales Businesses

In Singapore, the division invested in and entered the aircraft operating lease and aircraft engine lease businesses, while in the U.S. it invested in and entered the used aircraft dismantling and aircraft parts sales and leasing businesses. Demand for jets is expected to double over the next 20 years, and Marubeni will continue to expand in this field in order to provide the world's airlines with a wide range of services.



Aircraft engine and parts sales and leasing operator Magellan Aviation Group LLLP (U.S.)

### Key Initiatives under GC2015

To achieve sustainable growth, the division will target ongoing new investment and work to expand its stable earnings base. Specifically, we will continue to invest in businesses resilient to economic fluctuations, including product support and post-sales service and parts manufacturing. We will also target businesses that generate earnings from a long-term asset base, including aircraft leasing, automobile and construction equipment financing, and ship ownership and chartering.

## Power Projects & Infrastructure Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Expansion of Overseas Electric Power and Water Assets

The division invested and participated in projects including the Paiton 2 Coal-Fired Power Station in Indonesia; the Gunfleet Sands Offshore Wind Farm in the U.K.; acquisition of Seajacks International Ltd., an offshore wind power installation provider; the Aguas Nuevas water business in Chile; and a water and sewer utility in Metropolitan Manila, the Philippines. The division also expanded its earnings base through the acquisition of development rights for the Sur Combined Cycle Power Plant in Oman.

The Gunfleet Sands Offshore Wind Farm (U.K.)

### Key Initiatives under GC2015

The division will expand its involvement in the key power and water infrastructure segments. At the same time, it will develop a diverse, multi-layered strategy to expand long-term, stable earnings. This will be accomplished by improving asset efficiency through enhanced management and operation of existing assets, and also through efforts in both upstream and downstream business, including power generation in deregulated power markets, expansion into transmission lines and other vertically-integrated electric power businesses, fuel procurement, and power plant maintenance, inspection, and installation contracting.

## Plant & Industrial Machinery Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Expansion in Orders for EPC Projects and Solid Growth in Business Assets

During the SG-12 Plan, the division successfully executed a number of deals expanding its volume of orders for EPC projects, including a deal to rehabilitate a textile plant in Angola. The division has also made steady progress on new businesses, starting a railway PPP project and becoming the first Japanese company to participate in the gas distribution business in Australia.

Investment and participation in Allgas (Australia)

### Key Initiatives under GC2015

In GC2015, the division will work toward further growth, utilizing the expertise it has gained to continue strengthening its core EPC/trade business. At the same time, the division will also look to expand its energy and transportation infrastructure business, as well as its initiatives in industrial machinery and in the environmental sector, with the goal of further strengthening our earnings base.

## Lifestyle & Forest Products Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Global Initiatives to Strengthen Sales and Procurement Capabilities

The division has entered into comprehensive strategic partnerships with Shangtex Holding (Group) Corporation of Shanghai, China, and Vietnam's Vinatex Group, and also acquired All-State Belting, LLC, a U.S. distributor of conveyer belts and related products. It also participates in business with GS Paper & Packaging Sdn Bhd, Malaysia's largest cardboard manufacturer, while in India, it has established a new joint venture in the cardboard processing business.

Acquisition of All-State Belting, LLC (U.S.)

### Key Initiatives under GC2015

In the lifestyle sector, the division will focus on expanding domestic market share through strengthening of its SCM capabilities, including planning and proposals in the OEM business and materials procurement. The division will also work to enhance its overseas sales capabilities through strategic alliances with influential partners and through M&A. In paper pulp, the division will accelerate its expansion overseas in order to capture expected growth in demand in emerging markets, by maximizing its use of Marubeni's upstream-to-downstream global value chain.

## ICT, Finance & Insurance, Real Estate Business Division

### Key Topic During the SG-12 Medium-Term Management Plan

#### Participation in the Reinsurance Business


Supporting corporate sales activities

The division acquired an approximately 22% stake in ACR Capital Holdings Pte. Ltd. of Singapore, a reinsurance group. Through this investment, the division will work to expand its existing reinsurance agency business. At the same time, by providing additional reinsurance underwriting capacity in the Asia region, the division can support the economic growth of the region, and the sales activities of the companies that enter it, including Japanese companies.

### Key Initiatives under GC2015

The division has positioned cloud services, mobile services, and the overseas insurance business as its three core businesses, and will move aggressively to make new investments that promise synergies with existing businesses, while also accelerating market development in China and the ASEAN nations. The real estate business, incorporated into the division through a reorganization, will work to contribute to expanding earnings primarily through synergies with the finance business.

Business

# Food Materials Division

The Food Materials Division carries out trade and business operations in the fields of grain, livestock feed and livestock, and agricultural products.

The division boasts the leading trade volume in grain among general trading companies. It leverages its dominant sales capabilities to promote sales all over the world and to increase its procurement capabilities in production sites. At the same time, the division has built an efficient logistics system by expanding its trade volumes, and uses the resulting lower logistics costs as a competitive advantage.

In livestock feed and livestock, the division is working to integrate its operations from grain through to livestock feed and livestock in order to respond to the increasing shift towards Western diets with higher meat consumption in Japan and emerging markets. In agricultural products, the division is promoting greater efficiencies in its rice distribution operations in Japan, while also seeking to expand sales and business operations overseas.

**Daisuke Okada**

Managing Executive Officer, Member of the Board, Advisor to the President for Food Group (Food Materials Division and Food Products Division) ; COO, Food Materials Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Food Materials Division and Food Products Division recorded combined gross trading profit of ¥99.4 billion and consolidated net income of ¥17.1 billion.

Demand for feed grain in emerging markets is growing, driven by rising internal demand following economic growth, and greater meat consumption. The Food Materials Division increased its grain transaction volume to 25 million tons in the year ended March 31, 2013, after aggressively expanding sales in China and other countries around the world, while also enhancing its supporting procurement capabilities in production sites worldwide.

The division's global grain strategy calls for further strengthening of procurement capabilities. The division has taken steps to achieve this by making Gavilon Holdings, LLC into a subsidiary. Gavilon has the third largest grain storage capacity in the U.S. This has greatly expanded the division's procurement and sales framework in the grain trade by adding Gavilon's network of approximately 140 grain collection bases throughout the U.S., as well as its network of bases in key production sites outside the U.S., including in Brazil, Australia, and the Ukraine, to the division's existing assets in this sector.

## Initiatives in the Year Ending March 31, 2014

Looking ahead, major players are expected to accelerate M&A activities in the world's main production sites to secure food materials resources, leading to a further shakeout of industry players in grain and fresh meat production sites. In consumer areas, meanwhile, as incomes and populations in ASEAN, China, the Middle East, Africa and other areas with emerging markets continue to rise, observers are projecting significant increases in consumption of meat and demand for livestock feed.

The Food Materials Division possesses strong competitive advantages with an existing grain transaction volume of 25 million tons per year, which has expanded to 55 million tons now that Gavilon has been made a subsidiary. With our strong competitiveness, we will make our framework for delivering a stable supply of grain around the world unshakeable.

At the same time, as internal demand in emerging markets continues to expand, the division aims to capture this demand to further strengthen its global grain sales capabilities. To this end, the division will continue to integrate the feed and livestock business from procurement of food material resources through to sales of material to livestock feed manufacturers, compound feed manufacture, and sales of feed to meat producers. This integration will be conducted not only in Japan, but also overseas, especially in emerging markets which are enjoying strong growth.

Division Organization:

Food Administration Dept./Grain Dept.-I/Grain Dept.-II/Gavilon Project Dept./Food Integration Business Dept./Meat Dept./Agricultural Products Dept.

Main Products and Areas:

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

## Key Projects for the Division

### Consolidation of Gavilon

By making the U.S. grain trader and distributor Gavilon a subsidiary, Marubeni acquired Gavilon's network of approximately 140 grain collection bases in the U.S. as well as its bases in countries outside of the U.S. Adding them to the Company's existing assets has further enhanced the division's competitive capabilities in the grain trade.

### Building an Integrated Feed and Livestock Business

The division is building a powerful integrated feed and livestock business in Japan. The business includes purchasing of grain and livestock feed raw materials in overseas countries—a field where the division has strengths—as well as a network of grain import silos situated at ports throughout Japan that serve as marine and livestock production centers, Marubeni Nisshin Feed Co., Ltd., which has the top compound feed production volume in the industry, and Marubeni Chikusan Corporation, which conducts livestock product manufacturing and sales at the sites of livestock producers.

## Business Highlights*

(Billions of yen)

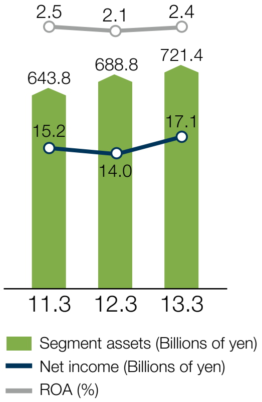
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 113.4 | 100.0 | **99.4** | – |
| Equity in earnings (losses) | 3.5 | 2.1 | **1.6** | – |
| Net income | 15.2 | 14.0 | **17.1** | 30.0 |
| Segment assets | 643.8 | 688.8 | **721.4** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | Percentage of Voting Rights |
|---|---|---|---|---|
| Columbia Grain, Inc. | 7.4 | 5.9 | **2.3** | 100.0% |
| Marubeni Nisshin Feed Co., Ltd. | 0.3 | 0.9 | **0.8** | 60.0% |
| Pacific Grain Terminal Co., Ltd. | 0.9 | 1.4 | **0.9** | 78.4% |
| Marubeni Chikusan Corporation | 0.8 | 1.1 | **0.1** | 100.0% |

Segment assets / Net income / ROA*




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

# Food Products Division

The Food Products Division has trade and business operations in the fields of raw ingredients for food, food product distribution, beverages, and marine products.

The division has built up sales and information-gathering capabilities in the retail and distribution fields through capital investments and business alliances with supermarkets, mainly in the Tokyo Metropolitan Area. These competencies underpin the division's strengths in making proposals, through which it is building strong relationships with food product manufacturers and enhancing and expanding the food product supply chain from raw ingredients to products for food products, beverages and processed seafood.

Moreover, the division is making efforts to capture internal demand in growing emerging markets. Initiatives include developing the food products business overseas, while promoting measures in both producer and consumer sites for the beverages and marine products fields around the world. The division is aggressively expanding its overseas business with the cooperation of leading partners in and outside of Japan.

Shin Tajima

Executive Officer, COO, Food Products Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Food Materials Division and Food Products Division recorded combined gross trading profit of ¥99.4 billion and consolidated net income of ¥17.1 billion.

Since the market in Japan is maturing and the population is aging, the overall market is contracting. However, internal demand in emerging markets continues to expand in line with economic growth. In this environment, the Food Products Division continued to expand its trade, and to make investments, both in and outside of Japan.

In Japan, based on its core investee retailers The Daiei, Inc., The Maruetsu, Inc., Tobu Store Co., Ltd., and Sotetsu Rosen Co., Ltd., the division formed a strong presence in its sales spaces centered in the Tokyo Metropolitan Area, and took advantage of sales space-inspired product development geared to customers' needs, global procurement of raw materials and products, and other strengths to increase transactions.

In overseas marine products, the division acquired a wild salmon and trout processing plant in Alaska during the year ended March 31, 2012, and then acquired the Dutch marine products wholesaler Welmar Europe B.V. The division will use its sales in the main marine product markets of Japan, the U.S., and Europe as a foundation for building a system to ensure a stable supply of marine products to the expanding markets of China, Southeast Asia, and South America where emerging economies are expected to grow.

## Initiatives in the Year Ending March 31, 2014

In Japan, the division will leverage its strengths in retail to further enhance its value chain, which stretches from products back up to raw materials. Initiatives will include product development inspired by consumer needs grasped from the sales-spaces of investee and partner retailers, competitive procurement of raw materials, expansion of raw material and product sales, and lifting the overall level of profits in the retail business.

Overseas, in emerging markets such as China and ASEAN nations, the division will form capital and business alliances with local food product manufacturers, among other initiatives, with the goal of gaining market access from the manufacturing field. The division will promote collaboration on business projects with leading partners in and outside of Japan, and build a value chain by enhancing functions from delivery to sales. In this way, the division will capture internal demand in growing markets and establish a new earnings base. Moreover, in the marine products business, where the division has strengths, it will enhance the Alaskan salmon and trout processing plant before continuing to strengthen its supply capabilities for both other areas and other varieties of fish.

The Food Product Division will use its powerful value chains in and outside of Japan to advance its distribution strategy.

Division Organization:

Food Administration Dept./Food Merchandising Dept./Food Products Materials Dept./Beverage Dept./Seafood Dept./West Japan Food Dept./Daiei Dept.

Main Products and Areas:

Consumer-use food products and commercial-use food materials/Domestic (Japan) distribution business/Raw ingredients for food, such as flour, sugar, and oils and fats/Raw materials for beverages such as coffee, tea, and fruit juice/Marine products and processed seafood

## Key Projects for the Division


### Promote the Food Products Distribution Business

The division is strengthening its sales and information-gathering capabilities in the retail and distribution fields through Group supermarkets such as The Maruetsu, Inc., Tobu Store Co., Ltd., and Sotetsu Rosen Co., Ltd., which are developing stores mainly in the Tokyo Metropolitan Area, along with its strategic partnership with Aeon Co., Ltd. Leveraging these capabilities, the division is promoting the food products distribution business by incorporating Marubeni's global procurement network into these operations in conjunction with sales-space inspired product development and trading activities.

### Secure Marine Resources and Strengthen Sales Capabilities

On the supply side, the division bolstered its Alaskan marine products processing site, while on the sales side, the division obtained a sales foothold in the European market through the acquisition of the Dutch marine products wholesaler Welmar Europe B.V. Additionally, the division has strengthened production and sales sites in the Japanese and U.S. markets. Examples include North Pacific Seafoods, Inc., a processing and sales site for Alaskan marine products, and Benirei Corporation, a marine product sales company in Japan. Looking ahead, the division will work to simultaneously secure marine resources and strengthen its sales capabilities in the world's major consumer markets for marine products.

## Business Highlights*

(Billions of yen)

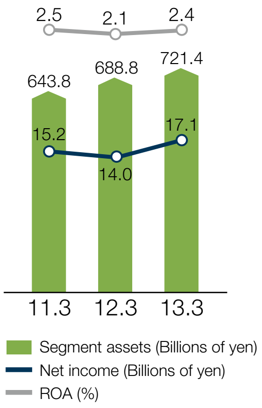
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 113.4 | 100.0 | **99.4** | – |
| Equity in earnings (losses) | 3.5 | 2.1 | **1.6** | – |
| Net income | 15.2 | 14.0 | **17.1** | 30.0 |
| Segment assets | 643.8 | 688.8 | **721.4** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | Percentage of Voting Rights |
|---|---|---|---|---|
| Yamaboshiya Co., Ltd. | 1.6 | 1.4 | **1.4** | 77.6% |
| Marubeni Foods Corporation | 0.4 | 0.5 | **0.7** | 100.0% |

Segment assets / Net income / ROA*




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

Business

# Chemicals Division

The Chemicals Division's greatest strength is that supplying chemicals that serve as raw, basic materials to a wide variety of industries worldwide brings the division into regular contact with trends across a range of industries. The division's main businesses consist of the trade of products such as petrochemicals and raw materials for fertilizers, distribution of agricultural materials such as fertilizers and agrochemicals, the production of inorganic raw materials, and a marketing business targeting electronic materials and specialty chemicals. Focusing on these five sectors—petrochemicals, agriculture and fertilizer, inorganic materials, electronic materials, and specialty chemicals—the division works through bases worldwide to leverage networks with customers and business partners in promoting new business investment. At the same time, the division works to maximize synergies between its trade and business operations.

**Akira Terakawa**
Managing Executive Officer, COO, Chemicals Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Chemicals Division recorded gross trading profit of ¥26.4 billion and consolidated net income of ¥6.8 billion. While the expansion of grain markets in Europe and the U.S. saw performance in the agricultural chemicals distribution business grow, the impact of weak demand in China and a stagnating economy in Europe led to a drop in demand that caused earnings to fall, particularly in petrochemical products. This was compounded with weak results in the salt manufacturing business.

Meanwhile, the division began handling natural gas liquids (NGL), a new initiative aimed at market restructuring taking place as a result of the shale gas revolution in the U.S. We also entered into a strategic business partnership with Azelis S.A., Europe's largest distributor of specialty chemicals, targeting expansion of the specialty chemicals business in Asian markets. Also, with an eye on future growth in demand for rechargeable batteries with the spread of electric vehicles and other technologies, we entered into an exclusive sales agreement with Canada Lithium Corporation to distribute its lithium carbonate product in Japan.

## Initiatives in the Year Ending March 31, 2014

For the year ending March 31, 2014, the division will continue to lay additional groundwork for the future. In agricultural chemicals, we will promote our partnership with Gavilon Holdings, LLC of the U.S. in further expanding the fertilizer business, while also considering involvement in the manufacture of fertilizer and fertilizer raw materials. At the same time, the division will work to expand its business of distributing agricultural materials to markets beyond its current strongholds of the U.S. and Europe, further extending the value chain for agricultural chemicals.

In the petrochemical and vinyl alkali sector, the division will further enhance trading by strengthening its logistics infrastructure, while also aiming for involvement in manufacturing based on the shale gas revolution in the U.S., and on cost-competitive raw materials from the Middle East and elsewhere.

In electronic materials, the division will seek to nurture new business opportunities, including continuing to expand sales of solar panels and other products, as well as expanding its handling of lithium carbonate, a raw material for rechargeable batteries, with an eye toward growth in the market for rechargeable batteries for use primarily in electric vehicles.

Division Organization:

Chemicals Administration Dept./Petrochemicals & Plastics Dept./Vinyl Alkali Dept./Inorganic & Agricultural Chemicals Dept./Specialty Chemicals Dept./Electronic Materials Dept./Lithium & Environment Business Dept.

Main Products and Areas:

Petrochemicals/agricultural chemicals/inorganic materials/electronic materials/specialty chemicals

## Key Projects for the Division


### Olefin Trading

The division owns or has a standing charter for a fleet of between 20 and 30 olefin tankers at all times, and currently holds a major share in the worldwide market, handling more than 2.0 million tons annually of ethylene, propylene, and other olefins. Building on this strength, and our global network—primarily in Asia, but also other regions in Europe and North America—the division will work to expand this business further.

### Agricultural Materials Distribution Business

The Chemicals Division's agricultural materials distribution business focuses on the distribution of agricultural chemicals and fertilizers in the U.S., Europe, and other regions. Performance has grown steadily over the years with the expansion of global grain markets. The division will utilize its accumulated experience and expertise to expand this business into other new regions.



## Business Highlights

(Billions of yen)

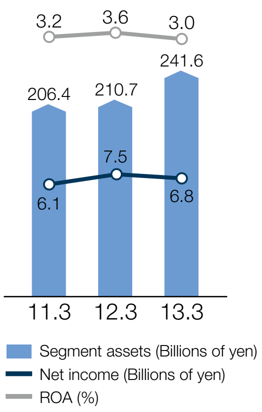
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 24.1 | 26.5 | **26.4** | – |
| Equity in earnings (losses) | 3.0 | 4.0 | **1.9** | – |
| Net income | 6.1 | 7.5 | **6.8** | 10.0 |
| Segment assets | 206.4 | 210.7 | **241.6** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Plax Corporation | 0.6 | 0.4 | **0.4** | 100.0% |
| Marubeni Chemix Corporation | 0.4 | 0.4 | **0.5** | 100.0% |
| Agrovista B.V. | 0.5 | 0.6 | **0.8** | 100.0% |
| Shen Hua Chemical Industrial Co., Ltd. | 1.0 | 2.2 | **0.8** | 22.6% |

Segment assets / Net income / ROA



# Energy Division-I

Energy Division-I is expanding its business fields and exploring new business fields both in LNG and trading/marketing of oil/natural gas. In LNG, Marubeni is engaged in development and production of LNG projects in Qatar and other regions, as well as participating in new natural gas projects. In trading/marketing of oil and natural gas, Marubeni is promoting trading and sales of oil, natural gas, and LNG by utilizing its trade infrastructure, such as vessels and tanks, through business offices all over the world. We have earned high appreciation from our customers for this operation. In addition, we have expanded our business into alternative energy, starting with the mega-solar power business in Oita, which has one of the largest capacities in Japan.

Harumichi Tanabe
Executive Officer, COO, Energy Division-I

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, Energy Division-I and Energy Division-II recorded combined gross trading profit of ¥52.3 billion and consolidated net income of ¥27.9 billion.

Looking back at the energy markets in the past fiscal year, the crude oil price (WTI) generally ranged between US$80 and US$100 per barrel, averaging about the mid-US$90 range for the full year, about the same as the previous fiscal year. On the other hand, natural gas prices (HH) stayed at historically low levels averaging in the mid- to upper- US$2s per mmbtu* because of increased natural gas production, mainly due to shale gas from North America.

In this situation, to enhance our earnings base, we maintained stable operations at our existing projects, such as the Qatar LNG Project, and developed new projects such as the Papua New Guinea LNG Project in LNG. In oil trading and marketing, we expanded our trading volume of naphtha to the world-leading class, and it became one of our core trading products. We also expanded our trading volume of LNG and fuel oil for power generation in response to the suspension of operations at nuclear power stations in Japan. In alternative energy, we established “Oita Solar Power,” which will have one of the largest power generation capacities in Japan.

## Initiatives in the Year Ending March 31, 2014

With the recovery of the U.S. economy and easing of the debt crises in Europe, oil and gas prices remain relatively steady. In addition, since the historically strong yen trend was corrected at the end of last year, the business environment has been improving. However, price trends and the market environment in the future are still uncertain, with concerns about a recurrence of the European debt crisis and a slowdown of economic growth in China. Furthermore, the business structure has been changing with the increase of shale-oriented natural gas production in North America, which has prompted the construction of LNG export terminals and chemical plants based on the ample natural gas supply.

In LNG, we will maintain stable operations at existing projects and promote participation in new, profitable projects. In trading and marketing, we will strengthen our relationships with business partners, secure trade infrastructure, and expand and facilitate our business through our business offices all over the world. In alternative energy, we will prepare for the start-up of power generation at “Oita Solar Power.”

*mmbtu: Millions of British thermal units. The btu is an imperial system unit for measuring thermal energy volume.

Division Organization:

Energy Administration Dept./LNG Dept./LPG Dept./Energy Trading Dept./Industrial Energy Dept./Energy Business Development Dept.

Main Products and Areas:

Development and production of LNG/Trading and marketing of crude oil, petroleum products, LPG and LNG/Alternative energy business (Solar power, etc.)/Other new business

## Key Projects for the Division

### LNG project in Qatar

The Qatar LNG Project has been under stable operation since its first shipment in 1997. Over 6 million tons per year of LNG is delivered to 8 Japanese electric and gas companies under a long-term contract until 2021. Furthermore, this project has concluded short-term and medium-term contracts which are tailored to additional demands in Japan according to the market structure shift after the March 2011 earthquake.

### Trading and Marketing Operations

In trading and marketing, we have globally expanded trading in petroleum products, LPG, and LNG through imports, third-country trade, and other means. In particular, we have expanded our handled volume for raw material of petrochemicals, mainly naphtha, to the world's largest. Furthermore, we have increased our handled volume of LNG and fuel oil for power generation in response to the shift of energy supply/demand structure in Japan after the March 2011 earthquake.

## Business Highlights*

(Billions of yen)

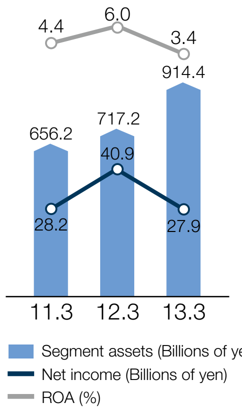
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 48.8 | 58.8 | **52.3** | – |
| Equity in earnings (losses) | 0.6 | 0.8 | **1.8** | – |
| Net income | 28.2 | 40.9 | **27.9** | 39.0 |
| Segment assets | 656.2 | 717.2 | **914.4** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| MIECO Inc. | (0.0) | 0.0 | **0.3** | 100.0% |
| Shenzhen Sino-Benny LPG Co., Ltd. | 0.1 | 0.1 | **0.1** | 30.0% |

Segment assets / Net income / ROA*




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

# Energy Division-II

Energy Division-II is keenly focused on enhancing its business through two main strategic sectors: the upstream natural resource development sector, including exploration, development and production of oil and natural gas fields and uranium mines; and the nuclear fuel sector.

In the upstream natural resource development sector, we explore, develop, and produce oil, natural gas, and uranium jointly with international oil majors, independent oil development companies, and resource development companies in the U.S., the U.K, India, Qatar, Russia, and Kazakhstan. In the nuclear fuel sector, we are focused on the procurement and sale of uranium, provision of services related to all processes in the nuclear fuel cycle, and sales of equipment and material for nuclear power stations.

**Toshifumi Shikamura**
Executive Officer, COO, Energy Division-II

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, Energy Division-I and Energy Division-II recorded combined gross trading profit of ¥52.3 billion and consolidated net income of ¥27.9 billion.

Crude oil prices (WTI) generally ranged between US$80 and US$100 per barrel, averaging about US$90 for the full year, about the same as the previous fiscal year. On the other hand, natural gas prices (HH) remained at historically low levels, averaging in the mid- to upper-US$2 range per mmbtu* because of increased natural gas production, mainly due to shale gas from North America.

Spot prices for uranium dropped from the US$50 range to the low-US$40 range per pound, averaging in the upper-US$40 range per pound, compared to the upper-US$50 range in the previous fiscal year, because of a decline in demand following suspension of operations at almost all nuclear power stations in Japan.

In the upstream natural resource development sector, we continued exploration, development, and production all over the world, and worked to find new profitable projects. In the nuclear fuel sector, we were engaged in global procurement and sales of uranium, as well as domestic supply of emergency power generation facilities to improve the safety of power stations.

## Initiatives in the Year Ending March 31, 2014

With the recovery of the U.S. economy and easing debt crises in Europe, oil and gas prices remain relatively steady. In addition, since the historically strong yen trend was corrected at the end of 2012, the business environment has been improving. However, price trends and the market environment in the future are still uncertain with concerns about a recurrence of the European debt crisis and a slowdown of economic growth in China. With regard to the nuclear fuel market, it is still uncertain when Japan's nuclear power stations will restart.

In the upstream natural resource development sector, we will continue enhancing exploration, development, and production, and our efforts to find new profitable projects in order to increase our ownership of production and reserves of oil and gas. We will maintain stable operation of our existing uranium mining project in Kazakhstan, and explore new projects in the uranium development field as well. In the nuclear fuel sector, we will enhance our trading volume of uranium by strengthening our relationships with medium- and long-term suppliers. Meanwhile, we will also improve the quality of services for all processes of the nuclear fuel cycle, and increase sales of nuclear power-related equipment and materials to enhance the safety of power stations.

*mmbtu: Millions of British thermal units. The btu is an imperial system unit for measuring thermal energy volume.

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

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

## Key Projects for the Division

### Oil and Gas Interests (U.S. Gulf of Mexico and the U.K. North Sea)

In January 2011, we acquired oil and gas production interests in the U.S. Gulf of Mexico from a subsidiary of the British petroleum giant BP p.l.c. In the U.K. North Sea, we have successfully explored the Cayley, Shaw, and Godwin sites since 2008, and we are currently developing these sites for commercial production.

### Oil and Gas E&P (India East Coast, Others)

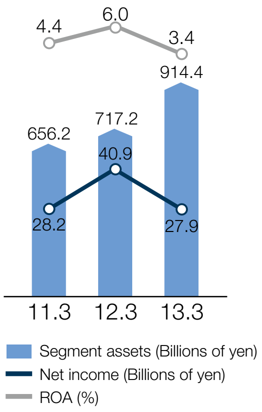
In 1994, we acquired an interest in the Ravva Oil Field about 12–13 km off the east coast of India. Since then, we have been working on the project with Indian state-run oil development companies and other partners. This is India's first joint development project with a foreign company. The project involves joint development, production and sales of crude oil and natural gas. We also hold interests offshore from Qatar.

## Business Highlights*

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 48.8 | 58.8 | **52.3** | – |
| Equity in earnings (losses) | 0.6 | 0.8 | **1.8** | – |
| Net income | 28.2 | 40.9 | **27.9** | 39.0 |
| Segment assets | 656.2 | 717.2 | **914.4** | – |

Segment assets / Net income / ROA*




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

# Metals & Mineral Resources Division-I

In the steel raw materials and products sector, which is considered the main input for industry in general, Metals & Mineral Resources Division-I has interests that range from upstream iron and coal mine development, to steel products and other midstream and downstream businesses. In the upstream sector, the division focuses primarily on accumulating prime natural resource interests in iron ore and coal, launching newly acquired business, and working to expand and enhance the competitiveness of existing businesses. At the same time, we are also working proactively to acquire new interests. In trading, the division utilizes its rich knowledge and broad network to provide Japan and other countries around the world with a stable supply of the steel raw materials and products needed for building the infrastructure that forms the base for economic development.

Utilizing Marubeni's strengths, the division will strive to expand its business, both in natural resource development and in trading.

Shinichi Kobayashi

Executive Officer, COO, Metals & Mineral Resources Division-I

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, Metals & Mineral Resources Division-I and Metals & Mineral Resources Division-II recorded combined gross trading profit of ¥20.3 billion and consolidated net income of ¥44.3 billion.

In the iron ore business, the division continued to move ahead with development of the Roy Hill Iron Ore Project in Australia, an investment that was decided on in March of 2012. We are currently preparing to enter into engineering, procurement, and construction (EPC) agreements with our project partners and to set up project financing.

In the coal business, work was completed as planned to expand production capacity at the Lake Vermont Coal Mine in Australia, and steady progress is being made to expand production. At the Grande Cache Coal Mine in Canada, in which the division has been involved since February of 2012, Marubeni is working with Winsway Coking Coal Holdings Limited of China to lead operational improvements, reduce costs, and otherwise enhance competitiveness.

Due to the impact of a slowing global economy, and with the Chinese economy having entered an adjustment phase, the fiscal year saw a drop in natural resource prices and a decline in demand, but even under those circumstances, the division continues its efforts to accumulate natural resource interests and promote value-added trading.

## Initiatives in the Year Ending March 31, 2014

In the iron ore business, the division continues to promote development of the Roy Hill Iron Ore Project in Australia. Efforts to close EPC agreements, set up financing, and otherwise promote the project will require working with Japanese steelmakers, financial institutions, and a wide range of other relevant partners. The division will play a central role in this, aiming to commence production in 2015. In the coal business, the division will step up production at the Lake Vermont Coal Mine in Australia, where expansion work has been completed, and at Canada's Grande Cache Coal Mine. At the same time, it will enhance the value of existing mines and promote acquisition of new mining projects. Further, in the steel products business, centered primarily on Marubeni-Itochu Steel Inc., in which the division has a 50% stake, we will be offering business to users by combining coil centers and other business investments with trading.

While there continues to be little room for optimism about the state of the market for the year ending March 31, 2014, we believe mid- to long-term demand for the iron and steel raw materials and products essential to the economic growth of emerging markets will be firm, and the division will continue to acquire prime natural resource interests and conduct high value-added trading.

Division Organization:

Metals & Mineral Resources Administration Dept./Metals & Mineral Resources Development Dept./Iron Ore Dept./ Coal Dept./Iron & Steel Strategies and Coordination Dept.

Main Products and Areas:

Business investment and trading relating to iron ore, coal, and iron and steel products

## Key Projects for the Division

### The Roy Hill Iron Ore Project (Australia)

The Roy Hill Iron Ore Project, in which we decided to invest in March of 2012, involves coordinated development of production and shipping capabilities, including railway and port facilities. Plans call for production and shipping capacity of 55 million tons annually, with Marubeni's share at the start of production amounting to 7.0 million tons. The division is currently working to close EPC agreements and set up financing, with the goal of commencing production in 2015.

### The Grande Cache Coal Mine (Canada)

In February of 2012, Marubeni and Winsway Coking Coal Holdings Limited of China completed a joint investment in Canada's Grande Cache Coal Mine, a producer of hard coking coal classified as suitable for use in steelmaking. Demand for hard coking coal is expected to grow, and the division plans to increase production from the current 2.6 million tons to 3.5 million tons over the medium term, while working to lower costs and otherwise improve the mine's competitiveness.

## Business Highlights*

(Billions of yen)

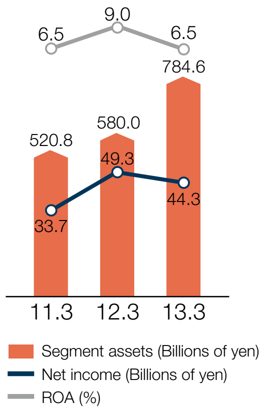
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 27.7 | 31.6 | **20.3** | – |
| Equity in earnings (losses) | 32.6 | 43.7 | **31.0** | – |
| Net income | 33.7 | 49.3 | **44.3** | 19.0 |
| Segment assets | 520.8 | 580.0 | **784.6** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Coal Pty. Ltd. | 14.8 | 21.2 | **12.8** | 100.0% |
| Resource Pacific Holdings Pty Limited | 2.4 | 1.7 | **(0.4)** | 22.2% |
| Marubeni-Itochu Steel Inc. | 6.8 | 12.9 | **12.8** | 50.0% |

Segment assets / Net income / ROA*




* Figures are for total of Metals & Mineral Resources Division-I and Metals & Mineral Resources Division-II.

# Metals & Mineral Resources Division-II

Metals & Mineral Resources Division-II seeks to expand earnings through both natural resource development and trading operations that extend widely throughout the value chain. The division's upstream operations mainly comprise mine development and refining and smelting operations for non-ferrous and light metals, while downstream businesses include cathodes, ingots and products, as well as electronic materials and metals recycling. In the natural resource development business, the division is focused on accumulating prime natural resource development interests, mainly in copper and aluminum. While striving to expand existing projects, the division is actively promoting efforts to acquire new interests. In trading, the division boasts one of the best transaction volumes in every product category and region, and will continue working to expand transaction volumes primarily in China and emerging markets in Asia, where robust economic growth is anticipated.

Taking a medium- and long-term view, the division will continue to promote natural resource development projects harnessing Marubeni's strengths, while upgrading and expanding its trading activities.

**Mutsumi Ishizuki**
Executive Officer, COO, Metals & Mineral Resources Division-II

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, Metals & Mineral Resources Division-I and Metals & Mineral Resources Division-II recorded combined gross trading profit of ¥20.3 billion and consolidated net income of ¥44.3 billion.

In copper mining, the Esperanza Copper Mine in Chile went into full production, contributing to the division's earnings for the full year. Stable operations continued at the El Tesoro and Los Pelambres copper mines, also in Chile. The copper mining business in Chile has developed into a pillar of earnings both for the division and for Marubeni as a whole.

In the aluminum business, in April of 2012 Marubeni acquired an additional interest in the Alouette Aluminum Smelter in Canada. As aluminum prices remain weak, the division increased its interest in this cost-competitive smelter as a firm step in its program of acquiring prime interests to expand earnings.

With increased costs for mine development and operation, and a slowdown in economic growth in China and other emerging markets, conditions for the division's natural resource development and trading businesses are by no means ideal. Still, the division is working to enhance the competitiveness of its existing interests and increase production volumes, while also continuing efforts to acquire other new, prime natural resource interests.

## Initiatives in the Year Ending March 31, 2014

In the year ending March 31, 2014, Metals & Mineral Resources Division-II will work to add to its prime natural resource interests from a medium- to long-term perspective. In the copper business, the division will add to its existing Esperanza, El Tesoro, and Los Pelambres mines by working with partner Antofagasta plc of the U.K. to develop the Antucoya Copper Mine, move ahead with research into commercialization of the next development plan for the Centinela mining district, and aim for further business expansion. In the aluminum business, the division is working with its project partners on a plan to further boost annual production capacity at the competitive Alouette Aluminum Smelter in Canada, while also pursuing efforts to strengthen the competitiveness of the other interests it holds. With the outlook for the global economy still uncertain, and growth among emerging markets slowing down, the division remains aware of the risks of missing opportunities. The division will therefore continue to maximize its knowledge and networks and strengthen its partnerships, while carefully selecting and adding to its prime interests.

Further, in trading the division will strive to bring greater added value to Marubeni's capabilities as a means of further expanding trading volumes, building win-win relationships with our partners while continuing to provide the metal and mineral resources essential for economic growth to users in Japan and around the world.

Division Organization:

Metals & Mineral Resources Administration Dept./Metals & Mineral Resources Development Dept./Non-Ferrous Metals & Ores Dept./Light Metals Dept./Metals & Mineral Resources Project Management Dept.

Main Products and Areas:

Business investment and trading relating to copper and zinc, aluminum, ferroalloy and metals recycling, non-ferrous and light metal products and electronic materials

## Key Projects for the Division

### Copper Mining Project in Chile

In Chile, in addition to joint operation of the Esperanza, El Tesoro, and Los Pelambres copper mines already in production with Antofagasta plc of the U.K., the division is also moving ahead with development of the Antucoya Copper Mine in which we acquired an interest in the year ending March 31, 2013. The division will also promote plans for next-phase development of the Centinela mining district, including expansion of the Esperanza Copper Mine, as it works to secure a top share among trading companies in volume of copper interests, while providing a stable supply of copper concentrate and copper cathodes.

### Aluminum Smelting Projects and Non-ferrous and Light Metals Trading

In the year ending March 31, 2013, Marubeni increased its interest in Canada's Alouette Aluminum Smelter from 6.67% to 13.33%. The smelter runs on hydropower and is highly competitive. Plans are underway to boost its annual production capacity. The division currently leads the industry in volumes handled with 600,000 tons of aluminum ingot and 250,000 tons of copper cathodes annually. It will continue to increase those aluminum and copper interests and promote high value-added trading.

## Business Highlights*

(Billions of yen)

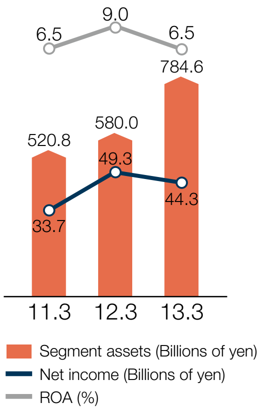
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 27.7 | 31.6 | **20.3** | – |
| Equity in earnings (losses) | 32.6 | 43.7 | **31.0** | – |
| Net income | 33.7 | 49.3 | **44.3** | 19.0 |
| Segment assets | 520.8 | 580.0 | **784.6** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Aluminium Australia Pty. Ltd. | 1.2 | 1.5 | **0.6** | 100.0% |
| Marubeni Metals & Minerals (Canada), Inc. | 0.4 | 1.8 | **1.5** | 100.0% |
| Marubeni Los Pelambres Investment B.V. | 11.3 | 14.9 | **15.5** | 100.0% |

Segment assets / Net income / ROA*




* Figures are for total of Metals & Mineral Resources Division-I and Metals & Mineral Resources Division-II.

Business

# Transportation Machinery Division

The Transportation Machinery Division covers a wide range of industrial sectors including aerospace, defense, automobiles, production machinery, construction machinery, agro machinery, ships, and offshore projects–all sectors with outlook for annual growth of 3-4% or more. The division has expanded its business through trade and business development across these sectors. In investments, the division aims to ensure stable earnings that are resilient to economic fluctuations. The division is thus working to enhance its after-sales service capabilities, while also strengthening its business in areas that will deliver earnings based on assets held for the long term, including aircraft, automobile, and construction equipment leasing and retail finance, and ownership and chartering of ships. In the trade sector, the division is working to diversify its partnerships with foreign manufacturers in Europe, the U.S., Asia, and elsewhere to add to its long-term, strong trade partnerships with Japanese manufacturers.

Kaoru Iwasa
Managing Executive Officer, COO, Transportation Machinery Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Transportation Machinery Division recorded gross trading profit of ¥48.0 billion and consolidated net income ¥21.8 billion.

Since entering the LNG carrier sector in 2010, the division has expanded its jointly operated fleet to 14 LNG carriers. Earnings from the LNG carrier owning and chartering business, as well as from the U.S. automobile retail finance company Westlake Services, LLC, drove an increase in earnings for the division as a whole. Sales, product support, and financing of construction machinery, along with the aircraft engine development investment business, also performed well, providing additional support for division earnings. While trade in new shipbuilding fell with a worsening market for marine transport, the division's ship owning and chartering business continued to deliver solid results.

In business investments, the division continued to focus on expanding its stable earnings base, conducting new investments in the agro machinery and automobile retail after-market parts business, in used aircraft dismantling and parts trading and leasing, and in retail financing for motorcycles. In addition, while expanding its construction machinery sales business, the division has its focus on strengthening earnings from product support. In the LNG shipping sector, the division closed its first contract for construction of two new ships, and plans call for shipping of LNG, including shale gas from the U.S. using carriers jointly owned by Marubeni to commence in four years.

## Initiatives in the Year Ending March 31, 2014

In our business sectors, the aircraft sector is expected to see an increase in passenger demand, while the agro machinery sector is projected to increase investments to improve agricultural efficiency, factors which are expected to drive market growth, including among emerging markets. In the automobile and construction machinery sectors, while the U.S. economy will continue to recover, the forecast is for lower growth in emerging and natural resource-rich nations, affected in part by falling natural resource prices. The marine transport and machine tool industries are expected to recover in the latter half of the fiscal year.

Under these business circumstances, the division will continue to make new business investments in the year ending March 31, 2014. One investment will be in after-sales service and retail parts for automobiles, construction machinery, and agro machinery. These sectors are resilient to economic fluctuations, and hold the prospect of stable demand for maintenance of already-sold equipment. Other investments will go into business sectors which can deliver solid earnings based on long-term assets, including aircraft leasing, automobile and construction equipment financing, and ownership and charter of commercial shipping vessels and LNG carriers. The division will also focus on investments manufacturing, such as automobile parts and production machinery, as well as expansion of its existing sales networks. By carrying out these initiatives, the division strives to increase its earning capacity even further.

Division Organization:

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

Main Products and Areas:

Aircraft and aerospace-related products, and defense systems/Automobiles/Production machinery and machine tools/Construction machinery and mining machinery/Agro machinery/Ships and offshore projects/Parts and after-sales service for the above

## Key Projects for the Division

### LNG Carrier Ownership and Chartering Business

Global demand for LNG will double by 2030, and the number of LNG carriers is forecast to increase by 25 ships each year from the current 400 carriers. Marubeni entered the LNG carrier ownership business in 2010, and now jointly owns and charters 14 carriers transporting LNG for the world's major oil and gas companies. Two new LNG carriers currently being built under a contract closed in April 2013, will commence transport of shale gas from the U.S. in four years.


### U.S. Used Automobile Financing Business

At 60 million vehicles annually, the U.S. represents the largest single used automobile market in the world. In 2011, Marubeni took a stake in Westlake Services, LLC, the largest independent automobile retail finance company in the U.S., providing a variety of financing options to customers through partnerships with about 17,000 automobile dealers across the country. Utilizing Marubeni's investment and its extensive networks in the finance and automobile industries, Marubeni will work to expand Westlake's operations even further.

## Business Highlights

(Billions of yen)

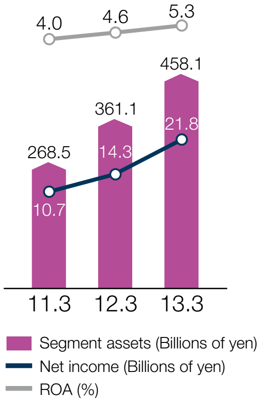
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 42.9 | 43.1 | **48.0** | – |
| Equity in earnings (losses) | 3.4 | 8.3 | **13.9** | – |
| Net income | 10.7 | 14.3 | **21.8** | 18.0 |
| Segment assets | 268.5 | 361.1 | **458.1** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Aviation Services Ltd. | 4.0 | 2.6 | **1.8** | 100.0% |
| MAI Holding LLC/Marubeni Auto Investment (USA) (Westlake Services) | 0.0 | 1.0 | **1.5** | 100.0% |

Segment assets / Net income / ROA



# Power Projects & Infrastructure Division

The Power Projects & Infrastructure Division focuses on business activities that contribute to economic growth in various countries and regions and to society as a whole, through acting as a global player in the power and water segments of public infrastructure. The division continues to build upon its stable earnings base line backed by a diverse portfolio and over 50 years of industry experience, while also taking on challenges in new business domains. The division is strengthening its project development capabilities, including in EPC cost analysis and procurement, plant operations, project finance arrangement, and risk management responsiveness. Our capabilities in these areas are backed by a solid regional management base and strong record of success overseas as an I(W)PP*1, and in water, EPC*2 for overseas power projects, global power trading business, renewable energy, and other operations. In this way, the division is further raising its profile as a global player, with the aim of building win-win relationships with its stakeholders and consistently surpassing their expectations.

Hirohisa Miyata

Executive Officer, COO, Power Projects & Infrastructure Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Power Projects & Infrastructure Division recorded gross trading profit of ¥25.1 billion, and consolidated net income of ¥26.9 billion.

In the overseas I(W)PP business, commercial operations commenced at the Cirebon coal-fired thermal power plant in Indonesia, and a long-term sales contract was concluded for the Rantau Dedap Geothermal Power Project, also in Indonesia.

The division participated in the Lakefield Wind Project in the U.S., as a further expansion of our renewable energy business in Europe and the U.S., following our 2012 participation in the Gunfleet Sands Offshore Wind Farm in the U.K. In the EPC sector for overseas power projects, the division won orders to overhaul the gas turbines at an existing combined cycle power plant in Myanmar; to handle rehabilitation of a combined cycle power plant in India owned by a government-affiliated power company; and from the Bangladesh Power Development Board for the construction of the nation's largest combined cycle power plant. In the Japanese power sector, the division expanded its retail power sales business, participated in the mega-solar business in Oita Prefecture, and worked on proof-of-concept research for the Fukushima Experimental Offshore Windfarm Project off the coast of Fukushima Prefecture. In the water business, we are involved in the public water supply business in Metropolitan Manila, the Philippines.

## Initiatives in the Year Ending March 31, 2014

In the overseas and domestic I(W)PP sector, the division will manage and operate its assets to increase their value. While the division will continue working to expand the scale of its assets, it will also move to replace existing assets and enhance investment efficiency. As the privatization of the power industry advances, the division will also look to participate in the merchant and power transmission line businesses, or in other vertically integrated businesses. We will consider entry into upper stream and down stream business including fuel procurement, maintenance and inspection, and installation, with the goal of building diverse, multi-layered earnings sources. In Japan, the division will work to produce renewable energy power projects as well as large-scale thermal power projects, with an eye to trends in systemic reforms. In power EPC and EPC-related business investment, the division will expand its core markets and broaden its earnings base. By bolstering our internal engineering capabilities and developing project managers, we will enhance our ability to organize new projects and increase our ability to compete for new orders. Through its business with Seajacks International Ltd., the division will begin incorporating offshore wind power O&M*3 markets and uncovering new investment opportunities in related businesses. In the water business, the division will look to enhance its business management capabilities through development of new overseas markets, and through equity participation in operating companies that can act as regional platforms.

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

Division Organization:

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

Main Products and Areas:

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

## Key Projects for the Division

### San Roque Hydropower Plant (Philippines)

The San Roque Multipurpose Dam is a build-operate-transfer (BOT) project involving the construction of a power plant and multipurpose dam to be maintained and operated under a 25-year BOT contract, with power being sold to the National Power Corporation (NPC), the Philippines' national power company. Operations began in May 2003. Since then, the project has been a major source of earnings for the division. This project was made possible through financing from the Japan Bank for International Cooperation and from commercial banks.

### Sur Combined Cycle Power Plant (Oman)

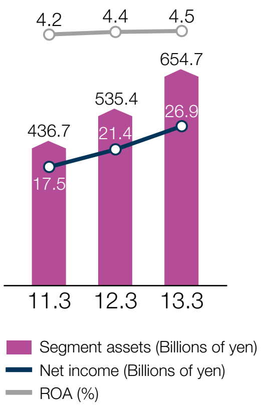
The natural gas-fired Sur Combined Cycle Power Plant project involved the signing of a long-term sales contract with Oman Power and Water Procurement Company in 2011, to be followed by maintenance and operation of a 2,000 MW power plant. Construction is currently underway, with completion planned for the year ending March 31, 2015. This project is also being backed by financing from the Japan Bank for International Cooperation and commercial banks.

## Business Highlights

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 25.6 | 37.7 | **25.1** | – |
| Equity in earnings (losses) | 23.9 | 20.9 | **28.7** | – |
| Net income | 17.5 | 21.4 | **26.9** | 25.0 |
| Segment assets | 436.7 | 535.4 | **654.7** | – |

Segment assets / Net income / ROA



# Plant & Industrial Machinery Division

The Plant & Industrial Machinery Division's business domain has four main segments: i) plants for oil, gas, chemicals, steel, non-ferrous metals, cement, textiles, and pulp and paper industries; ii) transportation and infrastructure projects; iii) environment-related field, including global warming countermeasures projects; and iv) industrial machinery.

In each segment, we leverage knowledge, insight and networks built up through experience in handling projects to accurately identify customers' diversifying needs in project development and execution. We also focus on generating and participating in new business opportunities in collaboration with strategic business partners worldwide. We make full use of our comprehensive functions as a trading company to expand markets and transactions, and to develop new businesses.

Hajime Kawamura

Executive Officer, COO, Plant & Industrial Machinery Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the Plant & Industrial Machinery Division recorded gross trading profit of ¥28.1 billion, and consolidated net income of ¥8.7 billion.

During the fiscal year, the division undertook new projects supported by comparatively firm capital investment demand, mainly in developing countries, although the environment was affected by the economic slowdown in Europe and monetary tightening in emerging markets. In addition to orders for EPC projects, where our core strengths lie, we accumulated prime assets and invested in new fields thus marking steady results in business projects.

In plants, the division was awarded a number of orders, including a polyethylene plant in Egypt, a slag wool manufacturing facility in China, and a facility to purify groundwater in coal mines in the Ukraine. In addition to involvement in a spar-type floating production platform project in the U.S., the division also successfully participated in its second FPSO* charter business in Brazil.

In transportation projects, the division won orders for construction of the Metro Rail Transit 7 (MRT-7) line in Metropolitan Manila, the Philippines, and for delivery of additional railcars for Venezuela's national railway, among others. The division also expanded its railcar leasing business in the U.S. and Australia.

In industrial and production machinery, the division focused on sales of photovoltaic equipment and components, while also strengthening its sales infrastructure for machine tools.

In environmental projects, the division worked to promote greenhouse gas reduction projects.

## Initiatives in the Year Ending March 31, 2014

In the year ending March 31, 2014, we will make full use of the division's strengths to reinforce its earnings base, while further deepening cooperation with customers and alliance partners to develop new business.

In its core EPC and trade businesses, the division will focus on taking advantage of its engineering and solutions capabilities to strengthen competitiveness, as well as diversify and expand trading.

In investments, the division is working with its strategic partners at home and abroad to build prime business assets across a wide range of sectors and regions, including, among others, energy- and natural resource-related infrastructure, railcar leasing, railway PPP projects, industrial complex and port facilities, in an effort to actively create the value chain.

In addition to targeting emissions credit trading, an area where Marubeni ranks in the top tier among Japanese trading companies, the division will expand the trade of photovoltaic generation and deepen its efforts with respect to environmental projects, a wide-ranging field covering global warming countermeasures, as well as biomass- and energy efficiency-related projects.

Utilizing the expertise gained through its experience in the industrial machinery sector, the division will work to develop and introduce new products that meet the needs of customers, and to further expand trade.

*FPSO: Floating Production, Storage and Offloading system

Division Organization:

Plant & Industrial Machinery Administration Dept./Heavy Machinery & Natural Resources Plant Dept./Energy & Chemical Projects Dept./Marine Projects Dept./Global Environment Projects Dept./Transport & Infrastructure Project Dept./Transport Project Management Dept./Pulp & Paper Machinery Dept./Plant Engineering Dept./Industrial Machinery Dept.

Main Products and Areas:

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

## Key Projects for the Division

### Spar-type Floating Production Platform Project

The division entered into an agreement with Williams Partners, L.P., a major U.S. oil and gas infrastructure firm, to acquire a 49% stake in the company's spar-type floating production platform project targeting deep-sea oil fields in the Gulf of Mexico (total project cost approximately US$1.0 billion). Through comprehensive collaboration with Williams, the division will move forward in downstream petrochemical projects and oil and gas infrastructure projects in North America.

