Mitsubishi International Corporation and Subsidiaries

(A Wholly-Owned Subsidiary of
Mitsubishi Corporation)

Consolidated Financial Statements
as of and for the Years Ended
March 31, 2011 and 2010, and
Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mitsubishi International Corporation, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Mitsubishi International Corporation and subsidiaries (collectively, the "Company") (a wholly-owned subsidiary of Mitsubishi Corporation) as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Mitsubishi International Corporation and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

June 30, 2011

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2011 AND 2010
(In thousands, except for share data)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (including time deposits of $263,294 in 2011 and $331,260 in 2010)	$ 412,220	$ 435,399
Time deposits		100,000
Marketable securities	15,998	34,959
Notes and loans receivable:		
Parent and affiliated companies	547,491	561,046
Customers	33,705	24,975
Accounts receivable:		
Customers (after allowance for uncollectible accounts of $322 in 2011 and $876 in 2010)	632,315	504,104
Parent and affiliated companies	525,043	279,507
Other	95,727	80,401
Merchandise inventories	628,006	716,008
Leased inventories	1,049,364	796,833
Guaranty deposits and advances to suppliers	325,330	233,512
Deferred income taxes	1,272	2,715
Prepaid expenses and other current assets	9,558	9,593
Total current assets	4,276,029	3,779,052
LONG-TERM LOANS RECEIVABLE FROM PARENT	384,707	165,219
NONCURRENT ADVANCES AND RECEIVABLES AND OTHER ASSETS (After allowance for uncollectible accounts of $0 in 2011 and $6,516 in 2010)	171,703	292,616
INVESTMENTS:		
Investments in affiliated companies	223,328	212,488
Other investments	48,376	62,731
Total investments	271,704	275,219
PROPERTY AND EQUIPMENT — Net	47,919	48,181
DEFERRED INCOME TAXES	7,118	10,619
INTANGIBLE ASSETS	12,306	13,335
GOODWILL	15,407	15,407
TOTAL	$ 5,186,893	$ 4,599,648

(Continued)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES

(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2011 AND 2010
(In thousands, except for share data)

	2011	2010
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term debt:		
Parent	$ 47,182	$ 67,130
Other	1,161,307	850,498
Current maturities of long-term debt	175,913	163,001
Notes payable	18,001	14,993
Accounts payable and accrued expenses:		
Parent and affiliated companies	1,072,531	1,105,247
Trade creditors	643,743	557,698
Advances from customers	104,514	39,178
Lease liabilities and other	147,296	98,374
Total current liabilities	3,370,487	2,896,119
NONCURRENT LIABILITIES:		
Long-term debt	658,099	428,242
Noncurrent advances from Parent	133,991	153,289
Noncurrent advances from other	27,103	102,412
Other long-term liabilities	51,942	68,939
Total noncurrent liabilities	871,135	752,882
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Stockholder's equity:		
Common stock without par value (authorized — 750,000 shares; issued and outstanding — 710,718 shares)	448,363	448,363
Retained earnings	487,923	509,690
Accumulated other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities — net of tax	12,853	801
Foreign currency translation adjustments	(7,348)	(11,540)
Net unrealized losses on derivative instruments — net of tax	(205)	(661)
Defined benefit and other postretirement plans — net of tax	(9,700)	(8,027)
Total Mitsubishi International Corporation stockholder's equity	931,886	938,626
Noncontrolling interests	13,385	12,021
Total equity	945,271	950,647
TOTAL	$ 5,186,893	$ 4,599,648

See notes to consolidated financial statements. (Concluded)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010
(In thousands)

	2011	2010
REVENUES:		
Revenues from operating and other activities	$2,256,446	$2,317,906
Margins and commissions on operating transactions	111,143	111,096
Total revenues	2,367,589	2,429,002
OPERATING TRANSACTIONS — $9,409,442 in 2011 and $7,888,595 in 2010		
COST OF REVENUES FROM OPERATING AND OTHER ACTIVITIES	2,156,130	2,208,891
GROSS PROFIT	211,459	220,111
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(150,643)	(145,099)
INTEREST INCOME (Net of interest expense of $11,588 in 2011 and $10,306 in 2010)	1,406	3,754
GAIN ON SALES OF MARKETABLE SECURITIES AND OTHER INVESTMENTS — Net (net of losses of $841 in 2011 and $5,516 in 2010)	677	6,257
PROVISION FOR DOUBTFUL ACCOUNTS	(136)	(6,750)
SUNDRY INCOME (Net of expenses of $5,077 in 2011 and $4,264 in 2010)	11,980	17,833
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, EQUITY IN EARNINGS OF AFFILIATES, AND NONCONTROLLING INTERESTS	74,743	96,106
INCOME TAXES:		
Current	27,224	30,131
Deferred	3,724	7,246
Total	30,948	37,377
NET INCOME FROM CONTINUING OPERATIONS BEFORE EQUITY IN EARNINGS OF AFFILIATES, AND NONCONTROLLING INTERESTS	43,795	58,729
EQUITY IN EARNINGS OF AFFILIATES — Net (net of losses of $5,028 in 2011 and $5,982 in 2010)	15,915	11,430
INCOME FROM CONTINUING OPERATIONS	59,710	70,159
DISCONTINUED OPERATIONS:		
Loss from discontinued operations		(4,841)
Gain on disposal of a subsidiary		15,024
Income tax benefit from discontinued operations		(41)
Total		10,142
NET INCOME	59,710	80,301
ATTRIBUTABLE TO NONCONTROLLING INTERESTS:		
Continued operations	(2,796)	(1,821)
Discontinued operations		201
Net income attributable to noncontrolling interest	(2,796)	(1,620)
NET INCOME ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION	$ 56,914	$ 78,681
AMOUNTS ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION:		
Income from continuing operations	$ 56,914	$ 68,338
Income from discontinued operations		10,343
NET INCOME ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION	$ 56,914	$ 78,681

See notes to consolidated financial statements.

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010
(In thousands, except for share data)

	2011	2010
SHARES OUTSTANDING — Balances — beginning and end of year	710,718	710,718
COMMON STOCK — Balances — beginning and end of year	$ 448,363	$ 448,363
RETAINED EARNINGS:		
Balances — beginning of year	509,690	448,679
Net income attributable to Mitsubishi International Corporation	56,914	78,681
Cash dividends paid	(78,681)	(17,670)
Balances — end of year	487,923	509,690
ACCUMULATED OTHER COMPREHENSIVE LOSS:		
Balances — beginning of year	(19,427)	(41,587)
Unrealized gain on available-for-sale securities — net of tax expense of $302 in 2011 and $5,531 in 2010	12,052	9,325
Foreign currency translation adjustments	4,192	13,728
Unrealized net gains on derivative instruments — net of tax expense of $304 in 2011 and $179 in 2010	456	269
Defined benefit pension and other postretirement plans — net of tax benefit of $1,115 in 2011 and $775 in 2010	(1,673)	(1,162)
Balances — end of year	(4,400)	(19,427)
TOTAL MITSUBISHI INTERNATIONAL CORPORATION'S EQUITY	$ 931,886	$ 938,626
NONCONTROLLING INTERESTS:		
Balances — beginning of year	$ 12,021	$ 11,526
Dividends to noncontrolling interests	(1,511)	(2,073)
Equity transactions with noncontrolling interests and other	123	2,029
Net income attributable to noncontrolling interests	2,796	1,620
Other comprehensive loss attributable to noncontrolling interests (net of tax)	(44)	(1,081)
BALANCES — End of year	$ 13,385	$ 12,021

See notes to consolidated financial statements.

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010
(In thousands)

	2011	2010
NET INCOME	$ 59,710	$ 80,301
OTHER COMPREHENSIVE INCOME (LOSS):		
Net unrealized gains on available-for-sale securities	12,052	9,325
Net unrealized gains on derivatives	456	269
Defined benefit pension and other postretirement plans	(1,680)	(1,697)
Foreign currency translation adjustments	4,155	13,182
Total	14,983	21,079
COMPREHENSIVE INCOME	$ 74,693	$ 101,380
AMOUNTS ATTRIBUTABLE TO NONCONTROLLING INTERESTS:		
Net income	$ (2,796)	$ (1,620)
Other comprehensive loss:		
Defined benefit pension and other postretirement plans	7	535
Foreign currency translation adjustments	37	546
Total	44	1,081
COMPREHENSIVE INCOME	$ (2,752)	$ (539)
AMOUNTS ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION:		
Net income	$ 56,914	$ 78,681
Other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities	12,052	9,325
Net unrealized gains on derivatives	456	269
Defined benefit pension and other postretirement plans	(1,673)	(1,162)
Foreign currency translation adjustments	4,192	13,728
Total	15,027	22,160
COMPREHENSIVE INCOME	$ 71,941	$ 100,841

See notes to consolidated financial statements.

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 59,710	$ 80,301
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	10,103	9,590
Realized gain on sales of marketable securities and other investments — net	(677)	(6,257)
Gain on disposal of discontinued operations		(15,024)
Gain on sales of property and equipment	(26)	(3,680)
Provision for doubtful accounts and other losses	136	6,833
Provision for accrued pension liabilities	3,834	4,184
Deferred income taxes	3,724	7,246
Equity in (losses) earnings of affiliates — net, less dividends received	(3,228)	2,545
Unrealized (gain) loss and foreign exchange (gain) loss on derivatives	(43,060)	9,139
Accreted interest	(1,884)	(1,878)
Changes in operating assets and liabilities:		
Notes receivable	(13,614)	(2,006)
Accounts receivable	(251,369)	111,246
Merchandise inventories and leased inventories	(121,899)	(151,007)
Guaranty deposits and advances to suppliers	(91,818)	95,934
Prepaid expenses and other current assets	61	2,552
Noncurrent advances and receivables and other assets	111,145	(138,454)
Notes payable	3,008	(9,899)
Accounts payable and accrued expenses	46,061	(86,253)
Other long-term liabilities	(124,445)	144,071
Net cash (used in) provided by operating activities	(414,238)	59,183
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of marketable securities	35,000	65,144
Investments in affiliated companies	(17,958)	(8,405)
Proceeds from sales of cost method investments	4,449	3,255
Purchases of other investments	(5,265)	(9,402)
Proceeds from sales of property and equipment	5,534	5,537
Acquisition of new businesses — net		(17,136)
Purchases of property and equipment	(13,011)	(8,893)
Proceeds from sales of affiliated companies	25,258	12,729
Collection of loan receivable from affiliated company	135,986	103,158
Increase in loan receivable to affiliated company	(334,779)	(309,820)
Purchases of time deposit		(100,000)
Proceeds from maturity of time deposit	100,000	
Net cash used in investing activities	(64,786)	(263,833)

(Continued)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of short-term debt	$ 338,968	$ 369,841
Repayment of short-term debt	(48,114)	(118,796)
Proceeds from issuance of long-term debt	401,042	96,269
Repayment of long-term debt	(157,588)	(72,566)
Dividends	(78,681)	(17,670)
Dividends to noncontrolling interests	(1,511)	(2,073)
Net cash provided by financing activities	454,116	255,005
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,729	6,229
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(23,179)	56,584
CASH AND CASH EQUIVALENTS — Beginning of year	435,399	378,815
CASH AND CASH EQUIVALENTS — End of year	$ 412,220	$ 435,399
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION — Cash paid during the year for:		
Interest	$ 9,863	$ 11,124
Income tax	$ 39,959	$ 30,131

See notes to consolidated financial statements. (Concluded)

1. SIGNIFICANT ACCOUNTING POLICIES

Business Description — Mitsubishi International Corporation and subsidiaries (collectively, the "Company") is a wholly-owned subsidiary of Mitsubishi Corporation (the "Parent"), Tokyo, Japan.

