

## **Corrections to the Financial Section of Annual Report for the Year Ended March 2011 (Based on US GAAP)**

TOKYO, November 14, 2011..... Mitsubishi Corporation submitted today corrections pertaining to certain items of its annual securities report for the year ended March 31, 2011.

These corrections also need to be reflected accordingly in the financial section of the company's Annual Report for the year ended March 31, 2011.

The financial section of the Annual report was original announced on June 24, 2011.

= Correction =

-	Notes to Consolidated Financial Statements /	
	5. Allowance for doubtful receivables	page 46
	7. Pledged assets	page 48
	25. Commitments and contingencies	page 80

The corrected sections are indicated with an underline.

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## Previous Statement

The Company determines an allowance for credit losses to be recorded for impaired receivables based upon factors surrounding the collection history, past credit loss experience, credit ratings from applicable agencies and other information. For the valuation of long-term receivables, the Company uses the discounted cash flow method based on assumptions such as an estimate of the future repayment plan and discount rates. The Company also collectively evaluates receivables which are not considered to be impaired receivables and determines an amount of allowance for credit losses.

**Consumers**—The Company performs ongoing credit valuations of Consumers and establishes credit limits based upon the length of the current credit-worthiness using the Consumer's payment history.

The Company evaluates receivables with Consumers for impairment based on any delay in collection.

The Company evaluates an allowance for credit losses to be recorded for impaired receivables with Consumers based upon the length of the period past due, the collection status and other information.

The Company also collectively evaluates Consumer receivables which are not considered impaired receivables and determines an amount of allowance for credit losses.

**Impaired receivables**—Impaired receivables and the related allowance for credit losses at March 31, 2010 and 2011 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2010	2011	2011
Recorded investment			
Corporate customers . . . . .		¥52,573	\$633
Consumers . . . . .		7,392	89
Total . . . . .	¥50,038	¥59,965	\$722
Related allowance			
Corporate customers . . . . .		¥33,966	\$409
Consumers . . . . .		3,908	47
Total . . . . .	¥48,508	¥37,874	\$456

The average balance of impaired receivables from Corporate customers and Consumers for the quarter ended March 31, 2011 was ¥54,973 million (\$662 million) and ¥12,266 million (\$148 million), respectively.

The average amounts of outstanding loans receivable that were impaired during the years ended March 31, 2009 and 2010 were ¥40,106 million and ¥45,757 million, respectively.

**The allowance for credit losses related to financing**

**receivables**—Financing receivables include loans and noncurrent accounts receivable—trade that have the characteristics of financings.

Financing receivables are mainly included in “Loans and other” and “Noncurrent notes, loans and accounts receivables—trade” line items in the consolidated balance sheets.

The activity of the allowance for credit losses related to financing receivables for the quarter ended March 31, 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2011		2011	
	Corporate customers	Consumers	Corporate customers	Consumers
Balance at January 1, 2011 . . . . .	¥ 27,266	¥ 6,395	\$ 329	\$ 77
Provision for credit losses . . . . .	1,429	387	17	4
Net charge-offs:				
Charge-offs . . . . .	(4,897)	(502)	(59)	(6)
Recoveries . . . . .	2,222	218	27	3
Total net charge-offs . . . . .	(2,675)	(284)	(32)	(3)
Other* . . . . .	4,373	388	52	5
Balance at end of year . . . . .	¥ 30,393	¥ 6,886	\$ 366	\$ 83
Ending balance of allowance for credit losses:				
Collective impairment allowance (higher credit quality financing receivables) . . . . .	2,005	2,978	24	36
Individual impairment allowance** (lower credit quality financing receivables) . . . . .	28,388	3,908	342	47
Ending balance of financing receivables:				
Higher credit quality receivables . . . . .	¥658,407	¥206,747	\$7,932	\$2,491
Lower credit quality receivables . . . . .	41,304	7,392	498	89
Total . . . . .	¥699,711	¥214,139	\$8,430	\$2,580

\* “Other” principally includes allowances that were recorded on trade receivables where the trade receivables have been modified during the quarter and are now classified as financing receivables as of March 31, 2011. Other also includes the effect of changes in foreign currency exchange rates.

\*\* Finance receivables are individually evaluated for impairment and the related allowance is included in impaired receivables.