Artist's impression of the railcar

### Manila Metro Rail Transit System in the Philippines

Working with major Philippines construction firm D.M. Consunji, Inc., the division won an order for the construction of a complete elevated railway system to be located in northern Metropolitan Manila, 23 km in length and including 14 stations and depots, along with the construction of a bus terminal. We will continue to contribute to the export of Japanese railway infrastructure to overseas markets, primarily in emerging markets.

## Business Highlights

(Billions of yen)

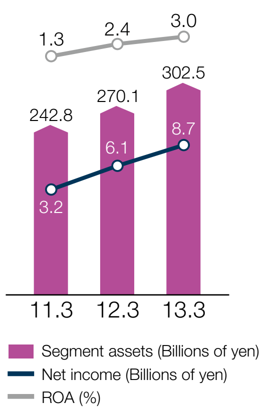
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 24.4 | 28.2 | **28.1** | – |
| Equity in earnings (losses) | 1.7 | 2.8 | **2.7** | – |
| Net income | 3.2 | 6.1 | **8.7** | 10.0 |
| Segment assets | 242.8 | 270.1 | **302.5** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Midwest Railcar Corporation | 0.6 | 0.7 | **1.7** | 100.0% |
| Marubeni Techno-Systems Corporation | 0.8 | 1.0 | **0.6** | 100.0% |

Segment assets / Net income / ROA



# Lifestyle & Forest Products Division

The Lifestyle & Forest Products Division was launched in April 2013, through the merger of the Lifestyle Division, which handles lifestyle-related consumer goods including apparel, footwear, household goods, and tires, and the Forest Products Division, which handles paper pulp-related products such as wood chip, pulp, paper, and paperboard, as well as plywood, cement, and other building materials.

The lifestyle sector is built around an OEM production infrastructure that makes it possible to provide a timely, stable, high-volume supply of high-quality, low-cost products, as well as a value chain for rubber that encompasses everything from upstream natural and synthetic rubber, to downstream tires, conveyer belts, and other products. In forest products, the division is developing its own comprehensive value chain, reaching from upstream afforestation and chip operations through downstream production of printing paper and containerboard. The division will continue to strengthen its earnings base domestically, while expanding sales overseas, primarily among emerging markets.

**Masakazu Arimune**

Executive Officer, COO, Lifestyle & Forest Products Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, Lifestyle Division and Forest Products Division recorded combined gross trading profit of ¥57.8 billion, and consolidated net income of ¥8.8 billion. Conditions remained challenging throughout the fiscal year, with consumer sentiment affected by the European debt crisis, a slump in the pulp market, and escalating labor costs in China and other key producer nations.

Under these circumstances, the division worked in the lifestyle sector to enhance its product planning capabilities in apparel, footwear, and household goods for the Japanese market, while also strengthening its China+1 production infrastructure. The division expanded overseas sales, with deals such as the purchase of All-State Belting, LLC in the U.S.

In forest products, pulp manufacturer Daishowa-Marubeni International Ltd. of Canada made use of subsidies from the Canadian government for capital investment, and began selling electricity. In other overseas developments, the division took a first step in entering the promising India market by establishing a new cardboard processing joint venture with Japan's Oji Holdings Corporation and JK Paper Ltd. of India, thereby securing its first production site.

## Initiatives in the Year Ending March 31, 2014

The year ending March 31, 2014 will likely see consumer needs in the Japanese market diversify further as low birthrate and population aging trends continue. In overseas markets, while we expect to see a continued rise in labor and raw material costs in China, along with further consumer market growth, there will also be accelerated expansion of investment in production sites in ASEAN nations and in consumer markets in the region. In this climate, the division will aim to expand its share of the domestic market in the lifestyle sector by further strengthening its capabilities in materials and design, planning, and development. At the same time, in overseas markets, it will focus on expanding sales in Europe and the U.S. and other developed countries, as well as in China and the emerging markets of Southeast Asia. To accomplish this, the division will actively continue to seek strategic alliances with influential partners and to conduct M&A.

In forest products, the division will work to accelerate its expansion overseas, maximizing its complete upstream-to-downstream value chain to capture demand for industrial and household paper, which is expected to grow among emerging markets. In particular, in paper and paperboard products the division is working to secure new production sites to add to existing investments in manufacturers in Malaysia and India.

Division Organization:

Lifestyle & Forest Products Administration Dept./Fashion Apparel Dept.-I/Fashion Apparel Dept.-II/Utility Apparel Dept./Functional Materials Dept./Rubber Dept./General Merchandise & Footwear Dept./Wood Chip & Pulp Dept./Pulp Project & Construction Materials Dept./Paper & Paperboard Dept.

Main Products and Areas:

Apparel/Uniforms/Footwear/Household goods/Raw materials for textiles/Industrial materials/Fitness and office equipment/Natural rubber/Synthetic rubber/Rubber products/Wood chip/Pulp/Paper and paperboard/Building materials

## Key Projects for the Division


### Apparel and Accessories Brand PRINGLE 1815

Scottish knitwear pioneer Pringle of Scotland signed a licensing contract with leading Japanese apparel manufacturer Sanyo Shokai Ltd., and in spring of 2013 launched the new PRINGLE 1815 brand exclusively in Japan, offering apparel and accessories. The division is managing the overall deal, and is also providing product development support.

### Pulp Manufacturing Business at PT TEL (Indonesia)

In paper pulp, the division has positioned PT. Tanjungenim Lestari Pulp and Paper (PT TEL), a pulp manufacturer in Indonesia, as its core manufacturing company. We will work to strengthen competitiveness by building a stable source of raw wood from PT. Musi Hutan Persada, which has its own forests, and by improving production efficiency. Our overall aim is to proactively capture emerging markets in China, ASEAN nations, and India, where growth in demand is expected.

## Business Highlights*

(Billions of yen)

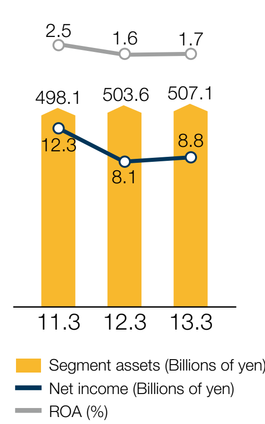
| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 70.8 | 61.5 | **57.8** | – |
| Equity in earnings (losses) | 3.1 | (0.2) | **0.3** | – |
| Net income | 12.3 | 8.1 | **8.8** | 13.0 |
| Segment assets | 498.1 | 503.6 | **507.1** | – |

## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | **2013.3 (U.S. GAAP)** | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Fashion Link, Ltd. | 0.9 | 0.9 | **0.9** | 100.0% |
| Marubeni Intex Co., Ltd. | 0.6 | 0.8 | **0.9** | 100.0% |
| Marubeni Pulp & Paper Co., Ltd. | 0.5 | 2.2 | **2.0** | 100.0% |
| Koa Kogyo Co., Ltd. | 0.8 | 0.7 | **0.2** | 80.0% |
| Marubeni Building Materials Co., Ltd. | (0.2) | 0.6 | **0.5** | 100.0% |
| Fukuyama Paper Co., Ltd. | 0.6 | 0.4 | **0.4** | 55.0% |

Segment assets / Net income / ROA*




* Figures are the total for the former Lifestyle Division and the former Forest Products Division.

# ICT, Finance & Insurance, Real Estate Business Division

The ICT, Finance & Insurance, Real Estate Business Division provides functions that are relatively new for general trading houses. We offer comprehensive services primarily to Japanese and international private enterprises, individuals and public institutions in the business areas of ICT, finance, logistics, insurance, and real estate. Building on our existing businesses based on years of expertise honed as a trading company, we seek to grow by expanding our business domain to encompass areas peripheral to those businesses.

The division aims to form partnerships with Group companies to offer distinctive services, real estate, and real estate development, with high added value as integrated solutions to customers' wide-ranging needs. By region, the division is working to expand its business in Japan as well as in the fast-growing Chinese and ASEAN markets, with plans to accelerate these efforts going forward.

Hikaru Minami
Managing Executive Officer, COO, ICT, Finance & Insurance, Real Estate Business Division

## Results for the Year Ended March 31, 2013

For the year ended March 31, 2013, the ICT, Finance & Insurance, Real Estate Business Division (excluding the former Real Estate Business Department) recorded gross trading profit of ¥44.0 billion, and consolidated net income of ¥9.3 billion.

Consolidated net income rose by ¥4.0 billion compared to the previous year, to ¥9.3 billion. Major factors in this rise included an increase in fund success fees in the finance sector; an increase in earnings resulting from incorporation of our newly invested equity stake in reinsurance group ACR Capital Holdings Pte. Ltd. of Singapore in the insurance sector; strong sales of smartphones in the mobile solutions sector; and an increase in turnover in condominium sales in Japan and abroad in the real estate sector.

In finance, we participated in the auto finance business in China, targeting long-term credit for individual consumers. In information and communications, orders have risen steadily for the Mobile Virtual Network Operator (MVNO) business that we entered in the previous fiscal year, and we also established a datacenter in the Tokyo Metropolitan Area offering advanced security and redundancy. In the real estate sector, a new retail mall called the MinatoMirai Grand Central Terrace was opened on the first and second floors of the MinatoMirai Grand Central Tower, an office and commercial complex managed by the division in Yokohama.

## Initiatives in the Year Ending March 31, 2014

In ICT, the division will be reorganized from three business units to two: the ICT Service Business Unit and the Mobile Solutions Business Unit, with the goal of creating synergies among existing businesses and accelerating concentration of corporate resources on our cloud services and mobile service businesses. The division will also work aggressively to expand its business among ASEAN nations. In logistics, we will continue to focus on expanding third party logistics operations in Japan and China, while building a global logistics infrastructure through collaboration with other international logistics business. In insurance, the division will work to expand earnings by increasing synergies between the reinsurance business, which we entered in the previous fiscal year, and our existing agency business. In finance, we will move to expand business with the lease and private equity fund businesses at the core, while also working to generate synergies with the real estate asset management sector which was incorporated through reorganization. In real estate, the division will focus on the condominium sales business in the Tokyo Metropolitan Area, while also targeting expansion of the real estate business in China and Southeast Asia, where growth is expected to continue.

Through these initiatives, the division will target consolidated net income of ¥12.0 billion for the year ending March 31, 2014.

Division Organization:

ICT, Finance & Insurance,Real Estate Business Administration Dept./ICT Service Business Dept./Mobile Solutions Business Dept./Logistics Business Dept./Insurance Risk Solution Dept./Finance & Real Estate Investment Business Dept./Real Estate Development Dept.-I/Real Estate Development Dept.-II/Housing Engineering & Customer Service Dept./Real Estate Management Dept.

Main Products and Areas:

Systems solutions/Datacenter and cloud services/Mobile solutions /Third-party logistics and international logistics/Insurance and reinsurance/Fund, lease, and J-REIT management/Condominium sales in Japan/Overseas real estate development

## Key Projects for the Division

### Providing Comprehensive ICT Services

The division now provides a comprehensive range of ICT services. In addition to offering communication lines, datacenters and other infrastructure, as well as systems integration, maintenance, and operation, it has also started offering public cloud and wireless data communication services. With growth expected in cloud and mobile businesses, we will enhance synergies with existing businesses while working to expand the business overall.

### Condominium Project in China

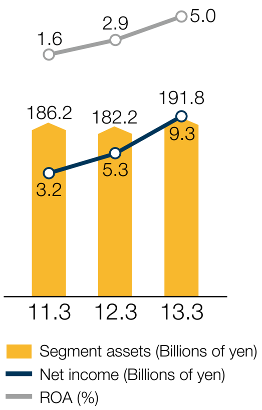
In February of 2013, Marubeni began construction of the second, north district phase of its condominium project in Shanghai, the House Huang Ma Yuan. Following on from the initial south district phase (with 700 units for sale), which is now completed, development plans call for 475 units along with a commercial facility to be called the House Market.

## Business Highlights*

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | 2014.3 (Pros./IFRS) |
|---|---|---|---|---|
| Gross trading profit | 42.3 | 42.5 | **44.0** | – |
| Equity in earnings (losses) | (0.5) | (0.3) | **4.4** | – |
| Net income | 3.2 | 5.3 | **9.3** | 12.0** |
| Segment assets | 186.2 | 182.2 | **191.8** | – |

Segment assets / Net income / ROA*




## Equity Interest in Major Subsidiaries and Affiliates

(Billions of yen)

| | 2011.3 (U.S. GAAP) | 2012.3 (U.S. GAAP) | 2013.3 (U.S. GAAP) | Percentage of Voting Rights |
|---|---|---|---|---|
| Marubeni Information Systems Co., Ltd. | 1.2 | 1.5 | **1.4** | 100.0% |
| Marubeni Access Solutions Inc. | 2.6 | 1.1 | **1.8** | 100.0% |
| Marubeni Telecom Co., Ltd. | 1.2 | 1.1 | **1.1** | 100.0% |
| Marubeni Safenet Co., Ltd. | 0.5 | 0.5 | **0.6** | 100.0% |
| Marubeni Logistics Corporation | 0.4 | 0.4 | **0.5** | 100.0% |
| Shanghai House Property Development Co., Ltd. | 0.3 | 0.3 | **0.4** | 60.0% |
| Marubeni Community Co., Ltd. | 0.6 | 0.7 | **0.9** | 100.0% |
| Marubeni Real Estate Co., Ltd.*** | 0.9 | 0.8 | **0.8** | 100.0% |

*** Marubeni Real Etate Co., Ltd. merged IMT as of April 1, 2012 (equity portion/Marubeni Corp. 50%, Marubeni Real Estate Co. 50%). The figures for 2012.3 have been altered accordingly.

* Figures for the years up until 2013.3 are for the former Finance, Logistics & IT Business Division.

** Figures for 2014.3 are for the ICT, Finance & Insurance, Real Estate Business Division.

Business

# Overseas Operations

Under the new medium-term management plan GC 2015, Marubeni has established a GM (Global Market) Strategy Committee, chaired by the President. The committee's task is to discuss market strategies (regions, sectors, personnel, investment, offices, etc.) at a management level from a global perspective, with the aim of developing Company-wide policies and measures. Furthermore, in the six regions of ASEAN, China, India, South America, CIS, and Sub-Saharan Africa, Marubeni will continue to advance cross-divisional initiatives, including the development of alliances with prominent local customers. To this end, Marubeni has renamed the existing Business Strategy Committees as Market Strategy Committees to serve as task forces for executing business strategies in each region.

In April 2013, to strengthen measures targeting local markets and customers, Marubeni established the single post of Regional CEO for Europe & CIS (in London) by integrating the posts of Regional CEO for Europe and Regional CEO for CIS. At the same time, Marubeni expanded the scope of area under the charge of the Regional CEO for the Middle East & North Africa, and established the post of Regional CEO for the Middle East & Africa (in Dubai). In addition, the posts of Regional CEO for Southwest Asia and Regional CEO for East Asia were newly established (both in Singapore). As a result, the areas of responsibility for the Regional CEOs now cover the entire world. Under this framework, Marubeni will focus on strengthening its measures in overseas markets by enhancing regional governance globally and stepping up its ability to disseminate local information.

**Masumi Kakinoki**
Managing Executive Officer, Member of the Board
Chief Operating Officer, Corporate Planning & Strategy Department, Global Strategy & Coordination Department, and Research Institute; Chairman of Internal Control Committee; Vice Chairman of Investment and Credit Committee

## Company-Wide Market Strategy Promotion Structure

## North & Central America

Naoya
Iwashita
Managing Executive Officer, Regional CEO for North & Central America

### Business Overview

The North American market is the world's largest consumer market. Moreover, North American industry today is undergoing a major structural upheaval due to the shale gas revolution. In this market, Marubeni continues to promote its initiatives in key areas such as agriculture, the energy value chain, and U.S. domestic demand. In the year ended March 31, 2013, we participated in the floating production platform project in the U.S. Gulf of Mexico, the conveyor belt distributor project in the U.S., and the aviation parts business, among others.

### Major Regional Business Bases

**North America**

- Chicago
- Houston
- Los Angeles
- New York
- Omaha
- Silicon Valley
- Toronto
- Vancouver
- Washington, D.C.

**Mexico and Central America**

- Guatemala
- Mexico City

Spar-type Floating Production Platform Project

## South America

Yoji
Ibuki
Executive Officer, Regional CEO for South America

### Business Overview

Each year Marubeni increases its activities in South America. In natural resources, we are involved in copper mine development in Chile—our largest project. In grain, we are rapidly increasing our trading volumes of soy and corn in Brazil and Argentina. We own the third largest water and sewerage utility in Chile by population supplied, and have been lauded as the country's best service provider. Looking ahead, we plan to develop our operations in South America even further by expanding into electric power IPP, offshore energy businesses, mining machinery service business, and fertilizer and agricultural chemicals fields.

### Major Regional Business Bases

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

A port facility of Terlogs Terminal Maritimo Ltda. (Brazil)

## Europe & CIS

Motoo
Uchiyama
Managing Executive Officer, Regional CEO for Europe & CIS

### Business Overview

In Europe, Marubeni has existing operations in electric power (including generation, and wholesale and retail of electricity), transportation machinery, chemicals, food products, and industrial materials. In addition, we are also focusing on business investments in new fields expected to open up in Europe going forward, such as infrastructure, environment business and renewable energy. In CIS countries, we will work to expand our value chain in natural resources and energy, and in infrastructure and plant. We are also making a concentrated effort to build relationships with leading companies in each country.

### Major Regional Business Bases

- Algiers
- Almaty
- Astana
- Athens
- Bucharest
- Budapest
- Casablanca
- Düsseldorf
- Hamburg
- Khabarovsk
- Kiev
- London
- Madrid
- Milan
- Moscow
- Paris
- Prague
- Risley
- St. Petersburg
- Tashkent
- Vladivostok
- Warsaw
- Yuzhno-Sakhalinsk

The Gunfleet Sands Offshore Wind Farm (U.K.)

## ASEAN

Michihiko Ota
Senior Executive Vice President, Regional CEO for ASEAN

**Business Overview**

Firm growth is projected for the ASEAN region, which is a virtual treasure trove of projects. Marubeni has steadily built up both projects and commodities trading businesses in this region. ASEAN plans to lift all tariffs on trade within the region by 2015. Marubeni will take a broad approach to ASEAN, developing new businesses focused in the three areas of infrastructure, food, and internal demand.

**Major Regional Business Bases**

- Bangkok
- Hanoi
- Ho Chi Minh
- Jakarta
- Kuala Lumpur
- Kuching
- Manila
- Nay Pyi Taw
- Phnom Penh
- Quang Ngai
- Sibu
- Singapore
- Vientiane
- Yangon

Maynilad Water Services, Inc. La Mesa Water Treatment Plant (Philippines)

## East Asia

Michihiko Ota
Senior Executive Vice President, Regional CEO for East Asia

**Business Overview**

In South Korea and Taiwan, Marubeni has continued to grow its trade in areas where it has the power to compete, such as the electrical equipment and electronics industries, and in chemicals. We have also been focusing on our strengths by growing our businesses in shipbuilding and IPP. Looking ahead, we will deepen our longstanding relationships with leading corporate groups even further in order to bolster our cooperative framework for building win-win relationships in other countries and regions such as China, ASEAN nations, and Southwest Asia.

**Major Regional Business Bases**

- Seoul
- Taipei

The Gangwon Wind Park Project (Korea)

## Southwest Asia

Michihiko Ota
Senior Executive Vice President, Regional CEO for Southwest Asia

**Business Overview**

This region has a massive population of over 1.5 billion people. Internal demand in the region is expanding ever more rapidly as the economies of this region grow, creating business opportunities. Marubeni will seize these opportunities by pursuing business projects in the commodity trade, such as chemicals, food materials and food products, and lifestyle and forest products, as well as in infrastructure development such as electric power and transportation. In tandem, we will work to create synergies with neighboring regions.

**Major Regional Business Bases**

- Chennai
- Chittagong
- Dhaka
- Goa
- Islamabad
- Karachi
- Kolkata
- Lahore
- Mumbai
- New Delhi

The Auraiya Gas Turbine Combined Cycle Power Station (India)

## Middle East & Africa

Masataka Kuramoto
Executive Officer, Regional CEO for Middle East & Africa

**Business Overview**

This region is rich in natural resources that underpin strong economic growth. There is significant potential for projects in energy, natural resources, electric power and other infrastructure, and commodity businesses. Marubeni will work to increase its presence in a wide range of businesses in this region with investments in I(W)PP and LNG, and commodity businesses such as energy, chemicals, transportation machinery, and food materials, as well as plant construction projects.

**Major Regional Business Bases**

- Abu Dhabi
- Accra
- Addis Ababa
- Amman
- Ankara
- Baghdad
- Cairo
- Doha
- Dubai
- Istanbul
- Johannesburg
- Kuwait City
- Lagos
- Luanda
- Muscat
- Nairobi
- Riyadh
- Tehran
- Tripoli

LNG Project in Qatar

## China

Katsuhisa Yabe
Executive Officer, Regional CEO for China

**Business Overview**

The world's second largest economy, China aims to achieve stable and continuous economic growth. A key pillar in this strategy is to expand internal demand. Marubeni will expand its consumer-related businesses and trading in livestock feed, livestock, food products, apparel, urban development, and other fields. We will also work on environmental and energy-saving projects, and participate in projects with Chinese companies in other countries. Moreover, we will continue to expand our trade with peripheral regions that have strong economic ties to China, such as Mongolia and ASEAN nations.

**Major Regional Business Bases**

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

Shangtex Holding (Group) Corporation (China)

## Oceania

Shinji Kawai
Managing Executive Officer, Regional CEO for Oceania

**Business Overview**

During the SG-12 Plan, Marubeni laid the foundations for the Roy Hill Iron Ore Project and the GoldLinQ light rail public-private partnership project in Gold Coast, Australia. Having established a solid track record with these and other projects, we will now invest aggressively in the natural resource field, including coal mines, iron ore mines, and natural gas, and in infrastructure fields, such as electric power, pipelines, and railways. Meanwhile, in foodstuffs, wood chips, and chemical products, we will seek out new investment opportunities in addition to our existing trading activities.

**Major Regional Business Bases**

- Auckland
- Melbourne
- Perth
- Sydney

The Roy Hill Iron Ore Project (Australia)

# Management and Sustainability



## Company Creed: "(正)Fairness, (新)Innovation, (和)Harmony"

Formulated in 1949


Calligraphy by Shinobu Ichikawa, first President of Marubeni Co., Ltd., now Marubeni Corporation

## Marubeni Management Philosophy

(formulated in 2003, revised in 2008)

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

## Marubeni Corporate Principles

(formulated in 1998)

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

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

# A Message from the Chairman

Teruo Asada
Chairman of the Board

## Aiming to Enhance Corporate Governance at Marubeni

The ultimate aim of corporate governance is not only to enhance earning capacity and prevent misconduct but to build systems to ensure that a company can gain the trust and confidence of society. To attain this goal, Marubeni has developed a compliance system based on its Company Creed of "Fairness, Innovation and Harmony" as it engages in diverse businesses and sectors in regions around the world. Moreover, in management we strive to ensure fairness, transparency, efficiency and appropriateness, which we consider vital to the sustainable growth of the Company.

To enhance the efficacy of corporate governance at Marubeni, we have thoroughly separated supervision and execution functions in management: the roles of chairman and CEO have been separated; an executive officer system has been introduced; and two outside directors have been elected to the Board of Directors in addition to three outside corporate auditors. In this way, we have taken powerful measures to enhance the oversight functions of management.

Elsewhere, Marubeni is striving for greater coexistence with society and the environment by strengthening proactive communication with shareholders and other stakeholders, and through a firm stance with respect to timely and appropriate information disclosure.

When it comes to corporate governance, no system or mechanism is foolproof. The Japanese government is currently bringing a number of industry experts together to deliberate on revisions to Japan's system of corporate laws, and it seems likely that there will be some reforms to the system in the future. Marubeni will respond to these reforms positively and appropriately, actively adopting effective systems with the aim of creating an even better corporate governance system. We will continue our efforts to improve our corporate value in this way.

# Corporate Governance

## Basic Approach to Corporate Governance

In keeping with the spirit of our Company Creed of “Fairness, Innovation and Harmony” and the Marubeni Corporate Principles, the executives and employees of the Marubeni Group observe relevant laws and regulations, as well as our own corporate rules. Further enhancing corporate governance, our corporate activities are conducted in line with our Corporate Ethics Code and Management Philosophy.

Furthermore, Marubeni has approved the basic internal control policy by resolution of the Board of Directors, to serve as a system to ensure that directors’ fulfill their duties in compliance with laws and regulations and the Articles of Incorporation. This system is outlined in the following section on the basic internal control policy.

### Basic Internal Control Policy

Marubeni seeks to steadily increase and maximize corporate value through business activities that are in accordance with our Company Creed and Management Philosophy, and to steadily and continuously build and expand the Group’s business foundation. To this end, Marubeni has established internal control systems, which serve as a rational process to ensure improvement of efficiency of business activities, accurate reporting of earnings results to stakeholders, maintenance of compliance with applicable laws and regulations, and safeguarding of assets. The Company regularly reviews this internal control system policy based on its structure and operation status to respond to changes in social conditions and the business environment.

In accordance with the Companies Act and its implementation guidelines, Marubeni has established a basic internal control system policy which helps to ensure that all business activities are conducted appropriately. Each year, the Company confirms the content and implementation of this policy, and implements improvements when necessary. With regard to the internal control report system mandated under the Financial Instruments and Exchange Act, the Internal Control Committee conducts evaluations as stipulated in the practical standards. As in the year ended March 31, 2012, we again submitted our internal control report for the year ended March 31, 2013, which concluded that “internal control is effective.”

**Basic Internal Control Policy**

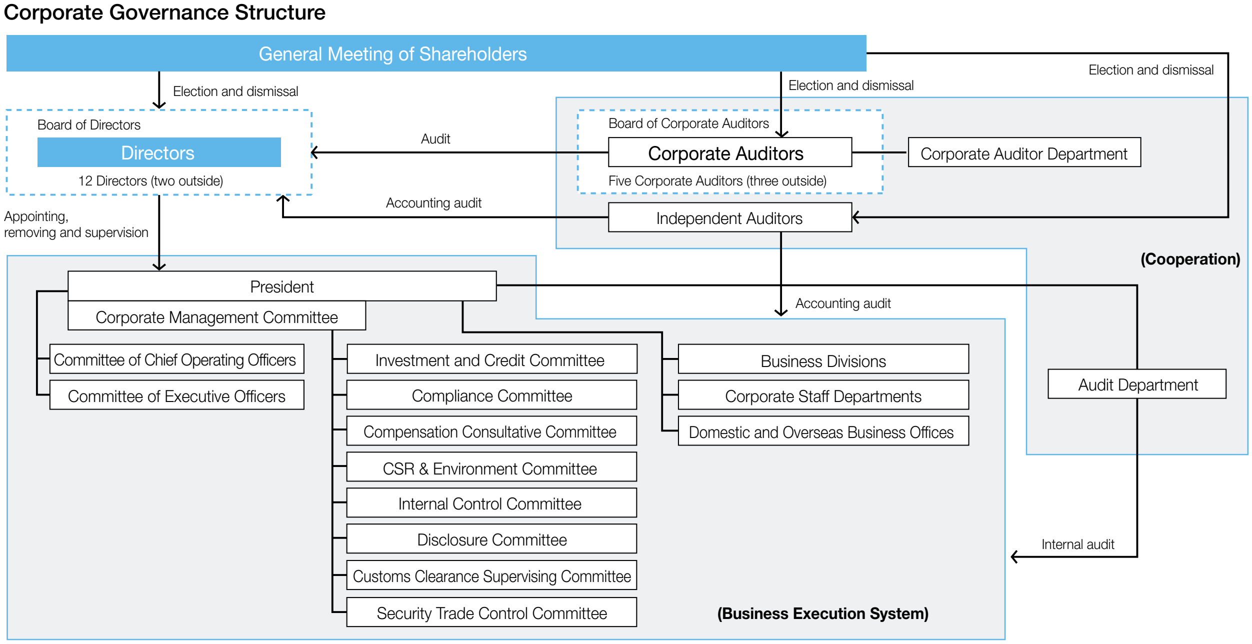
(i) System necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
(ii) Systems to preserve and manage information related to the execution of duties by Directors
(iii) Internal regulations for the risk management of losses and other related systems
(iv) Systems necessary to ensure the efficient execution of duties by Directors
(v) Systems necessary to ensure the appropriateness of operations by the group
(vi) Matters concerning employees assisting the duties of Corporate Auditors, and matters concerning the independence of these employees from Directors
(vii) Systems for Directors and employees to report to Corporate Auditors and other systems for reports to Corporate Auditors
(viii) Other systems necessary to ensure effective audits by Corporate Auditors

## Corporate Governance Structure

Marubeni operates under a corporate audit governance system, adhering closely to the Companies Act, with a control structure designed to facilitate a clearly defined decision-making process, business execution system and supervisory system. Marubeni has established the structure as shown in the diagram titled Corporate Governance Structure below.

Marubeni conducts a diverse range of businesses globally. Accordingly, Marubeni has established a corporate audit governance model with a Board of Directors mainly comprising internal directors (with appointment of outside directors and

**Corporate Governance Structure**



collaboration with the Board of Corporate Auditors) in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management. Marubeni has determined that this governance model is functioning effectively as set forth in items (a) and (b) below. Therefore, Marubeni will retain the current governance structure.

(a) Ensuring rapid and efficient decision-making
Marubeni ensures rapid and efficient decision-making by structuring the Board of Directors mainly around directors who serve concurrently as executive officers who are well versed in the Company's diverse business activities.
(b) Ensuring appropriate supervisory functions
Marubeni ensures appropriate supervisory functions by implementing various measures, including appointing outside directors; assigning dedicated staff to the Corporate Auditor Department; fostering collaboration among the corporate auditors, the Audit Department, the independent accounting auditors and the corporate auditors of Group companies; and implementing advance briefings on matters referred to the Board of Directors for both outside directors and outside corporate auditors on the same occasions.

## Board of Directors

Our Board of Directors comprises 12 directors (two externally appointed) who deliberate on overall corporate policy and major issues, while monitoring the performance of individual directors. Each director's term of office is one year. This is to flexibly put in place an optimal management structure in response to changes in the business environment, while clarifying management responsibility.

## Board of Corporate Auditors

The Board of Corporate Auditors comprises five corporate auditors (including three outside corporate auditors). Marubeni has adopted a corporate audit governance system. Accordingly, the corporate auditors are responsible for overseeing directors in the execution of their duties, by attending important meetings such as the Board of Directors, as well as monitoring business activities and financial conditions in accordance with the auditing policies and plans set by the Board of Corporate Auditors. The corporate auditors have monthly meetings with the independent accounting auditors to exchange information and opinions on auditing plans, progress of auditing activities at Marubeni and Group companies, audit results, key points and considerations on earnings results, and accounting audit trends.

The President also holds regular meetings with the corporate auditors and reports to them on business performance. Other directors, the chief operating officers and the general managers of the corporate staff departments report to the corporate auditors each year on business performance.

## Corporate Management Committee

The Corporate Management Committee, which reports directly to the President, comprises 10 representative directors including the President, who deliberate substantive matters related to management and operations.

## Committee of Chief Operating Officers

The members of the Committee of Chief Operating Officers are the President, the representative directors, the chief operating officers, the regional CEO for North & Central America, the regional CEO for Europe & CIS, the regional CEO for China, the regional CEO for ASEAN, and the regional CEO for Oceania. They discuss matters pertaining to budgeting, account settlement, and financial planning, as well as other issues relating to the execution of business.

## Committee of Executive Officers

To clearly separate supervisory and executive functions, and to define authority and responsibility, Marubeni has introduced an executive officer system. Each executive officer is assigned authority to manage the operations of their division and full responsibility for implementing policies, while the relevant advisors to the President will monitor and support the executive officers. The Committee of Executive Officers comprises 40 executive officers (nine of whom are also directors) and holds monthly meetings, in principle, to announce management policies issued by the President and to discuss financial performance, the results of internal audits and other issues that affect business execution, and to facilitate the exchange of information between the oversight function and the implementation function.

Keeping communication lines open between the directors and officers, outside directors also attend these meetings. Executive officers are selected by the Board of Directors and appointed to one-year terms of office.

| Name | Frequency of Meetings | Number of Meetings in the Year Ended March 31, 2013 |
|---|---|---|
| Board of Directors | Once per month in principle, and on an ad hoc basis as needed | 20 |
| Board of Corporate Auditors | Bimonthly in principle, and on an ad hoc basis as needed | 12 |
| Corporate Management Committee | Twice per month in principle, on an ad hoc basis as need | 39 |
| Committee of Chief Operating Officers | Four times per year in principle | 4 |
| Committee of Executive Officers | Once per month in principle | 12 |

## Committee Roles and Functions

Marubeni has established various committees designed to enhance corporate governance. A brief description of the principal committees and their respective governance roles is given below.

### Investment and Credit Committee

Along with a committee chairman, vice chairman, and an advisor to the President from one of the business divisions, this committee is composed of general managers from Corporate Planning & Strategy, Corporate Accounting, Finance, Risk Management, Legal, and other corporate staff departments. When Marubeni makes an investment, this committee performs an analysis of business viability and examines business plans from a specialist standpoint, using indicators such as PATRAC*[1] and IRR*[2] to quantitatively evaluate profitability, and makes qualitative evaluation of the investment's significance and strategic importance.

Projects pending approval, such as investments, are discussed by the Investment and Credit Committee prior to appearing on the Corporate Management Committee's agenda. For highly important projects, a mechanism is also in place whereby the committee deliberates such projects prior to receiving the

Board of Directors' approval. In the year ended March 31, 2013, the Investment and Credit Committee discussed 206 projects pending approval.

*1 PATRAC: Profit After Tax less Risk Asset Cost
Marubeni's proprietary management index for measuring the degree to which the return on a risk exceeds a minimum target.
*2 IRR: Internal Rate of Return
An index measuring the profitability of an investment as the future cash flows against the initial investment expressed as an average annual percentage.

### Compliance Committee

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

### Compensation Consultative Committee

Under advice from the President, this committee deliberates the full range of decisions regarding officer compensation made by the President, including salaries, rewards and sanctions, in order to enhance the transparency and objectivity of the decision-making processes involved. Committee members serve one-year terms. In the year ended March 31, 2013 these were eight members including a senior managing executive officer. In addition, an outside corporate auditor serves as a committee member each year, helping to maintain the transparency and objectivity of the committee.

### CSR & Environment Committee

The CSR & Environment Committee is responsible for discussing and reporting on the Group's basic policy on CSR and environmental protection activities. It also monitors the Group's activity status, identifies and prioritizes critical social and environmental issues, proposes plans, and offers awareness-raising activities.

### Internal Control Committee

The activities of this committee are designed to improve internal control systems across the entire Group. These activities are largely concerned with compliance with mandates pertaining to the internal control report system under Japan's Financial Instruments and Exchange Act as well as the basic internal control policy stipulated by Japan's Companies Act.

### Disclosure Committee

Composed of a committee chair appointed by the President as well as general managers from corporate staff departments, the committee ensures that internal systems concerning legally mandated and timely disclosure are in place, and decides the importance and appropriateness of the information targeted for disclosure. When necessary, issues from this committee may be referred to the Corporate Management Committee or Board of Directors.

In the year ended March 31, 2013, the committee deliberated on items in the securities report, the business report, the financial statements, the quarterly reports, and in extraordinary reports, among other matters.

### Customs Clearance Supervising Committee

The Customs Clearance Supervising Committee was established for the purpose of sharing awareness throughout the Marubeni Group of correct import and export customs procedures, payment of correct customs duties, and customs administration and international trends. The main activities of the committee are planning, proposal, and implementation of import and export customs control for the entire Group, carrying out internal import and export customs inspections for business divisions and Group companies, and conducting in-house education relating to import and export customs controls.

### Security Trade Control Committee

The Security Trade Control Committee was established for the purpose of sharing awareness throughout the Marubeni Group of compliance with the Foreign Exchange and Foreign Trade Act, correct and efficient implementation of security trade control operations, and international trends. The committee focused these activities mainly in relation to cargo exports, the supply of technology, and brokerage transactions. The main activities of the committee are planning, proposal and implementation of measures to ensure that security trade controls are properly implemented,

**Frequency of Various Management Committee Meetings**

| Committee Name | Committee Chair | Frequency of Meetings |
|---|---|---|
| Investment and Credit Committee | Mitsuru Akiyoshi, Senior Managing Executive Officer, Member of the Board | Once per week in principle (27 times in the year ended March 31, 2013) |
| Compliance Committee | Yutaka Nomura, Senior Managing Executive Officer, Member of the Board | Twice per year in principle (Twice in the year ended March 31, 2013) |
| Compensation Consultative Committee | Yutaka Nomura, Senior Managing Executive Officer, Member of the Board | On an ad hoc basis |
| CSR & Environment Committee | Takeo Kobayashi, Executive Officer | Once per year in principle, and on an ad hoc basis as needed (Once in the year ended March 31, 2013) |
| Internal Control Committee | Masumi Kakinoki, Managing Executive Officer, Member of the Board | On an ad hoc basis (Twice in the year ended March 31, 2013) |
| Disclosure Committee | Yukihiko Matsumura, Managing Executive Officer, Member of the Board | Four times per year in principle, and on an ad hoc basis as needed (6 times in the year ended March 31, 2013) |
| Customs Clearance Supervising Committee | Yutaka Nomura, Senior Managing Executive Officer, Member of the Board | Once per year in principle, and on an ad hoc basis as needed (Once in the year ended March 31, 2013) |
| Security Trade Control Committee | Yutaka Nomura, Senior Managing Executive Officer, Member of the Board | Once per year in principle, and on an ad hoc basis as needed (Once in the year ended March 31, 2013) |

inspection and approval of transactions, and in-house education concerning security trade controls.

### Roles and Functions of Outside Directors and Outside Corporate Auditors

#### Roles and Functions of Outside Directors

Outside directors offer opinions on business management drawn from their broad experience and high-level perspective, and give advice to better implement corporate governance. Marubeni currently has two outside directors; one has served as a Vice-Minister of Economy, Trade and Industry, and the other as the manager of a consulting company.

Outside directors attend the meetings of the Board of Directors and the Committee of Executive Officers, including on an ad hoc basis, making active contributions from the perspective of internal control. Prior to meetings, outside directors are provided with agendas and fully briefed on management issues and project execution status.

* Please refer to the corporate website for information on the reason for election.

#### The Roles and Functions of Outside Corporate Auditors

Outside corporate auditors monitor the directors' execution of duties and draw upon their wealth of professional expertise to offer various recommendations and advice to enhance corporate audits. Marubeni currently has three outside corporate auditors. These individuals have experience as a corporate manager and as a Deputy Superintendent General of the Tokyo Metropolitan Police Department.

The outside corporate auditors attended meetings of the Board of Corporate Auditors and also the Board of Directors and Committee of Executive Officers. In addition, the corporate auditors meet with the President on a regular basis, as well as with members of the Audit Department, Corporate Accounting Department, and independent accounting auditors, for an exchange of opinions. They receive audit-related information from the standing corporate auditors, which they use in the execution of their auditing duties. One of the outside corporate auditors is also a member of the Compensation Consultative Committee.

* Please refer to the corporate website for information on the reason for election.

## Executive Compensation

Amounts of executive compensation, details of policies regarding calculation methods used to decide compensation, and methods for making compensation decisions are as follows.

Compensation for directors and corporate auditors is decided based on limits to the amount of total compensation for directors and corporate auditors determined by the General Meeting of Shareholders. Compensation for individual directors is decided by the Compensation Consultative Committee, a body whose membership includes outside corporate auditors, and by the Board of Directors. Compensation for individual corporate auditors is decided through deliberation by the corporate auditors. Basic compensation paid to directors other than outside directors consists of fixed compensation and variable compensation, the latter of which is linked to business performance in the previous fiscal year.

Compensation for outside directors and corporate auditors, all of whom are completely independent from business execution, consists entirely of fixed compensation.

## Internal Control

Marubeni seeks to steadily increase and maximize corporate value through business activities that are in accordance with our Company Creed and Management Philosophy, and to steadily and continuously build and expand the Group's business foundation. To this end, in accordance with the Companies Act and its implementation guidelines, Marubeni has established a basic internal control policy which helps to ensure that all business activities are conducted appropriately. The Company regularly reviews this internal control system policy in response to changes in social conditions, with the aim of ensuring a more appropriate and efficient system.

* Please refer to the corporate website for details about our internal control.



**Total compensation paid to directors and corporate auditors for the Year Ended March 31, 2013**

| Position | Total Amount of Compensation | Total Compensation by Type | | Number of Recipients |
|---|---|---|---|---|
| | | Basic Compensation | Retirement Bonuses | |
| Directors (excluding outside directors) | ¥955 million | ¥948 million | ¥7 million | 12 |
| Corporate auditors (excluding outside corporate auditors) | ¥85 million | ¥85 million | — | 2 |
| Outside executives | ¥60 million | ¥60 million | — | 5 |
| Total | ¥1,100 million | ¥1,093 million | ¥7 million | 19 |

Notes
1. Rounded to the nearest million.
2. Limits to the amount of executive compensation determined by a resolution of the General Meeting of Shareholders are as follows: "¥110 million to directors monthly (including ¥2.5 million for outside directors)" and "¥12 million to corporate auditors monthly" (both resolutions of the 88th General Meeting of Shareholders held on June 22, 2012).
3. Retirement bonuses include an increase in the allowance for retirement bonuses (¥9 million for directors disclosed in the securities reports filed by the Company for fiscal 2006 (83rd business term) and fiscal 2007 (84th business term). This entire amount was covered by an allowance through fiscal 2007.
4. The Company submitted a resolution to abolish its system of retirement bonuses for executives at the conclusion of the 83rd General Meeting of Shareholders held on June 22, 2007, with abolishment accompanied by the decision to close out and pay any remaining retirement bonuses associated with the system. The Company will make these payments to directors and corporate auditors who are eligible under the resolution, paying directors when they have retired both from their directorship and any held post as executive officer, and paying corporate auditors upon their retirement.

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

| Name | Position | Total Compensation by Type | | Total Compensation |
|---|---|---|---|---|
| | | Basic Compensation | Retirement Bonuses | |
| Nobuo Katsumata | Director | ¥107 million | — | ¥107 million |
| Teruo Asada | Director | ¥148 million | — | ¥148 million |

# Compliance

Compliance goes beyond merely following the letter of the law.

In its true sense, compliance means corporations, as members of society, also living up to the expectations and earning the trust of all stakeholders and fulfilling their social responsibilities.

### Priority Activities in the Year Ended March 31, 2013

- Formulate the Compliance Committee activities plan for the year ended March 31, 2013.
- Review the action plans for divisions, branches and offices for the year ended March 31, 2012 and formulate the action plans for the year ending March 31, 2013.
- Publish the 9th edition of the Compliance Manual and collect written pledges.
- Operate and improve the compliance administration system for industry-specific laws and other regulatory requirements.
- Respond to the comments made by the Audit Department in the year ended March 31, 2012.
- Enhance the compliance system and program centered on anti-bribery measures.

### Review of the Year Ended March 31, 2013

- We formulated the Compliance Committee activities plan and other activities for the year ended March 31, 2013 according to the PDCA (Plan-Do-Check-Act) process, studied applicable industry-specific laws and other regulatory requirements, enhanced the compliance system and program centered on anti-bribery measures, and conducted other compliance-related activities.

## Door of Courage

If misconduct does occur within a company, it is important that it be curtailed at the initial stage. For this reason, a system is required whereby, if a problem arises, it is communicated immediately to top-level management via reporting lines. While the Marubeni Group aspires to create an open and free environment where any person can seek advice on any topic, for some matters, reporting through ordinary means may be difficult.

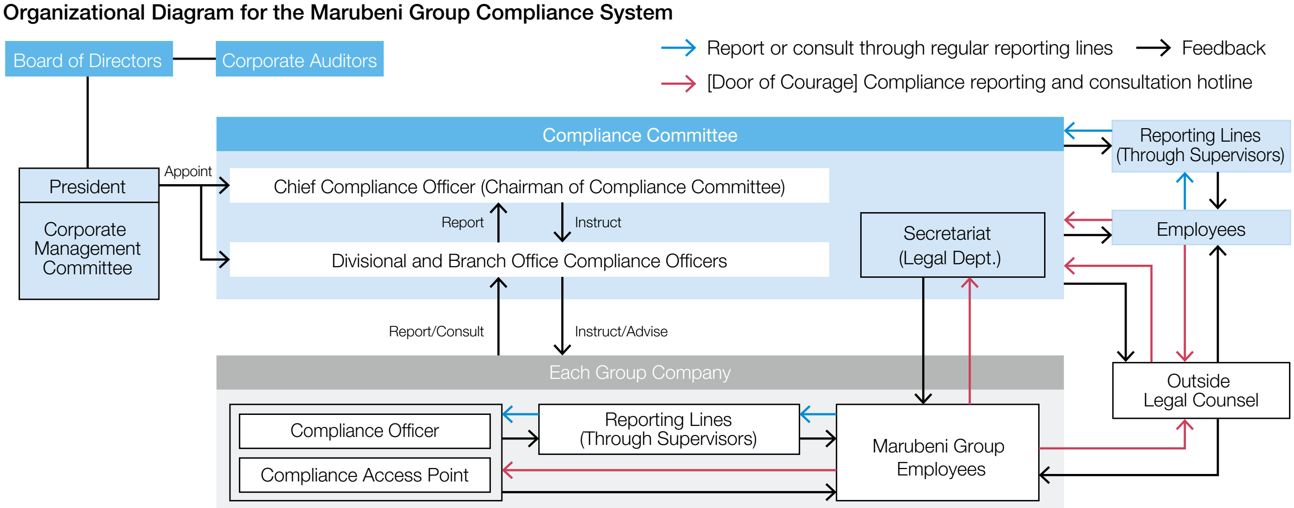
To address this situation, the Group established the “Door of Courage” compliance reporting and consultation hotline, by which all members of the Marubeni Group can consult directly with the Compliance Committee or with one of the two external legal counselors (one male and one female). This ensures that reports and consultations are held in the strictest confidence and will not become the basis for any unfair treatment. In the year ended March 31, 2013, the team received about 20 reports.

With the aim of making the Door of Courage known as widely as possible, the system is introduced at every opportunity, such as during training programs. Also, the Door of Courage Q&A has been posted on the Marubeni intranet and extranet to create a more user-friendly environment.

### Rules on Compliance Reporting and Consultation Hotline (Door of Courage)

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

**Organizational Diagram for the Marubeni Group Compliance System**



## Message from the Chair of the Compliance Committee

Yutaka Nomura

Senior Managing Executive Officer,

Member of the Board, Chairman of Compliance Committee

# Making Compliance the Top Priority

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

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

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

Looking ahead, we will continue to strengthen compliance even further through a range of initiatives.

## Compliance Manual

In the Compliance Manual, the Marubeni Management Philosophy calls for fair and upright corporate activities in accordance with the spirit of the Company Creed of "Fairness, Innovation, and Harmony." Accordingly, the Compliance Manual stipulates specific provisions under such headings as "Compliance with Antimonopoly Act and Related Laws and Regulations" and "Prohibition of Unfair Competition." Moreover, we will stand firm against anti-social organizations and threats to social order and public security, and will never form or foster relationships with any organization that poses such threats. To this end, the Compliance Manual provides detailed guidelines regarding the prohibition on conferring benefits on anti-social organizations, the prohibition on money laundering, and other related issues.

**"When you are faced with a choice between integrity and profit, choose integrity without hesitation."**

If we do not follow this direction and choose an easy option that results in our corporate brand being damaged, it will take a long time and a lot of energy to restore our brand. We shall not take short-cuts in the pursuit of a quick profit, rather we shall choose the right pathway even if it involves a detour, taking one step at a time.

Each and every one of you should re-assess your position to confirm that your pathway:

- does not violate any law;
- is one that you can tell your family about with confidence;
- is one that you would be happy for your children to adopt;
- is one that you can be proud of if it be reported in the newspapers or on TV;
- does not enable others to take advantage of our weakness;
- is not a short-cut that allows you to enjoy an easy life at the expense of others.

If you are ever in any doubt as to any of the above, please revisit this compliance manual.

Compliance Committee
(Excerpt from the Compliance Manual)

## Compliance Education and Training

The Marubeni Group has developed the Compliance e-Learning Training Program to provide staff with the knowledge required to put compliance into effect. As of March 31, 2013, a total of 14,000 people from 85 Group companies have participated in the program.

E-learning training programs and group training programs are also provided to keep our staff updated on revisions to applicable laws and regulations, as well as economic developments and social movements. These theme-based training sessions are provided as required to be timely and include such topics as intellectual property rights, subcontractor regulations (specifically, the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors), and document administration. Other topics include insider trading regulations, the Waste Management and Public Cleansing Act, and anti-bribery measures. Compliance is also a subject taught on other occasions, such as at group training sessions conducted by each division, orientation for new employees, and job grade-specific training courses.

To ensure compliance at overseas offices, group training sessions were also conducted at our major branches and offices.

## Enhancement of the Administration System for Industry-Specific Laws

Marubeni and the Group companies conduct an annual study on industry-specific laws to ensure their complete observance. To facilitate this, we have created flowcharts for specific business transactions and identified the relevant industry-specific laws involved in each, while preparing lists of compliance issues and permits and licenses related to each of these laws. Every year, we review these lists to ensure compliance. In addition to this, Marubeni Corporation and some Group companies have introduced quick notification and law search systems, with the aim of strengthening responses to and management systems for each industry-specific law.

## Product Safety Management

Marubeni has established a product safety management system, based on internal company regulations, that stipulates the structure, system and other items related to product safety management. Each division generates its own Product Safety Management Manual to ensure the safety of the products traded by the Marubeni Group.

## Number of Violations

As a result of our efforts to ensure compliance, in the year ended March 31, 2013 there were again no material violations of compliance within the Marubeni Group.

Please refer to the corporate website for details about our compliance.

## Risk Management

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

**Priority Activities in the Year Ended March 31, 2013**

- Further improve risk management activities and enhance risk management at Group Companies.

**Review of the Year Ended March 31, 2013**

- In the year ended March 31, 2013, we documented for record-keeping purposes our experience performing risk scenario analyses for proposed business investments and other activities. We also completed a project to create a database of risks that had actually materialized in previous projects, which we initiated in the year ended March 31, 2012. We will use this as a point of reference when considering new business projects in the future.

### Integrated Risk Management

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

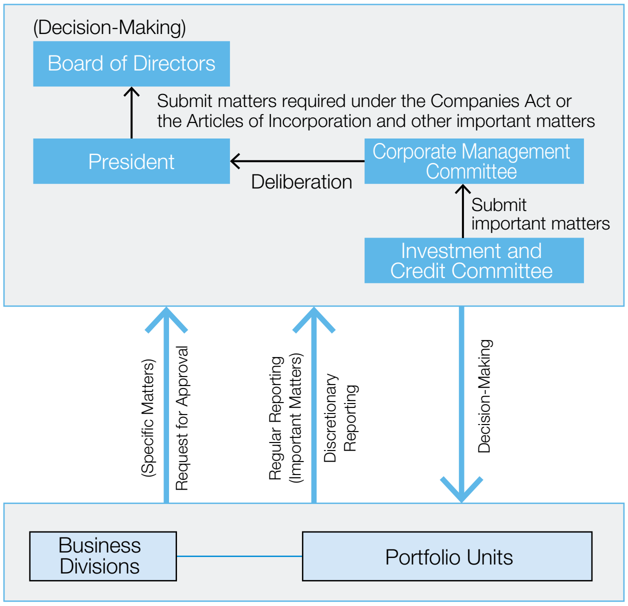
Integrated risk management looks at various risk factors in a comprehensive way to enable managers to understand risk as a single monetary value. By using computer simulations that reflect the latest information, Marubeni has made it possible to grasp the degree of risk in more detail than ever before.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

### Development of Risk Management System

Marubeni manages major business risks using the system shown below.

For important individual proposals, such as those relating to investment or financing, drafts are first circulated and discussed by the Investment and Credit Committee and the Corporate Management Committee before the President makes a decision. The Board of Directors is also involved in decision-making on issues of substantial importance. Following implementation, each business division manages its own risk exposure and, for important cases, periodic status reports are made to the Investment and Credit Committee, Corporate Management Committee, and the Board of Directors. In addition, risk is diversified through portfolio management to reduce the risk to the Company as a whole.