The Company is engaged in various business activities, such as trading activities, financing for customers and suppliers relating to such trading activities, and organizing and coordinating industrial projects through its business networks. The Company's operations are principally in the following areas: industrial finance, fuels, metals, machinery, chemicals and living essentials, each having a diverse customer base.

Generally Accepted Accounting Principles — In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 105, *Generally Accepted Accounting Principles*, which approved the FASB Accounting Standards Codification (the "Codification") as the single source of authoritative generally accepted accounting principles ("GAAP"). The Codification is effective for annual periods ending after September 15, 2009. All accounting references within these consolidated financial statements are in accordance with the Codification.

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Mitsubishi International Corporation and its wholly-owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated. Consolidation of an entity is also assessed pursuant to FASB ASC 810, *Consolidation*.

Most of the Company's subsidiaries and affiliated companies maintain their fiscal year end at March 31st, while the remaining subsidiaries maintain their fiscal year end at December 31st. These December 31st subsidiaries are consolidated into the Company's financial statements with a three-month lag period.

Revenue Recognition — The Company's revenue recognition policies are as follows:

Revenues from Operating and Other Activities — Revenues from operating activities include revenues related to various trading transactions in which the Company acts as a principal, carries commodity inventory, and makes a profit or loss on the spread between bid and asked prices for commodities. These revenues include sales of non-ferrous metals, machinery, chemicals, food products and general consumer merchandise. Revenues from other activities include system developments and implementations, technical support services and sales of other industrial products.

Revenues from sales of various products are recognized at the time the delivery conditions are met. These conditions are usually considered to have been met when the goods are received by the customer or title to the goods is transferred and any future obligations are perfunctory and do not affect the customer's final acceptance of the arrangement. Revenues from services are recorded when the contracted services are rendered to third-party customers pursuant to the agreements.

Margins and Commissions on Operating Transactions — Margins and commissions on operating transactions include revenues from various trading transactions in which the Company acts as a principal or an agent. Through its trading activities, the Company facilitates its customers' purchases and sales of commodities and other products and charges a commission for this service. The Company also facilitates conclusion of the contracts between manufacturers and customers and deliveries of the products between suppliers and customers. Revenues from such transactions are recognized when the contracted services are rendered to third-party customers pursuant to the agreements.

Operating transactions, as presented in the accompanying consolidated statements of income, is a voluntary disclosure and represents the gross transaction volume or the aggregate nominal value of the sales contracts in which the Company acts as principal or agent, but excludes contract value in which the Company serves as broker. When the Company serves as principal or agent, it is responsible for the payment of the inventory purchase price and the collection of the sales proceeds. As a broker, however, the Company earns a commission, without involvement in cash payments or cash collections. Operating transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues or as an indicator of the Company's operating performance, liquidity or cash flows generated by operating, investing or financing activities. The Company has included the operating transactions information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that operating transactions is a useful supplement to the results of operations information for users of the consolidated financial statements.

Additionally, gross profit represents gross margin (revenues less cost of revenues) on transactions in which the Company acts as principal and commissions on transactions in which the Company serves as agent or broker. This presentation conforms to the industry practice for Japanese trading companies.

Cash Equivalents — For purposes of the consolidated statements of cash flows, the Company considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. Time deposits with an original maturity of three months or less are also classified as cash equivalents.

Marketable Securities — In accordance with ASC 320, *Investments*, the Company classifies its investments as available-for-sale, based on the Company's intent with respect to those securities. Available-for-sale investments are carried at fair value with unrealized gains and losses recorded, net of tax, as accumulated other comprehensive income, which is a component of equity.

The Company reviews its investment securities portfolio on a quarterly basis to identify and evaluate investments that have indications of possible other-than-temporary impairment. Such securities are written down to their fair value when there is impairment in value that is other than temporary. The determination of whether or not other-than-temporary impairment exists is a matter of judgment. Factors considered in determining whether a loss is temporary include the length of time and the extent to which fair value has been less than the cost basis, the financial condition and credit quality of the security issuer, and the Company's ability and intent to hold the investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When the Company does not intend to sell the investment securities, and it is more likely than not the Company will not have to sell the investment securities before recovery of its cost basis, the Company recognizes the credit component of an other-than-temporary impairment of the investment securities in earnings and the remaining portion in other comprehensive income.

During the years ended March 31, 2011 and 2010, the Company determined that a certain decline of the fair value of available-for-sale securities were indicative of other-than-temporary impairment, primarily due to evidence of credit quality issues. For the years ended March 31, 2011 and 2010, the Company

recorded impairment losses of $69 and $910, respectively, on such available-for-sale securities, which were included in “Gain on sales of marketable securities and other investments — net” in the accompanying consolidated statements of income.

Inventories — Inventories, except for certain commodities inventories that are accounted for at fair value in accordance with ASC 330, *Inventory*, are stated at the lower of cost (principally on the moving-average basis or a specific-identification basis) or market value. Inventories leased out to customers are classified as “Leased inventories” on the Company’s consolidated balance sheets.

The Company has presented in the consolidated balance sheets assets and liabilities related to its leased precious metal positions. The amounts related to precious metal lease positions consist of assets of $1,049,364 and $796,833 and liabilities of $648,096 and $821,820 as of March 31, 2011 and 2010, respectively. The balances are included in “Leased inventories”, “Accounts payable and accrued expenses: Parent and affiliated companies”, and “Accounts payable and accrued expenses: Lease liabilities — other”.

Investments — The equity method of accounting is used for investments in affiliated companies over which the Company has significant influence, but does not have effective control. Significant influence is generally deemed to exist when the Company has an ownership interest in the voting stock of the investee of between 20% and 50%, although other factors, such as representation on the investee’s Board of Directors, voting rights and the impact of commercial arrangements, are also considered in determining whether the equity method of accounting is appropriate. The Company records its percentage of earnings from affiliated companies in “Equity in earnings of affiliates — net” in the consolidated statements of income.

A number of entities in which the Company holds less than 20% have been accounted for on the equity method due to significant influence achieved by combined interests held by the Parent or other affiliates.

The cost method of accounting is used for investments in which the Company has less than a 20% ownership interest, and the Company does not have the ability to exercise significant influence. These investments are carried at cost and are adjusted only for other-than-temporary declines in fair value. The Company tests for triggering events that could result in impairments every quarter. The Company recorded impairment charges of $752 and $3,920 for the years ended March 31, 2011 and 2010, respectively, which were included in “Gain on sales of marketable securities and other investments — net” in the accompanying consolidated statements of income.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of — The Company reviews long-lived assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairments of long-lived assets for the years ended March 31, 2011 and 2010, respectively.

Property and Equipment — Property and equipment are recorded at cost less accumulated depreciation and amortization.

Business Combinations — In accordance with ASC 805, *Business Combinations*, all business combinations are accounted for by the acquisition method. Goodwill is the excess of the purchase price over the fair value of net assets, including the amount assigned to the identifiable intangible assets acquired.

Goodwill Impairment — Pursuant to the provisions of ASC 350, *Intangibles — Goodwill and Other*, goodwill is no longer amortized, but instead is measured for impairment at least annually or when events indicate that impairment exists.

Goodwill impairment is determined using a two-step process. Goodwill is allocated to various reporting units, which are either an operating segment or one reporting level below an operating segment. The first step of the goodwill impairment test is to compare the fair value of each reporting unit to its carrying amount to determine if there is potential impairment. If the fair value of the reporting unit is less than its carrying value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value was the purchase price paid to acquire the reporting unit.

Determining the fair value of a reporting unit under the first step of the goodwill impairment test and determining the fair value of individual assets and liabilities of a reporting unit under the second step of the goodwill impairment test is judgmental in nature and often involves the use of significant estimates and assumptions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the extent of such charge. The Company's estimates of fair value utilized in goodwill and other indefinite-lived intangible asset tests may be based upon a number of factors, including assumptions about the projected future cash flows, discount rate, and growth rate, determination of market comparables, technological change, economic conditions or changes in the business operations. Such changes may result in impairment charges recorded in future periods.

Intangibles Assets — Intangible assets include primarily customer relationships, trademarks and employment agreements. Such intangibles assets are amortized on a straight-line basis over their estimated useful lives, which are generally four to twenty years.

Derivative Instruments — In accordance with ASC 815, *Derivatives and Hedging*, all derivative instruments are recognized and measured at fair value as either assets or liabilities in the consolidated balance sheets.

The Company uses derivative instruments to manage exposures to foreign currency and interest rate risks. Interest rate swaps are utilized to hedge interest rate exposures. Cross-currency interest rate swaps are utilized to hedge both currency and interest rate exposure related to borrowings made in foreign currencies.

In addition, the Company has foreign exchange forward contracts that have been entered into principally to manage exposure to transaction and translation risk associated with certain assets, obligations and commitments denominated in foreign currencies. Such contracts have not been designated as fair value hedges for accounting purposes and are marked to market with changes in fair value recognized in earnings.

In the normal course of business, the Company enters into commodity forward and futures contracts to reduce its exposures to price fluctuations on certain of its long-term commitments and inventory positions in such commodities (principally aluminum, coffee and cocoa, each of which is traded on a terminal market).

The Company has elected to offset cash margin accounts against fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting arrangement.

Income Taxes — Income taxes are accounted for in accordance with ASC 740, *Income Taxes*. Under this guidance, temporary differences between the financial and income tax bases of assets and liabilities are recognized as deferred income taxes, using enacted tax rates applicable to the periods in which the differences are expected to effect taxable income. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be recognized.

The Company recognizes the financial statement effects of tax positions when it is more-likely-than-not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Company records potential interest and penalties related to unrecognized tax benefits as part of income tax expense.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant judgment and estimates are required in the determination of the allowances against accounts receivables, inventories and deferred tax assets, assumptions used in the calculation of pension and other long-term employee benefit accruals, legal and other accruals for contingent liabilities, and the determination of the carrying value of long-lived assets, among other items. Actual results could differ from those estimates.

Concentration Risk — The Company in the normal course of business is a party to various financial instruments. The Company engages in operating transactions with a significant number of customers in a wide variety of industries, and the Company's receivables from and guarantees to such parties are broadly diversified. Consequently, in management's opinion, no significant concentration of credit risk exists for the Company. Credit risk exposure of these financial instruments in the event of counterparty nonperformance is controlled through credit approvals, limits and monitoring procedures based on the credit policies.

Foreign Currency Transactions — Assets and liabilities of foreign subsidiaries have been translated at current exchange rates at the balance sheet date, and related revenues and expenses have been translated at average exchange rates in effect during the period. Cumulative translation adjustments are included as a component of accumulated other comprehensive income (loss) in the consolidated statements of changes in equity.