The Company determines an allowance for credit losses to be recorded for impaired receivables based upon factors surrounding the collection history, past credit loss experience, credit ratings from applicable agencies and other information. For the valuation of long-term receivables, the Company uses the discounted cash flow method based on assumptions such as an estimate of the future repayment plan and discount rates. The Company also collectively evaluates receivables which are not considered to be impaired receivables and determines an amount of allowance for credit losses.

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Related allowance			
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Consumers		3,908	47
Total	¥48,508	¥37,874	\$456

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Net charge-offs:				
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Recoveries	2,222	218	27	3
Total net charge-offs	(2,675)	(284)	(32)	(3)
Other*	4,373	388	52	5
Balance at end of year	¥ 30,393	¥ 6,886	\$ 366	\$ 83
Ending balance of allowance for credit losses:				
Collective impairment allowance (higher credit quality financing receivables)	2,005	2,978	24	36
Individual impairment allowance** (lower credit quality financing receivables)	28,388	3,908	342	47
Ending balance of financing receivables:				
Higher credit quality receivables	¥598,702	¥292,645	\$7,213	\$3,526
Lower credit quality receivables	41,304	7,392	498	89
Total	¥640,006	¥300,037	\$7,711	\$3,615

\* “Other” principally includes allowances that were recorded on trade receivables where the trade receivables have been modified during the quarter and are now classified as financing receivables as of March 31, 2011. Other also includes the effect of changes in foreign currency exchange rates.

\*\* Finance receivables are individually evaluated for impairment and the related allowance is included in impaired receivables.

## Previous Statement

The impairment loss on long-lived assets for the year ended March 31, 2010 related principally to real estate properties owned by certain subsidiaries in North America, which are included in the Industrial Finance, Logistics & Development segment, and were attributable to a depression in the real estate markets. The impairment loss also includes impairments recorded on certain oil and gas properties, plants and other long-lived assets.

The impairment loss on long-lived assets for the year ended March 31, 2009 was principally attributable to oil and gas properties owned by subsidiaries. These impairments mainly related to lower oil and gas reserve estimates and oil price declines.

Impairment losses recognized for the years ended March 31, 2009, 2010 and 2011 were applicable to the following segments:

Segment	Millions of Yen			Millions of U.S. Dollars
	2009	2010	2011	2011
Industrial Finance, Logistics & Development . . . . .	¥ 690	¥ 4,446	¥ 248	\$ 3
Energy Business . . . . .	28,624	3,933	2,920	35
Metals . . . . .	4,464	2,059	1,005	12
Machinery . . . . .	9,682	390	60	1
Chemicals . . . . .	1,885	673	96	1
Living Essentials . . . . .	272	2,798	2,878	35
Other*1 . . . . .		4,039	38	—
Total . . . . .	¥45,617	¥18,338	¥7,245	\$87

\*1 "Other" represents impairment losses attributable to the assets for corporate use which have not been allocated to specific operating segments.

\*2 Effective April 1, 2010, the Company transferred parts of the business of "Industrial Finance, Logistics & Development" and "Machinery" to "Other" and effective April 1, 2009, the Company reorganized the "Business Innovation" segment into "Living Essentials" and "Other" and transferred a part of the business of the "Chemicals" segment to "Machinery." The consolidated financial position and the results of operations of related reportable operating segments for the years ended March 31, 2009 and 2010 have also been reclassified accordingly.

These impairment losses were included in "Loss on property and equipment—net" in the accompanying consolidated statements of income. The Company assesses whether the carrying amount of long-lived assets are recoverable by using undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of an asset may not

be recoverable. Estimated fair values of assets were primarily determined based on independent appraisals and discounted cash flows.

Capitalized interest was ¥732 million, ¥205 million and ¥138 million (\$2 million) for the years ended March 31, 2009, 2010 and 2011, respectively.