**Risk Management System**




Management and Sustainability

# CSR Activities

## Approach to CSR

The ability of the Marubeni Group to fulfill its responsibilities as a member of society requires every individual within the Group to adhere to the Company Creed of "Fairness, Innovation and Harmony," and to give CSR considerations high priority as they participate in corporate activities. We take a diligent approach to CSR activities, aiming for sound management that coexists in harmony with both society and the environment. Our goals are to ensure that the Marubeni Group is recognized by society as a good corporate citizen, and to realize sustainable growth.

Under the leadership of the CSR & Environment Committee, we are intensifying our CSR efforts pertaining to a wide range of corporate activities.

As far as specific activities are concerned, Marubeni has placed particular emphasis on the following areas:

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

## Participating in the UN Global Compact

Marubeni declared its support for the UN Global Compact. The compact was proposed in 1999 by then UN Secretary-General Kofi Annan, and formally launched in the following year. Participating corporations seek to support and practice 10 principles relating to the areas of human rights, labor, environment, and anti-corruption. Marubeni is working to realize the ideals of the UN Global Compact by supporting these 10 principles.

**The UN Global Compact's 10 Principles**

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

## Pursuing CSR Together with Our Stakeholders

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

In order to establish a CSR policy that earns the trust and approval of stakeholders, the Marubeni Group recognizes that it is important to always listen to the opinions of stakeholders, and work with them to put these ideas into practice. Of course, all our stakeholders are equally important and therefore we do not intend to prioritize them.

### Customers and Business Partners

Aiming to be a company that enjoys the trust and confidence of customers and business partners, we strive to develop and offer products and services that are useful to society as well as safe. Furthermore, we constantly strive to improve satisfaction and earn trust by responding sincerely to feedback from our customers and business partners.

### Shareholders

To meet shareholders' expectations, we strive to enhance corporate value by responding to changes in the business environment and maintaining stable profitability. At the same time, we also attach great importance to environmental and social concerns, and disclose pertinent information in a fair and timely manner.

### Local Communities

We aim to become a valued member of the local communities where we do business, and to contribute to the creation of robust local districts. Overseas, we respect local laws, cultures, and customs, and strive to operate our businesses in a way that contributes to local development. Furthermore, we are firmly opposed to antisocial forces and groups that threaten the order and safety of society.

### Employees

We respect the individual values and life goals of each and every employee. We also work hard to eliminate all forms of discrimination and foster an atmosphere that is pleasant for all.

## Message from the Chair of the CSR & Environment Committee

Takeo Kobayashi
Executive Officer,
Chairman of CSR & Environment Committee

## Marubeni will promote CSR activities as a means of realizing sustained growth and earning stakeholders' trust.

The Marubeni Group believes that sustained growth is a realistic goal which can be achieved. To do this, we must first remain true to the spirit of the Company Creed of "Fairness, Innovation, and Harmony." In addition, all employees must possess a firm awareness of CSR within their corporate activities. Finally, we must strive to practice sound management that helps to create a society capable of coexisting with the environment.

We aim to contribute to the sustained development of society and resolve social issues through our business activities. We will expand our businesses that benefit people around the world. These include businesses for developing and providing a stable supply of mineral resources, maintaining and operating water and sewage systems and seawater desalination facilities, promoting the planting of trees, providing a stable supply of quality grain, and promoting renewable energy efforts.

In recent years, greater emphasis has been placed on addressing human rights and labor issues, such as child labor and forced labor. In light of this trend, at Marubeni we revised our Basic Supply Chain CSR Policy in March 2013, and we will seek the understanding and cooperation of our clients as we actively promote CSR supply chain management.

Looking at our social contribution activities, we continue to run programs such as providing scholarship funds for young people in emerging economies, making donations for areas struck by natural disasters, and encouraging employees to volunteer in local cleanup efforts.

The most widely recognized of all of the Marubeni Group's social contribution activities is the Marubeni Foundation, a social welfare corporation we established in 1974. Through this foundation, we provide ¥100 million to social welfare facilities across Japan each year since 1975. The foundation is also a prominent supporter of efforts to recover from the Great East Japan Earthquake.

Moving into the future, Marubeni will remain a trusted partner of our stakeholders. We will continue to promote CSR activities not only in the economic realm, but also in environmental and social fields.

## Supply Chain Management

As part of the CSR management that we promote together with our stakeholders, the Marubeni Group is aiming to achieve CSR supply chain management in partnership with our suppliers.

In operating a wide range of businesses on a global scale, the Marubeni Group has built up supply chains in many different countries and regions. Some of these include developing countries where issues such as forced labor, child labor and degradation of the local environment may arise. Given these concerns, Marubeni sees supply chain management as an important CSR issue for continued sound business practice, and works diligently to prevent these problems.

**Priority Activities in the Year Ended March 31, 2013**

- Explain the Basic Supply Chain CSR Policy to all existing and potential long-term business partners.
- Conduct supply chain management training.
- Hold on-site supply chain inspections for long-term business partners.

**Review of the Year Ended March 31, 2013**

- Explained the Basic Supply Chain CSR Policy to approximately 2,400 suppliers. Also, transmitted the policy to potential long-term business partners.
- By the end of March 2013, a total of about 3,000 executives and employees had participated in our e-learning programs in order to obtain a better understanding of supply chain labor standards and other important issues.
- Conducted on-site inspections of two suppliers who deal in agricultural produce in countries where there is a high risk relating to supply chain labor standards.

### Basic Supply Chain CSR Policy

In December 2011, Marubeni partially revised its Basic Supply Chain CSR Policy, which was established in October 2008. Further revisions were also carried out in March 2013.

Marubeni aims to have all its long-term business partners understand and cooperate with the Basic Supply Chain CSR Policy, and we have been working to disseminate the policy to them.

Specifically, we have put in place a structure to deal with any revision to the Policy, by providing our existing and potential long-term business partners with a detailed explanation of each revision via a number of means, including briefing sessions, personal communications, and written communications to ensure our business partners have a full understanding of and are able to comply with our most updated Policy.

Based on this system, we had explained the Policy to approximately 2,400 suppliers by October 2012. We will also explain the Policy to our long-term business partners once again following its revision in March 2013.

### Basic Supply Chain CSR Policy (Revised in March 2013)

1. Marubeni does not stop at achieving strong CSR results for itself, but also supports the achievement of strong CSR results throughout its supply chain, with the objective of building an environmentally friendly, healthy and sustainable society.
2. Marubeni requests the understanding and cooperation of its business partners in the observance of the "Supply Chain CSR Guidelines" set forth below, so that Marubeni, together with its business partners, can facilitate highly efficient CSR results.
3. Supply Chain CSR Guidelines

1) Observance of Laws
- Observe the applicable laws of each relevant country and the various countries affected by the transaction.

2) Respect for Human Rights
- Respect human rights, without discrimination, physical, verbal, sexual and other forms of harassment or inhumane treatment.
- No child labor, forced labor, inappropriate wage abatement, or excessive working hours.
- Respect employees' right to unionize for the purpose of negotiations between labor and management and to bargain collectively.

3) Preservation of the Environment
- Protect nature.
- Minimize environmental impact, and prevent pollution.

4) Fair Transactions
- Conduct fair transactions, and do not inhibit free competition.
- No bribery or illegal contributions, and prevent corruption.

5) Safety and Health
- Secure safety and health in the workplace, and maintain a good working environment.

6) Quality Control
- Maintain the quality and safety of products and services.

7) Disclosure of Information
- Including the items mentioned above, appropriately dis close company information.

## Measures to Counteract Noncompliance with Labor Standards under the Basic Supply Chain CSR Policy

Marubeni has formulated measures and procedures to counteract noncompliance with the labor standards set forth in the Basic Supply Chain CSR Policy, and effect improvements. The measures and procedures are as described below.

### Measures against Noncompliance with Labor Standards under the Basic Supply Chain CSR Policy

1. In the case of identified noncompliance involving our suppliers as to any of the following three items: 1) observance of laws; 2) respect for human rights; and 5) safety and health, as stipulated in relation to labor standards under the Supply Chain CSR Guidelines, the noncompliant supplier will be required to take the following actions as necessary.
   - Conduct fact-finding investigations, and
   - If the noncompliant practice is confirmed to have occurred, report on analysis of the background information and on the measures that were developed and followed.

   Marubeni may visit the offending supplier, depending on the circumstances.
2. If the measures taken for improvement are evaluated as not being sufficiently effective, implementation of additional measures will be requested.
3. In case of a continued inadequate response to the noncompliant situation despite following steps 1 and 2 above, termination of the trading relationship with the offending supplier will be considered.

## Supply Chain Management Education/Training

To implement supply chain management, Marubeni had executives and employees participate in e-learning programs in order to obtain a better understanding of supply chain labor standards and other important issues. By the end of March 2013, a total of about 3,000 personnel had participated in the training programs. Marubeni will continue to update the content every year and conduct the education and training programs.

## Survey on Supply Chain CSR

To confirm the status of compliance with the Basic Supply Chain CSR Policy, particularly regarding human rights and the work environment, Marubeni conducts surveys of its suppliers using on-site inspections, including interviews and questionnaires.

### On-Site Inspection

Marubeni conducts on-site inspections of suppliers who are based in countries designated by the FTSE4Good Global Index as carrying a high risk associated with supply chain labor standards, and who trade in the apparel, agriculture, and other sectors.

Marubeni visits such suppliers and confirms their compliance status by using a checklist prepared for the Basic Supply Chain CSR Policy, interviewing responsible managers and inspecting manufacturing sites to survey each supplier's CSR initiatives.

We check on the legal compliance systems, labor conditions such as wages and health and safety, environmental protection measures, and other matters.

In January 2013, we performed an on-site inspection of two agricultural product suppliers, in a continuation from inspections carried out in December 2011.

The result of the inspection showed that the two suppliers were complying correctly with all matters, including those covered by the Basic Supply Chain CSR Policy.

An inspection carried out at Simexico Daklak, Ltd. (Vietnam)

An inspection carried out at PT. Sarimakmur Tunggal Mandiri, Lampung plant (Indonesia)

Management and Sustainability

Please refer to the corporate website for details about our supply chain management.

## Social Contribution Activities

Marubeni is committed to making meaningful contributions to local communities and broader society through various activities. These include donations given to social welfare organizations by the Marubeni Foundation. We have also conducted volunteer programs that employees can participate in individually.

**Priority Activities in the Year Ended March 31, 2013**

- Promote the social contribution activities of Marubeni and Marubeni Group companies both in Japan and overseas.
- Great East Japan Earthquake recovery support.

**Review of the Year Ended March 31, 2013**

- During the year ended March 31, 2013, based on the Basic Policy on Social Contribution Activities, the Marubeni Group again conducted social contribution activities in various areas.
- In activities to support the recovery from the Great East Japan Earthquake, Marubeni dispatched a continual stream of Group employees to the disaster-stricken areas to perform volunteer work. Moreover, the Marubeni Foundation donated a total of ¥293.57 million to 73 social welfare organizations that had been affected by the disaster.

### Basic Policy and System for Social Contribution Activities

Through its CSR activities, Marubeni aims to build a better relationship with society, based on coexistence, and to become an organization trusted by all stakeholders.

In the field of social contribution, Marubeni recognized the need to take responsibility for creating bonds with society, and contributing, in particular, to the needs of local communities. To this end, we formulated the Basic Policy on Social Contribution Activities in January 2006.

Marubeni also set up a Volunteer Promotion Team to plan and operate volunteer activities with employee participation. In tandem, the Company has also introduced the Volunteer Leave System (five days per year) to support employees who wish to participate in volunteer activities.

Providing support in areas affected by the Great East Japan Earthquake – a beach clean-up in the town of Shichigahama in Miyagi Prefecture

Mt. Fuji clean-up activities

### Basic Policy on Social Contribution Activities

**Basic Principle**

In the spirit of “Fairness, Innovation, and Harmony,” and being aware of our responsibility as a corporate citizen in the global community, we will actively pursue social contribution activities.

**Basic Policy for Activities**

From a universal perspective, we will adopt the following five priority areas: social welfare, international exchange, community contribution, global environment, and cultural support. We will also actively promote social contribution activities as a corporation, and support volunteer activities conducted by our executives and employees.

**Specific Activity Policies**

Based on the Basic Principle and the Basic Policy for Activities, we have established the following specific policies, and are engaged in social contribution activities across the entire Marubeni Group.

(1) Social Welfare
Marubeni engages in a broad range of activities such as disaster relief, primarily through its support of the Marubeni Foundation, a social welfare corporation.

(2) International Exchange
Marubeni engages in contribution activities for the international community, including personnel exchanges, with a focus on support through scholarships and donations overseas.

(3) Community Contribution
Marubeni supports development activities and clean-up activities in local communities, focusing on volunteer activities conducted by its executives and employees.

(4) Global Environment
In addition to its concern for the environmental impact of its business activities, Marubeni actively supports general environmental preservation.

(5) Cultural Support
In addition to its cultural contributions through the Marubeni Collection, Marubeni extensively supports various cultural activities.

(6) Employee Support
Marubeni supports volunteer activities in which employees can participate and keeps employees informed about such activities. We also continually try to improve and expand systems required for such activities, such as the Volunteer Leave System.

## Marubeni Foundation

The Marubeni Foundation was established in 1974. In the following year, it started a tradition of providing annual donations of ¥100 million to aid welfare facilities and organizations across Japan, which it has continued. As of the end of 2012, this private foundation has given a total of 2,167 grants totaling ¥3.8 billion in support of a wide range of charity and aid programs.

In the year ended March 31, 2013, the foundation received grant applications from 586 welfare programs, 60 of which were selected to receive funding. The chosen programs mainly related to purchasing of supplies, equipment for job placement support centers, and special vehicles to transport the elderly and persons with disabilities.

Moreover, in our response to the Great East Japan Earthquake, we donated a total of ¥293.57 million in aid to 73 organizations including social welfare corporations and NPOs affected by the disaster. As a result, the total amount of aid given through the Marubeni Foundation including the donations made during the year ended March 31, 2012 has now reached ¥500 million.

Funding for the grants includes income from investment of contributions from Marubeni, and contributions from the 100 Yen Club, consisting of concerned present and former executives and employees who make fixed monthly donations in multiples of 100 yen, with matching contributions by Marubeni.

Presentation of a donation for recovery efforts following the Great East Japan Earthquake, Sendai, June 2012

In front of a potato croquette manufacturing machine that Marubeni subsidized for Niko-Niko Fukushi Kai (based in Hiroshima)

## Overseas Scholarship Funds

To support the development of young people in emerging economies, Marubeni has set up scholarship funds, mainly in the ASEAN region. The first such scholarship program was launched in the Philippines in 1989 and followed by programs in Vietnam and Indonesia in 1994 and 1999, respectively that operate in line with each country's education situation. In 2006, Marubeni jointly established a scholarship program in Brazil with Cia. Iguaçu de Café Solúvel, a Group company. In the following year, Cambodian and Laotian programs were launched as part of the celebrations marking the 150th anniversary of Marubeni Corporation. In 2012, to commemorate the 70th anniversary of its Yangon Branch, and as a part of its social contribution to Myanmar, Marubeni established a fund of US$300,000 for the Marubeni Myanmar Scholarship Program.

Marubeni's total overseas scholarship funds to date amount to US$3.53 million in seven countries. Each year we provide support to meet the local communities' needs, including scholarships for students from elementary through to university level and material assistance such as PCs and stationery.

**Marubeni's Overseas Scholarship Funds**

| | Aggregate Amount ($US thousands) |
|---|---|
| Marubeni Scholarship Foundation, Inc. (Philippines) | 1,050 |
| Marubeni Educational Fund in Vietnam | 730 |
| Yayasan Beasiswa Marubeni (Indonesia) | 550 |
| Marubeni-Café Iguaçu Scholarship Fund (Brazil) | 500 |
| Marubeni Cambodia Educational Foundation | 200 |
| Marubeni Educational Foundation in Lao PDR | 200 |
| Marubeni Myanmar Scholarship Program | 300 |
| Total | 3,530 |


Marubeni Myanmar Scholarship Program: former President Asada presents a donation certificate at the 70th anniversary party of the Yangon Branch

## The Marubeni Collection

The Marubeni Collection is broadly focused on two main categories: paintings and garments. In the painting collection, some pieces were purchased by Marubeni from artists and galleries it has encountered through its business activities, others were received as gifts from business partners, and still others were acquired in the course of Marubeni's painting business, which continued from the mid-1960s through the 1970s. In the garment collection, the pieces have been collected since 1929, in the days of Marubeni Shoten, Ltd., when the Company began purchasing garments including costumes used for Noh, a form of classical Japanese musical drama, in order to research costume design. The collection also includes Edo-period short-sleeved *kosode* kimonos, and kimonos created by modern designers.

Today, exhibitions of part of the Marubeni Collection have become a centerpiece of Marubeni's corporate arts and cultural support activities and social contribution programs. By handing these sorts of invaluable cultural treasures to future generations in the best possible condition, Marubeni aims to contribute to Japanese culture. The paintings and classical Japanese garments are stored and managed in an air-conditioned arts storeroom to prevent degradation, and restoration work is commissioned as necessary to specialists. Most of the classical Japanese garments have been entrusted to Kyoto Prefecture and are cared for properly.



Please refer to the corporate website for details about our social contribution activities.

## Initiatives for the Global Environment

As a global enterprise operating a wide range of businesses, the Marubeni Group goes to great lengths to reduce the environmental footprint of its operations. Marubeni always considers the environment and makes its utmost effort to protect it.

### Priority Activities in the Year Ended March 31, 2013

- Ensure compliance with environmental laws and regulations.
- Verify environmental risk management systems at Group companies.
- Strengthen the environmental risk management systems at branches and offices in Japan.
- Develop and enhance a system for ascertaining Group environmental data.

### Review of the Year Ended March 31, 2013

- Ensured compliance with environmental laws and regulations by submitting various notifications based on environmental laws and regulations to supervisory agencies, conducting related training by e-learning, and conducting group training and self-examination programs.
- Visited Group companies that have yet to obtain ISO 14001 certification together with inspectors who have expert knowledge to conduct environmental risk identification and improvements.
- Conducted an evaluation of understanding and compliance with environmental laws and regulations that apply to Marubeni branches and offices in Japan. Held environmental training, and carried out corrective guidance through internal environmental audits and external inspections.
- Improved methods of gathering environmental data for Group companies. Enhanced systems to allow more detailed information to be gathered.

## Environmental Policy and Systems

The Marubeni Group promotes environmental considerations in its own business operations under the leadership of the CSR & Environment Committee.

The Marubeni Group Environmental Policy was established in 1998 as the embodiment of the Group's firm commitment to environmental conservation. In April 2013, the Marubeni Group Environmental Policy was revised to reflect changes in society's stance on protection of the global environment.

### Environmental Management System (EMS)

Marubeni has introduced an environmental management system (EMS) based on ISO 14001 as a tool to assist all employees in addressing environmental issues based on a common understanding.

Marubeni obtained ISO 14001 certification in 1998. Since then, one overseas corporate subsidiary and other Marubeni Group companies have obtained certification as needed. As of November 30, 2012, 63 Marubeni Group companies have been certified.

The EMS utilizes a PDCA cycle to ensure ongoing improvement. The cycle includes planning, implementation and operation, inspection, management and review of environmental measures.

## Five Environmental Objectives

The Marubeni Group pursues the five objectives below in accordance with the Marubeni Group Environmental Policy in order to help to protect the environment and to reduce the environmental impact caused by its business activities.

- Thoroughly implement environmental considerations when promoting projects
- Expand initiatives with business partners who consider environmental aspects
- Promote environmental consideration among Group companies
- Promote environmental businesses
- Conserve energy and natural resources, and reduce waste

### Marubeni Group Environmental Policy (Revised in April 2013)

#### Basic Philosophy

In full awareness of its responsibilities as a good corporate citizen, the Marubeni Group will make every effort to simultaneously pursue both a prosperous society and environmental conservation, while aiming to achieve the sustainable development of society.

#### Basic Principles

As a global corporate entity that engages in diverse business activities across a broad range of sectors, the Marubeni Group will observe the following principles it has established for environmental conservation.

1. All business activities will be conducted in consideration of their possible impact on the environment. To this end, appropriate efforts will be made in cooperation with stakeholders to preserve the environment and reduce potential environmental impacts, including pollution, focusing on the four themes below:
   (1) Compliance with international and local applicable environmental guidelines, laws and regulations, and agreed requirements.
   (2) Taking measures as necessary to reduce environmental impacts and prevent pollution, particularly in launching new projects and altering existing projects; Taking appropriate steps to mitigate global warming and preserve biodiversity.
   (3) Facilitating resource and energy conservation, waste reduction, green procurement, and increases in operational efficiency.
   (4) Promoting business projects, offering products and services, and building social systems that help protect and improve the environment.
2. In keeping with this Environmental Policy, the Marubeni Group's Environmental Management System will be regularly reviewed for improvement.
3. This Environmental Policy will be shared with all Marubeni Group officers and employees, employees of the Group's business partners, and the public.

## Environmental Assessment of Development Projects and Financing/Investment

Before launching a development project or financing or investing in a new business, Marubeni assesses the project's conformity with environmental laws and the levels of possible adverse impact on the environment in the event of an accident or some other emergency using the "Environmental Evaluation Sheet." The complete evaluation sheet is used as part of making the final decision on whether or not the project should be implemented.

Follow-up evaluation is also conducted for projects considered to have potential environmental risks as a result of the initial assessment. Follow-up is continued until all concerns have been dispelled. In the year ended March 31, 2013, we assessed 138 projects with environmental risks, including projects for natural resource and energy development, food production and transportation, real estate development and others.

The table on the right shows the number of projects subject to environmental evaluation, categorized according to risk type.

**Number of Environmental Evaluations in the Year Ended March 31, 2013 by Risk Type**

| | |
|---|---|
| Atmospheric Pollution | 48 |
| Water Pollution | 56 |
| Soil Pollution | 43 |
| Noise/Vibration | 67 |
| Offensive Odor | 10 |
| Waste Increase | 43 |
| Natural Resource Depletion | 27 |
| Global Warming | 25 |
| Biodiversity | 14 |
| Others | 19 |
| Total | 352 |

The total is not equal to the aggregate of environmental assessments conducted 138 as some assessments identified no applicable risks, while others detected more than one risk.

## Energy Conservation, Natural Resource Conservation, and Waste Reduction Activities

Marubeni set numerical targets for its energy conservation, natural resource conservation, and waste reduction efforts for the year ended March 31, 2013 in the year ended March 31, 2008. The targets and results in the year ended March 31, 2013 are shown below.

| | Numerical Targets in the Year Ending March 31, 2013 | Results in the year ended March 31, 2013 |
|---|---|---|
| **1** Energy Usage at Major Offices*[1] | Reduce by 7% versus the level in the year ended March 31, 2006 | Reduced by 45.8% versus the level in the year ended March 31, 2006 |
| **2** Waste Recycling Rate at Tokyo Head Office | Improve the waste recycling rate to 80% | 92.2% |
| **3** Green Product Purchase Rate at Major Offices*[1] | Increase the green product purchase rate to 85% or more | 86.8% |

*[1] Major offices: Tokyo Head Office (Takebashi and Mita Annex), and five Branches (Hokkaido, Nagoya, Osaka, Kyushu, Shizuoka)

The targets set in the year ended March 31, 2008 were achieved in the year ended March 31, 2013. Accordingly, Marubeni will continue its efforts to reduce consumption and waste based on the newly formulated targets shown below.

**Targets to Achieve by the Year Ending March 31, 2021**

| | Numerical Targets in the Year Ending March 31, 2021 |
|---|---|
| **1** Energy Usage (electricity and gas) at Tokyo Head Office (Takebashi) and Osaka Branch | Reduce energy usage (electricity and gas) by 10.5% compared to the year ended March 31, 2010 |
| **2** Waste Generation at Tokyo Head Office (Takebashi) | Reduce waste generation by 30% compared to the year ended March 31, 2011 |
| **3** Waste Recycling Rate at Tokyo Head Office (Takebashi) | Achieve a waste recycling rate of 90% or more |
| **4** Water Consumption at Tokyo Head Office (Takebashi) | Reduce water consumption by 3% compared to the year ended March 31, 2011. |
| **5** Green Product Purchase Rate at Major Offices*[2] | Achieve a green product purchase rate of 85% or more |

*[2] Major offices: Six locations, comprising Tokyo Head Office (Takebashi) and five branches (Hokkaido, Nagoya, Osaka, Kyushu, Shizuoka)

Please refer to the data section on page 203 for further details about the results of our initiatives for saving energy, saving natural resources, and reducing waste.

Please refer to the corporate website for details about our initiatives for the global environment.

## Initiatives for Human Resources

Marubeni believes that the most important asset in a company is people. Therefore, the basic approach regarding our human resources system is to create a workplace where employees can fully demonstrate their skills and capabilities, and to develop an environment where each employee can maximize his or her potential.

**Priority Activities in the Year Ended March 31, 2013**

- Continue to implement human resources strategies led by top management.
- Further promote work-life balance (WLB).

**Review of the Year Ended March 31, 2013**

- Marubeni steadily implemented various systems related to a three-pronged approach to HR that emphasizes experience through practice, assessment and incentives, and training.
- Marubeni made efforts to ensure the WLB measures revised in the year ended March 31, 2011 were effectively promoted and well understood by all employees.

### Initiatives to Strengthen Human Resources

#### Three-Pronged HR Strategy

To better deal with the changing business environment and diversified business models, Marubeni has established an "HR Strategy Committee," chaired by the CEO (President), and appointed HR officers in each business division, corporate staff division, and overseas region. Marubeni has thus been working to strengthen human resources across the Group.

Specifically, Marubeni adopted a three-pronged approach to HR that emphasizes 1) practical experience, 2) assessment and incentives, and 3) training.

In the area of experience, Marubeni adopted a strategy of focusing on young career-track employees, and making overseas work experience in their twenties a requirement. Marubeni also provides them with on-the-job experience. In this way, Marubeni hopes to develop a globally oriented and productive workforce with an on-the-job perception. In order to implement this strategy, Marubeni has a program in place that promotes more dynamic job transfer and rotation plans through a system of assessments and incentives. Marubeni's training strategy, meanwhile, has been reinforced with a focus on division-specific training programs designed by the divisions themselves in order to better meet the core needs of each business. Company-wide training programs mainly comprise job-grade-specific programs and special programs for selected personnel.

### Utilization and Promotion of Diverse Human Resources

Marubeni has established a dedicated team within the Human Resources Department to promote diversity management. In addition to developing a work environment where employees can play an active part regardless of their gender, nationality, age, career, or ability, Marubeni is also engaged in a policy of developing a corporate culture and sense of values that makes the most of diverse individual strengths.

#### Fair Recruiting Activities

Marubeni's basic recruitment policy is to select applicants according to their capability and competence based on a fair recruitment process in which no form of discrimination is tolerated.

For example, we use an "open entry" system that offers equal opportunity regardless of citizenship, place of origin, gender, physical disability, or alma mater. Moreover, the job application form does not ask for details such as place of origin, religion, family situation, or any other information not required for us to determine an applicant's capability and competence. During interviews, we respect each applicant's basic human rights by avoiding inappropriate questions and select employees based only on capability and competence.

We always welcome applicants who wish to visit with our employees to get a better understanding of how Marubeni operates. To provide such opportunities equitably for prospective employees, including applicants whose university has no alumni at Marubeni, the Human Resources Department has set up a telephone service that prospective candidates can call to be introduced to employees.

To ensure that fair recruiting activities are conducted across the entire Marubeni Group, we have prepared the Marubeni Recruiting Manual, and strive to ensure that our policies are thoroughly understood across Group companies.

#### Opportunities for Senior Employees

In accordance with the revised Elderly Employment Stabilization Act, Marubeni has adopted a continued employment system for employees aged 60 and above. In principle, it covers all employees who wish to continue working after retirement age. In addition, through the Senior Career Matching System, we aim to increase the job mobility of senior employees and ensure that the right person is assigned to the right position, so that competent personnel can be utilized effectively. As of the end of March 2013, 95 employees have been hired under the continued employment system.

#### Promotion of the Employment of Disabled Persons

In order to promote the employment of persons with disabilities, Marubeni established Marubeni Office Support Corporation, which has been certified as a special-purpose subsidiary* by the Minister of Health, Labour and Welfare. As of the end of March 2013, Marubeni Corporation and Marubeni Office Support Corporation had 55 employees with disabilities in total.

* Special-purpose subsidiary: a subsidiary that has been certified by the Minister of Health, Labour and Welfare as satisfying the conditions specified in the Act on Employment Promotion, etc., of Persons with Disabilities. The number of workers with disabilities employed by such a subsidiary may be included in the calculation of the employment rate of disabled persons of the parent company.

### Further Promotion of Work-Life Balance

Marubeni is promoting initiatives designed to achieve a better work-life balance. Marubeni considers this to be an important measure for realizing a stronger Marubeni and sustainable growth. The initiatives are being promoted via two major programs: the Life Event Support Program, which supports employees in their career and personal lives during and after pregnancy, while caring for sick or elderly family members, and during other life events, and the Meri-Hari Work Program, which encourages employees to work less overtime and to use paid leave, as a means of achieving better productivity among workers.

In the year ended March 31, 2013, Marubeni upgraded and expanded nursing care support initiatives as part of the Life Event Support Program. When the results of a Nursing Needs Survey showed that many employees are anxious about taking care of aging parents in the future, Marubeni implemented additional measures beyond its existing nursing care seminar program with the aim of supplying information and strengthening individual support systems. Measures included enhancing service initiatives, such as by preparing and distributing a Nursing Care Support Handbook and offering periodic individual counseling on nursing care. Marubeni has been certified with the “Kurumin” mark every year since 2008. The mark, which recognizes companies that are actively promoting childcare support, is issued by the Minister of Health, Labor and Welfare.

The Kurumin Mark

The Nursing Care Seminar held in August 2012

Please refer to the data section on page 203 for information about our initiatives for employees.

## Initiatives for Human Rights

As a global company, Marubeni regards respect for internationally recognized human rights to be an integral aspect of CSR and essential to sound corporate management. In accordance with the spirit of the Marubeni Corporate Principles and the Compliance Manual, Marubeni has supported the 10 principles of the UN Global Compact, while promoting Group-wide initiatives aimed at creating a corporate culture in which human rights are respected.

### Compliance Manual

The first matter highlighted in Marubeni’s Compliance Manual is “respect for human rights and prohibition of any form of discrimination, sexual harassment and workplace bullying.” Here, the notion of human rights includes the fundamental human rights provided for by the Constitution of Japan, the Labor Standards Act, and by the Universal Declaration of Human Rights, and it also includes human rights prescribed in the International Labor Standards.*

* The International Labor Standards establish fundamental standards for labor. The standards are comprised of eight conventions in four categories, namely: (1) freedom of association, (2) prohibition of forced labor, (3) prohibition of discrimination in employment, and (4) prohibition of child labor.

### Door of Courage

For cases where circumstances warrant counseling and reporting to be carried out outside the regular reporting channels, the Marubeni Group has established the Door of Courage reporting and consultation hotline.
(Please refer to page 78 for details)

### Respect for Employees’ Right to Unionize and Bargain Collectively

Marubeni has declared its support for the 10 principles of the UN Global Compact, which calls for the support and practice of universal principles concerning human rights, labor, and other areas. Accordingly, Marubeni respects employees’ right to unionize and bargain collectively for the purpose of conducting negotiations between labor and management on working conditions, wage levels, and other matters.

### Occupational Health and Safety

The Marubeni Group endeavors to preserve healthy work environments by ensuring the health and safety of its workers in the workplace.

### Supply Chain Management

Marubeni has established the Basic Supply Chain CSR Policy, and has incorporated respect for human rights into its guidelines. Marubeni aims to have its suppliers understand this policy and cooperate with it.
(Please refer to pages 84 and 85 for details)

## Inclusion in Leading SRI Indices

Socially Responsible Investment (SRI) is an investment method where investors in corporate stocks consider not only the financial performance of a candidate company, but also its initiatives for the environment and its social contribution activities in making their investment decision. SRI indexes are stock indexes consisting only of companies selected for their suitability as investment targets under this form of investing.

Being selected for inclusion in an SRI index indicates that a company has been evaluated highly not only in its financial aspects, but also in terms of its CSR performance.

Marubeni's various CSR activities were highly evaluated by SRI survey organizations, and it has been included in the following major global SRI indexes.

### SRI Indices that Include Marubeni (as of July 2013)

#### Dow Jones Sustainability World Index (DJSI World)

Marubeni is included in the Dow Jones Sustainability World Index (DJSI World). The constituents are selected as the top 10% of companies from the 2,500 largest companies worldwide, based on a comprehensive assessment based on environment, social, and economic criteria by Dow Jones & Company, Inc. (United States) and RebecoSAM AG (Switzerland).

#### FTSE4Good Global Index

Marubeni has been included in the FTSE-4Good Global Index since the index was established in 2001. The FTSE4Good was developed and established by FTSE International Limited, a subsidiary of the London Stock Exchange. In selecting the constituent companies, evaluators assess candidates based on criteria pertaining to environmental management, climate change, human and labor rights, supply chain labor standards, and anti-bribery measures.

#### Morningstar Socially Responsible Investment Index (MS-SRI)

The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. The MS-SRI is comprised of 150 leading socially responsible companies from among approximately 3,600 listed companies in Japan selected by Morningstar Japan K.K. Marubeni has been included in this index ever since its establishment in 2003.

### Marubeni Certified to RobecoSAM Bronze Class

Marubeni was certified to the "RobecoSAM Bronze Class 2013" by RobecoSAM AG*. RobecoSAM AG is a global survey and ratings company that analyzes and assesses companies for inclusion into the Dow Jones Sustainability Index, a global socially responsible investment (SRI) index.

RobecoSAM AG rates 2,500 large global listed companies and certifies the most sustainable as "RobecoSAM Gold Class," "RobecoSAM Silver Class," and "RobecoSAM Bronze Class," based on a comprehensive assessment of environmental, social, and economic criteria.

Marubeni will continue its CSR efforts towards its goal of realizing a sustainable society.

* RobecoSAM AG (formerly "SAM")
A globally reknowned CSR research and rating company headquartered in Switzerland. RobecoSAM AG assesses and rates each company's economic, environmental, and social elements from the perspective of sustainability, based on the information obtained from a questionnaire conducted with companies, published documents, media, and others.

# Financial

# 11-Year Financial Summary

| | 2013.3 | 2012.3 | 2011.3 | 2010.3 |
|---|---|---|---|---|
| **For the year:** | | | | |
| Revenues: | | | | |
| Revenues from trading and other activities | ¥4,702,281 | ¥4,221,653 | ¥3,514,937 | ¥3,110,736 |
| Commissions on services and trading margins | 159,030 | 168,700 | 168,912 | 169,233 |
| Total | 4,861,311 | 4,390,353 | 3,683,849 | 3,279,969 |
| Total volume of trading transactions | 10,509,088 | 10,584,393 | 9,020,468 | 7,965,055 |
| Gross trading profit | 528,194 | 541,454 | 522,152 | 491,673 |
| Operating profit | 122,932 | 157,315 | 145,774 | 118,926 |
| Dividend income | 30,112 | 27,351 | 19,200 | 23,561 |
| Equity in earnings of affiliated companies—net | 87,790 | 81,528 | 71,452 | 28,864 |
| Net income attributable to Marubeni | 205,696 | 172,125 | 136,541 | 95,312 |
| Core earnings (Billions of yen) | 226.8 | 249.6 | 223.7 | 154.4 |
| **At year-end:** | | | | |
| Total assets | ¥5,965,086 | ¥5,129,887 | ¥4,679,089 | ¥4,586,572 |
| Net interest-bearing debt | 1,785,247 | 1,755,705 | 1,615,634 | 1,706,397 |
| Total equity | 1,188,379 | 915,770 | 831,730 | 799,746 |
| Total Marubeni shareholders' equity | 1,131,834 | 852,172 | 773,592 | 745,297 |
| **Amounts per share (¥, US$):** | | | | |
| Basic earnings | ¥118.48 | ¥ 99.13 | ¥ 78.63 | ¥ 54.89 |
| Diluted earnings | — | — | — | — |
| Cash dividends | 24.00 | 20.00 | 12.0 | 8.50 |
| **Cash flows:** | | | | |
| Net cash provided by operating activities | ¥295,734 | ¥ 172,599 | ¥ 210,044 | ¥ 280,610 |
| Net cash used in (provided by) investing activities | (210,878) | (273,689) | (128,495) | (35,207) |
| Free cash flow | 84,856 | (101,090) | 81,549 | 245,403 |
| Net cash provided by (used in) financing activities | 129,030 | 171,913 | (17,010) | (254,655) |
| Cash and cash equivalents at end of year | 919,475 | 677,312 | 616,003 | 570,789 |
| **Ratios:** | | | | |
| Return on assets (%) | 3.71 | 3.51 | 2.95 | 2.05 |
| Return on equity (%) | 20.74 | 21.17 | 17.98 | 14.52 |
| Marubeni shareholders' equity to total assets (%) | 18.97 | 16.61 | 16.53 | 16.25 |
| Net D/E ratio (times) | 1.50 | 1.92 | 1.94 | 2.13 |

Notes: 1. U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, at ¥94 to US$1, the prevailing rate as of March 31, 2013.
2. In the recognition of revenue, the Companies generally present transactions as net. This is done both in instances in which the Companies legally act as the principal, or when the Companies are not the primary obligor and do not have general inventory risk.
3. The figures for total volume of trading transactions and operating profit have been prepared according to accounting principles generally accepted in Japan (Japan GAAP). Figures for equity in earnings of affiliate companies for the year ended March 31, 2004 and prior years have not been revised to include them under income before income taxes.

| | | | | | | Millions of yen | Millions of U.S. dollars |
|---|---|---|---|---|---|---|---|
| 2009.3 | 2008.3 | 2007.3 | 2006.3 | 2005.3 | 2004.3 | 2003.3 | **2013.3** |
| | | | | | | | |
| ¥ 3,807,480 | ¥ 3,958,276 | ¥3,467,925 | ¥2,949,058 | ¥2,874,455 | ¥2,622,546 | ¥2,520,531 | $ 50,024 |
| 194,819 | 207,950 | 190,930 | 190,787 | 161,108 | 148,674 | 160,636 | 1,692 |
| 4,002,299 | 4,166,226 | 3,658,855 | 3,139,845 | 3,035,563 | 2,771,220 | 2,681,167 | 51,716 |
| 10,462,067 | 10,631,616 | 9,554,943 | 8,686,532 | 7,936,348 | 7,902,494 | 8,793,303 | 111,799 |
| 644,803 | 596,916 | 531,171 | 502,024 | 433,395 | 406,761 | 424,643 | 5,619 |
| 234,065 | 200,153 | 165,020 | 143,248 | 86,461 | 78,624 | 73,371 | 1,308 |
| 27,719 | 23,645 | 20,705 | 12,065 | 8,989 | 7,198 | 6,797 | 320 |
| 21,973 | 55,661 | 44,880 | 31,602 | 25,727 | — | — | 934 |
| 111,208 | 147,249 | 119,349 | 73,801 | 41,247 | 34,565 | 30,312 | 2,188 |
| 245.0 | 239.6 | 202.1 | 171.3 | 109.9 | 80.0 | — | 2,413 |
| | | | | | | | |
| ¥ 4,707,309 | ¥ 5,207,225 | ¥4,873,304 | ¥4,587,072 | ¥4,208,037 | ¥4,254,194 | ¥4,321,482 | $ 63,458 |
| 1,911,607 | 2,001,977 | 1,843,445 | 1,876,350 | 1,823,909 | 1,969,323 | 2,264,117 | 18,992 |
| 623,356 | 860,581 | 820,839 | 710,786 | 483,567 | 434,581 | 292,712 | 12,642 |
| 567,118 | 779,764 | 745,454 | 663,787 | 443,152 | 392,982 | 260,051 | 12,041 |
| | | | | | | | |
| ¥ 64.04 | ¥ 84.93 | ¥ 72.41 | ¥ 48.34 | ¥ 26.61 | ¥ 22.85 | ¥ 20.30 | $ 1.26 |
| — | — | 68.85 | 40.46 | 22.31 | 20.16 | 18.96 | — |
| 10.00 | 13.00 | 10.00 | 7.00 | 4.00 | 3.00 | 3.00 | 0.25 |
| | | | | | | | |
| ¥ 343,618 | ¥ 235,290 | ¥ 152,075 | ¥ 133,408 | ¥ 173,824 | ¥ 201,560 | ¥ 194,788 | $ 3,146 |
| (387,069) | (306,855) | (135,147) | (193,781) | 46,043 | 57,983 | 113,241 | (2,243) |
| (43,451) | (71,565) | 16,928 | (60,373) | 219,867 | 259,543 | 308,029 | 903 |
| 257,608 | 65,865 | 24,819 | (46,037) | (238,057) | (233,938) | (294,001) | 1,373 |
| 573,924 | 402,281 | 414,952 | 368,936 | 459,194 | 478,731 | 466,511 | 9,782 |
| | | | | | | | |
| 2.24 | 2.92 | 2.52 | 1.68 | 0.97 | 0.81 | 0.66 | |
| 16.51 | 19.31 | 16.94 | 13.33 | 9.87 | 10.59 | 11.57 | |
| 12.05 | 14.97 | 15.30 | 14.47 | 10.53 | 9.24 | 6.02 | |
| 3.07 | 2.33 | 2.25 | 2.64 | 3.77 | 4.53 | 7.73 | |

4. Operating profit = Gross trading profit + Selling, general and administrative expenses + Provision for doubtful accounts.
5. Core earnings is a management indicator that expresses the earning power of the main business of a general trading house. Core earnings is calculated as follows: Gross trading profit + SGA expenses (excluding restructuring costs up to the year ended March 31, 2007 or prior) + Interest expense—net + Dividend income + Equity in earnings of affiliated companies—net.
6. Although dilutive effects existed for the Company's Class I preferred stock issued in December 2003, the conversion of all preferred stock to shares of common stock was completed on March 19, 2007. Consequently, diluted earnings per share data have been omitted from earnings per share of common stock data since the year ended March 31, 2008.

# Management's Discussion and Analysis of Financial Position and Business Results

## Overview of Business Results

### Business Results

Taking an overview of the economic environment during the year ended March 31, 2013 reveals that the momentum of the global economic recovery remained weak on the whole. This was a result of the economic downturn in Europe caused by the debt issue and fiscal austerity measures implemented by governments of emerging countries in the past. However, the economy showed signs of rebounding toward the second half of the fiscal year. In the meantime, the commodity market weakened early in the year due to factors such as a slowdown of the global economy, but subsequently picked up on the strength of receding risk-averse sentiment in the market. Thereafter the market fluctuated again and remained unstable.

The U.S. economy slowed down throughout the middle of the year, mainly in terms of production and employment. However, it went on to rebound from the latter half of the year as a result of a recovery in the household sector, mainly in sales of automobiles and housing.

The European economy remained sluggish as a whole. The financial and capital markets calmed down slightly following the introduction of market stabilization measures such as moves toward integration of banking supervision in the Eurozone and the announcement of a new government-bond purchase program by the European Central Bank. In the meantime, economies continued to weaken, mainly in Greece, Spain, Italy and other European countries that were obliged to adopt fiscal austerity.

In Asia, where the economy had previously maintained robust growth supported by domestic demand, the pace of economic growth decelerated in the first half of the year due to factors such as a slowing of the global economy and the belt-tightening measures taken by governments of Asian countries in the past. The Asian economy showed signs of picking up through the second half of the year as indicated by a bottoming out of the Chinese economy.

The Japanese economy had been shored up by demand for reconstruction and stimulus policies such as the eco-car subsidy program. However, the economy weakened against the backdrop of a decline in consumption following the termination of the subsidy program, and sluggish exports. The economy hit the bottom toward the second half of the fiscal year and showed signs of an upswing, assisted by a reversing of the yen's appreciation.

In this business environment, consolidated financial results for the year ended March 31, 2013 were as follows:

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 10,509,088 | 10,584,393 | (75,305) |
| Gross trading profit | 528,194 | 541,454 | (13,260) |
| Operating profit | 122,932 | 157,315 | (34,383) |
| Equity in earnings of affiliated companies—net | 87,790 | 81,528 | 6,262 |
| Net income attributable to Marubeni | 205,696 | 172,125 | 33,571 |
| Revenues | 4,861,311 | 4,390,353 | 470,958 |

The consolidated total volume of trading transactions during the year ended March 31, 2013 fell ¥75.3 billion (0.7%) from the previous fiscal year to ¥10,509.1 billion due to decreases in transaction volumes for energy and chemical plant projects and a fall in the volume of ship-related transactions. On the other hand, there were also increases in grains, oil trading and others. Gross trading profit decreased ¥13.3 billion (2.4%) year on year to ¥528.2 billion, chiefly because profits declined in the Power Projects & Infrastructure and Metals & Mineral Resources segments. Operating profit was ¥122.9 billion, a decrease of ¥34.4 billion, or 21.9% year on year. Net income attributable to Marubeni (hereinafter referred to as "net income") increased ¥33.6 billion (19.5%) year on year to ¥205.7 billion, due to an easing of the income tax burden, as well as a rise in gains on investment securities and improvement in net foreign currency transaction gains and losses.

In the meantime, "revenue" as defined under U.S. GAAP, was ¥4,861.3 billion, or ¥471.0 billion (10.7%) higher than the same period a year previously.

## Business Results by Operating Segment

Financial results for each operating segment were as follows.

### Food

Total volume of trading transactions during the year ended March 31, 2013 increased ¥260.0 billion (13.0%) from the previous fiscal year to ¥2,252.6 billion. This was mainly due to rises in the volume of grain transactions and the sales prices of grains handled by the parent company. Gross trading profit declined ¥0.6 billion (0.6%) year on year to ¥99.4 billion, reflecting decreased profits from the food materials-related business. Operating profit fell ¥6.6 billion (28.9%) year on year to ¥16.3 billion. Despite an impairment loss on stock of a retail-related company, net income rose ¥3.1 billion (22.5%) from the previous fiscal year to ¥17.1 billion, mainly due to improvement in net foreign currency transaction gains and losses and easing of the income tax burden.

In food materials, Marubeni's transaction volumes in global grains trading reached 25 million tons. In addition, to boost its competitiveness further in grain trading, Marubeni entered into an equity interest purchase agreement to acquire all the equity interest of Gavilon Holdings, LLC, a U.S. grain trader with the third largest grain storage capacity in the U.S. In food products, Marubeni reached an agreement with AEON Co., Ltd. on changing the scheme for supporting Daiei's revitalization and the formulation of a strategic partnership. Overseas, Marubeni acquired a seafood wholesale company in the Netherlands to enhance its sales capabilities for seafood in the European market.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 2,252,588 | 1,992,592 | 259,996 |
| Gross trading profit | 99,381 | 99,990 | (609) |
| Operating profit | 16,315 | 22,957 | (6,642) |
| Equity in earnings of affiliated companies—net | 1,554 | 2,098 | (544) |
| Net income attributable to Marubeni | 17,134 | 13,990 | 3,144 |

### Lifestyle

The total volume of trading transactions declined ¥22.2 billion (5.3%) from the previous fiscal year to ¥396.7 billion, mainly because sales prices of natural rubber fell at the parent company and operating companies (Marubeni International Commodities (Singapore) Pte. Ltd. and UNIMAC Rubber Co., Ltd.). Gross trading profit increased ¥0.3 billion (0.8%) year on year to ¥32.0 billion due primarily to an increase in transaction volumes of tire products, while operating profit fell ¥0.3 billion (3.2%) year on year to ¥10.2 billion, primarily due to increased selling, general and administrative expenses. Net income rose ¥2.7 billion (44.3%) from the previous fiscal year to ¥8.8 billion as a result of posting a gain on sales of listed shares.

During the year ended March 31, 2013, Marubeni strived to expand sales of fashion clothing, uniforms, footwear and household goods in the Japanese market by enhancing its planning and proposal-marketing abilities to meet the needs of consumers and business partners and expanding the production system in countries such as China, ASEAN countries and Bangladesh to reinforce its OEM system. In overseas markets, Marubeni focused its efforts on selling clothing in China and tires in Europe, Russia and Latin America and acquired All-State Belting, LLC, a U.S. distributor of conveyer belts and related products. Through such measures, Marubeni worked on expanding its overseas sales.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 396,684 | 418,869 | (22,185) |
| Gross trading profit | 32,020 | 31,762 | 258 |
| Operating profit | 10,227 | 10,563 | (336) |
| Equity in earnings of affiliated companies—net | 242 | 326 | (84) |
| Net income attributable to Marubeni | 8,758 | 6,071 | 2,687 |

## Forest Products

The total volume of trading transactions amounted to ¥498.2 billion, a decline of ¥26.3 billion (5.0%) from the previous fiscal year, resulting mainly from decreases in the sales price of pulp and the transaction volume of printing paper. Gross trading profit fell ¥4.0 billion (13.3%) year on year to ¥25.8 billion, due primarily to deteriorated profitability of the Musi Pulp Project and decreased profits in paper and paperboard. Operating profit dropped ¥4.2 billion (57.9%) year on year to ¥3.1 billion. Equity in earnings of affiliates improved ¥0.6 billion year on year, resulting mainly from improved profitability of Marusumi Paper Co., Ltd. Consequently, net income deteriorated ¥2.0 billion from the previous year to ¥0.0 billion (loss).

During the year ended March 31, 2013, pulp market conditions remained sluggish until summer due to the impact of the slackening global economy caused by the economic crisis in Europe. As a result, Marubeni's earnings in the pulp operations fell, mainly at pulp manufacturing companies. In paper and paperboard in the Japanese market, shipment volumes declined, mainly for printing paper, and prices were weak. In such a difficult environment, Canadian pulp manufacturing company Daishowa-Marubeni International Ltd. executed a capital investment and started selling electric power. As a first step toward tapping the promising Indian market, Marubeni worked to secure a local production base by establishing a new joint venture for the corrugated container products manufacturing business with Oji Holdings Corporation and JK Paper Ltd., a pulp and paper manufacturer in India.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 498,155 | 524,502 | (26,347) |
| Gross trading profit | 25,782 | 29,746 | (3,964) |
| Operating profit | 3,067 | 7,291 | (4,224) |
| Equity in earnings of affiliated companies—net | 148 | (457) | 605 |
| Net income attributable to Marubeni | (28) | 2,003 | (2,031) |

## Chemicals

The total volume of trading transactions stood at ¥1,017.5 billion, an increase of ¥57.8 billion (6.0%) from the previous fiscal year. This was chiefly due to the impact of the weak yen coupled with a rise in the volume of transactions for petrochemical products, and growth in the volume of transactions for inorganic chemicals. Gross trading profit declined 0.1 billion yen (0.3%) year on year to ¥26.4 billion, despite an improvement in the profitability of petrochemical products, due mainly to a fall in the volume of transactions for LCD panel production equipment for China. Operating profit decreased ¥1.2 billion (20.1%) year on year to ¥4.8 billion. Equity in earnings of affiliates shrank ¥2.1 billion (53.0%) year on year to ¥1.9 billion, due primarily to a deterioration in profits at an overseas synthetic rubber manufacturing and sales company. As a result, net income fell 0.8 billion (10.3%) from the previous year to ¥6.8 billion.

In agricultural chemicals, Marubeni's earnings from the agricultural chemicals and fertilizer products sales business were robust, notably in the U.S. and Europe. In petrochemicals, the market conditions remained sluggish for raw materials for synthetic fibers, which is a core product. However, transactions of olefin, synthetic resin, caustic soda and vinyl chloride-related products were brisk, mainly in Asia and the Americas. In the electronic materials field, sales of solar panels grew, buoyed by the introduction of a feed-in-tariff scheme for PV-generated electricity. As a new initiative in this segment in the lithium battery field, Marubeni entered into an exclusive distributorship agreement for Canadian lithium carbonate in Japan.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 1,017,531 | 959,727 | 57,804 |
| Gross trading profit | 26,396 | 26,485 | (89) |
| Operating profit | 4,785 | 5,988 | (1,203) |
| Equity in earnings of affiliated companies—net | 1,862 | 3,963 | (2,101) |
| Net income attributable to Marubeni | 6,762 | 7,539 | (777) |

## Energy

The total volume of trading transactions amounted to ¥3,236.9 billion, up ¥206.6 billion (6.8%) from the previous fiscal year, due mainly to increased transactions in the oil trading field due to a rise in the volume of transactions. Gross trading profit declined ¥6.5 billion (11.0%) year on year to ¥52.3 billion primarily because profits in the oil and gas development field shrank. Operating profit dropped ¥7.8 billion (24.0%) year on year to ¥24.7 billion. Net income declined ¥13.0 billion (31.7%) from the previous fiscal year to ¥27.9 billion, due chiefly to the decrease in operating profit and impairment losses on property, plant and equipment.