Transactions in foreign currencies are recorded at the exchange rate in effect at the transaction date. Gains or losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables during the period, are recognized in "Sundry income, net" in the consolidated statements of income in such period. The aggregate transaction losses (net of transaction gains) were $2,387 and $2,202 for the years ended March 31, 2011 and 2010, respectively.

Comprehensive Income — In accordance with ASC 220, *Comprehensive Income*, the Company has included amounts for comprehensive income (which consists of net income and other comprehensive income) in the consolidated statements of changes in equity and the consolidated statements of comprehensive income. Other comprehensive income consists of all changes to stockholder's equity other than those resulting from net income and shareholder transactions. For the Company, other

comprehensive income consists of foreign currency translation adjustments, defined benefit plans, its share of unrealized gains on derivatives accounted for as cash flow hedges by the Company's equity method investees, and unrealized gains on available-for-sale securities, on a net of tax basis, where applicable. Accumulated other comprehensive income, which is primarily the cumulative amount of other comprehensive income, is a separate component of total stockholder's equity.

Reclassifications — Subsequent to the issuance of the 2010 consolidated financial statements, the Company's management determined that it had made some classification errors within its 2010 consolidated statement of cash flows. As such, management has made the following reclassifications to the 2010 consolidated statement of cash flows to appropriately reflect the Company's cash flows:

1) $1,878 was previously reported as "Increase in loan receivable to affiliated company" under "Net cash used in investing activities" and has been reclassified to "Accreted interest" under "Net cash provided by operating activities."

2) $4,184 was previously reported as "Other long-term liabilities" and has been reclassified to "Provision for accrued pension liabilities" within "Net cash provided by operating activities."

There was no impact on the consolidated balance sheet as of March 31, 2010, or the related statement of income, changes in equity, and comprehensive income for the year then ended.

New Accounting Standards — In May 2009, the FASB issued guidance in ASC 855, *Subsequent Events*. This guidance establishes general standards of accounting for and disclosures of events that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (i.e., whether that date represents the date the financial statements are issued or are available to be issued). This guidance is effective for annual periods ending after June 15, 2009. In February 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*. ASU No. 2010-09 amended ASC 855 to, among other things, define "revised financial statements" as financial statements revised as a result of the correction of an error or retrospective application of GAAP and to require an entity to update its evaluation of subsequent events through the date the revised financial statements are issued or are available to be issued. This update was effective upon issuance and therefore was effective for the Company for the year ended March 31, 2010 and thereafter. The Company has evaluated subsequent events through June 30, 2011, the date the consolidated financial statements were available for issuance. (See Note 16.)

In February 2008, the FASB issued updated guidance under ASC 820, *Fair Value Measurements and Disclosures*, which delayed the effective date of the fair value disclosures for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008. The Company adopted the updated guidance as of April 1, 2009. In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures of Fair Value Measurements*, which amends ASC 820, *Fair Value Measurements*, to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The ASU No. 2010-06 also requires entities to provide fair value measurement disclosures for each class of assets and liabilities and about inputs and valuation techniques used to measure fair value. The Company adopted this ASU No. 2010-06 as of March 31, 2010 and provided the required disclosures in Note 14.

In June 2009, the FASB issued new guidance under ASC 810, *Consolidation*. In February 2010, this guidance was amended by ASU No. 2010-10, *Amendments to Statement 167 for Certain Investment Funds*. This updated guidance defers the application of ASC 810 for certain interests in an entity that has all of the attributes of an investment company, or for which it is industry practice to apply measurement principles for financial reporting that are consistent with those investment companies apply, or the entity is a registered money market fund. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of variable interest entities before the ASC 810 amendments. ASU No. 2010-10 also clarifies other aspects of the ASC 810 amendments. ASC 810 changes the consolidation guidance applicable to a variable interest entity ("VIE"). It also amends the guidance governing the determination of whether an entity is the VIE's primary beneficiary (the reporting entity that must consolidate the VIE) by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis will include consideration of who has the power to direct the activities of the entity that most significantly impacts the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This guidance also requires continuous reassessment of whether an enterprise is the primary beneficiary of a VIE. Before this guidance, FASB Interpretation No. 46(r) required reconsideration of whether an enterprise was the primary beneficiary of a VIE only when specific events had occurred. The guidance also requires enhanced disclosures about an entity's involvement with a VIE. This guidance is effective for fiscal reporting periods beginning after November 15, 2009. The adoption of the guidance did not have an impact on the consolidated financial statements.

In March 2008, the FASB amended disclosure requirements under ASC 815, *Derivatives and Hedging*. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. To meet those objectives, this statement requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair values amounts of and gains and losses on derivative instruments, and disclosures about credit risk-related contingent features in derivative agreements. This guidance is effective for fiscal years and interim periods beginning after November 15, 2008. The Company adopted this guidance as of April 1, 2009. (See Note 5 of the consolidated financial statements.)

In December 2008, the FASB issued new guidance under ASC 715, *Compensation*. This guidance requires employers to provide additional disclosures about plan assets of a defined benefit pension or other postretirement plan. These disclosures principally include information detailing investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets and an understanding of significant concentrations of risk within plan assets. The new disclosures are required to be included in financial statements for fiscal years ending after December 15, 2009. The Company provided the enhanced disclosures required by this guidance in its consolidated financial statements for the year ended March 31, 2010 and 2011. (See Note 15 of the consolidated financial statements.)

In April 2009, the FASB issued new guidance under ASC 320, *Investments*. This guidance changes the method for determining whether an other-than-temporary impairment exists for debt securities and the amount of the impairment to be recorded in earnings. This guidance is effective for interim and annual periods ending after June 15, 2009. The Company provided the enhanced disclosures required by this guidance in its consolidated financial statements for the year ended March 31, 2010 and 2011. (See Note 4 of the consolidated financial statements.)

In August 2009, the FASB issued ASU No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820) — Measuring Liabilities at Fair Value*. ASU No. 2009-05 provides amendments for fair value measurements of liabilities. It provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more techniques. It also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. ASU No. 2009-05 is effective for the first interim or annual reporting period beginning after August 28, 2009. The adoption of this standard did not have an impact on the consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605) — Multiple Deliverable Revenue Arrangements (a Consensus of the FASB Emerging Issue Task Force ("EITF"))*. ASU No. 2009-13 modifies ASC 605-25, *Revenue Recognition — Multiple-Element Arrangements*. ASU No. 2009-13 requires an entity to allocate the revenue at the inception of an arrangement to all of its deliverables based on their relative selling prices. This guidance eliminates the residual method of allocation of revenue in multiple deliverable arrangements and requires the allocation of revenue based on the relative-selling-price method. The determination of the selling price for each deliverable requires the use of a hierarchy designed to maximize the use of available objective evidence, including, vendor-specific objective evidence ("VSOE"), third-party evidence of selling price ("TPE"), or estimated selling price ("ESP"). This update will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently assessing the potential impacts, if any, on the consolidated financial statements.

In December 2009, the FASB issued ASU No. 2009-16, *Accounting for Transfers of Financial Assets*, which is an amendment of ASC 860, *Transfers and Servicing*. This update will require more information about the transfer of financial assets. More specifically, ASU No. 2009-16 eliminates the concept of a "special purpose entity", changes the requirements for derecognizing financial assets, and enhances the information reported to users of financial statements. This update is effective for fiscal years beginning on or after November 15, 2009. The adoption of this guidance did not have an impact on the consolidated financial statements.

In July 2010, the FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which amends ASC 310, Receivables, by requiring more robust and disaggregated disclosures about the credit quality of an entity's financing receivables, including trade receivables, and its allowance for credit losses. The objective of enhancing these disclosures is to improve financial statement users understanding of (1) the nature of an entity's credit risk associated with its financing receivables and (2) the entity's assessment of that risk in estimating its allowance for credit losses, as well as changes in the allowance and the reasons for those changes. This update is effective for public entities for reporting periods ending on or after December 15, 2010 for disclosures of financing receivables as of the end of a reporting period. The disclosures related to activity that occurs during a reporting period are required to be adopted for periods beginning on or after December 15, 2010. The adoption of this amendment did not have a material impact on the consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Presentation of Comprehensive Income*, which amends ASC 220, *Comprehensive Income*, by revising the manner in which entities present comprehensive income in the financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. The guidance also requires entities to display adjustments for items that are reclassified from other comprehensive income to net income in both net income and other comprehensive income. This update

is effective for public entities for reporting periods beginning after December 15, 2011. The guidance requires retrospective application for all periods presented in the financial statements. Early adoption is permitted. The Company is currently assessing the potential impacts this standard have on the consolidated financial statements.

2. PROPERTY AND EQUIPMENT — NET

Property and equipment — net at March 31, 2011 and 2010, consisted of the following:

	2011	2010
Leasehold improvements	$ 11,356	$ 11,108
Land and land improvements	1,070	1,048
Building and structures	10,459	10,209
Machinery and equipment	40,985	40,562
Furniture, fixtures and vehicles	10,963	11,287
Construction in progress	1,182	561
Capitalized software costs	12,830	12,349
Total	88,845	87,124
Less accumulated depreciation and amortization	(40,926)	(38,943)
Net	$ 47,919	$ 48,181

Depreciation and amortization expense for the years ended March 31, 2011 and 2010 was $8,953 and $8,651, respectively. Depreciation is determined principally on a straight-line basis over the estimated useful lives of the property. Leasehold improvements are amortized on the straight-line basis over the estimated useful life of the property or the life of the lease, whichever is shorter. Maintenance and repair costs are expensed as incurred.

The useful lives used in computing depreciation and amortization are based on the Company's estimate of the service life of the classes of property and as follows:

	Years
Leasehold improvements	2–16
Building and structures	10–50
Machinery and equipment	3–20
Furniture, fixtures and vehicles	3–15
Capitalized software costs	2–5

3. ACQUISITIONS, GOODWILL AND INTANGIBLE ASSETS

Acquisitions — On December 18, 2009, the Company, through one of its subsidiaries, acquired 100% of the shares of C&H Packaging Company, Inc. ("C&H"), a Wisconsin-based converter of flexible packaging for the food industry, for a total purchase price of $17,136.

The C&H acquisition was accounted for using the acquisition method of accounting. The excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. Based upon the Company's allocation of the purchase price, the fair values of the assets acquired and liabilities assumed, on December 18, 2009 were as follows:

Assets acquired:	
Current assets	$ 8,062
Property, plant and equipment	4,881
Intangible asset	5,240
Goodwill	633
Total assets	18,816
Liabilities assumed — total liabilities	1,680
Cash paid — net	$ 17,136

The acquired intangible asset consists of a customer list of $5,240, which is being amortized over a useful life of 15 years using the straight-line method.

The results of operations of C&H have been included in the Company's results of operations for the year ended March 31, 2010 (as part of the Company's Industrial Finance segment) commencing on the acquisition date. The entity has a December 31st year end and the acquired assets and liabilities have been included in Company's consolidated balance sheet at March 31, 2010.