## 7. PLEDGED ASSETS

At March 31, 2010 and 2011, assets pledged as collateral for short-term debt, long-term debt and guarantees of contracts and others of the Company were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2011	2011
Notes, loans and accounts receivable—trade (current and noncurrent) . . . . .	¥ 29,243	¥ 18,805	\$ 227
Noncurrent investment securities (carrying value) . . . . .	131,564	94,478	1,138
Property and equipment (net of accumulated depreciation) . . . . .	264,885	236,221	2,846
Other . . . . .	52,373	25,166	303
Total . . . . .	¥478,065	¥374,670	\$4,514

The above pledged assets were classified by type of liabilities to which they relate as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2011	2011
Short-term debt . . . . .	¥ 19,396	¥ 17,203	\$ 207
Long-term debt . . . . .	290,336	231,784	2,793
Guarantees of contracts and others . . . . .	168,333	125,683	1,514
Total . . . . .	¥478,065	¥374,670	\$4,514

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise. The Company follows the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances. Due to the large

volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

The Company may be required by the lending banks to provide collateral (or additional collateral) under certain conditions. Please refer to Note 12.

The impairment loss on long-lived assets for the year ended March 31, 2010 related principally to real estate properties owned by certain subsidiaries in North America, which are included in the Industrial Finance, Logistics & Development segment, and were attributable to a depression in the real estate markets. The impairment loss also includes impairments recorded on certain oil and gas properties, plants and other long-lived assets.

The impairment loss on long-lived assets for the year ended March 31, 2009 was principally attributable to oil and gas properties owned by subsidiaries. These impairments mainly related to lower oil and gas reserve estimates and oil price declines.

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Metals . . . . .	4,464	2,059	1,005	12
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Chemicals . . . . .	1,885	673	96	1
Living Essentials . . . . .	272	2,798	2,878	35
Other*1 . . . . .		4,039	38	—
Total . . . . .	¥45,617	¥18,338	¥7,245	\$87

\*1 "Other" represents impairment losses attributable to the assets for corporate use which have not been allocated to specific operating segments.

\*2 Effective April 1, 2010, the Company transferred parts of the business of "Industrial Finance, Logistics & Development" and "Machinery" to "Other" and effective April 1, 2009, the Company reorganized the "Business Innovation" segment into "Living Essentials" and "Other" and transferred a part of the business of the "Chemicals" segment to "Machinery." The consolidated financial position and the results of operations of related reportable operating segments for the years ended March 31, 2009 and 2010 have also been reclassified accordingly.

These impairment losses were included in "Loss on property and equipment—net" in the accompanying consolidated statements of income. The Company assesses whether the carrying amount of long-lived assets are recoverable by using undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of an asset may not

be recoverable. Estimated fair values of assets were primarily determined based on independent appraisals and discounted cash flows.

Capitalized interest was ¥732 million, ¥205 million and ¥138 million (\$2 million) for the years ended March 31, 2009, 2010 and 2011, respectively.

## 7. PLEDGED ASSETS

At March 31, 2010 and 2011, assets pledged as collateral for short-term debt, long-term debt and guarantees of contracts and others of the Company were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2011	2011
Notes, loans and accounts receivable—trade (current and noncurrent) . . . . .	¥ 29,243	¥ <u>32,328</u>	\$ <u>389</u>
Noncurrent investment securities (carrying value) . . . . .	131,564	94,478	1,138
Property and equipment (net of accumulated depreciation) . . . . .	264,885	236,221	2,846
Other . . . . .	52,373	25,166	304
Total . . . . .	¥478,065	¥ <u>388,193</u>	\$ <u>4,677</u>

The above pledged assets were classified by type of liabilities to which they relate as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2011	2011
Short-term debt . . . . .	¥ 19,396	¥ 17,203	\$ 207
Long-term debt . . . . .	290,336	<u>235,291</u>	<u>2,835</u>
Guarantees of contracts and others . . . . .	168,333	<u>135,699</u>	<u>1,635</u>
Total . . . . .	¥478,065	¥ <u>388,193</u>	\$ <u>4,677</u>

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise. The Company follows the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances. Due to the large

volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

The Company may be required by the lending banks to provide collateral (or additional collateral) under certain conditions. Please refer to Note 12.

Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of noncurrent loans, and carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of advances from customers. There is a difference between carrying amounts of assets in the Company's Consolidated Balance

Sheets of financial position that relate to the Company's variable interests in the VIEs and maximum exposures to losses, as the Company's maximum exposures to losses include credit guarantees on these VIEs. Maximum exposures to losses do not represent anticipated losses generally to incur from the Company's involvement with the VIEs, and are considered to exceed the anticipated losses considerably.