During the year ended March 31, 2013, crude oil prices remained relatively firm. In the LNG and oil and gas project field, Marubeni steadily pursued development and production for its working interests in existing projects such as a crude oil and gas resource development project in the U.S. Gulf of Mexico and an LNG project in Papua New Guinea, while seeking to acquire interests in new projects. In trading, Marubeni expanded trading of naphtha and other petroleum products and LNG by making full use of the trading infrastructure and network it has domestically and internationally. In the new energy field, Marubeni ventured into the Oita mega-solar power generation business, which is the largest in scale in Japan, aiming to start generation in March 2014.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 3,236,938 | 3,030,322 | 206,616 |
| Gross trading profit | 52,342 | 58,810 | (6,468) |
| Operating profit | 24,701 | 32,484 | (7,783) |
| Equity in earnings of affiliated companies—net | 1,762 | 810 | 952 |
| Net income attributable to Marubeni | 27,923 | 40,882 | (12,959) |

## Metals & Mineral Resources

The total volume of trading transactions stood at ¥786.7 billion, a decrease of ¥153.8 billion (16.3%) from the previous fiscal year, reflecting falls in prices of steel raw materials and non-ferrous and light metals. Gross trading profit declined ¥11.4 billion (35.9%) year on year to ¥20.3 billion, due mainly to drops in prices of steel raw materials and light metals. Operating profit shrank ¥11.9 billion (70.6%) year on year to ¥5.0 billion. Equity in earnings of affiliates declined ¥12.7 billion (29.1%) year on year to ¥31.0 billion as a result of decreased profits from the overseas coal business. Consequently, net income fell ¥5.0 billion (10.2%) from the previous fiscal year to ¥44.3 billion, although there was an increase in gain on investment securities.

During the year ended March 31, 2013, the Esperanza copper mine in Chile went into full production and contributed significantly to profits in copper operations. In iron ore operations, Marubeni steadily worked on the development of the Roy Hill Iron Ore Project in Australia, in which it acquired an equity interest in the previous fiscal year. In coal and aluminum operations, Marubeni pursued expansion of the existing projects and cost improvement measures to increase the value of its assets. In addition, from a medium- to long-term standpoint, Marubeni stepped up its efforts to develop its business in upstream fields with a focus on accumulating prime natural resource interests, while expanding profits both in natural resource development and trading in a broad range of fields through to downstream areas.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 786,719 | 940,469 | (153,750) |
| Gross trading profit | 20,291 | 31,645 | (11,354) |
| Operating profit | 4,973 | 16,920 | (11,947) |
| Equity in earnings of affiliated companies—net | 30,956 | 43,687 | (12,731) |
| Net income attributable to Marubeni | 44,256 | 49,302 | (5,046) |

### Transportation Machinery

The total volume of trading transactions stood at ¥630.7 billion, a decline of ¥177.4 billion (22.0%) from the previous fiscal year, due to a fall in the volume of ship-related transactions and a decrease in transaction volume in aircraft-related operations. Gross trading profit grew ¥5.0 billion (11.5%) year on year to ¥48.0 billion as a result of new consolidation of operations related to construction machinery and agricultural machinery. Operating profit rose ¥0.1 billion (1.4%) year on year to ¥9.6 billion. Equity in earnings of affiliates increased ¥5.6 billion (68.2%) year on year to ¥13.9 billion due to contributions from the LNG carrier business and U.S. automotive retail finance business. In addition to the above, there was an increase in gain on investment securities. Consequently, net income grew ¥7.5 billion (52.2%) to ¥21.8 billion.

During the year ended March 31, 2013, Marubeni continued to focus on building a stable earnings base that will not be swayed by fluctuations in the business climate. To this end, Marubeni made new investments in the agricultural machinery and automobile wholesale after-market parts business, in used aircraft dismantling and parts trading and leasing, and in retail financing for motorcycles. In addition, while expanding its construction machinery retail sales business, Marubeni focused on strengthening earnings from product support. Net income grew significantly from the previous fiscal year, buoyed by robust performance in the LNG carrier owning and chartering business.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 630,734 | 808,117 | (177,383) |
| Gross trading profit | 48,013 | 43,059 | 4,954 |
| Operating profit | 9,637 | 9,508 | 129 |
| Equity in earnings of affiliated companies—net | 13,895 | 8,262 | 5,633 |
| Net income attributable to Marubeni | 21,821 | 14,339 | 7,482 |

### Power Projects & Infrastructure

The total volume of trading transactions amounted to ¥381.9 billion, an increase of ¥7.0 billion (1.9%) from the previous fiscal year, although there was a decrease in transactions as a result of converting the vertically integrated power business in the Caribbean region into an affiliate. This was mainly due to increased transactions at the parent company from the projects for the Pyeongtaek and Ulsan 4 Combined Cycle Power Plants in South Korea and the expansion project for the Chana Combined Cycle Power Plant Block 2 and the Wang Noi Combined Cycle Power Plant Block 4 in Thailand, as well as an offshore wind farm project in the U.K. Gross trading profit declined ¥12.6 billion (33.4%) to ¥25.1 billion, due mainly to the above-mentioned conversion of the Caribbean integrated power business into an affiliate. Operating profit shrank ¥9.1 billion (98.6%) year on year to ¥0.1 billion. Equity in earnings of affiliates grew ¥7.8 billion (37.4%) to ¥28.7 billion, due chiefly to increased profits from the Aguas Nuevas project in Chile and TeaM Energy Corporation in the Philippines. Net income stood at ¥26.9 billion, an increase of ¥5.5 billion (25.9%) from the previous fiscal year, due mainly to easing of the income tax burden.

In the overseas power plant business, Marubeni completed a power generation capacity expansion project for the Senoko Power Plant in Singapore, while in Indonesia commercial operations commenced at the Cirebon coal-fired thermal power plant and a long-term sales contract was concluded for the Rantau Dedap Geothermal Power Project. In the U.S., Marubeni acquired an interest in the Lakefield Wind Project. In the EPC (engineering, procurement and construction) sector for overseas power projects, Marubeni won an order to handle rehabilitation of a state-owned combined cycle power plant in India, and another order from the Bangladesh Power Development Board for the construction of one of the nation's largest combined cycle power plants. In the water business, Marubeni is involved in the public water supply business in Metropolitan Manila, the Philippines.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 381,865 | 374,816 | 7,049 |
| Gross trading profit | 25,117 | 37,729 | (12,612) |
| Operating profit | 132 | 9,221 | (9,089) |
| Equity in earnings of affiliated companies—net | 28,702 | 20,882 | 7,820 |
| Net income attributable to Marubeni | 26,922 | 21,384 | 5,538 |

## Plant & Industrial Machinery

The total volume of trading transactions amounted to ¥304.8 billion, a decline of ¥333.9 billion (52.3%) from the previous fiscal year. This was chiefly due to decreased transaction volumes for the energy and chemical plant projects, mainly in Asia and at Marubeni Tekmatex Corporation, which deals in textile machinery, and Marubeni Techno-Systems Corporation, which handles industrial machinery. With the decrease in transactions, gross trading profit shrank ¥0.1 billion (0.3%) year on year to ¥28.1 billion although profits from the textile factory rehabilitation project in Angola increased. Operating profit fell ¥2.5 billion (41.7%) year on year to ¥3.5 billion due mainly to increased selling, general and administrative expenses. Net income for the year ended March 31, 2013 rose ¥2.6 billion (42.0%) from the previous fiscal year to ¥8.7 billion due mainly to an increase in gain on investment securities and improvement in net foreign currency transaction gains and losses.

In plants, Marubeni won a number of orders, including a polyethylene plant in Egypt, a slag wool manufacturing facility in China, and a facility to purify groundwater in coal mines in the Ukraine. In the U.S., in addition to involvement in a spar-type floating oil and gas production platform project, Marubeni also successfully participated in its second FPSO* charter business in Brazil. In transportation projects, Marubeni won orders for construction of the Metro Rail Transit 7 (MRT-7) line in Metropolitan Manila, the Philippines, and for delivery of additional railcars to Venezuela's national railway, among others. Marubeni also expanded its railcar leasing business in the U.S. and Australia. In industrial and production machinery, Marubeni focused on sales of photovoltaic equipment and components, while also strengthening its sales infrastructure for machine tools. In environmental projects, Marubeni worked to promote greenhouse gas reduction projects.

*FPSO: Floating Production, Storage & Offloading system

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 304,805 | 638,674 | (333,869) |
| Gross trading profit | 28,112 | 28,202 | (90) |
| Operating profit | 3,521 | 6,040 | (2,519) |
| Equity in earnings of affiliated companies—net | 2,667 | 2,849 | (182) |
| Net income attributable to Marubeni | 8,660 | 6,097 | 2,563 |

## Finance, Logistics & IT Business

The total volume of trading transactions amounted to ¥209.9 billion, an increase of ¥21.1 billion (11.2%) from the previous fiscal year, reflecting robust smartphone sales at Marubeni Telecom Co., Ltd. Gross trading profit grew ¥1.5 billion (3.5%) year on year to ¥44.0 billion, mainly because profits increased smoothly at the existing operating companies and performance fees from investment funds increased in finance operations. Operating profit rose ¥1.5 billion (35.7%) to ¥5.7 billion. Equity in earnings of affiliates improved ¥4.7 billion year on year to ¥4.4 billion, chiefly because profits increased as ACR Capital Holdings Pte. Ltd., a reinsurance group in Singapore, was newly included. Consequently, net income grew ¥4.0 billion (76.1%) to ¥9.3 billion.

During the year ended March 31, 2013, earnings remained robust as they had been in the previous fiscal year. In finance, we participated in the auto finance lease business in China, targeting long-term credit for individual consumers. In insurance, Marubeni entered into the reinsurance business in Singapore, which enabled it to acquire a competitive insurance underwriting ability that compares favorably with that of major insurance brokers. In information and communications, Marubeni opened a data center featuring advanced security and high reliability in the Tokyo Metropolitan area.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 209,861 | 188,756 | 21,105 |
| Gross trading profit | 44,021 | 42,545 | 1,476 |
| Operating profit | 5,704 | 4,204 | 1,500 |
| Equity in earnings of affiliated companies—net | 4,361 | (337) | 4,698 |
| Net income attributable to Marubeni | 9,308 | 5,286 | 4,022 |

### Overseas Corporate Subsidiaries and Branches

The total volume of trading transactions amounted to ¥2,081.9 billion, an increase of ¥259.7 billion (14.3%) from the previous fiscal year. This was mainly due to increased transactions of grain and transportation machinery at Marubeni America Corporation and an increase in transactions at its subsidiary agrichemical and fertilizer sales company, Helena Chemical Company. Gross trading profit grew ¥7.4 billion yen (7.1%) year on year to ¥112.4 billion reflecting increased profits at Helena Chemical. Operating profit rose ¥2.1 billion (7.8%) to ¥28.8 billion. Consequently, net income increased ¥3.7 billion (23.0%) to ¥19.8 billion.

As stagnation of the real economy in Europe lingers on, the economies of emerging countries also slowed down, notably in BRICs. Meanwhile, the U.S. economy was back on a recovery track and demand expanded in the ASEAN region and other areas, where internal demand continued to drive growth. Against this backdrop, earnings of overseas corporate subsidiaries and branches were robust on the whole. Earnings grew due to increased profits at Helena Chemical and increased transactions of grain and transportation machinery and increased profits notably at Marubeni Australia Ltd. Regional offices played a part in Marubeni's overseas market strategy, and also worked to develop regional business and strengthen relationships with local companies.

Millions of yen

| | 2013.3 | 2012.3 | Change |
|---|---|---|---|
| Total volume of trading transactions | 2,081,856 | 1,822,117 | 259,739 |
| Gross trading profit | 112,419 | 104,970 | 7,449 |
| Operating profit | 28,765 | 26,689 | 2,076 |
| Equity in earnings of affiliated companies—net | 871 | 847 | 24 |
| Net income attributable to Marubeni | 19,814 | 16,113 | 3,701 |

Notes
1. For the convenience of investors in Japan, the presentations of total volumes of trading transactions and operating profit (loss) are consistent with customary accounting practices in Japan. Operating profit (loss) is the sum of gross trading profit, selling, general and administrative expenses, and provision for doubtful accounts.
2. Inter-segment transactions are generally priced in accordance with the prevailing market prices.

## Analysis of Operating Results for the Year ended March 31, 2013

Net income attributable to Marubeni in the year ended March 31, 2013 increased by ¥33.6 billion from the previous fiscal year, to ¥205.7 billion. In terms of the operating results of consolidated subsidiaries, 351 companies were profitable, compared to 91 unprofitable companies. The percentage of companies achieving profitability was thus 79.4%, down 0.1 of a percentage point from 79.5% for the previous fiscal year. Total income from these companies deteriorated by ¥11.1 billion.

An analysis of operating results is provided as follows.

### Gross trading profit

Gross trading profit for the year ended March 31, 2013 was ¥528.2 billion a decline of ¥13.3 billion year on year. This is mainly attributable to lower profits in the Power Projects & Infrastructure and Metal & Mineral Resources segments.

### Selling, General & Administrative Expenses

Selling, general and administrative expenses increased by ¥20.4 billion year on year to ¥403.4 billion. The principal components were personnel expenses, which were ¥212.2 billion, up ¥10.9 billion year on year due to increases at both the parent company and subsidiaries; and outsourcing expenses, which increased by ¥2.5 billion to ¥22.5 billion.

### Provision for Doubtful Accounts

Provision for doubtful accounts increased by ¥0.7 billion year on year to ¥1.9 billion. This outcome reflected the absence of a gain on the reversal of allowances attributable to credit risk at the parent company during the previous fiscal year.

### Interest Income and Interest Expense

Interest income increased by ¥2.9 billion to ¥15.8 billion. Interest expense rose ¥1.0 billion to ¥31.7 billion.

### Dividend Income

Dividend income increased by ¥2.8 billion year on year to ¥30.1 billion. Of this figure, ¥10.0 billion (¥3.7 billion in Japan and ¥6.3 billion from overseas) was received by the parent company. Domestic consolidated subsidiaries received dividends totaling ¥0.3 billion, while overseas consolidated subsidiaries received dividends of ¥19.8 billion.

### Impairment Loss on Investment Securities and Gain on Sales of Investment Securities

Impairment loss on investment securities was ¥21.2 billion, representing an increase of ¥11.5 billion year on year. This owed to an impairment loss on stock of a retail related company.

Gain on sales of investment securities was ¥50.2 billion, an increase ¥26.6 billion year on year. Gains stemmed mainly from the sale of publicly listed shares.

### Loss on Property, Plant and Equipment

The loss on property, plant and equipment increased by ¥20.9 billion year on year to ¥28.6 billion.

### Equity in Earnings of Affiliated Companies—Net

Equity in earnings of affiliated companies—net improved ¥6.3 billion year on year to ¥87.8 billion, owing mainly to an increase in income from operating companies under Transportation Machinery, Power Projects & Infrastructure, and Finance, Logistics & IT Business segments.

### Other—Net

Other—net was ¥22.3 billion, an improvement of ¥15.7 billion year on year. This was mainly attributable to an improvement in net foreign currency transaction gains and losses and gain on contribution of securities to retirement benefit trusts.

### Income Taxes and Other Taxes

Income taxes and other taxes for the year ended March 31, 2013 decreased by ¥45.4 billion year on year to ¥38.6 billion. This resulted from a decline in income before income taxes and reversal of valuation allowance for deferred tax assets related to impairment loss on investment securities recorded in past fiscal years.

## Liquidity and Funding Sources

### Financial Position

Consolidated total assets as of March 31, 2013 were ¥5,965.1 billion, up ¥835.2 billion from the end of the previous fiscal year. This increase was mainly attributable to increases in operating assets and new investments. Consolidated total equity as of March 31, 2013 rose ¥272.6 billion year on year to ¥1,188.4 billion. Consolidated total equity was lifted by profit accumulation and improvement in currency translation adjustments.

Consolidated interest-bearing debt as of march 31, 2013 was ¥2,737.0 billion, up ¥254.0 billion from the previous fiscal year-end. Net interest-bearing debt after deducting cash and cash equivalents increased by ¥29.5 billion to ¥1,785.2 billion. As a result, the consolidated net D/E ratio was 1.50 times as of the end of the year ended March 31, 2013.

### Cash Flows

Net cash provided by operating activities was ¥295.7 billion mainly due to steady operating revenues particularly from overseas natural resource-related subsidiaries. Net cash used in investing activities amounted to ¥210.9 billion, attributable to new investments in overseas natural resource-related projects and power generation projects. Meanwhile cash was provided by proceeds from sales of domestic listed shares. These activities resulted in free cash flow of ¥84.9 billion for the year ended March 31, 2013. Net cash provided by financing activities was ¥129.0 billion as a result of borrowings and issuance of corporate bonds to procure funds for new investments.

As a result, cash and cash equivalents at March 31, 2013 were ¥919.5 billion, an increase of ¥242.2 billion compared with the end of the previous fiscal year.

### Fund Procurement

The fundamental policy of Marubeni and its consolidated subsidiaries is to maintain an optimal mix of funding in line with the requirements of the asset portfolio. The goal is to sustain a stable level of liquidity while trimming financing costs. Funding sources included indirect financial procurement from banks, life insurers, and other financial institutions, as well as direct procurement through the issuance of bonds, commercial paper, and other means.

With the aim of maximizing utilization efficiency across the Group, Marubeni is accelerating the shift toward a centralized fund procurement scheme, under which principal consolidated subsidiaries procure funds directly from Marubeni Corporation, domestic and overseas financing subsidiaries and/or overseas corporate subsidiaries. This approach enables Group companies holding surplus funds to reallocate such funds to other Group companies in need of operating funds, allowing for more flexible fund procurement on a Group-wide scale.

Marubeni has established the following programs to procure funds directly from capital markets.

- Registration for the public sale of ordinary bonds in Japan: ¥300.0 billion

Euro Medium-Term Note Program
Two-company joint program (Marubeni Corporation and Marubeni Europe plc): US$2.0 billion

*The Euro Medium-Term Note Program was changed from a three-company joint program (Marubeni Corporation, Marubeni Europe plc and Marubeni Finance Holland B.V.) from August 2, 2012.

To aid in procuring funds from capital markets, Marubeni has acquired credit ratings from Moody's Investors Service (Moody's), Standard & Poor's (S&P), Rating and Investment Information, Inc. (R&I), and Japan Credit Rating Agency, Ltd. (JCR).

In the year ended March 31, 2013, there were no changes in Marubeni's credit ratings, which consisted of a long-term rating of Baa2 from Moody's, a long-term rating of BBB from S&P, a long-term rating of A– from R&I, and a long-term rating of A+ from JCR.

### Liquidity

On a consolidated basis, the liquidity ratio was 136.5% as of March 31, 2013, down from 143.8% as of the end of the previous fiscal year. In terms of liquidity, Marubeni is maintaining a sound financial position. In addition, Marubeni and its consolidated subsidiaries maintain a sufficient level of liquidity, mainly in the form of cash and deposits and established commitment lines. As of March 31, 2013, cash and deposits totaled ¥951.7 billion.

Details regarding commitment lines are as follows:

- ¥300.0 billion from syndicates consisting largely of major Japanese banks (long-term)
- Short-term dollar-denominated commitment lines totaling US$555 million, secured mainly through major European and U.S. banks

In addition to these commitment lines, Marubeni and its consolidated subsidiaries hold highly liquid assets, such as marketable securities. In all, these assets provide sufficient liquidity to cover the Group's funding demand as well as funds linked to market interest rates including the current portion of commercial paper, such as corporate bonds including medium-term notes redeemable within one year, which totaled ¥53.2 billion as of March 31, 2013.

# Business Risks

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by the Group. Any number of additional risks other than those discussed below could also impact business performance. Furthermore, risks considered to have a low likelihood of materializing have also been disclosed, from the perspective of ensuring proactive information disclosure. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company's management based on information available as of March 31, 2013.

## Impact of Japanese and Global Economies on the Marubeni Group

The Company is a general trading company engaged in a wide range of business activities through bases in Japan and over 60 other countries. Examples include the production and procurement of natural resources and other primary commodities, as well as the manufacture and sale of finished goods and various commercial and investing activities in Japan and overseas in many industrial fields. As a result, the Group is impacted by the economic conditions prevailing in Japan and other countries where it has operations, as well as by the state of the global economy as a whole. Worsening economic conditions on either of these fronts could adversely affect the operating activities, business results, and financial condition of the Group.

## Credit Risks Regarding Business Partners

Marubeni and its consolidated subsidiaries extend credit to business partners in the form of accounts receivable, advances, loans, guarantees and other means. In addition, as a part of its sales activities, the Group concludes merchandise supply, subcontracting, operational outsourcing and other types of contracts with business partners. The incurrence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could adversely affect the Group's business results and financial condition.

To prevent credit risks from materializing, the Group conducts extensive risk management at the credit screening stage. Nevertheless, the Company is susceptible to a variety of credit risks.

In preparation for the incurrence of possible losses when credit risk becomes apparent, the Group establishes allowances for doubtful accounts based on the estimated amount of the loss, the business partner's creditworthiness, collateral value and other set factors. In the event of such losses, however, the Company cannot guarantee that actual losses will not exceed these established allowances.

## Investment Risk

Marubeni and its consolidated subsidiaries, both independently and in collaboration with other companies, establish new companies and purchase existing enterprises in the course of their business operations. Most of these business investments require sizeable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or time frame, in which case it would be obliged to commit additional capital.

In an effort to prevent the occurrence of risks associated with investments and other activities, the Group conducts extensive risk management, including checking new investments to determine whether expected returns are commensurate with the risks involved. Nevertheless, a decline in the value of these investments or the necessity of additional expenditures of capital could adversely affect the Group's business results and financial condition.

## Concentrated Risk Exposure

As part of their commercial and investment activities, Marubeni and its consolidated subsidiaries are concentrated in specific investment targets, markets, and regions, such as business operations in Chile and Indonesia. In the context of the Group's country risk management, the Company classifies countries according to their level of risk, and has established transaction management standards for each country and promotes efforts to ensure optimal portfolio management. Nevertheless, a deteriorating operating environment in these markets or regions could adversely affect the Group's business results and financial condition.

## Ability to Procure Funds and Funding Cost

Marubeni and its consolidated subsidiaries engage in fund procurement with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major global capital markets, shortages of cash flow from operating activities, declining profitability, failure in asset-liability management, or a sharp downgrade in the credit rating of the Group by ratings agencies could constrain fund procurement or lead to an increase in funding cost, which could adversely affect the Group's business results and financial condition.

## Market Risks

### 1. Fluctuations in the Price of Goods and Merchandise

Marubeni and its consolidated subsidiaries handle a variety of merchandise. In order to mitigate the risk of fluctuations in market conditions for certain merchandise, contracts and scheduled contracts, the Group enters into commodity futures and forward contracts. However, changes in respective market conditions could adversely affect the Group's business results and financial condition.

In addition, the Group participates in energy and natural resource exploration and production (E&P) business and other manufacturing business. Fluctuations in the markets of the products sold through these activities could adversely affect the Group's business results and financial condition.

### 2. Market Liquidity (Liquidity Risk)

Marubeni and its consolidated subsidiaries hold a variety of assets that are subject to market trading, including financial instruments. Financial market turmoil and other factors can cause the market liquidity of held assets to decline dramatically, a situation that could potentially trigger a precipitous drop in the value of held assets. Such an occurrence could adversely affect the Group's business results and financial condition.

### 3. Fluctuations in Foreign Currency Exchange Rates

Marubeni and its consolidated subsidiaries conduct transactions in a variety of currencies and under a variety of terms. In order to mitigate the risk of exchange rate fluctuations associated with transactions, receivables, and liabilities denominated in foreign currencies, the Group enters into forward-exchange contracts and other derivative transactions. Despite these measures, fluctuations in exchange rates could adversely affect the Group's business results and financial condition.

### 4. Fluctuations in Interest Rates

Marubeni and its consolidated subsidiaries procure necessary funds from financial institutions, the issuance of bonds and other means from capital markets. Furthermore, net interest-bearing debt is procured at fixed interest rates and floating interest rates. The interest risk of the majority of the operating assets held by the Group offsets the interest rate risk associated with debt, and through asset-liability management, the Group utilizes interest rate swaps and other agreements to mitigate the risk of interest rate fluctuations. Nevertheless, changes in market interest rates could adversely affect the Group's business results and financial condition.

### 5. Gains and Losses from Debt Securities and Marketable Equity Securities

To strengthen business relationships and for other purposes, Marubeni and its consolidated subsidiaries invest in debt securities, marketable equity securities, and other types of securities. At the time of purchase, these securities are classified as trading, held-to-maturity, or available-for-sale securities.

Trading and available-for-sale securities held by the Group carry the risk of fluctuations in original value due to changes in fair value. The impairment losses on these securities at low points in fair value could adversely affect the Group's business results and financial condition.

### 6. Risks Regarding Employees' Retirement Benefit Expenses

As the Group holds domestic and foreign stocks and bonds as pension assets, sluggish performance in securities markets could decrease the value of those assets and increase its pension expenses or could require it to accumulate additional pension assets. Such an event could adversely affect the Group's business results and financial condition.

## Impairment of Real Estate, Machinery and Equipment, and Other Property, Plant and Equipment

Marubeni and its consolidated subsidiaries hold real estate, machinery and equipment, and other property, plant and equipment for sale and lease to other parties as well as for their own use. A decline in the value of these assets could potentially require the Group to recognize impairment losses. The Group accounts for impairment of property, plant and equipment in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Nevertheless, a dramatic decline in asset value could adversely affect the Group's business results and financial condition.

### Laws and Regulations

In the course of operations, Marubeni and its consolidated subsidiaries are subject to a broad range of laws and regulations both in Japan and other applicable countries. Changes in or unanticipated interpretations of these laws and regulations could increase the obligations pertaining to legal and regulatory compliance placed on the Group. Accordingly, changes or altered interpretations of laws and regulations may result in punitive measures, including the interruption of operations, lower the Company's credibility, or cause the occurrence of other circumstances that could adversely affect the Group's business results and financial condition.

### Significant Litigation

In the course of business activities in Japan and overseas, Marubeni and its consolidated subsidiaries may be a party to litigation, disputes, and other legal proceedings. When party to such litigation, predicting the outcome is impossible given the inherent uncertainty of these matters. The Company cannot guarantee that such litigation will not adversely affect the Group's business results and financial condition.

### Environmental Risk

Marubeni and its consolidated subsidiaries conduct business activities globally across a broad range of industries, and environmental pollution as a result of these activities could result in business stoppage, pollution remediation expenses, and legal fees in response to litigation by local residents. In addition, the Group's social reputation could be damaged. In the year ended March 31, 2000, an environmental management system was introduced to cope with such environmental risks, under which various initiatives have been implemented to assess the potential environmental burden and reduce environmental risk, including environmental impact evaluations for each new financing and development project. In the event, however, that some form of environment impact occurs, it could adversely affect the Group's business results and financial condition.

### Natural Disaster Risk

Earthquakes and other natural disasters could cause damage and loss to the Group's offices and facilities and inhibit the normal business activities of Marubeni and its consolidated subsidiaries. While every effort has been made to implement appropriate countermeasures, such as the formulation of business continuity plans, earthquake countermeasures, and fire prevention drills, the potential for damage from natural disasters cannot be completely mitigated. Consequently, there is no guarantee that such disasters will not adversely affect the Group's business results and financial condition.

### Risk Relating to Terrorists and Violent Groups

Marubeni and its consolidated subsidiaries conduct business operations globally, and these operations are therefore exposed to risk from unexpected situations relating to terrorists and violent groups, as well as trends in politics and social factors. The materialization of such risks could adversely affect the Group's business results and financial condition.

### Other Risks Inherent and Related to Overall Marubeni Operations

Negligence on the part of employees charged with executing business operations, and malfunctions pertaining to computer systems supporting business activities, are among other risks, the materialization of which could adversely affect the Group's business results and financial condition.

# Consolidated Financial Statements

## Marubeni Corporation and Subsidiaries

***At March 31, 2013 and 2012 and***
***for the Years ended March 31, 2013 and 2012***
***with Report of Independent Auditors***

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# Report of Independent Auditors

The Board of Directors and Shareholders of
Marubeni Corporation
(Marubeni Kabushiki Kaisha)

We have audited the accompanying consolidated financial statements of Marubeni Corporation and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements, all expressed in Japanese yen.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Minera Los Pelambres and Minera Esperanza, prepared in accordance with International Financial Reporting Standards, have been audited by other auditors whose report as of and for the year ended December 31, 2012, has been furnished to us, and our opinion on the consolidated financial statements, insofar as it relates to the amounts included for Minera Los Pelambres and Minera Esperanza, are based solely on the report of the other auditors. In the consolidated financial statements, the Company's investment in Minera Los Pelambres and Minera Esperanza is stated at ¥147,451 million at March 31, 2013 and the Company's equity in the net income of Minera Los Pelambres and Minera Esperanza is stated at ¥25,221 million for the year then ended. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marubeni Corporation and subsidiaries at March 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

## Convenience Translation

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 1. In our opinion, such statements have been translated on such basis.

Ernst & Young ShinNihon LLC

June 21, 2013

## Marubeni Corporation and Subsidiaries
## Consolidated Balance Sheets

| Assets | Millions of yen March 31 2013 | Millions of yen March 31 2012 | Thousands of U.S. dollars (Note 1) March 31 2013 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents *(Notes 9, 18, 19, 20 and 24)* | **¥ 919,475** | ¥ 677,312 | **$ 9,781,649** |
| Time deposits *(Notes 9, 18, 19 and 20)* | **32,239** | 49,968 | **342,968** |
| Investment securities *(Notes 4, 18 and 19)* | **992** | 2,438 | **10,553** |
| Notes and accounts receivable—trade *(Notes 6, 9, 20 and 22)*: | | | |
| Notes receivable | **55,720** | 61,122 | **592,766** |
| Accounts receivable | **1,079,361** | 1,009,361 | **11,482,564** |
| Due from affiliated companies | **57,565** | 49,687 | **612,394** |
| Allowance for doubtful accounts | **(7,109)** | (7,337) | **(75,628)** |
| Inventories *(Notes 2 and 9)* | **495,879** | 443,186 | **5,275,309** |
| Advance payments to suppliers | **132,678** | 151,230 | **1,411,468** |
| Deferred income taxes *(Note 12)* | **13,390** | 21,642 | **142,447** |
| Prepaid expenses and other current assets *(Note 20)* | **282,499** | 185,284 | **3,005,308** |
| Total current assets | **3,062,689** | 2,643,893 | **32,581,798** |
| **Investments and long-term receivables:** | | | |
| Affiliated companies *(Notes 5, 6, 9, 18 and 19)* | **1,250,122** | 978,871 | **13,299,170** |
| Securities and other investments *(Notes 4, 9, 18, 19 and 24)* | **296,847** | 330,325 | **3,157,947** |
| Notes, loans and accounts receivable—trade *(Notes 6, 9, 18, 22 and 24)* | **92,242** | 106,958 | **981,298** |
| Allowance for doubtful accounts *(Note 6)* | **(18,560)** | (27,877) | **(197,447)** |
| Property leased to others, at cost, less accumulated depreciation of ¥55,221 million ($587,457 thousand) in 2013 and ¥47,614 million in 2012 *(Notes 9, 19, 22 and 24)* | **241,107** | 218,008 | **2,564,968** |
| Total investments and long-term receivables | **1,861,758** | 1,606,285 | **19,805,936** |
| **Property, plant and equipment, at cost** *(Notes 9, 19, 22 and 24)*: | | | |
| Land | **164,264** | 162,013 | **1,747,489** |
| Buildings and structures | **346,365** | 310,295 | **3,684,734** |
| Machinery and equipment | **863,104** | 723,228 | **9,181,958** |
| Mining rights | **13,100** | 10,924 | **139,362** |
| | **1,386,833** | 1,206,460 | **14,753,543** |
| Accumulated depreciation | **(647,398)** | (557,927) | **(6,887,213)** |
| Net property, plant and equipment | **739,435** | 648,533 | **7,866,330** |
| **Prepaid pension cost** *(Note 11)* | **59** | 96 | **628** |
| **Deferred income taxes** *(Note 12)* | **65,797** | 39,377 | **699,968** |
| **Intangible assets** *(Notes 7 and 19)* | **103,958** | 85,815 | **1,105,936** |
| **Goodwill** *(Notes 7 and 19)* | **50,734** | 46,881 | **539,723** |
| **Other assets** *(Note 20)* | **80,656** | 59,007 | **858,043** |
| **Total assets** *(Note 16)* | **¥ 5,965,086** | ¥ 5,129,887 | **$ 63,458,362** |

| Liabilities and equity | Millions of yen March 31 2013 | 2012 | Thousands of U.S. dollars (Note 1) March 31 2013 |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term loans *(Notes 9, 10, 18 and 20)* | **¥ 109,705** | ¥ 126,459 | **$ 1,167,074** |
| Current portion of long-term debt *(Notes 9, 10, 18 and 20)* | **361,155** | 208,429 | **3,842,074** |
| Notes and accounts payable—trade*(Notes 9 and 20)* : | | | |
| Notes payable | **189,193** | 156,644 | **2,012,692** |
| Accounts payable | **1,003,295** | 869,324 | **10,673,351** |
| Due to affiliated companies | **40,206** | 34,778 | **427,723** |
| Advance payments received from customers | **91,986** | 119,662 | **978,575** |
| Accrued income taxes *(Note 12)* | **17,108** | 20,715 | **182,000** |
| Deferred income taxes *(Note 12)* | **6,610** | 1,514 | **70,319** |
| Accrued expenses and other current liabilities *(Notes 8, 9 and 20)* | **424,538** | 301,426 | **4,516,362** |
| Total current liabilities | **2,243,796** | 1,838,951 | **23,870,170** |
| **Long-term debt, less current portion** *(Notes 8, 9, 10, 18, 20 and 24)* | **2,416,398** | 2,268,552 | **25,706,362** |
| **Employees' retirement benefits** *(Note 11)* | **54,821** | 60,887 | **583,202** |
| **Deferred income taxes** *(Note 12)* | **61,692** | 45,727 | **656,298** |
| **Commitments and contingent liabilities** *(Note 23)* | | | |
| **Equity** *(Note 13)* **:** | | | |
| **Marubeni shareholders' equity:** | | | |
| Common stock: | | | |
| Authorized shares—4,300,000,000 shares | | | |
| Issued and outstanding shares—1,737,940,900 shares in 2013 and 1,737,940,900 shares in 2012 | **262,686** | 262,686 | **2,794,532** |
| Capital surplus | **154,611** | 158,237 | **1,644,798** |
| Retained earnings | **1,023,782** | 856,286 | **10,891,298** |
| Accumulated other comprehensive income (loss) *(Notes 12 and 14)* : | | | |
| Unrealized gains on investment securities *(Note 4)* | **14,624** | 19,510 | **155,574** |
| Currency translation adjustments | **(188,654)** | (307,642) | **(2,006,957)** |
| Unrealized losses on derivatives *(Note 20)* | **(65,609)** | (71,286) | **(697,968)** |
| Pension liability adjustments *(Note 11)* | **(68,730)** | (64,842) | **(731,170)** |
| Treasury stock, at cost—1,913,284 shares in 2013 and 1,744,243 shares in 2012 | **(876)** | (777) | **(9,319)** |
| Total Marubeni shareholders' equity | **1,131,834** | 852,172 | **12,040,788** |
| **Noncontrolling interests** | **56,545** | 63,598 | **601,542** |
| Total equity | **1,188,379** | 915,770 | **12,642,330** |
| **Total liabilities and equity** | **¥ 5,965,086** | ¥ 5,129,887 | **$63,458,362** |

See accompanying Notes to consolidated financial statements.

Financial

## Marubeni Corporation and Subsidiaries
## Consolidated Statements of Income

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | Year ended March 31 | | Year ended March 31 |
| | **2013** | **2012** | **2013** |
| **Revenues** *(Note 16)* **:** | | | |
| Revenues from trading and other activities | **¥ 4,702,281** | ¥ 4,221,653 | **$ 50,024,266** |
| Commissions on services and trading margins | **159,030** | 168,700 | **1,691,808** |
| Total | **4,861,311** | 4,390,353 | **51,716,074** |
| (Total volume of trading transactions: 2013, ¥ 10,509,088 million ($ 111,798,809 thousand) 2012, ¥ 10,584,393 million) (*Notes 5 and 16*) | | | |
| **Cost of revenues from trading and other activities** *(Notes 19 and 20)* | **4,333,117** | 3,848,899 | **46,096,989** |
| **Gross trading profit** (*Note 16*) | **528,194** | 541,454 | **5,619,085** |
| **Other expenses (income):** | | | |
| Selling, general and administrative expenses | **403,412** | 382,971 | **4,291,617** |
| Provision for doubtful accounts *(Note 6)* | **1,850** | 1,168 | **19,681** |
| Interest income (*Note 6*) | **(15,830)** | (12,943) | **(168,404)** |
| Interest expense *(Note 20)* | **31,724** | 30,753 | **337,489** |
| Dividend income | **(30,112)** | (27,351) | **(320,340)** |
| Impairment loss on investment securities *(Notes 4, 19 and 20)* | **21,236** | 9,762 | **225,915** |
| Gain on sales of investment securities *(Notes 3, 4, 19, 20 and 25)* | **(50,171)** | (23,527) | **(533,734)** |
| Loss on property, plant and equipment *(Notes 7 and 19)* | **28,620** | 7,737 | **304,468** |
| Equity in earnings of affiliated companies—net *(Notes 5, 16 and 19)* | **(87,790)** | (81,528) | **(933,936)** |
| Other—net *(Notes 2, 4, 17, 19 and 20)* | **(22,288)** | (6,571) | **(237,107)** |
| Total | **280,651** | 280,471 | **2,985,649** |
| **Income before income taxes** | **247,543** | 260,983 | **2,633,436** |
| Provision for income taxes *(Note 12)* : | | | |
| Current | **47,810** | 53,092 | **508,617** |
| Deferred | **(9,259)** | 30,857 | **(98,500)** |
| | **38,551** | 83,949 | **410,117** |
| **Net income** | **208,992** | 177,034 | **2,223,319** |
| **Less: net income attributable to noncontrolling interests** | **(3,296)** | (4,909) | **(35,064)** |
| **Net income attributable to Marubeni** (*Note 16*) | **¥ 205,696** | ¥ 172,125 | **$ 2,188,255** |

| | Yen | | U.S. dollars |
|---|---|---|---|
| **Earnings per share of common stock** *(Note 15)* **:** | | | |
| Basic: | | | |
| Net income attributable to Marubeni | **¥ 118.48** | ¥ 99.13 | **$ 1.26** |

See accompanying Notes to consolidated financial statements.

## Marubeni Corporation and Subsidiaries
## Consolidated Statements of Comprehensive Income

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **Year ended March 31** | | **Year ended March 31** |
| | **2013** | **2012** | **2013** |
| **Comprehensive income (loss):** | | | |
| Net income | **¥ 208,992** | ¥ 177,034 | **$ 2,223,319** |
| Other comprehensive income (loss), net of tax *(Note 14)* : | | | |
| Unrealized gains (losses) on investment securities *(Notes 4 and 19)* | **(4,852)** | (1,471) | **(51,617)** |
| Currency translation adjustment *(Note 20)* | **121,052** | (35,228) | **1,287,787** |
| Unrealized gains (losses) on derivatives *(Notes 19 and 20)* | **6,623** | (25,966) | **70,457** |
| Pension liability adjustment *(Note 11)* | **(3,878)** | (3,955) | **(41,255)** |
| Total | **118,945** | (66,620) | **1,265,372** |
| **Comprehensive income (loss)** | **327,937** | 110,414 | **3,488,691** |
| **Less: comprehensive (income) loss attributable to noncontrolling interests** | **(6,350)** | (3,413) | **(67,553)** |
| **Comprehensive income (loss) attributable to Marubeni** | **¥ 321,587** | ¥ 107,001 | **$ 3,421,138** |

See accompanying Notes to consolidated financial statements.

# Marubeni Corporation and Subsidiaries
# Consolidated Statements of Changes in Equity

*Millions of yen*

Year ended March 31

2013

| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | Total Marubeni shareholders' equity | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at April 1, 2012 | **¥ 262,686** | **¥ 158,237** | **¥ 856,286** | **¥ (424,260)** | **¥ (777)** | **¥ 852,172** | **¥ 63,598** | **¥ 915,770** |
| Dividends on common stocks | — | — | (38,200) | — | — | (38,200) | — | (38,200) |
| Dividends to noncontrolling interests | — | — | — | — | — | — | (10,578) | (10,578) |
| Equity transactions with noncontrolling interests and other | — | (3,626) | — | — | — | (3,626) | (2,825) | (6,451) |
| Sales/ purchase of treasury stock, net | — | — | — | — | (99) | (99) | — | (99) |
| Comprehensive income: | | | | | | | | |
| Net income | — | — | 205,696 | — | — | 205,696 | 3,296 | 208,992 |
| Other comprehensive income (loss), net of tax *(Note 14)* | | | | | | | | |
| Unrealized gains (losses) on investment securities *(Notes 4 and 19)* | — | — | — | (4,886) | — | (4,886) | 34 | (4,852) |
| Currency translation adjustments *(Note 20)* | — | — | — | 118,988 | — | 118,988 | 2,064 | 121,052 |
| Unrealized gains (losses) on derivatives *(Notes 19 and 20)* | — | — | — | 5,677 | — | 5,677 | 946 | 6,623 |
| Pension liability adjustments *(Note 11)* | — | — | — | (3,888) | — | (3,888) | 10 | (3,878) |
| Comprehensive income (loss) | | | | | | 321,587 | 6,350 | 327,937 |
| Balance at March 31, 2013 | **¥ 262,686** | **¥ 154,611** | **¥ 1,023,782** | **¥ (308,369)** | **¥ (876)** | **¥ 1,131,834** | **¥ 56,545** | **¥ 1,188,379** |

*Thousands of U.S. dollars (Note 1)*

Year ended March 31

2013

| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | Total Marubeni shareholders' equity | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at April 1, 2012 | $ 2,794,532 | $ 1,683,372 | $ 9,109,426 | $ (4,513,404) | $ (8,266) | $ 9,065,660 | $ 676,574 | $ 9,742,234 |
| Dividends on common stocks | — | — | (406,383) | — | — | (406,383) | — | (406,383) |
| Dividends to noncontrolling interests | — | — | — | — | — | — | (112,532) | (112,532) |
| Equity transactions with noncontrolling interests and other | — | (38,574) | — | — | — | (38,574) | (30,053) | (68,627) |
| Sales/ purchase of treasury stock, net | — | — | — | — | (1,053) | (1,053) | — | (1,053) |
| | | | | — | — | — | — | — |
| Comprehensive income: | | | | — | | | | |
| Net income | — | — | 2,188,255 | — | — | 2,188,255 | 35,064 | 2,223,319 |
| Other comprehensive income (loss), net of tax *(Note 14)* | | | | — | | | | |
| Unrealized gains (losses) on investment securities *(Notes 4 and 19)* | — | — | — | (51,979) | — | (51,979) | 362 | (51,617) |
| Currency translation adjustments *(Note 20)* | — | — | — | 1,265,830 | — | 1,265,830 | 21,957 | 1,287,787 |
| Unrealized gains (losses) on derivatives *(Notes 19 and 20)* | — | — | — | 60,394 | — | 60,394 | 10,063 | 70,457 |
| Pension liability adjustments *(Note 11)* | — | — | — | (41,362) | — | (41,362) | 107 | (41,255) |
| Comprehensive income (loss) | — | — | — | — | — | 3,421,138 | 67,553 | 3,488,691 |
| Balance at March 31, 2013 | **$ 2,794,532** | **$ 1,644,798** | **$ 10,891,298** | **$ (3,280,521)** | **$ (9,319)** | **$ 12,040,788** | **$ 601,542** | **$ 12,642,330** |

# Marubeni Corporation and Subsidiaries
## Consolidated Statements of Changes in Equity (continued)

| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | Total Marubeni shareholders' equity | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | *Millions of yen* | | | | | | | |
| | Year ended March 31 | | | | | | | |
| | 2012 | | | | | | | |
| Balance at April 1, 2011 | ¥ 262,686 | ¥ 157,908 | ¥ 712,815 | ¥ (359,136) | ¥ (681) | ¥ 773,592 | ¥ 58,138 | ¥ 831,730 |
| Dividends on common stocks | — | — | (28,654) | — | — | (28,654) | — | (28,654) |
| Dividends to noncontrolling interests | — | — | — | — | — | — | (2,779) | (2,779) |
| Equity transactions with noncontrolling interests and other | — | 327 | — | — | — | 327 | 4,826 | 5,153 |
| Sales/ purchase of treasury stock, net | — | 2 | — | — | (96) | (94) | — | (94) |
| Comprehensive income: | | | | | | | | |
| Net income | — | — | 172,125 | — | — | 172,125 | 4,909 | 177,034 |
| Other comprehensive income (loss), net of tax *(Note 14)* | | | | | | | | |
| Unrealized gains (losses) on investment securities *(Notes 4 and 19)* | — | — | — | (1,495) | — | (1,495) | 24 | (1,471) |
| Currency translation adjustments *(Note 20)* | — | — | — | (34,623) | — | (34,623) | (605) | (35,228) |
| Unrealized gains (losses) on derivatives *(Notes 19 and 20)* | — | — | — | (25,062) | — | (25,062) | (904) | (25,966) |
| Pension liability adjustments *(Note 11)* | — | — | — | (3,944) | — | (3,944) | (11) | (3,955) |
| Comprehensive income (loss) | | | | | | 107,001 | 3,413 | 110,414 |
| Balance at March 31, 2012 | ¥ 262,686 | ¥ 158,237 | ¥ 856,286 | ¥ (424,260) | ¥ (777) | ¥ 852,172 | ¥ 63,598 | ¥ 915,770 |

## Marubeni Corporation and Subsidiaries
## Consolidated Statements of Cash Flows

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | Year ended March 31 | | Year ended March 31 |
| | 2013 | 2012 | 2013 |
| **Operating activities :** | | | |
| Net income | ¥ **208,992** | ¥ 177,034 | $ **2,223,319** |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | **78,631** | 72,511 | **836,500** |
| Provision for doubtful accounts | **1,850** | 1,168 | **19,681** |
| Equity in earnings of affiliated companies, less dividends received | **(3,572)** | (26,547) | **(38,000)** |
| Gain on investment securities | **(28,935)** | (13,765) | **(307,819)** |
| Loss on property, plant and equipment | **28,620** | 7,737 | **304,468** |
| Deferred income taxes | **(9,259)** | 30,857 | **(98,500)** |
| Changes in operating assets and liabilities: | | | |
| Notes and accounts receivable | **(23,933)** | (149,462) | **(254,606)** |
| Inventories | **(16,192)** | (77,789) | **(172,255)** |
| Advance payments to suppliers and prepaid expenses and other assets | **(1,221)** | 49,657 | **(12,989)** |
| Prepaid pension cost | **44** | 358 | **468** |
| Notes, acceptances and accounts payable | **133,493** | 127,435 | **1,420,138** |
| Advance payments received from customers and accrued expenses and other liabilities | **(76,031)** | 531 | **(808,840)** |
| Accrued income taxes | **(4,936)** | 7,624 | **(52,511)** |
| Other | **8,183** | (34,750) | **87,052** |
| Net cash provided by operating activities | **295,734** | 172,599 | **3,146,106** |
| **Investing activities:** | | | |
| Net increase (decrease) in time deposits | **27,768** | (21,015) | **295,404** |
| Proceeds from sales of available-for-sale securities | **82,684** | 33,268 | **879,617** |
| Proceeds from redemptions of available-for-sale securities | **18** | 1,394 | **191** |
| Purchases of available-for-sale securities | **(55,699)** | (2,856) | **(592,543)** |
| Proceeds from sales of investments in affiliated companies | **3,122** | 5,334 | **33,213** |
| Acquisitions of investments in affiliated companies | **(137,497)** | (141,648) | **(1,462,734)** |
| Proceeds from sales of other investments | **34,369** | 26,926 | **365,628** |
| Acquisitions of other investments | **(31,001)** | (50,709) | **(329,798)** |
| Proceeds from sales of property, plant and equipment and property leased to others | **15,078** | 17,000 | **160,404** |
| Purchases of property, plant and equipment and property leased to others | **(138,183)** | (142,891) | **(1,470,032)** |
| Collection of loans receivable | **29,013** | 23,335 | **308,649** |
| Loans made to customers | **(40,550)** | (21,827) | **(431,382)** |
| Net cash used in investing activities | **(210,878)** | (273,689) | **(2,243,383)** |

## Marubeni Corporation and Subsidiaries
## Consolidated Statements of Cash Flows (continued)

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | Year ended March 31 | | Year ended March 31 |
| | **2013** | 2012 | **2013** |
| **Financing activities:** | | | |
| Net increase (decrease) in short-term loans | **¥ (31,024)** | ¥ 15,643 | **$ (330,043)** |
| Proceeds from long-term loans and bonds | **698,959** | 718,521 | **7,435,734** |
| Payments of long-term loans and bonds | **(486,787)** | (532,699) | **(5,178,585)** |
| Cash dividends paid | **(38,200)** | (28,654) | **(406,383)** |
| Purchase of treasury stock, net | **(99)** | (96) | **(1,053)** |
| Other | **(13,819)** | (802) | **(147,010)** |
| Net cash provided by financing activities | **129,030** | 171,913 | **1,372,660** |
| **Effect of exchange rate changes on cash and cash equivalents** | **28,277** | (9,514) | **300,819** |
| **Net increase in cash and cash equivalents** | **242,163** | 61,309 | **2,576,202** |
| **Cash and cash equivalents at beginning of year** | **677,312** | 616,003 | **7,205,447** |
| **Cash and cash equivalents at end of year** | **¥ 919,475** | ¥ 677,312 | **$ 9,781,649** |
| **Supplemental cash flow information:** | | | |
| Cash paid during the year for: | | | |
| Interest | **¥ 32,081** | ¥ 30,850 | **$ 341,287** |
| Income taxes | **60,339** | 43,282 | **641,904** |
| Non-cash investing activities: | | | |
| Exchange of assets: | | | |
| Fair value of assets received | **2,680** | 6,924 | **28,511** |
| Carrying value of assets surrendered | **1,235** | 6,924 | **13,138** |
| Contribution of securities to employee retirement benefit trusts | **15,319** | 4,036 | **162,968** |

See accompanying Notes to consolidated financial statements.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements**
**March 31, 2013**

## 1. Nature of Operations and Basis of Financial Statements

Marubeni Corporation (the "Company"), a Japanese corporation, and its consolidated subsidiaries engage in import and export trades of domestic and overseas products and commodities, including domestic and offshore trades in fields which cover extensive types of commodities such as agri-marine products, textile, forest products and general merchandise, paper and pulp, chemicals, energy, metals, machinery, finance, logistics, information industry, development and construction and others. In addition, the Company offers various services and engages in diversified business such as investments in domestic and foreign businesses, exploration of natural resources and others.

The Company maintains its books and records and prepares its financial statements in Japanese yen. The accompanying consolidated financial statements differ from the consolidated financial statements issued generally in Japan. In addition to the consolidation adjustments, they reflect certain adjustments not recorded in the Company's books, which in the opinion of management are appropriate to present the Company's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2013 is included solely for the convenience of readers outside of Japan and has been made at ¥94 to $1, the exchange rate prevailing on March 31, 2013. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

The Company will prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") from the fiscal year ended March 31, 2014 instead of U.S. GAAP. The date of transition to IFRSs has been designated as April 1, 2011.