During the fiscal year ended March 31, 2010, the Company reorganized the structure of its operating segments. Certain subsidiaries of the Company's asset management business which performed the business acquisitions were transferred from the Corporate segment to the Industrial Finance, Logistics & Development segment. (See Note 8.)

Goodwill — The following table summarizes the changes in the carrying amount of goodwill by reporting segment for the years ended March 31, 2011 and 2010:

	Industrial Finance, Logistics & Development	Metals	Chemicals	Living Essentials	Total
Balances — April 1, 2009:					
Goodwill	$ 25,653	$ 1,279	$ 14	$ 303	$ 27,249
Accumulated impairment losses	(11,606)	(852)	(11)	(6)	(12,475)
	$ 14,047	$ 427	$ 3	$ 297	$ 14,774
Purchase accounting adjustments related to acquisition	$ 633	$ -	$ -	$ -	$ 633
Balances — March 31, 2010:					
Goodwill	$ 26,286	$ 1,279	$ 14	$ 303	$ 27,882
Accumulated impairment losses	(11,606)	(852)	(11)	(6)	(12,475)
	$ 14,680	$ 427	$ 3	$ 297	$ 15,407
Balances — March 31, 2011:					
Goodwill	$ 26,286	$ 1,279	$ 14	$ 303	$ 27,882
Accumulated impairment losses	(11,606)	(852)	(11)	(6)	(12,475)
	$ 14,680	$ 427	$ 3	$ 297	$ 15,407

The Company's goodwill of $15,407 as of March 31, 2011 and 2010, was subject to impairment testing. The majority of the goodwill has been generated from business acquisitions through the Industrial Finance, Logistics & Development segment of the Company. Changes in the carrying amount of goodwill during the years ended March 31, 2011 and 2010 were as follows:

Balance — April 1, 2009	$ 14,774
Acquisition of C&H	633
Balance — March 31, 2010	$ 15,407
Balance — March 31, 2011	$ 15,407

The fair value of these subsidiaries is tested annually or when events indicate that impairment may exist. The Company utilized a combination of discounted cash flows and trading comparables approaches to estimate the fair value of these subsidiaries in the first step of goodwill impairment testing. Under the discounted cash flows approach, the fair value of this subsidiary is calculated based on the present value of estimated future cash flows. Under the trading comparables approach, fair value is estimated based on the average ratio of market multiples of revenue or earnings for comparable companies.

During the fiscal years ended March 31, 2010 and 2011, the Company performed impairment tests of its goodwill, but no impairment was identified through the tests.

Intangible Assets — Intangible assets subject to amortization as of March 31, 2011 and 2010 consist of the following:

2011	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
Trademarks	$ 2,244	$ 1,168	$ 1,076
Customer relationships	13,082	1,950	11,132
Other	100	2	98
Total	$ 15,426	$ 3,120	$ 12,306
2010			
Trademarks	$ 2,244	$ 953	$ 1,291
Customer relationships	13,082	1,118	11,964
Employment agreements and other	794	714	80
Total	$ 16,120	$ 2,785	$ 13,335

Amortization expense on the Company's intangible assets for the fiscal years ended March 31, 2011 and 2010 was $1,047 and $892, respectively.

Estimated future amortization expense of the intangible assets for the next five years is as follows:

Year	
2012	$ 1,047
2013	1,047
2014	1,047
2015	1,047
2016	1,047
Total	$ 5,235

4. INVESTMENTS IN AFFILIATED COMPANIES AND OTHER INVESTMENTS

Investments in Affiliated Companies — The Company has investments in a number of affiliates, which are accounted for under the equity method. The Company's significant equity method investees and its approximate ownership interests in each investee were as follows as of March 31, 2011 and 2010:

	March 31, 2011			March 31, 2010		
	Ownership Interest	Ownership Equity	Ownership Earnings	Ownership Interest	Ownership Equity	Ownership Earnings
Metal One Holdings America, Inc. (b)	12.00 %	$46,294	$ 5,883	12.00 %	$40,525	$ 3,204
Mitsubishi do Brasil S.A.	16.82	27,017	878	16.82	10,781	661
Petro-Diamond Inc.	50.00	26,749	1,857	50.00	31,602	3,419
MCX Gulf of Mexico	5.00	24,523	(1,596)	5.00	28,828	(1,236)
Indiana Packers Corp.	10.00	17,288	4,145	10.00	14,008	1,731
Agrex	10.00	11,297	2,476	10.00	9,842	1,607
Diamond Nebraska	5.00	10,089	1,126	5.00	9,460	1,662
CIMA Energy Ltd.	13.60	9,503	(2,018)	13.60	11,521	2,507
MC Machinery Systems Inc.	20.00	6,604	343	20.00	6,196	(967)
MC Life Science Ventures (a)				19.26	5,781	(562)
MC Credit Products Fund Ltd. (a)				20.00	10,093	924
Aladdin Capital Holdings LLC (a)	3.90	3,952	(190)	3.90	4,135	(2,681)

(a) During the year ended March 31, 2010, the Company recorded an impairment loss of $2,881 associated with its investment in Aladdin Capital Holdings LLC, which is included in equity in earnings of affiliates on the Company's consolidated statement of income. During the year ended March 31, 2011, MC Credit Product Ltd. went into liquidation and the Company received a cash distribution of $11,727. The Company also sold its investment in MC Life Ventures during the year ended March 31, 2011 to the Parent. No gain or loss was recognized on the sale.

(b) Metal One Holdings America, Inc. changed its year end from December 31, 2010 to March 31, 2011. For the year ended March 31, 2011, the Company recorded its proportionate share of earnings for the fifteen-month period from January 1, 2010 through March 31, 2011 in equity in earnings of affiliates on the Company's consolidated statement of income. The impact of the year-end change to March 31, 2010 was not material to the Company's consolidated financial statements.

The Company's share of earnings of these affiliates is included in "Equity in earnings of affiliates - net" on the consolidated statements of income. For the years ended March 31, 2011 and 2010, the Company received dividends from affiliates of $13,087 and $13,975, respectively. The Company's total investments in affiliates as of March 31, 2011 and 2010 were $223,328 and $212,488, respectively, which are included in "Investments in affiliated companies" on the consolidated balance sheets.

The summarized unaudited financial information below for the years ended March 31, 2011 and 2010 represents an aggregation of all the Company's affiliates which have been accounted for under the equity method:

Statements of Operations	2011	2010
Net sales	$ 11,142,548	$ 9,022,064
Gross profit	584,146	712,027
Net earnings	62,386	271,692

Statements of Financial Condition	2011	2010
Current assets	$ 2,498,110	$ 2,283,603
Non-current assets	1,499,333	2,769,222
Total assets	$ 3,997,443	$ 5,052,825
Current liabilities	$ 1,796,476	$ 1,538,695
Non-current liabilities	317,267	1,862,504
Stockholders' equity	1,883,700	1,651,626
Total liabilities and stockholders' equity	$ 3,997,443	$ 5,052,825

Diamond Plastics Corp., in which the Company has more than a 20% of interest, is not being accounted for under the equity method due to the Company's inability to exercise significant influence over its operating and financial policies.

The total carrying value of cost method investments, included in "Other investments" in the consolidated balance sheets as of March 31, 2011 and 2010 was $31,743 and $30,727, respectively.

For cost method investments, the Company evaluates information (e.g., budgets, business plans, financial statements) in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults, and subsequent rounds of financings at an amount below the cost basis of the investment. This list is not all inclusive and all quantitative and qualitative factors are weighted in determining if an other-than-temporary decline in value of an investment has occurred. When a decline in value is deemed to be other-than-temporary, we recognize an impairment loss in the current period's operating results to the extent of the decline.

Marketable Securities — The total fair value of the marketable securities classified as "current" at March 31, 2011 and 2010 was $15,998 and $34,959, respectively. The total fair value of the marketable securities classified as "non-current" at March 31, 2011 and 2010 was $16,633 and $32,004, respectively.

The following table is the summary of marketable securities held by the Company at March 31, 2011 and 2010:

	2011				2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:								
Marketable equity securities	$ 357	$ 33	$ -	$ 390	$ 426	$ -	$ (70)	$ 356
Debt securities	32,502	1	(262)	32,241	67,504	12	(909)	66,607

Maturities of debt securities included in marketable securities are as follows at March 31, 2011 and 2010, respectively:

	2011		2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due through one year	$ 16,000	$ 15,998	$ 35,002	$ 34,959
Due after one year to five years	16,502	16,243	32,502	31,648
Total	$ 32,502	$ 32,241	$ 67,504	$ 66,607

The following table sets forth gross unrealized losses and the fair value of the Company's investments which have unrealized losses that are deemed to be temporary, aggregated by investment category and by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2011 and 2010:

	Less Than 12 Months		12 Months or Longer		Total	
2011	Fair Value	Unrealized Value Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities	$ -	$ -	$ 22,243	$(262)	$ 22,243	$(262)
Total	$ -	$ -	$ 22,243	$(262)	$ 22,243	$(262)

	Less Than 12 Months		12 Months or Longer		Total	
2010	Fair Value	Unrealized Value Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities	$ -	$ -	$ 356	$ (70)	$ 356	$ (70)
Debt securities			46,614	(909)	46,614	(909)
Total	$ -	$ -	$ 46,970	$(979)	$ 46,970	$(979)

The Company considers the investment rating, the contractual nature of the investments, the underlying collateral, the rights and priority of the investment's cash flows and the condition of the issuers to determine if the marketable securities are other-than-temporarily impaired. Based on the analysis performed, the Company currently believes that all amounts will be redeemed upon maturing of these investments and the Company does not consider any investments to be other-than-temporarily impaired at March 31, 2011 and 2010.

The above considerations are used for recognizing and measuring the amount related to credit losses as well. For the fiscal years ended March 31, 2011 and 2010, the Company did not record any credit losses on the marketable securities.

During the years ended March 31, 2011 and 2010, the proceeds from sales and maturities of marketable securities were $35,000 and $65,144, respectively. The gross realized gains on such securities for the years ended March 31, 2011 and 2010 amounted to $0 and $938, respectively. The gross realized losses on the securities for the years ended March 31, 2011 and 2010 amounted to $0 and $1,597, respectively. The basis on which cost was determined in computing the realized gains and losses is specific identification. The gross unrealized losses on the securities that were deemed to be temporary were $262 and $979, respectively at March 31, 2011 and 2010. The gross unrealized gains were not significant as of March 31, 2011 and 2010. The changes in net unrealized holding gains and losses on the securities

that were included in “Gain on Marketable Securities and Other Investments” on the Company’s consolidated statement of income for the years ended March 31, 2011 and 2010 were gains of $5 and losses $4,798, respectively.

As of March 31, 2011, investments in marketable debt securities have remaining maturities primarily between two months and three years. The Company does not intend to sell and it is not more-likely-than not that the Company will be required to sell the non-current marketable securities for more than the Company’s operating cycle, which is twelve months.

5. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, the Company is exposed to market risk from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposure to those risks, the Company enters into interest rate swaps, interest rate and cross currency swaps, and commodity forward and futures contracts as a means of hedging the change in the fair value of the underlying exposure being hedged. For all derivatives designated as fair value hedges, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for using the hedging instrument. Whenever practical, the Company designates specific exposures to qualify for hedge accounting. In these circumstances, the Company assesses, both at the inception of the hedge and on an on-going basis, whether the hedging derivatives are highly effective in offsetting changes in fair value of the hedged items. The Company utilizes regression analysis and dollar offset models to determine hedge effectiveness.

Fair Value of Derivative Instruments in the Consolidated Balance Sheet:

Commodity Hedges — The Company is exposed to price fluctuations of various commodities used in its trading activities. The Company enters into commodity forward and futures contracts to reduce its exposures to price fluctuations on certain of its long-term commitments and inventory positions in such commodities. The Company designates certain exchange-traded futures as fair value hedges of its non-precious metals inventory positions. These hedges are designed to protect a portion of its inventory position from exposure to movements in those commodity prices. Both the hedged inventory positions and the related exchange-traded futures are stated at exchange quoted prices.

Notional Amounts of Derivative Instruments — The following table provides information regarding the notional amounts of outstanding commodity contracts as of March 31, 2011 and 2010, respectively:

		Amount	
Commodity Type	**Commitment**	**2011**	**2010**
Nonferrous metals	Purchase	$ 293,204	$ 926,015
Nonferrous metals	Sales	643,441	1,413,729
Precious metals	Purchase	2,558,157	2,552,516
Precious metals	Sales	2,989,814	2,319,208
Precious metals	Borrowing	631,702	783,139

The following tables present Company's commodity derivative instruments measured at fair value as reflected in the consolidated balance sheet as of March 31, 2011 and 2010, respectively:

Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**2011**	**2010**
Commodity contracts	Accounts payable and accrued expenses — Parent and affiliated companies	$ 39,095	$ 87,367

The changes in fair value are recognized in "Cost of revenues from operating and other activities" in the accompanying consolidated statements of income. Time value has been excluded from the effectiveness testing. Ineffectiveness resulting from differences in the price fluctuations between hedging instruments and hedged items for the years ended March 31, 2011 and 2010 was $(9,925) and $1,117, respectively and was included in "Cost of revenues from operating and other activities".

Financial Swaps — The Company's financing, investing, and cash management activities are exposed to market risk from changes in interest rates and currency exchange rates. The Company enters into currency and interest rate swaps in order to convert certain fixed rate assets and liabilities denominated in foreign currencies, primarily Japanese yen and Canadian dollar to a United States dollar floating-rate basis.

For specifically designated fair value hedges of certain fixed-rate debt, the Company utilizes the short-cut method when certain criteria are met. For other fair value hedges of fixed rate assets and liabilities denominated in foreign currencies, the Company utilizes the regression method to evaluate hedge effectiveness on a quarterly basis. Changes to the fair value of the hedged items or derivatives attributable to a change in credit risk are excluded from our assessment of hedge effectiveness. For hedging relationships that are designated as fair value hedges, changes in the fair value of the derivative are, to the extent that the hedging relationship is effective, recorded through earnings and offset against changes in the fair value of the hedged item.

The total notional amounts of the Company's financial swaps as of March 31, 2011 and 2010 were $394,622 and $246,354, respectively.

The following tables present Company's financial swap contracts measured at fair value as reflected in the consolidated balance sheet as of March 31, 2011 and 2010, respectively.

Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**2011**	**2010**
Currency and interest rate swap	Accounts receivable — Other/noncurrent advances and receivables and other assets	$ 31,164	$ 34,899
Currency and interest rate swap	Accounts payable accrued expenses — Parent and affiliated companies/other long-term liabilities	681	1,403

The changes in the fair value of these swaps were included in "Sundry income" in the accompanying consolidated statements of income. Any ineffectiveness, which was not significant, was included in earnings for the years ended March 31, 2011 and 2010, respectively.

Embedded Derivatives Related to the Commodity Lease Transactions — The Company utilizes commodity lease contracts in precious metals trading activities as embedded derivative instruments. These instruments are measured at fair value as reflected in the consolidated balance sheet as of March 31, 2011 and 2010, respectively.

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	2011	2010
Precious metals-lease contracts	Accounts payable and accrued expenses — Parent and affiliated companies	$ 14,138	$ 38,681

Classification of the Gains and Losses on Derivative Transactions — The following tables present gains and losses on derivative transactions measured at fair value as reflected in the consolidated balance sheet as of March 31, 2011 and 2010, respectively.

	Balance Sheet Location	2011	2010
Gains:			
Contracts maturing within one year	Account receivable — Parent and affiliated companies/account receivable — other	$ 243,113	$ 169,001
Contracts maturing over one year	Noncurrent advances and receivables	9,952	96,943
Losses:			
Contracts maturing within one year	Accounts payable and accrued expenses: Parent and affiliated companies	291,239	353,616
Contracts maturing over one year	Other long-term liabilities	6,524	35,222

Derivative instruments shown above are subject to master netting arrangements and are presented on a net basis in the consolidated balance sheet. The total cash margin accounts included in "Guaranty deposits and advances to suppliers" which were subject to master netting arrangements at March 31, 2011 and 2010 were $67,975 and $181,044, respectively, of which $56,321 and $114,003, respectively, have been offset against net derivative positions.

Effect on Derivative Instruments on the Consolidated Statements of Income:

Gains and Losses on Commodity Derivative — The following table presents gains and losses on commodity derivatives both designated and not designated as hedging instruments in the consolidated statements of income for the years ended March 31, 2011 and 2010, respectively:

Commodity Derivatives	Statement of Income Location	2011	2010
Nonferrous metal	Cost of revenues from operating and other activities	$ 23,130	$ 236,325
Precious metal	Cost of revenues from operating and other activities	141,027	226,193

Foreign Exchange Forwards Used for Other Than Hedging Activities — The Company has foreign exchange forward contracts. Such contracts have not been designated as hedges for accounting purposes and are marked-to-market with changes in fair value recognized in earnings currently, which are included in the "Sundry income" in the accompanying consolidated statements of income.

Derivatives Not Designated as Hedging Instruments	Income Statement Location	2011	2010
Foreign exchange contracts	Sundry income	$ 3,291	$ 1,215

6. SHORT-TERM AND LONG-TERM DEBT

Short-term debt as of March 31, 2011 and 2010 consisted of the following:

	2011		2010	
		Interest Rate		Interest Rate
Loans from financial institutions	$ 49,114	1.1 %	$ 40,498	0.7 %
Loans from affiliated companies	47,182	0.2	67,130	0.2
Commercial paper	1,112,193	0.3	810,000	0.3
Total short-term debt	$ 1,208,489		$ 917,628	

The interest rates on short-term debt represent weighted-average rates on outstanding balances at March 31, 2011 and 2010, respectively.

Long-term debt bears interest at fixed and floating rates. Long-term debt as of March 31, 2011 and 2010 is comprised of the following:

	2011	2010
Financial institutions — maturing through 2025 — at fixed or floating rates, principally 0.34% to 13.00%	$ 798,940	$ 555,487
Fair value adjustments for debt in accordance with ASC 815	35,072	35,756
Total long-term debt (including ASC 815 adjustments)	834,012	591,243
Less current maturities (including ASC 815 adjustments of $31,063 in 2011 and $16,377 in 2010)	(175,913)	(163,001)
Long-term debt, less current maturities	$ 658,099	$ 428,242

Long-term debt matures during the following years ending March 31 as follows:

2012 (included in current liabilities)	$ 144,850
2013	245,133
2014	33,049
2015	161,395
2016	211,450
Thereafter	3,063
Total long-term debt	798,940
Fair value adjustments for debt in accordance with ASC 815	35,072
	$ 834,012

Certain subsidiaries of the Company have pledged all or certain business assets with an aggregate carrying amount of $115,411 and $109,390 to banks in connection with their current loan agreements at March 31, 2011 and 2010, respectively. Such assets include but are not limited to accounts receivable, inventories, and property and equipment.

The Company has certain financial debt covenants which have been compiled with as of March 31, 2011 and 2010.

The Company and its Parent entered into a Keep Well Agreement dated January 27, 2003, which is governed by the laws of the State of New York. The following is a summary of certain terms of the Company's Keep Well Agreement.

a. The Parent has agreed to make cash payments to the Company in amounts sufficient, together with other revenues of the Company, to cause the consolidated Tangible Net Worth of the Company to be positive at all times.

b. The Parent will maintain direct or indirect ownership of all the voting capital stock of the Company and will not pledge or grant any security interest in, or encumber, any such capital stock.

c. The Parent will cause the Company to maintain sufficient liquidity to punctually meet the debt obligations issued by the Company in order to facilitate the raising of funds.

The Parent has indicated that due to its superior creditworthiness, it is committed and will continue to fulfill obligations under the Keep Well Agreement until at least the fiscal year ending March 31, 2012.

The Company is a party to a joint revolving credit agreement together with its Parent in the amount of $1 billion, of which $100 million shall be dedicated and specifically available to the Company. There were no amounts outstanding as of March 31, 2011 and 2010.

7. INCOME TAXES

The provision for income taxes for the years ended March 31, 2011 and 2010 consisted of the following:

	2011	2010
Current:		
Federal	$ 23,280	$ 26,174
State	3,944	3,957
Deferred:		
Federal	3,385	6,516
State	339	730
Total income taxes	$ 30,948	$ 37,377

Total income taxes include the effects of tax expense of $2,088 and $936 on equity in earnings of affiliates for the years ended March 31, 2011 and 2010, respectively.

The difference between the actual income tax expense and income tax expense computed by applying the Federal statutory rate to pretax income (which includes equity in earnings of affiliates) for the years ended March 31, 2011 and 2010 is explained as follows:

	2011	2010
Statutory rate	35.00 %	35.00 %
Change in valuation allowance	(0.29)	(1.33)
State taxes (net of Federal tax benefit)	3.07	2.83
Book and tax basis difference of investments in affiliates	(4.39)	(2.54)
Dividends received deduction	(0.06)	(0.05)
Expenses not deductible for income taxes	0.83	0.62
Other	(0.02)	0.23
Effective tax rate	34.14 %	34.76 %

At March 31, 2011 and 2010, deferred tax assets and deferred tax liabilities were as follows:

	2011		2010	
	Current	Non-Current	Current	Non-Current
Assets:				
Investments	$ -	$ 17,891	$ -	$ 18,546
Pension	456	12,564		12,933
Bad debt write-off	4		206	
Office sublease loss write-off	105	3,124	122	3,202
ASC 815 adjustments		39		382
Net operating loss carryforward	352	4,554	448	4,445
Vacation accrual	267			303
Other	3,087		2,599	
Gross deferred tax assets	4,271	38,172	3,375	39,811
Valuation allowance	(1,750)	(18,060)		(19,938)
Deferred tax assets, net of valuation allowance	2,521	20,112	3,375	19,873
Liabilities:				
Affiliated companies		(8,961)		(7,754)
ASC 815 adjustments	(1,249)		(660)	
Depreciation & amortization		(1,783)		(816)
Other		(2,250)		(684)
Gross deferred tax liabilities	(1,249)	(12,994)	(660)	(9,254)
Net deferred tax assets	$ 1,272	$ 7,118	$ 2,715	$ 10,619

As of March 31, 2011, the Company had U.S. net operating losses ("NOL") carryforwards of $13,011 expiring in periods beginning in 2026 through 2030. The Company did not have any foreign NOL carryforwards.