## 25. COMMITMENTS AND CONTINGENCIES

### **Long-term Commitments**

The Company, in the normal course of trading operations, enters into substantial long-term purchase commitments for various commodities, principally metals, machinery, and chemical products at fixed prices or basis prices adjustable to market. Such purchase commitments are, in most instances, matched with counterparty sales contracts. At March 31, 2011, the outstanding long-term purchase commitments amounted to ¥4,512,092 million (~~¥54,363 million~~) for which deliveries are scheduled for various dates through 2038.

Purchases made under unconditional purchase obligations for the years ended March 31, 2009, 2010 and 2011 were ¥814,727 million, ¥716,006 million and ¥840,407 million (\$10,125 million), respectively.

The Company also had long-term financing commitments aggregating ¥160,167 million (\$1,930 million) at March 31, 2011 for loans, investments in equity capital and financing on a deferred-payment basis for the cost of equipment to be purchased by customers.

### **Guarantees**

The Company is a party to various agreements under which it has undertaken obligations resulting from the issuance of certain guarantees. The guarantees have been issued for the Affiliated companies, customers and suppliers of the Company.

### **Credit Guarantees**

As of March 31, 2010 and 2011, the Company provided ¥316,524 million and ¥245,958 million (\$2,963 million), respectively, of credit guarantees for certain customers and suppliers, and ¥46,745 million and ¥75,822 million (\$914 million), respectively, for the Affiliated companies, in the form of standby letters of credit and performance guarantees. These credit guarantees enable the Company's customers, suppliers and the Affiliated companies to execute transactions or obtain desired financing arrangements with third parties. Most of these guarantees outstanding at March 31, 2011 will expire within ten years, with certain credit guarantees expiring by the end of 2036. Should the customers, suppliers and the Affiliated companies fail to perform under the terms of the transaction or financing arrangement, the Company would be required to perform on their behalf.

The Company has set internal ratings based on various information, such as the guaranteed party's financial statements, and manages risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and requires collateral or reassurance as necessary.

At March 31, 2010 and 2011, the amount of possible recoveries under recourse provisions from third parties or from collateral pledged was ¥37,522 million and ¥12,249 million (\$148 million), respectively.

The liabilities for these credit guarantees were ¥3,219 million and ¥2,546 million (\$31 million) at March 31, 2010 and 2011, respectively.

As of March 31, 2011, there were no credit guarantees with a high probability of a significant loss due to enforcement of the guarantee.

The Company, along with other shareholders, had provided a credit guarantee for an investee (10% owned by the Company) to obtain \$6,700 million (¥560 billion) of financing for an overseas project. This guarantee was cancelable upon the completion of the construction which includes, among other things, registration of the title of certain properties by the investee.

In the year ended March 31, 2011, the Company canceled this guarantee by entering into an agreement to indemnify the financing party from any loss that might incur due to the investee's failure to register the title of the properties associated with the project. The obligations under the indemnification will terminate on the date the title is duly registered and the related mortgage is created and perfected.

The amount of maximum future payment under this indemnification is not included in the amount of the credit guarantee described above because it cannot be estimated due to the nature of the indemnification. No provisions have been recorded for the indemnification as the Company's obligation under the indemnification is not probable and estimable.

### **Indemnification**

In the context of certain sales or divestitures of business, the Company occasionally commits to indemnify contingent losses, such as environmental losses, or the imposition of additional taxes. Due to the nature of the indemnifications, the Company's maximum exposure under these arrangements cannot be estimated. No provisions have been recorded for such indemnifications as the Company's obligations under them are not probable and estimable, except for certain cases which already have been claimed.

### **Product Warranties**

Certain subsidiaries accrue estimated product warranty cost, in relation to their sales of products, to provide for warranty claims.

Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of noncurrent loans, and carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of advances from customers. There is a difference between carrying amounts of assets in the Company's Consolidated Balance

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## 25. COMMITMENTS AND CONTINGENCIES

### *Long-term Commitments*

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The Company has set internal ratings based on various information, such as the guaranteed party's financial statements, and manages risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and requires collateral or reassurance as necessary.

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