## 2. Significant Accounting Policies

### Consolidation

The consolidated financial statements of the Company include the Company and the accounts of all majority owned domestic and foreign subsidiaries and variable interest entities ("VIEs"), of which the Company and/or its subsidiaries are the primary beneficiary (together, the "Companies").

Significant intercompany transactions and accounts among the Companies have been eliminated.

Certain subsidiaries have been included on the basis of a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31. During the intervening periods, one such subsidiary recognized impairment losses of ¥13,682 million—before tax ($165 million) on its portion of oil and gas properties as a result of the impairment indicators caused by the change of production plan

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

due to production impediment having occurred in its production facilities in January, 2013, its 1st quarter of the subsequent fiscal year.

**Investments in affiliated companies**

The Companies' investments in affiliated companies (investees owned 20% to 50% and other investees over which the Companies have the ability to exercise significant influence) are stated at cost, adjusted for equity in their undistributed earnings or accumulated losses since acquisition. Dividends received from the affiliated companies are deducted from the investments in the affiliated companies. No amortization is recorded for equity method goodwill which is the excess amount of the cost of investments in the affiliated companies. When declines in the value of investments in the affiliated companies are other than temporary, the investments are written down to fair value and impairment losses are recognized. Whether declines in the value of investments are other than temporary is determined by examining the length of time and the extent to which the market value has been less than cost as well as the recoverability based on projected business results.

**Use of estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates due to inherent uncertainty in nature. Significant estimates and assumptions reflected in the accompanying consolidated financial statements include allowance for doubtful accounts, valuation of investment securities, impairment of long-lived assets, impairment of goodwill and other intangible assets, realization of deferred tax assets, employees' retirement benefits and uncertain tax positions.

**Foreign currency translation**

Assets and liabilities included in financial statements of foreign subsidiaries and affiliated companies are translated into Japanese yen at the respective year-end rates. All income and expense accounts are translated at the average rates prevailing during the year. The resulting translation adjustments are included in accumulated other comprehensive income (loss). Foreign currency-denominated receivables and payables are translated into Japanese yen at the year-end rates with the resulting gains and losses recognized in earnings.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Cash equivalents**

The Companies include deposits in banks, certificates of deposit and securities purchased under resale agreements with an original maturity of 3 months or less in cash equivalents.

**Investments in debt and marketable equity securities**

The Companies determine the appropriate classification of investment securities as trading securities, held-to-maturity securities or available-for-sale securities at the date of purchase.

Debt securities are classified as held-to-maturity when the Companies have positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and interest on securities classified as held-to-maturity are included in interest income. When there are declines in the value of held-to-maturity securities that are judged to be other than temporary, if the Companies intend to sell the debt securities or it is more likely than not that they will be required to sell the securities before recovery of its amortized cost basis excluding credit losses, they are written down to fair value by recognizing impairment loss on investment securities. If the Companies do not intend to sell the debt securities and it is more likely than not that they will not be required to sell the securities before recovery of its amortized cost basis, declines in fair value of these investments that are judged to be other than temporary are classified as credit losses or other losses. The Companies recognize the credit losses in impairment loss on investment securities and the other losses with unrealized gains and losses, net of taxes, in accumulated other comprehensive income (loss).

Trading securities are held for resale in anticipation of short-term market movements and stated at fair value. Realized gains and losses on trading securities are calculated based on average cost and included in gain on sales of investment securities.

Marketable equity securities not classified as trading and debt securities not classified as trading or held-to-maturity are classified as available-for-sale securities and are carried at fair value, with the unrealized gains and losses, net of taxes, reported in accumulated other comprehensive income (loss). The amortized cost of debt securities in this category is adjusted for the amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Interest and dividends on investment securities classified as available-for-sale are included in interest income and dividend income, respectively. Realized gains and losses on available-for-sale securities are calculated based on the average cost and included in gain on sales of investment securities. If the declines in fair value of available-for-sale securities are judged to be other than temporary, debt securities are accounted for on the same basis as held-to-maturity securities, and marketable equity securities are written down to fair value with recognition of impairment losses.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Whether declines in the value of investments are other than temporary is comprehensively determined by examining the length of time and the extent to which the market value has been less than cost.

**Non-marketable equity securities**

Non-marketable equity securities are stated at cost. Declines in value judged to be other than temporary are written down to fair value by recognizing impairment loss on investment securities.

Whether declines in the value of investments are other than temporary is determined by examining the extent to which the value of net assets is less than cost and other factors.

**Inventories**

Inventories, which primarily consist of commodities, merchandise and real estate held for sale, are stated at the lower of cost (primarily specific or moving average cost) or market (generally replacement cost). Inventories included real estate held for sale of ¥62,375 million ($663,564 thousand) and ¥66,483 million at March 31, 2013 and 2012, respectively.

**Allowance for doubtful accounts**

In evaluating the credit risk relating to financing receivables, the Companies categorize them based on the potential exposures for credit ratings of debtors, geographical and other considerations. The allowance for credit losses for financing receivables is determined based on a historical bad debt ratio or an estimated collectable amount by the credit risk category. When a financing receivable is impaired, the allowance for credit losses is determined based on discounted cash flows using the financing receivable's initial effective interest rate, observable quoted prices or the fair value of the collateral for certain collateral dependent loans. When financing receivables are legally or contractually determined to be uncollectible, the financing receivables are offset against their respective allowances.

**Leases**

The Companies lease fixed assets under direct financing leases, sales-type leases and operating leases as lessors. Income from direct financing leases and sales-type leases are recognized by the amortization of unearned income over the lease term at a constant periodic rate of return on the net investment. Sales revenue on sales-type leases is recognized at the beginning of the lease term. Rental revenue on operating leases is recognized over the lease term on a straight-line basis.

The Companies lease fixed assets under operating leases and capital leases as lessees. For capital lease obligations, interest expense is recognized over the lease term at a constant periodic rate on the lease obligation. Accumulated depreciation of the leased assets is recognized over the lease term on a

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

straight-line basis or a declining-balance basis. Rental expense on operating leases is recognized over the lease term on a straight-line basis.

**Depreciation**

Depreciation of property, plant and equipment and property leased to others excluding mining rights is determined by the straight-line method or the declining-balance method based on the estimated useful lives of the respective assets (buildings and structures from 2 to 60 years, machinery and equipment from 2 to 45 years). Mining rights are primarily amortized by the straight-line method or the unit-of-production method based on the estimated useful lives of 9 to 30 years. Depreciation of property, plant and equipment (including property leased to others) is ¥70,925 million ($754,521 thousand) and ¥61,936 million for the years ended March 31, 2013 and 2012, respectively.

Intangible assets subject to amortization with useful lives are amortized by the straight-line method based on the estimated useful lives.

**Impairment of long-lived assets (property leased to others, property, plant and equipment and intangible assets)**

Property leased to others, property, plant and equipment and intangible assets subject to amortization that are held and used or to be disposed of other than by sale are evaluated for impairment and written down to fair value if the sum of their expected future cash flows is less than the carrying amount of the assets, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less cost to sell.

**Goodwill and other intangible assets**

The Companies do not amortize goodwill and intangible assets with indefinite useful lives. The Companies review them for impairment at least annually. The Companies test goodwill for impairment using the two-step process. The first step is a screen for recognizing an impairment loss at the reporting unit level, and the second step measures the amount of the impairment, if any.

**Business combinations**

The Companies use the acquisition method of accounting for all business combinations. The Companies separately recognize and present acquired intangible assets as goodwill or other intangible assets.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Asset retirement obligation**

The Companies recognize a liability for an asset retirement obligation of long-lived assets at fair value at the time that the obligation is incurred and capitalize the same amount of the liability. The liability is accreted to the present value each period over time and the capitalized costs is depreciated over the useful life of the related long-lived assets.

**Oil and gas producing activities**

Oil and gas exploration and development costs are accounted for the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the units-of-production method. Exploratory well costs are expensed if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred. Proved properties are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The proved properties are written down to fair value and impairment losses are recognized if the carrying value may not be recoverable. Unproved properties are assessed at least annually for impairment. Unproved properties are written down to fair value and the impairment losses are recognized whenever the carrying value may not be recoverable.

**Mining operations**

Mining exploration costs are expensed as incurred until the mining projects have been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using the straight-line method or the units-of-production method based on the proven and probable reserves. The stripping costs incurred during the production phase of the mines are accounted for as variable production costs included in the costs of the inventory produced during the period that the stripping costs are incurred.

**Employees' retirement benefits**

The Company and certain of its subsidiaries have pension plans or severance indemnities plans covering substantially all employees other than directors. The Company and certain of its subsidiaries measure the projected benefit obligation and pension cost based on an actuarial valuation and the fair value of plan assets. The funded status, which is the net of the fair value of plan assets and projected benefit obligation are measured at the date of the fiscal year-end and recognized in the consolidated balance sheets.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Revenue recognition and the total volume of trading transactions**

The trading transactions undertaken by the Companies take many forms and consist of those in which the Companies act as a principal and those in which the Companies act as an agent. In agency transactions, payment for goods is made directly by the purchaser to the supplier. The Companies receive commissions from the purchaser and/or the supplier.

The Companies derive revenues from sales of goods, performance of services and commissions on trading transactions. Although the Companies legally act as a principal, when the Companies are not the primary obligor and do not have general inventory risk, the Companies generally present the transactions net. The presentation may change according to changes in form or substance of transactions.

The total volume of trading transactions, which is voluntarily disclosed in the statements of income, includes the sales value of all transactions in which the Companies participate, regardless of the form of such transaction, based on similar practices of Japanese trading companies. This information is not required by accounting principles generally accepted in the United States.

The Companies' revenues and commissions are recognized when they are realized or realizable and earned. Revenues and commissions are realized or realizable and earned when the Companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customers, the sales price is fixed or determinable and collection is reasonably assured.

Sales of goods and other: In acting as a principal, revenues from the sales of goods are recognized when the delivery conditions are met. These conditions are considered to have been met when the goods are received by the customers or the title is transferred to the customer. In addition, revenues are recognized when the inspection testing is fully completed and any future obligations become inconsequential or perfunctory and do not affect each customer's final acceptance.

Performance of services: Commissions are recognized when the contracted services to the third-party customers are completed. In acting as an agent, the Companies recognize commissions when contracted services are fully rendered to the customers.

Construction arrangements: Revenues from construction projects are accounted for by the completed-contract-method unless revenues and costs to complete and extent of progress toward completion of construction are reasonably estimable, in which case the Companies use the percentage-of-completion method. The measurement of the percentage to completion of construction is primarily based on the cost-to-cost method. Losses on construction contracts are recognized in the period when the losses become probable.

Shipping and handling costs are included in cost of revenues from trading and other activities.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Consumption taxes**

Revenues, cost and expenses in the consolidated statements of income do not include consumption taxes.

**Other—net**

Other—net includes gains and losses incurred in liquidating subsidiaries and affiliated companies, such amounts were ¥29 million ($309 thousand) of gains and ¥191 million of losses for the years ended March 31, 2013 and 2012, respectively.

The aggregated amounts of gains and losses on sales of loans, included in other—net were ¥141 million ($1,500 thousand) of losses and ¥238 million of gains for the years ended March 31, 2013 and 2012, respectively.

**Derivative instruments and hedging activities**

The Companies recognize all derivative instruments at fair value as an asset or liability. Accounting for changes in the fair value of derivatives is determined by whether the derivatives are eligible for a hedging instrument or not, and the purpose of holding and the designation of the hedge. Changes in the fair value of derivatives that are not designated as a hedging instruments are recognized in earnings. Depending on the purpose of the hedges, the derivatives are designated as a hedging instrument of fair value hedge, cash flow hedge or hedge of net investments in foreign operations.

Changes in the fair value of derivatives held and designated as a hedging instrument of fair value hedge are offset against the changes in the fair value of the hedged assets, liabilities, or firm commitments and are recognized in earnings. The Companies use derivatives for hedging the volatility in the fair value of commodities or firm commitments and the volatility in the fair value of assets and liabilities with a fixed interest rate.

Changes in the fair value of derivatives held for hedging risks in the cash flow of the hedged items are recognized in accumulated other comprehensive income (loss) until the changes in the fair value of the hedging items are recognized in earnings. The ineffective portion of the change in the fair value of the hedging instrument is immediately recognized in earnings. The Companies use derivatives for hedging changes in future cash flow from changes in market price risk and foreign currency risk in forecast purchase and sales of commodities and other, and changes in future cash flow from change in interest rates in assets and liabilities with a floating interest rate.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

For derivative and non-derivative financial instruments designated as a hedging instrument for foreign currency exposure of a net investment in foreign operations, gains or losses from changes in the fair value and the exchange rate are recognized in other comprehensive income (loss) as part of the currency translation adjustment to the extent the hedges are effective. Gains and losses related to the hedge ineffective portion and related to the portion of hedging instruments excluded from the assessment of hedge effectiveness are included in other—net on the consolidated statements of income.

**Offsetting of amounts related to certain contracts**

The Companies offset the fair value of derivatives contracted with the same partner in master netting agreements and the fair value of receivables recognized for the right to receive a return of cash collateral or a liability recognized for the obligation to return cash collateral against net derivative positions in master netting agreements. The amount of derivative liabilities offset was not material at March 31, 2013. The amount of derivative liabilities offset was ¥1,568 million at March 31, 2012.

**Fair value measurement**

The Companies measure certain assets and liabilities at fair value. The inputs used in fair value measures are categorized into three levels based upon the observability of inputs in markets.

**Guarantees**

The Companies recognize a liability for the fair value of the obligation undertaken at the inception of a guarantee.

**Income taxes**

Deferred tax assets and liabilities are recognized based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized. For the years ended March 31, 2013, adjustment of the beginning-of-the-year balance of the valuation allowances attributable to continuing operations was ¥19,384 million ($206,213 thousand) (income), which was due mainly to a result of a review of future realizable value for the deferred tax assets previously recorded. For the years ended March 31, 2012, adjustment of the beginning-of-the-year balance of the valuation allowances attributable to continuing operations was not significant.

The Companies recognize the financial statement effects of tax positions when it is more likely than not, based on technical interpretations, that the tax positions will be sustained upon examination by the

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

tax authorities. Benefits from the tax positions that are more likely than not are measured at the largest amount of benefit to be realized upon settlement.

Interest and penalties accrued related to unrecognized tax benefits are included in other—net.

### Accounting for noncontrolling interests

Changes in the Companies' ownership interest that do not result in a loss of control are accounted for as equity transactions of the consolidated entity. If the Companies lose control, the Companies recognize gains or losses from changes in the Companies' ownership interests in net income. Noncontrolling interests are remeasured at fair value and included in gain on sales of investment securities.

### Reclassification

Certain reclassifications and format changes have been made to the prior year amounts to conform to the current year presentation.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

### 3. Acquisitions

There were no significant acquisitions for the year ended March 31, 2013.

After the reporting period but before the financial statements are issued, the following acquisition occurred.

On June 19, 2013, the Company acquired 89.5% of shares of NEC Mobiling, Ltd. ("NM"), a listed company of the Tokyo Stock Exchange, Inc. 1st Section for ¥71,637 million ($762,095 thousand) in cash.

NM conducts the following businesses:

・Distributor for mobile network operators (Operation of shops)
・Sales of mobile phones and related merchandise
・Diagnostics, repair & maintenance services for mobile phones
・Sales of mobile phones and solutions (from consultation on implementing mobile phones to operational support)for corporate uses.

The Company intends to acquire the remaining shares until September 2013.
Through this acquisition, the Company aims to establish various coordination and synergies between NM and the Company Group, especially with Marubeni Telecom Co., Ltd., by sharing its experiences and knowledge about shop management and business strategies of the mobile industry.
After the acquisition, the Company aims to seek substantial benefits through its management integration by concentrating and sharing its respective economic resources of NM and Marubeni Telecom Co., Ltd., and creating competitive values especially on the areas of shop management and business for corporate clients.

Further information related to the accounting for this business combination, such as the acquisition date fair value for assets acquired and liabilities assumed, including goodwill has not been disclosed because the initial accounting for this acquisition, including determination of the acquisition date fair value of the assets acquired and the liabilities assumed has not been completed as of the issuance date of the consolidated financial statements.

For the year ended March 31, 2012, there was one significant acquisition:

On January 11, 2011, the Companies entered into the definitive agreement with Abu Dhabi National Energy Company PJSC (“TAQA”) to purchase TAQA’s shares of Marubeni TAQA Caribbean, Ltd.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

("MTC"), which was formerly 50% owned by the Companies and TAQA, respectively. The cash payment of $200,000 thousand was completed on January 12, 2011. MTC was renamed as MaruEnergy Caribbean, Ltd. ("MCL"), after this additional acquisition.

MCL owns the controlling interest in vertically integrated power companies in Jamaica and equity interests in IPP in Trinidad and Tobago. Total net generating capacity of MCL is 1,030 megawatts. MCL owns:

- 80.0% equity interest in Jamaica Public Service Company Limited. ("JPS");
- 39.0% equity interest in the Power Generation Company of Trinidad and Tobago Limited;

Building up its overseas power project business is one of the Company's core strategies and the Company aims to strengthen its asset portfolio through new investments, acquisitions, and replacement of assets.

The financials of MCL subsequent to the date of acquisition were included in the Company's consolidated financial statements for the year ended March 31, 2012.

The fair values of assets acquired and liabilities assumed at the date of acquisition were as follows:

| | *Millions of yen* |
|---|---|
| Current Assets | ¥ 34,532 |
| Non-current Assets | 85,858 |
| Total Assets | ¥ 120,390 |
| | |
| Current Liabilities | ¥ 16,392 |
| Non-current Liabilities | 65,413 |
| Total Liabilities | ¥ 81,805 |
| | |
| Total Marubeni shareholder's equity | ¥ 32,596 |
| Noncontrolling interest | 5,989 |
| Total Equity | ¥ 38,585 |

Upon remeasuring its previously held equity interests of MTC at the acquisition-date fair value, the Company recognized ¥2,583 million of gains for the year ended March 31, 2012. Gains recognized by this accounting treatment were included in gain on sales of investment securities. Valuation techniques of fair value measurement are based on various factors, including the purchase price of the securities and discounted cash flow method that uses future expected cash flows generated from the investees.

The acquisition costs related to this acquisition was immaterial.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Pro-forma information related to this acquisition was not disclosed because the impact on the consolidated financial statements was not significant.

40.0% equity interest in JPS was subsequently sold for the year ended March 31, 2012. As a result, JPS became a 40% owned affiliated company of MCL.

## 4. Debt Securities and Marketable Equity Securities

The following is a summary of available-for-sale securities at March 31, 2013 and 2012. There were no held-to-maturity securities at March 31, 2013 and 2012.

*Millions of yen*

| | Available-for-sale securities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | | | 2012 | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Current: | | | | | | | | |
| Debt securities | ¥ 987 | ¥ 5 | ¥ – | ¥ 992 | ¥ – | ¥ – | ¥ – | ¥ – |
| Non-current: | | | | | | | | |
| Debt securities | ¥ 15,829 | ¥ 40 | ¥ – | ¥ 15,869 | ¥ 23,734 | ¥ 480 | ¥ (122) | ¥ 24,092 |
| Marketable equity securities | 109,219 | 17,839 | (1,876) | 125,182 | 119,524 | 34,525 | (6,821) | 147,228 |
| Total | ¥ 125,048 | ¥ 17,879 | ¥ (1,876) | ¥ 141,051 | ¥ 143,258 | ¥ 35,005 | ¥ (6,943) | ¥ 171,320 |

*Thousands of U.S. dollars*

| | Available-for-sale securities | | | |
|---|---|---|---|---|
| | 2013 | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Current: | | | | |
| Debt securities | $ 10,500 | $ 53 | $ – | $ 10,553 |
| Non-current: | | | | |
| Debt securities | $ 168,394 | $ 425 | $ – | $ 168,819 |
| Marketable equity securities | 1,161,904 | 189,777 | (19,957) | 1,331,724 |
| Total | $ 1,330,298 | $ 190,202 | $ (19,957) | $ 1,500,543 |

Debt securities mainly consisted of corporate bonds.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The fair value and gross unrealized holding losses on available-for-sale aggregated by investment category and length of time that such securities have been in continuous unrealized loss positions, at March 31, 2013 and 2012, were as follows:

| | *Millions of yen* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2013** | | | | **2012** | | | |
| | **Less than 12 months** | | **12 months or longer** | | **Less than 12 months** | | **12 months or longer** | |
| | **Fair value** | **Unrealized losses** | **Fair value** | **Unrealized losses** | **Fair value** | **Unrealized losses** | **Fair value** | **Unrealized losses** |
| Available-for-sale: | | | | | | | | |
| Debt securities | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1,367 | ¥ (122) | ¥ — | ¥ — |
| Marketable equity securities | **25,717** | **(1,876)** | — | — | 35,570 | (6,821) | — | — |
| Total | ¥ **25,717** | ¥ **(1,876)** | ¥ — | ¥ — | ¥ 36,937 | ¥ (6,943) | ¥ — | ¥ — |

| | *Thousands of U.S.dollars* | | | |
|---|---|---|---|---|
| | **2013** | | | |
| | **Less than 12 months** | | **12 months or longer** | |
| | **Fair value** | **Unrealized losses** | **Fair value** | **Unrealized losses** |
| Available-for-sale: | | | | |
| Debt securities | $ — | $ — | $ — | $ — |
| Marketable equity securities | **273,585** | **(19,957)** | — | — |
| Total | $ **273,585** | $ **(19,957)** | $ — | $ — |

The investments in available-for-sale securities with unrealized losses primarily consisted of marketable equity securities of 40 issues and 60 issues as of March 31, 2013 and 2012, respectively. The unrealized losses on these securities were mainly due to what management believes is a temporary decline in the stock market. The severity of the decline in fair value less than cost was 0% to 42% and the duration of the impairment was less than 12 months. Based on the evaluation and the Companies' ability and intent to hold these securities for a reasonable period of time sufficient for a recovery of fair value, the Companies did not consider the declines in fair value of these investments to be other-than-temporary and accordingly these investments were not impaired at March 31, 2013.

In addition to the securities listed above, the Companies held trading securities of ¥2,438 million, at fair value, as of March 31, 2012. The net unrealized holding gains or losses on trading securities were nil for the year ended March 31, 2012. The Companies did not hold trading securities at March 31, 2013.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The proceeds from sales of available-for-sale securities amounted to ¥82,684 million ($879,617 thousand) and ¥33,268 million for the years ended March 31, 2013 and 2012, respectively. Gross realized gains on sales of available-for-sale securities totaled ¥28,884 million ($307,277 thousand) and ¥10,138 million, and gross realized losses totaled ¥2 million ($21 thousand) and ¥102 million for the years ended March 31, 2013 and 2012, respectively.

The Companies contributed certain available-for-sale securities to their employees retirement benefit trust for the years ended March 31, 2013 and 2012, respectively. The fair value at the contribution of these securities were ¥15,319 million ($162,968 thousand) and ¥4,036 million. The gross realized gain on the contribution were ¥6,041 million ($64,266 thousand) and ¥3,007 million, which are included in other—net in the consolidated statements of income, for the years ended March 31, 2013 and 2012, respectively.

The Companies wrote down to fair value certain marketable investment securities whose declines in value were considered to be other than temporary. These write-downs amounted to ¥9,126 million ($97,085 thousand) and ¥8,899 million for the years ended March 31, 2013 and 2012, respectively.

The amortized cost and estimated fair value of debt and marketable equity securities at March 31, 2013 and 2012 were summarized by contractual maturity below. Expected maturities may differ from contractual maturities because the issuers of certain securities have the right to prepay obligations without penalties.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | Available-for-sale Securities | | | |
|---|---|---|---|---|
| | *Millions of yen* | | *Millions of yen* | |
| | 2013 | | 2012 | |
| | Cost | Fair value | Cost | Fair value |
| Due in one year or less | ¥ 987 | ¥ 992 | ¥ — | ¥ — |
| Due after one year through five years | 10,093 | 10,093 | 18,021 | 18,403 |
| Due after five years through ten years | 245 | 260 | 224 | 232 |
| Due after ten years | 5,491 | 5,516 | 5,489 | 5,457 |
| Total debt securities | 16,816 | 16,861 | 23,734 | 24,092 |
| Marketable equity securities | 109,219 | 125,182 | 119,524 | 147,228 |
| Total | ¥ 126,035 | ¥ 142,043 | ¥ 143,258 | ¥ 171,320 |

| | *Thousands of U.S. dollars* | |
|---|---|---|
| | 2013 | |
| | Cost | Fair value |
| Due in one year or less | $ 10,500 | $ 10,553 |
| Due after one year through five years | 107,372 | 107,372 |
| Due after five years through ten years | 2,607 | 2,766 |
| Due after ten years | 58,415 | 58,681 |
| Total debt securities | 178,894 | 179,372 |
| Marketable equity securities | 1,161,904 | 1,331,724 |
| Total | $ 1,340,798 | $ 1,511,096 |

## 5. Affiliated Companies

Investments in and amounts due from affiliated companies at March 31, 2013 and 2012 consisted of the following:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Investments in equity securities | ¥ 1,190,102 | ¥ 930,655 | $ 12,660,660 |
| Long-term receivables | 60,020 | 48,216 | 638,510 |
| Total | ¥ 1,250,122 | ¥ 978,871 | $ 13,299,170 |

Summarized financial information of affiliated companies at March 31, 2013 and 2012 and for the years ended March 31, 2013 and 2012, were as follows:

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Current assets | ¥ **2,752,390** | ¥ 2,440,400 | $ **29,280,745** |
| Other assets | **5,363,353** | 4,094,089 | **57,056,946** |
| Total assets | ¥ **8,115,743** | ¥ 6,534,489 | $ **86,337,691** |
| Current liabilities | ¥ **2,256,837** | ¥ 1,831,062 | $ **24,008,904** |
| Other liabilities | **3,078,674** | 2,562,216 | **32,751,851** |
| Equity accounts | **2,780,232** | 2,141,211 | **29,576,936** |
| Total liabilities and equity | ¥ **8,115,743** | ¥ 6,534,489 | $ **86,337,691** |

| | 2013 | 2012 | 2013 |
|---|---|---|---|
| Total volume of trading transactions | ¥ **6,401,561** | ¥ 6,031,041 | $ **68,101,713** |
| Net income attributable to shareholders of affiliated companies | **270,237** | 254,203 | **2,874,862** |

The Companies' transactions with affiliated companies for the years ended March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Total volume of trading transactions | ¥ **279,193** | ¥ 274,452 | $ **2,970,138** |
| Purchase transactions | **152,391** | 139,731 | **1,621,181** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The Company's significant investments in affiliated companies, which are accounted for using the equity method are Marubeni-Itochu Steel Inc. (50.00% owned), Tobu Store Co.,Ltd. (31.23% owned) , The Maruetsu, Inc. (29.71% owned), Katakura Chikkarin Co.,Ltd. (25.57% owned), TeaM Energy Corporation (50.00% owned) and Lion Power (2008) Pte. Ltd. (42.86% owned).

The balance of the difference between the cost of investment in the affiliated companies and the Companies' equity in the net assets at the dates of acquisitions amounted to ¥297,687 million ($3,166,883 thousand) and ¥220,867 million at March 31, 2013 and 2012, respectively. The excess consisted of fair value adjustments on assets and liabilities of the affiliated companies at the time of acquisition and equity method goodwill.

Certain investments in the common stock of the affiliated companies are marketable equity securities, which had carrying values of ¥60,374 million ($642,277 thousand) and ¥60,869 million at March 31, 2013 and 2012, with corresponding aggregate quoted market values of ¥42,867 million ($456,032 thousand) and ¥40,123 million, respectively.

Note: The presentation of total volume of trading transactions is based on similar practice of Japanese trading companies.

## 6. Financing Receivables and Allowance for Credit Losses

The Companies classify financing receivables into normal receivables, doubtful receivables and failed receivables on the basis of the credit risk associated with its obligors. Normal receivables are those financing receivables whose obligors are without significant problems in its financial position or its operations. Doubtful receivables are those financing receivables whose obligors are in financing difficulty for payment or are suspected of being so. Failed receivables are those financing receivables whose obligors are in legal bankruptcy, liquidation, rehabilitation and/or in-substance bankruptcy. The allowance for credit losses for normal receivables are determined collectively, and those for doubtful receivables and failed receivables are determined individually based on an estimated collectable amount. The Companies periodically monitor the financing receivables and update them whenever obligors' credit risk are changed.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The recorded investments in financing receivables and the balance in the allowance for credit losses classified by the credit quality indicator at March 31, 2013 and 2012 were as follows:

| | *Millions of yen* 2013 | |
|---|---|---|
| | **The recorded investment in financing receivables** | **The balance in the allowance for credit losses** |
| Normal receivables | **¥ 163,212** | **¥ 1,158** |
| Doubtful receivables | **7,611** | **7,032** |
| Failed receivables | **11,631** | **9,682** |
| Total | **¥ 182,454** | **¥ 17,872** |

| | *Millions of yen* 2012 | |
|---|---|---|
| | **The recorded investment in financing receivables** | **The balance in the allowance for credit losses** |
| Normal receivables | ¥ 145,171 | ¥ 1,066 |
| Doubtful receivables | 8,330 | 7,691 |
| Failed receivables | 20,970 | 18,892 |
| Total | ¥ 174,471 | ¥ 27,649 |

| | *Thousands of U.S. dollars* 2013 | |
|---|---|---|
| | **The recorded investment in financing receivables** | **The balance in the allowance for credit losses** |
| Normal receivables | **$ 1,736,298** | **$ 12,319** |
| Doubtful receivables | **80,968** | **74,809** |
| Failed receivables | **123,734** | **103,000** |
| Total | **$ 1,941,000** | **$ 190,128** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The activities in the allowance for credit losses for financing receivables for the years ended March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | |
|---|---|---|
| | | **2013** |
| Balance at beginning of year | **¥** | **27,649** |
| Provision | | **1,010** |
| Charge-offs | | **(10,760)** |
| Other | | **(27)** |
| Balance at end of the year | **¥** | **17,872** |

| | *Millions of yen* | |
|---|---|---|
| | | **2012** |
| Balance at beginning of year | ¥ | 39,117 |
| Provision | | 1,095 |
| Charge-offs | | (11,271) |
| Other | | (1,292) |
| Balance at end of the period | ¥ | 27,649 |

| | *Thousands of U.S. dollars* | |
|---|---|---|
| | | **2013** |
| Balance at beginning of year | **$** | **294,138** |
| Provision | | **10,745** |
| Charge-offs | | **(114,468)** |
| Other | | **(286)** |
| Balance at end of the year | **$** | **190,128** |

The Companies do not record the accrual of interest when financing receivables are past due for a period of 180 days or more. The accrual of interest is resumed when an agreement for the rescheduling of payments is made and the receipt of interest is probable. Financing receivables 90 days past due are noted as delinquent and collectability monitoring policies are tightened. The recorded investments in financing receivables past due 90 days or more were ¥18,684 million ($198,766 thousand) and ¥27,518 million at March 31, 2013 and 2012, respectively. The recorded investments in financing receivables past due 90 days or more and still accruing interest were not significant at March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The Companies evaluate loans subject to doubtful receivables or failed receivables as impairment when it is probable that the Companies will be unable to collect all amounts due according to the contractual terms of the loan agreement. At March 31, 2013 and 2012, the recorded investments in loans that were considered to be impaired were ¥19,242 million ($204,702 thousand) and ¥29,300 million, and the allowance for credit losses related to those loans were ¥16,714 million ($177,809 thousand) and ¥26,583 million, respectively. The recorded investments in the impaired loans, net of the allowance for credit losses, are either secured by collateral or considered collectible based upon various analyses. The average recorded investments in impaired loans were ¥24,271 million ($258,202 thousand) and ¥34,834 million for the years ended March 31, 2013 and 2012, respectively. The differences between recorded investments and unpaid principal balances in impaired loans were not significant at March 31, 2013 and 2012. The Companies generally do not accrue for interest on those loans, and recognize interest income on a cash basis. Recognized interest income on those loans was ¥14 million ($149 thousand) and ¥44 million for the years ended March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 7. Long-Lived Assets

The gross carrying amounts and accumulated amortization of intangible assets as of March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | | |
|---|---|---|---|---|
| | **2013** | | **2012** | |
| | **Gross carrying amount** | **Accumulated amortization** | **Gross carrying amount** | **Accumulated amortization** |
| Intangible assets subject to amortization: | | | | |
| Licenses and operating rights in natural resources | ¥ **53,653** | ¥ **(13,777)** | ¥ 56,415 | ¥ (12,003) |
| Sales licenses and customer relationships | **41,337** | **(15,155)** | 27,123 | (10,557) |
| Software | **25,495** | **(15,758)** | 22,748 | (14,537) |
| Other | **4,298** | **(2,125)** | 3,541 | (2,092) |
| Intangible assets not subject to amortization: | | | | |
| Land lease rights | **2,198** | **—** | 2,196 | — |
| Trademarks | **2,239** | **—** | 1,330 | — |
| Other | **21,553** | **—** | 11,651 | — |
| Total | ¥ **150,773** | ¥ **(46,815)** | ¥ 125,004 | ¥ (39,189) |

| | *Thousands of U.S. dollars* | |
|---|---|---|
| | **2013** | |
| | **Gross carrying amount** | **Accumulated amortization** |
| Intangible assets subject to amortization: | | |
| Licenses and operating rights in natural resources | $ **570,777** | $ **(146,564)** |
| Sales licenses and customer relationships | **439,755** | **(161,224)** |
| Software | **271,223** | **(167,638)** |
| Other | **45,724** | **(22,606)** |
| Intangible assets not subject to amortization: | | |
| Land lease rights | **23,383** | **—** |
| Trademarks | **23,819** | **—** |
| Other | **229,287** | **—** |
| Total | $ **1,603,968** | $ **(498,032)** |

Intangible assets subject to amortization acquired during the year ended March 31, 2013 totaled ¥13,621 million ($144,904 thousand) and consisted primarily of sales licenses and customer relationships of ¥8,973 million ($95,457 thousand) and software of ¥4,646 million ($49,426 thousand). The weighted-average amortization periods of sales licenses and customer relationships and software acquired during the year ended March 31, 2013 were 11 years (straight-line method) and 5 years (straight-line method), respectively. Intangible assets not subject to amortization acquired during the year ended March 31, 2013 totaled ¥9,553 million ($101,628 thousand) .

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Intangible assets subject to amortization acquired during the year ended March 31, 2012 totaled ¥5,108 million and consisted primarily of sales licenses and customer relationships of ¥2,056 million and software of ¥2,963 million. The weighted-average amortization periods of sales licenses and customer relationships and software acquired during the year ended March 31, 2012 were 14 years (straight-line method) and 5 years (straight-line method), respectively. Intangible assets not subject to amortization acquired during the year ended March 31, 2012 totaled ¥3,853 million.

The amortization expense for intangible assets was ¥8,750 million ($93,085 thousand) and ¥8,467 million for the years ended March 31, 2013 and 2012, respectively. The future amortization expense for the next 5 years was estimated as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 8,318 | $ 88,489 |
| 2015 | 7,815 | 83,138 |
| 2016 | 6,244 | 66,426 |
| 2017 | 5,231 | 55,649 |
| 2018 | 4,236 | 45,064 |

## Marubeni Corporation and Subsidiaries
## Notes to Consolidated Financial Statements (continued)

The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2013 and 2012 were as follows:

*Millions of yen*

| | Food | | Lifestyle | | Forest Products | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2011 | ¥ 10,164 | ¥ — | ¥ 1,748 | ¥ — | ¥ 2,067 | ¥ (2,067) |
| Goodwill acquired during the year | 5,655 | — | — | — | — | — |
| Impairment losses | — | — | — | — | — | — |
| Disposal, effect of exchange rate and other | 14 | — | — | — | — | — |
| Balance at April 1, 2012 | **15,833** | **—** | **1,748** | **—** | **2,067** | **(2,067)** |
| Goodwill acquired during the year | **1,640** | **—** | **977** | **—** | **—** | **—** |
| Impairment losses | **—** | **—** | **—** | **—** | **—** | **—** |
| Disposal, effect of exchange rate and other | **(1,778)** | **—** | **—** | **—** | **—** | **—** |
| Balance at March 31, 2013 | **¥ 15,695** | **¥ —** | **¥ 2,725** | **¥ —** | **¥ 2,067** | **¥ (2,067)** |

*Millions of yen*

| | Chemicals | | Transportation Machinery | | Power Project & Infrastructure | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2011 | ¥ 726 | ¥ — | ¥ 6,287 | ¥ — | ¥ 2,883 | ¥ — |
| Goodwill acquired during the year | — | — | 1,685 | — | 6,314 | — |
| Impairment losses | — | — | — | — | — | — |
| Disposal, effect of exchange rate and other | (39) | — | (292) | — | (6,351) | — |
| Balance at April 1, 2012 | **687** | **—** | **7,680** | **—** | **2,846** | **—** |
| Goodwill acquired during the year | **—** | **—** | **1,496** | **—** | **—** | **—** |
| Impairment losses | **—** | **—** | **—** | **(800)** | **—** | **—** |
| Disposal, effect of exchange rate and other | **114** | **—** | **1,173** | **(69)** | **88** | **—** |
| Balance at March 31, 2013 | **¥ 801** | **¥ —** | **¥ 10,349** | **¥ (869)** | **¥ 2,934** | **¥ —** |

*Millions of yen*

| | Plant & Industrial Machinery | | Finance, Logistics & IT Business | | Overseas corporate subsidiaries and branches | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2011 | ¥ 2,995 | ¥ — | ¥ 9,134 | ¥ — | ¥ 8,017 | ¥ (691) |
| Goodwill acquired during the year | — | — | — | — | — | — |
| Impairment losses | — | — | — | — | — | (1,452) |
| Disposal, effect of exchange rate and other | (136) | — | — | — | (376) | 69 |
| Balance at April 1, 2012 | **2,859** | **—** | **9,134** | **—** | **7,641** | **(2,074)** |
| Goodwill acquired during the year | **—** | **—** | **—** | **—** | **100** | **—** |
| Impairment losses | **—** | **—** | **—** | **—** | **—** | **—** |
| Disposal, effect of exchange rate and other | **589** | **—** | **—** | **—** | **66** | **257** |
| Balance at March 31, 2013 | **¥ 3,448** | **¥ —** | **¥ 9,134** | **¥ —** | **¥ 7,807** | **¥ (1,817)** |

*Millions of yen*

| | Corporate and Elimination | | Total | |
|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2011 | ¥ 527 | ¥ — | ¥ 44,548 | ¥ (2,758) |
| Goodwill acquired during the year | — | — | 13,654 | — |
| Impairment losses | — | — | — | (1,452) |
| Disposal, effect of exchange rate and other | — | — | (7,180) | 69 |
| Balance at April 1, 2012 | **527** | **—** | **51,022** | **(4,141)** |
| Goodwill acquired during the year | **—** | **—** | **4,213** | **—** |
| Impairment losses | **—** | **—** | **—** | **(800)** |
| Disposal, effect of exchange rate and other | **—** | **—** | **252** | **188** |
| Balance at March 31, 2013 | **¥ 527** | **¥ —** | **¥ 55,487** | **¥ (4,753)** |

# Marubeni Corporation and Subsidiaries
## Notes to Consolidated Financial Statements (continued)

*Thousands of U.S. dollars*

| | Food | | Lifestyle | | Forest Products | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2012 | $ 168,436 | $ — | $ 18,596 | $ — | $ 21,989 | $ (21,989) |
| Goodwill acquired during the year | 17,447 | — | 10,393 | — | — | — |
| Impairment losses | — | — | — | — | — | — |
| Disposal, effect of exchange rate and other | (18,915) | — | — | — | — | — |
| Balance at March 31, 2013 | $ 166,968 | $ — | $ 28,989 | $ — | $ 21,989 | $ (21,989) |

*Thousands of U.S. dollars*

| | Chemicals | | Transportation Machinery | | Power Project & Infrastructure | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2012 | $ 7,308 | $ — | $ 81,702 | $ — | $ 30,277 | $ — |
| Goodwill acquired during the year | — | — | 15,915 | — | — | — |
| Impairment losses | — | — | — | (8,511) | — | — |
| Disposal, effect of exchange rate and other | 1,213 | — | 12,479 | (734) | 936 | — |
| Balance at March 31, 2013 | $ 8,521 | $ — | $ 110,096 | $ (9,245) | $ 31,213 | $ — |

*Thousands of U.S. dollars*

| | Plant & Industrial Machinery | | Finance, Logistics & IT Business | | Overseas corporate subsidiaries and branches | |
|---|---|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2012 | $ 30,415 | $ — | $ 97,170 | $ — | $ 81,287 | $ (22,064) |
| Goodwill acquired during the year | — | — | — | — | 1,064 | — |
| Impairment losses | — | — | — | — | — | — |
| Disposal, effect of exchange rate and other | 6,266 | — | — | — | 702 | 2,734 |
| Balance at March 31, 2013 | $ 36,681 | $ — | $ 97,170 | $ — | $ 83,053 | $ (19,330) |

*Thousands of U.S. dollars*

| | Corporate and Elimination | | Total | |
|---|---|---|---|---|
| | Gross goodwill | Accumulated impairment losses | Gross goodwill | Accumulated impairment losses |
| Balance at April 1, 2012 | $ 5,607 | $ — | $ 542,787 | $ (44,053) |
| Goodwill acquired during the year | — | — | 44,819 | — |
| Impairment losses | — | — | — | (8,511) |
| Disposal, effect of exchange rate and other | — | — | 2,681 | 2,000 |
| Balance at March 31, 2013 | $ 5,607 | $ — | $ 590,287 | $ (50,564) |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

As a result of decreases in the estimated future cash flows due to the worsened business conditions and changes in management strategies, the Companies recognized impairment losses on goodwill of ¥800 million ($8,511 thousand) and ¥1,452 million, which were included in loss on property, plant and equipment in the consolidated statements of income, for the years ended March 31, 2013 and 2012, respectively. The fair value of the reporting unit was estimated using the expected present value of future cash flows.

Due to decreases in expected future cash flows, the Company and certain of its subsidiaries recognized impairment losses primarily on their properties, facility, real estate and plant, based on their fair values, in the total amounts of ¥28,632 million ($304,596 thousand) and ¥7,428 million, which were included in loss on property, plant and equipment in the consolidated statements of income, for the years ended March 31, 2013 and 2012, respectively. The fair value was primarily estimated using the discounted cash flow method or third-party appraisals. The segments affected by the impairment losses were primarily Energy of ¥27,677 million ($294,436 thousand) and ¥5,768 million for the years ended March 31, 2013 and 2012, respectively. The impairment losses for the year ended March 31, 2013 primarily resulted from company's determination to sell off the Niobrara oil and gas properties held by a North American subsidiary.

## 8. Asset Retirement Obligations

The Company and certain of its subsidiaries recognize asset retirement obligations. The asset retirement obligations are primarily related to the costs of dismantlement and removal of oil and gas production facilities owned by subsidiaries engaged in oil and gas producing activities. These liabilities are included in long-term debt, less current portion and accrued expenses and other current liabilities on the consolidated balance sheets.

The changes in asset retirement obligations for the years ended March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Balance at beginning of year | **¥ 30,283** | ¥ 25,377 | **$ 322,160** |
| Liabilities incurred | **378** | 7,270 | **4,021** |
| Liabilities settled | **(1,375)** | (1,813) | **(14,628)** |
| Accretion expense | **1,411** | 1,404 | **15,011** |
| Revisions to cost estimate | **15,545** | (759) | **165,372** |
| Other | **5,730** | (1,196) | **60,958** |
| Balance at end of year | **¥ 51,972** | ¥ 30,283 | **$ 552,894** |

Note: "Other" includes foreign exchange rate changes.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 9. Pledged Assets

The assets pledged as collateral for the Companies' obligations at March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Cash and cash equivalents, time deposits | ¥ **16,109** | ¥ 6,868 | $ **171,372** |
| Notes, loans and accounts receivable–trade (current and non-current) | **6,396** | 8,566 | **68,042** |
| Inventories | **12,194** | 8,230 | **129,723** |
| Securities and other investments and investments in affiliated companies | **292,576** | 292,770 | **3,112,511** |
| Property, plant and equipment, and property leased to others, net of accumulated depreciation | **106,215** | 107,940 | **1,129,947** |
| Other | **36,282** | 4,547 | **385,979** |
| Total | ¥ **469,772** | ¥ 428,921 | $ **4,997,574** |

The obligations secured by such collateral were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Short-term loans | ¥ **44,483** | ¥ 12,217 | $ **473,223** |
| Accounts payable | **402** | — | **4,277** |
| Other current liabilities | **35,993** | 12,667 | **382,904** |
| Long-term debt | **49,240** | 93,780 | **523,830** |
| Guarantees of contracts and other | **12,336** | 15,467 | **131,234** |
| Total | ¥ **142,454** | ¥ 134,131 | $ **1,515,468** |

In addition to the above, acceptances payable at March 31, 2013 and 2012 were secured by trust receipts on inventories.

The standard terms provide that the proceeds from the sales of any such collateral be delivered to the respective bank to be applied against outstanding acceptances. However, the Companies have, in general, followed the practice of paying acceptances on their maturity dates. Given the substantial volume of the Companies' transactions, it would not be practical to determine the total amount of inventories and/or proceeds from the sales of such inventories covered by outstanding trust receipts.

As is customary in Japan, security, if requested by a lending bank, must be given and, regardless of presence of security, the bank has the right to offset cash deposited with it against any debt or obligations that become due and, in the case of default or certain other specified events, against all debt payable to

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

the bank. To date, no such request has been made to the Companies and no such rights have been exercised.

## 10. Short-Term Loans and Long-Term Debt

Short-term loans and their weighted average interest rates at March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | 2012 | **2013** |
| Short-term loans mainly from banks | **¥ 109,705** | ¥ 126,459 | **$ 1,167,074** |
| Weighted average interest rates (%) | **1.63%** | 1.63% | **1.63%** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Long-term debt at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| 1.28% notes due 2012 | ¥ — | ¥ 15,000 | $ — |
| 1.56% notes due 2012 | — | 10,000 | — |
| 1.81% notes due 2012 | — | 10,000 | — |
| 1.62% notes due 2012 | — | 10,000 | — |
| 1.64% notes due 2013 | — | 10,000 | — |
| 1.80% notes due 2014 | **10,000** | 10,000 | **106,383** |
| 1.71% notes due 2012 | — | 10,000 | — |
| 1.78% notes due 2013 | **10,000** | 10,000 | **106,383** |
| 1.75% notes due 2013 | **10,000** | 10,000 | **106,383** |
| 1.62% notes due 2013 | **10,000** | 10,000 | **106,383** |
| 1.72% notes due 2014 | **15,000** | 15,000 | **159,574** |
| 1.46% notes due 2014 | **20,000** | 20,000 | **212,766** |
| 1.46% notes due 2015 | **20,000** | 20,000 | **212,766** |
| 2.30% notes due 2022 | **5,000** | 5,000 | **53,191** |
| 1.03% notes due 2013 | **20,000** | 20,000 | **212,766** |
| 1.11% notes due 2015 | **10,000** | 10,000 | **106,383** |
| 2.55% notes due 2025 | **10,000** | 10,000 | **106,383** |
| 0.88% notes due 2015 | **15,000** | 15,000 | **159,574** |
| 0.72% notes due 2014 | **30,000** | 30,000 | **319,149** |
| 0.57% notes due 2015 | **10,000** | 10,000 | **106,383** |
| 0.85% notes due 2017 | **10,000** | 10,000 | **106,383** |
| 1.59% notes due 2020 | **10,000** | 10,000 | **106,383** |
| 2.10% notes due 2025 | **10,000** | 10,000 | **106,383** |
| 0.68% notes due 2016 | **10,000** | 10,000 | **106,383** |
| 1.50% notes due 2021 | **10,000** | 10,000 | **106,383** |
| 2.20% notes due 2029 | **10,000** | 10,000 | **106,383** |
| 0.70% notes due 2016 | **30,000** | 30,000 | **319,149** |
| 1.29% notes due 2021 | **20,000** | 20,000 | **212,766** |
| 0.66% notes due 2017 | **10,000** | 10,000 | **106,383** |
| 0.92% notes due 2019 | **10,000** | 10,000 | **106,383** |
| 0.52% notes due 2017 | **40,000** | — | **425,532** |
| 0.511%notes due 2017 | **10,000** | — | **106,383** |
| 0.756%notes due 2019 | **10,000** | — | **106,383** |
| 0.491%notes due 2017 | **10,000** | — | **106,383** |
| 1.17% notes due 2022 | **10,000** | — | **106,383** |
| Medium-term notes due to 2012 principally at a rate of 0.5% | — | 389 | — |
| Medium-term notes due to 2013 principally at a rate of 0.2% | **3,002** | — | **31,936** |
| Loans from government-owned banks and government agencies: | | | |
| Secured, due serially through 2029 principally at rates from 0.4% to 3.6% | **42,327** | 37,632 | **450,287** |
| Unsecured, due serially through 2029 principally at rates from 0.5% to 4.9% | **192,005** | 166,245 | **2,042,607** |
| Loans principally from banks and insurance companies: | | | |
| Secured, due serially through 2025 principally at rates from 0.4% to 3.4% | **75,882** | 66,698 | **807,256** |
| Unsecured, due serially through 2024 principally at rates from 0.2% to 7.1% | **1,880,847** | 1,676,244 | **20,009,011** |
| Other | **150,297** | 120,497 | **1,598,904** |
| | **2,749,360** | 2,457,705 | **29,248,511** |
| ASC 815, *Derivatives and Hedging,* fair value adjustments | **28,193** | 19,276 | **299,925** |
| | **2,777,553** | 2,476,981 | **29,548,436** |
| Less: current portion | **361,155** | 208,429 | **3,842,074** |
| | **¥ 2,416,398** | ¥ 2,268,552 | **$ 25,706,362** |

Note: The fair value adjustments above represent adjustments made to the balance of the debt in accordance with ASC 815, Derivatives and Hedging, with respect to changes in the fair value of hedged long-term debt attributable to fluctuations of interest rates during the term of the hedge.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

To hedge against exposures related to the payment of interest and the repayment of the principal of certain short-term loans and long-term debt denominated in foreign currencies, the Company and certain of its subsidiaries entered into foreign exchange contracts.

To strengthen its asset-liability management and to hedge against interest rate risk and foreign currency exposures, the Company and certain of its subsidiaries entered into interest rate swap agreements, including interest rate and currency swap agreements, on short-term loans and long-term debt. The floating interest rates are, in general, based upon 6-month or 3-month LIBOR (London Interbank Offered Rate) or 6-month or 3-month TIBOR (Tokyo Interbank Offered Rate). The interest rate swap agreements are to remain in effect through the maturity dates of the short-term loans and long-term debt.

On March 31, 2013, the Company had an unused long-term line of credit arrangement of ¥300,000 million ($3,191,489 thousand). Based on this arrangement, the Company classified short-term loans of ¥55,250 million ($587,766 thousand) to long-term debt on the consolidated balance sheets at March 31, 2013, as the Company had an intention and ability to refinance when they become due. On March 31, 2012, the Company had an unused long-term line of credit arrangement of ¥245,000 million and an unused long-term line of credit arrangement of ¥55,000 million. As a result, the Company had unused long-term line of credit arrangements of ¥300,000 million at March 31, 2012 in aggregate. Based on these arrangements, the Company classified short-term loans and long-term debt due within 1 year of ¥246,681 million to long-term debt on the consolidated balance sheets at March 31, 2012, as the Company had an intention and ability to refinance when they become due.

In addition to the above, the Company had an unused short-term line of credit arrangement of $555 million and $515 million at March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Maturities of long-term debt outstanding at March 31, 2013, excluding the effect of the fair value adjustment of ASC 815, *Derivatives and Hedging*, were as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 360,505 | $ 3,835,160 |
| 2015 | 351,577 | 3,740,181 |
| 2016 | 361,841 | 3,849,372 |
| 2017 | 384,545 | 4,090,904 |
| 2018 | 360,123 | 3,831,096 |
| Thereafter | 930,769 | 9,901,798 |

Certain agreements primarily with government-owned financial institutions provide that earlier repayment may be required if, in the judgment of the lenders, the Companies' ability to repay the loans is considered enhanced as a result of higher than expected earnings, issuance of common stock or debentures, or other reasons. No such request has been received for the year ended March 31, 2013.