In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will

realize the benefit of these deductible differences, net of the recorded valuation allowance. The underlying assumptions used in forecasting future taxable income require significant judgment and take into account the Company's recent performance.

A valuation allowance of $19,810 and $19,938 were recorded as of March 31, 2011 and 2010, respectively, related to certain of the Company's NOL carryforwards and deductible temporary differences in domestic and foreign jurisdictions. The Company recorded the valuation allowance against the deferred tax assets where there is uncertainty as to the ultimate realization of the future tax deductions. As of March 31, 2011, the aggregate amount of gross unrealized and realized capital losses of $40.2 million exceeded the aggregate amount of capital gains of $1.0 million by $39.2 million. The Company's capital losses are only deductible against capital gains and the Company does not anticipate having the ability to generate sufficient capital gains in the future to realize such capital losses. Accordingly, the Company recorded the valuation allowance of approximately $15.3 million related to the $39.2 million balance.

No provision for income tax is recognized on undistributed earnings of the Company's foreign subsidiaries, as the Company intends to permanently reinvest such earnings. At March 31, 2011 and 2010, the amount of such deferred tax liability on the undistributed earnings of its foreign subsidiaries which has not been recognized in the consolidated financial statements aggregated $6,089 for both years.

The Company files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company believes it is filing in all jurisdictions deemed necessary and appropriate.

The reconciliation of the beginning and ending amount of unrecognized tax benefits at March 31, 2011 and 2010 were as follows:

Balance at April 1, 2009	$ 610
Reductions for tax positions of prior years	(259)
Balance at March 31, 2010	351
Additions for tax positions of prior years	6
Balance at March 31, 2011	$ 357

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is $311.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Interest and penalties included in the consolidated statements of income for the fiscal years ended March 31, 2011 and 2010 were $1 and $0, respectively, and accrued interest and penalties included in the consolidated balance sheets as of March 31, 2011 and 2010 were $46 and $45, respectively.

The Company and its U.S. subsidiaries file income tax returns in the United States Federal jurisdiction, and various states and foreign jurisdictions. The Company and its U.S. subsidiaries are under income tax examination by various tax authorities for the fiscal years ended March 31, 2009, 2008, 2007 and December 31, 2006. With few exceptions, the Company is no longer subject to the United States Federal and local income tax examinations by tax authorities for years before December 31, 2006 and 2005, respectively.

The Company does not anticipate any significant change in the amount of identified tax benefits within the next twelve months.

8. RELATED PARTY AND SEGMENT INFORMATION

ASC 280, *Segment Reporting*, defines operating segments as components of an enterprise that engage in activities from which it may earn revenues and incur expenses, separate financial information is available and this information is regularly evaluated by the Chief Executive Officer of the Company for the purpose of allocating resources and assessing performance. The operating segments were determined based on the criteria listed above. The Company's reportable operating segments consist of the following six businesses:

Industrial Finance, Logistics & Development — The Industrial Finance, Logistics & Development group develops the finance business, such as asset management, leasing business and logistics service.

Fuels — The Fuels group identifies and invests in oil and gas projects and focuses its trading activities on crude oil, petroleum products and other.

Metals — The Metals group is mainly engaged in precious metals, marketing and distribution of metal and non-ferrous metal products such as aluminum and precious metals.

Machinery — The Machinery group is engaged in investment, project development and trading activities in a variety of business fields, such as electricity, automobiles, plants, industrial machinery and transportation systems.

Chemicals — The Chemicals group identifies and invests in chemical development projects and focuses its trading activities on basic chemicals, petrochemicals, non-organic chemicals and specialty chemicals.

Living Essentials — The Living Essentials group invests in companies and focus its trading on products such as foods, textiles and general merchandise.

The Company evaluates segment performance based on several factors, of which the primary financial measure is net income (loss). Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties. Information on the Company's reportable segments as of and for the years ended March 31, 2011 and 2010, respectively, was as follows:

March 31, 2011	Industrial Finance, Logistics & Development	Fuel	Metals	Machinery	Chemicals	Living Essentials (d)	Corporate, Other & Elimination (a),(b),(d)	Total
Revenue (e)	$150,307	$ 8,465	$1,536,944	$ 10,380	$ 589,448	$ 59,584	$ 12,461	$2,367,589
Gross profit	27,988	8,465	62,912	10,380	70,937	19,527	11,250	211,459
Interest income	78	363	459	1,662	137	934	9,361	12,994
Interest expense	(3,614)	(840)	(6,850)	(235)	(500)	(1,184)	1,635	(11,588)
Income tax (Expense) benefit	(2,225)	570	(14,868)	844	(13,545)	(2,756)	1,032	(30,948)
Equity in earnings (loss) of affiliates	2,608	(1,758)	5,037	532	(212)	7,595	2,113	15,915
Net income (loss) attributable to Mitsubishi International Corporation	2,961	603	26,146	(1,015)	19,478	8,975	(234)	56,914
Segment assets	263,432	409,670	2,228,913	642,795	401,193	595,659	645,231	5,186,893
Goodwill	14,680		427		3	297		15,407
Depreciation and amortization	(7,049)	(36)	(420)	(43)	(661)	(107)	(1,787)	(10,103)
Operating transactions (c)	$270,853	$1,741,892	$4,229,417	$400,062	$2,068,956	$693,777	$ 4,485	$9,409,442

March 31, 2010	Industrial Finance, Logistics & Development	Fuel	Metals	Machinery	Chemicals	Living Essentials (d)	Corporate, Other & Elimination (a),(b),(d)	Total
Revenue (e)	$105,476	$ 8,253	$1,842,050	$ 18,886	$ 391,299	$ 47,366	$ 15,672	$2,429,002
Gross profit	18,433	8,253	81,894	18,886	64,750	16,972	10,923	220,111
Interest income	372	384	835	1,403	333	791	9,942	14,060
Interest expense	(3,110)	(1,038)	(4,617)	(314)	(619)	(1,042)	434	(10,306)
Income tax								-
(Expense) benefit	(1,348)	(1,729)	(24,961)	(1,867)	(9,366)	(1,458)	3,352	(37,377)
Equity in earnings (loss) of Affiliates	(1,719)	4,690	3,142	(1,139)	(732)	4,002	3,186	11,430
Net income (loss) attributable to Mitsubishi International Corporation	10,427	5,339	39,231	2,289	18,162	3,501	(268)	78,681
Segment assets	309,982	239,626	2,151,451	582,235	289,679	297,033	729,642	4,599,648
Goodwill	14,680		427		3	297		15,407
Depreciation and amortization	(5,113)	(47)	(418)	(59)	(875)	(159)	(2,772)	(9,443)
Operating transactions (c)	$158,034	$792,551	$3,877,565	$789,683	$1,684,122	$577,969	$ 8,671	$7,888,595

(a) Segment assets included in Corporate and Eliminations consist principally of time deposits, marketable securities, and certain financial investments.

(b) Corporate consists of operating transactions for providing services and operational support to the Company, its subsidiaries and affiliated companies and indirect corporate expenses not allocated to the other reportable segments. It also includes certain operating transactions and expenses from business activities related to financial investments of the Company, which account for a significant portion of the segment. Corporate elimination amounts of the intersegment transactions were not significant.

(c) Operating transactions is a voluntary disclosure commonly made by similar Japanese trading companies, and is not meant to represent sales or revenues in accordance with GAAP. See Note 1 to the consolidated financial statements. No intersegment operating transaction was in the reportable operating segment.

(d) Effective April 1, 2010, the Company established two additional operating segments — the "Business Service Division" and "Global Environmental Development Group" which were previously included within the "Machinery" and the "Business Innovation" reportable operating segments. This reorganization took place in order to maintain a similar organization structure as the Parent. Such operating segments have been included in "Corporate, Other and Elimination" as the amounts are not material. The consolidated financial position and the results of operations of "Machinery", "Business Innovation", and "Corporate, Other and Elimination" for the year ended March 3, 2010 have also been reclassified accordingly.

(e) The Company had immaterial intersegment revenue. All other revenues were from external customers.

All of the Company's segments have a significant portion of their transactions with the Parent and its subsidiaries. Operating transactions with the Parent and its subsidiaries represent $4,745,130 (50%) and $4,571,111 (58%) of total operating transactions for the years ended March 31, 2011 and 2010, respectively. Other than operating transactions with the Parent and its subsidiaries, no other single customer represents a significant portion of the Company's total operating transactions. In addition, the Company received various service fees from the Parent aggregating $16,618 and $15,204 for the years ended March 31, 2011 and 2010, respectively, which were included in "Margins and commissions on operating transactions" in the consolidated statements of income.

The following table provides geographical information for total operating transactions, which is based on the location of the customer for the year ended March 31, 2011 and 2010:

	2011	2010
United States	$4,252,802	$2,098,694
Japan	3,650,138	3,604,427
Other foreign countries	1,506,502	2,185,474
	$9,409,442	$7,888,595

The Company received a significant portion of interest income from the Parent and its subsidiaries. For the years ended March 31, 2011 and 2010, interest income from the Parent and its subsidiaries was $9,364 and $9,465, respectively.

The following table provides geographical information for property, plant and equipment, net, which is based on the location of the assets for the year ended March 31, 2011 and 2010, respectively:

	2011	2010
United States	$34,094	$31,807
Other foreign countries	13,825	16,374
	$47,919	$48,181

9. COMMITMENTS AND CONTINGENCIES

The Company accounts for guarantees in accordance with ASC 460, *Guarantees*. Accordingly, the Company evaluates its guarantees to determine whether (a) the guarantee is specifically excluded from the scope of ASC 460, (b) the guarantee is subject to ASC 460 disclosure requirements only, but not subject to the initial recognition and measurement provisions, or (c) the guarantee is required to be recorded in the financial statements at fair value. The Company has evaluated its guarantees discussed below and has no liabilities recorded for these obligations and is of the opinion that it will not be required to satisfy these guarantees.

Guarantees arise during the ordinary course of business from relationships with customers and equity affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract by the guaranteed party triggers the obligation of the Company. Such nonperformance usually relates to loans. The Company has directly guaranteed various debt obligations under agreements with third parties related to equity affiliates and other unaffiliated companies. At March 31, 2011 and 2010, the Company had directly guaranteed $14,770 and $13,646, respectively, of such obligations.

At March 31, 2011, directly and indirectly guaranteed obligations of $14,770 and $510, respectively, consisted of $12,468 for supplier obligations to equity affiliates, $2,772 for short-term (less than one year) bank obligations to equity affiliates, $40 for short-term bank obligations to external customers. At March 31, 2010, directly and indirectly guaranteed obligations of $13,646 and $510, respectively, consisted of $10,703 for supplier obligations to equity affiliates, $2,820 for short-term (less than one year) bank obligations to equity affiliates, $633 for short-term bank obligations to external customers.

Unused letters of credit outstanding at March 31, 2011 and 2010 amounted to approximately $124,680 and $81,417, respectively.