Certain of the long-term debt agreements stipulate that certain subsidiaries, upon the lenders' request, submit for the lenders' approval on the proposed appropriations of income, including dividend payments, before such appropriations can be submitted to the shareholders. No such request has been received for the year ended March 31, 2013.

## 11. Employees' Retirement Benefits

The Company and certain of its subsidiaries have cash-balance plans based on the Japanese Defined Benefit Corporate Pension Plan Act and other defined benefit pension plans. These plans cover substantially all employees other than directors. In addition to the pension plans, the Company and certain of its subsidiaries have lump-sum retirement plans to be paid upon retirement or severance based on the years of service and compensation level.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The reconciliation of beginning and ending balances of the projected benefit obligation and plan assets, and the funded status of the Company's and certain subsidiaries' plans at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2013** | 2012 | **2013** |
| **Change in projected benefit obligation:** | | | |
| Projected benefit obligation at beginning of year | **¥ 234,025** | ¥ 224,526 | **$ 2,489,628** |
| Service cost | **7,159** | 6,749 | **76,160** |
| Interest cost | **5,989** | 6,165 | **63,713** |
| Actuarial loss | **20,840** | 9,658 | **221,702** |
| Foreign currency exchange rate changes | **5,627** | (1,420) | **59,861** |
| Benefits paid | **(12,799)** | (11,653) | **(136,160)** |
| Acquisition and deconsolidation | **1,296** | — | **13,787** |
| Projected benefit obligation at end of year | **262,137** | 234,025 | **2,788,691** |
| **Change in plan assets:** | | | |
| Fair value of plan assets at beginning of year | **173,234** | 171,583 | **1,842,915** |
| Actual return on plan assets | **20,842** | 5,607 | **221,723** |
| Foreign currency exchange rate changes | **4,483** | (1,217) | **47,692** |
| Employees' contributions | **361** | 279 | **3,840** |
| Employer's contribution | **19,355** | 7,609 | **205,904** |
| Benefits paid | **(11,653)** | (10,627) | **(123,968)** |
| Acquisition and deconsolidation | **753** | — | **8,011** |
| Fair value of plan assets at end of year | **207,375** | 173,234 | **2,206,117** |
| Funded status | **¥ (54,762)** | ¥ (60,791) | **$ (582,574)** |

Financial

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Amounts recognized in the consolidated balance sheets at March 31, 2013 and 2012 consisted of:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Prepaid benefit cost | ¥ **59** | ¥ 96 | $ **628** |
| Accrued pension liabilities | **(54,821)** | (60,887) | **(583,202)** |
| | ¥ **(54,762)** | ¥ (60,791) | $ **(582,574)** |

Amounts recognized in accumulated other comprehensive (income) loss, before income tax, at March 31, 2013 and 2012 consisted of:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Prior service credit | ¥ **(6,746)** | ¥ (10,031) | $ **(71,766)** |
| Net actuarial loss | **119,022** | 116,653 | **1,266,192** |
| | ¥ **112,276** | ¥ 106,622 | $ **1,194,426** |

Changes in accumulated other comprehensive (income) loss, before income tax, for the years ended March 31, 2013 and 2012 consisted of:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Current year net actuarial (gain) loss | ¥ **6,042** | ¥ 10,183 | $ **64,277** |
| Amotization of prior service credit | **1,555** | 1,032 | **16,543** |
| Amotization of net acutuarial loss | **(6,747)** | (5,619) | **(71,777)** |
| | ¥ **850** | ¥ 5,596 | $ **9,043** |

The amounts in accumulated other comprehensive (income) loss, before income tax, expected to be recognized as components of net periodic benefit cost for the year ending March 31, 2014 are as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Prior service credit | ¥ **(1,552)** | $ **(16,511)** |
| Net actuarial loss | **7,217** | **76,777** |
| | ¥ **5,665** | $ **60,266** |

The accumulated benefit obligation for all defined benefit pension plans were ¥256,224 million ($2,725,787 thousand) and ¥225,644 million at March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The components of net periodic benefit cost of the Company's and certain subsidiaries' plans for the years ended March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Service cost–benefits earned during the year | **¥ 7,159** | ¥ 6,749 | **$ 76,159** |
| Interest cost on projected benefit obligation | **5,989** | 6,165 | **63,713** |
| Expected return on plan assets | **(6,044)** | (6,132) | **(64,298)** |
| Amortization of unrecognized prior service credit | **(1,555)** | (1,032) | **(16,543)** |
| Amortization of unrecognized net actuarial loss | **6,747** | 5,619 | **71,777** |
| Employees' contributions | **(361)** | (279) | **(3,840)** |
| Net periodic benefit cost | **¥ 11,935** | ¥ 11,090 | **$ 126,968** |

The aggregate projected benefit obligation and aggregate fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Aggregate projected benefit obligation | **¥ 259,879** | ¥ 232,149 | **$ 2,764,670** |
| Aggregate fair value of plan assets | **205,058** | 171,262 | **2,181,468** |

The aggregate accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Aggregate accumulated benefit obligation | **¥ 253,957** | ¥ 223,982 | **$ 2,701,670** |
| Aggregate fair value of plan assets | **205,058** | 171,262 | **2,181,468** |

The weighted-average assumptions used to determine projected benefit obligations at March 31, 2013 and 2012 were as follows:

| | **2013** | **2012** |
|---|---|---|
| Discount rates | **1.3%** | 2.2% |
| Rates of increases in future compensation levels | **4.8%** | 4.9% |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2013 and 2012 were as follows:

| | 2013 | 2012 |
|---|---|---|
| Discount rates | **2.2%** | 2.5% |
| Rates of increases in future compensation levels | **4.9%** | 4.9% |
| Expected long-term rates of return on plan assets | **2.7%** | 2.7% |

The overall expected long-term rates of return on plan assets are calculated based on the historical average returns for certain years adjusted by the components of the current asset portfolio and the target rate of return based on the future investment plan.

In making investment decisions, the main objective is to secure the necessary return over the long term to cover pension and retirement benefit payments. The primary investment policy is to analyze the risk/return characteristics by asset class and to invest in a diversified portfolio taking into consideration of the correlation among asset classes.

The Company sets a policy asset mix with investments in equity securities, debt securities and other assets. Based on this policy, the Company selects multiple investment managers who execute the strategy. When selecting an investment manager, the Company gives consideration to management philosophy and content, investment management policy and investment style, investment control systems including information collection mechanisms and decision-making processes, compliance systems, investment experience and the track record of the investment manager as well as their investment professional in charge of managing pension assets.

Plan assets are generally invested 30%, 60% and 10% in equity securities, debt securities and other, respectively at March 31, 2013.

The investments which are executed by investment managers are outlined as follows:

Equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Company has investigated the business condition of the investee companies and appropriately diversified investments by type of industry and other relevant factors. Debt securities are selected primarily from government bonds, public debt instruments and corporate bonds. Prior to investing, the Company has investigated the quality of the issuing conditions, including issuers, rating, interest rate and repayment dates, and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity and debt securities described above. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and a return of capital. With respect to foreign investments vehicles,

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

the Company has investigated the stability of the underlying governments and economies, the market characteristics such as settlement systems and the taxation systems. For each of such an investment, the Company has selected the appropriate investment country and currency.

The performance of certain plan assets by the cash-balance plan is matched with the related pension benefits to a certain extent.

For inputs used to measure fair value, see Note 19 to consolidated financial statements.

The fair values of the Companies' pension plan assets at March 31, 2013 by category were as follows:

| | *Millions of yen* | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash equivalents | ¥ 64,929 | ¥ — | ¥ — | ¥ 64,929 |
| Equity securities: | | | | |
| Japanese companies | 31,945 | — | — | 31,945 |
| Foreign companies | — | — | — | — |
| Pooled funds | 5,189 | 30,640 | — | 35,829 |
| Debt securities: | | | | |
| Bonds denominated in Japanese yen | — | 12,407 | — | 12,407 |
| Bonds denominated in foreign currency | — | — | — | — |
| Pooled funds | — | 50,062 | — | 50,062 |
| Life insurance company general accounts | — | 10,509 | — | 10,509 |
| Other assets | — | 1,692 | 2 | 1,694 |
| | ¥ 102,063 | ¥ 105,310 | ¥ 2 | ¥ 207,375 |

| | *Thousands of U.S. dollars* | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash equivalents | $ 690,734 | $ — | $ — | $ 690,734 |
| Equity securities: | | | | |
| Japanese companies | 339,841 | — | — | 339,841 |
| Foreign companies | — | — | — | — |
| Pooled funds | 55,202 | 325,957 | — | 381,159 |
| Debt securities: | | | | |
| Bonds denominated in Japanese yen | — | 131,989 | — | 131,989 |
| Bonds denominated in foreign currency | — | — | — | — |
| Pooled funds | — | 532,575 | — | 532,575 |
| Life insurance company general accounts | — | 111,798 | — | 111,798 |
| Other assets | — | 18,000 | 21 | 18,021 |
| | $ 1,085,777 | $ 1,120,319 | $ 21 | $ 2,206,117 |

Pooled funds of equity securities consist of listed equity securities of which Japanese companies and foreign companies account for 40% and 60%, respectively.

Pooled funds of debt securities consist of bonds denominated in Japanese yen and in foreign currency by 30% and 70%, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The fair values of the Companies' pension plan assets at March 31, 2012 by category were as follows:

| | *Millions of yen* | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash equivalents | ¥ 9,712 | ¥ — | ¥ — | ¥ 9,712 |
| Equity securities: | | | | |
| Japanese companies | 15,397 | — | — | 15,397 |
| Foreign companies | 1,894 | — | — | 1,894 |
| Pooled funds | 1,774 | 46,499 | — | 48,273 |
| Debt securities: | | | | |
| Bonds denominated in Japanese yen | — | 28,552 | — | 28,552 |
| Bonds denominated in foreign currency | — | 3,411 | — | 3,411 |
| Pooled funds | — | 51,230 | — | 51,230 |
| Life insurance company general accounts | — | 13,044 | — | 13,044 |
| Other assets | — | 1,719 | 2 | 1,721 |
| | ¥ 28,777 | ¥ 144,455 | ¥ 2 | ¥ 173,234 |

Pooled funds of equity securities consist of listed equity securities of which Japanese companies and foreign companies account for 50% and 50%, respectively.

Pooled funds of debt securities consist of bonds denominated in Japanese yen and in foreign currency by 40% and 60%, respectively.

Plan assets categorized into Level 1 consist of primarily listed stocks of Japanese companies, which are measured at quoted prices in active markets without adjustments.

Plan assets categorized into Level 2 consist of primarily government and corporate bonds. These assets are measured based upon quoted prices of identical assets not categorized into Level 1 in markets that are not active or similar assets or liabilities in active markets using observable inputs such as market price in the financial exchange.

Plan assets categorized into Level 3 consist of primarily unlisted stocks and funds for which observable inputs are not available due to lack of similar assets in active markets.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The changes in Level 3 plan assets for the year ended March 31, 2013 were as follows:

| | *Millions of yen* | | | | |
|---|---|---|---|---|---|
| | **Balance at beginning of year** | **Purchases, sales, cancels** | **Net realized gain or loss** | **Net transfers in and/or(out) of Level 3** | **Balance at end of year** |
| Other assets | ¥ 2 | ¥ — | ¥ — | ¥ — | ¥ 2 |
| | ¥ 2 | ¥ — | ¥ — | ¥ — | ¥ 2 |

| | *Thousands of U.S. dollars* | | | | |
|---|---|---|---|---|---|
| | **Balance at beginning of year** | **Purchases, sales, cancels** | **Net realized gain or loss** | **Net transfers in and/or(out) of Level 3** | **Balance at end of year** |
| Other assets | $ 21 | $ — | $ — | $ — | $ 21 |
| | $ 21 | $ — | $ — | $ — | $ 21 |

The changes in Level 3 plan assets for the year ended March 31, 2012 were as follows:

| *Millions of yen* | | | | |
|---|---|---|---|---|
| **Balance at beginning of year** | **Purchases, sales, cancels** | **Net realized gain or loss** | **Net transfers in and/or(out) of Level 3** | **Balance at end of year** |
| ¥ 4 | ¥ (1) | ¥ (1) | ¥ — | ¥ 2 |
| ¥ 4 | ¥ (1) | ¥ (1) | ¥ — | ¥ 2 |

The benefits expected to be paid in the next ten years are as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 16,902 | $ 179,808 |
| 2015 | 11,110 | 118,191 |
| 2016 | 11,417 | 121,457 |
| 2017 | 11,530 | 122,660 |
| 2018 | 11,715 | 124,628 |
| 2019 – 2023 | 59,370 | 631,596 |
| | ¥ 122,044 | $ 1,298,340 |

The amount of contributions expected to be paid to the pension plans during the year ending March 31, 2014 is approximately ¥4,400 million ($46,809 thousand).

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 12. Income Taxes

The Company files a consolidated income tax return in Japan.

Total income taxes recognized for the years ended March 31, 2013 and 2012 were attributable to the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Income before income taxes | ¥ **38,551** | ¥ 83,949 | $ **410,117** |
| Other comprehensive income (loss) | **(10,115)** | (3,173) | **(107,606)** |
| Total | ¥ **28,436** | ¥ 80,776 | $ **302,511** |

Amendments to the Japanese tax regulations were enacted on November 30, 2011. As a result of these amendments, the statutory income tax rate was reduced from approximately 41% to 38% effective from the year beginning April 1, 2012, and to approximately 36% effective from the year beginning April 1, 2015 and thereafter.

Taxes on income applicable to the Company would normally result in the statutory tax rate of approximately 38% and 41% in Japan for the years ended March 31, 2013 and 2012, respectively. . A reconciliation of the statutory income tax rate to the effective income tax rate expressed as a percentage of income before income taxes for the years ended March 31, 2013 and 2012 were as follows:

| | **2013** | **2012** |
|---|---|---|
| Statutory income tax rate | **38.0 %** | 41.0 % |
| Tax effect of subsidiaries' operations | **0.4 %** | 1.3 % |
| Tax effect of permanent differences | **(0.1)%** | 0.8 % |
| Difference in tax rate of foreign subsidiaries | **(1.8)%** | (2.6)% |
| Tax effect on equity in earnings of affiliated companies and undistributed earnings of subsidiaries | **(17.6)%** | (8.5)% |
| Other | **(3.3)%** | 0.2 % |
| Effective income tax rate | **15.6 %** | 32.2 % |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Income before income taxes for the years ended March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Domestic | ¥ 88,229 | ¥ 72,145 | $ 938,606 |
| Foreign | 159,314 | 188,838 | 1,694,830 |
| Total | ¥ 247,543 | ¥ 260,983 | $ 2,633,436 |

Provision for income taxes for the years ended March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Current: | | | |
| Domestic | ¥ 15,447 | ¥ 24,158 | $ 164,330 |
| Foreign | 32,363 | 28,934 | 344,287 |
| Deferred: | | | |
| Domestic | (9,628) | 17,160 | (102,426) |
| Foreign | 369 | 13,697 | 3,926 |
| Total | ¥ 38,551 | ¥ 83,949 | $ 410,117 |

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2013 | 2012 | 2013 |
| Deferred tax assets: | | | |
| Allowance for doubtful accounts | ¥ 13,174 | ¥ 15,695 | $ 140,149 |
| Inventories | 2,973 | 3,045 | 31,628 |
| Investment securities | 26,803 | 42,427 | 285,138 |
| Employees' retirement benefits | 36,937 | 35,759 | 392,947 |
| Unrealized profit on intercompany transactions | 23,406 | 18,393 | 249,000 |
| Net operating loss carryforwards | 54,067 | 26,937 | 575,181 |
| Other | 40,905 | 29,749 | 435,159 |
| Total deferred tax assets | 198,265 | 172,005 | 2,109,202 |
| Valuation allowance | (53,198) | (41,902) | (565,936) |
| Total deferred tax assets - net | 145,067 | 130,103 | 1,543,266 |
| Deferred tax liabilities: | | | |
| Property, plant and equipment | 58,736 | 38,079 | 624,851 |
| Undistributed earnings | 12,617 | 11,376 | 134,223 |
| Investment in affiliated companies | 23,646 | 37,264 | 251,553 |
| Other | 39,183 | 29,606 | 416,841 |
| Total deferred tax liabilities | 134,182 | 116,325 | 1,427,468 |
| Net deferred tax assets | ¥ 10,885 | ¥ 13,778 | $ 115,798 |

The net changes in the valuation allowance for deferred tax assets were ¥11,296 million ($120,170 thousand) of increases and ¥4,462 million of increases for the years ended March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

At March 31, 2013, certain subsidiaries had net operating loss carryforwards amounting to ¥146,174 million ($1,555,043thousand), subject to expiration as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 4,107 | $ 43,691 |
| 2015 | 6,291 | 66,926 |
| 2016 | 3,568 | 37,957 |
| 2017 | 5,234 | 55,681 |
| 2018 | 8,478 | 90,191 |
| 2019 and thereafter | 65,922 | 701,298 |
| Indefinite period | 52,574 | 559,299 |
| Total | ¥ 146,174 | $ 1,555,043 |

No provision has been made for Japanese income taxes on the undistributed earnings of the Company's domestic subsidiaries earned prior to March 31, 1993 or on part of the undistributed earnings of the Company's foreign subsidiaries with no distribution plan, which amounted to ¥411,935 million ($4,382,287 thousand) and ¥361,647 million at March 31, 2013 and 2012, respectively. The Company intends such earnings to be permanently reinvested. Determination of the amount of the related unrecognized deferred income tax liability is not practical.

Realization of the Company's net deferred tax assets depends on the Company generating sufficient taxable income or the Company executing certain available tax strategies. Although realization is not assured, management believes it is more likely than not that the net deferred tax assets will be realized.

Unrecognized tax benefits at March 31, 2013 and April 1, 2012 were not material.

Although the Company believes that its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements and any related litigation could affect the effective tax rate in the future periods. Based on each of the items which the Company is aware of at March 31, 2013, no significant changes to the unrecognized tax benefits are expected within the next 12 months.

Interests and penalties related to income tax are included in other—net in the consolidated statements of income.

Both the interests and the penalties accrued as of March 31, 2013 in the consolidated balance sheets, and the interests and the penalties included in other—net in the consolidated statements of income for the year ended March 31, 2013 are not material.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the income tax examinations of the Companies by the tax authority for years through the year ended March 31, 2011 have been substantially completed. In the United States, the income tax examinations of the Companies by the tax authority for years through the year ended March 31, 2008 have been substantially completed.

## 13. Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to capital reserve and legal reserve, respectively, until the sum of capital reserve and legal reserve equals 25% of the common stock account.

The amount of retained earnings available for distributions under the Law is based on the amount recorded on the Company's books maintained in accordance with Japanese accounting practices. The adjustments to conform to accounting principles generally accepted in the United States, reflected in the accompanying consolidated financial statements but not recorded on the books, as explained in Note 1, have no effect on the determination of retained earnings available for the distributions under the Law.

Such distributions can be made at any time by resolution of the shareholders or by resolution of the Board of Directors if certain conditions are met.

The retained earnings available for distributions amounted to ¥199,103 million ($2,118,117thousand) at March 31, 2013.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 14. Other Comprehensive Income (Loss)

The amount of income tax expense or benefit allocated to each component of other comprehensive income (loss) including noncontrolling interests for the years ended March 31, 2013 and 2012 was as follows:

| | *Millions of yen* | | |
|---|---|---|---|
| **2013** | **Before-tax amount** | **Tax (expense) or benefit** | **Net-of-tax amount** |
| Unrealized gains (losses) on investment securities arising during the period | **¥ 21,644** | **¥ (6,588)** | **¥ 15,056** |
| Reclassification adjustments included in net income | **(31,887)** | **11,979** | **(19,908)** |
| Net unrealized gains (losses) on investment securities | **(10,243)** | **5,391** | **(4,852)** |
| Currency translation adjustments arising during the period | **114,867** | **6,710** | **121,577** |
| Reclassification adjustments included in net income | **(478)** | **(47)** | **(525)** |
| Net currency translation adjustments | **114,389** | **6,663** | **121,052** |
| Unrealized gains (losses) on derivatives arising during the period | **(3,066)** | **(2,566)** | **(5,632)** |
| Reclassification adjustments included in net income | **12,158** | **97** | **12,255** |
| Net unrealized gains (losses) on derivatives | **9,092** | **(2,469)** | **6,623** |
| Pension liability adjustments arising during the period | **(9,927)** | **2,536** | **(7,391)** |
| Reclassification adjustments included in net income | **5,519** | **(2,006)** | **3,513** |
| Net pension liability adjustments | **(4,408)** | **530** | **(3,878)** |
| Other comprehensive loss | **¥ 108,830** | **¥ 10,115** | **¥ 118,945** |

| | *Millions of yen* | | |
|---|---|---|---|
| **2012** | **Before-tax amount** | **Tax (expense) or benefit** | **Net-of-tax amount** |
| Unrealized gains (losses) on investment securities arising during the period | ¥ (422) | ¥ 97 | ¥ (325) |
| Reclassification adjustments included in net income | (4,144) | 2,998 | (1,146) |
| Net unrealized gains (losses) on investment securities | (4,566) | 3,095 | (1,471) |
| Currency translation adjustments arising during the period | (32,826) | (3,722) | (36,548) |
| Reclassification adjustments included in net income | 2,388 | (1,068) | 1,320 |
| Net currency translation adjustments | (30,438) | (4,790) | (35,228) |
| Unrealized gains (losses) on derivatives arising during the period | (34,595) | 50 | (34,545) |
| Reclassification adjustments included in net income | 6,378 | 2,201 | 8,579 |
| Net unrealized gains (losses) on derivatives | (28,217) | 2,251 | (25,966) |
| Pension liability adjustments arising during the period | (11,300) | 4,520 | (6,780) |
| Reclassification adjustments included in net income | 4,728 | (1,903) | 2,825 |
| Net pension liability adjustments | (6,572) | 2,617 | (3,955) |
| Other comprehensive loss | ¥ (69,793) | ¥ 3,173 | ¥ (66,620) |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| 2013 | Thousands of U.S. dollars Before-tax amount | Tax (expense) or benefit | Net-of-tax amount |
|---|---|---|---|
| Unrealized gains (losses) on investment securities arising during the period | $ 230,255 | $ (70,085) | $ 160,170 |
| Reclassification adjustments included in net income | (339,223) | 127,436 | (211,787) |
| Net unrealized gains (losses) on investment securities | (108,968) | 57,351 | (51,617) |
| Currency translation adjustments arising during the period | 1,221,989 | 71,383 | 1,293,372 |
| Reclassification adjustments included in net income | (5,085) | (500) | (5,585) |
| Net currency translation adjustments | 1,216,904 | 70,883 | 1,287,787 |
| Unrealized gains (losses) on derivatives arising during the period | (32,617) | (27,298) | (59,915) |
| Reclassification adjustments included in net income | 129,340 | 1,032 | 130,372 |
| Net unrealized gains (losses) on derivatives | 96,723 | (26,266) | 70,457 |
| Pension liability adjustments arising during the period | (105,606) | 26,979 | (78,627) |
| Reclassification adjustments included in net income | 58,713 | (21,341) | 37,372 |
| Net pension liability adjustments | (46,893) | 5,638 | (41,255) |
| Other comprehensive loss | $ 1,157,766 | $ 107,606 | $ 1,265,372 |

The accumulated balance of each component of accumulated other comprehensive income (loss) for the years ended March 31, 2013 and 2012 were as follows:

| | Millions of yen Unrealized gains (losses) on investment securities | Currency translation adjustments | Unrealized gains (losses) on derivatives | Pension liability adjustment | Accumulated other comprehensive income (loss) |
|---|---|---|---|---|---|
| Balance at March 31, 2011 | ¥ 21,005 | ¥ (273,019) | ¥ (46,224) | ¥ (60,898) | ¥ (359,136) |
| Change in the period | (1,495) | (34,623) | (25,062) | (3,944) | (65,124) |
| Balance at March 31, 2012 | 19,510 | (307,642) | (71,286) | (64,842) | (424,260) |
| Change in the period | (4,886) | 118,988 | 5,677 | (3,888) | 115,891 |
| Balance at March 31, 2013 | ¥ 14,624 | ¥ (188,654) | ¥ (65,609) | ¥ (68,730) | ¥ (308,369) |

| | Thousands of U.S. dollars Unrealized gains (losses) on investment securities | Currency translation adjustments | Unrealized gains (losses) on derivatives | Pension liability adjustment | Accumulated other comprehensive income (loss) |
|---|---|---|---|---|---|
| Balance at March 31, 2012 | $ 207,553 | $ (3,272,787) | $ (758,362) | $ (689,808) | $ (4,513,404) |
| Change in the period | (51,979) | 1,265,830 | 60,394 | (41,362) | 1,232,883 |
| Balance at March 31, 2013 | $ 155,574 | $ (2,006,957) | $ (697,968) | $ (731,170) | $ (3,280,521) |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 15. Earnings per Share of Common Stock

The computation of basic earnings per share of common stock is based on the weighted average number of shares of common stock outstanding during the year.

The following table sets forth the computation of basic earnings per share:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| **Numerator:** | | | |
| Net income attributable to Marubeni | ¥ **205,696** | ¥ 172,125 | $ **2,188,255** |
| **Denominator:** | | | |
| Denominator for basic earnings per share–weighted average shares | **1,736,137,894** | 1,736,321,938 | |

| | *Yen* | | *U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Earnings per share of common stock: | | | |
| Net income attributable to Marubeni | ¥ **118.48** | ¥ 99.13 | $ **1.26** |

No diluted earnings per share are disclosed for the years ended March 31, 2013 and 2012 because the Company does not have any dilutive instruments.

## 16. Segment Information

The Companies' operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or the areas. The segments, by product and service, are managed by the divisions of the Head Office. "Overseas corporate subsidiaries and branches" operate in the respective areas and are independent operating units. Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations on a worldwide basis. The Companies have 10 segments identified by products and services, in addition to its "Overseas corporate subsidiaries and branches."

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

These segments are outlined as follows:

**Food:** This group produces and distributes all sorts of food such as fodder, soy beans, grain, sugar, processed food and beverages, raw materials, foodstuffs for commercial use, and agricultural and marine products, both domestically and internationally.

**Lifestyle:** This group deals with wide range of customer goods, such as apparel, footwear, household goods and home furnishings, sporting goods, fitness machines and tires. In addition, this group operates various businesses from planning, manufacturing, importing, and wholesaling of products to brand development, consulting services and business investments, and providing a variety of services, both domestically and internationally.

**Forest Products:** This group manufactures and distributes raw materials for paper production, paper and cardboard, and takes part in afforestation projects and sells housing materials, both domestically and internationally.

**Chemicals:** This group handles a wide variety of goods ranging from upstream, such as basic petrochemicals, to downstream, such as electronic materials, specialty chemicals and agrochemicals. Focusing on China, Americas, Middle East, South East Asia, and India, as a priority market, this group is conducting business with a balance between investment and trade.

**Energy:** This group focuses on products related to energy such as oil and gas. It also takes part in various sorts of businesses which benefit from the development of resources through retail such as gas stations, both domestically and internationally.

**Metals & Mineral Resources:** This group produces, processes and sells nonferrous light metals, while trading raw materials for production of steel and light metals as well as manufacturing, processing and selling steel related products such as steel plate, steel pipe, and special steel, both domestically and internationally. This group also develops raw materials for production of steel and light metals internationally.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Transportation Machinery:** This group focuses on domestic and international trade (export and import) in aerospace and defense systems, automotive, construction, agricultural machinery and other transportation-related machinery; wide-ranging loans and investments in the fields such as wholesale, retail, retail finance, leasing business, product development and services related to such transportation machinery; and trading, possessing and chartering various cargo vessels, tankers and LNG carriers.

**Power Projects & Infrastructure:** This group develops, invests in, and operates power projects and infrastructure projects, especially power generation (including desalinization, co-generation and wind power projects), while undertaking the procurement and installation of generators, power distribution grids, electrical substations, clean water treatment and waste water treatment as well as making loans and investments to other new technologies and business models in the alternate energy field, both domestically and internationally.

**Plant & Industrial Machinery:** This group deals with equipment procurement and construction of oil, gas, chemical, environmental, steel, cement, paper and pulp and other industrial plants, infrastructure development such as railway/airport and textile machinery, alternative energy facilities, automobile machinery and other industrial machines; origination and management of projects in domestic and overseas markets. This group also works on environmental projects, including Clean Development Mechanism (CDM) projects.

**Finance, Logistics & IT Business:** Both domestically and internationally, this group operates various financial businesses such as fund management, leasing, and financial product trading, while in the insurance area, it operates an insurance brokerage business, a reinsurance business and other related business. In logistics area, it operates the forwarding business and logistics centers. In communication business area, this group deals with business in wide-ranging areas, including the data communication network business, the system solution business, the mobile devices sales business, and the BPO business, as well as the export and offshore trading of communications, broadcasting, and information systems.

**Overseas corporate subsidiaries and branches:** Overseas corporate subsidiaries and branches are located throughout the world, in North America, Europe, Asia and other areas, and handle various merchandise and perform related activities.

## Marubeni Corporation and Subsidiaries
## Notes to Consolidated Financial Statements (continued)

The Companies' operating segment information for the years ended March 31, 2013 and 2012 were as follows:

Millions of yen

| Year ended March 31, 2013 | Food | Lifestyle | Forest Products | Chemicals |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 2,192,942 | ¥ 382,660 | ¥ 479,010 | ¥ 920,230 |
| Inter-segment | 59,646 | 14,024 | 19,145 | 97,301 |
| Total | ¥ 2,252,588 | ¥ 396,684 | ¥ 498,155 | ¥ 1,017,531 |
| Gross trading profit | ¥ 99,381 | ¥ 32,020 | ¥ 25,782 | ¥ 26,396 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 1,554 | ¥ 242 | ¥ 148 | ¥ 1,862 |
| Net income (loss) attributable to Marubeni | ¥ 17,134 | ¥ 8,758 | ¥ (28) | ¥ 6,762 |
| Segment assets | ¥ 721,391 | ¥ 144,386 | ¥ 362,685 | ¥ 241,570 |
| Depreciation and amortization | ¥ 8,902 | ¥ 2,825 | ¥ 7,638 | ¥ 584 |
| Expenditures for segment assets | ¥ 9,266 | ¥ 1,216 | ¥ 2,496 | ¥ 141 |

Millions of yen

| Year ended March 31, 2013 | Energy | Metals & Mineral Resources | Transportation Machinery | Power Projects & Infrastructure |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 3,219,162 | ¥ 725,742 | ¥ 571,912 | ¥ 381,814 |
| Inter-segment | 17,776 | 60,977 | 58,822 | 51 |
| Total | ¥ 3,236,938 | ¥ 786,719 | ¥ 630,734 | ¥ 381,865 |
| Gross trading profit | ¥ 52,342 | ¥ 20,291 | ¥ 48,013 | ¥ 25,117 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 1,762 | ¥ 30,956 | ¥ 13,895 | ¥ 28,702 |
| Net income (loss) attributable to Marubeni | ¥ 27,923 | ¥ 44,256 | ¥ 21,821 | ¥ 26,922 |
| Segment assets | ¥ 914,401 | ¥ 784,557 | ¥ 458,111 | ¥ 654,656 |
| Depreciation and amortization | ¥ 33,951 | ¥ 3,658 | ¥ 2,645 | ¥ 2,317 |
| Expenditures for segment assets | ¥ 66,263 | ¥ 21,071 | ¥ 12,702 | ¥ 1,756 |

Millions of yen

| Year ended March 31, 2013 | Plant & Industrial Machinery | Finance, Logistics & IT Business | Overseas corporate subsidiaries and branches | Corporate and Elimination |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 287,551 | ¥ 193,655 | ¥ 1,060,836 | ¥ 93,574 |
| Inter-segment | 17,254 | 16,206 | 1,021,020 | (1,382,222) |
| Total | ¥ 304,805 | ¥ 209,861 | ¥ 2,081,856 | ¥ (1,288,648) |
| Gross trading profit | ¥ 28,112 | ¥ 44,021 | ¥ 112,419 | ¥ 14,300 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 2,667 | ¥ 4,361 | ¥ 871 | ¥ 770 |
| Net income (loss) attributable to Marubeni | ¥ 8,660 | ¥ 9,308 | ¥ 19,814 | ¥ 14,366 |
| Segment assets | ¥ 302,486 | ¥ 191,831 | ¥ 627,849 | ¥ 561,163 |
| Depreciation and amortization | ¥ 1,410 | ¥ 4,022 | ¥ 3,182 | ¥ 7,497 |
| Expenditures for segment assets | ¥ 8,293 | ¥ 4,013 | ¥ 8,130 | ¥ 2,836 |

Millions of yen

| Year ended March 31, 2013 | Consolidated |
|---|---|
| Total volume of trading transactions: | |
| Outside customers | ¥ 10,509,088 |
| Inter-segment | — |
| Total | ¥ 10,509,088 |
| Gross trading profit | ¥ 528,194 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 87,790 |
| Net income (loss) attributable to Marubeni | ¥ 205,696 |
| Segment assets | ¥ 5,965,086 |
| Depreciation and amortization | ¥ 78,631 |
| Expenditures for segment assets | ¥ 138,183 |

# Marubeni Corporation and Subsidiaries
## Notes to Consolidated Financial Statements (continued)

| Year ended March 31, 2012 | Food | Lifestyle | Forest Products | Chemicals |
|---|---|---|---|---|
| | *Millions of yen* | | | |
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 1,932,552 | ¥ 403,638 | ¥ 506,012 | ¥ 854,288 |
| Inter-segment | 60,040 | 15,231 | 18,490 | 105,439 |
| Total | ¥ 1,992,592 | ¥ 418,869 | ¥ 524,502 | ¥ 959,727 |
| Gross trading profit | ¥ 99,990 | ¥ 31,762 | ¥ 29,746 | ¥ 26,485 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 2,098 | ¥ 326 | ¥ (457) | ¥ 3,963 |
| Net income (loss) attributable to Marubeni | ¥ 13,990 | ¥ 6,071 | ¥ 2,003 | ¥ 7,539 |
| Segment assets | ¥ 688,810 | ¥ 146,404 | ¥ 357,183 | ¥ 210,703 |
| Depreciation and amortization | ¥ 8,786 | ¥ 2,359 | ¥ 8,292 | ¥ 624 |
| Expenditures for segment assets | ¥ 7,120 | ¥ 539 | ¥ 5,724 | ¥ 144 |

| Year ended March 31, 2012 | Energy | Metals & Mineral Resources | Transportation Machinery | Power Projects & Infrastructure |
|---|---|---|---|---|
| | *Millions of yen* | | | |
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 3,011,701 | ¥ 889,975 | ¥ 758,052 | ¥ 374,412 |
| Inter-segment | 18,621 | 50,494 | 50,065 | 404 |
| Total | ¥ 3,030,322 | ¥ 940,469 | ¥ 808,117 | ¥ 374,816 |
| Gross trading profit | ¥ 58,810 | ¥ 31,645 | ¥ 43,059 | ¥ 37,729 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 810 | ¥ 43,687 | ¥ 8,262 | ¥ 20,882 |
| Net income (loss) attributable to Marubeni | ¥ 40,882 | ¥ 49,302 | ¥ 14,339 | ¥ 21,384 |
| Segment assets | ¥ 717,212 | ¥ 579,986 | ¥ 361,133 | ¥ 535,419 |
| Depreciation and amortization | ¥ 27,323 | ¥ 2,308 | ¥ 3,971 | ¥ 4,691 |
| Expenditures for segment assets | ¥ 70,508 | ¥ 4,716 | ¥ 1,505 | ¥ 3,018 |

| Year ended March 31, 2012 | Plant & Industrial Machinery | Finance, Logistics & IT Business | Overseas corporate subsidiaries and branches | Corporate and Elimination |
|---|---|---|---|---|
| | *Millions of yen* | | | |
| Total volume of trading transactions: | | | | |
| Outside customers | ¥ 579,759 | ¥ 178,124 | ¥ 1,017,726 | ¥ 78,154 |
| Inter-segment | 58,915 | 10,632 | 804,391 | (1,192,722) |
| Total | ¥ 638,674 | ¥ 188,756 | ¥ 1,822,117 | ¥ (1,114,568) |
| Gross trading profit | ¥ 28,202 | ¥ 42,545 | ¥ 104,970 | ¥ 6,511 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 2,849 | ¥ (337) | ¥ 847 | ¥ (1,402) |
| Net income (loss) attributable to Marubeni | ¥ 6,097 | ¥ 5,286 | ¥ 16,113 | ¥ (10,881) |
| Segment assets | ¥ 270,137 | ¥ 182,245 | ¥ 555,857 | ¥ 524,798 |
| Depreciation and amortization | ¥ 1,106 | ¥ 3,972 | ¥ 3,640 | ¥ 5,439 |
| Expenditures for segment assets | ¥ 7,098 | ¥ 3,523 | ¥ 10,391 | ¥ 28,605 |

| Year ended March 31, 2012 | Consolidated |
|---|---|
| | *Millions of yen* |
| Total volume of trading transactions: | |
| Outside customers | ¥ 10,584,393 |
| Inter-segment | — |
| Total | ¥ 10,584,393 |
| Gross trading profit | ¥ 541,454 |
| Equity in earnings (losses) of affiliated companies–net | ¥ 81,528 |
| Net income (loss) attributable to Marubeni | ¥ 172,125 |
| Segment assets | ¥ 5,129,887 |
| Depreciation and amortization | ¥ 72,511 |
| Expenditures for segment assets | ¥ 142,891 |

# Marubeni Corporation and Subsidiaries
## Notes to Consolidated Financial Statements (continued)

| Year ended March 31, 2013 | Food | Lifestyle | Forest Products | Chemicals |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | $ 23,329,170 | $ 4,070,851 | $ 5,095,851 | $ 9,789,681 |
| Inter-segment | 634,532 | 149,192 | 203,670 | 1,035,117 |
| Total | $ 23,963,702 | $ 4,220,043 | $ 5,299,521 | $ 10,824,798 |
| Gross trading profit | $ 1,057,245 | $ 340,638 | $ 274,277 | $ 280,809 |
| Equity in earnings (losses) of affiliated companies–net | $ 16,532 | $ 2,574 | $ 1,574 | $ 19,809 |
| Net income (loss) attributable to Marubeni | $ 182,277 | $ 93,170 | $ (298) | $ 71,936 |
| Segment assets | $ 7,674,372 | $ 1,536,021 | $ 3,858,351 | $ 2,569,894 |
| Depreciation and amortization | $ 94,702 | $ 30,053 | $ 81,255 | $ 6,213 |
| Expenditures for segment assets | $ 98,574 | $ 12,936 | $ 26,553 | $ 1,500 |

*Thousands of U.S. dollars*

| Year ended March 31, 2013 | Energy | Metals & Mineral Resources | Transportation Machinery | Power Projects & Infrastructure |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | $ 34,246,404 | $ 7,720,660 | $ 6,084,170 | $ 4,061,851 |
| Inter-segment | 189,108 | 648,691 | 625,766 | 543 |
| Total | $ 34,435,512 | $ 8,369,351 | $ 6,709,936 | $ 4,062,394 |
| Gross trading profit | $ 556,830 | $ 215,862 | $ 510,777 | $ 267,202 |
| Equity in earnings (losses) of affiliated companies–net | $ 18,745 | $ 329,319 | $ 147,819 | $ 305,340 |
| Net income (loss) attributable to Marubeni | $ 297,053 | $ 470,809 | $ 232,138 | $ 286,404 |
| Segment assets | $ 9,727,670 | $ 8,346,351 | $ 4,873,521 | $ 6,964,426 |
| Depreciation and amortization | $ 361,181 | $ 38,915 | $ 28,138 | $ 24,649 |
| Expenditures for segment assets | $ 704,926 | $ 224,160 | $ 135,128 | $ 18,681 |

*Thousands of U.S. dollars*

| Year ended March 31, 2013 | Plant & Industrial Machinery | Finance, Logistics & IT Business | Overseas corporate subsidiaries and branches | Corporate and Elimination |
|---|---|---|---|---|
| Total volume of trading transactions: | | | | |
| Outside customers | $ 3,059,053 | $ 2,060,160 | $ 11,285,489 | $ 995,469 |
| Inter-segment | 183,553 | 172,404 | 10,861,915 | (14,704,491) |
| Total | $ 3,242,606 | $ 2,232,564 | $ 22,147,404 | $ (13,709,022) |
| Gross trading profit | $ 299,064 | $ 468,309 | $ 1,195,947 | $ 152,125 |
| Equity in earnings (losses) of affiliated companies–net | $ 28,372 | $ 46,394 | $ 9,266 | $ 8,192 |
| Net income (loss) attributable to Marubeni | $ 92,128 | $ 99,021 | $ 210,787 | $ 152,830 |
| Segment assets | $ 3,217,936 | $ 2,040,755 | $ 6,679,245 | $ 5,969,820 |
| Depreciation and amortization | $ 15,000 | $ 42,787 | $ 33,851 | $ 79,756 |
| Expenditures for segment assets | $ 88,223 | $ 42,691 | $ 86,489 | $ 30,171 |

*Thousands of U.S. dollars*

| Year ended March 31, 2013 | Consolidated |
|---|---|
| Total volume of trading transactions: | |
| Outside customers | $ 111,798,809 |
| Inter-segment | — |
| Total | $ 111,798,809 |
| Gross trading profit | $ 5,619,085 |
| Equity in earnings (losses) of affiliated companies–net | $ 933,936 |
| Net income (loss) attributable to Marubeni | $ 2,188,255 |
| Segment assets | $ 63,458,362 |
| Depreciation and amortization | $ 836,500 |
| Expenditures for segment assets | $ 1,470,032 |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Notes:
(1) The total volumes of trading transactions are voluntarily disclosed based on similar accounting practices used in Japanese trading companies.
(2) Inter-segment transactions are generally priced in accordance with the prevailing market prices.
(3) Net income (loss) attributable to Marubeni of "Corporate and Elimination" includes headquarters expenses not allocated to the operating segments, inter-segment eliminations and income (loss) related to Real Estate Business. Segment assets of "Corporate and Elimination" include assets for general corporate purposes that are not allocated to the operating segments, inter-segment eliminations and assets related to Real Estate Business. The assets for general corporate purposes consist of mainly cash and cash equivalents related to financing, marketable securities and fixed assets for general corporate purposes.

Revenues from external customers by country for the years ended March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| Country | **2013** | 2012 | **2013** |
| Japan | **¥ 3,503,060** | ¥ 2,989,182 | **$ 37,266,596** |
| United States | **803,381** | 730,294 | **8,546,606** |
| Singapore | **221,533** | 285,159 | **2,356,734** |
| Other | **333,337** | 385,718 | **3,546,138** |
| Total | **¥ 4,861,311** | ¥ 4,390,353 | **$ 51,716,074** |

Note: Revenues from external customers are attributed to countries based on the location of the Companies' operations.

Long-lived assets, including property leased to others, by country as of March 31, 2013 and 2012 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| Country | **2013** | 2012 | **2013** |
| Japan | **¥ 459,455** | ¥ 462,701 | **$ 4,887,819** |
| United States | **288,384** | 225,976 | **3,067,915** |
| Indonesia | **104,329** | 101,789 | **1,109,883** |
| Other | **232,332** | 161,890 | **2,471,617** |
| Total | **¥ 1,084,500** | ¥ 952,356 | **$ 11,537,234** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Revenues from external customers by product for the years ended March 31, 2013 and 2012 were as follows:

| Product | *Millions of yen* 2013 | 2012 | *Thousands of U.S. dollars* 2013 |
|---|---|---|---|
| Machinery | ¥ **579,151** | ¥ 590,936 | $ **6,161,181** |
| Resources | **954,341** | 907,366 | **10,152,564** |
| Materials | **1,181,455** | 972,033 | **12,568,670** |
| Consumer Products | **2,146,364** | 1,920,018 | **22,833,660** |
| Total | ¥ **4,861,311** | ¥ 4,390,353 | $ **51,716,074** |

Notes: (1) There is no concentration by customer for any years presented.

## 17. Foreign Currency Transactions

Net foreign currency transaction gains and losses included in other—net amounted to ¥5,866 million ($62,404 thousand) in gains and ¥3,407 million in losses for the years ended March 31, 2013 and 2012, respectively.

## 18. Financial Instruments

*Fair value of financial instruments*

The estimated fair value of the financial instruments of the Companies has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of amounts that could be realized or would be paid in a current market exchange.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The following methodologies and assumptions were used by the Companies in estimating the fair value disclosures of the financial instruments:

**Cash and cash equivalents, and time deposits:** The carrying amounts of the cash and cash equivalents, and time deposits reflected in the consolidated balance sheets approximate their fair value.

**Investment securities, securities and other investments:** The fair value of investments in debt securities is based on quoted market prices or estimated using discounted cash flow analyses, based on the estimated current rates offered to the issuers for securities with similar terms and remaining maturities.

The fair value of marketable equity securities is based on quoted market prices. The carrying amount of the marketable equity securities reflected in the consolidated balance sheets represents their fair value.

It was not practical to estimate the fair value of the investments other than debt securities and marketable equity securities without incurring excessive costs. The carrying amounts of the portion of the portfolio for which fair value could not be estimated was ¥155,796 million ($1,657,404 thousand) and ¥159,005 million at March 31, 2013 and 2012, respectively, and represented the cost of this portion of the portfolio, which, management believes, has no declines in fair value considered to be other than temporary.

Non-marketable securities included in the above were in the amount of ¥93,559 million ($995,309 thousand) and ¥100,240 million, at March 31, 2013 and 2012, respectively. Of those securities that were not evaluated for impairment, because the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments, were in the amounts of ¥89,788 million ($955,191 thousand) and ¥100,147 million at March 31, 2013 and 2012, respectively. For the carrying amounts and fair value of debt securities and marketable equity securities on the consolidated balance sheets, see Note 4 to consolidated financial statements.

**Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies:** The fair value of long-term notes, loans and accounts receivable – trade and long-term receivables to affiliated companies is estimated using discounted cash flow analyses, based on the interest rates currently being offered to borrowers for similar long-term notes, loans and accounts receivable – trade with similar credit ratings.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

**Short-term loans:** The carrying amount of the short-term loans reflected in the consolidated balance sheets approximates their fair value.

**Long-term debt:** The fair value of long-term debt is estimated using discounted cash flow analyses, based on the current borrowing rates for borrowing arrangements with similar terms and remaining maturities.

**Interest rate swap agreements:** The fair value of interest rate swap agreements is estimated using discounted cash flow analyses, based on the current swap rates for interest rate swap agreements with similar terms and remaining periods.

**Foreign exchange contracts:** The fair value of foreign exchange contracts is estimated based on the quoted market prices of comparable contracts, adjusted where necessary for maturity differences.

**Commodity futures and forward contracts:** The fair value of commodity futures and forward contracts is estimated primarily based on the quoted market prices of comparable contracts, adjusted where necessary for maturity differences.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The carrying amounts and fair value of financial instruments at March 31, 2013 and 2012 (amounts in parentheses represent liabilities) were as follows

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies (less allowance for doubtful accounts) | **¥ 133,702** | **¥ 134,052** | ¥ 127,297 | ¥ 127,357 |
| Long-term debt (including current portion) | **(2,777,553)** | **(2,789,166)** | (2,476,981) | (2,485,206) |
| Derivative instruments–assets: | | | | |
| Interest rate swap agreements | **26,787** | **26,787** | 17,266 | 17,266 |
| Foreign exchange contracts and other | **21,792** | **21,792** | 8,212 | 8,212 |
| Commodity futures and forward contracts and other | **44,558** | **44,558** | 62,623 | 62,623 |
| Derivative instruments–liabilities: | | | | |
| Interest rate swap agreements | **(3,380)** | **(3,380)** | (3,019) | (3,019) |
| Foreign exchange contracts and other | **(11,817)** | **(11,817)** | (8,622) | (8,622) |
| Commodity futures and forward contracts and other | **(34,874)** | **(34,874)** | (60,402) | (60,402) |

| | Thousands of U.S. dollars | |
|---|---|---|
| | 2013 | |
| | Carrying amount | Fair value |
| Long-term notes, loans and accounts receivable–trade and long-term receivables to affiliated companies (less allowance for doubtful accounts) | **$ 1,422,362** | **$ 1,426,085** |
| Long-term debt (including current portion) | **(29,548,436)** | **(29,671,979)** |
| Derivative instruments–assets: | | |
| Interest rate swap agreements | **284,968** | **284,968** |
| Foreign exchange contracts and other | **231,830** | **231,830** |
| Commodity futures and forward contracts and other | **474,021** | **474,021** |
| Derivative instruments–liabilities: | | |
| Interest rate swap agreements | **(35,958)** | **(35,958)** |
| Foreign exchange contracts and other | **(125,713)** | **(125,713)** |
| Commodity futures and forward contracts and other | **(370,999)** | **(370,999)** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 19. Fair Value Measurements

The Companies measure certain assets and liabilities at fair value. The inputs used in fair value measures are categorized into three levels based upon the observability of inputs in markets.

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: directly or indirectly observable inputs other than Level 1

Level 3: unobservable inputs

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The financial assets and liabilities the Companies measure at fair value on a recurring basis at March 31, 2013 and 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | | | 2012 | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | | | |
| Cash equivalents and time deposits | ¥ — | ¥ 340,000 | ¥ — | ¥ 340,000 | ¥ — | ¥ 227,000 | ¥ — | ¥ 227,000 |
| Short-term investments: | | | | | | | | |
| Equity Securities | — | — | — | — | 2,437 | 1 | — | 2,438 |
| Debt Securities | — | 4 | 988 | 992 | — | — | — | — |
| Long-term investments: | | | | | | | | |
| Equity Securities | 125,182 | — | — | 125,182 | 147,228 | — | — | 147,228 |
| Debt Securities | — | 275 | 15,594 | 15,869 | — | 266 | 23,826 | 24,092 |
| Derivative instruments | | | | | | | | |
| Interest rate contracts | — | 26,787 | — | 26,787 | — | 17,266 | — | 17,266 |
| Foreign exchange contracts | — | 21,792 | — | 21,792 | — | 8,212 | — | 8,212 |
| Commodity contracts | 24,227 | 19,917 | 400 | 44,544 | 38,961 | 22,327 | 1,335 | 62,623 |
| Other | 14 | — | — | 14 | — | — | — | — |
| Liabilities: | | | | | | | | |
| Derivative instruments: | | | | | | | | |
| Interest rate contracts | — | (3,380) | — | (3,380) | — | (3,019) | — | (3,019) |
| Foreign exchange contracts | — | (11,817) | — | (11,817) | — | (8,622) | — | (8,622) |
| Commodity contracts | (16,468) | (18,167) | (234) | (34,869) | (39,141) | (20,046) | (1,215) | (60,402) |
| Other | (5) | — | — | (5) | — | — | — | — |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2013 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Cash equivalents and time deposits | $ — | $ 3,617,021 | $ — | $ 3,617,021 |
| Short-term investments: | | | | |
| Equity Securities | — | — | — | — |
| Debt Securities | — | 42 | 10,511 | 10,553 |
| Long-term investments: | | | | |
| Equity Securities | 1,331,723 | — | — | 1,331,723 |
| Debt Securities | — | 2,925 | 165,894 | 168,819 |
| Derivative instruments | | | | |
| Interest rate contracts | — | 284,968 | — | 284,968 |
| Foreign exchange contracts | — | 231,830 | — | 231,830 |
| Commodity contracts | 257,734 | 211,883 | 4,255 | 473,872 |
| Other | 149 | — | — | 149 |
| Liabilities: | | | | |
| Derivative instruments: | | | | |
| Interest rate contracts | — | (35,958) | — | (35,958) |
| Foreign exchange contracts | — | (125,713) | — | (125,713) |
| Commodity contracts | (175,191) | (193,266) | (2,489) | (370,946) |
| Other | (53) | — | — | (53) |

Short-term and long-term investments categorized into Level 1 consist of marketable equity securities. Derivative instruments categorized into Level 1 mainly consist of derivatives related to commodity contracts. These assets are measured at quoted prices in active markets without adjustments.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

Cash equivalents and time deposits categorized into Level 2 consist of primarily certificates of deposit. Short-term and long-term investments categorized into Level 2 consist of primarily government and corporate bonds. Derivative instruments categorized into Level 2 consist of primarily derivatives related to commodity contracts, forward exchange contracts and interest rate swap agreements. These assets are measured based upon quoted prices of identical assets not categorized into Level 1 in markets that are not active or similar assets or liabilities in active markets. These assets are valued primarily based on a market approach using observable inputs such as commodity price, foreign exchange rate and interest rate.