10. LITIGATION

The Company and its subsidiaries are parties to litigation arising in the ordinary course of business. Although some of the matters are still in preliminary stages and definitive conclusions cannot be made as to those matters, the Company is of the opinion that, based on information presently available, none of the lawsuits will have a material adverse effect on the consolidated financial statements of the Company.

11. LEASES

Lessor — The Company is engaged as a lessor in direct financing leases involving, primarily machinery and equipment for producing milk products. The Company's net investment in its direct financing leases at March 31, 2010, included in "Accounts receivable – customer" in the accompanying consolidated balance sheets, was as follows:

	Direct Financing Leases 2010
Minimum lease payments receivable	$ 349
Less unearned income	(23)
Total	$ 326

The Company does not have any net investment balance in its direct financing leases at March 31, 2011 as the above leases have expired.

Lessee — The Company's subsidiaries have capital leases for equipment and automobiles expiring from 2011 through 2015. The gross amounts of property, machinery and equipment recorded under capital leases as of March 31, 2011 and 2010 are as follows:

	2011			2010		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Machinery and equipment	$ 11,901	$ (4,326)	$ 7,575	$ 9,480	$ (2,020)	$ 7,460

The Company has operating leases for office space and equipment under non-cancelable operating leases expiring through 2022. The lease term is calculated from the date the Company first takes possession of the office space and equipment. Rent increases vary for each per lease agreement and the average increase is in the range of 1-3% over a five-year period. The annual rent payments reflect scheduled rent increases over the lease terms with any allowance or reimbursement provided by the lessor.

Future minimum payments, by year and in the aggregate, under capital leases and operating leases, in which the Company is a lessee, with initial or remaining terms of one year or more during the year ending March 31 are as follows:

	Capital Leases	Operating Leases
2012	$ 2,155	$ 7,946
2013	1,926	8,086
2014	1,515	7,521
2015	763	7,114
2016	158	6,564
Thereafter	32	36,802
Total minimum payments required (a)	6,549	$ 74,033
Less amount representing interest long-term obligations	(675)	
	$ 5,874	

(a) Minimum payments have been reduced by minimum sublease rentals. The sublease rental amount is $304, $304, $295, $291, and $251 for each of the next five fiscal years ending 2016, and $1,570 thereafter under operating leases due in the future under non-cancelable leases.

Total rent expense (net of subleases) for the years ended March 31, 2011 and 2010 was $8,409 and $8,216, respectively. The amount of rental income from subleases for the years ended March 31, 2011 and 2010 was $347 and $356, respectively.

12. SUNDRY INCOME — NET

Sundry income — net for the years ended March 31, 2011 and 2010, consisted of the following:

	2011	2010
Foreign exchange loss — net	$ (2,387)	$ (2,202)
Management and service fees	11,478	13,819
Dividend income	1,635	740
Gain on sales of properties — net	26	3,147
Rental income	347	642
Other — net	881	1,687
Total	$ 11,980	$ 17,833

13. DISCONTINUED OPERATIONS

During the fiscal year ended March 31, 2010, the Company's subsidiary in its Industrial Finance, Logistics & Development segment, W.C. Wood Holdings, Inc. ("Woods"), and Woods' wholly-owned subsidiaries (W.C. Wood Corporation, Ltd. ("Woods Canada"), W.C. Wood Corporation, Inc. ("Woods US") and W.C. Wood, SA de CV and W.C. Wood Servicios, SA de CV (collectively, "Woods Mexico"), all of which had a December 31st fiscal year end, filed for bankruptcy and entered into liquidation proceedings. Woods was a manufacturer and marketer of freezers and dehumidification

products for consumer and commercial markets. In spite of management's restructuring efforts, Woods and its subsidiaries experienced significant financial difficulties resulting from the current economic downturn, compounded by extraordinary volatility in raw material prices and currency fluctuations.

On May 19, 2009, Woods Canada filed an application for a stay of proceedings and other relief under the Company Creditor's Arrangement Act ("CCAA") statute in Toronto, Ontario. Subsequently, Woods and Woods US filed an application under Chapter 15 of the U.S. Bankruptcy Code to recognize the CCAA proceedings and provide full force and effect to such CCAA orders in the United States. In October 2009, Woods Mexico commenced a liquidation process and, one month later, Woods Canada and Woods US's senior secured lenders forced those entities into a court supervised liquidation process. The Company consolidated Woods until May 19, 2009. As a result of commencement of liquidation, the losses from operations of Woods for the year ended December 31, 2009, and the gain resulting from the reversal of previously recorded losses in excess of equity invested were reported as discontinued operations in the Company's consolidated financial statements for the fiscal year ended March 31, 2010.

Summarized financial information for the fiscal year ended March 31, 2010 for the discontinued operations is as follows:

	2010
Revenues	$ 35,490
Loss from discontinued operations before income taxes	$ (4,841)
Gain on disposal of a subsidiary	15,024
Income tax benefit	(41)
Income from discontinued operations	10,142
Loss from discontinued operations attributable to noncontrolling interests	201
Income from discontinued operations attributable to Mitsubishi International Corporation	$ 10,343

14. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements. The Company accounts for certain financial assets and liabilities at fair value under various accounting literature.

Under ASC 820, fair value utilizes an exit price concept and is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. ASC 820 also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels as follows:

Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Included in Level 1 are exchanged-traded securities, money market funds, and exchange-traded futures.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Financial instruments included in this category include corporate debt securities and over-the-counter ("OTC") instruments such as interest rate swaps, currency forwards, commodity forwards and options.

Level 3 — one or more significant inputs are unobservable. Valuations are determined using pricing models and discounted cash flow models and include management judgment and estimation, which may be significant. Level 3 is comprised of financial instruments whose fair values are estimated based on internally developed models or methodologies utilizing significant inputs that are not readily observable from objective sources.

Inputs — The Company's determination of the fair value of its interest rate swap was calculated using a discounted cash flow analysis based on the terms of the swap contract and the observable interest rate curve. The Company's commodities forwards and option contracts are traded over-the-counter and are valued based on inputs obtained from the London Metal Exchange and the New York Mercantile Exchange quoted prices for similar instruments in active markets or corroborated by observable market data available from various pricing sources. For marketable securities, the Company obtained inputs from independent pricing service. For Level 3 investments, the Company uses various inputs such as rates of estimated credit losses, interest rates or discount rates and volatilities and correlations.

Valuation Techniques — The following section describes the valuation methodology used to measure the financial assets and liabilities that were accounted for at fair value.

Cash Equivalents and Marketable Securities — Where quoted prices are available in an active market, securities are classified within Level 1 of the fair value hierarchy. Level 1 securities include exchange-traded equities and money market funds. If quoted market prices are not available for the specific security, fair values are estimated based on dealer quotes of securities with similar characteristics, pricing models or discounted cash flows. Those fair value measurements are classified within Level 2 of the fair value hierarchy.

Pension Assets — Equities are valued at the closing price reported on the stock exchange. Equity commingled funds are valued using the net asset value ("NAV") and these assets are classified as Level 1 and Level 2 depending on availability of quoted market prices. Bonds are estimated based on dealer quotes of similar characteristics, pricing models or discounted cash flows. Bonds commingled funds are valued using NAV and these are classified as Level 1 and Level 2 depending on availability of quoted prices. Life insurance company general accounts are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer, and these assets are classified as Level 3.

Derivatives — Derivative contracts are valued using quoted market prices and significant other observable inputs. Such financial instruments consist of interest rate swaps, commodity forwards and options (principally aluminum and precious metals), and foreign currency contracts. The fair values for the majority of these derivative contracts are based upon current quoted market prices. For exchanged-traded contracts, fair value is based on quoted market prices and classified as Level 1. For OTC instruments, fair value is based on dealer quotes, pricing models and discounted cash flows. These models and analysis reflect the contractual terms of the derivatives, including the period to maturity and market based parameters such as interest rates, volatility and the credit ratings. These valuation techniques do not involve significant management judgment and inputs are readily observable from an active market. Such instruments are generally classified within Level 2 of the fair value hierarchy.

ASC 820 requires consideration of credit value adjustments in our valuations that other market participants might consider, specifically non-performance risk and counterparty credit risk. In adjusting the effect of non-performance risk, the Company has considered the effects of legally enforceable master netting agreements that allow the Company to settle positive and negative positions held with the same counterparty on a net basis. The Company has considered the impact of counterparty nonperformance risk in the valuation of its assets and its own credit spreads when measuring the fair value of liabilities, including derivatives, which was not significant at March 31, 2011 and 2010.

Financial Instruments — The estimated fair values of the Company's financial instruments are summarized as follows.

The carrying amounts of cash and cash equivalents (including time deposits and commercial paper), current notes and loans receivables, accounts receivable, short-term debt (including commercial paper and current maturities of long-term debt), and short-term notes and accounts payables approximate fair value because of their short-term maturities.

The fair market values of long-term debt, except for debt with floating rates, is estimated by discounted cash flow analysis, using interest rates currently available for similar types of borrowings with similar terms and maturities. For debt with floating rates, the carrying value approximates fair value due to the variable rates of these liabilities.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and 2010 (for Pension Assets, see Note 15):

Description	Fair Value at March 31, 2011	Fair Value Measurement Hierarchy		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 1,648	$ 1,648	$ -	$ -
Available-for-sale securities:				
Marketable equity securities	390	390		
Debt securities	32,241		32,241	
Derivative assets:				
Commodity contracts	217,785	23,813	193,972	
Currency and interest rate swap	35,280		35,280	
Total assets	$ 287,344	$ 25,851	$ 261,493	$ -
Liabilities — derivative liabilities:				
Commodity contracts	$ 296,257	$ 81,769	$ 214,488	$ -
Currency and interest rate swap	1,506		1,506	
Total liabilities	$ 297,763	$ 81,769	$ 215,994	$ -

Description	Fair Value at March 31, 2010	Fair Value Measurement Hierarchy		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 1,633	$ 1,633	$ -	$ -
Available-for-sale securities:				
Marketable equity securities	356	356		
Debt securities	66,607		66,607	
Derivative assets:				
Commodity contracts	229,821	39,282	190,539	
Currency and interest rate swap	36,123		36,123	
Total assets	$ 334,540	$ 41,271	$ 293,269	$ -
Liabilities — derivative liabilities:				
Commodity contracts	$ 387,426	$ 152,199	$ 235,227	$ -
Currency and interest rate swap	1,412		1,412	
Total liabilities	$ 388,838	$ 152,199	$ 236,639	$ -

Cost method investments and certain equity method investments are adjusted to fair value only when impairment charges are recorded for other-than-temporary declines in value and are determined using fair value criteria with the framework of ASC 820. In determining whether a decline in value of these investments has occurred and is other than temporary, an assessment is made by considering available evidence, including the latest fund-raising activities and the related valuation, trading multiples for comparable publically traded companies, the investees' ability to meet milestones, financial condition and near-term prospects of the individual investee, among other things. As the valuation methodology for determining the decline in value of these investments is based on the factors noted above which require considerable judgment by management and are not based on observable market data, these cost

method investments are classified within Level 3 of the fair value hierarchy on a non-recurring basis. The fair value of the investments classified as Level 3 above are determined using unobservable inputs such as net assets of the investees and estimated cash flows for the discounted future cash flow method.