Short-term and long-term investments categorized into Level 3 consist of primarily government and corporate bonds. Derivative instruments categorized into Level 3 consist of derivatives related to credit risk and commodity contracts. These assets are measured primarily based on a market approach using inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available due to lack of similar assets or liabilities in active markets or inappropriate market price by a decline of liquidity.

The Companies recognize inter-level transfers of financial assets and liabilities at the end of each quarter period.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The changes in Level 3 assets and liabilities measured on a recurring basis for the years ended March 31, 2013 and 2012 (amounts in parentheses represent liabilities) were as follows:

| | Debt securities | Debt securities | Commodity contracts | Credit contracts |
|---|---|---|---|---|
| Balance at beginning of year | ¥ — | ¥ 23,826 | ¥ 120 | ¥ — |
| Gain (loss) on income statement | — | 814 | (1,374) | — |
| Other comprehensive income (loss) | 91 | (411) | 15 | — |
| Purchases | — | — | — | — |
| Sales | — | (8,018) | — | — |
| Settlements | — | — | 1,405 | — |
| Redemptions | — | — | — | — |
| Transfers | 897 | (617) | — | — |
| Net transfers in and/or (out) of Level 3 | — | — | — | — |
| Balance at end of year | ¥ 988 | ¥ 15,594 | ¥ 166 | ¥ — |
| Gain (loss) in assets and liabilities for the year ended March 31, 2013 | ¥ — | ¥ — | ¥ 153 | ¥ — |

*Millions of yen*

| | 2012 | | | |
|---|---|---|---|---|
| | Short-term investments | Long-term investments | Derivative instruments (assets/(liabilities)) | |
| | Debt securities | Debt securities | Commodity contracts | Credit contracts |
| Balance at beginning of year | ¥ 1,251 | ¥ 16,454 | ¥ 8 | ¥ (34) |
| Gain (loss) on income statement | 351 | — | (2,044) | 34 |
| Other comprehensive income (loss) | (208) | 438 | (4) | — |
| Purchases | — | — | — | — |
| Sales | — | — | — | — |
| Settlements | — | — | 2,170 | — |
| Redemptions | (1,394) | — | — | — |
| Transfers | — | 6,934 | — | — |
| Net transfers in and/or (out) of Level 3 | — | — | (10) | — |
| Balance at end of year | ¥ — | ¥ 23,826 | ¥ 120 | ¥ — |
| Gain (loss) in assets and liabilities for the year ended March 31, 2012 | ¥ — | ¥ — | ¥ 122 | ¥ — |

*Thousands of U.S. dollars*

| | 2013 | | | |
|---|---|---|---|---|
| | Short-term investments | Long-term investments | Derivative instruments (assets/(liabilities)) | |
| | Debt securities | Debt securities | Commodity contracts | Credit contracts |
| Balance at begining of year | $ — | $ 253,468 | $ 1,277 | $ — |
| Gain (loss) on income statement | — | 8,660 | (14,617) | — |
| Other comprehensive income (loss) | 968 | (4,372) | 159 | — |
| Purchases | — | — | — | — |
| Sales | — | (85,298) | — | — |
| Settlements | — | — | 14,947 | — |
| Redemptions | — | — | — | — |
| Transfers | 9,543 | (6,564) | — | — |
| Net transfers in and/or (out) of Level 3 | — | — | — | — |
| Balance at end of year | $ 10,511 | $ 165,894 | $ 1,766 | $ — |
| Gain (loss) in assets and liabilities for the year ended March 31, 2013 | $ — | $ — | $ 1,628 | $ — |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

In the consolidated statements of income, the gain (loss) on income statement of investment securities and derivative instruments are included in gain on sales of investment securities, other—net or cost of revenues from trading and other activities.

The assets the Companies measure at fair value on a nonrecurring basis at March 31, 2013 and 2012 were followings:

| | *Millions of yen* | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | | 2012 | | |
| | Level 1 | Level 3 | Total | Level 1 | Level 3 | Total |
| Assets: | | | | | | |
| Securities and investments in affiliated companies | ¥ 3,201 | ¥ 43,486 | ¥ 46,687 | ¥ — | ¥ 22,295 | ¥ 22,295 |
| Property leased to others, property, plant and equipment, goodwill and intangible assets | — | 3,995 | ¥ 3,995 | — | 5,908 | ¥ 5,908 |

| | *Thousands of U.S. dollars* | | |
|---|---|---|---|
| | 2013 | | |
| | Level 1 | Level 3 | Total |
| Assets: | | | |
| Securities and investments in affiliated companies | $ 34,053 | $ 462,617 | $ 496,670 |
| Property leased to others, property, plant and equipment, goodwill and intangible assets | — | 42,500 | 42,500 |

Non-marketable equity securities are stated at cost. Investments in affiliated companies are stated at cost, adjusted for equity in their undistributed earnings or accumulated losses since acquisition. When declines in the value of investments in affiliated companies are other than temporary, the investments are written down to fair value and the impairment losses are recognized as a result of comprehensive examination of the recoverability for the investments based on projected business results and the percentage of decline for net assets against the investment, and other relevant factors. If the Company loses control of its subsidiaries due to the change in the ownership interest, retained interest is remeasured at fair value. As a result, the net write-downs amounted to ¥20,994 million ($223,340 thousand) of losses and ¥1,699 million of gains for the years ended March 31, 2013 and 2012, respectively. The Companies recognized impairment losses on equity-method investments in The Daiei, Inc. which is included in impairment loss on investment securities in the consolidated statements of income.

Nonfinancial assets measured at fair value on a nonrecurring basis consist primarily of property leased to others, property, plant and equipment, goodwill and intangible assets. Property leased to others, property, plant and equipment and intangible assets subject to amortization are evaluated for impairment and written down to their fair value if the sum of their expected undiscounted future cash flows is less than the carrying amount of the assets, whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Companies review goodwill and intangible assets with indefinite useful lives for impairment at least annually. These assets are written down to fair value and impairment losses are recognized if they are determined to be impaired. As a result, the write-downs amounted to ¥29,432 million ($313,106 thousand) and ¥8,880 million for the years ended March 31, 2013 and 2012, respectively.

Valuation techniques of fair value measurement are primarily the discounted cash flow method that uses as inputs the future expected cash flows generated from the investees and related assets.

The assets and liabilities which the Companies do not measure at the fair value in the statement of financial position but for which the fair value is disclosed are long-term notes, loans and accounts receivable–trade, long-term receivables to affiliated companies (less allowance for doubtful accounts) and long-term debt (including current portion) for the years ended March 31, 2013 and 2012. These inputs used for the fair value measurements are categorized within level 3. For valuation technique and input information used to measure the fair value of these assets and liabilities, see Note 18 to consolidated financial statements.

## 20. Derivative Instruments and Hedging Activities

*Risk management*

The Company and certain of its subsidiaries are exposed to market risks such as foreign exchange, interest rate and commodity price and enter into derivative transactions, including non-derivative financial instruments which are designated as hedging instruments, to hedge the risks. The Company and certain of its subsidiaries also enter into derivative transactions for trading purposes. The Company and certain of its subsidiaries have internal regulations regarding position and loss limits and the actual positions and gains/losses are periodically reported to management. Although the Company and certain of its subsidiaries are exposed to credit risks in the event of nonperformance by the counterparties, such risks are minimized by avoiding concentration of counterparties, selecting counterparties with high credit ratings and maintaining strict credit control. Furthermore, the Company and certain of its subsidiaries generally enter into master netting agreements with each of its counterparties. The master netting agreements provide protection in the event of bankruptcy of the counterparty in certain circumstances and mitigate the credit risk exposure from these transactions.

The Company and certain of its subsidiaries have departments which confirm all derivative transactions and month-end outstanding balances directly with the counterparties separated from the departments which execute derivative transactions. In addition, the Company has a “Risk Management Division,” in its Tokyo Head Office. The Risk Management Division independently analyzes various risks and exposures, reports the results of the analysis, and monitors and controls financing activities comprehensively. Furthermore, the Risk Management Division obtains derivative transaction data from the financial subsidiaries and the foreign corporate subsidiaries, reports to management periodically in

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

cooperation with the related departments, and strengthens the Company's unified control over derivative transactions globally.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Management of foreign currency exposures*

The Company and certain of its subsidiaries conduct business in various foreign currencies.

The Company and certain of its subsidiaries use derivative instruments such as currency swaps to hedge the exposure to changes in fair value of foreign currency denominated receivables, payables and firm commitments. The Company and certain of its subsidiaries use foreign exchange contracts to hedge foreign currency denominated receivables, payables, firm commitments and forecast transactions to minimize the effect of foreign currency exposures. The Company and certain of its subsidiaries are using foreign exchange contracts as a hedge of a net investment in foreign currency.

*Management of interest rate risks*

The Company and certain of its subsidiaries enter into interest rate swap agreements primarily to convert the fixed interest rates on the principal of certain assets and liabilities to floating interest rates.

*Management of commodity price risks*

The Company and certain of its subsidiaries enter into commodity futures, commodity forward contracts, commodity swaps and commodity options primarily to hedge the risks from changes in commodity prices associated with certain inventories, firm commitments and forecast transactions.

*Fair value hedging strategy*

The Company and certain of its subsidiaries primarily designate, as a fair value hedge, currency swaps to hedge the exposure to changes in fair value of foreign currency denominated receivables, payables and firm commitments, commodity futures and forward contracts to hedge the exposure to the changes in fair value of certain inventories and firm commitments, and interest rate swap agreements to hedge the fixed interest rates on the principal of certain assets and liabilities. Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2013 and 2012. Gains and losses related to unqualified firm commitments as a fair value hedge were not significant for the years ended March 31, 2013 and 2012.

The notional amounts for the interest rate swap agreements to convert fixed interest rates to floating interest rates were ¥911,950 million ($9,701,596 thousand) at March 31, 2013. The notional amounts for currency swap agreements related to the fair value hedge of foreign currency denominated receivables, payables and firm commitments were ¥15,053 million ($160,138 thousand) at March 31, 2013. Commodity futures and forward contracts that the Company and certain of its subsidiaries hold primarily as a fair value hedge were soybeans (13,784 thousand tons), aluminum (406 thousand tons) and copper (119 thousand tons) at March 31, 2013.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Cash flow hedging strategy*

The Company and certain of its subsidiaries designate, as a cash flow hedge, foreign exchange contracts to hedge the cash flows of foreign currency denominated receivables, payables, firm commitments and forecasted transactions, interest rate swap agreements to hedge future interest payments of certain assets and liabilities, and commodity futures and forward contracts to hedge the cash flows relating to forecasted commodity transactions.

Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2013 and 2012. Gains and losses reclassified into earnings from accumulated other comprehensive income as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions would not occur were not significant for the years ended March 31, 2013 and 2012.

The Company and certain of its subsidiaries expect to reclassify ¥4,084 million ($43,447 thousand) of net loss on derivative instruments from accumulated other comprehensive income to earnings during the 12 months ending March 31, 2014, due to actual export and import transactions or receipts and payments of interest.

The maximum length of time over which the Company and certain of its subsidiaries are hedging their exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payments of variable interest on existing financial instruments, until December 31, 2036.

The notional amounts for the interest rate swap agreements to convert the floating interest rates to fixed interest rates were ¥202,462million ($2,153,851 thousand) at March 31, 2013.

Commodity futures, forward and swap contracts that the Company and certain of its subsidiaries hold primarily as a cash flow hedges were crude oil (178,906 thousand barrels) at March 31, 2013. The notional amounts for foreign exchange contracts that the Company and certain of its subsidiaries hold primarily as a cash flow hedge were ¥479,777 million ($5,104,011 thousand) at March 31, 2013.

*Hedge of net investment in foreign operation strategy*

The Company primarily designates foreign-currency-denominated debt, and foreign exchange contracts as a hedge of a net investment in foreign operations. Gains and losses related to the ineffective portion of hedging transactions and the portion of hedging instruments excluded from the assessment of hedge effectiveness were not significant for the years ended March 31, 2013 and 2012.

The amounts of foreign exchange contracts, and short-term loans and long term debt as a hedging instrument for foreign currency exposure of a net investment in foreign operations were ¥244,286 million ($2,598,787 thousand) and ¥354,650 million ($3,772,872 thousand), respectively, at March 31, 2013.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Fair value of derivative instruments*

The following were the locations and the amounts of fair value of derivative instrument in the consolidated balance sheets segregated between derivatives designated as hedging instruments and those not designated at March 31, 2013 and 2012.

| | *Millions of yen* | | | |
|---|---|---|---|---|
| | **2013** | | | |
| | **Asset derivatives** | | **Liability derivatives** | |
| | **Balance sheet location** | **Fair value** | **Balance sheet location** | **Fair value** |
| **Derivatives designated as hedging instruments:** | | | | |
| Interest rate contracts | Prepaid expenses and other current assets | ¥ **654** | Accrued expenses and other current liabilities | ¥ **575** |
| | Other assets | **26,133** | Long-term debt | **2,805** |
| Foreign exchange contracts | Cash and cash equivalents | **3,585** | Account payable | **1,054** |
| | Accounts receivable | **183** | Short-term loans | **6,897** |
| | Prepaid expenses and other current assets | **12,690** | Current portion of long-term debt | **26,569** |
| | Other assets | **3,713** | Accrued expenses and other current liabilities | **4,658** |
| | — | — | Long-term debt | **323,560** |
| Commodity contracts | Prepaid expenses and other current assets | **24,573** | Accrued expenses and other current liabilities | **17,002** |
| | Other assets | **707** | Long-term debt | **1,079** |
| Other | Prepaid expenses and other current assets | **14** | Accrued expenses and other current liabilities | **5** |
| Total | | ¥ **72,252** | | ¥ **384,204** |
| **Derivatives not designated as hedging instruments:** | | | | |
| Foreign exchange contracts | Prepaid expenses and other current assets | **4,488** | Accrued expenses and other current liabilities | **5,051** |
| | Other assets | **901** | Long-term debt | **888** |
| Commodity contracts | Prepaid expenses and other current assets | **17,422** | Accrued expenses and other current liabilities | **16,426** |
| | Other assets | **1,842** | Long-term debt | **362** |
| Total | | ¥ **24,653** | | ¥ **22,727** |
| Total derivatives | | ¥ **96,905** | | ¥ **406,931** |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | *Millions of yen* | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | | | | |
| | Asset derivatives | | | Liability derivatives | | |
| | Balance sheet location | Fair value | | Balance sheet location | Fair value | |
| **Derivatives designated as hedging instruments:** | | | | | | |
| Interest rate contracts | Prepaid expenses and other current assets | ¥ | 1,401 | Accrued expenses and other current liabilities | ¥ | 97 |
| | Other assets | | 15,805 | Long-term debt | | 2,854 |
| Foreign exchange contracts | Cash and cash equivalents | | 33 | Short-term loans | | 8,308 |
| | Time deposits | | 834 | Current portion of long-term debt | | 616 |
| | Accounts receivable | | 102 | Accrued expenses and other current liabilities | | 4,381 |
| | Prepaid expenses and other current assets | | 4,316 | Long-term debt | | 130,272 |
| | Other assets | | 1,567 | — | | — |
| Commodity contracts | Prepaid expenses and other current assets | | 33,433 | Accrued expenses and other current liabilities | | 35,831 |
| | Other assets | | 1,749 | Long-term debt | | 1,091 |
| Total | | ¥ | 59,240 | | ¥ | 183,450 |
| **Derivatives not designated as hedging instruments:** | | | | | | |
| Interest rate contracts | Prepaid expenses and other current assets | ¥ | 60 | Accrued expenses and other current liabilities | ¥ | 68 |
| Foreign exchange contracts | Prepaid expenses and other current assets | | 909 | Accrued expenses and other current liabilities | | 359 |
| | Other assets | | 1,621 | Long-term debt | | 2,204 |
| Commodity contracts | Prepaid expenses and other current assets | | 26,276 | Accrued expenses and other current liabilities | | 22,660 |
| | Other assets | | 1,165 | Long-term debt | | 820 |
| Total | | ¥ | 30,031 | | ¥ | 26,111 |
| Total derivatives | | ¥ | 89,271 | | ¥ | 209,561 |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | *Thousands of U.S. dollars* | | | |
|---|---|---|---|---|
| | 2013 | | | |
| | Asset derivatives | | Liability derivatives | |
| | Balance sheet location | Fair value | Balance sheet location | Fair value |
| **Derivatives designated as hedging instruments:** | | | | |
| Interest rate contracts | Prepaid expenses and other current assets | $ 6,957 | Accrued expenses and other current liabilities | $ 6,117 |
| | Other assets | 278,011 | Long-term debt | 29,841 |
| Foreign exchange contracts | Cash and cash equivalents | 38,138 | Account payable | 11,213 |
| | Accounts receivable | 1,947 | Short-term loans | 73,372 |
| | Prepaid expenses and other current assets | 135,000 | Current portion of long-term debt | 282,649 |
| | Other assets | 39,500 | Accrued expenses and other current liabilities | 49,553 |
| | — | — | Long-term debt | 3,442,128 |
| Commodity contracts | Prepaid expenses and other current assets | 261,415 | Accrued expenses and other current liabilities | 180,872 |
| | Other assets | 7,521 | Long-term debt | 11,479 |
| Other | Prepaid expenses and other current assets | 149 | Accrued expenses and other current liabilities | 53 |
| Total | | $ 768,638 | | $ 4,087,277 |
| **Derivatives not designated as hedging instruments:** | | | | |
| Foreign exchange contracts | Prepaid expenses and other current assets | 47,745 | Accrued expenses and other current liabilities | 53,734 |
| | Other assets | 9,585 | Long-term debt | 9,447 |
| Commodity contracts | Prepaid expenses and other current assets | 185,340 | Accrued expenses and other current liabilities | 174,744 |
| | Other assets | 19,596 | Long-term debt | 3,851 |
| Total | | $ 262,266 | | $ 241,776 |
| Total derivatives | | $ 1,030,904 | | $ 4,329,053 |

Note: Derivatives designated as hedging instruments include non-derivative instruments which are designated as hedging. Non-derivative instruments are presented at book value translated by the spot rates as of each balance sheet date.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Gains and losses on derivative instruments*

The following were the locations and the amounts of gains and losses on derivative instruments in consolidated the statements of income segregated between derivatives designated as hedging instruments and those not designated for the years ended March 31, 2013 and 2012.

| | | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **Location of gain (loss) in income on derivative** | **Amount of gain (loss) in income on derivative —year ended March 31, 2013** | **Amount of gain (loss) in income on derivative —year ended March 31, 2013** |
| Derivatives in fair value hedge: | | | |
| Interest rate contracts | Interest expense | ¥ 9,699 | $ 103,181 |
| Foreign exchange contracts | Other—net | 1,479 | 15,734 |
| Commodity contracts | Cost of revenues from trading and other activities | (12,860) | (136,809) |
| Other | Impairment loss on investment securities | 9 | 96 |
| Total | | ¥ (1,673) | $ (17,798) |

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

| | *Millions of yen* | | |
|---|---|---|---|
| | **Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2013** | **Location of gain (loss) reclassified from accumulated OCI into income (effective portion)** | **Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2013** |
| Derivatives in cash flow hedge: | | | |
| Interest rate contracts | ¥ (1,568) | Interest expense | ¥ (1,386) |
| Foreign exchange contracts | 9,783 | Other—net | (1,520) |
| Commodity contracts | 1,160 | Cost of revenues from trading and other activities | (1,779) |
| Total | ¥ 9,375 | | ¥ (4,685) |

| | *Thousands of U.S. dollars* | | |
|---|---|---|---|
| | **Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2013** | **Location of gain (loss) reclassified from accumulated OCI into income (effective portion)** | **Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2013** |
| Derivatives in cash flow hedge: | | | |
| Interest rate contracts | $ (16,681) | Interest expense | $ (14,745) |
| Foreign exchange contracts | 104,075 | Other—net | (16,170) |
| Commodity contracts | 12,340 | Cost of revenues from trading and other activities | (18,925) |
| Total | $ 99,734 | | $ (49,840) |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | Millions of yen | | | | |
|---|---|---|---|---|---|
| | Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2013 | | Location of gain (loss) reclassified from accumulated OCI into income (effective portion) | Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2013 | |
| Derivatives in net investment hedge in foreign currency: | | | | | |
| Foreign exchange contracts | ¥ | (71,848) | Impairment loss on investment securities | ¥ | 767 |
| | | | Gain on sales of investment securities | | (105) |
| Total | ¥ | (71,848) | | ¥ | 662 |

| | Thousands of U.S. dollars | | | | |
|---|---|---|---|---|---|
| | Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2013 | | Location of gain (loss) reclassified from accumulated OCI into income (effective portion) | Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2013 | |
| Derivatives in net investment hedge in foreign currency: | | | | | |
| Foreign exchange contracts | $ | (764,340) | Impairment loss on investment securities | $ | 8,160 |
| | | | Gain on sales of investment securities | $ | (1,117) |
| Total | $ | (764,340) | | $ | 7,043 |

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

| | | Millions of yen | | Thousands of U.S. dollars | |
|---|---|---|---|---|---|
| | Location of gain (loss) in income on derivative | Amount of gain (loss) in income on derivative —year ended March 31, 2013 | | Amount of gain (loss) in income on derivative —year ended March 31, 2013 | |
| Derivatives not designated as hedging instruments: | | | | | |
| Commodity contracts | Cost of revenues from trading and other activities | ¥ | 5,112 | $ | 54,383 |
| | Other—net | | 425 | | 4,521 |
| Other contracts | Other—net | | 1,038 | | 11,043 |
| Total | | ¥ | 6,575 | $ | 69,947 |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | *Millions of yen* | |
|---|---|---|
| | **Location of gain (loss) in income on derivative** | **Amount of gain (loss) in income on derivative —year ended March 31, 2012** |
| Derivatives in fair value hedge: | | |
| Interest rate contracts | Interest expense | ¥ 3,117 |
| Foreign exchange contracts | Other—net | (1,408) |
| Commodity contracts | Cost of revenues from trading and other activities | (5,528) |
| Total | | ¥ (3,819) |

Note: Foreign exchange contracts include gain (loss) on non-derivative instruments which are designated as hedging.

| | *Millions of yen* | | |
|---|---|---|---|
| | **Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2012** | **Location of gain (loss) reclassified from accumulated OCI into income (effective portion)** | **Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2012** |
| Derivatives in cash flow hedge: | | | |
| Interest rate contracts | ¥ (1,370) | Interest expense | ¥ (1,604) |
| Foreign exchange contracts | 3,244 | Other—net | 6,351 |
| Commodity contracts | (923) | Cost of revenues from trading and other activities | 57 |
| Total | ¥ 951 | | ¥ 4,804 |

| | *Millions of yen* | | |
|---|---|---|---|
| | **Amount of gain (loss) recognized in OCI on derivative (effective portion) —year ended March 31, 2012** | **Location of gain (loss) reclassified from accumulated OCI into income (effective portion)** | **Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) —year ended March 31, 2012** |
| Derivatives in net investment hedge in foreign currency: | | | |
| Foreign exchange contracts | ¥ 3,107 | Gain on sales of investment securities | ¥ 276 |
| Total | ¥ 3,107 | | ¥ 276 |

| | *Millions of yen* | |
|---|---|---|
| | **Location of gain (loss) in income on derivative** | **Amount of gain (loss) in income on derivative —year ended March 31, 2012** |
| Derivatives not designated as hedging instruments: | | |
| Commodity contracts | Cost of revenues from trading and other activities | ¥ 4,356 |
| Other contracts | Other—net | 401 |
| Total | | ¥ 4,757 |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Credit Derivatives*

The Companies did not enter into credit default swap agreements or use hybrid instruments that have embedded credit derivatives such as Collateralized Loan Obligation as a seller of credit derivatives, from March 31, 2012.

## 21. Concentration of Credit Risk

The Companies operate as a general trading business and their business comprises export, import, domestic and offshore trading in a wide variety of fields including industrial, agricultural and consumer products, and also involve all levels of activities from planning, investment, and research and development through production, distribution and marketing. In addition, the Companies operate in substantially all geographic areas of the world, and their customers are diversified. Accordingly, management of the Companies believes there is no significant concentration of credit risk among its customers or in its investments. The Companies require collateral to the extent considered necessary.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 22. Leases

*Lessor:*

The Company and certain of its subsidiaries lease vessels, automobiles and certain other assets, which are classified as direct financing leases or sales-type leases.

At March 31, 2013 and 2012, net investments, included in notes and accounts receivable – trade and notes, loans and accounts receivable–trade in the consolidated balance sheets, were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2013** | **2012** | **2013** |
| Total future minimum lease payments to be received | ¥ **38,951** | ¥ 45,522 | $ **414,372** |
| Less unearned income | **(4,881)** | (4,871) | **(51,925)** |
| Net investments in direct financing leases and sales-type leases | ¥ **34,070** | ¥ 40,651 | $ **362,447** |

The future minimum lease payments to be received as of March 31, 2013 are as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 3,967 | $ 42,202 |
| 2015 | 4,576 | 48,681 |
| 2016 | 2,763 | 29,394 |
| 2017 | 17,904 | 190,468 |
| 2018 | 3,904 | 41,532 |
| Thereafter | 5,837 | 62,095 |
| Total | ¥ 38,951 | $ 414,372 |

The Company and certain of its subsidiaries also lease property such as office buildings, vessels, freight railcars, trailers and certain other assets under operating leases. The cost and accumulated depreciation of the leased property at March 31, 2013 and 2012 were shown on the consolidated balance sheets. The future minimum lease receipts under non-cancelable operating leases as of March 31, 2013 were as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 20,091 | $ 213,734 |
| 2015 | 16,515 | 175,691 |
| 2016 | 14,036 | 149,319 |
| 2017 | 12,007 | 127,734 |
| 2018 | 9,044 | 96,213 |
| Thereafter | 16,699 | 177,649 |
| Total | ¥ 88,392 | $ 940,340 |

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

*Lessee:*

The Company and certain of its subsidiaries lease machinery, vessels, office equipment and certain other assets, which are classified as capital leases. At March 31, 2013, the cost and accumulated depreciation of the leased property, included primarily in property, plant and equipment in the consolidated balance sheet, were ¥22,212 million ($236,298 thousand) and ¥13,199 million ($140,415 thousand), respectively. The future minimum lease payments under capital leases together with capital lease obligations as of March 31, 2013 were as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 3,151 | $ 33,521 |
| 2015 | 2,435 | 25,904 |
| 2016 | 1,864 | 19,830 |
| 2017 | 1,447 | 15,394 |
| 2018 | 1,021 | 10,862 |
| Thereafter | 3,668 | 39,021 |
| Total future minimum lease payments | 13,586 | 144,532 |
| Less amount representing interest | (1,633) | (17,372) |
| Capital lease obligation | ¥ 11,953 | $ 127,160 |

The Company and certain of its subsidiaries also lease vessels, office buildings, machinery and certain other assets under operating leases. Rental expense amounted to ¥33,692 million ($358,426 thousand) and ¥21,685 million for the years ended March 31, 2013 and 2012, respectively. The future minimum lease payments under non-cancelable operating leases as of March 31, 2013 were as follows:

| Years ending March 31 | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2014 | ¥ 28,420 | $ 302,340 |
| 2015 | 23,901 | 254,266 |
| 2016 | 13,210 | 140,532 |
| 2017 | 11,114 | 118,234 |
| 2018 | 9,633 | 102,479 |
| Thereafter | 36,976 | 393,362 |
| Total | ¥ 123,254 | $ 1,311,213 |

Minimum lease payments have not been reduced by minimum sublease rentals of ¥23,790 million ($253,085 thousand) due in the future under non-cancelable subleases. Payments for services of ¥18,855 million ($200,585 thousand) are included in the future minimum lease payments.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 23. Commitments and Contingent Liabilities

The Company and certain of its subsidiaries enter into long-term purchase contracts for certain goods and products in metal and machinery industries at either fixed or variable prices. The Company and certain of its subsidiaries generally enter into sales contracts for such purchase contracts with customers. At March 31, 2013, the total amount of the long-term purchase contracts was approximately ¥597,000 million ($6,351,064 thousand), of which deliveries were at various dates through 2036.

The Company and certain of its subsidiaries had commitments to make additional investments or loans in the aggregate amount of approximately ¥309,000 million ($3,287,234 thousand) at March 31, 2013.

The Company and certain of its subsidiaries provide various types of guarantees for the obligations of the affiliated companies and customers in the ordinary course of business. The guarantees are primarily for the monetary indebtedness to the benefit of third parties. Should the guaranteed customers fail to fulfill their obligations, the Company and certain of its subsidiaries would be required to fulfill the obligations under these guarantees.

The outstanding balances of guarantees were ¥299,219 million ($3,183,181 thousand) and ¥249,945 million, including ¥203,475 million ($2,164,628 thousand) and ¥172,566 million to the affiliated companies, at March 31, 2013 and 2012, respectively. The outstanding balances of guarantees represent the maximum potential amount of future payments without consideration of the possibilities of fulfillment of the obligations. Therefore, such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Some guarantees are secured by secondary guarantees provided for the Company and certain of its subsidiaries by third parties. The amounts secured by secondary guarantees provided for the Company and certain of its subsidiaries by third parties were ¥22,377 million ($238,053 thousand) and ¥21,058 million, including ¥16,993 million ($180,777 thousand) and ¥18,274 million to the affiliated companies at March 31, 2013 and 2012, respectively. Guarantees with the longest term will expire in 2037. The liabilities recognized for the guarantees were ¥1,197 million ($12,734 thousand) and ¥1,212 million at March 31, 2013 and 2012, respectively.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The Company manages the risk of fulfillment of obligations under the guarantees by setting the appropriate line of credit and by undertaking provisional measures in accordance with the credit risk rank to which each guaranteed customer belongs. The Company determines the rank of each customer before entering into the guarantee agreements according to the customer's credit risk which is estimated and reviewed based on the customer's financial information. The possibilities of fulfillment of obligations under the guarantees which would have a material effect in the consolidated financial statements were estimated to be remote at March 31, 2013. A provision for loss on guarantees was recognized for the amount that was considered probable.

The outstanding balance of the export bills of exchange discounted by the negotiating banks were ¥11,440 million ($121,702 thousand) and ¥13,358 million at March 31, 2013 and 2012, respectively. The outstanding balance of notes receivable endorsed was ¥241 million ($2,564 thousand) at March 31, 2013. There was no notes receivable endorsed at March 31, 2012. If a customer fails to fulfill its obligation with respects to the bills, the Company and certain of its subsidiaries would be obligated to repurchase the bills based on the agreements with the banks.

The Companies and the affiliated companies conduct business activities on a global scale and are involved in transactions which are subject to the oversight by various types of authorities, both in Japan and abroad. Such business activities are exposed to risk and, from time to time, may involve legal actions, claims or other disputes. Although there were various issues outstanding at March 31, 2013, management is of the opinion that settlement of all such issues outstanding would not have a material effect on the consolidated financial position or results of operations, or cash flows of the Companies.

## 24. Variable Interest Entities

The Company and certain of its subsidiaries hold variable interests in VIEs, which is defined in ASC 810-10, in the form of investments, loans and others.

In assessing whether the Company and certain of its subsidiaries are the primary beneficiary of a VIE and shall consolidate the VIE, the Companies perform a qualitative analysis whether they have both of the following characteristics: (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company and certain of its subsidiaries hold subordinated investment securities and other interests without voting rights in VIEs, whose operations are real estate developments, and consolidate them as the primary beneficiary.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

The following table presents the carrying amounts and classification of the consolidated VIEs' assets and liabilities on the consolidated balance sheets at March 31, 2013 and 2012. The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the Company or its consolidated subsidiaries.

| Assets and liabilities of VIEs on consolidated balance sheet | *Millions of yen* 2013 | *Millions of yen* 2012 | *Thousands of U.S. dollars* 2013 |
|---|---|---|---|
| **Assets:** | | | |
| Cash and cash equivalents | ¥ **3,112** | ¥ 9,263 | $ **33,106** |
| Securities and other investments | — | 210 | — |
| Property leased to others—net | **92,082** | 92,875 | **979,596** |
| Land | **9,032** | 8,795 | **96,085** |
| Other | **10,805** | 15,301 | **114,947** |
| Total | ¥ **115,031** | ¥ 126,444 | $ **1,223,734** |
| **Liabilities:** | | | |
| Long-term debt, less current portion | **135** | 150 | **1,436** |
| Other | **2,881** | 8,969 | **30,649** |
| Total | ¥ **3,016** | ¥ 9,119 | $ **32,085** |

The fluctuations of the VIE’s assets caused by changes in conclusions to consolidate VIEs for the years ended March 31, 2013 and 2012 were not significant.

The Company and certain of its subsidiaries hold variable interest in the VIEs that have not been consolidated by them because they are not the primary beneficiary while they hold investments, loans and others in the VIEs whose operations are financing and leasing.

The total assets of these VIEs were ¥ 435,396 million ($4,631,872 thousand) and ¥430,230 million at March 31, 2013 and 2012, respectively. The following table presents the carrying amounts and classification of the assets and liabilities that relate to the Companies’ variable interests in these VIEs in the consolidated balance sheets at March 31, 2013 and 2012. The following table also presents the amounts of the maximum exposure to loss as a result of the involvement with these VIEs. The maximum exposure represents the amounts of a loss which the Companies could incur from the variability in value of the investments, and does not necessarily represent the anticipated loss to be incurred from the involvement with the VIEs.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

| | Millions of yen | | | |
|---|---|---|---|---|
| | Variable Interests on consolidated balance Sheet | The maximum exposure to loss | Variable Interests on consolidated balance Sheet | The maximum exposure to loss |
| | **2013** | | **2012** | |
| Securities and other investments | **¥ 6,230** | **¥ 6,230** | ¥ 4,581 | ¥ 4,581 |
| Long-term notes, loans and accounts receivable - trade | **12,533** | **12,533** | 12,277 | 12,277 |
| Lease contracts | **—** | **31,546** | — | 19,736 |
| Total | **¥ 18,763** | **¥ 50,309** | ¥ 16,858 | ¥ 36,594 |

| | Thousands of U.S. dollars | |
|---|---|---|
| | Variable Interests on consolidated balance Sheet | The maximum exposure to loss |
| | **2013** | |
| Securities and other investments | **$ 66,276** | **$ 66,276** |
| Long-term notes, loans and accounts receivable - trade | **133,330** | **133,330** |
| Lease contracts | **—** | **335,596** |
| Total | **$ 199,606** | **$ 535,202** |

## 25. Gains or Losses on Loss of Control of Subsidiaries

The Companies recognize gains or losses as changes in the Companies' ownership interests in net income and the difference between carrying amount and fair value of retained noncontrolling investments remeasured is included in net income, if the Companies lose control of subsidiaries. The amount of gains or losses in net income by remeasuring retained noncontrolling investments at its fair value upon losing control of former subsidiaries was ¥2,582 million of gains for the year ended March 31, 2012. Valuation techniques of fair value measurement are based on various factors, including the sale price of the Companies' former ownership interest and the discounted cash flow method that uses the future expected cash flows generated from the investees and related assets. The amounts of gains or losses in net income as changes in the Companies' ownership interest was ¥5,642 million of gains for the year ended March 31, 2012, including gains on remeasurement of retained noncontrolling investments, which the Company recognized upon losing control of subsidiaries. Gains or losses recognized by these accounting treatments were presented in gain on sales of investment securities. These sales transactions were not made with the related parties of the Companies. Certain former consolidated subsidiaries became affiliated companies after sales transactions which resulted in loss of control.

Gains or losses on loss of control of subsidiaries were not significant for the year ended March 31, 2013.

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

## 26. Subsequent Events

The Companies have evaluated subsequent events through June 21, 2013, which was the date its consolidated financial statements were available to be issued.

On May 17, 2013, the Board of Directors approved the payment of cash dividends to shareholders of record on March 31, 2013 of ¥12 ($0.13) per share of common stock or ¥20,835 million ($221,649 thousand) in the aggregate from the retained earnings payable on May 31, 2013.

On June 9, 2013, the Company entered into an amendment to the Equity Interest Purchase Agreement, dated as of May 29, 2012, pursuant to which the Company agreed to acquire all of the equity interest of Gavilon Holdings LLC ("Gavilon"), to modify the terms of the acquisition (the "Amendment").

*Overview of the Transaction after the modifications*

Under the Equity Interest Purchase Agreement as originally executed, the Company would acquire 100% of the direct and indirect equity interests of Gavilon, including its grains, fertilizer and energy businesses, from the holders of such equity interests for approximately USD 3,600 million. Pursuant to the Amendment, the Company will still acquire 100% of the equity interests of Gavilon, and the sellers will receive approximately USD 2,600 million in cash and will retain Gavilon's energy business. As a result, the Company will acquire all of the assets and businesses of Gavilon except the energy business.

*Prospects for the future*

The Company has received necessary approvals from all relevant competition authorities. The Chinese competition authority granted conditional approval, and the Company is currently in the process of fulfilling those conditions.



## 27. Other Information

On March 27, 2013, Aeon Co., Ltd ("Aeon") and the Company agreed on the terms below regarding changes to the support system of restructuring The Daiei, Inc. ("Daiei") together with the formulation of a strategic partnership between Aeon and Marubeni.

*Aims*

Under the Agreement, Aeon and the Company, based on the relationship of mutual trust, are aiming to enhance our business value by forming a strategic partnership to provide products and services with lower prices and high qualities to customers collaboratively utilizing Marubeni's global procurement network and Aeon's retail network, as well as by collaborating on efficient supply-chain management,

**Marubeni Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements (continued)**

the procurement of safe and reliable products, and the creation of a network service and a supermarket business alliance in the Kanto region.

*Daiei Stock*

Regarding the tender offer of Daiei stock conducted by Aeon, the Company has agreed to offer 48,360 thousand shares (24.3%) of Daiei stock held by the Company and Marubeni Retail Investment (jointly the Company). Meanwhile, the Company will retain its 9,932 thousand shares (5%) and will continue to cooperate with Aeon for the growth of Daiei going forward.

*Strategic Partnership between Aeon and the Company*

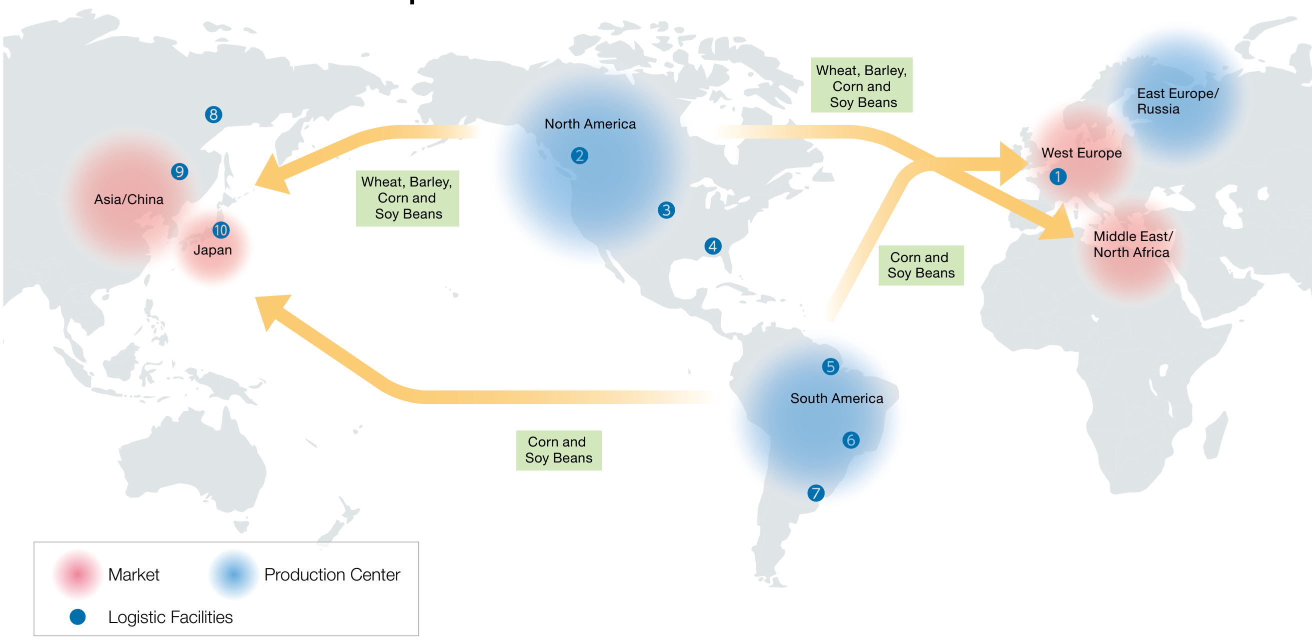
・Aeon and the Company will collectively proceed on efforts to develop new domestic and overseas supply sources and to reduce costs through simplifying the supply chain. Aeon will also work together with the Marubeni Group ("the Group") to utilize the Group's management resources such as food material supplies including grains, and to expand and streamline procurements and distributions in fields of various processed foods and perishables.

・Aeon and the Company will proceed on deliberation with an aim to create an alliance of supermarket businesses in the Kanto region that stock top brands chosen first and foremost by customers within the competitive global context.

# Corporate Information

# Food Materials Business (As of March 31, 2013)

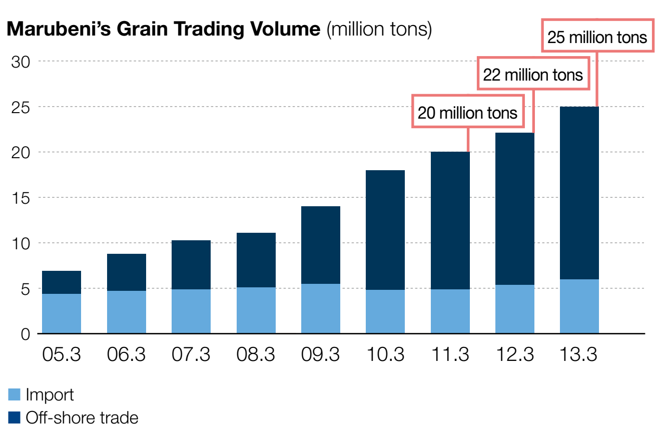
## Marubeni's Grain Trade Map



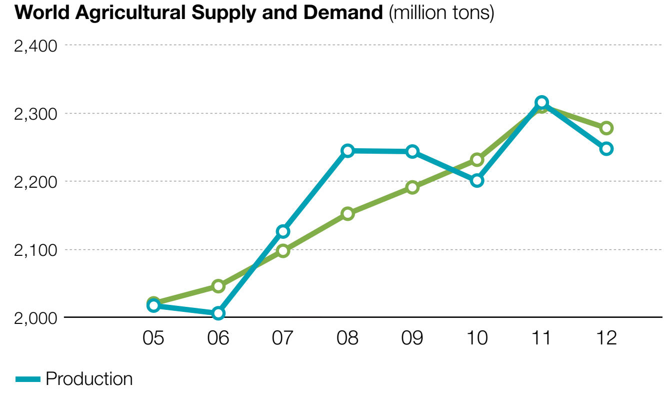

| Production Center | Country | Facilities |
|---|---|---|
| Senalia Union | France | Logistic facilities/Export bases ❶ |
| Columbia Grain International | U.S.A. | Logistic facilities/Export bases ❷ |
| Gavilon Holdings* | U.S.A. | Logistic facilities/Export bases ❸ |
| ADM | U.S.A. | Logistic facilities/Export bases ❹ |
| AMAGGI | Brazil | Logistic facilities/Export bases ❺ |
| Terlogs Terminal Maritimo | Brazil | Operates export terminal ❻ |
| Molino Canuelas | Argentina | Logistic facilities/Export bases ❼ |
| Amurzerno<br>Fetexim | Russia | Logistic facilities/Export bases ❽ |
| COFCO | China | Governmental trading firm ❾ |
| **Market** | **Country** | **Facilities** |
| New Hope Liuhe Co., Ltd. | China | Largest agricultural company in China |
| SINOGRAIN Group | China | Governmental stockpiling firm |
| Domestic | Japan | Largest strage facilities among Japanese trading houses. Top share in grain trading among Japanese trading houses ❿ |

*Equity stake acquired in July 2013

**Marubeni's Grain Trading Volume** (million tons)



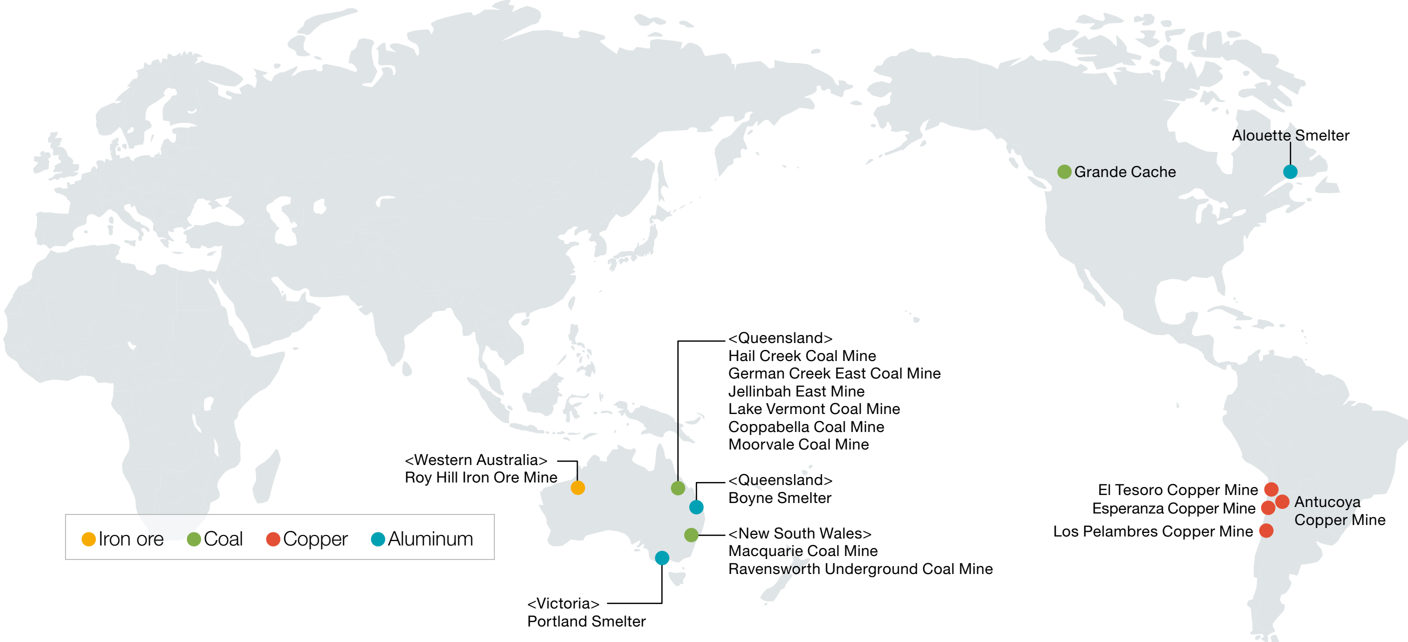

**World Agricultural Supply and Demand** (million tons)




Sources: World Agricultural Supply and Demand Estimates (May 2013), Grain: World Markets and Trade, PS&D

# Metals & Mineral Resources Business (As of March 31, 2013)

## Marubeni's Resource Interests




### Iron ore

| Project name | Country | Equity share | Share of production (thousand tons) |
|---|---|---|---|
| Roy Hill* | Australia | 12.50% | 6,875 |

*Production starts in 2015

### Coal

| Project name | Country | Equity share | Share of production (thousand tons) |
|---|---|---|---|
| Macquarie | Australia | 17.00% | 666 |
| Jellinbah East | Australia | 38.33% | 1,802 |
| Coppabella | Australia | 7.00% | 474 |
| Moorvale | Australia | | |
| Hail Creek | Australia | 6.67% | 534 |
| German Creek East | Australia | 13.64% | 381 |
| Lake Vermont | Australia | 33.33% | 1,333 |
| Ravensworth Underground | Australia | 20.00% | 600 |
| Grande Cache | Canada | 40.00% | 922 |
| Total | | | 6,711 |

### Copper

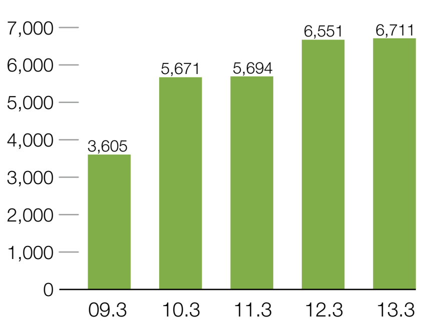
| Project name | Country | Equity share | Share of production (thousand tons) |
|---|---|---|---|
| Los Pelambres | Chile | 8.75% | 35 |
| El Tesoro | Chile | 30.00% | 30 |
| Esperanza | Chile | 30.00% | 60 |
| Total | | | 125 |
| Antucoya* | Chile | 30.00% | 24 |

*Production starts in 2015

### Aluminum

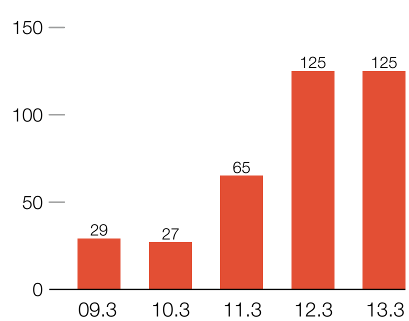
| Project name | Country | Equity share | Share of production (thousand tons) |
|---|---|---|---|
| Alouette | Canada | 13.33% | 80 |
| Portland | Australia | 22.50% | 80 |
| Boyne (Line 3) | Australia | 9.00% | 24 |
| Total | | | 184 |

**Coal** (thousand tons)



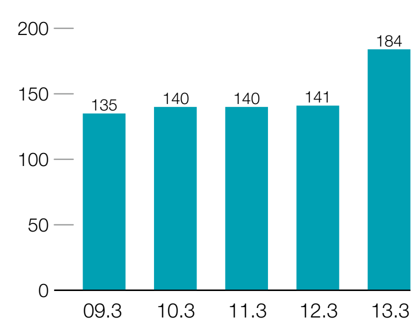

Based on production results

**Copper** (thousand tons)




Based on production results

**Aluminum** (thousand tons)

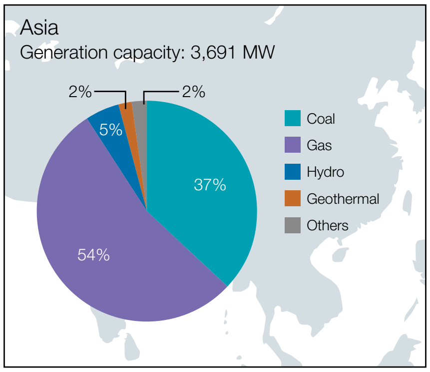


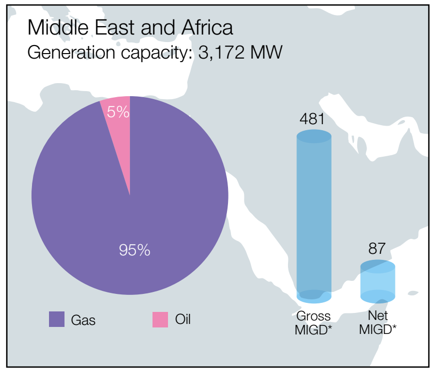

Based on production results

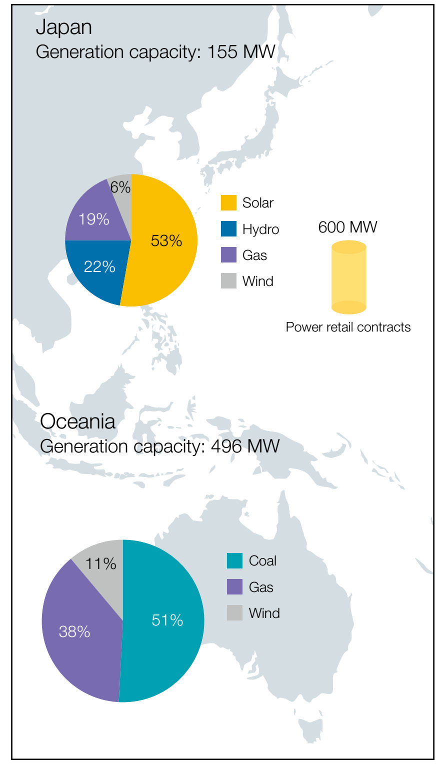
# Power Generation Business and Water Business