The following table presents the information of those investments measured at fair value on a non-recurring basis, for which impairment was recognized for the years ended March 31, 2011 and 2010:

Year Ended March 31, 2011	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total Losses**
Assets — other investments	$ 2,104	$ -	$ -	$ 2,104	$ (752)
Year Ended March 31, 2010					
Assets — investments in affiliated companies	$ 4,135	$ -	$ -	$ 4,135	$ (2,881)
Assets — other investments	3,783			3,783	(3,920)
Total	$ 7,918	$ -	$ -	$ 7,918	$ (6,801)

For the year ended March 31, 2011, other investments with a carrying amount of $2,856 were written down to $2,104, resulting in an impairment charge of $752, which was included in "Gain on marketable securities and other investments — net" in the Company's consolidated statements of income. Other investments with a carrying amount of $7,703 were written down to $3,783, resulting in an impairment charge of $3,920 for the year ended March 31, 2010. For the year ended March 31, 2011, there was no impairment against investments in affiliated companies. Investments in affiliated companies were written off down to $4,135, resulting in an impairment charge of $2,881 for the year ended March 31, 2010.

Non-Financial Instruments — The estimated fair values of the Company's non-financial instruments are summarized as follows.

Where quoted prices are available in an active market, the fair market value of commodity inventory (principally precious metals including leased out inventory) is measured using market prices as of closing date and significant other observable inputs.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and 2010:

	2011	**2010**
Non-Financial Instruments	**Level 2**	**Level 2**
Assets:		
Merchandise inventories (precious metals)	$ 71,462	$ 57,988
Leased inventories (precious metals)	1,049,364	796,833
Total	$ 1,120,826	$ 854,821

15. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company and certain subsidiaries such as Mitsubishi Canada Ltd. and Red Diamond Capital LP ("RDC LP") sponsor defined benefit pension plans covering substantially all of their employees. The Company and certain subsidiaries also provide postretirement medical benefits for eligible retired employees. Additionally, the Company provides certain nonqualified supplemental executive defined pension plans to provide supplemental retirement benefit primarily to certain high-level employees.

The following tables provide key information pertaining to the Company's and its subsidiaries' defined benefit pension and other postretirement benefit plans. The Company used a March 31st year-end measurement date for the majority of the plans, except for certain subsidiaries that did not change their year-end to March 31st, which used a December 31st year end as the measurement date.

	2011		2010	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Change in projected benefit obligation:				
Projected benefit obligation — beginning of year	$ 75,162	$ 15,434	$ 57,774	$ 13,918
Translation (gain) loss	(244)		1,771	
Service cost	1,775	127	1,215	107
Interest cost	4,582	893	4,360	942
Amendments		599		
Actuarial loss	4,972	1,021	12,853	1,285
Employee contributions	89		84	
Benefits paid	(3,882)	(779)	(2,895)	(883)
Other	458	68		65
Projected benefit obligation — end of year	82,912	17,363	75,162	15,434
Change in plan assets:				
Fair value of plan assets — beginning of year	56,124		40,925	
Actual return on plan assets	7,696		13,592	
Foreign exchange rate changes	(231)		885	
Contributions by employer	5,646		3,170	
Contributions by employee	89		84	
Benefits paid	(3,882)		(2,895)	
Other	381		363	
Fair value of plan assets — end of year	65,823	-	56,124	-
Reconciliation of funded status — end of year — funded status	$ (17,089)	$ (17,363)	$ (19,038)	$ (15,434)

Amounts recognized in the consolidated balance sheets as of March 31, 2011 and 2010 consist of the following:

	2011		2010	
	Defined Benefit Pension Plans	**Other Postretirement Benefits**	**Defined Benefit Pension Plans**	**Other Postretirement Benefits**
Current liabilities	$ (70)	$ (1,099)	$ (70)	$ (1,078)
Noncurrent liabilities	(17,019)	(16,264)	(18,968)	(14,356)
Total accrued pension liability	$ (17,089)	$ (17,363)	$ (19,038)	$ (15,434)

Amounts recognized in accumulated other comprehensive income as of March 31, 2011 and 2010 consist of the following:

	2011		2010	
	Defined Benefit Pension Plans	**Other Postretirement Benefits**	**Defined Benefit Pension Plans**	**Other Postretirement Benefits**
Net actuarial loss (gain)	$ 17,141	$ (1,540)	$ 16,301	$ (2,708)
Prior service cost (credit)	37	69	70	(798)
Transition obligation	(81)		(107)	
Accumulated other comprehensive loss (income) (before tax effects)	$ 17,097	$ (1,471)	$ 16,264	$ (3,506)

Net periodic pension costs related to the Company's and its subsidiaries' defined benefit plans and other postretirement benefit plans for the years ended March 31, 2011 and 2010 include the following components:

	2011		2010	
	Defined Benefit Pension Plans	**Other Postretirement Benefits**	**Defined Benefit Pension Plans**	**Other Postretirement Benefits**
Net periodic costs:				
Service cost	$ 1,775	$ 127	$ 1,215	$ 107
Interest cost	4,582	893	4,360	942
Expected return on plan assets	(4,146)		(3,098)	
Contributions by employee	(89)		(84)	
Amortization of:				
Prior service cost (credit)	33	(268)	33	(268)
Actuarial gains and (losses)	1,103	(147)	1,304	(321)
Other	(30)	1	(6)	
Total net periodic costs	$ 3,228	$ 606	$ 3,724	$ 460

Amounts expected to be recognized in net periodic cost in the coming year are as follows:

	2011		2010	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Loss (gain) recognition	$ 1,038	$ (4)	$ 1,048	$ (147)
Prior service cost recognition	33	(114)	33	(268)

Additional information pertaining to the defined benefit plans as of March 31, 2011 and 2010 were as follows:

	2011	2010
	Defined Benefit Pension Plans	Defined Benefit Pension Plans
Accumulated benefit obligations	$ 67,457	$ 60,686
Pension plans with benefit obligation in excess of plan assets:		
Benefit obligation	82,912	75,162
Fair value of plan assets	65,823	56,124

The projected benefit obligation and aggregate fair value of plan assets of the defined benefit pension plans are disclosed above. The Company has recorded these amounts in "Accounts payable and accrued expenses", and "Other long-term liabilities" in its consolidated balance sheets as of March 31, 2011 and 2010.

Benefit payments for the defined benefit pension plans and other postretirement benefits plans for the next 10 years are expected to be as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit
2012	$ 3,200	$ 1,272
2013	3,395	1,286
2014	3,590	1,303
2015	3,860	1,341
2016	4,233	1,364
2017–2021	25,994	7,335

The following weighted-average assumptions were used to determine benefit obligations for the defined benefit pension plans and the other postretirement benefit plans at March 31, 2011 and 2010:

	2011		2010	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Discount rate	5.45%–5.90%	5.75 %	5.75%–6.25%	6.00 %
Initial health care cost trend rate		7.50–8.50		8.00 %
Ultimate health care cost trend rate		5.00		5.00
Year in which ultimate rate is reached		2019		2015
Salary scale	3.50	4.00	3.50–3.75	4.00

Weighted-average assumptions were used to determine benefit cost for the Company's defined benefit pension plans and the other postretirement benefit plans for the years ended March 31, 2011 and 2010 are as follows:

	2011		2010	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Discount rate	5.75%–6.25%	6.00 %	5.75%–6.25%	7.00%–7.25%
Expected asset return	6.00–7.75		6.00–7.75	
Salary scale	3.50–3.75	4.00	2.50–4.00	4.00
Mortality table	RP-2000/UP 1994	RP-2000	RP-2000/UP 1994	1994GAM
Average future working lifetime (years)	7.0–17.44		9.77–17.24	

In determining the expected long-term rate of return on assets of 6.00% to 7.75%, the Company evaluated input from its investment consultants, actuaries and investment management firms, including their review of asset class return expectations, as well as long-term historical asset class returns. Projected returns by such consultants and economists are based on broad equity and bond indices.

The Company's pension plan asset allocations at the respective measurement dates, by asset category, was as follows:

	2011		2010	
Asset Category	The Company's Sponsored Plan Percentage of Plan Assets	Certain Subsidiary's Sponsored Plan Percentage of Plan Assets	The Company's Sponsored Plan Percentage of Plan Assets	Certain Subsidiary's Sponsored Plan Percentage of Plan Assets
Equity securities	60.21 %	46.88 %	66.70 %	45.99 %
Debt securities	19.68	50.82	18.53	51.94
Life insurance company general account and other	20.11	2.30	14.77	2.07
Total	100.00 %	100.00 %	100.00 %	100.00 %

The Company’s policy is to allocate pension plan funds within a range of percentages for each major asset category as follows:

	% Range	
	2011	**2010**
Equity securities	50-70%	50-70%
Debt securities/fixed income	30-50	30-50

The Company may direct the transfer of assets between investment managers in order to rebalance the portfolio in accordance with the asset allocation ranges above to accomplish the investment objectives for the pension plan assets.

The Company’s funding policy is mainly to contribute an amount deductible for income tax purposes. The Company expects to contribute approximately $3.2 million to their defined benefit pension plans during the year ending March 31, 2012.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The Company’s one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2011	
	1-Percentage Point Increase	**1-Percentage Point Decrease**
Effect on other postretirement benefit obligation	$ 1,840	$ (1,540)
Effect on total of service and interest cost components	88	(78)

	2010	
	1-Percentage Point Increase	**1-Percentage Point Decrease**
Effect on other postretirement benefit obligation	$ 1,189	$ (1,058)
Effect on total of service and interest cost components	90	(80)

The Company’s investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. The 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. The debt securities are selected primarily from government bonds, public debt instruments, and corporate bonds. Prior to investing, the Company has investigated the quality of the issue, including rating, interest rate, and repayment dates, and has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The fair values of the Company's pension plan assets by asset category as of March 31, 2011 and 2010 are follows (the three levels of input used to measure fair value are more fully described in Notes 14):

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Equities	$ 3,694	$ 33,940	$ -	$ 37,634
Bonds	15,519	2,110		17,629
Life insurance company general account and other	92	254	10,214	10,560
Total	$ 19,305	$ 36,304	$ 10,214	$ 65,823

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Equities	$ 3,536	$ 30,931	$ -	$ 34,467
Bonds	13,047	2,138		15,185
Life insurance company general account and other	105	191	6,176	6,472
Total	$ 16,688	$ 33,260	$ 6,176	$ 56,124

The life insurance company general accounts, which consist of investments such as privately placed debt securities, mortgage loans and real estate, are categorized as Level 3 assets since a precise market value determination cannot be made. The changes between April 1, 2010 and March 31, 2011 and April 1, 2009 and March 31, 2010 are as follows:

	2011	2010
	Level 3 Asset	**Level 3 Asset**
Change in Level 3 asset:		
Beginning balance	$ 6,176	$ 5,778
Unrealized gain	183	717
Purchase, sales and settlement	3,855	(319)
Ending balance	$ 10,214	$ 6,176

16. SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred after March 31, 2011 up through June 30, 2011, the date that the consolidated financial statements were available to be issued, and it has been determined that there were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

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