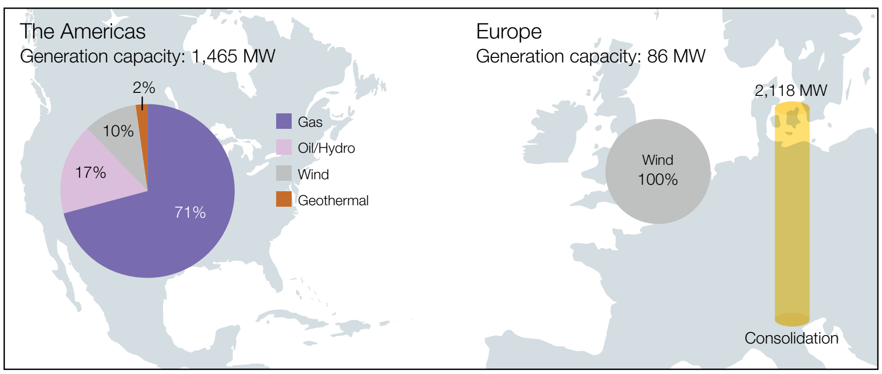
(As of March 31, 2013)

## Power Generation Capacity in Japan and Overseas (Net)



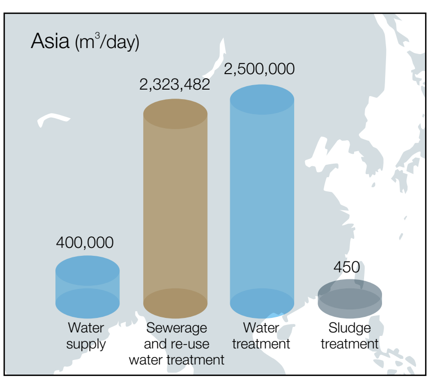



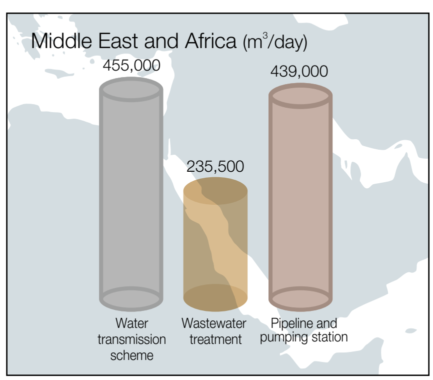



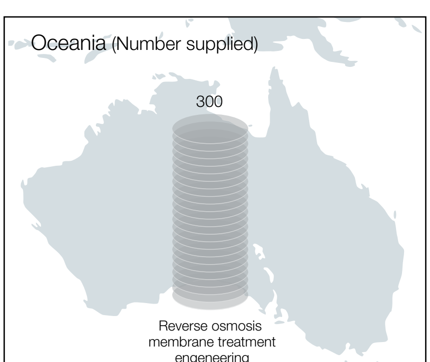



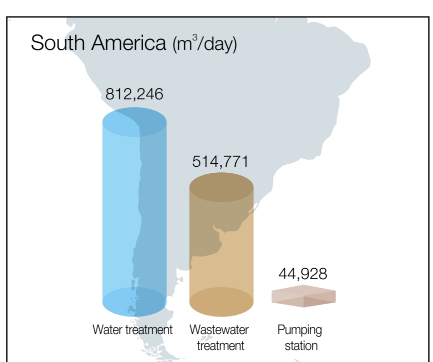

*MIGD: Million Imperial Gallons per Day

## Water Business

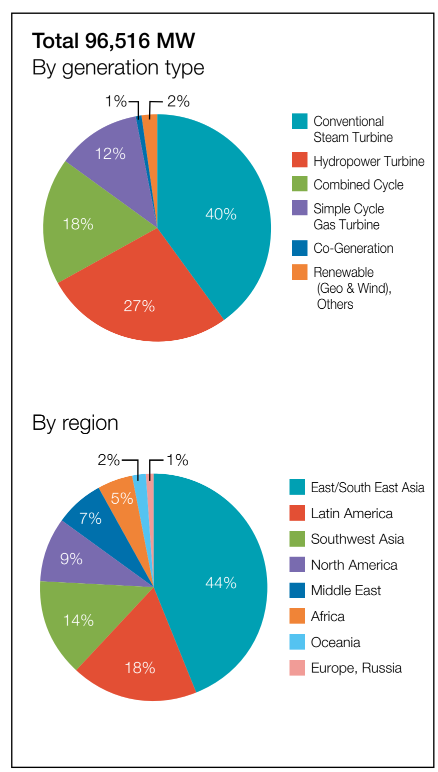



## EPC Contract Records*




*As of December 31, 2012

# Non-financial Information

## Social Data

### Employee Status (As of March 31, 2013)

| | Total | Male | Female |
|---|---|---|---|
| Career-track employees | 3,163 | 2,917 | 246 |
| Non-career employees | 733 | 0 | 733 |
| Others | 270 | 227 | 43 |
| Total | 4,166 | 3,144 | 1,022 |
| Male/female ratio | 100.00 | 75.47 | 24.53 |
| Average age | 41.9 | 42.5 | 40.2 |
| Average service years | 17.0 | 17.1 | 16.4 |
| Middle management | 2,322 | 2,255 | 67 |
| General manager or above | 223 | 223 | 0 |
| Executives | 47 | 47 | 0 |

### Recruitment

| | 2012.3 | 2013.3 | 2014.3 |
|---|---|---|---|
| New graduates | | | |
| Male | 79 | 84 | 121 |
| Female | 42 | 69 | 75 |
| Mid-career | | | |
| Male | 26 | 37 | – |
| Female | 10 | 4 | – |

### Work-Life Balance

| | 2011.3 | 2012.3 | 2013.3 |
|---|---|---|---|
| Usage of annual paid leave (%) | 42.4 | 43.9 | 44.1 |
| No. of employees taking maternity leave | 17 | 19 | 24 |
| No. of employees taking childcare leave | 24 | 16 | 25 |
| Male | 11 | 4 | 4 |
| No. of employees taking nursing care leave | 1 | 1 | 1 |
| No. of employees taking volunteer leave | 0 | 175 | 141 |

### Employment of Disabled Persons (As of the end of fiscal year)

| | 2011.3 | 2012.3 | 2013.3 |
|---|---|---|---|
| No. of employees with disabilities | 70 | 75 | 75 |
| Employment ratio of employees with disabilities (%) | 2.03 | 2.19 | 2.14 |

* Count based on the ratio established under the system for promoting employment of people with disabilities

## Environmental Data

| | 2010.3 | 2011.3 | 2012.3 | 2013.3 |
|---|---|---|---|---|
| Electricity consumption** (MWh) | 15,966 | 15,842 | 13,483 | 11,221 |
| Water consumption** (m$^3$) | 126,559 | 128,307 | 122,385 | 108,107 |
| $CO_2$ emissions** ($tCO_2eq$) | 8,149 | 7,316 | 6,142 | 4,874 |
| Waste generation** (tons) | 1,339 | 1,067 | 773 | 706 |
| Paper purchase (thousands of A4 sheets) | 43,180 | 42,581 | 41,328 | 40,021 |
| Recycling rate (%) | 79.1 | 79.4 | 76.7 | 83.5 |
| Green product purchase rate (%) | 82.2 | 87.2 | 87.2 | 86.8 |

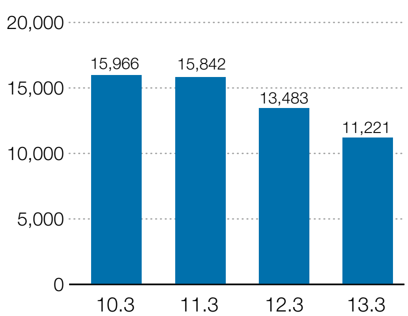
$CO_2$ emission amounts are calculated based on usage of electricity, gas, and steam.

Electricity: Calculated using the separate actual emission coefficients for each electric power provider published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. The coefficients were not available for the fiscal year ended March 31, 2013, so the coefficients for the previous year were used for the calculation.

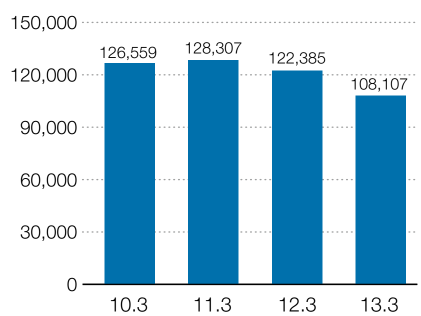
Gas: Until the fiscal year ended March 31, 2011, calculated using the coefficients stipulated in the Act on Promotion of Global Warming Countermeasures. From the fiscal year ended March 31, 2012, calculated using coefficients published by respective gas companies.

Steam: Calculated using coefficients stipulated in the Act on the Rational Use of Energy

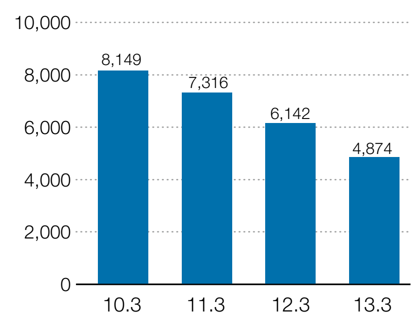
**Electricity consumption**** (MWh)



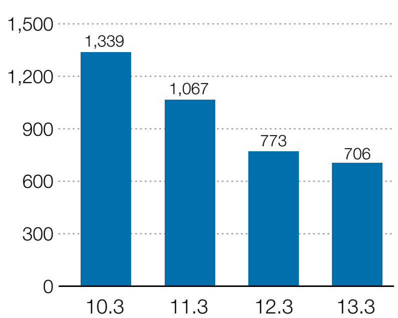

**Water consumption**** (m$^3$)



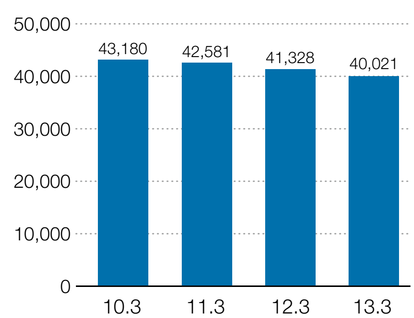

**$CO_2$ emissions**** ($tCO_2eq$)



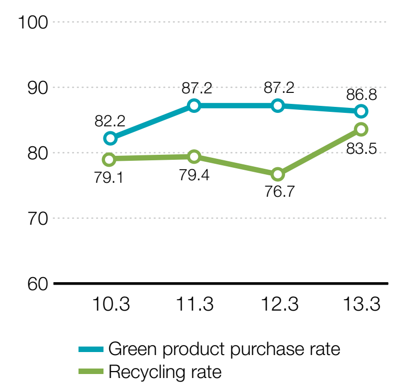

**Waste generation**** (tons)




**Paper purchase**
(thousands of A4 sheets)

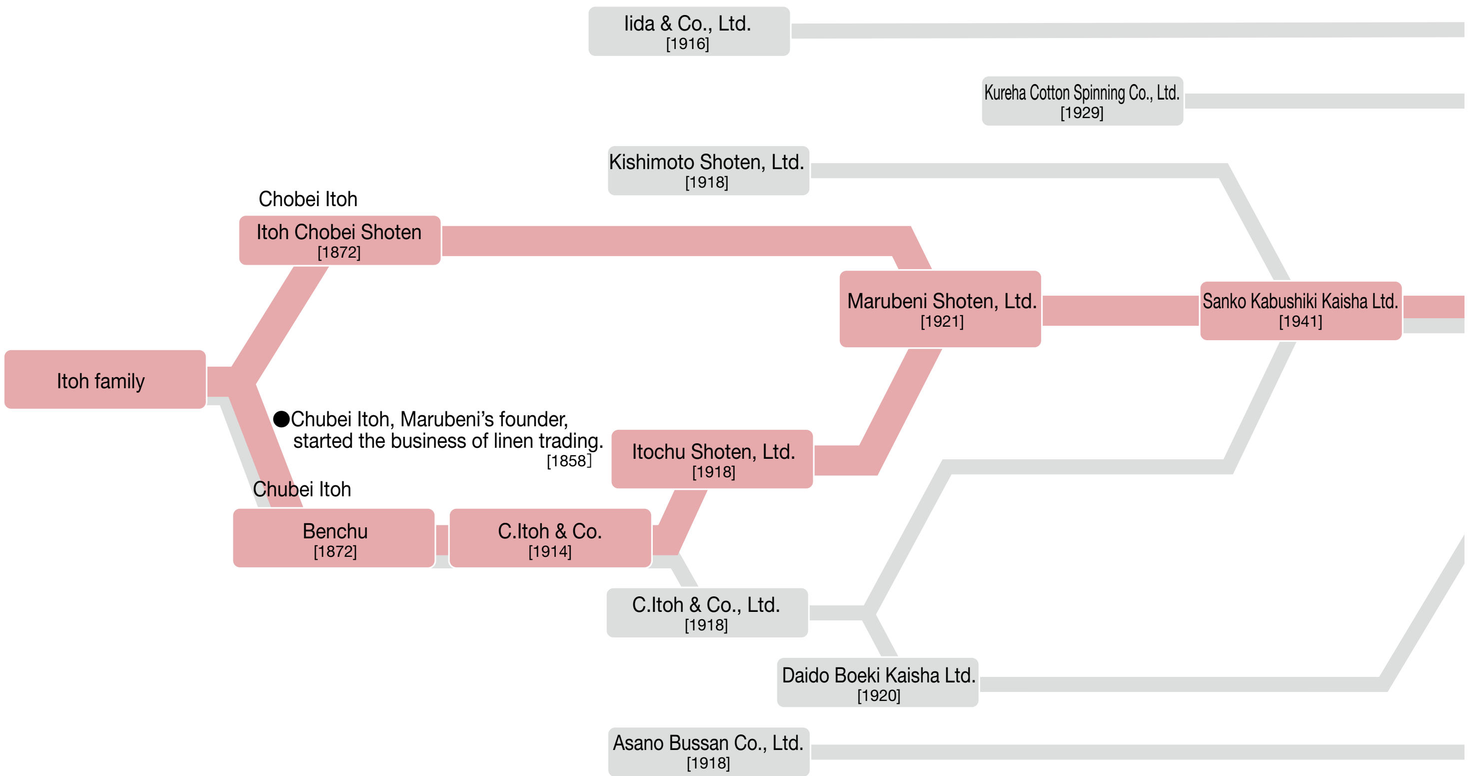



**Recycling rate/**
**Green product purchase rate** (%)




Data collected from: Tokyo Head Office (Takebashi), Branches (Hokkaido, Nagoya, Osaka, Kyushu and Shizuoka)
(Electricity and water consumption and waste generation data pertaining to the Tokyo Head Office and the Osaka Branch represent the figures for the entire building. However, data for the Osaka Branch was collected only until September 30, 2012.
** Verified by Lloyd's Register Quality Assurance Ltd., a third-party environmental performance accreditation body. See: http://www.marubeni.com/csr/csr_data/data/LRQA.pdf

# Corporate History




## Foundation Era 1858 > 1920

1842 Marubeni's founder Chubei Itoh was born in Shiga Prefecture.

1858 Chubei Itoh moved out of the family business and started a linen trading business with his uncle.

1872 Chobei Itoh, Chubei Itoh's elder brother, opened Itoh Chobei Shoten.

Chubei Itoh opened Benchu in Osaka.

1903 Chubei passed away and his second son, Seiichi, assumed the name Chubei II as the new head of the family.

1908 Chubei Itoh Head Office was established to manage the Itoh family businesses.

1914 Reorganized the former private business into C.Itoh & Co.

1918 Sales divisions of C.Itoh & Co. were divided into two incorporated companies, C.Itoh & Co., Ltd. and Itochu Shoten, Ltd.

1920 The overseas trading division of C.Itoh & Co., Ltd. was spun off to establish Daido Boeki Kaisha Ltd.

## Building the Business Base 1921 > 1948

1921 Established Marubeni Shoten, Ltd. from the merger of Itochu Shoten, Ltd. and Itoh Chobei Shoten.

Chobei Itoh IX was appointed as president.

1925 Chobei Itoh IX made a donation to establish the Toyosato Hospital.

1927 Marubeni Shoten, Ltd. launched the Dyed Artworks Society (later the *Biten* kimono exhibition).

1933 Marubeni Shoten formulated The Five Marubeni Precepts.

1937 Senior Managing Director Tetsujiro Furukawa made a donation to build the Toyosato Elementary School.

1941 Sanko Kabushiki Kaisha Ltd. was established through the merger of C.Itoh & Co., Ltd. and two other companies.

1944 Daiken Co., Ltd. was established through the merger of Daido Boeki Kaisha Ltd. and two other companies.

1948 Daiken Co., Ltd. was designated as being subject to the Law for Elimination of Excessive Concentrations of Economic Power.

## Recovering and Rebuilding 1949 > 1963

1949 Marubeni Co., Ltd. was established.

1950 Listed shares on the Osaka Securities Exchange and Tokyo Stock Exchange.

1951 First overseas subsidiary was established in New York.

1955 Changed trading name to Marubeni-Iida Co., Ltd. following the merger of Marubeni Co., Ltd. and Iida & Co., Ltd.

1956 Completed Marubeni's first gas station.

1958 Started importing Nissan automobiles to the West Coast of the U.S.

1960 Started forwarding iron ore mined at Ipoh, Malaysia.

1961 Sales of textiles became less than half of total sales.

1963 Received orders for coal-fired power generation facilities from Manila Electric Company in the Philippines.


Chubei Itoh

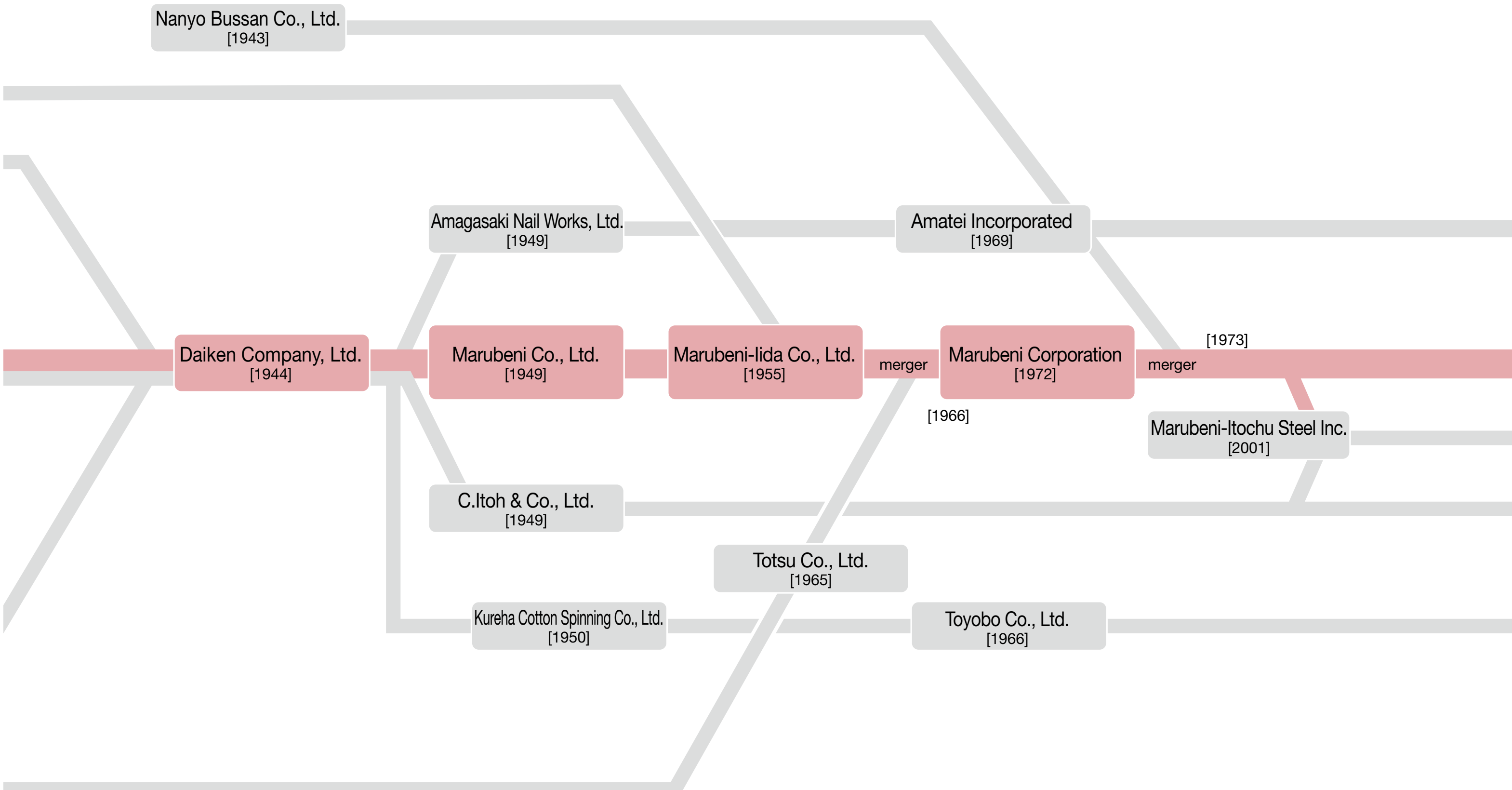

An advertisement for proprietary dyeing method called *Kokonoe* (nine-layer) dyeing


Indian jute arriving at the Port of Dalian in China


Employees at the Cebu Branch, Daido Boeki in 1939


Nissan Datsun for the U.S. market


Unit No. 1 at Manila Electric Company (Philippines)




## Prosperity and Growth 1964 > 1980

1966 Acquired Totsu Co., Ltd.

Received first turnkey contract for sugar plant.

1967 Salt production company Dampier Salt Ltd. was established in Australia.

1969 Joint-venture pulp production company Daishowa-Marubeni International Ltd. was established in Canada.

1972 Changed trading name to Marubeni Corporation.

1973 Merged with Nanyo Bussan Co., Ltd.

1974 Received an order for gas pipelines in Indonesia.

Received approval for establishing Marubeni Foundation, a social welfare corporation.

1976 The Lockheed scandals occurred.

Started information processing services business.

1978 Grain collection, storage and export company Columbia Grain, Inc. was established in the U.S.

## A Time of Change 1981 > 1998

1981 Total sales exceeded ¥10 trillion and shareholders' equity exceeded ¥100 billion.

1982 Received an order for large containership from Evergreen Marine Corp. of Taiwan.

1987 Acquired agrochemical sales company Helena Chemical Company in the U.S.

1988 Acquired Australian beef cattle rancher Rangers Valley Cattle Station Pty Ltd.

1994 Started geothermal power generation business at Mahanagdong, Leyte Island in the Philippines–Marubeni's first electric power supply business

1997 First shipment from the LNG project in Qatar arrived in Japan.

Acquired interest in Los Pelambres Copper Mine in Chile.

1998 Marubeni Corporate Principles and Marubeni Corporation Code of Conduct were enforced.

## The Spirit of Challenge 1999 > 2013

1999 The Restructuring Plan started.

Started sales of Shanghai townhouses in Sakura Garden.

2001 Medium-term management plan @ction 21 started.

Marubeni-Itochu Steel Inc. was established.

Medium-term management plan @ction 21 was revised and @ction 21 "A" PLAN was announced.

Stock price fell to ¥58 in December.

2003 Medium-term management plan "V" PLAN started.

2006 Medium-term management plan "G" PLAN started.

2008 Achieved record-high consolidated net income for five consecutive years.

Medium-term management plan SG2009 started.

2010 Medium-term management plan SG-12 started.

2013 Medium-term management plan GC2015 started.


Washer plant owned by Dampier Salt, a salt production company (Australia)


Columbia Grain's grain collection, storage, and exporting base (U.S.)


LNG Project (Qatar)


Los Pelambres Copper Mine (Chile)


Export terminal of Terlogs Terminal Maritimo Ltda. (Brazil)


Esperanza Copper Mine (Chile)

Adapted from "The history of Marubeni" (published in 2008)

# Corporate Management (As of June 21, 2013)

Chairman of the Board

**Teruo Asada**

President and CEO, Member of the Board

**Fumiya Kokubu**

Senior Managing Executive Officers, Members of the Board

**Shigeru Yamazoe**

Advisor to the President for Machinery Group (Transportation Machinery Div., Power Projects & Infrastructure Div., and Plant & Industrial Machinery Div.); Vice Chairman of Investment and Credit Committee

**Mitsuru Akiyoshi**

Advisor to the President for Lifestyle, Forest Products, ICT & Realty Group (Lifestyle & Forest Products Div., and ICT, Finance & Insurance, Real Estate Business Div.); Senior Operating Officer, Audit Dept.; Chairman of Investment and Credit Committee

**Yutaka Nomura**

CIO; Chief Operating Officer, General Affairs Dept., Human Resources Dept., Information Strategy Dept., Legal Dept., and Trade Compliance Management Dept.; Chairman of Compliance Committee; Chairman of Compensation Consultative Committee

Managing Executive Officers, Members of the Board

**Daisuke Okada**

Advisor to the President for Food Group (Food Materials Div., and Food Products Div.); Chief Operating Officer, Food Materials Div.

**Shoji Kuwayama**

Advisor to the President for Metals & Mineral Resources Group (Metals & Mineral Resources Div.-I, and Metals & Mineral Resources Div.-II); Advisor to the President for Energy & Chemicals Group (Chemicals Div.)

**Kazuaki Tanaka**

Advisor to the President for Energy & Chemicals Group (Energy Div.-I, and Energy Div.-II)

**Yukihiko Matsumura**

CFO; Chief Operating Officer, Corporate Accounting Dept., Business Accounting Dept., Finance Dept., and Risk Management Dept.; Chief Operating Officer, Investor Relations and Credit Ratings; Chairman of Disclosure Committee; Vice Chairman of Investment and Credit Committee

**Masumi Kakinoki**

Chief Operating Officer, Corporate Planning & Strategy Dept., Global Strategy & Coordination Dept., and Research Institute; Chairman of Internal Control Committee; Vice Chairman of Investment and Credit Committee

Members of the Board

**Takao Kitabata**

**Yukiko Kuroda**

Corporate Auditors

**Takafumi Sakishima**

**Masahiro Enoki**

**Norimasa Kuroda**

**Takashi Suetsuna**

**Yoshizumi Nezu**

Senior Executive Vice President

**Michihiko Ota**

Regional CEO for ASEAN; Regional CEO for East Asia; Regional CEO for Southwest Asia; Managing Director, Marubeni ASEAN Pte. Ltd.

Managing Executive Officers

**Shinji Kawai**

Regional CEO for Oceania; Chairman, Marubeni Coal Pty. Ltd.

**Keizo Torii**

**Kaoru Iwasa**

Chief Operating Officer, Transportation Machinery Div.

**Naoya Iwashita**

Regional CEO for North & Central America; Advisor to the President for South America; President and CEO, Marubeni America Corporation

**Motoo Uchiyama**

Regional CEO for Europe & CIS; Managing Director and CEO, Marubeni Europe plc

**Hikaru Minami**

Chief Operating Officer, ICT, Finance & Insurance, Real Estate Business Div.

**Akira Terakawa**

Chief Operating Officer, Chemicals Div.

Executive Officers

**Hiroshi Ikuno**

General Manager, Nagoya Branch

**Kaoru Kuzume**

General Manager, Audit Dept.

**Katsuhisa Yabe**

Regional CEO for China; President, Marubeni (China) Co., Ltd.; General Manager, Beijing Office

**Yasuyuki Amakusa**

Assistant Advisor to the President for Lifestyle, Forest Products, ICT & Realty Group (Lifestyle & Forest Products Div.)

**Yoshiaki Mizumoto**

Director Chairman, Columbia Grain, Inc.

**Satoshi Wakabayashi**

Assistant Advisor to the President for Food Group (Food Materials Div.)

**Takeo Kobayashi**

Chief Operating Officer, Executive Secretariat, and Corporate Communications Dept.; General Manager, Corporate Communications Dept.; Chairman of CSR & Environment Committee

**Mutsumi Ishizuki**

Chief Operating Officer, Metals & Mineral Resources Div.-II

**Shin Tajima**

Chief Operating Officer, Food Products Div.

**Kazuro Gunji**

General Manager, Corporate Accounting Dept.

**Hajime Kawamura**

Chief Operating Officer, Plant & Industrial Machinery Div.

**Kazunori Fujikawa**

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

**Nobuhiro Yabe**

General Manager, Finance Dept.

**Harumichi Tanabe**

Chief Operating Officer, Energy Div.-I

**Masakazu Arimune**

Chief Operating Officer, Lifestyle & Forest Products Div.

**Yoji Ibuki**

Regional CEO for South America; Director President, Marubeni Brasil S.A., and Marubeni Uruguay International S.A.

**Noriaki Isa**

General Manager, Human Resources Dept.

**Masashi Hashimoto**

General Manager, Osaka Branch

**Masataka Kuramoto**

Regional CEO for Middle East & Africa

**Shinichi Kobayashi**

Chief Operating Officer, Metals & Mineral Resources Div.-I

**Akihiko Sagara**

Senior Operating Officer, Energy Div.-I

**Hirohisa Miyata**

Chief Operating Officer, Power Projects & Infrastructure Div.

**Toshifumi Shikamura**

Chief Operating Officer, Energy Div.-II

# Organization (As of April 1, 2013)

- General Meeting of Shareholders
  - Board of Directors
    - President / Corporate Management Committee
      - Committee of Chief Operating Officers
      - Committee of Executive Officers
  - Corporate Auditors / Board of Corporate Auditors
    - Corporate Auditor Dept.

- Audit Dept.
- Executive Secretariat
- General Affairs Dept.
- Human Resources Dept.
- Corporate Communications Dept.
- Corporate Planning & Strategy Dept.
- Global Strategy & Coordination Dept.
- Information Strategy Dept.
- Corporate Accounting Dept.
- Business Accounting Dept.
- Finance Dept.
- Risk Management Dept.
- Legal Dept.
- Trade Compliance Management Dept.
- Research Institute

- Food Materials Div.
- Food Products Div.
- Chemicals Div.
- Energy Div.-I
- Energy Div.-II
- Metals & Mineral Resources Div.-I
- Metals & Mineral Resources Div.-II
- Transportation Machinery Div.
- Power Projects & Infrastructure Div.
- Plant & Industrial Machinery Div.
- Lifestyle & Forest Products Div.
- ICT, Finance & Insurance, Real Estate Business Div.
- Domestic Branches & Offices
- Overseas Branches & Offices and Overseas Corporate Subsidiaries

# Global Network (As of April 1, 2013)


## Overseas Locations (56 overseas branches and offices, 33 overseas corporate subsidiaries with 64 offices)

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

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

**Europe & CIS**
Algiers
Almaty
Astana
Athens
Bucharest
Budapest
Casablanca
Düsseldorf
Hamburg
Khabarovsk
Kiev
London
Madrid
Milan
Moscow
Paris
Prague
Risley
St. Petersburg
Tashkent
Vladivostok
Warsaw
Yuzhno-Sakhalinsk

**Middle East & Africa**
Abu Dhabi
Accra
Addis Ababa
Amman
Ankara
Baghdad
Cairo
Doha
Dubai
Istanbul
Johannesburg
Kuwait City
Lagos
Luanda
Muscat
Nairobi
Riyadh
Tehran
Tripoli

**Number of Consolidated Subsidiaries and Equity-Method Affiliates**
(As of March 31, 2013)

| | No. of Consolidated Subsidiaries and Equity-Method Affiliates |
|---|---|
| Food | 49 |
| Lifestyle | 30 |
| Forest Products | 19 |
| Chemicals | 34 |
| Energy | 29 |
| Metals & Mineral Resources | 16 |
| Transportation Machinery | 57 |
| Power Projects & Infrastructure | 51 |
| Plant & Industrial Machinery | 46 |
| Finance, Logistics & IT Business | 34 |
| Overseas Corporate Subsidiaries and Branches | 35 |
| Corporate Staff Departments | 42 |
| Total | 442 |

Companies affiliated with subsidiaries are not included in the number of consolidated subsidiaries and equity-method affiliates.


**Southwest Asia**
Chennai
Chittagong
Dhaka
Goa
Islamabad
Karachi
Kolkata
Lahore
Mumbai
New Delhi

**ASEAN**
Bangkok
Hanoi
Ho Chi Minh
Jakarta
Kuala Lumpur
Kuching
Manila
Nay Pyi Taw
Phnom Penh
Quang Ngai
Sibu
Singapore
Vientiane
Yangon

**China/East Asia**
Beijing
Changchun
Chengdu
Dalian
Guangzhou
Hong Kong
Kunming
Nanjing
Qingdao
Seoul
Shanghai
Taipei
Tianjin
Ulan Bator
Wuhan
Xiamen

**Oceania**
Auckland
Melbourne
Perth
Sydney

## Domestic Locations

Sapporo
Sendai
Tokyo
Shizuoka
Nagoya
Osaka
Fukuyama
Hiroshima
Imabari
Fukuoka
Naha

# Major Subsidiaries and Affiliates

(Based on data current as of March 31, 2013 with recent data reflected.)

## Food Materials Division

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| Consolidated Subsidiaries | Domestic | Marubeni Chikusan | Raising, processing and sale of livestock | Japan | 100.00% |
| | | Marubeni Nisshin Feed | Manufacturing and sale of livestock feed | Japan | 60.00% |
| | | Pacific Grain Terminal | Warehousing, stevedoring and transportation operations | Japan | 78.40% |
| | Overseas | Columbia Grain | Collection, storage, export and domestic sale of grain produced in North America | U.S.A. | 100.00% |
| Affiliates | Domestic | SFoods | Meat-related wholesale, product, and retail and restaurant businesses | Japan | 17.39% |
| | | The Nisshin OilliO Group | Edible oil business, others | Japan | 15.72% |

## Food Products Division

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| Consolidated Subsidiaries | Domestic | Benirei | Sale and warehousing of seafood products | Japan | 98.76% |
| | | Marubeni Retail Investment | Holding and management of shares | Japan | 100.00% |
| | | Nacx Nakamura | Wholesale of frozen foods primarily to mass-retail and convenience stores | Japan | 83.52% |
| | | Yamaboshiya | Wholesale of confectionery products to mass-retail and convenience stores | Japan | 77.58% |
| | Overseas | Cia. Iguaçu de Café Solúvel | Manufacturing and sale of instant coffee | Brazil | 86.38% |
| Affiliates | Domestic | The Daiei | Food retailer | Japan | 29.35% |
| | | The Maruetsu | Supermarket | Japan | 29.71% |
| | | Tobu Store | Supermarket | Japan | 31.23% |
| | | Toyo Sugar Refining | Manufacturing and sale of sugar and functional food materials; condominium and building leasing | Japan | 29.71% |
| | Overseas | Acecook Vietnam | Manufacturing and sale of instant noodles and other products | Vietnam | 18.30% |

## Chemicals Division

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| Consolidated Subsidiaries | Domestic | Marubeni Chemix | Sale and foreign trade of organic chemicals and fine chemicals | Japan | 100.00% |
| | | Marubeni Plax | Sale and foreign trade of plastic products and resins | Japan | 100.00% |
| Affiliates | Domestic | Katakura Chikkarin | Manufacture and sale of fertilizer, sale of livestock feed and materials | Japan | 25.57% |
| | | Sun Agro | Manufacture and sale of fertilizer and other products, sale of agrochemicals, golf-related business | Japan | 22.78% |
| | Overseas | CMK Electronics (Wuxi) | Development, manufacture and sale of printed circuit boards (PCB) | China | 20.00% |
| | | Dampier Salt | Production and sale of salt and gypsum | Australia | 21.51% |
| | | Shen Hua Chemical Industrial | Production and sale of synthetic rubber (SBR) | China | 22.56% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Energy Division-I** | | | | | |
| Consolidated Subsidiaries | Domestic | Marubeni Energy | Sale of petroleum products, management and leasing of oil terminals and service stations | Japan | 66.60% |
| | Overseas | Marubeni International Petroleum (Singapore) | Sale of crude oil and all types of petroleum products | Singapore | 100.00% |
| | | Marubeni LNG Development | Investment company for participation in LNG project in Peru | Netherlands | 100.00% |
| | | MIECO | Sale of all types of petroleum products and natural gas | U.S.A. | 100.00% |
| Affiliates | Domestic | ENEOS GLOBE | Import and sale of LPG, and sale of new energy-related equipment | Japan | 20.00% |
| | Overseas | Shenzhen Sino-Benny LPG | Import, storage, production and sale of LPG | China | 30.00% |

| | | | | | |
|---|---|---|---|---|---|
| **Energy Division-II** | | | | | |
| Consolidated Subsidiaries | Overseas | Marubeni North Sea | Exploration, development, production and sale of oil and gas in the North Sea | U.K. | 100.00% |
| | | Marubeni Oil & Gas (USA) | Exploration, development, production and sale of oil and gas in the U.S. Gulf of Mexico | U.S.A. | 100.00% |

| | | | | | |
|---|---|---|---|---|---|
| **Metals & Mineral Resources Division-I** | | | | | |
| Consolidated Subsidiaries | Overseas | Marubeni Coal | Investment in coal production and sale businesses | Australia | 100.00% |
| Affiliates | Domestic | Marubeni Construction Material Lease | Leasing, sale, repair and processing of steelmaking materials, design, execution and subcontracting of civil engineering and construction projects | Japan | 35.24% |
| | | Marubeni-Itochu Steel | Sale and business management of steel products | Japan | 50.00% |
| | Overseas | Resource Pacific Holdings | Operation and management of Ravensworth Underground coal mine | Australia | 22.22% |

| | | | | | |
|---|---|---|---|---|---|
| **Metals & Mineral Resources Division-II** | | | | | |
| Consolidated Subsidiaries | Domestic | Marubeni Metals | Sale of non-ferrous and light metals | Japan | 100.00% |
| | | Marubeni Tetsugen | Sale of raw materials for steelmaking | Japan | 100.00% |
| | Overseas | Marubeni Aluminium Australia | Refining and sale of aluminum ingots | Australia | 100.00% |
| | | Marubeni Los Pelambres Investment | Investment in copper mines in Chile | Netherlands | 100.00% |
| Affiliates | Domestic | Nippon Shindo | Production and sale of copper and brass rods, electrical wire cable, forge processing products, etc. | Japan | 15.83% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Transportation Machinery Division** | | | | | |
| **Consolidated Subsidiaries** | Domestic | KOYO LINE | Ship management | Japan | 100.00% |
| | | Marubeni Aerospace | Sale, import, export and leasing of aircraft and related components | Japan | 100.00% |
| | | Scarlet LNG Transport | Investment, finance and consulting services for shipping related businesses | Japan | 100.00% |
| | Overseas | Marubeni Auto & Construction Machinery America | Investment in retail sales business of automobiles | U.S.A. | 100.00% |
| | | Marubeni Auto Investment (U.K.) | Investment in retail sales business of automobiles | U.K. | 100.00% |
| | | Marubeni Aviation Services | Investment in engines for civil aircraft | Cayman Islands | 100.00% |
| | | Royal Maritime | Ship chartering and trade | Liberia | 100.00% |
| **Affiliates** | Overseas | Hitachi Construction Machinery (Australia) | Sales distributor for Hitachi Construction Machinery Co., Ltd. | Australia | 20.00% |
| | | Kubota Europe | Import and sale of Kubota Corporation agricultural machinery, construction machinery, engines and general-purpose machinery | France | 26.22% |
| | | MD Aviation Capital | Aircraft operating leases | Singapore | 50.00% |
| | | Unipres U.S.A. | Manufacture and sale of pressed components for automobile bodies | U.S.A. | 25.00% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Power Projects & Infrastructure Division** | | | | | |
| **Consolidated Subsidiaries** | Domestic | Japan Offshore Wind Power | Holding company for the Seajacks International Ltd. in Japan | Japan | 100.00% |
| | | Marubeni Power Development | Development and operation of overseas IPP projects | Japan | 100.00% |
| | | Marubeni Power Systems | Engineering, procurement and construction services for overseas power projects | Japan | 100.00% |
| | Overseas | Aguas Décima | Providing full water and wastewater services to the city of Valdivia, region of Los Rios, Chile | Chile | 100.00% |
| | | Axia Power Holdings | Overseas power assets holding company | Netherlands | 100.00% |
| **Affiliates** | Overseas | Lion Power (2008) | IPP in Singapore | Singapore | 42.86% |
| | | Mesaieed Power | IPP in Mesaieed, Qatar | Qatar | 30.00% |
| | | PPN Power Generating | IPP in Pilaiperumalnallur, India | India | 26.00% |
| | | Southern Cone Water | Holding company of Aguas Nuevas, which provides full water supply and sewerage services in Chile | U.K. | 50.00% |
| | | TeaM Energy | Holding company for the Ilijan, Pagbilao and Sual power plants in the Philippines | Philippines | 50.00% |
| | | Uni-Mar Enerji Yatirimlari | IPP in Marmara Ereglisi, Turkey | Turkey | 33.33% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Plant & Industrial Machinery Division** | | | | | |
| **Consolidated Subsidiaries** | Domestic | Marubeni Protechs | Sale of steelmaking and industrial devices, environment-related business and sale of related devices, logistics for factory construction and machinery installation overseas | Japan | 100.00% |
| | | Marubeni Techno-Systems | Import, export and domestic sale of industrial machinery | Japan | 100.00% |
| | | Marubeni Tekmatex | Sale of textile machinery and various equipment | Japan | 100.00% |
| | Overseas | Midwest Railcar | Leasing, brokerage, and management of railcars | U.S.A. | 100.00% |
| **Affiliates** | Domestic | Kaji Technology | Manufacture and sale of pressing machines, textile machines, cast products, and industrial machinery | Japan | 38.44% |
| | Overseas | Compañía de Nitrógeno de Cantarell | Production and supply of nitrogen for secondary oil recovery | Mexico | 35.00% |
| | | Eastern Sea Laem Chabang Terminal | Container terminal operation | Thailand | 25.00% |
| | | Energy Infrastructure Investments | Owning and operating of gas pipelines, power generating facilities, gas processing plants, and interconnectors | Australia | 49.90% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Lifestyle & Forest Products Division** | | | | | |
| Consolidated Subsidiaries | Domestic | Marubeni Fashion Link | Planning, production and sale of textile products | Japan | 100.00% |
| | | Marubeni Intex | Sale of industrial materials, lifestyle material-related textile products, and lifestyle goods | Japan | 100.00% |
| | | Marubeni Mates | Planning, production, rental and sale of uniforms, subcontracting of related clerical operations | Japan | 100.00% |
| | | Fukuyama Paper | Manufacture and sale of medium board and paper tube materials | Japan | 55.00% |
| | | Koa Kogyo | Manufacture and sale of medium board, liners and other products | Japan | 79.95% |
| | | Marubeni Building Materials | Sale of housing and construction materials | Japan | 100.00% |
| | | Marubeni Pulp & Paper | Sale of all types of paper | Japan | 100.00% |
| | Overseas | Marubeni International Commodities (Singapore) | Sale of natural rubber and related products | Singapore | 100.00% |
| | | Marubeni Textile Asia Pacific | Purchase agent of textile products for Japan and other countries | Hong Kong | 100.00% |
| | | Tanjungenim Lestari Pulp and Paper | Production and sale of Acacia-based wood pulp | Indonesia | 100.00% |
| Affiliates | Domestic | Fabricant | Manufacture and sale of Lacoste-brand apparel and other related products | Japan | 33.36% |
| | | Marusumi Paper | Manufacture and sale of paper | Japan | 32.16% |
| | Overseas | Daishowa-Marubeni International | Manufacture and sale of pulp | Canada | 50.00% |
| | | Paperbox Holdings | Holding company for containerboard operations in Malaysia | Virgin Islands | 25.00% |

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **ICT, Finance & Insurance, Real Estate Business Division** | | | | | |
| **Consolidated Subsidiaries** | Domestic | Marubeni Access Solutions | Provision of data communication and datacenter services | Japan | 100.00% |
| | | Marubeni Information Systems | Planning, development and sale of information and communications systems, data processing and communications services, datacenter operations, provision of IT-based solutions | Japan | 100.00% |
| | | Marubeni Logistics | General international logistics | Japan | 100.00% |
| | | Marubeni Safenet | Insurance agency and lending business | Japan | 100.00% |
| | | Marubeni Telecom | Sale of communications services and mobile handsets, provision of voice, Internet, and network-related services | Japan | 100.00% |
| | | Marubeni Community | Property management of condominiums, buildings and complexes | Japan | 100.00% |
| | | Marubeni Real Estate | Development, leasing and management of real estate | Japan | 100.00% |
| | | Marubeni Real Estate Sales | Sales agent and planning, consultation and coordination of sales promotion | Japan | 100.00% |
| | Overseas | Shanghai House Property Development | Housing development in Shanghai, China | China | 60.00% |
| **Affiliates** | Domestic | MG Leasing | General leasing | Japan | 45.00% |
| | | Koshigaya Community Plaza | Management of the Koshigaya Community Plaza, operations related to real estate leasing | Japan | 42.86% |
| | | TIPNESS | Operation of sports clubs and facilities | Japan | 28.57% |
| | Overseas | Shanghai Jiaoyun Rihong International Logistics | Freight transport | China | 34.00% |

## Overseas Corporate Subsidiaries and Branches

| | | Company Name | Business | Percentage of Voting Rights |
|---|---|---|---|---|
| **Consolidated Subsidiaries** | Overseas | Marubeni America Corporation | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Europe plc | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni (China) Co., Ltd. | Investment in local subsidiaries and provision of management services | 100.00% |
| | | Marubeni Brasil S.A. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni India Private Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni ASEAN Pte. Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Thailand Co., Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Philippines Corporation | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni (Beijing) Trading Co., Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni (Shanghai) Co., Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Hong Kong & South China Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Taiwan Co., Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Korea Corporation | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | Marubeni Australia Ltd. | Import and export of domestic and overseas merchandise, domestic sales | 100.00% |
| | | P.T. Marubeni Indonesia | Import and export of domestic and overseas merchandise, domestic sales | 99.96% |

## Others

| | | Company Name | Business | Country/Area | Percentage of Voting Rights |
|---|---|---|---|---|---|
| **Consolidated Subsidiaries** | Domestic | Marubeni Financial Service | Loan and zero-balance transactions, provision of finance-related support and consulting for the Marubeni Group | Japan | 100.00% |
| | | Marubeni Personnel Management | Services regarding personnel management | Japan | 100.00% |
| | Overseas | Marubeni Finance America | Group finance | U.S.A. | 100.00% |
| | | Marubeni Finance Europe | Group finance | U.K. | 100.00% |

# Corporate Data

(As of March 31, 2013, except * as of April 1, 2013)

## Company Name
Marubeni Corporation

## Securities Code
8002

## Head Office
4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8088, Japan
Tel: 81-3-3282-2111
E-mail: TOKB191@marubeni.com

## Number of Domestic Branches and Offices*
10

## Number of Overseas Branches and Offices and Overseas Corporate Subsidiaries*
56 overseas branches and offices, 33 overseas corporate subsidiaries with 64 offices for a total of 120 offices in 65 countries/areas

## Founded
May 1858

## Incorporated
December 1, 1949

## Paid-in Capital
¥262,685,964,870

## Number of Employees
4,166
(Excluding 382 local employees of overseas branches and offices and 1,459 local employees of overseas corporate subsidiaries)

## Home Page Address
http://www.marubeni.com
(IR page)
http://www.marubeni.com/ir
(CSR/Environment page)
http://www.marubeni.com/csr

## Business Year
April 1 to March 31 of the following year.

## Regular General Meeting of Shareholders
June of each year

## Record Date for Year-end Dividend
March 31 of each year

## Record Date for Interim Dividend
September 30 of each year

## Number of Shares Issued and Outstanding
1,737,940,900

## Number of Shareholders
137,441

## Share Unit
1,000 shares

## Stock Listings
Tokyo, Nagoya

## Transfer Agent of Common Stock
Mizuho Trust & Banking Co., Ltd.

## Major Shareholders
(Shareholder names are current as of March 31, 2013)

Japan Trustee Services Bank, Ltd. (Trust Account)
The Master Trust Bank of Japan, Ltd. (Trust Account)
Sompo Japan Insurance Inc.
Japan Trustee Services Bank, Ltd. (Trust Account 9)
Meiji Yasuda Life Insurance Company
JP Morgan Chase Bank 380055
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS
Tokio Marine and Nichido Fire Insurance Co., Ltd.
Mizuho Corporate Bank, Ltd.
Nippon Life Insurance Company

# Further Information About Marubeni

—Website and reports—

## Corporate Website Renewed!

Marubeni discloses information through various means to allow more people to have a deeper understanding of its corporate activities. On July 1, 2013 we renewed our website, which serves as our public face. The renewal has made it even easier for users to see and access information. Through our website and various reports, we provide a wide range of information about our activities and business results, as well as messages from management and feature articles about the latest developments on our frontlines. We hope that you will find this information useful.

### Website

Marubeni's website offers a variety of information, company data, and an overview of the Company's businesses.

The website can be viewed in Japanese, English, and Chinese.

The Annual Report and various other reports can also be downloaded from the website.

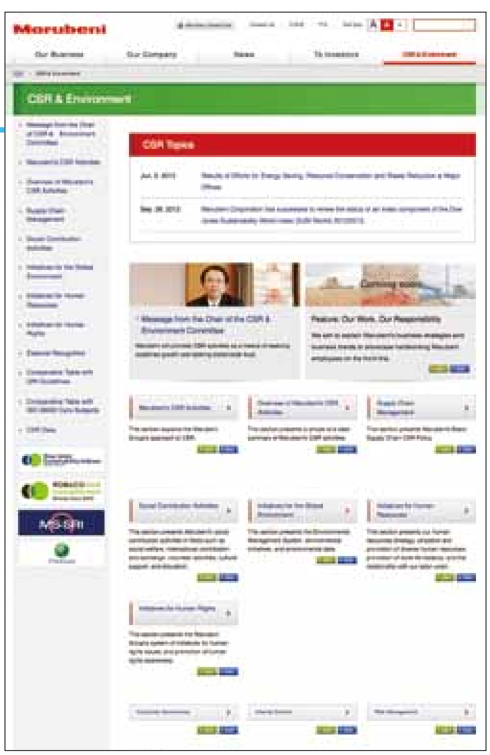
**http://www.marubeni.com**

## IR Page

http://www.marubeni.com/ir

## CSR/Environment Page

http://www.marubeni.com/csr

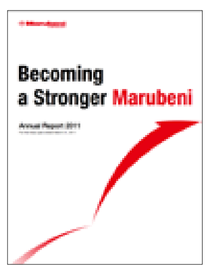


## Publication of Integrated Report

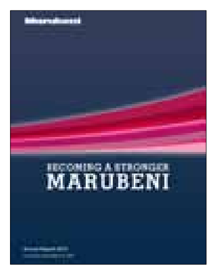
Each year Marubeni publishes a CSR Report. This year, we have integrated it with our Annual Report, and provided more detailed information on our corporate website. The website includes information on our social contribution activities, case studies of our efforts to protect the earth's environment, a report on our supply chain CSR audit, and more.

### Annual Report

The Annual Report is published each year in English and Japanese. From the year ended March 31, 2013, we have integrated our Annual Report, which focuses on financial data and progress of our medium-term business plan, and our CSR Report, which explains our fundamental approach to CSR activities, and examples of our initiatives. The report contains a balance of financial and non-financial information, through which we aim to explain Marubeni's business strategies and business trends in a way that is even easier to understand, and to showcase hardworking Marubeni employees on the frontline.




Annual Report 2011



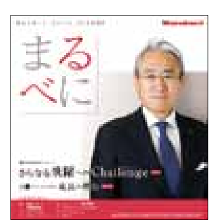

Annual Report 2012

Annual Report 2013

### Shareholders' Report

A Japanese version of this report is sent to all shareholders semi annually. The report includes a message from the president and CEO, consolidated financial information, and the company's businesses.


Winter 2012
Shareholders' Report




Summer 2013
Shareholders' Report

http://www.marubeni.com



Printed in Japan